



# 2020

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**King County**

Finance and  
Business Operations Division

January 1 - December 31, 2020

King County, Washington



# 2020

## COMPREHENSIVE

### ANNUAL FINANCIAL REPORT

**For the Fiscal Year  
January 1 through December 31, 2020**

King County  
State of Washington

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Report Available Online**

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## Comprehensive Annual Financial Report

December 31, 2020

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**King County**

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

July 30, 2021

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 of King County, Washington (the County) for the fiscal year ended December 31, 2020. Following arrival of a novel coronavirus in the County on January 20, 2020 which quickly resulted in an emergency declaration on March 1, 2020, nothing would proceed as normal for the remainder of the year. While primarily financial documents, these financial statements should be considered within the context of over one hundred thousand King County residents who have tested positive for infection with SARS-CoV-2, the over six thousand hospitalized for treatment of the corresponding disease COVID-19, and the more than fifteen-hundred residents who lost their lives. These individuals, their families, friends, and other loved ones -- who are disproportionately Black, Indigenous, and other People of Color (BIPOC) -- have borne a heavy burden along with the first responders, health care system personnel, and other essential workers. Yet, as devastating a human toll as this virus has caused, and without diminishing the loss, sadness, pain, and suffering of the afflicted, the County has endured the global pandemic better than its peers. According to USAFacts.org, King County's overall rate of infection and mortality from COVID-19 are less than half the national average; and, by using Federal assistance prudently, the County's overall financial position as measured by Net Position has improved 10 percent compared to last year despite the pandemic.

The financial statements within this report 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. This report covers the activities of King County, the primary government, and other legal entities whose activities are inextricably bound to those of the County including the King County Flood Control District, Harborview Medical Center, the King County Cultural Development Authority, and NJB Properties. These other entities are called "component units" and are reported within these financial statements alongside the County's own operations. The relationship between the Flood Control District and the County is sufficiently close that they are presented as a County agency; the financial results of the other entities may be found in the Component Unit section of this report.

The Comprehensive Annual Financial Report contains 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 are free from material misstatements. We assert, to the best of our knowledge and belief, the Comprehensive Annual Financial Report 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 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. This letter of transmittal is designed to complement the MD&A and should be reviewed in conjunction with it.

## **Profile of the County**

The 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 snow-capped 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, 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 biennial 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. Please refer to Note 3 in the financial statements for a more detailed discussion of budgetary levels of control.

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 suites 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, road construction and maintenance, low-income housing, agricultural services, parks and recreation, land use planning and permitting, zoning, radio communications, internet and other services.

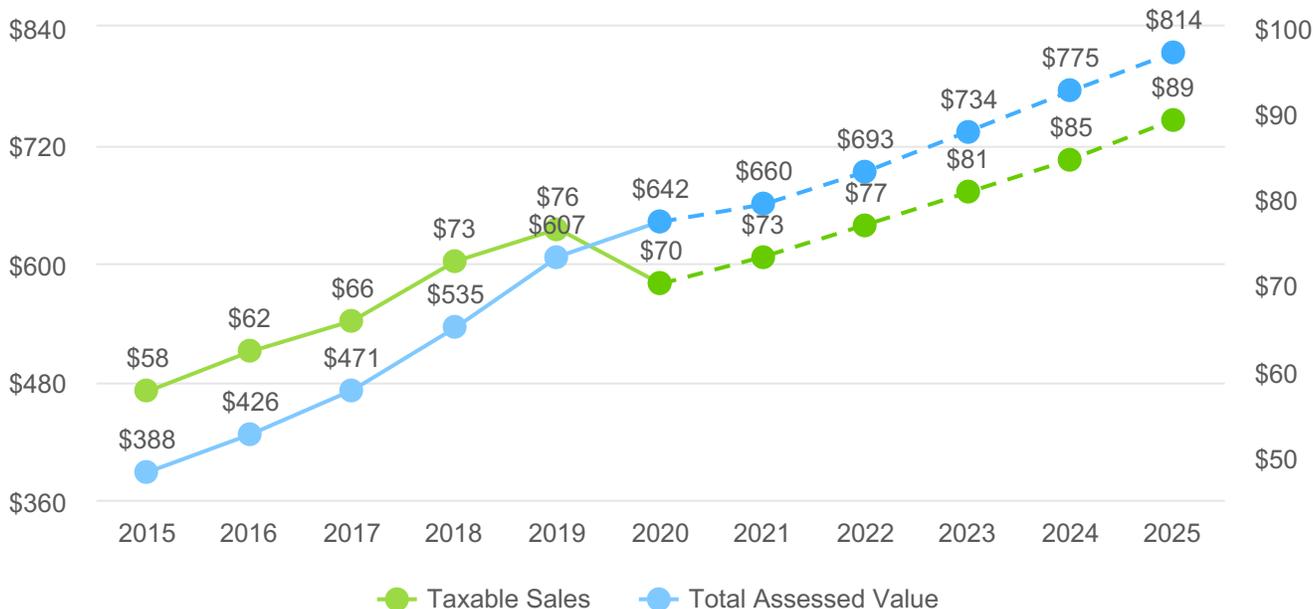
## **Economic Outlook**

Economic conditions have a direct impact on the County's revenues and the demand for its services. The County's economy was thrown into turmoil in the first half of 2020 due to a global pandemic, the effects of which were lessened by the 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. Despite numerous setbacks, the Boeing Company continues to conduct a significant portion of its airplane manufacturing business in the area. The presence of these 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 strong employment base.

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 combined property and sales taxes, comprising 38 percent of total countywide revenues, and charges for services at 37 percent, mostly generated by the County's large enterprise operations. 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 decreased by 8 percent in 2020 due to the economic effects of the global pandemic; taxable sales growth indicators have rebounded significantly since Q2 2020 and the County expects growth to resume in 2021 and beyond.

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. In the County’s general fund, property taxes made up the bulk of revenues at 38 percent, followed by charges for services at 28 percent, and retail sales and use taxes at 15 percent.

King County Tax Base  
(in Billions - dashed lines represent forecasts)



Real property assessed values, measured using total assessed value (TAV), continued to rise in 2020 increasing by 6 percent. There are signs of slower short-term growth with 2021 expected to increase 3 percent, followed by a return to growth in 2022-2024 as pandemic-induced economic pressures subside. Total assessed value per capita in 2020 was \$285 thousand, relatively high compared to neighboring counties (Snohomish County \$175 thousand; Pierce County \$153 thousand).

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 of weeks due to the global pandemic of the SARS-CoV-2 novel coronavirus. The County anticipates 2021 will present continued pandemic-related financial challenges even as the economy continues to recover.

**Major initiatives**

**COVID-19 Response and Recovery**

The County approached its response to the COVID-19 pandemic through the lens of its priorities that have been discussed in this transmittal for many years: Best Run Government, Equity and Social Justice, Confronting Climate Change, and Regional Mobility. However, these are more than initiatives, they are the way the County conducts its business operations to align with our True North vision: “Making King County a welcoming community where every person can thrive.” Fiscal year 2020 certainly provided the County with many opportunities to bring these tools together in a comprehensive response to the pandemic.

The County’s initial efforts, which began in February before any formal declaration of emergency, included a countywide assessment of shelters, day centers, encampments, and supportive housing programs to identify resource gaps and needs in preparation for a regional response. Slowing the spread of the virus would necessitate more facilities, so the County intensified its efforts to identify isolation and quarantine facilities to prevent overloading of the healthcare system and to protect persons living in congregate settings. On March 2, Public Health – Seattle and King County had the first of what would continue to be weekly check-ins with the City of Seattle and over 200 shelter and homeless services providers, health care professionals, housing providers, city planners,

coalitions, faith community members and more to present up-to-date information on COVID-19 and respond to questions from community members.

By March, school districts began to close, and the County recommended that everyone able to work from home do so; gatherings of more than 50 people were strongly discouraged. Ridership on Metro's fixed route bus service plummeted 45% from pre-pandemic levels. As food banks and other social service providers transitioned to carry-out or pick-up service, Access paratransit began shuttling food rather than passengers, a new program that would link 10,000 residents to 25 non-profits during its first six months of operation. To facilitate social distancing on buses, Metro Transit opted to cease fare collection, enabling all coach doors to be used for boarding and disembarking. By the end of the month, the County was working with criminal justice partners to provide single bunks for all persons in custody, Metro fixed route ridership was stabilizing at a level down 70% from pre-pandemic levels, and the County had opened new isolation and quarantine sites, moving over 400 people from shelters to hotels.

May and June focused on increasing testing and distribution of personal protective equipment (PPE). On May 13, Public Health – Seattle and King County recommended that even persons with mild symptoms get tested. Some temporary facilities, like the Shoreline Assessment Center / Recovery Center (AC/RC) were demobilized, while others like the Renton deintensification site were extended. The County's Emergency Operations Center (EOC) was able to extend the provision of PPE from Tier 1 services (emergency medical services, hospitals, and long-term care facilities) to Tier 2 services (other group settings like homeless shelters, isolation facilities, and behavioral health residential facilities), a notable achievement.

The third quarter saw the County emerge from stay at home orders into Safe Start Washington, a four-phase plan of reopening businesses, recreational opportunities, and social activities. The County purchased 25 million cloth and disposable masks for distribution in the community to promote safe reopening. The County reopened "Via to Transit" in Southeast Seattle and Tukwila, an on-demand mobility service that connects riders to light rail and buses enabling people to use public transportation that may otherwise be deterred by full park-and-ride lots and limited convenient fixed route bus stops. In September, Metro employees designed, engineered, fabricated, and installed safety partitions that automatically open and close synchronous with the front door of buses to protect drivers during bus boarding; and, the County's solution cost about half that of a commercially available option. Two County agencies (Public Health – Seattle and King County, and the Department of Community and Human Services) partnered with the National Association for the Advancement of Colored People (NAACP) to provide free mental health counseling on a Mental Health Day to help Black communities impacted by the intersection of the pandemic and racism. The County allocated \$41 million of Federal stimulus to create a rental assistance and eviction prevention program, which is estimated to benefit more than 9,000 residents. Finally, the County convened regional thought leaders for a series of five virtual panel discussions envisioning an equitable post-pandemic King County.

The fourth quarter saw the County's Elections officials conducting a presidential election amid a global pandemic. The County was well-equipped to vote by mail (VBM), with the Legislature authorizing VBM in 2005 and requiring it since 2011. To ensure unfettered access to the ballot, the County opened six Vote Center locations where residents could register to vote, get a replacement ballot, or receive other assistance. The Vote Centers were located in Kent, Federal Way, Renton, Seattle, Bellevue, and Kenmore. To protect the health of Vote Center guests and staff, guests were provided with masks, and staff wore gloves and face shields. In addition, following a rise in cases, which peaked at about five-times the number of cases at the start of the quarter, the County launched "Keep it Local King County." This campaign benefited over 600 small business with grants and technical assistance totaling \$4 million.

Despite the global pandemic, the County was also able to make forward progress on its historic priorities. Key accomplishments from each appear below.

### **Building Equity and Opportunity**

King 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.

In 2020, King County declared racism a public health crisis. With the declaration, the County committed to being intentionally anti-racist and accountable to Black, Brown, Indigenous, and other People of Color. As an initial step in using a public health approach, the County joined with the community in September to form the “Pandemic and Racism Community Advisory Group” which is co-led by community representatives and Public Health. This forty-three-member panel positions communities as drivers of change by building from their long-term experiences and knowledge.

### **Confronting Climate Change**

The 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 carried out over the plan’s 5-year tenure from 2015-2020. 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; in 2020 the County successfully planted its one-millionth tree of the campaign. The County’s renewed commitment is contained within the 2020 Strategic Climate Action Plan, which includes a goal to plant three million trees by 2025.

Transportation is the region’s largest source of greenhouse gas emissions, emitting nearly half of all greenhouse gas emissions. In 2020, the County retired the last diesel-only buses and placed an order for the first 40 all-electric articulating 60-foot battery buses. These long-range buses can travel 140 miles on a single charge.

In green building, the County registered two new construction or major remodel projects for Living Building Challenge (LBC) or Zero Energy (ZE) certification with the International Living Future Institute (ILFI) in 2020, bringing to eleven the total number of registered projects. 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. King County also continued to improve its green building efforts conducted under the Sustainable Infrastructure Scorecard. In 2020, 88% of completed projects achieved Platinum level using the Scorecard, improved from 82% the year prior. Lastly, the County diverted nearly 50,000 tons of construction waste generated by its own projects from landfills in 2020, reducing greenhouse gasses by the equivalent of taking nearly 900 passenger cars off roads for a year.

### **Regional Mobility**

The County’s response to regional mobility 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. With ridership depressed by the pandemic, Metro formed a partnership with the County’s Department of Community of Human Services to employ former part-time bus drivers as King County Health Ambassadors (KCHA). KCHAs contributed to a re-doubled countywide effort to slow the spread of COVID and preserve hospital capacity by distributing supplies and training materials at high-volume bus and light rail stations in Burien, Tukwila, Federal Way, Aurora, and Kent. This innovative strategy preserved Metro expertise in its employees while providing service to the communities in south King County most impacted by the pandemic.

### **Awards and Acknowledgments**

The 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, 2019. This was the 39th consecutive year in which the County received this prestigious award. The Certificate of Achievement is valid for a period of one year only. We believe that our 2020 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.

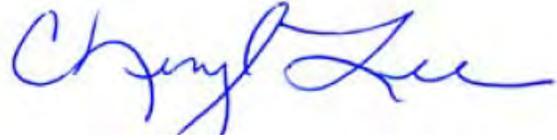
Finally, preparation of this report would not have been possible without the dedication and outstanding work ethic of the Financial Accounting Unit staff of the Finance and Business Operations Division. We would also like to express our appreciation to all members of the division and finance staff of County agencies who assisted and contributed to the preparation of this report. Finally, we appreciate County Executive Dow Constantine, County Council members and other elected officials for their support in maintaining the highest standards of professionalism and ethical leadership 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, 2019

*Christopher P. Morill*

Executive Director/CEO

COMPREHENSIVE ANNUAL FINANCIAL REPORT



King County Executive  
**Dow Constantine**



King County Assessor  
**John Wilson**



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



King County Elections Director  
**Julie Wise**

**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 Upthegrove** (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**

**ELECTED OFFICIALS (at time of publication)**

# Acknowledgments

*The following were instrumental in performing the year-end closing of the County's general ledger and in supporting the preparation of the 2020 Comprehensive Annual Financial Report:*

---

## **FINANCE AND BUSINESS OPERATIONS**

Brianna Anderson	Cindy Funai	Roxanne Oliver	Renee Richards
Carla Beck	Hongnhan Le-Huynh	Laura Otanez	Mike Smith
Mike Bacnis	Nigel Lewis	Sheryl Petersen	Mark Thompson
Martha Diesner	Lynn Mckiernan Ngari	Jean Prepotente	Flor Tubo

*The following furnished data, special research, information or technical support to the 2020 Comprehensive Annual Financial Report:*

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## **NATURAL RESOURCES AND PARKS**

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Kristin Cline	Lin Hsin	Jennifer Lehman	Alexis Tilley
Veronica Doherty	Omar Ibrahim	Anna Markee	Doan Vuong
Trish Emry	Andrew Israel	Hong Nguyen	Genelle Woodbury
Cheryl Florendo	Katrina Johnston	David Pierce	Ken Wong
Sandy Fujioka	Amy Kaminishi	Aaron Sommer	Sheila Yao

---

## **EXECUTIVE SERVICES**

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Laurie Copsey	Danielle Lucero	Carolyn Mock	
Tony Eays	Hanh Mai	Karl Nygard	

---

## **PUBLIC HEALTH**

Cynthia Bradshaw	Amy Harris	Yinka Otusanya	Lynette Unrau
Dee Dhlamini	Susan Harris	Michael Perez	Byron Williams
Becky Ellis	Amanuel Kahssai	Sopha Siv	Madelaine Yun
Theresa George	Silvia Lim	Minh Ta	Alvin Yang

---

## **COMMUNITY AND HUMAN SERVICES**

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Maria Cabrales	Bonnie Flunkinger	Scott Miller	Jenny Zheng
Rhonda Chong	Kendra Hinger	Florence Nabagenyi	
Barbara Donohue	Carla Ikehara	Ryan Namahoe	

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## **INFORMATION TECHNOLOGY**

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Bryan Karol	Paul Mudrovich	George Vida	Thomas Wood
Junko Keesecker			

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## **METRO TRANSIT**

Chris Forsyth	Jill Krecklow	Kathleen Royal	Evelyn Wise
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Warren Cheney

---

## **OFFICE OF THE EXECUTIVE**

Gaukhar Serikbayeva

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## **HUMAN RESOURCES**

Christine Chou

Andres Fuerte

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## **COMPONENT UNITS**

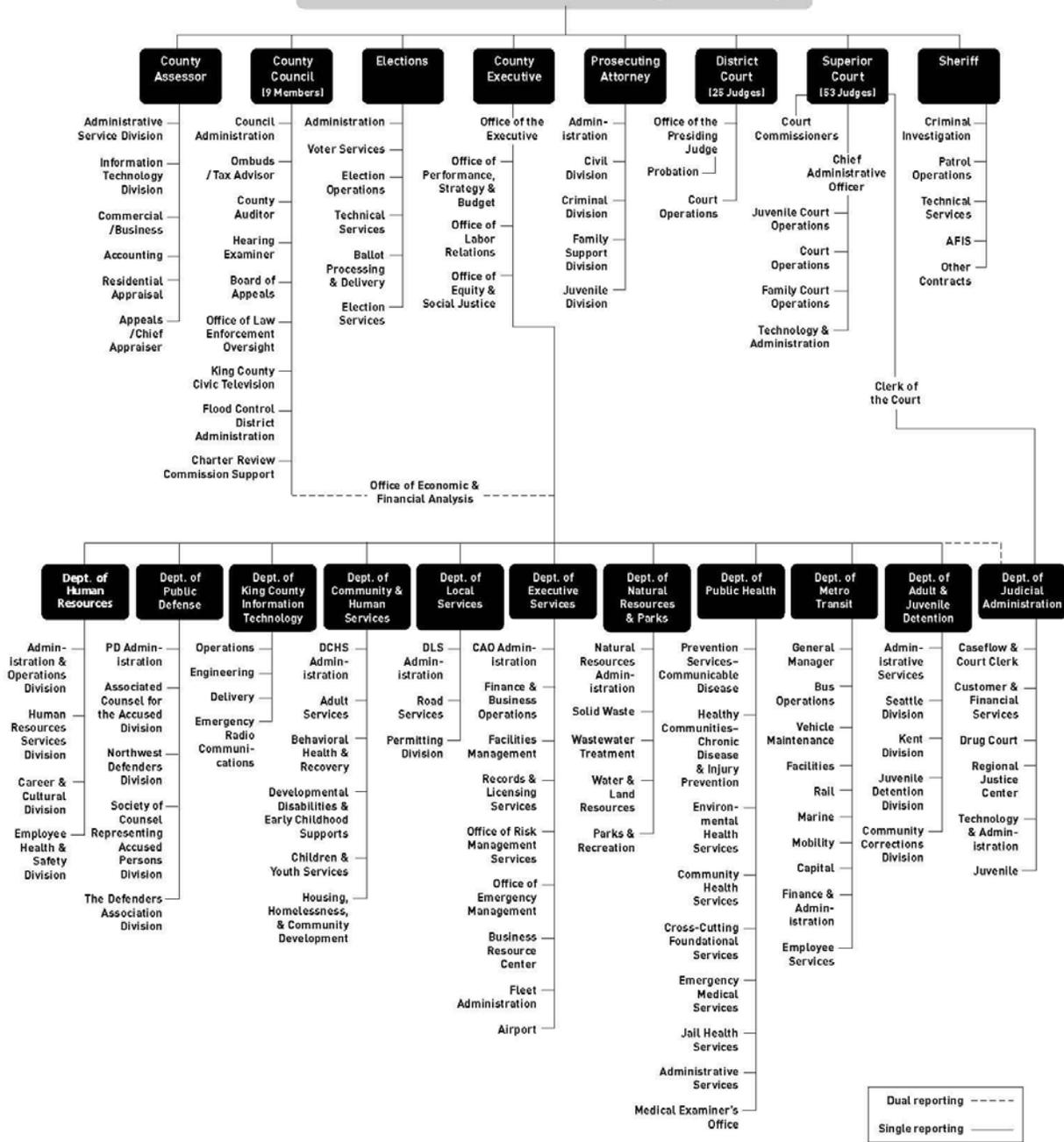
4Culture  
Mike Griggs

NJB Properties  
Eleanora Rocker

Flood Control District  
Francis and Co, PLLC

Harborview Medical Center  
Tzeghe Makonnen

# The Electorate of King County



## 2019–2020 King County Organization

Elected Officials, Departments and Divisions



# Financial Section

2020  
**COMPREHENSIVE**  
ANNUAL FINANCIAL REPORT





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

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

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, 2020, 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, 95 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, 2020, 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 20 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect financial impact on the County is unknown. 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***

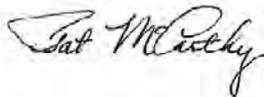
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The combining financial statements and schedules are presented for the purposes of additional analysis and are not a required part of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

The Introductory 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 29, 2021, 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,



Pat McCarthy, State Auditor

Olympia, WA

July 29, 2021

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

This section of King County's Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2020. The County encourages 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, 2020, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$7.97 billion (referred to as *net position* of the primary government). Of this amount, \$1.55 billion 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 10 percent or \$753 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 increased 7 percent or \$236 million over last year while the business-type activities component increased 14 percent or \$517 million.
- The County's governmental funds reported combined fund balances of \$1,018 million, a decrease of \$26 million from the prior year. Approximately 4 percent or \$38 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 \$199 million, or approximately 22 percent of total annual General Fund expenditures. Total fund balance for the General Fund increased 9 percent or \$17 million from the prior year.
- Total liabilities of the County increased by 3 percent or \$228 million in 2020. Accounts Payable increased 43 percent or \$138 million from last year due to pandemic-related payment processing delays. The largest component of liabilities is debt, which decreased 1 percent or \$32 million. Governmental activities issued new general obligation bonds of \$32 million and refunding issues of \$54 million. Business-type activities issued \$21 million in new general obligation debt, \$20 million in general obligation refunding debt, \$156 million in new revenue-backed debt and \$411 million in revenue-backed refunding debt. Total newly issued debt are offset by \$173 million in principal payments and refunded issues amounted to \$540 million.

### 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 custodial 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 \$7.97 billion at the close of the most recent fiscal year.

<b>King County's Net Position</b> (in thousands)						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>						
Current and other assets <sup>(a)</sup>	\$ 2,051,710	\$ 1,841,516	\$ 3,063,184	\$ 2,499,299	\$ 5,114,894	\$ 4,340,815
Capital assets <sup>(a)</sup>	3,574,302	3,426,316	6,225,342	6,304,284	9,799,644	9,730,600
Total Assets	5,626,012	5,267,832	9,288,526	8,803,583	14,914,538	14,071,415
<b>Deferred Outflows of Resources</b>	133,108	98,980	244,928	243,458	378,036	342,438
<b>Liabilities</b>						
Long-term liabilities	1,323,101	1,329,345	4,880,551	4,847,469	6,203,652	6,176,814
Other liabilities	629,226	409,318	269,527	288,706	898,753	698,024
Total Liabilities	1,952,327	1,738,663	5,150,078	5,136,175	7,102,405	6,874,838
<b>Deferred Inflows of Resources</b>	109,101	166,227	109,920	154,635	219,021	320,862
<b>Net Position</b>						
Net investment in capital assets <sup>(a)</sup>	2,934,385	2,799,501	2,309,757	2,392,806	5,244,142	5,192,307
Restricted <sup>(a)</sup>	925,984	774,731	247,267	269,056	1,173,251	1,043,787
Unrestricted <sup>(a)</sup>	(162,677)	(112,310)	1,716,432	1,094,369	1,553,755	982,059
Total Net Position	<u>\$ 3,697,692</u>	<u>\$ 3,461,922</u>	<u>\$ 4,273,456</u>	<u>\$ 3,756,231</u>	<u>\$ 7,971,148</u>	<u>\$ 7,218,153</u>

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

The largest portion of King County's net position, 66 percent or \$5.24 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, 15 percent or \$1.17 billion, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1.55 billion 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 10 percent or \$753 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 7 percent or \$236 million from the prior fiscal year for an ending balance of \$3.70 billion. Net position invested in capital assets comprised 79 percent of total net position in the governmental activities, or \$2.93 billion, an increase from the prior year of \$135 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 \$926 million including \$293 million dedicated to health and human services; \$164 million for law, safety, and justice; \$157 million for culture and recreation; and, \$121 million for economic environment services. Other restrictions, each individually less than \$100 million, constituted the remaining \$191 million.

Governmental activities accounted for 31 percent of the total improvement in net position of the County. The total revenues for governmental activities were \$2.77 billion, an increase of 18 percent or \$432 million from the prior year. Revenue increases were primarily driven by pandemic-related Federal mitigation and stimulus payments. The County's governmental activities earned \$244 million in payments from the Coronavirus Relief Fund, a new source of non-grant Federal support authorized by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Amongst the revenue sources that existed in prior years, operating grants and contributions increased the most, 44 percent or \$93 million with the increase fueled by Federal Emergency Management Agency (FEMA) Public Assistance Grants which comprised \$66 million of the increase. The second largest contributor was property tax revenue, which increased 9 percent or \$83 million. The increase in property taxes was the result of strong growth in newly constructed properties, totaling \$11.03 billion of assessed value, down slightly from \$11.56 billion in the prior year. The County receives a full allocation of property tax in the first year on new construction.

Expenses for governmental activities during the year increased by a net of 23 percent or \$479 million. Expenditure increases were focused on areas most impacted by the pandemic including health and human services, and law, safety, and justice. In health and human services, which overall increased 30 percent or \$227 million, the increase was driven by pandemic related spending in the Public Health Fund (increased \$64 million or 31 percent) for epidemiology, testing, contact tracing, and other pandemic-related programs, the Building Repair and Replacement capital fund for isolation, recovery, and quarantine facilities (\$40 million in new investment) and the Housing and Community Development Fund (increased \$39 million or 87 percent) for rent assistance/eviction prevention programs and to deintensify congregate sheltering operations. In law, safety, and justice, where expenditures increased 13 percent or \$93 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 9 percent or \$41 million from last year; supplies, including personal protective equipment (PPE) increased 130 percent or \$16 million from last year. The number of personnel assigned to the function increased only 3 percent or 120 full-time equivalents in the two-year period from 2018. 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 over the last ten years. Economic environment reported non-pandemic related growth in expenditures, which overall increased 54 percent or \$92 million. The largest increase occurred in the Housing and Community Development fund which increased 29 percent or \$17 million to construct new affordable housing units. Also, the Flood Control District increased their grants to other governments performing flood control activities by 34 percent or \$13 million.

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

	Governmental		Business-type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues						
Charges for services <sup>(b)</sup>	\$ 888,957	\$ 847,635	\$ 973,654	\$ 1,109,879	\$ 1,862,611	\$ 1,957,514
Operating grants and contributions	304,901	211,658	533,111	26,168	838,012	237,826
Capital grants and contributions	17,527	20,556	28,087	64,081	45,614	84,637
General revenues						
Property taxes <sup>(b)</sup>	1,006,670	923,838	\$ 36,471	35,378	1,043,141	959,216
Retail sales and use taxes	247,725	257,476	637,425	686,120	885,150	943,596
Other taxes	23,151	21,799	—	—	23,151	21,799
Coronavirus relief funds	243,687	—	1,451	—	245,138	—
Unrestricted interest earnings <sup>(b)</sup>	40,304	58,218	33,080	45,318	73,384	103,536
Total revenues	<u>2,772,922</u>	<u>2,341,180</u>	<u>2,243,279</u>	<u>1,966,944</u>	<u>5,016,201</u>	<u>4,308,124</u>
<b>Expenses<sup>(a)</sup></b>						
General government	247,861	193,291	—	—	247,861	193,291
Law, safety and justice	819,211	726,568	—	—	819,211	726,568
Physical environment	22,253	22,788	—	—	22,253	22,788
Transportation <sup>(b)</sup>	105,306	102,634	—	—	105,306	102,634
Economic environment <sup>(b)</sup>	263,601	171,686	—	—	263,601	171,686
Health and human services	973,277	746,148	—	—	973,277	746,148
Culture and recreation	93,454	77,434	—	—	93,454	77,434
Interest and other debt service costs	18,400	23,606	—	—	18,400	23,606
Airport	—	—	30,816	25,475	30,816	25,475
Public transportation	—	—	1,054,739	1,032,062	1,054,739	1,032,062
Solid waste	—	—	136,081	234,164	136,081	234,164
Water quality	—	—	481,393	474,952	481,393	474,952
Other enterprise activities <sup>(b)</sup>	—	—	16,814	17,621	16,814	17,621
Total expenses	<u>2,543,363</u>	<u>2,064,155</u>	<u>1,719,843</u>	<u>1,784,274</u>	<u>4,263,206</u>	<u>3,848,429</u>
Increase in net position before transfers	229,559	277,025	523,436	182,670	752,995	459,695
Transfers	6,211	6,534	(6,211)	(6,534)	—	—
Increase in net position	235,770	283,559	517,225	176,136	752,995	459,695
Net position, beginning of year <sup>(c)</sup>	3,461,922	3,178,363	3,756,231	3,580,095	7,218,153	6,758,458
Net position, end of year	<u>\$ 3,697,692</u>	<u>\$ 3,461,922</u>	<u>\$ 4,273,456</u>	<u>\$ 3,756,231</u>	<u>\$ 7,971,148</u>	<u>\$ 7,218,153</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 \$247.9 million in general government expense consists of \$298.0 million in direct program expenses reduced by indirect charges of \$50.1 million that was charged to the other benefiting functions.

(b) 2019 revenues and expenses 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 \$4.27 billion, increasing by 14 percent or \$517 million from the prior year. Of the total net position for business-type activities, 54 percent or \$2.31 billion was invested in capital assets net of the related debt used to finance the acquisition or construction of these capital assets. Another 6 percent or \$247 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 40 percent or \$1.72 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 \$4.27 billion comprised 54 percent of the total County net position at the end of 2020. Business type activities accounted for 69 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 buses with cash or grants.

Total revenues of business-type activities were \$2.24 billion, an increase of 14 percent or \$276 million from last year. Operating grants and contributions increased the most, to \$533 million this year from \$26 million last year, primarily representing Federal support of the Public Transportation Enterprise during the pandemic. In part this operating support was a shift of Federal funds from capital to operating; accordingly, this year's \$28 million capital grants and contributions represents a reduction of 56 percent or \$36 million from last year.

Business-type activity expenses decreased 4 percent or \$64 million over the prior year for all business-type activities taken together. The King County International Airport (KCIA) saw the largest increase of expense by percentage, at 21 percent or \$5 million. These increased costs are related to planning and preliminary design costs associated with new projects in the airport's capital improvement plan to improve runways and facilities; these projects have not progressed to the point where costs may be capitalized. Also included, \$1 million in new lease costs for construction staging areas, higher legal services attributable to Immigration and Customs Enforcement (ICE) litigation and a King County Sheriff's Office labor contract settlement in 2020 (KCSO provides security services to the airport). The Solid Waste Enterprise had the largest decrease in expense on both a percentage and absolute basis, totaling 42 percent or \$98 million. The decrease relative to last year was due to large one-time charges taken by the Solid Waste Enterprise in 2019. These charges totaled \$89 million related to an upward revision in the estimated post-closure care liability for municipal solid waste landfills, and asset impairments. Adjusting for these one-time factors in 2019, Solid Waste's expenses decreased 6 percent this year which was related primarily to a slight downward revision of last year's closure and post-closure estimate.

## 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, 2020, the County's governmental funds reported a combined fund balance of \$1.02 billion a decrease of 2 percent or \$26 million in comparison with the prior year. Approximately 4 percent or \$38 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, \$26 million, 2) restricted for particular purposes, \$830 million, 3) committed for particular purposes, \$29 million, or assigned for particular purposes, \$93 million.

The **General Fund** is the chief operating fund of the County. At the end of the 2020 fiscal year, total fund balance for the General Fund was \$201 million. Unassigned fund balance totaled \$133 million, a decrease of 6 percent or \$8 million from 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 \$916 million. The unassigned fund balance of \$133 million represents 15 percent of total General Fund expenditures, a decrease of 3 percent from 2019 while the total fund balance of \$201 million represents 22 percent of total expenditures in 2020 consistent with 22 percent in 2019.

Fund balance of the General Fund increased by 9 percent or \$17 million during 2020. 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, 38 percent of total revenues, charges for services, 28 percent of total revenues, retail sales and use taxes, 15 percent of total revenues, and intergovernmental revenues, 13 percent of total revenues. Property taxes are budgeted on a biennial basis at the level needed and retail sales and use taxes decreased in 2020 with a drop in taxable sales due to the Coronavirus Disease (COVID-19) pandemic. As of the end of 2020, taxable sales have recovered to near pre-pandemic levels. Charges for services are mostly comprised of contracts with other jurisdictions to provide legal, law enforcement and rehabilitation and detention services. Intergovernmental revenues included Coronavirus Relief Funds to cover COVID-19 response efforts. Total expenditures increased by \$87 million, partially offset with an increase in revenues. The main expenditures are for law, safety and justice, 74 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 2020, it had a total fund balance deficit of \$31 million, a decrease from a total fund balance of \$448 thousand last year.

The decrease in fund balance in the current year was caused by earning fewer revenues, \$286 million, than incurring costs on programs, \$311 million. The increase in costs was due primarily to the change in administering Medicaid-related programs. Outpatient payments associated with the new payment model increased expenses by \$13 million.

**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, 2020, the County's proprietary funds reported a combined net position of \$4.27 billion, an increase of 14 percent or \$517 million compared to the prior year. The Public Transportation Enterprise net position increased 16 percent or \$416 million; the Water Quality Enterprise net position increased by 8 percent or \$67 million; and the Solid Waste Enterprise net position increased five-fold to \$12 million.

The **Public Transportation Enterprise** accounts for the operations, maintenance and capital improvements of the County's public transportation system. At the end of 2020, the Public Transportation Enterprise had total net position of \$3.01 billion, of which 53 percent or \$1.60 billion was invested in capital assets net of associated debt; 0.3 percent or \$9 million was restricted for capital projects and debt service; while 47 percent or \$1.40 billion was unrestricted. Unrestricted net position increased from the prior year by 61 percent or \$532 million. The increase is due to keeping expenses under revenues. The key revenues that help to increase the Enterprise's net position are sales taxes at \$637 million, or 44 percent of total revenues; service contracts at \$179 million or 12 percent of total revenues; intergovernmental revenues at \$526 million or 36 percent of total revenues and passenger fares at \$57 million, or 4 percent of total revenue. Intergovernmental revenues included \$514 million in funding from the Federal Transit Administration, primarily consisting of federal Coronavirus Aid, Relief, and Economic Security Act (CARES) funding to cover Coronavirus Disease (COVID-19) response efforts. Passenger fares decreased from the prior year by \$122 million or 68 percent due to Coronavirus Disease (COVID-19) pandemic and resulting reduction in commuting and travel. Total operating expenses increased by \$23 million from the prior year, with personal services experiencing the largest increase at \$52 million offset by a decrease in purchased transportation of \$20 million. Personal services grew 9 percent as a result of employee growth in the Rail and Capital organizations, cost of living increases and higher benefits. Purchased transportation services decreased 23 percent as a result of lower contracted service costs for Access and DART, due to pandemic-related lower ridership.

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 2020, the Water Quality Enterprise reported total net position of \$894 million of which 48 percent or \$432 million was invested in capital assets net of the related debt; 27 percent or \$239 million was restricted for debt service and regulatory assets and environmental liabilities; and the remaining 25 percent or \$223 million was unrestricted. Total net position improved by \$67 million due to continually posting positive results from operations. The Enterprise reported \$417 million in sewage disposal fees, an increase of \$2 million or 1 percent from the prior year. Remaining operating revenues of \$113 million decreased by \$9 million or 7 percent, mostly due to decreases in water treatment capacity charge early payoffs. The Enterprise incurred \$344 million in total operating expenses, mainly comprised of \$172 million in depreciation and amortization expenses, personal services of \$59 million and internal services of \$41 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 2020, the Solid Waste Enterprise reported total net position of \$14 million of which \$140 million was invested in capital assets net of the related debt and the remainder (a deficit) was unrestricted. A deficit unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources. Total net position increased by \$12 million over the prior year. 2019 included \$95 million decrease in net position due to a one time change in estimates for post closure 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 \$133 million in solid waste disposal charges consistent with the

prior year. The Enterprise incurred \$130 million in total operating expenses, mainly comprised of personal services of \$51 million and contract services and other charges of \$26 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 second 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 \$187 million in expenditures due to supplemental budget appropriations, which included COVID-19 response. The largest increases to estimated revenues are for intergovernmental revenues, property taxes and transfers from other funds.

Budget increases were made during the budget period to the following county functions (listing appropriations with the most significant contributions to the increase): General government by \$21 million (Office of Performance, Strategy and Budget; Office of Equity and Social Justice); Law, safety, and justice by \$78 million (Office of Emergency Management; Sheriff; Adult and Juvenile Detention; Superior Court); Economic environment by \$8 million (Tourism; Housing and homeless programs); Health and human services by \$9 million (Jail Health Services; Medical Examiner); capital outlay by \$2 million; and transfers by \$69 million (CIP Transfers to Department of Executive Services, for various capital projects; Building 4Equity Advance, to create more equitable outcomes for the funding programs of 4Culture, the cultural funding agency of King County).

**Final Budget Compared to Actual Results** Property taxes are the largest revenue source in 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 29 percent and 15 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 spending in the economy, which is influenced by various factors.

The actual budgetary basis expenditures were \$108 million less than the final appropriation. Law, safety, and justice and general government comprise the largest amounts of expenditures at 67 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, 2020, amounted to \$3.57 billion for governmental activities and \$6.23 billion for business-type activities totaling \$9.80 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 \$69 million, net of depreciation.

Major capital asset events during 2020 included the following:

- Costs for the parking garage for the newly completed Patricia H. Clark Child and Family Justice Center totaled \$21 million in 2020. The parking garage is scheduled to be completed by the spring of 2021.
- Public Transportation brought 125 new ADA vans and Accessible Buses into service during the year at a cost of \$10 million.
- Water Quality brought new infrastructure into service during the year at a total cost of \$30 million, including \$28 million for a section of the Eastside Interceptor.
- 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 \$274 million; \$142 million has been spent through 12/31/2020. The radio network is anticipated to be operational in 2023.

A summary of the 2020 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>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Land and land rights <sup>(b)</sup>	\$ 1,142.8	\$ 1,106.5	\$ 472.5	\$ 473.9	\$ 1,615.3	\$ 1,580.4
Buildings <sup>(a)(b)</sup>	676.9	696.3	1,668.5	1,744.5	2,345.4	2,440.8
Leasehold Improvements <sup>(a)</sup>	28.3	29.1	2.5	2.8	30.8	31.9
Improvements other than buildings <sup>(a)(b)</sup>	98.1	107.6	313.3	314.8	411.4	422.4
Infrastructure - roads and bridges	1,140.6	1,128.3	—	—	1,140.6	1,128.3
Infrastructure - other <sup>(a)(b)</sup>	47.8	49.6	1,740.5	1,751.3	1,788.3	1,800.9
Equipment, software and art collection <sup>(a)(b)</sup>	151.2	133.5	1,279.4	1,399.2	1,430.6	1,532.7
Construction in progress	288.6	175.4	748.6	617.8	1,037.2	793.2
Total	<u>\$ 3,574.3</u>	<u>\$ 3,426.3</u>	<u>\$ 6,225.3</u>	<u>\$ 6,304.3</u>	<u>\$ 9,799.6</u>	<u>\$ 9,730.6</u>

(a) Net of Depreciation

(b) 2019 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 181 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 12 bridges at or below this threshold.

The amount budgeted for 2020 roads preservation and maintenance was \$73 million, but the actual amount expended was \$54 million. For maintenance and preservation of bridges, the amount budgeted for 2020 was \$14 million, but the actual expended amount was \$7 million. The variance between budget and spending is due to supplemental budget and remaining work under contract to be completed in 2021.

**Debt Administration**

At the end of 2020, King County had a total of \$4.89 billion in debt outstanding. Of this amount, \$1.83 billion comprises of debt backed by the full faith and credit of the County. The other \$3.06 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.

	<b>Outstanding Debt</b>					
	(in millions)					
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
General obligation bonds	\$ 684.5	\$ 721.0	\$ 1,136.5	\$ 1,157.4	\$ 1,821.0	\$ 1,878.4
GO capital leases <sup>(a)</sup>	7.8	8.2	—	—	7.8	8.2
Revenue bonds	—	—	2,817.4	2,811.5	2,817.4	2,811.5
State revolving loans	—	—	247.3	227.5	247.3	227.5
Total	<u>\$ 692.3</u>	<u>\$ 729.2</u>	<u>\$ 4,201.2</u>	<u>\$ 4,196.4</u>	<u>\$ 4,893.5</u>	<u>\$ 4,925.6</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.

Bond amounts are presented inclusive of associated premiums and discounts. See Note 15 for detail.

Total debt decreased over the previous year by 1 percent or \$32 million (a 5 percent or \$37 million decrease for governmental activities and less than 1 percent or \$5 million increase for business-type activities). Governmental activities' outstanding debt decreased primarily due to \$70 million debt service payments and defeasance of \$47 million of bonds offset by the issuance of \$86 million in both new limited tax general obligation bonds and refunding general obligation bonds, with related net premiums of \$9 million.

Business-type activities' outstanding debt slightly increased primarily due to the issuance of \$608 million in new limited tax general obligation bonds (\$41 million) and Sewer Revenue bonds (\$567 million), with related net premiums of \$32 million offset by \$103 million in debt service payments and the defeasance of \$493 million in refunded bonds. State revolving loans increased by 9 percent or \$20 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 both its limited tax general obligation debt and unlimited tax general obligation debt. 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 \$16.49 billion, significantly higher than the County's outstanding net general obligation long-term liabilities of \$654 million. For metropolitan functions the debt limitation is also \$16.49 billion and the County's outstanding net general obligation debt for metropolitan functions is \$982 million.

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**

Items of note within King County:

- King County's unemployment rate was 5.8 percent as of December 2020, lower than state and national unemployment rates, which were 6.3 percent and 6.7 percent, respectively. King County total employment declined 5.7% in 2020. Boeing shed 15,000 jobs and is no longer the state's largest employer (Amazon is now the largest.) Two of the region's prominent private employers, Amazon and Microsoft, retain strong demand for their products and services. The COVID-19 pandemic produced seismic changes to the leisure and hospitality sector in King County. The forced closure of restaurants, bars, schools, recreational facilities, and hundreds of other leisure related businesses across the state has led to substantial job losses and a dramatic increase to the unemployment rate in that sector, which has still not recovered as of early 2021. Many restaurants and bars have closed for good.

- Taxable retail sales growth was robust in the years prior to 2020 thanks to growing incomes, optimistic consumer confidence, strong employment, and a thriving construction sector. Local retail sales tax collections grew, 5 percent in 2017, 11 percent in 2018, 4 percent in 2019, before declining 4 percent in 2020. Taxable sales growth indicators have rebounded significantly since Q2 2020.
- Inflation remained steady in 2020. The Seattle Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W-STB) increased by 1.9 percent, down from 2.1 percent in 2019. The national CPI for All Urban Consumers (CPI-U-US) increased 1.2 percent during the same period.

