

ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year
January 1 - December 31, 2022

King County, Washington



King County

Finance and
Business Operations Division



ACFR

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

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Annual Comprehensive Financial Report

December 31, 2022

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June 30, 2023

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 Annual Comprehensive Financial Report of King County, Washington (the County) for the fiscal year ended December 31, 2022. Similar to 2021, in 2022 the County continued to focus attention on pursuing an equitable recovery from the global pandemic. Federal, and to a lesser extent State, pandemic-era assistance programs continue as prominent features in this year's financial statements. Prudent management of these resources has allowed the County's overall financial position as measured by Net Position to improve 7 percent compared to last year.

The financial statements within this report are prepared according to generally accepted accounting principles that are prescribed by the Governmental Accounting Standards Board (GASB) for all state and local governments in the United States of America. This report covers the activities of King County, the primary government, and other legal entities whose activities are inextricably bound to those of the County including the King County Flood Control District, Harborview Medical Center, the King County Cultural Development Authority, and NJB Properties. These other entities are called "component units" and are reported within these financial statements alongside the County's own operations. The relationship between the Flood Control District and the County is sufficiently close that they are presented as a County agency; the financial results of the other entities may be found in the Component Unit section of this report.

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

The County's financial statements have been audited by the Washington State Auditor's Office. We are pleased to have earned an unmodified opinion on these statements, meaning that in all material respects the County's financial statements fairly represent the financial position of the County in conformity with generally accepted accounting principles for governments in the United States (GAAP). The auditor's report is presented as the first component in the financial section of this report.

Management's discussion and analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is designed to complement the MD&A and includes a profile of the County, an economic outlook, a discussion of major initiatives, and a recap of awards and acknowledgments.

Profile of the County

The County ranks number one in population in the state of Washington and is the financial, economic and industrial center of the Pacific Northwest region. Located between the sparkling blue waters of Puget Sound and the snow-capped Cascade Mountains, the County consists of 2,132 square miles, ranking 11th in geographical size among Washington's 39 counties. King County is nearly twice as large as the average county in the United States. With a population of 2.3 million, it also ranks as the 13th most populous county in the nation.

King County, named after Dr. Martin Luther King, Jr., is organized under the executive-council form of county government. The Metropolitan King County Council (the "Council") is the policy-determining legislative body while the Executive serves as the chief executive officer. Other elected officials include the prosecuting attorney, assessor, director of elections and Superior and District Court judges. The Executive presents to the Council annual statements of the County's financial and governmental affairs, the proposed biennial budget, and capital improvement plans.

The Executive signs or authorizes the signing, of all deeds, contracts and other instruments on behalf of the County and appoints the director of each executive department. The Council serves as the legislative body for the County, approving all laws (called Ordinances) and the biennial budget. Operating budgets are adopted at the appropriation unit level, which generally represents a department or division; these budgets expire at the end of the biennium unless reappropriated by the Council. The capital budget is adopted at the fund and project levels and continues until disappropriated by the Council, until the project has been completed or abandoned, or until three consecutive years have passed without expense/expenditure or encumbrance in a project. Please refer to Note 3 in the financial statements for a more detailed discussion of budgetary levels of control.

King County delivers essential 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 contract with the County for select individual or suites of services. Within appropriate jurisdictions, the County provides public transportation, wastewater treatment, waste disposal and recycling, behavioral and physical health care, emergency medical and E-911 dispatch, elections, tax assessments and collections, law enforcement, adult and juvenile detention and community corrections, court services, licensing, animal control, surface water management, flood control, road construction and maintenance, low-income housing, agricultural services, parks and recreation, land use planning and permitting, radio communications, internet and other services.

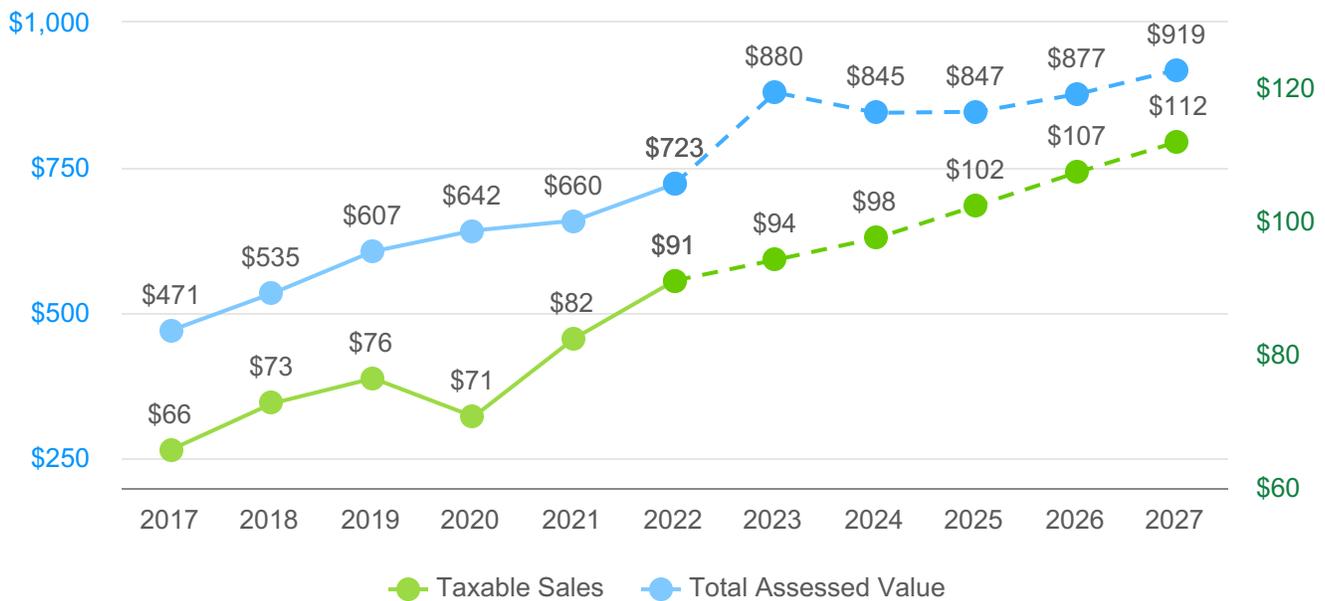
Economic Outlook

Economic conditions have a direct impact on the County's revenues and the demand for its services. The County's economy made a vigorous recovery following the 2020 pandemic, with total employment reaching an all-time high by the end of 2022. 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 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 well-diversified local economy with a strong employment base.

The County's main revenue sources include taxes, such as property and retail sales, charges for services, and intergovernmental revenues, such as grants and other financial assistance. The largest of these are combined property and sales taxes, comprising 43 percent of total countywide revenues, and charges for services at 38 percent, mostly generated by the County's large enterprise operations. The County's portion of sales tax revenue is relatively small as most of the tax is allocated to other governments including the State of Washington, cities, and Sound Transit. Retail sales and use taxes are dependent on the level of retail sales which is largely driven by economic factors such as consumer confidence, personal income growth and market interest rates. Taxable sales increased by 11 percent in 2022, another year of strong growth following the tumultuous times of 2020. Thanks to pent-up demand and the stimulating effects of government transfers, taxable sales growth rebounded significantly in 2021 and 2022 and the County expects growth to return to baseline values in 2023 and beyond.

Property taxes tend to be a more stable revenue source since the amount of revenue generated is based on the previous year's levy amount plus an increment (usually one percent), plus the property tax assessed on the value of new construction. In the County's general fund, property taxes made up the bulk of revenues at 36 percent, followed by charges for services at 27 percent, and retail sales and use taxes at 18 percent.

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



The County used 2021 assessed values to collect real property taxes in 2022. Real property assessed values, measured using total assessed value (TAV), continued to rise in 2021 increasing by 10 percent; 2022 TAV rose a hefty 22 percent. Residential property values surged in the years following the pandemic thanks to high demand and mortgage interest rates below 3 percent. For now, however, the residential sector is expected to retreat in the near-term as demand cools and buyers are faced with mortgage interest rates above 6 percent. Questions remain about the demand for commercial real estate in a post-pandemic world. The near-term expectation is that less demand for office space and higher interest rates will hamper commercial property values. Total assessed value per capita in 2022 was \$312 thousand, relatively high compared to neighboring counties (Snohomish County \$201 thousand; Pierce County \$203 thousand).

For other revenues, the 2020s have begun with whipsaw uncertainty. Pandemic-related issues have lessened over time but have given way to stubbornly high inflation. The ongoing war in Ukraine threatens the global supply chain and has added volatility in energy markets. In addition to continued pandemic-related financial challenges, the County anticipates 2023 will exhibit higher costs than previously expected.

Major initiatives

The County approached recovery from the COVID-19 pandemic through the lens of its priorities: Best Run Government, Equity and Social Justice, Confronting Climate Change, and Regional Mobility. It is through these strategic initiatives and programs that the County is advancing towards our True North vision: “Making King County a welcoming community where every person can thrive.”

COVID-19 Response and Recovery

Public Health Seattle and King County led a response focused on ensuring no community was left behind in the recovery, purchasing more than 700,000 COVID-19 home testing kits, providing over 9,000 High Efficiency Particulate Air (HEPA) filters to businesses and organizations, and safely reopening businesses and gathering places throughout the county. Out of the 97 most populated regions in the country, King County ranks 90th in terms of COVID case rates and deaths. For counties with more than two million residents, King County has the lowest case counts and deaths from COVID-19. In addition to the home testing kits, the County purchased and distributed 24 million standard masks and 1 million higher-grade masks during the Omicron surge in the spring of 2022. County residents actively participated in the battle against COVID-19 by rolling up their sleeves for vaccinations. King County has the third highest vaccination rate in the nation at 85 percent fully vaccinated, and the highest rate of people receiving booster doses in the country at 57 percent of residents.

The County supported an equitable economic recovery by targeting support to those most affected. Over 40,000 residents received rental assistance totaling more than \$340 million. Small businesses benefited from \$6 million in assistance, and more than \$20 million was invested in arts and culture organizations. The County sought to multiply the impact of these investments by participating in multi-jurisdiction efforts like Re-open Every Venue Safely (REVS), a cooperation of 18 cities across the country, and by participating in the Music Ecosystem Forum in Washington, DC which drew representatives from 27 cities and 4 other counties.

The COVID-19 pandemic exacerbated digital inequity. Families impacted by social and economic disparities without broadband connectivity or technology have had challenges accessing opportunities such as work from home, learn from home, and health information found online. Additionally, foreign-born residents or those who speak limited English faced challenges accessing healthcare and essential information online to reduce exposure or severe illness from COVID-19. King County provided \$2 million in grants to fund organizations that promote digital equity, providing services to communities that face barriers to accessing digital services such as tech devices, internet connection and digital literacy, and have been disproportionately impacted by the COVID-19 pandemic.

Equity and Social Justice

King County is investing and realigning itself to be an anti-racist and pro-equity government through initiatives ranging from transforming policing and the criminal legal system to making down-payments towards economic and racial justice. Efforts include co-creating change in partnership with communities, in attempts to disrupt systemic racism at its roots. The Office of Equity and Racial 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 developed the Equity and Social Justice Strategic Plan which agencies use to advance goals and objectives in six goal areas: leadership, operations and services; plans, policies, and budgets; workplace and workforce; community partnerships; communication and education; and facility and system improvements.

Following the declaration of Racism is a Public Health Crisis in 2020, the Council allocated \$25 million in general funds to advance equitable economic recovery and racial justice through a community-centered, co-creation grant-making processes. Envisioned jointly by community members and the County and launched in March 2022, The Gathering Collaborative is a group of trusted community members who are involved to uplift Black and Indigenous people and their communities – those who are most directly harmed by racism – and are entrusted with ensuring the grant program is in alignment with community priorities. Priorities for grants include health and wellness, economic stability and strengthening, housing, education, and power and capacity building. Grants will be awarded in 2023.

King County reflected its vision of being a welcoming community in response to refugees from Afghanistan and through a variety of community projects and initiatives. Nearly 800 refugees from Afghanistan came to King County and benefited from a County-led short-term housing and language support program operated with the State and international nonprofits; 97 percent of participants secured permanent housing by the end of December. Last summer, the County allowed residents across five urban, unincorporated areas of the county to lead by selecting dozens of community projects and initiatives to receive public funding totaling \$11 million in the aggregate as part of the County's new community-driven approach to public investments called "participatory budgeting."

Confronting Climate Change

The County is guided by its 2020 Strategic Climate Action Plan (SCAP) in confronting climate change. The SCAP is a five-year blueprint for County climate action, integrating climate change into all areas of County operations and work with King County cities, partners, communities, and residents. The SCAP outlines King County's priorities and commitments for climate action for decision-makers, employees, partners, and the public. In addition to establishing targets and performance measures to track and assess the County's progress, the SCAP details more than 225 Priority Actions that the County will carry out over the plan's 5-year tenure. 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 first-of-its-kind analysis led by the County this year found that greenhouse gas emissions per person decreased from 2007 to 2019 as the result of more energy efficient vehicles and buildings, but total emissions have increased as the population has grown. The study provides comprehensive greenhouse gas emissions data and innovative tools to advance local climate action for Puget Sound cities and counties.

Transportation is the region's largest source of greenhouse gas emissions, emitting more than a third of all greenhouse gas emissions. Metro Transit continues to accept delivery of new all-electric buses, with 33 new

coaches joining the fleet in 2022 under the "jump start" program authorized by the Council in 2020 under Ordinance 19052 which seeks to transition the County's revenue bus fleet to zero emission vehicles by 2035. Metro Transit also opened a new battery electric bus recharging station in Tukwila this year which can charge up to 9 coaches simultaneously. The station was created with an interchangeable design that utilizes charging infrastructure from multiple manufacturers, meaning all the major battery-electric buses will be able to successfully charge. Beyond Metro Transit, King County's solid waste utility in the Department of Natural Resources and Parks became the first organization in the state of Washington to operate a battery-powered Class 8 heavy-duty truck this year. The new vehicle will haul 20-ton loads of municipal solid waste between the Enumclaw Recycling and Transfer Station and the County's Cedar Hills Regional Landfill in Maple Valley, reducing the diesel particulates emitted in a part of the county that experiences disproportionate impacts of air pollution.

In green building, 2022 saw adoption of a new Green Building Ordinance (GBO) with policies that foster energy and water efficiency, renewable energy production, reduction of carbon emissions, diversion of materials from landfills, improved stormwater management, utility cost savings, use of healthy building materials, habitat restoration, and integration of equity and social justice concepts. In achieving these objectives, County agencies have access to a broader array of green building rating systems. The County remodeled the Vashon Recycling and Transfer Station this year. This facility was able to achieve energy neutrality by adding a 348-panel solar array, more energy-efficient light fixtures, a new heating system, and technology that idles heavy equipment when it is not in use. Capital projects in the Department of Executive Services that were completed this year diverted over 26,000 tons of recyclable materials from landfills, representing a diversion rate of 84 percent, well above the GBO's 80 percent requirement. Even small projects can make a big difference; a heating, ventilating, and air conditioning (HVAC) replacement project in the County's Chinook office building resulted in a reduction of the building's climate impact by 236 metric tons of carbon dioxide per year (MTCO₂/yr), the equivalent of taking 50 gasoline-powered cars off the road annually.

Regional Mobility

The County's response to regional mobility includes a three-prong strategy: safety, equity, and sustainability. Safety of passengers, transit employees and communities is the County's number one regional mobility priority. Driven by a belief that mobility is a basic human right, the County prioritizes service where needs are greatest. Metro Transit introduced new West Seattle Water Taxi (passenger-only ferry service) sailing schedules at seven days a week this winter, preserving service that was initiated during previous bridge closures. By the end of December, construction of the new Rapid Ride "H" Line was nearing completion with service beginning in March 2023. Rapid Ride H will cover a 12-mile corridor between Seattle and Burien providing improved services and facilities for an estimated 5,000 weekday riders. The County also recognizes transit as one of the greenest forms of transportation in our region. The County was honored to have been recognized as the country's most equitable in tackling climate change under the Federal Transit Administration's Sustainable Transit for a Healthy Planet initiative this year.

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 annual comprehensive financial report for the fiscal year ended December 31, 2021. This was the 41st consecutive year in which the County received this prestigious award. The Certificate of Achievement is valid for a period of one year only. We believe that our 2022 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's excellence requirements and we are submitting it to the GFOA for review.

In closing, preparation of this report would not have been possible without the dedication and outstanding work ethic of the Financial Accounting Unit staff of the Finance and Business Operations Division. We would also like to express our appreciation to all members of the division and finance staff of County agencies who assisted and contributed to the preparation of this report. Finally, we appreciate County Executive Dow Constantine, County

Council members and other elected officials for their support in maintaining the highest standards of professionalism and ethical leadership in the stewardship of the County's finances.

Respectfully submitted,



Ken Guy
Finance Director
Finance and Business Operations Division

Eben Sutton, MAcc
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Merrill

Executive Director/CEO



**King County Executive
Dow Constantine**



**King County Assessor
John Wilson**



**King County Prosecuting Attorney
Leesa Manion**



**King County Elections Director
Julie Wise**

ELECTED OFFICIALS (at time of publication)



METROPOLITAN KING COUNTY COUNCIL

King County Councilmembers (from left): **Peter von Reichbauer** (District 7), **Rod Dembowski** (District 1), **Girmay Zahilay** (District 2), Vice Chair **Jeanne Kohl-Welles** (District 4), Chair **Dave Upthegrove** (District 5), **Joe McDermott** (District 8), **Claudia Balducci** (District 6), **Sarah Perry** (District 3), and (not pictured) Vice Chair **Reagan Dunn** (District 9).



Presiding Judge
King County Superior Court
Patrick Oishi



Chief Presiding Judge
King County District Court
Matthew York

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 2022 Annual Comprehensive Financial Report:

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Brianna Anderson	Vera Kiritchouk	Lynn Mckiernan Ngari	David Reed
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Carla Beck	Elizabeth Leaf	Laura Otanez	Mark Thompson
Nora Bennett	Hongnhan Le-Huynh	Sheryl Petersen	Florentina Tubo
Martha Diesner	Nigel Lewis	Jean Prepotente	

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Trish Emry	Katrina Johnston	Andrea Smith	Sheila Yao
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Lillian Bushnell	Amanuel Kahssai	Michael Perez	Byron Williams
Becky Ellis	Michelle Larson	Laura Pitarys	Alvin Yang
Melba Fleming	Silvia Lim	Sopha Siv	Madelaine Yun
Theresa George	Phuong Anh Nguyen	Minh Ta	June Zhai

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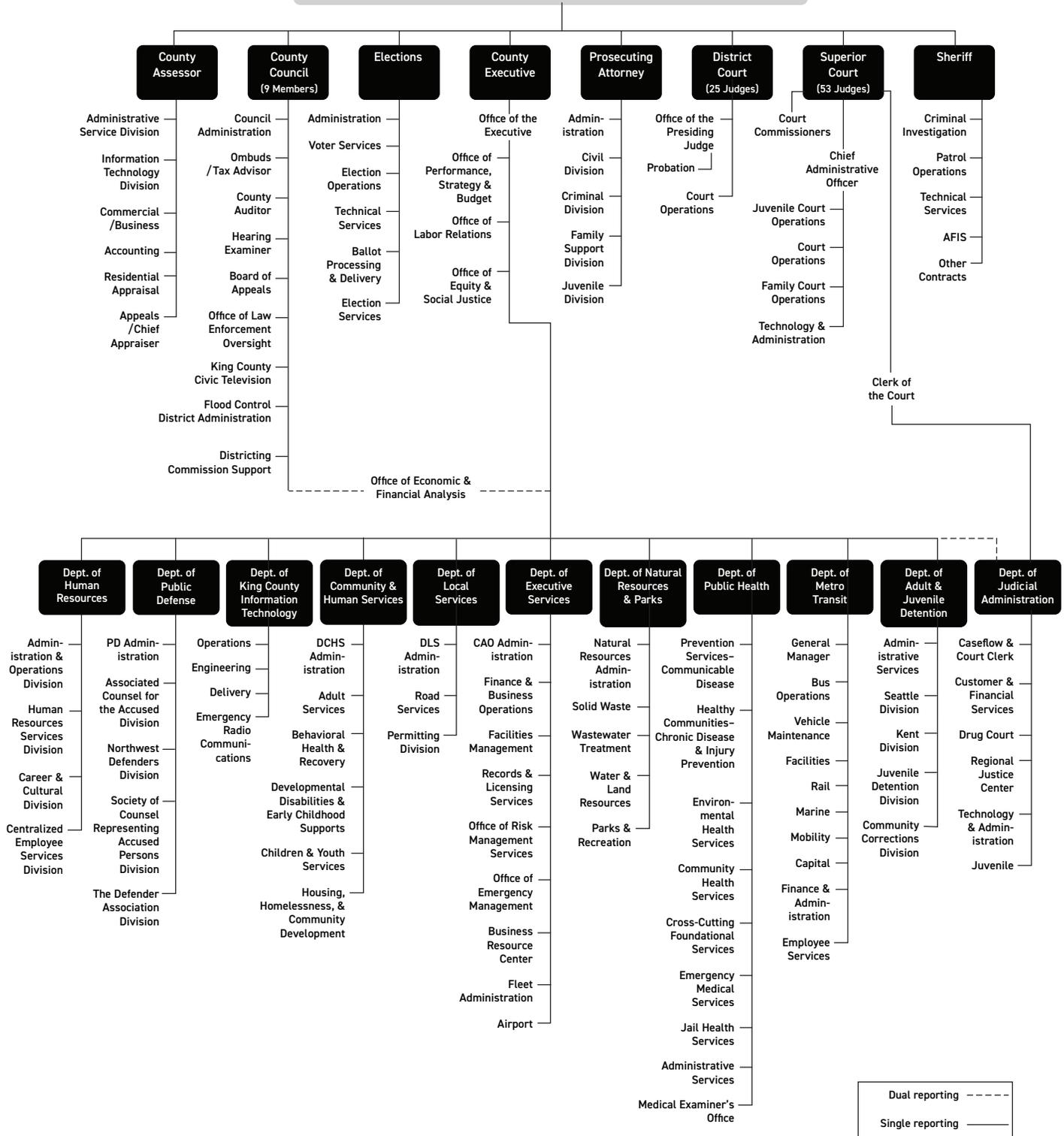
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The Electorate of King County



2021-2022 King County Organization Elected Officials, Departments and Divisions



Financial Section

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington



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

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

Council and Executive
King County
Seattle, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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 then ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the financial section of our report.

In our opinion, based on our audit and the reports of the other auditors, the accompanying 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, 2022, 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.

We did not audit the financial statements of the Public Transportation, Water Quality, or Solid Waste funds, which in aggregate represent 95 percent, 95 percent and 96 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Transportation, Water Quality, and Solid Waste funds, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements

section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such

procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 as listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally

accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Management is responsible for the other information included in the financial statements. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance thereon.

In connection with the audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we will also issue our report dated June 29, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report will be issued under separate cover in the County's Single Audit Report. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Sincerely,



Pat McCarthy, State Auditor

Olympia, WA

June 29, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of King County's Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2022. The County encourages readers to consider this information in conjunction with that furnished in the letter of transmittal and with the County's financial statements and accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- At December 31, 2022, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$10.22 billion (referred to as *net position* of the primary government). Of this amount, \$2.39 billion represents unrestricted net position, which may be used to meet the County's short-term obligations to its vendors, creditors, employees and customers.
- The County's total net position increased 7 percent or \$0.69 billion over last year. Key contributors to net position include recognition of federal pandemic-era stimulus funds (\$0.19 billion) and emergency rental assistance program (\$0.20 billion), continued health of the net pension asset (\$0.51 billion), and a recovering local economy emerging from the global pandemic which resulted in higher retail sales and use tax and property tax collections.
- The governmental activities component of net position increased 11 percent or \$519 million over last year while the business-type activities component increased 4 percent or \$170 million.
- The County's governmental funds reported combined fund balances of \$2.00 billion, an increase of 9 percent or \$0.16 billion from the prior year. Approximately 11 percent or \$214 million of this amount is unassigned fund balance which is available for spending at the government's discretion.
- Unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) for the General Fund was \$310 million, or approximately 32 percent of total annual General Fund expenditures. Total fund balance for the General Fund increased 21 percent or \$55 million from the prior year.
- Total liabilities of the County increased by 1 percent or \$53 million in 2022. The largest percentage change to liabilities was unearned revenues which decreased 28 percent or \$98 million in the governmental activities from last year due to recognizing the advance payments received by the County under the American Rescue Plan Act (P.L. 117-2). The largest component of liabilities by size is debt, which remained about the same declining \$11 million. See the section of this document titled "Debt Administration" for more information about changes to the County's debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Governmental activities

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

Business-type activities

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

Following the government-wide statements are the fund financial statements, described further below.

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. The County's funds 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 the government-wide financial statements, the 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 four governmental **major funds**, the General Fund, the Behavioral Health Fund, the Housing and Community Development Fund, and the Public Health Fund. Each major fund is presented in a separate column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation as "nonmajor governmental funds." Individual fund data for each of these nonmajor funds is provided as supplementary information in the form of combining statements in the Governmental Funds section.

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

Proprietary funds

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

The County has two types of proprietary funds:

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

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

Fiduciary funds

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

Notes to the Financial Statements

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

Other Information**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information on budget to actual comparisons for major governmental funds, the current funding progress for pensions, the current funding progress for defined benefit post-employment 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. King County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$10.22 billion at December 31, 2022 as shown in the table below.

	King County's Net Position (in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets ^(a)	\$ 3,517,928	\$ 3,746,179	\$ 3,994,499	\$ 4,010,888	\$ 7,512,427	\$ 7,757,067
Capital assets	4,263,643	3,895,388	6,114,775	6,128,577	10,378,418	10,023,965
Total Assets	7,781,571	7,641,567	10,109,274	10,139,465	17,890,845	17,781,032
Deferred Outflows of Resources	313,467	110,130	329,121	222,895	642,588	333,025
Liabilities						
Long-term liabilities	1,761,968	1,603,158	4,553,478	4,601,093	6,315,446	6,204,251
Other liabilities ^(a)	630,869	693,778	425,307	420,141	1,056,176	1,113,919
Total Liabilities	2,392,837	2,296,936	4,978,785	5,021,234	7,371,622	7,318,170
Deferred Inflows of Resources	469,263	741,049	474,073	525,349	943,336	1,266,398
Net Position						
Net investment in capital assets	3,216,838	3,010,293	2,118,470	2,194,694	5,335,308	5,204,987
Restricted ^(a)	2,073,003	1,578,767	420,389	325,505	2,493,392	1,904,272
Unrestricted	(56,903)	124,652	2,446,678	2,295,578	2,389,775	2,420,230
Total Net Position	\$ 5,232,938	\$ 4,713,712	\$ 4,985,537	\$ 4,815,777	\$ 10,218,475	\$ 9,529,489

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

The largest portion of King County's net position, 53 percent or \$5.34 billion, reflects its net investment in capital assets. The County employs these long-lived assets in providing a variety of services to its residents. Accordingly, the net position associated with the capital assets does not represent amounts available for future spending. The County's investment in capital assets is reported net of related debt. The resources used to repay the capital-related borrowing must be provided from other more current, or liquid, assets.

An additional portion of County's net position, 24 percent or \$2.49 billion, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2.39 billion is unrestricted. A negative unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources. One source of negative net position for the governmental activities is negative unassigned fund balance, which is shown for some nonmajor funds in the governmental funds section. Negative unassigned fund balance results when liabilities and deferred inflows of resources exceed assets; or, when the sum of nonspendable, restricted, and committed fund balance exceeds total fund balance.

King County's overall net position increased 7 percent or \$0.69 billion 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 year, net position for the governmental activities increased 11 percent or \$0.52 billion for an ending balance of \$5.23 billion. Net position invested in capital assets comprised 61 percent of total net position in the governmental activities, or \$3.22 billion, an increase from the prior year of 7 percent. 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 \$2.07 billion including \$1.07 billion for health and human services; \$0.34 billion for pensions; \$0.32 billion for capital projects; \$0.10 billion for economic environment; and, \$0.18 billion for law, safety, and justice. Other restrictions, each individually less than \$0.10 billion, constituted the remaining \$0.06 billion.

Governmental activities accounted for 75 percent of the total improvement in net position of the County. The total revenues for governmental activities were \$3.41 billion, a net increase of 5 percent or \$0.17 billion from the prior year. Revenue increases were primarily driven by pandemic-related federal mitigation and stimulus payments and recovering retail sales and use taxes. The County earned pandemic revenues through two existing programs this year, totaling \$0.39 billion. The programs were administered by US Treasury, the Coronavirus State and Local Fiscal Recovery Fund (\$0.19 billion) and the Washington State Department of Commerce, the Emergency Rental Assistance program (\$0.20 billion). These revenues are reported in the operating grants and contributions column in the Statement of Activities which, in total for the governmental activities, increased 20 percent or \$0.13 billion from last year. The second largest contributor to revenue growth was retail sales and use taxes, which increased 15 percent or \$0.06 billion. The increase in retail sales and use taxes was from the recovering local economy due to the influx of pandemic-related support and the recovery of local businesses and spending.

Expenses for governmental activities saw escalation during the year, increasing by 16 percent or \$394 million from the prior year. Every function experienced an increase, though the larger expense increases occurred mostly in law, safety and justice, economic environment and health and human services (HHS) due to pandemic impacts related to salaries and wages, pension expense and service contracts. Law, safety and justice expenses increased by 24 percent or \$178 million from last year; economic environment expenses increased by 32 percent or \$63 million; and, HHS expenses overall increased 7 percent or \$76 million from last year.

Business-type Activities King County's business-type activities reported a net position of \$4.99 billion, increasing by 4 percent or \$0.17 billion from the prior year. Of the total net position for business-type activities, 42 percent or \$2.12 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 \$0.42 billion 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 50 percent or \$2.45 billion is unrestricted net position which is available to meet ongoing obligations to customers, vendors, other creditors and employees.

Business-type activities' net position of \$4.99 billion comprised 49 percent of the total County net position at the end of 2022. Business-type activities accounted for 25 percent of the total increase in the County's aggregate net position during the year. This growth in net position was due primarily to positive results in the Public Transportation Enterprise by \$0.08 billion and Water Quality Enterprise by \$0.09 billion.

Total revenues of business-type activities were \$2.10 billion, a decrease of 5 percent or \$0.11 billion from last year. The largest reduction came from operating grants and contributions, which dropped 66 percent or \$0.29 billion as federal pandemic-era operating support began to tail off and transition back to its historic role supporting capital investments. While revenues in the business-type activities decreased in total, some revenue sources increased. The largest increase was in charges for services in all functions totaling \$0.09 billion, mainly due to increased ridership, service activity and rate increases. The second largest increase was retail sales and use taxes which rebounded along with the local economy as pandemic-related restrictions eased. The business-type activities reported \$0.83 billion in retail sales and use tax revenues in 2022, an increase of 10 percent or \$0.08 billion.

