

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018
King County, Washington



King County

Finance and Business Operations Division



CAFR

Comprehensive Annual Financial Report

King County Executive

DOW CONSTANTINE

County Administrative Officer and Director
Department of Executive Services

CAROLINE WHALEN

Finance Director

Finance and Business Operations Division

KEN GUY

Deputy Finance Director

Finance and Business Operations Division

EUNJOO GREENHOUSE

Chief Accountant/Manager

Financial Management Section

CHERYL LEE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year

January 1 through

December 31, 2018

King County

State of Washington

PREPARED BY:

**DEPARTMENT OF EXECUTIVE SERVICES
FINANCE AND BUSINESS OPERATIONS DIVISION
FINANCIAL MANAGEMENT SECTION**

King County Administration Building
500 Fourth Avenue, Room 653
Seattle, WA 98104

CHIEF ACCOUNTANT/MANAGER

Cheryl Lee, CPA

FINANCIAL ACCOUNTING SUPERVISOR

Eben Sutton, MAcc

FINANCIAL ACCOUNTING STAFF

Mathias Bube
Lillian L. Bushnell, CPA
Brad Erickson
William R. Forristall, CPA
Lisa Gould
Brian Hungate, CPA
Jin Lin, CPA
Rebecca Luther, CPA
Judy Maha, MPAcc
Nollin N. Rose, CPA
Lily P. Sheats
Minh Tran
Cheng Xu

COVER DESIGN

Wendy Gable Collins, Senior Visual Designer

PRINTING

Terrance Chiu, Copy Center Technician

COVER PHOTOGRAPH

Snoqualmie River Basin
Photographer, Eli Brownell, King County Parks



CAFR AVAILABLE ONLINE

kingcounty.gov/CAFR

Alternative formats available by calling
206-263-2535 or TTY:711

King County is an equal opportunity/
affirmative action employer and complies
with the Americans with Disabilities Act

Comprehensive Annual Financial Report

December 31, 2018

Table of Contents

INTRODUCTORY SECTION

Title Page	i
Table of Contents	iii
Letter of Transmittal	vi
Certificate of Achievement for Excellence in Financial Reporting	xii
Elected Officials Photo	xiii
Elected Officials Photo	xiv
CAFR Acknowledgments	xv
Organization Chart	xvi

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	6

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statements:

Statement of Net Position	21
Statement of Activities	22

Fund Financial Statements:

Governmental Fund Financial Statements

Balance Sheet	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	25

Proprietary Fund Financial Statements

Statement of Net Position	26
Statement of Revenues, Expenses and Changes in Fund Net Position	28
Statement of Cash Flows	30

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	32
Statement of Changes in Fiduciary Net Position	33

Component Unit Financial Statements

Statement of Net Position	34
Statement of Activities	35

Notes to the Financial Statements:

Table of Contents	37
Note 1 - Summary of Significant Accounting Policies	38
Note 2 - Reconciliation of Government-wide and Fund Financial Statements	51
Note 3 - Stewardship, Compliance and Accountability	55

Note 4 - Deposits and Investments	57
Note 5 - Receivables	66
Note 6 - Tax Revenues	67
Note 7 - Capital Assets	75
Note 8 - Restricted Assets	78
Note 9 - Pension Plans	79
Note 10 - Defined Benefit Other Postemployment Benefit (OPEB) Plan	90
Note 11 - Risk Management	93
Note 12 - Leases	97
Note 13 - Landfill Closure and Post-closure Care	99
Note 14 - Pollution Remediation	100
Note 15 - Debt	102
Note 16 - Interfund Balances and Transfers	109
Note 17 - Related Party Transactions	111
Note 18 - Components of Fund Balance, Restatements and Restrictions	112
Note 19 - Legal Matters, Financial Guarantees and Other Commitments	117
Note 20 - Subsequent Events	120

REQUIRED SUPPLEMENTARY INFORMATION

I. General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	123
Behavioral Health Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	124
II. Pension Funding (GASB 68)	125
III. Defined Benefit Other Postemployment Benefit (OPEB) Plan	130
IV. Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach	131

COMBINING FUND STATEMENTS AND SCHEDULES AND SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS

Nonmajor Governmental Funds:	
Fund Descriptions	135
Combining Balance Sheet	140
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	141
Combining Balance Sheets:	
Nonmajor Special Revenue Funds	142
Nonmajor Debt Service Funds	157
Nonmajor Capital Projects Funds	158
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances:	
Nonmajor Special Revenue Funds	164
Nonmajor Debt Service Funds	179
Nonmajor Capital Projects Funds	180
Governmental Funds with Biennial Budgets - Schedule of Expenditures (Budgetary Basis) by Appropriation Unit	186

PROPRIETARY FUNDS

Nonmajor Enterprise Funds:	
Fund Descriptions	191
Combining Statement of Net Position	192

Combining Statement of Revenues, Expenses and Changes in Fund Net Position	194
Combining Statement of Cash Flows	196
Internal Service Funds:	
Fund Descriptions	201
Combining Statement of Net Position	202
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	205
Combining Statement of Cash Flows	208

FIDUCIARY FUNDS

Investment Trust Funds:	
Fund Descriptions	213
Combining Statement of Net Position	214
Combining Statement of Changes in Net Position	215
Agency Funds:	
Fund Descriptions	216
Combining Statement of Changes in Assets and Liabilities	219

STATISTICAL SECTION

Table of Contents	235
Financial Trends:	
Net Position by Component	236
Changes in Net Position	237
Fund Balances, Governmental Funds	239
Changes in Fund Balances, Governmental Funds	240
Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	241
Direct and Overlapping Governments Property Tax Rates	242
Property Tax Levies and Collections	243
Principal Property Taxpayers	244
Debt Capacity:	
Ratios of General Bonded Debt Outstanding	245
Direct and Overlapping Governmental Activities Debt	246
Ratios of Outstanding Debt by Type	247
Legal Debt Margin Information	248
Debt Service Coverage for the Water Quality Enterprise	250
Additional Coverage Ratios for the Water Quality Enterprise	251
Operating Information:	
Operating and Capital Indicators by Function	252
Full-Time Equivalent County Government Employees by Function	253
Demographic and Economic Statistics:	
Demographic and Economic Indicators	254
Principal Employers of King County by Major Industry	255
Ten Largest Customers of the Water Quality Enterprise	256



King County

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

June 28, 2019

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

We are pleased to transmit to you the **Comprehensive Annual Financial Report** (CAFR) of King County, Washington (the County) for the fiscal year ended December 31, 2018. A CAFR is prepared according to generally accepted accounting principles that are prescribed by the Governmental Accounting Standards Board (GASB) for all state and local governments in the United States of America. While GASB compliance only requires the basic financial statements and required supplementary information, the County always prepares a full CAFR that is eligible for the award program for reporting excellence administered by Government Finance Officers Association of the United States and Canada.

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

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

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal granting agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, which includes the CAFR and the Schedule of Expenditures of Federal Awards, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on those that involve the administration of federal awards. Once the audit has been completed, the County's 2018 Single Audit Report will be available online at <https://www.sao.wa.gov>.

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

Profile of the County

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 snowcapped Cascade Mountains, the County consists of 2,132 square miles, ranking 11th in geographical size among Washington's 39 counties. King County is nearly twice as large as the average county in the United States. With a population of 2.2 million, it also ranks as the 13th most populous county in the nation. The County includes 39 incorporated cities, accounting for 89 percent of its population.

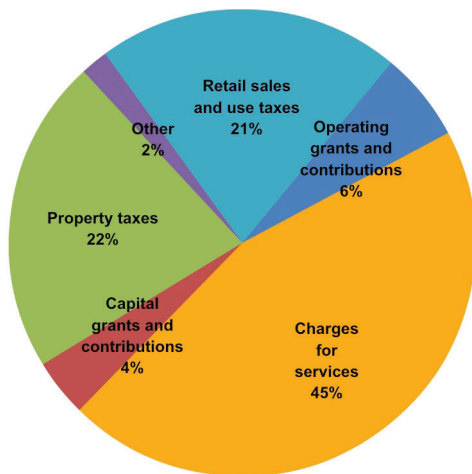
King County, named after Dr. Martin Luther King, Jr., is organized under the executive-council form of county government. The Metropolitan King County Council is the policy-determining legislative body while the Executive serves as the chief executive officer. Other elected officials include the prosecuting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

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

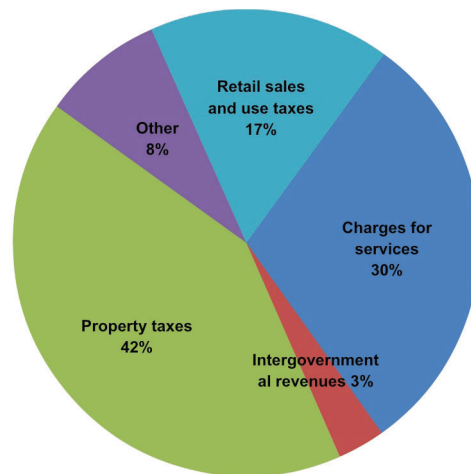
Economic Outlook

Economic conditions have a direct impact on the County's revenues and the demand for its services. The County's economy continued to improve in 2018 owing largely to the unique and diverse composition of businesses in the region. Headquartered within the County are large retailers like Costco and Nordstrom; high-tech conglomerates like Amazon and Microsoft; and industry leaders like Starbucks, Paccar, Expeditors International, Expedia, Alaska Air Group and Weyerhaeuser. The Boeing Company continues to conduct a significant portion of its airplane manufacturing business in the area. The presence of these successful companies, along with their networks of suppliers and supporting organizations, and combined with large institutional employers such as universities, local governments and hospitals, contribute to a robust local economy with a high employment rate.

**2018 Countywide Revenue
\$4.3 billion**



**2018 General Fund Revenues
\$0.9 billion**



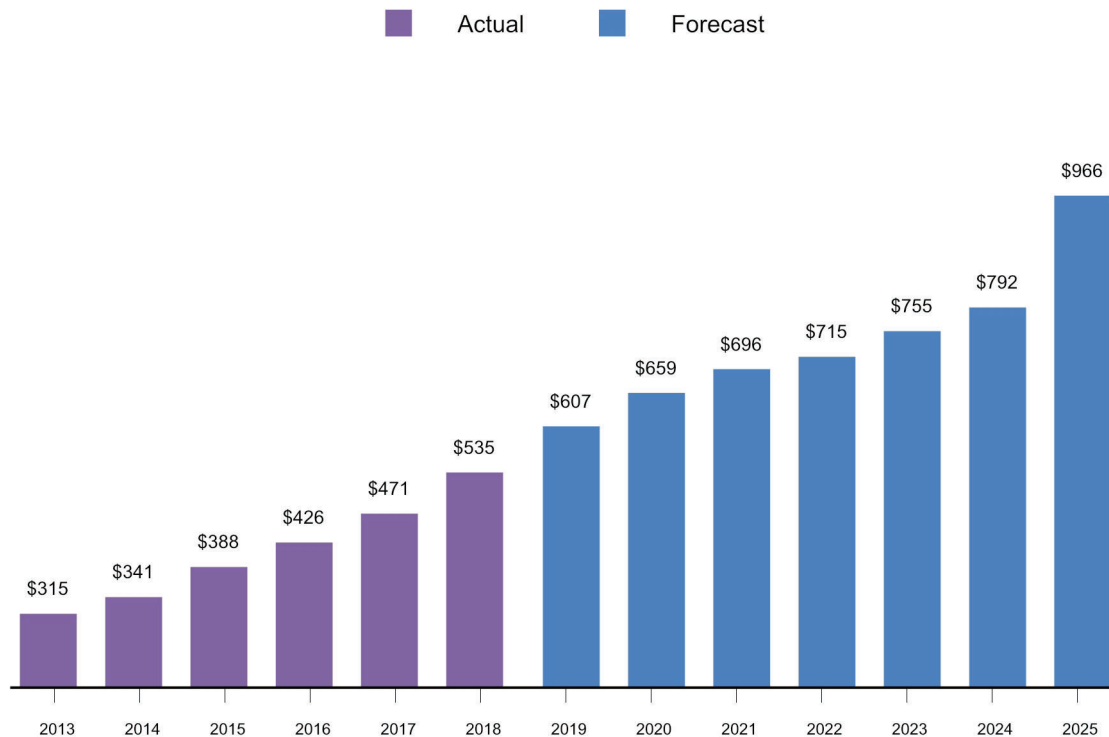
The County's main revenue sources include taxes, such as property and retail sales, charges for services, and intergovernmental revenues, such as grants and other financial assistance. The largest of these are charges for services at 45 percent, mostly generated by the County's large enterprise operations, and combined property and sales taxes, comprising 43 percent of total countywide revenues. The County's portion of sales tax revenue is relatively small as most of the tax is allocated to other governments including the State of Washington, cities, and Sound Transit. Retail sales and use taxes are dependent on the level of retail sales which is largely driven by economic factors such as consumer confidence, personal income growth and market interest rates. 2018 taxable sales increased by 6 percent boosted by high construction material sales from a thriving real estate market. This trend is expected to continue through 2019 but growth will likely taper off as the real estate market normalizes and volatility returns to the construction sector.

In the County's general fund, property taxes made up the bulk of revenues at 42 percent, followed by charges for services at 30 percent, and retail sales and use taxes at 17 percent. While property taxes are still the mainstay for financing County governmental activities, the general fund continues to be hampered by the structural gap between the statutorily limited growth of property tax revenues and the continuing growth in demand for services due to a rise in population and business activity.

Property taxes tend to be a more stable revenue source since the amount of revenue generated is based on the previous year's levy amount plus one percent, plus the property tax assessed on the value of new construction. Property taxes are levied primarily on real property owned by individuals and businesses. The County assessor determines the fair market value of properties, which is tantamount to 100 percent of the property's market value.

Real property assessed values continued to rise in 2018 increasing by 13 percent and there are positive signs for continued medium-term growth as shown in the following chart.

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



Major initiatives

Best-Run Government

The County's goal is to be the **best-run government** in the nation. Through application of continuous improvement principles, world-class risk management, rigorous attention to spending and the performance of new investments, and other methods, the County strives to limit cost growth in its operations to the rate of inflation plus the rate of population growth.

The County has embraced continuous improvement by adopting Lean practices in managing its business processes. Lean, the concept made well-known by Toyota of Japan in the manufacturing sector, has proven adaptable to the service sector and governments. Lean fits well with the County strategies of instituting management best practices,

encouraging employees to innovate and solve problems, and striving for excellence in customer service. The Lean objective of eliminating waste by removing non-value-added steps in processes both improves employee productivity and inspires engagement. Employees who own the processes are given the responsibility and implicit authority, through the Lean problem-solving culture, to affect continuous improvements. Some examples of Lean initiatives undertaken by the County include reducing the cost growth of employee health care plans such that the County's per-employee contribution remains unchanged from 2018 to 2019, saving over \$540 million in interest costs (2013-2017) through the aggressive refunding of debt and reducing the use of interim financing, and creating a comprehensive set of financial policies and standardizing a financial monitoring process that provides a forum and tools to manage risk and optimize the health for each of King County's 140 different funds. The County's ongoing Lean efforts earned a 2017 Achievement Award in the category of financial management from the National Association of Counties. Building on this momentum, the County identified a \$2 million reserve in its 2019-2020 general fund budget to encourage criminal justice agencies (which represent more than 70 percent of General Fund expenditures) to collaborate and implement ongoing process efficiencies and cost reductions.

The County uses enterprise risk management (ERM) to manage risk holistically and strategically across the government. The County performs risk assessments at the department, agency and line of business level to ensure broad participation in the process of identifying and prioritizing risk. This government-wide focus has developed greater risk awareness and ownership of risks, as well as expanding the nature and type of risks monitored and proactively mitigated by the County. The County has established a Loss Control Fund (LCF), which agencies may access to help pay for risk mitigation efforts. King County's efforts were recently featured by the Association for Federal Enterprise Risk Management in its January 2019 podcast. In 2018, the LCF was used to develop augmented reality software for the County's wastewater treatment program which helped operators visualize inspection points and mark inspection tasks as completed; the software won a digital transformation award from Digital Edge 50 and CIO.com.

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

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.

Best Starts for Kids (BSK), a comprehensive set of programs to help children and youth succeed, is an innovative and research-based initiative to eliminate social ills by focusing on the origins. Its implementation in the 2017-2018 biennium leverages \$65 million per year in investments and services to setup kids to succeed through prevention and early intervention strategies; helping to remove barriers in institutional policies, practices and systems; and move towards racial equity and better outcomes for overburdened communities. In 2018, the County and its 228 BSK partner agencies provided 5,100 infants and toddlers with early support, 1,272 families with in-home visits and support and provided 1,663 visits to school-based health centers for medical and mental health services.

In line with the social justice initiative, the County had begun the development of the new **Children and Family Justice Center** to replace the old and dilapidated Youth Services Center. The theme of the design concept is not so much on

architectural modernization but on the County's paradigm shift in its philosophy of juvenile justice, moving the focus away from incarceration to providing practical support and uplift to its youth and their families. The new facility is expected to open in late 2019.

Confronting Climate Change

The County is guided by the King County **Strategic Climate Action Plan** (SCAP) in confronting climate change. In addition to establishing targets and performance measures to track and assess the County's progress, the SCAP details more than 70 Priority Actions that the County will carry out between now and 2020. These actions cover diverse strategies including transit, renewable energy, green building, recycling, and preparing for local climate impacts such as increasing flood risks and extreme weather. A prime and notable achievement in this area was reached when the County's Department of Natural Resources became operationally carbon-neutral in 2017. In green building, the County registered four new construction or major remodel projects for Living Building Challenge (LBC) or Zero Energy (ZE) certification with the International Living Future Institute (ILFI) in 2018. 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. The County has registered the Parks Maintenance Facility in Renton, the Jameson Wastewater Treatment Facility in Seattle and the South County Recycling and Transfer Station in Algonia for LBC petal certification. Also in 2018, the County completed the performance period for Zero Energy certification for the Parks North Maintenance Facility which is now awaiting official ZE certification approval. In 2019, the County anticipates registering the wastewater utility's South Plant Education Center in Renton for full Living Building certification.

Regional Mobility

Demand for transit is at an all-time high, and the Seattle metropolitan area is growing at the second fastest rate of any metropolitan area in the United States. The Puget Sound Regional Council forecasts growth of 1.3 million people and 862 thousand jobs over the 25-year period 2020-2045. Roadways throughout the County are already congested during peak commute times limiting the mobility of people who live, work and play in our beautiful region. Average one-way commute times increased to 30 minutes in the 2017 American Community Survey, an increase from 29.9 minutes the prior year and 27.7 minutes five years ago. As growth continues, public transportation plays an increasingly important role in reducing congestion, protecting our environment, and getting more people where they need to go quickly and comfortably.

The County's response to the regional mobility issue is grounded in a four-prong strategy: make transit easy to use and available to all; add capacity through bus, base, and route expansion; partner with others in the public and private sector to improve transit infrastructure; and support top-quality work by Metro employees through apprenticeship, wellness, and training programs. Metro Transit provides 400 thousand daily rides and takes 190 thousand cars off the road each weekday, carrying nearly half of downtown Seattle's workforce to and from their jobs. Looking into 2019, Metro Transit and Sound Transit are currently working on agreements that will dictate how a key regional transportation resource - the Downtown Seattle Transit Tunnel (DSTT)- will be owned and operated. The County anticipates ownership of the DSTT transitioning from the County to Sound Transit before the end of 2019. Also in 2019, the County anticipates construction completing on the portions of Washington State Ferries' new Seattle Ferry Terminal at Colman Dock which serve as home to the County's passenger ferry or "water taxi" service. The new \$35 million facility will accommodate increasing ridership on water taxi routes and from other destinations as regional passenger ferry services expand.

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, 2017. This was the 37th consecutive year in which the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our 2018 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's excellence requirements and we are submitting it to the GFOA for review and determination of eligibility.

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

Respectfully submitted,



Ken Guy
Finance Director
Finance and Business Operations Division



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, 2017

Christopher P. Morrell

Executive Director/CEO

Comprehensive Annual Financial Report



King County Executive
Dow Constantine



King County Assessor
John Wilson



King County Elections Director
Julie Wise



King County Prosecuting Attorney
Daniel T. Satterberg



King County Sheriff
Mitzi Johanknecht

ELECTED OFFICIALS (at time of publication)



METROPOLITAN KING COUNTY COUNCIL

Left to right: Council Chair **Joe McDermott** (District 8), Councilmember **Pete von Reichbauer** (District 7), Councilmember **Reagan Dunn** (District 9), Councilmember **Jeanne Kohl-Welles** (District 4), Councilmember **Larry Gossett** (District 2), Councilmember **Rod Dembowski** (District 1), Councilmember **Dave Upthegrove** (District 5), Council Vice Chair **Kathy Lambert** (District 3), Council Vice Chair **Claudia Balducci** (District 6)



Presiding Judge
King County Superior Court
Jim Rogers



Chief Presiding Judge
King County District Court
Donna Tucker

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 2018 CAFR:

Finance and Business Operations

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

The following furnished data, special research, information or technical support to the 2018 CAFR:

Natural Resources and Parks

Marie Alvarado	Cheryl Florendo	Katrina Johnston	Hiedi Popochock
Veronica Doherty	Max Foster	Amy Kaminishi	Nishama Siriwardena
Nitin Chadha	Sandy Fujioka	Steve Klusman	Aaron Sommer
Myunghee Chung	Doug Hodson	Robert Kniestedt	Sue Sweany
Trish Emry	Omar Ibrahim	Hong Nguyen	Alexis Tilley
			Genelle Woodbury

Executive Services

Sean Bouffiou	Carolyn Mock
Laurie Copsey	Marjorie Mills
Tim Drangsholt	Kathy Pravitz
Greg Felton	Mel Robertson
Chauntelle Hellner	Anil Tomar
Nicholas Lashbaugh	Connie Wong
Hanh Mai	Li Fang Yu

Public Health

Theresa Athappilly	Silvia Lim
Cynthia Bradshaw	Phuong Nguyen
Kimberly Buchanan	Yinka Otusanya
Becky Ellis	Minh Ta
Amy Harris	Lynette Unrau
Amanuel Kahssai	Alex Yoon

Community and Human Services

Steve Andryszewski	Kendra Hinger
Maria Cabrales	Scott Miller
Charmaine Caros	Florence Nabagenyi
Ta-Win Fernandes	Tino Salud
Eva Haney	Beatrice Tseng

Transportation

Tony Eayrs	Morlene Mitchell
Chris Forsyth	Deanne Radke
Rex Hung	Kathleen Royal
Jill Krecklow	Evelyn Wise
Ray Marquez	Emily Won

Permitting and Environmental Review

Warren Cheney	Crina Ghimpu
---------------	--------------

Assessments

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

Information Technology

Vikki Johnson	Paul Mudrovich
Junko Keesecker	George Vida
Maria Masunaga	Emily Wang

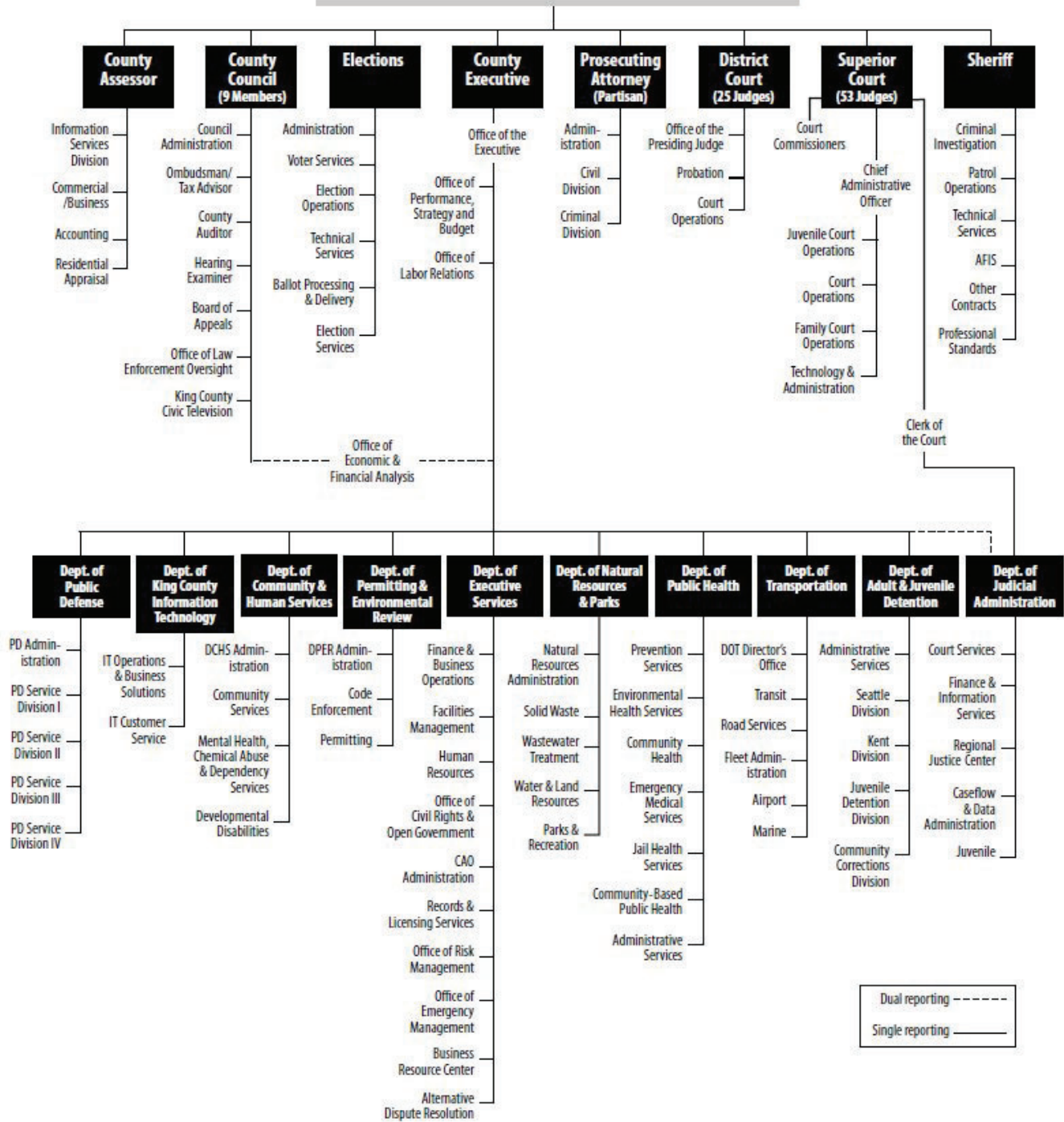
Office of the Executive

Anthony Cacallori	Jim Record
Chris McGowan	Aaron Rubardt
Mike Morrison	Gaukhar Serikbayeva

Component Units

4Culture	NJB Properties	Flood Control District	Harborview MC
Mike Griggs	Eleanora Rocker	Francis and Co, PLLC	Tzeghe Makonnen

The Electorate of King County



2017/2018 King County Organization

Elected Officials, Departments and Divisions

Financial Section

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT



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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

June 26, 2019

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, 2018, 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 Water Quality Enterprise fund or the Public Transportation fund, each major funds, which in aggregate represent 92 percent, 89 percent, and 90 percent, respectively, of the assets and deferred outflows, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water Quality Enterprise and Public Transportation funds, is based solely on the reports of the other auditors.

Insurance Building, P.O. Box 40021 • Olympia, Washington 98504-0021 • (360) 902-0370 Pat.McCarthy@sao.wa.gov

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. The financial statements of the Water Quality Enterprise and Public Transportation funds were not audited in accordance with *Government Auditing Standards*.

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.

Opinion

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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and the other auditors 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. The combining financial statements and schedules are presented for the purposes of additional analysis and is 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Our audit was conducted for the sole purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements 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 June 26, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the County's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Sincerely,

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

Pat McCarthy

State Auditor

Olympia, WA

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of King County's Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2018. We encourage readers to consider this information in conjunction with that furnished in the letter of transmittal and with the County's financial statements and accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- At December 31, 2018, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$6.8 billion (referred to as *net position* of the primary government). Of this amount, \$821 million represents unrestricted net position, which may be used to meet the County's short-term obligations to its vendors, creditors, employees and customers.
- The County's total net position increased 13 percent or \$781 million over last year mainly because of capital assets acquisitions and construction that did not utilize borrowing. Public Transportation used federal grants to make several purchases of new fuel-efficient and high technology buses to add to its existing fleet. The Puget Sound Emergency Radio Network levy collections have been sufficient to support its capital construction activities, avoiding previously anticipated borrowing. The county has also decided to fund Child and Family Justice Center construction through current revenues. The County also sold Convention Place Station, part of its network of public transit stations serving the downtown Seattle area, to the Washington State Convention Center Public Utility District for cash and notes receivable totaling \$161 million; the County recognized a gain of \$123 million on the sale.
- The governmental activities component of net position grew by 11 percent or \$321 million over last year while the business-type activities component gained 15 percent or \$460 million.
- At yearend 2018, the County's governmental funds reported combined fund balances of \$983 million, an increase of \$16 million over the prior year. Approximately 9 percent or \$87 million of this amount is unassigned fund balance which is available for spending at the government's discretion.
- At yearend 2018, unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) for the General Fund was \$163 million, or approximately 21 percent of total General Fund expenditures. Total fund balance for the General Fund increased 13 percent or \$19 million from the prior year.
- Total outstanding debt of the County decreased by 4 percent or \$199 million in 2018. Newly issued debt comprised of general obligation bonds at \$12 million and revenue bonds at \$324 million while principal payments and refunding issues amounted to \$512 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 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**, namely, 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. 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 and the Public Transportation Enterprise, both considered to be major funds of the County for financial reporting purposes. All other enterprise funds are aggregated into a single column within the proprietary funds financial statements.

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

Fiduciary funds

Fiduciary funds such as trust and agency funds are used to account for resources held for the benefit of parties outside the government. This fund group also includes the investment trust funds that are used to report investment pool activity on behalf of special districts and public authorities. Since the resources of these funds are not available to support the County's own programs, they are not reflected in the government-wide financial statements. The accounting for fiduciary funds is much like that used for proprietary funds, except fiduciary funds are not required to prepare a statement of activities. 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 \$6.8 billion at the close of the most recent fiscal year.

King County's Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets						
Current and other assets ^(a)	\$ 1,566,797	\$ 1,524,156	\$ 2,304,834	\$ 2,180,420	\$ 3,871,631	\$ 3,704,576
Capital assets ^(a)	3,341,120	3,173,569	6,245,746	6,046,506	9,586,866	9,220,075
Total Assets	4,907,917	4,697,725	8,550,580	8,226,926	13,458,497	12,924,651
Deferred Outflows of Resources	87,221	88,119	254,842	280,051	342,063	368,170
Liabilities						
Long-term liabilities ^(a)	1,407,329	1,588,903	4,841,219	5,037,852	6,248,548	6,626,755
Other liabilities	212,303	206,158	240,190	242,886	452,493	449,044
Total Liabilities	1,619,632	1,795,061	5,081,409	5,280,738	6,701,041	7,075,799
Deferred Inflows of Resources	152,063	88,326	143,918	106,109	295,981	194,435
Net Position						
Net investment in capital assets ^(a)	2,648,489	2,417,332	2,267,809	1,903,034	4,916,298	4,320,366
Restricted ^(a)	780,131	767,163	286,406	278,438	1,066,537	1,045,601
Unrestricted ^(a)	(205,177)	(282,038)	1,025,880	938,658	820,703	656,620
Total Net Position	\$ 3,223,443	\$ 2,902,457	\$ 3,580,095	\$ 3,120,130	\$ 6,803,538	\$ 6,022,587

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

The largest portion of King County's net position, 72 percent or \$4.9 billion, reflects its net investment in capital assets. The County employs these long-lived assets in providing a variety of public goods and 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 the King County's net position, 16 percent or \$1.1 billion, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$821 million is unrestricted. A negative unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources.

King County's overall net position increased 13 percent or \$781 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 \$321 million, or 11 percent from the prior fiscal year for an ending balance of \$3.2 billion. Net position invested in capital assets comprised 82 percent of total net position, or \$2.6 billion, an increase from the prior year of \$231 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 \$780 million, including \$131 million for future capital spending, \$213 million dedicated to health and human services, \$187 million for economic environment, and \$101 million for law, safety and justice services.

Governmental activities accounted for 41 percent of the total improvement in net position of the County. The total revenues for governmental activities were \$2.3 billion, an increase of 6 percent or \$125 million from the prior year. Increases in property taxes accounted for the largest portion, \$65 million, followed by charges for services with \$30 million. The increase in property taxes was the result of strong growth in newly constructed properties, totaling \$9.8 billion of assessed value in 2018, from which the county receives a full allocation of property tax in the first year. The increase in charges for services was due largely to a change in the behavioral health reimbursement rate and methodology for Medicaid which shifted \$8 million of revenues from Operating Grants and Contributions to Charges for Services this year, and increased revenues by \$11 million. A second contributor to the change was the reclassification of \$6 million of revenues in the Roads Operating fund from Operating Grants to Charges for Services; these revenues were from cities contracting with Roads for maintenance work and are appropriately classified as Charges for Services.

Expenses for governmental activities during the year increased by a net of 6 percent or \$108 million. Transportation services expenditures returned to normal levels following a surge of roads and bridge work in 2017. Expenditure increases were focused on health and human services; and law, safety, and justice. In health and human services, expenditures in the Behavioral Health fund increased \$17 million, supported in part by the new revenues discussed above. In other funds, expenditures are driven largely by expanded tax-supported programs including: Best Starts for Kids (in its second year of implementation), the Veterans, Seniors, and Human Services levy (first year of implementation) which added programs for seniors to the previous Veterans and Human Services levy, and the renewed Mental Illness and Drug Dependency sales tax (second year of implementation) which supports people living with, or at risk of, behavioral health conditions to have satisfying social relationships and avoid criminal justice involvement. Fee funded programs in Environmental Health and Local Hazardous Waste also experienced meaningful expansion following rate changes. The increase in law, safety, and justice represents the reclassification of expenditures previously reported under the general government function to law, safety, and justice from the Department of Public Defense and the office of the Prosecuting Attorney.

Changes in Net Position (in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 840,576	\$ 810,984	\$ 1,080,500	\$ 1,055,751	\$ 1,921,076	\$ 1,866,735
Operating grants and contributions	220,680	234,877	41,488	36,387	262,168	271,264
Capital grants and contributions	30,461	17,169	138,057	46,741	168,518	63,910
General revenues						
Property taxes	897,969	833,442	29,536	29,000	927,505	862,442
Retail sales and use taxes	244,157	226,695	652,299	591,088	896,456	817,783
Other taxes	22,241	21,992	—	—	22,241	21,992
Unrestricted interest earnings	32,819	16,167	28,032	12,147	60,851	28,314
Miscellaneous revenue	—	2,463	—	—	—	2,463
Total revenues	2,288,903	2,163,789	1,969,912	1,771,114	4,258,815	3,934,903
Expenses^(a)						
General government ^(b)	172,425	229,348	—	—	172,425	229,348
Law, safety and justice ^(b)	697,250	619,058	—	—	697,250	619,058
Physical environment ^(b)	25,468	20,784	—	—	25,468	20,784
Transportation ^(b)	93,723	102,309	—	—	93,723	102,309
Economic environment ^(b)	192,707	182,881	—	—	192,707	182,881
Health and human services	702,015	632,257	—	—	702,015	632,257
Culture and recreation ^(b)	64,153	52,930	—	—	64,153	52,930
Interest and other debt service costs	25,629	25,987	—	—	25,629	25,987
Airport ^(b)	—	—	22,869	23,833	22,869	23,833
Public transportation ^(b)	—	—	824,623	884,898	824,623	884,898
Solid waste ^(b)	—	—	155,026	105,601	155,026	105,601
Water quality ^(b)	—	—	486,545	466,585	486,545	466,585
Other enterprise activities ^(b)	—	—	15,431	15,061	15,431	15,061
Total expenses	1,973,370	1,865,554	1,504,494	1,495,978	3,477,864	3,361,532
Increase in net position before transfers and special items	315,533	298,235	465,418	275,136	780,951	573,371
Transfers	5,453	5,299	(5,453)	(5,299)	—	—
Special items	—	(213)	—	—	—	(213)
Increase in net position	320,986	303,321	459,965	269,837	780,951	573,158
Net position, beginning of year ^(c)	2,902,457	2,599,136	3,120,130	2,850,293	6,022,587	5,449,429
Net position, end of year	\$ 3,223,443	\$ 2,902,457	\$ 3,580,095	\$ 3,120,130	\$ 6,803,538	\$ 6,022,587

(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 \$172.4 million in general government expense consists of \$214.7 million in direct program expenses reduced by indirect charges of \$42.3 million that was charged to the other benefiting functions.

(b) 2017 expenses in these functions were adjusted for the corresponding effects of the restatements of beginning net position.

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

Business-type Activities King County's business-type activities reported a net position of \$3.6 billion, increasing by 15 percent or \$460 million from the prior year. Of the total net position for business-type activities, 63 percent or \$2.3 billion was invested in capital assets net of the related debt used to finance the acquisition or construction of these capital assets. Another 8 percent or \$286 million of the total net position of business-type activities is restricted for spending on capital projects, debt service, regulatory assets and environmental liabilities. The remaining 29 percent or \$1.0 billion is unrestricted net position which is available to meet ongoing obligations to customers, vendors, other creditors and employees.

Business-type activities' net position of \$3.6 billion comprised 53 percent of the total County net position at the end of 2018. This resulted from an increase during 2018 which accounted for 59 percent of the total increase in aggregate net position of the County. This growth in net position was due primarily to acquisitions of capital assets not funded through long-term debt, as in the case of new bus purchases by the Public Transportation Enterprise.

Total revenues of business-type activities increased by 11 percent or \$199 million over the prior year. Operating Grants continued increases begun last year by increasing 14 percent over 2017, and capital grants more than recovered all of last year's reductions, increasing 195 percent and \$91 million from 2017 and surpassing 2016 by 55 percent and \$49 million. Retail sales and use tax revenues showed strong growth of 10 percent or \$61 million driven by favorable economic conditions in the region.

Business-type activity expenses remained essentially flat, increasing by less than one percent or \$9 million over the prior year for all business-type activities taken together. The Solid Waste enterprise had the largest increase in expenses, totaling 47 percent or \$49 million corresponding to an upward revision in the system-wide estimated closure and post-closure care liability for municipal solid waste landfills. The Water Quality enterprise expenses increased 4 percent or \$20 million due to increases in non-operating expenses including higher interest expenses on variable rate debt and legal costs associated with environmental remediation activities. Public Transportation, on the other hand, reduced expenses by 7 percent or \$60 million as a result of the gain on the sale of capital assets.

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, 2018, the County's governmental funds reported a combined fund balance of \$983 million, an increase of 2 percent or \$16 million in comparison with the prior year. Approximately 9 percent or \$87 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, \$11 million, 2) restricted for particular purposes, \$786 million, 3) committed for particular purposes, \$26 million, or assigned for particular purposes, \$72 million.

The **General Fund** is the chief operating fund of the County. At the end of the 2018 fiscal year, total fund balance for the General Fund was \$164 million. Unassigned fund balance totaled \$108 million, an increase of 10 percent or \$9 million over the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$770 million. The unassigned fund balance of \$108 million represents 14 percent of total General Fund expenditures, unchanged from 2017 while the total fund balance of \$164 million represents 21 percent of total expenditures in 2018, compared to 20 percent in 2017.

Fund balance of the General Fund increased by 13 percent or \$19 million during 2018. 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, 42 percent of total revenues, charges for services, 30 percent of total revenues and retail sales and use taxes, 17 percent of total revenues. Property taxes are budgeted on a biennial basis at the level needed and retail sales and use taxes remain a reliable resource with the continued strength of the economy. Charges for services are mostly comprised of contracts with other jurisdictions to provide legal, law enforcement and rehabilitation and detention services. Total expenditures increased by \$40 million, but were adequately covered by the revenues. The main expenditures are for law, safety and justice, 76 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 2018, it had a total fund balance of \$34 million, a decrease of 40 percent or \$23 million over the prior year.

The decrease in fund balance in the current year was caused by an increase in expenditures owing to growth in service demand. The increase of \$17 million in expenditures was most notable in outpatient, inpatient and residential services costs with increases of \$6 million, \$5 million and \$5 million, respectively. Many grants were not renewed or continued,

decreasing by \$10 million from last year. Although charges for services increased by \$18 million, totaling \$275 million, it was not enough to cover program costs of \$323 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, 2018, the County's proprietary funds reported a combined net position of \$3.5 billion, an increase of 15 percent or \$458 million compared to the prior year. The Public Transportation Enterprise net position increased 19 percent or \$398 million while the net position of the Water Quality Enterprise improved by 7 percent or \$49 million.

The **Public Transportation Enterprise** accounts for the operations, maintenance and capital improvements of the County's public transportation system. At the end of 2018, the Public Transportation Enterprise had total net position of \$2.4 billion of which 67 percent or \$1.6 billion was invested in capital assets net of associated debt; 2 percent or \$49 million was restricted for capital projects and debt service; while 31 percent or \$768 million was unrestricted. Unrestricted net position increased from the prior year by 40 percent or \$218 million. The large increase is due to continually keeping expenses under revenues. The key revenues that help continue to increase the Enterprise's net position are sales taxes at \$652 million, or 59 percent of total revenues; passenger fares at \$179 million, or 16 percent of total revenue; and service contracts at \$163 million or 15 percent of total revenues. Total operating expenses increased by \$45 million from the prior year, with personal services experiencing the largest increase at \$25 million and depreciation expense increasing by \$14 million.

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 2018, the Water Quality Enterprise reported total net position of \$746 million of which 47 percent or \$353 million was invested in capital assets net of the related debt; 32 percent or \$238 million was restricted for debt service and regulatory assets and environmental liabilities; and the remaining 21 percent or \$155 million was unrestricted. Total net position improved by \$49 million due to continually posting positive results from operations with \$404 million in sewage disposal fees and \$106 million in other operating revenues over \$318 million in total operating expenses.

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 2017-2018 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 \$48 million in expenditures due to supplemental budget appropriations. The largest increases to estimated revenues occurred in charges for services as a result of entering into additional contracts with other governments. Budget increases were made during the budget period to general government by \$4 million; law, safety, and justice by \$25 million; economic environment by less than \$1 million; health and human services by \$5 million; capital outlay by \$2 million; and transfers out by \$11 million. The majority of the significant increases to law, safety, and justice were a result of increases in full-time equivalents for the adult and juvenile detention program and public defense services, and increases due to the collective bargaining agreement between the King County Police Officers' Guild and King County Sheriff's Office to include cost of living adjustments and contract ratification bonuses. The increase to general government appropriations were due to supplemental spending for various agencies, including Elections, Records and Licensing Services and Office of Performance, Strategy and Budget.

Final Budget Compared to Actual Results Property taxes are by far the largest source to the general fund, accounting for 41 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 32 percent and 16 percent of total budgeted revenues, respectively. Actual revenues outperformed budgetary estimates yielding an additional \$17 million, \$15 million and \$9 million of revenue from property taxes, interest earnings and retail sales and use taxes, respectively, exceeding budgetary estimates by 2 percent, 143 percent, and 3 percent, respectively. Higher-than-expected interest rates contributed to higher interest earnings. Retail sales and use taxes are dependent on increased spending in the economy, which increases with consumer confidence.

The actual budgetary basis expenditures were \$42 million less than the final appropriation, driven by lower than expected expenditures in law, safety and justice, and transfers out. Law, safety, and justice and general government activities comprise the majority of total actual General Fund expenditures at 65 percent and 20 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, 2018, amounted to \$3.3 billion for governmental activities and \$6.2 billion for business-type activities totaling \$9.5 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 \$367 million, net of depreciation.

Major capital asset events during 2018 included the following:

- Construction is underway on the voter-approved, \$210 million, Children and Family Justice Center which replaces the existing Youth Services Center. The new justice center is scheduled to be completed in the fall of 2019, and the parking garage is scheduled to be completed by the spring of 2021.
- Public Transportation purchased and placed into service 174 new buses into service during the year at a cost of \$173 million.
- Water Quality brought new facilities into service during the year at a cost of \$157 million. This includes buildings at a cost of \$17 million and infrastructure at a cost of \$127 million.
- Solid Waste is completing development and construction of a new refuse area, Area 8, at the Cedar Hills Regional Landfill. Area 8 is expected to be completed by mid-2019 with a total cost of \$73 million. Area 8 has a 32-acre footprint and will provide 8 million cubic yards of refuse capacity. It includes a bottom liner system, landfill gas collection system, and leachate collection and conveyance system.
- Puget Sound Emergency Radio Network (PSERN) is engaged in replacing the existing radio system that is over 20 years old. The new system as a whole will provide improved coverage, capacity, capability and connectivity in PSERN's regional service area. The total estimated project cost is \$266 million; \$53 million has been spent through 12/31/2018. The radio network is anticipated to be operational in 2022.

A summary of the 2018 capital assets activity is shown below. More detailed information on the County's capital assets can be found in Note 7 - Capital Assets.

	Capital Assets (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and land rights ^(b)	\$ 1,090.6	\$ 1,052.1	\$ 469.9	\$ 491.7	\$ 1,560.5	\$ 1,543.8
Buildings ^{(a)(b)}	515.0	541.1	1,788.3	1,828.5	2,303.3	2,369.6
Leasehold Improvements ^(a)	11.4	12.4	3.1	3.5	14.5	15.9
Improvements other than buildings ^{(a)(b)}	52.7	52.5	233.4	235.9	286.1	288.4
Infrastructure - roads and bridges	1,121.7	1,106.2	—	—	1,121.7	1,106.2
Infrastructure - other ^(a)	42.4	26.7	1,749.1	1,672.3	1,791.5	1,699.0
Equipment, software and art collection ^{(a)(b)}	123.0	100.0	1,345.0	1,281.2	1,468.0	1,381.2
Construction in progress ^(b)	384.3	282.6	656.9	533.4	1,041.2	816.0
Total	\$ 3,341.1	\$ 3,173.6	\$ 6,245.7	\$ 6,046.5	\$ 9,586.8	\$ 9,220.1

(a) Net of Depreciation

(b) 2017 Governmental Activities Balance Restated. See Note 18 - Components of Fund Balance, Restrictions, and Restatements.

On April 24, 2019 the Metropolitan King County Council accepted and referred to the 37 cities which contract with the County for municipal solid waste services, and the Washington State Department of Ecology, for their respective consideration the 2019 Comprehensive Solid Waste Management Plan. If ultimately approved, the plan calls for

extending the life of the Cedar Hills Regional Landfill by developing new capacity, beyond Area 8 discussed above, on the existing site.

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

The amount budgeted for 2018 roads preservation and maintenance was \$81 million, but the actual amount expended was \$57 million. For maintenance and preservation of bridges, the amount budgeted for 2018 was \$10 million, but the actual expended amount was \$8 million. The variance between budget and spending is due to supplemental budget and remaining work under contract to be completed in 2019.

Debt Administration

At the end of 2018, King County had a total of \$5.0 billion in debt outstanding. Of this amount, \$1.7 billion comprises debt backed by the full faith and credit of the County. The other \$3.3 billion represents bonds secured by revenues generated by the debt-financed capital assets and state revolving loans. Below is a summary of the County's debt by type and activity.

	Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 729.8	\$ 805.7	\$ 1,002.9	\$ 1,054.4	\$ 1,732.7	\$ 1,860.1
GO capital leases ^(a)	8.3	8.8	—	—	8.3	8.8
Revenue bonds	—	—	3,072.5	3,155.9	3,072.5	3,155.9
State revolving loans	—	—	229.5	218.0	229.5	218.0
Total	<u>\$ 738.1</u>	<u>\$ 814.5</u>	<u>\$ 4,304.9</u>	<u>\$ 4,428.3</u>	<u>\$ 5,043.0</u>	<u>\$ 5,242.8</u>

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

Total debt decreased over the previous year by 4 percent or \$200 million (a 9 percent or \$76 million decrease for governmental activities and a 3 percent or \$123 million decrease for business-type activities). Governmental activities' outstanding debt decreased primarily due to \$69 million debt service payments and defeasance of \$2 million of bonds offset by the issuance of \$6 million in new limited tax general obligation bonds, with related net premium of \$863 thousand.

Business-type activities' outstanding debt decreased primarily due to \$105 million in debt service payments and the defeasance of \$136 million in bonds offset by the issuance of \$131 million in both new limited tax general obligation bonds and sewer revenue bonds, with related net premiums of \$7 million. In addition, \$200 million of junior lien sewer

revenue bonds were remarketed into a more favorable interest rate mode. State revolving loans increased by \$12 million.

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

State statutes limit the amount of general obligation debt that the County may issue to 2.5 percent of its total assessed valuation for general county purposes and 2.5 percent for metropolitan functions (Water Quality and Public Transportation funds). The current debt limitation of total general obligations for general county purposes is \$15.2 billion, significantly higher than the County’s outstanding net general obligation long-term liabilities of \$657 million. For metropolitan functions the debt limitation is also \$15.2 billion and the County’s outstanding net general obligation debt for metropolitan functions is \$829 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

The Great Recession, which lasted from December 2007 to June 2009, significantly affected the County’s economy reducing employment, personal income, and real estate values. Since then, the local economy has experienced a long, sustained recovery and most economic indicators have surpassed pre-recession highs. Total assessed valuation (TAV) grew by 13 percent for tax year 2018, and 13 percent for tax year 2019, marking a sixth straight year of growth. Despite four years of downward pressure (2010-2013), TAV per capita is \$277 thousand, relatively high compared to neighboring counties (Snohomish County \$164 thousand; Pierce County \$117 thousand).