Other than the global pandemic, 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. These reserves buffered the effects of the pandemic as the County spent down reserves in the General Fund to 6 percent during the last budget. The county is willing to make difficult decisions 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 balance revenues more flexibly 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

2020  
**COMPREHENSIVE**  
ANNUAL FINANCIAL REPORT



## STATEMENT OF NET POSITION

DECEMBER 31, 2020

(IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,576,786	\$ 2,026,859	\$ 3,603,645	\$ 476,881
Investments	—	16,473	16,473	2,013
Receivables, net	329,230	565,130	894,360	180,815
Internal balances	(119,549)	119,549	—	—
Due from component unit	7,702	—	7,702	—
Due from primary government	—	—	—	5,446
Inventories	3,342	37,684	41,026	9,761
Prepayments and other assets	27,943	5,713	33,656	11,752
Net pension asset	76,450	—	76,450	—
Nondepreciable capital assets	2,583,086	1,219,879	3,802,965	15,228
Depreciable capital assets, net	991,216	5,005,463	5,996,679	271,051
Net investment in capital lease with primary government	—	—	—	7,793
Deposits with other governments	—	—	—	3,713
Regulatory assets - environmental remediation	—	142,864	142,864	—
Other assets	149,806	148,912	298,718	26,628
<b>TOTAL ASSETS</b>	<b>5,626,012</b>	<b>9,288,526</b>	<b>14,914,538</b>	<b>1,011,081</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on refunding	18,642	171,003	189,645	—
Deferred outflows on pensions	107,236	69,061	176,297	331
Deferred outflows on other post employment benefits	4,367	836	5,203	9
Deferred outflows on asset retirement obligations	2,863	4,028	6,891	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>133,108</b>	<b>244,928</b>	<b>378,036</b>	<b>340</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	336,418	142,055	478,473	77,135
Accrued liabilities	71,813	114,240	186,053	54,728
Due to component unit	939	—	939	—
Due to primary government	—	—	—	12,150
Unearned revenues	212,263	13,232	225,495	96,053
Capital lease payable to component unit	7,793	—	7,793	—
Noncurrent liabilities:				
Due within one year	197,246	166,095	363,341	3,032
Due in more than one year	1,125,855	4,714,456	5,840,311	31,471
<b>TOTAL LIABILITIES</b>	<b>1,952,327</b>	<b>5,150,078</b>	<b>7,102,405</b>	<b>274,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on refunding	—	1,693	1,693	—
Deferred inflows on pensions	97,152	59,691	156,843	236
Rate stabilization	—	46,250	46,250	—
Deferred inflows on other post employment benefits	11,949	2,286	14,235	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>109,101</b>	<b>109,920</b>	<b>219,021</b>	<b>236</b>
<b>NET POSITION</b>				
Net investment in capital assets	2,934,385	2,309,757	5,244,142	286,279
Restricted for:				
Capital projects	41,008	6,205	47,213	—
Debt service	2,652	144,740	147,392	—
Law, safety and justice	164,212	—	164,212	—
Economic environment	120,748	—	120,748	—
Health and human services - expendable	292,635	—	292,635	6,309
Culture and recreation - expendable	156,699	—	156,699	5,135
Other purposes	148,030	—	148,030	3,085
Regulatory assets and environmental liabilities	—	96,322	96,322	—
Unrestricted (deficit)	(162,677)	1,716,432	1,553,755	435,808
<b>TOTAL NET POSITION</b>	<b>\$ 3,697,692</b>	<b>\$ 4,273,456</b>	<b>7,971,148</b>	<b>\$ 736,616</b>

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

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(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	\$ 297,980	\$ (50,119)	\$ 168,833	\$ 16,673	\$ 82	\$ (62,273)	\$ —	\$ (62,273)	\$ —
Law, safety and justice	817,419	1,792	160,285	46,004	369	(612,553)	—	(612,553)	—
Physical environment	21,288	965	43,632	2,833	—	24,212	—	24,212	—
Transportation	102,639	2,667	12,807	13,937	13,161	(65,401)	—	(65,401)	—
Economic environment	260,089	3,512	62,912	7,729	1,688	(191,272)	—	(191,272)	—
Health and human services	964,531	8,746	435,966	215,422	359	(321,530)	—	(321,530)	—
Culture and recreation	92,018	1,436	4,522	2,303	1,868	(84,761)	—	(84,761)	—
Interest and other debt service costs	18,400	—	—	—	—	(18,400)	—	(18,400)	—
Total governmental activities	<u>2,574,364</u>	<u>(31,001)</u>	<u>888,957</u>	<u>304,901</u>	<u>17,527</u>	<u>(1,331,978)</u>	<u>—</u>	<u>(1,331,978)</u>	<u>—</u>
Business-type activities:									
Airport	30,353	463	28,053	6,027	1,907	—	5,171	5,171	—
Public Transportation	1,031,871	22,868	249,020	525,737	24,850	—	(255,132)	(255,132)	—
Solid Waste	133,214	2,867	145,702	178	—	—	9,799	9,799	—
Water Quality	476,895	4,498	540,475	138	—	—	59,220	59,220	—
Institutional Network	2,067	51	3,228	—	—	—	1,110	1,110	—
Marine	8,732	223	1,074	1,031	1,330	—	(5,520)	(5,520)	—
Radio Communications Services	5,710	31	6,102	—	—	—	361	361	—
Total business-type activities	<u>1,688,842</u>	<u>31,001</u>	<u>973,654</u>	<u>533,111</u>	<u>28,087</u>	<u>—</u>	<u>(184,991)</u>	<u>(184,991)</u>	<u>—</u>
Total primary government	<u>\$ 4,263,206</u>	<u>\$ —</u>	<u>\$ 1,862,611</u>	<u>\$ 838,012</u>	<u>\$ 45,614</u>	<u>\$ (1,331,978)</u>	<u>\$ (184,991)</u>	<u>\$(1,516,969)</u>	<u>\$ —</u>
<b>Component Units</b>	<u>\$ 1,078,241</u>		<u>\$ 1,042,646</u>	<u>\$ 44,317</u>	<u>\$ 150</u>				<u>\$ 8,872</u>
General revenues:									
Property taxes						\$ 1,006,670	\$ 36,471	\$ 1,043,141	\$ —
Retail sales and use taxes						247,725	637,425	885,150	—
Business and other taxes						23,151	—	23,151	—
Coronavirus relief funds						243,687	1,451	245,138	—
Interest earnings						40,304	33,080	73,384	7,427
Transfers						6,211	(6,211)	—	—
Total general revenues and transfers						<u>1,567,748</u>	<u>702,216</u>	<u>2,269,964</u>	<u>7,427</u>
Change in net position						<u>235,770</u>	<u>517,225</u>	<u>752,995</u>	<u>16,299</u>
Net position - January 1, 2020 (Restated)						<u>3,461,922</u>	<u>3,756,231</u>	<u>7,218,153</u>	<u>720,317</u>
Net position - December 31, 2020						<u>\$ 3,697,692</u>	<u>\$ 4,273,456</u>	<u>\$ 7,971,148</u>	<u>\$ 736,616</u>

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020  
(IN THOUSANDS)**

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and cash equivalents	\$ 173,293	\$ 1,226	\$ 1,047,336	\$ 1,221,855
Taxes receivable-delinquent	11,515	70	12,609	24,194
Accounts receivable, net	14,759	15,785	9,113	39,657
Interest receivable	20,517	—	435	20,952
Due from other funds	53	2	42,586	42,641
Due from other governments, net	63,829	4,958	164,462	233,249
Due from component unit	—	—	7,702	7,702
Inventory	—	—	832	832
Prepayments	44	—	18,387	18,431
Advances to other funds	7,150	—	4,000	11,150
Notes receivable	911	—	148,895	149,806
<b>TOTAL ASSETS</b>	<b>\$ 292,071</b>	<b>\$ 22,041</b>	<b>\$ 1,456,357</b>	<b>\$ 1,770,469</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 29,252	\$ 49,107	\$ 178,385	\$ 256,744
Due to other funds	2,570	—	49,854	52,424
Interfund short-term loans payable	—	—	55,755	55,755
Due to other governments	500	1,102	45,954	47,556
Due to component unit	—	199	740	939
Wages payable	35,883	1,158	22,696	59,737
Taxes payable	94	—	59	153
Unearned revenues	3,396	1,373	207,081	211,850
Deposits	2,306	—	3,612	5,918
Advances from other funds	—	—	30,787	30,787
<b>TOTAL LIABILITIES</b>	<b>74,001</b>	<b>52,939</b>	<b>594,923</b>	<b>721,863</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	9,868	55	9,844	19,767
Unavailable revenue-other receivables	7,412	—	3,925	11,337
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>17,280</b>	<b>55</b>	<b>13,769</b>	<b>31,104</b>
<b>FUND BALANCES</b>				
Nonspendable	44	—	26,226	26,270
Restricted	1,559	—	828,879	830,438
Committed	28,942	—	175	29,117
Assigned	37,147	—	56,254	93,401
Unassigned	133,098	(30,953)	(63,869)	38,276
<b>TOTAL FUND BALANCES</b>	<b>200,790</b>	<b>(30,953)</b>	<b>847,665</b>	<b>1,017,502</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 292,071</b>	<b>\$ 22,041</b>	<b>\$ 1,456,357</b>	<b>\$ 1,770,469</b>

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

Total fund balances - governmental funds	\$ 1,017,502
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	3,518,047
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	195,426
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position.	150,297
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,183,580)
<b>Net position of governmental activities</b>	<b>\$ 3,697,692</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, 2020**  
(IN THOUSANDS)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 377,248	\$ 3,561	\$ 620,247	\$ 1,001,056
Retail sales and use taxes	146,286	—	101,439	247,725
Business and other taxes	3,319	16	19,816	23,151
Licenses and permits	5,017	—	20,362	25,379
Intergovernmental revenues	130,245	16,412	387,947	534,604
Charges for services	273,960	262,544	283,236	819,740
Fines and forfeits	22,968	—	246	23,214
Interest earnings	14,094	39	22,989	37,122
Miscellaneous revenues	18,410	3,507	31,769	53,686
<b>TOTAL REVENUES</b>	<b>991,547</b>	<b>286,079</b>	<b>1,488,051</b>	<b>2,765,677</b>
<b>EXPENDITURES</b>				
Current:				
General government	176,763	7,384	67,505	251,652
Law, safety and justice	677,151	—	160,322	837,473
Physical environment	—	—	23,072	23,072
Transportation	—	—	107,624	107,624
Economic environment	9,369	—	255,900	265,269
Health and human services	49,232	303,743	629,101	982,076
Culture and recreation	—	—	79,369	79,369
Debt service:				
Principal	—	—	68,672	68,672
Interest and other debt service costs	107	5	29,887	29,999
Capital outlay	2,907	—	215,430	218,337
<b>TOTAL EXPENDITURES</b>	<b>915,529</b>	<b>311,132</b>	<b>1,636,882</b>	<b>2,863,543</b>
Excess (deficiency) of revenues over (under) expenditures	76,018	(25,053)	(148,831)	(97,866)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	20,785	9,294	396,309	426,388
Transfers out	(79,978)	(15,643)	(302,436)	(398,057)
General government debt issued	—	—	32,090	32,090
Refunding bonds issued	—	—	54,065	54,065
Premium on general government bonds issued	—	—	8,979	8,979
Payment to refunded bonds escrow agent	—	—	(54,520)	(54,520)
Sale of capital assets	144	1	2,988	3,133
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(59,049)</b>	<b>(6,348)</b>	<b>137,475</b>	<b>72,078</b>
Net change in fund balances	16,969	(31,401)	(11,356)	(25,788)
Fund balances - beginning	183,821	297	860,456	1,044,574
Prior period adjustment	—	151	(1,435)	(1,284)
Fund balances (deficit) - ending	<u>\$ 200,790</u>	<u>\$ (30,953)</u>	<u>\$ 847,665</u>	<u>\$ 1,017,502</u>

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, 2020  
(IN THOUSANDS)**

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

Net change in fund balances - total governmental funds	\$ (25,788)
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.	152,848
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net position.	(4,209)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	12,446
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.	28,058
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.	44,479
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	27,936
	27,936
Change in net position of governmental activities	\$ 235,770

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**  
(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	\$ 1,095,248	\$ 353,058	\$ 126,057
Restricted cash and cash equivalents	386	1,463	4,055
Accounts receivable, net	7,567	37,749	12,841
Due from other funds	5,632	2,524	1,209
Interfund short-term loans receivable	—	—	—
Property tax receivable-delinquent	580	—	—
Due from other governments	496,977	133	278
Inventory of supplies	26,057	9,543	1,562
Prepayments and other assets	254	29	350
Total current assets	<u>1,632,701</u>	<u>404,499</u>	<u>146,352</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	14,035	319,416	8,785
Investments	—	16,473	—
Due from other governments	29	—	—
Total restricted assets	<u>14,064</u>	<u>335,889</u>	<u>8,785</u>
Capital assets:			
Nondepreciable assets	385,334	762,226	53,331
Depreciable assets, net	1,298,323	3,331,424	245,211
Total capital assets	<u>1,683,657</u>	<u>4,093,650</u>	<u>298,542</u>
Other noncurrent assets:			
Prepayments	4,190	—	—
Notes receivable	141,115	—	—
Advances to other funds	—	—	—
Regulatory assets, net of amortization	—	142,864	—
Other assets	—	7,797	—
Total other noncurrent assets	<u>145,305</u>	<u>150,661</u>	<u>—</u>
Total noncurrent assets	<u>1,843,026</u>	<u>4,580,200</u>	<u>307,327</u>
<b>TOTAL ASSETS</b>	<u><b>3,475,727</b></u>	<u><b>4,984,699</b></u>	<u><b>453,679</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refunding	1,683	167,499	1,821
Deferred outflows on pensions	57,127	7,205	3,788
Deferred outflows on other post employment benefits	684	84	55
Deferred outflows on asset retirement obligations	2,513	662	693
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>62,007</b></u>	<u><b>175,450</b></u>	<u><b>6,357</b></u>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 4)

	<b>BUSINESS-TYPE ACTIVITIES</b>		
	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL</b>	<b>INTERNAL SERVICE FUNDS</b>
	<b>FUNDS</b>	<b>TOTAL</b>	<b>FUNDS</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 84,127	\$ 1,658,490	\$ 373,545
Restricted cash and cash equivalents	232	6,136	691
Accounts receivable, net	822	58,979	412
Due from other funds	274	9,639	396
Interfund short-term loans receivable	—	—	59,355
Property tax receivable-delinquent	122	702	—
Due from other governments	8,030	505,418	10,766
Inventory of supplies	518	37,680	2,514
Prepayments and other assets	890	1,523	9,511
Total current assets	<u>95,015</u>	<u>2,278,567</u>	<u>457,190</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	692	342,928	—
Investments	—	16,473	—
Due from other governments	—	29	—
Total restricted assets	<u>692</u>	<u>359,430</u>	<u>—</u>
Capital assets:			
Nondepreciable assets	18,988	1,219,879	—
Depreciable assets, net	122,196	4,997,154	64,564
Total capital assets	<u>141,184</u>	<u>6,217,033</u>	<u>64,564</u>
Other noncurrent assets:			
Prepayments	—	4,190	—
Notes receivable	—	141,115	—
Advances to other funds	—	—	19,637
Regulatory assets, net of amortization	—	142,864	—
Other assets	—	7,797	—
Total other noncurrent assets	<u>—</u>	<u>295,966</u>	<u>19,637</u>
Total noncurrent assets	<u>141,876</u>	<u>6,872,429</u>	<u>84,201</u>
<b>TOTAL ASSETS</b>	<u>236,891</u>	<u>9,150,996</u>	<u>541,391</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on refunding	—	171,003	—
Deferred outflows on pensions	941	69,061	13,986
Deferred outflows on other post employment benefits	13	836	146
Deferred outflows on asset retirement obligations	160	4,028	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,114</u>	<u>244,928</u>	<u>14,132</u>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**  
(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	\$ 90,276	\$ 30,849	\$ 6,632
Retainage payable	386	1,463	60
Estimated claim settlements	—	—	—
Due to other funds	—	12	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Interest payable	261	65,015	507
Wages payable	38,881	5,632	3,192
Compensated absences payable	11,915	783	203
Other postemployment benefits	836	102	67
Taxes payable	103	12	183
Unearned revenues	9,764	3,173	46
Pollution remediation	—	6,751	—
Bonds payable	3,155	89,620	7,510
Capital leases payable	154	—	—
State revolving loan payable	—	17,610	101
Landfill closure and post-closure care	—	—	26,201
Other liabilities	5,838	71	—
Total current liabilities	<u>161,569</u>	<u>221,093</u>	<u>44,702</u>
Noncurrent liabilities			
Compensated absences payable	45,089	12,015	5,001
Other postemployment benefits	13,182	1,612	1,055
Net pension liability	182,345	8,074	4,245
Bonds payable	70,657	3,617,384	158,490
Capital leases payable	1,940	—	—
State revolving loans payable	—	227,861	1,715
Landfill closure and post-closure care	—	—	224,766
Estimated claim settlements	—	—	—
Pollution remediation	639	42,567	1,194
Asset retirement obligation	3,480	1,350	900
Other liabilities	—	78,691	—
Total noncurrent liabilities	<u>317,332</u>	<u>3,989,554</u>	<u>397,366</u>
<b>TOTAL LIABILITIES</b>	<u>478,901</u>	<u>4,210,647</u>	<u>442,068</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on refunding	—	1,693	—
Deferred inflows on pensions	46,961	7,685	4,041
Deferred inflows on other post employment benefits	1,872	229	150
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>48,833</u>	<u>55,857</u>	<u>4,191</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,596,677	431,793	140,292
Restricted for:			
Capital projects	6,205	—	—
Debt service	2,311	142,429	—
Regulatory assets and environmental liabilities	—	96,322	—
Unrestricted	1,404,807	223,101	(126,515)
<b>TOTAL NET POSITION</b>	<u>\$ 3,010,000</u>	<u>\$ 893,645</u>	<u>\$ 13,777</u>

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

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2020**  
(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>FUNDS</b>	<b>TOTAL</b>	
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 2,562	\$ 130,319	\$ 23,129
Retainage payable	69	1,978	691
Estimated claim settlements	—	—	54,444
Due to other funds	240	252	—
Interfund short-term loans payable	—	—	3,600
Due to other governments	3,304	3,304	—
Interest payable	24	65,807	—
Wages payable	713	48,418	8,958
Compensated absences payable	42	12,943	896
Other postemployment benefits	16	1,021	179
Taxes payable	295	593	30
Unearned revenues	249	13,232	413
Pollution remediation	—	6,751	—
Bonds payable	795	101,080	—
Capital leases payable	—	154	—
State revolving loan payable	—	17,711	—
Landfill closure and post-closure care	—	26,201	—
Other liabilities	163	6,072	2,401
Total current liabilities	<u>8,472</u>	<u>435,836</u>	<u>94,741</u>
Noncurrent liabilities			
Compensated absences payable	1,382	63,487	19,355
Other postemployment benefits	251	16,100	2,818
Net pension liability	1,054	195,718	39,499
Bonds payable	6,330	3,852,861	—
Capital leases payable	—	1,940	—
State revolving loans payable	—	229,576	—
Landfill closure and post-closure care	—	224,766	—
Estimated claim settlements	—	—	98,693
Pollution remediation	245	44,645	—
Asset retirement obligation	250	5,980	—
Other liabilities	692	79,383	—
Total noncurrent liabilities	<u>10,204</u>	<u>4,714,456</u>	<u>160,365</u>
<b>TOTAL LIABILITIES</b>	<u>18,676</u>	<u>5,150,292</u>	<u>255,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on refunding	—	1,693	—
Deferred inflows on pensions	1,004	59,691	11,975
Deferred inflows on other post employment benefits	35	2,286	401
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,039</u>	<u>109,920</u>	<u>12,376</u>
<b>NET POSITION</b>			
Net investment in capital assets	132,686	2,301,448	64,564
Restricted for:			
Capital projects	—	6,205	—
Debt service	—	144,740	—
Regulatory assets and environmental liabilities	—	96,322	—
Unrestricted	85,604	1,586,997	223,477
<b>TOTAL NET POSITION</b>	<u>\$ 218,290</u>	<u>4,135,712</u>	<u>\$ 288,041</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		137,744	
Net position of business-type activities		<u>\$ 4,273,456</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, 2020**  
(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	\$ —	\$ —	\$ —
Radio services	—	—	—
Solid waste disposal charges	—	—	132,573
Airfield fees	—	—	—
Hangar, building, and site rentals and leases	—	—	—
Passenger	56,802	—	—
Service contracts	179,243	—	—
Sewage disposal fees	—	417,361	—
Capacity charges	—	92,622	—
Other operating revenues	10,632	19,956	5,468
<b>TOTAL OPERATING REVENUES</b>	<b>246,677</b>	<b>529,939</b>	<b>138,041</b>
<b>OPERATING EXPENSES</b>			
Personal services	609,260	59,039	51,382
Materials and supplies	63,154	18,474	7,333
Contract services and other charges	45,972	18,869	25,603
Utilities	5,246	17,345	1,131
Purchased transportation	64,731	—	—
Internal services	105,891	40,786	17,337
Landfill closure and post-closure care	—	—	6,688
Depreciation and amortization	160,479	171,844	20,476
Other operating expenses	483	18,098	111
<b>TOTAL OPERATING EXPENSES</b>	<b>1,055,216</b>	<b>344,455</b>	<b>130,061</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(808,539)</b>	<b>185,484</b>	<b>7,980</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Sales tax	637,425	—	—
Property tax	30,205	—	—
Intergovernmental revenues	525,783	138	1,583
Interest earnings	17,563	11,443	2,311
Miscellaneous revenues	2,343	10,528	7,661
Interest expense	(2,520)	(129,592)	(5,266)
Gain (loss) on disposal of capital assets	1,910	(2,372)	(367)
Loss on extinguishment of debt	—	(1,266)	—
Miscellaneous expenses	(8,886)	(6,692)	(1,252)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>1,203,823</b>	<b>(117,813)</b>	<b>4,670</b>
Income (loss) before contributions, transfers and special item	395,284	67,671	12,650
Capital grants and contributions	24,850	—	—
Transfers in	—	150	—
Transfers out	(3,744)	(894)	(979)
<b>CHANGE IN NET POSITION</b>	<b>416,390</b>	<b>66,927</b>	<b>11,671</b>
NET POSITION - JANUARY 1, 2020 (RESTATED)	2,593,610	826,718	2,106
NET POSITION - DECEMBER 31, 2020	<b>\$ 3,010,000</b>	<b>\$ 893,645</b>	<b>\$ 13,777</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, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 2)

	<b>BUSINESS-TYPE ACTIVITIES</b>		<b>INTERNAL SERVICE FUNDS</b>
	<b>NONMAJOR ENTERPRISE FUNDS</b>	<b>TOTAL</b>	
<b>OPERATING REVENUES</b>			
I-Net fees	\$ 3,228	\$ 3,228	\$ —
Radio services	5,772	5,772	—
Solid waste disposal charges	—	132,573	—
Airfield fees	2,943	2,943	—
Hangar, building, and site rentals and leases	24,948	24,948	—
Passenger	534	57,336	—
Service contracts	—	179,243	—
Sewage disposal fees	—	417,361	—
Capacity charges	—	92,622	—
Other operating revenues	674	36,730	635,408
<b>TOTAL OPERATING REVENUES</b>	<b>38,099</b>	<b>952,756</b>	<b>635,408</b>
<b>OPERATING EXPENSES</b>			
Personal services	13,814	733,495	152,669
Materials and supplies	2,046	91,007	16,662
Contract services and other charges	8,357	98,801	388,890
Utilities	2,970	26,692	—
Purchased transportation	—	64,731	—
Internal services	11,566	175,580	29,922
Landfill closure and post-closure care	—	6,688	—
Depreciation and amortization	8,819	361,618	15,895
Other operating expenses	50	18,742	—
<b>TOTAL OPERATING EXPENSES</b>	<b>47,622</b>	<b>1,577,354</b>	<b>604,038</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(9,523)</b>	<b>(624,598)</b>	<b>31,370</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Sales tax	—	637,425	—
Property tax	6,266	36,471	—
Intergovernmental revenues	7,058	534,562	24,019
Interest earnings	1,433	32,750	3,513
Miscellaneous revenues	382	20,914	—
Interest expense	(249)	(137,627)	(43)
Gain (loss) on disposal of capital assets	(9)	(838)	12
Loss on extinguishment of debt	—	(1,266)	—
Miscellaneous expenses	(36)	(16,866)	(371)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>14,845</b>	<b>1,105,525</b>	<b>27,130</b>
Income (loss) before contributions, transfers and special item	5,322	480,927	58,500
Capital grants and contributions	3,237	28,087	5,978
Transfers in	—	150	1,156
Transfers out	(659)	(6,276)	(23,361)
<b>CHANGE IN NET POSITION</b>	<b>7,900</b>	<b>502,888</b>	<b>42,273</b>
<b>NET POSITION - JANUARY 1, 2020 (RESTATED)</b>	<b>210,390</b>		<b>245,768</b>
<b>NET POSITION - DECEMBER 31, 2020</b>	<b>\$ 218,290</b>		<b>\$ 288,041</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		14,337	
Change in net position of business-type activities		<b>\$ 517,225</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, 2020**  
(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	\$ 309,897	\$ 529,183	\$ 132,751
Cash received from other funds - internal services	1,952	1,911	7,264
Cash payments to suppliers for goods and services	(215,113)	(55,466)	(38,644)
Cash payments to other funds - internal services	(105,890)	(40,798)	(17,337)
Cash payments for employee services	(637,017)	(61,768)	(54,398)
Other receipts	5,838	12,292	7,661
Other payments	—	(37,220)	(1,141)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(640,333)</b>	<b>348,134</b>	<b>36,156</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	935,896	4	1,797
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	(2,172)	(2,249)	—
Transfers in	—	150	—
Transfers out	(3,744)	(894)	(979)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>929,980</b>	<b>(2,989)</b>	<b>818</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(113,043)	(157,953)	(15,203)
Proceeds from capital debt	27,169	217,370	568
Principal paid on capital debt	(6,027)	(107,444)	(6,785)
Interest paid on capital debt	(2,478)	(150,315)	(7,057)
Cash payments for bond defeasance	—	(85,920)	—
Capital grants and contributions	24,231	—	—
Subsidies and other receipts	378	63	—
Proceeds from disposal of capital assets	2,163	—	—
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(67,607)</b>	<b>(284,199)</b>	<b>(28,477)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	—	(1,500)	—
Proceeds from sales and maturities of investments	—	1,518	—
Interest on investments	18,325	11,279	2,459
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>18,325</b>	<b>11,297</b>	<b>2,459</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>240,365</b>	<b>72,243</b>	<b>10,956</b>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	869,304	601,694	127,941
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<b>\$ 1,109,669</b>	<b>\$ 673,937</b>	<b>\$ 138,897</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, 2020**  
(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	\$ 26,864	\$ 998,695	\$ 6,001
Cash received from other funds - interfund services	4,177	15,304	633,651
Cash payments to suppliers for goods and services	(13,408)	(322,631)	(398,281)
Cash payments to other funds - interfund services	(11,549)	(175,574)	(45,435)
Cash payments for employee services	(14,068)	(767,251)	(159,075)
Other receipts	808	26,599	3,679
Other payments	(55)	(38,416)	—
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>(7,231)</b>	<b>(263,274)</b>	<b>40,540</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	13,199	950,896	13,311
Interfund loan principal amounts loaned to other funds	—	—	(59,355)
Interfund loan principal repayments from other funds	—	—	23,850
Interfund advance principal loaned to other funds	—	—	(19,637)
Interfund advance principal repayments from other funds	—	—	31,529
Grants to others	—	(4,421)	—
Transfers in	—	150	1,156
Transfers out	(659)	(6,276)	(23,361)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>12,540</b>	<b>940,349</b>	<b>(32,507)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(5,997)	(292,196)	(9,950)
Proceeds from capital debt	—	245,107	—
Principal paid on capital debt	(755)	(121,011)	(1,050)
Interest paid on capital debt	(316)	(160,166)	(45)
Cash payments for bond defeasance	—	(85,920)	—
Capital grants and contributions	1,133	25,364	—
Subsidies and other receipts	—	441	—
Proceeds from disposal of capital assets	—	2,163	141
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(5,935)</b>	<b>(386,218)</b>	<b>(10,904)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Investment purchases	—	(1,500)	—
Proceeds from sales and maturities of investments	—	1,518	—
Interest on investments	1,523	33,586	3,705
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>1,523</b>	<b>33,604</b>	<b>3,705</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>897</b>	<b>324,461</b>	<b>834</b>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	84,154	1,683,093	373,402
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<b>\$ 85,051</b>	<b>\$ 2,007,554</b>	<b>\$ 374,236</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, 2020**  
(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)	\$ (808,539)	\$ 185,484	\$ 7,980
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	160,479	171,844	20,476
Nonoperating miscellaneous revenues (expenses)	2,342	10,465	6,409
Prior period adjustment	—	—	—
(Increases) decreases in assets:			
Accounts receivable, net	42,043	2,396	570
Due from other funds	—	1	1,553
Due from other governments, net	16,967	—	(52)
Inventory	(4,103)	82	(192)
Prepayments	254	(18)	(19)
Other assets	55	(25,817)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(12,620)	(1,495)	(1,207)
Increases (decreases) in liabilities:			
Accounts payable	(32,190)	(689)	(341)
Retainage payable	(21)	(152)	10
Due to other funds	—	(12)	—
Due to other governments	—	—	—
Wages payable	8,306	730	612
Taxes payable	71	(3)	19
Unearned revenues	3,765	207	13
Claims and judgments payable	—	—	—
Compensated absences	3,509	1,681	716
Other postemployment benefits	1,709	188	126
Net pension liability	9,234	2,112	(633)
Customer deposits and other liabilities	5,818	6,488	384
Landfill closure and post-closure care	—	—	2,651
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pensions and OPEB	(37,412)	(5,358)	(2,919)
Total adjustments	168,206	162,650	28,176
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (640,333)</b>	<b>\$ 348,134</b>	<b>\$ 36,156</b>

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

Public Transportation capital grants on account increased by \$618 thousand in 2020.

Water Quality issued bonds in 2020 to refund debt issued from 2001 to 2016. The \$414.8 million of bond proceeds and \$4.6 million of cash payments by Water Quality were placed in escrow for the defeasance of \$395.3 million of outstanding bond principal and \$20.2 million of interest.

Solid Waste issued bonds in 2020 to refund debt issued in 2013. The \$20.0 million of bond proceeds and \$428 thousand of cash payments by Solid Waste were placed in escrow for the defeasance of \$17.7 million of outstanding bond principal and \$2.6 million of interest.

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, 2020**  
(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)	\$ (9,523)	\$ (624,598)	\$ 31,370
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	8,828	361,627	15,895
Nonoperating miscellaneous revenues (expenses)	337	19,553	—
Prior period adjustment	426	426	—
(Increases) decreases in assets:			
Accounts receivable, net	(22)	44,987	172
Due from other funds	(19)	1,535	80
Due from other governments, net	(22)	16,893	(3)
Inventory	17	(4,196)	(412)
Prepayments	(740)	(523)	(3,775)
Other assets	—	(25,762)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(265)	(15,587)	(3,067)
Increases (decreases) in liabilities:			
Accounts payable	403	(32,817)	9,599
Retainage payable	63	(100)	446
Due to other funds	17	5	(101)
Due to other governments	172	172	—
Wages payable	112	9,760	1,833
Taxes payable	50	137	24
Unearned revenues	(6,969)	(2,984)	—
Claims and judgments payable	—	—	(6,594)
Compensated absences	303	6,209	2,860
Other postemployment benefits	20	2,043	386
Net pension liability	296	11,009	1,173
Customer deposits and other liabilities	5	12,695	245
Landfill closure and post-closure care	—	2,651	—
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pensions and OPEB	(720)	(46,409)	(9,591)
Total adjustments	2,292	361,324	9,170
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (7,231)</b>	<b>\$ (263,274)</b>	<b>\$ 40,540</b>

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

Internal Service Funds received \$5,978 thousand of capital assets from other funds and transferred \$120 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, 2020**  
(IN THOUSANDS)

	<b>CUSTODIAL FUNDS</b>	
	<b>EXTERNAL INVESTMENT POOL FUNDS</b>	<b>OTHER CUSTODIAL FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ —	\$ 151,145
Investments at fair value:		
Repurchase agreements	176,409	—
Commercial paper	218,154	—
U.S. agency discount notes	204,775	—
Corporate notes	204,299	—
Corporate notes floating rate	15,693	—
U.S. Treasury notes	556,636	17,128
U.S. agency notes	1,154,067	—
U.S. agency collateralized mortgage obligations	1,236	—
Supranational coupon notes	894,553	—
State Treasurer's investment pool	472,983	—
Total investments	<u>3,898,805</u>	<u>17,128</u>
Taxes receivable for other governments	—	107,426
Accounts receivable	—	18,424
Interest receivable	2,990	—
Assessments receivable for other governments	—	2,127
Notes and contracts receivable	—	52
<b>TOTAL ASSETS</b>	<u>3,901,795</u>	<u>296,302</u>
<b>LIABILITIES</b>		
Accounts payable and other liabilities	—	81,852
Due to beneficiaries	—	82,182
Due to other governments	—	52,659
<b>TOTAL LIABILITIES</b>	<u>—</u>	<u>216,693</u>
<b>NET POSITION</b>		
Restricted for:		
Individuals, organizations and other governments	3,901,795	79,609
<b>TOTAL NET POSITION</b>	<u>\$ 3,901,795</u>	<u>\$ 79,609</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, 2020**  
(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	\$ —	\$ 5,464,218
State apportionment	—	3,828,698
Real estate excise taxes collected for other governments	—	820,462
Bond proceeds	—	419,920
Utility charges	—	379,372
Local support non-tax receipts	—	400,838
Member contributions	—	75,010
Drainage utility charges collected for other governments	—	218,072
Pool participant contributions	8,987,718	(8,987,718)
Line of credit receipts	—	176,707
Investment earnings:		
Interest, dividends and other	54,420	15
Net increase in fair value of investments	14,789	7
Total investment earnings	<u>69,209</u>	<u>22</u>
Less investment costs:		
Investment activity costs	(1,314)	—
Net investment earnings	<u>67,895</u>	<u>22</u>
Charges for fire protection services	—	32,564
Receipts from other governments	—	26,541
Court fees collected for other governments	—	11,989
Lease contributions	—	10,780
Regulatory fees	—	12,855
Recording fees collected for other governments	—	19,340
Other taxes collected for other governments	—	7,638,580
Charges for emergency medical services	—	7,509
Impact fees collected for other governments	—	3,416
Food services receipts	—	1,088
Forest funds	—	2,007
Fines and forfeits collected for other governments	—	492
Licensing fees collected for other governments	—	240
Other fees collected for other governments	—	593
Permitting fees collected for other governments	—	9
Miscellaneous receipts	—	205,166
Total additions	<u>9,055,613</u>	<u>10,768,770</u>
<b>DEDUCTIONS</b>		
Payments to vendors	—	9,848,156
Taxes distributed to other governments	—	8,938,311
Principal payments	—	395,075
Interest and other debt service costs	—	268,740
Other receipts distributed to other governments	—	133,172
Pool participant distributions	9,064,784	(9,064,784)
Election costs	—	4,878
Treasurer collection fees	—	2,810
Cash management fees	—	162
Miscellaneous payments	—	229,168
Total deductions	<u>9,064,784</u>	<u>10,755,688</u>
Net increase (decrease) in fiduciary net position	(9,171)	13,082
NET POSITION - BEGINNING (RESTATED)	3,910,966	66,527
NET POSITION - ENDING	<u>\$ 3,901,795</u>	<u>\$ 79,609</u>

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

**STATEMENT OF NET POSITION**  
**COMPONENT UNITS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)

	Harborview Medical Center	Cultural Development Authority	NJB Properties	Total
<b>ASSETS</b>				
Cash and cash equivalents	\$ 450,825	\$ 26,056	\$ —	\$ 476,881
Investments	—	2,013	—	2,013
Receivables, net	180,815	—	—	180,815
Due from primary government	4,350	1,096	—	5,446
Inventories	9,761	—	—	9,761
Prepayments	11,489	253	10	11,752
Nondepreciable assets	15,228	—	—	15,228
Depreciable assets, net of depreciation	271,051	—	—	271,051
Net investment in capital lease with primary government	—	—	7,793	7,793
Deposits with other governments	3,713	—	—	3,713
Other assets	25,586	86	956	26,628
<b>TOTAL ASSETS</b>	<b>972,818</b>	<b>29,504</b>	<b>8,759</b>	<b>1,011,081</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows on pensions	—	331	—	331
Deferred outflows on other postemployment benefits	—	9	—	9
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>—</b>	<b>340</b>	<b>—</b>	<b>340</b>
<b>LIABILITIES</b>				
Accounts payable and other current liabilities	76,547	588	—	77,135
Accrued liabilities	54,692	—	36	54,728
Due to primary government	5,000	7,150	—	12,150
Unearned revenues	84,741	11,248	64	96,053
Noncurrent liabilities:				
Due within one year	2,311	396	325	3,032
Due in more than one year	18,710	5,091	7,670	31,471
<b>TOTAL LIABILITIES</b>	<b>242,001</b>	<b>24,473</b>	<b>8,095</b>	<b>274,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows on pensions	—	236	—	236
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>236</b>	<b>—</b>	<b>236</b>
<b>NET POSITION</b>				
Net investment in capital assets	286,279	—	—	286,279
Restricted for:				
Expendable	6,309	5,135	—	11,444
Nonexpendable	3,085	—	—	3,085
Unrestricted	435,144	—	664	435,808
<b>TOTAL NET POSITION</b>	<b>\$ 730,817</b>	<b>\$ 5,135</b>	<b>\$ 664</b>	<b>\$ 736,616</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, 2020  
(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	\$ 1,062,379	\$ 1,042,473	\$ 40,209	\$ 150	\$ 20,453	\$ —	\$ —	\$ 20,453
Cultural Development Authority	15,267	31	4,108	—	—	(11,128)	—	(11,128)
NJB Properties	595	142	—	—	—	—	(453)	(453)
<b>Total Component Units</b>	<b>\$ 1,078,241</b>	<b>\$ 1,042,646</b>	<b>\$ 44,317</b>	<b>\$ 150</b>	<b>\$ 20,453</b>	<b>\$ (11,128)</b>	<b>\$ (453)</b>	<b>\$ 8,872</b>
General revenues:								
Interest earnings					\$ 6,744	\$ 280	\$ 403	\$ 7,427
Net general revenues					6,744	280	403	7,427
Change in net position					27,197	(10,848)	(50)	16,299
Net position - January 1, 2020					703,620	15,983	714	720,317
Net position - December 31, 2020					\$ 730,817	\$ 5,135	\$ 664	\$ 736,616

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



## Notes to the Financial Statements

For the Year Ended December 31, 2020

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## Note 1

### Summary of Significant Accounting Policies

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. King County's significant accounting policies are described below.

#### 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 non-exchange 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 2020, FCD reimbursed the County \$78.0 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 Non-major Special Revenue Funds in the Governmental Funds section of this Comprehensive Annual Financial Report. 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 Comprehensive Annual Financial Report 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, 2020, including bonds reported by HMC as of June 30, 2020.

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, 2020, 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 2020, the WDC reimbursed King County approximately \$1.1 million for the Employment and Education Resource Program in eligible program costs. King County has a \$474 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 Organizations**

##### Washington State Convention Center Public Facilities District

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.

##### King County Regional Homelessness Authority

King County Regional Homelessness Authority (KCRHA) was created in December 2019. King County and City of Seattle elected officials signed an Interlocal Agreements creating a new KCRHA to oversee a coordination and unified response to homelessness. The KCRHA governed by 12 committee members: Executive and two King County Councilmembers including one representing a district including Seattle; Mayor and two Seattle City

Councilmembers; 3 members representing the Sound Cities Association; and 3 members representing people with lived experience. Funding for KCRHA will come from King County, City of Seattle and Continuum of Care mandated by the federal government.

The KCRHA is a jointly governed organization as the participating governments do not have ongoing financial interest nor financial responsibility.

#### Puget Sound Emergency Radio Network Operator

King County, City of Seattle and other major cities created the Puget Sound Emergency Radio Network (PSERN) Operator in December 2020. The PSERN operator governed by a Board of Directors. The Board of Directors is composed of four voting members that includes the King County executive or a designee approved by the King County Council, the Mayor of the City of Seattle or designee, one Mayor or designee representing the Cities of Bellevue, Issaquah, Kirkland, Mercer Island and Redmond, and one mayor or designee representing the Cities of Auburn, Federal Way, Kent, Renton and Tukwila. The Board of Directors also includes two non-voting members to comment and participate in discussion. One non-voting member is appointed by the King County Police Chief Association and the other member is selected jointly by the King County Fire Commissioners Association and the King County Fire Chiefs Association.

The PSERN Operator will undertake the ownership, operations, maintenance, management and on-going upgrading/replacing of the PSERN System. The new PSERN system will provide coverage and capacity, as well as uniformly high-quality emergency radio communication. The PSERN system will be financed through a funding measure approved by voters at the April 2015 election and with user fees (Service Rates) to be assessed against and paid by all User Agencies.

The PSERN Operator is a jointly governed organization as the participating governments do not have ongoing financial interest or financial responsibility.

#### **Related Organizations**

There are four 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). The County Council appoints a majority of the board of KCLS and PFD; and, selected Councilmembers make up the three-member board of LCFD. There is no evidence that the County Council can influence the programs and activities of these four organizations or that they create a significant financial benefit or burden to the County.

The County serves as the treasurer for KCLS, LCFD, KCHA and PFD 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. In 2020, HMC reported \$4.4 million receivable

from the County and \$5.0 million payable on June 30, 2020. County funds are reporting a total payable to HMC of \$939 thousand and receivable of \$695 thousand on December 31, 2020.

### **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 Plant 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 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.

#### Fiduciary Funds

Fiduciary funds are used to report activities for which the County has a fiduciary responsibility. The County reports custodial funds in the fiduciary statements, representing assets over which the County exercises control on behalf of beneficiaries or other governments, but that are not derived from County revenues. The External Investment Pool Custodial Fund represents investment activity conducted by the County on behalf of legally separate entities. The Other Custodial Funds are used to report cash received and disbursed either in the County's capacity as *ex officio* treasurer or as collection agent for special districts, other governments, or beneficiaries.

#### Interfund Balances and Eliminations

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 custodial funds have no measurement focus but utilize the *accrual basis of accounting* for reporting assets and liabilities.

### **New Accounting Standard**

GASB Statement No.95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, was issued in May 2020. This statement is aimed to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates in Statements and Implementation Guides that first became or are scheduled to become effective for periods beginning after June 15, 2018, and later. As a result, the County will implement GASB 87, *Leases* in 2021 instead of 2020.

### **Terminology**

#### **Expenditure Functions**

Expenditures are presented on the nonmajor 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, Customer deposits 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 funds 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 - The Water Quality Enterprise treats 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 16- 28	\$50,000
March 1 - 14	\$100,000
March 15 - April 27	\$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 (SEFA) or Schedule of State Financial Assistance (SSFA) 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's recent arbitrage analysis for the period September 12, 2019 through December 31, 2020 reveals immaterial arbitrage liability at December 31, 2020,

### 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. 52). 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 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. The County reported COVID Relief Fund receipts awarded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act as general revenues because they were not awarded for any specific function and were deployed across the government to assist with a wide variety of COVID-related expenses and expenditures.

### **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	\$ (628,425)
Plus: Unamortized premiums on bonds sold	(56,074)
Accrued interest payable	(5,237)
Capital leases payable to component unit	(7,793)
Compensated absences	(109,898)
Net pension liability	(216,394)
Deferred inflows on pensions	(85,177)
Earned but unavailable court fines and penalties	8,402
Earned but unavailable taxes and assessments	22,702
Asset retirement obligations	(3,200)
Other postemployment benefits	(86,501)
Pollution remediation	(4,436)
Deferred inflows on OPEB	(11,549)
Total adjustments related to long-term liabilities and deferred inflows	<u>\$ (1,183,580)</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	\$ 2,583,086
Depreciable assets	991,216
Less: Capital assets in governmental internal service funds (all internal service funds except Wastewater Equipment Replacement)	(56,255)
Total adjustments related capital assets	<u>\$ 3,518,047</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	\$ 76,450
Deferred outflows on refunding (to be amortized as interest expense)	18,642
Deferred outflows on pensions	93,250
Deferred outflows on other post employment benefits	4,221
Deferred outflows on asset retirement obligation	2,863
Total adjustments related to long-term assets and deferred outflows	<u>\$ 195,426</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	\$ 260,445
Internal payable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	(97,318)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	(12,830)
Total adjustments related to internal service funds	<u>\$ 150,297</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	\$ 218,337
Depreciation expense	(65,489)
Total adjustments related to capital outlay	<u>\$ 152,848</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.	\$ (18,070)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds.	13,861
Total adjustments related to miscellaneous capital asset transactions	<u>\$ (4,209)</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	\$ 5,614
Unavailable revenue-abatement fees	186
Unavailable revenue-noxious weeds	47
Unavailable revenue-charges for services	1,034
Unavailable revenue-fines and forfeits	2,002
Unavailable revenue-operating grants	(350)
Property easements	72
LEOFF special funding	3,934
Judgments	(93)
Total adjustments related to revenues	<u>\$ 12,446</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	\$ (86,155)
Premium on bonds sold	(8,979)
Principal repayments	68,672
Payment to escrow agent	<u>54,520</u>
Total adjustments related to debt issuance or refundings	<u><u>\$ 28,058</u></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	\$ (16,690)
Other postemployment benefits	3,958
Interest on long-term debt	11,644
Lease amortization	(322)
Pension expense	49,962
Pollution remediation	(4,436)
Lease payments	<u>363</u>
Total adjustments related to expenses	<u><u>\$ 44,479</u></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	\$ 3,183
Intergovernmental revenues	24,019
Revenues related to services provided to outside parties	6,561
Expenses related to services provided to outside parties	(6,237)
Gain on disposal of capital assets	127
Interest on long-term debt	(44)
Capital contributions	4,304
Transfers in	1,156
Transfers out	(23,237)
Internal service fund gains allocated to governmental activities	<u>18,104</u>
Total adjustments related to internal service funds	<u><u>\$ 27,936</u></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	\$ 27,596
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	97,318
Internal receivable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	12,830
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 137,744</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	\$ 330
Revenues related to services provided to outside parties	8
Expenses related to services provided to outside parties	(8)
Loss on disposal of capital assets	(115)
Capital contributions	1,303
Transfers out	(124)
Internal service fund gains allocated to business-type activities	12,943
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 14,337</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 nonmajor special revenue funds are controlled by multi-year budgets including 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.

#### **Excess of Expenditures over Appropriations**

The Elections appropriation unit in General Fund exceeded appropriations by \$672 thousand. The overage is a result of the VoteWA statewide voter registration system implementation and higher than anticipated expenditures for the 2020 Presidential election due to Coronavirus Disease (COVID) pandemic.

The Public Defense appropriation unit in General Fund exceeded appropriations by \$327 thousand. The increase in expenditures was due to COVID-related changes in operational requirements. Public Defense is a constitutional mandatory service. The department was required to hire a number of additional low-risk staff to substitute for the high-risk staff per the Centers for Disease Control (CDC) guidance. Other COVID-related expenditures also impacted the department's ability to absorb costs within the appropriation authority.

#### **Deficit Fund Equity**

##### Nonmajor Governmental Funds

The KC Flood Control Contract fund reports a total fund balance deficit of \$86 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 over \$4 million, which the majority of \$3.0 million was due to COVID lease expenditures. For the non COVID-related fund deficit, the Facilities Management Division has developed a plan to address the deficit through rate actions by the end of 2022. The plan was approved by the Executive Committee during 2016 and 2017. The timing to resolve the COVID-related fund deficit is dependent on the amount and timing of reimbursements from federal grants.

The Permitting and Abatement fund reports a total fund balance deficit of \$625 thousand. The deficit mostly results from an industry-driven cyclical downturn in permitting activity with the onset of the COVID pandemic and related restrictions imposed by local health authorities. Post-pandemic economic recovery is expected to resolve the fund deficit by 2024.

The Risk Abatement fund reports a total fund balance deficit of over \$4.1 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 capital fund reports a total fund deficit of \$23.3 million. The deficit is mostly caused by the Children and Family Justice Center project where expenditures occurred faster than tax revenues were collected. Currently, an interfund loan is approved until all revenues can be collected.