Business-type activity expenses increased 18 percent or \$287 million over the prior year for all business-type activities taken together. The Public Transportation Enterprise had the largest increase in expense on an absolute basis, increasing 24 percent or \$239 million. The increase was mainly due to increases in personal services via contractual agreements and increased ridership.

Changes in Net Position
(in thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services ^(b)	\$ 1,039,907	\$ 1,061,611	\$ 1,058,321	\$ 966,859	\$ 2,098,228	\$ 2,028,470
Operating grants and contributions	783,749	654,846	147,797	434,058	931,546	1,088,904
Capital grants and contributions	27,446	41,176	63,171	31,469	90,617	72,645
General revenues						
Property taxes	1,103,724	1,032,397	38,302	37,347	1,142,026	1,069,744
Retail sales and use taxes	424,122	368,327	825,036	749,616	1,249,158	1,117,943
Other taxes	29,235	30,571	—	—	29,235	30,571
Coronavirus relief funds	—	50,104	—	—	—	50,104
Opioid settlement	25,553	—	—	—	25,553	—
Unrestricted interest earnings	(24,112)	2,415	(34,184)	(7,639)	(58,296)	(5,224)
Total revenues	<u>3,409,624</u>	<u>3,241,447</u>	<u>2,098,443</u>	<u>2,211,710</u>	<u>5,508,067</u>	<u>5,453,157</u>
Expenses^(a)						
General government	224,965	203,142	—	—	224,965	203,142
Law, safety and justice	903,385	725,732	—	—	903,385	725,732
Physical environment	28,030	25,590	—	—	28,030	25,590
Transportation	109,900	99,902	—	—	109,900	99,902
Economic environment	263,155	199,899	—	—	263,155	199,899
Health and human services ^(b)	1,212,056	1,136,316	—	—	1,212,056	1,136,316
Culture and recreation	124,164	89,839	—	—	124,164	89,839
Interest and other debt service costs	33,163	24,435	—	—	33,163	24,435
Airport	—	—	35,559	30,980	35,559	30,980
Public transportation	—	—	1,240,368	1,001,312	1,240,368	1,001,312
Solid waste	—	—	165,131	125,740	165,131	125,740
Water quality	—	—	471,087	468,551	471,087	468,551
Other enterprise activities	—	—	8,118	7,173	8,118	7,173
Total expenses	<u>2,898,818</u>	<u>2,504,855</u>	<u>1,920,263</u>	<u>1,633,756</u>	<u>4,819,081</u>	<u>4,138,611</u>
Increase in net position before transfers	510,806	736,592	178,180	577,954	688,986	1,314,546
Transfers	8,420	8,037	(8,420)	(8,037)	—	—
Increase in net position	519,226	744,629	169,760	569,917	688,986	1,314,546
Net position, beginning of year ^(c)	4,713,712	3,969,083	4,815,777	4,245,860	9,529,489	8,214,943
Net position, end of year	<u>\$ 5,232,938</u>	<u>\$ 4,713,712</u>	<u>\$ 4,985,537</u>	<u>\$ 4,815,777</u>	<u>\$ 10,218,475</u>	<u>\$ 9,529,489</u>

(a) Expenses for all functions include the allocation of indirect expenses from general government. The amount of indirect general government expenses allocated to each function is shown in a separate column on the government-wide Statement of Activities next to the column of direct operating expenses incurred by each function. In the above statement, the \$225 million in general government expense consists of \$285 million in direct program expenses reduced by indirect charges of \$60 million that was charged to the other benefiting functions.

(b) 2021 revenues and expenses were adjusted for the corresponding effects of the restatements of beginning net position.

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

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, 2022, the County's governmental funds reported a combined fund balance of \$2.00 billion, an increase of 9 percent or \$0.16 billion in comparison with the prior year. Approximately 11 percent or \$0.21 billion 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, \$0.37 billion, 2) restricted for particular purposes, \$1.35 billion, 3) committed for particular purposes, \$0.04 billion, or 4) assigned for particular purposes, \$0.03 billion.

The **General Fund** is the chief operating fund of the County. At the end of the 2022 fiscal year, total fund balance for the General Fund was \$316 million. Unassigned fund balance totaled \$283 million, an increase of 27 percent or \$61 million from the prior year. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of \$984 million. The unassigned fund balance of \$283 million represents 29 percent of total General Fund expenditures, an increase of 3 percent from 2021 while the total fund balance of \$316 million represents 32 percent of total expenditures in 2022, an increase from 30 percent in 2021.

Fund balance of the General Fund increased by 21 percent or \$55 million during 2022. The increase in fund balance was due to a larger increase in revenues over the increase in expenditures from the prior year. The notable revenue streams contributing to the increase of fund balance are property taxes at 36 percent of total revenues, charges for services at 27 percent of total revenues, retail sales and use taxes at 18 percent of total revenues, and intergovernmental revenues at 15 percent of total revenues. Property taxes are budgeted on a biennial basis at the level needed but subject to limitations as discussed in *Note 6 - Tax Revenues*. 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 13 percent or \$114 million. The main expenditures are law, safety and justice at 77 percent of total expenditures, related to contract costs with other jurisdictions, and general government at 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 2022, it had a total fund balance of \$114 million, an increase from a total fund balance of \$38 million last year.

The increase in fund balance in the current year was caused by earning more revenues, \$380 million, than incurring costs on programs, \$305 million. Charges for services revenue increased by \$28 million over the prior year due to increased revenue from Medicaid and managed care organizations.

The **Housing and Community Development 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. At the end of 2022, it had a total fund balance of \$557 million, a decrease from a total fund balance of \$589 million last year.

The decrease in fund balance in the current year was caused by earning less revenues, \$324 million, than incurring costs, \$420 million, due to construction costs of \$34 million covered by bond proceeds from the previous year.

The **Public Health Fund** finances health service 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. At the end of 2022, it had a total fund balance of \$71 million, an increase from a total fund balance of \$38 million last year.

The increase in fund balance in the current year was due to an increase in revenues for Federal Emergency Management Agency reimbursement, increases in the Medicaid Administrative Claiming program (MAC) for increased pandemic-eligible reimbursements, and additional Foundational Public Health Service funding.

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, 2022, the County's proprietary funds reported a combined net position of \$4,986 million, an increase of 4 percent or \$170 million compared to the prior year. The Public Transportation Enterprise net position

increased 2 percent or \$79 million; the Solid Waste Enterprise net position decreased by 6 percent or \$2 million; and the Water Quality Enterprise net position increased by 9 percent or \$86 million.

The **Public Transportation Enterprise** accounts for the operations, maintenance and capital improvements of the County's public transportation system. At the end of 2022, the Public Transportation Enterprise had total net position of \$3,639 million of which 41 percent or \$1,474 million was invested in capital assets net of associated debt; 4 percent or \$136 million was restricted for capital projects and pensions; and, 55 percent or \$2,029 million was unrestricted. Unrestricted net position increased from the prior year by 6 percent or \$112 million. The increase is due to keeping expenses under revenues. The key revenues that help to increase the Enterprise's net position are sales taxes at \$825 million or 64 percent of total revenue; intergovernmental revenue at \$144 million or 11 percent of total revenue; service contracts at \$170 million or 13 percent of total revenue and passenger fares at \$74 million or 6 percent of total revenue. Total operating expenses increased by \$225 million from the prior year, with personal services experiencing the largest increase of \$141 million. Prior year personal service expenses were low due to pension expense credits.

The **Solid Waste Enterprise** accounts for the operations, maintenance, capital improvements and expansion of the County's solid waste collection and disposal system. At the end of 2022, the Solid Waste Enterprise reported total net position of \$32 million of which \$122 million was invested in capital assets net of the related debt; \$12 million was restricted for pensions; and the remainder (a deficit of \$102 million) was unrestricted. A deficit unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources. Total net position decreased by \$2 million over the prior year. The Enterprise reported \$148 million in solid waste disposal charges, an increase of \$15 million from the prior year. The Enterprise incurred \$158 million in total operating expenses, mainly comprised of personal services of \$52 million, contract services and other charges of \$38 million and depreciation of \$22 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 2022, the Water Quality Enterprise reported total net position of \$1,069 million of which 41 percent or \$441 million was invested in capital assets net of the related debt; 25 percent or \$270 million was restricted for debt service, pensions and regulatory assets and environmental liabilities; and the remaining 34 percent or \$358 million was unrestricted. Total net position improved by \$86 million due to continually posting positive results from operations. The Enterprise reported \$443 million in sewage disposal fees, an increase of \$23 million or 6 percent from the prior year. Remaining operating revenues of \$124 million increased by \$10 million or 8 percent. The Enterprise incurred \$350 million in total operating expenses, mainly comprised of \$172 million in depreciation and amortization expenses, personal services of \$54 million and internal services of \$40 million.

General Fund Budgetary Highlights

King County budgets on a biennial basis with each budget period beginning in an odd-numbered year. This is the second year of the 2021-2022 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 \$352 million in expenditures due to supplemental budget appropriations, which included programs designed to mitigate the impacts of the COVID-19 pandemic. The largest increases to estimated revenues are for intergovernmental revenues and retail sales and use taxes.

Budget increases were made during the budget period to the following county functions (listing appropriations with the most significant contributions to the increase): General government by \$119 million (principally from Office of Performance, Strategy and Budget; Office of Equity and Racial and Social Justice); Law, safety and justice by \$133 million (principally from Prosecuting Attorney; Superior Court; Jail Health Services; Adult and Juvenile Detention; Public Defense); Economic environment by \$33 million (Jobs and Housing Program); and transfers by \$64 million (i.e. Transfers to Department of Health and Human Services; Transfers to Department of Public Health).

Final Budget Compared to Actual Results Property taxes are the largest revenue source in the General Fund, accounting for 36 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 26 percent and 16 percent of total budgeted revenues, respectively. The amount received for charges for services is dependent on corresponding services provided and fluctuate with the applicable programs and services offered. Retail sales and use taxes are dependent on spending in the economy, which is influenced by various factors.

The actual budgetary basis expenditures were \$217 million less than the final appropriation, due to not completing some programs designed to mitigate the effects of the COVID-19 pandemic as expected. Law, safety, and justice and general government comprise the largest amounts of expenditures at 69 percent and 17 percent, respectively.

CAPITAL ASSETS, INFRASTRUCTURE AND DEBT ADMINISTRATION

Capital Assets

The King County primary government's capital assets for its governmental and business-type activities as of December 31, 2022, amounted to \$4.26 billion for governmental activities and \$6.11 billion for business-type activities totaling \$10.38 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 \$128.4 million, net of depreciation.

Major capital asset events during 2022 included the following:

- Public Transportation Enterprise brought 25 new buses into service during the year at a cost of \$31 million. Also, the ORCA Replacement project went into service with a capitalized cost of \$22 million.
- Water Quality Enterprise brought new facilities into service during the year at a cost of \$318 million. This includes buildings at a cost of \$126 million and infrastructure at a cost of \$90 million.
- Puget Sound Emergency Radio Network (PSERN) is replacing the existing emergency communications 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 \$303 million; \$215 million has been spent through December 31, 2022. The radio network is anticipated to be operational in 2023.
- Solid Waste Enterprise has completed 100 percent design and is beginning the implementation phase of the South County Recycling and Transfer Station (SCRTS). The purpose of this transfer station is to replace the 1960's-era Algona Transfer Station and offer new recycling and hazardous waste disposal services to the community. Project construction is expected to begin the first quarter of 2023 and is estimated to last about three years, with the new transfer station expected to open to the public in spring of 2026. Total cost of the new transfer station is estimated at \$132 million.

A summary of the 2022 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	
	2022	2021	2022	2021	2022	2021
Land and land rights	\$ 1,304.2	\$ 1,244.5	\$ 482.6	\$ 479.4	\$ 1,786.8	\$ 1,723.9
Buildings ^(a)	848.8	829.8	1,665.3	1,593.3	2,514.1	2,423.1
Leasehold Improvements ^{(a)(b)}	37.5	39.8	0.6	0.6	38.1	40.4
Improvements other than buildings ^(a)	167.7	124.8	295.9	332.4	463.6	457.2
Infrastructure - roads and bridges	1,176.7	1,161.7	—	—	1,176.7	1,161.7
Infrastructure - other ^(a)	55.4	46.0	1,732.2	1,693.4	1,787.6	1,739.4
Equipment, software and art collection ^(a)	174.5	149.7	1,119.3	1,127.6	1,293.8	1,277.3
Construction in progress	296.1	299.1	758.9	900.2	1,055.0	1,199.3
Lease assets ^(a)	202.7	162.9	60.0	64.8	262.7	227.7
Total	<u>\$ 4,263.6</u>	<u>\$ 4,058.3</u>	<u>\$ 6,114.8</u>	<u>\$ 6,191.7</u>	<u>\$ 10,378.4</u>	<u>\$ 10,250.0</u>

(a) Net of depreciation and amortization

(b) 2021 Business-type activities balance is restated. See Note 7 - Capital Assets

Infrastructure

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

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

The County currently maintains 181 vehicular 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. It is the policy of the King County Road Services Division is to maintain bridges in such a manner that no more than 12 bridges can have a sufficiency rating of 20 or less in one complete assessment cycle. The most current complete assessment showed only 9 bridges at or below this threshold.

The amount budgeted for 2022 roads preservation and maintenance was \$83 million, but the actual amount expended was \$50 million. For maintenance and preservation of bridges, the amount budgeted for 2022 was \$27 million, but the actual expended amount was \$9 million. The variance between budget and actual expenditures is due to supplemental budget and remaining work under contract to be completed in 2023.

Debt Administration

At the end of 2022, King County had a total of \$5.19 billion in debt outstanding. Of this amount, \$2.20 billion comprises of debt backed by the full faith and credit of the County and \$2.59 billion represents bonds secured by revenues generated by the debt-financed capital assets. The remainder of the County's long-term obligations is comprised of state revolving loans, notes and leases payable. Below is a summary of the County's debt by type and activity.

	Outstanding Debt (in millions)					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 1,032.5	\$ 1,124.1	\$ 1,164.3	\$ 1,248.2	\$ 2,196.8	\$ 2,372.3
General obligation capital leases ^(a)	—	7.4	—	—	—	7.4
General obligation notes payable	1.7	—	—	—	1.7	—
Leases payable	202.8	—	55.7	—	258.5	—
Revenue bonds	—	—	2,591.9	2,720.0	2,591.9	2,720.0
State revolving loans	—	—	144.3	104.2	144.3	104.2
Total	<u>\$ 1,237.0</u>	<u>\$ 1,131.5</u>	<u>\$ 3,956.2</u>	<u>\$ 4,072.4</u>	<u>\$ 5,193.2</u>	<u>\$ 5,203.9</u>

^(a) Due to the implementation of GASB No. 87 Leases, general obligation capital leases has been reclassified to leases payable.

Bond amounts are presented inclusive of associated premiums and discounts. See Note 15 - Liabilities for details.

Total debt remained about the same over the previous year, declining by \$11 million (a 9 percent or \$105 million increase for governmental activities and a 3 percent or \$116 million decrease for business-type activities). Governmental activities' outstanding debt increased primarily due to an increase of \$203 million in leases payable offset by the reductions of \$101 million for debt service payments and \$16 million for defeasance of bonds and increases for the issuance of \$33 million in new limited tax general obligation bonds and refunding general obligation bonds, with related net premiums of \$3 million.

Business-type activities' outstanding debt decrease primarily due to reductions of \$177 million in debt service payments and the defeasance of \$28 million in refunded bonds offset by the issuance of \$24 million in new limited

tax general obligation bonds, with related net premiums of \$4 million and an increased of \$56 million in leases payable. State revolving loans increased by 38 percent or \$40 million.

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

State statutes limit the amount of general obligation debt that the County may issue to 2.5 percent of its total assessed valuation for general county purposes and 2.5 percent for metropolitan functions (Water Quality and Public Transportation funds). The current debt limitation of total general obligations for general county purposes is \$22.00 billion, significantly higher than the County’s outstanding net general obligation long-term liabilities of \$0.43 billion. For metropolitan functions the debt limitation is also \$22.00 billion and the County’s outstanding net general obligation debt for metropolitan functions is \$1.08 billion.

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Items of note within King County:

- King County’s unemployment rate was 2.8 percent in December 2022 (non-seasonally-adjusted), lower than state and national unemployment rates, which were 4.0 percent and 3.5 percent, respectively. King County average employment increased by 5.7 percent in 2022. The aerospace manufacturing sector reversed course and added 4,500 jobs by year’s end. Two of the region’s prominent private employers, Amazon and Microsoft, announced company-wide headcount reductions throughout 2022 after several years of heady growth. A post-pandemic hangover has been a common theme in the information technology sector; layoff and additional announcements may continue in 2023. The COVID-19 pandemic hamstrung the leisure and hospitality sector in King County. Restrictions and safety concerns at restaurants, bars, recreational facilities, and hundreds of other leisure-related businesses across the state led to a substantial fall in employment, which has not returned to pre-pandemic levels by the end of 2022. For a longer-term retrospective on unemployment trends, see the *Demographic and Economic Indicators* table in the Statistical section of this report; however, note the unemployment statistics quoted there are annual averages and not a point-in-time measure as reported here.
- Taxable retail sales growth was robust in the years prior to 2020 thanks to growing incomes, optimistic consumer confidence, strong employment, and a thriving construction sector. Local retail sales tax collections grew 4 percent in 2019, then *declined* 4 percent in 2020 due to the pandemic before growing 17 percent in 2021 and 11 percent in 2022. Taxable sales have strongly rebounded in most sectors except for leisure and hospitality.
- High inflation was an unpleasant feature of 2022. The Seattle Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W-STB) increased by a staggering 8.8 percent, up from an already high 4.8 percent in 2021. The national CPI for All Urban Consumers (CPI-U-US) increased 8.0 percent during the same period. With inflation at 40-year highs, the Federal Reserve raised rates 450 basis points (4.5 percent) in 2022 and has signaled two or three additional rate hikes in 2023. Market expectations are that higher-than-normal inflation will persist throughout 2023 before returning to long-run levels in 2024.

In addition to managing the public health side of the pandemic, King County will continue to face numerous challenges, including high demand for mental health and housing services, volatile energy prices, rising employee and programmatic health care costs, and the need to raise sufficient revenues to support utilities, the transit system, and general government operations. The County is committed to building reserves in times of economic prosperity. Over the years prior to the pandemic, the County increased its undesignated reserve for the General Fund from 6 percent to 8 percent of estimated annual revenues adjusted for intergovernmental receipts and interfund transfers¹, which is the maximum amount under County policy. These reserves buffered the effects of the pandemic on the County budget, which mitigated the number of General Fund service reductions. Due to higher than initially forecast sales tax revenues and under-expenditures, the County maintained an 8 percent undesignated reserve through 2022. The County is willing to make difficult decisions to reduce expenditures to match revenue levels while

¹ 2022 Comprehensive Financial Management Policies, Motion 16041

retaining prudent reserves. At the state level, the County also continues to pursue statutory enhancements to local government revenues to balance revenues more flexibly with long-term cost pressures.

REQUESTS FOR INFORMATION

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

King County Chief Accountant
201 S Jackson St, Ste 0714
Seattle, WA 98104-3854



Basic Financial Statements

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

STATEMENT OF NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 2,084,841	\$ 2,332,424	\$ 4,417,265	\$ 401,893
Investments	—	14,064	14,064	—
Receivables, net	617,556	805,758	1,423,314	234,463
Internal balances	(86,239)	86,239	—	—
Due from component unit	145,313	—	145,313	—
Due from primary government	—	—	—	6,801
Inventories	4,147	36,707	40,854	10,714
Prepayments and other assets	40,741	1,232	41,973	19,181
Net pension asset	317,982	161,900	479,882	692
Nondepreciable capital assets	2,788,039	1,240,703	4,028,742	14,953
Amortizable and depreciable capital assets, net	1,475,604	4,874,072	6,349,676	411,791
Net investment in finance lease with primary government	—	—	—	7,016
Deposits with other governments	—	—	—	4,399
Regulatory assets - environmental remediation	—	170,726	170,726	—
Other assets	393,587	385,449	779,036	52,669
Total assets	7,781,571	10,109,274	17,890,845	1,164,572
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on refunding	12,527	149,747	162,274	—
Deferred outflows on pensions	289,895	169,891	459,786	755
Deferred outflows on other post employment benefits	7,898	2,641	10,539	11
Deferred outflows on asset retirement obligations	3,147	6,842	9,989	—
Total deferred outflows of resources	313,467	329,121	642,588	766
LIABILITIES				
Accounts payable and other current liabilities	292,057	304,465	596,522	74,597
Accrued liabilities	76,714	112,669	189,383	61,490
Due to component unit	3,543	—	3,543	—
Due to primary government	—	—	—	176,497
Unearned revenues	248,242	8,173	256,415	33,092
Lease payable to component unit	10,313	—	10,313	—
Noncurrent liabilities:				
Due within one year	197,406	162,458	359,864	8,524
Due in more than one year	1,564,562	4,391,020	5,955,582	32,376
Total liabilities	2,392,837	4,978,785	7,371,622	386,576
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on forgivable loans	10,127	—	10,127	—
Deferred inflows on refunding	—	1,415	1,415	—
Deferred inflows on pensions	274,240	168,274	442,514	715
Rate stabilization	—	46,250	46,250	—
Deferred inflows on other post employment benefits	20,884	6,983	27,867	—
Deferred inflows on leases	164,012	251,151	415,163	36,915
Total deferred inflows of resources	469,263	474,073	943,336	37,630
NET POSITION				
Net investment in capital assets	3,216,838	2,118,470	5,335,308	257,933
Restricted for:				
Capital projects	322,779	6,380	329,159	—
Debt service	1,448	129,744	131,192	—
Pensions	338,474	167,597	506,071	—
Health and human services - expendable	1,068,100	—	1,068,100	10,137
Other purposes	342,202	—	342,202	12,254
Regulatory assets and environmental liabilities	—	116,668	116,668	—
Unrestricted	(56,903)	2,446,678	2,389,775	460,808
Total net position	\$ 5,232,938	\$ 4,985,537	\$ 10,218,475	\$ 741,132

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
 (IN THOUSANDS)

Functions/Programs:	Program Revenues					Net (Expense) Revenue and Changes in Net Position			Component Units Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
						Governmental Activities	Business-type Activities		
Primary government:									
Governmental activities:									
General government	\$ 285,416	\$ (60,451)	\$ 234,715	\$ 41,537	\$ 200	\$ 51,487	\$ —	\$ 51,487	\$ —
Law, safety and justice	901,314	2,071	139,230	150,139	2,683	(611,333)	—	(611,333)	—
Physical environment	27,250	780	68,025	1,035	—	41,030	—	41,030	—
Transportation	106,978	2,922	9,112	25,297	17,688	(57,803)	—	(57,803)	—
Economic environment	259,046	4,109	57,559	45,057	4,191	(156,348)	—	(156,348)	—
Health and human services	1,202,450	9,606	525,577	514,200	—	(172,279)	—	(172,279)	—
Culture and recreation	122,366	1,798	5,689	6,484	2,684	(109,307)	—	(109,307)	—
Interest and other debt service costs	33,163	—	—	—	—	(33,163)	—	(33,163)	—
Total governmental activities	2,937,983	(39,165)	1,039,907	783,749	27,446	(1,047,716)	—	(1,047,716)	—
Business-type activities:									
Airport	34,843	716	43,211	2,975	67	—	10,694	10,694	—
Public Transportation	1,210,665	29,703	270,899	144,348	62,576	—	(762,545)	(762,545)	—
Solid Waste	161,625	3,506	165,526	428	—	—	823	823	—
Water Quality	465,947	5,140	569,111	46	528	—	98,598	98,598	—
Institutional Network	2,383	70	3,691	—	—	—	1,238	1,238	—
Radio Communications Services	5,635	30	5,883	—	—	—	218	218	—
Total business-type activities	1,881,098	39,165	1,058,321	147,797	63,171	—	(650,974)	(650,974)	—
Total primary government	\$ 4,819,081	\$ —	\$ 2,098,228	\$ 931,546	\$ 90,617	\$ (1,047,716)	\$ (650,974)	\$(1,698,690)	\$ —
Component Units	\$ 1,235,305		\$ 1,193,822	\$ 37,946	\$ 124				\$ (3,413)
General revenues:									
Property taxes						\$ 1,103,724	\$ 38,302	\$ 1,142,026	\$ —
Retail sales and use taxes						424,122	825,036	1,249,158	—
Business and other taxes						29,235	—	29,235	—
Opioid settlement						25,553	—	25,553	—
Investment gains (losses)						(24,112)	(34,184)	(58,296)	3,703
Transfers						8,420	(8,420)	—	—
Total general revenues and transfers						1,566,942	820,734	2,387,676	3,703
Change in net position						519,226	169,760	688,986	290
Net position - January 1, 2022 (Restated)						4,713,712	4,815,777	9,529,489	740,842
Net position - December 31, 2022						\$ 5,232,938	\$ 4,985,537	\$10,218,475	\$ 741,132

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

ACFR

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	HOUSING AND COMMUNITY DEVELOPMENT FUND
ASSETS			
Cash and cash equivalents	\$ 228,457	\$ 109,582	\$ 218,349
Taxes receivable-delinquent	13,107	71	—
Accounts receivable, net	20,729	6,573	—
Interest receivable	14,449	—	818
Due from other funds	6,794	3,583	4,712
Interfund short-term loans receivable	—	—	—
Due from other governments, net	139,566	21,772	39,513
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	725	—	—
Advances to other funds	—	—	—
Other assets	34,924	—	350,985
Total assets	\$ 458,751	\$ 141,581	\$ 614,377
LIABILITIES			
Accounts payable	\$ 23,542	\$ 19,954	\$ 45,390
Due to other funds	11,233	166	—
Interfund short-term loans payable	—	—	—
Due to other governments	1,081	3,494	1,198
Due to component unit	—	451	18
Wages payable	38,541	1,080	575
Taxes payable	530	—	—
Unearned revenues	285	2,402	—
Deposits	639	—	363
Advances from other funds	—	—	—
Total liabilities	75,851	27,547	47,544
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	26,350	—	—
Deferred inflows on forgivable loans	—	—	10,127
Unavailable revenue-property taxes	11,452	55	—
Unavailable revenue-other receivables	28,737	—	—
Total deferred inflows of resources	66,539	55	10,127
FUND BALANCES (DEFICITS)			
Nonspendable	725	—	340,858
Restricted	5,233	108,768	213,909
Committed	26,626	—	539
Assigned	1,009	5,211	1,400
Unassigned (deficits)	282,768	—	—
Total fund balances	316,361	113,979	556,706
Total liabilities, deferred inflows of resources and fund balances	\$ 458,751	\$ 141,581	\$ 614,377

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	PUBLIC HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$ 5,717	\$ 1,219,298	\$ 1,781,403
Taxes receivable-delinquent	—	13,551	26,729
Accounts receivable, net	1,960	7,694	36,956
Interest receivable	—	2	15,269
Due from other funds	2,797	21,302	39,188
Interfund short-term loans receivable	—	55,165	55,165
Due from other governments, net	167,417	148,041	516,309
Due from component unit	473	144,840	145,313
Inventory	478	147	625
Prepayments	58	26,021	26,804
Advances to other funds	—	12,077	12,077
Other assets	—	477	386,386
Total assets	\$ 178,900	\$ 1,648,615	\$ 3,042,224
LIABILITIES			
Accounts payable	\$ 35,485	\$ 90,081	\$ 214,452
Due to other funds	396	45,555	57,350
Interfund short-term loans payable	19,692	106,390	126,082
Due to other governments	10,867	32,350	48,990
Due to component unit	2,774	300	3,543
Wages payable	8,138	16,162	64,496
Taxes payable	3	17	550
Unearned revenues	1,931	242,642	247,260
Deposits	—	4,236	5,238
Advances from other funds	—	12,077	12,077
Total liabilities	79,286	549,810	780,038
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	134,911	161,261
Deferred inflows on forgivable loans	—	—	10,127
Unavailable revenue-property taxes	—	10,715	22,222
Unavailable revenue-other receivables	28,359	7,637	64,733
Total deferred inflows of resources	28,359	153,263	258,343
FUND BALANCES (DEFICITS)			
Nonspendable	536	26,168	368,287
Restricted	66,487	956,187	1,350,584
Committed	—	15,846	43,011
Assigned	4,232	15,651	27,503
Unassigned (deficits)	—	(68,310)	214,458
Total fund balances	71,255	945,542	2,003,843
Total liabilities, deferred inflows of resources and fund balances	\$ 178,900	\$ 1,648,615	\$ 3,042,224
Amounts reported for governmental activities in the statement of net position are different because:			
Total fund balances - governmental funds			\$ 2,003,843
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			4,191,457
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.			568,360
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position.			167,272
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			(1,697,994)
Net position of governmental activities			\$ 5,232,938
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, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	GENERAL FUND	BEHAVIORAL HEALTH FUND	HOUSING AND COMMUNITY DEVELOPMENT FUND
REVENUES			
Taxes:			
Property taxes	\$ 400,938	\$ 3,756	\$ —
Retail sales and use taxes	197,022	—	4,473
Business and other taxes	4,568	20	—
Licenses and permits	6,582	—	—
Intergovernmental revenues	166,275	29,368	303,528
Charges for services	301,026	347,478	15,710
Fines and forfeits	26,209	—	—
Investment gains (losses)	(1,538)	(1,923)	(2,062)
Miscellaneous revenues	23,197	1,776	2,831
Total revenues	<u>1,124,279</u>	<u>380,475</u>	<u>324,480</u>
EXPENDITURES			
Current:			
General government	191,390	10,710	—
Law, safety and justice	760,018	—	—
Physical environment	384	—	—
Transportation	—	—	—
Economic environment	8,801	—	55,481
Health and human services	8,787	294,643	294,122
Culture and recreation	—	—	—
Debt service:			
Principal	5,762	—	4,107
Interest and other debt service costs	1,550	—	155
Capital outlay	6,829	—	66,028
Total expenditures	<u>983,521</u>	<u>305,353</u>	<u>419,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>140,758</u>	<u>75,122</u>	<u>(95,413)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	25,223	23,577	34,444
Transfers out	(117,333)	(22,300)	(5,325)
General government debt issued	—	—	—
Refunding bonds issued	—	—	—
Premium on general government bonds issued	—	—	—
Premium on refunding bonds issued	—	—	—
Payment to refunding bonds escrow agent	—	—	—
Right-to-use lease acquisition	6,226	—	33,898
Sale of capital assets	127	1	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(85,757)</u>	<u>1,278</u>	<u>63,017</u>
Net change in fund balances	55,001	76,400	(32,396)
Fund balances - beginning (Restated)	261,360	37,579	589,102
Fund balances - ending	<u>\$ 316,361</u>	<u>\$ 113,979</u>	<u>\$ 556,706</u>