Items of note within King County:

- King County’s unemployment rate is now at 3.3 percent (as of December 2018), lower than state and national unemployment rates, which are 4.8 percent and 3.9 percent, respectively. Diversification of the County’s employment base was an important buffer during the economic downturn, and all sectors but one (Government) grew in 2018. Amazon continues to hire thousands of new employees in King County each year and boasts the most job openings in the area.
- Boeing, while still the largest employer in Washington State, has seen steady declines in employment the last several years due to attrition and increased efficiency of assembly processes. Despite the reductions Boeing’s outlook continues to be solid. Boeing booked record 2018 revenue of \$101 billion, exceeding \$100 billion for the first time in company history driven by record commercial airplane deliveries; higher defense, space and security volume; and continued growth in services.
- In the years since the Great Recession, taxable retail sales within the County’s borders have rebounded thanks to growing incomes, enhanced consumer confidence, strong employment, and a booming construction sector. Local retail sales tax collections grew 8 percent in 2016, 5 percent in 2017 and 12 percent in 2018.
- Inflation remained steady in 2018. The Seattle Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W-STB) increased by 3.29 percent, down from 3.38 percent in 2017. The national CPI for All Urban Consumers (CPI-U-US) increased 2.44 percent during the same period.

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. Without action by the federal and state governments, public safety, transportation and public health infrastructures will continue to be problematic along with the quality of life these services afford. In order for the County to continue providing critical services for its residents, it has to introduce reforms, develop efficiencies through reorganization and promote technology. On November 23, 2018 the Metropolitan King County Council passed the County’s 2019-2020 biennial budget, comprised of \$11.7 billion in operating and capital expenditure authority. Highlights include restoring the King County Sheriff gang unit, appropriating \$100 million for affordable housing projects, \$230 million to combat homelessness, and 200,000 hours of increased transit service.

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 653
Seattle, WA 98104

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

Basic Financial Statements

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATEMENT OF NET POSITION
DECEMBER 31, 2018
(IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,346,932	\$ 1,505,643	\$ 2,852,575	\$ 330,612
Investments	2,769	15,038	17,807	21,195
Receivables, net	208,483	395,627	604,110	175,644
Internal balances	(87,947)	87,947	—	—
Inventories	2,451	32,646	35,097	10,126
Prepayments and other assets	12,212	5,730	17,942	18,260
Net pension asset	69,414	—	69,414	—
Capital assets:				
Nondepreciable assets	2,607,028	1,125,007	3,732,035	17,130
Depreciable assets, net	734,092	5,120,739	5,854,831	264,307
Net investment in capital lease	—	—	—	8,291
Deposits with other governments	—	—	—	600
Regulatory assets - environmental remediation	—	117,791	117,791	—
Other assets	12,483	144,412	156,895	22,106
TOTAL ASSETS	4,907,917	8,550,580	13,458,497	868,271
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refunding	17,493	208,358	225,851	—
Deferred outflows on pensions	67,142	46,093	113,235	249
Deferred outflows on other post employment benefits	2,586	391	2,977	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	87,221	254,842	342,063	249
LIABILITIES				
Accounts payable and other current liabilities	131,381	137,413	268,794	76,379
Accrued liabilities	49,044	95,786	144,830	51,861
Unearned revenues	31,878	6,991	38,869	9,409
Noncurrent liabilities:				
Due within one year	134,516	151,560	286,076	2,253
Due in more than one year	1,272,813	4,689,659	5,962,472	24,503
TOTAL LIABILITIES	1,619,632	5,081,409	6,701,041	164,405
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	144,573	96,533	241,106	380
Rate stabilization	—	46,250	46,250	—
Deferred inflows on other post employment benefits	7,490	1,135	8,625	—
TOTAL DEFERRED INFLOWS OF RESOURCES	152,063	143,918	295,981	380
NET POSITION				
Net investment in capital assets	2,648,489	2,267,809	4,916,298	281,437
Restricted for:				
Capital projects	130,902	36,070	166,972	—
Debt service	8,138	175,848	183,986	—
General government	16,754	—	16,754	—
Law, safety and justice	101,458	—	101,458	—
Physical environment	25,098	—	25,098	—
Transportation	74,093	—	74,093	—
Economic environment	186,514	—	186,514	—
Health and human services	213,321	—	213,321	—
Culture and recreation	21,233	—	21,233	—
Regulatory assets and environmental liabilities	—	74,488	74,488	—
Expendable	—	—	—	36,372
Nonexpendable	2,620	—	2,620	2,664
Unrestricted	(205,177)	1,025,880	820,703	383,262
TOTAL NET POSITION	\$ 3,223,443	\$ 3,580,095	\$ 6,803,538	\$ 703,735

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Position			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units Total
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 214,694	\$ (42,269)	\$ 134,248	\$ 17,087	\$ 506	\$ (20,584)	\$ —	\$ (20,584)	\$ —
Law, safety and justice	695,745	1,505	167,975	41,114	594	(487,567)	—	(487,567)	—
Physical environment	24,938	530	35,596	3,715	50	13,893	—	13,893	—
Transportation	91,557	2,166	10,413	16,758	23,923	(42,629)	—	(42,629)	—
Economic environment	189,575	3,132	69,348	52,417	4,320	(66,622)	—	(66,622)	—
Health and human services	695,205	6,810	413,469	87,212	—	(201,334)	—	(201,334)	—
Culture and recreation	62,941	1,212	9,527	2,377	1,068	(51,181)	—	(51,181)	—
Interest and other debt service costs	25,629	—	—	—	—	(25,629)	—	(25,629)	—
Total governmental activities	2,000,284	(26,914)	840,576	220,680	30,461	(881,653)	—	(881,653)	—
Business-type activities:									
Airport	22,467	402	31,532	1	946	—	9,610	9,610	—
Public Transportation	805,097	19,526	371,653	40,219	125,024	—	(287,727)	(287,727)	—
Solid Waste	152,324	2,702	137,943	202	—	—	(16,881)	(16,881)	—
Water Quality	482,535	4,010	527,565	—	265	—	41,285	41,285	—
Institutional Network	2,703	60	2,660	—	—	—	(103)	(103)	—
Marine	7,968	185	3,351	1,066	11,822	—	8,086	8,086	—
Radio Communications Services	4,486	29	5,796	—	—	—	1,281	1,281	—
Total business-type activities	1,477,580	26,914	1,080,500	41,488	138,057	—	(244,449)	(244,449)	—
Total primary government	\$ 3,477,864	\$ —	\$ 1,921,076	\$ 262,168	\$ 168,518	\$ (881,653)	\$ (244,449)	\$ (1,126,102)	\$ —
Component Units	\$ 1,050,639		\$ 1,022,304	\$ 11,701	\$ 135				\$ (16,499)
General revenues:									
Property taxes						\$ 897,969	\$ 29,536	\$ 927,505	\$ —
Retail sales and use taxes						244,157	652,299	896,456	—
Business and other taxes						22,241	—	22,241	—
Interest earnings						32,819	28,032	60,851	1,309
Transfers						5,453	(5,453)	—	—
Total general revenues and transfers						1,202,639	704,414	1,907,053	1,309
Change in net position						320,986	459,965	780,951	(15,190)
Net position - January 1, 2018 (Restated)						2,902,457	3,120,130	6,022,587	718,925
Net position - December 31, 2018						\$ 3,223,443	\$ 3,580,095	\$ 6,803,538	\$ 703,735

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 109,419	\$ 49,690	\$ 835,412	\$ 994,521
Investments	—	—	2,769	2,769
Taxes receivable-delinquent	8,465	54	9,314	17,833
Accounts receivable, net	15,390	1,431	17,356	34,177
Interest receivable	16,594	—	—	16,594
Due from other funds	3,836	103	23,574	27,513
Due from other governments, net	60,265	6,093	72,151	138,509
Inventory	—	—	907	907
Prepayments	—	—	7,835	7,835
Advances to other funds	—	—	4,000	4,000
Notes receivable	—	—	12,481	12,481
TOTAL ASSETS	\$ 213,969	\$ 57,371	\$ 985,799	\$ 1,257,139
LIABILITIES				
Accounts payable	\$ 6,485	\$ 15,841	\$ 79,296	\$ 101,622
Due to other funds	4,266	—	29,627	33,893
Interfund short-term loans payable	—	—	15,800	15,800
Due to other governments	542	—	8,194	8,736
Wages payable	24,852	684	12,519	38,055
Taxes payable	122	—	86	208
Unearned revenues	—	6,680	24,784	31,464
Custodial accounts	939	—	5,859	6,798
Advances from other funds	—	—	13,725	13,725
TOTAL LIABILITIES	37,206	23,205	189,890	250,301
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	6,953	40	7,185	14,178
Unavailable revenue-other receivables	5,729	—	4,155	9,884
TOTAL DEFERRED INFLOWS OF RESOURCES	12,682	40	11,340	24,062
FUND BALANCES				
Nonspendable	—	—	11,362	11,362
Restricted	1,348	34,126	750,097	785,571
Committed	26,310	—	55	26,365
Assigned	28,578	—	43,799	72,377
Unassigned	107,845	—	(20,744)	87,101
TOTAL FUND BALANCES	164,081	34,126	784,569	982,776
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 213,969	\$ 57,371	\$ 985,799	\$ 1,257,139

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

Total fund balances - governmental funds	\$ 982,776
Capital assets used in governmental activities are not financial resources and are not reported in the funds.	3,285,322
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	146,990
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position.	93,938
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,285,583)
Net position of governmental activities	<u>\$ 3,223,443</u>

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, 2018
(IN THOUSANDS)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property taxes	\$ 357,771	\$ 3,362	\$ 535,725	\$ 896,858
Retail sales and use taxes	144,422	—	99,735	244,157
Business and other taxes	4,034	17	18,190	22,241
Licenses and permits	8,075	—	21,179	29,254
Intergovernmental revenues	28,218	15,581	172,715	216,514
Charges for services	260,059	274,881	248,474	783,414
Fines and forfeits	26,888	—	775	27,663
Interest earnings	15,562	1,233	13,545	30,340
Miscellaneous revenues	18,002	2,634	24,820	45,456
TOTAL REVENUES	863,031	297,708	1,135,158	2,295,897
EXPENDITURES				
Current:				
General government	142,418	—	43,490	185,908
Law, safety and justice	581,513	—	138,188	719,701
Physical environment	—	—	21,278	21,278
Transportation	—	—	97,039	97,039
Economic environment	435	—	202,268	202,703
Health and human services	43,091	322,541	350,372	716,004
Culture and recreation	—	—	62,573	62,573
Debt service:				
Principal	—	—	64,093	64,093
Interest and other debt service costs	5	—	33,346	33,351
Payment to escrow	—	—	2,329	2,329
Capital outlay	2,635	—	223,239	225,874
TOTAL EXPENDITURES	770,097	322,541	1,238,215	2,330,853
Excess (deficiency) of revenues over (under) expenditures	92,934	(24,833)	(103,057)	(34,956)
OTHER FINANCING SOURCES (USES)				
Transfers in	11,797	6,849	390,700	409,346
Transfers out	(85,421)	(5,172)	(295,741)	(386,334)
General government debt issued	—	—	5,845	5,845
Premium on general government bonds issued	—	—	863	863
Sale of capital assets	1	—	14,756	14,757
Insurance recoveries	—	—	6,952	6,952
TOTAL OTHER FINANCING SOURCES (USES)	(73,623)	1,677	123,375	51,429
Net change in fund balances	19,311	(23,156)	20,318	16,473
Fund balances - beginning	144,770	57,282	765,008	967,060
Prior period adjustment	—	—	(757)	(757)
Fund balances - ending	\$ 164,081	\$ 34,126	\$ 784,569	\$ 982,776

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, 2018
(IN THOUSANDS)**

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

Net change in fund balances - total governmental funds	\$ 16,473
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.	176,236
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net position.	(904)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	4,704
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.	59,714
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.	54,342
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	10,421
Change in net position of governmental activities	<u>\$ 320,986</u>

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				
	PUBLIC TRANSPOR- TATION	WATER QUALITY	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS					
Current assets					
Cash and cash equivalents	\$ 707,693	\$ 240,584	\$ 134,226	\$ 1,082,503	\$ 368,401
Restricted cash and cash equivalents	527	2,757	12,070	15,354	18
Accounts receivable, net	26,978	42,131	17,869	86,978	1,301
Due from other funds	2,838	2,498	1,097	6,433	696
Interfund short-term loans receivable	—	—	—	—	15,800
Property tax receivable-delinquent	387	—	87	474	—
Due from other governments	300,250	—	7,898	308,148	66
Inventory of supplies	21,180	9,545	1,917	32,642	1,548
Prepayments and other assets	254	368	410	1,032	4,377
Total current assets	1,060,107	297,883	175,574	1,533,564	392,207
Noncurrent assets					
Restricted assets:					
Cash and cash equivalents	48,527	295,889	47,362	391,778	—
Investments	—	15,038	—	15,038	—
Due from other governments	27	—	—	27	—
Total restricted assets	48,554	310,927	47,362	406,843	—
Capital assets:					
Nondepreciable assets	363,910	631,360	129,737	1,125,007	—
Depreciable assets, net	1,327,041	3,464,716	319,996	5,111,753	64,784
Total capital assets	1,690,951	4,096,076	449,733	6,236,760	64,784
Other noncurrent assets:					
Prepayments	4,698	—	—	4,698	—
Notes receivable	141,161	—	—	141,161	—
Advances to other funds	—	—	—	—	9,725
Regulatory assets, net of amortization	—	117,791	—	117,791	—
Other assets	—	3,251	—	3,251	—
Total other noncurrent assets	145,859	121,042	—	266,901	9,725
Total noncurrent assets	1,885,364	4,528,045	497,095	6,910,504	74,509
TOTAL ASSETS	2,945,471	4,825,928	672,669	8,444,068	466,716
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows on refunding	2,205	205,124	1,029	208,358	—
Deferred outflows on pensions	37,710	4,797	3,586	46,093	9,572
Deferred outflows on other post employment benefits	315	41	35	391	73
TOTAL DEFERRED OUTFLOWS OF RESOURCES	40,230	209,962	4,650	254,842	9,645

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

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPOR- TATION	WATER QUALITY	NONMAJOR ENTERPRISE FUNDS	TOTAL	
LIABILITIES					
Current liabilities					
Accounts payable	\$ 87,261	\$ 29,177	\$ 17,410	\$ 133,848	\$ 12,531
Retainage payable	377	2,757	35	3,169	18
Estimated claim settlements	—	—	—	—	56,356
Due to other funds	278	37	329	644	104
Due to other governments	—	—	13	13	—
Interest payable	228	67,307	618	68,153	25
Wages payable	21,514	3,430	2,681	27,625	5,778
Compensated absences payable	10,026	735	766	11,527	979
Taxes payable	36	36	231	303	17
Unearned revenues	4,413	2,475	103	6,991	413
Pollution remediation	—	4,825	—	4,825	—
General obligation bonds payable	12,790	21,760	7,155	41,705	5,650
Revenue bonds payable	—	63,170	—	63,170	—
Capital leases payable	140	—	—	140	—
State revolving loan payable	—	16,538	—	16,538	—
Landfill closure and post-closure care	—	—	12,020	12,020	—
Other liabilities	—	193	1,447	1,640	1,747
Total current liabilities	137,063	212,440	42,808	392,311	83,618
Noncurrent liabilities					
Compensated absences payable	43,221	10,341	5,470	59,032	16,382
Other postemployment benefits	11,805	1,533	1,316	14,654	2,740
Net pension liability	219,519	17,200	13,659	250,378	50,392
General obligation bonds payable	53,080	725,138	182,972	961,190	625
Revenue bonds payable	—	3,009,327	—	3,009,327	—
Capital leases payable	2,241	—	—	2,241	—
State revolving loans payable	—	212,936	—	212,936	—
Landfill closure and post-closure care	—	—	134,122	134,122	—
Estimated claim settlements	—	—	—	—	101,363
Pollution remediation	592	41,729	1,500	43,821	—
Other liabilities	—	1,131	827	1,958	—
Total noncurrent liabilities	330,458	4,019,335	339,866	4,689,659	171,502
TOTAL LIABILITIES	467,521	4,231,775	382,674	5,081,970	255,120
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows on rate stabilization	—	46,250	—	46,250	—
Deferred inflows on pensions	75,720	12,012	8,801	96,533	20,018
Deferred inflows on other post employment benefits	914	119	102	1,135	212
TOTAL DEFERRED INFLOWS OF RESOURCES	76,634	58,381	8,903	143,918	20,230
NET POSITION					
Net investment in capital assets	1,624,905	353,122	280,796	2,258,823	58,509
Restricted for:					
Capital projects	36,070	—	—	36,070	—
Debt service	12,484	163,364	—	175,848	—
Regulatory assets and environmental liabilities	—	74,488	—	74,488	—
Unrestricted	768,087	154,760	4,946	927,793	142,502
TOTAL NET POSITION	\$ 2,441,546	\$ 745,734	\$ 285,742	3,473,022	\$ 201,011
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				107,073	
Net position of business-type activities				\$ 3,580,095	

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, 2018
(IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPOR- TATION	WATER QUALITY	NONMAJOR ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ —	\$ —	\$ 2,660	\$ 2,660	\$ —
Airfield fees	—	—	3,753	3,753	—
Hangar, building and site rentals and leases	—	—	27,778	27,778	—
Radio services	—	—	5,482	5,482	—
Solid waste disposal charges	—	—	129,020	129,020	—
Passenger fares	178,576	—	3,189	181,765	—
Service contracts	162,599	—	—	162,599	—
Sewage disposal fees	—	403,589	—	403,589	—
Other operating revenues	26,293	105,961	8,237	140,491	572,138
TOTAL OPERATING REVENUES	367,468	509,550	180,119	1,057,137	572,138
OPERATING EXPENSES					
Personal services	523,520	45,508	55,432	624,460	149,053
Materials and supplies	74,781	16,593	10,481	101,855	13,784
Contract services and other charges	45,296	21,333	28,676	95,305	349,984
Utilities	5,675	16,701	3,752	26,128	—
Purchased transportation	66,162	—	—	66,162	—
Internal services	83,453	39,450	23,391	146,294	28,670
Environmental related amortization	—	2,818	—	2,818	—
Depreciation and amortization	143,982	175,699	26,608	346,289	14,410
TOTAL OPERATING EXPENSES	942,869	318,102	148,340	1,409,311	555,901
OPERATING INCOME (LOSS)	(575,401)	191,448	31,779	(352,174)	16,237
NONOPERATING REVENUES					
Sales tax	652,299	—	—	652,299	—
Property tax	23,633	—	5,903	29,536	—
Intergovernmental	40,219	—	1,269	41,488	—
Interest earnings	14,310	9,969	3,481	27,760	2,761
Other nonoperating revenues	4,185	17,956	1,163	23,304	—
TOTAL NONOPERATING REVENUES	734,646	27,925	11,816	774,387	2,761
NONOPERATING EXPENSES					
Interest	3,143	142,283	6,318	151,744	496
Loss (Gain) on disposal of capital assets	(124,564)	8,714	2,161	(113,689)	334
Loss on extinguishment of debt	—	1,786	—	1,786	—
Landfill closure and post-closure care	—	—	33,686	33,686	—
Other nonoperating expenses	3,753	16,705	3,169	23,627	1,427
TOTAL NONOPERATING EXPENSES	(117,668)	169,488	45,334	97,154	2,257
Income before contributions, transfers and special item	276,913	49,885	(1,739)	325,059	16,741
Capital grants and contributions	125,024	273	12,768	138,065	13,531
Transfers in	—	—	1,551	1,551	512
Transfers out	(4,223)	(982)	(1,437)	(6,642)	(18,431)
CHANGE IN NET POSITION	397,714	49,176	11,143	458,033	12,353
NET POSITION - JANUARY 1, 2018 (RESTATED)	2,043,832	696,558	274,599		188,658
NET POSITION - DECEMBER 31, 2018	<u>\$ 2,441,546</u>	<u>\$ 745,734</u>	<u>\$ 285,742</u>		<u>\$ 201,011</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,932	
Change in net position of business-type activities				<u>\$ 459,965</u>	

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

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPOR- TATION	WATER QUALITY	NONMAJOR ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 329,754	\$ 541,476	\$ 160,376	\$ 1,031,606	\$ 7,378
Cash received from other funds - interfund services	6,061	1,816	17,431	25,308	574,287
Cash payments to suppliers for goods and services	(185,298)	(56,354)	(38,894)	(280,546)	(283,799)
Cash payments to other funds - interfund services	(83,255)	(39,437)	(23,474)	(146,166)	(122,124)
Cash payments for employee services	(563,357)	(58,161)	(62,319)	(683,837)	(149,295)
Other receipts	—	5	1,157	1,162	5,237
Other payments	—	(12,449)	(3,169)	(15,618)	—
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(496,095)	376,896	51,108	(68,091)	31,684
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	701,271	—	7,180	708,451	—
Interfund loan principal amounts loaned to other funds	—	—	—	—	(15,800)
Interfund loan principal repayments from other funds	—	—	—	—	15,144
Interfund advance principal loaned to other funds	—	—	—	—	(9,725)
Interfund advance principal repayments from other funds	—	—	—	—	13,679
Grants to others	(2,707)	(494)	—	(3,201)	—
Transfers in	—	—	1,551	1,551	512
Transfers out	(4,223)	(982)	(1,437)	(6,642)	(18,431)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	694,341	(1,476)	7,294	700,159	(14,621)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(347,761)	(212,376)	(49,131)	(609,268)	(7,823)
Proceeds from capital debt	—	169,880	7,097	176,977	—
Principal paid on capital debt	(12,383)	(102,207)	(10,891)	(125,481)	(5,040)
Interest paid on capital debt	(3,008)	(153,484)	(3,533)	(160,025)	(500)
Cash payments for bond defeasance	—	(144,199)	—	(144,199)	—
Capital grants and contributions	33,290	15	10,290	43,595	—
Proceeds from disposal of capital assets	16,766	430	(514)	16,682	677
Landfill closure and post-closure care	—	—	(10,426)	(10,426)	—
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(313,096)	(441,941)	(57,108)	(812,145)	(12,686)
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment purchases	—	(15,000)	—	(15,000)	—
Interest on investments	13,940	9,637	3,481	27,058	2,748
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	13,940	(5,363)	3,481	12,058	2,748
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(100,910)	(71,884)	4,775	(168,019)	7,125
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	857,657	611,114	188,883	1,657,654	361,294
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	\$ 756,747	\$ 539,230	\$ 193,658	\$ 1,489,635	\$ 368,419

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, 2018
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPOR- TATION	WATER QUALITY	NONMAJOR ENTERPRISE FUNDS	TOTAL	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ (575,401)	\$ 191,448	\$ 31,779	\$ (352,174)	\$ 16,237
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	143,982	175,699	26,608	346,289	14,410
Other nonoperating revenues (expenses)	4,185	9,036	(2,012)	11,209	—
(Increases) decreases in assets:					
Accounts receivable, net	(2,652)	15,636	(2,907)	10,077	748
Due from other funds	11	—	(215)	(204)	3,682
Due from other governments, net	(30,410)	—	118	(30,292)	(29)
Inventory	(220)	(14)	(41)	(275)	(115)
Prepayments	254	211	(214)	251	(1,162)
Other assets	51	(805)	—	(754)	—
(Increases) decreases in deferred outflows of resources:					
Deferred outflows on pensions, refunding and OPEB	459	928	448	1,835	(304)
Increases (decreases) in liabilities:					
Accounts payable	6,512	(2,107)	6,487	10,892	(518)
Retainage payable	46	163	(3,326)	(3,117)	(1)
Due to other funds	(3,369)	12	(83)	(3,440)	(63)
Wages payable	2,185	331	366	2,882	831
Taxes payable	24	20	(137)	(93)	6
Unearned revenues	(2,838)	150	(45)	(2,733)	—
Claims and judgments payable	—	—	—	—	(954)
Compensated absences	1,832	(188)	102	1,746	465
Other postemployment benefits	(552)	(118)	(82)	(752)	(209)
Net pension liability	(70,316)	(17,912)	(11,102)	(99,330)	(9,071)
Customer deposits and other liabilities	(1)	99	1,983	2,081	(315)
Increases (decreases) in deferred inflows of resources:					
Deferred inflows on pension and OPEB	30,123	4,307	3,381	37,811	8,046
Total adjustments	79,306	185,448	19,329	284,083	15,447
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (496,095)	\$ 376,896	\$ 51,108	\$ (68,091)	\$ 31,684

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Public Transportation capital grants on account increased by \$91.8 million in 2018.

Water Quality capital grants on account increased by \$258 thousand in 2018.

Nonmajor Enterprise Funds transferred \$19 thousand of capital assets to other funds.

Internal Service Funds received \$13,531 thousand of capital assets from other funds and transferred \$1,427 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, 2018
(IN THOUSANDS)

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ —	\$ 203,560
Investments	4,142,683	11,707
Taxes receivable - delinquent	—	78,175
Accounts receivable	—	13,253
Interest receivable	7,319	—
Assessments receivable	—	2,727
Notes and contracts receivable	—	51
TOTAL ASSETS	\$ 4,150,002	\$ 309,473
LIABILITIES		
Warrants payable	\$ —	\$ 46,733
Accounts payable	—	1,034
Wages payable	—	9,680
Custodial accounts - County agencies	—	125,694
Due to special districts/other governments	—	126,332
TOTAL LIABILITIES	—	\$ 309,473
NET POSITION		
Held in trust for pool participants	\$ 4,150,002	

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, 2018
(IN THOUSANDS)

	INVESTMENT TRUST FUNDS
ADDITIONS	
Contributions	\$ 9,180,063
Net investment earnings:	
Interest	63,894
Increase in the fair value of investments	2,519
TOTAL ADDITIONS	9,246,476
DEDUCTIONS	
Distributions	8,577,633
TOTAL DEDUCTIONS	8,577,633
Change in net position	668,843
Net position - January 1, 2018	3,481,159
Net position - December 31, 2018	\$ 4,150,002

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

STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2018
(IN THOUSANDS)

	Harborview Medical Center	Cultural Development Authority	NJB Properties	Total
ASSETS				
Cash and cash equivalents	\$ 305,423	\$ 25,150	\$ 39	\$ 330,612
Investments	—	21,195	—	21,195
Receivables, net	175,644	—	—	175,644
Inventories	10,126	—	—	10,126
Prepayments	17,961	293	6	18,260
Nondepreciable assets	17,130	—	—	17,130
Depreciable assets, net of depreciation	264,307	—	—	264,307
Net investment in capital lease	—	—	8,291	8,291
Deposits with other governments	600	—	—	600
Other assets	20,936	67	1,103	22,106
TOTAL ASSETS	812,127	46,705	9,439	868,271
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	—	249	—	249
TOTAL DEFERRED OUTFLOWS OF RESOURCES	—	249	—	249
LIABILITIES				
Accounts payable and other current liabilities	75,816	563	—	76,379
Accrued liabilities	51,822	—	39	51,861
Unearned revenues	—	9,409	—	9,409
Noncurrent liabilities:				
Due within one year	686	1,277	290	2,253
Due in more than one year	11,131	5,067	8,305	24,503
TOTAL LIABILITIES	139,455	16,316	8,634	164,405
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	—	380	—	380
TOTAL DEFERRED INFLOWS OF RESOURCES	—	380	—	380
NET POSITION				
Net investment in capital assets	281,437	—	—	281,437
Restricted for:				
Expendable	6,114	30,258	—	36,372
Nonexpendable	2,664	—	—	2,664
Unrestricted	382,457	—	805	383,262
TOTAL NET POSITION	\$ 672,672	\$ 30,258	\$ 805	\$ 703,735

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	Cultural Development Authority	NJB Properties	Total
Component Units:								
Harborview Medical Center	\$ 1,035,052	\$ 1,021,992	\$ 6,470	\$ 135	\$ (6,455)	\$ —	\$ —	\$ (6,455)
Cultural Development Authority	14,960	175	5,231	—	—	(9,554)	—	(9,554)
NJB Properties	627	137	—	—	—	—	(490)	(490)
Total Component Units	<u>\$ 1,050,639</u>	<u>\$ 1,022,304</u>	<u>\$ 11,701</u>	<u>\$ 135</u>	<u>\$ (6,455)</u>	<u>\$ (9,554)</u>	<u>\$ (490)</u>	<u>\$ (16,499)</u>
General revenues:								
Interest earnings					\$ —	\$ 875	\$ 434	\$ 1,309
Net general revenues					—	875	434	1,309
Change in net position					(6,455)	(8,679)	(56)	(15,190)
Net position - January 1, 2018 (Restated)					679,127	38,937	861	718,925
Net position - December 31, 2018					<u>\$ 672,672</u>	<u>\$ 30,258</u>	<u>\$ 805</u>	<u>\$ 703,735</u>

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

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1 - Summary of Significant Accounting Policies	38
Note 2 - Reconciliation of Government-wide and Fund Financial Statements	51
Note 3 - Stewardship, Compliance and Accountability	55
Note 4 - Deposits and Investments	57
Note 5 - Receivables	66
Note 6 - Tax Revenues	67
Note 7 - Capital Assets	75
Note 8 - Restricted Assets	78
Note 9 - Pension Plans	79
Note 10 - Defined Benefit Other Postemployment Benefit (OPEB) Plan	90
Note 11 - Risk Management	93
Note 12 - Leases	97
Note 13 - Landfill Closure and Post-closure Care	99
Note 14 - Pollution Remediation	100
Note 15 - Debt	102
Note 16 - Interfund Balances and Transfers	109
Note 17 - Related Party Transactions	111
Note 18 - Components of Fund Balance, Restatements and Restrictions	112
Note 19 - Legal Matters, Financial Guarantees and Other Commitments	117
Note 20 - Subsequent Events	120

Note 1

Summary of Significant Accounting Policies

Description of Government-wide Financial Statements

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

Reporting Entity

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

Blended Component Units

King County Flood Control District (FCD)

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

FCD is a component unit of the County for the following reasons: (1) it is a legally separate entity established as a quasi-municipal corporation and independent taxing authority; (2) King County appoints the voting majority of FCD board because the County Council members are the ex officio supervisors of the district; and (3) the County can impose its will on FCD. FCD financial presentation is as a blended component unit because the two governing boards are substantively the same and there is a financial benefit relationship between the County and FCD. FCD contracts with King County Department of Natural Resources and Parks for flood control projects and programs. During 2018, FCD reimbursed the County \$53.7 million for such projects and programs.

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

Component Units – Discretely Presented

Harborview Medical Center (HMC)

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

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

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

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

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

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

The primary classification of HMC is that of a component unit, however, the County is the issuer of HMC's general obligation bonds. Note 15 - "Debt" reports on all the general obligation bonds issued by the County as of December 31, 2018, including bonds reported by HMC as of June 30, 2018.

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.

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, 2018, 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 2018, the WDC reimbursed King County approximately \$1.9 million for the Employment and Education Resource Program in eligible program costs. King County has a \$70 thousand equity interest in the WDC. Separately issued and independently audited financial statements may be obtained from the Workforce Development Council, 2003 Western Avenue, Suite 250, Seattle, Washington 98121.

Jointly Governed Organization

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

Related Organizations

There are 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, KCHA 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 and PFD providing services such as tax collection and warrant issuance. Due to this fiduciary relationship, these districts are reported as agency funds to distinguish them from County funds.

Basis of Presentation - Government-wide Financial Statements

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

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

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

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

Basis of Presentation – Fund Financial Statements

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

Major Governmental Funds

The County reports the following major governmental funds:

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

The Behavioral Health Fund encompasses the continuum of services for the King County Behavioral Health Organization and provides for crisis services within the community, mental health and substance use disorder services for children and adults, the operations of the involuntary treatment program, the provision of community services for these individuals and criminal justice-related programs to reduce jail populations. 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.

Nonmajor Governmental Funds

Special Revenue Funds are used to account for a variety of County programs including alcohol and substance abuse, 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, solid waste disposal facilities and other services.

Internal Service and Fiduciary Funds

Internal Service Funds are used to account for the provision of motor pool, data processing, 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.

Investment Trust Funds are used to report investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities that are not part of the County's reporting entity.

King County reports two major classifications of Agency Funds: (1) those used with the operations of county government, and (2) those which account for cash received and disbursed in the County's capacity as *ex officio* treasurer or collection agent for special districts and other governments. Assets owned by special districts that are invested in the County-managed external investment pool, and therefore accounted for in Investment Trust Funds, are not reported in the Agency Funds statements.

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities

of the current period. For this purpose, the government considers revenues from property taxes to be available if they are collected within 60 days of the end of the current fiscal period. All other accrued revenue sources are determined to be available if collected within 12 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

New Accounting Standards

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was issued in June 2015. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. King County implemented this statement in 2018.

GASB Statement No. 85, *Omnibus 2017*, was issued in March 2017. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The statement was adopted by King County in 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, was issued in May 2017. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The statement was implemented by King County in 2018.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, was issued in June 2018. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period and the objectives are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement was implemented early in 2018 with no material impact on King County's financial statements.

Terminology

Expenditure Functions

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

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

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

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

Transportation - Provided by the governmental entity for the safe and adequate flow of vehicles and pedestrians that includes expenditures for road and street construction, maintenance, transportation facilities and systems, and general administration. This function includes Road Services, Arterial Highway Development, Renton Maintenance Facilities and County Road Construction.

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; Notes 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, Contracts payable, Custodial accounts and Other liabilities.
- The liability account *Accrued liabilities* combines Wages payable, Taxes payable and Interest payable.
- The liability account *Noncurrent liabilities* includes Claims and judgments payable, Estimated claim settlements, General obligation bonds, Revenue bonds payable, Capital leases, State revolving loans payable, Compensated absences, Pollution remediation, Other postemployment benefits, Net pension liability, Landfill closures and post-closure care 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 Department of Permitting and Environmental Review, civil penalties, district court revenues, assessments on local improvement districts and abatement revenues and an allowance for uncollectible amounts from violations reported by the Code Enforcement Section on property within the County. Abatement costs may be certified to the property tax parcel; as a result, these costs might not be paid until the property is sold, which may take years.

Interfund Activity

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

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

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

Interfund Reimbursements

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

Inventory

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

The 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 King County Council, and the regulated rates chargeable to its customers are designed to recover the enterprise's allowable costs of operations.

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

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

Accrued Liabilities

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

February 1 - 14	\$5,000
February 15 - March 8	\$50,000
March 9 - 18	\$100,000
March 19 - April 16	\$1,000,000

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

Unearned Revenues

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

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

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 - "Debt." Arbitrage occurs when the funds borrowed at tax-exempt rates of interest are invested in higher yielding taxable securities. The County had no arbitrage liability at December 31, 2018, in part because the yields on the County's Investment Pool remained at relatively low levels during 2018.

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 three items that qualify for reporting in this category. They are the deferred charge on debt refunding and deferred outflow of resources associated with pensions and other postemployment benefits (OPEB) reported in the government-wide Statement of Net Position. 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.

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

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Allocating Indirect Expense to Functions

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses that have been allocated from general government to various functional activities are reported in a separate column.

Compensated Absences

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.

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	\$ (670,797)
Plus: Unamortized premiums on bonds sold	(52,763)
Accrued interest payable	(4,969)
Capital leases payable	(8,291)
Compensated absences	(89,212)
Net pension liability	(257,759)
Deferred inflows on pensions	(124,555)
Earned but unavailable court fines and penalties	7,440
Earned but unavailable taxes and assessments	16,619
Other postemployment benefits	(94,018)
Deferred inflows on OPEB	(7,278)
Total adjustments related to long-term liabilities	<u>\$ (1,285,583)</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	\$ 2,607,028
Depreciable assets	734,092
Less: Capital assets in governmental internal service funds (all internal service funds except Wastewater Equipment Replacement)	(55,798)
Total adjustments related capital assets	<u>\$ 3,285,322</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	\$ 69,414
Deferred outflows on refunding (to be amortized as interest expense)	17,493
Deferred outflows on pensions	57,570
Deferred outflows on other post employment benefits	2,513
Total adjustments related to long-term assets	<u>\$ 146,990</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	\$ 176,068
Internal payable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	(81,257)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	(873)
Total adjustments related to internal service funds	<u>\$ 93,938</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	\$ 225,874
Depreciation expense	(49,638)
Total adjustments related to capital outlay	<u>\$ 176,236</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.	\$ (25,342)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds.	24,438
Total adjustments related to miscellaneous capital asset transactions	<u>\$ (904)</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	\$ 1,112
Unavailable revenue-abatement fees	243
Unavailable revenue-noxious weeds	(23)
Unavailable revenue-charges for services	1,086
Unavailable revenue-fines and forfeits	(564)
Unavailable revenue-grants	(351)
Unavailable revenue-pet licenses	(35)
LEOFF special funding	3,236
Total adjustments related to revenues	<u>\$ 4,704</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	\$ (5,845)
Premium on bonds sold	(863)
Principal repayments	64,093
Payment to escrow agent	2,329
Total adjustments related to debt issuance or refundings	<u>\$ 59,714</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	\$ 547
Other postemployment benefits	982
Interest on long-term debt	8,218
Pension expense	57,140
Transfers out	(13,097)
Lease payments	552
Total adjustments related to expenses	<u>\$ 54,342</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	\$ 2,489
Revenues related to services provided to outside parties	7,319
Expenses related to services provided to outside parties	(7,111)
Gain on disposal of capital assets	(1,797)
Interest on long-term debt	(496)
Capital contributions	13,371
Transfers in	512
Transfers out	(18,223)
Internal service fund gains allocated to governmental activities	14,357
Total adjustments related to internal service funds	<u>\$ 10,421</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	\$ 24,943
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	81,257
Internal receivable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	873
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 107,073</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	\$ 272
Revenues related to services provided to outside parties	59
Expenses related to services provided to outside parties	(57)
Loss on disposal of capital assets	36
Capital contributions	160
Transfers out	(208)
Internal service fund gains allocated to business-type activities	1,670
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 1,932</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, except the Roads Improvement Districts Construction Fund, are controlled by multi-year budgets. Budgets for the blended component units are approved under the authority of their respective governing bodies.

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

Expenditures exceeded appropriations in the Byrne Justice Assistance Grants appropriation unit by \$248 thousand. Appropriations were moved to the Grants Fund, but the expenditures were kept where they were because the project was half finished. Future activity will be in the Grants Fund.

The Housing Opportunity Loans fund expenditures exceeded appropriations by \$47 thousand. This fund was originally set up to collect repayments of non-federal funds in the Housing Repair program, which could not be co-mingled with the federal funds for housing repair. There were no expenditures planned and thus, no appropriation authority set up. The Fund was later used to pay for emergency and immediate health and safety home repairs in the housing repair program, not covered by federal funds. This fund was closed in 2018.

Expenditures exceed appropriations in the OMB 2006 appropriation unit in the Risk Abatements fund by \$273 thousand due to interest charges on cash deficits. Appropriations for interest charges were overlooked but will be included in the next biennium.

Deficit Fund Equity

Nonmajor Governmental Funds

The KC Flood Control Contract fund reports a total fund balance deficit of \$41 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 \$1.1 million. The Facilities Management Division has developed a plan to address the fund deficit which was approved by the Executive Finance Committee during 2016 and 2017. The fund balance deficit will be resolved by the end of 2022 through streamlined rates.

The Risk Abatement fund reports a total fund balance deficit of over \$8.4 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.

Internal Service Funds

The County implemented GASB Statement Nos. 68 and 71 in 2015, which requires reporting its share of net pension liabilities. As a result, the following funds have deficit net positions at December 31, 2018 (in thousands):

Fund:	Total Net Position
Construction and Facilities Management	\$ (18,044)
Financial Management Services	(10,620)
King County Geographic Information Systems	(1,070)

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 fifty 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 fifty 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, 2018, the County's total deposits, excluding the equity in the component units, were \$43.3 million in carrying amount and \$29.1 million in bank balance, of which \$6.9 million was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

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

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

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

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

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

Investment Instruments - Statutes authorize King County to invest in:

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

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

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

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

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

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

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

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

The King County Investment Pool values participants' shares using an amortized cost basis. Monthly income is distributed to participants based on their relative participation during the period. Income is calculated based on: (1) realized investment gains and losses; (2) interest income based on stated rates (both paid and accrued); and (3) the amortization of discounts and premiums on a straight-line basis. Income is reduced by the contractually agreed upon

fees. This method differs from the fair value method used to value investments in the financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses due to changes in the fair values. The net change in the fair values of the investments is reported as an increase or decrease in cash and cash equivalents in the statement of net position.

The King County Investment Pool's total fair value of investment including purchased interest was \$7.5 billion. Excluding \$329.6 million of equity in the component unit, the net total investment was \$7.1 billion. 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 markdown from cost of \$27.1 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, 2018 (dollars in thousands):

KING COUNTY INVESTMENT POOL				
<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Years)</u>
Repurchase Agreements	\$ 366,000	\$ 366,000	2.51%	0.006
Commercial Paper	576,197	579,500	2.54	0.205
U.S. Agency Discount Notes	73,880	75,000	2.64	0.594
Supranational Discount Notes	49,927	50,000	2.03	0.066
Corporate Notes	964,179	974,945	2.23	1.160
Corporate Notes Floating Notes	99,948	100,500	2.93	0.140
U.S. Treasury Notes	2,873,869	2,905,000	1.98	1.153
U.S. Agency Notes	648,763	655,000	1.49	1.023
U.S. Agency Collateralized Mortgage Obligations	4,031	3,872	4.33	3.403
Supranational Coupon Notes	1,212,097	1,221,709	2.33	1.434
State Treasurer's Investment Pool (LGIP)	589,306	589,306	2.36	0.003
Total investments in Pool	<u>\$ 7,458,197</u>	<u>\$ 7,520,832</u>	2.15	0.943

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.

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: International Bank Recon, 7.3 percent; and Bank of Montreal, 5.4 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, 2018, the effective duration of the main Pool was .943 years.

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

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

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

Credit Quality Distribution

Investment Type	AAA or A-1	AA	A	Not Rated	Total
Repurchase Agreements	\$ 366,000	\$ —	\$ —	\$ —	\$ 366,000
Commercial Paper	576,197	—	—	—	576,197
U.S. Agency Discount Notes	73,880	—	—	—	73,880
Supranational Discount Notes	49,928	—	—	—	49,928
Corporate Notes	111,938	291,121	561,120	—	964,179
Corporate Notes Floating Notes	—	49,916	50,032	—	99,948
U.S. Agency Notes	—	648,763	—	—	648,763
U.S. Agency Collateralized Mortgage Obligations	—	4,032	—	—	4,032
Supranational Coupon Notes	1,212,097	—	—	—	1,212,097
State Treasurer's Investment Pool	—	—	—	589,306	589,306
Total investments	\$ 2,390,040	\$ 993,832	\$ 611,152	\$ 589,306	\$ 4,584,330

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

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

Investment Type	Maximum Maturity	Security Type Limit	Single Issuer Limit	Minimum Credit Rating
U.S. Treasury	5 Years	100%	None	N/A
U.S. Federal Agency ⁽¹⁾	5 Years	100%	35%	N/A
U.S. Federal Agency MBS ⁽²⁾	5 Year WAL	25%	25%	N/A
Certificates of Deposit ⁽³⁾	1 Year	25%	5%	A-1 or P-1
Municipal Securities ⁽⁴⁾	5 Years	20%	5%	A
Corporate Securities	5 Years	25%	2%	A ⁽⁵⁾
Commercial Paper	270 Days	25%	3%	A-1/P-1 ⁽⁶⁾
Repurchase Agreements ⁽⁷⁾	60 Days	100%	25%	A-1 or P-1
Bankers' Acceptances	180 Days	25%	5%	A-1/P-1 ⁽⁸⁾
State LGIP ⁽⁹⁾	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, 4.9 percent; Commercial Paper, 7.7 percent; U.S. Agency Discount Notes, 1.0 percent; Supranational Discount Notes, 0.7 percent; Corporate Notes, 12.9 percent; Corporate Notes Floating Rate, 1.3 percent; U.S. Treasury Notes, 38.5 percent; U.S. Agency Notes, 8.7 percent; U.S. Agency Collateralized Mortgage Obligations, 0.1 percent; Supranational Coupon Notes, 16.3 percent; and the LGIP, 7.9 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, 2018 (in thousands):

Investments by fair value level	Fair Value 12/31/2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Commercial Paper	\$ 576,197	\$ —	\$ 576,197	\$ —
U.S. Agency Discount Notes	73,880	—	73,880	—
Corporate Notes	964,179	—	964,179	—
Corporate Notes Floating Rate	99,948	—	99,948	—
U.S. Treasury Notes	2,873,869	2,873,869	—	—
U.S. Agency Notes	648,763	—	648,763	—
Supranational Discount Notes	49,927	—	49,927	—
U.S. Agency Collateralized Mortgage Obligations	4,031	—	4,031	—
Supranational Coupon Notes	1,212,097	—	1,212,097	—
Subtotals	6,502,891	\$ 2,873,869	\$ 3,629,022	\$ —
Investments measured at amortized cost (not subject to fair value hierarchy)				
Repurchase Agreements	366,000			
State Treasurer's Investment Pool	589,306			
Subtotal investments measured at cost	955,306			
Total investments in Investment Pool	\$ 7,458,197			

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

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

Impaired Investment Pool

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

For the bifurcation, the County placed four impaired commercial paper investments into an impaired investment pool (Impaired Pool). The Impaired Pool holds one commercial paper asset (Victoria), in which the County accepted an exchange offer in 2009 and is receiving the cash flows from the investment's underlying securities. For the other three commercial paper investments (Cheyne, Mainsail and Rhinebridge), the County accepted a cash-out option in 2008, based on the results of three separate restructuring auctions conducted by the designated "receiver" of each commercial paper asset. At year-end, the County has a total of \$28.8 thousands in "reserve" for the Cheyne restructurings that was retained by the receivers.

When accounting for all four impaired investments, the fair value of the Impaired Pool at December 31, 2018, was \$4.0 million and the book value was \$5.7 million. The majority of the amount remaining in the impaired investment pool is associated with VFNC Trust (Victoria). VFNC Trust continues to make monthly cash distributions. During 2018, VFNC Trust distributed a total of \$1.5 million to the County. Including all the receipts to date brings the cash recovery rate on the original VFNC Trust investment to 89 percent. Monthly distributions will continue for as long as the underlying securities in the trust continue to pay. This monthly distribution is expected to continue for at least 5 to 6 more years or as long as the underlying securities continue to make cash payments. Also, because of extremely low interest rates, the County chose not to discount these future cash flows.

The impaired investments in commercial paper recorded at fair value total \$4.0 million, are based on market price of the underlying securities that are held by VFNC Trust (Victoria) and the cash value retained by the receivers as of December 31, 2018, and are classified in Level 3 inputs. 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, 2018 (in thousands) are as follows:

Condensed Statement of Net Position

	Total	King County Investment Pool	Impaired Pool
Net position held in trust for pool participants	\$ 7,470,912	\$ 7,466,891	\$ 4,021
Equity of internal pool participants	\$ 3,329,079	\$ 3,327,387	\$ 1,692
Equity of external pool participants	4,141,833	4,139,504	2,329
Total equity	\$ 7,470,912	\$ 7,466,891	\$ 4,021

Condensed Statement of Changes in Net Position

Net position - January 1, 2018	\$ 6,895,033	\$ 6,889,659	\$ 5,374
Net change in investments by pool participants	575,879	577,232	(1,353)
Net position - December 31, 2018	\$ 7,470,912	\$ 7,466,891	\$ 4,021

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

- U.S. Treasuries or securities with full faith and credit of the U.S. government backing them.
- Senior debt obligations issued by U.S. agencies, instrumentalities, or government-sponsored enterprises such as Federal National Mortgage Association (FNMA), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). While these agencies have credit ratings equivalent to the U.S. government, they are not explicitly guaranteed by the U.S. government. Financial market participants view them as having an "implied guarantee" because these agencies were chartered by Congress.

At yearend, the fair value of securities invested in the Pool Plus program was \$15.0 million for County's agencies and \$8.0 million for districts. The following schedule shows a summary of the characteristics of the assets in the program at December 31, 2018 (dollars in thousands):

KING COUNTY POOL PLUS PROGRAM

Investment Type	Fair Value	Principal	Average Interest Rate	Effective Duration (Years)
U.S. Treasury Notes - County's agencies	\$ 15,038	\$ 15,321	2.45%	4.160
U.S. Treasury Notes - Districts funds	8,030	8,174	2.56%	4.190

Individual Investment Accounts

King County also 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 assets in these individual investment accounts are reported in a separate Investment Trust Fund in the Fiduciary Funds section.

Nonfinancial Assets

The County has some land that is being held for future sale. The investment is valued at \$2.8 million which is determined based on comparable sales in the area or average per acre value of similar size and layout in the vicinity at the end of 2018.

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, 2018, the deposits not covered by the FDIC are uninsured and collateralized by the PDPC collateral pool at no less fifty percent. The HMC's custodial credit risk for its deposits as shown in the following table (in thousands):

Harborview Medical Center As of June 30, 2018			
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 3,369	\$ 221	\$ 3,148
Equity in Investment Pool	302,054	308,048	—
Total deposits	<u>\$ 305,423</u>	<u>\$ 308,269</u>	<u>\$ 3,148</u>

Cultural Development Authority of King County (CDA)

Custodial credit risk - Deposits - The Cultural Development Authority of King County (CDA) maintains a deposit relationship with a local commercial bank. The deposits with this qualified public depository that are not insured by the FDIC are collateralized by the PDPC at no less than fifty percent. At yearend, the CDA's total deposits consisted of \$1.3 million in carrying amount, and \$1.5 million in bank balance of which \$613 thousand was exposed to custodial credit risk as uninsured and uncollateralized.