Internal Service Funds

In 2020, the Construction and Facilities Management Fund experienced unexpected increased spending related to COVID-19. Additionally, 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, 2020 (in thousands):

<b>Fund:</b>	<b>Total Net Position</b>
Construction and Facilities Management	\$ (13,596)
Financial Management Services	(10,412)

## 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, 2020, the County’s total deposits, including certificates of deposits, were \$28.1 million in carrying amount and \$24.9 million in bank balance, of which \$9.5 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 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 Funds. 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 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 value 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 \$8.1 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 \$64.0 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, 2020 (dollars in thousands):

## KING COUNTY INVESTMENT POOL

<b>Investment Type</b>	<b>Fair Value</b>	<b>Principal</b>	<b>Average Interest Rate</b>	<b>Effective Duration (Years)</b>
Repurchase Agreements	\$ 366,000	\$ 366,000	0.06 %	0.011
Commercial Paper	449,859	450,000	0.35	0.311
U.S. Agency Discount Notes	424,851	425,000	0.19	0.353
Corporate Notes	423,828	411,509	2.67	1.279
Corporate Notes Floating Notes	32,559	32,500	0.40	0.230
U.S. Treasury Notes	1,125,620	1,084,000	1.96	1.796
U.S. Agency Notes	2,394,289	2,390,870	0.47	1.755
U.S. Agency Collateralized Mortgage Obligations	2,565	2,325	4.33	3.374
Supranational Coupon Notes	1,854,671	1,821,095	1.20	1.386
State Treasurer's Investment Pool (LGIP)	981,309	981,309	0.16	0.003
Total investments in Pool	<u>\$ 8,055,551</u>	<u>\$ 7,964,608</u>	<u>0.89 %</u>	<u>1.198</u>

**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 issuers: Federal Home Loan Mortgage Corporation, 13.5 percent; International Bank Reconstruction and Development, 9.0 percent; Federal National Mortgage Association, 8.2 percent; Federal Farm Credit Banks, 7.3 percent; Federal Home Loan Banks, 6.0 percent; Bank of Montreal, 5.8 percent; and Inter-American Development Bank, 5.7 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, 2020, the effective duration of the main Pool was 1.198 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):

<b>Credit Quality Distribution</b>					
<b>Investment Type</b>	<b>AAA or A-1</b>	<b>AA</b>	<b>A</b>	<b>Not Rated</b>	<b>Total</b>
Repurchase Agreements	\$ 366,000	—	—	—	\$ 366,000
Commercial Paper	449,859	—	—	—	449,859
U.S. Agency Discount Notes	424,851	—	—	—	424,851
Corporate Notes	24,348	122,091	277,389	—	423,828
Corporate Notes Floating Notes	—	32,559	—	—	32,559
U.S. Agency Notes	—	2,394,289	—	—	2,394,289
U.S. Agency Collateralized Mortgage Obligations	—	2,565	—	—	2,565
Supranational Coupon Notes	1,854,671	—	—	—	1,854,671
State Treasurer's Investment Pool	—	—	—	981,309	981,309
<b>Total investments</b>	<b>\$ 3,119,729</b>	<b>\$ 2,551,504</b>	<b>\$ 277,389</b>	<b>\$ 981,309</b>	<b>\$ 6,929,931</b>

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 AND CREDIT RISK**

<b>Investment Type</b>	<b>Maximum Maturity</b>	<b>Security Type Limit</b>	<b>Single Issuer Limit</b>	<b>Minimum Credit Rating</b>
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, 4.5 percent; Commercial Paper, 5.6 percent; U.S. Agency Discount Notes, 5.3 percent; Corporate Notes, 5.3 percent; Corporate Notes Floating Rate, 0.4 percent; U.S. Treasury Notes, 14.0 percent; U.S. Agency Notes, 29.7 percent; Supranational Coupon Notes, 23.0 percent; and the LGIP, 12.2 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, 2020 (in thousands):

	Fair Value 12/31/2020	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><u>Investments by fair value level</u></b>				
Commercial Paper	\$ 449,859	\$ —	\$ 449,859	\$ —
U.S. Agency Discount Notes	424,851	—	424,851	—
Corporate Notes	423,828	—	423,828	—
Corporate Notes Floating Rate	32,559	—	32,559	—
U.S. Treasury Notes	1,125,620	1,125,620	—	—
U.S. Agency Notes	2,394,289	—	2,394,289	—
U.S. Agency Collateralized Mortgage Obligations	2,565	—	2,565	—
Supranational Coupon Notes	1,854,671	—	1,854,671	—
Subtotal investments measured at fair value	6,708,242	\$ 1,125,620	\$ 5,582,622	\$ —
<b><u>Investments measured at amortized cost (not subject to fair value hierarchy)</u></b>				
Repurchase Agreements	366,000			
State Treasurer's Investment Pool	981,309			
Subtotal investments measured at cost	1,347,309			
Total investments in Investment Pool	\$ 8,055,551			

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, 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). Three of the four impaired investments have been completely written off since no further cash payments are expected. The Impaired Pool still holds one restructured commercial paper asset VFNC Trust (originally Victoria Finance) in which the County accepted an exchange offer in 2009 and is receiving the cash flows from the Victoria Finance's underlying securities.

The fair value of the Impaired Pool at December 31, 2020, was \$2.3 million and the book value was \$3.7 million. The remaining investments in the impaired investment pool is associated with VFNC Trust (Victoria). VFNC Trust continues to make monthly cash distributions. During 2020, VFNC Trust distributed a total of \$821 thousand to the County. Including all the receipts to date, the cash recovery rate on the original Victoria investment is 93 percent. Monthly distributions will continue for as long as the underlying securities in the trust continue to pay, which is expected to continue for at least 5 to 10 more years. However, with the consent of 50% of the note holders, the assets of the trust could be sold before the underlying securities mature. Also, because of extremely low interest rates, the County chose not to discount these future cash flows.

VFNC Trust (Victoria) is recorded at fair value of \$2.3 million which is based on market price of the underlying securities that are held by VFNC Trust and the cash value retained by the receivers as of December 31, 2020, and is 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, 2020 (in thousands) are as follows:

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

	<b>Total</b>	<b>King County Investment Pool</b>	<b>Impaired Investment Pool</b>
<b>Assets</b>			
Current and other assets	\$ 8,062,132	\$ 8,059,841	\$ 2,291
Total Assets	<u>\$ 8,062,132</u>	<u>\$ 8,059,841</u>	<u>\$ 2,291</u>
<b>Net Position</b>			
Equity of internal pool participants	\$ 4,174,526	\$ 4,173,560	\$ 966
Equity of external pool participants	3,887,606	3,886,281	1,325
Total net position	<u>\$ 8,062,132</u>	<u>\$ 8,059,841</u>	<u>\$ 2,291</u>

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

	<b>Total</b>	<b>King County Investment Pool</b>	<b>Impaired Investment Pool</b>
Additions	\$ 600,126	\$ 600,126	\$ —
Deductions	(760)	—	(760)
Increase (decrease) in net position	599,366	600,126	(760)
Net position, beginning of year	7,462,766	7,459,715	3,051
Net position, ending of year	<u>\$ 8,062,132</u>	<u>\$ 8,059,841</u>	<u>\$ 2,291</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 year-end, the fair value of securities invested in the Pool Plus program was \$16.4 million for County agencies and \$14.1 million for districts. The following schedule shows a summary of the characteristics of the assets in the Pool Plus program at December 31, 2020 (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 agencies	\$ 16,383	\$ 15,228	2.47 %	4.280
U.S. Treasury Notes - District funds	8,712	8,126	2.23	3.560
U.S. Treasury Notes - District funds	5,384	5,016	2.47	4.740

#### 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.

#### 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, 2020, 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):

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 3,668	\$ 291	\$ 16
Equity in Investment Pool	447,157	450,862	—
Total deposits	<u>\$ 450,825</u>	<u>\$ 451,153</u>	<u>\$ 16</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 \$1.8 million in bank balance, of which \$790 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, 2020 (in thousands):

	Fair Value 12/31/2020	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><u>Investments by fair value level</u></b>				
U.S Agency Notes	\$ 2,013	—	\$ 2,013	—
Subtotal investments at fair value	2,013	\$ —	\$ 2,013	\$ —
<b><u>Investments measured at amortized cost (not subject to fair value hierarchy)</u></b>				
State Treasurer's Investment Pool (LGIP)	24,770			
Subtotal investments measured at cost	24,770			
Total CDA investments	\$ 26,783			

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, 2020 (in thousands):

<b>Cultural Development Authority Investments By Type</b>					
<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. Agency Notes:					
Federal National Mortgage Association Notes	\$ 2,013	\$ 2,013	1.38 %	0.156	7.52 %
State Treasurer's Investment Pool	24,770	24,770	0.16 %	0.003	92.48 %
Subtotal investments	26,783	<u>\$ 26,783</u>	0.25 %	0.014	<u>100.00 %</u>
Less: State Treasurer's Investment Pool (Cash Equivalent)	(24,770)				
Total investments per Statement of Net Position	<u>\$ 2,013</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, 2020, the combined weighted average effective duration of the CDA's portfolio was 0.014 years.

Credit risk - Debt Securities - Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2020, 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, 2020, the CDA had concentrations greater than 5 percent of its total portfolio, excluding U.S. Treasury obligations, in the following issuers: Federal National Mortgage Association, 7.5 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):

	2020
Non-bond Proceeds	\$ 28
Revenue Fund	889
Bond Fund	39
	<u>\$ 956</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	\$ 44,745	\$ 15,785	\$ 18,648	\$ 79,178		
Estimated uncollectible	(29,986)	—	(9,535)	(39,521)		
Accounts receivable, net	<u>\$ 14,759</u>	<u>\$ 15,785</u>	<u>\$ 9,113</u>	<u>\$ 39,657</u>		
Due from other governments:						
Due from other governments	\$ 63,868	\$ 4,958	\$ 164,605	\$ 233,431		
Estimated uncollectible	(39)	—	(143)	(182)		
Due from other governments, net	<u>63,829</u>	<u>4,958</u>	<u>\$ 164,462</u>	<u>\$ 233,249</u>		
Due from component units:						
Due from component units	\$ —	\$ —	\$ 7,845	\$ 7,845		
Estimated uncollectible	—	—	(143)	(143)		
Due from component units, net	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,702</u>	<u>\$ 7,702</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	\$ 7,978	37,749	\$ 13,026	827	\$ 59,580	459
Estimated uncollectible	(411)	—	(185)	(5)	(601)	(47)
Accounts receivable, net	<u>\$ 7,567</u>	<u>\$ 37,749</u>	<u>\$ 12,841</u>	<u>\$ 822</u>	<u>\$ 58,979</u>	<u>\$ 412</u>
Due from other governments:						
Due from other governments	\$ 496,977	133	\$ 278	\$ 8,035	505,423	\$ 10,767
Estimated uncollectible	—	—	—	(5)	(5)	(1)
Due from other governments, net	<u>\$ 496,977</u>	<u>\$ 133</u>	<u>\$ 278</u>	<u>\$ 8,030</u>	<u>\$ 505,418</u>	<u>\$ 10,766</u>
Noncurrent assets:						
Due from other governments	<u>\$ 29</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 29</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 \$1.12785 per \$1,000 of assessed value for the 2020 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. The County currently levies \$1.82492 per \$1,000 of assessed value for the 2020 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied.

The County is authorized to increase its general municipal purposes levy to a maximum of \$2.475 per \$1,000 of assessed value if the total combined levies for both general municipal 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 amount 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. 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 life, 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 2020, the county-wide flood control zone district levy rate was \$0.09199 per \$1,000 of assessed value. The boundaries of the District are 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 2020 and 2019 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

2020 countywide assessed valuation was \$642.5 billion, a \$35.9 billion increase from 2019; the assessed valuation for the unincorporated area levy was \$51.4 billion, an increase of \$2.5 million from 2019.

## ALLOCATION OF 2019 AND 2020 TAX LEVIES

	2019 Original Taxes Levied (in thousands)	2019 Levy Rate (per thousand)	2020 Original Taxes Levied (in thousands)	2020 Levy Rate (per thousand)
<b>Countywide Levy</b>				
<b>Assessed Value:</b>				
	\$642,490,492,044 <sup>(a)</sup>			
Items Within Operating Levy: <sup>(b)</sup>				
General Fund	\$ 369,346	0.61087	\$ 379,927	0.59399
Veterans' Relief	3,107	0.00514	3,199	0.00500
Human Services	6,977	0.01154	7,178	0.01122
Intercounty River Improvement	48	0.00008	45	0.00007
Automated Fingerprint Identification System	21,169	0.03501	21,766	0.03403
Parks Levy	78,152	0.12926	116,802	0.18320
Veterans and Human Services	56,287	0.09349	59,343	0.09307
Children and Family Justice Center	25,865	0.04278	26,601	0.04159
Best Starts for Kids	69,095	0.11428	72,436	0.11325
Radio Communications	32,614	0.05394	33,535	0.05243
Marine Operating	6,120	0.01012	6,288	0.00983
Total Operating Levy	<u>668,780</u>	<u>1.10651</u>	<u>727,120</u>	<u>1.13768</u>
<b>Conservation Futures Levy</b>				
Conservation Futures Levy <sup>(c)</sup>	20,714	0.03426	21,299	0.03330
Farmland and Park Debt Service	—	—	—	—
Total Conservation Futures Levy	<u>20,714</u>	<u>0.03426</u>	<u>21,299</u>	<u>0.03330</u>
<b>Unlimited Tax GO Bonds (Voter-approved Excess Levy)</b>	<u>17,906</u>	<u>0.02974</u>	<u>13,617</u>	<u>0.02135</u>
<b>Transportation Levy<sup>(d)</sup></b>	<u>29,353</u>	<u>0.04855</u>	<u>30,189</u>	<u>0.04720</u>
Total Countywide Levy	<u>736,753</u>	<u>1.21906</u>	<u>792,225</u>	<u>1.23953</u>
<b>Emergency Medical Services Levy</b>				
<b>Assessed Value:</b>				
	\$642,314,648,049 <sup>(a)</sup>			
Emergency Medical Services Levy <sup>(e)</sup>	<u>78,403</u>	<u>0.21762</u>	<u>101,362</u>	<u>0.26500</u>
<b>Unincorporated County Levy</b>				
<b>Assessed Value:</b>				
	\$51,369,256,560 <sup>(a)</sup>			
County Road Fund <sup>(f)</sup>	<u>91,211</u>	<u>1.87677</u>	<u>92,988</u>	<u>1.82492</u>
Total County Tax Levies	<u>\$ 906,367</u>		<u>\$ 986,575</u>	

(a) Assessed value for taxes payable in 2020

(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 \$0.265 per \$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 2019 and 2020 the tax rate was 0.03501 and 0.03403 per \$1,000 of assessed value, respectively.

In August 2019, 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 2019 and 2020 tax year rate for the Parks levy lid lift is 0.12926 and 0.18320 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 2019 and 2020 tax rate is 0.09349 and 0.09307 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 \$0.07 per \$1,000 of assessed value for the first year (2013). The rate for 2019 and 2020 is 0.04278 and 0.04159 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 2019 and 2020 is 0.05394 and 0.05243 per \$1,000 assessed value.

The Best Starts for Kids levy was approved by voters at the November 3, 2015, general election 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 2019 and 2020 is 0.11428 and 0.11325 per \$1,000 of assessed value.

The County's levy rate for transit-related purposes is 0.04720 per \$1,000 of assessed value, and its levy rate for conservation futures is 0.03330 per \$1,000 of assessed value in 2020.

The County's EMS levy was most recently approved in November 2019 for six years beginning in 2020, at a rate not to exceed \$0.265 per \$1,000 of assessed value. The rate for 2019 and 2020 is 0.21762 and 0.26500 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 by April 30 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).

During a state of emergency declared under RCW 43.06.010(12), the County Treasurer, on the County Treasurer's own motion or at the request of any taxpayer affected by the emergency, may grant extensions on the due date of any such taxes as the County Treasurer deems proper. Further, the State Governor may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes. In response to the Coronavirus Disease (COVID) pandemic, pursuant to RCW 43.06.010(12), the County Executive issued an executive order on March 20, 2020, extending the first-half 2020 property tax deadline from April 30 to June 1. The executive order applied to individual residential and commercial taxpayers who pay property taxes themselves, rather than to mortgage lenders. Similar orders were made in other counties in the State, including Snohomish, Pierce, and Spokane Counties. The County Executive did not extend the October 31 property tax payment deadline. See "King County – Impact of COVID-19."

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 payment 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 property tax 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 Abatement**

As of December 31, 2020, the County provides tax abatement through four programs - the Current Use Program, the Historic Preservation Program, the Single-family Dwelling Improvement Program, and the Multifamily Housing Property Tax Exemption program. 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 twenty 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 twenty 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 abatement 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 abatement 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. Abatement is 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 is 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, 2020 (in thousands):

Tax Abatement Program	Total Amount of Taxes Abated
Current Use	\$ 2,547
Single-family Dwelling Improvement	106
Historic Preservation	742
Multifamily Housing Property Tax Exemption	74

State of Washington Tax Abatements

The information provided by Washington State is based upon calendar 2019 as a proxy for fiscal year 2020. The State’s fiscal year end is June 30, 2020. The state of Washington provides tax abatements through the below programs subject to the requirements of GASB Statement No. 77. 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 is 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 space 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 become immediately due and payable. The debt for taxes due is not extinguished by insolvency.

#### Tribal Property Used for Economic Development

RCW 84.36.010 states that any property belonging exclusively to a federally recognized Indian tribe is exempt from taxation on condition of the tribe being located within the state and the property is used exclusively for essential government services. Essential government services include such activities as tribal administration, public facilities, fire, police, public health, education, sewer, water, environmental and land use, transportation, utility services, and economic development.

#### 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, 2020 (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	\$ 711
Multi-Unit Urban Housing Exemption	12,959
Multi-Purpose Sports and Entertainment Facility Deferral	D*
Tribal Property Used for Economic Development	D*
Aerospace incentives: Computer Hardware, Software and Peripherals sales and use tax exemption	67

\*Washington State cannot disclose the amounts abated.

## Note 7

### Capital Assets

#### Primary Government

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 predominantly to the Water Quality Enterprise. A summary of changes in capital assets for the governmental activities is shown below (in thousands):

	Balance 01/01/2020	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2020
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
*Land	\$ 627,207	\$ 32,267	\$ (985)	\$ —	\$ 658,489
*Rights-of-way and easements	479,268	5,312	(268)	—	484,312
Infrastructure – roads and bridges	1,128,343	12,337	(90)	—	1,140,590
Art collections	10,495	350	—	267	11,112
*Work in progress	175,392	161,401	(11,385)	(36,825)	288,583
Total capital assets not being depreciated	<u>2,420,705</u>	<u>211,667</u>	<u>(12,728)</u>	<u>(36,558)</u>	<u>2,583,086</u>
Capital assets being depreciated:					
Buildings	1,224,208	10,147	(184)	4,586	1,238,757
Leasehold improvements	38,348	103	—	—	38,451
Improvements other than buildings	141,066	5,434	(7,870)	2,884	141,514
*Infrastructure – levees	54,068	—	—	—	54,068
Furniture, machinery and equipment	217,745	22,242	(3,140)	14,679	251,526
Software	138,814	—	(1,695)	14,223	151,342
Total capital assets being depreciated	<u>1,814,249</u>	<u>37,926</u>	<u>(12,889)</u>	<u>36,372</u>	<u>1,875,658</u>
Less accumulated depreciation for:					
Buildings	(527,952)	(33,867)	—	—	(561,819)
Leasehold improvements	(9,229)	(954)	—	—	(10,183)
Improvements other than buildings	(33,432)	(10,409)	459	—	(43,382)
*Infrastructure – levees	(4,467)	(1,802)	—	—	(6,269)
*Furniture, machinery and equipment	(140,041)	(19,846)	2,475	56	(157,356)
Software	(93,517)	(11,916)	—	—	(105,433)
Total accumulated depreciation	<u>(808,638)</u>	<u>(78,794)</u>	<u>2,934</u>	<u>56</u>	<u>(884,442)</u>
Total capital assets being depreciated, net	<u>1,005,611</u>	<u>(40,868)</u>	<u>(9,955)</u>	<u>36,428</u>	<u>991,216</u>
Governmental activities capital assets, net	<u>\$ 3,426,316</u>	<u>\$ 170,799</u>	<u>\$ (22,683)</u>	<u>\$ (130)</u>	<u>\$ 3,574,302</u>

#### Beginning Balance Adjustment

Items in the governmental activities table above that are preceded by an asterisk (\*) had their beginning balance restated. The reasons for those restatements follow.

Beginning land was restated by \$4.6 million in land acquisitions for the Flood Control District.

Beginning rights-of-way and easements were restated by \$53 thousand for over reported Flood Control District easements.

Beginning work in progress was restated by \$422 thousand due to \$627 thousand in missed costs in Roads projects and overreporting of \$205 thousand in Flood Control District projects.

Beginning infrastructure - levees was restated by \$25.8 million for over reported Flood Control District assets from stand alone statements.

Beginning accumulated depreciation for infrastructure - levees increased by \$553 thousand due to restatement of Flood Control District stand alone statements.

Beginning accumulated depreciation for furniture, machinery and equipment decreased by \$4 thousand due to restatement of Flood Control District stand alone statements.

A summary of the changes in capital assets for the business-type activities is shown below (in thousands):

	Balance 01/01/2020	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2020
<b>Business-type Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 437,483	\$ —	\$ —	\$ (1,654)	\$ 435,829
Rights-of-way and easements	30,570	—	—	440	31,010
Art collections	4,258	—	(88)	224	4,394
Work in progress	617,769	272,745	—	(141,868)	748,646
Total capital assets not being depreciated	1,090,080	272,745	(88)	(142,858)	1,219,879
Capital assets being depreciated:					
Buildings	3,549,403	—	(862)	9,914	3,558,455
Leasehold Improvements	7,307	—	—	—	7,307
Improvements other than buildings	515,279	—	—	29,558	544,837
Rights-of-way – temporary easement	7,635	—	—	—	7,635
Infrastructure – water quality	2,471,520	—	(2,837)	42,823	2,511,506
Furniture, machinery and equipment	3,090,160	15,447	(52,969)	59,112	3,111,750
Software	149,585	—	—	1,650	151,235
Total capital assets being depreciated	9,790,889	15,447	(56,668)	143,057	9,892,725
Less accumulated depreciation for:					
Buildings	(1,804,895)	(86,478)	553	867	(1,889,953)
Leasehold Improvements	(4,539)	(267)	—	—	(4,806)
Improvements other than buildings	(200,418)	(30,238)	—	(880)	(231,536)
Rights-of-way – temporary easement	(1,799)	(218)	—	—	(2,017)
Infrastructure – water quality	(720,207)	(52,013)	1,200	—	(771,020)
Furniture, machinery and equipment	(1,722,417)	(189,817)	51,947	(56)	(1,860,343)
Software	(122,410)	(5,177)	—	—	(127,587)
Total accumulated depreciation	(4,576,685)	(364,208)	53,700	(69)	(4,887,262)
Total capital assets being depreciated, net	5,214,204	(348,761)	(2,968)	142,988	5,005,463
Business-type activities capital assets, net	\$ 6,304,284	\$ (76,016)	\$ (3,056)	\$ 130	\$ 6,225,342

**Depreciation Expense**

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

	<u>2020</u>
<b>Governmental Activities</b>	
General government services	\$ 39,027
Law, safety and justice	11,314
Physical environment	2,141
Transportation	388
Economic environment	694
Mental and physical health	799
Culture and recreation	11,126
Capital assets held by the County's governmental internal service funds are charged to governmental activities based on their usage of the assets	13,305
Total depreciation - governmental activities	<u>\$ 78,794</u>
<b>Business-type Activities</b>	
Water Quality	\$ 171,844
Public Transportation	160,479
Solid Waste	20,476
King County International Airport	6,002
Institutional Network	399
Radio Communications	670
Marine Fund	1,748
Capital assets held by the Wastewater Equipment Rental internal service fund are charged to business-type activities based on its usage of the assets	2,590
Total depreciation - business-type activities	<u>\$ 364,208</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 - \$30.0 million is committed to the maintenance of existing infrastructure, service delivery and partnership efforts.

Water Quality Enterprise - \$153.1 million is committed to ensuring the continued operation, reliability and compliance with regulatory standards of existing wastewater treatment facilities.

Solid Waste Enterprise - \$5.9 million is committed to improving the County's solid waste regional landfill and maintenance of existing facilities.

Other Enterprises - \$2 million is committed for Airport facility improvements within the County and \$1.1 million for the construction of Seattle Ferry Terminal infrastructures for Marine Enterprise.

### Capital Projects Funds

\$160.7 million is committed to various capital projects, including: (1) open space and conservation easement acquisitions; (2) development and improvement of trails, playgrounds and ball fields 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, 2020 (in thousands):

	<b>Balance 7/1/2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance 6/30/2020</b>
Capital assets not being depreciated:					
Land	\$ 2,432	\$ —	\$ —	\$ —	\$ 2,432
Work in progress	23,578	18,183	—	(28,965)	12,796
Total capital assets not being depreciated	<u>26,010</u>	<u>18,183</u>	<u>—</u>	<u>(28,965)</u>	<u>15,228</u>
Capital assets being depreciated:					
Buildings	410,072	—	—	17,532	427,604
Improvements other than buildings	18,263	—	—	1,478	19,741
Equipment	309,528	12,651	(10,486)	9,955	321,648
Total capital assets being depreciated	<u>737,863</u>	<u>12,651</u>	<u>(10,486)</u>	<u>28,965</u>	<u>768,993</u>
Less accumulated depreciation for:					
Buildings	(214,078)	(14,125)	—	—	(228,203)
Improvements other than buildings	(10,310)	(1,069)	—	—	(11,379)
Equipment	(254,504)	(14,100)	10,244	—	(258,360)
Total accumulated depreciation	<u>(478,892)</u>	<u>(29,294)</u>	<u>10,244</u>	<u>—</u>	<u>(497,942)</u>
HMC capital assets, net	<u>\$ 284,981</u>	<u>\$ 1,540</u>	<u>\$ (242)</u>	<u>\$ —</u>	<u>\$ 286,279</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.	\$ 14,450
<u>Water Quality</u> - restricted for future construction projects, debt service and reserves and obligations.	337,352
<u>King County International Airport</u> - restricted for construction projects and obligations.	918
<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.	12,840
<u>Construction &amp; Facilities Management</u> - restricted for construction projects and obligations.	288
<u>Financial Management Services</u> - restricted for construction projects.	403
Total Proprietary Funds restricted assets	<u>\$ 366,257</u>

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

HMC Special Purpose Fund - restricted donations, gifts and bequests from various sources for specific uses.	\$ 10,858
Total HMC restricted assets	<u>\$ 10,858</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 for the benefit of King County.	\$ 11,248
<u>Cultural Special Account and Other Funds</u> - restricted for arts and heritage cultural programs.	18,256
Total CDA restricted assets	<u>\$ 29,504</u>

#### **Component Unit - NJB Properties**

<u>Non-bond Proceeds Fund</u> - restricted for costs of the NJB Project	\$ 28
<u>Revenue Fund</u> - restricted for transfers to the Bond Fund and authorized administrative fees	889
<u>Bond Fund</u> - restricted for interest and principal on the bonds	39
Total NJB Properties restricted assets	<u>\$ 956</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 2020:

<b>Aggregate Pension Amounts - All Plans</b> (in thousands)	
Pension liabilities	\$ 451,611
Pension assets	76,450
Deferred outflows of resources related to pensions	176,297
Deferred inflows of resources related to pensions	156,843
Pension expense/expenditures	58,432

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 that includes financial statements and required supplementary information for each plan. The DRS comprehensive annual financial report may be obtained by writing to:

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

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

The Seattle City Employees' Retirement System (SCERS) is a multiple employer defined benefit public employee retirement plan administered by the Retirement System Board of Administration. 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 6.00 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 2020 were as follows:

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

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

The County's actual contributions to the plan were \$60.9 million for the year ended December 31, 2020.

### 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 (from 1.0 percent for non-JBM participants).

**Contributions:** The 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 2020 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2*	Employee 3
January through August 2020			
PERS Plan 2/3	7.92%	7.90%	Varies (5-15%)
PERS Plan 1 UAAL	4.76%		
Administrative Fee	0.18%		
Total	12.86%	7.90%	
September through December 2020			
PERS Plan 2/3	7.92%	7.90%	Varies (5-15%)
PERS Plan 1 UAAL	4.87%		
Administrative Fee	0.18%		
Total	12.97%	7.90%	

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

The County's actual contributions to the plan were \$101.4 million for the year ended December 31, 2020.

**Public Safety Employees' Retirement System (PSERS)**

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

**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:** The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary (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. The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

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

The County's actual contributions to the plan were \$3.6 million for the year ended December 31, 2020.

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

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

**LEOFF Plan 1**

**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 2020. 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:** The 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.

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

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

<b>LEOFF 2</b>		
<b>Actual Contribution Rates:</b>	<b>Employer</b>	<b>Employee</b>
January through December 2020	5.15%	8.59%
Administrative Fee	0.18%	
Total	5.33%	8.59%

The County's actual contributions to the plan were \$6.7 million for the year ended December 31, 2020.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2020, the State contributed \$76.3 million to LEOFF Plan 2. The amount recognized by the County as its proportionate share of this amount is \$29.8 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 16.20 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 2020 were as follows:

SCERS		
Actual Contribution Rates:	Employer	Employee
January through December 2020	16.20%	10.03%

The County's actual contributions to the plan were \$225 thousand for the year ended December 31, 2020.

**Actuarial Assumptions**

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

Additional assumptions for subsequent events and law changes are current as of the 2019 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2020.

Plan liabilities were rolled forward from June 30, 2019, to June 30, 2020, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75% total economic inflation, 3.50% salary 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: 7.40%

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

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

- OSA updated its demographic assumptions based on the results of its latest demographic experience study. See OSA's 2013-2018 Demographic Experience Study at [leg.wa.gov/osa](http://leg.wa.gov/osa).
- OSA updated the Early Retirement Factors and Joint-and-Survivor factors used in its model to match the ones implemented by DRS on October 1, 2020. These factors are used to value benefits for members who elect to retire early and for survivors of members that die prior to retirement.
- The valuation includes liabilities and assets for Plan 3 members purchasing Total Allocation Portfolio annuities when determining contribution rates and funded status.
- OSA simplified its modeling of medical premium reimbursements for survivors of duty-related deaths in LEOFF 2.
- OSA changed its method of updating certain data items that change annually, including the public safety duty-related death lump sum and Washington state average wage. OSA set these values at 2018 and will project them into the future using assumptions until the next Demographic Experience Study in 2025. See [leg.wa.gov/osa](http://leg.wa.gov/osa) for more information on this method change.

The total pension liability (TPL) for SCERS pension plan was determined by an actuarial valuation as of January 1, 2019. 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: 3.50%
- Investment rate of return: 7.25% compounded annually, net of expenses

Mortality rates for the SCERS plan were based on RP-2014 mortality tables and using generational projection of improvement using MP-2014 Ultimate projection scale.

### **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. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the liability.

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 (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns 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, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Percent Long-term Expected Real Rate of Return Arithmetic
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, 2019 are summarized in the chart that follows:

Asset Class	Percent Long-term Expected Real Rate of Return Geometric
Equity: Public	4.8%
Equity: Private	8.0%
Fixed Income: Core	0.7%
Fixed Income: Credit	3.7%
Real Assets: Real Estate	3.8%
Real Assets: Infrastructure	4.0%
Diversifying Strategies	N/A

**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.

Sensitivity of Net Pension Liability (Asset) (in thousands)			
Plans	1% Decrease (6.4%)	Current Discount Rate (7.4%)	1% Increase (8.4%)
PERS 1	\$ 391,259	\$ 312,368	\$ 243,567
PERS 2/3	863,255	138,740	(457,920)
PSERS 2	12,309	(1,131)	(11,767)
LEOFF 1	(9,085)	(11,161)	(12,958)
LEOFF 2	(1,270)	(64,158)	(115,650)

Sensitivity of Net Pension Liability (Asset) (in thousands)			
Plans	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCERS	\$ 720	\$ 503	\$ 321

**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, 2020, the County reported a total pension liability of \$451.6 million and total pension asset of \$76.5 million for its proportionate share of the net pension liabilities (assets) as follows:

<b>Total Pension Liability (Asset) (in thousands)</b>	
PERS 1	\$ 312,368
PERS 2/3	138,740
PSERS 2	(1,131)
LEOFF 1	(11,161)
LEOFF 2	(64,158)
SCERS	503

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:

<b>Net Pension Asset (in thousands)</b>	
LEOFF 2 - County's proportionate share	\$ (64,158)
LEOFF 2 - State's proportionate share of the net pension asset associated with King County	(41,024)
TOTAL	\$ (105,182)

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

<b>Collective Net Pension Liabilities</b>			
	<b>Proportionate Share 6/30/19</b>	<b>Proportionate Share 6/30/20</b>	<b>Change in Proportion</b>
PERS 1	8.25%	8.85%	0.60%
PERS 2/3	10.06%	10.85%	0.79%
PSERS 2	8.67%	8.22%	-0.45%
LEOFF 1	0.60%	0.59%	-0.01%
LEOFF 2	2.63%	3.15%	0.52%

<b>Collective Net Pension Liabilities</b>			
	<b>Proportionate Share 12/31/18</b>	<b>Proportionate Share 12/31/19</b>	<b>Change in Proportion</b>
SCERS	0.05%	0.04%	-0.01%

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 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary. Historically, 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 2020, the State of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

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

The collective net pension liability for SCERS was measured as of December 31, 2019, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2019, 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, 2020, the County recognized pension expense as follows:

<b>Pension Expense (in thousands)</b>	
PERS 1	\$ 39,698
PERS 2/3	14,329
PSERS 2	2,531
LEOFF 1	(445)
LEOFF 2	2,052
SCERS	267
<b>TOTAL</b>	<b>\$ 58,432</b>

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

At December 31, 2020, 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	—	(1,739)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	32,223	—
<b>TOTAL</b>	<b>\$ 32,223</b>	<b>\$ (1,739)</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	\$ 49,668	\$ (17,388)
Net difference between projected and actual investment earnings on pension plan investments	—	(7,046)
Changes of assumptions	1,975	(94,772)
Changes in proportion and differences between contributions and proportionate share of contributions	21,899	(12,846)
Contributions subsequent to the measurement date	50,261	—
<b>TOTAL</b>	<b>\$ 123,803</b>	<b>\$ (132,052)</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	\$ 1,553	\$ (85)
Net difference between projected and actual investment earnings on pension plan investments	60	—
Changes of assumptions	6	(2,137)
Changes in proportion and differences between contributions and proportionate share of contributions	39	(404)
Contributions subsequent to the measurement date	1,863	—
<b>TOTAL</b>	<b>\$ 3,521</b>	<b>\$ (2,626)</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	—	(117)
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>\$ (117)</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	\$ 8,877	\$ (1,138)
Net difference between projected and actual investment earnings on pension plan investments	—	(715)
Changes of assumptions	93	(9,934)
Changes in proportion and differences between contributions and proportionate share of contributions	3,779	(8,163)
Contributions subsequent to the measurement date	3,106	—
<b>TOTAL</b>	<b>\$ 15,855</b>	<b>\$ (19,950)</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	—	(44)
Changes of assumptions	26	—
Changes in proportion and differences between contributions and proportionate share of contributions	647	(299)
Contributions subsequent to the measurement date	222	—
<b>TOTAL</b>	<b>\$ 895</b>	<b>\$ (359)</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, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1 (in thousands)
2021	\$ (7,892)
2022	(248)
2023	2,408
2024	3,993
2025	—
Thereafter	—

Year ended December 31:	PERS 2/3 (in thousands)
2021	\$ (57,052)
2022	(13,245)
2023	2,982
2024	14,559
2025	(2,965)
Thereafter	(2,789)

Year ended December 31:	PSERS 2 (in thousands)
2021	\$ (341)
2022	(115)
2023	42
2024	214
2025	(135)
Thereafter	(633)

Year ended December 31:	LEOFF 1 (in thousands)
2021	\$ (417)
2022	(21)
2023	118
2024	203
2025	—
Thereafter	—

Year ended December 31:	LEOFF 2 (in thousands)
2021	\$ (5,239)
2022	(983)
2023	601
2024	1,798
2025	(779)
Thereafter	(2,599)

Year ended December 31:	SCERS (in thousands)
2021	\$ 116
2022	82
2023	79
2024	27
2025	10
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, 2020 were \$876 thousand, \$331 thousand and \$236 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 \$106.6 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, 2020 (in thousands):

OPEB liabilities	\$	106,619
OPEB assets		—
Deferred outflows of resources		5,203
Deferred inflows of resources		14,235
OPEB expense/expenditures		5,091

The County's total OPEB liability was measured using an actuarial valuation as of December 31, 2020.

**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, 2020 (the census date) the following employees were covered by the Health Plan.

Inactive employees or beneficiaries currently receiving benefits	517
Inactive employees entitled to, but not yet receiving benefits	—
Active employees	14,746
Total	<u>15,263</u>

For the fiscal year ended December 31, 2020, the County contributed an estimated \$5.7 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, 2020 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 7.00 percent reduced by decrements to an ultimate rate of 4.04 percent after 54 years. The Medicare premium trend rate is 5.40 percent reduced by decrements to an ultimate rate of 4.04 percent after 54 years. All trend rates include a 2.75 percent inflation assumption and 3.50 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 5.40 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).

	1% Decrease	Current Trend Rate	1% Increase
	4.40%	5.40%	6.40%
Total OPEB Liability	\$ 97,186	\$ 106,619	\$ 117,457

**Discount Rate** The discount rate used to measure the total OPEB liability is 2.00 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 2.00 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).

	1% Decrease	Current Discount Rate	1% Increase
	1.00%	2.00%	3.00%
Total OPEB Liability	\$ 115,576	\$ 106,619	\$ 98,576

**Changes in the Total OPEB Liability** The County’s actuarial analysis used a measurement date of December 31, 2020. 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 1/1/2020</b>	<u>\$ 111,272</u>
<b>Changes for the Year:</b>	
Service cost	2,220
Interest	4,149
Changes of benefit terms	—
Difference between expected and actual experience	(8,646)
Changes of assumptions	3,310
Benefit payments	(3,922)
Other changes	(1,764)
<b>Net changes</b>	<u>(4,653)</u>
<b>Balance at 12/31/2020</b>	<u><u>\$ 106,619</u></u>

The County recognized \$5.1 million in OPEB expense for the year. There were no changes to the plan benefits in 2020. Changes in actuarial assumptions for the valuation dated December 31, 2020 included increasing the payroll growth rate to 3.50 percent from 3.00 percent, decreasing the discount rate to 2.00 percent from 3.75 percent, updating the mortality tables to use the MP-2020 improvement scale, updating the medical trend assumptions, updating the claims and contributions for medical plans, updating census, ACA assumptions, and retirement, turnover and disability tables.

Deferred Inflows and Deferred Outflows At December 31, 2020 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	\$ 2,269	\$ (7,664)
Changes of assumptions	2,934	(6,571)
Payments subsequent to the measurement dates	—	—
Total	<u>\$ 5,203</u>	<u>\$ (14,235)</u>

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>
2021	\$ (1,279)
2022	(1,279)
2023	(1,279)
2024	(1,279)
2025	(1,279)
Thereafter	(2,637)

#### **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.

#### **Component Unit - Cultural Development Authority (CDA)**

The CDA's OPEB plan is a single-employer defined-benefit health care plan administered by the Public Employees Benefit Board (PEBB). The plan provides medical and dental benefits to eligible retirees, their spouses and children.

The following table represents the aggregate OPEB amounts for the plan subject to the requirements of GASB 75 for the year ended December 31, 2020 (in thousands):

OPEB liabilities	\$ 1,629
OPEB assets	—
Deferred outflows of resources	9
Deferred inflows of resources	—
OPEB expense	468

CDA recognized \$468 thousand in OPEB expense for the year. There were no changes to the plan benefits in 2020. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

At June 30, 2020, there were 36 total employees in the plan, including 5 inactive employees or beneficiaries currently receiving benefits, no inactive employees entitled to but not yet receiving benefits, and 31 active employees.

#### Actuarial Methods and Assumptions

The total OPEB liability was calculated using the alternate measurement method model provided by the Office of the State Actuary with an actuarial valuation and measurement date of June 30, 2020, using the entry age actuarial cost method. The actuarial assumptions included a discount rate of 3.50 percent and 2.21 percent, respectively, for the beginning and end of the measurement year, projected salary changes of 3.50 percent plus service-based increases, and an inflation rate of 2.75 percent. The actuarial assumptions included an initial healthcare cost trend rate of 7.00 percent, trending down to about 5.00 percent in 2020.

The following presents the total OPEB liability calculated using the current healthcare cost trend rate of 7.0 percent by 2020, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (6.0 percent) or 1-percentage point higher (8.0 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
Total OPEB Liability	\$ 1,292	\$ 1,629	\$ 2,087

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
	1.21%	2.21%	3.21%
Total OPEB Liability	\$ 2,006	\$ 1,629	\$ 1,338

Changes in the Total OPEB Liability CDA's actuarial analysis used a measurement date of December 31, 2020. For the current reporting period, the following schedule includes changes in the total OPEB liability since last year (in thousands).

Total OPEB liability at January 1, 2020	\$ 1,175
Changes for the Year:	
Service cost	63
Interest	43
Changes of benefit terms	—
Difference between experience data and assumptions	361
Changes of assumptions	—
Benefit payments	(13)
Net changes	454
Total OPEB liability at December 31, 2020	\$ 1,629

Deferred outflows of resources of \$9 thousand resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2021.

## 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 some exceptions, the County self-insures most liability exposures and purchases reinsurance over its self-insured retentions. 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, 2020, is \$72.8 million.

Changes in the Insurance Fund's estimated claims liability in 2019 and 2020 (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>
2019	\$ 70,467	\$ 21,234	\$ (12,797)	\$ 78,904
2020	78,904	13,085	(19,144)	72,845

In 2020 and 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.

As of April 1, 2020, the County's excess liability limits reduced from \$112.5 million down to \$67.5 million, in excess of a \$7.5 million self-insured retention for Transit and \$6.5 million self-insured retention for all other County agencies. The reduction in excess limits is primarily due to limited capacity for public entities in the insurance marketplace. Many insurers are seeing a reduction in appetite for public entity business, especially entities with a transit and/or law enforcement exposure. In lieu of purchasing the certified terrorism coverage offered by the County's excess liability insurance carriers, a stand-alone liability terrorism insurance policy is maintained with limits of \$40.0 million.

Risk Management renewed the County's property insurance policy on July 1, 2020 with FM Global Insurance Company and various other excess property insurers, which includes layered excess Earth Movement coverage. The program maintains a blanket limit of \$750.0 million above a \$250 thousand per occurrence deductible. The program provides an overall Earth Movement sublimit of \$100.0 million and a Flood sublimit of \$250.0 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.

Effective July 1, 2017, King County International Airport (Boeing Field) property insurance was renewed with incumbent carrier, AIG. The policy is a four-year rate guarantee policy, expiring July 1, 2021. The policy provides a \$246.0 million limit with sub-limits of \$100.0 million for Flood and \$50.0 million for Earth Movement.

As of July 1, 2020, the County fully self-insures its auto physical damage exposure for its revenue and non-revenue fleet when the vehicles are operating on-road. In addition, the County's property insurance carrier, FM Global, implemented a sublimit of \$100.0 million for physical damage to revenue fleet buses concentrated at Metro bases. Prior to July 1, 2020 the County's all-risk property insurance provided full coverage limits for these exposures.

Risk Management renewed the County's cyber liability insurance for total limits of \$50.0 million above a \$750 thousand deductible. This program provides coverage for third-party claims arising from failure of network security or protection of data in addition to first-party coverage for security failure, breach, event management, forensic investigations, and business interruption.

Risk Management placed a Fiduciary Liability policy effective April 1, 2020, which provides coverage for the negligent acts, errors or omissions that result from the alleged or actual breach of fiduciary duties in managing the Investment Pool. The policy provides \$10.0 million in limits with a \$50 thousand per claim deductible.

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	\$67.5 million	\$6.5 million per occurrence / \$7.5 million Transit bus losses
Terrorism — Liability	\$40 million	\$100 thousand per occurrence
Terrorism — Property	\$500 million	\$100 thousand per occurrence
Property & Mobile Equipment	\$750 million	\$1 million per occurrence
	\$100 million EQ (Earthquake)	EQ - 5% of location value / \$500 thousand minimum
	\$250 million Flood	Flood - \$250 thousand / \$500 thousand
Excess Workers' Compensation	Statutory (unlimited)	\$2 million per occurrence
Multi-State Workers' Compensation	Statutory (unlimited)	None
Aircraft Liability & Physical Damage	\$50 million	None
King County International Airport General Liability	\$300 million	None
King County International Airport Property Damage	\$246 million	\$100 thousand per occurrence
Marine Liability & Hull Damage	\$150 million	Varies based on vessel and coverage type
Foreign Liability in General and Automobile	\$1 million	\$1 thousand
Fiduciary Liability	\$20 million	None
Fiduciary Liability — Investment Pool	\$10 million	\$50 thousand each claim
Parks Swimming Pools General Liability	\$7 million per occurrence \$8 million aggregate	\$5 thousand
Crime and Fidelity	\$2.5 million	\$50 thousand
Flood Insurance	scheduled value	\$1 thousand
Cyber Liability	\$50 million	\$750 thousand per claim
PSERN - Inland Marine	\$25 million	\$5 thousand per occurrence; EQ - \$100 thousand per location; Flood - \$10 thousand per location
PSERN - Site Specific Pollution (Scheduled locations only)	\$2 million per occurrence	\$25 thousand (3rd party); \$50 thousand (clean-up)
Cedar Hills Regional Landfill Pollution Liability	\$50 million	\$250 thousand

### **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, 2020, the total claim liability is \$60.3 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, 2020, 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 2019 and 2020 (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>
2019	\$ 65,857	\$ 14,296	\$ (18,827)	\$ 61,326
2020	61,326	16,767	(17,828)	60,265

### **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, 2020, is \$20.0 million.

The Fund's claims liability is based on historical experience. Changes in the Employee Benefits Program Fund's claims liability in 2019 and 2020 (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>
2019	\$ 21,395	\$ 248,742	\$ (250,636)	\$ 19,501
2020	19,501	250,740	(250,214)	20,027

### **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 UW Medicine Finance using information from an annual actuary study conducted by the University administration. 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 \$4.8 million in 2020 and \$4.1 million in 2019, 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 a limit of \$250 thousand per occurrence; 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, 2020 (in thousands) is as follows:

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Buildings	\$ 194,935	\$ —	\$ 7,793	\$ —
Leasehold improvements	—	4,881	—	2,094
Less depreciation	(48,094)	(3,062)	—	—
Totals	<u>\$ 146,841</u>	<u>\$ 1,819</u>	<u>\$ 7,793</u>	<u>\$ 2,094</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, 2020 (in thousands):

	Governmental Activities	Business-type Activities
2021	\$ 765	\$ 255
2022	768	255
2023	764	255
2024	764	255
2025	763	255
2026-2030	3,822	1,275
2031-2035	3,819	149
2036	770	—
Total minimum lease payments	12,235	2,699
Less: Amount representing interest	(4,442)	(605)
Present value of net minimum lease payments	<u>\$ 7,793</u>	<u>\$ 2,094</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, 2020 for long-term operating expenses for office space, equipment and other operating leases amount to \$15.6 million. The pattern of future lease payment requirements are systematic and rational.