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, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	PUBLIC HEALTH FUND	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Property taxes	\$ —	\$ 697,673	\$ 1,102,367
Retail sales and use taxes	—	222,626	424,121
Business and other taxes	—	24,646	29,234
Licenses and permits	500	21,302	28,384
Intergovernmental revenues	171,837	120,402	791,410
Charges for services	98,280	217,082	979,576
Fines and forfeits	—	630	26,839
Investment gains (losses)	—	(8,164)	(13,687)
Miscellaneous revenues	1,949	29,300	59,053
Total revenues	<u>272,566</u>	<u>1,325,497</u>	<u>3,427,297</u>
EXPENDITURES			
Current:			
General government	—	34,997	237,097
Law, safety and justice	—	179,111	939,129
Physical environment	—	23,917	24,301
Transportation	—	113,374	113,374
Economic environment	—	201,315	265,597
Health and human services	332,020	294,566	1,224,138
Culture and recreation	—	118,791	118,791
Debt service:			
Principal	1,355	105,554	116,778
Interest and other debt service costs	552	37,223	39,480
Capital outlay	1,070	221,872	295,799
Total expenditures	<u>334,997</u>	<u>1,330,720</u>	<u>3,374,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(62,431)</u>	<u>(5,223)</u>	<u>52,813</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	96,478	382,513	562,235
Transfers out	(1,475)	(391,581)	(538,014)
General government debt issued	—	18,790	18,790
Refunding bonds issued	—	15,815	15,815
Premium on general government bonds issued	—	2,258	2,258
Premium on refunding bonds issued	—	1,070	1,070
Payment to refunding bonds escrow agent	—	(16,753)	(16,753)
Right-to-use lease acquisition	813	17,821	58,758
Sale of capital assets	—	566	694
Insurance recoveries	—	149	149
Total other financing sources (uses)	<u>95,816</u>	<u>30,648</u>	<u>105,002</u>
Net change in fund balances	<u>33,385</u>	<u>25,425</u>	<u>157,815</u>
Fund balances - beginning (Restated)	37,870	920,117	1,846,028
Fund balances - ending	<u>\$ 71,255</u>	<u>\$ 945,542</u>	<u>\$ 2,003,843</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)**

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

Net change in fund balances - total governmental funds	\$	157,815
Governmental funds report capital outlay 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.		215,759
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net position.		14,972
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		11,304
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.		36,840
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.		89,817
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.		(7,281)
Change in net position of governmental activities	\$	<u>519,226</u>

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

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 4)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	SOLID WASTE	WATER QUALITY
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,442,268	\$ 140,483	\$ 462,369
Restricted cash and cash equivalents	262	3,177	1,026
Receivables, net	6,022	20,679	46,822
Due from other funds	10,846	2,016	6,084
Interfund short-term loans receivable	—	—	—
Property tax receivable-delinquent	716	—	—
Due from other governments, net	703,586	1,120	3,465
Inventory of supplies	23,701	1,723	10,802
Prepayments and other assets	—	571	13
Total current assets	2,187,401	169,769	530,581
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	6,349	19,380	171,388
Investments	—	—	14,064
Due from other governments	31	—	—
Net pension asset	125,112	11,921	22,657
Total restricted assets	131,492	31,301	208,109
Capital assets:			
Nondepreciable assets	392,922	68,409	760,245
Depreciable assets, net	1,220,856	222,324	3,365,355
Total capital assets	1,613,778	290,733	4,125,600
Other noncurrent assets:			
Receivables	141,215	4,643	5,185
Regulatory assets, net of amortization	—	—	170,726
Total other noncurrent assets	141,215	4,643	175,911
Total noncurrent assets	1,886,485	326,677	4,509,620
Total assets	4,073,886	496,446	5,040,201
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refunding	615	1,175	147,957
Deferred outflows on pensions	134,188	11,569	21,989
Deferred outflows on other post employment benefits	2,145	181	279
Deferred outflows on asset retirement obligations	5,927	446	409
Total deferred outflows of resources	142,875	13,371	170,634

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
ASSETS			
Current assets			
Cash and cash equivalents	\$ 84,613	\$ 2,129,733	\$ 303,032
Restricted cash and cash equivalents	465	4,930	406
Receivables, net	19,400	92,923	1,163
Due from other funds	795	19,741	1,077
Interfund short-term loans receivable	—	—	72,564
Property tax receivable-delinquent	—	716	—
Due from other governments, net	3,917	712,088	21,131
Inventory of supplies	481	36,707	3,521
Prepayments and other assets	648	1,232	13,937
Total current assets	110,319	2,998,070	416,831
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	644	197,761	—
Investments	—	14,064	—
Due from other governments	—	31	—
Net pension asset	2,210	161,900	33,113
Total restricted assets	2,854	373,756	33,113
Capital assets:			
Nondepreciable assets	19,127	1,240,703	1,957
Depreciable assets, net	65,537	4,874,072	70,229
Total capital assets	84,664	6,114,775	72,186
Other noncurrent assets:			
Receivables	234,406	385,449	2,596
Regulatory assets, net of amortization	—	170,726	—
Total other noncurrent assets	234,406	556,175	2,596
Total noncurrent assets	321,924	7,044,706	107,895
Total assets	432,243	10,042,776	524,726
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on refunding	—	149,747	—
Deferred outflows on pensions	2,145	169,891	34,124
Deferred outflows on other post employment benefits	36	2,641	458
Deferred outflows on asset retirement obligations	60	6,842	—
Total deferred outflows of resources	2,241	329,121	34,582

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 4)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	SOLID WASTE	WATER QUALITY
LIABILITIES			
Current liabilities			
Accounts payable	\$ 83,953	\$ 14,243	\$ 52,071
Estimated claim settlements	—	—	—
Due to other funds	—	—	52
Interfund short-term loans payable	—	—	—
Interest payable	814	549	59,796
Wages payable	40,607	3,304	6,035
Compensated absences payable	13,265	164	600
Other postemployment benefits	1,283	109	167
Unearned revenues	5,145	44	2,796
Pollution remediation	—	—	5,708
Bonds payable	3,340	9,020	107,085
Leases payable	3,720	945	226
State revolving loan payable	—	176	5,189
Landfill closure and post-closure care	—	10,722	—
Other liabilities	48	—	151,247
Total current liabilities	152,175	39,276	390,972
Noncurrent liabilities			
Compensated absences payable	43,152	4,948	13,040
Other postemployment benefits	17,475	1,478	2,274
Net pension liability	101,637	—	—
Bonds payable	67,865	168,741	3,400,160
Leases payable	46,078	2,283	1,203
State revolving loans payable	—	3,417	135,537
Landfill closure and post-closure care	—	237,227	—
Estimated claim settlements	—	—	—
Pollution remediation	708	1,194	48,351
Other liabilities	9,300	850	80,858
Total noncurrent liabilities	286,215	420,138	3,681,423
Total liabilities	438,390	459,414	4,072,395
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on rate stabilization	—	—	46,250
Deferred inflows on refunding	—	—	1,415
Deferred inflows on pensions	133,865	11,150	21,192
Deferred inflows on leases	261	6,651	58
Deferred inflows on other postemployment benefits	5,672	480	738
Total deferred inflows of resources	139,798	18,281	69,653
NET POSITION			
Net investment in capital assets	1,473,674	122,186	440,733
Restricted for:			
Capital projects	6,380	—	—
Debt service	—	—	129,744
Pensions	129,515	12,340	23,454
Regulatory assets and environmental liabilities	—	—	116,668
Unrestricted (deficit)	2,029,004	(102,404)	358,188
Total net position	\$ 3,638,573	\$ 32,122	\$ 1,068,787

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
LIABILITIES			
Current liabilities			
Accounts payable	\$ 2,995	\$ 153,262	\$ 21,105
Estimated claim settlements	—	—	78,615
Due to other funds	—	52	2,604
Interfund short-term loans payable	—	—	1,647
Interest payable	1	61,160	34
Wages payable	612	50,558	8,523
Compensated absences payable	102	14,131	1,006
Other postemployment benefits	21	1,580	274
Unearned revenues	188	8,173	982
Pollution remediation	—	5,708	—
Bonds payable	—	119,445	—
Leases payable	396	5,287	4,202
State revolving loan payable	—	5,365	—
Landfill closure and post-closure care	—	10,722	—
Other liabilities	1,079	152,374	2,320
Total current liabilities	5,394	587,817	121,312
Noncurrent liabilities			
Compensated absences payable	942	62,082	19,734
Other postemployment benefits	290	21,517	3,730
Net pension liability	—	101,637	14,744
Bonds payable	—	3,636,766	—
Leases payable	873	50,437	12,608
State revolving loans payable	—	138,954	—
Landfill closure and post-closure care	—	237,227	—
Estimated claim settlements	—	—	115,923
Pollution remediation	245	50,498	—
Other liabilities	894	91,902	—
Total noncurrent liabilities	3,244	4,391,020	166,739
Total liabilities	8,638	4,978,837	288,051
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on refunding	—	1,415	—
Deferred inflows on pensions	2,067	168,274	33,473
Deferred inflows on leases	244,181	251,151	2,751
Deferred inflows on other postemployment benefits	93	6,983	1,211
Total deferred inflows of resources	246,341	474,073	37,435
NET POSITION			
Net investment in capital assets	81,877	2,118,470	55,376
Restricted for:			
Capital projects	—	6,380	—
Debt service	—	129,744	—
Pensions	2,288	167,597	34,278
Regulatory assets and environmental liabilities	—	116,668	—
Unrestricted (deficit)	95,340	2,380,128	144,168
Total net position	\$ 179,505	4,918,987	\$ 233,822
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time		66,550	
Net position of business-type activities		\$ 4,985,537	

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, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	SOLID WASTE	WATER QUALITY
OPERATING REVENUES			
I-Net fees	\$ —	\$ —	\$ —
Radio services	—	—	—
Solid waste disposal charges	—	148,271	—
Airfield fees	—	—	—
Hangar, building, and site rentals and leases	—	—	—
Passenger	73,850	—	—
Service contracts	170,050	—	—
Sewage disposal fees	—	—	442,908
Capacity charges	—	—	98,193
Other operating revenues	18,029	10,937	26,227
Total operating revenues	261,929	159,208	567,328
OPERATING EXPENSES			
Personal services	601,842	51,912	54,252
Materials and supplies	96,547	10,779	23,890
Contract services and other charges	62,056	37,509	21,410
Utilities	6,090	1,482	19,118
Purchased transportation	67,023	—	—
Internal services	126,433	19,247	40,146
Landfill closure and post-closure care	—	15,337	—
Depreciation and amortization	184,253	21,766	171,819
Other operating expenses	1,923	105	19,578
Total operating expenses	1,146,167	158,137	350,213
Operating income (loss)	(884,238)	1,071	217,115
NONOPERATING REVENUES (EXPENSES)			
Sales tax	825,036	—	—
Property tax	38,302	—	—
Intergovernmental revenues	144,348	428	46
Investment gains (losses)	(21,470)	(1,970)	(9,589)
Miscellaneous revenues	8,970	6,318	1,783
Interest expense	(2,891)	(5,523)	(105,767)
Gain (loss) on disposal of capital assets	1,551	133	(1,544)
Miscellaneous expenses	(88,573)	(1,439)	(15,282)
Total nonoperating revenues (expenses)	905,273	(2,053)	(130,353)
Income (loss) before contributions, transfers and special item	21,035	(982)	86,762
Capital grants and contributions	62,576	—	528
Transfers in	—	—	250
Transfers out	(4,653)	(1,151)	(1,158)
Change in net position	78,958	(2,133)	86,382
Net position - January 1, 2022 (Restated)	3,559,615	34,255	982,405
Net position - December 31, 2022	\$ 3,638,573	\$ 32,122	\$ 1,068,787

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, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES			
I-Net fees	\$ 3,691	\$ 3,691	\$ —
Radio services	5,187	5,187	—
Solid waste disposal charges	—	148,271	—
Airfield fees	3,359	3,359	—
Hangar, building, and site rentals and leases	26,545	26,545	—
Passenger	—	73,850	—
Service contracts	—	170,050	—
Sewage disposal fees	—	442,908	—
Capacity charges	—	98,193	—
Other operating revenues	487	55,680	667,895
Total operating revenues	39,269	1,027,734	667,895
OPERATING EXPENSES			
Personal services	10,121	718,127	142,970
Materials and supplies	1,800	133,016	8,223
Contract services and other charges	9,415	130,390	466,725
Utilities	3,149	29,839	—
Purchased transportation	—	67,023	—
Internal services	10,198	196,024	30,952
Landfill closure and post-closure care	—	15,337	—
Depreciation and amortization	7,562	385,400	20,271
Other operating expenses	50	21,656	—
Total operating expenses	42,295	1,696,812	669,141
Operating income (loss)	(3,026)	(669,078)	(1,246)
NONOPERATING REVENUES (EXPENSES)			
Sales tax	—	825,036	—
Property tax	—	38,302	—
Intergovernmental revenues	2,975	147,797	6,618
Investment gains (losses)	(1,155)	(34,184)	(2,184)
Miscellaneous revenues	13,516	30,587	426
Interest expense	(13)	(114,194)	(381)
Gain (loss) on disposal of capital assets	—	140	1,639
Miscellaneous expenses	(1,483)	(106,777)	(324)
Total nonoperating revenues (expenses)	13,840	786,707	5,794
Income (loss) before contributions, transfers and special item	10,814	117,629	4,548
Capital grants and contributions	67	63,171	1,352
Transfers in	—	250	7,422
Transfers out	(1,166)	(8,128)	(23,765)
Change in net position	9,715	172,922	(10,443)
Net position - January 1, 2022 (Restated)	169,790		244,265
Net position - December 31, 2022	<u>\$ 179,505</u>		<u>\$ 233,822</u>
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds.		(3,162)	
Change in net position of business-type activities		<u>\$ 169,760</u>	

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 4)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	SOLID WASTE	WATER QUALITY
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 289,665	\$ 150,767	\$ 558,503
Cash received from other funds - internal services	404	4,895	1,069
Cash payments to suppliers for goods and services	(238,653)	(53,416)	(62,006)
Cash payments to other funds - internal services	(126,433)	(19,247)	(40,153)
Cash payments for employee services	(641,914)	(58,356)	(66,523)
Other receipts	3,118	6,071	1,718
Other payments	—	(1,476)	(25,093)
Net cash provided (used) by operating activities	(713,813)	29,238	367,515
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and subsidies received	941,955	389	—
Interfund short-term loan principal loaned to other funds	—	—	—
Interfund short-term loan principal repayments from other funds	—	—	—
Interfund advance principal repayments from other funds	—	—	—
Assistance to other agencies	(1,577)	—	(2,364)
Transfers in	—	—	250
Transfers out	(4,653)	(1,151)	(1,158)
Net cash provided (used) by noncapital financing activities	935,725	(762)	(3,272)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(157,426)	(22,870)	(215,300)
Proceeds from capital debt	—	296	107,147
Principal paid on capital financing	(7,436)	(9,722)	(214,114)
Interest paid on capital financing	(2,887)	(6,946)	(145,318)
Capital grants and contributions	16,545	—	—
Subsidies and other receipts	236	—	63
Proceeds from disposal of capital assets	1,812	199	54
Net cash used by capital and related financing activities	(149,156)	(39,043)	(467,468)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	—	—	(1,552)
Proceeds from sales and maturities of investments	—	—	1,532
Loss on investments	(23,211)	(2,158)	(8,597)
Net cash used by investing activities	(23,211)	(2,158)	(8,617)
Net increase (decrease) in cash and cash equivalents	49,545	(12,725)	(111,842)
Cash and cash equivalents - January 1, 2022	1,399,334	175,765	746,625
Cash and cash equivalents - December 31, 2022	<u>\$ 1,448,879</u>	<u>\$ 163,040</u>	<u>\$ 634,783</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	BUSINESS-TYPE ACTIVITIES		INTERNAL SERVICE FUNDS
	NONMAJOR ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 35,610	\$ 1,034,545	\$ 9,729
Cash received from other funds - internal services	4,503	10,871	664,860
Cash payments to suppliers for goods and services	(13,900)	(367,975)	(470,007)
Cash payments to other funds - internal services	(9,988)	(195,821)	(41,237)
Cash payments for employee services	(11,240)	(778,033)	(160,126)
Other receipts	4,982	15,889	4,096
Other payments	(1,483)	(28,052)	—
Net cash provided (used) by operating activities	<u>8,484</u>	<u>(308,576)</u>	<u>7,315</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and subsidies received	4,882	947,226	6,618
Interfund short-term loan principal loaned to other funds	—	—	(74,804)
Interfund short-term loan principal repayments from other funds	—	—	10,398
Interfund advance principal repayments from other funds	—	—	49,585
Assistance to other agencies	—	(3,941)	—
Transfers in	—	250	7,422
Transfers out	(1,166)	(8,128)	(23,765)
Net cash provided (used) by noncapital financing activities	<u>3,716</u>	<u>935,407</u>	<u>(24,546)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(6,085)	(401,681)	(8,520)
Proceeds from capital debt	—	107,443	—
Principal paid on capital financing	(210)	(231,482)	(6,047)
Interest paid on capital financing	(12)	(155,163)	(219)
Capital grants and contributions	978	17,523	—
Subsidies and other receipts	—	299	—
Proceeds from disposal of capital assets	1,183	3,248	1,646
Net cash used by capital and related financing activities	<u>(4,146)</u>	<u>(659,813)</u>	<u>(13,140)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	—	(1,552)	—
Proceeds from sales and maturities of investments	—	1,532	—
Loss on investments	(1,757)	(35,723)	(2,462)
Net cash used by investing activities	<u>(1,757)</u>	<u>(35,743)</u>	<u>(2,462)</u>
Net increase (decrease) in cash and cash equivalents	6,297	(68,725)	(32,833)
Cash and cash equivalents - January 1, 2022	79,425	2,401,149	336,271
Cash and cash equivalents - December 31, 2022	<u>\$ 85,722</u>	<u>\$ 2,332,424</u>	<u>\$ 303,438</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 4)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	SOLID WASTE	WATER QUALITY
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (884,238)	\$ 1,071	\$ 217,115
Adjustments to reconcile operating income (loss) to net cash			
provided (used) by operating activities:			
Depreciation and amortization - capital assets	184,253	21,766	171,819
Nonoperating miscellaneous revenues (expenses)	8,806	4,879	1,720
(Increases) decreases in assets:			
Accounts receivable, net	5,894	(1,390)	(7,099)
Due from other funds	(583)	(37)	(169)
Due from other governments, net	26,694	(100)	—
Inventory	1,096	(173)	(1,076)
Prepayments	29	(449)	—
Net pension asset	233,066	20,602	38,613
Other assets	53	—	(5,198)
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(95,982)	(8,665)	(16,540)
Increases (decreases) in liabilities:			
Accounts payable	(7,697)	6,730	3,480
Due to other funds	—	—	(7)
Wages payable	5,722	(284)	(332)
Unearned revenues	(9,311)	—	(141)
Estimated claim settlements	—	—	—
Compensated absences payable	(492)	194	448
Other postemployment benefits	4,574	383	590
Net pension liability	54,552	—	—
Customer deposits and other liabilities	5,455	—	(752)
Landfill closure and post-closure care	—	5,582	—
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pensions and OPEB	(245,704)	(20,871)	(34,956)
Total adjustments	170,425	28,167	150,400
Net cash provided (used) by operating activities	<u>\$ (713,813)</u>	<u>\$ 29,238</u>	<u>\$ 367,515</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Public Transportation capital grants on account increased by \$46.0 million in 2022.

Water Quality issued commercial paper in 2022 to refund debt issued from 2012 to 2013. The \$23.2 million of commercial paper proceeds were placed in escrow for the defeasance of \$22.6 million of outstanding bond principal and \$600 thousand of interest.

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	<u>BUSINESS-TYPE ACTIVITIES</u>		<u>INTERNAL SERVICE FUNDS</u>
	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,026)	\$ (669,078)	\$ (1,246)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	7,562	385,400	20,271
Nonoperating miscellaneous revenues (expenses)	12,243	27,648	422
(Increases) decreases in assets:			
Accounts receivable, net	14,244	11,649	409
Due from other funds	39	(750)	157
Due from other governments, net	41	26,635	(1,092)
Inventory	23	(130)	(472)
Prepayments	(648)	(1,068)	(1,217)
Net pension asset	3,771	296,052	57,848
Other assets	—	(5,145)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(1,583)	(122,770)	(24,190)
Increases (decreases) in liabilities:			
Accounts payable	534	3,047	2,568
Due to other funds	—	(7)	2,298
Wages payable	44	5,150	(799)
Unearned revenues	—	(9,452)	569
Estimated claim settlements	—	—	2,048
Compensated absences payable	21	171	908
Other postemployment benefits	73	5,620	922
Net pension liability	—	54,552	6,751
Customer deposits and other liabilities	516	5,219	(244)
Landfill closure and post-closure care	—	5,582	—
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pensions and OPEB	(25,370)	(326,901)	(58,596)
Total adjustments	11,510	360,502	8,561
Net cash provided (used) by operating activities	\$ 8,484	\$ (308,576)	\$ 7,315

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Internal Service Funds received \$1.4 million of capital assets from other funds and transferred \$320 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, 2022
(IN THOUSANDS)

	CUSTODIAL FUNDS	
	EXTERNAL INVESTMENT POOL FUNDS	OTHER CUSTODIAL FUNDS
ASSETS		
Cash and cash equivalents	\$ —	\$ 128,703
Investments at fair value:		
Repurchase agreements	84,892	—
Commercial paper	370,416	—
U.S. agency discount notes	107,270	—
Corporate notes	67,936	—
U.S. Treasury notes	1,456,862	22,820
U.S. agency notes	618,235	—
U.S. agency collateralized mortgage obligations	600	—
Supranational coupon notes	806,036	—
State Treasurer's investment pool	275,704	—
Total investments	3,787,951	22,820
Taxes receivable for other governments	—	113,883
Accounts receivable	—	17,457
Interest receivable	6,352	—
Assessments receivable for other governments	—	1,174
Notes and contracts receivable	—	51
Total assets	3,794,303	284,088
LIABILITIES		
Accounts payable and other liabilities	—	101,888
Due to beneficiaries	—	78,341
Due to other governments	—	32,339
Total liabilities	—	212,568
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	3,794,303	85,014
Unrestricted deficit	—	(13,494)
Total net position	\$ 3,794,303	\$ 71,520

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, 2022
(IN THOUSANDS)

	CUSTODIAL FUNDS	
	EXTERNAL INVESTMENT POOL FUNDS	OTHER CUSTODIAL FUNDS
ADDITIONS		
Property taxes collected for other governments	\$ —	\$ 13,176,450
State apportionment	—	4,119,431
Real estate excise taxes collected for other governments	—	1,059,055
Bond proceeds	—	69,323
Utility charges	—	349,003
Local support non-tax receipts	—	408,879
Member contributions	—	271,823
Drainage utility charges collected for other governments	—	250,056
Pool participant contributions	5,888,795	5,892,010
Line of credit receipts	—	30,300
Investment earnings:		
Interest, dividends and other	44,063	8
Net increase (decrease) in fair value of investments	(95,305)	(43)
Total investment earnings (losses)	(51,242)	(35)
Less investment costs:		
Investment activity costs	(1,275)	—
Net investment earnings (losses)	(52,517)	(35)
Charges for fire protection services	—	44,082
Receipts from other governments	—	160,467
Court fees collected for other governments	—	10,524
Lease contributions	—	12,740
Regulatory fees	—	12,102
Recording fees collected for other governments	—	36,561
Other taxes collected for other governments	—	1,442,722
Charges for emergency medical services	—	8,774
Impact fees collected for other governments	—	1,612
Food services receipts	—	2,582
Forest funds	—	1,826
Fines and forfeits collected for other governments	—	635
Licensing fees collected for other governments	—	246
Other fees collected for other governments	—	877
Miscellaneous receipts	—	268,854
Total additions	5,836,278	27,630,899
DEDUCTIONS		
Payments to vendors	—	10,557,940
Taxes distributed to other governments	—	9,916,322
Principal payments	—	447,080
Interest and other debt service costs	—	249,671
Other receipts distributed to other governments	—	354,616
Pool participant distributions	5,892,010	5,888,795
Line of credit payments	—	31,300
Election costs	—	12,046
Payments to escrow	—	661
Treasurer collection fees	—	3,197
Cash management fees	—	75
Miscellaneous payments	—	170,329
Total deductions	5,892,010	27,632,032
Net increase (decrease) in fiduciary net position	(55,732)	(1,133)
Net position - beginning	3,850,035	72,653
Net position - ending	<u>\$ 3,794,303</u>	<u>\$ 71,520</u>

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

STATEMENT OF NET POSITION
COMPONENT UNITS
DECEMBER 31, 2022
(IN THOUSANDS)

	Harborview Medical Center	Cultural Development Authority	NJB Properties	Total
ASSETS				
Cash and cash equivalents	\$ 366,723	\$ 35,170	\$ —	\$ 401,893
Receivables, net	234,453	—	10	234,463
Due from primary government	4,065	2,736	—	6,801
Inventories	10,714	—	—	10,714
Prepayments	18,954	212	15	19,181
Net pension asset	—	692	—	692
Nondepreciable assets	14,953	—	—	14,953
Depreciable assets, net of depreciation	409,644	2,147	—	411,791
Net investment in finance lease with primary government	—	—	7,016	7,016
Deposits with other governments	4,399	—	—	4,399
Other assets	51,676	101	892	52,669
Total assets	1,115,581	41,058	7,933	1,164,572
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	—	755	—	755
Deferred outflows on other postemployment benefits	—	11	—	11
Total deferred outflows of resources	—	766	—	766
LIABILITIES				
Accounts payable and other current liabilities	73,326	1,261	10	74,597
Accrued liabilities	61,456	—	34	61,490
Due to primary government	168,422	8,075	—	176,497
Unearned revenues	16,032	17,060	—	33,092
Noncurrent liabilities:				
Due within one year	5,756	2,408	360	8,524
Due in more than one year	21,841	3,570	6,965	32,376
Total liabilities	346,833	32,374	7,369	386,576
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	—	715	—	715
Deferred inflows on leases	36,915	—	—	36,915
Total deferred inflows of resources	36,915	715	—	37,630
NET POSITION				
Net investment in capital assets	257,933	—	—	257,933
Restricted for:				
Health and human services				
Expendable	10,137	—	—	10,137
Nonexpendable	3,519	—	—	3,519
Culture and recreation				
Expendable	—	8,735	—	8,735
Unrestricted	460,244	—	564	460,808
Total net position	\$ 731,833	\$ 8,735	\$ 564	\$ 741,132

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

**STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	Cultural Development Authority	NJB Properties	
Component Units:								
Harborview Medical Center	\$ 1,218,072	\$ 1,193,669	\$ 17,724	\$ 124	\$ (6,555)	\$ —	\$ —	\$ (6,555)
Cultural Development Authority	16,663	—	20,222	—	—	3,559	—	3,559
NJB Properties	570	153	—	—	—	—	(417)	(417)
Total component units	<u>\$ 1,235,305</u>	<u>\$ 1,193,822</u>	<u>\$ 37,946</u>	<u>\$ 124</u>	<u>\$ (6,555)</u>	<u>\$ 3,559</u>	<u>\$ (417)</u>	<u>\$ (3,413)</u>
General revenues:								
					\$ 2,797	\$ 537	\$ 369	\$ 3,703
					<u>2,797</u>	<u>537</u>	<u>369</u>	<u>3,703</u>
					(3,758)	4,096	(48)	290
					<u>735,591</u>	<u>4,639</u>	<u>612</u>	<u>740,842</u>
					<u>\$ 731,833</u>	<u>\$ 8,735</u>	<u>\$ 564</u>	<u>\$ 741,132</u>

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

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

Notes to the Financial Statements

For the Year Ended December 31, 2022

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Note 1

Summary of Significant Accounting Policies

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

Blended Component Units

King County Flood Control District (FCD)

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

FCD is a component unit of the County for the following reasons: (1) it is a legally separate entity established as a quasi-municipal corporation and independent taxing authority; (2) King County appoints the voting majority of the 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 is presented 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 2022, FCD reimbursed the County \$86.3 million for such projects and programs.

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

Component Units – Discretely Presented

Harborview Medical Center (HMC)

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

The HMC Board of Trustees is appointed by the County Executive. The 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 discretely reported as a component unit in the County's financial report 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 - "Liabilities" reports on all the general obligation bonds issued by the County as of December 31, 2022, including bonds reported by HMC as of June 30, 2022.

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

HMC hires independent auditors and prepares its own financial statements with a fiscal year ending June 30. These statements may be obtained from the Finance Section of the Harborview Medical Center, Box 359415, 4333 Brooklyn Ave., Seattle, Washington, 98195.

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 was authorized to spend an endowment that was set aside in prior years from a portion of the King County lodging tax receipts. Beginning in 2021, by state statute, King County transferred 37.5 percent of lodging tax revenue - \$5.9 million and \$12.2 million in 2021 and 2022 respectively - to CDA to support art, cultural and heritage facilities, as well as the performing arts. In July of 2019, CDA launched Building for Equity, a joint initiative with the King County Council to support the existing needs of building projects within the cultural sector and to advance CDA's funding practices aimed at improving equitable outcomes.

CDA is a component unit of the County for the following reasons: (1) it is a separate legal entity; (2) CDA's board of directors is appointed by the County Executive (from a nonrestrictive pool of candidates) and confirmed by the County Council; and (3) the County is able to impose its will on CDA, for example, the County has the power to remove a director from the CDA board and the power to dissolve CDA. CDA is discretely reported as a component unit in the County's financial report 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 discretely presented 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, 2022, 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 2022, the WDC reimbursed King County approximately \$1.0 million for the Employment and Education Resource Program in eligible program costs. King County has a \$429 thousand equity interest in the WDC. Separately issued and independently audited financial statements may be obtained from the Workforce Development Council, 2003 Western Avenue, Suite 250, Seattle, Washington 98121.

Jointly Governed Organizations

Seattle Convention Center Public Facilities District (formerly Washington State Convention Center Public Facilities District)

The Washington State Convention Center Public Facilities District (WSCC) was officially formed by King County Ordinance 16883 in July 2010, and is directed by a nine-member board of community members appointed by the State of Washington, King County, and the City of Seattle. In 2022, WSCC changed its business name to Seattle Convention Center Public Facilities District (SCC). 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; therefore, the District is a jointly governed organization.

King County Regional Homelessness Authority

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

representing people with lived experience. Funding for the KCRHA will come from King County, City of Seattle and Continuum of Care grants from the federal government.