Investments - CDA has an investment policy to guide the management of its assets and help ensure that all investment activity is within 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 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 - 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, 2018 (in thousands):

	Fair Value 12/31/2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Treasury Notes	\$ 1,402	\$ 1,402	\$ —	\$ —
U.S. Agency Notes:				
Federal Home Loan Mortgage Corp Debentures	1,195	—	1,195	—
Federal National Mortgage Association Notes	5,575	—	5,575	—
Federal Home Loan Bank Bonds	11,740	—	11,740	—
Federal Farm Credit Bank Bonds	1,282	—	1,282	—
Subtotal investments at fair value	21,194	\$ 1,402	\$ 19,792	\$ —
Investments measured at amortized cost (not subject to fair value hierarchy)				
State Treasurer's Investment Pool (LGIP)	23,895			
Other/Money Market Fund	1			
Subtotal investments measured at cost	23,896			
Total CDA investments	\$ 45,090			

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

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

State Treasurer's Investment Pool and money market funds investments are recorded at amortized cost.

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, 2018 (in thousands):

Cultural Development Authority Investments By Type					
Investment Type	Fair Value	Principal	Average Interest Rate	Effective Duration (Years)	Concentration
U.S. Treasury Notes	\$ 1,402	\$ 1,402	2.86%	1.047	3.11%
U.S. Agency Notes:					
Federal Home Loan Mortgage Corp Debentures	1,195	1,218	1.50	0.737	2.65
Federal National Mortgage Association Notes	5,575	5,715	1.46	2.003	12.37
Federal Home Loan Bank Bonds	11,740	11,861	2.74	0.984	26.04
Federal Farm Credit Bank Bonds	1,282	1,290	1.06	0.422	2.84
State Treasurer's Investment Pool	23,895	23,895	2.35	0.003	52.99
Other/Money Market Fund	1	1	2.04	0.003	—
Subtotal investments	45,090	\$ 45,382	2.29	0.569	100.00%
Less: State Treasurer's Investment Pool (Cash Equivalent)	(23,895)				
Total investments per Statement of Net Position	\$ 21,195				

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, 2018, the combined weighted average effective duration of the CDA's portfolio was 0.569 years.

Credit risk - Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2018, 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, 2018, CDA had concentrations greater than 5 percent of its total portfolio, excluding U.S. Treasury obligations, in the following issuers: Federal Home Loan Banks, 26.0 percent; and Federal National Mortgage Association, 12.4 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):

	2018
Non-bond Proceeds	\$ 278
Revenue Fund	825
	<u>\$ 1,103</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):

Governmental	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total Governmental Funds	
Accounts receivable:					
Accounts receivable	\$ 48,776	\$ 1,431	\$ 26,352	\$ 76,559	
Estimated uncollectible	(33,386)	—	(8,996)	(42,382)	
Accounts receivable, net	<u>\$ 15,390</u>	<u>\$ 1,431</u>	<u>\$ 17,356</u>	<u>\$ 34,177</u>	
Due from other governments:					
Due from other governments	\$ 60,270	\$ 6,093	\$ 72,678	\$ 139,041	
Estimated uncollectible	(5)	—	(527)	(532)	
Due from other governments, net	<u>\$ 60,265</u>	<u>\$ 6,093</u>	<u>\$ 72,151</u>	<u>\$ 138,509</u>	
Proprietary	Public Transportation	Water Quality	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Current assets:					
Accounts receivable:					
Accounts receivable	\$ 27,075	\$ 43,128	\$ 18,226	\$ 88,429	\$ 1,348
Estimated uncollectible	(97)	(997)	(357)	(1,451)	(47)
Accounts receivable, net	<u>\$ 26,978</u>	<u>\$ 42,131</u>	<u>\$ 17,869</u>	<u>\$ 86,978</u>	<u>\$ 1,301</u>
Due from other governments:					
Due from other governments	\$ 300,250	\$ —	\$ 7,898	\$ 308,148	\$ 66
Estimated uncollectible	—	—	—	—	—
Due from other governments, net	<u>\$ 300,250</u>	<u>\$ —</u>	<u>\$ 7,898</u>	<u>\$ 308,148</u>	<u>\$ 66</u>
Noncurrent assets:					
Due from other governments	<u>\$ 27</u>	<u>—</u>	<u>—</u>	<u>\$ 27</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 \$1.20156 per \$1,000 of assessed value for the 2018 tax year. The road district levy, which is levied in unincorporated areas of the county for road construction and maintenance and other County services provided in the unincorporated areas, is limited to \$2.25 per \$1,000 of assessed value, for which the County currently is at \$2.05402 per \$1,000 of assessed value for the 2018 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied.

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

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

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

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

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

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

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

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

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

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

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

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 2018, the county-wide flood control zone district levy rate was \$0.10708 per \$1,000 of assessed value. The boundaries of the District s coterminous with the boundaries of the County and the members of the County Council serve initially as the legislative body for the District, but under state law, it is a separate taxing district with independent taxing authority.

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

Allocation of Tax Levies

The table on the following page compares the allocation of the 2018 and 2017 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 2018 countywide assessed valuation was \$534.6 billion, a \$63.2 billion increase from 2017; the assessed valuation for the unincorporated area levy was \$43.8 billion, an increase of \$4.5 million from 2017.

ALLOCATION OF 2018 AND 2017 TAX LEVIES

	2018 Original Taxes Levied (in thousands)	2018 Levy Rate (per thousand)	2017 Original Taxes Levied (in thousands)	2017 Levy Rate (per thousand)
Countywide Levy				
Assessed Value:				
\$534,662,434,753 ^(a)				
Items Within Operating Levy: ^(b)				
General Fund	\$ 358,302	0.67262	\$ 346,708	0.73827
Veterans' Relief	3,010	0.00565	2,921	0.00622
Human Services	6,761	0.01269	6,556	0.01396
Intercounty River Improvement	49	0.00009	52	0.00011
Automated Fingerprint Identification System	22,123	0.04153	21,024	0.04477
Parks Levy	74,259	0.13940	70,579	0.15029
Veterans and Human Services	53,267	0.10000	18,614	0.03964
Children and Family Justice Center	25,054	0.04703	24,518	0.05221
Best Starts for Kids	65,656	0.12325	62,384	0.13285
Radio Communications	31,590	0.05930	30,602	0.06517
Marine Operating	5,930	0.01113	5,770	0.01229
Total Operating Levy	646,001	1.21269	589,728	1.25578
Conservation Futures Levy				
Conservation Futures Levy ^(c)	11,071	0.02078	10,445	0.02224
Farmland and Park Debt Service	8,999	0.01689	9,002	0.01917
Total Conservation Futures Levy	20,070	0.03767	19,447	0.04141
Unlimited Tax GO Bonds (Voter-approved Excess Levy)	17,298	0.03261	16,878	0.03609
Transportation Levy ^(d)	23,642	0.04438	23,322	0.04966
Total Countywide Levy	707,011	1.32735	649,375	1.38294
Emergency Medical Services Levy				
Assessed Value:				
\$534,548,340,357 ^(a)				
Emergency Medical Services Levy ^(e)	76,412	0.23940	74,664	0.26305
Unincorporated County Levy				
Assessed Value:				
\$43,773,720,022 ^(a)				
County Road Fund ^(f)	89,354	2.05402	87,679	2.24557
Total County Tax Levies	\$ 872,777		\$ 811,718	

(a) Assessed value for taxes payable in 2018.

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

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

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

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

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

The Automated Fingerprint Identification System (AFIS) levy, a regular property tax levy (RCW 84.55.050), was renewed on November 6, 2012, 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 2017 and 2018, the tax rate was 0.04477 and 0.04153 per \$1,000 of assessed value, respectively.

In August 2013, the Park lid lift levy was renewed by voters for six years, for a rate of 0.1877 per \$1,000 of assessed value. The 2017 and 2018 tax year rate for the Parks levy lid lift is 0.15029 and 0.13940 per \$1,000 of assessed value, respectively.

The Veterans and Family Human Services Levy, approved by voters in 2011, is a regular property tax levy to be levied for six years beginning in 2012 at a rate of 0.05 or less per \$1,000 of assessed value. The 2017 and 2018 tax rate is 0.03964 and 0.10000 per \$1,000 of assessed value, respectively.

The Children and Family Justice Center is a nine-year temporary levy lid lift approved by voters on August 7, 2012 at a rate of 0.070000 per \$1,000 of assessed value for the first year (2013). The rate for 2017 and 2018 is 0.05221 and 0.04703 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 2017 and 2018 is 0.06517 and 0.05930 per \$1,000 assessed value.

The Best Starts for Kids levy was approved by voters at the November 3, 2015, general election that will be used to invest in prevention and early intervention strategies for children and families. This is a six-year levy beginning in 2016 at a rate of 0.13285 per \$1,000 of assessed value. The rate for 2017 and 2018 is 0.13285 and 0.12325 per \$1,000 of assessed value.

The County's levy rate for transit-related purposes is 0.04438 per \$1,000 of assessed value, and its levy rate for conservation futures is 0.03767 per \$1,000 of assessed value in 2018.

The County's EMS levy was approved at a special election on November 5, 2013, for an additional six years, at a rate of 0.335 or less per \$1,000 of assessed value, with collections beginning in 2014. The rate for 2017 and 2018 is 0.26305 and 0.23940 per \$1,000 of assessed value.

Assessed Valuation Determination

The County Assessor (the "Assessor") determines the value of all real and personal property throughout the County that is subject to *ad valorem* taxation, with the exception of certain public service properties for which values are determined by the State Department of Revenue. The Assessor is an elected official whose duties and methods of determining value are prescribed and controlled by statute and by detailed regulations promulgated by the State Department of Revenue.

For tax purposes, the assessed value of property is 100.0 percent of its true and fair value. Since 1996, all property in the County has been subject to on-site appraisal and revaluation every six years, and is revalued each year based on annual market adjustments. Personal property is valued each year based on affidavits filed by the property owner. The property is listed by the Assessor on a roll at its current assessed value and the roll is filed in the Assessor's office. The Assessor's determinations are subject to revision by the County Board of Appeals and Equalization and, if appealed, subject to further revision by the State Board of Tax Appeals. At the end of the assessment year, in order to levy taxes payable the following year, the County Council receives the Assessor's final certificate of assessed value of property within the County.

Tax Collection Procedure

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

The methods for giving notice of payment of taxes due, collecting taxes, accounting for the taxes collected, dividing the collected taxes among the various taxing districts, and giving notice of delinquency are covered by detailed statutes.

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

Property Tax Calendar

January 1	Taxes are levied and become an enforceable lien against properties
February 14	Tax bills are mailed
April 30	First of two equal installment payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment due

Accounting for Property Taxes Receivable

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

Tax Abatements

As of December 31, 2018, the County provides tax abatements through three programs - the Current Use Programs, Historic Preservation Program and the Single-family Dwelling Improvement Program. All of these programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue to the County because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers.

Current Use Programs

The Current Use Programs provide property tax abatements to landowners to voluntarily preserve open space, farmland or forestland via four programs on their property pursuant to RCW 84.33.130 and RCW 84.34.010.

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

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

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

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

An owner of land desiring current use classification must submit an application to the County Assessor. Once enrolled, a participating property is assessed at a “current use” value, which is lower than the “highest and best use” assessment value that would otherwise apply to the property.

When land no longer meets the requirements for the respective classifications, abated taxes and applicable penalties and interest are collected.

Historic Preservation Program

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

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

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

Single-family Dwelling Improvement Program

The Single-family Dwelling Improvement Program provides property tax abatements to encourage home improvements to single-family dwellings under RCW 84.36.400. Any physical improvement to single-family dwellings upon real property shall be exempt from taxation for the three (3) assessment years subsequent to the completion of the improvement. Abatements are obtained through application by the property owner, including proof that the improvements have been made and equal 100 percent of the additional property tax resulting from the increase in assessed value as a result of the improvements, not to exceed 30 percent of the pre-improvement value of the structure.

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2018 (in thousands):

Tax Abatement Program	Total Amount of Taxes Abated
Current Use	\$ 2,471
Single-family Dwelling Improvement	176
Historic Preservation	409

State of Washington Tax Abatements

The information provided by Washington State is based upon calendar 2017 as a proxy for fiscal year 2018. The State’s fiscal year end is June 30, 2018. The state of Washington provides tax abatements through seven programs subject to the requirements of GASB Statement No. 77, some of which are only available to businesses in the aerospace industry. Only tax abatement programs that are material and attributable to activities in King County are disclosed below.

High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities

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

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

High-Technology Sales and Use Tax Deferral

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

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

Multi-Unit Urban Housing Exemption

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

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. No taxpayers were eligible for either of these exemptions during the calendar year ended December 31, 2017.

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, 2017 (in thousands):

Tax Abatement Program	Total Amount of Taxes Abated
High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities	D*
High-Technology Sales and Use Tax Deferral	\$1,352
Multi-Unit Urban Housing Exemption	\$7,264
Aerospace incentives: Computer Hardware, Software and Peripherals sales and use tax exemption	D

*Washington State cannot disclose the amounts abated.

Note 7

Capital Assets

Primary Government

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

	Balance 01/01/2018	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2018
Governmental Activities:					
Capital assets not being depreciated:					
* Land	\$ 595,615	\$ 22,557	\$ (310)	\$ (1,585)	\$ 616,277
* Rights-of-way and easements	456,509	16,250	(48)	1,585	474,296
Infrastructure - road and bridges	1,106,168	15,806	(304)	—	1,121,670
Art collections	10,495	—	—	—	10,495
* Work in progress (Restated)	282,570	182,568	(25,693)	(55,155)	384,290
Total capital assets not being depreciated	2,451,357	237,181	(26,355)	(55,155)	2,607,028
Capital assets being depreciated:					
* Buildings	1,024,900	1,375	(3)	878	1,027,150
Leasehold improvements	19,076	—	—	—	19,076
* Improvements other than buildings	76,858	—	—	3,059	79,917
Infrastructure – levees	29,374	—	—	16,571	45,945
* Furniture, machinery and equipment	170,441	17,167	(8,480)	16,752	195,880
* Software	111,755	85	(290)	17,969	129,519
Total capital assets being depreciated	1,432,404	18,627	(8,773)	55,229	1,497,487
Less accumulated depreciation for:					
Buildings	(483,842)	(28,333)	(6)	—	(512,181)
Leasehold improvements	(6,677)	(953)	—	—	(7,630)
Improvements other than buildings	(24,390)	(2,795)	—	—	(27,185)
Infrastructure – levees	(2,711)	(837)	—	—	(3,548)
Furniture, machinery and equipment	(123,554)	(15,493)	8,443	(63)	(130,667)
Software	(69,138)	(13,336)	290	—	(82,184)
Total accumulated depreciation	(710,312)	(61,747)	8,727	(63)	(763,395)
Total capital assets being depreciated, net	722,092	(43,120)	(46)	55,166	734,092
Governmental activities capital assets, net	\$ 3,173,449	\$ 194,061	\$ (26,401)	\$ 11	\$ 3,341,120
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 454,003	\$ 465	\$ (32,995)	\$ 11,846	\$ 433,319
Rights-of-way and easements	31,371	15	(1,003)	187	30,570
Art collections	3,747	—	—	511	4,258
Work in progress	533,413	571,687	—	(448,240)	656,860
Total capital assets not being depreciated	1,022,534	572,167	(33,998)	(435,696)	1,125,007
Capital assets being depreciated:					
Buildings	3,458,259	1,474	(9,501)	56,697	3,506,929
Leasehold improvements	7,307	—	—	—	7,307
Improvements other than buildings	406,290	—	(16)	19,245	425,519
Rights-of-way - temporary easement	7,635	—	—	—	7,635
Infrastructure – water quality	2,295,338	—	(5,193)	128,852	2,418,997
Furniture, machinery and equipment	2,751,556	9,487	(95,119)	228,134	2,894,058
Software	146,624	—	—	2,694	149,318
Total capital assets being depreciated	9,073,009	10,961	(109,829)	435,622	9,409,763
Less accumulated depreciation for:					
Buildings	(1,629,759)	(92,438)	3,549	—	(1,718,648)
Leasehold improvements	(3,783)	(378)	—	—	(4,161)
Improvements other than buildings	(170,404)	(21,750)	16	—	(192,138)
Rights-of-way - temporary easement	(1,363)	(218)	—	—	(1,581)
Infrastructure – water quality	(622,992)	(49,891)	2,979	—	(669,904)
Furniture, machinery and equipment	(1,515,966)	(166,752)	94,326	63	(1,588,329)
Software	(104,770)	(9,493)	—	—	(114,263)
Total accumulated depreciation	(4,049,037)	(340,920)	100,870	63	(4,289,024)
Total capital assets being depreciated, net	5,023,972	(329,959)	(8,959)	435,685	5,120,739
Business-type activities capital assets, net	\$ 6,046,506	\$ 242,208	\$ (42,957)	\$ (11)	\$ 6,245,746

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

Beginning Balance Adjustment

Net beginning balance adjustment for Work In Progress of \$6.1 million consists of \$1.3 million of prior period capital costs not capitalized related to Roads Division projects and the Flood Control District adjusted its 2017 balances by \$4.8 million after the County released its 2017 financial statements. Beginning balance adjustments for Buildings, Improvements other than buildings, Furniture, machinery and equipment and Software consists of a total of \$6.8 million in Parks capital projects not reported in the prior year.

Depreciation Expense

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

	2018
Governmental Activities	
General government	\$ 32,525
Law, safety and justice	10,611
Physical environment	1,064
Transportation	230
Economic environment	7
Health and human services	1,097
Culture and recreation	4,104
Capital assets held by the County's governmental internal service funds are charged to governmental activities based on their usage of the assets	12,109
Total depreciation - governmental activities	<u>\$ 61,747</u>
Business-type Activities	
Water Quality	\$ 175,699
Public Transportation	143,982
Solid Waste	18,519
King County International Airport	5,988
Institutional Network	359
Radio Communications	681
Marine Fund	1,061
Capital assets held by the Wastewater Equipment Rental internal service fund are charged to business-type activities based on its usage of the assets	2,301
Total depreciation and amortization expense - business-type activities	\$ 348,590
Less amortization - Water Quality other assets	(7,670)
Total depreciation - business-type activities	<u>\$ 340,920</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 - \$87.8 million is committed to the maintenance of existing infrastructure, service delivery and partnership efforts.

Water Quality Enterprise - \$242.9 million is committed to ensuring the continued operation, reliability and compliance with regulatory standards of existing wastewater treatment facilities.

Other Enterprises - \$9.4 million is committed to improving the County's solid waste regional landfill and maintenance of existing facilities, \$900 thousand for Airport facility improvements within the County, and \$14.8 million for the construction of a new permanent passenger-only facility in downtown Seattle for Marine Enterprise.

Capital Projects Funds

\$249.1 million is committed to various capital projects, including: (1) open space and conservation easement acquisitions; (2) development and improvement of trails, playgrounds and ballfields and other cultural facilities; (3) technology initiatives to improve business efficiency, emergency preparedness and network security; (4) flood control projects to protect the ecosystem and public property; (5) preservation of roads and construction of bridges; and (6) improvements and major repairs to office buildings and other facilities.

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

Capital assets activity for HMC during the fiscal year ended June 30, 2018 (in thousands):

	Balance 7/1/2017	Additions	Retirements	Transfers	Balance 6/30/2018
Capital assets not being depreciated:					
Land	\$ 2,432	\$ —	\$ —	\$ —	\$ 2,432
Work in progress	19,269	12,707	—	(17,278)	14,698
Total capital assets not being depreciated	21,701	12,707	—	(17,278)	17,130
Capital assets being depreciated:					
Buildings	421,868	—	(25,966)	9,790	405,692
Improvements other than buildings	16,389	—	(420)	1,517	17,486
Equipment	361,274	7,687	(62,684)	5,971	312,248
Total capital assets being depreciated	799,531	7,687	(89,070)	17,278	735,426
Less accumulated depreciation for:					
Buildings	(213,698)	(13,264)	25,966	—	(200,996)
Improvements other than buildings	(8,647)	(1,072)	420	—	(9,299)
Equipment	(308,710)	(14,279)	62,165	—	(260,824)
Total accumulated depreciation	(531,055)	(28,615)	88,551	—	(471,119)
HMC capital assets, net	\$ 290,177	\$ (8,221)	\$ (519)	\$ —	\$ 281,437

HMC owns other properties (net book value of \$20.9 million) which are held for future use and are reported under "Other assets" in the component unit's statement of net position.

Note 8

Restricted Assets

Within the Statement of Net Position are amounts that are restricted as to their use. 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.	\$ 49,081
<u>Water Quality</u> - restricted for future construction projects, debt service, and reserves and obligations.	313,684
<u>King County International Airport</u> - restricted for construction projects and obligations.	842
<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.	57,048
<u>Marine</u> - restricted for construction projects and obligations.	1,536
<u>Construction & Facilities Management</u> - restricted for construction projects and obligations.	18
Total Proprietary Funds restricted assets	<u>\$ 422,215</u>

Component Unit - Harborview Medical Center (HMC)

<u>HMC Special Purpose Fund</u> - restricted donations, gifts and bequests from various sources for specific uses.	8,806
Total HMC restricted assets	<u>\$ 8,806</u>

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

<u>1% for Art Fund</u> - restricted for the one percent for public art programs operated to benefit King County.	\$ 6,527
<u>Building for Culture Program</u> - restricted for a regional King County cultural capital investment partnership program.	2,990
<u>Cultural Special Account & Other Funds</u> - restricted for arts and heritage cultural programs.	37,188
Total CDA restricted assets	<u>\$ 46,705</u>

Component Unit - NJB Properties

<u>Non-bond Proceeds Fund</u> - restricted for costs of the NJB Project	\$ 278
<u>Revenue Fund</u> - restricted for transfers to the Bond Fund and authorized administrative fees	825
Total NJB Properties restricted assets	<u>\$ 1,103</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 2018:

Aggregate Pension Amounts - All Plans (in thousands)	
Pension liabilities	\$ 558,531
Pension assets	69,414
Deferred outflows of resources related to pensions	113,235
Deferred inflows of resources related to pensions	241,106
Pension expense/expenditures	30,541

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

PERS, LEOFF and PSERS are administered by the Washington State Department of Retirement Systems under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes and amends laws pertaining to the creation and administration of all statewide public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to:

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

Or the DRS CAFR may be downloaded from the DRS website at www.drs.wa.gov.

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

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

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS Plan 1 and Plan 2 are defined benefit plans, and PERS Plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1

Benefits Provided: PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits.

Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions: The PERS Plan 1 member contribution rate is established by State statute at 6 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through August 2018	12.70%	6.00%
September through December 2018	12.83%	6.00%

* For employees participating in the Judicial Benefit Multiplier Program (JBM), the contribution rate was 12.26%.

The County's actual contributions to the plan were \$1.4 million for the year ended December 31, 2018.

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.

Contributions: PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. PERS Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates.

The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2*	Employee 3
January through August 2018	12.70%	7.38%	Varies (5-15%)
September through December 2018	12.83%	7.41%	Varies (5-15%)

* For employees participating in JBM, the contribution rate was 18.45% for January - August 2018 and 18.53% for September - December 2018.

The County's actual contributions to the plan were \$140.7 million for the year ended December 31, 2018.

Public Safety Employees' Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

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

Contributions: PSERS Plan 2 employer and employee contribution rates are developed by the OSA to fully fund Plan 2. The Plan 2 employer rate includes components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts

Plan 2 employer and employee contribution rates. In addition to the regular change in contribution rates on July 1, 2017, PSERS contribution rates changed again September 1, 2017 due to HB 1709, which allows PERS members meeting specific criteria to transfer service credit into PSERS as long as they and their employer pay the difference between the PERS and PSERS contribution rates.

The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through August 2018	11.95%	6.74%
September through December 2018	12.38%	7.07%

The County's actual contributions to the plan were \$4.8 million for the year ended December 31, 2018.

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 2018. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2

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

Contributions: LEOFF Plan 2 employer and employee contribution rates are developed by the OSA to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

LEOFF 2		
Actual Contribution Rates:	Employer	Employee
January through December 2018	5.43%	8.75%

The County's actual contributions to the plan were \$5.2 million for the year ended December 31, 2018.

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, 2018, the State contributed \$68.2 million to LEOFF Plan 2. The amount recognized by the County as its proportionate share of this amount is \$26.8 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 15.23 percent of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the Board of Administration. The SCERS Plan required contribution rates (expressed as a percentage of covered payroll) for 2018 were as follows:

SCERS		
Actual Contribution Rates:	Employer	Employee
January through December 2018	15.29%	10.03%

The County's actual contributions to the plan were \$300 thousand for the year ended December 31, 2018.

Actuarial Assumptions

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

Additional assumptions for subsequent events and law changes are current as of the 2017 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2018.

Plan liabilities were rolled forward from June 30, 2017, to June 30, 2018, 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: 7.5%

Mortality rates for DRS pension plans were based on the RP-2000 report's Combined Healthy Table and Combined Disabled Table published by the Society of Actuaries. The OSA applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime.

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

- For LEOFF Plan 2, the calculation for benefits paid to remarried duty-related survivors was modified.
- The trend used to project medical inflation and certain medical related duty disability benefits for LEOFF Plan 2 was updated.
- For all plans, the average expected remaining service lives calculation was revised.

The following laws enacted in 2018 had an impact on the latest actuarial valuation.

- PERS Plans 1 COLA (C151, L18): For all eligible PERS Plan 1 retirees, the bill enacts a one-time permanent increase equal to 1.5% of their benefit, not to exceed a maximum of \$62.50 per month.
- PSERS Nursing, Custody and Safety (C241, L18): This bill adds new members to PSERS and provides a transfer option for eligible PERS Plan 2/3 members.
- PTSD Law Enforcement and Fire Fighters (C264, L18) This bill adds Post-Traumatic Stress Disorder (PTSD) to the list of occupational diseases and creates a rebuttable presumption of LEOFF members that PTSD is an occupational disease.
- Definition of Veteran (C61, L18): This bill modifies the definition of Veteran by expanding the eligibility of no-cost interruptive military service credit, clarifying the end period designated for the Persian Gulf War and adding two new conflicts that qualify as a period of war.

The TPL for SCERS pension plan was determined by an actuarial valuation as of December 31, 2017. The actuarial assumptions used in the valuation were based on an actuarial experience study for the period January 1, 2010 through December 31, 2013. The following actuarial assumptions were applied to all periods including the measurement period.

- Inflation: 3.25%
- Salary increases: In addition to the 4.0% salary increase assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.5% compounded annually, net of expenses

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

Discount Rate

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

The discount rate used to measure the total pension liability for SCERS pension plan was 7.5 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 and SCERS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered capital market assumptions and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the capital market assumptions and their target asset allocation to simulate future investment returns over various time horizons.

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, 2018, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	% Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.7%
Tangible Assets	7%	4.9%
Real Estate	18%	5.8%
Public Equity	32%	6.3%
Private Equity	23%	9.3%
	100%	

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, 2017 are summarized in the chart that follows:

Asset Class	% Long-term Expected Real Rate of Return Geometric
Equity: Public	4.9%
Equity: Private	6.3%
Fixed Income: Broad	0.4%
Fixed Income: Credit	3.3%
Real Assets: Real Estate	3.6%
Real Assets: Infrastructure	3.0%
Diversifying Strategies	3.1%

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 (7.5 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, 6.5 percent for SCERS) or one percentage point higher (8.4 percent, 8.5 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	\$ 469,613	\$ 382,129	\$ 306,350
PERS 2/3	803,786	175,728	(339,208)
PSERS 2	12,479	120	(9,578)
LEOFF 1	(8,666)	(10,894)	(12,811)
LEOFF 2	(7,782)	(58,520)	(99,903)

Sensitivity of Net Pension Liability (Asset) (in thousands)			
Plans	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
SCERS	\$ 793	\$ 554	\$ 352

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, 2018, the County reported a total pension liability of \$558.5 million and total pension asset of \$69.4 million for its proportionate share of the net pension liabilities (assets) as follows:

Total Pension Liability (Asset) (in thousands)	
PERS 1	\$ 382,129
PERS 2/3	175,728
PSERS 2	120
LEOFF 1	(10,894)
LEOFF 2	(58,520)
SCERS	554

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

Net Pension Liability/(Asset) (in thousands)	
LEOFF 2 - County's proportionate share	\$ (58,520)
LEOFF 2 - State's proportionate share of the net pension liability/(asset) associated with King County	(37,891)
TOTAL	\$ (96,411)

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

Collective Net Pension Liabilities			
	Proportionate Share 6/30/17	Proportionate Share 6/30/18	Change in Proportion
PERS 1	8.45%	8.56%	0.11%
PERS 2/3	10.14%	10.29%	0.15%
PSERS 2	9.92%	9.69%	-0.23%
LEOFF 1	0.60%	0.60%	0.00%
LEOFF 2	2.91%	2.88%	-0.03%

Collective Net Pension Liabilities			
	Proportionate Share 12/31/16	Proportionate Share 12/31/17	Change in Proportion
SCERS	0.07%	0.05%	-0.02%

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 2018. Historical data was obtained from a 2011 study by the Office of the State Actuary. In fiscal year 2018, 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 2018, the state of Washington contributed 39.30 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.70 percent of employer contributions.

The collective net pension liability (asset) for all DRS pension plans was measured as of June 30, 2018, and the actuarial valuation date on which the total pension liability (asset) is based was as of June 30, 2017, 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, 2017, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2017, 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, 2018, the County recognized pension expense as follows:

Pension Expense (in thousands)	
PERS 1	\$ 38,926
PERS 2/3	(6,218)
PSERS 2	2,038
LEOFF 1	(1,803)
LEOFF 2	(2,145)
SCERS	(257)
TOTAL	\$ 30,541

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ —	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	15,186
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	30,193	—
TOTAL	\$ 30,193	\$ 15,186

PERS 2/3	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 21,540	\$ 30,767
Net difference between projected and actual investment earnings on pension plan investments	—	107,835
Changes of assumptions	2,056	50,011
Changes in proportion and differences between contributions and proportionate share of contributions	7,252	12,687
Contributions subsequent to the measurement date	42,011	—
TOTAL	\$ 72,859	\$ 201,300

PSERS 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 891	\$ 123
Net difference between projected and actual investment earnings on pension plan investments	—	1,620
Changes of assumptions	13	743
Changes in proportion and differences between contributions and proportionate share of contributions	82	284
Contributions subsequent to the measurement date	1,400	—
TOTAL	\$ 2,386	\$ 2,770

LEOFF 1	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ —	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	884
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	—	—
TOTAL	\$ —	\$ 884

LEOFF 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 3,135	\$ 1,358
Net difference between projected and actual investment earnings on pension plan investments	—	10,243
Changes of assumptions	33	8,398
Changes in proportion and differences between contributions and proportionate share of contributions	1,133	464
Contributions subsequent to the measurement date	2,335	—
TOTAL	\$ 6,636	\$ 20,463

SCERS	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 1	\$ 14
Net difference between projected and actual investment earnings on pension plan investments	—	49
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	850	440
Contributions subsequent to the measurement date	310	—
TOTAL	\$ 1,161	\$ 503

Deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	PERS 1 (in thousands)
2019	\$ 664
2020	(3,320)
2021	(9,961)
2022	(2,569)
2023	—
Thereafter	—

Year ended December 31:	PERS 2/3 (in thousands)
2019	\$ (17,884)
2020	(36,730)
2021	(67,100)
2022	(25,537)
2023	(10,142)
Thereafter	(13,059)

Year ended December 31:	PSERS 2 (in thousands)
2019	\$ (37)
2020	(210)
2021	(554)
2022	(288)
2023	(99)
Thereafter	(596)

Year ended December 31:	LEOFF 1 (in thousands)
2019	\$ 1
2020	(200)
2021	(543)
2022	(142)
2023	—
Thereafter	—

Year ended December 31:	LEOFF 2 (in thousands)
2019	\$ (1,217)
2020	(2,767)
2021	(6,088)
2022	(2,176)
2023	(724)
Thereafter	(3,191)

Year ended December 31:	SCERS (in thousands)
2019	\$ 173
2020	132
2021	37
2022	3
2023	5
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, 2018 were \$ 1.1 million, \$249 thousand and \$380 thousand, respectively.

Note 10

Defined Benefit Other Postemployment Benefit (OPEB) Plan

The County is required to accrue other postemployment benefits (OPEB) expense related to its postretirement health care plan based on a computed total OPEB liability. Instead of recording expense on a "pay-as-you-go" basis, the County has recorded a liability of \$111.4 million for the difference between the actuarially calculated liability and the estimated contributions made.

In previous years, under GASB Statement No. 45, the County recognized only the annual required contribution (ARC) to fund current year expenses and to amortize the unfunded obligation over a period not to exceed 30 years. The County recognized a net OPEB obligation as of December 31, 2017 of \$73.0 million.

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, 2018 (in thousands):

OPEB liabilities	\$ 111,412
OPEB assets	—
Deferred outflows of resources	2,977
Deferred inflows of resources	8,625
OPEB expense/expenditures	5,567

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

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

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

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

For the fiscal year ended December 31, 2018, the County contributed an estimated \$5.2 million to the Health Plan to pay for retiree benefits. The County's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to pre-fund benefits. Accordingly, there are no assets in a qualifying trust.

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

The December 31, 2018 valuation used the entry age normal level percentage of salary actuarial cost method. The actuarial assumptions included an initial annual health care cost trend rate of 7.00 percent reduced by decrements to an ultimate rate of 3.84 percent after 56 years. The Medicare premium trend rate is 6.00 percent, for all years. All trend rates include a 2.50 percent inflation assumption and 3.00 percent salary increase assumption. County employees have multiple medical plans to select from during and after employment. Plan Members are assumed to retain the

same medical plan after retirement as they selected while an employee pre-retirement, including an assumption that employees choosing not to enroll in a County medical plan before retirement will not select a County medical plan after retirement. Mortality rates were based on tables from the Society of Actuaries.

These assumptions reflect the County's best estimates. The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 7.00 percent decreasing to 3.84 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

	1% Decrease	Current Trend Rate	1% Increase
	(6.0% decreasing to 2.84%)	(7.0% decreasing to 3.84%)	(8.0% decreasing to 4.84%)
Total OPEB Liability	\$ 101,457	\$ 111,412	\$ 122,865

Discount Rate The discount rate used to measure the total OPEB liability is 3.75 percent. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date. The County previously used a discount rate of 3.50 percent in 2017.

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

	1% Decrease	Current Discount Rate	1% Increase
	2.75%	3.75%	4.75%
Total OPEB Liability	\$ 121,804	\$ 111,412	\$ 102,241

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

	Total OPEB Liability
Balance at 1/1/2018 - Restated	\$ 118,120
Changes for the Year:	
Service cost	2,092
Interest	4,146
Changes of benefit terms	—
Difference between expected and actual experience	3,332
Changes of assumptions	(9,651)
Benefit payments	(5,244)
Other changes	(1,383)
Net changes	(6,708)
Balance at 12/31/2018	\$ 111,412

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

Deferred Inflows and Deferred Outflows At December 31, 2018 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	\$ 2,977	\$ —
Changes of assumptions	—	(8,625)
Payments subsequent to the measurement dates	—	—
Total	<u>\$ 2,977</u>	<u>\$ (8,625)</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):

Year ended December 31:	Amount
2019	\$ (672)
2020	(672)
2021	(672)
2022	(672)
2023	(672)
Thereafter	(2,288)

Component Unit - Harborview Medical Center (HMC)

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

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

Note 11

Risk Management

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

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

Insurance Fund

The Insurance Fund, an internal service fund, accounts for the County's property/casualty program. The fund accounts for the County's exposures to loss due to the tortious conduct of the County, including those exposures commonly covered by general liability, automobile liability, police professional, public officials, errors and omissions and professional malpractice insurance policies. With the assistance of an actuary, the Insurance Fund's claims liability is estimated based upon historical claims experience and other actuarial techniques. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2018, is \$70.5 million.

Changes in the Insurance Fund's estimated claims liability in 2017 and 2018 (in thousands):

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017	\$ 75,555	\$ 9,229	\$ (9,863)	\$ 74,921
2018	74,921	14,191	(18,645)	70,467

In 2018, there was one settlement that resulted in payment in excess of the County's self-insured retention (SIR). In 2017, there were no losses paid in excess of the SIR, and in 2016 there were two settlements that exceeded the SIR.

The County purchases excess liability coverage that currently provides \$92.5 million in limits above a \$7.5 million per occurrence SIR for Transit and \$6.5 million SIR for all other County agencies.

Effective July 1, 2018, the County renewed the property insurance policy. This policy has a blanket limit of \$750.0 million above a \$250 thousand per occurrence deductible and provides an overall earthquake sublimit of \$100.0 million and a flood sublimit of \$250.0 million.

In addition to its excess liability policy and property insurance policies, the County has specific insurance policies to cover some of its other exposures. These are listed in the table which follows on the next page.

COVERAGE	COVERAGE AMOUNT	DEDUCTIBLE
Excess General Liability	\$92.5 million	\$6.5 million per occurrence / \$7.5 million Transit bus losses
Property & Mobile Equipment	\$750 million	\$250 thousand per occurrence
	\$100 million EQ (Earthquake)	EQ - 5% of location value / \$500 thousand minimum
	\$250 million Flood	Flood - \$250 thousand / \$500 thousand
Terrorism - Property	\$500 million	\$100 thousand
Excess Workers' Compensation	Statutory (unlimited)	\$2 million per occurrence
Aircraft Liability & Physical Damage	\$50 million per occurrence and scheduled value	None
King County International Airport General Liability	\$300 million	None
King County International Airport Property Damage	\$186 million	\$100 thousand per occurrence
Marine Policies (includes King County Ferry District)	\$150 million	Varies based on vessel and coverage type
Foreign Liability in General and Automobile	\$1 million	\$1 thousand
Fiduciary Liability for Employees' Benefit	\$20 million	None
Parks Swimming Pools General Liability	\$7.5 million	\$5 thousand
Crime and Fidelity	\$2.5 million	\$50 thousand
Flood Insurance	Scheduled Values (property)	\$1 thousand
Cyber Liability	\$30 million	\$1 million per claim; \$250 thousand Professional
PSERN - Inland Marine	\$41 million	\$2.5 thousand per occurrence; EQ - \$50 thousand per location; Flood - \$10 thousand per location
PSERN - Site Specific Pollution (Scheduled locations only)	\$2.0 million per occurrence; \$4.0 million aggregate	\$25 thousand (3rd party); \$50 thousand (clean-up)

Safety and Workers' Compensation Fund

The Safety and Workers' Compensation Fund, an internal service fund, accounts for the County's self-insurance for workers' compensation as certified under Title 51 Revised Code of Washington (RCW), Industrial Insurance Act. Interfund charges are derived from actuarial projections of their future claims and administrative costs. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the financial statements is not discounted due to the low rate of return on investment. As of December 31, 2018, the total claim liability is \$65.9 million.

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

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 2017 and 2018 (in thousands) are shown below:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017	\$ 70,184	\$ 11,814	\$ (16,331)	\$ 65,667
2018	65,667	15,855	(15,665)	65,857

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, 2018, is \$21.4 million.

The Fund's claims liability is based on historical experience. Changes in the Employee Benefits Program Fund's claims liability in 2017 and 2018 (in thousands) are shown below:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2017	\$ 23,621	\$ 205,180	\$ (210,716)	\$ 18,085
2018	18,085	239,668	(236,358)	21,395

Component Unit - Harborview Medical Center (HMC)

Harborview is exposed to risk of loss related to professional and general liability, property loss, and injuries to employees. Harborview 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. Harborview's annual funding to the professional liability program is determined by the University administration using information from an annual actuary study. Various participants in the program contribute to the self-insurance fund and share in the expenses of the program. Harborview's contribution to the professional liability program was \$4.1 million in 2018 and \$3.7 million in 2017, recorded in supplies and other expense on the Statements of Revenues, Expenses and Changes in Net Position.

Employee Benefits Program

Harborview 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 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 \$500,000 per occurrence and an aggregate limit of \$1.0 million; 3) Employment Practices Liability coverage with an aggregate limit of \$20.0 million per member; 4) Crime Blanket Coverage with Faithful Performance of Duty with an aggregate limit of \$250 thousand per member; 5) Cyber coverage with a limit of \$2.0 million per occurrence and 6) Identity Fraud expense reimbursement with a limit of \$25 thousand per occurrence and an aggregate limit of \$25 thousand.

Employee Benefits Program

The CDA provides its eligible employees with a comprehensive health benefits package through the Public Employees Benefits Board (PEBB), which includes medical, dental, basic life and long-term disability coverage. In addition, the PEBB offers the following optional products: long-term care, auto and home insurance. CDA also offers insurance with American Family Life Assurance Company (AFLAC) and MetLife. With the AFLAC and MetLife coverage, CDA

employees can pick from a selection of insurance policies at their own expense. CDA benefits-eligible employees can enroll in FSA through Wageworks, Inc.

Note 12

Leases

Capital Leases

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

Capital assets and outstanding liabilities relating to capital lease agreement contracts as of December 31, 2018 (in thousands) is as follows:

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Buildings	\$ 194,935	\$ —	\$ 8,291	\$ —
Leasehold improvements	—	4,881	—	2,381
Less depreciation	(42,896)	(2,736)	—	—
Totals	<u>\$ 152,039</u>	<u>\$ 2,145</u>	<u>\$ 8,291</u>	<u>\$ 2,381</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, 2018 (in thousands):

	Governmental Activities	Business-type Activities
2019	\$ 763	\$ 255
2020	767	255
2021	766	255
2022	768	255
2023	764	255
2024-2028	3,817	1,275
2029-2033	3,824	659
2034-2037	2,296	—
Total minimum lease payments	<u>13,765</u>	<u>\$ 3,209</u>
Less: Amount representing interest	<u>(5,474)</u>	<u>(828)</u>
Present value of net minimum lease payments	<u>\$ 8,291</u>	<u>\$ 2,381</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, 2018 for long-term operating expenses for office space, equipment and other operating leases amount to \$11.0 million. The patterns of future lease payment requirements are systematic and rational. Future minimum lease payments for these leases are shown in the table below (in thousands):

Year	Office Space	Other	Total
2019	\$ 8,013	\$ 5,836	\$ 13,849
2020	7,169	5,096	12,265
2021	6,888	4,330	11,218
2022	5,776	3,829	9,605
2023	5,144	3,756	8,900
2024-2028	16,624	15,492	32,116
2029-2033	—	6,016	6,016
2034-2038	—	3,706	3,706
2039-2043	—	3,634	3,634
2044-2048	—	3,634	3,634

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, 2018 (in thousands):

	Governmental	Business-type Activities	
	Activities	Airport	Other
Land	\$ 65	\$ 14,212	\$ 438
Buildings	317	24,691	424
Less: Depreciation	(317)	(14,175)	(135)
Total cost of property under lease	<u>\$ 65</u>	<u>\$ 24,728</u>	<u>\$ 727</u>

Minimum future lease receipts on noncancelable operating leases based on contract amounts and terms as of December 31, 2018 (in thousands):

Year	Governmental	Business-type Activities		Total
	Activities	Airport	Other	
2019	\$ 2,851	\$ 20,056	\$ 147	\$ 23,054
2020	2,574	19,299	97	21,970
2021	1,176	18,858	66	20,100
2022	760	18,855	17	19,632
2023	625	18,855	17	19,497
2024-2028	2,719	92,019	74	94,812
2029-2033	1,125	50,063	24	51,212
2034-2038	18	23,755	24	23,797
2039-2043	18	23,755	13	23,786
2044-2048	18	18,878	—	18,896

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, 2018 is shown below, as well as the minimum lease rental payments expected to be received for the next five years and in the aggregate.

Year	Minimum	Net Investment in Capital Lease	
	Lease Payment		2018
2019	\$ 764	Minimum lease payments receivable	\$ 13,765
2020	768	Uncollected income	(5,474)
2021	765	Net investment in capital lease	<u>\$ 8,291</u>
2022	768		
2023	764		
thereafter	9,938		
	<u>\$ 13,767</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 30 years following closure. 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 \$146.1 million reported as landfill closure and post-closure care liability as of December 31, 2018, 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	81.76%	\$ 121,313	\$ 85,496	2027
Closed	100%	16,978	—	Closed
Custodial	100%	7,851	—	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, 2018, cash and cash equivalents of \$33.5 million were held in the Landfill Reserve Fund and \$4.9 million were held in the Landfill Post-closure Maintenance Fund.

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 2018 do not include potential costs of cleanup that may arise out of the legal issues described in Note 19 - "Legal Matters, Contingent Liabilities 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, 2018 stands at \$46.6 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 \$592 thousand at December 31, 2018. 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, 2018.

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

finalized in January 2013 requiring the County to conduct a remediation investigation, a feasibility study and a cleanup action plan. Because the remediation was a prerequisite to the purchase agreement and is a necessary activity to prepare a portion of the land for its intended use, the County intends to capitalize the cost of pollution as part of the land. The remediation will be completed in phases over a period of about five to ten years. As of December 31, 2016, the County completed the first phase of an Interim Action Cleanup Plan with approval from the DOE, costing approximately \$600 thousand. The cleanup included removing invasive vegetation and surface soil on 3 acres immediately south of SW 260th St, adding a compost cap, and replanting the area with native trees and shrubs. The cleanup costs incurred in 2016 were capitalized. DOE issued a draft Cleanup Action Plan for Public Comment in April 2018. If approved, King County will begin implementation of the remaining cleanup activities in 2019.

Washington Air National Guard Site Investigation - The Washington Air National Guard (WANG) site is located at 6736 Ellis Avenue South in Seattle, Washington. The WANG site occupies approximately 7.5 acres, adjacent to the northwest boundary of the North Boeing Field Georgetown Steam Plant (NBF/GTSP). The WANG site was developed during World War II by the War Department, and served as an aircraft factory school between 1943 and 1948. During environmental investigations at the site, a dissolved Trichloroethene (TCE) plume was identified in shallow groundwater in the southern portion of the site. In May 2016, the Washington State Department of Ecology (DOE) recommended that King County conduct an investigation to determine if the source of recent increases in TCE concentrations in groundwater monitoring wells at the NBF/GTSP site is from the WANG site. The site investigation work will be conducted in three phases: soil and groundwater data collection, soil and groundwater sampling, and quarterly groundwater monitoring. The Airport reported a pollution remediation liability of \$245 thousand at December 31, 2018.

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 \$1.26 million at December 31, 2018 to complete the earlier RI work and a feasibility study.

Note 15

Debt

Short-term Debt Instruments and Liquidity

At December 31, 2018, 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 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 ranges from three to 30 years.

For business-type activities, long-term debt consists of limited tax general obligation bonds 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 and state of Washington revolving loans are accounted for in the Water Quality Enterprise Fund.

Sewer revenue bonds are accounted for in the Water Quality Enterprise Fund. These bonds are secured by the pledge of and lien on revenues of the sewer system subject to the payment of all operating and maintenance expenses of the sewer system. Payments from revenues of Water Quality are required to be made to the sewer revenue bond fund in the annual amounts sufficient to retire serial or term bonds on or before maturity. The amount required in the cash reserved and surety policies is based on the highest year of debt services over the life of all outstanding revenue bonds. The sewer revenue bonds are special limited obligations of the County, and neither its full faith and credit nor any taxing power is pledged to the payment of the sewer revenue bonds. These sewer revenue bonds have maturities that range from 20 to 35 years.