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

Year	Office Space	Other	Total
2021	\$ 6,248	\$ 5,210	\$ 11,458
2022	5,925	5,127	11,052
2023	5,260	4,989	10,249
2024	4,743	4,085	8,828
2025	3,919	3,500	7,419
2026-2030	8,076	10,015	18,091
2031-2035	—	4,134	4,134
2036-2040	—	3,636	3,636
2041-2045	—	3,636	3,636
2046-2050	—	3,536	3,536

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, 2020 (in thousands):

	Governmental	Business-type Activities	
	Activities	Airport	Other
Land	\$ 65	\$ 14,212	\$ 437
Buildings	394	24,691	424
Less: Depreciation	(394)	(15,608)	(156)
Total cost of property under lease	<u>\$ 65</u>	<u>\$ 23,295</u>	<u>\$ 705</u>

Minimum future lease receipts on noncancelable operating leases based on contract amounts and terms as of December 31, 2020 (in thousands):

Year	Governmental	Business-type Activities		Total
	Activities	Airport	Other	
2021	\$ 1,337	\$ 23,787	\$ 398	\$ 25,522
2022	862	21,688	341	22,891
2023	671	21,637	244	22,552
2024	578	21,347	194	22,119
2025	536	20,843	94	21,473
2026-2030	2,665	86,516	50	89,231
2031-2035	73	29,817	24	29,914
2036-2040	18	24,299	24	24,341
2041-2045	18	24,009	3	24,030
2046-2050	18	14	—	32

**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, 2020 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 Lease Payment</u>	<u>Net Investment in Capital Lease</u>	
			<u>2020</u>
2021	765	Minimum lease payments receivable	\$ 12,235
2022	768	Uncollected income	(4,442)
2023	764	Net investment in capital lease	<u>\$ 7,793</u>
2024	764		
2025	763		
Thereafter	8,411		
	<u>\$ 12,235</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 \$251.0 million reported as landfill closure and post-closure care liability as of December 31, 2020, 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	85.16%	\$ 177,463	\$ 59,980	2040
Closed	100%	52,353	—	Closed
Custodial	100%	21,151	—	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, 2020, cash and cash equivalents of \$4.0 million were held in the Landfill Post-closure Maintenance Fund. In addition, \$54.3 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 2020 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, 2020 stands at \$49.3 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 \$639 thousand at December 31, 2020. 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, 2020.

*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. The remediation was a prerequisite to the purchase agreement. The remediation will be completed in phases over a period of about five to 10 years. As of December 31, 2016, the County completed 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 approved Maury Island Space Site Cleanup Action Plan describes the cleanup action selected by the Washington State Department of Ecology. The plan lays out four phases for cleanup. Implementation of phase 1 cleanup - trail capping, capping of the former skeet range, and removal of three more acres of invasive vegetation then to be covered with temporary weed fabric - will occur through 2020 and 2021. Trail capping was completed in March, 2020 and the rest of the phase 1 cleanup will continue in 2021 and 2022. Phases 2 through 4 include removal of invasive vegetation followed by planting, which will then continue to occur in phases every two to three years until 16 acres of contaminated area has been restored. Parks reported a pollution remediation liability of \$4.4 million at December 31, 2020.

*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. In 2019, Airport reported a pollution remediation liability of \$245 thousand. This amount remains the same in 2020 as investigation is still ongoing as of December 31, 2020.

*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 \$1.2 million at December 31, 2020 to complete the RI work and a feasibility study.

A summary of pollution remediation liabilities at December 31, 2020 is as follows (in thousands):

	Governmental Activities	Total Governmental Funds	Major Funds		Nonmajor Governmental Funds	Internal Service Funds
			General Fund	Behavioral Health Fund		
Pollution remediation						
Due within one year	\$ 1,775	\$ —	\$ —	\$ —	\$ —	\$ —
Due in more than one year	2,661	—	—	—	—	—
Total	<u>\$ 4,436</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
	Business- type Activities	Total Enterprise Funds	Major Funds		Nonmajor Enterprise Funds	
			Public Transportation	Water Quality		
Pollution remediation						
Due within one year	\$ 6,751	\$ 6,751	\$ —	\$ 6,751	\$ —	
Due in more than one year	44,645	44,645	639	42,567	1,194	
Total	<u>\$ 51,396</u>	<u>\$ 51,396</u>	<u>\$ 639</u>	<u>\$ 49,318</u>	<u>\$ 1,194</u>	

## Note 15

### Long-term Liabilities

#### Short-term Debt Instruments and Liquidity

At December 31, 2020, 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 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 12/31/2020</b>
<b>I. GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT</b>					
IA. Limited Tax General Obligation Bonds (LTGO)					
2010A LTGO Refunding 2001 and 2002 Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	\$ 21,445	\$ 890
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2021	2.85-6.05%	17,355	1,180
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	7,665
2011D LTGO (Maury Island/Open Space Acquisition) Bonds	12/21/2011	12/1/2031	2.00-3.50%	21,895	6,800
2012A LTGO (ABT Project) Bonds	3/29/2012	7/1/2022	3.00-5.00%	65,935	17,840
2012B LTGO (S. Park Bridge) Bonds	5/8/2012	9/1/2032	3.00-5.00%	28,065	13,970
2012C LTGO Refunding 2004B and 2005 Bonds	8/28/2012	1/1/2025	5.00%	54,260	25,995
2012D LTGO Refunding 2002BOP Lease (HMC) Bonds	11/29/2012	12/1/2031	2.00-5.00%	41,810	28,175
2012E LTGO SE District Court Relocation Bonds (Partial)	12/19/2012	12/1/2027	2.00-5.00%	3,000	1,580
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	24,415
2014B LTGO (Tall Chief Acquisition/SWM) Bonds	6/24/2014	6/1/2034	2.00-5.00%	15,395	10,465
2015B LTGO (FED TAX-EXEMPT) Bonds	10/13/2015	12/1/2030	2.50-5.00%	27,355	14,345
2015C LTGO Refunding 2007C and 2007D Bonds	10/13/2015	1/1/2028	3.00-5.00%	25,970	21,745
2015E LTGO Refunding 2006A NJB and 2007 KSC Lease Bonds	12/17/2015	12/1/2036	4.00-5.00%	172,320	142,795
2016A LTGO Bond 4Culture Building	3/10/2016	12/1/2030	1.50-5.00%	22,450	20,320
2017B LTGO Bond Various Purpose (Partial)	8/10/2017	6/1/2037	3.00-5.00%	33,325	23,655
2018A LTGO Bond Various Purpose (Partial)	8/8/2018	6/1/2038	5.00%	5,845	4,900
2019HUD LTGO Refg06HUD Section108 Bonds	3/28/2019	8/1/2024	2.55-2.67%	1,437	1,005
2019A LTGO Refunding 2009B and 2013MM Bonds	3/15/2019	6/1/2029	5.00%	41,420	36,365
2019B LTGO Bond Various Purpose	9/12/2019	7/1/2039	5.00%	62,340	57,360
2019C LTGO Refunding 2009C Bonds	12/19/2019	1/1/2024	5.00%	13,020	13,020
2020A LTGO Various Purpose Bonds (Partial)	11/3/2020	12/1/2050	5.00%	32,090	32,090
2020B LTGO Refunding Bonds (Taxable) (Partial)	11/3/2020	12/1/2034	0.35-2.00%	54,065	54,065
Total Payable From Limited Tax GO Redemption Fund				<u>858,317</u>	<u>589,640</u>
IB. Limited Tax GO Capital Lease <sup>(a)</sup>					
2006 Project lease agreement - NJB Properties	11/14/2006	12/1/2036	5.0%-5.51%	189,720	7,793
Total Limited GO Capital Lease				<u>189,720</u>	<u>7,793</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	38,785
Total Payable From Unlimited Tax GO Bond Redemption Fund				<u>94,610</u>	<u>38,785</u>
<b>TOTAL GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT</b>				<u>1,142,647</u>	<u>636,218</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 12/31/2020
<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	580
2010B LTGO (BABs) (Transit) Taxable Bonds	12/1/2010	12/1/2030	2.85-6.05%	20,555	13,715
2012A LTGO (WQ) Refunding 2005A Bonds	4/18/2012	1/1/2025	2.00-5.00%	68,395	41,360
2012B LTGO (WQ) Refunding 2005A Bonds	8/2/2012	1/1/2028	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	31,445
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	44,330
2014C LTGO & Refunding 2007E (Solid Waste) Bonds	7/30/2014	12/1/2034	2.00-5.00%	25,515	21,680
2015A LTGO (WQ) Refunding 2009B2 Bonds	2/18/2015	7/1/2038	2.00-5.00%	247,825	239,465
2015B LTGO (FED Tax-Exempt) (Solid Waste) Bonds	10/13/2015	12/1/2025	5.00%	60	35
2015D LTGO & Refunding 2007E (Solid Waste) Bonds	11/5/2015	12/1/2040	3.00-5.00%	50,595	40,385
2017A LTGO (WQ) Refunding 2008 Bonds	10/25/2017	7/1/2033	4.00-5.00%	154,560	131,970
2017A LTGO (Solid Waste) Bonds	6/8/2017	6/1/2040	3.25-5.00%	31,230	28,860
2017B LTGO (Solid Waste) Bond Various Purpose	8/10/2017	6/1/2027	4.00-5.00%	135	110
2018A LTGO (Marine Construction) partial	8/8/2018	6/1/2038	4.00-5.00%	6,330	5,935
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
2020A LTGO Various Purpose (Transit) Bonds (Partial)	11/3/2020	12/1/2050	5.00%	21,065	21,065
2020B LTGO Refunding (Solid Waste) Bonds (Taxable) (Partial)	11/3/2020	12/1/2031	0.35-1.70%	19,975	19,975
Total Limited Tax GO Bonds Payable From Enterprise Funds				<u>1,330,935</u>	<u>944,570</u>
IIB. GO Bonds Payable - Direct Placements Payable from Enterprise Funds					
2017AB Multi-Modal LTGO (WQ) Refunding 2010A and 2010B Bonds	10/26/2017	1/1/2040	Variable <sup>(c)</sup>	100,000	98,225
Total GO Bonds Payable -Direct Placements Payable From Enterprise Funds				<u>100,000</u>	<u>98,225</u>
Total LTGO Bonds and GO Bonds-Direct Placements Payable from Enterprise Funds				<u>1,430,935</u>	<u>1,042,795</u>
IIC. Revenue Bonds Payable from Enterprise Funds					
2011 Sewer Revenue (Capital Improvement Projects) Bonds	1/25/2011	1/1/2021	5.00-5.125%	175,000	4,175
2011B Sewer Revenue Refunding 2001, 2002A, 2002B, and 04A Bonds	10/5/2011	1/1/2021	1.00-5.00%	494,270	29,445
2011C Sewer Revenue Refunding 2001, 2002A, and 2004A Bonds	11/1/2011	1/1/2022	3.00-5.00%	32,445	7,885
2012 Sewer Revenue and Refunding 2004A Bonds	4/18/2012	1/1/2024	5.00%	104,445	9,785
2012B Sewer Revenue and Refunding 2004A Bonds	8/2/2012	1/1/2028	4.00-5.00%	64,260	13,640
2012C Sewer Revenue and Refunding 2004A and 2006 Bonds	9/19/2012	1/1/2033	2.50-5.00%	65,415	14,345
2012 Sewer Revenue Junior Lien Variable Rate Demand Bonds	12/27/2012	1/1/2043	Variable <sup>(d)</sup>	100,000	100,000
2013A Sewer Revenue Refg 2003, 2006, and 2005 Sewer-LTGO Bonds	4/9/2013	1/1/2027	2.00-5.00%	122,895	45,930
2013B Sewer Revenue and Refunding 2004B Bonds	10/29/2013	1/1/2044	2.00-5.00%	74,930	54,680
2014A Sewer Revenue Refunding 2007 Bonds	7/8/2014	1/1/2047	5.00%	75,000	75,000
2014B Sewer Revenue Refg 2004B, 2006, 2006B, 2007 and 2008 Bonds	8/12/2014	7/1/2035	1.00-5.00%	192,460	175,500
2015A Sewer Revenue Refunding 2007, 2008, and 2009 Bonds	2/18/2015	7/1/2047	3.00-5.00%	474,025	467,735
2015B Sewer Revenue & Refunding 2006 Bonds	11/17/2015	1/1/2046	4.00-5.00%	93,345	70,895
2016A Sewer Revenue & Refunding 2007, 2008, 2009, 2010 Bonds	2/17/2016	7/1/2041	4.00-5.00%	281,535	269,175
2016B Sewer Revenue & Refg 2006-2, 2010, 2011A, 2011B, 2011C Bonds	10/12/2016	7/1/2049	4.00-5.00%	499,655	447,070
2017A Sewer Revenue Refg 2009LTGO, 2010, 2011A, 2011B, 2011C Bnds	12/19/2017	7/1/2049	5.00%	149,485	122,305
2018B Sewer Revenue Refg 2010, 2011B, 2012 Bonds	11/15/2018	7/1/2032	5.00%	124,455	124,455
2020A Junior Lien Sewer Revenue Refg 2001 Bonds (Mandatory Put Bonds)	7/14/2020	1/1/2032	Variable <sup>(e)</sup>	100,295	100,295
2020B Junior Liew Sewer Revenue Refg 2011 Bonds (Mandatory Put Bonds)	7/14/2020	1/1/2042	Variable <sup>(e)</sup>	100,295	100,295
2020A Sewer Improvement and Refunding Revenue 2010 Bonds	8/4/2020	1/1/2052	1.625-5.00%	179,530	179,530
2020B Sewer Revenue Refunding 2012B, 2012C, 2013A, and 2016B (Txble)	8/4/2020	1/1/2040	0.27-2.48%	186,745	186,745
Total Revenue Bonds Payable from Enterprise Funds				<u>3,690,485</u>	<u>2,598,885</u>

## SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 3 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2020
IID. State Revolving Loans-Direct Borrowings Payable from Enterprise Funds					
2000-2020 WQ State of Washington Revolving Loans	Various	Various	0.50-3.10%	\$ 310,129	\$ 245,471
2019 Solid Waste State of Washington Revolving Loans	6/26/2019	6/1/2038	1.66%	1,890	1,816
Total State Revolving Loans-Direct Borrowings Payable from Enterprise Funds				<u>312,019</u>	<u>247,287</u>
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	2,094
Total Capital Leases Payable From Enterprise Funds				<u>4,722</u>	<u>2,094</u>
<b>TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT</b>				<u>5,438,161</u>	<u>3,891,061</u>
<b>TOTAL LONG-TERM DEBT</b>				<u>\$ 6,580,808</u>	<u>\$ 4,527,279</u>

(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) 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 extended 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.

(e) The Junior Lien Sewer Revenue refunding bonds (Mandatory Put Bonds) Series 2020A and 2020B initially will bear interest at Daily Interest Rate at a Term Rate, subject to conversion to other Modes and while bearing interest at the Term Rates, will be issuable in authorized denominations of \$5,000 or any integral multiple thereof within a Series, with interest paid semi-annually on each January 1 and July 1, commencing on January 1, 2021, as further provided in the Mode Agreement.

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	General Obligation Bonds -				Total	
	General Obligation Bonds		Capital Lease		Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 73,416	\$ 27,180	\$ 379	\$ 387	\$ 73,795	\$ 27,567
2022	79,475	23,517	399	368	79,874	23,885
2023	68,975	19,455	414	349	69,389	19,804
2024	54,634	16,437	434	329	55,068	16,766
2025	51,490	13,956	455	308	51,945	14,264
2026-2030	184,790	42,332	2,450	1,372	187,240	43,704
2031-2035	84,125	15,692	2,641	1,179	86,766	16,871
2036-2040	23,660	4,191	621	149	24,281	4,340
2041-2045	3,460	1,636	—	—	3,460	1,636
2046-2050	4,400	681	—	—	4,400	681
2051-2055	—	—	—	—	—	—
<b>TOTAL</b>	<b>\$ 628,425</b>	<b>\$ 165,077</b>	<b>\$ 7,793</b>	<b>\$ 4,441</b>	<b>\$ 636,218</b>	<b>\$ 169,518</b>

<b>BUSINESS-TYPE ACTIVITIES</b>						
Year	General Obligation Bonds		Direct Placements		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 27,260	\$ 44,101	\$ 1,870	\$ 5,400	\$ 154
2022	41,270	42,500	—	5,400	162	93
2023	49,355	40,541	—	5,400	170	85
2024	40,480	38,353	—	5,400	180	76
2025	42,355	36,352	—	5,400	188	67
2026-2030	249,670	150,406	—	27,000	1,094	181
2031-2035	207,605	94,443	—	27,000	146	2
2036-2040	127,860	54,300	96,355	21,600	—	—
2041-2045	4,665	42,199	—	—	—	—
2046-2050	154,050	8,917	—	—	—	—
2051-2055	—	—	—	—	—	—
<b>TOTAL</b>	<b>\$ 944,570</b>	<b>\$ 552,112</b>	<b>\$ 98,225</b>	<b>\$ 102,600</b>	<b>\$ 2,094</b>	<b>\$ 605</b>

**DEBT SERVICE REQUIREMENTS TO MATURITY**

Year	<b>BUSINESS-TYPE ACTIVITIES</b>						<b>Primary Government</b>	
	State Revolving Loans- Direct Borrowings		Revenue Bonds		Total Business-type Activities		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 17,711	\$ 5,605	\$ 71,950	\$ 99,785	\$ 118,945	\$ 154,992	\$ 192,740	\$ 182,559
2022	17,091	5,267	64,025	97,881	122,548	151,141	202,422	175,026
2023	16,426	4,928	74,255	94,938	140,206	145,892	209,595	165,696
2024	17,187	4,579	73,410	91,552	131,257	139,960	186,325	156,726
2025	16,365	4,214	65,575	88,103	124,483	134,136	176,428	148,400
2026-2030	65,399	16,150	397,120	389,930	713,283	583,667	900,523	627,371
2031-2035	56,967	8,525	574,860	302,184	839,578	432,154	926,344	449,025
2036-2040	17,304	3,796	499,620	207,405	741,139	287,101	765,420	291,441
2041-2045	8,056	2,582	551,270	102,426	563,991	147,207	567,451	148,843
2046-2050	9,201	1,449	207,995	22,870	371,246	33,236	375,646	33,917
2051-2055	5,580	224	18,805	666	24,385	890	24,385	890
<b>TOTAL</b>	<b>\$ 247,287</b>	<b>\$ 57,319</b>	<b>\$ 2,598,885</b>	<b>\$ 1,497,740</b>	<b>\$ 3,891,061</b>	<b>\$ 2,210,376</b>	<b>\$ 4,527,279</b>	<b>\$ 2,379,894</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, 2020 is as follows (in thousands):

## SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

	Balance 01/01/2020	Additions	Reductions	Balance 12/31/2020	Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds payable:					
General obligation (GO) bonds	\$ 659,047	\$ 86,155	\$ (116,777)	\$ 628,425	\$ 73,416
Unamortized bonds premium and discount	61,988	8,979	(14,893)	56,074	—
Total bonds payable	<u>721,035</u>	<u>95,134</u>	<u>(131,670)</u>	<u>684,499</u>	<u>73,416</u>
Other liabilities:					
General obligation capital leases	8,156	—	(363)	7,793	379
Compensated absences liability	112,957	114,931	(95,450)	132,438	62,278
Net pension liability	231,105	297,263	(272,475)	255,893	—
Other postemployment benefits	96,211	1,530	(8,243)	89,498	5,337
Pollution remediation	—	6,425	(1,989)	4,436	1,775
Asset retirement obligation	150	3,050	—	3,200	—
Estimated claims settlements and other liabilities	159,731	281,653	(288,247)	153,137	54,440
Total other liabilities	<u>608,310</u>	<u>704,852</u>	<u>(666,767)</u>	<u>646,395</u>	<u>124,209</u>
Total Governmental activities long-term liabilities	<u>\$ 1,329,345</u>	<u>\$ 799,986</u>	<u>\$ (798,437)</u>	<u>\$ 1,330,894</u>	<u>\$ 197,625</u>
<b>Business-type Activities:</b>					
Bonds payable:					
General Obligation (GO) bonds	\$ 957,490	\$ 41,040	\$ (53,960)	\$ 944,570	\$ 27,260
GO bonds payable-Direct Placements	100,000	—	(1,775)	98,225	1,870
Revenue bonds	2,572,745	566,865	(540,725)	2,598,885	71,950
Unamortized bonds premium and discount	338,625	32,124	(58,488)	312,261	—
Total bonds payable	<u>3,968,860</u>	<u>640,029</u>	<u>(654,948)</u>	<u>3,953,941</u>	<u>101,080</u>
Other liabilities:					
Capital leases	2,241	—	(147)	2,094	154
State revolving loans-Direct Borrowings	227,543	37,203	(17,459)	247,287	17,711
Compensated absences liability	70,221	102,477	(96,268)	76,430	12,943
Net pension liability	184,723	218,350	(207,355)	195,718	—
Other postemployment benefits	15,061	3,088	(1,028)	17,121	1,021
Landfill closure and post-closure care liability	248,316	6,688	(4,037)	250,967	26,201
Pollution remediation	46,622	8,650	(3,876)	51,396	6,751
Asset retirement obligation	5,680	450	(150)	5,980	—
Customer deposits and other liability	78,202	2,306	(891)	79,617	234
Total other liabilities	<u>878,609</u>	<u>379,212</u>	<u>(331,211)</u>	<u>926,610</u>	<u>65,015</u>
Total Business-type activities long-term liabilities	<u>\$ 4,847,469</u>	<u>\$ 1,019,241</u>	<u>\$ (986,159)</u>	<u>\$ 4,880,551</u>	<u>\$ 166,095</u>

Governmental activities estimated claims settlements of \$153.1 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.

**General Obligation Bonds-Direct Placements**

The County's outstanding notes from direct placements related to business-type activities in the combined amount of \$98.2 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 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 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 various amounts of debt that have been authorized but unissued: \$95.0 million for the Solid Waste capital program, \$223.0 million for Public Transportation, \$21.0 million for Conservation Futures Levy. In addition, the County had authorized \$1.07 billion sewer revenue bonds or general obligation 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, 2020 (in thousands):

2020 ASSESSED VALUE (2021 TAX YEAR)	<u>\$ 659,534,881</u>
Debt limit of limited tax general obligations for metropolitan functions	
0.75 % of assessed value	\$ 4,946,512
Less: Net limited tax general obligation indebtedness for metropolitan functions	<u>(981,964)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 3,964,548</u>
Debt limit of limited tax general obligations for general county purposes and metropolitan functions	
1.5 % of assessed value	\$ 9,893,023
Less: Net limited tax general obligation indebtedness for general county purposes	\$ (618,118)
Net limited tax general obligation indebtedness for metropolitan functions	<u>(981,964)</u>
Total net limited tax general obligation indebtedness for general county purposes and metropolitan functions	<u>(1,600,082)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES AND METROPOLITAN FUNCTIONS	<u>\$ 8,292,941</u>
Debt limit of total general obligations for metropolitan functions	
2.5% of assessed value	\$ 16,488,372
Less: Net total general obligation indebtedness for metropolitan functions	<u>(981,964)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 15,506,408</u>
Debt limit of total general obligations for general county purposes	
2.5 % of assessed value	\$ 16,488,372
Less: Net unlimited tax general obligation indebtedness for general county purposes	\$ (36,214)
Net limited tax general obligation indebtedness for general county purposes	<u>(618,118)</u>
Total net general obligation indebtedness for general county purposes	<u>(654,332)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES	<u>\$ 15,834,040</u>

### **Refunding and Defeasing General Obligation Bond Issues - 2020**

Limited Tax General Obligation Refunding Bonds, 2020 Series B (Taxable) - On November 3, 2020, the County issued \$54.1 million in limited tax general obligation refunding bonds, 2020 Series B with an effective interest cost of 1.58 percent to advance refund \$47.1 million of outstanding limited tax general obligation bonds 2011 Series D, 2012 Series B, 2014 Series A, and 2014 Series B.

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 \$8.4 million. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by \$6.4 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 \$5.9 million.

Limited Tax General Obligation Refunding Bonds, 2020 Series B (Taxable) - On November 3, 2020, the County issued \$20.0 million in limited tax general obligation refunding bonds, 2020 Series B with an effective interest cost of 1.45 percent to advance refund \$17.7 million of outstanding limited tax general obligation bonds, 2013.

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 business-type activity column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1.3 million. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by \$2.7 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 \$2.5 million.

### **Refunding and Cash Defeasance Sewer Revenue Bond Issues - 2020**

Junior Lien Sewer Revenue Refunding Bond (Mandatory Put Bonds), 2020A and Series 2020B - On July 14, 2020, the County issued \$200.6 million in Junior Lien Sewer Revenue Refunding Bonds, Series 2020A (\$100.3 million) and Series 2020B (\$100.3 million) to current refund \$200.0 million of the County's Junior Lien Sewer Revenue Bonds, Series 2001A, Series 2001B and Series 2011. These term bonds bear fixed interest rate of 0.6 and 0.9 percent respectively, and are subject to mandatory repurchase in January 2024 and January 2026, respectively. The bond maturity dates of January 1, 2032 and January 1, 2042 remain the same. The refunding of 2011 bond was undertaken to reduce future debt service payments over the life of the bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$590 thousand. As a result, the refunded 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.

Sewer Improvement and Refunding Revenue Bonds, 2020 Series A - On August 4, 2020, the County issued \$24.1 million in Sewer Improvement and Refunding Revenue Bonds, 2020 series A with an effective interest cost of 1.7 percent to current refund \$28.3 million of outstanding Sewer Revenue Bonds, 2010. As a result, the refunded 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.

The net carrying amount of the refunded debt exceeded the reacquisition prices by \$1.7 million. This amount, reported in the statement of net position, as a deferred inflow of resources and is being charged to operation through fiscal year 2035. This current refunding was undertaken to reduce total debt service payments by \$15.3 million over the life of the bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$9.0 million.

Sewer Revenue Refunding Bonds, 2020 Series B (Taxable) - On August 4, 2020, the County issued \$186.7 million in Sewer Revenue Refunding Bonds, 2020 series B (Taxable) with an effective interest cost ranging from 1.6 percent to 2.2 percent to advance refund \$167.0 million of outstanding Sewer Revenue Bonds, series 2012B, series 2012C, series 2013A, and series 2016B.

The net proceeds were deposited in an irrevocable trust 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 business-type activities column of the statement of net position.

The acquisition price exceeded the net carrying amount of the old debt by \$11.3 million. This amount is reported in the statement of net position as a deferred outflow of resources and is being charged to operation through fiscal year 2039, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by \$43.7 million over the life of the bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$36.5 million.

2020 Partial Cash Defeasance of Sewer Revenue and Refunding Bonds, 2012 - On December 11, 2020, the County purchased Treasury securities at a cost of \$85.9 million and placed them in an escrow to pay interest and redeem at their earliest redemption dates \$80 million of outstanding Sewer Revenue and Refunding Bonds, Series 2012. Funding for the escrow came from operations and excess in bond reserves. As a result, a portion of series 2012 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. Water Quality undertook the defeasance in order to reduce future debt service payments.

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

As of December 31, 2020, King County has fifteen refunded and defeased bond issues outstanding, consisting of seven limited tax general obligation bonds (\$129.4 million) and eight sewer revenue bonds (\$660.3 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 2020, 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 following tables summarize the County's AROs as of December 31, 2020 (in thousands):

Governmental Activities	Total Governmental Funds	Major Funds		Nonmajor Governmental Funds	Internal Service Funds
		General Fund	Behavioral Health Fund		
\$ 3,200	\$ —	\$ —	\$ —	\$ —	\$ —

Business-type Activities	Total Enterprise Funds	Major Funds			Nonmajor Enterprise Funds
		Public Transportation	Water Quality	Solid Waste	
\$ 5,980	\$ 5,980	\$ 3,480	\$ 1,350	\$ 900	\$ 250

The County's ARO relates to the disposition of underground storage tanks (USTs) and stormwater dams due to applicable regulations and requirements. The estimated remaining useful life of the USTs and stormwater dams range from one to 50 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 and stormwater dams.

**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):

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding at 12/31/20
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	7,990
Total Bonds Payable				<u>\$ 189,720</u>	<u>\$ 7,995</u>

Year	Principal
2021	\$ 325
2022	345
2023	360
2024	380
2025	400
Thereafter	6,185
Total	<u>\$ 7,995</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	\$ 53
Behavioral Health Fund	All Others	2
Nonmajor Governmental Funds	General Fund	884
	Nonmajor Governmental Funds	41,690
	All Others	12
Public Transportation Enterprise	General Fund	825
	Nonmajor Governmental Funds	4,807
Water Quality Enterprise	General Fund	502
	Nonmajor Governmental Funds	2,022
Solid Waste Enterprise	Nonmajor Governmental Funds	1,106
	All Others	103
Nonmajor Enterprise Funds	All Others	274
Internal Service Funds	Nonmajor Governmental Funds	55,755
	Internal Service Funds	3,600
	All Others	396
Total interfund balances		<u>\$ 112,031</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	\$ 7,150
Nonmajor Governmental Funds	Nonmajor Governmental Funds	4,000
Internal Service Funds	Nonmajor Governmental Funds	19,637
Total advances from/to other funds		<u>\$ 30,787</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 2021.

**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	\$ 3,028
	Nonmajor Governmental Funds	76,048
	Internal Service Funds	902
Behavioral Health Fund	General Fund	8,469
	Nonmajor Governmental Funds	7,174
Nonmajor Governmental Funds	General Fund	12,316
	Behavioral Health Fund	6,266
	Nonmajor Governmental Funds	283,450
	All Others	404
Public Transportation Enterprise	Nonmajor Governmental Funds	3,744
Water Quality Enterprise	Nonmajor Governmental Funds	894
Solid Waste Enterprise	Nonmajor Governmental Funds	979
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	659
Internal Service Funds	Nonmajor Governmental Funds	23,361
Total interfund transfers		<u>\$ 427,694</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 2020, the primary government received \$13.9 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 2020, the King County primary government transferred \$242 thousand to the CDA. The CDA spent net \$739 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 \$4.2 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 \$50 thousand in 2020.

The King County Regional Homelessness Authority (RHA) is a jointly governed organization, formed in December 2019 as further discussed in Note 1. In support of this new regional government, the County agreed via Ordinance 19039 to make facilities available to the RHA for its operations. The RHA took occupancy of space in the County's Yelser Building on March 1, 2020 although the COVID-19 pandemic delayed the completion of tenant improvements, hiring of RHA staff, and the start of the RHA's operations into 2021. The County collected nothing of value for this use of space in 2020.

## 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. Restricted net position for other purposes for the year ended December 31, 2020, was as follows:

	<u>Governmental Activities</u>	<u>Component Units</u>
Net position restricted for other purposes:		
General government	\$ 43,303	\$ —
Physical environment	37,633	—
Transportation	67,094	—
Health and human services - nonexpendable	—	3,085
Total net position restricted for other purposes	<u>\$ 148,030</u>	<u>\$ 3,085</u>

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, 2020, it had a committed fund balance of \$26.4 million.

A summary of governmental fund balances at December 31, 2020, is as follows (in thousands):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Animal Services	\$ —	\$ —	\$ 15	\$ 15
Arts and Cultural Development	—	—	18,220	18,220
Emergency Medical Services	—	—	145	145
General Fund	44	—	—	44
Long-Term Leases	—	—	2,787	2,787
Parks Capital Projects	—	—	4,366	4,366
Public Health	—	—	693	693
Total Nonspendable Fund Balance	<u>44</u>	<u>—</u>	<u>26,226</u>	<u>26,270</u>
Restricted for:				
Animal Services	—	—	3,449	3,449
Arts and Cultural Development	—	—	54	54
Automated Fingerprint Identification System	—	—	26,338	26,338
Best Starts For Kids Levy	—	—	53,886	53,886
Building Repair and Replacement	—	—	12,091	12,091
Community Services Operating	—	—	694	694
Conservation Futures	—	—	30,878	30,878
County Roads Operating	—	—	23,487	23,487
County Road Construction	—	—	38,361	38,361
Crime Victim Compensation Program	819	—	—	819
Debt Service Fund: Unlimited GO Bond Redemption	—	—	2,403	2,403
Department of Community and Human Services	—	—	426	426
Department of Local Services	—	—	715	715
Developmental Disabilities	—	—	7,518	7,518
Dispute Resolution	21	—	—	21
Drug Enforcement	694	—	—	694
Emergency Medical Services	—	—	61,959	61,959
Employment and Education Resources	—	—	1,141	1,141
Enhanced 911 Emergency Telephone System	—	—	48,317	48,317
Environmental Health	—	—	11,468	11,468
Farmland and Open Space Acquisitions	—	—	2	2
Flood Control District	—	—	75,840	75,840
Grants Fund	—	—	7,481	7,481
Historical Preservation	—	—	499	499
Housing and Community Development	—	—	59,614	59,614
Information and Telecommunication Capital	—	—	29,392	29,392
Intercounty River Improvement	—	—	18	18
Law Library	—	—	566	566
Local Hazardous Waste	—	—	15,074	15,074
Mental Illness and Drug Dependency	—	—	25,447	25,447
Noxious Weed Control	—	—	2,171	2,171
Open Space King County Bond Funded Subfund	—	—	364	364
Parks Capital Projects	—	—	112,331	112,331
Parks Operating Levy	—	—	25,204	25,204
Permit and Environmental Review	—	—	1,492	1,492
Public Health	—	—	31,222	31,222
Puget Sound Emergency Radio Network	—	—	10,359	10,359
Puget Sound Taxpayer Accountability	—	—	2,876	2,876
Real Estate Excise Tax Capital	—	—	41,008	41,008
Real Property Title Assurance	25	—	—	25
Recorder's Operations and Maintenance	—	—	2,652	2,652
Road Improvement Districts	—	—	13	13
Surface Water Capital	—	—	17,334	17,334
Surface Water Management	—	—	17,952	17,952
Treasurer's Operations and Maintenance	—	—	617	617

A summary of governmental fund balances at December 31, 2020, continues (in thousands) (page 2 of 2):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Restricted for - continued:				
Urban Reforestation and Habitat Restoration	—	—	350	350
Veterans' Relief	—	—	399	399
Veterans, Seniors and Human Services	—	—	19,961	19,961
Youth Services Facilities	—	—	519	519
Youth Amateur Sports	—	—	4,937	4,937
<b>Total Restricted Fund Balance</b>	<b>1,559</b>	<b>—</b>	<b>828,879</b>	<b>830,438</b>
Committed for:				
Antiprofitteering Program	69	—	—	69
Information and Telecommunication Capital	—	—	21	21
Rainy Day Reserve	26,359	—	—	26,359
School District Impact Fees	—	—	154	154
Wheelchair Access	2,514	—	—	2,514
<b>Total Committed Fund Balance</b>	<b>28,942</b>	<b>—</b>	<b>175</b>	<b>29,117</b>
Assigned for:				
Debt Service Fund: Limited GO Bond Redemption	—	—	7,213	7,213
Department of Natural Resources and Parks Administration	—	—	767	767
District Court	5,221	—	—	5,221
Enhanced 911 Emergency Telephone System	—	—	362	362
General Government	2,288	—	—	2,288
Housing and Community Development	—	—	1,400	1,400
Information and Telecommunication Capital	—	—	6,305	6,305
Inmate Welfare	3,800	—	—	3,800
Major Maintenance Reserve	—	—	19,060	19,060
Mental and Physical Health	116	—	—	116
Public Health	—	—	1,950	1,950
Public Safety	25,722	—	—	25,722
Transfer of Development Credit Program	—	—	16,406	16,406
Urban Reforestation and Habitat Restoration	—	—	171	171
Youth Amateur Sports	—	—	2,620	2,620
<b>Total Assigned Fund Balance</b>	<b>37,147</b>	<b>—</b>	<b>56,254</b>	<b>93,401</b>
Unassigned for:				
Arts and Cultural Development	—	—	(15,211)	(15,211)
Behavioral Health	—	(30,953)	—	(30,953)
Building Repair and Replacement	—	—	(35,377)	(35,377)
General Fund	133,098	—	—	133,098
King County Flood Control	—	—	(86)	(86)
Long-Term Leases	—	—	(6,821)	(6,821)
Permit and Environmental Review	—	—	(2,271)	(2,271)
Risk Abatement	—	—	(4,103)	(4,103)
<b>Total Unassigned Fund Balance</b>	<b>133,098</b>	<b>(30,953)</b>	<b>(63,869)</b>	<b>38,276</b>
<b>Total Fund Balance</b>	<b>\$ 200,790</b>	<b>\$ (30,953)</b>	<b>\$ 847,665</b>	<b>\$ 1,017,502</b>

**Restatements of Beginning Balances**

Detailed information regarding restatements of beginning balances are below (in thousands):

**GOVERNMENTAL ACTIVITIES**

	Governmental Activities	Total Governmental Funds	Major Funds		Nonmajor Governmental Funds
			General Fund	Behavioral Health	
<b>Changes in Net Position or Fund Balance</b>					
Net position/fund balance - January 1, 2020	\$ 3,484,535	1,044,574	\$ 183,821	\$ 297	\$ 860,456
Missed work in progress costs for Roads projects	627	—	—	—	—
Misclassified refund as accounts receivable	151	151	—	151	—
Updated Flood Control District balances after publication	(21,997)	(41)	—	—	(41)
Nonfinancial assets reported as investments at fair value	(1,394)	(1,394)	—	—	(1,394)
Net position/fund balance - January 1, 2020 (Restated)	<u>\$ 3,461,922</u>	<u>\$ 1,043,290</u>	<u>\$ 183,821</u>	<u>\$ 448</u>	<u>\$ 859,021</u>

**Governmental Activities**

The County Road Construction fund missed capital project costs amounting to \$627 thousand between the years 2016 and 2019.

The Behavioral Health fund misclassified a refund for unused rent as accounts receivable totaling \$151 thousand.

The Flood Control District, a blended component unit of the County, published audited 2018 financial statements and changes to 2019 draft balances after the County released its 2019 financial statements, resulting in a \$41 thousand decrease in fund balance on the Flood Control District fund and a \$22.0 million decrease in net position for the County as follows: \$4.6 million increase in Land, \$53 thousand decrease in Easements, \$25.8 million decrease in Infrastructure, \$205 thousand decrease in Work In Progress, \$553 thousand increase in Infrastructure-levees accumulated depreciation, and \$4 thousand decrease in Furniture, machinery and equipment accumulated depreciation.

The County reported non-financial assets as investments at fair value, resulting in overstated investments totaling \$1.4 million.

**BUSINESS-TYPE ACTIVITIES**

	Business- type Activities	Total Enterprise Funds	Major Funds			Nonmajor Enterprise Funds
			Public Transportation	Water Quality	Solid Waste	
<b>Changes in Net Position</b>						
Net position - January 1, 2020	\$ 3,755,805	\$ 3,632,398	\$ 2,593,610	\$ 826,718	\$ 2,106	\$ 209,964
Institutional Network (INET) prior year revenue reclassification	426	426	—	—	—	426
Net position - January 1, 2020 (Restated)	<u>\$ 3,756,231</u>	<u>\$ 3,632,824</u>	<u>\$ 2,593,610</u>	<u>\$ 826,718</u>	<u>\$ 2,106</u>	<u>\$ 210,390</u>

**Business-type Activities**

In 2020, Institutional Network (listed in the nonmajor enterprise fund combining statements as "I-NET") recorded \$426 thousand as a prior period adjustment attributable to a refund of 2019 overcharges from King County Information Technology Services.

**Fiduciary Funds**

The County reported the entire asset balance of Seizures and Forfeitures as due to beneficiaries subsequent to the implementation of *GASB Statement 84: Fiduciary Activities*. Upon further review, the County determined that a demand had not yet been made for these resources; they should have been reported as fund balance instead of a liability resulting in the restatement of prior period net position totaling \$8.7 million.

**Restricted Net Position**

Component Unit - Harborview Medical Center (HMC)

Restricted expendable net position - \$6.3 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 \$3.1 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 - \$5.1 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 has recently engaged in negotiations with DOE to prepare a remedial investigation, feasibility study and draft cleanup action plan and to implement what may be an interim or final cleanup action. 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 may subsequently 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. At this juncture, we are unable to determine an amount that WTD may be responsible for, if any. In addition, the Environmental Protection Agency (EPA) determined that a supplemental Remedial/Feasibility Study (RI/FS) is necessary. The supplemental RI/FS is now complete and has been approved by EPA, though one additional study is now being completed at EPA's request to further finalize it. A three-way agreement with the Port of Seattle, the City of Seattle and King County covers the participation of the East Waterway Operable Unit. The agreement allocates to the WTD a one-third pro-rata share of the study costs as defined in the agreement, although these costs may be reallocated among the parties or with other Potentially Responsible Parties (PRP) who may agree to participate in the study. The parties may also seek contribution from PRPs for the cost of the study. The EPA is now contemplating issuance of a Proposed Plan that would select the site remedy. Meanwhile, the County, the Port, the City and Seattle Iron & Metals have negotiated a memorandum of agreement to implement a search for other responsible parties.

*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 August 30, 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 and again in December 2019 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 is currently in the process of negotiating a settlement with NOAA but cannot predict the amount or likelihood of settlement at this point in time.

*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.

*Ronald Wastewater District v. Olympic View Water & Sewer District* - Ronald Wastewater District sought a declaratory judgment that it is the exclusive wastewater service provider to the Point Wells area in unincorporated Snohomish County. The Olympic View Water & Sewer District (OVWSD) claimed that the Point Wells area is located within its corporate boundaries, was not properly annexed to Ronald Wastewater District and that OVWSD is the exclusive service provider. Woodway, Snohomish County and Edmonds were also parties to the action, supporting OVWSD's legal position. Shoreline and King County were defendants, supporting Ronald Wastewater District's position. The Superior Court ruled in favor of Ronald Wastewater District finding that King County properly transferred the Richmond Beach Sewer System to Ronald Wastewater District in 1985 and that the Court's approval in 1985 of that transfer lawfully annexed the Point Wells service area to Ronald Wastewater District's corporate boundary. The Court of Appeals reversed the Superior Court's decision and decided that the 1985 transfer from King County to Ronald Wastewater District was void. Ronald Wastewater District and King County both filed petitions for review to the Supreme Court, which accepted review. Late in 2020, the Supreme Court upheld the appellate court's ruling, agreeing that Ronald Wastewater District could not have unilaterally annexed Point Wells into Ronald Wastewater District's service area because Point Wells was already within OVWSD's boundary, and neither OVWSD nor Snohomish County consented to Ronald Wastewater District's annexation of Point Wells. This ruling will resolve most of the remaining litigation amongst the parties. However, OVWSD indicates that it plans to pursue other causes of action, including breach of contract, against Shoreline, as successor to Ronald Wastewater District and against King County. King County intends to vigorously defend itself against such causes of action.

*Notice of Intent to Sue under the Clean Water Act* - In July 2020 the Suquamish Tribe submitted a Notice of Intent to Sue under the Clean Water Act (NOI) for the County discharges of untreated wastewater in violation of the County's discharge permits. In March 2021 the Tribe submitted a Supplemental NOI for additional County discharges. Civil penalties available under the Clean Water Act are a maximum of \$57 thousand per violation per day. The County has met with the Tribe in an effort to settle the NOI. If settlement efforts are not successful, the County believes that it has some available defenses to a potential Clean Water Act lawsuit related to these discharges and would vigorously defend such an action.

*Georgetown Wet Weather Station* - This project involves construction of a new 70 million gallon per day capacity wet weather treatment station for treating combined sewer overflow wastewater. The contract was awarded at \$96.2 million. The contractor seeks approximately \$4.3 million in additional compensation for claims including for contaminated soil, schedule delays in obtaining a shoring and dewatering permit, addressing a sinkhole and water intrusion that occurred while driving secant pile shaft and additional costs associated with electrical work. The County has disputed the contractor's request for entitlement. A date for mandatory mediation has not yet been set. Mediation is a condition precedent to litigation.

*Sunset and Heathfield Pump Stations and Force Main Upgrade Project* - The project involves installation of eight new raw sewage pumps, four at the Sunset Pump Station and four at the Heathfield Pump Station and related improvements to these facilities, including upgrades to electrical systems, mechanical systems and conveyance system piping. The contract was awarded at \$36.6 million. The contractor submitted a \$6.4 million request for change order from the County for work to address ongoing vibration issues and mechanical failures in the installed pumps. The County is evaluating this request.

*Legal Financial Obligation Refunds - In State v. Blake*, No. 96873-0 (as amended April 20, 2021), the Washington Supreme Court invalidated Washington's drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. Under due process, all penalties, fines and restitution (legal financial obligations or LFOs) order in connection with simple possession convictions must be refunded. Shortly after the Supreme Court's initial February 25, 2021 *Blake* decision, a putative class action was filed against King County, Snohomish County and the State of Washington seeking a refund of LFOs and other unspecified damages. The obligation to refund LFOs is not disputed, but the question of whether refunds are the responsibility of the County or the State is in dispute. The *Blake* decision invalidates at least 54 thousand convictions dating back to 1971 and implicates at least \$9.5 million in refunds of LFOs related to criminal convictions for simple drug possession obtained for the State of Washington out of King County. The State of Washington has rejected a tender of the matter from the counties. King County and Snohomish County have retained an outside firm to help coordinate a defense of the matter and any counterclaims against the State. Although the class action suit is unlikely to succeed, the criminal justice system nonetheless remains obligated to refund LFOs. Current bills in the Legislature require some contribution from the State in the absence of legislation involving untested legal theories.

*Cedar Hills Landfill* - Bio Energy Washington (BEW), by contract with the County, operates a plant at the Cedar Hills Landfill that scrubs and sells landfill gas to Puget Sound Energy. BEW has invoked the dispute resolution clause of the contract, alleging that the County has not been employing "good engineering practices" to collect the landfill gas and has been allowing fugitive gas to escape the landfill. BEW has offered to settle its claim for \$10.0 million, which would be payable by credits toward BEW's payments under the contract to the County. The County disputes BEW's claim and intends to vigorously defend it.

*Folk v. King County* - Plaintiff brought class action lawsuit against King County on behalf of himself and other current or former Department of Judicial Administration employees seeking substantial penalties for alleged delays in paying correct overtime wages. The plaintiff seeks to represent a class of employees to recover allegedly unpaid contract overtime - for the period 2015 to the present - negotiated between the County and King County Corrections Guild. A court ruling on whether the case can proceed as a class action remains pending. The parties mediated the case in March 2021 but did not settle. Trial is scheduled to begin on March 28, 2022.

### **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 2020, there are 15 contingent loan agreements outstanding totaling \$285.0 million. These agreements have maturity dates ranging from 10 to 40 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, 2020 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 DOE could order the County to clean the site. The County would then pursue other potentially liable parties for statutory contribution. There are still on going cleanup studies by the tenant and subtenant at December 31, 2020, 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 2020. 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 2021

On December 15, 2020, the County authorized issuance of up to \$250 million in Limited Tax General Obligation Notes (Commercial Paper) that will be issued from time to time to finance or refinance certain capital projects of the County's sewer system. As of July 2021, the County had drawn down \$79.2 million of the commercial paper notes to finance the Georgetown (\$34.5 million) and Ship Canal (\$44.7 million) projects.