The KCRHA is a jointly governed organization as the participating governments have neither ongoing financial interest nor financial responsibility.

Puget Sound Emergency Radio Network Operator

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

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

The PSERN Operator is a jointly governed organization as the participating governments have neither ongoing financial interest nor financial responsibility.

Related Organizations

There are three separate entities for which the County is accountable, but is not financially accountable. These related organizations are King County Library System (KCLS), King County Housing Authority (KCHA), and Washington State Major League Baseball Public Facilities District (PFD). The County Council appoints a majority of the board of KCLS and PFD. There is no evidence that the County Council can influence the programs and activities of these three organizations or that they create a significant financial benefit or burden to the County.

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

Basis of Presentation - Government-wide Financial Statements

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

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

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

HMC has a June 30 fiscal year end, differing from the County's December 31 fiscal year end. The County reports HMC's financial results as of June 30 in the financial statements. In 2022, HMC reported \$4.1 million receivable from the County and \$168.4 million payable on June 30, 2022. Due to the differing fiscal years, County funds are reporting a total payable to HMC of \$3.5 million and receivable of \$137.4 million on December 31, 2022.

Basis of Presentation – Fund Financial Statements

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

Major Governmental Funds

The County reports the following major governmental funds:

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

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

The Housing and Community Development 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.

The Public Health Fund finances health services centers located through King County and public health programs. It supports clinical health services, primary care assurance, management and business practice, population, and targeted community health services. Its main sources of funding are from federal and state grants, entitlements and shared revenues, charges for services, Best Start for Kids levy, General fund transfers, and contributions from City of Seattle and charitable organizations.

Major Enterprise Funds

The County reports the following major enterprise funds:

The Public Transportation Enterprise accounts for the operations, maintenance, capital improvements, expansion of public transportation facilities in King County under the Metro Transit Department, and expansion of the County's Water Taxi service between downtown Seattle, Vashon Island and West Seattle under the Marine Division. Primary revenue sources include sales tax and passenger service fees. Construction and fleet replacement are funded through sales taxes, bonds and federal and state 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 Brightwater Treatment Plant, the West Point Treatment Plant in Seattle, and the South Treatment Plant in Renton, as well as two smaller facilities, the Carnation and Vashon Island Treatment Plants. The enterprise is supported by user fees and connection charges.

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

Nonmajor Governmental Funds

Special Revenue Funds are used to account for a variety of County programs including the arts, an automated fingerprint identification system, road maintenance, emergency medical services, the enhanced 911 emergency telephone system, Harborview health and safety, local hazardous waste management, parks, surface water program 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, Institutional Network, and the Emergency Radio Communications System.

Internal Service Funds

Internal Service Funds are used to account for the provision of motor pool, information technology, risk management, construction and facilities management, financial, employee benefits program and other services provided by one department or agency to other departments or agencies of the County on a cost reimbursement basis. All are consolidated for reporting purposes with the governmental activities in the government-wide financial statements.

Fiduciary Funds

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

Interfund Balances and Eliminations

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/due to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) 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 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 funds and the custodial funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

New Accounting Standards

GASB Statement No. 87, *Leases*, covers accounting and financial reporting for leases by governments. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. King County implemented the Statement in 2022. The required changes are reflected in the County’s financial statements and notes to those statements.

GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations and eliminates a diversity in practices associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. King County implemented the Statement in 2022; it did not have a material impact on the financial statements.

GASB Statement No. 92, *Omnibus 2020* (paragraphs 6-10 and 12), covers comparability in accounting and financial reporting by improving the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. King County implemented the paragraphs of the Statement that were applicable for 2022. The portions implemented did not have a material impact on the financial statements.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* (paragraphs 6-9), clarifies rules related to reporting of fiduciary activities, mitigates costs for defined contribution plans, and enhances the comparability of the accounting and financial reporting of Code section 457 plans that meet the definition of a pension plan. King County implemented the paragraphs of the Statement that were applicable for 2022. They did not have a material impact on the financial statements.

GASB Statement No. 99, *Omnibus 2022* (paragraphs 26-32), enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified in previous GASB Statements. King County implemented the paragraphs of the Statement that were applicable for 2022; additional requirements in this Statement will be implemented in the County’s future financial reports. The portions implemented did not have a material impact on the financial statements.

Terminology

Expenditure Functions

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

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

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

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

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

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

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

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

Certain Accounts are Grouped on the Statement of Net Position:

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

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

Cash and Cash Equivalents

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

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

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

Investments (See Note 4 - "Deposits and Investments")

Receivables (See Note 5 - "Receivables")

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

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

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

Interfund Activity

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

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

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

Interfund Reimbursements

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

Inventory

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

Prepayments

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

Restricted Assets and Liabilities (See Note 8 – "Restricted Assets" and Note 15 - "Liabilities")

These accounts contain resources for construction and debt service, including current and delinquent special assessments receivable, in enterprise funds. Specific debt service reserve requirements are described in Note 15 – Liabilities. Restricted assets for the proprietary funds and component units can be found in Note 8 - Restricted Assets.

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 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 (excluding non-depreciable assets such as 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

Leases

Lessee: The County is a lessee for noncancelable leases. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide and proprietary fund financial statements. The County recognized lease liabilities with an initial value of \$223.6 million.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized using the straight-line basis over its useful life.

Governmental funds recognize a capital outlay and other financing source at the commencement of a new lease. Lease payments in governmental funds are reported as debt service principal and debt service interest expenditures.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The future lease payments are discounted using the interest rate implicit in the lease contract. If the interest rate is not available, the County generally uses its incremental borrowing rate for lease terms (including options to extend which are likely to be exercised) of less than 15 years and the US Treasury Securities-State and Local Government Series (SLGS) rate for leases with terms of 15 years or more.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: The County is a lessor for noncancelable leases. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term using the effective interest method.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The future lease payments are discounted using the interest rate implicit in the lease contract. The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease liability are composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Regulatory Accounting

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

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

Regulatory assets - The Water Quality Enterprise treats pollution remediation obligations, program payments to Rainwise participants, and strategic planning costs as regulatory assets to allow for cost recovery through future rate increases. The portion of regulatory asset costs that have been accrued is being amortized over a recovery period of 7 to 30 years.

Accrued Liabilities

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

February 2 - 11	\$50,000
February 12 - March 1	\$100,000
March 2 - April 17	\$1,000,000

Individual assessments for specific funds are made for amounts not meeting the stated materiality thresholds. Grant-related items to be reported on the Schedule of Expenditures of Federal Awards (SEFA) or Schedule of Expenditures of State Financial Assistance (SESFA) 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 - "Liabilities")

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

In the fund financial statements, governmental fund types recognize bond premiums, discounts and bond issuance costs in the current period. The face amount of the debt issued is reported as other financing sources. Premiums on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service costs.

Rebatable Arbitrage

The County's tax-exempt debt is subject to arbitrage restrictions as defined by the Internal Revenue Code. Most of the County's bonded debts are tax-exempt; exceptions are identified in Note 15 - "Liabilities." Arbitrage occurs when the funds borrowed at tax-exempt rates of interest are invested in higher yielding taxable securities. The County's recent arbitrage analysis for the period November 1, 2021 through October 31, 2022 reveals only an immaterial arbitrage liability at December 31, 2022.

Pensions

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

For purposes of calculating the restricted net position related to the net pension asset, the county includes the net pension asset and the related deferred outflows and deferred inflows.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets 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 five 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. 55). The deferred inflows of resources on pensions and OPEB are reported in the government-wide Statement of Net Position.

The deferred inflows of resources on pensions and OPEB result from contributions subsequent to the measurement date, the difference between projected and actual investment earnings, the difference between expected and actual experience, and changes in actuarial assumptions and changes in proportions. The *deferred inflows on forgivable loans* is reported on the government-wide Statement of Net Position and the governmental funds Balance Sheet, representing the accrued interest revenue on a forgivable loan earned before meeting time requirements, but after all other eligibility requirements have been met. The *deferred inflows on leases* is reported on the government-wide Statement of Net Position, the governmental funds Balance Sheet, the proprietary funds Statement of Net Position, and the component unit Statement of Net Position. This deferred inflow is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. 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, grants and abatement receivables. These amounts are deferred and recognized as an inflow of resources in the period that amounts become available.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Compensated Absences

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

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. The County has only immaterial excess compensation liabilities, which are not reported. 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 (e.g. a cash out of unused vacation leave in excess of 240 hours) defined by the State as excess compensation.

Revenues and Expenditures/Expenses

Program Revenues

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

Allocating Indirect Expense to Functions

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2

Reconciliation of Government-wide and Fund Financial Statements

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

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

Long-term amounts reported for governmental activities:	
Bonds payable and other debt	\$ (982,574)
Plus: Unamortized premiums on bonds sold	(51,620)
Accrued interest payable	(5,069)
Leases payable	(185,967)
Compensated absences	(113,711)
Net pension liability	(114,152)
Total other post employment benefits	(65,057)
Pollution remediation	(2,603)
Asset retirement obligations	(3,756)
Earned but unavailable fines and penalties and abatements	1,394
Earned but unavailable taxes	22,222
Earned but unavailable grants	41,172
Earned but unavailable opioid settlement	22,167
Deferred inflows on pensions	(240,767)
Deferred inflows on other post employment benefits	(19,673)
Total adjustments related to long-term liabilities and deferred inflows	<u>\$ (1,697,994)</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	\$ 2,788,039
Amortizable and depreciable assets	1,475,604
Less: Capital and right-to-use assets in internal service funds	<u>(72,186)</u>
Total adjustments related capital assets	<u>\$ 4,191,457</u>

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

Other long-term amounts reported for governmental activities:	
Net pension asset	\$ 284,869
Assets constructed for others	4,606
Deferred outflows on refunding (to be amortized as interest expense)	12,527
Deferred outflows on pensions	255,771
Deferred outflows on other post employment benefits	7,440
Deferred outflows on asset retirement obligation	3,147
Total adjustments related to long-term assets and deferred outflows	<u>\$ 568,360</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	\$ 233,822
Internal payable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	(69,712)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	<u>3,162</u>
Total adjustments related to internal service funds	<u><u>\$ 167,272</u></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	\$ 295,799
Depreciation expense	<u>(80,040)</u>
Total adjustments related to capital outlay	<u><u>\$ 215,759</u></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 loss on the disposal of capital assets while gross proceeds increase financial resources in the governmental funds. The difference is the net book value of capital assets sold.	\$ (2,479)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds.	<u>17,451</u>
Total adjustments related to miscellaneous capital asset transactions	<u><u>\$ 14,972</u></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	\$ 1,356
Unavailable revenue-grants	(14,460)
Unavailable revenue-charges for services	(1,199)
Unavailable revenue-fines and forfeits	(535)
Unavailable revenue-opioid settlement	22,372
LEOFF special funding	<u>3,770</u>
Total adjustments related to revenues	<u><u>\$ 11,304</u></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	\$ (18,790)
Issuance of refunding bonds	(15,815)
Premium on bonds sold	(3,328)
Principal repayments	116,778
Payment to escrow agent	16,753
Lease proceeds	<u>(58,758)</u>
Total adjustments related to debt issuance or refundings	<u>\$ 36,840</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	\$ (2,801)
Other postemployment benefits	13,967
Interest on long-term debt	6,706
Lease amortization	(10,474)
Pension expense	77,636
Asset retirement obligations amortization	(149)
Pollution remediation	326
Project expenditures for others	<u>4,606</u>
Total adjustments related to expenses	<u>\$ 89,817</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:	
Loss on investment value	\$ (2,184)
Intergovernmental revenues	6,618
Revenues related to services provided to outside parties	11,486
Expenses related to services provided to outside parties	(11,507)
Miscellaneous nonoperating revenue	426
Miscellaneous nonoperating expense	(324)
Gain on disposal of capital assets	1,639
Interest expense	(381)
Capital contributions	1,352
Transfers in	7,422
Transfers out	(23,765)
Internal service fund gains allocated to governmental activities	<u>1,937</u>
Total adjustments related to internal service funds	<u>\$ (7,281)</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 report the cumulative internal balance for net effect of the activity between the internal service funds and the enterprise funds over time.” The details are as follows:

Cumulative internal balance for net effect of activity between internal service funds and enterprise funds:	
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	\$ 69,712
Internal receivable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	<u>(3,162)</u>
Total adjustments related to internal service fund activities related to enterprise funds	<u>\$ 66,550</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, Housing and Community Development Fund, Public Health Fund, nonmajor special revenue funds and debt service funds, with some exceptions. Exceptions include lease payments, which are budgeted on the cash basis, and the transfer of bond proceeds to projects in the same fund, which are not budgeted. The capital projects funds are controlled by multi-year budgets. Some nonmajor special revenue funds are controlled by multi-year budgets including Harborview Health and Safety, Long-Term Leases, Major Maintenance, Surface Water Program, Transfer of Development Credits and Urban Reforestation and Habitat Restoration. The Law Library Fund, Road Improvement Districts and Treasurer's Operating and Maintenance have the authority under state law to pay expenditures without appropriations.

The budget for the Flood Control District, a blended component unit, is approved under the authority of its respective governing body on an annual basis in accordance with RCW 86.15.140. The budget is divided into four appropriation items: (1) flood district administration; (2) maintenance and operation; (3) construction and improvements; and (4) bond retirement and interest.

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

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

Excess of Expenditures over Appropriations

The County views expenditures in excess of \$50 thousand over appropriation to be significant. Appropriation Units with this situation at December 31, 2022 are discussed below.

The Developmental Disabilities appropriation unit exceeded appropriations by \$140 thousand. The overage is a result of expenditures from the unbudgeted emergent program for the Afghan refugees.

The Flood District Administration appropriation unit from the Flood Control District exceeded appropriations by \$340 thousand. The District may over spend appropriations in the instances where no specific limit is identified. Services that have been appropriately authorized are considered to be eligible for payment and revenue is available to pay for service.

Deficit Fund Equity

Nonmajor Governmental Funds

The Department of Community and Human Services Administration fund reports a total fund balance deficit of \$3.1 million. The deficit is a result of Coronavirus Disease (COVID) isolation and quarantine program expenditures. The deficit is anticipated to be resolved by future reimbursements.

The KC Flood Control Contract fund reports a total fund balance deficit of \$964 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 \$4.3 million, which is due to both COVID-related lease expenditures and non COVID-related expenditures. For the non COVID-related fund deficit, the Facilities Management Division has developed a plan to address the deficit through rate actions by the end of 2023. The plan was approved by the Executive Committee during 2016 and 2017. The timing to resolve the COVID-related fund deficit is dependent on the amount and timing of reimbursements from federal grants.

The Building Repair and Replacement fund reports a total fund deficit of \$18.6 million. The deficit is mostly caused by the Children and Family Justice Center (CFJC) project and COVID-related expenditures. For the CFJC project, the expenditures occurred faster than tax revenues were collected, plus proceeds from a property sale are expected to decrease the deficit for the project. The timing to resolve the COVID-related fund deficit is dependent on the amount and timing of reimbursements from federal grants. Currently, an interfund loan is approved to cover the expenditures.

The Department of Local Services Capital fund reports a total fund balance deficit of \$102 thousand. The fund deficit is expected to be resolved by a future general obligation bond issuance with debt service to be funded by the General Fund. In the interim, an interfund loan is approved to cover expenditures.

The KCIT Capital Projects fund reports a total fund balance deficit of \$12.5 million. This is mainly due to the Property Tax Assessment System Capital Project. The deficit will be resolved by a bond issuance in 2023.

The Open Space Acquisitions fund reports a total fund balance deficit of \$65 thousand. The fund deficit is expected to be resolved by a future general obligation bond issuance with debt service to be funded by the General Fund. In the interim, an interfund loan is approved to cover the expenditures.

Internal Service Funds

The Insurance Fund has a deficit net position of \$23.5 million caused by the current nationwide trend of rising claims and insurance costs. The fund is expected to be fully funded by the end of 2026 through central rate increases.

Note 4

Deposits and Investments

Deposits

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

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

As of December 31, 2022, the County’s total deposits, including certificates of deposits, were \$69.4 million in carrying amount and \$18.8 million in bank balance, of which \$9.2 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.

As of period ending December 31, 2022, several funds of the County experienced unrealized losses greater than interest income. In these funds, the line "investment gains (losses)" is reported as a negative number representing the net of interest earned and the unrealized losses.

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 Statement No. 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost. LGIP is overseen by the Office of the State Treasurer, the State Finance Committee, the Local Government Investment Pool Advisory Committee and the Washington State Auditor's Office.

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

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

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

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

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

The King County Investment Pool values participants' shares using an amortized cost basis. Monthly income is distributed to participants based on their relative participation during the period. Income is calculated based on: (1) realized investment gains and losses; (2) interest income based on stated rates (both paid and accrued); and (3) the amortization of discounts and premiums on a straight-line basis. Income is reduced by contractually agreed upon fees. This method differs from the fair value method used to value investments in the financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses due to changes in the fair values. The net change in the fair value of the investments is reported as an increase or decrease in cash and cash equivalents in the statement of net position.

The King County Investment Pool's total fair value of investment including purchased interest was \$8.6 billion at year-end. At year-end, the change in the fair value of the total investments for the reporting entity, after considering purchases, sales and maturities, resulted in a net markdown from cost of \$231.3 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, 2022 (dollars in thousands):

Investment Type	KING COUNTY INVESTMENT POOL		Average	Effective
	Fair Value	Principal	Interest	Duration
			Rate	(Years)
Repurchase Agreements	\$ 193,000	\$ 193,000	4.24 %	0.011
Commercial Paper	840,165	850,000	4.18 %	0.253
U.S. Agency Discount Notes	243,875	247,000	2.82 %	0.287
Corporate Notes	154,425	158,697	2.53 %	1.115
U.S. Treasury Notes	3,267,343	3,404,500	1.84 %	1.357
U.S. Agency Notes	1,405,530	1,451,983	1.38 %	0.973
U.S. Agency Collateralized Mortgage Obligations	1,364	1,392	4.31 %	2.482
Supranational Coupon Notes	1,832,448	1,917,553	0.76 %	1.229
State Treasurer's Investment Pool (LGIP)	626,804	626,804	4.28 %	0.011
Total investments in Pool	<u>\$ 8,564,954</u>	<u>\$ 8,850,929</u>	2.02 %	0.995

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

Concentration of credit risk - Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the King County Investment Pool had concentrations greater than 5.0 percent in the following issuers: Inter-American Development Bank, 8.5 percent; Asian Development Bank, 6.6 percent; Federal Home Loan Banks, 6.4 percent; and Federal Home Loan Mortgage Corporation, 6.0 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, 2022, the effective duration of the main Pool was 0.995 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):

Investment Type	Credit Quality Distribution				Total
	AAA or A-1	AA	A	Not Rated	
Repurchase Agreements	\$ 193,000	\$ —	\$ —	\$ —	\$ 193,000
Commercial Paper	840,165	—	—	—	840,165
U.S. Agency Discount Notes	243,875	—	—	—	243,875
Corporate Notes	6,555	96,405	51,465	—	154,425
U.S. Agency Notes	—	1,405,530	—	—	1,405,530
U.S. Agency Collateralized Mortgage Obligations	—	1,364	—	—	1,364
Supranational Coupon Notes	1,832,448	—	—	—	1,832,448
State Treasurer's Investment Pool	—	—	—	626,804	626,804
Total investments	\$ 3,116,043	\$ 1,503,299	\$ 51,465	\$ 626,804	\$ 5,297,611

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

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

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, 2.3 percent; Commercial Paper, 9.8 percent; U.S. Agency Discount Notes, 2.9 percent; Corporate Notes, 1.8 percent; U.S. Treasury Notes, 38.1 percent; U.S. Agency Notes, 16.4 percent; Supranational Coupon Notes, 21.4 percent; and the State Treasurer's Investment Pool (LGIP), 7.3 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, 2022 (in thousands):

	Fair Value 12/31/2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
<u>Investments by fair value level</u>				
Commercial Paper	\$ 840,165	\$ —	\$ 840,165	\$ —
U.S. Agency Discount Notes	243,875	243,875	—	—
Corporate Notes	154,425	—	154,425	—
U.S. Treasury Notes	3,267,343	3,267,343	—	—
U.S. Agency Notes	1,405,530	—	1,405,530	—
U.S. Agency Collateralized Mortgage Obligations	1,364	—	1,364	—
Supranational Coupon Notes	1,832,448	—	1,832,448	—
Subtotal investments measured at fair value	<u>7,745,150</u>	<u>\$ 3,511,218</u>	<u>\$ 4,233,932</u>	<u>\$ —</u>
<u>Investments measured at amortized cost (not subject to fair value hierarchy)</u>				
Repurchase Agreements	193,000			
State Treasurer's Investment Pool	626,804			
Subtotal investments measured at cost	<u>819,804</u>			
Total investments in Investment Pool	<u>\$ 8,564,954</u>			

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

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

Impaired Investment Pool

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

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

The fair value of the Impaired Pool at December 31, 2022, was \$1.5 million and the book value was \$2.7 million. The remaining investment in the impaired investment pool is associated with VFNC Trust (Victoria). VFNC Trust

continues to make monthly cash distributions. During 2022, VFNC Trust distributed a total of \$452 thousand to the County. Including all the receipts to date, the cash recovery rate on the original Victoria investment is 95 percent. Monthly distributions will continue for as long as the underlying securities in the trust continue to pay, which is expected to continue for at least 5 to 10 more years. However, with the consent of 50 percent of the note holders, the assets of the trust could be sold before the underlying securities mature. Also, because of the small balance remaining, the County chose not to discount these future cash flows.

VFNC Trust (Victoria) is recorded at fair value of \$1.5 million which is based on market price of the underlying securities that are held by VFNC Trust and the cash value retained by the receivers as of December 31, 2022, and is classified in Level 3 inputs of fair value hierarchy. These prices are provided by the collateral agent.

King County Investment Pool and Impaired Investment Pool Condensed Statements

The King County Investment Pool (main Pool) and the Impaired Investment Pool's Condensed Statements of Net Position and Changes in Net Position as of December 31, 2022 (in thousands) are as follows:

Condensed Statement of Net Position

	Total	King County Investment Pool	Impaired Investment Pool
Assets			
Current and other assets	\$ 8,574,250	\$ 8,572,758	\$ 1,492
Total Assets	<u>\$ 8,574,250</u>	<u>\$ 8,572,758</u>	<u>\$ 1,492</u>
Net Position			
Equity of internal pool participants	\$ 4,799,129	\$ 4,798,501	\$ 628
Equity of external pool participants	3,775,121	3,774,257	864
Total net position	<u>\$ 8,574,250</u>	<u>\$ 8,572,758</u>	<u>\$ 1,492</u>

Condensed Statement of Changes in Net Position

	Total	King County Investment Pool	Impaired Investment Pool
Net position, beginning of year	\$ 8,720,813	\$ 8,718,844	\$ 1,969
Net change in investments by pool participants	(146,563)	(146,086)	(477)
Net position, end of year	<u>\$ 8,574,250</u>	<u>\$ 8,572,758</u>	<u>\$ 1,492</u>

Pool Plus - Long-Term Investment Option

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

The policy is intended to serve the following goals:

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

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

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

At year-end, the fair value of securities invested in the Pool Plus program was \$14.0 million for County agencies and \$19.0 million for districts. The following schedule shows a summary of the characteristics of the assets in the Pool Plus program at December 31, 2022 (dollars in thousands):

KING COUNTY POOL PLUS PROGRAM

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Years)</u>
U.S. Treasury Notes - County agencies	\$ 13,995	\$ 15,271	2.30 %	3.91
U.S. Treasury Notes - District funds	7,756	8,475	3.36 %	4.48
U.S. Treasury Notes - District funds	6,689	7,146	2.50 %	3.08
U.S. Treasury Notes - District funds	4,565	5,044	2.16 %	4.39

Individual Investment Accounts

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

Component Units

Harborview Medical Center (HMC)

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

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that in the event of a bank failure, HMC’s deposits may not be recovered. As of June 30, 2022, the deposits not covered by the FDIC are uninsured and are partially collateralized by the PDPC collateral pool. HMC’s custodial credit risk for its deposits is shown in the following table (in thousands):

Harborview Medical Center			
As of June 30, 2022			
	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 3,962	\$ —	\$ —
Equity in Investment Pool	362,761	362,930	—
Total deposits	<u>\$ 366,723</u>	<u>\$ 362,930</u>	<u>\$ —</u>

Cultural Development Authority of King County (CDA)

Deposits

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

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that, in the event of a bank failure, the CDA's deposits may not be recovered. At year-end, the CDA's total deposits, excluding investments in the WA State LGIP, were \$1.4 million in carrying amount and \$1.7 million of bank balance, of which \$730 thousand was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

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

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

Fair Value Hierarchy

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. CDA's investments in the State Treasurer's Investment Pool (LGIP) 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, 2022 (in thousands):

Cultural Development Authority Investments By Type

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Years)</u>	<u>Concentration</u>
<u>Investments measured at amortized cost</u>					
<u>(not subject to fair value hierarchy)</u>					
State Treasurer's Investment Pool	\$ 33,798	\$ 33,798	4.12 %	0.003	100.00 %
Less: State Treasurer's Investment Pool (Cash Equivalent)	(33,798)				
Total investments per Statement of Net Position	<u>\$ —</u>				

Interest rate risk - Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, CDA manages its exposure to interest rate risk by setting maturity and effective duration limits for its portfolio. As of December 31, 2022, the combined weighted average effective duration of the CDA's portfolio was 0.003 years.

Credit risk - Debt Securities - Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2022, 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, 2022, the CDA's investments were fully concentrated in the WA State Local Government Investment Pool.

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):

	<u>2022</u>
Non-bond Proceeds	\$ 28
Revenue Fund	825
Bond Fund	39
	<u>\$ 892</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 and for road district purposes. 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 \$1.12195 per \$1,000 of assessed value for the 2022 tax year. The road district levy, which is levied in unincorporated areas of the county for road construction and maintenance and other County services provided in the unincorporated areas, is limited to \$2.25 per \$1,000 of assessed value. The County currently levies \$1.60120 per \$1,000 of assessed value for the 2022 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied.

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

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

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

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

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

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

Regular Property Tax Increase Limitation. The regular property tax increase limitation (RCW 84.55) limits the total dollar amount of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the highest of the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year's rate. The limit factor is defined as the lesser of 101.0 percent or 100.0 percent plus inflation. If the inflation rate is less than 1.0 percent, the limit factor can be increased to 101.0 percent, if approved by a majority plus one vote of the governing body of the taxing district, upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the taxing district upon a finding of substantial need and is also approved by the voters at a general or special election within the taxing district. Such election must be held less than 12 months before the date on which the proposed levy will be made, and any tax increase cannot be greater than described under "Maximum Rate Limitations." The 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) that exceed the growth in taxes allowed by the limit factor result in decreased regular tax levy rates, unless voters authorize a higher levy and vice versa for decreases in assessed value.

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

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

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

The State Legislature passed, and the Governor signed into law, ESHB 1189 (the "TIF Act") authorizing the use of tax increment financing. Starting July 25, 2021 the TIF Act allows counties, cities, and port districts (or any combination of the three) to form increment areas to finance public improvement costs. Once the increment area has been formed, the county treasurer is directed to distribute receipts from regular property taxes imposed on real property located in the increment area. Each taxing district will receive that portion of its regular property taxes produced by the rate of tax levied by or for the taxing district on the "tax allocation base value" (the assessed value of real property located within an increment area for taxes imposed in the year in which the increment area is first designated) for that increment area and the sponsoring jurisdiction will receive an additional amount equal to the amount derived from the regular property taxes levied by or for each taxing district upon the "increment value" (the increase in property values in the increment area after formation of the increment area). A sponsoring jurisdiction can create only two, non-overlapping increment areas that are active at any time, and the increment area (or both areas if there are two) may not have an assessed value of more than \$200 million or more than 20.0 percent of the sponsoring jurisdiction's total assessed value. The increment areas are subject to a 25-year sunset date. Accordingly, if a sponsoring jurisdiction forms an increment area, it will receive regular property taxes representing the increased assessed value within the increment area from its levy as well as the levy of overlapping taxing districts (other than State taxes and property taxes levied by port districts or public utility districts to the extent necessary for the payments of principal of and interest on general obligation debt). The County could form up to two increment areas and receive the property taxes allocated to a sponsoring jurisdiction (including taxes that are levied for the other taxing districts) and/or the Port of Seattle or any city within the County could form up to two increment areas and the city or port will receive the property tax revenues allocated to a sponsoring jurisdiction (including taxes that are levied for the County and other taxing districts).

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 60.0 percent of a number equal to 40.0 percent 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 2022, the county-wide flood control zone district levy rate was \$0.08146 per \$1,000 of assessed value. The boundaries of the District are coterminous with the boundaries of the County and the members of the County Council serve initially as the legislative body for the District, but under state law, it is a separate taxing district with independent taxing authority.

Allocation of Tax Levies

The table on the following page compares the allocation of the 2022 and 2021 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 2022 countywide assessed valuation was \$722.5 billion, a \$63.0 billion increase from 2021; the assessed valuation for the unincorporated area levy was \$60.8 billion, an increase of \$8.6 billion from 2021.

ALLOCATION OF 2021 AND 2022 TAX LEVIES

	2021 Original Taxes Levied (in thousands)	2021 Levy Rate (per thousand)	2022 Original Taxes Levied (in thousands)	2022 Levy Rate (per thousand)
Countywide Levy				
Assessed Value:				
\$722,527,903,972 ^(a)				
Items Within Operating Levy: ^(b)				
General Fund	\$ 389,634	0.59354	\$ 401,638	0.55836
Veterans' Relief	3,281	0.00500	3,368	0.00468
Human Services	7,367	0.01122	7,552	0.01050
Automated Fingerprint Identification System	22,358	0.03406	22,924	0.03187
Parks Levy	121,719	0.18620	133,000	0.18584
Veterans, Seniors and Human Services	62,477	0.09557	65,547	0.09159
Children and Family Justice Center	27,320	0.04162	—	—
Best Starts for Kids	75,846	0.11554	136,668	0.19000
Radio Communications	34,445	0.05247	35,327	0.04911
Marine Operating	6,460	0.00984	6,523	0.00907
Total Operating Levy	750,907	1.14506	812,547	1.13102
Conservation Futures Levy^(c)	21,855	0.03329	22,422	0.03117
Unlimited Tax GO Bonds (Voter-approved Excess Levy)	13,944	0.02133	15,667	0.02189
Transportation Levy^(d)	30,985	0.04720	31,786	0.04419
Total Countywide Levy	817,691	1.24688	882,422	1.22827
Emergency Medical Services Levy				
Assessed Value:				
\$722,303,848,032 ^(a)				
Emergency Medical Services Levy ^(e)	104,730	0.26499	110,274	0.24841
Unincorporated County Levy				
Assessed Value:				
\$60,751,158,777 ^(a)				
County Road Fund ^(f)	94,573	1.82588	96,531	1.60120
Total County Tax Levies	\$ 1,016,994		\$ 1,089,227	

(a) Assessed value for taxes payable in 2022

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

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

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

(e) The Emergency Medical Services Levy is limited statutorily to \$0.265 per \$1,000 of assessed value. The assessed value for the County's Emergency Medical Services levy does not include the cities of Seattle or Milton.