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

SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
(PAGE 1 OF 2)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding at 12/31/18
I. GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT					
IA. Limited Tax General Obligation Bonds (LTGO)					
2006 LTGO HUD Section 108 Bonds – Greenbridge Project	9/14/2006	8/1/2024	4.96-5.70%	\$ 6,783	\$ 1,437
2007C LTGO (Payoff BAN2006A) Bonds	11/1/2007	1/1/2019	4.00-4.50%	10,695	525
2009B2 LTGO Capital Facilities Project Bonds	5/12/2009	6/1/2029	2.00-5.13%	34,810	19,085
2009C LTGO Refunding 1993B Bonds	12/10/2009	1/1/2024	4.50%	17,150	16,975
2010A LTGO Refunding 2001 and 2002 Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	21,445	2,570
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2021	2.85-6.05%	17,355	6,605
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	12,245
2011B LTGO Flood Planning/Payoff BAN2010B Bonds	12/1/2011	12/1/2019	2.00-4.00%	5,725	2,090
2011D LTGO (Maury Island/Open Space Acquisition) Bonds	12/21/2011	12/1/2031	2.00-3.50%	21,895	13,085
2012A LTGO (ABT Project) Bonds	3/29/2012	7/1/2022	3.00-5.00%	65,935	34,025
2012B LTGO (S. Park Bridge) Bonds	5/8/2012	9/1/2032	3.00-5.00%	28,065	22,085
2012C LTGO Refunding 2004B and 2005 Bonds	8/28/2012	1/1/2025	5.00%	54,260	37,485
2012D LTGO Refunding 2002BOP Lease (HMC) Bonds	11/29/2012	12/1/2031	2.00-5.00%	41,810	32,065
2012E LTGO SE District Court Relocation Bonds (Partial)	12/19/2012	12/1/2027	2.00-5.00%	3,000	1,980
2012F LTGO (QECBs) (Taxable) KCCF HVAC Project (Partial)	12/19/2012	12/1/2022	2.20%	3,010	3,010
2013 Multi-Modal LTGO Variable Rate Refunding 2009A Bonds	8/6/2013	6/1/2029	Variable ^(b)	41,460	30,760
2013B LTGO Refunding 2005 GHP Lease Bonds	12/19/2013	12/1/2026	3.00-5.00%	42,820	31,090
2014A LTGO Refunding 2005 GHP Lease Bonds	2/26/2014	12/1/2032	5.00%	34,815	34,420
2014B LTGO (Tall Chief Acquisition/SWM) Bonds	6/24/2014	6/1/2034	2.00-5.00%	15,395	14,040
2015B LTGO (FED TAX-EXEMPT) Bonds	10/13/2015	12/1/2030	2.50-5.00%	27,355	20,110
2015C LTGO Refunding 2007C and 2007D Bonds	10/13/2015	1/1/2028	3.00-5.00%	25,970	25,695
2015E LTGO Refunding 2006A NJB and 2007 KSC Lease Bonds	12/17/2015	12/1/2036	4.00-5.00%	172,320	159,945
2016A LTGO Bond 4Culture Building	3/10/2016	12/1/2030	1.50-5.00%	22,450	22,450
2016B LTGO Bond (taxable) 4Culture building	3/10/2016	12/1/2019	0.50-1.30%	2,575	115
2017B LTGO Bond Various Purpose (Partial)	8/10/2017	6/1/2037	3.00-5.00%	33,325	30,640
2018A LTGO Bond Various Purpose (Partial)	8/8/2018	6/1/2038	5.00%	5,845	5,845
Total Payable From Limited Tax GO Redemption Fund				<u>807,958</u>	<u>606,367</u>
Payable From Internal Service Funds					
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2020	4.58-6.05%	7,125	2,075
2012E LTGO (IT Business Empowerment) Bonds (Partial)	12/19/2012	12/1/2019	2.00-5.00%	<u>22,405</u>	<u>4,200</u>
Total Payable From Internal Service Funds				<u>29,530</u>	<u>6,275</u>
Total Limited Tax General Obligation Debt				<u>837,488</u>	<u>612,642</u>
IB. Limited Tax GO Capital Lease^(a)					
2006 Project lease agreement - NJB Properties	12/5/2006	12/1/2036	5.00-5.51%	<u>189,720</u>	<u>8,291</u>
Total Limited Tax GO Capital leases				<u>189,720</u>	<u>8,291</u>
IC. Unlimited Tax General Obligation Bonds (UTGO)					
Payable From Unlimited Tax GO Redemption Fund					
2009A UTGO Refunding 2001(HMC) Bonds	12/10/2009	12/1/2020	4.30-5.00%	19,570	2,905
2012 UTGO Refunding 2004 (HMC) and 2004B (HMC) Bonds	8/14/2012	12/1/2023	2.00-5.00%	94,610	60,060
2013 UTGO Refunding 2003 Bonds	7/2/2013	6/1/2019	3.00-5.00%	<u>8,660</u>	<u>1,465</u>
Total Payable From Unlimited Tax GO Bond Redemption Fund				<u>122,840</u>	<u>64,430</u>
TOTAL GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT				<u>1,150,048</u>	<u>685,363</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.

(b) The 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.

SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 2 OF 2)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding at 12/31/18
II. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT					
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
2009 LTGO (Transit) Refunding 1998A Bonds	2/18/2009	12/1/2019	2.00-4.00%	48,535	5,140
2009B LTGO (WQ) Capital Improvement Projects Bonds	4/8/2009	1/1/2019	5.00-5.25%	300,000	7,370
2010A LTGO Refunding 2001 (Airport) Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	5,110	1,675
2010B LTGO (BABs) (Transit) Taxable Bonds	12/1/2010	12/1/2030	2.85-6.05%	20,555	16,100
2010D LTGO (QECBs) (Transit) Taxable Bonds	12/1/2010	12/1/2020	4.33%	3,000	3,000
2012A LTGO (WQ) Refunding 2005A Bonds	4/18/2012	1/1/2025	2.00-5.00%	68,395	55,215
2012B LTGO (WQ) Refunding 2005A Bonds	8/2/2012	1/1/2029	5.00%	41,725	41,725
2012C LTGO (WQ) Refunding 2005A Bonds	9/19/2012	1/1/2034	5.00%	53,405	53,405
2012D LTGO (Transit) Refunding 2002 and 2004 Bonds	10/16/2012	6/1/2034	2.00-5.00%	71,670	39,590
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	66,370
2014C LTGO & Refunding 2007E (Solid Waste) Bonds	7/30/2014	12/1/2034	2.00-5.00%	25,515	22,915
2015A LTGO (WQ) Refunding 2009B2 Bonds	2/18/2015	7/1/2038	2.00-5.00%	247,825	247,510
2015B LTGO (FED Tax-Exempt) (Solid Waste) Bonds	10/13/2015	12/1/2025	5.00%	60	45
2015D LTGO & Ref2007E (Solid Waste) Bonds	11/5/2015	12/1/2040	3.00-5.00%	50,595	46,300
2017A LTGO (WQ) Refunding 2008 Bonds	10/25/2017	7/1/2033	4.00-5.00%	154,560	147,360
2017A Multi-Modal LTGO (WQ) Refunding 2010A Bonds	10/26/2017	1/1/2039	Variable ^(b)	50,000	50,000
2017B Multi-Modal LTGO (WQ) Refunding 2010A Bonds	10/26/2017	1/1/2039	Variable ^(b)	50,000	50,000
2017A LTGO (Solid Waste) Bonds	6/8/2017	6/1/2040	3.25-5.00%	31,230	30,480
2017B LTGO (Solid Waste) Bond Various Purpose	8/10/2017	6/1/2027	4.00-5.00%	135	135
2018A LTGO (Marine Construction) partial	8/8/2018	6/1/2038	4.00-5.00%	6,330	6,330
Total Limited Tax GO Bonds Payable From Enterprise Funds				<u>1,545,705</u>	<u>914,695</u>
IIB. Revenue Bonds, Capital Leases and Loans					
Payable From Enterprise Funds					
2001A WQ Revenue Junior Lien Variable Rate Demand Bonds	8/6/2001	1/1/2032	Variable ^(c)	50,000	50,000
2001B WQ Revenue Junior Lien Variable Rate Demand Bonds	8/6/2001	1/1/2032	Variable ^(c)	50,000	50,000
2010 WQ Revenue & Refunding 2001 Bonds	7/19/2010	1/1/2036	2.00-5.00%	334,365	43,900
2011 WQ Revenue (Capital Improvement Projects) Bonds	1/25/2011	1/1/2021	5-5.125%	175,000	12,050
2011B WQ Revenue Refunding 2001, 2002A, 2002B, and 04A	10/5/2011	1/1/2026	1.00-5.00%	494,270	61,560
2011C WQ Revenue Refunding 2001, 2002A, and 2004A Bonds	11/1/2011	1/1/2022	3.00-5.00%	32,445	7,885
2011 WQ Revenue Junior Lien Variable Rate Demand Bonds	10/26/2011	1/1/2042	Variable ^(d)	100,000	100,000
2012 WQ Revenue and Refunding 2004A Bonds	4/18/2012	1/1/2052	5.00%	104,445	89,785
2012B WQ Revenue and Refunding 2004A Bonds	8/2/2012	1/1/2035	4.00-5.00%	64,260	64,260
2012C WQ Revenue and Refunding 2004A and 2006 Bonds	9/19/2012	1/1/2033	2.50-5.00%	65,415	62,775
2012 WQ Revenue Junior Lien Variable Rate Demand Bonds	12/27/2012	1/1/2043	Variable ^(e)	100,000	100,000
2013A WQ Revenue Refunding 2003, 2006, and 2005 WQ-LTGO	4/9/2013	1/1/2035	2.00-5.00%	122,895	107,375
2013B WQ Revenue and Refunding 2004B Bonds	10/29/2013	1/1/2044	2.00-5.00%	74,930	58,970
2014A WQ Revenue Refunding 2007 Bonds	7/8/2014	1/1/2047	5.00%	75,000	75,000
2014B WQ Revenue Refg 2004B, 2006, 2006B, 2007 and 2008	8/12/2014	7/1/2035	1.00-5.00%	192,460	187,250
2015A WQ Revenue Refunding 2007, 2008, and 2009 Bonds	2/18/2015	7/1/2047	3.00-5.00%	474,025	471,420
2015B WQ Revenue & Refunding 2006 Bonds	11/17/2015	1/1/2046	4.00-5.00%	93,345	80,730
2015AB WQ Revenue Junior Lien Variable Rate Demand Bonds	11/24/2015	1/1/2046	Variable ^(c)	100,000	99,080
2016A WQ Revenue & Refunding 2007, 2008, 2009, 2010 Bonds	2/17/2016	7/1/2041	4.00-5.00%	281,535	276,315
2016B WQ Revenue & Refg 2006-2, 2010, 2011A, 2011B, 2011C	10/12/2016	7/1/2049	4.00-5.00%	499,655	494,200
2017A WQ Revenue Refg 2009LTGO, 2010, 2011A, 2011B, 2011C	12/19/2017	7/1/2049	5.00%	149,485	140,500
2017A WQ Revenue Junior Lien Variable Rate Demand Bonds	12/19/2017	1/1/2048	Variable ^(c)	50,000	50,000
2018B WQ Revenue Refg 2010, 2011B, 2012 Bonds	11/15/2018	7/1/2032	5.00%	124,455	124,455
2000-2018 State of Washington Revolving Loans	Various	Various	0.50-3.10%	235,660	229,474
2000 Public Transportation Park and Ride Capital Leases	3/30/2000	12/31/2031	5.00%	4,722	2,381
Total Revenue Bonds, Capital Leases and Loans Payable From Enterprise Funds				<u>4,048,367</u>	<u>3,039,365</u>
TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT				<u>5,594,072</u>	<u>3,954,060</u>
TOTAL LONG-TERM DEBT				<u>\$6,744,120</u>	<u>\$ 4,639,423</u>

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

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

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

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

DEBT SERVICE REQUIREMENTS TO MATURITY
(IN THOUSANDS)

GOVERNMENTAL ACTIVITIES							
Year	General Obligation Bonds		General Obligation Capital Leases		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 72,020	\$ 29,083	\$ 344	\$ 419	\$ 72,364	\$ 29,502	
2020	66,392	25,908	364	403	66,756	26,311	
2021	67,846	22,864	380	386	68,226	23,250	
2022	72,515	19,780	400	368	72,915	20,148	
2023	62,555	16,164	415	349	62,970	16,513	
2024-2028	191,319	50,997	2,347	1,470	193,666	52,467	
2029-2033	111,480	18,186	2,531	1,293	114,011	19,479	
2034-2038	32,945	2,598	1,510	786	34,455	3,384	
TOTAL	\$ 677,072	\$ 185,580	\$ 8,291	\$ 5,474	\$ 685,363	\$ 191,054	

BUSINESS-TYPE ACTIVITIES								DEBT SERVICE REQUIREMENTS TO MATURITY	
Year	General Obligation Bonds		Revenue Bonds, Capital Leases and Loans		Total			Total	
	Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest
2019	\$ 41,705	\$ 42,573	\$ 81,518	\$ 126,125	\$ 123,223	\$ 168,698	\$ 195,587	\$ 198,200	
2020	36,245	40,891	79,952	125,045	116,197	165,936	182,953	192,247	
2021	26,685	39,139	78,111	121,789	104,796	160,928	173,022	184,178	
2022	40,580	37,647	86,178	118,624	126,758	156,271	199,673	176,419	
2023	48,650	35,705	84,577	115,173	133,227	150,878	196,197	167,391	
2024-2028	215,780	146,957	413,603	521,126	629,383	668,083	823,049	720,550	
2029-2033	241,970	92,578	594,829	416,461	836,799	509,039	950,810	528,518	
2034-2038	146,605	46,685	521,853	283,057	668,458	329,742	702,913	333,126	
2039-2043	116,475	6,221	594,655	171,190	711,130	177,411	711,130	177,411	
2044-2048	—	—	451,320	67,790	451,320	67,790	451,320	67,790	
2049-2053	—	—	52,769	4,587	52,769	4,587	52,769	4,587	
TOTAL	\$ 914,695	\$ 488,396	\$ 3,039,365	\$ 2,070,967	\$ 3,954,060	\$ 2,559,363	\$ 4,639,423	\$ 2,750,417	

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, 2018 is as follows (in thousands):

	Balance 1/1/2018	Additions	Reductions	Balance 12/31/2018	Due Within One Year
Governmental activities:					
General obligation bonds payable:					
General obligation (GO) bonds	\$ 742,455	\$ 5,845	\$ (71,228)	\$ 677,072	\$ 72,020
Unamortized bonds premium and discount	63,247	863	(11,347)	52,763	—
Total bonds payable	805,702	6,708	(82,575)	729,835	72,020
Other liabilities:					
General obligation capital leases	8,843	—	(552)	8,291	344
Compensated absences liability	106,658	118,913	(118,998)	106,573	5,796
Net pension liability	406,313	231,515	(329,675)	308,153	—
Other postemployment benefits ^(a)	102,714	15,028	(20,984)	96,758	—
Estimated claims settlements and other liabilities	158,673	269,524	(270,478)	157,719	56,356
Total other liabilities	783,201	634,980	(740,687)	677,494	62,496
Total Governmental activities long-term liabilities	\$ 1,588,903	\$ 641,688	\$ (823,262)	\$ 1,407,329	\$ 134,516
Business-type activities:					
Bonds payable:					
GO bonds	\$ 956,595	\$ 6,330	\$ (48,230)	\$ 914,695	\$ 41,705
Revenue bonds	2,875,310	324,455	(392,255)	2,807,510	63,170
Unamortized bonds premium and discount	378,377	7,279	(32,469)	353,187	—
Total bonds payable	4,210,282	338,064	(472,954)	4,075,392	104,875
Other liabilities:					
Capital leases	2,514	—	(133)	2,381	140
State revolving loans	218,044	27,843	(16,413)	229,474	16,538
Compensated absences liability	68,814	91,653	(89,908)	70,559	11,527
Net pension liability	349,709	179,066	(278,397)	250,378	—
Other postemployment benefits ^(a)	15,406	5,895	(6,647)	14,654	—
Landfill closure and post-closure care liability	122,882	32,430	(9,170)	146,142	12,020
Pollution remediation	47,309	10,929	(9,592)	48,646	4,825
Customer deposits ^(b)	2,892	2,291	(1,590)	3,593	1,635
Total other liabilities	827,570	350,107	(411,850)	765,827	46,685
Total Business-type activities long-term liabilities	\$ 5,037,852	\$ 688,171	\$ (884,804)	\$ 4,841,219	\$ 151,560

Governmental activities estimated claims settlements of \$157.7 million are liquidated by internal service funds. Governmental activities compensated absences, net pension liability and other postemployment benefits are liquidated by the governmental fund in which an employee receiving the payment is budgeted, including most notably, General Fund, Public Health Fund and County Road Fund.

(a) In 2018, OPEB beginning balances were restated from \$58.7 million to \$102.7 million for governmental funds, and from \$14.3 million to \$15.4 million for business-type activities, resulting from the County's implementation of GASB 75.

(b) Customer deposits was restated due to obligation payments agreements.

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, 2018 (in thousands):

2018 ASSESSED VALUE (2019 TAX YEAR)	<u>\$ 606,623,698</u>
Debt limit of limited tax general obligations for metropolitan functions	
0.75 % of assessed value	\$ 4,549,678
Less: Net limited tax general obligation indebtedness for metropolitan functions	<u>(828,990)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 3,720,688</u>
Debt limit of limited tax general obligations for general county purposes and metropolitan functions	
1.5 % of assessed value	\$ 9,099,355
Less: Net limited tax general obligation indebtedness for general county purposes	\$ (594,367)
Net limited tax general obligation indebtedness for metropolitan functions	<u>(828,990)</u>
Total net limited tax general obligation indebtedness for general county purposes and metropolitan functions	<u>(1,423,357)</u>
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES AND METROPOLITAN FUNCTIONS	<u>\$ 7,675,998</u>
Debt limit of total general obligations for metropolitan functions	
2.5% of assessed value	\$ 15,165,592
Less: Net total general obligation indebtedness for metropolitan functions	<u>(828,990)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 14,336,602</u>
Debt limit of total general obligations for general county purposes	
2.5 % of assessed value	\$ 15,165,592
Less: Net unlimited tax general obligation indebtedness for general county purposes	\$ (62,176)
Net limited tax general obligation indebtedness for general county purposes	<u>(594,367)</u>
Total net general obligation indebtedness for general county purposes	<u>(656,543)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES	<u>\$ 14,509,049</u>

Defeating General Obligation Bond Issues - 2018

Partial Defeasance of Limited Tax General Obligation (Passage Point portion) Bonds, 2009B - On October 26, 2018, the County defeased \$2.1 million of limited tax general obligation (passage point portion) bonds, 2009B using funding from the general fund. The County undertook the defeasance in order to remediate private-use issues associated with the Passage Point project that made this portion of the 2009B bonds issue ineligible for tax-advantage financing. For the defeasance, the County purchased \$2.2 million of U.S government securities and placed them with an escrow agent to provide for the debt service payments on the bonds through their first call date of June 1, 2019, and the liability of those bonds has been removed from the governmental activities column of the statement of net position. The defeasance of the bonds will reduce future principal and interest payments by \$2.8 million through 2029.

Defeating Sewer Revenue Bond Issues - 2018

Partial Defeasance of Sewer Revenue and Refunding Bonds, 2010, 2011B and 2012 - On October 25, 2018, the County purchased Treasury securities at a cost of \$144.2 million and placed them in an escrow to pay interest and redeem at their earliest redemption dates of \$135.8 million of outstanding Sewer Revenue and Refunding Bonds, Series 2010, 2011B and 2012. Under the terms of the authorizing ordinances, these bonds have been defeased and are no longer secured by a pledge of the revenue of the sewer system. The defeasance of these bonds will reduce future principal and interest payments by \$193.6 million through 2032. Substantially all of the funding for the escrow came from the judgement awarded to Water Quality in 2016 relating to the construction of the conveyance tunnels for its Brightwater treatment plant. Water Quality undertook the defeasance in order to reduce a portion of the debt that it had incurred as a result of the additional costs that led to the litigation and subsequent judgment.

Prior Year Refunded and Defeasance of Debt

As of December 31, 2018, King County has eleven refunded and defeased bond issues outstanding, consisting of five limited tax general obligation bonds (\$270.1 million) and six sewer revenue bonds (\$964.6 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.

Component Unit - NJB Properties

The following tables summarize the scheduled maturity dates of bond principal over the next five years and in the aggregate of the discretely presented component unit NJB Properties as reported in its separately issued financial statements:

(In Thousands)					
	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/18</u>
Lease Revenue Bonds, 2006 Series A	12/5/2006	12/1/2036	5.00-6.00%	\$ 179,285	\$ 5
Lease Revenue Bonds, 2006 Series B	12/5/2006	12/1/2036	5.00-6.00%	10,435	8,590
Total Bonds Payable				<u>\$ 189,720</u>	<u>\$ 8,595</u>

<u>Year</u>	<u>Principal</u>
2019	290
2020	310
2021	325
2022	345
2023	360
Thereafter	<u>6,965</u>
Total	<u>8,595</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	Nonmajor Governmental Funds	\$ 3,766
	All Others	70
Behavioral Health	All Others	103
Nonmajor Governmental Funds	General Fund	1,307
	Nonmajor Governmental Funds	22,239
	All Others	28
Public Transportation Enterprise	General Fund	1,276
	Nonmajor Governmental Funds	1,562
Water Quality Enterprise	General Fund	917
	Nonmajor Governmental Funds	1,581
Nonmajor Enterprise Funds	All Others	1,097
Internal Service Funds	Nonmajor Governmental Funds	15,801
	All Others	695
Total interfund balances		<u>\$ 50,442</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>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 4,000
Internal Service Funds	Nonmajor Governmental Funds	9,725
Total advances from/to other funds		<u>\$ 13,725</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 2019.

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	General Fund	\$ 3,000
	Behavioral Health	3,122
	Nonmajor Governmental Funds	78,941
	All Others	358
Behavioral Health	Nonmajor Governmental Funds	5,037
	All Others	135
Nonmajor Governmental Funds	General Fund	8,662
	Behavioral Health	3,726
	Nonmajor Governmental Funds	282,722
	Nonmajor Enterprise Funds	532
	All Others	99
Public Transportation Enterprise	Nonmajor Governmental Funds	3,643
	Nonmajor Enterprise Funds	580
Water Quality Enterprise	Nonmajor Governmental Funds	696
	All Others	286
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	1,433
	All Others	4
Internal Service Funds	Nonmajor Governmental Funds	18,227
	All Others	204
Total interfund transfers		<u>\$ 411,407</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 2018, the primary government received \$14.0 million in building lease and occupancy revenues from HMC. In addition, HMC made \$5.0 million in payments to King County Department of Health for mission-related purposes.

The Cultural Development Authority (CDA), a discretely presented component unit of King County, annually receives funding from various County funds under the One Percent for Art program. Revenues are used to support activities related to the development and maintenance of County public art. In 2018, the King County primary government transferred \$194 thousand to the CDA. The CDA spent net \$1.0 million on art projects, partially offset by \$250 thousand from sale of surplus property, for which the County recorded a corresponding decrease in receivables from the CDA and an increase in artwork. In addition, King County made \$585 thousand in payments to the CDA for mission related purposes.

The Public Transportation Enterprise (Transit) entered into a ground lease agreement as lessor with King County Housing Authority (KCHA) for the development of affordable housing units and a parking garage in the City of Redmond. The land under the lease has a cost of \$1.3 million. KCHA is a related organization of King County. The lease provides for a minimum set-aside of 150 parking stalls for park-and-ride commuters. The lease calls for an annual lease payment with a 3.0 percent increase each year, commencing with the year ended December 31, 2003. The lease payment is due within 90 days following the end of each calendar year. A portion of the annual lease payment is restricted for use on future Federal Transit Administration projects. The term of the lease is 50 years with one option to extend for 25 years. Transit reported lease revenue of \$47 thousand in 2018.

Note 18

Components of Fund Balance, Restatements and Restrictions

Net Position

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is classified into three components:

Net investment in capital assets - Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt attributed to the acquisition, construction, or improvement of those assets.

Restricted net position - Results when constraints are placed on net position use either by external parties or by law through constitutional provision or enabling legislation.

Unrestricted net position - Consists of net position that does not meet the definition of the two preceding categories.

Components of Fund Balance

King County's governmental fund balances are classified according to the relative constraints that control how amounts can be spent. Classifications include:

- *Nonspendable*. Balances that either are not in a spendable form or are legally or contractually required to remain intact.
- *Restricted*. Balances restricted for specific purposes by the constitution, enabling legislation or external resource providers such as creditors, grantors, or laws or regulations of other governments.
- *Committed*. Balances that can only be used for specific purposes pursuant to constraints imposed by formal action of the Metropolitan King County Council. A Council ordinance or motion is required to establish, modify or rescind a commitment of fund balance.
- *Assigned*. Balances that are constrained by management to be used for specific purposes, but are neither restricted nor committed. Assignments are authorized by chief officers of executive departments and administrative offices.
- *Unassigned*. Residual balances that are not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Rainy Day Reserve Ordinance 15961 created the Rainy Day Reserve for the purpose of accumulating revenues to be available for emergencies. The fund is fully invested for its own benefit.

The ordinance states that the Rainy Day Reserve shall be used in the event of an emergency, as declared by a vote of the County Council, for the following purposes:

- Maintenance of essential county services in the event that current expense fund revenue collections in a given fiscal year are less than 97 percent of adopted estimates;
- Payment of current expense fund legal settlements or judgments in excess of the County's ability to pay from other sources;
- Catastrophic losses in excess of the County's other insurances against such losses; and
- Other emergencies as determined by the County Council.

The Rainy Day Reserve is reported as part of the General Fund. As of December 31, 2018, it had a committed fund balance of \$25.5 million.

A summary of governmental fund balances at December 31, 2018, is as follows (in thousands):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventory	\$ —	\$ —	\$ 914	\$ 914
Prepayments	—	—	7,828	7,828
Youth Sports Facilities Grant Endowment	—	—	2,620	2,620
Total Nonspendable Fund Balance	—	—	11,362	11,362
Restricted for:				
Animal Services	—	—	2,382	2,382
Arts and Culture Development	—	—	140	140
Automated Fingerprint ID System	—	—	28,275	28,275
Behavioral Health	—	34,126	—	34,126
Best Starts For Kids Levy	—	—	92,789	92,789
Building Repair and Replacement	—	—	7,122	7,122
Conservation Futures	—	—	22,931	22,931
Community Services Operating	—	—	34	34
County Road Construction	—	—	13,631	13,631
County Roads Operating	—	—	29,502	29,502
Crime Victim Compensation Program	19	—	—	19
DCHS Administration	—	—	224	224
Debt Service	—	—	7,770	7,770
Developmental Disabilities	—	—	7,996	7,996
Dispute Resolution	32	—	—	32
Drug Enforcement	1,272	—	—	1,272
Emergency Medical Services	—	—	43,533	43,533
Emergency Telephone - Enhanced 911	—	—	29,771	29,771
Employment and Education Resources	—	—	180	180
Environmental Health	—	—	14,141	14,141
Farmland and Open Space Acquisitions	—	—	1,747	1,747
Facilities Management Division-Parks	—	—	1,483	1,483
Facilities Management Division-Parks Facility Rehabilitation	—	—	5	5
Flood Control District	—	—	81,753	81,753
Grants Fund	—	—	2,979	2,979
Historical Preservation	—	—	62	62
Housing and Community Development	—	—	73,449	73,449
Information and Telecommunication Capital	—	—	21,511	21,511
Intercounty River Improvement	—	—	16	16
Law Library	—	—	355	355
Local Hazardous Waste	—	—	14,967	14,967
Long-Term Leases	—	—	86	86
Major Maintenance	—	—	2,211	2,211
Mental Illness and Drug Dependency	—	—	20,303	20,303
Noxious Weed Control	—	—	1,080	1,080
Open Space King County Bond Funded Subfund	—	—	412	412
Parks Capital	—	—	52,761	52,761
Parks Operating Levy	—	—	19,947	19,947
Parks Trust and Contribution	—	—	5	5
Permit and Environmental Review	—	—	1,240	1,240
PSB GF Technology Capital	—	—	1,957	1,957
Public Health	—	—	16,664	16,664
Puget Sound Emergency Radio Network	—	—	32,750	32,750
Real Property Title Assurance	25	—	—	25
Real Estate Excise Tax Capital	—	—	35,494	35,494
Recorder's Operations and Maintenance	—	—	1,848	1,848
Renton Maintenance Facility	—	—	27,570	27,570
Road Improvement Districts Construction	—	—	2	2
Road Improvement Districts Maintenance	—	—	9	9
Surface Water Capital	—	—	12,732	12,732

A summary of governmental fund balances at December 31, 2018, continues (in thousands) (page 2 of 2):

	General Fund	Behavioral Health Fund	Nonmajor Governmental Funds	Total
Restricted for - continued:				
Surface Water Management	\$ —	\$ —	\$ 10,477	\$ 10,477
Treasurer's Operations and Maintenance	—	—	211	211
Urban Restoration and Habitat	—	—	350	350
Veterans, Seniors and Human Services	—	—	9,378	9,378
Veterans' Relief	—	—	421	421
Youth Amateur Sports	—	—	3,283	3,283
Youth Service Facility Construction	—	—	158	158
Total Restricted Fund Balance	1,348	34,126	750,097	785,571
Committed for:				
Antiprofitteering Program	69	—	—	69
Rainy Day Reserve	25,505	—	—	25,505
Urban Restoration and Habitat	—	—	55	55
Wheelchair Access	736	—	—	736
Total Committed Fund Balance	26,310	—	55	26,365
Assigned for:				
Capital Projects	2,737	—	—	2,737
Debt Service	—	—	1,712	1,712
District Court	7,419	—	—	7,419
General Government	3,177	—	—	3,177
Health and Human Services	7,092	—	—	7,092
Housing and Community Development	—	—	5,000	5,000
Information and Telecommunication Capital	—	—	292	292
Inmate Welfare	4,639	—	—	4,639
Major Maintenance Reserve	—	—	18,739	18,739
Public Safety	3,514	—	—	3,514
Regional Justice Projects	—	—	302	302
Transfer of Development Credit Program	—	—	11,031	11,031
Urban Restoration and Habitat	—	—	300	300
Youth Amateur Sports	—	—	6,423	6,423
Total Assigned Fund Balance	28,578	—	43,799	72,377
Unassigned for:				
General Fund	107,845	—	—	107,845
Arts and Culture Development	—	—	(3,432)	(3,432)
Building Repair and Replacement	—	—	(6,160)	(6,160)
Long-Term Leases	—	—	(2,585)	(2,585)
King County Flood Control	—	—	(41)	(41)
Permit and Environmental Review	—	—	(104)	(104)
Risk Abatement	—	—	(8,422)	(8,422)
Total Unassigned Fund Balance	107,845	—	(20,744)	87,101
Total Fund Balance	\$ 164,081	\$ 34,126	\$ 784,569	\$ 982,776

Restatements of Beginning Balances

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

GOVERNMENTAL ACTIVITIES

		Total	Nonmajor	Internal
	Governmental	Governmental	Governmental	Service
Changes in Net Position or Fund Balance	Activities	Funds	Funds	Funds
Net position/fund balance - January 1, 2018	\$ 2,934,204	\$ 967,060	\$ 765,008	\$ 188,962
Implementation of GASB 75 - OPEB	(43,998)	—	—	(304)
Other prior period corrections of errors:				
Unreversed accrual of state sales and use tax	(921)	(921)	(921)	—
King County Flood Control contract billing	(78)	(78)	(78)	—
Change in Flood District financial statements	5,073	242	242	—
General capital assets	8,177	—	—	—
Net position/fund balance - January 1, 2018 (Restated)	<u>\$ 2,902,457</u>	<u>\$ 966,303</u>	<u>\$ 764,251</u>	<u>\$ 188,658</u>

BUSINESS-TYPE ACTIVITIES

		Total	Major Funds		Nonmajor
	Business-type	Enterprise	Public	Water	Enterprise
Changes in Net Position	Activities	Funds	Transportation	Quality	Funds
Net position - January 1, 2018	\$ 3,121,284	\$ 3,016,143	\$ 2,044,926	\$ 696,579	\$ 274,638
Implementation of GASB 75 - OPEB	(1,154)	(1,154)	(1,094)	(21)	(39)
Net position - January 1, 2018 (Restated)	<u>\$ 3,120,130</u>	<u>\$ 3,014,989</u>	<u>\$ 2,043,832</u>	<u>\$ 696,558</u>	<u>\$ 274,599</u>

COMPONENT UNITS

	Component	NJB
Changes in Net Position	Units	Properties
Net position - January 1, 2018	\$ 718,665	\$ 601
Correction of financial reporting error	260	260
Net position - January 1, 2018 (Restated)	<u>\$ 718,925</u>	<u>\$ 861</u>

Governmental Activities

The County adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) resulting in a restatement of prior period net position in governmental activities of \$44.0 million, \$304 thousand of which is related to the internal service funds.

Community Services Operating fund accrued revenues from state sales and use tax but failed to reverse the accrual once it ended resulting in a net of decrease of \$921 thousand in beginning fund balance in nonmajor governmental funds.

King County Flood Control contract billing for reimbursable administrative, operating and contracted labor and services were \$78 thousand more than reported, resulting in a decrease of fund balance. The County has an interlocal agreement with Flood Control District for administering and implementing flood protection projects and services. The County receives payment from the District for the net costs incurred in providing the services under this agreement.

The Flood Control District, a blended component unit of King County, published changes to 2017 balances after the County released its 2017 financial statements.

The County did not capitalize \$8.2 million in capital costs in the prior year.

Business-type Activities

The County adopted GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) resulting in a restatement of prior period net position of \$1.2 million for enterprise funds consisting of Public Transportation \$1.1 million, Water Quality (\$21 thousand), and Nonmajor Enterprise Funds (\$39 thousand).

Component Units

NJB Properties (NJB) restated its financial statements as of and for the year ended December 31, 2017. During 2018, NJB identified an error in the previously reported accrued expenses resulting in an overstatement of accrued expenses and an understatement of unrestricted net assets.

Restricted Net Position

Component Unit - Harborview Medical Center (HMC)

Restricted expendable net position - \$6.1 million of expendable net position is restricted for either capital purposes use or through donor restrictions. Restrictions are imposed by King County on the use of resources for designated capital projects. Other restrictions are placed by donors or external parties, such as creditors, through purpose or time restrictions on the use of the assets.

Restricted nonexpendable net position - The \$2.7 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 - \$30.3 million is restricted by RCW 67.28.180.3 and King County ordinance to be used only for the arts and heritage cultural program awards fund and special account, for which the amount is derived according to a specified formula.

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 has already performed interim cleanup costing \$3.6 million to comply with an agreed order issued by the Washington State Department of Ecology (DOE). WTD had recent discussions with DOE and stakeholders regarding site conditions and next steps toward final cleanup. It is unclear what final remedy DOE may select. Therefore, we are unable to determine an amount, if any, for which WTD may be responsible.

East Waterway Operable Unit of the Harbor Island Superfund Site - The Port of Seattle has completed a significant removal action in the East Waterway. The City of Seattle, Port of Seattle and King County intend to negotiate the amount, if any, that the City and the County will contribute to defray the Port of Seattle's past cleanup costs at the site. This is an extremely complex negotiation and we are unable to determine an amount that WTD may be responsible for, if any.

Former King County Maple Valley Maintenance Shop Site Cleanup - The County owned and/or operated a road maintenance facility on the Maple Valley property from approximately the 1940s to the 1980s. The current property owner has investigated the nature and extent of the environmental contamination and plans to move forward with site remediation. Estimated costs for site investigation and cleanup range from \$581 thousand to \$1.4 million, and the property owner has indicated he will look to the County to share in the costs based on the County's status as a potentially liable party.

North Creek Interceptor Sewer Improvement Project - A claim submitted by a contractor against WTD over the project to repair and replace two miles of pipeline serving the rapidly developing area in the vicinity of Canyon Park and address untreated overflows into buildings and a wetland. Pursuant to an agreement with DOE, WTD had to install a bypass system because this capital project was not completed by the onset of the 2016 wet season. The contractor submitted a request for change order for approximately \$1.5 million asserting that the contract dewatering and open-faced shield tunneling specifications are defective. The contractor also asserted that he was constructively suspended and stopped tunneling. King County found the contractor in default, terminated the contract and made demand upon the performance bond surety. King County Executive declared an emergency and WTD procured a \$20.0 million completion contract pursuant to the waiver of statutory procurement requirements. The completion contract and work required to repair damage or defective work by the former contractor increased these costs to approximately \$28.0 million. In December 2016, King County initiated suit in King County Superior Court against the contractor to recover the additional costs to complete the project. The trial date is expected to be set in June 2020.

Lower Duwamish Waterway - EPA issued an administrative order that required King County, City of Seattle, Boeing and Port of Seattle to conduct studies to determine the nature and extent of contamination in the Lower Duwamish Waterway. The County and the other three parties have agreed with EPA to amend the administrative order to conduct additional studies pursuant to the amendment. The Feasibility Study, which discusses the remediation alternatives, has been issued in final form by EPA. EPA issued a Record of Decision (ROD) in the latter part of 2014. The ROD contains EPA's final plan for cleanup of the Lower Duwamish Waterway. King County and a number of other parties are participating in an alternative dispute resolution process, called an allocation, to determine shares of liability for the costs of the cleanup. If parties that participate in the allocation accept their allotted shares, they expect to enter into a settlement agreement and to negotiate a consent decree with EPA to implement the cleanup. Due to the fact that the parties do not know their respective shares of cleanup costs and no consent decree has been negotiated, we are unable to determine the schedule or cost of any required remediation. In addition, we are unable to determine the extent to which King County and WTD will be responsible for the cost of such remediation.

Lower Duwamish Waterway - Possible Natural Resource Damages - King County has participated in discussions with National Oceanic and Atmospheric Administration (NOAA) regarding alleged natural resource damages (NRD) in the Lower Duwamish Waterway and around Harbor Island. These discussions have included NOAA's determination that the County may be a potentially liable party that has contributed to the release of hazardous substances that have injured natural resources. NOAA notified the County in February 2016 that the Natural Resources Trustees will proceed with a NRD assessment and invited the County to participate in the development of the assessment. The County notified NOAA in March 2016 that the County desires to conduct settlement discussions regarding the NRD liability that NOAA attributes to the County. The County's intent in past discussions with NOAA has been to minimize the County's alleged liability relative to the other liable parties. The County will maintain that intent in future discussions with NOAA.

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 Division may be responsible.

Refund for Taxes Paid - A class action complaint was filed to seek a refund for all taxes paid since 2014 under the additional property tax authorized in Ordinance 17304. This suit is before the federal district court. The plaintiff's legal theory of recovery was at least partially rejected by the Washington Supreme Court's decision in *End Prison Industrial Complex v. King County*. The plaintiff is currently attempting to amend her complaint to present new theories of recovery. King County has opposed that effort and a decision from the court should be issued this spring.

Minimum Wage for Jurors - Class action complaint was filed in Pierce County Superior Court alleging that King County is required to pay minimum wage for jurors. The 42-page complaint includes nine causes of action and seeks to certify four distinct classes. King County is vigorously defending this matter. King County filed a motion for summary judgment, which was granted; the plaintiffs' claims were dismissed with prejudice and all other claims were dismissed without prejudice. Plaintiffs sought direct review by the Washington Supreme Court, but the Court denied direct review and subsequently transferred the appeal to the Court of Appeals, Division II. On February 21, 2019, the Court of Appeals affirmed the grant of summary judgment. Plaintiffs are now seeking review of that decision in the Washington Supreme Court.

South Park Landfill Model Toxics Control Act Cleanup - In the 1920s, King County acquired property in the South Park area through tax-lien foreclosure and subsequently leased it to the City of Seattle, which used it and other adjoining property as a landfill, until it was closed in the 1960s. In 2006, the County sold its portion of the closed landfill property to a developer. The terms of the transaction required the developer to insulate the County from most but not all cleanup costs associated with the landfill site. In 2007, the landfill site was identified by the DOE as a potential source of environmental contamination under the Model Toxics Control Act. Over a period of years, the developer and the City of Seattle had entered into multiple Agreed Orders with DOE for interim cleanup actions and subsequently performed those actions. The City, the developer, and King County are presently negotiating with DOE and other parties regarding a final cleanup action plan and Consent Decree that would establish the final cleanup and monitoring obligations related to the site. Negotiations are ongoing and DOE typically reserves the right to require additional or different remedial actions at the site if new or different information comes to light. Therefore, we are presently unable to determine an amount, if any, for which King County and the Facilities Management Division may be responsible.

Waterfront Local Improvement District - King County has assets within the boundaries of the City of Seattle's waterfront local improvement district. The County anticipates assessments of approximately \$800 thousand to \$1.0 million over 20 years.

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 2018, there are 17 contingent loan agreements outstanding totaling \$240.6 million. These agreements have maturity dates ranging from 10 to 30 years. All projects are currently self-supporting and the County has not made any payments pursuant to these agreements. It is unlikely that the County will make any payments in relation to these guarantees based on available information at the end of December 31, 2018 and the standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Other Commitments

The Solid Waste Enterprise paid the County General Fund \$3.0 million for rent on the Cedar Hills landfill site in 2018. 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 2019

On January 2, 2019, the County made a partial early redemption of \$1.7 million of Junior Lien Variable Rate Demand Sewer Revenue Bonds, series 2015A and 2015B.

In February, 2019, the County issued \$41.4 million of limited tax general obligation refunding bonds to refund a portion of the outstanding limited tax general obligation bonds, 2009 series B and the 2013 multi-modal limited tax general obligation bonds and to pay the costs of issuing the Bonds.

On March 28, 2019, the County refinanced \$1.4 million of outstanding Section 108 loan from the federal Department of Housing and Urban Development (HUD) for the Greenbridge affordable housing project in White Center. The refinancing of the loan will lower the interest payments by approximately \$135 thousand over its remaining five-year term.

On June 27, 2019 the County issued \$148.1 million of multi-modal limited tax general obligation refunding bonds (payable from sewer revenues) to refund outstanding Junior Lien Sewer Revenue Bonds, series 2015A, 2015B and 2017A.

Loans Accepted in 2019

In June, 2019 the County accepted a Public Works Board loan from the State of Washington in the amount of \$5.6 million to finance capital improvements in the wastewater treatment and solid waste disposal systems of the County.

Downtown Seattle Transit Tunnel

King County, the City of Seattle, and the Central Puget Sound Regional Transit Authority (aka "Sound Transit") have a three-party agreement regarding use, maintenance, operations, and payment of debt service for the Downtown Seattle Transit Tunnel (DSTT). This agreement is known as the Joint Operating Agreement and outlines the processes by which the parties will address issues such as increased surface street traffic impacts, operation and maintenance of the DSTT. Under the agreement, King County is reimbursed for a share of maintenance and operating expenses, and a share of the debt service on the DSTT's original construction, proportionate to Sound Transit's use of the DSTT for light rail operations. Since the opening of the Central Link light rail line in 2009, the cost sharing formula has been changing with Sound Transit absorbing a larger percentage of the costs associated with the DSTT. In 2018, Sound Transit reimbursed King County for 70% of these costs. The working assumption for when buses would permanently move from the tunnel had been estimated in year 2021 as the light rail system expanded to Northgate. However, with construction occurring on the voter-approved extension of light rail to Bellevue (Sound Transit's "East Link" program) concurrent to the Northgate construction, and King County's sale of Convention Place Station to the Washington State Convention Center Public Utility District in 2018, this timeline was accelerated. Effective March 23, 2019 all King County bus service transitioned out of the tunnel and onto surface streets.

Required Supplementary Information

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

I. Budget to Actual - Major Fund

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

2017-2018 BUDGETED AMOUNTS (BIENNIAL)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes:				
Property taxes	\$ 691,089	\$ 685,757	\$ 702,581	\$ 16,824
Retail sales and use taxes	272,782	269,656	278,562	8,906
Business and other taxes	8,521	8,970	8,329	(641)
Licenses and permits	12,371	14,312	15,858	1,546
Intergovernmental revenues	43,665	42,132	50,143	8,011
Charges for services	513,441	529,014	519,539	(9,475)
Fines and forfeits	48,380	47,768	52,642	4,874
Interest earnings	8,583	10,515	25,585	15,070
Miscellaneous revenues	46,988	45,570	37,645	(7,925)
Sale of capital assets	—	158	169	11
Transfers in	4,740	6,305	25,052	18,747
TOTAL REVENUES	<u>1,650,560</u>	<u>1,660,157</u>	<u>1,716,105</u>	<u>55,948</u>
EXPENDITURES				
Current:				
General government	280,725	284,764	334,517	(49,753)
Law, safety and justice	1,137,264	1,162,149	1,088,652	73,497
Economic environment	444	1,065	503	562
Health and human services	79,156	83,921	81,714	2,207
Debt service:				
Principal	68	68	—	68
Interest and other debt service costs	7	7	248	(241)
Capital outlay	1,787	4,219	3,880	339
Transfers out	168,261	179,598	163,847	15,751
TOTAL EXPENDITURES	<u>1,667,712</u>	<u>1,715,791</u>	<u>1,673,361</u>	<u>42,430</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (17,152)</u>	<u>\$ (55,634)</u>	42,744	<u>\$ 98,378</u>
Adjustment from budgetary basis to GAAP basis ^(a)			(2,170)	
Net change in fund balance			40,574	
Fund balance - Beginning balance (Restated)			123,507	
Fund balance - Ending balance			<u>\$ 164,081</u>	

^(a)Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:

Recognition of unrealized loss on investments \$ (1,736)

Adjustments to expenditures (470)

Non-budgeted revenues 36

Adjustment from budgetary basis to GAAP basis \$ (2,170)

BEHAVIORAL HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

2017-2018 BUDGETED AMOUNTS (BIENNIAL)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes:				
Property taxes	\$ 6,568	\$ 6,568	\$ 6,621	\$ 53
Business and other taxes	—	—	32	32
Intergovernmental revenues	96,607	36,417	41,170	4,753
Charges for services	749,112	539,889	531,300	(8,589)
Interest earnings	938	938	2,013	1,075
Miscellaneous revenues	1,982	1,982	3,553	1,571
Transfers in	6,143	6,193	12,356	6,163
TOTAL REVENUES	<u>861,350</u>	<u>591,987</u>	<u>597,045</u>	<u>5,058</u>
EXPENDITURES				
Current:				
Health and human services	857,917	674,149	631,209	42,940
Transfers out	—	—	4,557	(4,557)
TOTAL EXPENDITURES	<u>857,917</u>	<u>674,149</u>	<u>635,766</u>	<u>38,383</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 3,433</u>	<u>\$ (82,162)</u>	(38,721)	<u>\$ 43,441</u>
Adjustment from budgetary basis to GAAP basis ^(a)			(10)	
Net change in fund balance			(38,731)	
Fund balance - Beginning balance			72,857	
Fund balance - Ending balance			<u>\$ 34,126</u>	

^(a)Elements of adjustment from budgetary basis to GAAP basis:

Adjustments to revenues:	
Recognition of unrealized loss on investments on a GAAP basis	\$ (14)
Adjustments to expenditures:	
Non-budgeted transfers out	4
Adjustment from budgetary basis to GAAP basis	<u>\$ (10)</u>

II. Pension Funding

Schedule of the County's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 1
Measurement Date of June 30*
(dollars in thousands)

	2018	2017	2016	2015
County's proportion of the net pension liability	8.56%	8.45%	8.90%	8.76%
County's proportionate share of the net pension liability	\$ 382,129	\$ 400,803	\$ 477,872	\$ 458,477
County's covered payroll**	\$ 13,346	\$ 15,426	\$ 18,793	\$ 22,880 ***
County's proportionate share of the net pension liability as a percentage of covered payroll	2863.25%	2598.23%	2542.82%	2003.83%
Plan fiduciary net position as a percentage of the total pension liability	63.22%	61.24%	57.03%	59.10%

Schedule of the County's Proportionate Share of the Net Pension Liability
Public Employees' Retirement System (PERS) Plan 2/3
Measurement Date of June 30*
(dollars in thousands)

	2018	2017	2016	2015
County's proportion of the net pension liability	10.29%	10.14%	10.52%	10.36%
County's proportionate share of the net pension liability	\$ 175,728	\$ 352,361	\$ 529,855	\$ 370,294
County's covered payroll**	\$ 1,072,968	\$ 995,800	\$ 953,254	\$ 949,860 ***
County's proportionate share of the net pension liability as a percentage of covered payroll	16.38%	35.38%	55.58%	38.98%
Plan fiduciary net position as a percentage of the total pension liability	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

Schedule of the County's Proportionate Share of the Net Pension Liability**Public Safety Employees' Retirement System (PSERS) Plan 2****Measurement Date of June 30***

(dollars in thousands)

	2018	2017	2016	2015	
County's proportion of the net pension liability	9.69%	9.92%	11.33%	9.88%	
County's proportionate share of the net pension liability	\$ 120	\$ 1,944	\$ 4,817	\$ 1,803	
County's covered payroll**	\$ 38,120	\$ 35,210	\$ 35,577	\$ 29,911	***
County's proportionate share of the net pension liability as a percentage of covered payroll	0.31%	5.52%	13.54%	6.03%	
Plan fiduciary net position as a percentage of the total pension liability	99.79%	96.26%	90.41%	95.08%	

Schedule of the County's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1

Measurement Date of June 30*

(dollars in thousands)

	2018	2017	2016	2015	
County's proportion of the net pension (asset)	0.60%	0.60%	0.60%	0.60%	
County's proportionate share of the net pension (asset)	\$ (10,894)	\$ (9,046)	\$ (6,180)	\$ (7,275)	
County's covered payroll**	\$ 161	\$ 194	\$ 213	\$ 290	***
County's proportionate share of the net pension (asset) as a percentage of covered payroll	-6,766.18%	-4,662.96%	-2,901.36%	-2,508.65%	
Plan fiduciary net position as a percentage of the total pension liability	144.42%	135.96%	123.74%	127.36%	

*These schedules will be built prospectively until they contain ten years of data.

**Covered payroll is the payroll on which contributions to a pension plan are based.

***Restated

Schedule of the County's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
Measurement Date of June 30*

(dollars in thousands)

	2018	2017	2016	2015
County's proportion of the net pension (asset)	2.88%	2.91%	3.02%	2.90%
County's proportionate share of the net pension (asset)	\$ (58,520)	\$ (40,429)	\$ (17,543)	\$ (29,819)
State's proportionate share of the net pension (asset) associated with King County	(37,891)	(26,225)	(11,437)	(19,716)
Total	<u>\$ (96,411)</u>	<u>\$ (66,654)</u>	<u>\$ (28,980)</u>	<u>\$ (49,535)</u>
County's covered payroll**	\$ 95,210	\$ 91,137	\$ 87,895	\$ 84,358 ***
County's proportionate share of the net pension (asset) as a percentage of covered payroll	-61.46%	-44.36%	-19.96%	-35.35%
Plan fiduciary net position as a percentage of the total pension liability	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)

	2018	2017	2016	2015
County's proportion of the net pension liability	0.05%	0.07%	0.09%	0.11%
County's proportionate share of the net pension liability	\$ 554	\$ 914	\$ 1,169	\$ 1,219
County's covered payroll**	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305
County's proportionate share of the net pension liability as a percentage of covered payroll	27.38%	37.61%	38.84%	36.88%
Plan fiduciary net position as a percentage of the total pension liability	72.04%	65.60%	64.03%	67.70%

*These schedules will be built prospectively until they contain ten years of data.