In January 2021, the County made an early redemption of \$12.2 million of Sewer Revenue Bonds, series 2011B, a partial early redemption of \$1.9 million of Multi-Modal Limited Tax General Obligation (payable from Sewer Revenue) Refunding Bonds, series 2017A and 2017B, and an early redemption of \$1.5 million of Limited Tax General Obligation Refunding Bonds, series 2010A.

In February 2021, the County issued \$100 million in commercial paper notes and placed the proceeds in an escrow to refund \$100 million of Junior Lien Variable Rate Demand Sewer Revenue Put Bonds, series 2012.

In June 2021, the County issued \$52.2 million in Limited Tax General Obligation bonds to provide financing for bridge replacement projects, conservation futures land acquisition projects, solid waste operational growth projects and Maleng Regional Justice Center Facility Improvement.

#### 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. Like the State, the County took immediate and aggressive steps to protect residents including declaring a public health emergency on March 1, 2020. On March 22, 2020 the President of the United States declared a major disaster in the state of Washington.

On January 19, 2021 the Metropolitan King County Council passed Ordinance 19228, creating a new employee benefit for certain County employees to cover child care expenses incurred during the 2020-2021 academic year. The County estimates the total cost of the program at \$9 million, and further estimated a \$1.1 million liability in the 2020 financial statements for costs incurred but not reported through December 31, 2020.

Under the March 20, 2020 Presidential Disaster Declaration, the County became eligible to have certain pandemic-related disaster expenses reimbursed by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988 (PL 100-707) at 75 percent of eligible expenses. These reimbursements are included in the County's 2020 financial statements at net realizable value in accordance with GAAP. On March 11, 2021 the President of the United States signed the American Rescue Plan (PL 117-2) into law, appropriating sufficient funding to cover 100 percent of eligible disaster-related costs. On March 25, 2021 FEMA issued a bulletin applying the 100 percent cost reimbursement to all eligible emergency protective measure expenses, including direct federal assistance under the Public Assistance grant program, retroactively to January 20, 2020 and prospectively through September 30, 2021. The County is evaluating the impact of this new guidance on its ability to recover the costs of responding to the pandemic.

The American Rescue Plan (PL 117-2) included a new program to support local governments, the Coronavirus State and Local Fiscal Recovery Fund. The County was allocated a total of \$437.6 million to help cover the costs of responding to and recovering from the pandemic, with \$218.8 million received in May, 2021. US Treasury anticipates releasing the remainder of the allocation in 2022. These funds may be used to reimburse County costs incurred to support public health expenditures; address the negative economic impacts caused by the public health emergency; provide government services funded with tax revenue that declined during the pandemic; provide premium pay for essential workers; or invest in water, sewer, or broadband infrastructure through December 31, 2024.

#### Loans Advanced

On January 14, 2021 The Executive Finance Committee exercised authority granted it by the Metropolitan King County Council under Ordinance 19218 and advanced a loan from the General Fund in the amount of \$11.6 million to the Pacific Science Center Foundation ("the Foundation"). The Foundation offers high-quality science education

experiences at the Pacific Science Center in Seattle, the Mercer Slough Environmental Education Center in Bellevue and as the largest provider, through outreach programming, of informal science learning in the state, annually reaching more than 74 thousand King County students through field trips to its facilities, visits to classrooms and community centers, summer camps at seven locations throughout King County, winter and spring break camps and youth development programs, as well as providing those services to an additional 96 thousand students across the state. The county has an interest in supporting Pacific Science Center because of the benefits it provides for King County youth, particularly low-income youth and youth of color. The loan provides support to the Foundation until operations, which were suspended in March, 2020 due to the pandemic, can resume and will be repaid from Foundation revenues over the period 2022-2029.

### **Major Property Purchases**

On January 19, 2021, Public Transportation Enterprise (Transit) purchased property for \$11.5 million to support the operation of the Access Paratransit program. The property is currently leased out to two tenants with both leases expiring by or before 2025. One of the tenants operates a trucking business and the other tenant operates an Access base under contract to Transit.

As of July 13, 2021, Department of Community and Human Services purchased properties for \$105.5 million to support the operation of the Health Through Housing program, which will serve as permanent supportive housing for chronically homeless households, including both single-room-setting facilities for family housing as well as space for supportive services including behavioral health.

### **Fiduciary Activities - External Investment Pool**

On January 4, 2021 the Soos Creek Water and Sewer District voluntarily withdrew substantially all of their resources, about \$40 million, from the External Investment Pool and instead will act as their own Treasurer.

On April 30, 2021 King County Superior Court ordered the dissolution of the Ronald Wastewater District and the assumption of all the district's assets and liabilities by the City of Shoreline. The Ronald Wastewater District was a member of the External Investment Pool while the City of Shoreline is not. Accordingly, on April 30, 2021 the County transferred substantially all of the District's resources, about \$6 million, from the External Investment Pool.





# Required Supplementary Information

2020  
**COMPREHENSIVE**  
ANNUAL FINANCIAL REPORT



**KING COUNTY**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**  
(in thousands)

**2019-2020 BUDGETED AMOUNTS (BIENNIAL)**

	ORIGINAL	FINAL	ACTUAL	VARIANCE
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 740,306	\$ 762,944	\$ 744,023	\$ (18,921)
Retail sales and use taxes	297,516	309,742	299,403	(10,339)
Business and other taxes	8,900	8,900	7,448	(1,452)
Licenses and permits	15,055	15,055	12,599	(2,456)
Intergovernmental revenues	45,393	132,815	157,734	24,919
Charges for services	579,740	577,132	563,237	(13,895)
Fines and forfeits	49,625	48,869	49,742	873
Interest earnings	24,481	26,581	30,881	4,300
Miscellaneous revenues	41,844	42,412	38,538	(3,874)
Sale of capital assets	—	—	1,088	1,088
Transfers in	25,994	48,355	53,266	4,911
<b>TOTAL REVENUES</b>	<u>1,828,854</u>	<u>1,972,805</u>	<u>1,957,959</u>	<u>(14,846)</u>
<b>EXPENDITURES</b>				
Current:				
General government	325,442	346,138	332,751	13,387
Law, safety and justice	1,263,285	1,341,090	1,300,827	40,263
Economic environment	5,018	14,018	10,011	4,007
Health and human services	93,475	102,059	98,658	3,401
Debt service:				
Principal	207	207	—	207
Interest and other debt service costs	68	87	481	(394)
Capital outlay	3,777	5,502	5,023	479
Transfers out	165,339	234,718	188,405	46,313
<b>TOTAL EXPENDITURES</b>	<u>1,856,611</u>	<u>2,043,819</u>	<u>1,936,156</u>	<u>107,663</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (27,757)</u>	<u>\$ (71,014)</u>	21,803	<u>\$ 92,817</u>
Adjustment from budgetary basis to GAAP basis <sup>(a)</sup>			14,906	
Net change in fund balance			36,709	
Fund balance - Beginning balance			164,081	
Fund balance - Ending balance			<u>\$ 200,790</u>	

<sup>(a)</sup>Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:	
Recognition of unrealized gain/loss on investments	\$ 7,169
Property taxes collected within 60 day availability period	135
Intrafund eliminations	(8,298)
Interfund loans	(11,500)
Non-cash donations	2,427
Total adjustments to revenue	<u>(10,067)</u>
Adjustments to expenditures:	
Wage accrual reversal	(463)
Intrafund eliminations	(8,287)
Interfund loans	(18,650)
Non-cash donations	2,427
Total adjustments to expenditures	<u>(24,973)</u>
Adjustment from budgetary basis to GAAP basis	<u>\$ 14,906</u>

**Behavioral Health Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**For the Year Ended December 31, 2020**  
(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	\$ 7,026	\$ 38
Business and other taxes	—	—	32	32
Intergovernmental revenues	28,200	32,700	29,716	(2,984)
Charges for services	601,950	601,950	492,179	(109,771)
Interest earnings	938	938	647	(291)
Miscellaneous revenues	2,900	2,900	5,937	3,037
Sale of capital assets	—	—	1	1
Transfers in	15,658	15,658	17,586	1,928
<b>TOTAL REVENUES</b>	<u>656,634</u>	<u>661,134</u>	<u>553,124</u>	<u>(108,010)</u>
<b>EXPENDITURES</b>				
Current:				
General government	—	—	7,384	(7,384)
Health and human services	683,898	692,028	582,913	109,115
Debt service:				
Interest and other debt service costs	—	—	5	(5)
Transfers out	—	—	28,222	(28,222)
<b>TOTAL EXPENDITURES</b>	<u>683,898</u>	<u>692,028</u>	<u>618,524</u>	<u>73,504</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (27,264)</u>	<u>\$ (30,894)</u>	(65,400)	<u>\$ (34,506)</u>
Adjustment from budgetary basis to GAAP basis <sup>(a)</sup>			170	
Net change in fund balance			(65,230)	
Fund balance - Beginning balance			34,126	
Prior period adjustment			151	
Fund balance - Ending balance			<u>\$ (30,953)</u>	

<sup>(a)</sup> Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:

Recognition of unrealized gains on investments	\$ 170
Adjustment from budgetary basis to GAAP basis	<u>\$ 170</u>

**KING COUNTY**  
**Required Supplementary Information**  
**Last Ten Fiscal Years**  
**December 31, 2020**

<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)						
	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	8.85 %	8.25 %	8.56 %	8.45 %	8.90 %	8.76 %
County's proportionate share of the net pension liability	\$ 312,368	\$ 317,333	\$ 382,129	\$ 400,803	\$ 477,872	\$ 458,477
County's covered payroll**	\$1,283,745	\$1,196,465	\$1,124,434	\$1,031,025	*** \$1,007,624	\$1,000,211
County's proportionate share of the net pension liability as a percentage of covered payroll	24.33 %	26.52 %	33.98 %	38.87 %	*** 47.43 %	45.84 %
Plan fiduciary net position as a percentage of the total pension liability	68.64 %	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)						
	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	10.85 %	10.06 %	10.29 %	10.14 %	10.52 %	10.36 %
County's proportionate share of the net pension liability	\$ 138,736	\$ 97,735	\$ 175,728	\$ 352,361	\$ 529,855	\$ 370,294
County's covered payroll**	\$1,219,052	\$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	11.38 %	8.54 %	16.38 %	35.38 %	55.58 %	38.98 %
Plan fiduciary net position as a percentage of the total pension liability	97.22 %	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>						
<i>(dollars in thousands)</i>						
	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	8.22 %	8.67 %	9.69 %	9.92 %	11.33 %	9.88 %
County's proportionate share of the net pension liability (asset)	\$ (1,131)	\$ (1,127)	\$ 120	\$ 1,944	\$ 4,817	\$ 1,803
County's covered payroll**	\$ 57,291	\$ 41,656	\$ 38,120	\$ 35,210	\$ 35,577	\$ 29,911
County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	(1.97)%	(2.71)%	0.31 %	5.52 %	13.54 %	6.03 %
Plan fiduciary net position as a percentage of the total pension liability	101.68 %	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>						
<i>(dollars in thousands)</i>						
	2020	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	0.59 %	0.60 %	0.60 %	0.60 %	0.60 %	0.60 %
County's proportionate share of the net pension (asset)	\$ (11,161)	\$ (11,826)	\$ (10,894)	\$ (9,046)	\$ (6,180)	\$ (7,275)
State's proportionate share of the net pension (asset) associated with King County	(75,495)	(79,988)	(73,684)	(61,188)	(41,801)	(49,209)
<b>Total</b>	<b>\$ (86,656)</b>	<b>\$ (91,814)</b>	<b>\$ (84,578)</b>	<b>\$ (70,234)</b>	<b>\$ (47,981)</b>	<b>\$ (56,484)</b>
Plan fiduciary net position as a percentage of the total pension liability	146.88 %	148.78 %	144.42 %	135.96 %	123.74 %	127.36 %

## Notes:

\*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.

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 has no required contributions for the fiscal years 2015 - 2020; thus, there is no covered payroll.

**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)

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	3.15 %	2.63 %	2.88 %	2.91 %	3.02 %	2.90 %
County's proportionate share of the net pension (asset)	\$ (64,158)	\$ (60,885)	\$ (58,520)	\$ (40,429)	\$ (17,543)	\$ (29,819)
State's proportionate share of the net pension (asset) associated with King County	(41,024)	(39,872)	(37,891)	(26,225)	(11,437)	(19,716)
<b>Total</b>	<b>\$ (105,182)</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**	\$ 119,110	\$ 97,381	\$ 95,210	\$ 91,137	\$ 87,895	\$ 86,131
County's proportionate share of the net pension (asset) as a percentage of covered payroll	(53.86)%	(62.52)%	(61.46)%	(44.36)%	(19.96)%	(34.62)%
Plan fiduciary net position as a percentage of the total pension liability	115.83 %	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)

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.04 %	0.05 %	0.05 %	0.07 %	0.09 %	0.11 %
County's proportionate share of the net pension liability	\$ 503	\$ 760	\$ 554	\$ 914	\$ 1,169	\$ 1,219
County's covered payroll**	\$ 1,386	\$ 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	36.29 %	42.04 %	27.38 %	37.61 %	38.84 %	36.88 %
Plan fiduciary net position as a percentage of the total pension liability	71.48 %	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.

<b>Schedule of Contributions</b>						
<b>Public Employees' Retirement System (PERS) Plan 1</b>						
<b>Fiscal Year Ended December 31*</b>						
(dollars in thousands)						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 60,884	\$ 62,259	\$ 59,366	\$ 54,111	\$ 50,154	\$ 25,283
Contributions in relation to the contractually required contribution	60,884	62,259	59,366	54,111	50,154	25,283
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$1,306,676	\$1,245,598	\$1,154,804	\$1,082,715	\$1,028,598	\$ 507,206
Contributions as a percentage of covered payroll	4.66 %	5.00 %	5.14 %	5.00 %	4.88 %	4.98 %

<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)						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 101,390	\$ 93,935	\$ 84,792	\$ 72,763	\$ 62,650	\$ 72,853
Contributions in relation to the contractually required contribution	101,390	93,935	84,792	72,763	62,650	72,853
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$1,251,724	\$1,188,641	\$1,103,984	\$1,031,418	\$ 977,342	\$ 933,304
Contributions as a percentage of covered payroll	8.10 %	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)						
	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,589	\$ 3,518	\$ 2,777	\$ 2,514	\$ 2,319	\$ 2,924
Contributions in relation to the contractually required contribution	3,589	3,518	2,777	2,514	2,319	2,924
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 48,635	\$ 48,039	\$ 39,458	\$ 36,728	\$ 34,253	\$ 33,102
Contributions as a percentage of covered payroll	7.38 %	7.32 %	7.04 %	6.84 %	6.77 %	8.83 %

**Schedule of Contributions**  
**Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2**  
**Fiscal Year Ended December 31\***  
(dollars in thousands)

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 6,657	\$ 5,329	\$ 5,219	\$ 4,956	\$ 4,735	\$ 4,505
Contributions in relation to the contractually required contribution	6,657	5,329	5,219	4,956	4,735	4,505
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 124,889	\$ 99,067	\$ 96,106	\$ 92,952	\$ 90,526	\$ 86,131
Contributions as a percentage of covered payroll	5.33 %	5.38 %	5.43 %	5.33 %	5.23 %	5.23 %

**Schedule of Contributions**  
**Seattle City Employees' Retirement System (SCERS)**  
**Fiscal Year Ended December 31\***  
(dollars in thousands)

	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 225	\$ 275	\$ 309	\$ 371	\$ 458	\$ 520
Contributions in relation to the contractually required contribution	225	275	309	371	458	520
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,386	\$ 1,807	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305
Contributions as a percentage of covered payroll	16.23 %	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 - 2020; thus, no schedule is required.

For fiscal years 2015-2020, the annual money-weighted rate of return on plan investments for each pension plan is disclosed in the 2020 Washington State Department of Retirement Systems Annual Financial Report (AFR). The AFR is available online at <https://www.drs.wa.gov/administration/annual-report/>.

**KING COUNTY**  
**Required Supplementary Information**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
King County Retiree Health Plan  
For the Year Ended December 31, 2020  
Last Ten Fiscal Years  
(dollars in thousands)

	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Total OPEB liability - beginning</b>	\$ 111,272	\$ 111,412	\$ 118,120
Service cost	2,220	2,155	2,092
Interest	4,149	4,138	4,147
Changes in benefit terms	—	—	—
Differences between expected and actual experience	(8,646)	—	3,332
Changes of assumptions	3,310	—	(9,652)
Benefit payments	(3,922)	(4,953)	(5,244)
Other changes	(1,764)	(1,480)	(1,383)
<b>Total OPEB liability - ending</b>	<b>\$ 106,619</b>	<b>\$ 111,272</b>	<b>\$ 111,412</b>
 <b>Covered-employee payroll</b>	 \$1,324,116	 \$1,219,237	 \$1,217,867
 <b>Total OPEB liability as a % of covered payroll</b>	 8.05 %	 9.13 %	 9.15 %

\*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 Statement No. 75.

**KING COUNTY**  
**Required Supplementary Information**  
**Schedule of Condition Assessments and Preservation of Infrastructure Under Modified Approach**  
**For the Year Ended December 31, 2020**  
(dollars in thousands)

**Road 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	<u>456.1</u>	<u>100.0</u>	<u>453.2</u>	<u>100.0</u>	<u>458.7</u>	<u>100.0</u>
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	<u>1,025.5</u>	<u>100.0</u>	<u>1,018.1</u>	<u>100.0</u>	<u>1,049.9</u>	<u>100.0</u>

**Road 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	<u>456.1</u>	<u>100.0</u>	<u>453.2</u>	<u>100.0</u>	<u>458.7</u>	<u>100.0</u>
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	<u>1,025.5</u>	<u>100.0</u>	<u>1,018.1</u>	<u>100.0</u>	<u>1,049.9</u>	<u>100.0</u>

**Roads Estimated Maintenance and Preservation Costs**

	2020	2019	2018	2017	2016
Budgeted	\$ 72,756	\$ 75,333	\$ 80,615	\$ 72,969	\$ 70,969
Expended	53,804	57,632	57,406	59,864	43,820

**Bridge  
Sufficiency Rating**

**Number of Bridges**

	2020	2019	2018
0 - 20	12	9	9
21 - 30	4	4	5
31 - 49	19	20	17
50 - 100	146	145	147
Totals	<u>181</u>	<u>178</u>	<u>178</u>

**Bridge Estimated Maintenance and Preservation Costs**

	2020	2019	2018	2017	2016
Budgeted	\$ 13,653	\$ 12,203	\$ 10,109	\$ 6,605	\$ 4,343
Expended	7,236	6,082	7,906	6,221	3,448

## KING COUNTY

### Notes to Required Supplementary Information Condition Assessments and Preservation of Infrastructure Under Modified Approach

#### 1. 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 100 that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Based on the PCI score, condition ratings are assigned as follows:

- PCI < 30 is defined to be in "poor to substandard" with heavy pavement cracking and potholes
- PCI 30 ≥ 50 is defined to be in "fair condition" with noticeable cracks and utility cuts
- PCI 50 ≥ 100 is defined to be in "excellent condition" with relatively smooth roadway

#### Bridges

King County currently maintains 185 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 to reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotted timbers, deteriorated bridge decks, bank erosion and cracked concrete. 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 181 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. 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 bridge sufficiency rating scale is defined as:

- $49 \leq 0$  indicates replacement or rehabilitation funding, < 30 are selected for rehabilitation funding
- $50 \geq 100$  indicates a good deal of service life remaining, a bridge capable of carrying traffic

#### 2. Roads

King County's Roads Service Division policy is to maintain at least 50 percent of the road system at a PCI level of 40 or better. Condition assessments are undertaken every three years for local streets and every two years for arterial roads.

#### Bridges

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.

#### 3. Roads

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.



# Governmental Funds

2020  
**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 Start for Kids Levy* - Accounts for tax revenues for the purpose of funding prevention and early intervention strategies to improve the health and well being of children, youth, and their communities. Funded programs include 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) Community Services Division (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 adult programs. The funding sources for these two functions are interfund transfers from CSD funds, general fund transfers 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, 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 support to enhance the lives of residents with developmental disabilities and their families. Funded services include an 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. The Directors Office also leads the County's energy conservation and climate change initiatives in coordination with other departments. A climate cost share allocation is charged across the County based on greenhouse gas emissions. This revenue supports these climate change initiatives.

*Emergency Medical Services* - Finances emergency medical programs for developing, implementing and administering various emergency medical services in cooperation with King County fire districts. 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.

*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. The fund also houses the funds received from the U.S. Treasury, for COVID-19 relief, which have not yet been allocated to a County project or agency.

*Historical Preservation* - The Historic Preservation Program (HPP) preserves and protects 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. The intercounty agreement expires on December 31, 2020.

*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* - 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) tax to support mental health and chemical dependency treatment and therapeutic program and services including therapeutic courts. Major categories 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* - Accounts for the 2020-2025 Parks, Recreation, Trails and Open Space Levy, as well as the operation and maintenance of King County's parks and trails, and support of parks in King County cities as well as the Woodland Park Zoo and Seattle Aquarium for the benefit of all King County residents.

*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 voters in a special election held April 2015.

*Puget Sound Taxpayer Accountability* - Accounts for the sales and use tax offset fee of 3.25% of total payments made by Sound Transit on the cost of construction projects from "Sound Transit 3" to improve educational outcomes in early learning, K-12 and higher education including, but not limited to, delivering facilities and programs for children and youth that are low-income, homeless, in foster care, or other vulnerable populations.

*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.

*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 Road Improvement District (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 Surface Water Management operating fund, grants from external agencies, critical area mitigation fees, and interlocal funding. The fund also administers the in-lieu fee mitigation reserves program involving the restoration, establishment, enhancement, and/or preservation of aquatic resources through funds paid to satisfy compensatory mitigation requirements. Also, as a condition of approving the Tacoma Water Comprehensive Plan and Second Supply Project in 1993 the plan identified funds for the purpose of acquiring and restoring habitat, protecting wildlife and water resources, and providing recreational opportunities in the Green River Basin.

*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 areas 1) Housing Stability, 2) Financial Stability, 3) Social Engagement, 4) Healthy Living, 5) Service System Access and Improvement.

*Veterans Relief* - Under the 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.

*IT Services Capital* - Established to account for equipment replacement and general purpose technology projects managed by King County Information Technology.

*KCIT Capital Projects* - Accounts 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. In addition, the fund is used for open space acquisitions or open space easements. Services provided are large scale acquisitions of open space, parks, trails and habitat restoration sites. A stand-alone fund allows a mix of various revenues sources to be collected mostly consisting of state and federal grant funds.

*Parks Capital Projects* - The fund accounts for the capital portion of the Parks Levy. Other revenues include transfers from Real Estate Excise Tax, bond proceeds, and state and federal grants. Specific uses of these funds include the acquisition of open space and natural lands, growth and connection of regional trails, and grant programs to expand access to recreation, protection of open space. In addition, the fund accounts for major capital maintenance projects including repairs and replacement of County parks facilities, the Parks Central Maintenance Facility, and creation of critical infrastructure to access King County Parks.

*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 include 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, 2020**  
(IN THOUSANDS)

	<u>SPECIAL</u> <u>REVENUE</u>	<u>DEBT</u> <u>SERVICE</u>	<u>CAPITAL</u> <u>PROJECTS</u>	<u>TOTAL</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 727,179	\$ 8,643	\$ 311,514	\$ 1,047,336
Taxes receivable-delinquent	11,357	312	940	12,609
Accounts receivable, net	9,081	—	32	9,113
Interest receivable	37	398	—	435
Due from other funds	42,349	7	230	42,586
Due from other governments, net	144,003	—	20,459	164,462
Due from component unit	7,702	—	—	7,702
Inventory	832	—	—	832
Prepayments	14,021	—	4,366	18,387
Advances to other funds	4,000	—	—	4,000
Notes receivable	19,614	129,209	72	148,895
<b>TOTAL ASSETS</b>	<u>\$ 980,175</u>	<u>\$ 138,569</u>	<u>\$ 337,613</u>	<u>\$ 1,456,357</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 139,308	\$ —	\$ 39,077	\$ 178,385
Due to other funds	49,821	—	33	49,854
Interfund short-term loans payable	14,330	—	41,425	55,755
Due to other governments	45,101	—	853	45,954
Due to component unit	740	—	—	740
Wages payable	22,075	—	621	22,696
Taxes payable	59	—	—	59
Unearned revenues	77,598	128,703	780	207,081
Deposits	3,611	—	1	3,612
Advances from other funds	30,787	—	—	30,787
<b>TOTAL LIABILITIES</b>	<u>383,430</u>	<u>128,703</u>	<u>82,790</u>	<u>594,923</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	8,862	250	732	9,844
Unavailable revenue-other receivables	3,012	—	913	3,925
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>11,874</u>	<u>250</u>	<u>1,645</u>	<u>13,769</u>
<b>FUND BALANCES</b>				
Nonspendable	21,860	—	4,366	26,226
Restricted	548,613	2,403	277,863	828,879
Committed	154	—	21	175
Assigned	42,736	7,213	6,305	56,254
Unassigned	(28,492)	—	(35,377)	(63,869)
<b>TOTAL FUND BALANCES</b>	<u>584,871</u>	<u>9,616</u>	<u>253,178</u>	<u>847,665</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 980,175</u>	<u>\$ 138,569</u>	<u>\$ 337,613</u>	<u>\$ 1,456,357</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 559,204	\$ 13,520	\$ 47,523	\$ 620,247
Retail sales and use taxes	101,439	—	—	101,439
Business and other taxes	1,883	3	17,930	19,816
Licenses and permits	20,362	—	—	20,362
Intergovernmental revenues	329,288	11,233	47,426	387,947
Charges for services	279,234	—	4,002	283,236
Fines and forfeits	245	—	1	246
Interest earnings	13,014	5,194	4,781	22,989
Miscellaneous revenues	30,385	—	1,384	31,769
<b>TOTAL REVENUES</b>	<b>1,335,054</b>	<b>29,950</b>	<b>123,047</b>	<b>1,488,051</b>
<b>EXPENDITURES</b>				
Current:				
General government	57,203	—	10,302	67,505
Law, safety and justice	156,243	—	4,079	160,322
Physical environment	23,072	—	—	23,072
Transportation	81,900	—	25,724	107,624
Economic environment	247,419	—	8,481	255,900
Health and human services	588,216	—	40,885	629,101
Culture and recreation	63,183	—	16,186	79,369
Debt service:				
Principal	—	68,672	—	68,672
Interest and other debt service costs	422	28,631	834	29,887
Capital outlay	35,547	—	179,883	215,430
<b>TOTAL EXPENDITURES</b>	<b>1,253,205</b>	<b>97,303</b>	<b>286,374</b>	<b>1,636,882</b>
Excess (deficiency) of revenues over (under) expenditures	81,849	(67,353)	(163,327)	(148,831)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	162,883	66,201	167,225	396,309
Transfers out	(251,410)	—	(51,026)	(302,436)
General government bonds issued	—	—	32,090	32,090
Refunding bonds issued	—	54,065	—	54,065
Premium on general government bonds issued	—	—	8,979	8,979
Payment to refunded bond escrow agent	—	(54,520)	—	(54,520)
Sale of capital assets	1,017	5	1,966	2,988
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(87,510)</b>	<b>65,751</b>	<b>159,234</b>	<b>137,475</b>
Net change in fund balances	(5,661)	(1,602)	(4,093)	(11,356)
Fund balances - beginning	590,573	11,218	258,665	860,456
Prior period adjustment	(41)	—	(1,394)	(1,435)
<b>Fund balances - ending</b>	<b>\$ 584,871</b>	<b>\$ 9,616</b>	<b>\$ 253,178</b>	<b>\$ 847,665</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 1 OF 15)

	TOTAL	ANIMAL SERVICES	ARTS AND CULTURAL DEVELOPMENT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 727,179	\$ 3,542	\$ 137
Taxes receivable-delinquent	11,357	—	—
Accounts receivable, net	9,081	117	—
Interest receivable	37	—	—
Due from other funds	42,349	1	—
Due from other governments, net	144,003	150	—
Due from component unit	7,702	—	7,007
Inventory	832	15	—
Prepayments	14,021	—	11,213
Advances to other funds	4,000	—	—
Notes receivable	19,614	—	—
<b>TOTAL ASSETS</b>	<b>\$ 980,175</b>	<b>\$ 3,825</b>	<b>\$ 18,357</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 139,308	\$ 31	\$ —
Due to other funds	49,821	—	8,144
Interfund short-term loans payable	14,330	—	—
Due to other governments	45,101	—	—
Due to component unit	740	—	—
Wages payable	22,075	229	—
Taxes payable	59	—	—
Unearned revenues	77,598	22	—
Deposits	3,611	2	—
Advances from other funds	30,787	—	7,150
<b>TOTAL LIABILITIES</b>	<b>383,430</b>	<b>284</b>	<b>15,294</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	8,862	—	—
Unavailable revenue-other receivables	3,012	77	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>11,874</b>	<b>77</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	21,860	15	18,220
Restricted	548,613	3,449	54
Committed	154	—	—
Assigned	42,736	—	—
Unassigned	(28,492)	—	(15,211)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>584,871</b>	<b>3,464</b>	<b>3,063</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 980,175</b>	<b>\$ 3,825</b>	<b>\$ 18,357</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(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	\$ 26,812	\$ 55,528	\$ 8,276
Taxes receivable-delinquent	428	1,382	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	21	33	—
Due from other governments, net	—	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 27,261</b>	<b>\$ 56,943</b>	<b>\$ 8,276</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 64	\$ 1,785	\$ 7,382
Due to other funds	—	—	1
Interfund short-term loans payable	—	—	—
Due to other governments	—	133	63
Due to component unit	—	—	37
Wages payable	474	68	99
Taxes payable	51	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>589</b>	<b>1,986</b>	<b>7,582</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	334	1,071	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>334</b>	<b>1,071</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	26,338	53,886	694
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>26,338</b>	<b>53,886</b>	<b>694</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 27,261</b>	<b>\$ 56,943</b>	<b>\$ 8,276</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(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	\$ 26,571	\$ 987	\$ 1,475
Taxes receivable-delinquent	2,527	—	—
Accounts receivable, net	198	—	—
Interest receivable	—	—	—
Due from other funds	21	—	—
Due from other governments, net	908	201	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 30,225</b>	<b>\$ 1,188</b>	<b>\$ 1,475</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,878	\$ 76	\$ 588
Due to other funds	—	100	—
Interfund short-term loans payable	—	—	—
Due to other governments	160	67	—
Due to component unit	—	—	—
Wages payable	2,563	519	172
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	112	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>4,713</b>	<b>762</b>	<b>760</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	2,025	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,025</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	23,487	426	715
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>23,487</b>	<b>426</b>	<b>715</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 30,225</b>	<b>\$ 1,188</b>	<b>\$ 1,475</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(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	\$ 7,398	\$ 1,112	\$ 69,085
Taxes receivable-delinquent	70	—	1,814
Accounts receivable, net	1	13	15
Interest receivable	—	—	—
Due from other funds	4	1	56
Due from other governments, net	11,511	12	118
Due from component unit	—	—	—
Inventory	—	—	145
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 18,984</b>	<b>\$ 1,138</b>	<b>\$ 71,233</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 6,187	\$ 95	\$ 539
Due to other funds	—	—	3
Interfund short-term loans payable	—	—	—
Due to other governments	4,695	15	5,819
Due to component unit	—	—	—
Wages payable	227	261	1,312
Taxes payable	—	—	—
Unearned revenues	303	—	72
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>11,412</b>	<b>371</b>	<b>7,745</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	54	—	1,384
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>54</b>	<b>—</b>	<b>1,384</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	145
Restricted	7,518	—	61,959
Committed	—	—	—
Assigned	—	767	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>7,518</b>	<b>767</b>	<b>62,104</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 18,984</b>	<b>\$ 1,138</b>	<b>\$ 71,233</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 5 OF 15)

	EMERGENCY TELEPHONE ENHANCED 911	EMPLOYMENT AND EDUCATION RESOURCES	ENVIRONMENTAL HEALTH
<b>ASSETS</b>			
Cash and cash equivalents	\$ 40,736	\$ 3,196	\$ 17,101
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	59	816
Interest receivable	—	—	—
Due from other funds	23	—	11
Due from other governments, net	4,377	830	775
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 45,136</b>	<b>\$ 4,085</b>	<b>\$ 18,703</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 723	\$ 2,609	\$ 624
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	52	7
Due to component unit	—	—	—
Wages payable	79	283	1,138
Taxes payable	—	—	—
Unearned revenues	—	—	4,979
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>802</b>	<b>2,944</b>	<b>6,748</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	487
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>487</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	43,972	1,141	11,468
Committed	—	—	—
Assigned	362	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>44,334</b>	<b>1,141</b>	<b>11,468</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 45,136</b>	<b>\$ 4,085</b>	<b>\$ 18,703</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(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	\$ 113,298	\$ 39,284	\$ 560
Taxes receivable-delinquent	1,155	—	—
Accounts receivable, net	90	49	—
Interest receivable	—	—	—
Due from other funds	—	165	3
Due from other governments, net	—	8,147	10
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	4,000	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 118,543</b>	<b>\$ 47,645</b>	<b>\$ 573</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 298	\$ 4,066	\$ 44
Due to other funds	41,495	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Due to component unit	—	—	—
Wages payable	—	311	30
Taxes payable	—	—	—
Unearned revenues	—	35,779	—
Deposits	—	8	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>41,793</b>	<b>40,164</b>	<b>74</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	910	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>910</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	75,840	7,481	499
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>75,840</b>	<b>7,481</b>	<b>499</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 118,543</b>	<b>\$ 47,645</b>	<b>\$ 573</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 7 OF 15)

	HOUSING AND COMMUNITY DEVELOPMENT	INTERCOUNTY RIVER IMPROVEMENT	KC FLOOD CONTROL CONTRACT
<b>ASSETS</b>			
Cash and cash equivalents	\$ 62,329	\$ 18	\$ 147
Taxes receivable-delinquent	—	1	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	248	—	41,495
Due from other governments, net	37,905	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	11,608	—	—
<b>TOTAL ASSETS</b>	<b>\$ 112,090</b>	<b>\$ 19</b>	<b>\$ 41,642</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 47,433	\$ —	\$ 3,832
Due to other funds	—	—	7
Interfund short-term loans payable	—	—	14,330
Due to other governments	1,481	—	19,024
Due to component unit	10	—	—
Wages payable	468	—	535
Taxes payable	—	—	—
Unearned revenues	1,390	—	—
Deposits	294	—	—
Advances from other funds	—	—	4,000
<b>TOTAL LIABILITIES</b>	<b>51,076</b>	<b>—</b>	<b>41,728</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	59,614	18	—
Committed	—	—	—
Assigned	1,400	—	—
Unassigned	—	—	(86)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>61,014</b>	<b>18</b>	<b>(86)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 112,090</b>	<b>\$ 19</b>	<b>\$ 41,642</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 8 OF 15 - CONTINUED)

	LAW LIBRARY	LOCAL HAZARDOUS WASTE	LONG-TERM LEASES
<b>ASSETS</b>			
Cash and cash equivalents	\$ 577	\$ 13,044	\$ 151
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	1,571	—
Interest receivable	—	—	37
Due from other funds	—	13	—
Due from other governments, net	—	1,529	8,849
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	2,787
Advances to other funds	—	—	—
Notes receivable	—	—	8,006
<b>TOTAL ASSETS</b>	<b>\$ 577</b>	<b>\$ 16,157</b>	<b>\$ 19,830</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 11	\$ 1	\$ 344
Due to other funds	—	—	7
Interfund short-term loans payable	—	—	—
Due to other governments	—	1,082	—
Due to component unit	—	—	—
Wages payable	—	—	—
Taxes payable	—	—	—
Unearned revenues	—	—	7,979
Deposits	—	—	—
Advances from other funds	—	—	15,534
<b>TOTAL LIABILITIES</b>	<b>11</b>	<b>1,083</b>	<b>23,864</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	—	—	2,787
Restricted	566	15,074	—
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	(6,821)
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>566</b>	<b>15,074</b>	<b>(4,034)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 577</b>	<b>\$ 16,157</b>	<b>\$ 19,830</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 9 OF 15)

	MAJOR MAINTENANCE	MENTAL ILLNESS AND DRUG DEPENDENCY	NOXIOUS WEED CONTROL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 23,144	\$ 15,518	\$ 2,315
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	150
Interest receivable	—	—	—
Due from other funds	—	11	2
Due from other governments, net	—	13,224	19
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 23,144</b>	<b>\$ 28,753</b>	<b>\$ 2,486</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,053	\$ 2,577	\$ 113
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	95	1
Due to component unit	—	135	—
Wages payable	31	499	120
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>4,084</b>	<b>3,306</b>	<b>234</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	81
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>81</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	—	25,447	2,171
Committed	—	—	—
Assigned	19,060	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>19,060</b>	<b>25,447</b>	<b>2,171</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 23,144</b>	<b>\$ 28,753</b>	<b>\$ 2,486</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(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	\$ 26,768	\$ 6,718	\$ 37,511
Taxes receivable-delinquent	2,127	—	—
Accounts receivable, net	118	1,125	1,909
Interest receivable	—	—	—
Due from other funds	65	5	3
Due from other governments, net	94	—	51,918
Due from component unit	—	—	695
Inventory	—	—	672
Prepayments	—	—	21
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 29,172</b>	<b>\$ 7,848</b>	<b>\$ 92,729</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 301	\$ 271	\$ 44,415
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	205	2,631	3,843
Due to component unit	—	—	558
Wages payable	1,738	546	7,789
Taxes payable	6	—	2
Unearned revenues	70	1,823	2,257
Deposits	11	3,184	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>2,331</b>	<b>8,455</b>	<b>58,864</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	1,637	—	—
Unavailable revenue-other receivables	—	18	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,637</b>	<b>18</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	693
Restricted	25,204	1,492	31,222
Committed	—	154	—
Assigned	—	—	1,950
Unassigned	—	(2,271)	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>25,204</b>	<b>(625)</b>	<b>33,865</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 29,172</b>	<b>\$ 7,848</b>	<b>\$ 92,729</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 11 OF 15)

	PUGET SOUND EMERGENCY NETWORK LEVY	PUGET SOUND TAXPAYER ACCOUNTABILITY	RECORDER'S OPERATING AND MAINTENANCE
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,644	\$ 2,895	\$ 2,680
Taxes receivable-delinquent	638	—	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	4	2	8
Due from other governments, net	—	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 2,286</b>	<b>\$ 2,897</b>	<b>\$ 2,688</b>
<b>LIABILITIES</b>			
Accounts payable	\$ —	\$ 7	\$ 1
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Due to component unit	—	—	—
Wages payable	—	14	35
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>—</b>	<b>21</b>	<b>36</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	499	—	—
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>499</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	1,787	2,876	2,652
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>1,787</b>	<b>2,876</b>	<b>2,652</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 2,286</b>	<b>\$ 2,897</b>	<b>\$ 2,688</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(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	\$ 3	\$ 12	\$ 43,777
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	1	44
Interest receivable	—	—	—
Due from other funds	—	—	32
Due from other governments, net	—	—	548
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 3</b>	<b>\$ 13</b>	<b>\$ 44,401</b>
<b>LIABILITIES</b>			
Accounts payable	\$ —	\$ —	\$ 1,153
Due to other funds	3	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	3,641
Due to component unit	—	—	—
Wages payable	—	—	113
Taxes payable	—	—	—
Unearned revenues	—	—	22,160
Deposits	—	—	—
Advances from other funds	4,103	—	—
<b>TOTAL LIABILITIES</b>	<b>4,106</b>	<b>—</b>	<b>27,067</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	17,334
Committed	—	—	—
Assigned	—	—	—
Unassigned	(4,103)	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>(4,103)</b>	<b>13</b>	<b>17,334</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 3</b>	<b>\$ 13</b>	<b>\$ 44,401</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(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	\$ 19,727	\$ 617	\$ 16,402
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	2,805	—	—
Interest receivable	—	—	—
Due from other funds	14	—	12
Due from other governments, net	2,594	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 25,140</b>	<b>\$ 617</b>	<b>\$ 16,414</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,822	\$ —	\$ —
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	110	—	—
Due to component unit	—	—	—
Wages payable	2,143	—	8
Taxes payable	—	—	—
Unearned revenues	764	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>4,839</b>	<b>—</b>	<b>8</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	2,349	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,349</b>	<b>—</b>	<b>—</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	17,952	617	—
Committed	—	—	—
Assigned	—	—	16,406
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>17,952</b>	<b>617</b>	<b>16,406</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 25,140</b>	<b>\$ 617</b>	<b>\$ 16,414</b>

## NONMAJOR SPECIAL REVENUE FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(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	\$ 523	\$ 27,152	\$ 557
Taxes receivable-delinquent	—	1,153	62
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	1	88	1
Due from other governments, net	—	5	15
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 524</b>	<b>\$ 28,398</b>	<b>\$ 635</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3	\$ 5,659	\$ 68
Due to other funds	—	—	61
Interfund short-term loans payable	—	—	—
Due to other governments	—	1,670	21
Due to component unit	—	—	—
Wages payable	—	209	38
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
<b>TOTAL LIABILITIES</b>	<b>3</b>	<b>7,538</b>	<b>188</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	899	48
Unavailable revenue-other receivables	—	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>899</b>	<b>48</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	350	19,961	399
Committed	—	—	—
Assigned	171	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES (DEFICITS)</b>	<b>521</b>	<b>19,961</b>	<b>399</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$ 524</b>	<b>\$ 28,398</b>	<b>\$ 635</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 15 OF 15 - CONCLUDED)

**YOUTH  
AMATEUR  
SPORTS**

**ASSETS**

Cash and cash equivalents	\$	7,852
Taxes receivable-delinquent		—
Accounts receivable, net		—
Interest receivable		—
Due from other funds		6
Due from other governments, net		264
Due from component unit		—
Inventory		—
Prepayments		—
Advances to other funds		—
Notes receivable		—
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>8,122</b>

**LIABILITIES**

Accounts payable	\$	255
Due to other funds		—
Interfund short-term loans payable		—
Due to other governments		286
Due to component unit		—
Wages payable		24
Taxes payable		—
Unearned revenues		—
Deposits		—
Advances from other funds		—
<b>TOTAL LIABILITIES</b>		<b>565</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue-property taxes		—
Unavailable revenue-other receivables		—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>—</b>

**FUND BALANCES**

Nonspendable		—
Restricted		4,937
Committed		—
Assigned		2,620
Unassigned		—
<b>TOTAL FUND BALANCES (DEFICITS)</b>		<b>7,557</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>	<b>\$</b>	<b>8,122</b>

**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING BALANCE SHEET**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)

	<b>TOTAL</b>	<b>LIMITED GO BOND REDEMPTION</b>	<b>UNLIMITED GO BOND REDEMPTION</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,643	\$ 6,304	\$ 2,339
Taxes receivable - delinquent	312	—	312
Interest receivable	398	398	—
Due from other funds	7	5	2
Notes receivable	129,209	129,209	—
<b>TOTAL ASSETS</b>	<b>\$ 138,569</b>	<b>\$ 135,916</b>	<b>\$ 2,653</b>
<b>LIABILITIES</b>			
Unearned revenues	\$ 128,703	\$ 128,703	\$ —
<b>TOTAL LIABILITIES</b>	<b>128,703</b>	<b>128,703</b>	<b>—</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	250	—	250
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>250</b>	<b>—</b>	<b>250</b>
<b>FUND BALANCES</b>			
Restricted	2,403	—	2,403
Assigned	7,213	7,213	—
<b>TOTAL FUND BALANCES</b>	<b>9,616</b>	<b>7,213</b>	<b>2,403</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 138,569</b>	<b>\$ 135,916</b>	<b>\$ 2,653</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 1 OF 5)

	TOTAL	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES
<b>ASSETS</b>			
Cash and cash equivalents	\$ 311,514	\$ 17,405	\$ 31,614
Taxes receivable—delinquent	940	3	414
Accounts receivable, net	32	—	—
Due from other funds	230	10	26
Due from other governments, net	20,459	17,207	—
Prepayments	4,366	—	—
Notes receivable	72	—	—
<b>TOTAL ASSETS</b>	<b>\$ 337,613</b>	<b>\$ 34,625</b>	<b>\$ 32,054</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 39,077	\$ 16,746	\$ 35
Due to other funds	33	—	—
Interfund short-term loans payable	41,425	41,123	—
Due to other governments	853	—	805
Wages payable	621	38	14
Unearned revenues	780	—	—
Deposits	1	1	—
<b>TOTAL LIABILITIES</b>	<b>82,790</b>	<b>57,908</b>	<b>854</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue—property taxes	732	3	322
Unavailable revenue—other receivables	913	—	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,645</b>	<b>3</b>	<b>322</b>
<b>FUND BALANCES</b>			
Nonspendable	4,366	—	—
Restricted	277,863	12,091	30,878
Committed	21	—	—
Assigned	6,305	—	—
Unassigned	(35,377)	(35,377)	—
<b>TOTAL FUND BALANCES</b>	<b>253,178</b>	<b>(23,286)</b>	<b>30,878</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 337,613</b>	<b>\$ 34,625</b>	<b>\$ 32,054</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 2 OF 5 - CONTINUED)

	ENHANCED 911 CAPITAL	FARMLAND AND OPEN SPACE ACQUISITION	IT SERVICES CAPITAL
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,371	\$ 7	\$ 5,527
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	3	—	—
Due from other governments, net	—	—	—
Prepayments	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 4,374</b>	<b>\$ 7</b>	<b>\$ 5,527</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 29	\$ 4	\$ 1,196
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	1	—
Unearned revenues	—	—	—
Deposits	—	—	—
<b>TOTAL LIABILITIES</b>	<b>29</b>	<b>5</b>	<b>1,196</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	4,345	2	—
Committed	—	—	—
Assigned	—	—	4,331
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>4,345</b>	<b>2</b>	<b>4,331</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,374</b>	<b>\$ 7</b>	<b>\$ 5,527</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 3 OF 5)