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

The Automated Fingerprint Identification System (AFIS) levy, a regular property tax levy (RCW 84.55.050), was renewed in August 2018 for a six-year term by a majority of voters in the County. The levy began in 2013 at a rate of no more than \$0.0592 per \$1,000 assessed value. In 2021 and 2022 the tax rate was \$0.03406 and \$0.03187 per \$1,000 of assessed value, respectively.

In August 2019, the Park lid lift levy was renewed by voters for six years, for a rate of \$0.1877 per \$1,000 of assessed value. The 2021 and 2022 tax year rate for the Parks levy lid lift is \$0.18620 and \$0.18584 per \$1,000 of assessed value, respectively. This lid lift is exempt for taxpayers in the Senior Exemption Program.

In November 2017, voters approved a new temporary six-year lid lift for the Veterans, Seniors, and Human Services Levy at a rate of \$0.10 per \$1,000 of assessed value. This is a regular property tax levy and is to be increased by no more than 3.5 percent in each of the remaining five years. Due to the passage of SHB 2597 in the 2018 legislative session, this lid lift is now exempt for taxpayers in the Senior Exemption Program for the next five years of its existence. The 2021 and 2022 tax rate is \$0.09557 and \$0.09159 per \$1,000 of assessed value, respectively.

The Children and Family Justice Center was a nine-year temporary levy lid lift approved by voters in 2012 at a rate of \$0.07 per \$1,000 of assessed value for the first year (2013). The rate for 2021 was \$0.04162 per \$1,000 of assessed value and it is no longer being levied. The Children and Family Justice Center levy was levied for a limited purpose that included constructing a new Children and Family Center to replace the County's existing juvenile justice complex. Construction of the main facility was completed in 2019 and opened in early 2020.

Puget Sound Emergency Radio Network (PSERN) replacement levy lift was approved by voters in April 2015 at a rate of \$0.07 per \$1,000 of assessed value for nine years, beginning in 2016. The rate for 2021 and 2022 is \$0.05247 and \$0.04911 per \$1,000 assessed value.

The Best Starts for Kids levy was approved by voters at the November 3, 2015, general election to invest in prevention and early intervention strategies for children and families. This is a six-year levy beginning in 2016 at a rate of \$0.13285 per \$1,000 of assessed value. The rate for 2021 and 2022 is \$0.11554 and \$0.19000 per \$1,000 of assessed value. This levy was renewed by the voters at the 2021 primary election for an additional six years at a rate of \$0.019 per \$1,000 of assessed value beginning in 2022.

The County's levy rate for transit-related purposes is \$0.04419 per \$1,000 of assessed value, and its levy rate for conservation futures is \$0.03117 per \$1,000 of assessed value in 2022.

The County's EMS levy was most recently approved in November 2019 for six years beginning in 2020, at a rate not to exceed \$0.265 per \$1,000 of assessed value. The rate for 2021 and 2022 is \$0.26499 and \$0.24841 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 \$50.00, one-half may be paid by 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).

During a state of emergency declared under RCW 43.06.010(12), the County Treasurer, on the County Treasurer's own motion or at the request of any taxpayer affected by the emergency, may grant extensions on the due date of

any such taxes as the County Treasurer deems proper. Further, the Governor of the State may, among other actions, waive or suspend the application of tax due dates and penalties relating to collection of taxes.

The State Legislature has passed, and the Governor has signed into law, a bill granting certain qualifying businesses a property tax deferral during the COVID-19 pandemic (HB 1332). Under the new law, county treasurers must grant a deferral for any unpaid, non-delinquent property taxes payable in 2021, if the taxpayer can demonstrate a revenue loss of at least 25.0 percent of its revenue attributable to that real property for calendar year 2020 compared to calendar year 2019. For such qualifying taxpayers, the county treasurer must establish a property tax payment plan and cannot apply penalties or interest on the taxes due so long as the taxpayer complies with the plan's terms. The new law affords county treasurers discretion in setting terms. County treasurers must, however, consider the financial impacts to all relevant taxing jurisdictions, and must prioritize payment plan expenditures to protect scheduled bond payments. Notably, a county treasurer may refuse to grant a deferral to an otherwise eligible taxpayer if the deferral would result in any taxing jurisdiction being unable to make such bond payments. Taxpayers seeking a deferral must have applied by April 30, 2021, and county treasurers must have processed all applications by June 30, 2021. The bill expired January 1, 2022. Pursuant to this law, the County Treasurer granted such eight-month deferrals through December 31, 2021, totaling \$32.0 million across 11 cities and the County. Approximately 40.0 percent of the amount is County property taxes.

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 State Legislature recently adopted ESSB 5408, increasing the homestead exemption amount from \$125 thousand to the greater of \$125 thousand or the county median sale price of a single-family home in the preceding calendar year. 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
May 2	First of two equal installment payments due
May 31	Assessed value of property established for next year's levy at 100% of market value
October 31	Second installment payment due

Accounting for Property Taxes Receivable

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

Tax Abatement

As of December 31, 2022, the County provides tax abatement through four programs - the Current Use Program, the Historic Preservation Program, the Single-family Dwelling Improvement Program, and the Multifamily Housing Property Tax Exemption program. These programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue to the County because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers.

Current Use Programs

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

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

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

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

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

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

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

Historic Preservation Program

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

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

Whenever property classified and valued as eligible historic property under RCW 84.26.070 becomes disqualified for the valuation, there shall be added to the tax an additional tax equal to (a) the cost multiplied by the levy rate in each year the property was subject to special valuation; plus (b) interest on the amounts of the additional tax at the statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid

without penalty if the property had not been valued as historic property under this chapter; plus (c) a penalty equal to 12 percent of the amount determined in (a) and (b).

Single-family Dwelling Improvement Program

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

Multifamily Housing Property Tax Exemption

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

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2022 (in thousands):

<u>Tax Abatement Program</u>	<u>Total Amount of Taxes Abated</u>
Current Use	\$ 2,541
Historical Preservation	790
Single-family Dwelling Improvement	45
Multifamily Housing Property Tax Exemption	62

State of Washington Tax Abatements

The information provided by Washington State is based upon calendar 2021 as a proxy for fiscal year 2022. The State’s fiscal year end is June 30, 2022. The state of Washington provides tax abatements through the below programs subject to the requirements of GASB Statement No. 77. Only tax abatement programs that are material and attributable to activities in King County are disclosed below.

High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities

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

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

High-Technology Sales and Use Tax Deferral

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

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

Multi-Unit Urban Housing Exemption

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

Multipurpose Sports and Entertainment Facility Deferral

RCW 82.32.558 allows qualifying businesses to apply for a deferral of state and local sales and use taxes for multipurpose sports and entertainment facilities, associated parking structures, plazas and public space projects intended to attract professional ice hockey and basketball league franchises. Qualifying businesses receive a certificate for the taxes abated which expires upon project completion. Abated local sales and use taxes, and interest accrued from the date of project completion, may be repaid in annual installments beginning on January 1st of the year following the year of project completion. State sales and use taxes, along with aforementioned interest, must be paid back by June 30, 2023. If the project is not complete within three calendar years from the date the certificate was issued, the amount of taxes outstanding for the project become immediately due and payable. The debt for taxes due is not extinguished by insolvency.

Machinery and Equipment Used to Generate Solar Electricity

RCW 82.08.962(1)(c)(i)(B) grants taxpayers a remittance for 50 percent of the state and local sales tax paid in connection with the purchase of machinery and equipment – and the labor and services rendered in connection to installing such machinery and equipment – that is used directly in the generation of electricity by a solar energy system. The system is required to be capable of producing more than 100 kilowatts alternating current (AC) but no more than 500 kilowatts AC of electricity. Further, the Department of Labor and Industries must certify that the project includes: the procurement from and contracts with women, minority, or veteran-owned businesses – all who have a history of complying with state and federal wage and hour laws and regulations; apprenticeship utilization; and preferred entry for workers living in the area where the project is being constructed.

Aerospace Incentives

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

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

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

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

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a business and occupation tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or

expansions, as well as a portion of property taxes paid on certain machinery and equipment. Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components.

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

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

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

The following table shows the amount of taxes, attributable to activities in King County, abated by the state of Washington during the calendar year ended December 31, 2022 (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	\$ 721
Multi-Unit Urban Housing Exemption	14,817
Multi-Purpose Sports and Entertainment Facility Deferral	D*
Sale of Machinery and Equipment Used to Generate Solar Electricity	D*
Aerospace incentives: Computer Hardware, Software and Peripherals sales and use tax exemption	58

*Washington State cannot disclose these amounts as fewer than three taxpayers received these exemptions and would thereby be disclosing the confidential tax information of these recipients (RCW 82.32.330(2)).

Note 7

Capital Assets

Primary Government

Governmental activities include capital assets of governmental internal service funds. A summary of changes in capital assets for the governmental activities is shown below (in thousands):

	Balance 01/01/2022	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2022
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 748,937	\$ 43,934	\$ (479)	\$ 2,600	\$ 794,992
Rights-of-way and easements	495,548	16,274	—	(2,600)	509,222
Infrastructure – roads and bridges	1,161,720	15,010	—	—	1,176,730
Art collections	11,112	—	(151)	6	10,967
Work in progress	299,076	153,921	(1,199)	(155,670)	296,128
Total capital assets not being depreciated	<u>2,716,393</u>	<u>229,139</u>	<u>(1,829)</u>	<u>(155,664)</u>	<u>2,788,039</u>
Capital assets being depreciated:					
Buildings	1,426,450	22,371	(3,731)	38,445	1,483,535
Leasehold improvements	51,568	1	—	873	52,442
Improvements other than buildings	174,357	1,533	—	50,878	226,768
Infrastructure – levees	54,068	—	—	11,519	65,587
Furniture, machinery and equipment	290,513	8,477	(8,729)	46,819	337,080
Software	165,713	244	(42)	7,130	173,045
Total capital assets being depreciated	<u>2,162,669</u>	<u>32,626</u>	<u>(12,502)</u>	<u>155,664</u>	<u>2,338,457</u>
Less accumulated depreciation for:					
Buildings	(596,691)	(41,788)	3,731	(4)	(634,752)
Leasehold improvements	(11,782)	(3,173)	—	—	(14,955)
Improvements other than buildings	(49,545)	(9,543)	—	4	(59,084)
Infrastructure – levees	(8,071)	(2,150)	—	—	(10,221)
Furniture, machinery and equipment	(195,789)	(24,430)	8,706	—	(211,513)
Software	(121,796)	(13,278)	42	—	(135,032)
Total accumulated depreciation	<u>(983,674)</u>	<u>(94,362)</u>	<u>12,479</u>	<u>—</u>	<u>(1,065,557)</u>
Total capital assets being depreciated, net	<u>1,178,995</u>	<u>(61,736)</u>	<u>(23)</u>	<u>155,664</u>	<u>1,272,900</u>
Lease assets, net (see Note 12 for detail)	<u>162,872</u>	<u>40,766</u>	<u>(934)</u>	<u>—</u>	<u>202,704</u>
Governmental activities capital assets, net	<u>\$ 4,058,260</u>	<u>\$ 208,169</u>	<u>\$ (2,786)</u>	<u>\$ —</u>	<u>\$ 4,263,643</u>

Beginning Balance Adjustment

The beginning balance for governmental activities capital assets, net was restated to include the net right-to-use asset balance under Statement No. 87 of the Governmental Accounting Standards Board (Leases).

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

	Balance 01/01/2022	Additions	Retirements / WIP Deductions	Transfers / Reclassifications	Balance 12/31/2022
Business-type Activities:					
Capital assets not being depreciated:					
Land	\$ 442,982	\$ 3,290	\$ (56)	\$ —	\$ 446,216
Rights-of-way and easements	31,033	—	—	166	31,199
Art collections	4,394	—	—	—	4,394
Work in progress	900,144	294,376	—	(435,626)	758,894
Total capital assets not being depreciated	<u>1,378,553</u>	<u>297,666</u>	<u>(56)</u>	<u>(435,460)</u>	<u>1,240,703</u>
Capital assets being depreciated:					
Buildings	3,565,157	5,364	(2,976)	155,779	3,723,324
*Leasehold Improvements	2,426	—	—	—	2,426
Improvements other than buildings	593,796	—	(29)	(10,458)	583,309
Rights-of-way – temporary easement	7,635	—	—	—	7,635
Infrastructure – water quality	2,515,984	—	(396)	91,504	2,607,092
Furniture, machinery and equipment	3,007,019	5,029	(55,692)	181,185	3,137,541
Software	152,586	—	(30,792)	17,450	139,244
Total capital assets being depreciated	<u>9,844,603</u>	<u>10,393</u>	<u>(89,885)</u>	<u>435,460</u>	<u>10,200,571</u>
Less accumulated depreciation for:					
Buildings	(1,971,858)	(88,067)	1,971	—	(2,057,954)
*Leasehold Improvements	(1,796)	(50)	—	—	(1,846)
Improvements other than buildings	(261,377)	(26,055)	12	—	(287,420)
Rights-of-way – temporary easement	(2,235)	(218)	—	—	(2,453)
Infrastructure – water quality	(822,549)	(52,654)	305	—	(874,898)
Furniture, machinery and equipment	(1,907,441)	(200,175)	54,936	—	(2,052,680)
Software	(128,980)	(11,016)	30,792	—	(109,204)
Total accumulated depreciation	<u>(5,096,236)</u>	<u>(378,235)</u>	<u>88,016</u>	<u>—</u>	<u>(5,386,455)</u>
Total capital assets being depreciated, net	<u>4,748,367</u>	<u>(367,842)</u>	<u>(1,869)</u>	<u>435,460</u>	<u>4,814,116</u>
Lease assets, net (see Note 12 for detail)	64,797	(4,841)	—	—	59,956
Business-type activities capital assets, net	<u>\$ 6,191,717</u>	<u>\$ (75,017)</u>	<u>\$ (1,925)</u>	<u>\$ —</u>	<u>\$ 6,114,775</u>

Beginning Balance Adjustment

The beginning balance for business-type activities capital assets, net was restated to include the net right-to-use asset balance under Statement No. 87 of the Governmental Accounting Standards Board (Leases). Items above that are placed by an asterisk (*) had their beginning balance restated.

Depreciation Expense

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

	<u>2022</u>
Governmental Activities	
General government services	\$ 40,581
Law, safety and justice	21,464
Physical environment	2,648
Transportation	396
Economic environment	5,666
Health and human services	808
Culture and recreation	8,477
Capital assets held by the County's governmental internal service funds are charged to governmental activities based on their usage of the assets	14,322
Total depreciation - governmental activities	<u>\$ 94,362</u>
Business-type Activities	
Water Quality	\$ 170,692
Public Transportation	179,592
Solid Waste	20,795
King County International Airport	6,469
Institutional Network	402
Radio Communications	285
Total depreciation - business-type activities	<u>\$ 378,235</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 - \$152.6 million is committed to the maintenance of existing infrastructure, service delivery and partnership efforts.

Water Quality Enterprise - \$465.4 million is committed to ensuring the continued operation, reliability and compliance with regulatory standards of existing wastewater treatment facilities.

Solid Waste Enterprise - \$10.3 million is committed to improving the County's solid waste regional landfill and maintenance of existing facilities.

Other Enterprises - \$3.1 million is committed for Airport facility improvements within the County.

Capital Projects Funds

\$195.7 million is committed to various capital projects, including: (1) open space and conservation easement acquisitions; (2) development and improvement of trails, playgrounds and ball fields and other cultural facilities; (3) technology initiatives to improve business efficiency, emergency preparedness and network security; (4) flood control projects to protect the ecosystem and public property; (5) preservation of roads and construction of bridges; and (6) improvements and major repairs to office buildings and other facilities.

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

Capital assets activity for HMC during the fiscal year ended June 30, 2022 (in thousands):

	Balance 7/1/2021	Additions	Retirements	Transfers	Balance 6/30/2022
Capital assets not being depreciated:					
Land	\$ 2,432	\$ —	\$ —	\$ —	\$ 2,432
Work in progress	5,792	13,520	—	(6,791)	12,521
Total capital assets not being depreciated	<u>8,224</u>	<u>13,520</u>	<u>—</u>	<u>(6,791)</u>	<u>14,953</u>
Capital assets being depreciated:					
Buildings	448,580	—	—	10,663	459,243
Improvements other than buildings	21,232	—	—	304	21,536
Equipment	318,397	11,189	(2,308)	(4,176)	323,102
Total capital assets being depreciated	<u>788,209</u>	<u>11,189</u>	<u>(2,308)</u>	<u>6,791</u>	<u>803,881</u>
Less accumulated depreciation for:					
Buildings	(242,913)	(15,161)	—	—	(258,074)
Improvements other than buildings	(12,540)	(1,146)	—	—	(13,686)
Equipment	(272,086)	(10,556)	2,308	—	(280,334)
Total accumulated depreciation	<u>(527,539)</u>	<u>(26,863)</u>	<u>2,308</u>	<u>—</u>	<u>(552,094)</u>
Lease assets, net (see Note 12 for detail)	160,992	(3,135)	—	—	157,857
HMC capital assets, net	<u>\$ 429,886</u>	<u>\$ (5,289)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 424,597</u>

Beginning Balance Adjustment

Beginning balances for HMC are restated due to the implementation of GASB Statement No. 87, Leases.

Note 8

Restricted Assets

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

Proprietary Funds

<u>Public Transportation</u> - restricted for net pension asset, future construction projects, and obligations.	\$ 131,754
<u>Water Quality</u> - restricted for net pension asset, future construction projects, debt service, reserves and obligations.	209,135
<u>King County International Airport</u> - restricted for net pension asset, construction projects and obligations.	2,490
<u>Radio Communications Services</u> - restricted for net pension asset and construction projects and obligations.	506
<u>Solid Waste</u> - restricted for net pension asset, construction projects, landfill closure and post-closure care costs.	34,478
<u>iNet</u> - restricted for net pension asset and construction projects and obligations.	323
<u>Business Resource Center</u> - restricted for net pension asset.	2,523
<u>Construction and Facilities Management</u> - restricted for net pension asset and construction projects.	7,138
<u>Employee Benefits Program</u> - restricted for net pension asset.	554
<u>Financial Management Services</u> - restricted for net pension asset and construction projects.	4,772
<u>Insurance</u> - restricted for net pension asset and construction projects.	846
<u>King County Geographic Information Systems</u> - restricted for net pension asset.	650
<u>King County Information Technology Services</u> - restricted for net pension asset.	14,583
<u>Motor Pool</u> - restricted for net pension asset.	1,733
<u>Safety & Workers' Compensation</u> - restricted for net pension asset.	720
Total Proprietary Funds restricted assets	<u>\$ 412,205</u>

Component Unit - Harborview Medical Center (HMC)

HMC Special Purpose Fund - restricted donations, gifts and bequests from various sources for specific uses.	\$ 13,750
Total HMC restricted assets	<u>\$ 13,750</u>

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

<u>1% for Art Fund</u> - restricted for net pension asset and the one percent for public art programs operated for the benefit of King County.	\$ 17,036
<u>Cultural Special Account and Other Funds</u> - restricted for arts and heritage cultural programs.	24,022
Total CDA restricted assets	<u>\$ 41,058</u>

Component Unit - NJB Properties

<u>Non-bond Proceeds Fund</u> - restricted for costs of the NJB Project	\$ 28
<u>Revenue Fund</u> - restricted for transfers to the Bond Fund and authorized administrative fees	825
<u>Bond Fund</u> - restricted for interest and principal on the bonds	39
Total NJB Properties restricted assets	<u>\$ 892</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 2022:

Aggregate Pension Amounts - All Plans (in thousands)	
Pension liabilities	\$ 230,533
Pension assets	479,882
Deferred outflows of resources related to pensions	459,786
Deferred inflows of resources related to pensions	442,514
Pension expense/expenditures	(14,532)

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

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

Or the DRS annual comprehensive financial report may be downloaded from the DRS website at www.drs.wa.gov.

The Seattle City Employees' Retirement System (SCERS) is a multiple employer defined benefit public employee retirement plan administered by the Retirement System Board of Administration. The seven-member Board of Administration establishes and amends laws pertaining to the administration of SCERS.

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1

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

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

Contributions: The PERS Plan 1 member contribution rate is established by State statute at 6.00 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 1		
Actual Contribution Rates:	Employer	Employee*
January through August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September through December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

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

The County's actual contributions to the plan were \$ 54.2 million for the year ended December 31, 2022.

PERS Plans 2 and 3

Benefits Provided: PERS Plans 2 and 3 (PERS 2/3) provide 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 one 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 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 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 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 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI) capped at three percent annually, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, PERS Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options.

Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

Contributions: The PERS 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 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 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PERS Plan 2/3			
Actual Contribution Rates:	Employer 2/3	Employee 2*	Employee 3
January through August 2022			
PERS Plan 2/3	6.36%	6.36%	Varies (5-15%)
PERS Plan 1 UAAL	3.71%		
Administrative Fee	0.18%		
Total	10.25%	6.36%	
September through December 2022			
PERS Plan 2/3	6.36%	6.36%	Varies (5-15%)
PERS Plan 1 UAAL	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	

* For employees participating in the JBM, the contribution rate was 15.90% from January through June 2022 and 15.90% from July through December 2022.

The County’s actual contributions to the plan were \$88.1 million for the year ended December 31, 2022.

Public Safety Employees’ Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),

- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

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

Contributions: The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2. The Plan 2 employer rate includes components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

PSERS Plan 2		
Actual Contribution Rates:	Employer	Employee
January through August 2022		
PSERS Plan 2	6.50%	6.50%
PERS Plan 1 UAAL	3.71%	
Administrative Fee	0.18%	
Total	10.39%	6.50%
September through December 2022		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL	3.85%	
Administrative Fee	0.18%	
Total	10.63%	6.60%

The County's actual contributions to the plan were \$3.4 million for the year ended December 31, 2022.

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 2022. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2

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

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

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2022.

The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

LEOFF 2		
Actual Contribution Rates:	Employer	Employee
January through June 2022	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
July through December 2022	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%

The County’s actual contributions to the plan were \$5.8 million for the year ended December 31, 2022.

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, 2022, the State contributed \$81.4 million to LEOFF Plan 2. The amount recognized by the County as its proportionate share of this amount is \$31.9 million.

Seattle City Employees’ Retirement System (SCERS)

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

Benefits Provided: SCERS provides retirement, disability and death benefits. Employees covered by this plan may retire after 30 years of service regardless of age; after age 52 with 20 years or more of service; after age 57 with 10

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

Contributions: The SCERS member contribution rate is 10.03 percent of compensation except for members qualifying for lower rates prior to June 1972. The County is required to contribute at an actuarially determined rate. The current rate is 16.20 percent of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the Board of Administration. The SCERS Plan required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

SCERS		
Actual Contribution Rates:	Employer	Employee
January through December 2022	16.20%	10.03%

The County's actual contributions to the plan were \$224 thousand for the year ended December 31, 2022.

Actuarial Assumptions

The **total pension liability (TPL)** for each of the DRS plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary's *2013-2018 Experience Study* and the *2021 Economic Experience Study*.

Additional assumptions for subsequent events and law changes are current as of the 2020 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022.

Total plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan's normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- Inflation: 2.75 percent total economic inflation, 3.25 percent salary inflation
- Salary increases: In addition to the base 3.25 percent salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.0 percent

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

There were no changes in methods since the last valuation. There were changes in assumptions since the last valuation.

- The Joint-and-Survivor Factors and Early Retirement Factors were updated in the model. These factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors recently provided to DRS for future implementation that reflect current demographic and economic assumptions.
- The economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board were updated. The investment return assumption was reduced from 7.50 (7.40 for LEOFF 2) to 7.00 percent, and the salary growth assumption was lowered from 3.50 to 3.25 percent. This action is a result of recommendations from our biennial economic experience study.

- The WSPRS general salary growth assumptions were increased for FY 2023 from 3.25 to 10.00 percent consistent with the increases included in the 2022 supplemental budget (Chapter 297, Laws of 2022, Sec 913 [2] and 914 [2]). The understanding is this increase will apply to all troopers and will be granted in addition to the other salary increases for experience and promotions. Therefore, no adjustment for the service-based salary increases assumption.

The total pension liability (TPL) for SCERS pension plan was determined by an actuarial valuation as of January 1, 2021. The actuarial assumptions used in the valuation were based on an actuarial experience study for the period January 1, 2014 through December 31, 2017. The following actuarial assumptions were applied to all periods including the measurement period.

- Inflation: 2.60 percent
- Salary increases: 3.35 percent
- Investment rate of return: 6.75 percent compounded annually, net of expenses

Mortality rates for the SCERS plan were based on Pub G-2010 mortality tables and using generational projection of improvement using MP-2021 Ultimate projection scale.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.0 percent was used to determine the liability.

The discount rate used to measure the total pension liability for SCERS pension plan was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return on the SCERS pension plan investments of 6.75 percent was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the DRS pension plan's target asset allocation as of June 30, 2022 are summarized in the table below. The inflation component used to create the

table is 2.20 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Percent Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20%	1.5%
Tangible Assets	7%	4.7%
Real Estate	18%	5.4%
Global Equity	32%	5.9%
Private Equity	23%	8.9%
	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, 2021 are summarized in the chart that follows:

Asset Class	Percent Long-term Expected Real Rate of Return Geometric
Equity: Public	4.2%
Equity: Private	7.4%
Fixed Income: Core	0.5%
Fixed Income: Credit	3.9%
Real Assets: Real Estate	3.5%
Real Assets: Infrastructure	4.0%

Sensitivity of Net Pension Liability (Asset)

The table below presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent (6.75 percent for SCERS), as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0 percent, 5.75 percent for SCERS) or one percentage point higher (8.0 percent, 7.75 percent for SCERS) than the current rate.

Sensitivity of Net Pension Liability (Asset) (in thousands)			
Plans	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
PERS 1	\$ 307,628	\$ 230,262	\$ 162,741
PERS 2/3	(450,241)	(382,490)	(1,066,787)
PSERS 2	(12,081)	(5,073)	(18,609)
LEOFF 1	(15,050)	(17,174)	(19,016)
LEOFF 2	(3,460)	(75,145)	(133,814)

Sensitivity of Net Pension Liability (in thousands)			
Plans	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
SCERS	\$ 476	\$ 271	\$ 99

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, 2022, the County reported a total pension liability of \$230.5 million and total pension asset of \$479.8 million for its proportionate share of the net pension liabilities (assets) as follows:

Net Pension Liability (Asset) (in thousands)	
PERS 1	\$ 230,262
PERS 2/3	(382,490)
PSERS 2	(5,073)
LEOFF 1	(17,174)
LEOFF 2	(75,145)
SCERS	271

The amount of the asset reported above for LEOFF Plan 1 and 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 Asset (in thousands)	LEOFF 1	LEOFF 2
County's proportionate share	\$ (17,174)	\$ (75,145)
State's proportionate share of the net pension asset associated with King County	(116,165)	(48,678)
TOTAL	\$ (133,339)	\$ (123,823)

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

Collective Net Pension Liabilities/Assets			
	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	8.61%	8.27%	-0.34%
PERS 2/3	10.53%	10.31%	-0.22%
PSERS 2	7.39%	7.09%	-0.30%
LEOFF 1	0.59%	0.60%	0.01%
LEOFF 2	2.93%	2.77%	-0.16%

Collective Net Pension Liabilities			
	Proportionate Share 12/31/20	Proportionate Share 12/31/21	Change in Proportion
SCERS	0.04%	0.03%	-0.01%

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2022. Historical data was obtained from a 2011 study by the Office of the State Actuary. Historically, the State of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded, and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2022, the State of Washington contributed 39.31 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 60.68 percent of employer contributions.

The collective net pension liability (asset) for all DRS pension plans was measured as of June 30, 2022, and the actuarial valuation date on which the total pension liability is based was as of June 30, 2021, 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, 2021, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2021, 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, 2022, the County recognized pension expense as follows:

Pension Expense (in thousands)	
PERS 1	\$ 97,324
PERS 2/3	(125,757)
PSERS 2	1,372
LEOFF 1	(902)
LEOFF 2	13,288
SCERS	143
TOTAL	\$ (14,532)

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
PERS 1		
Differences between expected and actual experience	\$ —	\$ —
Net difference between projected and actual investment earnings on pension plan investments	—	(38,161)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	28,917	—
TOTAL	\$ 28,917	\$ (38,161)

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
PERS 2/3		
Differences between expected and actual experience	\$ 94,772	\$ (8,659)
Net difference between projected and actual investment earnings on pension plan investments	—	(282,777)
Changes of assumptions	213,185	(55,819)
Changes in proportion and differences between contributions and proportionate share of contributions	16,722	(10,501)
Contributions subsequent to the measurement date	46,534	—
TOTAL	\$ 371,213	\$ (357,756)

PSERS 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 2,635	\$ (56)
Net difference between projected and actual investment earnings on pension plan investments		(3,557)
Changes of assumptions	3,723	(1,488)
Changes in proportion and differences between contributions and proportionate share of contributions	218	(314)
Contributions subsequent to the measurement date	1,834	—
TOTAL	\$ 8,410	\$ (5,415)

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	—	(2,144)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	—	—
TOTAL	\$ —	\$ (2,144)

LEOFF 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 17,856	\$ (697)
Net difference between projected and actual investment earnings on pension plan investments	—	(25,162)
Changes of assumptions	19,036	(6,543)
Changes in proportion and differences between contributions and proportionate share of contributions	10,687	(6,339)
Contributions subsequent to the measurement date	3,043	—
TOTAL	\$ 50,622	\$ (38,741)

SCERS	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	\$ 1	\$ (7)
Net difference between projected and actual investment earnings on pension plan investments	—	(136)
Changes of assumptions	44	—
Changes in proportion and differences between contributions and proportionate share of contributions	374	(154)
Contributions subsequent to the measurement date	205	—
TOTAL	\$ 624	\$ (297)

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 or an addition to the net pension asset in the year ended December 31, 2022. 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)
2023	\$ (16,149)
2024	(14,668)
2025	(18,400)
2026	11,056
2027	—
Thereafter	—

Year ended December 31:	PERS 2/3 (in thousands)
2023	\$ (87,109)
2024	(76,026)
2025	(92,686)
2026	131,865
2027	45,706
Thereafter	45,173

Year ended December 31:	PSERS 2 (in thousands)
2023	\$ (1,178)
2024	(1,029)
2025	(1,331)
2026	1,701
2027	430
Thereafter	2,568

Year ended December 31:	LEOFF 1 (in thousands)
2023	\$ (908)
2024	(822)
2025	(1,028)
2026	614
2027	—
Thereafter	—

Year ended December 31:	LEOFF 2 (in thousands)
2023	\$ (7,368)
2024	(6,316)
2025	(8,582)
2026	11,387
2027	3,598
Thereafter	16,119

Year ended December 31:	SCERS (in thousands)
2023	\$ 50
2024	29
2025	26
2026	17
2027	—
Thereafter	—

As of December 31, 2022, the County reported restricted net position related to the net pension asset as follows:

Restricted Net Position (in thousands)	
PERS 2/3	\$ 395,947
PSERS 2	8,067
LEOFF 1	15,030
LEOFF 2	87,027

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 asset (PERS 2/3), net pension liability (PERS 1), deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2022 were \$692 thousand, \$458 thousand, \$755 thousand and \$715 thousand, respectively.