**Covered payroll is the payroll on which contributions to a pension plan are based.

***Restated

Schedule of Contributions				
Public Employees' Retirement System (PERS) Plan 1				
Fiscal Year Ended December 31*				
(dollars in thousands)				
	2018	2017	2016	2015
Contractually required contribution	\$ 1,448	\$ 1,738	\$ 1,901	\$ 2,076
Contributions in relation to the contractually required contribution	1,448	1,738	1,901	2,076
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 11,362	\$ 14,569	\$ 17,003	\$ 20,440
Contributions as a percentage of covered payroll	12.74%	11.93%	11.18%	10.16%

Schedule of Contributions				
Public Employees' Retirement System (PERS) Plan 2/3				
Fiscal Year Ended December 31*				
(dollars in thousands)				
	2018	2017	2016	2015
Contractually required contribution	\$ 140,712	\$ 123,333	\$ 109,269	\$ 95,176
Contributions in relation to the contractually required contribution	140,712	123,333	109,269	95,176
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,103,984	\$ 1,031,418	\$ 977,342	\$ 933,304
Contributions as a percentage of covered payroll	12.75%	11.96%	11.18%	10.20%

Schedule of Contributions				
Public Safety Employees' Retirement System (PSERS) Plan 2				
Fiscal Year Ended December 31*				
(dollars in thousands)				
	2018	2017	2016	2015
Contractually required contribution	\$ 4,776	\$ 4,316	\$ 3,953	\$ 3,677
Contributions in relation to the contractually required contribution	4,776	4,316	3,953	3,677
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 39,458	\$ 36,728	\$ 34,253	\$ 33,102
Contributions as a percentage of covered payroll	12.10%	11.75%	11.54%	11.11%

Schedule of Contributions				
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2				
Fiscal Year Ended December 31*				
(dollars in thousands)				
	2018	2017	2016	2015
Contractually required contribution	\$ 5,219	\$ 4,956	\$ 4,735	\$ 4,505
Contributions in relation to the contractually required contribution	5,219	4,956	4,735	4,505
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 96,106	\$ 92,952	\$ 90,526	\$ 86,131
Contributions as a percentage of covered payroll	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)				
	2018	2017	2016	2015
Contractually required contribution	\$ 309	\$ 371	\$ 458	\$ 520
Contributions in relation to the contractually required contribution	309	371	458	520
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305
Contributions as a percentage of covered payroll	15.29%	15.27%	15.22%	15.73%

Notes:

*These schedules will be built prospectively until they contain ten years of data.

**Covered payroll is the payroll on which contributions to a pension plan are based.

Contributions are actual employer contributions to the plan. For PERS 1 this includes the portion of PERS 2/3 and PSERS 2 contributions that fund the PERS 1 UAAL. Contributions do not include employer-paid member contributions.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 currently has one active member. Starting on July 1, 2000, employers and employees contribute zero percent as long as the Plan remains fully funded. The Plan had no required contributions for the fiscal years 2015, 2016, 2017 and 2018.

Adopted contribution rates could be different pending the actions of the governing bodies. For instance, for the period beginning July 1, 2017 and ending June 30, 2019, the contribution rates the Pension Funding Council adopted, which the Legislature did not change, reflect a phasing-in of the increase to contribution rates that resulted from a change to the mortality assumption. This is the second of three biennia over which this increase is expected to be phased in for PERS 1, PERS 2/3 and other pension plans.

III. Defined Benefit Other Postemployment Benefit (OPEB) Plan

King County
Schedule of Changes in Total OPEB Liability and Related Ratios

King County Retiree Health Plan

For the year ended December 31, 2018

Last 10 Fiscal Years*

(in thousands)

	2018
Total OPEB liability - beginning	\$ 118,120
Service cost	2,092
Interest	4,146
Changes in benefit terms	—
Differences between expected and actual experience	3,332
Changes of assumptions	(9,651)
Benefit payments	(5,244)
Other changes	(1,383)
Total OPEB liability - ending	<u><u>\$ 111,412</u></u>
Covered-employee payroll**	\$ 1,217,867
Total OPEB liability as a % of covered payroll	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 75.

IV. Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

Roads

The County performs condition assessments on its network of roads through the King County Pavement Management System. This system generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index from zero to one hundred (0-100) that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Condition assessments are undertaken every three years for local streets and every two years for arterials.

The condition assessments of the County's roads are shown below for the last three completed cycles.

Condition ratings	2016-2014		2013-2011		2010-2008	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
Excellent to good	294.3	65.0	297.7	64.9	348.2	71.8
Fair	61.4	13.5	32.0	7.0	20.3	4.2
Poor to substandard	97.5	21.5	129.0	28.1	116.7	24.0
Total	453.2	100.0	458.7	100.0	485.2	100.0
Local access roads						
Excellent to good	689.2	67.7	742.0	70.7	867.0	75.6
Fair	134.7	13.2	91.4	8.7	74.2	6.5
Poor to substandard	194.2	19.1	216.5	20.6	205.8	17.9
Total	1,018.1	100.0	1,049.9	100.0	1,147.0	100.0

The following table (derived from the table of condition ratings) shows the number and percentage of miles of roads that meet the 40 PCI level.

PCI score interval	2016-2014		2013-2011		2010-2008	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
PCI 40 - 100	323.3	71.3	315.7	68.8	360.0	74.2
PCI 0 - 39	129.9	28.7	143.0	31.2	125.2	25.8
Total	453.2	100.0	458.7	100.0	485.2	100.0
Local access roads						
PCI 40 - 100	759.4	74.6	786.5	74.9	900.0	78.5
PCI 0 - 39	258.7	25.4	263.4	25.1	247.0	21.5
Total	1,018.1	100.0	1,049.9	100.0	1,147.0	100.0

In the most recent condition assessments, 71.3 percent of the arterial roads in the County and 74.6 percent of the local access roads in the County had a PCI rating of 40 and above.

The roads condition assessments have increased slightly over the last maintenance cycle. The accelerated condition deterioration observed in the 2010-2008 cycle and continuing in the 2013-2011 cycle, was primarily the result of weather and system age. Many of the arterial roadways are beyond their cost-effective life cycles, resulting in roadway deterioration. Because of the uncertainty in future funding for roads, the County formally lowered its established condition level to 50 percent of the roads at a PCI of 40 or better. The 2018 budgeted amounts on the next page already account for the change in the established condition level.

Below is information on planned (budgeted) and actual expenditures incurred to maintain and preserve the road network from 2014 to 2018. The budgeted amount is equivalent to the anticipated amount needed to maintain roads at the 50/40 required condition level for the modified approach (in thousands).

	2018	2017	2016	2015	2014
Budgeted	\$ 80,615	\$ 72,969	\$ 70,969	\$ 56,599	\$ 50,453
Expended	57,406	59,864	43,820	37,003	36,269

The amount budgeted in 2018 for road preservation and maintenance was \$80.6 million. The amount actually expended was \$57.4 million. The 2018 underspending was due to scheduling of contracted work and work to be performed in 2019. Adjusting for these items, the remaining gap is consistent with historical experience.

Bridges

King County currently maintains 182 bridges including co-owned and pedestrian bridges. Physical inspections to determine the condition of bridges and the degree of wear and deterioration are carried out at least every two years. Inspections reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotted timbers, deteriorated bridge decks, bank erosion and cracked concrete. These are documented in an inspection report along with recommended repairs. Four bridges that do not carry vehicular traffic are included in the list of bridges being maintained by the County. These are also subject to condition assessments, but are subject to different standards than the more heavily used 178 vehicular bridges.

Each year the County conducts a bridge prioritization process to determine potential candidates for replacement or rehabilitation. A weighted 10-point priority scale (sufficiency rating, seismic rating, geometrics, hydraulics, load limits, traffic safety, serviceability, importance, useful life, and structural concern) ranks the bridges in order; the results are considered in the planning and programming of major bridge studies and construction projects in the Roads Capital Improvement Program.

A key element in the priority score is the sufficiency rating, the measure considered by state and federal governments as the basis for establishing eligibility and priority for bridge replacement or rehabilitation funding. The sufficiency rating is a numerical rating of a bridge based on its structural adequacy and safety, essentially for public use, and its serviceability and functional obsolescence. The three most recent bridge sufficiency ratings are as follows:

Bridge Sufficiency Rating	Number of Bridges		
	2018	2017	2016
0 - 20	9	8	6
21 - 30	5	4	—
31 - 49	17	22	24
50 - 100	147	144	148
Totals	178	178	178

Amounts budgeted and spent to maintain and preserve bridges over the past five years are below (in thousands):

	2018	2017	2016	2015	2014
Budgeted	\$ 10,109	\$ 6,605	\$ 4,343	\$ 5,607	\$ 4,727
Expended	7,906	6,221	3,448	3,184	3,345

The budgeted amount is equivalent to the anticipated amount needed to maintain and preserve the bridges up to the required condition level.

Notes:

- * Pavement Condition Index (PCI) condition measurement and road condition rating scale:
 1. PCI < 30 is defined to be in "poor to substandard" with heavy pavement cracking and potholes
 2. PCI 30 ≥ 50 is defined to be in "fair condition" with noticeable cracks and utility cuts
 3. PCI 50 ≥ 100 is defined to be in "excellent condition" with relatively smooth roadway
- * King County's Road Services Division policy is to maintain at least 50 percent of the road system at a PCI level of 40 or better.
- * Bridges adhere to the Federal Highway Administration condition measurement.
- * Bridges sufficiency rating scale:
 1. 49 ≤ 0 indicates replacement or rehabilitation funding, < 30 are selected for rehabilitation funding
 2. 50 ≥ 100 indicates a good deal of service life remaining, a bridge capable of carrying traffic
- * King County's Road Services Division policy is to maintain bridges in such manner that no more than 12 will have a sufficiency rating of 20 or less. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement, rehabilitation or closure of the bridge.

Governmental Funds

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NONMAJOR GOVERNMENTAL FUNDS

The County's nonmajor governmental funds fall into three categories: Special Revenue Funds, Debt Service Funds and Capital Projects Funds.

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt or capital projects. The County's nonmajor special revenue funds are:

Animal Services - This fund is used to support regional animal services and related administration, including animal care services, administering pet licenses and enforcing animal control laws. This fund also accounts for donation-sponsored activities which include housing animals, medical attention for animals, public education, animal shelter improvements and other purposes that further the general welfare of animals.

Arts and Cultural Development - Receives and transfers to the cultural development authority (4Culture) a variety of revenues including, but not limited to, general fund revenues, hotel-motel tax revenues and public art revenues. The fund supports the 1% for Art program, the stewardship of the county art collection, the Building for Culture bond program established in 2016, 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 implementation of a regional Automated Fingerprint Identification System (AFIS) for King County. The AFIS database consists of more than 600,000 people's fingerprint files from King County, the City of Seattle, and 42 police agencies within the region. This database also contains over 20,000 latent prints collected from unsolved crimes and searched against incoming fingerprints as they are newly registered. 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, giving access to more than 20 million sets of fingerprints. Included in this system is the electronic fingerprint capture and transmission to AFIS, known as Livescan. There are currently 42 Livescan units throughout King County.

Best Starts for Kids Levy - Accounts for tax revenues for the purpose of funding prevention and early intervention strategies to improve the health and wellbeing of children, youth, and their communities. Funded programs includes 1) Invest Early (Age 0-5), 2) Sustain the Gain (5-24), 3) Communities of Opportunity 4) Outcomes-Focused and Data Driven.

Byrne Justice Assistance Grants - This fund accounts for the grants received from the Department of Justice, Office of Justice Programs, Bureau of Justice Assistance for the Byrne Justice Assistance Grants program. Each year, the Office of Performance Strategy and Budget identifies projects to be funded by the grants.

Community Services Operating - This fund, formerly Children and Family Services Fund, provide two primary functions: 1) CSD administration which support administrative staff, such as finance and clerical staff and overhead costs, and 2) Community Services Contracts which provides services for civil legal aid services, domestic violence survivor services, sexual assault survivor services and older adults programs.

County Road Operating - This fund finances the construction, maintenance, preservation and inspection of county streets, roads and bridges.

DCHS Administration - Accounts for 1) services associated with the DCHS Director's office activities with funds coming from a cost allocation formula applied to all funds in DCHS and 2) All Home, formerly the Committee to End Homelessness (CEH) in King County, a coalition of governments, provides regional leadership and coordination to the efforts to end homelessness.

DDES Operating - 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.

Developmental Disabilities - Provide services and supports to enhance the lives of residents with developmental disabilities and their families. Funded services include adult employment program, early intervention services for infants and toddlers with development delays, Community Information and Outreach and Adult Day Services.

Emergency Medical Services - Finances emergency medical programs for developing, implementing and administering various emergency medical services in cooperation with King County fire district. This fund also provides contract funds for financing paramedic and other emergency medical service programs in the County.

Emergency Telephone - Enhanced 911 - Accounts for the receipt of E-911 excise tax revenues and the disbursement of expenditures related to the management of the Enhanced 911 Emergency Telephone system with participating jurisdictions in King County.

Employment and Education Resources - To provide job readiness, education, and employment services to help vulnerable youth and adults increase independence and self-sufficiency and lead more meaningful and productive lives. This fund has two sections, youth and adults, which are primarily supported through grants and other funds.

Environmental Health - Accounts for financial resources to protect and improve the health and well-being of all people in King County, specifically focusing on prevention of disease through sanitation, safe food and water, proper disposal of wastes and toxics, and promoting safe and healthy environmental conditions throughout King County for the benefit of all residents and visitors. This fund was created as part of the 2015-2016 budget by separating Environmental Health out of the Public Health Fund (KCC 4A.200.281).

Flood Control District - The Flood Control District was established under chapter 86.15 RCW to be instrumental in acquiring repetitive loss properties, other at-risk floodplain properties, and in addressing and improving countywide flood warning and flood prediction capacity.

Grants - The fund accounts primarily for federal and state grants, though other grants may be receipted and spent in this fund with prior approval.

Historical Preservation - Main funding source of the Historic Preservation Program (HPP) to preserve and protect the county's significant historic and archaeological resources.

Housing and Community Development - This fund collects revenue from federal, state, and other funding sources to support housing and community development projects such as development of affordable and special needs housing, homeless prevention and supportive services, housing repairs, and community development projects that improve the livability of neighborhoods and communities.

Human Services Levy - In 2018, this fund was closed and residual balance was moved to Veterans, Seniors and Human Services Levy Fund.

Intercounty River Improvement - This fund was established in partnership with Pierce County, to finance necessary improvements to the White River.

King County Flood Control Contract - This fund is primarily used by King County in providing services to the King County Flood Control District, a special purpose district. The District contracts with King County to carry out the majority of its work to rebuild levees and revetments, acquire flood-prone properties, and in addressing and improving countywide flood warning and flood prediction capacity.

Law Library - This fund accounts for the activities of the Public Law Library of King County. The majority of the resources are received from court filing fees pursuant to RCW 27.24.070.

Local Hazardous Waste Fund - Accounts for financial resources used to support the Local Hazardous Waste Management Program established pursuant to chapter 70.105.220 RCW. This program works to protect and enhance public health and environmental quality in King County by helping citizens, businesses and government reduce the threat posed by the use, storage, and disposal of hazardous materials.

Long-term Leases - This fund accounts for all long-term leases for the County.

Major Maintenance - This fund accounts for the periodic replacement or repair of major building systems and components at King County facilities maintained by the Facilities Management Division.

Mental Illness and Drug Dependency - Accounts for the one-tenth of one percent local sales and use tax known as the Mental Illness and Drug Dependency (MIDD) to support mental health and chemical dependency treatment and therapeutic program and services including therapeutic courts. Major category of services provided are prevention and intervention, crisis diversion, recovery and reentry, system improvements and therapeutic courts.

Noxious Weed Control - This fund implements the mandates of Washington State noxious weed law and provides services to educate the public about noxious weeds harmful to the economy and environment and to identify and control both terrestrial and aquatic noxious weed infestations.

Parks Operating Levy - Operates and maintains the King County Parks system. Revenues are distributed from the 2014-2019 Parks Open Space and Trails Replacement Levy. Operating expenses supported by the levy include Parks operations and maintenance, Community Partnership and Grant (CPG), Eastside Rail Corridor, 4-H program, and enforcement and safety.

Parks Trust and Contribution - Accounts for the earnings from gifts, bequests and donations to the County Parks Division for designated parks and recreation purposes.

Public Health - Finances health services centers located through King County and public health programs. The Public Health Fund supports clinical health services primary care assurance, management and business practice, population and targeted community health services.

Puget Sound Emergency Radio Network Levy - Accounts for resources to replace the current Emergency Radio Communication Network jointly owned by King County, the City of Seattle, Valley Communications Center and the East Side Public Safety Communications Agency. The Puget Sound Emergency Radio Network (PSERN) will improve county-wide operations by providing increased system reliability, increased coverage, and better security on the network. It will also nearly double the number of existing 26 radio transmitter sites. The fund receives levy tax collections approved by special election in April 2015.

Recorder's Operating and Maintenance - Accounts for all revenues collected from an additional recording fee for the sole purpose of acquiring, installing, and maintaining an improved system for copying, preserving, and indexing documents recorded in, or filed with, King County Records and Licensing Services Division.

Regional Justice Center Projects - Originally this fund was created to account for the construction of the Maleng Regional Justice Center and finance the King County Correctional Facility (KCCF) security system and jail health upgrade. The remaining balance is programmed for jail planning and jail facility tenant improvements to address ongoing space needs.

Road Improvement Districts Construction - This fund accounts for the neighborhood improvements for RID number 132.

Road Improvement Districts Maintenance - There are currently two active Road Improvement Districts, numbers 107 and 110, accounting for special assessments.

Risk Abatement - Processes the administrative and related costs associated with settlements of class action lawsuits filed against King County.

Surface Water Capital - This fund accounts for projects to protect public safety, water quality, and property from stormwater runoff and pollution, and land development practices. Revenues include Pay-As-You-Go transfers from the SWM operating fund, grants from external agencies, proceeds associated with a 2014 bond issuance, critical area mitigation fees, and interlocal funding.

Surface Water Management - This fund accounts for programs specifically addressing impacts from stormwater runoff such as flooding, erosion, pollution, habitat degradation, and low stream flows. To pay for these services, a fee is assessed on property owners in unincorporated King County.

Treasurer's Operating and Maintenance - Accounts for the revenues received and costs incurred in the foreclosure, distraint and sale of real and personal property for delinquent taxes, and to defray the costs of further foreclosures, distraints and sales for delinquent taxes.

Transfer of Developer Credit - This fund accounts for the purchase and sale of development credits. The program facilitates the relocation of development growth out of the county's rural and resource lands into its designated urban areas, in both the incorporated cities and urban unincorporated areas under a voluntary, incentive-based, and market-driven approach to conserve land.

Urban Restoration and Habitat - 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 - A renewal and renamed of the previous Veterans and Human Services Levy, this fund accounts for tax revenues collected for the purpose to connect service members and veterans, residents age 55 or older, and vulnerable populations to programs and services in these five results areas 1) Housing Stability, 2) Financial Stability, 3) Social Engagement, 4) Healthy Living, 5) Service System Access and Improvement.

Veterans Relief - Under King County Veterans Program (KCVP), this fund accounts for tax revenues collected to provide an array of services to assist veterans and their families on their path toward self-sufficiency. Major services provided include emergency financial assistance, housing assistance and emergency shelter beds, employment guidance and assistance, case management, life stability, mental health referrals and other supportive services.

Youth Amateur Sports - Accounts for 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 payment of bonds which have been issued with a three-fifths approval vote of the people, with the exception of those issued for the original construction of the now defunct Kingdome stadium.

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 Sub-Fund - 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.

County Road Construction - This fund is designed to support capital activities relating to the maintenance of the King County road system, including specific projects and countywide-programs for road, roadside, bridges/structures, traffic control and drainage.

Enhanced 911 Emergency Telephone Capital Project Fund - Established to support the capital projects of the Enhanced 911 Emergency Telephone system funded by excise taxes.

Farmland and Open Space Acquisition - This fund holds and tracks bond proceeds associated with the 1979 King County Farmland and Open Space Bond and subsequent bond issuances. Program expenditures mostly include fee

simple land purchases, conservation easements and small capital improvements to properties to preserve critical farmlands and enhance agricultural activity.

Facilities Management Division-Parks - Accounts for the major capital maintenance projects of the County parks facilities. Expenditures are primarily incurred in the Critical Infrastructure and Major Maintenance program. This program repairs and replaces Parks facilities, and creates critical infrastructure to access King County Parks and includes the Central Maintenance Facility. In addition, this fund accounts for major open space acquisitions and trail projects funded by the parks levy.

Facilities Management Division-Parks Facility Rehabilitation - Accounts mostly for the small capital maintenance projects of the County parks facilities and trail projects. Program expenditures are primarily funded from a portion of the County's Real Estate Excise Taxes.

IT Services Capital - Established to account for equipment replacement and general purpose technology projects managed by the Office of Information Resource Management.

OIRM Capital Projects - Account for resources of IT projects for King County departments and agencies that do not have their own capital funds. Three subfunds are included in this fund: a capital projects subfund where all the project activities are recorded and two bond sub-funds created for the purpose of holding and management of bond proceeds designated for IT capital projects. Money are transferred from the bondfunds to the capital projects fund to cover the actual expenditures incurred by the respective projects.

Open Space King County Bond-Funded Subfund - This fund holds and tracks bond proceeds associated with the 1989 King County Open Space Bond issue. Funds are used to preserve and protect open lands throughout the County and preserve wildlife, enhance scenic vistas, provide access to water and provide open spaces in the midst of urban congestion. Trail additions add linkages to individual parks and neighborhoods.

Parks Capital Fund - Main capital fund for the Parks Division. The fund accounts for the capital portion of the Parks Levy. Other revenues include REET I, REET II, bond proceeds, and state and federal grants. Specific uses of these funds include the acquisition of open space and natural lands, acquisition and development of right of ways for regional trails, repair and replacement of critical infrastructure, and developing trailheads.

PSB GEN Fund Technology Capital (General Fund Technology Capital Fund) - Established to account for information technology capital projects benefitting the General Fund-funded agencies that do not have their own capital funds. The fund is managed by the Office of Performance, Strategy and Budget. The fund's revenues include transfers from the General Fund, transfers from King County departments for their IT projects, and revenue from the countywide IT technologies rate. The fund's main expenditures include vendor costs to acquire IT capital assets and KCIT costs to manage the projects. Any unexpended funds remaining upon completion of a project are returned to that project's funding source. The fund balance remaining at the end of a fiscal year is generally designated for future expenditures on the IT projects appropriated in this fund.

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.

Renton Maintenance Facilities - This fund supports the Roads Service Division facilities, including maintenance facilities, gravel pits, emergency facilities, materials storage facilities, snow and ice storage facilities and other facilities necessary to support the maintenance of the road system.

Youth Services Facilities Construction - This fund accounts for planning future Youth Services facilities.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
ASSETS				
Cash and cash equivalents	\$ 592,545	\$ 9,394	\$ 233,473	\$ 835,412
Investments	—	—	2,769	2,769
Taxes receivable-delinquent	8,292	446	576	9,314
Accounts receivable, net	17,354	—	2	17,356
Due from other funds	23,113	8	453	23,574
Due from other governments, net	64,805	—	7,346	72,151
Inventory	907	—	—	907
Prepayments	7,835	—	—	7,835
Advances to other funds	4,000	—	—	4,000
Notes receivable	12,481	—	—	12,481
TOTAL ASSETS	\$ 731,332	\$ 9,848	\$ 244,619	\$ 985,799
LIABILITIES				
Accounts payable	\$ 59,183	\$ —	\$ 20,113	\$ 79,296
Due to other funds	29,614	—	13	29,627
Interfund short-term loans payable	12,650	—	3,150	15,800
Due to other governments	8,194	—	—	8,194
Wages payable	12,196	—	323	12,519
Taxes payable	85	—	1	86
Unearned revenues	24,784	—	—	24,784
Custodial accounts	5,854	—	5	5,859
Advances from other funds	13,725	—	—	13,725
TOTAL LIABILITIES	166,285	—	23,605	189,890
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes	6,428	366	391	7,185
Unavailable revenue-other receivables	2,614	—	1,541	4,155
TOTAL DEFERRED INFLOWS OF RESOURCES	9,042	366	1,932	11,340
FUND BALANCES				
Nonspendable	11,362	—	—	11,362
Restricted	517,377	7,770	224,950	750,097
Committed	55	—	—	55
Assigned	41,795	1,712	292	43,799
Unassigned	(14,584)	—	(6,160)	(20,744)
TOTAL FUND BALANCES	556,005	9,482	219,082	784,569
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 731,332	\$ 9,848	\$ 244,619	\$ 985,799

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES				
Taxes:				
Property taxes	\$ 473,654	\$ 26,108	\$ 35,963	\$ 535,725
Retail sales and use taxes	99,735	—	—	99,735
Business and other taxes	2,123	11	16,056	18,190
Licenses and permits	21,179	—	—	21,179
Intergovernmental revenues	147,159	16,349	9,207	172,715
Charges for services	246,505	—	1,969	248,474
Fines and forfeits	774	—	1	775
Interest earnings	8,832	201	4,512	13,545
Miscellaneous revenues	24,407	—	413	24,820
TOTAL REVENUES	1,024,368	42,669	68,121	1,135,158
EXPENDITURES				
Current:				
General government	30,603	—	12,887	43,490
Law, safety and justice	138,188	—	—	138,188
Physical environment	21,278	—	—	21,278
Transportation	69,455	—	27,584	97,039
Economic environment	198,564	—	3,704	202,268
Health and human services	350,343	—	29	350,372
Culture and recreation	58,895	—	3,678	62,573
Debt service:				
Principal	—	64,093	—	64,093
Interest and other debt service costs	510	32,716	120	33,346
Payment to escrow	—	2,329	—	2,329
Capital outlay	29,665	—	193,574	223,239
TOTAL EXPENDITURES	897,501	99,138	241,576	1,238,215
Excess (deficiency) of revenues over (under) expenditures	126,867	(56,469)	(173,455)	(103,057)
OTHER FINANCING SOURCES (USES)				
Transfers in	136,992	51,134	202,574	390,700
Transfers out	(204,806)	—	(90,935)	(295,741)
General government bonds issued	5,845	—	—	5,845
Premium on general government bonds issued	863	—	—	863
Sale of capital assets	5,225	—	9,531	14,756
Insurance recoveries	—	—	6,952	6,952
TOTAL OTHER FINANCING SOURCES (USES)	(55,881)	51,134	128,122	123,375
Net change in fund balances	70,986	(5,335)	(45,333)	20,318
Fund balances - beginning	485,776	14,817	264,415	765,008
Prior period adjustment	(757)	—	—	(757)
Fund balances - ending	\$ 556,005	\$ 9,482	\$ 219,082	\$ 784,569

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 15)

	TOTAL	ANIMAL SERVICES	ARTS & CULTURAL DEVELOPMENT
ASSETS			
Cash and cash equivalents	\$ 592,545	\$ 2,562	\$ 328
Taxes receivable-delinquent	8,292	—	—
Accounts receivable, net	17,354	175	—
Due from other funds	23,113	1	1
Due from other governments, net	64,805	—	—
Inventory	907	—	—
Prepayments	7,835	—	6,419
Advances to other funds	4,000	—	—
Notes receivable	12,481	—	—
TOTAL ASSETS	\$ 731,332	\$ 2,738	\$ 6,748
LIABILITIES			
Accounts payable	\$ 59,183	\$ 42	\$ —
Due to other funds	29,614	—	3,621
Interfund short-term loans payable	12,650	—	—
Due to other governments	8,194	—	—
Wages payable	12,196	142	—
Taxes payable	85	—	—
Unearned revenues	24,784	—	—
Custodial accounts	5,854	1	—
Advances from other funds	13,725	—	—
TOTAL LIABILITIES	166,285	185	3,621
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	6,428	—	—
Unavailable revenue-other receivables	2,614	171	—
TOTAL DEFERRED INFLOWS OF RESOURCES	9,042	171	—
FUND BALANCES			
Nonspendable	11,362	—	6,419
Restricted	517,377	2,382	140
Committed	55	—	—
Assigned	41,795	—	—
Unassigned	(14,584)	—	(3,432)
TOTAL FUND BALANCES (DEFICITS)	556,005	2,382	3,127
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 731,332	\$ 2,738	\$ 6,748

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 15 - CONTINUED)

	AUTOMATED FINGERPRINT IDENTIFICATION	BEST START FOR KIDS LEVY	BYRNE JUSTICE ASSISTANCE
ASSETS			
Cash and cash equivalents	\$ 31,487	\$ 95,110	\$ —
Taxes receivable-delinquent	352	999	—
Accounts receivable, net	—	—	—
Due from other funds	58	149	—
Due from other governments, net	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 31,897	\$ 96,258	\$ —
LIABILITIES			
Accounts payable	\$ 15	\$ 2,697	\$ —
Due to other funds	2,919	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	377	46	—
Taxes payable	51	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	3,362	2,743	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	260	726	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	260	726	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	28,275	92,789	—
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	28,275	92,789	—
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 31,897	\$ 96,258	\$ —

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 3 OF 15)

	COMMUNITY SERVICES OPERATING	COUNTY ROAD OPERATING	DCHS ADMIN
ASSETS			
Cash and cash equivalents	\$ 617	\$ 31,056	\$ 432
Taxes receivable-delinquent	—	2,325	—
Accounts receivable, net	—	390	33
Due from other funds	1	57	1
Due from other governments, net	—	788	76
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 618	\$ 34,616	\$ 542
LIABILITIES			
Accounts payable	\$ 543	\$ 1,202	\$ 146
Due to other funds	—	1	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	41	1,753	172
Taxes payable	—	2	—
Unearned revenues	—	6	—
Custodial accounts	—	309	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	584	3,273	318
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	1,841	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	1,841	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	34	29,502	224
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	34	29,502	224
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 618	\$ 34,616	\$ 542

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 4 OF 15 - CONTINUED)

	DDES OPERATING	DEVELOP- MENTAL DISABILITY	EMERGENCY MEDICAL SERVICES
ASSETS			
Cash and cash equivalents	\$ 8,285	\$ 10,462	\$ 46,625
Taxes receivable-delinquent	—	55	1,221
Accounts receivable, net	1,214	—	38
Due from other funds	15	—	98
Due from other governments, net	—	5,008	132
Inventory	—	—	144
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 9,514	\$ 15,525	\$ 48,258
LIABILITIES			
Accounts payable	\$ 79	\$ 3,129	\$ 2,579
Due to other funds	—	—	9
Interfund short-term loans payable	—	—	—
Due to other governments	—	4,113	—
Wages payable	432	122	923
Taxes payable	—	—	—
Unearned revenues	2,821	125	182
Custodial accounts	4,922	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	8,254	7,489	3,693
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	40	888
Unavailable revenue-other receivables	124	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	124	40	888
FUND BALANCES			
Nonspendable	—	—	144
Restricted	1,240	7,996	43,533
Committed	—	—	—
Assigned	—	—	—
Unassigned	(104)	—	—
TOTAL FUND BALANCES (DEFICITS)	1,136	7,996	43,677
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 9,514	\$ 15,525	\$ 48,258

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 5 OF 15)

	EMERGENCY TELEPHONE E911	EMPLOYMENT & EDUCATION RESOURCES	ENVIRON- MENTAL HEALTH
ASSETS			
Cash and cash equivalents	\$ 18,866	\$ 872	\$ 19,331
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	4,016	—	499
Due from other funds	48	—	36
Due from other governments, net	—	666	873
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 22,930	\$ 1,538	\$ 20,739
LIABILITIES			
Accounts payable	\$ 794	\$ 1,173	\$ 194
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	37	185	766
Taxes payable	—	—	—
Unearned revenues	—	—	5,218
Custodial accounts	—	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	831	1,358	6,178
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	420
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	420
FUND BALANCES			
Nonspendable	—	—	—
Restricted	22,099	180	14,141
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	22,099	180	14,141
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 22,930	\$ 1,538	\$ 20,739

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 6 OF 15 - CONTINUED)

	FLOOD CONTROL DISTRICT	GRANTS FUND	HISTORICAL PRESERVATION
ASSETS			
Cash and cash equivalents	\$ 100,288	\$ —	\$ 119
Taxes receivable-delinquent	913	—	—
Accounts receivable, net	181	4,448	—
Due from other funds	—	40	—
Due from other governments, net	—	124	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	4,000	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 105,382	\$ 4,612	\$ 119
LIABILITIES			
Accounts payable	\$ 190	\$ 173	\$ 57
Due to other funds	22,526	345	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	179	—
Taxes payable	—	—	—
Unearned revenues	—	928	—
Custodial accounts	—	8	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	22,716	1,633	57
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	913	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	913	—	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	81,753	2,979	62
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	81,753	2,979	62
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 105,382	\$ 4,612	\$ 119

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 7 OF 15)

	HOUSING AND COMMUNITY DEVELOPMENT	HUMAN SERVICES LEVY	INTERCOUNTY RIVER IMPROVEMENT
ASSETS			
Cash and cash equivalents	\$ 67,827	\$ —	\$ 16
Taxes receivable-delinquent	—	—	1
Accounts receivable, net	—	—	—
Due from other funds	106	—	—
Due from other governments, net	6,146	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	12,481	—	—
TOTAL ASSETS	\$ 86,560	\$ —	\$ 17
LIABILITIES			
Accounts payable	\$ 7,926	\$ —	\$ —
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	185	—	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	8,111	—	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	1
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	1
FUND BALANCES			
Nonspendable	—	—	—
Restricted	73,449	—	16
Committed	—	—	—
Assigned	5,000	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	78,449	—	16
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 86,560	\$ —	\$ 17

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 8 OF 15 - CONTINUED)

	KC FLOOD CONTROL CONTRACT	LAW LIBRARY	LOCAL HAZARDOUS WASTE
ASSETS			
Cash and cash equivalents	\$ 201	\$ 354	\$ 13,942
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	1	—	1,475
Due from other funds	22,142	1	30
Due from other governments, net	5,824	—	1,376
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 28,168	\$ 355	\$ 16,823
LIABILITIES			
Accounts payable	\$ 11,249	\$ —	\$ 1,856
Due to other funds	15	—	—
Interfund short-term loans payable	12,650	—	—
Due to other governments	—	—	—
Wages payable	295	—	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	4,000	—	—
TOTAL LIABILITIES	28,209	—	1,856
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	—	355	14,967
Committed	—	—	—
Assigned	—	—	—
Unassigned	(41)	—	—
TOTAL FUND BALANCES (DEFICITS)	(41)	355	14,967
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 28,168	\$ 355	\$ 16,823

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 9 OF 15)

	LONG-TERM LEASES	MAJOR MAINTENANCE	MENTAL ILL- NESS & DRUG DEPENDENCY
ASSETS			
Cash and cash equivalents	\$ 503	\$ 21,630	\$ 10,554
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	1	4	15
Due from other governments, net	—	—	13,184
Inventory	—	—	—
Prepayments	1,409	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 1,913	\$ 21,634	\$ 23,753
LIABILITIES			
Accounts payable	\$ 1,308	\$ 673	\$ 3,103
Due to other funds	2	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	1	11	347
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	412	—	—
Advances from other funds	1,280	—	—
TOTAL LIABILITIES	3,003	684	3,450
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Nonspendable	1,409	—	—
Restricted	86	2,211	20,303
Committed	—	—	—
Assigned	—	18,739	—
Unassigned	(2,585)	—	—
TOTAL FUND BALANCES (DEFICITS)	(1,090)	20,950	20,303
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,913	\$ 21,634	\$ 23,753

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 10 OF 15 - CONTINUED)

	NOXIOUS WEED CONTROL	PARKS OPERATING LEVY	PARKS TRUST AND CONTRIBUTION
ASSETS			
Cash and cash equivalents	\$ 1,022	\$ 21,145	\$ 5
Taxes receivable-delinquent	—	1,177	—
Accounts receivable, net	89	35	—
Due from other funds	2	39	—
Due from other governments, net	64	2	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 1,177	\$ 22,398	\$ 5
LIABILITIES			
Accounts payable	\$ 38	\$ 405	\$ —
Due to other funds	—	60	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	11	—
Wages payable	50	1,001	—
Taxes payable	—	30	—
Unearned revenues	—	71	—
Custodial accounts	—	9	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	88	1,587	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	864	—
Unavailable revenue-other receivables	9	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	9	864	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	1,080	19,947	5
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	1,080	19,947	5
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 1,177	\$ 22,398	\$ 5

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 11 OF 15)

	PUBLIC HEALTH	PUGET SOUND EMERGENCY NETWORK LEVY	RECORDER'S OPERATING & MAINTENANCE
ASSETS			
Cash and cash equivalents	\$ 13,014	\$ 2,117	\$ 1,867
Taxes receivable-delinquent	—	483	—
Accounts receivable, net	2,847	—	—
Due from other funds	118	5	3
Due from other governments, net	26,847	—	—
Inventory	763	—	—
Prepayments	7	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 43,596	\$ 2,605	\$ 1,870
LIABILITIES			
Accounts payable	\$ 16,062	\$ —	\$ 1
Due to other funds	97	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	4,070	—	—
Wages payable	3,599	—	21
Taxes payable	2	—	—
Unearned revenues	2,218	—	—
Custodial accounts	114	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	26,162	—	22
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	351	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	351	—
FUND BALANCES			
Nonspendable	770	—	—
Restricted	16,664	2,254	1,848
Committed	—	—	—
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	17,434	2,254	1,848
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 43,596	\$ 2,605	\$ 1,870

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 12 OF 15 - CONTINUED)

	REGIONAL JUSTICE CENTER PRJTS	ROAD IMPROVEMENT CONSTRUCTION	ROAD IMPROVEMENT MAINTENANCE
ASSETS			
Cash and cash equivalents	\$ 302	\$ —	\$ 8
Taxes receivable-delinquent	2	—	—
Accounts receivable, net	—	2	1
Due from other funds	1	—	—
Due from other governments, net	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 305	\$ 2	\$ 9
LIABILITIES			
Accounts payable	\$ —	\$ —	\$ —
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	—	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	—	—	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	3	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	3	—	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	—	2	9
Committed	—	—	—
Assigned	302	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	302	2	9
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 305	\$ 2	\$ 9

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 13 OF 15)

	RISK ABATEMENT	SURFACE WATER CAPITAL	SURFACE WATER MANAGEMENT
ASSETS			
Cash and cash equivalents	\$ 38	\$ 24,320	\$ 11,466
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	19	1,891
Due from other funds	—	41	21
Due from other governments, net	—	1,725	1,442
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 38	\$ 26,105	\$ 14,820
LIABILITIES			
Accounts payable	\$ —	\$ 446	\$ 795
Due to other funds	15	—	4
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	65	1,291
Taxes payable	—	—	—
Unearned revenues	—	12,862	353
Custodial accounts	—	—	10
Advances from other funds	8,445	—	—
TOTAL LIABILITIES	8,460	13,373	2,453
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	1,890
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	1,890
FUND BALANCES			
Nonspendable	—	—	—
Restricted	—	12,732	10,477
Committed	—	—	—
Assigned	—	—	—
Unassigned	(8,422)	—	—
TOTAL FUND BALANCES (DEFICITS)	(8,422)	12,732	10,477
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 38	\$ 26,105	\$ 14,820

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 14 OF 15 - CONTINUED)

	TREASURER'S OPERATING & MAINTENANCE	TRANSFER OF DEVELOPER CREDIT	URBAN RESTORATION & HABITAT
ASSETS			
Cash and cash equivalents	\$ 280	\$ 11,017	\$ 704
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	—	20	1
Due from other governments, net	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 280	\$ 11,037	\$ 705
LIABILITIES			
Accounts payable	\$ —	\$ —	\$ —
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	—	6	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	69	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	69	6	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Nonspendable	—	—	—
Restricted	211	—	350
Committed	—	—	55
Assigned	—	11,031	300
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	211	11,031	705
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 280	\$ 11,037	\$ 705

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 15 OF 15 - CONCLUDED)

	VETERANS SENIORS & HUMAN SRVS	VETERANS RELIEF	YOUTH AMATEUR SPORTS
ASSETS			
Cash and cash equivalents	\$ 11,132	\$ 625	\$ 12,016
Taxes receivable-delinquent	716	48	—
Accounts receivable, net	—	—	—
Due from other funds	34	1	23
Due from other governments, net	7	20	501
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Notes receivable	—	—	—
TOTAL ASSETS	\$ 11,889	\$ 694	\$ 12,540
LIABILITIES			
Accounts payable	\$ 1,900	\$ 209	\$ 199
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Wages payable	106	28	15
Taxes payable	—	—	—
Unearned revenues	—	—	—
Custodial accounts	—	—	—
Advances from other funds	—	—	—
TOTAL LIABILITIES	2,006	237	214
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	505	36	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	505	36	—
FUND BALANCES			
Nonspendable	—	—	2,620
Restricted	9,378	421	3,283
Committed	—	—	—
Assigned	—	—	6,423
Unassigned	—	—	—
TOTAL FUND BALANCES (DEFICITS)	9,378	421	12,326
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)	\$ 11,889	\$ 694	\$ 12,540

NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(IN THOUSANDS)

	TOTAL	LIMITED GO BOND REDEMPTION	UNLIMITED GO BOND REDEMPTION
ASSETS			
Cash and cash equivalents	\$ 9,394	\$ 7,444	\$ 1,950
Taxes receivable - delinquent	446	149	297
Due from other funds	8	3	5
TOTAL ASSETS	\$ 9,848	\$ 7,596	\$ 2,252
 TOTAL LIABILITIES	 \$ —	 \$ —	 \$ —
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	366	142	224
TOTAL DEFERRED INFLOWS OF RESOURCES	366	142	224
 FUND BALANCES			
Restricted	7,770	5,742	2,028
Assigned	1,712	1,712	—
TOTAL FUND BALANCES	9,482	7,454	2,028
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 \$ 9,848	 \$ 7,596	 \$ 2,252

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 6)

	TOTAL	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES
ASSETS			
Cash and cash equivalents	\$ 233,473	\$ 14,271	\$ 22,809
Investments	2,769	—	—
Taxes receivable—delinquent	576	—	176
Accounts receivable, net	2	—	—
Due from other funds	453	25	44
Due from other governments, net	7,346	—	—
TOTAL ASSETS	<u>\$ 244,619</u>	<u>\$ 14,296</u>	<u>\$ 23,029</u>
LIABILITIES			
Accounts payable	\$ 20,113	\$ 13,316	\$ —
Due to other funds	13	1	—
Interfund short-term loans payable	3,150	—	—
Wages payable	323	16	7
Taxes payable	1	—	—
Custodial accounts	5	1	—
TOTAL LIABILITIES	<u>23,605</u>	<u>13,334</u>	<u>7</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	391	—	91
Unavailable revenue-other receivables	1,541	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,932</u>	<u>—</u>	<u>91</u>
FUND BALANCES			
Restricted	224,950	7,122	22,931
Assigned	292	—	—
Unassigned	(6,160)	(6,160)	—
TOTAL FUND BALANCES	<u>219,082</u>	<u>962</u>	<u>22,931</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 244,619</u>	<u>\$ 14,296</u>	<u>\$ 23,029</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 6 - CONTINUED)

	COUNTY ROAD CONSTRUCTION	E 911 CAPITAL FUND	FARMLAND & OPEN SPACE ACQUISITION
ASSETS			
Cash and cash equivalents	\$ 12,323	\$ 8,222	\$ 478
Investments	1,500	—	1,269
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	2	—	—
Due from other funds	22	4	1
Due from other governments, net	410	—	—
TOTAL ASSETS	\$ 14,257	\$ 8,226	\$ 1,748
LIABILITIES			
Accounts payable	\$ 464	\$ 549	\$ —
Due to other funds	—	5	—
Interfund short-term loans payable	—	—	—
Wages payable	21	—	—
Taxes payable	—	—	1
Custodial accounts	—	—	—
TOTAL LIABILITIES	485	554	1
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	141	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	141	—	—
FUND BALANCES			
Restricted	13,631	7,672	1,747
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES	13,631	7,672	1,747
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,257	\$ 8,226	\$ 1,748

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 3 OF 6)

	FACILITIES MANAGEMENT- PARKS	FMD-PARKS FACILITY REHAB	IT SERVICES CAPITAL
ASSETS			
Cash and cash equivalents	\$ 2,155	\$ 6	\$ 3,378
Investments	—	—	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	2	—	—
Due from other governments, net	—	—	—
TOTAL ASSETS	\$ 2,157	\$ 6	\$ 3,378
LIABILITIES			
Accounts payable	\$ 661	\$ —	\$ 68
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Wages payable	13	1	—
Taxes payable	—	—	—
Custodial accounts	—	—	—
TOTAL LIABILITIES	674	1	68
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Restricted	1,483	5	3,310
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES	1,483	5	3,310
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,157	\$ 6	\$ 3,378

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 4 OF 6 - CONTINUED)

	OIRM CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED	PARKS CAPITAL FUND
ASSETS			
Cash and cash equivalents	\$ 18,973	\$ 89	\$ 53,777
Investments	—	—	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	18	16	152
Due from other governments, net	—	3,468	716
TOTAL ASSETS	\$ 18,991	\$ 3,573	\$ 54,645
LIABILITIES			
Accounts payable	\$ 407	\$ —	\$ 1,845
Due to other funds	—	7	—
Interfund short-term loans payable	—	3,150	—
Wages payable	91	—	39
Taxes payable	—	—	—
Custodial accounts	—	4	—
TOTAL LIABILITIES	498	3,161	1,884
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Restricted	18,201	412	52,761
Assigned	292	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES	18,493	412	52,761
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 18,991	\$ 3,573	\$ 54,645

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 5 OF 6)

	PSB GENERAL FUND TECH CAPITAL	PUGET SOUND EMERGENCY NETWORK CAP	REAL ESTATE EXCISE TAX CAPITAL
ASSETS			
Cash and cash equivalents	\$ 1,957	\$ 32,869	\$ 35,430
Investments	—	—	—
Taxes receivable—delinquent	—	—	—
Accounts receivable, net	—	—	—
Due from other funds	—	59	64
Due from other governments, net	—	—	—
TOTAL ASSETS	\$ 1,957	\$ 32,928	\$ 35,494
LIABILITIES			
Accounts payable	\$ —	\$ 2,334	\$ —
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Wages payable	—	98	—
Taxes payable	—	—	—
Custodial accounts	—	—	—
TOTAL LIABILITIES	—	2,432	—
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	—	—	—
FUND BALANCES			
Restricted	1,957	30,496	35,494
Assigned	—	—	—
Unassigned	—	—	—
TOTAL FUND BALANCES	1,957	30,496	35,494
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 1,957	\$ 32,928	\$ 35,494

NONMAJOR CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 6 OF 6 - CONCLUDED)

	RENTON MAINTENANCE FACILITY	YOUTH SERVICES FACILITIES
ASSETS		
Cash and cash equivalents	\$ 26,678	\$ 58
Investments	—	—
Taxes receivable—delinquent	—	400
Accounts receivable, net	—	—
Due from other funds	46	—
Due from other governments, net	2,752	—
TOTAL ASSETS	<u>\$ 29,476</u>	<u>\$ 458</u>
LIABILITIES		
Accounts payable	\$ 469	\$ —
Due to other funds	—	—
Interfund short-term loans payable	—	—
Wages payable	37	—
Taxes payable	—	—
Custodial accounts	—	—
TOTAL LIABILITIES	<u>506</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue-property taxes	—	300
Unavailable revenue-other receivables	1,400	—
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,400</u>	<u>300</u>
FUND BALANCES		
Restricted	27,570	158
Assigned	—	—
Unassigned	—	—
TOTAL FUND BALANCES	<u>27,570</u>	<u>158</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 29,476</u>	<u>\$ 458</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 15)

	TOTAL	ANIMAL SERVICES	ARTS & CULTURAL DEVELOPMENT
REVENUES			
Taxes:			
Property taxes	\$ 473,654	\$ —	\$ —
Retail sales and use taxes	99,735	—	—
Business and other taxes	2,123	—	—
Licenses and permits	21,179	2,935	—
Intergovernmental revenues	147,159	—	28
Charges for services	246,505	1,038	—
Fines and forfeits	774	163	—
Interest earnings	8,832	11	12
Miscellaneous revenues	24,407	190	—
TOTAL REVENUES	1,024,368	4,337	40
EXPENDITURES			
Current:			
General government	30,603	1,045	—
Law, safety and justice	138,188	—	—
Physical environment	21,278	—	—
Transportation	69,455	—	—
Economic environment	198,564	5,471	—
Health and human services	350,343	—	—
Culture and recreation	58,895	—	943
Debt service:			
Interest and other debt service costs	510	—	1
Capital outlay	29,665	—	—
TOTAL EXPENDITURES	897,501	6,516	944
Excess (deficiency) of revenues over (under) expenditures	126,867	(2,179)	(904)
OTHER FINANCING SOURCES (USES)			
Transfers in	136,992	2,551	476
Transfers out	(204,806)	(27)	(127)
General government bonds issued	5,845	—	—
Premium on general government bonds issued	863	—	—
Sale of capital assets	5,225	1	—
TOTAL OTHER FINANCING SOURCES (USES)	(55,881)	2,525	349
Net change in fund balances	70,986	346	(555)
Fund balances (deficits) - beginning	485,776	2,036	3,682
Prior period adjustment	(757)	—	—
Fund balances (deficits) - ending	\$ 556,005	\$ 2,382	\$ 3,127

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 15 - CONTINUED)