	KCIT CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED	PARKS CAPITAL PROJECTS
<b>ASSETS</b>			
Cash and cash equivalents	\$ 32,655	\$ 302	\$ 116,809
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	32
Due from other funds	22	—	89
Due from other governments, net	—	365	394
Prepayments	—	—	4,366
Notes receivable	—	—	72
<b>TOTAL ASSETS</b>	<b>\$ 32,677</b>	<b>\$ 667</b>	<b>\$ 121,762</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,166	\$ —	\$ 3,975
Due to other funds	—	—	33
Interfund short-term loans payable	—	302	—
Due to other governments	—	—	48
Wages payable	124	1	157
Unearned revenues	—	—	780
Deposits	—	—	—
<b>TOTAL LIABILITIES</b>	<b>1,290</b>	<b>303</b>	<b>4,993</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue—property taxes	—	—	—
Unavailable revenue—other receivables	—	—	72
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>72</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	4,366
Restricted	29,392	364	112,331
Committed	21	—	—
Assigned	1,974	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>31,387</b>	<b>364</b>	<b>116,697</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 32,677</b>	<b>\$ 667</b>	<b>\$ 121,762</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 4 OF 5 - CONTINUED)

	PUGET SOUND EMERGENCY NETWORK CAP	REAL ESTATE EXCISE TAX CAPITAL	ROADS CAPITAL PROGRAM
<b>ASSETS</b>			
Cash and cash equivalents	\$ 22,289	\$ 40,975	\$ 39,157
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	17	33	30
Due from other governments, net	—	—	2,493
Prepayments	—	—	—
Notes receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>\$ 22,306</b>	<b>\$ 41,008</b>	<b>\$ 41,680</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 13,560	\$ —	\$ 2,366
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	174	—	112
Unearned revenues	—	—	—
Deposits	—	—	—
<b>TOTAL LIABILITIES</b>	<b>13,734</b>	<b>—</b>	<b>2,478</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	841
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>—</b>	<b>—</b>	<b>841</b>
<b>FUND BALANCES</b>			
Nonspendable	—	—	—
Restricted	8,572	41,008	38,361
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
<b>TOTAL FUND BALANCES</b>	<b>8,572</b>	<b>41,008</b>	<b>38,361</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 22,306</b>	<b>\$ 41,008</b>	<b>\$ 41,680</b>

## NONMAJOR CAPITAL PROJECTS FUNDS

## COMBINING BALANCE SHEET

DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 5 OF 5 - CONCLUDED)

**YOUTH  
SERVICES  
FACILITIES**

**ASSETS**

Cash and cash equivalents	\$	403
Taxes receivable—delinquent		523
Accounts receivable, net		—
Due from other funds		—
Due from other governments, net		—
Prepayments		—
Notes receivable		—
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>926</b>

**LIABILITIES**

Accounts payable	\$	—
Due to other funds		—
Interfund short-term loans payable		—
Due to other governments		—
Wages payable		—
Unearned revenues		—
Deposits		—
<b>TOTAL LIABILITIES</b>		<b>—</b>

**DEFERRED INFLOWS OF RESOURCES**

Unavailable revenue-property taxes		407
Unavailable revenue-other receivables		—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>		<b>407</b>

**FUND BALANCES**

Nonspendable		—
Restricted		519
Committed		—
Assigned		—
Unassigned		—
<b>TOTAL FUND BALANCES</b>		<b>519</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$</b>	<b>926</b>



**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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	<u>TOTAL</u>	<u>ANIMAL SERVICES</u>	<u>ARTS AND CULTURAL DEVELOPMENT</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 559,204	\$ —	\$ —
Retail sales and use taxes	101,439	—	—
Business and other taxes	1,883	—	—
Licenses and permits	20,362	2,893	—
Intergovernmental revenues	329,288	—	4,350
Charges for services	279,234	1,459	—
Fines and forfeits	245	17	—
Interest earnings	13,014	22	28
Miscellaneous revenues	30,385	1,461	—
<b>TOTAL REVENUES</b>	<u>1,335,054</u>	<u>5,852</u>	<u>4,378</u>
<b>EXPENDITURES</b>			
Current:			
General government	57,203	919	4,350
Law, safety and justice	156,243	—	—
Physical environment	23,072	—	—
Transportation	81,900	—	—
Economic environment	247,419	6,272	—
Health and human services	588,216	—	—
Culture and recreation	63,183	—	535
Debt service:			
Interest and other debt service costs	422	—	4
Capital outlay	35,547	7	15
<b>TOTAL EXPENDITURES</b>	<u>1,253,205</u>	<u>7,198</u>	<u>4,904</u>
Excess (deficiency) of revenues over (under) expenditures	<u>81,849</u>	<u>(1,346)</u>	<u>(526)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	162,883	2,545	276
Transfers out	(251,410)	(26)	(91)
Sale of capital assets	1,017	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(87,510)</u>	<u>2,519</u>	<u>185</u>
Net change in fund balances	(5,661)	1,173	(341)
Fund balances (deficits) - beginning	590,573	2,291	3,404
Prior period adjustment	(41)	—	—
<b>Fund balances (deficits) - ending</b>	<u>\$ 584,871</u>	<u>\$ 3,464</u>	<u>\$ 3,063</u>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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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	\$ 21,596	\$ 71,855	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	87	306	—
Licenses and permits	—	—	—
Intergovernmental revenues	3	11	36,918
Charges for services	1	—	—
Fines and forfeits	—	—	—
Interest earnings	447	946	66
Miscellaneous revenues	1	2	—
<b>TOTAL REVENUES</b>	<b>22,135</b>	<b>73,120</b>	<b>36,984</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	3,554
Law, safety and justice	18,714	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	20,637
Health and human services	—	20,451	19,103
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	1
Capital outlay	7	—	—
<b>TOTAL EXPENDITURES</b>	<b>18,721</b>	<b>20,451</b>	<b>43,295</b>
Excess (deficiency) of revenues over (under) expenditures	3,414	52,669	(6,311)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	7,147
Transfers out	(2,477)	(69,288)	(270)
Sale of capital assets	8	26	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2,469)</b>	<b>(69,262)</b>	<b>6,877</b>
Net change in fund balances	945	(16,593)	566
Fund balances (deficits) - beginning	25,393	70,479	128
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 26,338</b>	<b>\$ 53,886</b>	<b>\$ 694</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
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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	\$ 92,435	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	280	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	12,512	2,014	3,602
Charges for services	7,288	—	4,200
Fines and forfeits	—	—	—
Interest earnings	448	15	21
Miscellaneous revenues	177	200	—
<b>TOTAL REVENUES</b>	<b>113,140</b>	<b>2,229</b>	<b>7,823</b>
<b>EXPENDITURES</b>			
Current:			
General government	6,991	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	81,431	—	469
Economic environment	—	—	6,953
Health and human services	—	8,727	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	72	—	—
Capital outlay	1,841	—	—
<b>TOTAL EXPENDITURES</b>	<b>90,335</b>	<b>8,727</b>	<b>7,422</b>
Excess (deficiency) of revenues over (under) expenditures	22,805	(6,498)	401
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	6,436	5
Transfers out	(28,513)	(27)	(24)
Sale of capital assets	846	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(27,667)</b>	<b>6,409</b>	<b>(19)</b>
Net change in fund balances	(4,862)	(89)	382
Fund balances (deficits) - beginning	28,349	515	333
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 23,487</b>	<b>\$ 426</b>	<b>\$ 715</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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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	\$ 3,561	\$ —	\$ 100,556
Retail sales and use taxes	—	—	—
Business and other taxes	14	—	262
Licenses and permits	—	—	25
Intergovernmental revenues	51	—	24
Charges for services	39,451	6,555	385
Fines and forfeits	—	—	—
Interest earnings	429	29	1,056
Miscellaneous revenues	6	108	130
<b>TOTAL REVENUES</b>	<b>43,512</b>	<b>6,692</b>	<b>102,438</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	83,291
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	7,837	—
Health and human services	52,201	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	7
<b>TOTAL EXPENDITURES</b>	<b>52,201</b>	<b>7,837</b>	<b>83,298</b>
Excess (deficiency) of revenues over (under) expenditures	(8,689)	(1,145)	19,140
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9,267	1,370	—
Transfers out	(537)	(68)	(107)
Sale of capital assets	1	—	60
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>8,731</b>	<b>1,302</b>	<b>(47)</b>
Net change in fund balances	42	157	19,093
Fund balances (deficits) - beginning	7,476	610	43,011
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 7,518</b>	<b>\$ 767</b>	<b>\$ 62,104</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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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	25,507	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	17,332
Intergovernmental revenues	167	2,457	3,264
Charges for services	—	—	7,184
Fines and forfeits	—	—	62
Interest earnings	791	—	305
Miscellaneous revenues	29	483	170
<b>TOTAL REVENUES</b>	<b>26,494</b>	<b>2,940</b>	<b>28,317</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	1	—
Law, safety and justice	10,645	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	18,149	—
Health and human services	—	—	28,443
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	4
<b>TOTAL EXPENDITURES</b>	<b>10,645</b>	<b>18,150</b>	<b>28,447</b>
Excess (deficiency) of revenues over (under) expenditures	15,849	(15,210)	(130)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	16,371	641
Transfers out	(19)	(350)	(2,359)
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(19)</b>	<b>16,021</b>	<b>(1,718)</b>
Net change in fund balances	15,830	811	(1,848)
Fund balances (deficits) - beginning	28,504	330	13,316
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 44,334</b>	<b>\$ 1,141</b>	<b>\$ 11,468</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
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	<b>FLOOD CONTROL DISTRICT</b>	<b>GRANTS FUND</b>	<b>HISTORICAL PRESERVATION</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 58,386	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	270	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	24,504	21
Charges for services	—	3,195	619
Fines and forfeits	—	—	—
Interest earnings	1,894	2,111	8
Miscellaneous revenues	—	1,390	2
<b>TOTAL REVENUES</b>	<b>60,550</b>	<b>31,200</b>	<b>650</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	4,247	—
Law, safety and justice	—	21,689	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	52,771	14	—
Health and human services	—	—	—
Culture and recreation	—	—	574
Debt service:			
Interest and other debt service costs	131	—	—
Capital outlay	25,197	908	—
<b>TOTAL EXPENDITURES</b>	<b>78,099</b>	<b>26,858</b>	<b>574</b>
Excess (deficiency) of revenues over (under) expenditures	(17,549)	4,342	76
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	82	91
Transfers out	(1,280)	(296)	(2)
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,280)</b>	<b>(214)</b>	<b>89</b>
Net change in fund balances	(18,829)	4,128	165
Fund balances (deficits) - beginning	94,710	3,353	334
Prior period adjustment	(41)	—	—
Fund balances (deficits) - ending	<b>\$ 75,840</b>	<b>\$ 7,481</b>	<b>\$ 499</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
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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	\$ —	\$ 45	\$ —
Retail sales and use taxes	3,435	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	84,439	—	74
Charges for services	25,924	—	30
Fines and forfeits	—	—	—
Interest earnings	940	—	(29)
Miscellaneous revenues	3,087	—	120
<b>TOTAL REVENUES</b>	<b>117,825</b>	<b>45</b>	<b>195</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	73,239	—	154
Health and human services	83,333	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	43	—	—
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>156,615</b>	<b>—</b>	<b>154</b>
Excess (deficiency) of revenues over (under) expenditures	(38,790)	45	41
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	25,579	—	44
Transfers out	(3,276)	(44)	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>22,303</b>	<b>(44)</b>	<b>44</b>
Net change in fund balances	(16,487)	1	85
Fund balances (deficits) - beginning	77,501	17	(171)
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<u>\$ 61,014</u>	<u>\$ 18</u>	<u>\$ (86)</u>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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(IN THOUSANDS)

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	LAW LIBRARY	LOCAL HAZARDOUS WASTE	LONG-TERM LEASES
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	10,841
Charges for services	1,081	17,664	248
Fines and forfeits	—	—	—
Interest earnings	9	267	342
Miscellaneous revenues	—	—	17,897
<b>TOTAL REVENUES</b>	<b>1,090</b>	<b>17,931</b>	<b>29,328</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	32,400
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	18,060	—
Culture and recreation	1,032	—	—
Debt service:			
Interest and other debt service costs	—	—	54
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>1,032</b>	<b>18,060</b>	<b>32,454</b>
Excess (deficiency) of revenues over (under) expenditures	58	(129)	(3,126)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	—
Transfers out	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>—</b>	<b>—</b>	<b>—</b>
Net change in fund balances	58	(129)	(3,126)
Fund balances (deficits) - beginning	508	15,203	(908)
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 566</b>	<b>\$ 15,074</b>	<b>\$ (4,034)</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	—	70,393	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	121
Charges for services	10,086	—	3,931
Fines and forfeits	—	—	—
Interest earnings	—	171	36
Miscellaneous revenues	—	—	45
<b>TOTAL REVENUES</b>	<b>10,086</b>	<b>70,564</b>	<b>4,133</b>
<b>EXPENDITURES</b>			
Current:			
General government	2,893	—	—
Law, safety and justice	12,420	9,484	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	12	—	3,370
Health and human services	—	50,951	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	32
<b>TOTAL EXPENDITURES</b>	<b>15,325</b>	<b>60,435</b>	<b>3,402</b>
Excess (deficiency) of revenues over (under) expenditures	(5,239)	10,129	731
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	—
Transfers out	(2)	(8,814)	(381)
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(2)</b>	<b>(8,814)</b>	<b>(381)</b>
Net change in fund balances	(5,241)	1,315	350
Fund balances (deficits) - beginning	24,301	24,132	1,821
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 19,060</b>	<b>\$ 25,447</b>	<b>\$ 2,171</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
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	<b>PARKS OPERATING LEVY</b>	<b>PERMITTING AND ABATEMENT</b>	<b>PUBLIC HEALTH</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 115,551	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	495	—	—
Licenses and permits	30	14	68
Intergovernmental revenues	146	302	134,382
Charges for services	1,344	11,180	60,527
Fines and forfeits	22	143	—
Interest earnings	474	127	—
Miscellaneous revenues	652	3	3,476
<b>TOTAL REVENUES</b>	<b>118,714</b>	<b>11,769</b>	<b>198,453</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	82	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	16,124	—
Health and human services	—	—	270,926
Culture and recreation	56,457	—	—
Debt service:			
Interest and other debt service costs	—	—	1
Capital outlay	509	—	178
<b>TOTAL EXPENDITURES</b>	<b>56,966</b>	<b>16,206</b>	<b>271,105</b>
Excess (deficiency) of revenues over (under) expenditures	61,748	(4,437)	(72,652)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	4,019	76,713
Transfers out	(54,618)	(65)	(808)
Sale of capital assets	42	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(54,576)</b>	<b>3,954</b>	<b>75,905</b>
Net change in fund balances	7,172	(483)	3,253
Fund balances (deficits) - beginning	18,032	(142)	30,612
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 25,204</b>	<b>\$ (625)</b>	<b>\$ 33,865</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>PUGET SOUND TAXPAYER ACCOUNTABILITY</b>	<b>RECORDER'S OPERATING AND MAINTENANCE</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 33,271	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	142	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	5	4,783	667
Charges for services	—	—	1,402
Fines and forfeits	—	—	—
Interest earnings	98	48	42
Miscellaneous revenues	—	—	—
<b>TOTAL REVENUES</b>	<b>33,516</b>	<b>4,831</b>	<b>2,111</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	1,524
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	1,885	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>—</b>	<b>1,885</b>	<b>1,524</b>
Excess (deficiency) of revenues over (under) expenditures	33,516	2,946	587
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	71
Transfers out	(33,027)	(70)	(118)
Sale of capital assets	12	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(33,015)</b>	<b>(70)</b>	<b>(47)</b>
Net change in fund balances	501	2,876	540
Fund balances (deficits) - beginning	1,286	—	2,112
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 1,787</b>	<b>\$ 2,876</b>	<b>\$ 2,652</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
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(IN THOUSANDS)

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	<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	—	—	1,393
Charges for services	—	—	3,703
Fines and forfeits	—	—	—
Interest earnings	(5)	—	711
Miscellaneous revenues	—	—	762
<b>TOTAL REVENUES</b>	<b>(5)</b>	<b>—</b>	<b>6,569</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	6,890
Transportation	—	—	—
Economic environment	—	—	2,133
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	67	—	—
Capital outlay	—	—	5,662
<b>TOTAL EXPENDITURES</b>	<b>67</b>	<b>—</b>	<b>14,685</b>
Excess (deficiency) of revenues over (under) expenditures	(72)	—	(8,116)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,300	—	7,488
Transfers out	—	—	(453)
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>2,300</b>	<b>—</b>	<b>7,035</b>
Net change in fund balances	2,228	—	(1,081)
Fund balances (deficits) - beginning	(6,331)	13	18,415
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ (4,103)</b>	<b>\$ 13</b>	<b>\$ 17,334</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 13 OF 15)

	<b>SURFACE WATER MANAGEMENT</b>	<b>TREASURER'S OPERATING AND MAINTENANCE</b>	<b>TRANSFER OF DEVELOPER CREDIT</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 1	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	2,193	—	—
Charges for services	65,658	399	5,720
Fines and forfeits	1	—	—
Interest earnings	282	—	241
Miscellaneous revenues	121	—	1
<b>TOTAL REVENUES</b>	<b>68,256</b>	<b>399</b>	<b>5,962</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	242	—
Law, safety and justice	—	—	—
Physical environment	16,182	—	—
Transportation	—	—	—
Economic environment	39,266	—	281
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	43	—	—
Capital outlay	24	—	1,156
<b>TOTAL EXPENDITURES</b>	<b>55,515</b>	<b>242</b>	<b>1,437</b>
Excess (deficiency) of revenues over (under) expenditures	12,741	157	4,525
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	2,438	—	—
Transfers out	(12,251)	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(9,813)</b>	<b>—</b>	<b>—</b>
Net change in fund balances	2,928	157	4,525
Fund balances (deficits) - beginning	15,024	460	11,881
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	<b>\$ 17,952</b>	<b>\$ 617</b>	<b>\$ 16,406</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(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	\$ —	\$ 58,773	\$ 3,174
Retail sales and use taxes	—	—	—
Business and other taxes	—	13	14
Licenses and permits	—	—	—
Intergovernmental revenues	—	36	8
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	10	472	12
Miscellaneous revenues	—	2	60
<b>TOTAL REVENUES</b>	<b>10</b>	<b>59,296</b>	<b>3,268</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	207	—	—
Health and human services	—	30,747	3,389
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
<b>TOTAL EXPENDITURES</b>	<b>207</b>	<b>30,747</b>	<b>3,389</b>
Excess (deficiency) of revenues over (under) expenditures	(197)	28,549	(121)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	—
Transfers out	—	(30,737)	(264)
Sale of capital assets	—	21	1
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>—</b>	<b>(30,716)</b>	<b>(263)</b>
Net change in fund balances	(197)	(2,167)	(384)
Fund balances (deficits) - beginning	718	22,128	783
Prior period adjustment	—	—	—
<b>Fund balances (deficits) - ending</b>	<b>\$ 521</b>	<b>\$ 19,961</b>	<b>\$ 399</b>

**NONMAJOR SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 15 OF 15 - CONCLUDED)

**YOUTH  
AMATEUR  
SPORTS**

**REVENUES**

Taxes:		
Property taxes	\$	—
Retail sales and use taxes		2,104
Business and other taxes		—
Licenses and permits		—
Intergovernmental revenues		—
Charges for services		—
Fines and forfeits		—
Interest earnings		150
Miscellaneous revenues		—
<b>TOTAL REVENUES</b>		<b>2,254</b>

**EXPENDITURES**

Current:		
General government		—
Law, safety and justice		—
Physical environment		—
Transportation		—
Economic environment		—
Health and human services		—
Culture and recreation		4,585
Debt service:		
Interest and other debt service costs		6
Capital outlay		—
<b>TOTAL EXPENDITURES</b>		<b>4,591</b>
Excess (deficiency) of revenues over (under) expenditures		<b>(2,337)</b>

**OTHER FINANCING SOURCES (USES)**

Transfers in		—
Transfers out		(748)
Sale of capital assets		—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>(748)</b>
Net change in fund balances		(3,085)
Fund balances (deficits) - beginning		10,642
Prior period adjustment		—
Fund balances (deficits) - ending	\$	<b>7,557</b>

**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)

	<u>TOTAL</u>	<u>LIMITED GO BOND REDEMPTION</u>	<u>UNLIMITED GO BOND REDEMPTION</u>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 13,520	\$ —	\$ 13,520
Business and other taxes	3	—	3
Intergovernmental revenues	11,233	11,231	2
Interest earnings	5,194	5,106	88
<b>TOTAL REVENUES</b>	<u>29,950</u>	<u>16,337</u>	<u>13,613</u>
<b>EXPENDITURES</b>			
Debt service:			
Principal	68,672	57,632	11,040
Interest and other debt service costs	28,631	26,186	2,445
<b>TOTAL EXPENDITURES</b>	<u>97,303</u>	<u>83,818</u>	<u>13,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(67,353)</u>	<u>(67,481)</u>	<u>128</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	66,201	66,201	—
Refunding bonds issued	54,065	54,065	—
Payment to refunded bond escrow agent	(54,520)	(54,520)	—
Sale of capital assets	5	—	5
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>65,751</u>	<u>65,746</u>	<u>5</u>
Net change in fund balances	(1,602)	(1,735)	133
Fund balances - beginning	11,218	8,948	2,270
Fund balances - ending	<u>\$ 9,616</u>	<u>\$ 7,213</u>	<u>\$ 2,403</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 1 OF 5)

	<b>TOTAL</b>	<b>BUILDING REPAIR AND REPLACEMENT</b>	<b>CONSERVATION FUTURES</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ 47,523	\$ —	\$ 21,132
Business and other taxes	17,930	—	5
Intergovernmental revenues	47,426	40,405	3
Charges for services	4,002	—	—
Fines and forfeits	1	—	—
Interest earnings	4,781	204	434
Miscellaneous revenues	1,384	17	38
<b>TOTAL REVENUES</b>	<b>123,047</b>	<b>40,626</b>	<b>21,612</b>
<b>EXPENDITURES</b>			
Current:			
General government	10,302	1,960	—
Law, safety and justice	4,079	1,224	—
Transportation	25,724	16	—
Economic environment	8,481	—	8,438
Health and human services	40,885	40,066	—
Culture and recreation	16,186	—	—
Debt service:			
Interest and other debt service costs	834	634	168
Capital outlay	179,883	57,960	10,301
<b>TOTAL EXPENDITURES</b>	<b>286,374</b>	<b>101,860</b>	<b>18,907</b>
Excess (deficiency) of revenues over (under) expenditures	(163,327)	(61,234)	2,705
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	167,225	30,796	—
Transfers out	(51,026)	(240)	(8,668)
General government bonds issued	32,090	17,940	10,770
Premium on general government bonds issued	8,979	5,211	3,120
Sale of capital assets	1,966	—	272
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>159,234</b>	<b>53,707</b>	<b>5,494</b>
Net change in fund balances	(4,093)	(7,527)	8,199
Fund balances - beginning	258,665	(15,759)	22,679
Prior period adjustment	(1,394)	—	—
Fund balances - ending	<b>\$ 253,178</b>	<b>\$ (23,286)</b>	<b>\$ 30,878</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 2 OF 5 - CONTINUED)

	<b>ENHANCED 911 CAPITAL</b>	<b>FARMLAND AND OPEN SPACE ACQUISITION</b>	<b>IT SERVICES CAPITAL</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	—	2,312
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	82	3	—
Miscellaneous revenues	—	—	471
<b>TOTAL REVENUES</b>	<b>82</b>	<b>3</b>	<b>2,783</b>
<b>EXPENDITURES</b>			
Current:			
General government	—	—	2,423
Law, safety and justice	763	—	—
Transportation	—	—	—
Economic environment	—	19	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	273	334	5,068
<b>TOTAL EXPENDITURES</b>	<b>1,036</b>	<b>353</b>	<b>7,491</b>
Excess (deficiency) of revenues over (under) expenditures	(954)	(350)	(4,708)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	—	—	8,137
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>8,137</b>
Net change in fund balances	(954)	(350)	3,429
Fund balances - beginning	5,299	1,746	902
Prior period adjustment	—	(1,394)	—
<b>Fund balances - ending</b>	<b>\$ 4,345</b>	<b>\$ 2</b>	<b>\$ 4,331</b>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 3 OF 5)

	KCIT CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED	PARKS CAPITAL PROJECTS
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	1,163	782
Charges for services	—	611	—
Fines and forfeits	—	—	—
Interest earnings	498	3	1,757
Miscellaneous revenues	—	—	835
<b>TOTAL REVENUES</b>	<b>498</b>	<b>1,777</b>	<b>3,374</b>
<b>EXPENDITURES</b>			
Current:			
General government	5,104	—	—
Law, safety and justice	2,092	—	—
Transportation	—	—	—
Economic environment	—	24	—
Health and human services	819	—	—
Culture and recreation	—	—	16,186
Debt service:			
Interest and other debt service costs	26	6	—
Capital outlay	22,248	1,771	23,178
<b>TOTAL EXPENDITURES</b>	<b>30,289</b>	<b>1,801</b>	<b>39,364</b>
Excess (deficiency) of revenues over (under) expenditures	(29,791)	(24)	(35,990)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	9,529	—	65,107
Transfers out	(642)	—	(231)
General government bonds issued	3,380	—	—
Premium on general government bonds issued	648	—	—
Sale of capital assets	—	—	1,685
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>12,915</b>	<b>—</b>	<b>66,561</b>
Net change in fund balances	(16,876)	(24)	30,571
Fund balances - beginning	48,263	388	86,126
Prior period adjustment	—	—	—
Fund balances - ending	<u>\$ 31,387</u>	<u>\$ 364</u>	<u>\$ 116,697</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 4 OF 5 - CONTINUED)

	<b>PUGET SOUND EMERGENCY NETWORK CAP</b>	<b>REAL ESTATE EXCISE TAXES CAPITAL</b>	<b>ROADS CAPITAL PROGRAM</b>
<b>REVENUES</b>			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	17,920	—
Intergovernmental revenues	—	—	2,757
Charges for services	—	—	3,391
Fines and forfeits	—	1	—
Interest earnings	382	702	701
Miscellaneous revenues	22	—	—
<b>TOTAL REVENUES</b>	<b>404</b>	<b>18,623</b>	<b>6,849</b>
<b>EXPENDITURES</b>			
Current:			
General government	65	750	—
Law, safety and justice	—	—	—
Transportation	—	—	25,708
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	51,912	—	6,838
<b>TOTAL EXPENDITURES</b>	<b>51,977</b>	<b>750</b>	<b>32,546</b>
Excess (deficiency) of revenues over (under) expenditures	(51,573)	17,873	(25,697)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	33,027	—	20,629
Transfers out	(1)	(14,780)	(15)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>33,026</b>	<b>(14,780)</b>	<b>20,614</b>
Net change in fund balances	(18,547)	3,093	(5,083)
Fund balances - beginning	27,119	37,915	43,444
Prior period adjustment	—	—	—
Fund balances - ending	<u>\$ 8,572</u>	<u>\$ 41,008</u>	<u>\$ 38,361</u>

**NONMAJOR CAPITAL PROJECTS FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 5 OF 5 - CONCLUDED)

**YOUTH  
SERVICES  
FACILITIES**

**REVENUES**

Taxes:		
Property taxes	\$	26,391
Business and other taxes		5
Intergovernmental revenues		4
Charges for services		—
Fines and forfeits		—
Interest earnings		15
Miscellaneous revenues		1
<b>TOTAL REVENUES</b>		<b>26,416</b>

**EXPENDITURES**

Current:		
General government		—
Law, safety and justice		—
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>
Excess (deficiency) of revenues over (under) expenditures		<b>26,416</b>

**OTHER FINANCING SOURCES (USES)**

Transfers in		—
Transfers out		(26,449)
General government bonds issued		—
Premium on general government bonds issued		—
Sale of capital assets		9
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>		<b>(26,440)</b>
Net change in fund balances		(24)
Fund balances - beginning		543
Prior period adjustment		—
Fund balances - ending	\$	<b>519</b>

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
<b>MAJOR FUNDS</b>					
<b>GENERAL FUND</b>					
County Council	\$ 3,907	\$ —	\$ 3,907	\$ 116	\$ 3,791
Council Administration	34,221	1,266	35,487	267	35,220
Hearing Examiner	1,266	—	1,266	112	1,154
County Auditor	5,272	45	5,317	425	4,892
Ombudsman/Tax Advisor	3,937	—	3,937	140	3,797
King County Civic Television	1,379	211	1,590	24	1,566
Board of Appeals	1,923	—	1,923	—	1,923
Office of Law Enforcement Oversight	2,684	258	2,942	99	2,843
Charter Review Commission Support	236	—	236	—	236
Office of Economic and Financial Analysis	1,031	80	1,111	21	1,090
Flood Control District Administration	1,085	—	1,085	208	877
County Executive	617	—	617	1	616
Office of the Executive	10,455	318	10,773	40	10,733
Office of Performance, Strategy and Budget	26,274	11,004	37,278	5,945	31,333
Office of Equity and Social Justice	4,074	3,300	7,374	441	6,933
Building 4Equity Advance	—	20,000	20,000	12,723	7,277
Tourism	—	8,000	8,000	18	7,982
Housing and Homeless Programs	—	1,000	1,000	1,000	—
Sheriff	398,530	16,234	414,764	10,092	404,672
Drug Enforcement Forfeits	1,889	—	1,889	790	1,099
Succession Planning	1	—	1	1	—
Office of Emergency Management	6,660	31,311	37,971	14,567	23,404
Executive Services Administration	4,791	—	4,791	409	4,382
Human Resources Management	28,818	—	28,818	30	28,788
Labor Relations	7,057	—	7,057	509	6,548
Cable Communications	844	290	1,134	497	637
Real Estate Services	9,403	695	10,098	60	10,038
Records and Licensing Services	27,474	—	27,474	1,777	25,697
Elections	42,022	1,465	43,487	(672)	44,159
Prosecuting Attorney	159,905	1,767	161,672	2,457	159,215
Superior Court	108,418	7,953	116,371	7,050	109,321
District Courts	69,880	3,881	73,761	4,124	69,637
Judicial Administration	48,938	2,288	51,226	1,237	49,989
Facilities Management	8,871	—	8,871	2,489	6,382
State Auditor	2,230	370	2,600	400	2,200
Boundary Review Board	798	—	798	58	740
Federal Lobbying	560	—	560	11	549
Special Programs: Memberships and Dues	1,850	624	2,474	21	2,453
Special Programs: Internal Support	41,694	723	42,417	4,477	37,940
Assessments	60,192	424	60,616	94	60,522
Transfers: Debt Service	60,020	—	60,020	1,755	58,265
Transfers: Dept. of Permitting & Environmental Rev	4,858	978	5,836	422	5,414
Transfers: Dept. of Community & Human Services	23,856	2,785	26,641	2,445	24,196
Transfers: Dept. of Executive Services	5,968	4,993	10,961	4,536	6,425
Transfers: Dept. of Public Health	53,729	1,761	55,490	802	54,688
Transfers: Dept. of Natural Resources & Parks	5,134	335	5,469	1,135	4,334
Transfers: King County Information Technology	4,874	3,181	8,055	4,066	3,989
Transfers: CIP Transfer to DES	1,697	31,148	32,845	17,077	15,768
Transfers: Transfer to Homelessness	—	4,124	4,124	186	3,938
Jail Health Services	79,698	8,050	87,748	3,200	84,548

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 2 OF 4 - CONTINUED)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
GENERAL FUND continued					
Medical Examiner	\$ 13,878	\$ 771	\$ 14,649	\$ 253	\$ 14,396
Adult and Juvenile Detention	323,129	8,664	331,793	32	331,761
Public Defense	147,846	6,911	154,757	(327)	155,084
Inmate Welfare - Adult	2,730	—	2,730	23	2,707
Inmate Welfare - Juvenile	8	—	8	—	8
TOTAL OF GENERAL FUND	<u>1,856,611</u>	<u>187,208</u>	<u>2,043,819</u>	<u>107,663</u>	<u>1,936,156</u>
BEHAVIORAL HEALTH FUND					
Behavioral Health	\$ 683,898	\$ 8,130	\$ 692,028	\$ 73,504	\$ 618,524
TOTAL BEHAVIORAL HEALTH FUND	<u>683,898</u>	<u>8,130</u>	<u>692,028</u>	<u>73,504</u>	<u>618,524</u>
<b>TOTAL MAJOR FUNDS WITH BIENNIAL BUDGETS</b>	<u><b>\$ 2,540,509</b></u>	<u><b>\$ 195,338</b></u>	<u><b>\$ 2,735,847</b></u>	<u><b>\$ 181,167</b></u>	<u><b>\$ 2,554,680</b></u>
<b>NONMAJOR SPECIAL REVENUE FUNDS</b>					
ANIMAL SERVICES					
Animal Bequest	\$ 380	\$ —	\$ 380	\$ —	\$ 380
Regional Animal Services	15,458	—	15,458	998	14,460
TOTAL ANIMAL SERVICES	<u>15,838</u>	<u>—</u>	<u>15,838</u>	<u>998</u>	<u>14,840</u>
ARTS AND CULTURAL DEVELOPMENT					
Cultural Development Authority	7,752	24,000	31,752	12,769	18,983
AUTOMATED FINGERPRINT IDENTIFICATION					
Automated Fingerprint Identification System	43,745	7,118	50,863	4,820	46,043
BEST START FOR KIDS LEVY					
Best Starts for Kids	168,378	36,595	204,973	21,548	183,425
COMMUNITY SERVICES OPERATING					
Community Services Operating	12,948	45,993	58,941	8,732	50,209
COUNTY ROAD OPERATING					
Roads	216,414	3,252	219,666	11,120	208,546
Roads Construction Transfer	29,440	—	29,440	—	29,440
TOTAL COUNTY ROAD OPERATING	<u>245,854</u>	<u>3,252</u>	<u>249,106</u>	<u>11,120</u>	<u>237,986</u>
DEPT COMMUNITY AND HUMAN SERVICES ADMIN					
Community and Human Services Administration	16,466	1,262	17,728	203	17,525
DEPARTMENT OF LOCAL SERVICES					
Department Local Services	8,198	4,263	12,461	1,295	11,166
DEVELOPMENTAL DISABILITIES					
Developmental Disabilities	110,435	2,867	113,302	17,640	95,662
DEPT NATURAL RESOURCES AND PARKS ADMIN					
Department Natural Resources and Parks Admin	15,917	234	16,151	672	15,479
DEPT OF PUBLIC HEALTH ADMINISTRATION					
Public Health Administration	33,121	—	33,121	1,201	31,920
EMERGENCY MEDICAL SERVICE					
Emergency Medical Services	94,714	96,363	191,077	26,143	164,934
EMERGENCY TELEPHONE E911					
Enhanced 911	58,597	—	58,597	17,989	40,608

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)  
(PAGE 3 OF 4)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
EMPLOYMENT AND EDUCATION RESOURCES					
Employment Education Resources	35,436	2,189	37,625	2,341	35,284
ENVIRONMENTAL HEALTH					
Environmental Health	62,741	3,790	66,531	6,615	59,916
GRANTS FUND					
Grants	62,004	—	62,004	28,082	33,922
HISTORICAL PRESERVATION					
Historic Preservation Program	1,179	91	1,270	107	1,163
HOUSING AND COMMUNITY DEVELOPMENT					
Federal Housing and Community Development	347,798	28,712	376,510	110,013	266,497
INTERCOUNTY RIVER IMPROVEMENT					
Intercounty River Improvement	135	—	135	43	92
KING COUNTY FLOOD CONTROL OPERATING					
Flood Control District	137,036	106,260	243,296	222,753	20,543
LOCAL HAZARDOUS WASTE					
Local Hazardous Waste	41,744	—	41,744	6,437	35,307
MENTAL ILLNESS AND DRUG DEPENDENCY					
Department Public Defense MIDD	5,642	—	5,642	400	5,242
District Court MIDD	3,785	234	4,019	457	3,562
Judicial Administration MIDD	3,502	30	3,532	261	3,271
Mental Illness and Drug Dependency	137,965	1,000	138,965	17,611	121,354
Prosecuting Attorney MIDD	2,832	—	2,832	375	2,457
Superior Court MIDD	4,860	—	4,860	369	4,491
TOTAL MENTAL ILLNESS AND DRUG DEPENDENCY	158,586	1,264	159,850	19,473	140,377
NOXIOUS WEED CONTROL					
Noxious Weed Control Program	9,029	—	9,029	1,891	7,138
PARKS OPERATING LEVY					
Parks	48,494	53,982	102,476	15,387	87,089
Parks Open Space and Trails Levy	77,275	2,381	79,656	38,758	40,898
TOTAL PARKS OPERATING LEVY	125,769	56,363	182,132	54,145	127,987
PERMITTING AND ABATEMENT					
General Public Services	4,519	161	4,680	67	4,613
Permitting and Review Abatement	598	—	598	60	538
Planning and Permitting	30,591	—	30,591	2,001	28,590
TOTAL PERMITTING AND ABATEMENT	35,708	161	35,869	2,128	33,741
PUBLIC HEALTH					
Public Health	419,007	121,495	540,502	55,362	485,140
PUGET SOUND EMERGENCY NETWORK LEVY					
Puget Sound Emergency Radio Network Levy	67,317	—	67,317	641	66,676
PUGET SOUND TAXPAYER ACCOUNTABILITY					
Puget Sound Taxpayer Accountability	—	6,916	6,916	4,961	1,955
RECORDER'S OPERATING AND MAINTENANCE					
Recorder's Operation and Maintenance	3,952	—	3,952	772	3,180
RISK ABATEMENT					
Omnibus 2006	—	548	548	330	218

**GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS**  
**SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

APPROPRIATION UNIT	2019-2020 BUDGET			VARIANCE	2019-2020
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
<b>SURFACE WATER MANAGEMENT</b>					
Surface Water Mgmt Local Drainage Services	81,765	2,123	83,888	2,877	81,011
Water and Land Resources Shared Services	74,622	809	75,431	6,835	68,596
<b>TOTAL SURFACE WATER MANAGEMENT</b>	<b>156,387</b>	<b>2,932</b>	<b>159,319</b>	<b>9,712</b>	<b>149,607</b>
<b>VETERANS, SENIORS AND HUMAN SERVICES LEVY</b>					
Veterans, Seniors and Human Services Levy	109,610	3,359	112,969	7,441	105,528
<b>VETERANS RELIEF</b>					
Veteran's Relief	6,516	—	6,516	1	6,515
<b>YOUTH AMATEUR SPORTS</b>					
Youth and Amateur Sports Fund	9,358	10,906	20,264	8,613	11,651
<b>TOTAL NONMAJOR SPECIAL REVENUE FUNDS</b>	<b>\$ 2,621,275</b>	<b>\$ 566,933</b>	<b>\$ 3,188,208</b>	<b>\$ 666,991</b>	<b>\$ 2,521,217</b>
<b>DEBT SERVICE FUNDS</b>					
<b>LIMITED GO BOND REDEMPTION</b>					
HUD Section 108 Loan Repayment	\$ 578	\$ —	\$ 578	\$ 61	\$ 517
Limited GO Bond Redemption	243,097	—	243,097	21,700	221,397
<b>TOTAL LIMITED GO BOND REDEMPTION</b>	<b>243,675</b>	<b>—</b>	<b>243,675</b>	<b>21,761</b>	<b>221,914</b>
<b>UNLIMITED GO BOND REDEMPTION</b>					
Unlimited GO Bond Redemption	31,714	—	31,714	499	31,215
<b>TOTAL DEBT SERVICE FUNDS</b>	<b>\$ 275,389</b>	<b>\$ —</b>	<b>\$ 275,389</b>	<b>\$ 22,260</b>	<b>\$ 253,129</b>
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 5,437,173</b>	<b>\$ 762,271</b>	<b>\$ 6,199,444</b>	<b>\$ 870,418</b>	<b>\$ 5,329,026</b>

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

2020  
**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 predominantly 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 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, 2020**  
(IN THOUSANDS)  
(PAGE 1 OF 2)

	<u>TOTAL</u>	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 84,127	\$ 3,213	\$ 46,861
Restricted cash and cash equivalents	232	—	226
Accounts receivable, net	822	176	624
Due from other funds	274	2	180
Property tax receivable-delinquent	122	—	—
Due from other governments, net	8,030	166	2,235
Inventory of supplies	518	—	264
Prepayments	890	—	740
Total current assets	<u>95,015</u>	<u>3,557</u>	<u>51,130</u>
Noncurrent assets			
Restricted cash and cash equivalents	692	—	692
Capital assets:			
Nondepreciable assets	18,988	—	18,858
Depreciable assets, net of depreciation	122,196	1,085	61,574
Total noncurrent assets	<u>141,876</u>	<u>1,085</u>	<u>81,124</u>
<b>TOTAL ASSETS</b>	<u>236,891</u>	<u>4,642</u>	<u>132,254</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pension	941	37	458
Deferred outflows on other post employment benefits	13	—	7
Deferred outflows on asset retirement obligations	160	—	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,114</u>	<u>37</u>	<u>465</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,562	215	1,664
Retainage payable	69	—	63
Due to other funds	240	107	—
Due to other governments	3,304	—	—
Interest payable	24	—	2
Wages payable	713	31	362
Compensated absences payable	42	—	29
Other postemployment benefits	16	1	8
Taxes payable	295	—	284
Unearned revenue	249	193	56
Customer deposits	163	—	163
General obligation bonds payable	795	—	580
Total current liabilities	<u>8,472</u>	<u>547</u>	<u>3,211</u>
Noncurrent liabilities			
Customer deposits	692	—	692
Compensated absences payable	1,382	103	676
Other postemployment benefits	251	7	130
Net pension liability	1,054	42	513
General obligation bonds payable	6,330	—	—
Pollution remediation	245	—	245
Asset retirement obligation	250	—	—
Total noncurrent liabilities	<u>10,204</u>	<u>152</u>	<u>2,256</u>
<b>TOTAL LIABILITIES</b>	<u>18,676</u>	<u>699</u>	<u>5,467</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pension	1,004	40	489
Deferred inflows on other post employment benefits	35	1	18
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>1,039</u>	<u>41</u>	<u>507</u>
<b>NET POSITION</b>			
Net investment in capital assets	132,686	1,085	78,707
Unrestricted	85,604	2,854	48,038
<b>TOTAL NET POSITION</b>	<u>\$ 218,290</u>	<u>\$ 3,939</u>	<u>\$ 126,745</u>

**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 2)

	<b>MARINE</b>	<b>RADIO COMMUNICATIONS SERVICES</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 10,101	\$ 23,952
Restricted cash and cash equivalents	—	6
Accounts receivable, net	—	22
Due from other funds	74	18
Property tax receivable-delinquent	122	—
Due from other governments, net	5,460	169
Inventory of supplies	133	121
Prepayments	150	—
Total current assets	<u>16,040</u>	<u>24,288</u>
Noncurrent assets		
Restricted cash and cash equivalents	—	—
Capital assets:		
Nondepreciable assets	130	—
Depreciable assets, net of depreciation	58,167	1,370
Total noncurrent assets	<u>58,297</u>	<u>1,370</u>
<b>TOTAL ASSETS</b>	<u>74,337</u>	<u>25,658</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows on pension	248	198
Deferred outflows on other post employment benefits	4	2
Deferred outflows on asset retirement obligations	—	160
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>252</u>	<u>360</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	394	289
Retainage payable	—	6
Due to other funds	—	133
Due to other governments	3,304	—
Interest payable	22	—
Wages payable	168	152
Compensated absences payable	6	7
Other postemployment benefits	5	2
Taxes payable	1	10
Unearned revenue	—	—
Customer deposits	—	—
General obligation bonds payable	215	—
Total current liabilities	<u>4,115</u>	<u>599</u>
Noncurrent liabilities		
Customer deposits	—	—
Compensated absences payable	336	267
Other postemployment benefits	80	34
Net pension liability	277	222
General obligation bonds payable	6,330	—
Pollution remediation	—	—
Asset retirement obligation	—	250
Total noncurrent liabilities	<u>7,023</u>	<u>773</u>
<b>TOTAL LIABILITIES</b>	<u>11,138</u>	<u>1,372</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows on pension	264	211
Deferred inflows on other post employment benefits	11	5
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>275</u>	<u>216</u>
<b>NET POSITION</b>		
Net investment in capital assets	51,524	1,370
Unrestricted	11,652	23,060
<b>TOTAL NET POSITION</b>	<u>\$ 63,176</u>	<u>\$ 24,430</u>

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 1 OF 2)

	KING COUNTY INTERNATIONAL		
	TOTAL	I-NET	AIRPORT
<b>OPERATING REVENUES</b>			
I-Net fees	\$ 3,228	\$ 3,228	\$ —
Airfield fees	2,943	—	2,943
Hangar, building, and site rentals and leases	24,948	—	24,948
Radio services	5,772	—	—
Passenger fares	534	—	—
Miscellaneous	674	—	163
Total operating revenues	<u>38,099</u>	<u>3,228</u>	<u>28,054</u>
<b>OPERATING EXPENSES</b>			
Personal services	13,814	566	6,816
Materials and supplies	2,046	7	887
Contract services and other charges	8,357	201	6,687
Utilities	2,970	—	2,710
Internal services	11,566	1,006	7,775
Depreciation and amortization	8,819	399	6,002
Other operating expenses	50	—	—
Total operating expenses	<u>47,622</u>	<u>2,179</u>	<u>30,877</u>
OPERATING INCOME (LOSS)	<u>(9,523)</u>	<u>1,049</u>	<u>(2,823)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Property tax	6,266	—	—
Intergovernmental revenues	7,058	—	6,027
Interest earnings	1,433	48	813
Miscellaneous revenues	382	—	23
Interest expenses	(249)	—	(30)
Gain (loss) on disposal of capital assets	(9)	—	(9)
Miscellaneous expenses	(36)	—	(33)
Total nonoperating revenues (expenses)	<u>14,845</u>	<u>48</u>	<u>6,791</u>
Income (loss) before contributions and transfers	5,322	1,097	3,968
Capital grants and contributions	3,237	—	1,907
Transfers out	(659)	(355)	(240)
<b>CHANGE IN NET POSITION</b>	<u>7,900</u>	<u>742</u>	<u>5,635</u>
NET POSITION - JANUARY 1, 2020 (RESTATED)	<u>210,390</u>	<u>3,197</u>	<u>121,110</u>
NET POSITION - DECEMBER 31, 2020	<u>\$ 218,290</u>	<u>\$ 3,939</u>	<u>\$ 126,745</u>

## COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION

## NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2020

(IN THOUSANDS)

(PAGE 2 OF 2)

	RADIO COMMUNICATIONS	
	MARINE	SERVICES
<b>OPERATING REVENUES</b>		
I-Net fees	\$ —	\$ —
Airfield fees	—	—
Hangar, building, and site rentals and leases	—	—
Radio services	—	5,772
Passenger fares	534	—
Miscellaneous	511	—
Total operating revenues	<u>1,045</u>	<u>5,772</u>
<b>OPERATING EXPENSES</b>		
Personal services	3,685	2,747
Materials and supplies	605	547
Contract services and other charges	993	476
Utilities	48	212
Internal services	1,708	1,077
Depreciation and amortization	1,748	670
Other operating expenses	—	50
Total operating expenses	<u>8,787</u>	<u>5,779</u>
OPERATING INCOME (LOSS)	<u>(7,742)</u>	<u>(7)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property tax	6,266	—
Intergovernmental revenues	1,031	—
Interest earnings	170	402
Miscellaneous revenues	29	330
Interest expenses	(219)	—
Gain (loss) on disposal of capital assets	—	—
Miscellaneous expenses	(3)	—
Total nonoperating revenues (expenses)	<u>7,274</u>	<u>732</u>
Income (loss) before contributions and transfers	(468)	725
Capital grants and contributions	1,330	—
Transfers out	(34)	(30)
<b>CHANGE IN NET POSITION</b>	828	695
NET POSITION - JANUARY 1, 2020 (RESTATED)	<u>62,348</u>	<u>23,735</u>
NET POSITION - DECEMBER 31, 2020	<u>\$ 63,176</u>	<u>\$ 24,430</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(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	\$ 26,864	\$ 2,352	\$ 21,034
Cash received from other funds - internal services	4,177	790	136
Cash payments to suppliers	(13,408)	7	(10,583)
Cash payments to other funds - internal services	(11,549)	(1,000)	(7,775)
Cash payments for employee services	(14,068)	(560)	(6,909)
Other receipts	808	426	23
Other payments	(55)	—	(55)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(7,231)</u>	<u>2,015</u>	<u>(4,129)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and other receipts	13,199	—	6,027
Transfers out	(659)	(355)	(240)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>12,540</u>	<u>(355)</u>	<u>5,787</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(5,997)	—	(5,203)
Principal paid on capital debt	(755)	—	(555)
Interest paid on capital debt	(316)	—	(33)
Capital grants and contributions	1,133	—	247
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,935)</u>	<u>—</u>	<u>(5,544)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	1,523	49	866
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,523</u>	<u>49</u>	<u>866</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>897</u>	<u>1,709</u>	<u>(3,020)</u>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	<u>84,154</u>	<u>1,504</u>	<u>50,799</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<u>\$ 85,051</u>	<u>\$ 3,213</u>	<u>\$ 47,779</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

	<b>RADIO</b>	
	<b>MARINE</b>	<b>COMMUNICATIONS SERVICES</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,045	\$ 2,433
Cash received from other funds - internal services	—	3,251
Cash payments to suppliers	(1,784)	(1,048)
Cash payments to other funds - internal services	(1,708)	(1,066)
Cash payments for employee services	(3,822)	(2,777)
Other receipts	29	330
Other payments	—	—
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(6,240)</u>	<u>1,123</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Operating grants and other receipts	7,172	—
Transfers out	(34)	(30)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>7,138</u>	<u>(30)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(794)	—
Principal paid on capital debt	(200)	—
Interest paid on capital debt	(283)	—
Capital grants and contributions	886	—
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(391)</u>	<u>—</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	182	426
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>182</u>	<u>426</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>689</u>	<u>1,519</u>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	<u>9,412</u>	<u>22,439</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<u>\$ 10,101</u>	<u>\$ 23,958</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

(IN THOUSANDS)

(PAGE 3 OF 4)

	<b>TOTAL</b>	<b>I-NET</b>	<b>KING COUNTY INTERNATIONAL AIRPORT</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>			
Operating income (loss)	\$ (9,523)	\$ 1,049	\$ (2,823)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	8,828	399	6,011
Other nonoperating revenues (expenses)	337	—	(19)
Prior period adjustment	426	426	—
(Increases) decreases in assets:			
Accounts receivable, net	(22)	(51)	46
Due from other funds	(19)	—	(22)
Due from other governments, net	(22)	49	—
Inventory of supplies	17	—	24
Prepayments and other assets	(740)	—	(740)
(Increases) decreases in deferred outflows of resources	(265)	(11)	(142)
Increases (decreases) in liabilities:			
Accounts payable	403	215	312
Retainage payable	63	—	63
Due to other funds	17	6	—
Due to other governments	172	—	—
Wages payable	112	10	68
Taxes payable	50	—	42
Unearned revenues	(6,969)	(84)	(6,885)
Compensated absences	303	20	133
Other postemployment benefits	20	—	7
Net pension liability	296	12	159
Customer deposits and other liabilities	5	—	(45)
Increases (decreases) in deferred inflows of resources	(720)	(25)	(318)
Total adjustments	2,292	966	(1,306)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (7,231)</b>	<b>\$ 2,015</b>	<b>\$ (4,129)</b>

**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

	<b>MARINE</b>	<b>RADIO COMMUNICATIONS SERVICES</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (7,742)	\$ (7)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization - capital assets	1,748	670
Other nonoperating revenues (expenses)	26	330
Prior period adjustment	—	—
(Increases) decreases in assets:		
Accounts receivable, net	—	(17)
Due from other funds	3	—
Due from other governments, net	—	(71)
Inventory of supplies	(15)	8
Prepayments and other assets	—	—
(Increases) decreases in deferred outflows of resources	(51)	(61)
Increases (decreases) in liabilities:		
Accounts payable	(296)	172
Retainage payable	—	—
Due to other funds	—	11
Due to other governments	172	—
Wages payable	7	27
Taxes payable	1	7
Unearned revenues	—	—
Compensated absences	75	75
Other postemployment benefits	12	1
Net pension liability	57	68
Customer deposits and other liabilities	—	50
Increases (decreases) in deferred inflows of resources	(237)	(140)
Total adjustments	1,502	1,130
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>\$ (6,240)</b>	<b>\$ 1,123</b>



## 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 2020:

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, business intelligence, reporting, and budgetary business applications and solutions.