Note 10

Defined Benefit Other Postemployment Benefit (OPEB) Plan

The County is required to accrue other postemployment benefit (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 \$92.2 million for the difference between the actuarially calculated liability and the estimated contributions made.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year ended December 31, 2022 (in thousands):

OPEB liabilities	\$	92,158
OPEB assets		—
Deferred outflows of resources		10,539
Deferred inflows of resources		27,867
OPEB expense/expenditures		2,372

The County's total OPEB liability was measured using an actuarial valuation and measurement as of December 31, 2022.

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, 2022 (the census date) the following employees were covered by the Health Plan.

Inactive employees or beneficiaries currently receiving benefits	510
Inactive employees entitled to, but not yet receiving benefits	—
Active employees	14,525
Total	<u>15,035</u>

For the fiscal year ended December 31, 2022, the County contributed an estimated \$6.0 million to the Health Plan to pay for retiree benefits. The County's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to pre-fund benefits. Accordingly, there are no assets in a qualifying trust.

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

The December 31, 2022 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 7.40 percent reduced by decrements to an ultimate rate of 4.14 percent after 52 years. The Medicare premium trend rate is 4.20 percent reduced by decrements to an ultimate rate of 4.14 percent after 52 years. All trend rates include a 2.75 percent inflation assumption and 3.25 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 before 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 7.40 percent, as well as what the total 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
	6.40%	7.40%	8.40%
Total OPEB Liability	\$ 84,466	\$ 92,158	\$ 100,969

Discount Rate The discount rate used to measure the total OPEB liability is 4.05 percent. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

The following presents the total OPEB liability of the County calculated using the discount rate of 4.05 percent, as well as what the total 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
	3.05%	4.05%	5.05%
Total OPEB Liability	\$ 98,627	\$ 92,158	\$ 86,141

Changes in the Total OPEB Liability The County's actuarial analysis used a measurement date of December 31, 2022. 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 1/1/2022	<u>\$ 106,488</u>
Changes for the Year:	
Service cost	3,044
Interest	1,960
Changes of benefit terms	—
Difference between expected and actual experience	6,526
Changes of assumptions	(19,885)
Benefit payments	(3,863)
Other changes	(2,112)
Net changes	<u>(14,330)</u>
Balance at 12/31/2022	<u>\$ 92,158</u>

The County recognized \$2.4 million in OPEB expense for the year. There were no changes to the plan benefits in 2022. Changes in actuarial assumptions for the valuation dated December 31, 2022 included decreasing the payroll growth rate to 3.25 percent from 3.50 percent, increasing the discount rate to 4.05 percent from 1.84 percent, and updating the medical trend assumptions, mortality tables, decrement timing, claims and contributions for medical plans, and census.

Deferred Inflows and Deferred Outflows At December 31, 2022 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	\$ 7,352	\$ (5,699)
Changes of assumptions	3,187	(22,168)
Total	<u>\$ 10,539</u>	<u>\$ (27,867)</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
2023	\$ (2,632)
2024	(2,632)
2025	(2,632)
2026	(2,632)
2027	(2,228)
Thereafter	(4,572)
Total	<u>\$ (17,328)</u>

Component Unit - Harborview Medical Center (HMC)

OPEB are benefits provided to retired employees (and their spouses) beyond those provided by their pension plans. These programs for employees of the state of Washington are administered by the Washington State Health Care Authority (HCA). Per RCW 41.05.065, the Public Employees' Benefits Board (PEBB), created within the HCA, is authorized to design benefits and determine terms and conditions of employee and retired employee participation and coverage. Benefits provided by this single-employer defined-benefit OPEB plan include medical, prescription drug, life, dental, vision, disability, and long-term care insurance. Medical, prescription drug, and vision insurance comprise the bulk of the monetary assistance, or subsidies, provided by PEBB OPEB. The Office of the State Actuary determines the total OPEB obligations at the state level using individual state employee data, including age, retirement eligibility, and length of service.

Based on the University's benefit load, apportionment, Harborview incurred and paid \$4,036 and \$4,019 in fiscal years 2022 and 2021, respectively, related to annual OPEB funding, which is recorded in employee benefits expense in the statements of revenues, expenses, and changes in net position. Because Harborview is not part of the University's financial reporting entity and Harborview does not directly fund the employer contribution to HCA, Harborview does not record an OPEB liability in the statements of net position.

Component Unit - Cultural Development Authority (CDA)

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

The following table represents the aggregate OPEB amounts for the plan subject to the requirements of GASB Statement No. 75 for the year ended December 31, 2022 (in thousands):

OPEB liabilities	\$ 1,226
OPEB assets	—
Deferred outflows of resources	11
Deferred inflows of resources	—
OPEB expense	(244)

CDA recognized \$(244) thousand in OPEB expense for the year. There were no changes to the plan benefits in 2022. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust.

At June 30, 2022, there were 37 total employees in the plan, including seven inactive employees or beneficiaries currently receiving benefits, no inactive employees entitled to but not yet receiving benefits, and 30 active employees.

Actuarial Methods and Assumptions

The total OPEB liability was calculated using the alternate measurement method model provided by the Office of the State Actuary with an actuarial valuation and measurement date of June 30, 2022, using the entry age actuarial cost method. The actuarial assumptions included a discount rate of 2.16 percent and 3.54 percent, respectively, for

the beginning and end of the measurement year, projected salary changes of 3.50 percent plus service-based increases, and an inflation rate of 2.75 percent. The actuarial assumptions included an initial healthcare cost trend rate of 2.00 percent to 11.00 percent, reaching an ultimate rate of approximately 4.30 percent in 2075.

The following presents the total OPEB liability calculated using the current healthcare cost trend rate of 2.00-11.00 percent decreasing to 4.30 percent by 2075, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower (6.00 percent) or 1-percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Rate	1% Increase
	6.00%	7.00%	8.00%
Total OPEB Liability	\$ 1,014	\$ 1,226	\$ 1,502

The following represents the total OPEB liability calculated using a discount rate of 2.26 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.26 percent) or 1-percentage point higher (3.26 percent) than the current rate.

	1% Decrease	Current Rate	1% Increase
	1.26%	2.26%	3.26%
Total OPEB Liability	\$ 1,462	\$ 1,226	\$ 1,039

Changes in the Total OPEB Liability CDA's actuarial analysis used a measurement date of June 30, 2022. For the current reporting period, the following schedule includes changes in the total OPEB liability since last year (in thousands).

Total OPEB liability at January 1, 2022	\$ 1,488
Changes for the Year:	
Service cost	79
Interest	34
Changes of benefit terms	—
Difference between experience data and assumptions	(357)
Changes of assumptions	—
Benefit payments	(18)
Net changes	(262)
Total OPEB liability at December 31, 2022	\$ 1,226

Deferred outflows of resources of \$11 thousand resulting from payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended December 31, 2023.

Note 11

Risk Management

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

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

Insurance Fund

The Insurance Fund, an internal service fund, accounts for the County's property/casualty program. The fund accounts for the County's exposures to loss due to the tortious conduct of the County, including those exposures commonly covered by general liability, automobile liability, police professional, public officials, errors and omissions and professional malpractice insurance policies. With some exceptions, the County self-insures most liability exposures and purchases reinsurance over its self-insured retentions. With the assistance of an actuary, the Insurance Fund's claims liability is estimated based upon historical claims experience and other actuarial techniques. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2022, is \$93.0 million.

Changes in the Insurance Fund's estimated claims liability in 2021 and 2022 (in thousands):

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2021	\$ 72,845	\$ 63,042	\$ (34,880)	\$ 101,007
2022	101,007	27,143	(35,119)	93,031

The amount of settlements has not exceeded insurance coverage for any of the past three fiscal years.

The current excess liability insurance limits are \$70.0 million in excess of a \$7.5 million self-insured retention for Transit and \$6.5 million self-insured retention for all other County agencies. In lieu of purchasing the certified terrorism coverage offered by our excess liability insurance carriers, a stand-alone liability terrorism insurance policy is maintained with limits of \$40.0 million.

Risk Management renewed the County's property insurance policy on July 1, 2022 with FM Global Insurance Company and various other excess property insurers, which includes layered excess Earth Movement coverage. The program maintains a blanket limit of \$750.0 million above a \$1.0 million per occurrence deductible. The program provides an overall Earthquake sublimit of \$100.0 million and a Flood sublimit of \$250.0 million. In lieu of purchasing the certified terrorism coverage offered by our property insurance carriers, a stand-alone property terrorism insurance policy was placed with limits of \$500.0 million.

King County International Airport (Boeing Field) property insurance was renewed with incumbent carrier, AIG. The policy provides a \$253.6 million limit with sub-limits of \$100.0 million for Flood and \$25.0 million for Earthquake coverage.

Risk Management renewed the County's cyber liability insurance for total limits of \$30.0 million above a \$2.5 million deductible for first party losses and a \$1.0 million deductible for third party losses. As of April 2022, this coverage was reduced from \$40.0 million. The program provides coverage for third-party claims arising from failure of network security or protection of data in addition to first-party coverage for security failure, breach, event management, forensic investigations, and business interruption.

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

COVERAGE	COVERAGE AMOUNT	DEDUCTIBLE
Excess General Liability	\$70 million	\$6.5 million per occurrence; \$7.5 million per occurrence Transit bus losses
Terrorism — Liability	\$40 million	\$100 thousand per occurrence
Terrorism — Property	\$500 million	\$100 thousand per occurrence
Property & Mobile Equipment	\$750 million	\$1 million per occurrence
	\$100 million EQ (Earthquake)	EQ - 5% of location value / \$1 million minimum
	\$250 million Flood	Flood - \$1 million
Excess Workers' Compensation	Statutory (unlimited)	\$2 million per occurrence
Multi-State Workers' Compensation	Statutory (unlimited)	None
Aircraft Liability & Physical Damage	\$50 million (liability); scheduled value (property)	None
King County International Airport General Liability	\$300 million	None
King County International Airport Property Damage	\$254 million	\$100 thousand per occurrence
Marine Liability & Property Damage	\$150 million (liability); scheduled values (property)	Varies based on vessel and coverage type
Foreign Liability	\$1 million	\$1 thousand per occurrence
Fiduciary Liability	\$20 million	\$50 thousand each claim
Fiduciary Liability — Investment Pool	\$10 million	\$50 thousand each claim
Parks Swimming Pools General Liability	\$7 million per occurrence; \$8 million aggregate	\$5 thousand per occurrence
Crime and Fidelity	\$2.5 million	\$50 thousand per loss
Flood Insurance	scheduled value	\$1 - 2.5 thousand per occurrence
Cyber Liability	\$30 million	\$2.5 million (1st party) each incident; \$1 million (3rd party) each incident
PSERN - Inland Marine	\$25 million	\$5 thousand per occurrence; EQ - \$100 thousand per location; Flood - \$10 thousand per location
PSERN - Site Specific Pollution (Scheduled locations only)	\$2 million per occurrence; \$4 million aggregate	\$25 thousand (3rd party); \$50 thousand (clean-up)
Cedar Hills Regional Landfill Pollution Liability	\$50 million	\$250 thousand per occurrence

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, 2022, the total claim liability is \$73.8 million.

The County purchases an excess workers' compensation policy that provides statutory limits coverage, and therefore has had no risk exposure over the statutory limits during the last three years. The amount of loss retained by King County (the self-insured retention) under this policy, effective April 1, 2022, was \$2.0 million.

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

Changes in the Safety and Workers' Compensation Fund's claims liability in 2021 and 2022 (in thousands) are shown below:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2021	\$ 60,265	\$ 32,686	\$ (24,748)	\$ 68,203
2022	68,203	34,097	(28,455)	73,845

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, 2022, is \$27.7 million.

The Fund's claims liability is based on historical experience. Changes in the Employee Benefits Program Fund's claims liability in 2021 and 2022 (in thousands) are shown below:

	<u>Beginning of Year Liability</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2021	\$ 20,027	\$ 282,416	\$ (279,163)	\$ 23,280
2022	23,280	297,511	(293,129)	27,662

Component Unit - Harborview Medical Center (HMC)

HMC is exposed to risk of loss related to professional automobile and general liability, property loss, and injuries to employees. HMC participates in risk pool and professional liability programs 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 of which statutory self-insurance coverage is first dollar. HMC's annual contribution to the professional liability program is determined by University Finance using information from an annual actuary study conducted by the University administration. Various participants in the program contribute to the self-insurance fund and share in the expenses of the program. HMC's contribution to the professional liability program was \$5.8 million in 2022 and \$10.3 million in 2021, recorded in other expense on the Statements of Revenues, Expenses and Changes in Net Position.

Employee Benefits Program

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

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

Insurance Fund

Cultural Development Authority of King County (CDA) carries comprehensive general liability and auto liability coverage with a limit of \$20.0 million per occurrence. 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 for each wrongful act and with an aggregate limit of \$20.0 million per member; 2) Employment Practices Liability coverage with an aggregate limit of \$20.0 million per member; 3) Crime Blanket Coverage with Faithful Performance of Duty with a limit of \$250 thousand per occurrence; 4) Cyber coverage with a limit of \$2.0 million per member aggregate and \$40.0 million per program

aggregate; and 5) Identity Fraud expense reimbursement with a limit of \$25 thousand per occurrence and an aggregate limit of \$25 thousand per member.

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

County as Lessee

King County has entered into various lease agreements as lessee for equipment, office space, radio towers, railroad tracks and land. Most leases have initial terms of up to 20 years, and may contain one or more renewals at the County's option, generally for three- or five-year periods. The County has included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred. The County's lease arrangements do not contain any material residual value guarantees. Assets acquired and liabilities incurred through such agreements for governmental funds and internal service funds are accounted for under governmental activities. Such assets and liabilities related to enterprise funds are accounted for under business-type activities.

The County has several leases with variable payments, or payments that change based upon an economic index like the consumer price index (CPI). For 2022, the total amount paid on such variable payments was \$1.6 million. Additionally, the County retired certain leases before their maturity, substantially all of which were furniture, machinery and equipment leases for copy machines. The total outlay for these early retirements was \$153 thousand.

Right-to-use assets relating to lease agreement contracts as of December 31, 2022 (in thousands) is as follows:

	Right-to-Use Leased Assets			
	Governmental Activities			
	Balance January 1, 2022	Increase	Decrease	Balance December 31, 2022
Right-to-use leased assets:				
Buildings	\$ 144,479	\$ 57,948	\$ (781)	\$ 201,646
Leasehold improvements	3,178	—	—	3,178
Land	5,330	—	—	5,330
Furniture, machinery, and equipment	9,885	4,783	(153)	14,515
Total right-to-use leased assets	<u>162,872</u>	<u>62,731</u>	<u>(934)</u>	<u>224,669</u>
Less accumulated amortization:				
Buildings	—	(17,251)	—	(17,251)
Leasehold improvements	—	(200)	—	(200)
Land	—	(292)	—	(292)
Furniture, machinery, and equipment	—	(4,222)	—	(4,222)
Total accumulated amortization	<u>—</u>	<u>(21,965)</u>	<u>—</u>	<u>(21,965)</u>
Total right-to-use leased assets, net:	<u>\$ 162,872</u>	<u>\$ 40,766</u>	<u>\$ (934)</u>	<u>\$ 202,704</u>

The County's governmental activities did not enter into any lease contracts that were signed on or before December 31, 2022 for leases that have not yet commenced.

	Right-to-Use Leased Assets			
	Business-type Activities			Balance December 31, 2022
	Balance January 1, 2022	Increase	Decrease	
Right-to-use leased assets:				
Buildings	\$ 17,736	\$ —	\$ —	\$ 17,736
Leasehold improvements	7,564	—	—	7,564
Land	37,400	—	—	37,400
Equipment	592	195	—	787
Easements	1,505	2,127	—	3,632
Total right-to-use leased assets	64,797	2,322	—	67,119
Less accumulated amortization:				
Buildings	—	(2,185)	—	(2,185)
Leasehold improvements	—	(646)	—	(646)
Land	—	(3,034)	—	(3,034)
Equipment	—	(227)	—	(227)
Easements	—	(1,071)	—	(1,071)
Total accumulated amortization	—	(7,163)	—	(7,163)
Total right-to-use leased assets, net:	\$ 64,797	\$ (4,841)	\$ —	\$ 59,956

The County's business-type activities made commitments under contracts that were signed on or before December 31, 2022 for leases that have not yet commenced. The associated lease liabilities of approximately \$47 million (not discounted) will appear in future financial reports.

Future payments

Future minimum lease payments under lease agreements and the present value of the net minimum lease payments are shown below as of December 31, 2022 (in thousands):

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 24,417	\$ 2,636	\$ 27,053	\$ 6,105	\$ 554	\$ 6,659
2024	23,664	2,414	26,078	6,086	511	6,597
2025	22,141	2,180	24,321	5,871	465	6,336
2026	21,162	1,960	23,122	5,141	421	5,562
2027	14,867	1,761	16,628	4,451	382	4,833
2028-2032	44,750	6,588	51,338	16,918	1,409	18,327
2033-2037	40,442	2,974	43,416	4,372	851	5,223
2038-2042	7,911	664	8,575	1,727	581	2,308
2043-2047	2,780	187	2,967	2,032	402	2,434
2048-2052	505	23	528	2,503	180	2,683
2053-2057	97	10	107	442	13	455
2058-2062	41	2	43	30	6	36
2063-2067	—	—	—	33	3	36
2068-2072	—	—	—	13	1	14
Total	\$ 202,777	\$ 21,399	\$ 224,176	\$ 55,724	\$ 5,779	\$ 61,503

County as Lessor

The County currently leases some of its property to various tenants under long-term, renewable contracts. In the governmental activities, the County leases land, buildings, radio antenna towers and office space. In the business-type activities, the majority of the leases are at the King County International Airport/Boeing Field to companies and government agencies in the aviation industry. Most of these leases have initial terms ranging from five to 25 years, and contain one or more renewal options, generally for three- to five-year periods. The County has included these renewal options in the lease term when it is reasonably certain that the renewal option will be exercised.

The County has several leases with variable payments that either depend upon the future performance of the lessee, the lessee's usage of the underlying asset, or that depend upon an index or rate like the Consumer Price Index. For 2022, the total amount received under such variable payments was \$3.8 million.

The County enters into sublease transactions wherein it leases to others the rights to assets it has itself leased. The largest subleases by value support the county hospital, Harborview Medical Center. Additional contracts pertain to parcels of land where the County has developed radio transmission facilities, space on which it subsequently leases to telecommunication companies.

The County's investment in property under long-term leases and subleases as of December 31, 2022 (in thousands):

	Governmental Activities	Business-type Activities	Total
Lease revenue	\$ 5,692	\$ 25,533	\$ 31,225
Sublease revenue	7,901	—	7,901
Interest revenue	6,073	10,173	16,246
	<u>\$ 19,666</u>	<u>\$ 35,706</u>	<u>\$ 55,372</u>

Minimum future lease receipts on leases based on contract amounts and terms as of December 31, 2022 (in thousands):

Year	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 7,159	\$ 6,504	\$ 13,663	\$ 17,847	\$ 12,294	\$ 30,141
2024	7,437	6,165	13,602	17,585	11,459	29,044
2025	7,666	5,776	13,442	17,530	10,567	28,097
2026	8,618	5,395	14,013	15,447	9,754	25,201
2027	8,053	4,972	13,025	15,837	8,999	24,836
2028-2032	45,674	18,460	64,134	65,314	33,322	98,636
2033-2037	42,210	6,501	48,711	32,529	22,521	55,050
2038-2042	573	1,035	1,608	33,909	14,365	48,274
2043-2047	1,019	844	1,863	33,693	5,708	39,401
2048-2052	1,636	525	2,161	6,981	781	7,762
2053-2057	1,255	91	1,346	578	15	593
2058-2062	—	—	—	—	—	—
2063-2067	—	—	—	—	—	—
2068-2072	—	—	—	—	—	—
Total	<u>\$ 131,300</u>	<u>\$ 56,268</u>	<u>\$ 187,568</u>	<u>\$ 257,250</u>	<u>\$ 129,785</u>	<u>\$ 387,035</u>

The County has not issued debt secured by the principal and interest payments on any leases.

Sale-Leaseback Transactions

In 2014 Public Health - Seattle and King County (PHSKC) sold the North Public Health Center located in north Seattle, Washington for redevelopment. PHSKC entered into a lease agreement for space in the redeveloped building in October 2015. The agreement is for 12 years for total of 9,638 square feet of dedicated and shared space.

Discretely Presented Component Units**Component Unit - Harborview Medical Center**

Harborview leases various equipment and facilities under noncancelable lease agreements. Existing leases have lease terms through 2024.

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Right-to-use lease asset				
Buildings	\$ 172,112	\$ 8,239	\$ —	\$ 180,351
Equipment	1,307	483	—	1,790
Total right-to-use asset	173,419	8,722	—	182,141
Less accumulated amortization for:				
Buildings	(11,368)	(11,482)	—	(22,850)
Equipment	(1,059)	(375)	—	(1,434)
Total accumulated amortization	(12,427)	(11,857)	—	(24,284)
Total right-to-use asset, net	\$ 160,992	\$ (3,135)	\$ —	\$ 157,857

	June 30, 2021	Additions	Deductions	June 30, 2022	Due within one year
Lease liabilities	\$ 176,196	\$ 522	\$ (10,055)	\$ 166,663	\$ 10,223

The following schedule shows future annual lease payments, for the next five years and in five-year increments thereafter, as of June 30, 2022, for both principal and interest:

Year	Principal	Interest	Total
2023	\$ 10,223	\$ 4,843	\$ 15,066
2024	10,268	4,553	14,821
2025	10,402	4,234	14,636
2026	10,717	3,917	14,634
2027	11,037	3,591	14,628
2028-2032	60,284	12,725	73,009
2033-2037	53,512	4,089	57,601
2038-2042	220	3	223
Total payments	\$ 166,663	\$ 37,955	\$ 204,618

Component Unit - NJB Properties**Project Lease**

NJB Properties' Project Lease Agreement with the County qualified as a finance lease under ASC 842 - Accounting for Leases. The composition of the net investment in finance leases as of December 31, 2022 is shown below, as well as the minimum lease rental payments expected to be received for the next five years and in the aggregate (in thousands).

Year	Minimum Lease Payment	Net Investment in Lease	
		2021	2022
2023	\$ 764	Minimum lease payments receivable	\$ 11,470
2024	764	Uncollected income	(4,068)
2025	763	Net investment in capital lease	7,402
2026	766		\$ 7,016
2027	762		
Thereafter	6,883		
	\$ 10,702		

Note 13

Landfill Closure and Post-Closure Care

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

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

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

The \$247.9 million reported as landfill closure and post-closure care liability as of December 31, 2022, 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	88.27%	\$ 190,295	\$ 48,182	2040
Closed	100%	39,827	—	Closed
Custodial	100%	17,827	—	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, 2022, cash and cash equivalents of \$2.9 million were held in the Landfill Post-closure Maintenance Fund. In addition, \$46.2 million were held in the Landfill Reserve Fund designated for the management and development of the landfill.

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

Note 14

Pollution Remediation

Pollution remediation liabilities reported at the end of 2022 do not include potential costs of cleanup that may arise out of the legal issues described in Note 20 - "Legal Matters, Financial Guarantees and Other Commitments." The likelihood of negative outcomes in these matters, the amount of liabilities that may arise and the resultant allocation among potentially responsible parties (PRP), cannot be reasonably estimated at this time.

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

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

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

There are no estimated recoveries at this time that will reduce the amount of these obligations. The total pollution remediation liability at December 31, 2022 stands at \$54.1 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 (Metro Transit) reported a pollution remediation liability of \$708 thousand at December 31, 2022. 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) and groundwater monitoring at three bus facilities. Metro Transit has an on-going program of monitoring groundwater contamination resulting from spill events at the facilities and reporting the results to the DOE. The DOE lists the three facilities as hazardous sites and has recently communicated to Metro Transit that actions should be taken to address contamination at the sites. Remedial investigations (RI) have been initiated at two sites. Metro Transit anticipates initiating the RI at the third site during 2023. The liability was measured at the estimated amounts compiled by Metro Transit staff with knowledge of pollution issues, 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.

Maury Island Gravel Mine Site - King County acquired approximately 250 acres of property on Vashon Island in 2010. The property is within the footprint of the former ASARCO smelter plume, and contains elevated levels of lead and arsenic, a condition that was known at the time of acquisition. In February 2011, King County was named a "potentially liable party" for cleanup of the site by the DOE. An Agreed Order between DOE and King County was finalized in January 2013 requiring the County to conduct a remediation investigation, a feasibility study, and a cleanup action plan. The remediation was a prerequisite to the purchase agreement. The remediation will be completed in phases over a period of about five to ten years. As of December 31, 2016, the County completed an Interim Action Cleanup Plan with approval from the DOE, costing approximately \$600 thousand.

The cleanup included removing invasive vegetation and surface soil on three acres immediately south of SW 260th St, adding a compost cap, and replanting the area with native trees and shrubs. The cleanup costs incurred in 2016 were capitalized.

The approved Maury Island Space Site Cleanup Action Plan describes the cleanup action selected by the Washington State Department of Ecology. The plan lays out four phases for cleanup. Implementation of phase 1 cleanup - trail capping, capping of the former skeet range, and removal of three more acres of invasive vegetation then to be covered with temporary weed fabric was completed in 2021. Phases 2 through 4 include removal of invasive vegetation followed by planting, which will then continue to occur in phases every two to three years until 16 acres of contaminated area has been restored. In 2022, work on Phase 2 continued including planting and maintaining 3 acres. Parks reported a pollution remediation liability of \$2.6 million as of December 31, 2022.

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; as of December 31, 2022 the site investigation work continues.

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 dates back to the mid-1960s. The Washington State Department of Ecology, on behalf of Public Health - Seattle and King County, requested that the Solid Waste Division engage in a voluntary cleanup of the EPZ under the Model Toxics Control Act (MTCA). The Solid Waste Division reported a pollution remediation liability of \$1.2 million at December 31, 2022 to complete the RI work and a feasibility study.

A summary of pollution remediation liabilities at December 31, 2022 is as follows (in thousands):

	Governmental Activities					
	Business- type Activities	Total Enterprise Funds	Public Transportation	Major Funds Water Quality	Solid Waste	Nonmajor Enterprise Funds
Pollution remediation						
Due within one year	\$ —	\$ —	\$ —	\$ 5,708	\$ —	\$ —
Due in more than one year	2,603	50,498	708	48,351	1,194	245
Total	<u>\$ 2,603</u>	<u>\$ 56,206</u>	<u>\$ 708</u>	<u>\$ 54,059</u>	<u>\$ 1,194</u>	<u>\$ 245</u>

Note 15

Liabilities

Short-term Debt Instruments and Liquidity

At December 31, 2022, to finance certain projects or refund outstanding and future bonds of the County's sewer system, the County was authorized (in 2020) to utilize a commercial paper program funded by Multi-Modal Limited Tax Obligation Notes (Payable from Sewer Revenues) up to the aggregate principal amount of \$250 million outstanding at any time. The authorization expires on December 15, 2050. The commercial paper can have maturities ranging between one and 270 days.

Short-term activities for the year ended December 31, 2022 are summarized as follows:

CHANGES IN SHORT-TERM DEBT				
FOR THE YEAR ENDED DECEMBER 31, 2022				
(IN THOUSANDS)				
	Balance			Balance
	01/01/2022	Additions	Reductions	12/31/2022
Business-type activities				
Commercial paper	\$ 155,910	\$ 62,275	\$ (66,985)	\$ 151,200

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. 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 note payable. 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.

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

Sewer revenue bonds are secured by the pledge of and lien on revenues of the sewer system subject to the payment of all operating and maintenance expenses of the sewer system. Payments from revenues of Water Quality are required to be made to the sewer revenue bond fund in the annual amounts sufficient to retire serial or term bonds on or before maturity. The amount required in the cash reserved and surety policies is based on the highest year of debt service 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.