	AUTOMATED FINGERPRINT IDENTIFICATION	BEST START FOR KIDS LEVY	BYRNE JUSTICE ASSISTANCE
REVENUES			
Taxes:			
Property taxes	\$ 21,999	\$ 65,262	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	109	335	—
Licenses and permits	—	—	—
Intergovernmental revenues	6	18	76
Charges for services	1	—	—
Fines and forfeits	—	—	—
Interest earnings	541	1,187	—
Miscellaneous revenues	—	1	—
TOTAL REVENUES	22,656	66,803	76
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	19,514	—	76
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	11,342	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	8	—	—
TOTAL EXPENDITURES	19,522	11,342	76
Excess (deficiency) of revenues over (under) expenditures	3,134	55,461	—
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(2,401)	(34,493)	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(2,401)	(34,493)	—
Net change in fund balances	733	20,968	—
Fund balances (deficits) - beginning	27,542	71,821	—
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 28,275	\$ 92,789	\$ —

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 15)

	COMMUNITY SERVICES OPERATING	COUNTY ROAD OPERATING	DCHS ADMIN
REVENUES			
Taxes:			
Property taxes	\$ —	\$ 89,189	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	292	—
Licenses and permits	—	—	—
Intergovernmental revenues	8	14,998	988
Charges for services	622	8,135	490
Fines and forfeits	—	—	—
Interest earnings	9	463	11
Miscellaneous revenues	—	107	528
TOTAL REVENUES	639	113,184	2,017
EXPENDITURES			
Current:			
General government	—	7,267	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	69,455	—
Economic environment	5,377	—	6,478
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	1	77	—
Capital outlay	—	62	—
TOTAL EXPENDITURES	5,378	76,861	6,478
Excess (deficiency) of revenues over (under) expenditures	(4,739)	36,323	(4,461)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,037	—	4,160
Transfers out	(96)	(32,251)	(62)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	210	—
TOTAL OTHER FINANCING SOURCES (USES)	4,941	(32,041)	4,098
Net change in fund balances	202	4,282	(363)
Fund balances (deficits) - beginning	753	25,220	587
Prior period adjustment	(921)	—	—
Fund balances (deficits) - ending	\$ 34	\$ 29,502	\$ 224

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 4 OF 15 - CONTINUED)

	DDES OPERATING	DEVELOP- MENTAL DISABILITY	EMERGENCY MEDICAL SERVICES
REVENUES			
Taxes:			
Property taxes	\$ 58	\$ 3,362	\$ 76,189
Retail sales and use taxes	—	—	—
Business and other taxes	—	17	234
Licenses and permits	43	—	—
Intergovernmental revenues	—	1	35
Charges for services	13,472	29,853	668
Fines and forfeits	317	—	—
Interest earnings	153	—	927
Miscellaneous revenues	93	—	206
TOTAL REVENUES	14,136	33,233	78,259
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	77,483
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	16,264	—	—
Health and human services	—	37,594	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	1	—	—
Capital outlay	—	—	1,333
TOTAL EXPENDITURES	16,265	37,594	78,816
Excess (deficiency) of revenues over (under) expenditures	(2,129)	(4,361)	(557)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,759	4,950	—
Transfers out	(67)	(378)	(111)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	2,692	4,572	(111)
Net change in fund balances	563	211	(668)
Fund balances (deficits) - beginning	573	7,785	44,345
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 1,136	\$ 7,996	\$ 43,677

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 5 OF 15)

	EMERGENCY TELEPHONE E911	EMPLOYMENT & EDUCATION RESOURCES	ENVIRON- MENTAL HEALTH
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	24,269	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	17,697
Intergovernmental revenues	53	3,541	2,065
Charges for services	—	1	6,860
Fines and forfeits	—	—	256
Interest earnings	474	—	386
Miscellaneous revenues	—	272	88
TOTAL REVENUES	24,796	3,814	27,352
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	21,247	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	16,414	—
Health and human services	—	—	27,693
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	21	—	136
TOTAL EXPENDITURES	21,268	16,414	27,829
Excess (deficiency) of revenues over (under) expenditures	3,528	(12,600)	(477)
OTHER FINANCING SOURCES (USES)			
Transfers in	—	13,888	437
Transfers out	(6,762)	(1,073)	(141)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(6,762)	12,815	296
Net change in fund balances	(3,234)	215	(181)
Fund balances (deficits) - beginning	25,333	(35)	14,322
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 22,099	\$ 180	\$ 14,141

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 6 OF 15 - CONTINUED)

	FLOOD CONTROL DISTRICT	GRANTS FUND	HISTORICAL PRESERVATION
REVENUES			
Taxes:			
Property taxes	\$ 56,512	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	309	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	10,351	—
Charges for services	—	3,521	411
Fines and forfeits	—	—	—
Interest earnings	1,603	—	2
Miscellaneous revenues	—	16	—
TOTAL REVENUES	58,424	13,888	413
EXPENDITURES			
Current:			
General government	—	180	—
Law, safety and justice	—	12,588	—
Physical environment	—	25	—
Transportation	—	—	—
Economic environment	25,012	42	—
Health and human services	—	—	—
Culture and recreation	—	—	122
Debt service:			
Interest and other debt service costs	112	—	—
Capital outlay	21,543	499	—
TOTAL EXPENDITURES	46,667	13,334	122
Excess (deficiency) of revenues over (under) expenditures	11,757	554	291
OTHER FINANCING SOURCES (USES)			
Transfers in	46	—	127
Transfers out	(1,783)	(171)	(494)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(1,737)	(171)	(367)
Net change in fund balances	10,020	383	(76)
Fund balances (deficits) - beginning	71,491	2,596	138
Prior period adjustment	242	—	—
Fund balances (deficits) - ending	\$ 81,753	\$ 2,979	\$ 62

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 7 OF 15)

	HOUSING AND COMMUNITY DEVELOPMENT	HUMAN SERVICES LEVY	INTERCOUNTY RIVER IMPROVEMENT
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ 49
Retail sales and use taxes	—	—	—
Business and other taxes	—	5	—
Licenses and permits	—	—	—
Intergovernmental revenues	44,386	—	—
Charges for services	14,624	—	—
Fines and forfeits	—	—	—
Interest earnings	902	—	1
Miscellaneous revenues	15	—	—
TOTAL REVENUES	59,927	5	50
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	81,169	—	3
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	1,581	—	—
TOTAL EXPENDITURES	82,750	—	3
Excess (deficiency) of revenues over (under) expenditures	(22,823)	5	47
OTHER FINANCING SOURCES (USES)			
Transfers in	38,272	—	—
Transfers out	(2,043)	(463)	(46)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	5,000	—	—
TOTAL OTHER FINANCING SOURCES (USES)	41,229	(463)	(46)
Net change in fund balances	18,406	(458)	1
Fund balances (deficits) - beginning	60,043	458	15
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 78,449	\$ —	\$ 16

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 8 OF 15 - CONTINUED)

	KC FLOOD CONTROL CONTRACT	LAW LIBRARY	LOCAL HAZARDOUS WASTE
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	—
Charges for services	—	637	15,580
Fines and forfeits	—	—	—
Interest earnings	(16)	7	314
Miscellaneous revenues	6	537	—
TOTAL REVENUES	(10)	1,181	15,894
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	17,162
Culture and recreation	—	1,125	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
TOTAL EXPENDITURES	—	1,125	17,162
Excess (deficiency) of revenues over (under) expenditures	(10)	56	(1,268)
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	—	—	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
Net change in fund balances	(10)	56	(1,268)
Fund balances (deficits) - beginning	47	299	16,235
Prior period adjustment	(78)	—	—
Fund balances (deficits) - ending	\$ (41)	\$ 355	\$ 14,967

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 9 OF 15)

	LONG-TERM LEASES	MAJOR MAINTENANCE	MENTAL ILL- NESS & DRUG DEPENDENCY
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	71,198
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	147
Charges for services	109	9,315	—
Fines and forfeits	—	—	—
Interest earnings	6	42	182
Miscellaneous revenues	15,633	114	1
TOTAL REVENUES	15,748	9,471	71,528
EXPENDITURES			
Current:			
General government	15,042	4,796	—
Law, safety and justice	—	703	6,577
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	72	—
Health and human services	—	—	55,039
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	34	—	—
Capital outlay	—	—	—
TOTAL EXPENDITURES	15,076	5,571	61,616
Excess (deficiency) of revenues over (under) expenditures	672	3,900	9,912
OTHER FINANCING SOURCES (USES)			
Transfers in	—	1,318	—
Transfers out	—	(177)	(9,287)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	1,141	(9,287)
Net change in fund balances	672	5,041	625
Fund balances (deficits) - beginning	(1,762)	15,909	19,678
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ (1,090)	\$ 20,950	\$ 20,303

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 10 OF 15 - CONTINUED)

	NOXIOUS WEED CONTROL	PARKS OPERATING LEVY	PARKS TRUST AND CONTRIBUTION
REVENUES			
Taxes:			
Property taxes	\$ 1	\$ 73,847	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	379	—
Licenses and permits	—	168	—
Intergovernmental revenues	126	87	—
Charges for services	2,439	4,353	—
Fines and forfeits	—	33	—
Interest earnings	20	397	—
Miscellaneous revenues	—	3,254	—
TOTAL REVENUES	2,586	82,518	—
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	2,212	—	—
Health and human services	—	—	—
Culture and recreation	—	52,635	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	27	427	—
TOTAL EXPENDITURES	2,239	53,062	—
Excess (deficiency) of revenues over (under) expenditures	347	29,456	—
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(412)	(26,979)	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	14	—
TOTAL OTHER FINANCING SOURCES (USES)	(412)	(26,965)	—
Net change in fund balances	(65)	2,491	—
Fund balances (deficits) - beginning	1,145	17,456	5
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 1,080	\$ 19,947	\$ 5

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 11 OF 15)

	PUBLIC HEALTH	PUGET SOUND EMERGENCY NETWORK LEVY	RECORDER'S OPERATING & MAINTENANCE
REVENUES			
Taxes:			
Property taxes	\$ —	\$ 31,405	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	161	—
Licenses and permits	336	—	—
Intergovernmental revenues	64,822	9	633
Charges for services	65,409	—	976
Fines and forfeits	—	—	—
Interest earnings	—	46	35
Miscellaneous revenues	2,941	—	—
TOTAL REVENUES	133,508	31,621	1,644
EXPENDITURES			
Current:			
General government	—	—	1,700
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	189,628	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	1	—	—
Capital outlay	715	—	—
TOTAL EXPENDITURES	190,344	—	1,700
Excess (deficiency) of revenues over (under) expenditures	(56,836)	31,621	(56)
OTHER FINANCING SOURCES (USES)			
Transfers in	49,216	—	—
Transfers out	(1,331)	(30,912)	(118)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	47,885	(30,912)	(118)
Net change in fund balances	(8,951)	709	(174)
Fund balances (deficits) - beginning	26,385	1,545	2,022
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 17,434	\$ 2,254	\$ 1,848

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 12 OF 15 - CONTINUED)

	REGIONAL JUSTICE CENTER PRJTS	ROAD IMPROVEMENT CONSTRUCTION	ROAD IMPROVEMENT MAINTENANCE
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	—
Charges for services	—	—	2
Fines and forfeits	—	—	—
Interest earnings	5	—	—
Miscellaneous revenues	—	—	—
TOTAL REVENUES	5	—	2
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:	—	—	—
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
TOTAL EXPENDITURES	—	—	—
Excess (deficiency) of revenues over (under) expenditures	5	—	2
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	—	—	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
Net change in fund balances	5	—	2
Fund balances (deficits) - beginning	297	2	7
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 302	\$ 2	\$ 9

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 13 OF 15)

	RISK ABATEMENT	SURFACE WATER CAPITAL	SURFACE WATER MANAGEMENT
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ 7
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	2,880	1,776
Charges for services	—	3,347	58,780
Fines and forfeits	—	2	3
Interest earnings	(19)	379	137
Miscellaneous revenues	—	202	142
TOTAL REVENUES	(19)	6,810	60,845
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	8,662	12,591
Transportation	—	—	—
Economic environment	—	1,185	38,525
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:	—		
Interest and other debt service costs	155	—	43
Capital outlay	—	1,629	106
TOTAL EXPENDITURES	155	11,476	51,265
Excess (deficiency) of revenues over (under) expenditures	(174)	(4,666)	9,580
OTHER FINANCING SOURCES (USES)			
Transfers in	2,300	6,827	2,490
Transfers out	—	(1)	(10,855)
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	2,300	6,826	(8,365)
Net change in fund balances	2,126	2,160	1,215
Fund balances (deficits) - beginning	(10,548)	10,572	9,262
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ (8,422)	\$ 12,732	\$ 10,477

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 14 OF 15 - CONTINUED)

	TREASURER'S OPERATING & MAINTENANCE	TRANSFER OF DEVELOPER CREDIT	URBAN RESTORATION & HABITAT
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	—
Charges for services	620	5,242	—
Fines and forfeits	—	—	—
Interest earnings	—	187	13
Miscellaneous revenues	—	—	—
TOTAL REVENUES	620	5,429	13
EXPENDITURES			
Current:			
General government	573	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	339	1
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:	—		
Interest and other debt service costs	—	—	—
Capital outlay	—	1,578	—
TOTAL EXPENDITURES	573	1,917	1
Excess (deficiency) of revenues over (under) expenditures	47	3,512	12
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	—	—	—
General government bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—
Net change in fund balances	47	3,512	12
Fund balances (deficits) - beginning	164	7,519	693
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 211	\$ 11,031	\$ 705

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 15 OF 15 - CONCLUDED)

	VETERANS SENIORS & HUMAN SVCS	VETERANS RELIEF	YOUTH AMATEUR SPORTS
REVENUES			
Taxes:			
Property taxes	\$ 52,780	\$ 2,994	\$ —
Retail sales and use taxes	—	—	4,268
Business and other taxes	267	15	—
Licenses and permits	—	—	—
Intergovernmental revenues	84	41	—
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	231	7	177
Miscellaneous revenues	1	60	—
TOTAL REVENUES	53,363	3,117	4,445
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	9,196	2,689	—
Culture and recreation	—	—	4,070
Debt service:			
Interest and other debt service costs	—	—	85
Capital outlay	—	—	—
TOTAL EXPENDITURES	9,196	2,689	4,155
Excess (deficiency) of revenues over (under) expenditures	44,167	428	290
OTHER FINANCING SOURCES (USES)			
Transfers in	2,138	—	—
Transfers out	(38,596)	(282)	(2,867)
General government bonds issued	—	—	5,845
Premium on general government bonds issued	—	—	863
Sale of capital assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	(36,458)	(282)	3,841
Net change in fund balances	7,709	146	4,131
Fund balances (deficits) - beginning	1,669	275	8,195
Prior period adjustment	—	—	—
Fund balances (deficits) - ending	\$ 9,378	\$ 421	\$ 12,326

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

	TOTAL	LIMITED GO BOND REDEMPTION	UNLIMITED GO BOND REDEMPTION
REVENUES			
Taxes:			
Property taxes	\$ 26,108	\$ 8,915	\$ 17,193
Business and other taxes	11	2	9
Intergovernmental revenues	16,349	16,344	5
Interest earnings	201	149	52
TOTAL REVENUES	42,669	25,410	17,259
EXPENDITURES			
Debt service:			
Principal	64,093	50,733	13,360
Interest and other debt service costs	32,716	28,946	3,770
Payment to escrow	2,329	2,329	—
TOTAL EXPENDITURES	99,138	82,008	17,130
Excess (deficiency) of revenues over (under) expenditures	(56,469)	(56,598)	129
OTHER FINANCING SOURCES (USES)			
Transfers in	51,134	51,134	—
TOTAL OTHER FINANCING SOURCES (USES)	51,134	51,134	—
Net change in fund balances	(5,335)	(5,464)	129
Fund balances - beginning	14,817	12,918	1,899
Fund balances - ending	\$ 9,482	\$ 7,454	\$ 2,028

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 6)

	TOTAL	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES
REVENUES			
Taxes:			
Property taxes	\$ 35,963	\$ —	\$ 11,047
Business and other taxes	16,056	—	57
Intergovernmental revenues	9,207	—	3
Charges for services	1,969	—	—
Fines and forfeits	1	—	—
Interest earnings	4,512	168	463
Miscellaneous revenues	413	79	—
TOTAL REVENUES	68,121	247	11,570
EXPENDITURES			
Current:			
General government	12,887	7,988	—
Transportation	27,584	—	—
Economic environment	3,704	—	3,595
Health and human services	29	—	—
Culture and recreation	3,678	—	—
Debt service:			
Interest and other debt service costs	120	—	—
Capital outlay	193,574	100,625	8,996
TOTAL EXPENDITURES	241,576	108,613	12,591
Excess (deficiency) of revenues over (under) expenditures	(173,455)	(108,366)	(1,021)
OTHER FINANCING SOURCES (USES)			
Transfers in	202,574	82,744	—
Transfers out	(90,935)	(134)	—
Sale of capital assets	9,531	9,227	—
Insurance recoveries	6,952	6,952	—
TOTAL OTHER FINANCING SOURCES (USES)	128,122	98,789	—
Net change in fund balances	(45,333)	(9,577)	(1,021)
Fund balances - beginning	264,415	10,539	23,952
Fund balances - ending	\$ 219,082	\$ 962	\$ 22,931

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 6 - CONTINUED)

	COUNTY ROAD CONSTRUCTION	E911 CAPITAL FUND	FARMLAND & OPEN SPACE ACQUISITION
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	1,154	—	—
Charges for services	206	—	—
Fines and forfeits	—	—	—
Interest earnings	253	7	106
Miscellaneous revenues	—	—	21
TOTAL REVENUES	1,613	7	127
EXPENDITURES			
Current:			
General government	—	—	—
Transportation	4,211	—	—
Economic environment	—	—	55
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	2,572	669	—
TOTAL EXPENDITURES	6,783	669	55
Excess (deficiency) of revenues over (under) expenditures	(5,170)	(662)	72
OTHER FINANCING SOURCES (USES)			
Transfers in	5,427	6,739	—
Transfers out	(5,000)	—	—
Sale of capital assets	—	—	156
Insurance recoveries	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	427	6,739	156
Net change in fund balances	(4,743)	6,077	228
Fund balances - beginning	18,374	1,595	1,519
Fund balances - ending	\$ 13,631	\$ 7,672	\$ 1,747

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 6)

	FACILITIES MANAGEMENT- PARKS	FMD-PARKS FACILITY REHAB	IT SERVICES CAPITAL
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	—	—
Charges for services	—	—	—
Fines and forfeits	—	—	—
Interest earnings	24	—	1
Miscellaneous revenues	19	—	—
TOTAL REVENUES	43	—	1
EXPENDITURES			
Current:			
General government	—	—	994
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	427	—	—
Debt service:			
Interest and other debt service costs	—	—	—
Capital outlay	3,735	74	2,487
TOTAL EXPENDITURES	4,162	74	3,481
Excess (deficiency) of revenues over (under) expenditures	(4,119)	(74)	(3,480)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,809	70	3,121
Transfers out	—	—	—
Sale of capital assets	90	—	—
Insurance recoveries	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	3,899	70	3,121
Net change in fund balances	(220)	(4)	(359)
Fund balances - beginning	1,703	9	3,669
Fund balances - ending	<u>\$ 1,483</u>	<u>\$ 5</u>	<u>\$ 3,310</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 4 OF 6 - CONTINUED)

	OIRM CAPITAL PROJECTS	OPEN SPACE KC BOND- FUNDED	PARKS CAPITAL FUND
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	4,318	989
Charges for services	—	15	—
Fines and forfeits	—	—	—
Interest earnings	275	13	875
Miscellaneous revenues	—	—	294
TOTAL REVENUES	275	4,346	2,158
EXPENDITURES			
Current:			
General government	3,155	—	—
Transportation	—	—	—
Economic environment	—	54	—
Health and human services	29	—	—
Culture and recreation	—	—	3,251
Debt service:			
Interest and other debt service costs	—	35	84
Capital outlay	11,092	4,288	27,587
TOTAL EXPENDITURES	14,276	4,377	30,922
Excess (deficiency) of revenues over (under) expenditures	(14,001)	(31)	(28,764)
OTHER FINANCING SOURCES (USES)			
Transfers in	8,222	—	33,565
Transfers out	—	—	(7)
Sale of capital assets	—	—	58
Insurance recoveries	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	8,222	—	33,616
Net change in fund balances	(5,779)	(31)	4,852
Fund balances - beginning	24,272	443	47,909
Fund balances - ending	\$ 18,493	\$ 412	\$ 52,761

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 5 OF 6)

	PSB GENERAL FUND TECH CAPITAL	PUGET SOUND EMERGENCY NETWORK CAP	REAL ESTATE EXCISE TAX CAPITAL
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	15,994
Intergovernmental revenues	—	—	—
Charges for services	—	—	—
Fines and forfeits	—	—	1
Interest earnings	—	576	578
Miscellaneous revenues	—	—	—
TOTAL REVENUES	—	576	16,573
EXPENDITURES			
Current:			
General government	—	—	750
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Interest and other debt service costs	—	—	1
Capital outlay	45	30,354	—
TOTAL EXPENDITURES	45	30,354	751
Excess (deficiency) of revenues over (under) expenditures	(45)	(29,778)	15,822
OTHER FINANCING SOURCES (USES)			
Transfers in	2,002	30,912	—
Transfers out	—	—	(8,000)
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	2,002	30,912	(8,000)
Net change in fund balances	1,957	1,134	7,822
Fund balances - beginning	—	29,362	27,672
Fund balances - ending	\$ 1,957	\$ 30,496	\$ 35,494

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 6 OF 6 - CONCLUDED)

	RENTON MAINTENANCE FACILITY	YOUTH SERVICES FACILITY
REVENUES		
Taxes:		
Property taxes	\$ —	\$ 24,916
Business and other taxes	—	5
Intergovernmental revenues	2,736	7
Charges for services	1,748	—
Fines and forfeits	—	—
Interest earnings	510	663
Miscellaneous revenues	—	—
TOTAL REVENUES	4,994	25,591
EXPENDITURES		
Current:		
General government	—	—
Transportation	23,373	—
Economic environment	—	—
Health and human services	—	—
Culture and recreation	—	—
Debt service:		
Interest and other debt service costs	—	—
Capital outlay	1,050	—
TOTAL EXPENDITURES	24,423	—
Excess (deficiency) of revenues over (under) expenditures	(19,429)	25,591
OTHER FINANCING SOURCES (USES)		
Transfers in	25,963	—
Transfers out	—	(77,794)
Sale of capital assets	—	—
Insurance recoveries	—	—
TOTAL OTHER FINANCING SOURCES (USES)	25,963	(77,794)
Net change in fund balances	6,534	(52,203)
Fund balances - beginning	21,036	52,361
Fund balances - ending	\$ 27,570	\$ 158

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 3)

APPROPRIATION UNIT	2017-2018 BUDGET			VARIANCE	2017-2018 ACTUAL
	ORIGINAL	ADJUSTMENTS	FINAL		EXPENDITURES
MAJOR FUNDS					
GENERAL FUND					
County Council	\$ 3,691	\$ —	\$ 3,691	\$ 117	\$ 3,574
Council Administration	29,755	1,116	30,871	624	30,247
Hearing Examiner	1,176	(43)	1,133	95	1,038
County Auditor	4,935	(197)	4,738	161	4,577
Ombudsman/Tax Advisor	2,812	249	3,061	198	2,863
King County Civic Television	1,305	232	1,537	78	1,459
Board of Appeals	1,825	(19)	1,806	2	1,804
Office of Law Enforcement Oversight	1,591	234	1,825	242	1,583
Charter Review Commission Support	655	96	751	10	741
Office of Economic and Financial Analysis	983	—	983	17	966
Flood Control District Administration	444	621	1,065	474	591
County Executive	583	—	583	7	576
Office of the Executive	9,872	130	10,002	235	9,767
Office of Performance, Strategy and Budget	21,464	70	21,534	485	21,049
Office of Equity and Social Justice	2,428	139	2,567	28	2,539
Sheriff	347,572	12,325	359,897	6,035	353,862
Succession Planning	970	—	970	6	964
Office of Emergency Management	4,570	345	4,915	148	4,767
Executive Services Administration	4,691	145	4,836	84	4,752
Human Resources Management	15,081	140	15,221	16	15,205
Labor Relations	6,149	—	6,149	122	6,027
Cable Communications	772	256	1,028	412	616
Real Estate Services	8,878	—	8,878	722	8,156
Records and Licensing Services	23,733	120	23,853	2,053	21,800
Elections	38,334	1,052	39,386	1,716	37,670
Prosecuting Attorney	141,417	2,069	143,486	1,036	142,450
Prosecuting Attorney - Anti-profiteering	120	—	120	120	—
Superior Court	102,080	1,560	103,640	1,892	101,748
District Courts	67,161	764	67,925	3,100	64,825
Judicial Administration	43,652	817	44,469	225	44,244
Facilities Management	7,437	250	7,687	504	7,183
State Auditor	2,098	—	2,098	53	2,045
Boundary Review Board	768	—	768	59	709
Federal Lobbying	520	—	520	1	519
Special Programs: Memberships and Dues	1,574	121	1,695	7	1,688
Special Programs: Internal Support	38,123	4,900	43,023	2,617	40,406
Assessments	54,931	210	55,141	676	54,465
Transfers: Debt Service	55,521	—	55,521	9	55,512
Transfers: Dept. of Permitting & Environmental Rev	4,630	50	4,680	—	4,680
Transfers: Dept. of Transportation	4,000	—	4,000	—	4,000
Transfers: Dept. of Community & Human Services	22,961	879	23,840	2	23,838
Transfers: Dept. of Executive Services	5,814	—	5,814	9	5,805
Transfers: Dept. of Public Health	50,466	175	50,641	—	50,641
Transfers: Dept. of Natural Resources & Parks	2,848	382	3,230	192	3,038
Transfers: King County Information Technology	1,724	1,581	3,305	1,404	1,901
Transfers: CIP Transfer to DES	9,000	2,570	11,570	2,737	8,833
Transfers: Transfer to Homelessness	5,000	1,000	6,000	4,124	1,876
Jail Health Services	67,439	4,535	71,974	1,358	70,616
Medical Examiner	11,781	237	12,018	509	11,509
Adult and Juvenile Detention	291,930	8,196	300,126	6,962	293,164
Public Defense	137,839	772	138,611	522	138,089
Inmate Welfare - Adult	2,601	—	2,601	225	2,376
Inmate Welfare - Juvenile	8	—	8	—	8
TOTAL OF GENERAL FUND	1,667,712	48,079	1,715,791	42,430	1,673,361

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 3 - CONTINUED)

APPROPRIATION UNIT	2017-2018 BUDGET				2017-2018 ACTUAL
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	EXPENDITURES
BEHAVIORAL HEALTH FUND					
Behavioral Health Fund	857,917	(183,768)	674,149	38,383	635,766
TOTAL BEHAVIORAL HEALTH FUND	857,917	(183,768)	674,149	38,383	635,766
TOTAL MAJOR FUNDS	\$ 2,525,629	\$ (135,689)	\$ 2,389,940	\$ 80,813	\$ 2,309,127
NONMAJOR SPECIAL REVENUE FUNDS					
ANIMAL SERVICES					
Animal Bequest	\$ 380	\$ —	\$ 380	\$ 2	\$ 378
Regional Animal Services	14,646	—	14,646	1,586	13,060
TOTAL ANIMAL SERVICES	15,026	—	15,026	1,588	13,438
ARTS & CULTURAL DEVELOPMENT					
Cultural Development Authority	6,196	2,200	8,396	940	7,456
AUTOMATED FINGERPRINT IDENTIFICATION					
Automated Fingerprint Identification System	45,496	2,002	47,498	8,954	38,544
BEST START FOR KIDS LEVY					
Best Starts for Kids	129,798	7,050	136,848	51,044	85,804
BYRNE JUSTICE ASSISTANCE GRANT					
Byrne Justice Assistance Grants	203	(203)	—	(248)	248
COMMUNITY SERVICES OPERATING					
Community Services Operating	12,234	1,246	13,480	837	12,643
COUNTY ROAD OPERATING					
Roads	184,569	9,493	194,062	17,390	176,672
Roads Construction Transfer	40,400	155	40,555	—	40,555
TOTAL COUNTY ROAD OPERATING	224,969	9,648	234,617	17,390	217,227
DCHS ADMINISTRATION					
DCHS Administration	11,679	1,245	12,924	201	12,723
DDES OPERATING					
Dept. of Permitting and Environ. Review Abatement	1,318	—	1,318	487	831
General Public Services	3,803	150	3,953	167	3,786
Planning and Permitting	28,918	—	28,918	923	27,995
TOTAL DDES OPERATING	34,039	150	34,189	1,577	32,612
DEVELOPMENTAL DISABILITY					
Developmental Disabilities Division	65,297	11,610	76,907	4,146	72,761
DEPT. OF PUBLIC HEALTH ADMINISTRATION					
Public Health Administration	64,437	(204)	64,233	38,172	26,061
EMERGENCY MEDICAL SERVICE					
Emergency Medical Services	162,345	—	162,345	8,663	153,682
EMERGENCY TELEPHONE E911					
Enhanced-911	61,985	—	61,985	6,855	55,130
EMPLOYMENT AND EDUCATION RESOURCES					
Employment and Education Resources	22,327	12,291	34,618	2,366	32,252
ENVIRONMENTAL HEALTH					
Environmental Health	51,711	2,657	54,368	2,012	52,356
GRANTS FUND					
Grants	32,258	10,818	43,076	14,381	28,695
HISTORICAL PRESERVATION					
Historic Preservation Program	1,097	424	1,521	286	1,235
HOUSING & COMMUNITY DEVELOPMENT					
Fed Housing and Community Development	177,072	31,359	208,431	50,478	157,953
Housing Opportunity Loans	—	—	—	(47)	47
TOTAL HOUSING & COMMUNITY DEVELOPMENT	177,072	31,359	208,431	50,431	158,000
HUMAN SERVICES LEVY					
Human Services Levy	9,390	565	9,955	43	9,912

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 3 - CONCLUDED)

APPROPRIATION UNIT	2017-2018 BUDGET				2017-2018 ACTUAL
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	EXPENDITURES
INTERCOUNTY RIVER IMPROVEMENT					
Intercounty River Improvement	100	—	100	4	96
KING COUNTY FLOOD CONTROL OPERATING					
King County Flood Control Contract	126,907	75,739	202,646	95,401	107,245
LOCAL HAZARDOUS WASTE					
Local Hazardous Waste	38,728	—	38,728	6,173	32,555
MENTAL ILLNESS AND DRUG DEPENDENCY					
District Court MIDD	2,778	202	2,980	188	2,792
Judicial Administration MIDD	3,342	136	3,478	20	3,458
Mental Illness and Drug Dependency	115,561	2,730	118,291	3,799	114,492
Prosecuting Attorney MIDD	3,013	—	3,013	678	2,335
Office of Public Defender MIDD	5,406	—	5,406	202	5,204
Superior Court MIDD	3,810	—	3,810	168	3,642
TOTAL MENTAL ILLNESS & DRUG DEPENDENCY	133,910	3,068	136,978	5,055	131,923
NOXIOUS WEED CONTROL					
Noxious Weed Control Program	5,630	—	5,630	448	5,182
PARKS OPERATING LEVY					
Parks and Recreation	87,237	604	87,841	5,333	82,508
Parks Open Space and Trail Levy	142,474	1,185	143,659	1	143,658
TOTAL PARKS OPERATING LEVY	229,711	1,789	231,500	5,334	226,166
PUBLIC HEALTH					
Public Health	377,096	19,340	396,436	30,540	365,896
TOTAL PUBLIC HEALTH	377,096	19,340	396,436	30,540	365,896
PUGET SOUND EMERGENCY NETWORK LEVY					
Puget Sound Emergency Regional Network Levy	61,365	—	61,365	—	61,365
RECORDER'S O & M FUND					
Recorder's Operation and Maintenance	4,238	25	4,263	730	3,533
RISK ABATEMENT					
OMB 2006	—	—	—	(273)	273
SURFACE WATER MGT FUND					
Surface Water Mgmt Local Drainage Services	71,148	2,268	73,416	2,810	70,606
Water and Land Resources Shared Services	73,033	—	73,033	3,751	69,282
TOTAL SURFACE WATER MGT FUND	144,181	2,268	146,449	6,561	139,888
VETERANS AND FAMILY LEVY					
Veterans and Family Levy	9,540	337	9,877	59	9,818
Veterans, Seniors & Human Services Levy	—	51,517	51,517	5,400	46,117
TOTAL VETERANS AND FAMILY LEVY	9,540	51,854	61,394	5,459	55,935
VETERANS RELIEF					
Veterans Relief	6,173	—	6,173	186	5,987
YOUTH AMATEUR SPORTS					
Youth Amateur Sports Fund	10,706	9,241	19,947	11,015	8,932
TOTAL NONMAJOR SPECIAL REVENUE FUNDS	\$ 2,275,844	\$ 256,182	\$ 2,532,026	\$ 376,271	\$ 2,155,755
DEBT SERVICE FUNDS					
LIMITED GO BOND REDEMPTION					
Limited GO Bond Redemption	\$ 246,256	\$ —	\$ 246,256	\$ 12,929	\$ 233,327
HUD Section 108 Loan Repayment	577	—	577	—	577
TOTAL LIMITED GO BOND REDEMPTION	246,833	—	246,833	12,929	233,904
UNLIMITED GO BOND REDEMPTION					
Unlimited GO Bond Redemption	34,338	—	34,338	498	33,840
TOTAL DEBT SERVICE FUNDS	\$ 281,171	\$ —	\$ 281,171	\$ 13,427	\$ 267,744
TOTAL GOVERNMENTAL FUNDS	\$ 5,082,644	\$ 120,493	\$ 5,203,137	\$ 470,511	\$ 4,732,626

Note: The Schedule of Biennial Budgets and Expenditures (Budgetary Basis) by Appropriation Unit is presented in order to disclose budgeted and actual expenditure comparisons classified the same as, and at the same level of detail as, the legally adopted budget.

Proprietary Funds

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

NONMAJOR ENTERPRISE FUNDS

King County has established Enterprise Funds to account for organizations intended to be self-supporting through fees charged for services provided to the public. The County has five nonmajor enterprises that are reported using the accrual basis of accounting. A typical enterprise consists of an operating fund and construction subfund and may also include debt service or other reserve subfunds.

Institutional Network (I-Net) Enterprise Fund - Accounts for the development and operation of a fiber-optic network connecting over 300 public facilities across King County. I-Net provides broadband internet connectivity, allowing data, voice, and video communications for various public, education, and government agencies, including schools, libraries, and cities in King County. Costs are recovered primarily through user fees. In addition, Public Education and Government (PEG) fees collected based on the cable franchise agreements have contributed toward future equipment replacement.

King County International Airport (KCIA) Enterprise Fund - Accounts for the operations, maintenance, capital improvements, and expansion of the King County International Airport/Boeing Field. With its two runways (3,710 feet and 10,000 feet in length) and three fixed-base operators, KCIA provides all the facilities and services necessary to support jet and propeller-driven aircraft and helicopters. KCIA is an FAA-designated Primary, Non-hub, General Aviation Reliever Airport and averages over 180,000 operations per year.

Marine Enterprise Fund - Accounts for the operation, maintenance, capital improvements, and expansion of the County's Water Taxi service between downtown Seattle, Vashon Island, and West Seattle. The Marine Division operates two vessels and maintains one reserve vessel to provide passenger-only ferry services to the public.

Radio Communications Services Enterprise Fund - Accounts for the operation, maintenance, capital improvements, and expansion of the 800 MHz trunked radio system that provides communications for the public safety agencies of the County, as well as other local government agencies. Costs are recovered primarily through user fees, including charges for future equipment replacement.

Solid Waste Enterprise Fund - 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.

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 2)

KING COUNTY
INTERNATIONAL
AIRPORT

ASSETS

	TOTAL	I-NET	
Current assets			
Cash and cash equivalents	\$ 134,226	\$ 1,155	\$ 36,178
Restricted cash and cash equivalents	12,070	—	15
Accounts receivable, net	17,869	109	1,281
Due from other funds	1,097	2	97
Property tax receivable-delinquent	87	—	—
Due from other governments, net	7,898	272	985
Inventory of supplies	1,917	—	424
Prepayments	410	—	9
Total current assets	<u>175,574</u>	<u>1,538</u>	<u>38,989</u>
Noncurrent assets			
Restricted cash and cash equivalents	47,362	—	827
Capital assets:			
Nondepreciable assets	129,737	—	17,635
Depreciable assets, net of depreciation	319,996	1,866	67,612
Total noncurrent assets	<u>497,095</u>	<u>1,866</u>	<u>86,074</u>
TOTAL ASSETS	<u>672,669</u>	<u>3,404</u>	<u>125,063</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows on refundings	1,029	—	22
Deferred outflows on pension	3,586	15	374
Deferred outflows on other post employment benefits	35	—	3
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>4,650</u>	<u>15</u>	<u>399</u>

LIABILITIES

Current liabilities			
Accounts payable	17,410	36	1,288
Retainage payable	35	—	—
Due to other funds	329	131	2
Due to other governments	13	—	—
Interest payable	618	—	5
Wages payable	2,681	13	235
Compensated absences payable	766	5	63
Taxes payable	231	—	221
Unearned revenue	103	—	83
Customer deposits	1,447	162	15
General obligation bonds payable	7,155	—	540
Landfill closure and post-closure care	12,020	—	—
Total current liabilities	<u>42,808</u>	<u>347</u>	<u>2,452</u>
Noncurrent liabilities			
Customer deposits	827	—	827
Compensated absences payable	5,470	38	451
Other postemployment benefits	1,316	2	119
Net pension liability	13,659	35	2,047
General obligation bonds payable	182,972	—	1,168
Pollution remediation	1,500	—	245
Landfill closure and post-closure care	134,122	—	—
Total noncurrent liabilities	<u>339,866</u>	<u>75</u>	<u>4,857</u>
TOTAL LIABILITIES	<u>382,674</u>	<u>422</u>	<u>7,309</u>

DEFERRED INFLOWS OF RESOURCES

Deferred inflows on pension	8,801	40	781
Deferred inflows on other post employment benefits	102	—	9
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>8,903</u>	<u>40</u>	<u>790</u>

NET POSITION

Net investment in capital assets	280,796	1,866	83,561
Unrestricted	4,946	1,091	33,802
TOTAL NET POSITION	<u>\$ 285,742</u>	<u>\$ 2,957</u>	<u>\$ 117,363</u>

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 2)

	MARINE	RADIO COMMUNICATIONS SERVICES	SOLID WASTE
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,880	\$ 19,951	\$ 69,062
Restricted cash and cash equivalents	—	6	12,049
Accounts receivable, net	—	157	16,322
Due from other funds	105	313	580
Property tax receivable-delinquent	87	—	—
Due from other governments, net	6,294	173	174
Inventory of supplies	113	123	1,257
Prepayments	161	—	240
Total current assets	<u>14,640</u>	<u>20,723</u>	<u>99,684</u>
Noncurrent assets			
Restricted cash and cash equivalents	1,536	—	44,999
Capital assets:			
Nondepreciable assets	24,663	—	87,439
Depreciable assets, net of depreciation	19,614	2,722	228,182
Total noncurrent assets	<u>45,813</u>	<u>2,722</u>	<u>360,620</u>
TOTAL ASSETS	<u>60,453</u>	<u>23,445</u>	<u>460,304</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refundings	—	—	1,007
Deferred outflows on pension	153	95	2,949
Deferred outflows on other post employment benefits	2	1	29
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>155</u>	<u>96</u>	<u>3,985</u>
LIABILITIES			
Current liabilities			
Accounts payable	5,178	268	10,640
Retainage payable	—	6	29
Due to other funds	—	196	—
Due to other governments	13	—	—
Interest payable	24	—	589
Wages payable	120	84	2,229
Compensated absences payable	32	21	645
Taxes payable	—	3	7
Unearned revenue	—	—	20
Customer deposits	—	1,270	—
General obligation bonds payable	195	—	6,420
Landfill closure and post-closure care	—	—	12,020
Total current liabilities	<u>5,562</u>	<u>1,848</u>	<u>32,599</u>
Noncurrent liabilities			
Customer deposits	—	—	—
Compensated absences payable	232	146	4,603
Other postemployment benefits	61	34	1,100
Net pension liability	369	228	10,980
General obligation bonds payable	6,873	—	174,931
Pollution remediation	—	—	1,255
Landfill closure and post-closure care	—	—	134,122
Total noncurrent liabilities	<u>7,535</u>	<u>408</u>	<u>326,991</u>
TOTAL LIABILITIES	<u>13,097</u>	<u>2,256</u>	<u>359,590</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension	422	262	7,296
Deferred inflows on other post employment benefits	5	3	85
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>427</u>	<u>265</u>	<u>7,381</u>
NET POSITION			
Net investment in capital assets	38,745	2,722	153,902
Unrestricted	8,339	18,298	(56,584)
TOTAL NET POSITION	<u>\$ 47,084</u>	<u>\$ 21,020</u>	<u>\$ 97,318</u>

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

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 2)

**KING COUNTY
INTERNATIONAL
AIRPORT**

	TOTAL	I-NET	
OPERATING REVENUES			
I-Net fees	\$ 2,660	\$ 2,660	\$ —
Airfield fees	3,753	—	3,753
Hangar, building, and site rentals and leases	27,778	—	27,778
Radio services	5,482	—	—
Solid waste disposal charges	129,020	—	—
Passenger fares	3,189	—	—
Miscellaneous	8,237	—	1
Total operating revenues	180,119	2,660	31,532
OPERATING EXPENSES			
Personal services	55,432	328	3,455
Materials and supplies	10,481	17	819
Contract services and other charges	28,676	184	4,057
Utilities	3,752	—	2,233
Internal services	23,391	1,877	6,277
Depreciation and amortization	26,608	359	5,988
Total operating expenses	148,340	2,765	22,829
OPERATING INCOME (LOSS)	31,779	(105)	8,703
NONOPERATING REVENUES			
Property tax	5,903	—	—
Interest earnings	3,481	22	528
Other nonoperating revenues	2,432	—	1
Total nonoperating revenues	11,816	22	529
NONOPERATING EXPENSES			
Interest	6,318	—	67
(Gain) loss on disposal of capital assets	2,161	—	(15)
Landfill closure and post-closure care	33,686	—	—
Other nonoperating expenses	3,169	1	3
Total nonoperating expenses	45,334	1	55
Income (loss) before contributions and transfers	(1,739)	(84)	9,177
Capital grants and contributions	12,768	—	946
Transfers in	1,551	—	—
Transfers out	(1,437)	(356)	(128)
CHANGE IN NET POSITION	11,143	(440)	9,995
NET POSITION - JANUARY 1, 2018 (RESTATED)	274,599	3,397	107,368
NET POSITION - DECEMBER 31, 2018	\$ 285,742	\$ 2,957	\$ 117,363

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

NONMAJOR ENTERPRISE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 2 OF 2)

	MARINE	RADIO COMMUNICATIONS SERVICES	SOLID WASTE
OPERATING REVENUES			
I-Net fees	\$ —	\$ —	\$ —
Airfield fees	—	—	—
Hangar, building, and site rentals and leases	—	—	—
Radio services	—	5,482	—
Solid waste disposal charges	—	—	129,020
Passenger fares	3,189	—	—
Miscellaneous	130	—	8,106
Total operating revenues	3,319	5,482	137,126
OPERATING EXPENSES			
Personal services	3,170	1,943	46,536
Materials and supplies	869	420	8,356
Contract services and other charges	595	278	23,562
Utilities	24	132	1,363
Internal services	2,147	1,079	12,011
Depreciation and amortization	1,061	681	18,519
Total operating expenses	7,866	4,533	110,347
OPERATING INCOME (LOSS)	(4,547)	949	26,779
NONOPERATING REVENUES			
Property tax	5,903	—	—
Interest earnings	112	317	2,502
Other nonoperating revenues	1,098	314	1,019
Total nonoperating revenues	7,113	631	3,521
NONOPERATING EXPENSES			
Interest	181	—	6,070
(Gain) loss on disposal of capital assets	7	—	2,169
Landfill closure and post-closure care	—	—	33,686
Other nonoperating expenses	—	23	3,142
Total nonoperating expenses	188	23	45,067
Income (loss) before contributions and transfers	2,378	1,557	(14,767)
Capital grants and contributions	11,822	—	—
Transfers in	—	—	1,551
Transfers out	(35)	(31)	(887)
CHANGE IN NET POSITION	14,165	1,526	(14,103)
NET POSITION - JANUARY 1, 2018 (RESTATED)	32,919	19,494	111,421
NET POSITION - DECEMBER 31, 2018	\$ 47,084	\$ 21,020	\$ 97,318

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 1 OF 4)

KING COUNTY
INTERNATIONAL
AIRPORT

	TOTAL	I-NET	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 160,376	\$ 2,164	\$ 31,300
Cash received from other funds - interfund services	17,431	993	—
Cash payments to suppliers	(38,894)	(272)	(6,554)
Cash payments to other funds - interfund services	(23,474)	(1,745)	(6,276)
Cash payments for employee services	(62,319)	(341)	(6,337)
Other receipts	1,157	—	—
Other payments	(3,169)	(1)	(3)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	51,108	798	12,130
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	7,180	—	1
Transfers in	1,551	—	—
Transfers out	(1,437)	(356)	(128)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	7,294	(356)	(127)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(49,131)	(215)	(3,011)
Proceeds from capital debt	7,097	—	—
Principal paid on capital debt	(10,891)	—	(516)
Interest paid on capital debt	(3,533)	—	(82)
Capital grants and contributions	10,290	—	989
Proceeds from disposal of capital assets	(514)	—	21
Landfill closure and post-closure care	(10,426)	—	—
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(57,108)	(215)	(2,599)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	3,481	22	528
NET CASH PROVIDED BY INVESTING ACTIVITIES	3,481	22	528
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,775	249	9,932
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	188,883	906	27,088
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	\$ 193,658	\$ 1,155	\$ 37,020

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	MARINE	RADIO COMMUNICATIONS SERVICES	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,031	\$ 1,362	\$ 123,519
Cash received from other funds - interfund services	1,355	4,117	10,966
Cash payments to suppliers	(123)	(759)	(31,186)
Cash payments to other funds - interfund services	(2,147)	(1,095)	(12,211)
Cash payments for employee services	(3,314)	(2,088)	(50,239)
Other receipts	32	314	811
Other payments	—	(23)	(3,142)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,166)	1,828	38,518
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	6,951	—	228
Transfers in	—	—	1,551
Transfers out	(35)	(31)	(887)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	6,916	(31)	892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(17,348)	(58)	(28,499)
Proceeds from capital debt	7,097	—	—
Principal paid on capital debt	—	—	(10,375)
Interest paid on capital debt	(187)	—	(3,264)
Capital grants and contributions	9,301	—	—
Proceeds from disposal of capital assets	(1)	—	(534)
Landfill closure and post-closure care	—	—	(10,426)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,138)	(58)	(53,098)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	112	317	2,502
NET CASH PROVIDED BY INVESTING ACTIVITIES	112	317	2,502
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,724	2,056	(11,186)
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	5,692	17,901	137,296
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	\$ 9,416	\$ 19,957	\$ 126,110

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 3 OF 4)

	TOTAL	I-NET	KING COUNTY INTERNATIONAL AIRPORT
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 31,779	\$ (105)	\$ 8,703
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and amortization	26,608	359	5,988
Other nonoperating revenues (expenses)	(2,012)	(1)	(3)
(Increases) decreases in assets:			
Accounts receivable, net	(2,907)	76	(311)
Due from other funds	(215)	193	(34)
Due from other governments, net	118	66	—
Inventory of supplies	(41)	—	37
Prepayments and other assets	(214)	—	(9)
(Increases) decreases in deferred outflows of resources	448	1	192
Increases (decreases) in liabilities:			
Accounts payable	6,487	(70)	599
Retainage payable	(3,326)	—	(70)
Due to other funds	(83)	131	1
Due to other governments	2	—	—
Wages payable	366	2	39
Taxes payable	(137)	—	9
Unearned revenues	(45)	—	(62)
Compensated absences	102	4	35
Other postemployment benefits	(82)	(1)	(9)
Net pension liability	(11,102)	(35)	(3,355)
Customer deposits and other liabilities	1,981	162	164
Increases (decreases) in deferred inflows of resources	3,381	16	216
TOTAL ADJUSTMENTS	19,329	903	3,427
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 51,108	\$ 798	\$ 12,130
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets from other funds	\$ —	\$ —	\$ —
Contributions of capital assets to other funds	19	—	3

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	MARINE	RADIO COMMUNICATIONS SERVICES	SOLID WASTE
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ (4,547)	\$ 949	\$ 26,779
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Depreciation and amortization	1,061	681	18,519
Other nonoperating revenues (expenses)	32	291	(2,331)
(Increases) decreases in assets:			
Accounts receivable, net	—	(157)	(2,515)
Due from other funds	66	(294)	(146)
Due from other governments, net	1	48	3
Inventory of supplies	(7)	(9)	(62)
Prepayments and other assets	(1)	2	(206)
(Increases) decreases in deferred outflows of resources	10	14	231
Increases (decreases) in liabilities:			
Accounts payable	1,371	75	4,512
Retainage payable	—	—	(3,256)
Due to other funds	—	(16)	(199)
Due to other governments	2	—	—
Wages payable	21	10	294
Taxes payable	—	3	(149)
Unearned revenues	—	—	17
Compensated absences	25	1	37
Other postemployment benefits	(5)	(3)	(64)
Net pension liability	(371)	(265)	(7,076)
Customer deposits and other liabilities	—	400	1,255
Increases (decreases) in deferred inflows of resources	176	98	2,875
TOTAL ADJUSTMENTS	2,381	879	11,739
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (2,166)	\$ 1,828	\$ 38,518
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:			
Contributions of capital assets from other funds	\$ —	\$ —	\$ —
Contributions of capital assets to other funds	—	—	16

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

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 2018:

Business Resource Center Fund - Accounts for the support and maintenance of the County's financial, human resource, and budgetary business applications.