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 and property tax services, contracts and procurement services, and small business 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 geographic information systems that serves both King County agencies and external customers. The fund provides services for the capture, management, analysis, integration and display of geographically referenced information enabling users to view data to reveal spatial relationships, patterns, and trends.

King County Information Technology Services Fund - Accounts for Information Technology services provided to King County and other contracting agencies. The fund is responsible for managing the County's information technology infrastructure, including the County network, digital platforms, and workstations, and sets countywide IT standards and policies. It also provides end-user support services and project management services.

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, 2020**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

	<b>TOTAL</b>	<b>BUSINESS RESOURCE CENTER</b>	<b>CONSTRUCTION AND FACILITIES MANAGEMENT</b>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 373,545	\$ 17,731	\$ 944
Restricted cash and cash equivalents	691	—	288
Accounts receivable, net	412	—	26
Due from other funds	396	—	—
Due from other governments, net	10,766	—	9,536
Interfund short-term loans receivable	59,355	—	—
Inventory of supplies	2,514	—	771
Prepayments	9,511	—	—
Total current assets	<u>457,190</u>	<u>17,731</u>	<u>11,565</u>
Noncurrent assets			
Capital assets:			
Depreciable assets, net	64,564	23	309
Total capital assets	<u>64,564</u>	<u>23</u>	<u>309</u>
Advances to other funds	19,637	—	—
Total noncurrent assets	<u>84,201</u>	<u>23</u>	<u>309</u>
<b>TOTAL ASSETS</b>	<u>541,391</u>	<u>17,754</u>	<u>11,874</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	13,986	1,325	3,140
Deferred outflows on other postemployment benefits	146	7	44
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>14,132</u>	<u>1,332</u>	<u>3,184</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	23,129	525	5,580
Retainage payable	691	—	288
Estimated claim settlements	54,444	—	—
Interfund short-term payable	3,600	—	3,600
Wages payable	8,958	598	1,859
Compensated absences payable	896	45	246
Other postemployment benefits	179	9	54
Taxes payable	30	—	28
Unearned revenues	413	—	—
Custodial accounts	2,401	—	—
Total current liabilities	<u>94,741</u>	<u>1,177</u>	<u>11,655</u>
Noncurrent liabilities			
Compensated absences payable	19,355	1,355	2,877
Other postemployment benefits	2,818	141	843
Net pension liability	39,499	6,264	10,682
Estimated claim settlements	98,693	—	—
Total noncurrent liabilities	<u>160,365</u>	<u>7,760</u>	<u>14,402</u>
<b>TOTAL LIABILITIES</b>	<u>255,106</u>	<u>8,937</u>	<u>26,057</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	11,975	849	2,477
Deferred inflows on other postemployment benefits	401	20	120
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>12,376</u>	<u>869</u>	<u>2,597</u>
<b>NET POSITION</b>			
Net investment in capital assets	64,564	23	309
Unrestricted	223,477	9,257	(13,905)
<b>TOTAL NET POSITION</b>	<u>\$ 288,041</u>	<u>\$ 9,280</u>	<u>\$ (13,596)</u>

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

<b>ASSETS</b>	<b>EMPLOYEE BENEFITS PROGRAM</b>	<b>FINANCIAL MANAGEMENT SERVICES</b>	<b>INSURANCE</b>
Current assets			
Cash and cash equivalents	\$ 80,084	\$ 10,041	\$ 76,292
Restricted cash and cash equivalents	—	403	—
Accounts receivable, net	384	—	—
Due from other funds	116	—	—
Due from other governments, net	—	50	—
Interfund short-term loans receivable	59,355	—	—
Inventory of supplies	—	—	—
Prepayments	—	—	5,219
Total current assets	<u>139,939</u>	<u>10,494</u>	<u>81,511</u>
Noncurrent assets			
Capital assets:			
Depreciable assets, net	—	61	9
Total capital assets	<u>—</u>	<u>61</u>	<u>9</u>
Advances to other funds	19,637	—	—
Total noncurrent assets	<u>19,637</u>	<u>61</u>	<u>9</u>
<b>TOTAL ASSETS</b>	<u>159,576</u>	<u>10,555</u>	<u>81,520</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	173	3,116	297
Deferred outflows on other postemployment benefits	2	24	4
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>175</u>	<u>3,140</u>	<u>301</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	1,435	1,295	2,574
Retainage payable	—	403	—
Estimated claim settlements	20,027	—	21,804
Interfund short-term payable	—	—	—
Wages payable	383	1,421	242
Compensated absences payable	26	81	12
Other postemployment benefits	2	30	4
Taxes payable	—	—	—
Unearned revenues	413	—	—
Custodial accounts	1,774	—	532
Total current liabilities	<u>24,060</u>	<u>3,230</u>	<u>25,168</u>
Noncurrent liabilities			
Compensated absences payable	295	2,980	472
Other postemployment benefits	35	466	69
Net pension liability	194	15,454	333
Estimated claim settlements	—	—	51,041
Total noncurrent liabilities	<u>524</u>	<u>18,900</u>	<u>51,915</u>
<b>TOTAL LIABILITIES</b>	<u>24,584</u>	<u>22,130</u>	<u>77,083</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	185	1,911	317
Deferred inflows on other postemployment benefits	5	66	10
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>190</u>	<u>1,977</u>	<u>327</u>
<b>NET POSITION</b>			
Net investment in capital assets	—	61	9
Unrestricted	134,977	(10,473)	4,402
<b>TOTAL NET POSITION</b>	<u>\$ 134,977</u>	<u>\$ (10,412)</u>	<u>\$ 4,411</u>

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES	MOTOR POOL EQUIPMENT RENTAL
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 2,166	\$ 19,150	\$ 24,171
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	—	1	—
Due from other funds	—	241	18
Due from other governments, net	31	1,128	8
Interfund short-term loans receivable	—	—	—
Inventory of supplies	—	—	170
Prepayments	—	4,289	3
Total current assets	<u>2,197</u>	<u>24,809</u>	<u>24,370</u>
Noncurrent assets			
Capital assets:			
Depreciable assets, net	—	25,624	17,345
Total capital assets	<u>—</u>	<u>25,624</u>	<u>17,345</u>
Advances to other funds	—	—	—
Total noncurrent assets	<u>—</u>	<u>25,624</u>	<u>17,345</u>
<b>TOTAL ASSETS</b>	<u>2,197</u>	<u>50,433</u>	<u>41,715</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	285	4,771	124
Deferred outflows on other postemployment benefits	3	46	3
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>288</u>	<u>4,817</u>	<u>127</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	4	8,304	497
Retainage payable	—	—	—
Estimated claim settlements	—	—	—
Interfund short-term payable	—	—	—
Wages payable	213	3,587	136
Compensated absences payable	10	401	15
Other postemployment benefits	4	57	3
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	89	—
Total current liabilities	<u>231</u>	<u>12,438</u>	<u>651</u>
Noncurrent liabilities			
Compensated absences payable	772	9,193	133
Other postemployment benefits	64	895	49
Net pension liability	319	5,268	139
Estimated claim settlements	—	—	—
Total noncurrent liabilities	<u>1,155</u>	<u>15,356</u>	<u>321</u>
<b>TOTAL LIABILITIES</b>	<u>1,386</u>	<u>27,794</u>	<u>972</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	303	4,995	132
Deferred inflows on other postemployment benefits	9	127	7
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>312</u>	<u>5,122</u>	<u>139</u>
<b>NET POSITION</b>			
Net investment in capital assets	—	25,624	17,345
Unrestricted	787	(3,290)	23,386
<b>TOTAL NET POSITION</b>	<u>\$ 787</u>	<u>\$ 22,334</u>	<u>\$ 40,731</u>

**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

	<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	\$ 9,715	\$ 113,946	\$ 19,305
Restricted cash and cash equivalents	—	—	—
Accounts receivable, net	1	—	—
Due from other funds	7	—	14
Due from other governments, net	13	—	—
Interfund short-term loans receivable	—	—	—
Inventory of supplies	1,569	—	4
Prepayments	—	—	—
Total current assets	<u>11,305</u>	<u>113,946</u>	<u>19,323</u>
Noncurrent assets			
Capital assets:			
Depreciable assets, net	12,884	—	8,309
Total capital assets	<u>12,884</u>	<u>—</u>	<u>8,309</u>
Advances to other funds	—	—	—
Total noncurrent assets	<u>12,884</u>	<u>—</u>	<u>8,309</u>
<b>TOTAL ASSETS</b>	<u>24,189</u>	<u>113,946</u>	<u>27,632</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows on pensions	458	297	—
Deferred outflows on other postemployment benefits	7	6	—
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u>465</u>	<u>303</u>	<u>—</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	549	2,346	20
Retainage payable	—	—	—
Estimated claim settlements	—	12,613	—
Interfund short-term payable	—	—	—
Wages payable	280	224	15
Compensated absences payable	28	32	—
Other postemployment benefits	8	8	—
Taxes payable	1	—	1
Unearned revenues	—	—	—
Custodial accounts	6	—	—
Total current liabilities	<u>872</u>	<u>15,223</u>	<u>36</u>
Noncurrent liabilities			
Compensated absences payable	735	543	—
Other postemployment benefits	133	123	—
Net pension liability	513	333	—
Estimated claim settlements	—	47,652	—
Total noncurrent liabilities	<u>1,381</u>	<u>48,651</u>	<u>—</u>
<b>TOTAL LIABILITIES</b>	<u>2,253</u>	<u>63,874</u>	<u>36</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows on pensions	489	317	—
Deferred inflows on other postemployment benefits	19	18	—
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>508</u>	<u>335</u>	<u>—</u>
<b>NET POSITION</b>			
Net investment in capital assets	12,884	—	8,309
Unrestricted	9,009	50,040	19,287
<b>TOTAL NET POSITION</b>	<u>\$ 21,893</u>	<u>\$ 50,040</u>	<u>\$ 27,596</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

	<u>TOTAL</u>	<u>BUSINESS RESOURCE CENTER</u>	<u>CONSTRUCTION AND FACILITIES MANAGEMENT</u>
<b>OPERATING REVENUES</b>			
Profit (loss) on inventory sales			
Sales of inventory	\$ 5,792	\$ —	\$ —
Cost of goods sold	(7,429)	—	—
Gross profit (loss) on inventory	(1,637)	—	—
Information resources management fees	115,700	—	—
Geographic information systems fees	6,086	—	—
Building management fees	25	—	25
Building operation and maintenance service fees	61,859	—	61,859
Architect/engineering/renovation service fees	3,170	—	3,170
Benefit program contributions and fees	300,119	—	—
Business resources management fees	21,659	21,659	—
Financial services	33,515	—	—
Insurance services	36,144	—	—
Equipment rental fees	26,626	—	—
Garage shop services	593	—	—
Printing and duplication	1,147	—	1,136
Workers' compensation employer contributions	26,723	—	—
Miscellaneous operating revenue	3,679	—	340
Total operating revenues	<u>635,408</u>	<u>21,659</u>	<u>66,530</u>
<b>OPERATING EXPENSES</b>			
Personal services	152,669	11,821	29,622
Materials and supplies	16,662	13	6,716
Contract services and other charges	388,890	5,475	23,762
Internal services	29,922	1,626	6,904
Depreciation and amortization	15,895	—	44
Total operating expenses	<u>604,038</u>	<u>18,935</u>	<u>67,048</u>
OPERATING INCOME (LOSS)	<u>31,370</u>	<u>2,724</u>	<u>(518)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	24,019	—	14,887
Interest earnings	3,513	—	—
Interest expense	(43)	—	—
Gain (loss) on disposal of capital assets	12	—	(6)
Miscellaneous expenses	(371)	—	(281)
Total nonoperating revenues (expenses)	<u>27,130</u>	<u>—</u>	<u>14,600</u>
Income (loss) before contributions and transfers	58,500	2,724	14,082
Capital grants and contributions	5,978	—	16
Transfers in	1,156	32	1,124
Transfers out	(23,361)	(1,375)	(14,304)
<b>CHANGE IN NET POSITION</b>	<u>42,273</u>	<u>1,381</u>	<u>918</u>
NET POSITION - JANUARY 1, 2020	245,768	7,899	(14,514)
NET POSITION - DECEMBER 31, 2020	<u>\$ 288,041</u>	<u>\$ 9,280</u>	<u>\$ (13,596)</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

	<b>EMPLOYEE BENEFITS PROGRAM</b>	<b>FINANCIAL MANAGEMENT SERVICES</b>	<b>INSURANCE</b>
<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	—	—	—
Geographic information systems fees	—	—	—
Building management fees	—	—	—
Building operation and maintenance service fees	—	—	—
Architect/engineering/renovation service fees	—	—	—
Benefit program contributions and fees	300,119	—	—
Business resources management fees	—	—	—
Financial services	—	33,515	—
Insurance services	—	—	36,144
Equipment rental fees	—	—	—
Garage shop services	—	—	—
Printing and duplication	—	—	—
Workers' compensation employer contributions	—	—	—
Miscellaneous operating revenue	383	104	18
Total operating revenues	<u>300,502</u>	<u>33,619</u>	<u>36,162</u>
<b>OPERATING EXPENSES</b>			
Personal services	3,517	24,823	3,961
Materials and supplies	9	578	28
Contract services and other charges	276,331	3,968	27,540
Internal services	363	6,074	1,321
Depreciation and amortization	—	20	1
Total operating expenses	<u>280,220</u>	<u>35,463</u>	<u>32,851</u>
OPERATING INCOME (LOSS)	<u>20,282</u>	<u>(1,844)</u>	<u>3,311</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	—	783	3
Interest earnings	2,611	4	2
Interest expense	—	(1)	—
Gain (loss) on disposal of capital assets	—	4	—
Miscellaneous expenses	—	—	—
Total nonoperating revenues (expenses)	<u>2,611</u>	<u>790</u>	<u>5</u>
Income (loss) before contributions and transfers	22,893	(1,054)	3,316
Capital grants and contributions	—	—	—
Transfers in	—	—	—
Transfers out	(71)	(900)	(26)
<b>CHANGE IN NET POSITION</b>	<u>22,822</u>	<u>(1,954)</u>	<u>3,290</u>
NET POSITION - JANUARY 1, 2020	112,155	(8,458)	1,121
NET POSITION - DECEMBER 31, 2020	<u>\$ 134,977</u>	<u>\$ (10,412)</u>	<u>\$ 4,411</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	<b>KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS</b>	<b>KING COUNTY INFORMATION TECHNOLOGY SERVICES</b>	<b>MOTOR POOL EQUIPMENT RENTAL</b>
<b>OPERATING REVENUES</b>			
Profit (loss) on inventory sales			
Sales of inventory	\$ —	\$ —	\$ 783
Cost of goods sold	—	—	(2,233)
Gross profit (loss) on inventory	—	—	(1,450)
Information resources management fees	—	115,700	—
Geographic information systems fees	6,027	59	—
Building management 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	—	—	13,985
Garage shop services	—	—	167
Printing and duplication	—	11	—
Workers' compensation employer contributions	—	—	—
Miscellaneous operating revenue	1,076	987	28
Total operating revenues	<u>7,103</u>	<u>116,757</u>	<u>12,730</u>
<b>OPERATING EXPENSES</b>			
Personal services	3,845	61,981	2,850
Materials and supplies	44	5,920	1,750
Contract services and other charges	1,494	28,239	937
Internal services	732	7,739	1,544
Depreciation and amortization	—	5,070	5,822
Total operating expenses	<u>6,115</u>	<u>108,949</u>	<u>12,903</u>
OPERATING INCOME (LOSS)	<u>988</u>	<u>7,808</u>	<u>(173)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	51	8,295	—
Interest earnings	—	—	403
Interest expense	—	(42)	—
Gain (loss) on disposal of capital assets	—	(67)	167
Miscellaneous expenses	—	(90)	—
Total nonoperating revenues (expenses)	<u>51</u>	<u>8,096</u>	<u>570</u>
Income (loss) before contributions and transfers	1,039	15,904	397
Capital grants and contributions	—	362	1,984
Transfers in	—	—	—
Transfers out	(24)	(6,058)	(228)
<b>CHANGE IN NET POSITION</b>	<u>1,015</u>	<u>10,208</u>	<u>2,153</u>
NET POSITION - JANUARY 1, 2020	(228)	12,126	38,578
NET POSITION - DECEMBER 31, 2020	<u>\$ 787</u>	<u>\$ 22,334</u>	<u>\$ 40,731</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

	<b>PUBLIC WORKS EQUIPMENT RENTAL</b>	<b>SAFETY AND WORKERS' COMPENSATION</b>	<b>WASTEWATER EQUIPMENT RENTAL</b>
<b>OPERATING REVENUES</b>			
Profit (loss) on inventory sales			
Sales of inventory	\$ 4,946	\$ —	\$ 63
Cost of goods sold	(4,961)	—	(235)
Gross profit (loss) on inventory	(15)	—	(172)
Information resources management fees	—	—	—
Geographic information systems fees	—	—	—
Building management 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	8,562	—	4,079
Garage shop services	426	—	—
Printing and duplication	—	—	—
Workers' compensation employer contributions	—	26,723	—
Miscellaneous operating revenue	734	8	1
Total operating revenues	<u>9,707</u>	<u>26,731</u>	<u>3,908</u>
<b>OPERATING EXPENSES</b>			
Personal services	4,247	5,409	593
Materials and supplies	1,400	32	172
Contract services and other charges	1,089	19,954	101
Internal services	707	2,573	339
Depreciation and amortization	2,348	—	2,590
Total operating expenses	<u>9,791</u>	<u>27,968</u>	<u>3,795</u>
OPERATING INCOME (LOSS)	<u>(84)</u>	<u>(1,237)</u>	<u>113</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental	—	—	—
Interest earnings	162	1	330
Interest expense	—	—	—
Gain (loss) on disposal of capital assets	25	4	(115)
Miscellaneous expenses	—	—	—
Total nonoperating revenues (expenses)	<u>187</u>	<u>5</u>	<u>215</u>
Income (loss) before contributions and transfers	103	(1,232)	328
Capital grants and contributions	2,313	—	1,303
Transfers in	—	—	—
Transfers out	(148)	(103)	(124)
<b>CHANGE IN NET POSITION</b>	<u>2,268</u>	<u>(1,335)</u>	<u>1,507</u>
NET POSITION - JANUARY 1, 2020	19,625	51,375	26,089
NET POSITION - DECEMBER 31, 2020	<u>\$ 21,893</u>	<u>\$ 50,040</u>	<u>\$ 27,596</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 1 OF 4)

	TOTAL	BUSINESS RESOURCE CENTER	CONSTRUCTION AND FACILITIES MANAGEMENT
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 6,001	\$ —	\$ 956
Cash received from other funds - internal services	633,651	21,659	65,211
Cash payments to suppliers for goods and services	(398,281)	(5,203)	(26,255)
Cash payments to other funds - internal services	(45,435)	(1,697)	(8,683)
Cash payments for employee services	(159,075)	(10,664)	(33,519)
Other receipts	3,679	—	340
Net cash provided (used) by operating activities	<u>40,540</u>	<u>4,095</u>	<u>(1,950)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	13,311	—	5,351
Interfund short-term loan principal amounts loaned to other funds	(59,355)	—	—
Interfund short-term loan principal repayments from other funds	23,850	—	3,600
Interfund advance principal amounts loaned to other funds	(19,637)	—	—
Interfund advance principal repayments from other funds	31,529	—	—
Transfers in	1,156	32	1,124
Transfers out	(23,361)	(1,375)	(14,304)
Net cash provided (used) by noncapital financing activities	<u>(32,507)</u>	<u>(1,343)</u>	<u>(4,229)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(9,950)	(23)	(116)
Principal paid on general obligation bonds	(1,050)	—	—
Interest paid on general obligation bonds	(45)	—	—
Proceeds from disposal of capital assets	141	—	—
Net cash provided (used) by capital and related financing activities	<u>(10,904)</u>	<u>(23)</u>	<u>(116)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	3,705	—	—
Net cash provided by investing activities	<u>3,705</u>	<u>—</u>	<u>—</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	834	2,729	(6,295)
<b>CASH AND CASH EQUIVALENTS - JANUARY 1, 2020</b>	<u>373,402</u>	<u>15,002</u>	<u>7,527</u>
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020</b>	<u>\$ 374,236</u>	<u>\$ 17,731</u>	<u>\$ 1,232</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 31,370	\$ 2,724	\$ (518)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	15,895	—	44
(Increase) decrease in accounts receivable, net	172	—	(23)
(Increase) decrease in due from other funds	80	—	—
(Increase) in due from other governments, net	(3)	—	—
(Increase) decrease in inventory	(412)	—	(194)
Decrease in prepayments	(3,775)	—	—
(Increase) decrease in deferred outflows of resources	(3,067)	(409)	(401)
Increase (decrease) in accounts payable	9,599	214	2,526
Increase in retainage payable	446	—	84
(Decrease) in estimated claim settlements	(6,594)	—	—
Increase (decrease) in due to other funds	(101)	—	—
Increase (decrease) in wages payable	1,833	136	408
Increase (decrease) in taxes payable	24	—	28
(Decrease) in custodial accounts and other liabilities	245	—	—
Increase (decrease) in compensated absences payable	2,860	294	251
Increase in other postemployment benefits	386	17	119
(Decrease) in net pension liability	1,173	1,838	(2,024)
Increase (decrease) in deferred inflows of resources	(9,591)	(719)	(2,250)
Total adjustments	<u>9,170</u>	<u>1,371</u>	<u>(1,432)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 40,540</u>	<u>\$ 4,095</u>	<u>\$ (1,950)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from government	\$ 5,978	\$ —	\$ 16
Contributions of capital assets to government	(120)	—	(30)

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 2 OF 4 - CONTINUED)

	<b>EMPLOYEE BENEFITS PROGRAM</b>	<b>FINANCIAL MANAGEMENT SERVICES</b>	<b>INSURANCE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ —	\$ 4,305	\$ —
Cash received from other funds - internal services	301,032	29,268	36,153
Cash payments to suppliers for goods and services	(273,205)	(3,405)	(32,307)
Cash payments to other funds - internal services	(2,224)	(6,139)	(1,939)
Cash payments for employee services	(3,449)	(25,160)	(4,056)
Other receipts	383	104	18
Net cash provided (used) by operating activities	<u>22,537</u>	<u>(1,027)</u>	<u>(2,131)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	—	733	3
Interfund short-term loan principal amounts loaned to other funds	(59,355)	—	—
Interfund short-term loan principal repayments from other funds	—	—	20,250
Interfund advance principal amounts loaned to other funds	(19,637)	—	—
Interfund advance principal repayments from other funds	—	—	31,529
Transfers in	—	—	—
Transfers out	(71)	(900)	(26)
Net cash provided (used) by noncapital financing activities	<u>(79,063)</u>	<u>(167)</u>	<u>51,756</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	—	(23)	(10)
Principal paid on general obligation bonds	—	—	—
Interest paid on general obligation bonds	—	—	—
Proceeds from disposal of capital assets	—	4	—
Net cash provided (used) by capital and related financing activities	<u>—</u>	<u>(19)</u>	<u>(10)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	2,749	3	2
Net cash provided by investing activities	<u>2,749</u>	<u>3</u>	<u>2</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(53,777)	(1,210)	49,617
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	133,861	11,654	26,675
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<u>\$ 80,084</u>	<u>\$ 10,444</u>	<u>\$ 76,292</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 20,282	\$ (1,844)	\$ 3,311
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	—	20	1
(Increase) decrease in accounts receivable, net	156	—	—
(Increase) decrease in due from other funds	5	58	1
(Increase) in due from other governments, net	—	—	—
(Increase) decrease in inventory	—	—	—
Decrease in prepayments	—	—	(370)
(Increase) decrease in deferred outflows of resources	(61)	(618)	(83)
Increase (decrease) in accounts payable	748	714	1,072
Increase in retainage payable	—	362	—
(Decrease) in estimated claim settlements	526	—	(6,059)
Increase (decrease) in due to other funds	—	—	—
Increase (decrease) in wages payable	45	342	60
Increase (decrease) in taxes payable	—	—	—
(Decrease) in custodial accounts and other liabilities	752	—	8
Increase (decrease) in compensated absences payable	112	594	58
Increase in other postemployment benefits	4	56	9
(Decrease) in net pension liability	67	1,143	89
Increase (decrease) in deferred inflows of resources	(99)	(1,854)	(228)
Total adjustments	<u>2,255</u>	<u>817</u>	<u>(5,442)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 22,537</u>	<u>\$ (1,027)</u>	<u>\$ (2,131)</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from government	\$ —	\$ —	\$ —
Contributions of capital assets to government	—	—	—

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 3 OF 4)

	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES	MOTOR POOL EQUIPMENT RENTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 349	\$ 231	\$ 88
Cash received from other funds - internal services	5,708	115,027	14,839
Cash payments to suppliers for goods and services	(1,116)	(32,577)	(854)
Cash payments to other funds - internal services	(1,159)	(8,140)	(5,537)
Cash payments for employee services	(4,002)	(64,559)	(2,895)
Other receipts	1,076	987	28
Net cash provided (used) by operating activities	<u>856</u>	<u>10,969</u>	<u>5,669</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	51	7,173	—
Interfund short-term loan principal amounts loaned to other funds	—	—	—
Interfund short-term loan principal repayments from other funds	—	—	—
Interfund advance principal amounts loaned to other funds	—	—	—
Interfund advance principal repayments from other funds	—	—	—
Transfers in	—	—	—
Transfers out	(24)	(6,058)	(228)
Net cash provided (used) by noncapital financing activities	<u>27</u>	<u>1,115</u>	<u>(228)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	—	(3,430)	(3,271)
Principal paid on general obligation bonds	—	(1,050)	—
Interest paid on general obligation bonds	—	(45)	—
Proceeds from disposal of capital assets	—	—	102
Net cash provided (used) by capital and related financing activities	<u>—</u>	<u>(4,525)</u>	<u>(3,169)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	—	—	425
Net cash provided by investing activities	<u>—</u>	<u>—</u>	<u>425</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	883	7,559	2,697
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	1,283	11,591	21,474
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	<u>2,166</u>	<u>\$ 19,150</u>	<u>\$ 24,171</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 988	\$ 7,808	\$ (173)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	—	5,070	5,822
(Increase) decrease in accounts receivable, net	—	—	—
(Increase) decrease in due from other funds	25	(10)	—
(Increase) in due from other governments, net	5	13	(8)
(Increase) decrease in inventory	—	—	(27)
Decrease in prepayments	—	(3,405)	—
(Increase) decrease in deferred outflows of resources	(62)	(1,193)	(40)
Increase (decrease) in accounts payable	(5)	4,687	104
Increase in retainage payable	—	—	—
(Decrease) in estimated claim settlements	—	—	—
Increase (decrease) in due to other funds	—	(101)	—
Increase (decrease) in wages payable	28	709	40
Increase (decrease) in taxes payable	—	—	(4)
(Decrease) in custodial accounts and other liabilities	—	(515)	—
Increase (decrease) in compensated absences payable	71	1,507	(7)
Increase in other postemployment benefits	7	140	5
(Decrease) in net pension liability	65	(257)	41
Increase (decrease) in deferred inflows of resources	(266)	(3,484)	(84)
Total adjustments	<u>(132)</u>	<u>3,161</u>	<u>5,842</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 856</u>	<u>\$ 10,969</u>	<u>\$ 5,669</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from government	\$ —	\$ 362	\$ 1,984
Contributions of capital assets to government	—	(90)	—

**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 4 - CONCLUDED)

	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY AND WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 72	\$ —	\$ —
Cash received from other funds - internal services	13,889	26,723	4,142
Cash payments to suppliers for goods and services	(2,411)	(20,890)	(58)
Cash payments to other funds - internal services	(6,555)	(2,573)	(789)
Cash payments for employee services	(4,533)	(5,651)	(587)
Other receipts	734	8	1
Net cash provided (used) by operating activities	<u>1,196</u>	<u>(2,383)</u>	<u>2,709</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Operating grants and subsidies received	—	—	—
Interfund short-term loan principal amounts loaned to other funds	—	—	—
Interfund short-term loan principal repayments from other funds	—	—	—
Interfund advance principal amounts loaned to other funds	—	—	—
Interfund advance principal repayments from other funds	—	—	—
Transfers in	—	—	—
Transfers out	(148)	(103)	(124)
Net cash provided (used) by noncapital financing activities	<u>(148)</u>	<u>(103)</u>	<u>(124)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	(1,231)	—	(1,846)
Principal paid on general obligation bonds	—	—	—
Interest paid on general obligation bonds	—	—	—
Proceeds from disposal of capital assets	25	4	6
Net cash provided (used) by capital and related financing activities	<u>(1,206)</u>	<u>4</u>	<u>(1,840)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	175	1	350
Net cash provided by investing activities	<u>175</u>	<u>1</u>	<u>350</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	17	(2,481)	1,095
<b>CASH AND CASH EQUIVALENTS - JANUARY 1, 2020</b>	9,698	116,427	18,210
<b>CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020</b>	<u>\$ 9,715</u>	<u>\$ 113,946</u>	<u>\$ 19,305</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (84)	\$ (1,237)	\$ 113
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	2,348	—	2,590
(Increase) decrease in accounts receivable, net	39	—	—
(Increase) decrease in due from other funds	1	—	—
(Increase) in due from other governments, net	(13)	—	—
(Increase) decrease in inventory	(192)	—	1
Decrease in prepayments	—	—	—
(Increase) decrease in deferred outflows of resources	(125)	(75)	—
Increase (decrease) in accounts payable	(617)	157	(1)
Increase in retainage payable	—	—	—
(Decrease) in estimated claim settlements	—	(1,061)	—
Increase (decrease) in due to other funds	—	—	—
Increase (decrease) in wages payable	25	34	6
Increase (decrease) in taxes payable	—	—	—
(Decrease) in custodial accounts and other liabilities	—	—	—
Increase (decrease) in compensated absences payable	28	(48)	—
Increase in other postemployment benefits	15	14	—
(Decrease) in net pension liability	132	79	—
Increase (decrease) in deferred inflows of resources	(361)	(246)	—
Total adjustments	<u>1,280</u>	<u>(1,146)</u>	<u>2,596</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>\$ 1,196</u>	<u>\$ (2,383)</u>	<u>\$ 2,709</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of capital assets from government	\$ 2,313	\$ —	\$ 1,303
Contributions of capital assets to government	—	—	—





# Fiduciary Funds

2020  
**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 708 active funds in 2020 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 four public hospital districts. The county is the *ex officio* treasurer for only one, the newly formed Vashon Health Care District. 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.

*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 not 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 Lumen 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 21 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, 2020**  
(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	\$ 176,409	\$ —	\$ —	\$ 176,409
Commercial paper	218,154	1,325	—	216,829
U.S. agency discount notes	204,775	—	—	204,775
Corporate notes	204,299	—	—	204,299
Corporate notes floating rate	15,693	—	—	15,693
U.S. Treasury notes	556,636	—	14,096	542,540
U.S. agency notes	1,154,067	—	—	1,154,067
U.S. agency collateralized mortgage obligations	1,236	—	—	1,236
Supranational coupon notes	894,553	—	—	894,553
State Treasurer's investment pool	472,983	—	—	472,983
Total investments	<u>3,898,805</u>	<u>1,325</u>	<u>14,096</u>	<u>3,883,384</u>
Interest receivable	2,990	—	93	2,897
<b>TOTAL ASSETS</b>	<u><u>3,901,795</u></u>	<u><u>1,325</u></u>	<u><u>14,189</u></u>	<u><u>3,886,281</u></u>
<b>LIABILITIES</b>				
<b>TOTAL LIABILITIES</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations and other governments	3,901,795	1,325	14,189	3,886,281
<b>TOTAL NET POSITION</b>	<u><u>\$ 3,901,795</u></u>	<u><u>\$ 1,325</u></u>	<u><u>\$ 14,189</u></u>	<u><u>\$ 3,886,281</u></u>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2020**  
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	<u>TOTAL</u>	<u>BOARD DEPOSITS AND DISBURSEMENTS</u>	<u>CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 151,145	\$ 22	\$ 750
U.S. Treasury notes	17,128	—	—
Taxes receivable for other governments	107,426	—	2,202
Accounts receivable	18,424	—	—
Assessments receivable for other governments	2,127	—	—
Notes and contracts receivable	52	—	—
<b>TOTAL ASSETS</b>	<u>296,302</u>	<u>22</u>	<u>2,952</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	81,852	—	—
Due to beneficiaries	82,182	22	—
Due to other governments	52,659	—	—
<b>TOTAL LIABILITIES</b>	<u>216,693</u>	<u>22</u>	<u>—</u>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	79,609	—	2,952
<b>TOTAL NET POSITION</b>	<u>\$ 79,609</u>	<u>\$ —</u>	<u>\$ 2,952</u>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
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	<b>CITIES AND TOWNS</b>	<b>DECEASED EFFECTS</b>	<b>DISTRICT COURT PARTNERS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 29,833	\$ 438	\$ 2,659
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	20,029	—	—
Accounts receivable	9,589	—	2,717
Assessments receivable for other governments	19	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>59,470</b>	<b>438</b>	<b>5,376</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	—	—
Due to beneficiaries	—	438	2,659
Due to other governments	29,833	—	2,717
<b>TOTAL LIABILITIES</b>	<b>29,833</b>	<b>438</b>	<b>5,376</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	29,637	—	—
<b>TOTAL NET POSITION</b>	<b>\$ 29,637</b>	<b>\$ —</b>	<b>\$ —</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2020**  
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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	\$ 1,641	\$ 2,544	\$ 1,048
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	6,085	1,023
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>1,641</b>	<b>8,629</b>	<b>2,071</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	11	4,798	137
Due to beneficiaries	1,579	—	—
Due to other governments	—	—	911
<b>TOTAL LIABILITIES</b>	<b>1,590</b>	<b>4,798</b>	<b>1,048</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	51	3,831	1,023
<b>TOTAL NET POSITION</b>	<b>\$ 51</b>	<b>\$ 3,831</b>	<b>\$ 1,023</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**DECEMBER 31, 2020**  
(IN THOUSANDS)  
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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	\$ 41,664	\$ 5,313	\$ —
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	2,571
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>41,664</b>	<b>5,313</b>	<b>2,571</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	5,313	1,942
Due to beneficiaries	41,664	—	—
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<b>41,664</b>	<b>5,313</b>	<b>1,942</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	—	—	629
<b>TOTAL NET POSITION</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 629</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
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	<b>OTHER SPECIAL PURPOSE DISTRICTS</b>	<b>OTHER TAX DISTRIBUTION</b>	<b>PARKS AND RECREATION DISTRICTS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 585	\$ 14,325	\$ 749
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	317	—	1,268
Accounts receivable	—	1,849	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>902</b>	<b>16,174</b>	<b>2,017</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	445	—	385
Due to beneficiaries	—	16,174	—
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<b>445</b>	<b>16,174</b>	<b>385</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	457	—	1,632
<b>TOTAL NET POSITION</b>	<b>\$ 457</b>	<b>\$ —</b>	<b>\$ 1,632</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
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	<b>PORT OF SEATTLE</b>	<b>PROPERTY TAXES</b>	<b>SCHOOL DISTRICTS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 886	\$ 22,980	\$ 15
U.S. Treasury notes	—	—	17,128
Taxes receivable for other governments	1,492	—	35,735
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>2,378</b>	<b>22,980</b>	<b>52,878</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	—	3,731	61,164
Due to beneficiaries	—	19,246	—
Due to other governments	886	—	—
<b>TOTAL LIABILITIES</b>	<b>886</b>	<b>22,977</b>	<b>61,164</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	1,492	3	(8,286)
<b>TOTAL NET POSITION</b>	<b>\$ 1,492</b>	<b>\$ 3</b>	<b>\$ (8,286)</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
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	<b>SEIZURES AND FORFEITURES</b>	<b>SEWER AND WATER DISTRICTS</b>	<b>STATE OF WASHINGTON</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 7,851	\$ —	\$ 14,276
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	36,704
Accounts receivable	—	—	4,269
Assessments receivable for other governments	—	638	—
Notes and contracts receivable	52	—	—
<b>TOTAL ASSETS</b>	<b>7,903</b>	<b>638</b>	<b>55,249</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	1	—	—
Due to beneficiaries	—	—	—
Due to other governments	—	—	18,312
<b>TOTAL LIABILITIES</b>	<b>1</b>	<b>—</b>	<b>18,312</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	7,902	638	36,937
<b>TOTAL NET POSITION</b>	<b>\$ 7,902</b>	<b>\$ 638</b>	<b>\$ 36,937</b>

**OTHER CUSTODIAL FUNDS**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
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	<b>WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PFD</b>	<b>WASHINGTON PUBLIC STADIUM AUTHORITY</b>	<b>WATER DISTRICTS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 44	\$ —	\$ 3,522
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	—
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	1,470
Notes and contracts receivable	—	—	—
<b>TOTAL ASSETS</b>	<b>44</b>	<b>—</b>	<b>4,992</b>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	44	—	3,881
Due to beneficiaries	—	—	400
Due to other governments	—	—	—
<b>TOTAL LIABILITIES</b>	<b>44</b>	<b>—</b>	<b>4,281</b>
<b>NET POSITION</b>			
Restricted for:			
Individuals, organizations and other governments	—	—	711
<b>TOTAL NET POSITION</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 711</b>



**EXTERNAL INVESTMENT POOL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)

	<u>TOTAL</u>	<u>EXTERNAL IMPAIRED INVESTMENT POOL</u>	<u>EXTERNAL INDIVIDUAL INVESTMENT ACCOUNTS</u>	<u>EXTERNAL INVESTMENT POOL</u>
<b>ADDITIONS</b>				
Pool participant contributions	\$ 8,987,718	\$ —	\$ 636	\$ 8,987,082
Investment earnings:				
Interest, dividends and other	54,420	—	304	54,116
Net increase in fair value of investments	14,789	58	586	14,145
Total investment earnings	69,209	58	890	68,261
Less investment costs:				
Investment activity costs	(1,314)	—	(4)	(1,310)
Net investment earnings	67,895	58	886	66,951
Total additions	9,055,613	58	1,522	9,054,033
<b>DEDUCTIONS</b>				
Pool participant distributions	9,064,784	499	1,993	9,062,292
Total deductions	9,064,784	499	1,993	9,062,292
Net increase (decrease) in fiduciary net position	(9,171)	(441)	(471)	(8,259)
NET POSITION - BEGINNING (RESTATED)	3,910,966	1,766	14,660	3,894,540
NET POSITION - ENDING	<u>\$ 3,901,795</u>	<u>\$ 1,325</u>	<u>\$ 14,189</u>	<u>\$ 3,886,281</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
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	<u>TOTAL</u>	<u>BOARD DEPOSITS AND DISBURSEMENTS</u>	<u>CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY</u>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 5,464,218	\$ —	\$ 117,612
State apportionment	3,828,698	—	—
Real estate excise taxes collected for other governments	820,462	—	—
Bond proceeds	419,920	—	—
Utility charges	379,372	—	—
Local support non-tax receipts	400,838	—	—
Member contributions	75,010	—	—
Drainage utility charges collected for other governments	218,072	—	—
Pool participant contributions	(8,987,718)	—	6
Line of credit receipts	176,707	—	—
Investment earnings:			
Interest, dividends and other	15	—	—
Net increase in fair value of investments	7	—	—
Total investment earnings	<u>22</u>	<u>—</u>	<u>—</u>
Charges for fire protection services	32,564	—	—
Receipts from other governments	26,541	—	—
Court fees collected for other governments	11,989	—	—
Lease contributions	10,780	—	—
Regulatory fees	12,855	—	—
Recording fees collected for other governments	19,340	—	—
Other taxes collected for other governments	7,638,580	—	502
Charges for emergency medical services	7,509	—	—
Impact fees collected for other governments	3,416	—	—
Food services receipts	1,088	—	—
Forest funds	2,007	—	—
Fines and forfeits collected for other governments	492	—	—
Licensing fees collected for other governments	240	—	—
Other fees collected for other governments	593	—	—
Permitting fees collected for other governments	9	—	—
Miscellaneous receipts	205,166	—	—
Total additions	<u>10,768,770</u>	<u>—</u>	<u>118,120</u>
<b>DEDUCTIONS</b>			
Payments to vendors	9,848,156	—	—
Taxes distributed to other governments	8,938,311	—	115,286
Principal payments	395,075	—	—
Interest and other debt service costs	268,740	—	—
Other receipts distributed to other governments	133,172	—	72
Pool participant distributions	(9,064,784)	—	6
Election costs	4,878	—	—
Treasurer collection fees	2,810	—	—
Cash management fees	162	—	—
Miscellaneous payments	229,168	—	1,608
Total deductions	<u>10,755,688</u>	<u>—</u>	<u>116,972</u>
Net increase (decrease) in fiduciary net position	13,082	—	1,148
NET POSITION - BEGINNING (RESTATED)	66,527	—	1,804
NET POSITION - ENDING	<u>\$ 79,609</u>	<u>\$ —</u>	<u>\$ 2,952</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
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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	\$ 1,028,250	\$ —	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	182,081	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	218,072	—	—
Pool participant contributions	—	—	—
Line of credit receipts	—	—	—
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	1,203	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	62	—	—
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	163	—	—
Licensing fees collected for other governments	240	—	—
Other fees collected for other governments	97	—	—
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	579	354	5,092
Total additions	1,430,747	354	5,092
<b>DEDUCTIONS</b>			
Payments to vendors	183,907	—	—
Taxes distributed to other governments	1,110,460	—	—
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	125,743	—	—
Pool participant distributions	—	—	—
Election costs	842	—	—
Treasurer collection fees	2,092	—	—
Cash management fees	—	—	—
Miscellaneous payments	—	354	5,092
Total deductions	1,423,044	354	5,092
Net increase (decrease) in fiduciary net position	7,703	—	—
NET POSITION - BEGINNING (RESTATED)	21,934	—	—
NET POSITION - ENDING	\$ 29,637	\$ —	\$ —