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

SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 1 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2022
I. GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT					
IA. Limited Tax General Obligation Bonds (LTGO)					
2010C LTGO (RZEDBs) (Taxable) Bonds	12/1/2010	12/1/2030	4.58-6.05%	\$ 23,165	\$ 20,025
2010D LTGO (QECCBs) (Taxable) Bonds	12/1/2010	12/1/2025	5.43%	2,825	2,825
2012D LTGO Refunding 2002BOP Lease (HMC) Bonds	11/29/2012	12/1/2031	2.00-5.00%	41,810	23,880
2012E LTGO SE District Court Relocation Bonds (Partial)	12/19/2012	12/1/2027	2.00-5.00%	3,000	1,155
2013B LTGO Refunding 2005 GHP Lease Bonds	12/19/2013	12/1/2026	3.00-5.00%	42,820	17,055
2014B LTGO (Tall Chief Acquisition/SWM) Bonds	6/24/2014	6/1/2034	2.00-5.00%	15,395	9,115
2015B LTGO (Fed Tax-exempt) Bonds	10/13/2015	12/1/2030	2.50-5.00%	27,355	7,995
2015C LTGO Refunding 2007C and 2007D Bonds	10/13/2015	1/1/2028	3.00-5.00%	25,970	16,955
2015E LTGO Refunding 2006A NJB and 2007 KSC Lease Bonds	12/17/2015	12/1/2036	4.00-5.00%	172,320	124,005
2016A LTGO Bond 4Culture Building	3/10/2016	12/1/2030	1.50-5.00%	22,450	16,930
2017B LTGO Bond Various Purpose (Partial)	8/10/2017	6/1/2037	3.00-5.00%	33,325	16,015
2018A LTGO Bond Various Purpose (Partial)	8/8/2018	6/1/2038	5.00%	5,845	3,855
2019HUD LTGO Refg06HUD Section108 Bonds	3/28/2019	8/1/2024	2.55-2.67%	1,437	519
2019A LTGO Refunding 2009B and 2013MM Bonds	3/15/2019	6/1/2029	5.00%	41,420	29,635
2019B LTGO Bond Various Purpose	9/12/2019	7/1/2039	5.00%	62,340	46,925
2019C LTGO Refunding 2009C Bonds	12/19/2019	1/1/2024	5.00%	13,020	6,835
2020A LTGO Various Purpose Bonds (Partial)	11/3/2020	12/1/2050	5.00%	32,090	29,925
2020B LTGO Refunding Bonds (Taxable) (Partial)	11/3/2020	12/1/2034	0.35-2.00%	54,065	52,480
2021A LTGO Various Purpose Bonds (Partial)	6/22/2021	12/1/2051	4.00-5.00%	27,675	26,920
2021B LTGO Refunding 2011, 2011D, 2012A, and 2012B Bonds	12/1/2021	6/30/2029	5.00%	30,410	16,885
2021C LTGO TOD Affordable Housing (Taxable) Bonds	12/1/2021	12/1/2041	0.35-2.73%	466,150	446,090
2022A LTGO and Refunding 2012C Bonds	4/14/2022	7/1/2052	4.00-5.00%	32,605	32,400
Total Payable From Limited Tax GO Redemption Fund				<u>1,177,492</u>	<u>948,424</u>
IB. Limited Tax GO Note Payable					
2022 Notes Payable	5/20/2022	4/20/2027	0.00%	2,000	1,733
Total Limited Tax GO Note Payable				<u>2,000</u>	<u>1,733</u>
IC. Unlimited Tax General Obligation Bonds (UTGO)					
Payable From Unlimited Tax GO Redemption Fund					
2012 UTGO Refunding 2004 (HMC) and 2004B (HMC) Bonds	8/14/2012	12/1/2023	2.00-5.00%	94,610	14,040
2021A UTGO HMC Bonds	11/3/2021	12/31/2041	4.00-5.00%	18,885	18,375
Total Payable From Unlimited Tax GO Bond Redemption Fund				<u>113,495</u>	<u>32,415</u>
TOTAL GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT				<u>1,292,987</u>	<u>982,572</u>

SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 2 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2022
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	\$ 10,760
2010B LTGO (BABs) (Transit) Taxable Bonds	12/1/2010	12/1/2030	2.85-6.05%	20,555	11,330
2013 LTGO (Solid Waste) Bonds	2/27/2013	12/1/2040	3.10-5.00%	77,100	39,580
2014C LTGO (Solid Waste) and Refunding (Solid Waste) 2007E Bonds	7/30/2014	12/1/2034	2.00-5.00%	25,515	15,740
2015A LTGO (WQ) Refunding 2009B2 Bonds	2/18/2015	7/1/2038	2.00-5.00%	247,825	108,680
2015B LTGO (FED Tax-Exempt) (Solid Waste) Bonds	10/13/2015	12/1/2025	5.00%	60	25
2015D LTGO (Solid Waste) and Refunding 2007E (Solid Waste) Bonds	11/5/2015	12/1/2040	3.00-5.00%	50,595	38,285
2017A LTGO (WQ) Refunding 2008 Bonds	10/25/2017	7/1/2033	4.00-5.00%	154,560	131,970
2017A LTGO (Solid Waste) Bonds	6/8/2017	6/1/2040	3.25-5.00%	31,230	27,065
2017B LTGO (Solid Waste) Bond Various Purpose	8/10/2017	6/1/2027	4.00-5.00%	135	80
2018A LTGO (Marine Construction) (Partial)	8/8/2018	6/1/2038	4.00-5.00%	6,330	5,495
2019 LTGO (WQ) Capital Improvement Projects Bonds	10/24/2019	1/1/2038	5.00%	101,035	101,035
2019A LTGO Multi-Modal (WQ) Refunding 2015AB Bonds	6/27/2019	1/1/2046	Variable ^(a)	100,000	100,000
2019B LTGO Multi-Modal (WQ) Refunding 2017 Bonds	6/27/2019	1/1/2046	Variable ^(a)	48,095	48,095
2020A LTGO (Transit) Various Purpose Bonds (Partial)	11/3/2020	12/1/2050	5.00%	21,065	20,490
2020B LTGO (Solid Waste) Refunding Bonds (Taxable) (Partial)	11/3/2020	12/1/2031	0.35-1.70%	19,975	19,285
2021A LTGO Solid Waste Bonds (Taxable) (Partial)	6/22/2021	12/1/2051	4.00-5.00%	24,475	23,660
2021A LTGO (WQ) (Sewer) and Refunding (State Revolving Loans) Bonds	8/10/2021	1/1/2038	2.00-5.00%	239,585	234,975
2021B LTGO (WQ) Refunding (Sewer) Bonds (Taxable)	8/10/2021	7/1/2036	0.14-2.24%	94,510	91,640
2022A LTGO and Refunding 2012C Bonds	4/14/2022	7/1/2023	5.00%	24,375	24,170
Total Limited Tax GO Bonds Payable From Enterprise Funds				1,523,970	1,052,360
IIB. Revenue Bonds Payable from Enterprise Funds					
2013A Sewer Revenue Refunding 2003, 2006, and 2005 Sewer-LTGO Bonds	4/9/2013	1/1/2027	2.00-5.00%	122,895	4,950
2013B Sewer Revenue and Refunding 2004B Bonds	10/29/2013	1/1/2044	2.00-5.00%	74,930	42,260
2014A Sewer Revenue Refunding 2007 Bonds	7/8/2014	1/1/2047	5.00%	75,000	75,000
2014B Sewer Revenue Refunding 2004B, 2006, 2006B, 2007 and 2008 Bonds	8/12/2014	7/1/2035	1.00-5.00%	192,460	146,455
2015A Sewer Revenue Refunding 2007, 2008, and 2009 Bonds	2/18/2015	7/1/2047	3.00-5.00%	474,025	253,745
2015B Sewer Revenue and Refunding 2006 Bonds	11/17/2015	1/1/2046	4.00-5.00%	93,345	60,040
2016A Sewer Revenue and Refunding 2007, 2008, 2009, 2010 Bonds	2/17/2016	7/1/2041	4.00-5.00%	281,535	257,055
2016B Sewer Revenue and Refunding 2006-2, 2010, 2011A, 2011B, 2011C	10/12/2016	7/1/2049	4.00-5.00%	499,655	436,310
2017A Sewer Revenue Refg 2009LTGO, 2010, 2011A, 2011B, 2011C Bonds	12/19/2017	7/1/2049	5.00%	149,485	117,865
2018B Sewer Revenue Refg 2010, 2011B, 2012 Bonds	11/15/2018	7/1/2032	5.00%	124,455	111,965
2020A Junior Lien Sewer Revenue Refunding 2001 (Mandatory Put Bonds)	7/14/2020	1/1/2032	Variable ^(b)	100,295	100,295
2020B Junior Lien Sewer Revenue Refunding 2011 (Mandatory Put Bonds)	7/14/2020	1/1/2042	Variable ^(b)	100,295	100,295
2020A Sewer Improvement and Refunding Revenue 2010 Bonds	8/4/2020	1/1/2052	1.625-5.00%	179,530	177,440
2020B Sewer Revenue Refunding 2012B, 2012C, 2013A, and 2016B (Txble)	8/4/2020	1/1/2040	0.27-2.48%	186,745	181,400
2021A Sewer Refunding 2015A Taxable Bonds	8/10/2021	7/1/2047	0.57-2.84%	231,200	225,955
2021A Junior Lien Sewer Revenue Refunding 2017A, 2017B, 2020 (SIFMA Index)	12/1/2021	1/1/2040	Variable ^(c)	140,000	140,000
Total Revenue Bonds Payable from Enterprise Funds				3,025,850	2,431,030

SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 3 OF 3)

	<u>Issue</u>	<u>Final</u>	<u>Interest</u>	<u>Original</u>	<u>Outstanding</u>
	<u>Date</u>	<u>Maturity</u>	<u>Rates</u>	<u>Issue</u>	<u>12/31/2022</u>
				<u>Amount</u>	
IIC. State Revolving Loans-Direct Borrowings Payable from Enterprise Funds					
2000-2022 WQ State of Washington Revolving Loans	Various	Various	0.50-3.10%	\$ 377,948	\$ 140,726
2019-2022 Solid Waste State of Washington Revolving Loans	Various	Various	1.66%	3,949	3,593
Total State Revolving Loans-Direct Borrowings Payable from Enterprise Funds				<u>381,897</u>	<u>144,319</u>
TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT				<u>4,931,717</u>	<u>3,627,709</u>
TOTAL LONG-TERM DEBT				<u>\$ 6,224,704</u>	<u>\$ 4,610,281</u>

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

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

(c) On December 3, 2021 the 2021A Junior Lien Sewer Revenue refunding bonds will bear interest at the Index Floating Rate for the Initial Index Floating Rate Period, subject to prior optional redemption on or after the Par Call Date. At the end of the Initial Index Floating Rate Period, the Bonds are subject to mandatory tender for purchase. The Bonds are also subject to mandatory tender for purchase and Conversion to a new Index Floating Rate or to a Daily Mode, Weekly Mode, Commercial Paper Mode, Fixed Mode, or Term Mode on or after the Par Call Date. No Credit Enhancement or Liquidity Facility secures payment of the Purchase Price of any Bonds that are not remarketed at the end of the Initial Index Floating Rate Period.

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				Total			
	General Obligation Bonds		Note Payable		Governmental Activities			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 90,395	\$ 31,662	\$ 400	\$ —	\$ 90,795	\$ 31,662		
2024	76,369	28,437	400	—	76,769	28,437		
2025	73,525	25,661	400	—	73,925	25,661		
2026	63,915	22,928	400	—	64,315	22,928		
2027	61,750	20,652	133	—	61,883	20,652		
2028-2032	273,750	74,875	—	—	273,750	74,875		
2033-2037	192,895	40,544	—	—	192,895	40,544		
2038-2042	133,835	13,370	—	—	133,835	13,370		
2043-2047	7,715	2,548	—	—	7,715	2,548		
2048-2052	6,690	701	—	—	6,690	701		
2053-2055	—	—	—	—	—	—		
TOTAL	\$ 980,839	\$ 261,378	\$ 1,733	\$ —	\$ 982,572	\$ 261,378		

BUSINESS-TYPE ACTIVITIES								
Year	State Revolving Loans-				Total			
	General Obligation Bonds		Direct Borrowings		Revenue Bonds		Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 53,155	\$ 44,900	\$ 5,365	\$ 2,919	\$ 66,290	\$ 85,393	\$ 124,810	\$ 133,212
2024	44,200	42,791	5,967	2,832	66,290	83,250	116,457	128,873
2025	54,285	40,657	4,154	2,749	60,060	80,933	118,499	124,339
2026	64,305	38,042	6,072	2,663	61,065	78,916	131,442	119,621
2027	64,425	35,360	5,252	2,564	70,460	76,748	140,137	114,672
2028-2032	336,095	133,591	25,637	11,373	495,655	340,314	857,387	485,278
2033-2037	214,930	74,657	26,618	8,841	495,620	256,886	737,168	340,384
2038-2042	63,980	45,961	19,553	6,389	680,315	157,637	763,848	209,987
2043-2047	153,240	33,721	19,563	4,271	353,120	58,317	525,923	96,309
2048-2052	3,745	381	21,911	1,906	82,155	7,246	107,811	9,533
2053-2055	—	—	4,227	123	—	—	4,227	123
TOTAL	\$ 1,052,360	\$ 490,061	\$ 144,319	\$ 46,630	\$ 2,431,030	\$ 1,225,640	\$ 3,627,709	\$ 1,762,331

**DEBT SERVICE
REQUIREMENTS
TO MATURITY**

Year	Primary Government	
	Principal	Interest
2023	\$ 215,605	\$ 164,874
2024	193,226	157,310
2025	192,424	150,000
2026	195,757	142,549
2027	202,020	135,324
2028-2032	1,131,137	560,153
2033-2037	930,063	380,928
2038-2042	897,683	223,357
2043-2047	533,638	98,857
2048-2052	114,501	10,234
2053-2055	4,227	123
TOTAL	\$ 4,610,281	\$ 2,023,709

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, 2022 is as follows (in thousands):

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

	Balance 01/01/2022	Additions	Reductions	Balance 12/31/2022	Due Within One Year
Governmental Activities:					
General Obligation bonds payable:					
General Obligation (GO) bonds	\$ 1,065,159	\$ 32,605	\$ (116,925)	\$ 980,839	\$ 90,395
Unamortized bonds premium and discount	58,915	3,328	(10,625)	51,618	—
Total bonds payable	<u>1,124,074</u>	<u>35,933</u>	<u>(127,550)</u>	<u>1,032,457</u>	<u>90,395</u>
Other liabilities:					
General obligation notes payable	—	2,000	(267)	1,733	400
Leases payable ^(a)	162,872	62,731	(22,826)	202,777	25,196
Compensated absences liability	132,745	131,295	(127,580)	136,460	7,990
Net pension liability	58,409	165,747	(95,260)	128,896	—
Other postemployment benefits	89,011	12,513	(32,463)	69,061	4,722
Pollution remediation	2,929	—	(326)	2,603	—
Asset retirement obligation	3,500	256	—	3,756	—
Estimated claims settlements and other liabilities	192,490	348,805	(346,757)	194,538	78,615
Total other liabilities	<u>641,956</u>	<u>723,347</u>	<u>(625,479)</u>	<u>739,824</u>	<u>116,923</u>
Total Governmental activities long-term liabilities	<u>\$ 1,766,030</u>	<u>\$ 759,280</u>	<u>\$ (753,029)</u>	<u>\$ 1,772,281</u>	<u>\$ 207,318</u>
Business-type Activities:					
Bonds payable:					
General Obligation (GO) bonds	\$ 1,122,575	\$ 24,375	\$ (94,590)	\$ 1,052,360	\$ 53,155
Revenue bonds	2,540,960	—	(109,930)	2,431,030	66,290
Unamortized bonds premium and discount	304,669	4,222	(36,070)	272,821	—
Total bonds payable	<u>3,968,204</u>	<u>28,597</u>	<u>(240,590)</u>	<u>3,756,211</u>	<u>119,445</u>
Other liabilities:					
State revolving loans-Direct Borrowings	104,183	45,656	(5,520)	144,319	5,365
Leases payable ^(a)	60,725	2,322	(7,323)	55,724	5,287
Compensated absences liability	76,041	104,845	(104,673)	76,213	14,131
Net pension liability	47,085	80,322	(25,770)	101,637	—
Other postemployment benefits	17,477	8,436	(2,816)	23,097	1,580
Landfill closure and post-closure care liability	242,368	22,396	(16,815)	247,949	10,722
Pollution remediation	57,449	4,096	(5,339)	56,206	5,708
Asset retirement obligation	5,930	5,955	—	11,885	—
Customer deposits and other liability	80,416	3	(182)	80,237	220
Total other liabilities	<u>691,674</u>	<u>274,031</u>	<u>(168,438)</u>	<u>797,267</u>	<u>43,013</u>
Total Business-type activities long-term liabilities	<u>\$ 4,659,878</u>	<u>\$ 302,628</u>	<u>\$ (409,028)</u>	<u>\$ 4,553,478</u>	<u>\$ 162,458</u>

Governmental activities estimated claims settlements of \$194.5 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) Due to the implementation of GASB Statement No. 87 Leases, capital leases has been renamed to leases payable and the beginning balance has been restated.

State of Washington Revolving Loans-Direct Borrowings

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

with the Public Works Trust Fund include nonpayment of amounts due and failure to use loan proceeds for permitted activities. Remedies include withholding of any undisbursed loan proceeds, assessment of additional interest and notification to creditors.

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

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

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

Authorized But Unissued

At December 31, 2022 the County had authorized \$3.6 billion of sewer revenue, general obligation bonds, loans, and commercial paper that remained unissued.

SCHEDULE OF AUTHORIZED BUT UNISSUED DEBT
(IN THOUSANDS)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES			PRIMARY GOVERNMENT
		Public Transportation	Water Quality	Solid Waste	
Commercial paper	\$ —	\$ —	\$ 98,800	\$ —	\$ 98,800
Loans	—	—	255,900	500	256,400
General Obligation bonds	2,121,600	—	905,000	223,500	3,250,100
Total	<u>\$ 2,121,600</u>	<u>\$ —</u>	<u>\$ 1,259,700</u>	<u>\$ 224,000</u>	<u>\$ 3,605,300</u>

Unused Lines of Credit

The County has no unused lines of credit at December 31, 2022.

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, 2022 (in thousands):

2022 ASSESSED VALUE (2023 TAX YEAR)	<u>\$ 879,895,419</u>
Debt limit of limited tax general obligations for metropolitan functions	
0.75 % of assessed value	\$ 6,599,216
Less: Net limited tax general obligation indebtedness for metropolitan functions	(1,077,948)
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 5,521,268</u>
Debt limit of limited tax general obligations for general county purposes and metropolitan functions	
1.5 % of assessed value	\$ 13,198,431
Less: Net limited tax general obligation indebtedness for general county purposes	\$ (397,353)
Net limited tax general obligation indebtedness for metropolitan functions	<u>(1,077,948)</u>
Total net limited tax general obligation indebtedness for general county purposes and metropolitan functions	(1,475,301)
LIMITED TAX GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES AND METROPOLITAN FUNCTIONS	<u>\$ 11,723,130</u>
Debt limit of total general obligations for metropolitan functions	
2.5% of assessed value	\$ 21,997,385
Less: Net total general obligation indebtedness for metropolitan functions	(1,077,948)
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 20,919,437</u>
Debt limit of total general obligations for general county purposes	
2.5 % of assessed value	\$ 21,997,385
Less: Net unlimited tax general obligation indebtedness for general county purposes	\$ (30,939)
Net limited tax general obligation indebtedness for general county purposes	<u>(397,353)</u>
Total net general obligation indebtedness for general county purposes	(428,292)
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES	<u>\$ 21,569,093</u>

Refunding and Defeasing General Obligation Bond Issues - 2022

Limited Tax General Obligation Refunding Bonds, 2022 Series A - On April 14, 2022, the County issued \$15.8 million in limited tax general obligation refunding bonds, 2022 Series A with an effective interest cost of 2.03 percent to current refund \$16.4 million of outstanding limited tax general obligation bonds 2012 Series C. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$397 thousand. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2025, using the outstanding principal balance method. This current refunding was undertaken to reduce total debt service payments by \$447 thousand over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$577 thousand.

Limited Tax General Obligation Refunding Bonds, 2022 Series A - On April 14, 2022, the County issued \$24.4 million in limited tax general obligation refunding bonds, 2022 Series A with an effective interest cost of 2.39 percent to current refund \$27.9 million of outstanding limited tax general obligation bonds, 2012 public transportation sales tax bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the business-type activity column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$711 thousand. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This current refunding was undertaken to reduce total debt service payments by \$1.9 million over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of \$1.7 million.

Refunding Sewer Revenue Bond Issues - 2022**2022 Commercial Paper to Refund Sewer Revenue Bonds**

On June 13, 2022, the County issued \$8.2 million in commercial paper notes to refund \$8.2 million of Sewer Revenue and Refunding Bonds, Series 2012C, to reduce future debt service. Proceeds from this issuance were held in a bond redemption account until their payment date of July 1, 2022.

On December 2, 2022, the County issued commercial paper note to purchase State and Local Government Securities for the refunding of \$22.7 million of Sewer Revenue Refunding Bonds, Series 2013A. A total of \$23.2 million was placed in escrow to redeem the bonds at their earliest redemption dates. Funding for the interest portion of escrow came from operations. The most significant portion of this transaction's cost savings comes from replacing the majority 5.0 percent coupon issuance with lower interest commercial paper.

Prior Year Refunded and Defeasance of Debt

As of December 31, 2022, King County has nine refunded and defeased bond issues outstanding, consisting of four limited tax general obligation bonds (\$168.2 million) and five sewer revenue bonds (\$362.3 million). In prior years, the County defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, the payments of principal and interest on these old bond issues are the responsibility of the escrow agent, U.S. Bank National Association, and the liability for the defeased bonds has been removed from the County's financial statement.

Asset Retirement Obligations

In 2022, the County reported asset retirement obligations (ARO) in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*. The liability is measured at its current value and based on professional judgment, experience, and historical cost data.

The following tables summarize the County's AROs as of December 31, 2022 (in thousands):

Governmental Activities		Major Funds					Nonmajor Enterprise Funds
Business-type Activities	Total Enterprise Funds	Public Transportation	Water Quality	Solid Waste			
\$ 3,756		\$ 9,300	\$ 1,485	\$ 850	\$ 250		
\$ 11,885	\$ 11,885						

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

The liability could change over time as new information becomes available as a result of changes in technology, legal or regulatory requirements, and types of equipment, facilities or services that will be used to meet the obligation to dispose of the USTs and stormwater dams.

Component Unit - NJB Properties

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/2022</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	7,320
Total Bonds Payable				<u>\$ 189,720</u>	<u>\$ 7,325</u>

<u>Year</u>	<u>Principal</u>
2023	\$ 360
2024	380
2025	400
2026	425
2027	445
Thereafter	<u>5,315</u>
Total	<u>\$ 7,325</u>

Note 16

Interfund Balances and Transfers

Interfund Balances

Due from/to other funds and interfund short-term loans receivable and payable (in thousands)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Health	\$ 131
	Nonmajor Governmental Funds	5,659
	Internal Service Funds	1,004
Behavioral Health Fund	General Fund	1,508
	Nonmajor Governmental Funds	2,075
Housing and Community Development Fund	General Fund	386
	Nonmajor Governmental Funds	4,326
Public Health	Nonmajor Governmental Funds	2,797
Nonmajor Governmental Funds	General Fund	2,191
	Behavioral Health Fund	166
	Public Health	19,957
	Nonmajor Governmental Funds	53,285
	Water Quality Enterprise	52
	Internal Service Funds	816
Public Transportation Enterprise	General Fund	3,163
	Nonmajor Governmental Funds	7,683
Water Quality Enterprise	General Fund	3,035
	Nonmajor Governmental Funds	2,489
	Internal Service Funds	560
Solid Waste Enterprise	General Fund	273
	Nonmajor Governmental Funds	1,519
	Internal Service Funds	224
Nonmajor Enterprise Funds	General Fund	660
	Nonmajor Governmental Funds	135
Internal Service Funds	General Fund	17
	Nonmajor Governmental Funds	71,977
	Internal Service Funds	1,647
Total interfund balances		<u>\$ 187,735</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	\$ 12,077
Total advances from/to other funds		<u>\$ 12,077</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 2023.

Interfund TransfersTransfers in and transfers out (in thousands)

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Behavioral Health Fund	\$ 2,238
	Housing and Community Development	1,321
	Public Health	36,753
	Nonmajor Governmental Funds	75,281
	Internal Service Funds	1,740
Behavioral Health Fund	General Fund	8,809
	Housing and Community Development	110
	Nonmajor Governmental Funds	13,381
Housing and Community Development	Behavioral Health Fund	629
	Nonmajor Governmental Funds	738
	Internal Service Funds	3,958
Public Health	Nonmajor Governmental Funds	1,475
Nonmajor Governmental Funds	General Fund	15,914
	Behavioral Health Fund	20,710
	Housing and Community Development	32,932
	Public Health	59,725
	Nonmajor Governmental Funds	261,010
	Water Quality Enterprise	250
	Internal Service Funds	1,040
Public Transportation Enterprise	General Fund	500
	Housing and Community Development	81
	Nonmajor Governmental Funds	4,072
Water Quality Enterprise	Nonmajor Governmental Funds	1,158
Solid Waste Enterprise	Nonmajor Governmental Funds	1,151
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	1,166
Internal Service Funds	Nonmajor Governmental Funds	23,081
	Internal Service Funds	684
Total interfund transfers		<u>\$ 569,907</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 2022, the primary government received \$14.3 million in building lease and occupancy revenues from HMC. In addition, HMC made \$5.0 million in payments to Public Health - Seattle and King County 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 2022, the King County primary government transferred \$2.0 million to the CDA. The CDA spent net \$1.2 million on art projects, for which the County recorded a corresponding decrease in receivables from the CDA and an increase in artwork. In addition, King County made a \$12.2 million revenue transfer in support of the Building 4Equity program and \$289 thousand payment to the CDA for mission-related purposes. The CDA made a \$1.7 million repayment to King County for the Building 4 Equity loan.

The Public Transportation Enterprise (Metro 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 \$53 thousand in 2022.

The King County Regional Homelessness Authority (RHA) is a jointly governed organization, formed in December 2019 as further discussed in Note 1. In support of this new regional government, the County agreed via Ordinance 19039 to make facilities available to the RHA for its operations. The RHA took occupancy of space in the County's Yesler Building on March 1, 2020 although the COVID-19 pandemic delayed the completion of tenant improvements, hiring of RHA staff, and the start of the RHA's operations into 2021. The County has recorded an in-kind contribution totaling \$539 thousand in 2022 for the associated cost of the occupied space.

Note 18

Components of Net Position and Fund Balance, Restatements and Restrictions

Net Position

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

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

Restricted net position - Results when constraints are placed on net position use either by external parties or by law through constitutional provision or enabling legislation. Restricted net position for other purposes for the year ended December 31, 2022, was as follows:

	<u>Governmental Activities</u>	<u>Component Units</u>
Net position restricted for other purposes:		
General government	\$ 21,675	\$ —
Law, safety and justice	181,456	—
Physical environment	423	—
Transportation	24,384	—
Economic environment	98,812	—
Health and human services - nonexpendable	—	3,519
Culture and recreation - expendable	15,452	8,735
Total net position restricted for other purposes	<u>\$ 342,202</u>	<u>\$ 12,254</u>

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

Components of Fund Balance

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

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

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

Reserve shall be used in the event of an emergency, as declared by a vote of the County Council, for the following purposes:

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

The Rainy Day Reserve is reported as part of the General Fund. As of December 31, 2022, it had a committed fund balance of \$24.1 million.

As of December 31, 2022, King County's governmental funds reported combined fund balance of \$2,003.8 million. Of this amount, \$214.4 million constitutes unassigned fund balance. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is (1) not in spendable form, \$368.3 million; (2) restricted for particular purposes, \$1,350.6 million; (3) committed for particular purposes, \$43.0 million; or (4) assigned for particular purposes, \$27.5 million.

A summary of governmental fund balances at December 31, 2022 is as follows (in thousands):

	General Fund	Behavioral Health Fund	Housing and Community Development Fund	Public Health Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Nonspendable - Inventory						
Emergency Medical Services	\$ —	\$ —	\$ —	\$ —	\$ 147	\$ 147
Public Health	—	—	—	478	—	478
Nonspendable - Long-term Notes Receivable						
Housing and Community Development	—	—	340,858	—	—	340,858
Nonspendable - Prepaid Expenses						
Arts and Cultural Development	—	—	—	—	17,122	17,122
Building Repair and Replacement	—	—	—	—	1,133	1,133
County Road Operating	—	—	—	—	87	87
Emergency Medical Services	—	—	—	—	57	57
Enhanced 911 Emergency Telephone System	—	—	—	—	2	2
General Fund	725	—	—	—	—	725
Information and Telecommunication Capital	—	—	—	—	1,936	1,936
Long Term Leases	—	—	—	—	2,933	2,933
Noxious Weed Control	—	—	—	—	23	23
Parks Capital Projects	—	—	—	—	2,713	2,713
Public Health	—	—	—	58	—	58
Surface Water Program	—	—	—	—	15	15
Total Nonspendable Fund Balance	725	—	340,858	536	26,168	368,287
Restricted for:						
Animal Services	—	—	—	—	3,184	3,184
Arts and Cultural Development	—	—	—	—	7,970	7,970
Automated Fingerprint Identification System	—	—	—	—	32,753	32,753
Behavioral Health	—	108,768	—	—	—	108,768
Best Starts For Kids Levy	—	—	—	—	42,878	42,878
Community Services Operating	—	—	—	—	1,737	1,737
Conservation Futures	—	—	—	—	29,480	29,480
County Road Operating	—	—	—	—	22,286	22,286
Crime Victim Compensation Program	368	—	—	—	—	368
Deferred Compensation Admin	461	—	—	—	—	461
Department of Local Services Administration	—	—	—	—	648	648
Developmental Disabilities	—	—	—	—	7,854	7,854
Dispute Resolution	21	—	—	—	—	21
Drug Enforcement	1,309	—	—	—	—	1,309
Emergency Medical Services	—	—	—	—	92,682	92,682
Employment and Education Resources	—	—	—	—	1,202	1,202
Enhanced 911 Emergency Telephone System	—	—	—	—	58,553	58,553
Environmental Health	—	—	—	—	11,646	11,646
Flood Control District	—	—	—	—	35,098	35,098
Grants Fund	—	—	—	—	2,789	2,789
Harborview Health and Safety	—	—	—	—	16,779	16,779
Health	3,049	—	—	—	—	3,049
Health Through Housing	—	—	—	—	85,295	85,295
Historical Preservation	—	—	—	—	334	334
Housing and Community Development	—	—	213,909	—	—	213,909
KCIT Capital Projects	—	—	—	—	5,985	5,985
Law Library	—	—	—	—	897	897
Local Hazardous Waste	—	—	—	—	17,739	17,739
Lodging Tax	—	—	—	—	28,386	28,386
Major Maintenance	—	—	—	—	16,441	16,441
Mental Illness and Drug Dependency	—	—	—	—	57,330	57,330
Noxious Weed Control	—	—	—	—	1,452	1,452
Parks Capital Projects	—	—	—	—	154,805	154,805
Parks Operating Levy	—	—	—	—	21,933	21,933

A summary of governmental fund balances at December 31, 2022 continues (in thousands) (page 2 of 2):

	General Fund	Behavioral Health Fund	Housing and Community Development Fund	Public Health Fund	Nonmajor Governmental Funds	Total
Restricted for - continued:						
Permitting and Abatement	—	—	—	—	187	187
Public Health	—	—	—	66,487	—	66,487
Puget Sound Emergency Radio Network	—	—	—	—	8,688	8,688
Puget Sound Taxpayer Accountability	—	—	—	—	8,500	8,500
Real Estate Excise Tax Capital	—	—	—	—	55,808	55,808
Real Property Title Assurance	25	—	—	—	—	25
Recorder's Operations and Maintenance	—	—	—	—	3,550	3,550
Road Improvement Districts	—	—	—	—	18	18
Roads Capital Program	—	—	—	—	43,336	43,336
Surface Water Program	—	—	—	—	38,453	38,453
Treasurer's Operations and Maintenance	—	—	—	—	808	808
Unlimited GO Bond Redemption	—	—	—	—	1,189	1,189
Veterans' Relief	—	—	—	—	1,186	1,186
Veterans, Seniors and Human Services	—	—	—	—	29,560	29,560
Youth Amateur Sports	—	—	—	—	6,699	6,699
Youth Services Facilities	—	—	—	—	69	69
Total Restricted Fund Balance	5,233	108,768	213,909	66,487	956,187	1,350,584
Committed for:						
Antiprofitteering Program	70	—	—	—	—	70
Dept of Natural Resources and Parks Admin	—	—	—	—	849	849
Housing and Community Development	—	—	539	—	—	539
Rainy Day Reserve	24,124	—	—	—	—	24,124
School District Impact Fees	—	—	—	—	75	75
Transfer of Developer Credit	—	—	—	—	13,748	13,748
Wheelchair Access	2,432	—	—	—	—	2,432
Youth Amateur Sports	—	—	—	—	1,174	1,174
Total Committed Fund Balance	26,626	—	539	—	15,846	43,011
Assigned for:						
Behavioral Health	—	5,211	—	—	—	5,211
Enhanced 911 Emergency Telephone System	—	—	—	—	122	122
Housing and Community Development	—	—	1,400	—	—	1,400
IT Services Capital	—	—	—	—	7,999	7,999
Inmate Welfare	1,009	—	—	—	—	1,009
Limited GO Bond Redemption	—	—	—	—	7,530	7,530
Public Health	—	—	—	4,232	—	4,232
Total Assigned Fund Balance	1,009	5,211	1,400	4,232	15,651	27,503
Unassigned for:						
Arts and Cultural Development	—	—	—	—	(18,690)	(18,690)
Building Repair and Replacement	—	—	—	—	(19,708)	(19,708)
Dept of Community and Human Services Admin	—	—	—	—	(3,084)	(3,084)
Dept of Local Services Capital	—	—	—	—	(102)	(102)
General Fund	282,768	—	—	—	—	282,768
KCIT Capital Projects	—	—	—	—	(18,484)	(18,484)
King County Flood Control Contract	—	—	—	—	(964)	(964)
Long-Term Leases	—	—	—	—	(7,213)	(7,213)
Open Space Acquisitions	—	—	—	—	(65)	(65)
Total Unassigned Fund Balance	282,768	—	—	—	(68,310)	214,458
Total Fund Balance	\$ 316,361	\$ 113,979	\$ 556,706	\$ 71,255	\$ 945,542	\$ 2,003,843

Restatements of Beginning Balances

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

GOVERNMENTAL ACTIVITIES

	Total Governmental Funds	Major Funds				Nonmajor Governmental Funds
		General Fund	Behavioral Health	Housing and Community Development	Public Health	
Fund balance - January 1, 2022	1,847,035	\$ 261,360	\$ 37,579	\$ 589,102	\$ 38,718	\$ 920,276
Election costs correction	1,387	—	—	—	—	1,387
Flood revenue correction	238	—	—	—	—	238
CSLFRF revenue corrections	(1,562)	—	—	—	(848)	(714)
FEMA revenue corrections	(1,070)	—	—	—	—	(1,070)
Fund balance - January 1, 2022 (Restated)	<u>\$ 1,846,028</u>	<u>\$ 261,360</u>	<u>\$ 37,579</u>	<u>\$ 589,102</u>	<u>\$ 37,870</u>	<u>\$ 920,117</u>

Changes in Net Position	Total Governmental Activities	Internal Service Funds
Net position - January 1, 2022	\$ 4,716,021	\$ 245,567
Election costs correction	1,387	—
Flood revenue correction	238	—
CSLFRF revenue corrections	(1,637)	(75)
FEMA revenue corrections	(2,297)	(1,227)
Net position - January 1, 2022 (Restated)	<u>\$ 4,713,712</u>	<u>\$ 244,265</u>

Governmental Activities

In 2021 the Public Health fund recognized Coronavirus State and Local Fiscal Recovery funds (CSLFRF) grant revenue in error totaling \$848 thousand.