Construction and Facilities Management Fund - Accounts for custodial services, building maintenance and construction in progress project management. The fund also provides printing, copying and bindery services.

Employee Benefits Program Fund - Accounts for the activities of employee medical, dental, vision, life, accidental death and dismemberment and long-term disability benefit programs and will account for future modifications to existing benefits or additions of new employee benefits.

Financial Management Services Fund - Accounts for financial services, including accounting, payroll and benefits, treasury, contracts, and procurement services provided to King County and other contracting agencies.

Insurance Fund - Accounts for the activities of the Office of Risk Management, which include performing risk analysis, evaluating alternatives and purchasing insurance, adjusting claims, and recommending policies and practices to reduce potential liabilities and ensure the adequacy of insurance coverage for King County departments.

King County Geographic Information Systems Fund - Accounts for the activities required to operate, maintain and enhance the automated geographic information systems that serve both King County agencies and external customers.

King County Information Technology Services Fund - Accounts for Information Technology services provided to King County and other contracting agencies. The services include, but are not limited to, Business Solutions services, Workstation support, e-Government services, Voice services, Business Analysis, and IT Project Management Services. The fund is also responsible for maintenance and support of technology infrastructure to enable the services mentioned above. They include network administration, data center operations, database and server maintenance, server hosting, active directory and messaging support, web infrastructure support, and IT service desk operations.

Motor Pool Equipment Rental Fund - Accounts for the purchase and maintenance of a fleet of vehicles for use by County agencies.

Public Works Equipment Rental Fund - Accounts for the purchase and maintenance of equipment and materials primarily used by the Road Services Division for maintenance and repair.

Safety and Workers' Compensation Fund - Accounts for the administration of an employee safety and training program designed to provide a safe and healthy workplace, as required by the Washington Industrial Safety and Health Act of 1973, and accounts for King County's self-insured worker's compensation system as certified under Title 51 Revised Code of Washington (RCW), Industrial Insurance Act.

Wastewater Equipment Rental Fund - Accounts for the purchase and maintenance of equipment and vehicles used by the Wastewater Treatment Division and Water and Land Resources.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 3)

	TOTAL	BUSINESS RESOURCE CENTER	CONSTRUCTION & FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
ASSETS				
Current assets				
Cash and cash equivalents	\$ 368,401	\$ 11,182	\$ 6,990	\$ 118,685
Restricted cash and cash equivalents	18	—	18	—
Accounts receivable, net	1,301	—	4	1,034
Due from other funds	696	—	1	192
Due from other governments, net	66	—	40	—
Interfund short-term loans receivable	15,800	—	—	—
Inventory	1,548	—	248	—
Prepayments	4,377	—	—	—
Total current assets	392,207	11,182	7,301	119,911
Noncurrent assets				
Capital assets:				
Depreciable assets, net	64,784	—	78	—
Total capital assets	64,784	—	78	—
Advances to other funds	9,725	—	—	—
Total noncurrent assets	74,509	—	78	—
TOTAL ASSETS	466,716	11,182	7,379	119,911
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	9,572	719	2,453	109
Deferred outflows on other post employment benefits	73	4	22	1
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,645	723	2,475	110
LIABILITIES				
Current liabilities				
Accounts payable	12,531	509	1,576	4,845
Retainage payable	18	—	18	—
Estimated claim settlements	56,356	—	—	21,395
Due to other funds	104	69	12	—
Interest payable	25	—	—	—
Wages payable	5,778	352	1,173	329
Compensated absences payable	979	69	233	20
Taxes payable	17	—	14	—
Unearned revenues	413	—	—	413
General obligation bonds payable	5,650	—	—	—
Custodial accounts	1,747	—	—	629
Total current liabilities	83,618	999	3,026	27,631
Noncurrent liabilities				
Compensated absences payable	16,382	940	2,683	408
Other postemployment benefits	2,740	140	814	37
Net pension liability	50,392	4,549	17,084	264
General obligation bonds payable	625	—	—	—
Estimated claim settlements	101,363	—	—	—
Total noncurrent liabilities	171,502	5,629	20,581	709
TOTAL LIABILITIES	255,120	6,628	23,607	28,340
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	212	11	63	3
Deferred inflows on other post employment benefits	20,018	1,366	4,228	302
TOTAL DEFERRED INFLOWS OF RESOURCES	20,230	1,377	4,291	305
NET POSITION				
Net investment in capital assets	58,509	—	78	—
Unrestricted	142,502	3,900	(18,122)	91,376
TOTAL NET POSITION	\$ 201,011	\$ 3,900	\$ (18,044)	\$ 91,376

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 3 - CONTINUED)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES
ASSETS				
Current assets				
Cash and cash equivalents	\$ 9,137	\$ 72,455	\$ 982	\$ 6,938
Restricted cash and cash equivalents	—	—	—	—
Accounts receivable, net	230	—	—	17
Due from other funds	23	69	—	327
Due from other governments, net	—	—	9	17
Interfund short-term loans receivable	—	—	—	—
Inventory	—	—	—	—
Prepayments	—	4,374	—	—
Total current assets	9,390	76,898	991	7,299
Noncurrent assets				
Capital assets:				
Depreciable assets, net	86	—	—	30,197
Total capital assets	86	—	—	30,197
Advances to other funds	—	—	—	—
Total noncurrent assets	86	—	—	30,197
TOTAL ASSETS	9,476	76,898	991	37,496
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	1,978	182	233	3,330
Deferred outflows on other post employment benefits	12	2	2	23
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,990	184	235	3,353
LIABILITIES				
Current liabilities				
Accounts payable	405	776	3	2,464
Retainage payable	—	—	—	—
Estimated claim settlements	—	20,908	—	—
Due to other funds	—	—	—	23
Interest payable	—	—	—	25
Wages payable	853	148	190	2,305
Compensated absences payable	117	21	38	361
Taxes payable	—	—	—	—
Unearned revenues	—	—	—	—
General obligation bonds payable	—	—	—	5,650
Custodial accounts	—	508	—	604
Total current liabilities	1,375	22,361	231	11,432
Noncurrent liabilities				
Compensated absences payable	2,395	412	769	7,366
Other postemployment benefits	449	57	84	858
Net pension liability	14,515	439	562	11,609
General obligation bonds payable	—	—	—	625
Estimated claim settlements	—	49,559	—	—
Total noncurrent liabilities	17,359	50,467	1,415	20,458
TOTAL LIABILITIES	18,734	72,828	1,646	31,890
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	35	4	6	66
Deferred inflows on other post employment benefits	3,317	503	644	8,088
TOTAL DEFERRED INFLOWS OF RESOURCES	3,352	507	650	8,154
NET POSITION				
Net investment in capital assets	86	—	—	23,922
Unrestricted	(10,706)	3,747	(1,070)	(23,117)
TOTAL NET POSITION	\$ (10,620)	\$ 3,747	\$ (1,070)	\$ 805

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 3 - CONCLUDED)

	MOTOR POOL EQUIPMENT RENTAL	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
ASSETS				
Current assets				
Cash and cash equivalents	\$ 19,048	\$ 13,151	\$ 93,825	\$ 16,008
Restricted cash and cash equivalents	—	—	—	—
Accounts receivable, net	—	16	—	—
Due from other funds	32	24	—	28
Due from other governments, net	—	—	—	—
Interfund short-term loans receivable	—	—	15,800	—
Inventory	147	1,149	—	4
Prepayments	3	—	—	—
Total current assets	19,230	14,340	109,625	16,040
Noncurrent assets				
Capital assets:				
Depreciable assets, net	18,176	7,261	—	8,986
Total capital assets	18,176	7,261	—	8,986
Advances to other funds	—	—	9,725	—
Total noncurrent assets	18,176	7,261	9,725	8,986
TOTAL ASSETS	37,406	21,601	119,350	25,026
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	80	291	197	—
Deferred outflows on other post employment benefits	1	3	3	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	81	294	200	—
LIABILITIES				
Current liabilities				
Accounts payable	299	242	1,338	74
Retainage payable	—	—	—	—
Estimated claim settlements	—	—	14,053	—
Due to other funds	—	—	—	—
Interest payable	—	—	—	—
Wages payable	77	192	151	8
Compensated absences payable	30	34	56	—
Taxes payable	2	—	—	1
Unearned revenues	—	—	—	—
General obligation bonds payable	—	—	—	—
Custodial accounts	—	6	—	—
Total current liabilities	408	474	15,598	83
Noncurrent liabilities				
Compensated absences payable	116	703	590	—
Other postemployment benefits	47	129	125	—
Net pension liability	193	703	474	—
General obligation bonds payable	—	—	—	—
Estimated claim settlements	—	—	51,804	—
Total noncurrent liabilities	356	1,535	52,993	—
TOTAL LIABILITIES	764	2,009	68,591	83
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	4	10	10	—
Deferred inflows on other post employment benefits	221	805	544	—
TOTAL DEFERRED INFLOWS OF RESOURCES	225	815	554	—
NET POSITION				
Net investment in capital assets	18,176	7,261	—	8,986
Unrestricted	18,322	11,810	50,405	15,957
TOTAL NET POSITION	\$ 36,498	\$ 19,071	\$ 50,405	\$ 24,943

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 3 - CONTINUED)

	TOTAL	BUSINESS RESOURCE CENTER	CONSTRUCTION & FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
OPERATING REVENUES				
Profit (loss) on inventory sales				
Sales of inventory	\$ 11,064	\$ —	\$ —	\$ —
Cost of goods sold	(10,678)	—	—	—
Gross profit (loss) on inventory	386	—	—	—
Information resources management fees	91,486	—	—	—
Geographic information systems fees	5,615	—	—	—
Building operation and maintenance service fees	55,646	—	55,646	—
Architect/engineering/renovation service fees	7,564	—	7,564	—
Benefit program contributions & fees	278,195	—	—	278,195
Business resources management fees	20,109	20,109	—	—
Financial services	32,161	—	—	—
Insurance services	21,758	—	—	—
Equipment rental fees	26,039	—	—	—
Garage shop services	1,223	—	—	—
Printing and duplication	1,076	—	1,063	—
Workers' compensation employer contributions	25,643	—	—	—
Miscellaneous operating revenue	5,237	—	441	1
Total operating revenues	572,138	20,109	64,714	278,196
OPERATING EXPENSES				
Personal services	149,053	9,809	33,958	2,248
Materials and supplies	13,784	41	3,371	136
Contract services and other charges	333,564	6,096	8,553	266,893
Lease and maintenance of equipment	16,420	18	2,557	61
Internal services	28,670	1,626	6,227	383
Depreciation and amortization	14,410	—	23	—
Total operating expenses	555,901	17,590	54,689	269,721
OPERATING INCOME (LOSS)	16,237	2,519	10,025	8,475
NONOPERATING REVENUES				
Interest earnings	2,761	—	1	1,914
Total nonoperating revenues	2,761	—	1	1,914
NONOPERATING EXPENSES				
Interest	496	—	—	—
(Gain) loss on disposal of capital assets	334	—	6	—
Miscellaneous	1,427	9	115	—
Total nonoperating expenses	2,257	9	121	—
Income (loss) before contributions and transfers	16,741	2,510	9,905	10,389
Capital grants and contributions	13,531	—	—	—
Transfers in	512	—	456	—
Transfers out	(18,431)	(1,641)	(12,392)	(72)
CHANGE IN NET POSITION	12,353	869	(2,031)	10,317
NET POSITION - JANUARY 1, 2018 (RESTATED)	188,658	3,031	(16,013)	81,059
NET POSITION - DECEMBER 31, 2018	\$ 201,011	\$ 3,900	\$ (18,044)	\$ 91,376

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

INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2018

(IN THOUSANDS)

(PAGE 2 OF 3)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES
OPERATING REVENUES				
Profit (loss) on inventory sales				
Sales of inventory	\$ —	\$ —	\$ —	\$ —
Cost of goods sold	—	—	—	—
Gross profit (loss) on inventory	—	—	—	—
Information resources management fees	—	—	—	91,486
Geographic information systems fees	—	—	5,615	—
Building operation and maintenance service fees	—	—	—	—
Architect/engineering/renovation service fees	—	—	—	—
Benefit program contributions & fees	—	—	—	—
Business resources management fees	—	—	—	—
Financial services	32,161	—	—	—
Insurance services	—	21,758	—	—
Equipment rental fees	—	—	—	—
Garage shop services	—	—	—	—
Printing and duplication	—	—	—	13
Workers' compensation employer contributions	—	—	—	—
Miscellaneous operating revenue	544	10	958	2,402
Total operating revenues	32,705	21,768	6,573	93,901
OPERATING EXPENSES				
Personal services	24,543	3,693	4,563	58,897
Materials and supplies	293	593	38	2,549
Contract services and other charges	2,680	23,841	632	6,759
Lease and maintenance of equipment	113	7	4	12,367
Internal services	5,260	2,621	1,174	6,745
Depreciation and amortization	32	—	—	4,494
Total operating expenses	32,921	30,755	6,411	91,811
OPERATING INCOME (LOSS)	(216)	(8,987)	162	2,090
NONOPERATING REVENUES				
Interest earnings	24	—	—	—
Total nonoperating revenues	24	—	—	—
NONOPERATING EXPENSES				
Interest	—	1	—	483
(Gain) loss on disposal of capital assets	—	—	—	959
Miscellaneous	—	—	—	1,303
Total nonoperating expenses	—	1	—	2,745
Income (loss) before contributions and transfers	(192)	(8,988)	162	(655)
Capital grants and contributions	—	—	—	10,209
Transfers in	—	—	—	—
Transfers out	(97)	(26)	(24)	(3,051)
CHANGE IN NET POSITION	(289)	(9,014)	138	6,503
NET POSITION - JANUARY 1, 2018 (RESTATED)	(10,331)	12,761	(1,208)	(5,698)
NET POSITION - DECEMBER 31, 2018	\$ (10,620)	\$ 3,747	\$ (1,070)	\$ 805

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 3 - CONCLUDED)

	MOTOR POOL EQUIPMENT RENTAL	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
OPERATING REVENUES				
Profit (loss) on inventory sales				
Sales of inventory	\$ 3,478	\$ 7,300	\$ —	\$ 286
Cost of goods sold	(3,269)	(7,149)	—	(260)
Gross profit (loss) on inventory	209	151	—	26
Information resources management fees	—	—	—	—
Geographic information systems fees	—	—	—	—
Building operation and maintenance service fees	—	—	—	—
Architect/engineering/renovation service fees	—	—	—	—
Benefit program contributions & fees	—	—	—	—
Business resources management fees	—	—	—	—
Financial services	—	—	—	—
Insurance services	—	—	—	—
Equipment rental fees	13,612	8,263	—	4,164
Garage shop services	332	891	—	—
Printing and duplication	—	—	—	—
Workers' compensation employer contributions	—	—	25,643	—
Miscellaneous operating revenue	101	723	57	—
Total operating revenues	14,254	10,028	25,700	4,190
OPERATING EXPENSES				
Personal services	2,151	4,307	4,448	436
Materials and supplies	4,010	2,290	80	383
Contract services and other charges	89	278	17,736	7
Lease and maintenance of equipment	803	405	17	68
Internal services	1,064	858	2,516	196
Depreciation and amortization	5,345	2,215	—	2,301
Total operating expenses	13,462	10,353	24,797	3,391
OPERATING INCOME (LOSS)	792	(325)	903	799
NONOPERATING REVENUES				
Interest earnings	314	236	—	272
Total nonoperating revenues	314	236	—	272
NONOPERATING EXPENSES				
Interest	—	—	12	—
(Gain) loss on disposal of capital assets	(474)	(121)	—	(36)
Miscellaneous	—	—	—	—
Total nonoperating expenses	(474)	(121)	12	(36)
Income (loss) before contributions and transfers	1,580	32	891	1,107
Capital grants and contributions	2,925	237	—	160
Transfers in	56	—	—	—
Transfers out	(450)	(367)	(103)	(208)
CHANGE IN NET POSITION	4,111	(98)	788	1,059
NET POSITION - JANUARY 1, 2018 (RESTATED)	32,387	19,169	49,617	23,884
NET POSITION - DECEMBER 31, 2018	\$ 36,498	\$ 19,071	\$ 50,405	\$ 24,943

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 3)

	TOTAL	BUSINESS RESOURCE CENTER	CONSTRUCTION & FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 7,378	\$ —	\$ 1,065	\$ —
Cash received from other funds - interfund services	574,287	20,254	63,556	282,147
Cash payments to suppliers for goods and services	(283,799)	(4,442)	(10,919)	(202,233)
Cash payments to other funds - interfund services	(122,124)	(2,833)	(9,647)	(64,091)
Cash payments for employee services	(149,295)	(9,405)	(32,984)	(2,390)
Other receipts	5,237	—	441	1
Net cash provided (used) by operating activities	31,684	3,574	11,512	13,434
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund short-term loan principal amounts loaned to other funds	(15,800)	—	—	—
Interfund short-term loan principal repayments from other funds	15,144	—	—	—
Interfund advance principal amounts loaned to other funds	(9,725)	—	—	—
Interfund advance principal repayments from other funds	13,679	—	—	—
Transfers in	512	—	456	—
Transfers out	(18,431)	(1,641)	(12,392)	(72)
Net cash provided (used) by noncapital financing activities	(14,621)	(1,641)	(11,936)	(72)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(7,823)	(9)	(149)	—
Principal paid on general obligation bonds	(5,040)	—	—	—
Interest paid on general obligation bonds	(500)	—	—	—
Proceeds from disposal of capital assets	677	—	—	—
Net cash used by capital and related financing activities	(12,686)	(9)	(149)	—
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	2,748	—	1	1,914
Net cash provided (used) by investing activities	2,748	—	1	1,914
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,125	1,924	(572)	15,276
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	361,294	9,258	7,580	103,409
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	\$ 368,419	\$ 11,182	\$ 7,008	\$ 118,685
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 16,237	\$ 2,519	\$ 10,025	\$ 8,475
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	14,410	—	23	—
(Increase) decrease in accounts receivable, net	748	—	—	589
(Increase) decrease in due from other funds	3,682	145	384	3,475
(Increase) in due from other governments, net	(29)	—	(36)	—
(Increase) decrease in inventory	(115)	—	(70)	—
Decrease in prepayments	(1,162)	—	—	—
Decrease in deferred outflows of resources	(304)	(72)	(215)	24
Increase (decrease) in accounts payable	(518)	441	225	(2,161)
Increase in retainage payable	(1)	—	(1)	—
(Decrease) in estimated claim settlements	(954)	—	—	3,310
Increase (decrease) in due to other funds	(63)	69	(26)	—
Increase (decrease) in wages payable	831	72	179	17
Increase (decrease) in taxes payable	6	(4)	14	—
(Decrease) in custodial accounts and other liabilities	(315)	—	—	(112)
Increase (decrease) in compensated absences payable	465	95	6	53
Increase in other postemployment benefits	(209)	(11)	(62)	(3)
(Decrease) in net pension liability	(9,071)	(260)	(602)	(335)
Increase in deferred inflows of resources	8,046	580	1,668	102
Total adjustments	15,447	1,055	1,487	4,959
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 31,684	\$ 3,574	\$ 11,512	\$ 13,434
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from government	\$ 13,531	\$ —	\$ —	\$ —
Contributions of capital assets to government	(1,427)	(9)	(115)	—

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 3 - CONTINUED)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	KING COUNTY INFORMATION TECHNOLOGY SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,379	\$ —	\$ 191	\$ 22
Cash received from other funds - interfund services	26,602	21,614	5,444	91,461
Cash payments to suppliers for goods and services	(1,802)	(21,457)	(524)	(18,081)
Cash payments to other funds - interfund services	(6,385)	(11,046)	(1,397)	(9,345)
Cash payments for employee services	(22,652)	(4,012)	(4,856)	(60,996)
Other receipts	544	10	958	2,402
Net cash provided (used) by operating activities	1,686	(14,891)	(184)	5,463
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund short-term loan principal amounts loaned to other funds	—	—	—	—
Interfund short-term loan principal repayments from other funds	—	15,144	—	—
Interfund advance principal amounts loaned to other funds	—	—	—	—
Interfund advance principal repayments from other funds	—	13,679	—	—
Transfers in	—	—	—	—
Transfers out	(97)	(26)	(24)	(3,051)
Net cash provided (used) by noncapital financing activities	(97)	28,797	(24)	(3,051)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	—	—	—	(266)
Principal paid on general obligation bonds	—	—	—	(5,040)
Interest paid on general obligation bonds	—	—	—	(500)
Proceeds from disposal of capital assets	—	—	—	—
Net cash used by capital and related financing activities	—	—	—	(5,806)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	24	(1)	—	—
Net cash provided (used) by investing activities	24	(1)	—	—
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,613	13,905	(208)	(3,394)
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	7,524	58,550	1,190	10,332
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	\$ 9,137	\$ 72,455	\$ 982	\$ 6,938
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (216)	\$ (8,987)	\$ 162	\$ 2,090
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	32	—	—	4,494
(Increase) decrease in accounts receivable, net	(164)	—	4	320
(Increase) decrease in due from other funds	(16)	(68)	—	(200)
(Increase) in due from other governments, net	—	—	16	(9)
(Increase) decrease in inventory	—	—	—	—
Decrease in prepayments	—	(1,516)	—	354
Decrease in deferred outflows of resources	(242)	28	35	84
Increase (decrease) in accounts payable	162	529	(13)	625
Increase in retainage payable	—	—	—	—
(Decrease) in estimated claim settlements	—	(4,454)	—	—
Increase (decrease) in due to other funds	—	—	(60)	15
Increase (decrease) in wages payable	108	18	25	348
Increase (decrease) in taxes payable	(3)	—	—	—
(Decrease) in custodial accounts and other liabilities	—	(76)	—	(127)
Increase (decrease) in compensated absences payable	128	(33)	87	71
Increase in other postemployment benefits	(32)	(4)	(6)	(67)
(Decrease) in net pension liability	618	(512)	(676)	(5,856)
Increase in deferred inflows of resources	1,311	184	242	3,321
Total adjustments	1,902	(5,904)	(346)	3,373
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,686	\$ (14,891)	\$ (184)	\$ 5,463
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from government	\$ —	\$ —	\$ —	\$ 10,209
Contributions of capital assets to government	—	—	—	(1,303)

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 3 - CONCLUDED)

	MOTOR POOL EQUIPMENT RENTAL	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 424	\$ 238	\$ —	\$ 59
Cash received from other funds - interfund services	16,984	16,204	25,643	4,378
Cash payments to suppliers for goods and services	(4,476)	(3,048)	(15,921)	(896)
Cash payments to other funds - interfund services	(4,888)	(7,966)	(4,246)	(280)
Cash payments for employee services	(2,381)	(4,600)	(4,585)	(434)
Other receipts	101	723	57	—
Net cash provided (used) by operating activities	<u>5,764</u>	<u>1,551</u>	<u>948</u>	<u>2,827</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund short-term loan principal amounts loaned to other funds	—	—	(15,800)	—
Interfund short-term loan principal repayments from other funds	—	—	—	—
Interfund advance principal amounts loaned to other funds	—	—	(9,725)	—
Interfund advance principal repayments from other funds	—	—	—	—
Transfers in	56	—	—	—
Transfers out	(450)	(367)	(103)	(208)
Net cash provided (used) by noncapital financing activities	<u>(394)</u>	<u>(367)</u>	<u>(25,628)</u>	<u>(208)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(4,574)	(1,464)	—	(1,361)
Principal paid on general obligation bonds	—	—	—	—
Interest paid on general obligation bonds	—	—	—	—
Proceeds from disposal of capital assets	492	121	—	64
Net cash used by capital and related financing activities	<u>(4,082)</u>	<u>(1,343)</u>	<u>—</u>	<u>(1,297)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	314	236	(12)	272
Net cash provided (used) by investing activities	<u>314</u>	<u>236</u>	<u>(12)</u>	<u>272</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,602</u>	<u>77</u>	<u>(24,692)</u>	<u>1,594</u>
CASH AND CASH EQUIVALENTS - JANUARY 1, 2018	<u>17,446</u>	<u>13,074</u>	<u>118,517</u>	<u>14,414</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2018	<u>\$ 19,048</u>	<u>\$ 13,151</u>	<u>\$ 93,825</u>	<u>\$ 16,008</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 792	\$ (325)	\$ 903	\$ 799
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	5,345	2,215	—	2,301
(Increase) decrease in accounts receivable, net	—	(1)	—	—
(Increase) decrease in due from other funds	(14)	(11)	—	(13)
(Increase) in due from other governments, net	—	—	—	—
(Increase) decrease in inventory	(44)	(2)	—	1
Decrease in prepayments	—	—	—	—
Decrease in deferred outflows of resources	21	21	12	—
Increase (decrease) in accounts payable	(26)	(32)	(4)	(264)
Increase in retainage payable	—	—	—	—
(Decrease) in estimated claim settlements	—	—	190	—
Increase (decrease) in due to other funds	(57)	—	(4)	—
Increase (decrease) in wages payable	5	26	31	2
Increase (decrease) in taxes payable	(2)	—	—	1
(Decrease) in custodial accounts and other liabilities	—	—	—	—
Increase (decrease) in compensated absences payable	(58)	40	76	—
Increase in other postemployment benefits	(3)	(11)	(10)	—
(Decrease) in net pension liability	(265)	(706)	(477)	—
Increase in deferred inflows of resources	70	337	231	—
Total adjustments	<u>4,972</u>	<u>1,876</u>	<u>45</u>	<u>2,028</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 5,764</u>	<u>\$ 1,551</u>	<u>\$ 948</u>	<u>\$ 2,827</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Contributions of capital assets from government	\$ 2,925	\$ 237	\$ —	\$ 160
Contributions of capital assets to government	—	—	—	—

Fiduciary Funds

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

INVESTMENT TRUST FUNDS

Investment Trust Funds are used by King County to report investment activity engaged in on behalf of legally separate entities. Accounting for Investment Trust Funds is on the accrual basis and the measurement focus is economic resources.

External Investment Pool Trust Fund - 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.

External Impaired Investment Pool Trust Fund - 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.

Individual Investment Account Trust Fund - 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.

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
DECEMBER 31, 2018
(IN THOUSANDS)

	TOTAL	EXTERNAL INVESTMENT POOL	EXTERNAL IMPAIRED INVESTMENT POOL	INDIVIDUAL INVESTMENT ACCOUNTS
ASSETS				
Investments at fair value				
Repurchase Agreements	\$ 202,746	\$ 202,746	\$ —	\$ —
Commercial Paper	321,515	319,186	2,329	—
U.S. Agency Discount Notes	40,926	40,926	—	—
Supranational Discount Notes	27,658	27,658	—	—
Corporate Notes	534,233	534,233	—	—
Corporate Notes Floating Rate	55,366	55,366	—	—
U.S. Treasury Notes	1,600,529	1,592,497	—	8,032
U.S. Agency Notes	359,384	359,384	—	—
U.S. Agency Collateralized Mortgage Obligations	2,234	2,234	—	—
Supranational Coupon Notes	671,645	671,645	—	—
State Treasurer's investment pool	326,447	326,447	—	—
Total investments	4,142,683	4,132,322	2,329	8,032
Interest receivable	7,319	7,182	—	137
TOTAL ASSETS	\$ 4,150,002	\$ 4,139,504	\$ 2,329	\$ 8,169
NET POSITION				
Held in trust for pool participants	\$ 4,139,504	\$ 4,139,504	\$ —	\$ —
Held in trust for impaired pool participants	2,329	—	2,329	—
Held in trust for individual investment account participants	8,169	—	—	8,169
TOTAL NET POSITION	\$ 4,150,002	\$ 4,139,504	\$ 2,329	\$ 8,169

INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)

	TOTAL	EXTERNAL INVESTMENT POOL	EXTERNAL IMPAIRED INVESTMENT POOL	INDIVIDUAL INVESTMENT ACCOUNT
ADDITIONS				
Contributions	\$ 9,180,063	\$ 9,172,329	\$ —	\$ 7,734
Net investment earnings:				
Interest	63,894	63,489	—	405
Increase (decrease) in the fair value of investments	2,519	1,941	548	30
TOTAL ADDITIONS	9,246,476	9,237,759	548	8,169
DEDUCTIONS				
Distributions	8,577,633	8,576,301	1,332	—
TOTAL DEDUCTIONS	8,577,633	8,576,301	1,332	—
Change in net position	668,843	661,458	(784)	8,169
NET POSITION - JANUARY 1, 2018	3,481,159	3,478,046	3,113	—
NET POSITION - DECEMBER 31, 2018	<u>\$ 4,150,002</u>	<u>\$ 4,139,504</u>	<u>\$ 2,329</u>	<u>\$ 8,169</u>

AGENCY FUNDS

Agency Funds are clearing accounts employed to account for assets held by King County in its capacity as custodian or agent and are offset by equal and related liabilities. Accounting for Agency Funds is on the accrual basis. There is no measurement of operational results.

There are two major classifications of Agency Funds: (1) those that are used with the operations of King County government; and (2) those that are used to account for cash received and disbursed in King County's capacity as *ex officio* treasurer or collection agent for special districts and other governments.

AGENCY FUNDS - COUNTY GOVERNMENT

Enhanced-911 PSAP Escrow Fund - Utilized to account for receipt of Enhanced-911 excise tax revenue and subsequent distribution to the Public Safety Answering Points (PSAP) in King County.

Judicial Administration Agency Fund - Utilized to account for money deposited with King County Superior Court pending outcome of litigation.

Debt Service Clearing Fund - Established to account for money held by King County as fiscal agent for the payment of debt service on bonds.

Miscellaneous Agency Funds - Funds established to account for amounts associated with short-term or relatively minor custodial activities. Activities in these funds account for the receipts and disbursements associated with the Plan to Achieve Self-Sufficiency (PASS) program, unclaimed effects and assets of deceased individuals, employee charitable payroll deductions, and Community Development Block Grants held on the behalf of homeowners who qualify for one of several programs of housing and improvements for health, safety, and blight elimination.

Miscellaneous Property Tax Funds - 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.

Miscellaneous Tax Distribution Fund - 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.

Payroll and Accounts Payable Clearing Funds - Established to centralize issuance of payroll and accounts payable warrants that are reimbursed by each benefiting fund.

School District Impact Fee Fund - Utilized to account for receipt and disbursement of fees authorized by the State of Washington Growth Management Act of 1990. In 1992, King County adopted Ordinance 10122 for the purpose of implementing the school impact fee program, allowing the County to enter into interlocal agreements with school districts. Thirteen school districts qualify to receive Impact Fees in 2018.

AGENCY FUNDS - SPECIAL DISTRICTS/OTHER GOVERNMENTS

King County utilized approximately 775 active funds in 2018 to account for the resources of special districts/other governments and related liabilities of King County.

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.

Central Puget Sound Regional Transit Authority - Sound Transit provides the region with alternatives to meet its transportation needs. Sound Transit is governed by an eighteen-member board comprised of seventeen 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.

Fire Districts - In King County, there are 31 fire protection districts. The primary purpose of these districts is to provide fire prevention and suppression services and to offer emergency medical services to protect life and property in areas outside cities and towns, except where the cities and towns have been annexed into a fire protection district. These districts are governed by elected Boards of Fire Commissioners.

Hospital Districts - King County has three public hospital districts. These municipal corporations are authorized to own and operate public hospitals and related facilities. Each district is governed by an elected five-member Hospital Commission.

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, Renton, Enumclaw, Hunt's Point and Yarrow Point.

Library Capital Facility Districts - These districts were established for the purpose of financing the acquisition, construction, and improvement of the Issaquah and Redmond libraries.

Miscellaneous Special 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.
- Vashon-Maury Island Park and Recreation District - Established to develop and operate park and recreational facilities on Vashon-Maury Island.

Northshore Park and Recreation Service Area - This district was established to finance the acquisition and construction of a senior center in an area overlapping portions of both King County and Snohomish County corresponding to the boundaries of the Northshore School District. The district is governed by a five-member board.

Port of Seattle - The Port of Seattle is a public enterprise governed by five commissioners elected by the citizens of King County. Its mission is to provide services and facilities to accommodate the transportation of cargo and passengers

by air, water, and land. Its marine facilities include one of the largest container ports in the United States. The Port also includes Seattle-Tacoma International Airport and marinas for a commercial fishing fleet and pleasure craft. While King County is no longer the Port's treasurer, it continues to use a special district fund to account for the collection and remittance of the Port's special tax levies.

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. Puget Sound Educational Service District (PSESD), whose financial reporting is included in the School District Combining Statement of Fiduciary Assets and Liabilities, 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.

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 Public Stadium Authority - This agency was established in 1997 to oversee the construction of a new football stadium and an exhibition center. The current mission is to represent the public's interest in owning CenturyLink Field & Event Center and overseeing First & Goal Inc.'s operation of the facility for the benefit of all Washington state citizens. It is governed by a seven-member board appointed by the Governor.

Water Districts - There are 22 water districts in King County. The primary purpose of the districts is to provide consumers with the highest quality drinking water at the lowest possible cost. Each district is governed by a board with power to acquire, construct, maintain, and operate water supply systems. Reporting for the Cascade Water Alliance (CWA) is also included with the Water Districts. CWA is a municipal corporation comprised of seven municipalities (five cities and two water and sewer districts) in the Puget Sound Region that joined together to provide safe, clean, reliable water supply to its 350,000 residences and more than 20,000 businesses.

Washington State Major League Baseball Stadium - Public Facilities District (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 Special District.

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 1 OF 13 - CONTINUED)

	TOTAL AGENCY FUNDS			
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 190,998	\$ 32,691,450	\$ 32,678,888	\$ 203,560
Investments	9,083	2,624	—	11,707
Taxes receivable - delinquent	69,081	4,949,006	4,939,912	78,175
Accounts receivable	12,780	2,006,351	2,005,878	13,253
Assessments receivable	3,340	86	699	2,727
Notes and contracts receivable	51	—	—	51
TOTAL ASSETS	<u>\$ 285,333</u>	<u>\$ 39,649,517</u>	<u>\$ 39,625,377</u>	<u>\$ 309,473</u>
LIABILITIES				
Warrants payable	\$ 43,846	\$ 3,427,009	\$ 3,424,122	\$ 46,733
Accounts payable	2,711	588,363	590,040	1,034
Wages payable	17,267	1,884,065	1,891,652	9,680
Custodial accounts - County agencies	108,010	7,888,632	7,870,948	125,694
Due to special districts/other governments	113,499	33,783,621	33,770,788	126,332
TOTAL LIABILITIES	<u>\$ 285,333</u>	<u>\$ 47,571,690</u>	<u>\$ 47,547,550</u>	<u>\$ 309,473</u>

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 2 OF 13)

ENHANCED 911 PSAP ESCROW				
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 15,512	\$ 10,678	\$ 10,610	\$ 15,580
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 15,512	\$ 10,678	\$ 10,610	\$ 15,580
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	10,447	10,447	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	15,512	13,848	13,780	15,580
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	\$ 15,512	\$ 24,295	\$ 24,227	\$ 15,580

JUDICIAL ADMINISTRATION AGENCY				
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 41,716	\$ 122,905	\$ 109,351	\$ 55,270
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 41,716	\$ 122,905	\$ 109,351	\$ 55,270
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	41,716	121,933	108,379	55,270
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	\$ 41,716	\$ 121,933	\$ 108,379	\$ 55,270

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 3 OF 13 - CONTINUED)

DEBT SERVICE CLEARING FUND				
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 927,551	\$ 927,551	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ —	\$ 927,551	\$ 927,551	\$ —
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	927,551	927,551	—
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	\$ —	\$ 927,551	\$ 927,551	\$ —

MISCELLANEOUS AGENCY FUNDS				
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 17,505	\$ 71,363	\$ 68,727	\$ 20,141
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	3,233	2,842	3,233	2,842
Assessments receivable	—	—	—	—
Notes and contracts receivable	51	—	—	51
TOTAL ASSETS	\$ 20,789	\$ 74,205	\$ 71,960	\$ 23,034
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	6	2,219	2,217	8
Wages payable	—	—	—	—
Custodial accounts - County agencies	20,783	80,578	78,335	23,026
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	\$ 20,789	\$ 82,797	\$ 80,552	\$ 23,034

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 4 OF 13)

MISCELLANEOUS PROPERTY TAX FUNDS

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 17,154	\$ 5,994,720	\$ 5,993,081	\$ 18,793
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 17,154</u>	<u>\$ 5,994,720</u>	<u>\$ 5,993,081</u>	<u>\$ 18,793</u>
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	25,239	25,192	47
Wages payable	—	—	—	—
Custodial accounts - County agencies	17,154	5,998,512	5,996,920	18,746
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	<u>\$ 17,154</u>	<u>\$ 6,023,751</u>	<u>\$ 6,022,112</u>	<u>\$ 18,793</u>

MISCELLANEOUS TAX DISTRIBUTION

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 8,590	\$ 734,719	\$ 736,779	\$ 6,530
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 8,590</u>	<u>\$ 734,719</u>	<u>\$ 736,779</u>	<u>\$ 6,530</u>
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	8,590	737,720	739,780	6,530
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	<u>\$ 8,590</u>	<u>\$ 737,720</u>	<u>\$ 739,780</u>	<u>\$ 6,530</u>

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 5 OF 13 - CONTINUED)

PAYROLL AND ACCOUNTS PAYABLE CLEARING

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 63,585	\$ 5,208,421	\$ 5,214,837	\$ 57,169
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	374	1,813,107	1,813,109	372
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 63,959</u>	<u>\$ 7,021,528</u>	<u>\$ 7,027,946</u>	<u>\$ 57,541</u>
LIABILITIES				
Warrants payable	\$ 43,846	\$ 3,427,009	\$ 3,424,122	\$ 46,733
Accounts payable	2,703	550,458	552,182	979
Wages payable	17,267	1,884,065	1,891,652	9,680
Custodial accounts - County agencies	143	3,080	3,074	149
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	<u>\$ 63,959</u>	<u>\$ 5,864,612</u>	<u>\$ 5,871,030</u>	<u>\$ 57,541</u>

SCHOOL DISTRICT IMPACT FEE

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 4,112	\$ 4,845	\$ 2,564	\$ 6,393
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 4,112</u>	<u>\$ 4,845</u>	<u>\$ 2,564</u>	<u>\$ 6,393</u>
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	4,112	5,410	3,129	6,393
Due to special districts/other governments	—	—	—	—
TOTAL LIABILITIES	<u>\$ 4,112</u>	<u>\$ 5,410</u>	<u>\$ 3,129</u>	<u>\$ 6,393</u>

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 6 OF 13)

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY

	BALANCE			BALANCE
	01/01/18	INCREASES	DECREASES	12/31/18
ASSETS				
Cash and cash equivalents	\$ 288	\$ 462,674	\$ 462,870	\$ 92
Investments	—	—	—	—
Taxes receivable - delinquent	1,247	112,928	112,638	1,537
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 1,535	\$ 575,602	\$ 575,508	\$ 1,629
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	1,535	379,236	379,142	1,629
TOTAL LIABILITIES	\$ 1,535	\$ 379,236	\$ 379,142	\$ 1,629

CITIES AND TOWNS

	BALANCE			BALANCE
	01/01/18	INCREASES	DECREASES	12/31/18
ASSETS				
Cash and cash equivalents	\$ 14,595	\$ 1,298,756	\$ 1,296,846	\$ 16,505
Investments	—	—	—	—
Taxes receivable - delinquent	14,518	943,615	944,046	14,087
Accounts receivable	4,785	186,302	185,148	5,939
Assessments receivable	12	86	84	14
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 33,910	\$ 2,428,759	\$ 2,426,124	\$ 36,545
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	33,910	2,419,027	2,416,392	36,545
TOTAL LIABILITIES	\$ 33,910	\$ 2,419,027	\$ 2,416,392	\$ 36,545

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 7 OF 13 - CONTINUED)

	FIRE DISTRICTS			
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 619,224	\$ 619,224	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	4,597	242,299	241,970	4,926
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 4,597</u>	<u>\$ 861,523</u>	<u>\$ 861,194</u>	<u>\$ 4,926</u>
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	4,597	1,081,762	1,081,433	4,926
TOTAL LIABILITIES	<u>\$ 4,597</u>	<u>\$ 1,081,762</u>	<u>\$ 1,081,433</u>	<u>\$ 4,926</u>

	HOSPITAL DISTRICTS			
	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 101,659	\$ 101,659	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	764	54,371	54,346	789
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	<u>\$ 764</u>	<u>\$ 156,030</u>	<u>\$ 156,005</u>	<u>\$ 789</u>
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	764	413,714	413,689	789
TOTAL LIABILITIES	<u>\$ 764</u>	<u>\$ 413,714</u>	<u>\$ 413,689</u>	<u>\$ 789</u>

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 8 OF 13)

KING COUNTY DIRECTORS' ASSOCIATION

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 193,899	\$ 193,899	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ —	\$ 193,899	\$ 193,899	\$ —
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	—	346,976	346,976	—
TOTAL LIABILITIES	\$ —	\$ 346,976	\$ 346,976	\$ —

KING COUNTY LIBRARY SYSTEM

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 212,427	\$ 212,427	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	2,048	132,855	132,813	2,090
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 2,048	\$ 345,282	\$ 345,240	\$ 2,090
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	2,048	507,923	507,881	2,090
TOTAL LIABILITIES	\$ 2,048	\$ 507,923	\$ 507,881	\$ 2,090

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 9 OF 13 - CONTINUED)

LIBRARY CAPITAL FACILITY DISTRICTS

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 1,058	\$ 1,058	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	19	923	925	17
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 19	\$ 1,981	\$ 1,983	\$ 17
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	19	3,506	3,508	17
TOTAL LIABILITIES	\$ 19	\$ 3,506	\$ 3,508	\$ 17

MISCELLANEOUS SPECIAL DISTRICTS

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 670	\$ 110,069	\$ 110,093	\$ 646
Investments	—	—	—	—
Taxes receivable - delinquent	1,170	65,166	65,177	1,159
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 1,840	\$ 175,235	\$ 175,270	\$ 1,805
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	1,840	194,431	194,466	1,805
TOTAL LIABILITIES	\$ 1,840	\$ 194,431	\$ 194,466	\$ 1,805

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 10 OF 13)

NORTHSHORE PARK AND RECREATION SERVICE AREA

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ —	\$ 489	\$ 489	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	2	190	190	2
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 2	\$ 679	\$ 679	\$ 2
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	2	2,021	2,021	2
TOTAL LIABILITIES	\$ 2	\$ 2,021	\$ 2,021	\$ 2

PORT OF SEATTLE

	BALANCE 01/01/18	INCREASES	DECREASES	BALANCE 12/31/18
ASSETS				
Cash and cash equivalents	\$ 719	\$ 72,390	\$ 72,364	\$ 745
Investments	—	—	—	—
Taxes receivable - delinquent	1,223	73,799	73,850	1,172
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 1,942	\$ 146,189	\$ 146,214	\$ 1,917
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	1,942	145,323	145,348	1,917
TOTAL LIABILITIES	\$ 1,942	\$ 145,323	\$ 145,348	\$ 1,917

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 11 OF 13 - CONTINUED)

	SCHOOL DISTRICTS			
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ 6	\$ 13,284,272	\$ 13,284,273	\$ 5
Investments	9,083	2,624	—	11,707
Taxes receivable - delinquent	27,632	1,733,679	1,731,850	29,461
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 36,721	\$ 15,020,575	\$ 15,016,123	\$ 41,173
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	36,721	22,937,496	22,933,044	41,173
TOTAL LIABILITIES	\$ 36,721	\$ 22,937,496	\$ 22,933,044	\$ 41,173

	SEWER AND WATER DISTRICTS			
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ —	\$ 489,745	\$ 489,745	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	1,448	—	296	1,152
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 1,448	\$ 489,745	\$ 490,041	\$ 1,152
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	1,448	697,795	698,091	1,152
TOTAL LIABILITIES	\$ 1,448	\$ 697,795	\$ 698,091	\$ 1,152

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 12 OF 13)

STATE OF WASHINGTON				
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ 6,546	\$ 2,090,764	\$ 2,091,619	\$ 5,691
Investments	—	—	—	—
Taxes receivable - delinquent	15,861	1,589,181	1,582,107	22,935
Accounts receivable	4,388	4,100	4,388	4,100
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 26,795	\$ 3,684,045	\$ 3,678,114	\$ 32,726
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	2	—	2	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	26,793	3,665,123	3,659,190	32,726
TOTAL LIABILITIES	\$ 26,795	\$ 3,665,123	\$ 3,659,192	\$ 32,726

WA STATE PUBLIC STADIUM AUTHORITY				
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ —	\$ 15,165	\$ 15,165	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ —	\$ 15,165	\$ 15,165	\$ —
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	—	15,846	15,846	—
TOTAL LIABILITIES	\$ —	\$ 15,846	\$ 15,846	\$ —

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS)
(PAGE 13 OF 13 - CONCLUDED)

	WATER DISTRICTS			
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ —	\$ 639,315	\$ 639,315	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	1,880	—	319	1,561
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ 1,880	\$ 639,315	\$ 639,634	\$ 1,561
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	1,880	942,304	942,623	1,561
TOTAL LIABILITIES	\$ 1,880	\$ 942,304	\$ 942,623	\$ 1,561

	WA STATE MLB STADIUM - PUBLIC FACILITIES DISTRICT			
	BALANCE 01/01/2018	INCREASES	DECREASES	BALANCE 12/31/2018
ASSETS				
Cash and cash equivalents	\$ —	\$ 24,342	\$ 24,342	\$ —
Investments	—	—	—	—
Taxes receivable - delinquent	—	—	—	—
Accounts receivable	—	—	—	—
Assessments receivable	—	—	—	—
Notes and contracts receivable	—	—	—	—
TOTAL ASSETS	\$ —	\$ 24,342	\$ 24,342	\$ —
LIABILITIES				
Warrants payable	\$ —	\$ —	\$ —	\$ —
Accounts payable	—	—	—	—
Wages payable	—	—	—	—
Custodial accounts - County agencies	—	—	—	—
Due to special districts/other governments	—	31,138	31,138	—
TOTAL LIABILITIES	\$ —	\$ 31,138	\$ 31,138	\$ —

CAFR

Comprehensive Annual Financial Report

January 1 - December 31, 2018 King County, Washington

Statistical Section

CAFR

COMPREHENSIVE ANNUAL FINANCIAL REPORT

STATISTICAL SECTION

CONTENTS

This part of King County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Financial Trends	236 - 240
Information to help the reader understand how the County's financial performance and well-being have changed over time.	
Revenue Capacity	241 - 244
Information to help the reader assess the County's most significant local revenue source - the property tax.	
Debt Capacity	245 - 251
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.	
Operating Information	252 - 253
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	
Demographic and Economic Information	254 - 256
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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
Net investment in capital assets	\$ 1,889,721	\$ 1,922,455	\$ 1,920,793	\$ 1,905,722	\$ 2,109,711	\$ 2,204,046	\$ 2,130,800	\$ 2,233,273	\$ 2,404,324	\$ 2,648,489
Restricted	443,686	441,052	440,959	452,529	499,601	576,224	401,317	701,966	767,889	780,131
Unrestricted	(276,188)	(228,572)	(116,673)	13,174	(65,063)	(577,479)	(197,963)	(335,182)	(269,756)	(205,177)
Total governmental activities net position	<u>\$ 2,057,219</u>	<u>\$ 2,134,935</u>	<u>\$ 2,245,079</u>	<u>\$ 2,371,425</u>	<u>\$ 2,544,249</u>	<u>\$ 2,202,791</u>	<u>\$ 2,334,154</u>	<u>\$ 2,600,057</u>	<u>\$ 2,902,457</u>	<u>\$ 3,223,443</u>
Business-type activities:										
Net investment in capital assets	\$ 1,604,179	\$ 1,580,093	\$ 1,622,274	\$ 1,627,435	\$ 1,612,685	\$ 1,616,435	\$ 1,649,976	\$ 1,788,355	\$ 1,903,034	\$ 2,267,809
Restricted	649,948	259,357	311,596	267,262	214,515	216,803	243,658	244,689	278,438	286,406
Unrestricted	(4,060)	443,285	515,775	641,235	777,194	442,513	578,342	817,249	938,658	1,025,880
Total business-type activities net position	<u>\$ 2,250,067</u>	<u>\$ 2,282,735</u>	<u>\$ 2,449,645</u>	<u>\$ 2,535,932</u>	<u>\$ 2,604,394</u>	<u>\$ 2,275,751</u>	<u>\$ 2,471,976</u>	<u>\$ 2,850,293</u>	<u>\$ 3,120,130</u>	<u>\$ 3,580,095</u>
Primary government:										
Net investment in capital assets	\$ 3,493,900	\$ 3,502,548	\$ 3,543,067	\$ 3,533,157	\$ 3,722,396	\$ 3,820,481	\$ 3,780,776	\$ 4,021,628	\$ 4,307,358	\$ 4,916,298
Restricted	1,093,634	700,409	752,555	719,791	714,116	793,027	644,975	946,655	1,046,327	1,066,537
Unrestricted	(280,248)	214,713	399,102	654,409	712,131	(134,966)	380,379	482,067	668,902	820,703
Total primary government net position	<u>\$ 4,307,286</u>	<u>\$ 4,417,670</u>	<u>\$ 4,694,724</u>	<u>\$ 4,907,357</u>	<u>\$ 5,148,643</u>	<u>\$ 4,478,542</u>	<u>\$ 4,806,130</u>	<u>\$ 5,450,350</u>	<u>\$ 6,022,587</u>	<u>\$ 6,803,538</u>