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
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	EMPLOYEE CHARITABLE CONTRIBUTIONS	FIRE PROTECTION DISTRICTS	HOSPITAL DISTRICTS
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ —	\$ 272,800	\$ 56,567
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	25,382	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(480,131)	(69,358)
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	15	—	—
Net increase in fair value of investments	7	—	—
Total investment earnings	<u>22</u>	<u>—</u>	<u>—</u>
Charges for fire protection services	—	32,564	—
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	—	150	36
Charges for emergency medical services	—	7,509	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	264	64
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	<u>2,510</u>	<u>16,540</u>	<u>43</u>
Total additions	<u>2,532</u>	<u>(124,922)</u>	<u>(12,648)</u>
<b>DEDUCTIONS</b>			
Payments to vendors	—	315,820	22,178
Taxes distributed to other governments	—	4,708	—
Principal payments	—	7,727	13,675
Interest and other debt service costs	—	3,626	10,713
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	(463,916)	(61,302)
Election costs	—	407	291
Treasurer collection fees	—	645	—
Cash management fees	—	6	—
Miscellaneous payments	<u>2,510</u>	<u>4,863</u>	<u>1,558</u>
Total deductions	<u>2,510</u>	<u>(126,114)</u>	<u>(12,887)</u>
Net increase (decrease) in fiduciary net position	22	1,192	239
NET POSITION - BEGINNING (RESTATED)	<u>29</u>	<u>2,639</u>	<u>784</u>
NET POSITION - ENDING	<u>\$ 51</u>	<u>\$ 3,831</u>	<u>\$ 1,023</u>

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 4 OF 8 - CONTINUED)

	JUDICIAL ADMINISTRATION	KING COUNTY DIRECTOR'S ASSOCIATION	KING COUNTY LIBRARY SYSTEM
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ —	\$ —	\$ 138,382
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(216,326)	(141,810)
Line of credit receipts	—	176,707	—
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	—	—	324
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	85
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	168,707	—	4,920
Total additions	168,707	(39,619)	1,901
<b>DEDUCTIONS</b>			
Payments to vendors	—	172,868	114,634
Taxes distributed to other governments	—	—	—
Principal payments	—	—	11,545
Interest and other debt service costs	—	86	2,738
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	(216,174)	(130,272)
Election costs	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	1	8
Miscellaneous payments	168,707	3,600	1,928
Total deductions	168,707	(39,619)	581
Net increase (decrease) in fiduciary net position	—	—	1,320
NET POSITION - BEGINNING (RESTATED)	—	—	(691)
NET POSITION - ENDING	\$ —	\$ —	\$ 629

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 5 OF 8)

	OTHER SPECIAL PURPOSE DISTRICTS	OTHER TAX DISTRIBUTION	PARKS AND RECREATION DISTRICTS
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 9,160	\$ —	\$ 62,264
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	5,861
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	2,072	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	(27,580)	—	(18,095)
Line of credit receipts	—	—	—
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	10,885	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	12,855	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	890,834	370
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
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	819	—	2,600
Total additions	8,211	890,834	53,000
<b>DEDUCTIONS</b>			
Payments to vendors	33,883	—	63,391
Taxes distributed to other governments	—	890,834	568
Principal payments	—	—	700
Interest and other debt service costs	—	—	495
Other receipts distributed to other governments	—	—	48
Pool participant distributions	(25,904)	—	(13,638)
Election costs	15	—	89
Treasurer collection fees	71	—	—
Cash management fees	2	—	—
Miscellaneous payments	233	—	928
Total deductions	8,300	890,834	52,581
Net increase (decrease) in fiduciary net position	(89)	—	419
NET POSITION - BEGINNING (RESTATED)	546	—	1,213
NET POSITION - ENDING	\$ 457	\$ —	\$ 1,632

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 6 OF 8 - CONTINUED)

	PORT OF SEATTLE	PROPERTY TAXES	SCHOOL DISTRICTS
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ 76,113	\$ —	\$ 1,775,685
State apportionment	—	—	3,828,698
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	405,785
Utility charges	—	—	—
Local support non-tax receipts	—	—	400,838
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	—	(7,412,759)
Line of credit receipts	—	—	—
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	—	—	12,534
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	323	6,742,945	415
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	3,416
Food services receipts	—	—	1,088
Forest funds	28	—	857
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	11	—	353
Total additions	76,475	6,742,945	(983,090)
<b>DEDUCTIONS</b>			
Payments to vendors	—	—	5,946,885
Taxes distributed to other governments	68,790	6,742,945	—
Principal payments	—	—	349,423
Interest and other debt service costs	—	—	243,378
Other receipts distributed to other governments	7,309	—	—
Pool participant distributions	—	—	(7,539,229)
Election costs	—	—	2,031
Treasurer collection fees	—	—	—
Cash management fees	—	—	55
Miscellaneous payments	—	—	25,888
Total deductions	76,099	6,742,945	(971,569)
Net increase (decrease) in fiduciary net position	376	—	(11,521)
NET POSITION - BEGINNING (RESTATED)	1,116	3	3,235
NET POSITION - ENDING	\$ 1,492	\$ 3	\$ (8,286)

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)  
(PAGE 7 OF 8)

	<b>SEIZURES AND FORFEITURES</b>	<b>SEWER AND WATER DISTRICTS</b>	<b>STATE OF WASHINGTON</b>
<b>ADDITIONS</b>			
Property taxes collected for other governments	\$ —	\$ —	\$ 1,927,385
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	638,381
Bond proceeds	—	250	—
Utility charges	—	210,178	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	(288,133)	—
Line of credit receipts	—	—	—
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	—	—	10,786
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	19,340
Other taxes collected for other governments	—	—	1,975
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	709
Fines and forfeits collected for other governments	—	30	224
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	31
Permitting fees collected for other governments	—	—	9
Miscellaneous receipts	—	1,003	624
Total additions	—	(76,672)	2,599,464
<b>DEDUCTIONS</b>			
Payments to vendors	—	210,882	2,580,931
Taxes distributed to other governments	—	—	4,720
Principal payments	—	2,907	—
Interest and other debt service costs	—	1,612	—
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	(293,283)	—
Election costs	—	275	—
Treasurer collection fees	—	1	—
Cash management fees	—	58	—
Miscellaneous payments	808	1,031	—
Total deductions	808	(76,517)	2,585,651
Net increase (decrease) in fiduciary net position	(808)	(155)	13,813
NET POSITION - BEGINNING (RESTATED)	8,710	793	23,124
NET POSITION - ENDING	\$ 7,902	\$ 638	\$ 36,937

**OTHER CUSTODIAL FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
(IN THOUSANDS)

(PAGE 8 OF 8 - CONCLUDED)

	<b>WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PDF</b>	<b>WASHINGTON PUBLIC STADIUM AUTHORITY</b>	<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	—	—	8,024
Utility charges	—	—	169,194
Local support non-tax receipts	—	—	—
Member contributions	—	—	47,556
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	(5,774)	(5,806)	(321,952)
Line of credit receipts	—	—	—
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	—	—	3,122
Court fees collected for other governments	—	—	—
Lease contributions	5,125	5,655	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	644	—	—
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	75
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	465
Permitting fees collected for other governments	—	—	—
Miscellaneous receipts	10	2	999
Total additions	5	(149)	(92,517)
<b>DEDUCTIONS</b>			
Payments to vendors	5,801	3,262	193,714
Taxes distributed to other governments	—	—	—
Principal payments	—	—	9,098
Interest and other debt service costs	—	—	6,092
Other receipts distributed to other governments	—	—	—
Pool participant distributions	(14,768)	(3,413)	(302,891)
Election costs	—	—	928
Treasurer collection fees	—	—	1
Cash management fees	—	—	32
Miscellaneous payments	8,972	2	1,086
Total deductions	5	(149)	(91,940)
Net increase (decrease) in fiduciary net position	—	—	(577)
NET POSITION - BEGINNING (RESTATED)	—	—	1,288
NET POSITION - ENDING	\$ —	\$ —	\$ 711





# Statistical Section

2020  
**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>	258 - 262
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	263 - 266
Information to help the reader assess the County's most significant local revenue source - the property tax.	
<b>Debt Capacity</b>	267 - 272
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>	273 - 274
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>	275 - 276
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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities:										
Net investment in capital assets	\$ 1,920,793	\$ 1,905,722	\$ 2,109,711	\$ 2,204,046	\$ 2,130,800	\$ 2,233,273	\$ 2,404,631	\$ 2,604,428	\$ 2,799,501	\$ 2,934,385
Restricted	440,959	452,529	499,601	576,224	401,317	700,914	766,719	779,112	774,731	925,984
Unrestricted	(116,673)	13,174	(65,063)	(577,479)	(197,963)	(335,182)	(269,756)	(205,177)	(112,310)	(162,677)
Total governmental activities net position	<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>\$ 2,599,005</u>	<u>\$ 2,901,594</u>	<u>\$ 3,178,363</u>	<u>\$ 3,461,922</u>	<u>\$ 3,697,692</u>
Business-type activities:										
Net investment in capital assets	\$ 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	\$ 2,309,757
Restricted	311,596	267,262	214,515	216,803	243,658	244,689	278,438	286,406	269,056	247,267
Unrestricted	515,775	641,235	777,194	442,513	578,342	817,249	938,658	1,025,880	1,094,369	1,716,432
Total business-type activities net position	<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>\$ 3,756,231</u>	<u>\$ 4,273,456</u>
Primary government:										
Net investment in capital assets	\$ 3,543,067	\$ 3,533,157	\$ 3,722,396	\$ 3,820,481	\$ 3,780,776	\$ 4,021,628	\$ 4,307,665	\$ 4,872,237	\$ 5,192,307	5,244,142
Restricted	752,555	719,791	714,116	793,027	644,975	945,603	1,045,157	1,065,518	1,043,787	1,173,251
Unrestricted	399,102	654,409	712,131	(134,966)	380,379	482,067	668,902	820,703	982,059	1,553,755
Total primary government net position	<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>\$ 5,449,298</u>	<u>\$ 6,021,724</u>	<u>\$ 6,758,458</u>	<u>\$ 7,218,153</u>	<u>7,971,148</u>

Restatements:

2011 has been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

2016, 2017, 2018 and 2019 Governmental activities have been restated; see Note 18 for additional detail.

2019 Business-type activities have been restated; see Note 18 for additional detail.

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (IN THOUSANDS)  
 (PAGE 1 OF 2 - CONTINUED)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental activities:										
General government	\$ 153,910	\$ 147,395	\$ 189,712	\$ 215,569	\$ 251,147	\$ 214,328	\$ 229,651	\$ 173,000	\$ 193,291	\$ 247,861
Law, safety and justice	594,366	629,924	588,794	866,983	667,361	572,925	574,938	697,250	726,568	819,211
Physical environment	78,823	77,111	94,138	162,969	110,864	21,046	20,784	25,468	22,788	22,253
Transportation	100,724	78,937	68,363	112,928	84,139	88,393	103,203	93,562	102,634	105,306
Economic environment	112,081	104,707	98,219	118,868	101,942	226,291	187,712	240,433	171,686	263,601
Health and human services	457,507	469,234	480,482	607,407	508,706	602,843	632,257	702,015	746,148	973,277
Culture and recreation	56,917	60,273	48,748	64,876	50,699	93,599	59,726	64,763	77,434	93,454
Interest and other debt service costs	51,670	38,509	41,790	36,098	34,207	29,714	25,987	25,629	23,606	18,400
Total governmental activities expenses	<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>1,849,139</u>	<u>1,834,258</u>	<u>2,022,120</u>	<u>2,064,155</u>	<u>2,543,363</u>
Business-type activities:										
Airport	28,101	29,909	28,339	32,786	21,392	26,304	23,830	22,869	25,475	30,816
Public Transportation	716,949	740,384	764,580	1,020,577	777,883	848,622	883,804	824,623	1,032,062	1,054,739
Solid Waste	96,871	108,837	102,030	149,906	113,751	132,386	105,597	155,026	234,164	136,081
Water Quality	321,057	396,260	433,210	571,966	448,832	467,987	466,564	486,545	474,952	481,393
Other	13,183	13,912	15,432	19,075	14,136	14,773	15,029	15,431	17,621	16,814
Total business-type activities expenses	<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>1,784,274</u>	<u>1,719,843</u>
Total primary government expenses	<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>\$ 3,339,211</u>	<u>\$ 3,329,082</u>	<u>\$ 3,526,614</u>	<u>\$ 3,848,429</u>	<u>\$ 4,263,206</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 65,478	\$ 72,711	\$ 75,750	\$ 27,391	\$ 94,077	\$ 193,326	\$ 140,081	\$ 134,248	\$ 147,176	\$ 168,833
Law, safety and justice	155,857	143,737	150,358	160,874	169,829	105,833	158,375	167,975	179,797	160,285
Physical environment	43,607	55,526	53,825	75,191	65,445	49,120	37,316	35,596	49,151	43,632
Transportation	16,571	13,656	28,093	49,311	12,233	8,946	3,123	10,413	11,997	12,807
Economic environment	35,276	29,958	20,854	28,440	35,963	34,628	71,750	69,302	80,993	62,912
Health and human services	266,583	300,604	294,291	335,188	357,367	393,430	391,338	413,469	368,686	435,966
Culture and recreation	6,487	8,163	8,908	457	8,684	8,897	9,079	9,527	9,835	4,522
Interest and other debt service costs	1,695	1,783	8,924	14,995	15,744	—	—	—	—	—
Operating grants and contributions	205,813	205,235	175,862	182,500	189,325	218,760	234,877	220,680	211,658	304,901
Capital grants and contributions	73,182	67,113	99,812	30,274	18,113	29,709	17,169	30,461	20,556	17,527
Total governmental activities	<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>1,091,671</u>	<u>1,079,849</u>	<u>1,211,385</u>

**CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
 (ACCRUAL BASIS OF ACCOUNTING)  
 (IN THOUSANDS)  
 (PAGE 2 OF 2 - CONCLUDED)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Business-type activities:										
Charges for services:										
Airport	\$ 19,204	\$ 17,812	\$ 20,440	\$ 17,457	\$ 19,081	\$ 20,289	\$ 20,965	\$ 31,532	\$ 27,805	\$ 28,053
Public Transportation	244,511	278,143	299,382	289,943	301,030	342,737	355,548	371,653	386,582	249,020
Solid Waste	88,961	98,827	109,131	114,270	121,858	131,234	143,524	137,943	137,158	145,702
Water Quality	338,226	390,705	431,743	440,720	438,440	605,887	524,439	527,565	544,083	540,475
Other	7,664	8,746	9,222	8,964	9,067	10,735	11,275	11,807	14,251	10,404
Operating grants and contributions	61,374	58,537	35,824	37,816	30,643	58,374	36,387	41,488	26,168	533,111
Capital grants and contributions	152,999	81,712	57,919	40,204	92,242	89,336	46,741	138,057	64,081	28,087
Total business-type activities	<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>	<u>1,534,852</u>
Total primary government	<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>\$ 2,351,716</u>	<u>\$ 2,279,977</u>	<u>\$ 2,746,237</u>
<b>Net (Expenses) Revenues</b>										
Governmental activities	\$ (735,449)	\$ (707,604)	\$ (693,569)	\$ (1,281,077)	\$ (842,285)	\$ (806,490)	\$ (771,150)	\$ (930,449)	\$ (984,306)	\$ (1,331,978)
Business-type activities	(263,222)	(354,820)	(379,930)	(844,936)	(363,633)	(231,480)	(355,945)	(244,449)	(584,146)	(184,991)
Total primary government	<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>\$ (1,037,970)</u>	<u>\$ (1,127,095)</u>	<u>\$ (1,174,898)</u>	<u>\$ (1,568,452)</u>	<u>\$ (1,516,969)</u>
<b>General Revenues and Other</b>										
<b>Changes in Net Position</b>										
Governmental activities	\$ 846,020	\$ 833,950	\$ 866,393	\$ 939,619	\$ 973,648	\$ 1,071,341	\$ 1,073,739	\$ 1,207,218	\$ 1,267,865	\$ 1,567,748
Business-type activities	430,132	441,107	448,392	516,293	559,858	609,797	625,782	704,414	760,282	702,216
Total primary government	<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>\$ 1,681,138</u>	<u>\$ 1,699,521</u>	<u>\$ 1,911,632</u>	<u>\$ 2,028,147</u>	<u>\$ 2,269,964</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 110,571	\$ 126,346	\$ 172,824	\$ (341,458)	\$ 131,363	\$ 264,851	\$ 302,589	\$ 276,769	\$ 283,559	\$ 235,770
Business-type activities	166,910	86,287	68,462	(328,643)	196,225	378,317	269,837	459,965	176,136	517,225
Total primary government	<u>\$ 277,481</u>	<u>\$ 212,633</u>	<u>\$ 255,821</u>	<u>\$ (660,797)</u>	<u>\$ 327,588</u>	<u>\$ 643,168</u>	<u>\$ 572,426</u>	<u>\$ 736,734</u>	<u>\$ 459,695</u>	<u>\$ 752,995</u>

The year 2011 has been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

2016-2019 expenses were adjusted for the effects of prior period adjustments due to corrections of errors and a redefinition of activities included within functional categories.

Program revenues and expenses for governmental and business-type activities have been restated for 2016, 2017, 2018 and 2019.

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(IN THOUSANDS)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Fund</b>										
Nonspendable	\$ 3,800	\$ 3,800	\$ 300	\$ 300	\$ 300	\$ —	\$ —	\$ —	\$ 6	\$ 44
Restricted	3,309	2,702	2,506	2,803	1,781	1,659	2,016	1,348	1,807	1,559
Committed	23,694	21,761	24,982	20,212	20,310	20,497	25,161	26,310	27,038	28,942
Assigned	7,420	8,827	8,264	8,151	12,125	35,128	19,181	28,578	13,435	37,147
Unassigned	96,545	102,554	78,318	71,742	68,113	68,195	98,412	107,845	141,535	133,098
Total General Fund	<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>	<u>\$ 200,790</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 12,333	\$ 14,648	\$ 14,241	\$ 12,678	\$ 14,441	\$ 9,211	\$ 11,367	\$ 11,362	\$ 35,506	26,226
Restricted	392,138	406,890	392,824	191,893	446,210	697,641	782,219	783,204	830,726	828,879
Committed	77,227	86,439	80,368	88,996	38,373	37	43	55	170	175
Assigned	16,105	33,157	45,224	286,300	117,729	33,468	45,905	43,799	41,918	56,254
Unassigned	(10,460)	(8,917)	(6,571)	(7,462)	(14,674)	(20,232)	(18,414)	(20,744)	(48,851)	(94,822)
Total all other governmental funds	<u>\$ 487,343</u>	<u>\$ 532,217</u>	<u>\$ 526,086</u>	<u>\$ 572,405</u>	<u>\$ 602,079</u>	<u>\$ 720,125</u>	<u>\$ 821,120</u>	<u>\$ 817,676</u>	<u>\$ 859,469</u>	<u>\$ 816,712</u>

Year 2011 has 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.

Since 2014, Law Library has been reported as a special revenue fund. It was formerly reported as a fiduciary fund.

Fund balances in 2016, 2017, 2018 and 2019 have been restated; see Note 18 for details.

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)  
(IN THOUSANDS)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Taxes	\$ 837,350	\$ 818,822	\$ 861,622	\$ 930,096	\$ 980,047	\$1,066,173	\$1,081,121	\$1,162,734	\$1,203,183	\$1,271,932
Licenses and permits	20,576	21,652	22,155	23,633	26,536	23,525	28,253	29,254	28,999	25,379
Intergovernmental revenues	570,794	597,549	572,424	656,830	634,367	230,123	234,074	216,514	208,625	534,604
Charges for services	249,612	249,755	269,853	270,977	302,681	775,813	757,617	783,368	792,234	819,740
Fines and forfeits	8,635	8,499	7,376	6,357	7,334	8,989	26,369	27,663	27,794	23,214
Interest earnings	6,005	6,550	3,456	5,008	4,837	8,047	14,611	30,240	53,413	37,122
Miscellaneous revenues	58,373	88,590	79,705	75,419	75,123	68,129	48,197	45,456	52,622	53,686
<b>Total revenues</b>	<b>1,751,345</b>	<b>1,791,417</b>	<b>1,816,591</b>	<b>1,968,320</b>	<b>2,030,925</b>	<b>2,180,799</b>	<b>2,190,242</b>	<b>2,295,229</b>	<b>2,366,870</b>	<b>2,765,677</b>
<b>Expenditures</b>										
General government	157,215	191,558	203,740	196,721	266,934	281,447	254,165	185,908	198,875	251,652
Law, safety and justice	553,127	570,926	590,701	619,161	642,723	592,779	604,713	719,701	763,842	837,473
Physical environment	101,516	98,962	123,241	190,979	165,260	59,074	24,470	21,278	24,920	23,072
Transportation	106,888	90,737	77,468	99,991	83,810	89,074	106,776	96,878	107,319	107,624
Economic environment	111,682	104,787	98,656	102,208	102,918	116,746	189,389	202,641	203,253	265,269
Health and human services	467,409	481,747	490,932	521,960	522,650	677,657	646,839	716,004	764,352	982,076
Culture and recreation	53,260	57,067	44,188	46,665	48,003	81,317	57,508	62,573	75,422	79,369
Debt service:										
Redemption of long-term debt	50,772	56,913	70,686	71,998	64,407	57,641	63,702	66,422	67,990	68,672
Interest	29,835	25,186	33,000	31,504	28,822	35,665	33,143	33,060	30,454	28,988
Other debt service costs	42,791	2,720	608	260	20,445	8,417	419	291	1,061	1,011
Capital outlay	122,310	138,279	119,746	78,595	92,895	80,682	155,501	226,035	171,852	218,337
<b>Total expenditures</b>	<b>1,796,805</b>	<b>1,818,882</b>	<b>1,852,966</b>	<b>1,960,042</b>	<b>2,038,867</b>	<b>2,080,499</b>	<b>2,136,625</b>	<b>2,330,791</b>	<b>2,409,340</b>	<b>2,863,543</b>
Excess (deficiency) of revenues over (under) expenditures	(45,460)	(27,465)	(36,375)	8,278	(7,942)	100,300	53,617	(35,562)	(42,470)	(97,866)
<b>Other Financing Sources (Uses)</b>										
Transfers in	157,027	142,955	187,571	175,619	218,212	301,289	368,617	409,346	429,016	426,388
Transfers out	(155,565)	(137,706)	(188,847)	(167,519)	(204,986)	(294,109)	(348,857)	(386,334)	(404,417)	(398,057)
General government debt issued	109,085	51,980	—	15,395	27,355	25,025	33,325	5,845	62,340	32,090
Premium on general government bonds issued	3,017	17,879	—	1,967	3,911	3,764	5,037	863	13,125	8,979
Refunding bonds issued	25,700	256,615	92,940	34,815	198,290	—	—	—	55,877	54,065
Premium on refunding bonds issued	2,776	41,267	7,261	4,403	29,888	—	—	—	8,248	—
Insurance recoveries	—	—	—	—	—	—	3,538	6,952	—	—
Sale of capital assets	17,141	547	5,638	1,157	4,323	4,627	5,009	14,757	3,466	3,133
Payment to refunded bonds escrow agent	(28,242)	(296,322)	(99,593)	(38,958)	(227,200)	—	—	—	(63,652)	(54,520)
<b>Total other financing sources (uses)</b>	<b>130,939</b>	<b>77,215</b>	<b>4,970</b>	<b>26,879</b>	<b>49,793</b>	<b>40,596</b>	<b>66,669</b>	<b>51,429</b>	<b>104,003</b>	<b>72,078</b>
Special item	—	—	—	—	(12,756)	—	—	—	—	—
<b>Net change in fund balances</b>	<b>\$ 85,479</b>	<b>\$ 49,750</b>	<b>\$ (31,405)</b>	<b>\$ 35,157</b>	<b>\$ 29,095</b>	<b>\$ 140,896</b>	<b>\$ 120,286</b>	<b>\$ 15,867</b>	<b>\$ 61,533</b>	<b>\$ (25,788)</b>
Debt service as a percentage of noncapital expenditures	4.81 %	4.89 %	5.98 %	5.50 %	4.79 %	4.67 %	4.89 %	4.73 %	4.40 %	3.71 %

The year 2011 has been restated for the reclassification of King County Ferry District from a governmental fund to an enterprise fund.  
2011-2019 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. It was formerly reported as a fiduciary fund.

**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		
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
2020	475,171,965	113,344,511	13,117,286	18,980,633	11,191,173	10,684,923	642,490,491	739,867,831	86.8	1.55

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
County Direct Rates										
General	\$ 1.34	\$ 1.42	\$ 1.54	\$ 1.52	\$ 1.34	\$ 1.33	\$ 1.37	\$ 1.32	\$ 1.21	\$ 1.24
Emergency Medical Services	0.19	0.19	0.19	0.21	0.19	0.17	0.16	0.14	0.13	0.16
Road District	0.15	0.23	0.22	0.21	0.21	0.19	0.19	0.17	0.15	0.15
Total County Direct Rates	\$ 1.68	\$ 1.84	\$ 1.95	\$ 1.94	\$ 1.74	\$ 1.69	\$ 1.72	\$ 1.63	\$ 1.49	\$ 1.55
State School Fund Rate	2.28	2.42	2.57	2.47	2.29	2.17	2.03	2.92	2.63	3.03
Port of Seattle Rate	0.22	0.23	0.23	0.22	0.19	0.17	0.15	0.14	0.12	0.12
Ferry District Rate	0.004	0.004	0.004	0.003	0.003	0.003	0.012	0.011	0.010	0.010
King County Library System Rate	0.57	0.57	0.57	0.56	0.50	0.48	0.45	0.41	0.37	0.36
Cities and Towns Rate	.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	.24-2.73
School Districts Rate	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	.90-5.20
Fire Districts Rate	.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	.00-2.01
Hospital Districts Rate	.48-.56	.31-.50	.50-.52	.47-.50	.40-.50	.38-.50	.36-.50	.33-.46	.29-.42	.28-.40
Flood Control Zone Districts Rate	0.11	0.12	0.13	0.15	0.14	0.13	0.12	0.11	0.10	0.09
Park and Recreation Districts Rate	.02-.80	.02-.74	.02-.50	.02-.53	.01-.40	.15-.50	.09-.58	.08-.52	.08-.50	.04-.47
Miscellaneous Districts Rate	.04-.50	.05-.50	.10-.50	.04-.50	.04-.50	.03-.50	.03-.47	.04-.43	.04-.50	.04-.47

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
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	(136)	726,183	716,418	98.64	9,490	725,908	99.96	275	0.04
2016	837,123	(201)	836,922	825,870	98.66	10,877	836,747	99.98	175	0.02
2017	864,070	(218)	863,852	852,835	98.70	10,393	863,228	99.93	624	0.07
2018	927,807	(79)	927,728	915,691	98.69	10,332	926,023	99.82	1,705	0.18
2019	961,179	1	961,180	949,763	98.81	7,743	957,506	99.62	3,674	0.38
2020	1,043,698	—	1,043,698	1,026,741	98.38	—	1,026,741	98.38	16,957	1.62

Source: King County Treasury Property Tax Year End Reports for 2011-2020

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	2020			2011		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Boeing	\$ 4,105,247	1	0.62 %	\$ 3,075,544	1	0.96 %
Microsoft	4,049,641	2	0.61	2,720,008	2	0.85
Amazon.com	3,411,622	3	0.52			—
Puget Sound Energy/Gas/Electric	2,441,591	4	0.37	1,689,936	3	0.53
Essex Property Trust	2,039,516	5	0.31	—		—
Union Square LLC	1,159,853	6	0.18	432,829	9	0.14
C/O Prologis - Re Tax	1,089,010	7	0.17	—		—
Acorn Development LLC	929,495	8	0.14	—		—
Altus Group US Inc.	914,629	9	0.14	—		—
Ponte Gadea Seattle LLC	892,586	10	0.14	—		—
Alaska Airlines	—		—	942,122	4	0.29
Qwest Corporation Inc.	—		—	777,785	5	0.24
AT&T Mobility LLC	—		—	719,347	6	0.23
T-Mobile	—		—	691,910	7	0.22
W2007 Seattle (formerly Archon Group LP)	—		—	501,788	8	0.16
Wright Runstad & Company	—		—	354,130	10	0.11
Total	21,033,190		3.20	11,905,399		3.73
Total assessed valuation of other taxpayers	638,501,691		96.80	307,555,538		96.27
Total 2020 assessed valuation for taxes due in 2021	<u>\$ 659,534,881</u>		<u>100.00 %</u>			
Total 2011 assessed valuation for taxes due in 2012				<u>\$ 319,460,937</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>									
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
2020	1,671,220	149,821	—	—	1,821,041	7,793	4,963	1,823,871	0.25%	810

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 Indicators."

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF DECEMBER 31, 2020

(IN THOUSANDS)

<b>GOVERNMENTAL UNIT</b>	<b>DEBT OUTSTANDING</b>	<b>ESTIMATED<sup>(a)</sup> PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT</b>	<b>ESTIMATED SHARE OF OVERLAPPING DEBT</b>
<b>DEBT REPAYED WITH PROPERTY TAXES</b>			
King County – net overlapping debt:			
Port of Seattle	\$ 311,175	100.0000 %	\$ 311,175
School Districts:			
Bellevue SD	735,447	100.0000 %	735,447
Issaquah SD	722,349	100.0000 %	722,349
Lake Washington SD	611,644	100.0000 %	611,644
Northshore SD	511,376	61.1513 %	312,713
Auburn SD	485,792	92.0552 %	447,197
Federal Way SD	425,036	100.0000 %	425,036
Highline SD	395,099	100.0000 %	395,099
Shoreline SD	385,447	100.0000 %	385,447
Renton SD	305,515	100.0000 %	305,515
Snoqualmie SD	228,795	100.0000 %	228,795
Other school districts	667,290	99.9999 %	667,289
Total school districts	<u>5,473,790</u>		<u>5,236,531</u>
Cities and towns <sup>(b)</sup> :			
City of Seattle	882,938	100.0000 %	882,938
City of Bellevue	290,500	100.0000 %	290,500
City of Tukwila	134,094	100.0000 %	134,094
City of Bothell	102,629	56.8660 %	58,361
City of Kent	69,139	100.0000 %	69,139
City of Renton	54,400	100.0000 %	54,400
City of Shoreline	53,748	100.0000 %	53,748
City of Redmond	42,810	100.0000 %	42,810
City of Auburn	37,257	100.0000 %	37,257
City of Kirkland	30,919	100.0000 %	30,919
Other cities and towns	124,835	100.0000 %	124,835
Total cities and towns	<u>1,823,269</u>		<u>1,779,001</u>
Hospital districts	247,405	100.0000 %	247,405
King County Library System	55,216	98.2215 %	54,234
Fire protection districts	78,992	100.0000 %	78,992
Northshore Parks and Recreation Service Area District	119	61.3445 %	73
Park districts	18,490	100.0000 %	18,490
<b>TOTAL KING COUNTY – NET OVERLAPPING DEBT</b>	<u>8,008,456</u>		<u>7,725,901</u>
<b>KING COUNTY – DIRECT DEBT<sup>(c)</sup></b>	<u>692,292</u>	100.0000 %	<u>692,292</u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>	<u>\$ 8,700,748</u>		<u>\$ 8,418,193</u>

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:

\$ 636,218	General long-term debt
<u>56,074</u>	Unamortized premiums/discounts
<u>\$ 692,292</u>	DIRECT DEBT

**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>	
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	
2020	628,425	—	56,074	684,499	7,793	
<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>
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
2020	1,042,795	2,598,885	312,261	3,953,941	2,094	247,287
<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>			
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	2.30 %	2,187			
2020	4,895,614	2.29 %	2,173			

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 2020, the percentages use the personal income amount for 2019.

**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**  
 (IN THOUSANDS)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Valuation <sup>(a)</sup>	\$319,460,937	\$314,746,207	\$340,643,616	\$388,118,856	\$426,335,606	\$471,456,288	\$534,662,435	\$606,623,698	\$642,490,492	\$659,534,881
<b>Limited Tax General Obligations (LTGO) for Metropolitan Functions</b>										
Debt Limit - 0.75% of Assessed Value	\$ 2,395,957	\$ 2,360,597	\$ 2,554,827	\$ 2,910,891	\$ 3,197,517	\$ 3,535,922	\$ 4,009,968	\$ 4,549,678	\$ 4,818,679	\$ 4,946,512
Debt applicable to limit	1,059,464	1,132,185	1,092,797	1,126,570	1,030,577	981,943	931,848	877,083	1,040,574	1,033,218
Less: Amounts set aside to repay LTGO debts	(19,310)	(20,128)	(25,148)	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)	(51,254)
Total net debt applicable to the limit	1,040,154	1,112,057	1,067,649	1,084,234	988,515	928,514	880,080	828,990	1,003,673	981,964
Legal Debt Margin <sup>(b)</sup> of LTGO	\$ 1,355,803	\$ 1,248,540	\$ 1,487,178	\$ 1,826,657	\$ 2,209,002	\$ 2,607,408	\$ 3,129,888	\$ 3,720,688	\$ 3,815,006	\$ 3,964,548
Total net debt applicable to the limit as a percentage of the debt limit	43.41 %	47.11 %	41.79 %	37.25 %	30.92 %	26.26 %	21.95 %	18.22 %	20.83 %	19.85 %
<b>LTGOs for General County Purposes and Metropolitan Functions</b>										
Debt Limit - 1.5% of Assessed Value	\$ 4,791,914	\$ 4,721,193	\$ 5,109,654	\$ 5,821,783	\$ 6,395,034	\$ 7,071,844	\$ 8,019,937	\$ 9,099,355	\$ 9,637,357	\$ 9,893,023
Debt applicable to limit	2,211,173	2,181,468	2,070,328	2,110,601	1,768,043	1,667,527	1,588,678	1,479,047	1,662,672	1,657,590
Less: Amounts set aside to repay LTGO debts	(64,943)	(62,179)	(57,509)	(54,910)	(53,491)	(62,968)	(64,825)	(55,690)	(44,895)	(57,508)
Total net debt applicable to the limit	2,146,230	2,119,289	2,012,819	2,055,691	1,714,552	1,604,559	1,523,853	1,423,357	1,617,777	1,600,082
Legal Debt Margin <sup>(b)</sup> of LTGO	\$ 2,645,684	\$ 2,601,904	\$ 3,096,835	\$ 3,766,092	\$ 4,680,482	\$ 5,467,285	\$ 6,496,084	\$ 7,675,998	\$ 8,019,580	\$ 8,292,941
Total net debt applicable to the limit as a percentage of the debt limit	44.79 %	44.89 %	39.39 %	35.31 %	26.81 %	22.69 %	19.00 %	15.64 %	16.79 %	16.17 %
<b>Total GO for Metropolitan Functions</b>										
Debt Limit - 2.5% of Assessed Value	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090	\$ 9,702,971	\$10,658,390	\$11,786,407	\$13,366,561	\$15,165,592	\$16,062,262	\$16,488,372
Debt applicable to limit	1,059,464	1,132,185	1,092,797	1,126,570	1,030,577	981,943	931,848	877,083	1,040,574	1,033,218
Less: Amounts set aside to repay GO debts	(19,310)	(20,128)	(25,148)	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)	(51,254)
Total net debt applicable to the limit	1,040,154	1,112,057	1,067,649	1,084,234	988,515	928,514	880,080	828,990	1,003,673	981,964
Legal Debt Margin <sup>(b)</sup> of total GO	\$ 6,946,369	\$ 6,756,598	\$ 7,448,441	\$ 8,618,737	\$ 9,669,875	\$10,857,893	\$12,486,481	\$14,336,602	\$15,058,589	\$15,506,408
Total net debt applicable to the limit as a percentage of the debt limit	13.02 %	14.13 %	12.54 %	11.17 %	9.27 %	7.88 %	6.58 %	5.47 %	6.25 %	5.96 %
<b>Total GO for County Purposes</b>										
Debt Limit - 2.5% of Assessed Value	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090	\$ 9,702,971	\$10,658,390	\$11,786,407	\$13,366,561	\$15,165,592	\$16,062,262	\$16,488,372
Debt applicable to limit	1,303,129	1,190,973	1,104,336	1,097,286	839,316	775,719	734,620	666,394	671,923	663,157
Less: Amounts set aside to repay GO debts	(52,267)	(48,774)	(39,292)	(19,723)	(13,377)	(11,582)	(15,164)	(9,851)	(10,474)	(8,825)
Total net debt applicable to the limit	1,250,862	1,142,199	1,065,044	1,077,563	825,939	764,137	719,456	656,543	661,449	654,332
Legal Debt Margin <sup>(b)</sup> of total GO	\$ 6,735,661	\$ 6,726,456	\$ 7,451,046	\$ 8,625,408	\$ 9,832,451	\$11,022,270	\$12,647,105	\$14,509,049	\$15,400,813	\$15,834,040
Total net debt applicable to the limit as a percentage of the debt limit	15.66 %	14.52 %	12.51 %	11.11 %	7.75 %	6.48 %	5.38 %	4.33 %	4.12 %	3.97 %

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.

## DEBT SERVICE COVERAGE FOR THE WATER QUALITY ENTERPRISE

## LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Average residential customer and residential customer equivalents (RCEs)	707,300	708,900	719,160	725,844	736,090	756,430	756,916	760,571	763,436	767,265
Percentage annual change	0.41 %	0.23 %	1.31 %	1.07 %	1.41 %	2.76 %	0.06 %	0.48 %	0.38 %	0.50 %
Operating revenues										
Sewage disposal fees	\$306,430	\$307,143	\$342,850	\$346,591	\$371,253	\$381,513	\$401,650	\$403,589	\$415,279	\$417,361
Rate stabilization	(25,523)	13,923	10,350	18,000	(12,000)	—	—	—	—	—
Capacity charge revenues	48,693	51,411	58,660	59,522	62,479	71,200	82,615	86,836	102,146	92,622
Other operating revenues	7,830	9,398	10,126	11,675	11,674	11,828	18,308	19,125	19,024	19,956
Total operating revenues	337,430	381,875	421,986	435,788	433,406	464,541	502,573	509,550	536,449	529,939
Operating and Maintenance Expenses	103,995	114,939	117,183	122,014	127,211	138,698	142,263	139,585	143,834	154,513
Add: GAAP adjustments	—	—	—	2,187	1,715	(2,377)	5,936	13,004	10,438	3,505
Net operating and maintenance expenses	103,995	114,939	117,183	124,201	128,926	136,321	148,199	152,589	154,272	158,018
Net operating revenue	233,435	266,936	304,803	311,587	304,480	328,220	354,374	356,961	382,177	371,921
Interest income	2,725	1,697	2,682	2,822	2,863	4,549	6,055	8,956	10,765	7,971
Net revenue available for debt service	<u>\$236,160</u>	<u>\$268,633</u>	<u>\$307,485</u>	<u>\$314,409</u>	<u>\$307,343</u>	<u>\$332,769</u>	<u>\$360,429</u>	<u>\$365,917</u>	<u>\$392,942</u>	<u>\$379,892</u>
Debt service										
Parity bonds	\$132,664	\$157,117	\$172,959	\$175,463	\$167,694	\$160,957	\$159,761	\$163,967	\$171,321	\$162,385
Parity lien obligations	32,910	38,626	43,064	42,876	40,348	53,164	52,650	49,121	41,529	50,755
Subordinate debt service	12,769	14,087	15,039	17,477	18,318	21,316	26,277	33,139	35,174	30,367
Total debt service	<u>\$178,343</u>	<u>\$209,830</u>	<u>\$231,062</u>	<u>\$235,816</u>	<u>\$226,360</u>	<u>\$235,437</u>	<u>\$238,688</u>	<u>\$246,227</u>	<u>\$248,024</u>	<u>\$243,507</u>
Debt service coverage										
On parity bonds	1.78	1.71	1.78	1.79	1.83	2.07	2.26	2.23	2.29	2.34
On parity bonds and parity lien obligations	1.42	1.36	1.42	1.44	1.48	1.55	1.70	1.72	1.85	1.78
On all sewer system obligations	1.32	1.28	1.33	1.33	1.36	1.41	1.51	1.49	1.58	1.56

2014 operating and maintenance expenses were restated as part of GASB Statement Nos. 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 No. 31 fair market value adjustment.

**WATER QUALITY ENTERPRISE  
ADDITIONAL COVERAGE RATIOS  
DECEMBER 31, 2020**

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) 1.78

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) 1.56

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) 1.42

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. In 2020, short-term interest rates fell to 1.22 percent from 2.11 percent in 2019.

Coverage (1.10 required by covenant) 21.88

OPERATING AND CAPITAL INDICATORS BY FUNCTION  
LAST TEN YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Public Works</b>										
Miles of paved roads	1,479	1,451	1,441	1,442	1,418	1,418	1,415	1,415	1,415	1,415
Miles of unpaved roads	51	53	51	51	51	51	51	51	51	51
Bridges <sup>1</sup>	181	182	181	181	181	181	182	182	182	185
<b>Building Permits</b>										
Permits	1,123	2,021	1,303	1,309	1,459	3,172	1,294	1,501	1,406	835
Value of buildings (in thousands)	\$ 235,562	\$ 366,207	\$ 257,261	\$ 292,863	\$ 276,607	\$ 272,327	\$ 323,987	\$ 279,194	\$ 252,807	\$ 234,386
<b>Justice and Law Enforcement - Sheriff's Office</b>										
Number of employees - commissioned	645	637	650	671	679	721	724	728	739	747
Number of employees - civilian	376	287	385	378	340	412	411	360	374	367
Motor Pool fleet - vehicles	632	632	629	602	640	646	646	681	695	687
Motor Pool fleet - boats	8	8	8	8	8	10	12	11	10	10
Motor Pool fleet - helicopters <sup>2</sup>	5	4	4	4	5	5	5	5	7	7
<b>Adult Detention</b>										
Average daily adult custodial population	2,201	1,946	1,960	2,076	2,027	2,011	2,186	2,107	2,691	1,668
Average stay (in days)	21	22	21	22	22	22	22	22	25	29
Bookings	38,089	33,506	34,282	34,724	34,939	36,135	37,125	35,631	32,864	18,324
<b>Parks and Land Use</b>										
Number of parks	215	219	220	221	220	223	229	229	234	239
Acres of parks	170,273	170,574	171,196	171,659	172,281	172,615	173,203	173,825	174,063	174,599
<b>Public Transportation</b>										
Size of fleet - buses	1,505	1,503	1,462	1,423	1,472	1,396	1,429	1,491	1,527	1,404
Size of fleet - active commuter vans	1,228	1,283	1,365	1,421	1,476	1,791	1,817	1,877	1,894	1,864
Annual bus trips (in thousands)	119,840	123,127	126,682	129,081	130,648	130,800	130,093	130,617	128,641	59,869
Annual commuter van trips (in thousands)	3,118	3,451	3,524	3,416	3,560	3,555	3,626	3,497	3,465	1,085
<b>Wastewater Treatment</b>										
Total sewer customers (residences and residential customer equivalents)	707,300	708,900	718,160	725,844	736,090	756,430	756,916	760,571	763,436	767,265
New sewer connections equivalents	5,855	7,915	8,467	10,767	11,676	10,743	12,484	12,906	12,513	6,522
Monthly sewer rate	\$ 36.10	\$ 36.10	\$ 39.79	\$ 39.79	\$ 42.03	\$ 42.03	\$ 44.22	\$ 44.22	\$ 45.33	\$ 45.33
Residential connection charge (monthly for 15 years)	\$ 50.45	\$ 53.50	\$ 53.50	\$ 55.35	\$ 57.00	\$ 58.70	\$ 60.80	\$ 62.60	\$ 64.50	\$ 66.35
Total sewer revenues (in thousands)	\$ 285,607	\$ 321,066	\$ 353,200	\$ 364,591	\$ 371,252	\$ 381,513	\$ 401,650	\$ 403,589	\$ 415,279	\$ 417,361
Number of treatment plants	5	5	5	5	5	5	5	5	5	5
Total treatment capacity (MGD <sup>3</sup> )	767	895	895	895	895	862	862	868	868	868
Average daily flow (MGD)	173	188	167	186	178	188	194	177	161	178
Peak daily flow (MGD)	472	523	500	541	556	505	605	482	752	596

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	FUNCTION/PROGRAM							Total
	General Government	Law, Safety and Justice	Physical Environment	Transportation	Economic Environment	Health and Human Services	Culture and Recreation	
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
2020	1,823	3,998	1,199	5,820	526	1,623	260	15,249

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.

FTEs are stated using a beginning-of-year convention.

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						
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 *	213,956,690	94,974	98,000	2.8	4.3	297,367	89,418 *	24,090	13,463	306,397	42,794
2020	N/A *	N/A	N/A	N/A	7.6	8.4	304,125	94,974 *	N/A	N/A	292,651	34,758

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.

Public school student enrollment data from the Washington State Office of Superintendent of Public Instruction.

2011-2018 Private school enrollment data from the Washington State Office of Superintendent of Public Instruction.

2019-2020 Private school enrollment data from the Washington State Board of Education.

**PRINCIPAL EMPLOYERS OF KING COUNTY BY MAJOR INDUSTRY  
CURRENT YEAR AND TEN YEARS AGO**

TYPE OF INDUSTRY	2020			2011		
	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Trade, transportation and utilities	276,000	1	19.92 %	210,900	1	18.07 %
Professional and business services	234,733	2	16.95	184,675	2	15.82
Educational and health services	180,383	3	13.02	157,008	4	13.45
Government	171,650	4	12.39	164,925	3	14.13
Leisure and hospitality	127,925	5	9.24	80,192	7	6.87
Information	101,683	6	7.34	111,075	5	9.52
Manufacturing	95,117	7	6.87	100,192	6	8.58
Construction	76,792	8	5.54	48,275	9	4.14
Financial activities	72,492	9	5.23	67,083	8	5.75
Total	<u>1,336,775</u>		<u>96.50 %</u>	<u>1,124,325</u>		<u>96.33 %</u>
Total employment	<u>1,385,233</u>			<u>1,167,192</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.