The years 2009-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	\$ 106,076	\$ 193,521	\$ 153,910	\$ 147,395	\$ 189,712	\$ 215,569	\$ 251,147	\$ 214,328	\$ 229,348	\$ 172,425
Law, safety and justice	607,191	605,396	594,366	629,924	588,794	866,983	667,361	572,925	619,058	697,250
Physical environment	76,404	79,897	78,823	77,111	94,138	162,969	110,864	21,046	20,784	25,468
Transportation	111,562	101,338	100,724	78,937	68,363	112,928	84,139	88,394	102,309	93,723
Economic environment	105,515	103,153	112,081	104,707	98,219	118,868	101,942	226,291	182,881	192,707
Health and human services	458,184	456,678	457,507	469,234	480,482	607,407	508,706	602,843	632,257	702,015
Culture and recreation	53,313	54,071	56,917	60,273	48,748	64,876	50,699	93,599	52,930	64,153
Interest and other debt service costs	54,010	49,979	51,670	38,509	41,790	36,098	34,207	29,714	25,987	25,629
Total governmental activities expenses	<u>1,572,255</u>	<u>1,644,033</u>	<u>1,605,998</u>	<u>1,606,090</u>	<u>1,610,246</u>	<u>2,185,698</u>	<u>1,809,065</u>	<u>1,849,140</u>	<u>1,834,564</u>	<u>1,973,370</u>
Business-type activities:										
Airport	24,725	22,296	28,101	29,909	28,339	32,786	21,392	26,304	23,830	22,869
Public Transportation	673,436	697,611	716,949	740,384	764,580	1,020,577	777,883	848,622	883,804	824,623
Solid Waste	91,347	101,210	96,871	108,837	102,030	149,906	113,751	132,386	105,597	155,026
Water Quality	287,792	290,873	321,057	396,260	433,210	571,966	448,832	467,987	466,564	486,545
Other	12,649	13,262	13,183	13,912	15,432	19,075	14,136	14,773	15,029	15,431
Total business-type activities expenses	<u>1,089,949</u>	<u>1,125,252</u>	<u>1,176,161</u>	<u>1,289,302</u>	<u>1,343,591</u>	<u>1,794,310</u>	<u>1,375,994</u>	<u>1,490,072</u>	<u>1,494,824</u>	<u>1,504,494</u>
Total primary government expenses	<u>\$ 2,662,204</u>	<u>\$ 2,769,285</u>	<u>\$ 2,782,159</u>	<u>\$ 2,895,392</u>	<u>\$ 2,953,837</u>	<u>\$ 3,980,008</u>	<u>\$ 3,185,059</u>	<u>\$ 3,339,212</u>	<u>\$ 3,329,388</u>	<u>\$ 3,477,864</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 66,962	\$ 54,187	\$ 65,478	\$ 72,711	\$ 75,750	\$ 27,391	\$ 94,077	\$ 193,326	\$ 140,081	\$ 134,248
Law, safety and justice	148,236	155,182	155,857	143,737	150,358	160,874	169,829	105,833	158,375	167,975
Physical environment	42,878	47,598	43,607	55,526	53,825	75,191	65,445	49,120	37,316	35,596
Transportation	15,976	13,814	16,571	13,656	28,093	49,311	12,233	8,946	3,123	10,413
Economic environment	26,955	27,836	35,276	29,958	20,854	28,440	35,963	34,628	71,750	69,348
Health and human services	262,928	266,270	266,583	300,604	294,291	335,188	357,367	393,430	391,338	413,469
Culture and recreation	6,688	6,799	6,487	8,163	8,908	457	8,684	8,897	9,079	9,527
Interest and other debt service costs	881	706	1,695	1,783	8,924	14,995	15,744	—	—	—
Operating grants and contributions	206,431	197,586	205,813	205,235	175,862	182,500	189,325	218,760	234,877	220,680
Capital grants and contributions	75,592	112,530	73,182	67,113	99,812	30,274	18,113	29,709	17,169	30,461
Total governmental activities	<u>853,527</u>	<u>882,508</u>	<u>870,549</u>	<u>898,486</u>	<u>916,677</u>	<u>904,621</u>	<u>966,780</u>	<u>1,042,649</u>	<u>1,063,108</u>	<u>1,091,717</u>

The years 2009-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities:										
Charges for services:										
Airport	\$ 20,774	\$ 20,766	\$ 19,204	\$ 17,812	\$ 20,440	\$ 17,457	\$ 19,081	\$ 20,289	\$ 20,965	\$ 31,532
Public Transportation	205,170	223,278	244,511	278,143	299,382	289,943	301,030	342,737	355,548	371,653
Solid Waste	92,343	109,949	88,961	98,827	109,131	114,270	121,858	131,234	143,524	137,943
Water Quality	307,556	305,738	338,226	390,705	431,743	440,720	438,440	605,887	524,439	527,565
Other	7,418	7,639	7,664	8,746	9,222	8,964	9,067	10,735	11,275	11,807
Operating grants and contributions	90,570	57,514	61,374	58,537	35,824	37,816	30,643	58,374	36,387	41,488
Capital grants and contributions	38,291	27,191	152,999	81,712	57,919	40,204	92,242	89,336	46,741	138,057
Total business-type activities	<u>762,122</u>	<u>752,075</u>	<u>912,939</u>	<u>934,482</u>	<u>963,661</u>	<u>949,374</u>	<u>1,012,361</u>	<u>1,258,592</u>	<u>1,138,879</u>	<u>1,260,045</u>
Total primary government	<u>\$ 1,615,649</u>	<u>\$ 1,634,583</u>	<u>\$ 1,783,488</u>	<u>\$ 1,832,968</u>	<u>\$ 1,880,338</u>	<u>\$ 1,853,995</u>	<u>\$ 1,979,141</u>	<u>\$ 2,301,241</u>	<u>\$ 2,201,987</u>	<u>\$ 2,351,762</u>
Net (Expenses) Revenues										
Governmental activities	\$ (718,728)	\$ (761,525)	\$ (735,449)	\$ (707,604)	\$ (693,569)	\$ (1,281,077)	\$ (842,285)	\$ (806,491)	\$ (771,456)	\$ (881,653)
Business-type activities	<u>(327,827)</u>	<u>(373,177)</u>	<u>(263,222)</u>	<u>(354,820)</u>	<u>(379,930)</u>	<u>(844,936)</u>	<u>(363,633)</u>	<u>(231,480)</u>	<u>(355,945)</u>	<u>(244,449)</u>
Total primary government	<u>\$ (1,046,555)</u>	<u>\$ (1,134,702)</u>	<u>\$ (998,671)</u>	<u>\$ (1,062,424)</u>	<u>\$ (1,073,499)</u>	<u>\$ (2,126,013)</u>	<u>\$ (1,205,918)</u>	<u>\$ (1,037,971)</u>	<u>\$ (1,127,401)</u>	<u>\$ (1,126,102)</u>
General Revenues and Other Changes in Net Position										
Governmental activities	\$ 858,938	\$ 839,241	\$ 846,020	\$ 833,950	\$ 860,255	\$ 948,923	\$ 973,648	\$ 1,080,886	\$ 1,105,603	\$ 1,202,639
Business-type activities	<u>409,383</u>	<u>405,845</u>	<u>430,132</u>	<u>441,107</u>	<u>469,065</u>	<u>516,293</u>	<u>559,858</u>	<u>609,797</u>	<u>626,936</u>	<u>704,414</u>
Total primary government	<u>\$ 1,268,321</u>	<u>\$ 1,245,086</u>	<u>\$ 1,276,152</u>	<u>\$ 1,275,057</u>	<u>\$ 1,329,320</u>	<u>\$ 1,465,216</u>	<u>\$ 1,533,506</u>	<u>\$ 1,690,683</u>	<u>\$ 1,732,539</u>	<u>\$ 1,907,053</u>
Change in Net Position										
Governmental activities	\$ 140,210	\$ 77,716	\$ 110,571	\$ 126,346	\$ 166,686	\$ (332,154)	\$ 131,363	\$ 274,395	\$ 334,147	\$ 320,986
Business-type activities	<u>81,556</u>	<u>32,668</u>	<u>166,910</u>	<u>86,287</u>	<u>89,135</u>	<u>(328,643)</u>	<u>196,225</u>	<u>378,317</u>	<u>270,991</u>	<u>459,965</u>
Total primary government	<u>\$ 221,766</u>	<u>\$ 110,384</u>	<u>\$ 277,481</u>	<u>\$ 212,633</u>	<u>\$ 255,821</u>	<u>\$ (660,797)</u>	<u>\$ 327,588</u>	<u>\$ 652,712</u>	<u>\$ 605,138</u>	<u>\$ 780,951</u>

The years 2009-2011 have been restated for the transfer of the King County Ferry District from governmental activities to business-type activities.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	N/A	N/A	\$ 3,800	\$ 3,800	\$ 300	\$ 300	\$ 300	\$ —	\$ —	\$ —
Restricted	N/A	N/A	3,309	2,702	2,506	2,803	1,781	1,659	2,016	1,348
Committed	N/A	N/A	23,694	21,761	24,982	20,212	20,310	20,497	25,161	26,310
Assigned	N/A	N/A	7,420	8,827	8,264	8,151	12,125	35,128	19,181	28,578
Unassigned	N/A	N/A	96,545	102,554	78,318	71,742	68,113	68,195	98,412	107,845
Reserved	\$ 14,915	\$ 16,632	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved:										
Designated	3,207	4,001	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undesignated	64,304	67,610	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total General Fund	<u>\$ 82,426</u>	<u>\$ 88,243</u>	<u>\$ 134,768</u>	<u>\$ 139,644</u>	<u>\$ 114,370</u>	<u>\$ 103,208</u>	<u>\$ 102,629</u>	<u>\$ 125,479</u>	<u>\$ 144,770</u>	<u>\$ 164,081</u>
All Other Governmental Funds										
Nonspendable	N/A	N/A	\$ 12,333	\$ 14,648	\$ 14,241	\$ 12,678	\$ 14,441	\$ 9,211	\$ 11,367	\$ 11,362
Restricted	N/A	N/A	392,138	406,890	392,824	191,893	446,210	698,693	783,389	784,223
Committed	N/A	N/A	77,227	86,439	80,368	88,996	38,373	37	43	55
Assigned	N/A	N/A	16,105	33,157	45,224	286,300	117,729	33,468	45,905	43,799
Unassigned	N/A	N/A	(10,460)	(8,917)	(6,571)	(7,462)	(14,674)	(20,232)	(18,414)	(20,744)
Reserved	\$ 120,349	\$ 94,384	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Unreserved										
Designated:										
Special revenue funds	42,170	71,036	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt service funds	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital project funds	—	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Undesignated:										
Special revenue funds	183,034	165,317	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Debt service funds	36,704	42,694	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Capital project funds	26,694	77,148	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total all other governmental funds	<u>\$ 408,951</u>	<u>\$ 450,579</u>	<u>\$ 487,343</u>	<u>\$ 532,217</u>	<u>\$ 526,086</u>	<u>\$ 572,405</u>	<u>\$ 602,079</u>	<u>\$ 721,177</u>	<u>\$ 822,290</u>	<u>\$ 818,695</u>

The years 2009-2011 have been restated for the reclassification of King County Ferry District from a governmental fund to an enterprise fund.

In 2011, in accordance with the implementation of GASB Statement No. 54, the rainy day fund was moved from a special revenue fund to the General Fund.

Beginning in 2011, fund balance categories were reclassified as a result of implementing GASB Statement No. 54. Fund balance was not restated to the new categories for prior years. "N/A" indicates data is not applicable.

Since 2014, Law Library has been reported as part of the primary government as a special revenue fund under Justice and Safety fund. It was formerly reported as an agency fund under Miscellaneous Special Districts.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 836,073	\$ 826,408	\$ 837,350	\$ 818,822	\$ 861,622	\$ 932,756	\$ 973,078	\$ 1,066,173	\$ 1,082,113	\$ 1,163,256
Licenses and permits	19,628	20,936	20,576	21,652	22,155	23,633	24,564	23,525	28,253	29,254
Intergovernmental revenues	543,951	560,068	570,794	597,549	572,424	656,830	617,162	230,123	234,074	216,514
Charges for services	247,083	232,227	249,612	249,755	269,853	270,977	302,681	775,813	757,617	783,414
Fines and forfeits	10,142	9,001	8,635	8,499	7,376	6,357	7,334	8,989	26,369	27,663
Interest earnings	15,219	7,340	6,005	6,550	3,456	5,008	4,837	9,099	14,729	30,340
Miscellaneous revenues	55,496	60,202	58,373	88,590	79,705	75,419	75,123	68,129	48,197	45,456
Total revenues	1,727,592	1,716,182	1,751,345	1,791,417	1,816,591	1,970,980	2,004,779	2,181,851	2,191,352	2,295,897
Expenditures										
General government	163,615	145,108	157,215	191,558	203,740	196,721	266,934	281,447	254,165	185,908
Law, safety and justice	560,059	556,471	553,127	570,926	590,701	619,161	642,723	592,779	604,713	719,701
Physical environment	107,804	107,297	101,516	98,962	123,241	190,979	165,260	59,074	24,470	21,278
Transportation	118,817	107,388	106,888	90,737	77,468	99,991	83,810	89,075	107,082	97,039
Economic environment	105,145	102,804	111,682	104,787	98,656	102,208	102,918	116,746	189,389	202,703
Health and human services	460,206	460,584	467,409	481,747	490,932	521,960	522,650	677,657	646,839	716,004
Culture and recreation	49,168	51,069	53,260	57,067	44,188	46,665	48,003	81,317	57,508	62,573
Debt service:										
Redemption of long-term debt	117,736	62,901	50,772	56,913	70,686	71,998	64,407	57,641	63,702	66,422
Interest	36,227	30,805	29,835	25,186	33,000	31,504	28,822	35,665	33,143	33,060
Other debt service costs	22,261	15,990	42,791	2,720	608	260	20,445	8,417	419	291
Capital outlay	85,161	115,399	122,310	138,279	119,746	78,595	92,895	80,681	155,195	225,874
Total expenditures	1,826,199	1,755,816	1,796,805	1,818,882	1,852,966	1,960,042	2,038,867	2,080,499	2,136,625	2,330,853
Excess (deficiency) of revenues over (under) expenditures	(98,607)	(39,634)	(45,460)	(27,465)	(36,375)	10,938	(34,088)	101,352	54,727	(34,956)
Other Financing Sources (Uses)										
Transfers in	171,100	142,569	157,027	142,955	187,571	175,619	218,212	301,289	368,617	409,346
Transfers out	(171,715)	(139,773)	(155,565)	(137,706)	(188,847)	(167,519)	(204,986)	(294,109)	(348,857)	(386,334)
General government debt issued	84,810	82,465	109,085	51,980	—	15,395	27,355	25,025	33,325	5,845
Premium on bonds sold	5,831	6,521	5,793	59,146	7,261	6,370	33,799	3,764	5,037	863
Refunding bonds issued	42,869	41,250	25,700	256,615	92,940	34,815	198,290	—	—	—
Insurance recoveries	—	—	—	—	—	—	—	—	3,538	6,952
Sale of capital assets	2,719	(392)	17,141	547	5,638	1,157	4,323	—	—	—
Payment to refunded bonds escrow agent	(46,067)	(45,561)	(28,242)	(296,322)	(99,593)	(38,958)	(227,200)	4,627	5,009	14,757
Total other financing sources (uses)	89,547	87,079	130,939	77,215	4,970	26,879	49,793	40,596	66,669	51,429
Special item	—	—	—	—	—	—	(12,756)	—	—	—
Net change in fund balances	\$ (9,060)	\$ 47,445	\$ 85,479	\$ 49,750	\$ (31,405)	\$ 37,817	\$ 2,949	\$ 141,948	\$ 121,396	\$ 16,473
Debt service as a percentage of noncapital expenditures	8.84%	5.71%	4.81%	4.89%	5.98%	5.50%	4.79%	4.67%	4.89%	4.73%

The years 2009-2011 have been restated for the reclassification of King County Ferry District from a governmental fund to an enterprise fund.

Since 2014, Law Library has been reported as part of the primary government as a special revenue fund under Justice and Safety fund. It was formerly reported as an agency fund under Miscellaneous Special Districts.

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

YEAR	TAXABLE REAL PROPERTY				TAXABLE PERSONAL PROPERTY		TOTAL TAXABLE PROPERTY		PERCENTAGE OF ASSESSED VALUE TO ESTIMATED ACTUAL VALUE	TOTAL DIRECT TAX RATE
	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	MANUFACTURING PROPERTY	OTHER	MACHINERY & EQUIPMENT	OTHER	ASSESSED VALUE	ESTIMATED ACTUAL VALUE		
2009	\$ 286,099,396	\$ 60,331,491	\$ 9,792,547	\$ 13,072,328	\$ 8,205,353	\$ 9,388,613	\$ 386,889,728	\$ 431,461,548	89.7%	1.5
2010	243,764,953	58,386,704	10,417,510	11,506,856	8,704,135	9,191,359	341,971,517	403,965,414	84.7	1.72
2011	238,365,326	54,362,043	9,249,529	10,797,670	8,950,510	8,689,920	330,414,998	365,786,645	90.3	1.68
2012	227,449,614	54,172,019	8,712,532	11,044,709	8,601,970	9,480,094	319,460,938	346,131,439	92.3	1.84
2013	222,163,087	56,215,135	8,654,663	10,009,341	8,600,412	9,103,568	314,746,206	350,086,008	89.9	1.95
2014	243,285,020	59,878,692	8,817,579	10,443,602	9,768,484	8,450,240	340,643,617	373,068,501	91.3	1.94
2015	285,252,943	63,574,962	9,211,109	11,760,682	9,544,869	8,774,291	388,118,856	413,683,277	93.8	1.74
2016	315,624,341	69,742,685	9,636,149	12,349,296	9,616,099	9,367,036	426,335,606	459,811,075	92.7	1.69
2017	340,810,182	78,150,750	9,864,864	22,874,016	10,346,738	9,409,738	471,456,288	507,652,528	92.9	1.72
2018	395,931,088	92,276,902	10,806,811	15,171,572	8,686,537	11,789,525	534,662,435	579,466,224	92.3	1.63

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**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Direct Rates										
General	\$ 1.1	\$ 1.28	\$ 1.34	\$ 1.42	\$ 1.54	\$ 1.52	\$ 1.34	\$ 1.33	\$ 1.37	\$ 1.32
Emergency Medical Services	0.18	0.19	0.19	0.19	0.19	0.21	0.19	0.17	0.16	0.14
Road District	0.22	0.25	0.15	0.23	0.22	0.21	0.21	0.19	0.19	0.17
Total County Direct Rates	\$ 1.5	\$ 1.72	\$ 1.68	\$ 1.84	\$ 1.95	\$ 1.94	\$ 1.74	\$ 1.69	\$ 1.72	\$ 1.63
State School Fund Rate	1.96	2.22	2.28	2.42	2.57	2.47	2.29	2.17	2.03	2.92
Port of Seattle Rate	0.2	0.22	0.22	0.23	0.23	0.22	0.19	0.17	0.15	0.14
Ferry District Rate	0.05	—	0.004	0.004	0.004	0.003	0.003	0.003	0.012	0.011
King County Library System Rate	0.42	0.49	0.57	0.57	0.57	0.56	0.5	0.48	0.45	0.41
Cities and Towns Rate	.30-2.58	.33-2.92	.39-3.06	.39-3.28	.40-3.29	.36-3.15	.32-3.16	.30-3.00	.28-3.06	.26-2.92
School Districts Rate	1.18-4.54	1.74-5.28	1.80-6.00	1.81-6.14	1.83-7.55	1.94-7.28	1.83-6.42	1.86-6.75	1.94-6.74	1.82-6.30
Fire Districts Rate	.74-1.65	.83-1.90	.88-1.90	.14-1.94	.15-2.41	.14-2.42	.11-2.17	.10-2.09	.10-2.01	.09-2.00
Hospital Districts Rate	.40-.53	.46-.63	.48-.56	.31-.50	.50-.52	.47-.50	.40-.50	.38-.50	.36-.50	.33-.46
Flood Control Zone Districts Rate	0.09	0.10	0.11	0.12	0.13	0.15	0.14	0.13	0.12	0.11
Park and Recreation Districts Rate	.01-.44	.01-.52	.02-.80	.02-.74	.02-.50	.02-.53	.01-.40	.15-.50	.09-.58	.016-.52
Miscellaneous Districts Rate	.04-.44	.04-.47	.04-.50	.05-.50	.10-.50	.04-.50	.04-.50	.03-.50	.03-.47	.04-.43

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)

TAXES LEVIED				COLLECTED WITHIN THE			TOTAL COLLECTIONS		TOTAL	
FOR THE			TOTAL	YEAR OF THE LEVY		COLLECTIONS	TO DATE		UNCOLLECTED TAXES	
YEAR			ADJUSTED	PERCENTAGE OF		SUBSEQUENT	PERCENTAGE OF		PERCENTAGE OF	
YEAR	(ORIGINAL LEVY)	ADJUSTMENTS	TAX LEVY	AMOUNT	ORIGINAL LEVY	YEARS	AMOUNT	ADJUSTED LEVY	AMOUNT	ADJUSTED LEVY
2009	\$ 607,030	\$ (824)	\$ 606,206	\$ 594,263	97.90%	\$ 11,878	\$ 606,141	99.99%	\$ 65	0.01%
2010	616,316	(199)	616,117	604,359	98.06	11,683	616,042	99.99	75	0.01
2011	617,426	(258)	617,168	606,573	98.24	10,595	617,168	100.00	—	0.00
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	(160)	706,752	696,423	98.52	9,704	706,127	99.91	625	0.09
2015	726,319	(137)	726,182	716,418	98.64	9,347	725,765	99.94	417	0.06
2016	837,123	(104)	837,019	825,870	98.66	9,884	835,754	99.85	1,265	0.15
2017	864,070	(70)	864,000	852,835	98.70	8,278	861,113	99.67	2,887	0.33
2018	927,807	—	927,807	915,691	98.69	—	915,691	98.69	12,116	1.31

Source: King County Treasury Property Tax Year End Reports for 2009-2018

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	2018			2009		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Microsoft	\$ 4,140,395	1	0.68%	\$ 2,619,760	1	0.77%
Boeing	2,894,810	2	0.48	2,041,433	2	0.60
Amazon.com	2,691,325	3	0.44	—		—
Puget Sound Energy/Gas/Electric	2,642,928	4	0.44	1,154,098	3	0.34
Essex Property Trust	1,923,762	5	0.32	—		—
Alaska Airlines	1,307,962	6	0.22	654,705	4	0.19
Union Square LLC	1,046,601	7	0.17	—		—
Altus Group US Inc.	946,517	8	0.16	—		—
Prologis-RE Tax	832,141	9	0.14	—		—
Kemper Development	813,664	10	0.13	—		—
AT&T Mobility LLC	580,567	17	0.10	637,873	5	0.19
T-Mobile	—		—	583,378	6	0.17
W2007 Seattle (formerly Archon Group)	—		—	498,776	7	0.15
Bellevue Square Managers Inc	—		—	357,089	8	0.10
City Center Bellevue	—		—	336,141	9	0.10
WEA Southcenter LLC (Westfield Corporation Inc)	—		—	326,855	10	0.10
Total	19,820,672		3.28	9,210,108		2.71
Total assessed valuation of other taxpayers	586,803,025		96.72	332,761,411		97.29
Total 2018 assessed valuation for taxes due in 2019	<u>\$ 606,623,697</u>		<u>100.00%</u>			
Total 2009 assessed valuation for taxes due in 2010				<u>\$ 341,971,519</u>		<u>100.00%</u>

Source: King County Department of Assessments

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

FISCAL	GENERAL	GENERAL	GENERAL	GENERAL	GENERAL	PERCENTAGE		PER
YEAR	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OBLIGATION	OF ESTIMATED		CAPITA
	BONDS ^(a)	UNAMORTIZED	BOND	LEASE	BONDED DEBT	CAPITAL	ACTUAL TAX-	^(c)
		BONDS PREMIUM/	ANTICIPATON	REVENUE	OUTSTANDING	LEASES	ABLE VALUE ^(b)	
		DISCOUNTS	NOTES	BONDS			OF PROPERTY	
2009	\$ 1,643,976	\$ 52,839	\$ 27,095	\$ 402,455	\$ 2,126,365	\$ —	0.49%	1,112
2010	1,759,620	52,686	84,290	395,990	2,292,586	—	0.57	1,187
2011	1,698,189	50,171	82,295	385,525	2,216,180	—	0.61	1,141
2012	1,763,614	121,622	73,395	321,780	2,280,411	—	0.66	1,165
2013	1,763,383	118,097	—	265,325	2,146,805	—	0.61	1,083
2014	1,731,255	116,425	—	217,900	2,065,580	—	0.55	1,024
2015	1,844,253	178,986	—	20,965	2,044,204	—	0.49	996
2016	1,771,677	160,189	—	12,765	1,944,631	—	0.42	924
2017	1,699,077	161,084	—	—	1,860,161	8,843	0.37	868
2018	1,591,767	140,964	—	—	1,732,731	8,291	0.30	795

Additional details regarding the County's outstanding debt can be found in Note 15 - "Debt"

(a) This is the general bonded debt of both governmental and business-type activities.

(b) Property value data can be found in the table "Assessed and Estimated Actual Value of Taxable Property."

(c) Population data can be found in the table "Demographic and Economic Statistics."

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of DECEMBER 31, 2018

(IN THOUSANDS)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED ^(a)	ESTIMATED
		PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT	SHARE OF OVERLAPPING DEBT
DEBT REPAYED WITH PROPERTY TAXES			
King County – net overlapping debt:			
Port of Seattle	\$ 362,390	100.00%	\$ 362,390
School districts:			
Bellevue School District	750,324	100.00%	750,324
Lake Washington School District	655,776	100.00%	655,776
Issaquah School District	646,141	100.00%	646,141
Northshore School District	480,027	63.11%	302,936
Highline School District	459,715	100.00%	459,715
Shoreline School District	417,829	100.00%	417,829
Auburn School District	333,337	92.01%	306,712
Federal Way School District	291,186	100.00%	291,186
Renton School District	236,507	100.00%	236,507
Snoqualmie School District	231,002	100.00%	231,002
Other school districts	727,415	100.00%	727,415
Total school districts	5,229,259		5,025,543
Cities and towns ^(b) :			
City of Seattle	971,384	100.00%	971,384
City of Bellevue	261,521	100.00%	261,521
City of Bothell	85,938	52.45%	45,073
City of Kent	83,529	100.00%	83,529
City of Tukwila	81,886	100.00%	81,886
City of Auburn	52,876	100.00%	52,876
City of Redmond	51,870	100.00%	51,870
City of Renton	49,064	100.00%	49,064
City of Kirkland	37,438	100.00%	37,438
Other cities and towns	168,405	100.00%	168,405
Total cities and towns	1,843,911		1,803,046
Hospital districts	229,369	100.00%	229,369
King County Library System	77,576	98.24%	76,207
Fire districts	95,586	100.00%	95,586
Northshore Parks and Recreation Service Area District	656	63.11%	414
Park districts	5,243	100.00%	5,243
TOTAL KING COUNTY – NET OVERLAPPING DEBT	7,843,990		7,597,798
KING COUNTY – DIRECT DEBT ^(c)	738,126	100%	738,126
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 8,582,116		\$ 8,335,924

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:

685,363	General long-term debt
52,763	Unamortized premium/discounts
<u>738,126</u>	DIRECT DEBT

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)**

FISCAL YEAR	GOVERNMENTAL ACTIVITIES				
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION LEASE REVENUE BONDS	PREMIUMS, DISCOUNTS AND OTHER ADJUSTMENTS	NET GENERAL OBLIGATION AND LEASE REVENUE BONDS	GENERAL OBLIGATION CAPITAL LEASES
2009	\$ 724,295	\$ 402,455	\$ 22,557	\$ 1,149,307	\$ —
2010	728,409	395,990	24,233	1,148,632	—
2011	748,482	385,525	23,947	1,157,954	—
2012	772,439	321,780	66,786	1,161,005	—
2013	741,373	265,325	61,793	1,068,491	—
2014	717,640	217,900	63,326	998,866	—
2015	825,298	20,965	85,768	932,031	—
2016	779,012	12,765	75,940	867,717	—
2017	742,455	—	63,247	805,702	8,843
2018	677,072	—	52,763	729,835	8,291

FISCAL YEAR	BUSINESS-TYPE ACTIVITIES					STATE OF WASHINGTON REVOLVING LOANS
	GENERAL OBLIGATION BONDS	SEWER REVENUE BONDS	PREMIUMS, DISCOUNTS AND OTHER ADJUSTMENTS	NET GENERAL OBLIGATION BONDS AND REVENUE BONDS	CAPITAL LEASES	
2009	\$ 919,681	\$ 2,167,365	\$ 52,927	\$ 3,139,973	\$ 3,368	\$ 141,165
2010	1,031,211	2,433,350	71,075	3,535,636	3,279	135,995
2011	1,015,642	2,709,715	128,024	3,853,381	3,186	129,276
2012	1,064,570	2,841,755	176,348	4,082,673	3,087	136,002
2013	1,022,010	2,866,085	194,273	4,082,368	2,983	146,672
2014	1,013,615	2,813,805	207,705	4,035,125	2,874	159,053
2015	1,018,955	2,830,165	295,087	4,144,207	2,760	179,388
2016	992,665	2,884,890	369,807	4,247,362	2,640	205,989
2017	956,595	2,875,310	378,377	4,210,282	2,514	218,044
2018	914,695	2,807,510	353,187	4,075,392	2,381	229,474

FISCAL YEAR	PRIMARY GOVERNMENT		
	TOTAL	PERCENTAGE OF PERSONAL INCOME	DEBT PER CAPITA
2009	\$ 4,433,813	4.18%	\$ 2,319
2010	4,823,542	4.44	2,498
2011	5,143,797	4.39	2,648
2012	5,382,767	4.06	2,751
2013	5,300,514	3.88	2,674
2014	5,195,918	3.43	2,576
2015	5,258,386	3.26	2,562
2016	5,323,708	3.11	2,529
2017	5,245,385	2.87	2,436
2018	5,045,373	2.76	2,304

Note: Details regarding the County's outstanding debt can be found in Note 15 - "Debt."

Because personal income data is not available for 2018, the percentages use the personal income amount for 2017.

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

	2009	2010	2011	2012	2013
Assessed Valuation ^(a)	\$ 341,971,517	\$ 330,414,999	\$ 319,460,937	\$ 314,746,207	\$ 340,643,616
Limited Tax General Obligations (LTGO) for Metropolitan Functions					
Debt Limit - 0.75% of Assessed Value	\$ 2,564,786	\$ 2,478,112	\$ 2,395,957	\$ 2,360,597	\$ 2,554,827
Debt applicable to limit	985,702	1,099,943	1,059,464	1,132,185	1,092,797
Less: Amounts set aside to repay LTGO debts	(21,904)	(20,829)	(19,310)	(20,128)	(25,148)
Total net debt applicable to the limit	963,798	1,079,114	1,040,154	1,112,057	1,067,649
Legal Debt Margin ^(b) of LTGO	\$ 1,600,988	\$ 1,398,998	\$ 1,355,803	\$ 1,248,540	\$ 1,487,178
Total net debt applicable to the limit as a percentage of the debt limit	37.58%	43.55%	43.41%	47.11%	41.79%
LTGOs for General County Purposes and Metropolitan Functions					
Debt Limit - 1.5% of Assessed Value	\$ 5,129,573	\$ 4,956,225	\$ 4,791,914	\$ 4,721,193	\$ 5,109,654
Debt applicable to limit	1,998,947	2,106,580	2,211,173	2,181,468	2,070,328
Less: Amounts set aside to repay LTGO debts	(53,730)	(64,177)	(64,943)	(62,179)	(57,509)
Total net debt applicable to the limit	1,945,217	2,042,403	2,146,230	2,119,289	2,012,819
Legal Debt Margin ^(b) of LTGO	\$ 3,184,356	\$ 2,913,822	\$ 2,645,684	\$ 2,601,904	\$ 3,096,835
Total net debt applicable to the limit as a percentage of the debt limit	37.92%	41.21%	44.79%	44.89%	39.39%
Total General Obligations (GO) for Metropolitan Functions					
Debt Limit - 2.5% of Assessed Value	\$ 8,549,288	\$ 8,260,375	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090
Debt applicable to limit	985,702	1,099,943	1,059,464	1,132,185	1,092,797
Less: Amounts set aside to repay GO debts	(21,904)	(20,829)	(19,310)	(20,128)	(25,148)
Total net debt applicable to the limit	963,798	1,079,114	1,040,154	1,112,057	1,067,649
Legal Debt Margin ^(b) of total GO	\$ 7,585,490	\$ 7,181,261	\$ 6,946,369	\$ 6,756,598	\$ 7,448,441
Total net debt applicable to the limit as a percentage of the debt limit	11.27%	13.06%	13.02%	14.13%	12.54%
Total GO for County Purposes					
Debt Limit - 2.5% of Assessed Value	\$ 8,549,288	\$ 8,260,375	\$ 7,986,523	\$ 7,868,655	\$ 8,516,090
Debt applicable to limit	1,217,955	1,193,132	1,303,129	1,190,973	1,104,336
Less: Amounts set aside to repay GO debts	(41,554)	(53,891)	(52,267)	(48,774)	(39,292)
Total net debt applicable to the limit	1,176,401	1,139,241	1,250,862	1,142,199	1,065,044
Legal Debt Margin ^(b) of total GO	\$ 7,372,887	\$ 7,121,134	\$ 6,735,661	\$ 6,726,456	\$ 7,451,046
Total net debt applicable to the limit as a percentage of the debt limit	13.76%	13.79%	15.66%	14.52%	12.51%

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.

	2014	2015	2016	2017	2018
Assessed Valuation ^(a)	\$ 388,118,856	\$ 426,335,606	\$ 471,456,288	\$ 534,662,435	\$ 606,623,698
LTGOs for Metropolitan Functions					
Debt Limit - 0.75% of Assessed Value	\$ 2,910,891	\$ 3,197,517	\$ 3,535,922	\$ 4,009,968	\$ 4,549,678
Debt applicable to limit	1,126,570	1,030,577	981,943	931,848	877,083
Less: Amounts set aside to repay LTGO debts	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)
Total net debt applicable to the limit	1,084,234	988,515	928,514	880,080	828,990
Legal Debt Margin ^(b) of LTGO	\$ 1,826,657	\$ 2,209,002	\$ 2,607,408	\$ 3,129,888	\$ 3,720,688
Total net debt applicable to the limit as a percentage of the debt limit	37.25%	30.92%	26.26%	21.95%	18.22%
LTGOs for General County Purposes and Metropolitan Functions					
Debt Limit - 1.5% of Assessed Value	\$ 5,821,783	\$ 6,395,034	\$ 7,071,844	\$ 8,019,937	\$ 9,099,355
Debt applicable to limit	2,110,601	1,768,043	1,667,527	1,588,678	1,479,047
Less: Amounts set aside to repay LTGO debts	(54,910)	(53,491)	(62,968)	(64,825)	(55,690)
Total net debt applicable to the limit	2,055,691	1,714,552	1,604,559	1,523,853	1,423,357
Legal Debt Margin ^(b) of LTGO	\$ 3,766,092	\$ 4,680,482	\$ 5,467,285	\$ 6,496,084	\$ 7,675,998
Total net debt applicable to the limit as a percentage of the debt limit	35.31%	26.81%	22.69%	19.00%	15.64%
Total GOs for Metropolitan Functions					
Debt Limit - 2.5% of Assessed Value	\$ 9,702,971	\$ 10,658,390	\$ 11,786,407	\$ 13,366,561	\$ 15,165,592
Debt applicable to limit	1,126,570	1,030,577	981,943	931,848	877,083
Less: Amounts set aside to repay GO debts	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)
Total net debt applicable to the limit	1,084,234	988,515	928,514	880,080	828,990
Legal Debt Margin ^(b) of total GO	\$ 8,618,737	\$ 9,669,875	\$ 10,857,893	\$ 12,486,481	\$ 14,336,602
Total net debt applicable to the limit as a percentage of the debt limit	11.17%	9.27%	7.88%	6.58%	5.47%
Total GOs for County Purposes					
Debt Limit - 2.5% of Assessed Value	\$ 9,702,971	\$ 10,658,390	\$ 11,786,407	\$ 13,366,561	\$ 15,165,592
Debt applicable to limit	1,097,286	839,316	775,719	734,620	666,394
Less: Amounts set aside to repay GO debts	(19,723)	(13,377)	(11,582)	(15,164)	(9,851)
Total net debt applicable to the limit	1,077,563	825,939	764,137	719,456	656,543
Legal Debt Margin ^(b) of total GO	\$ 8,625,408	\$ 9,832,451	\$ 11,022,270	\$ 12,647,105	\$ 14,509,049
Total net debt applicable to the limit as a percentage of the debt limit	11.11%	7.75%	6.48%	5.38%	4.33%

DEBT SERVICE COVERAGE FOR THE WATER QUALITY ENTERPRISE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Average residential customer and residential customer equivalents (RCEs)	703,800	704,400	707,300	708,900	719,160	725,844	736,090	756,430	756,916	760,571
Percentage annual change	(0.43)%	0.09%	0.41%	0.23%	1.31%	1.07%	1.41%	2.76%	0.06%	0.48%
Operating revenues										
Sewage disposal fees	\$271,558	\$269,498	\$306,430	\$307,143	\$342,850	\$346,591	\$371,253	\$381,513	\$401,650	\$403,589
Rate stabilization	(15,398)	(15,814)	(25,523)	13,923	10,350	18,000	(12,000)	0	—	—
Capacity charge revenues	40,827	41,363	48,693	51,411	58,660	59,522	62,479	71,200	82,615	86,836
Other operating revenues	9,869	9,778	7,830	9,398	10,126	11,675	11,674	11,828	18,308	19,125
Total operating revenues	306,856	304,825	337,430	381,875	421,986	435,788	433,406	464,541	502,573	509,550
Operating and Maintenance Expenses	103,118	103,682	103,995	114,939	117,183	122,014	127,211	138,698	142,263	139,585
Add: GAAP adjustments	—	—	—	—	—	2,187	1,715	(2,377)	5,936	13,004
Net operating and maintenance expenses	103,118	103,682	103,995	114,939	117,183	124,201	128,926	136,321	148,199	152,589
Net operating revenue	203,738	201,143	233,435	266,936	304,803	311,587	304,480	328,220	354,374	356,961
Interest income	5,613	3,426	2,725	1,697	2,682	2,822	2,863	4,549	6,055	8,956
Net revenue available for debt service	209,351	204,569	236,160	268,633	307,485	314,409	307,343	332,769	360,429	365,917
Debt service										
Parity bonds	118,925	118,817	132,664	157,117	172,959	175,463	167,694	160,957	159,761	163,967
Parity lien obligations	26,042	26,838	32,910	38,626	43,064	42,876	40,348	53,164	52,650	49,121
Subordinate debt service	12,150	12,182	12,769	14,087	15,039	17,477	18,318	21,316	26,277	33,139
Total debt service	\$157,117	\$157,837	\$178,343	\$209,830	\$231,062	\$235,816	\$226,360	\$235,437	\$238,688	\$246,227
Debt service coverage										
On parity bonds	1.76	1.72	1.78	1.71	1.78	1.79	1.83	2.07	2.26	2.23
On parity bonds and parity lien obligations	1.44	1.40	1.42	1.36	1.42	1.44	1.48	1.55	1.70	1.72
On all sewer system obligations	1.33	1.29	1.32	1.28	1.33	1.33	1.36	1.41	1.51	1.49

2014 operating and maintenance expenses were restated as part of GASB Statements 68 and 71 implementation.

Non-cash GAAP adjustments consist of pension, other post-employment benefits and compensated absence accruals.

Interest Income excludes unrealized gains in the GASB Statement 31 fair market value adjustment.

**WATER QUALITY ENTERPRISE
ADDITIONAL COVERAGE RATIOS
DECEMBER 31, 2018**

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)	1.72
---	------

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)	1.49
--------------------------------	------

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)	1.37
--------------------------------------	------

In 2001, Water Quality issued an additional tier of revenue bonds. The bond covenants of the Junior Lien Variable Rate Demand Sewer Revenue Bonds, Series 2001A and Series 2001B, require that sewage disposal rates provide net revenue equal to at least 1.10 times the annual debt service requirements for all Junior Lien obligations after payment of senior lien requirements. All of Water Quality's Junior Lien Variable Rate Sewer Revenue Bonds and Multi-Modal Limited Tax General Obligation Sewer Revenue Bonds incorporate the identical requirement stated in the 2001 bond covenant requirements.

Coverage (1.10 required by covenant)	13.36
--------------------------------------	-------

**OPERATING AND CAPITAL INDICATORS BY FUNCTION
LAST TEN YEARS**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Works										
Miles of paved roads	1,694	1,581	1,479	1,451	1,441	1,442	1,418	1,418	1,415	1,415
Miles of unpaved roads	51	51	51	53	51	51	51	51	51	51
Bridges	182	180	181	182	181	181	181	182	182	182
Building Permits										
Permits	1,324	1,341	1,123	2,021	1,303	1,309	1,459	3,172	1,294	1,501
Value of buildings (in thousands)	\$ 233,635	\$ 245,912	\$ 235,562	\$ 366,207	\$ 257,261	\$ 292,863	\$ 276,607	\$ 272,327	\$ 323,987	\$ 279,194
Justice and Law Enforcement - Sheriff's Office										
Number of employees - commissioned	729	683	645	637	650	671	679	721	724	728
Number of employees - civilian	290	346	376	287	385	378	340	412	411	360
Motor Pool fleet - vehicles	638	642	632	632	629	602	640	646	646	681
Motor Pool fleet - boats	8	8	8	8	8	8	8	10	12	11
Motor Pool fleet - helicopters	7	7	5	4	4	4	5	5	5	5
Adult Detention										
Average daily adult custodial population	2,402	2,352	2,201	1,946	1,960	2,076	2,027	2,011	2,186	2,107
Average stay (in days)	21	20	21	22	21	22	22	22	22	22
Bookings	44,797	43,018	38,089	33,506	34,282	34,724	34,939	36,135	37,125	35,631
Parks and Land Use										
Number of parks	223	218	215	219	220	221	220	223	229	229
Acres of parks	168,842	169,719	170,273	170,574	171,196	171,659	172,281	172,615	173,203	173,825
Public Transportation										
Size of fleet - buses	1,560	1,465	1,505	1,503	1,462	1,423	1,472	1,396	1,429	1,491
Size of fleet - active commuter vans	1,088	1,075	1,228	1,283	1,365	1,421	1,476	1,791	1,817	1,877
Annual bus trips (in thousands)	119,485	117,002	119,840	123,127	126,682	129,081	130,648	130,800	130,093	130,617
Annual commuter van trips (in thousands)	3,187	2,851	3,118	3,451	3,524	3,416	3,560	3,555	3,626	3,497
Wastewater Treatment										
Total sewer customers (residences and residential customer equivalents)	703,800	704,400	707,300	708,900	718,160	725,844	736,090	756,430	756,916	760,571
New sewer connections equivalents	8,949	6,974	5,855	7,915	8,467	10,767	11,676	10,743	12,484	12,906
Monthly sewer rate	\$ 31.9	\$ 31.9	\$ 36.10	\$ 36.10	\$ 39.79	\$ 39.79	\$ 42.03	\$ 42.03	\$ 44.22	\$ 44.22
Residential connection charge (monthly for 15 years)	\$ 47.64	\$ 49.07	\$ 50.45	\$ 53.5	\$ 53.5	\$ 55.35	\$ 57.00	\$ 58.7	\$ 60.80	\$ 62.60
Total sewer revenues (in thousands)	\$ 256,160	\$ 253,684	\$ 285,607	\$ 321,066	\$ 353,200	\$ 364,591	\$ 371,252	\$ 381,513	\$ 401,650	\$ 403,589
Number of treatment plants	4	4	5	5	5	5	5	5	5	5
Total treatment capacity (MGD*)	767	767	767	895	895	895	895	862	862	868
Average daily flow (MGD)	169	178	173	188	167	186	178	188	194	177
Peak daily flow (MGD)	525	639	472	523	500	541	556	505	605	482

Source: Various King County agencies

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS**

Year ⁽¹⁾	FUNCTION/PROGRAM							Total
	General Government	Law, Safety and Justice ⁽²⁾	Physical Environment	Transportation	Economic Environment	Health and Human Services ⁽³⁾	Culture and Recreation	
2009	1,657	3,905	1,394	4,918	376	1,461	210	13,921
2010	1,597	3,801	1,363	4,851	294	1,474	207	13,587
2011	1,558	3,619	1,345	4,850	288	1,416	209	13,285
2012	1,497	3,871	1,275	4,554	186	1,406	204	12,993
2013	1,687	3,643	1,069	4,581	463	1,322	211	12,976
2014	1,704	3,993	1,069	4,581	464	1,311	221	13,343
2015	1,680	3,995	1,121	4,472	464	1,198	230	13,160
2016	1,680	3,995	1,121	4,472	464	1,198	230	13,160
2017	1,759	4,060	1,153	5,137	483	1,279	256	14,127
2018	1,759	4,060	1,153	5,137	483	1,279	256	14,127

Source: 2017-2018 King County Biennial Budget

Notes:

A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,088 hours are scheduled per year (including holidays, vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

(1) 2013-2016 FTE numbers are restated to represent the King County Council adopted budget ordinances and the current year function classifications.

(2) In 2016, the Law, Safety and Justice function which includes legal- and judicial-related expenses had been classified as Public Safety.

(3) Prior to 2017, the Health and Human Services function had been classified as Mental and Physical Health.

**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						
2009	1,912,012	\$ 106,247,964	\$ 55,569	\$ 66,204	8.0%	9.2%	198,679	\$ 65,877	25,108	11,647	259,298	40,136
2010	1,931,249	107,552,067	55,503	68,569	9.0	10.0	210,679	65,383	25,002	11,421	259,827	39,429
2011	1,942,600	115,758,427	58,688	63,806	7.9	9.3	216,344	66,294	24,400	11,924	262,963	40,276
2012	2,007,455	131,263,349	65,345	66,773	6.3	8.1	227,291	69,047	24,702	12,045	267,655	40,428
2013	2,046,956	135,176,058	66,073	67,276	5.0	7.0	243,588	69,900	25,098	12,131	271,130	40,464
2014	2,079,967	149,434,812	71,882	70,484	4.7	6.1	247,516	71,500	26,343	13,784	278,409	41,047
2015	2,117,125	159,665,109	75,518	75,302	4.3	5.6	258,289	73,035	26,063	13,795	287,145	41,199
2016	2,149,970	166,006,277	77,213	81,484	3.9	5.4	266,596	75,302	30,508	16,162	292,066	42,256
2017	2,188,649 *	182,495,475	83,383	87,898	3.7	4.8	277,958	78,800 *	25,274	14,725	296,519	41,771
2018	2,233,163 *	N/A	N/A	N/A	3.5	4.5	290,311	83,571 *	N/A	N/A	302,450	N/A

N/A = Not yet available

Population*, personal income, per capita personal income and average earnings per job are from Washington Regional Economic Analysis Project - King County, Washington and United States Department of Commerce, Bureau of Economic Analysis, Regional Income Division

*Estimate for 2016, 2017 and 2018 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. Median household income estimates, population 65 old and older and births and deaths are from Washington State Office of Financial Management, Forecasting Division.

Student enrollment data are from Washington State Office of Superintendent of Public Instruction.

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

TYPE OF INDUSTRY	2018			2009		
	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Trade, transportation and utilities	275,567	1	19.20%	208,825	1	17.94%
Professional and business services	233,208	2	16.25	176,858	2	15.19
Educational and health services	186,000	3	12.96	148,400	4	12.75
Government	178,383	4	12.43	167,200	3	14.36
Leisure and hospitality	146,050	5	10.17	108,117	5	9.29
Information	110,475	6	7.70	80,208	7	6.89
Manufacturing	103,400	7	7.20	103,092	6	8.86
Construction	78,625	8	5.48	57,150	9	4.91
Financial activities	73,883	9	5.15	72,600	8	6.24
Total	<u>1,385,591</u>		<u>96.53%</u>	<u>1,122,450</u>		<u>96.43%</u>
Total employment	<u>1,435,433</u>			<u>1,164,117</u>		

Source: Washington State Employment Security Department, Labor Market and Economic Analysis

Notes:

The state of Washington is legally prohibited from disclosing the names of individual employers. The information in this table is intended to assist readers in understanding the degree of concentration in the County's employment base.

The number of employees is an annual average based on total non-farm employment and is not seasonally adjusted.

**TEN LARGEST CUSTOMERS OF THE WATER QUALITY ENTERPRISE
DECEMBER 31, 2018**

	PERCENT OF REVENUE
City of Seattle	39.6%
City of Bellevue	8.3
Alderwood Water & Wastewater District	6.4
City of Kent	4.9
Soos Creek Water & Sewer District	4.9
City of Redmond	4.2
City of Auburn	4.1
City of Renton	4.0
Northshore Utility District	4.0
Ronald Wastewater District	2.6
Total	<u>83.0%</u>