The Harborview Health and Safety fund recognized reimbursement for election costs of \$1,387 thousand for 2021 in 2022.

The KC Flood Control Contract fund failed to accrue Flood Control District revenue totaling \$238 thousand in 2021.

The Environmental Health fund recognized CSLFRF grant revenue in error totaling \$243 thousand in 2021.

The Grants fund distributed CSLFRF funding received in advance in error totaling \$1,166 thousand in 2021.

The Long-term Leases fund recognized CSLFRF grant revenue in error totaling \$1,443 thousand in 2021.

The Building Repair and Replacement fund recognized CSLFRF and FEMA grants in error in 2021 totaling \$194 thousand and \$1,070 thousand, respectively.

The Facilities Management Division fund recognized CSLFRF and FEMA grants in error in 2021 totaling \$75 thousand and \$1,227 thousand, respectively.

Coronavirus State and Local Fiscal Recovery funds grant revenues were recognized in error in 2021 in the governmental activities totaling \$1,637 thousand.

Federal Emergency Management Agency (FEMA) grant revenues were recognized in error in 2021 in the governmental activities totaling \$2,297 thousand.

COMPONENT UNITS

Changes in Net Position	Total Component Units	Harborview Medical Center	Cultural Development Authority	NJB Properties
Net position - January 1, 2022	\$ 742,351	\$ 737,110	\$ 4,629	\$ 612
Updated CDA statements after publication	10	—	10	—
GASB Statement No. 87 implementation	(1,519)	(1,519)	—	—
Net position - January 1, 2022 (Restated)	<u>\$ 740,842</u>	<u>\$ 735,591</u>	<u>\$ 4,639</u>	<u>\$ 612</u>

Component Units

Harborview Medical Center (HMC) adopted GASB Statement No. 87, Leases, resulting in the restatement of 2021 net position by \$1.5 million.

Cultural Development Authority (CDA) published audited 2021 financial statements after the County released its 2021 financial statements resulting in a decrease in payables of \$10 thousand increasing its net position by \$10 thousand.

Restricted Net PositionComponent Unit - Harborview Medical Center (HMC)

Restricted expendable net position - \$10.1 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 \$3.5 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 - \$8.7 million is restricted by RCW 67.28.180.3 and King County ordinance to be used for the arts and heritage cultural program awards fund and special account, for which the amount is derived according to a specified formula, and one percent for public arts program.

Note 19

Telecommunication Services

The County's Institutional Network (I-Net) Enterprise fund develops and operates a fiber-optic network that connects 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. Below are disclosed the fund's revenues and expenses by their major categories and the fund's net capital investment in telecommunication services (reported in thousands).

Telecommunication Services	2022
Operating Revenue	
Retail Telecommunication Services for Internal and External Agencies	\$ 3,370
Other (Public, Educational, and Governmental Access Cable TV Fees)	321
Total Operating Revenue	<u>\$ 3,691</u>
Operating Expenses	
Administration and General	\$ 1,970
Network Operations	372
Repair and Maintenance	11
Interconnection Access	115
Total Operating Expenses	<u>\$ 2,468</u>
Nonoperating Revenue (Expenses)	
Interest Earnings	\$ (58)
Total Nonoperating Revenue (Expenses)	<u>\$ (58)</u>
Capital Investment	
Current	\$ 30
Cumulative Since Beginning Telecommunication Services	23,074
Total Capital Investment	<u>\$ 23,104</u>

Capital Investment is reported at historical cost for in-service assets.

Note 20

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 \$1.3 million.

The following litigation or potential litigation may involve claims for material damages that may be asserted against King County. However, the County can provide no opinion as to the ultimate outcome, or estimate the amount of damages that may be found, except as described below:

Denny Way CSO Model Toxic Control Act Cleanup - A potential requirement for additional cleanup in the area contaminated when the Denny Way combined sewer outflow was replaced in 2005. The King County Wastewater Treatment Division (WTD) has already performed interim cleanup costing \$3.6 million to comply with an agreed order issued by the Washington State Department of Ecology (DOE). WTD has recently engaged in negotiations with DOE to prepare a remedial investigation, feasibility study and draft cleanup action plan and to implement what may be an interim or final cleanup action. It is unclear what final remedy DOE may select. Therefore, we are unable to determine an amount, if any, for which WTD may be responsible.

East Waterway Operable Unit of the Harbor Island Superfund Site - The Port of Seattle has completed a significant removal action in the East Waterway. In addition, the Port of Seattle under administrative order to the Environmental Protection Agency (EPA) has completed the site investigation including a supplemental Remedial Investigation/Feasibility Study (RI/FS). A three-way agreement with the Port of Seattle, the City of Seattle and King County covers the participation of the City, the Port and the County in the RI/FS process and allocates to the County a one-third pro rata share of the study costs as defined in the agreement. These costs are subject to reallocation among Potentially Responsible Parties (PRP), and the County, City and Port have now begun their efforts to seek contribution from other PRPs for these and future site costs. The County, City and Port are in early discussions with over 20 other parties to begin participation in an alternative dispute resolution process, called an allocation, to determine shares of liability for the costs of the investigation and cleanup. Because the parties do not yet know their respective shares of cleanup costs and no consent decree has been negotiated with EPA, 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 (which has been covering the costs of the County's share to date) will be responsible for the cost of such remediation. On April 20, 2023, EPA issued a Proposed Plan which proposes an interim cleanup remedy for the site.

Lower Duwamish Waterway - The EPA issued an administrative order that required King County, City of Seattle, Boeing, and the 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. The last two amendments cover the first two (of three) phases of remedy design. EPA's Record of Decision (ROD), issued in 2014, contains EPA's final plan for cleanup. King County and other parties are participating in an alternative dispute resolution process, called an allocation, to determine shares of liability for the costs of the cleanup. The 2014 ROD estimated total cleanup costs of \$342.0 million in 2011 dollars for the Lower Duwamish Waterway. As of 2023, due to inflation and other factors, the current estimate of the cleanup costs is on the order of \$700.0 million to \$750.0 million. The Final Allocation has been issued identifying party shares, with sufficient parties having accepted their allocated shares for the process to be a success and move toward final settlements. The Port of Seattle, however, withdrew from the Allocation process and sued The Boeing Company, seeking to have Boeing pay more and it pay less in site costs. In addition, in January of 2023, EPA issued Special Notice Letters to the Port, County, City, Boeing and certain United States agencies inviting consent decree negotiations for performance of final cleanup, and the County is involved in consent decree negotiations with EPA and other parties now. After attempts at settlement with the Port by Boeing, the City and County failed, the Port voluntarily withdrew its lawsuit in May of 2023, leaving its intent toward cleanup unclear. Because additional process is still involved to negotiate final settlements among participants, that a settlement must also be reached with the United States (as a non-participant potentially responsible party), and the consent decree has not yet been fully negotiated with EPA, the County is unable to determine the schedule or cost of any required remediation. The County has indicated willingness to be a Performing Party in conjunction with the City and Boeing under the Consent Decree, if satisfactory terms are agreed to and if settlements with other parties are achieved. The County expects to utilize funds from cash out parties but otherwise will be required to pay its performing party

share (approximately 15 percent) of the Lower Duwamish cleanup costs, which will be primarily allocated to the Drainage and Wastewater System, over the approximately 10-year cleanup period.

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 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 2016 and again in 2019 that the County desires to conduct settlement discussions regarding the NRD liability that NOAA attributes to the County. The County is currently in the process of negotiating a settlement with NOAA but cannot predict the amount or likelihood of settlement at this point in time.

North Lake Union Site Model Toxics Control Act Cleanup - In the 1970s King County acquired a bulk fueling terminal on the north shore of Lake Union in the vicinity of Gasworks Park and used it as a maintenance base and fuel storage facility. In the early 1990s the upland portion of the site was identified by the DOE as a potential source of environmental contamination under the Model Toxics Control Act. In 1999 the former owner and King County entered into an interim cost-sharing agreement, and entered into a Consent Decree with DOE for final cleanup actions and over a period of years, performed shallow soil remediation and groundwater remediation required under the Consent Decree. In 2009 King County sold a portion of the site to a developer after the developer entered into a separate Prospective Purchaser Consent Decree (PPCD) for its portion of the site in 2007. During 2014 through 2015 the developer performed the deep soil excavation required under its PPCD and in 2016 DOE declared the developer's cleanup complete and closed out the PPCD. However, under the 1999 Consent Decree, the former owner and King County remain obligated to monitor groundwater on the site and DOE has reserved the right to require additional or different remedial actions at the site if new or different information comes to light. Therefore, we are presently unable to determine an amount, if any, for which King County and Metro Transit may be responsible.

Suquamish Tribe Notice of Intent to Sue under the Clean Water Act - In July 2020 the Suquamish Tribe submitted a Notice of Intent to Sue (NOI) under the Clean Water Act (CWA) for alleged County discharges of untreated wastewater in violation of the County's discharge permits. In March 2021 the Tribe submitted a Supplemental NOI for additional County discharges. The Parties approved a settlement agreement, whereby the County agreed to pay close to \$5.0 million for Supplemental Environmental Projects and mitigation for the alleged discharge events occurring during the past five years and any possible future discharge events through December 31, 2026. The Settlement Agreement also requires the County to complete power supply and voltage sag mitigation projects and replace the four existing raw sewage pumps at the West Point Treatment Plant. The County previously identified projects to address these issues and work is underway. The Settlement Agreement requires the Tribe to waive its right to sue the County through December 31, 2026, for any alleged violation of the Clean Water Act or any other potential cause of action related to any alleged unauthorized wastewater discharge or alleged permit violation.

Georgetown Wet Weather Station - This project involves construction of a new 70 million gallon per day capacity wet weather treatment station for treating combined sewer overflow wastewater. The contract was awarded at \$96.2 million. The contractor sought approximately \$22.0 million in additional compensation for claims including pervasive design impacts, contaminated soil, schedule delays in obtaining a shoring and dewatering permit, addressing a sinkhole and water intrusion that occurred while driving secant pile shaft and additional costs associated with electrical work. By way of the contractually required Alternative Dispute Resolution process, the County and the contractor reached a settlement in April 2023 for \$9.0 million.

Sunset and Heathfield Pump Stations and Force Main Upgrade Project - The project involves installation of eight new raw sewage pumps, four at the Sunset Pump Station and four at the Heathfield Pump Station and related improvements to these facilities, including upgrades to electrical systems, mechanical systems and conveyance system piping. The contract was awarded at \$36.6 million, with \$46.8 million ultimately paid. The contractor sought \$8.9 million in additional compensation for claims including work to address ongoing vibration issues and mechanical failures in the installed pumps. By way of the contractually required Alternative Dispute Resolution process, the County and the contractor reached a settlement in September 2022 for \$5.8 million.

Legal Financial Obligation Refunds - In *State v. Blake*, 197 Wn.2d 170, 173 (2021), the Washington Supreme Court invalidated Washington's simple drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. Under due process, all penalties, fines and restitution (legal financial obligations or LFOs) ordered in connection with simple possession convictions must be refunded. Shortly after the *Blake* decision, a putative class action was filed by the Civil Survival Project (CSP) against King County, Snohomish County and the

State of Washington seeking a refund of LFOs and other unspecified damages. The obligation to refund LFOs is not disputed, but the question of whether refunds are the responsibility of the County or the State is in dispute. The counties believe that this is exclusively a state liability. The *Blake* decision invalidates at least 54 thousand convictions in superior court dating back to 1971 and implicates at least \$9.5 million in refunds of LFOs related to criminal convictions for simple drug possession obtained for the State of Washington out of King County. The State of Washington has rejected a tender of the CSP matter from the counties. In Fall 2021, the CSP class action lawsuit was dismissed with prejudice. Plaintiffs have filed an appeal that is unlikely to be resolved until 2023. King County and numerous counties along with the Washington Association of Counties has filed a suit against the State to both enforce the tender of any *Blake*-related suits and to ensure that *Blake*-related liabilities belong to the State, not to the counties. The Washington Legislature has provided ample funding thus far for the County to process vacations and refund LFOs on behalf of the State, including additional funding for state fiscal year 2023 and proviso language that suggests an ongoing state responsibility.

Permitting - In December 2021 the DOE issued the Puget Sound Nutrient General Permit (PSNGP) which applies to all 58 wastewater treatment plants in the State. To comply with the permit would potentially require the County to spend over \$15.0 million. The County and eight other wastewater utilities have appealed the permit to the Pollution Control Hearings Board (PCHB) and have also obtained a partial stay of the permit's provisions during the pendency of the appeal. In August 2022, the PSNGP appeal case was placed on hold by the PCHB pending resolution of the Washington Court of Appeals case. That Court of Appeals case was brought by other public wastewater utilities prior to the issuance of the PSNGP and it involves a somewhat related issue. Oral argument in the Court of Appeals case has been set for June 2023.

Cedar Hills Landfill - Since 2008, Solid Waste Division has contracted with Bio Energy Washington (BEW) to convert landfill gas generated through the normal operation of the Cedar Hills Landfill into natural gas. BEW leases property at the landfill and operates a plant that scrubs the landfill of gas of impurities and sells it to Puget Sound Energy (PSE). Solid Waste Division has a separate contract with PSE for the value of the environmental attributes of this renewable source of energy. In 2020, King County initiated a lawsuit against PSE alleging that PSE was not paying the full value for the environment attributes. PSE settled the claim with an agreed payment of \$7.0 million to County and the suit was dismissed. The County initially engaged both PSE and BEW in discussions and invoked the dispute resolution procedure under their respective contracts. As part of those initial discussions, BEW also invoked the dispute resolution process specified in the contract with the County. BEW alleged that the County was not employing "good engineering practices" to collect the landfill gas and is delivering a substandard quantity and quality of gas to BEW. In April 2022, the County initiated the dispute resolution process with BEW as the recent testing showed that the County cannot accept the BEW condensate under its wastewater permit. The parties have had many discussions but have not reached agreement. BEW has now filed suit alleging breach of contract and seeking a declaratory judgment that the County should be responsible for all the BEW condensate. BEW seeks due to the quality of the BEW condensate as the County cannot accept the condensate under its wastewater permit. BEW seeks in excess of \$10.0 million in past damages for lost revenue plus and additional \$300 thousand in damages per month; and specific performance of certain landfill gas improvements and for the County to management of the condensate. BEW also seeks a 50 percent reduction in its payments due the County until the County completes all of the landfill gas improvements. The County intends to vigorously defend against these claims.

Emergency Rental Assistance Prevention Program - A portion of the County's federal COVID-19 relief funds received from United States Treasury have been applied to implement the County's Eviction Prevention Rental Assistance Program (EPRAP). The County's Department of Community and Human Services (DCHS) partnered with various Community Based Organizations (CBOs) and an outside consulting firm to implement the program. As of February 2023, the County has distributed approximately \$368.0 million in EPRAP funds. The County has identified multiple cases of waste, abuse and misuse of funds in the EPRAP, which relied on self-attestations by landlords and tenants, based on Treasury guidance. As of February 2023, the County has identified 182 suspected cases, representing approximately \$8.2 million in payments (including one \$500 thousand payment by the contractor that appears to have been made in error). Suspected cases have reported (or are in the process of being reported) to state or local law enforcement and the Washington State Auditor's Office, and the case over \$100 thousand also has been reported to the Treasury Office of Inspector General (OIG). The County has contracted with a firm to investigate the \$500 thousand payment and other waste, abuse and misuse in the program. The County expects that additional cases will be identified and will continue to report cases to law enforcement, the State Auditor and, as applicable, the OIG.

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 2022, there are 14 contingent loan agreements outstanding totaling \$281.2 million. These agreements have maturity dates ranging from 10 to 40 years. All projects are currently self-supporting and the County has not made any payments pursuant to these agreements. It is unlikely that the County will make any payments in relation to these guarantees based on available information at the end of December 31, 2022 and the standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Fuel Farm - The existing fuel farm is located at the North end of the King County International Airport inside the security fence at 1495 S. Hardy Street. The site occupies approximately 1.98 acres and includes 11 underground tanks (eight operational tanks dispensing aviation fuel and three closed tanks). The fuel farm tenant and subtenant are responsible for the cleanup of the fuel farm site. Under the Model Toxics Control Act (MTCA), the DOE can pursue all cleanup costs from a single owner or operator. In such a scenario, the County (as owner) would need to identify a responsible third party, such as a former tenant or tenants, who are responsible for all the existing contamination. But if the County is responsible for any of the contamination, the DOE could order the County to clean the site. The County would then pursue other potentially liable parties for statutory contribution. There are still ongoing cleanup investigative studies by the tenant and subtenant at December 31, 2022, and the County believes the scenario wherein it performs the cleanup activities itself to be unlikely.

Other Commitments

The Solid Waste Enterprise paid the County General Fund \$3.2 million for rent on the Cedar Hills landfill site in 2022. 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 21

Subsequent Events

Long-Term Debt Issuances in 2023

In April 2023 the County issued \$75.0 million in Limited Tax General Obligation and Refunding Bonds, Series 2023A. Proceeds will be used to refund series LTGO 2012D and series LTGO 2013 bonds at more favorable interest rates, and to finance new projects in land acquisition, solid waste landfill and transfer station, case management projects and information technology.

Short-Term Debt Issuances in 2023

The County's Water Quality Enterprise utilizes a limited tax general obligation commercial paper program to finance certain capital activities and/or to refinance outstanding and future bonds of the County's sewer system. The authorization for this program expires December 15, 2050.

Information about transactions that occurred in 2023 may be found on the County's bondholder website: www.kingcountybonds.com.

Public Health Litigation Settlements

The County is party to the National Opioid Abatement Trust II, which was established for the benefit of Mallinckrodt PLC's public creditors. The County received the first distribution payment in February 2023 in the amount of \$0.6 million. The number and amount of future payments has not yet been determined by the Trustee, but the County estimates its total recoveries under the litigation at \$4.2 million.

In April 2023, JUUL Labs, Inc. settled *King County v. JUUL Labs Inc, 2:19-cv-01664, (W.D. Wash.)* for \$23.8 million, minus attorneys' fees and other costs. The County could be eligible for up to an additional \$1.8 million as part of a bonus settlement agreement.



Required Supplementary Information

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

KING COUNTY
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022
(In Thousands)
(Page 1 of 2)

2021-2022 BUDGETED AMOUNTS (BIENNIAL)

	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Property taxes	\$ 778,599	\$ 782,050	\$ 789,746	\$ 7,696
Retail sales and use taxes	288,958	339,442	369,103	29,661
Business and other taxes	7,070	7,070	8,380	1,310
Licenses and permits	15,988	15,488	12,096	(3,392)
Intergovernmental revenues	51,138	270,912	252,883	(18,029)
Charges for services	569,179	569,500	586,602	17,102
Fines and forfeits	54,631	54,406	57,548	3,142
Interest earnings	13,250	12,450	14,912	2,462
Miscellaneous revenues	61,374	60,462	50,669	(9,793)
Sale of capital assets	—	—	333	333
Transfers in	37,328	38,793	44,383	5,590
Total revenues	<u>1,877,515</u>	<u>2,150,573</u>	<u>2,186,655</u>	<u>36,082</u>
EXPENDITURES				
Current:				
General government	437,321	556,585	346,495	210,090
Law, safety and justice	1,289,040	1,421,908	1,421,033	875
Physical environment	—	—	384	(384)
Economic environment	753	33,753	9,853	23,900
Health and human services	14,033	16,341	61,931	(45,590)
Debt service:				
Principal	68	68	—	68
Interest and other debt service costs	4,407	4,407	166	4,241
Capital outlay	1,335	2,014	1,238	776
Transfers out	173,571	237,329	214,664	22,665
Total expenditures	<u>1,920,528</u>	<u>2,272,405</u>	<u>2,055,764</u>	<u>216,641</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (43,013)</u>	<u>\$ (121,832)</u>	130,891	<u>\$ 252,723</u>
Adjustment from budgetary basis to GAAP basis ^(a)			(15,488)	
Net change in fund balance			115,403	
Fund balance - Beginning balance (Restated)			200,958	
Fund balance - Ending balance			<u>\$ 316,361</u>	

KING COUNTY
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022

(In Thousands)

(Page 2 of 2)

	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>
^(a) Elements of adjustment from budgetary basis to GAAP basis:			
Adjustments to revenues:			
Basis of accounting differences:			
Property taxes collected within 60-day availability period	\$ (48)	\$ (1,599)	\$ (1,647)
GASB Statement No. 31 unrealized losses	(5,954)	(10,987)	(16,941)
GASB Statement No. 87 lease interest	—	1,391	1,391
GASB Statement No. 87 lease proceeds	—	6,226	6,226
Total basis of accounting differences	<u>(6,002)</u>	<u>(4,969)</u>	<u>(10,971)</u>
Perspective differences:			
Intrafund eliminations	<u>(305)</u>	<u>(909)</u>	<u>(1,214)</u>
Total perspective differences	<u>(305)</u>	<u>(909)</u>	<u>(1,214)</u>
Total adjustments to revenues	<u>(6,307)</u>	<u>(5,878)</u>	<u>(12,185)</u>
Adjustments to expenditures:			
Basis of accounting differences:			
Accrued labor for a union agreement to be paid in 2022	2,855	(2,855)	—
GASB Statement No. 87 lease expenditure	—	6,226	6,226
Total basis of accounting differences	<u>2,855</u>	<u>3,371</u>	<u>6,226</u>
Perspective differences:			
Intrafund eliminations	<u>(3,055)</u>	<u>(2,502)</u>	<u>(5,557)</u>
Total perspective differences	<u>(3,055)</u>	<u>(2,502)</u>	<u>(5,557)</u>
Total adjustments to expenditures	<u>(200)</u>	<u>869</u>	<u>669</u>
Rollup funds to General Fund:			
KC Employee Deferred Compensation Admin Fund	266	153	419
Rainy Day Reserve Fund	(4,426)	1,808	(2,618)
Parking Facilities	(68)	(367)	(435)
Total rollup funds to General Fund	<u>(4,228)</u>	<u>1,594</u>	<u>(2,634)</u>
Adjustment from budgetary basis to GAAP basis	<u>\$ (10,335)</u>	<u>\$ (5,153)</u>	<u>\$ (15,488)</u>

KING COUNTY
Required Supplementary Information
Behavioral Health Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022
(In Thousands)

2021-2022 BUDGETED AMOUNTS (BIENNIAL)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes:				
Property taxes	\$ 7,345	\$ 7,345	\$ 7,430	\$ 85
Retail sales and use taxes	8,640	8,640	—	(8,640)
Business and other taxes	—	—	37	37
Intergovernmental revenues	28,407	80,313	59,602	(20,711)
Charges for services	512,268	601,853	667,774	65,921
Interest earnings	258	258	1,016	758
Miscellaneous revenues	1,629	1,630	5,266	3,636
Sale of capital assets	—	—	3	3
Transfers in	17,211	20,508	42,679	22,171
Total revenues	<u>575,758</u>	<u>720,547</u>	<u>783,807</u>	<u>63,260</u>
EXPENDITURES				
Current:				
General government	—	—	21,929	(21,929)
Health and human services	536,330	675,914	578,219	97,695
Debt service:				
Interest and other debt service costs	—	—	3	(3)
Capital outlay	—	3,800	—	3,800
Transfers out	28,317	34,317	35,752	(1,435)
Total expenditures	<u>564,647</u>	<u>714,031</u>	<u>635,903</u>	<u>78,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 11,111</u>	<u>\$ 6,516</u>	147,904	<u>\$ 141,388</u>
Adjustment from budgetary basis to GAAP basis ^(a)			(2,972)	
Net change in fund balance			144,932	
Fund balance - Beginning balance			(30,953)	
Fund balance - Ending balance			<u>\$ 113,979</u>	
	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>	
^(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues:				
Basis of accounting differences:				
GASB Statement No. 31 unrealized losses	\$ (65)	\$ (2,892)	\$ (2,957)	
Property taxes collected within 60 days availability period	—	(15)	(15)	
Total adjustments to revenues	<u>(65)</u>	<u>(2,907)</u>	<u>(2,972)</u>	
Adjustments to expenditures:				
Basis of accounting differences:				
Accrued labor for a union agreement to be paid in 2022	136	(136)	—	
Total adjustments to expenditures	<u>136</u>	<u>(136)</u>	<u>—</u>	
Adjustment from budgetary basis to GAAP basis	<u>\$ (201)</u>	<u>\$ (2,771)</u>	<u>\$ (2,972)</u>	

KING COUNTY
Required Supplementary Information
Housing and Community Development Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022
(In Thousands)

2021-2022 BUDGETED AMOUNTS (BIENNIAL)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Taxes:				
Retail sales and use taxes	\$ 305,604	\$ 305,604	\$ 8,540	\$ (297,064)
Intergovernmental revenues	321,406	904,619	581,329	(323,290)
Charges for services	40,071	40,071	45,686	5,615
Interest earnings	2,733	2,733	3,729	996
Miscellaneous revenues	500	4,301	4,000	(301)
General government bond issued	—	—	450,525	450,525
Transfers in	92,398	127,034	68,616	(58,418)
Total revenues	<u>762,712</u>	<u>1,384,362</u>	<u>1,162,425</u>	<u>(221,937)</u>
EXPENDITURES				
Current:				
Economic environment	450,998	588,383	189,134	399,249
Health and human services	188,645	739,443	545,366	194,077
Debt service:				
Interest and other debt service costs	294	294	184	110
Capital outlay	—	10,960	244,830	(233,870)
Transfers out	3,512	3,512	10,349	(6,837)
Total expenditures	<u>643,449</u>	<u>1,342,592</u>	<u>989,863</u>	<u>352,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 119,263</u>	<u>\$ 41,770</u>	<u>172,562</u>	<u>\$ 130,792</u>
Adjustment from budgetary basis to GAAP basis ^(a)			78,799	
Net change in fund balance			251,361	
Fund balance - Beginning balance (Restated)			305,345	
Fund balance - Ending balance			<u>\$ 556,706</u>	

	<u>2021</u>	<u>2022</u>	<u>2021-2022</u>
^(a) Elements of adjustment from budgetary basis to GAAP basis:			
Adjustments to revenues:			
Basis of accounting differences:			
GASB Statement No. 31 unrealized losses	\$ (1,117)	\$ (4,960)	\$ (6,077)
GASB Statement No. 87 lease proceeds	—	33,898	33,898
CDBG Program Income adjusted for administrative costs	(718)	(1,125)	(1,843)
Total basis of accounting differences	<u>(1,835)</u>	<u>27,813</u>	<u>25,978</u>
Perspective differences:			
Intrafund eliminations	(108)	—	(108)
Total perspective differences	<u>(108)</u>	<u>—</u>	<u>(108)</u>
Total adjustments to revenues	<u>(1,943)</u>	<u>27,813</u>	<u>25,870</u>
Adjustments to expenditures:			
Basis of accounting differences:			
GASB Statement No. 87 lease expenditure	—	33,898	33,898
Advanced Housing loans	(56,274)	(30,445)	(86,719)
Total basis of accounting differences	<u>(56,274)</u>	<u>3,453</u>	<u>(52,821)</u>
Perspective differences:			
Intrafund eliminations	(108)	—	(108)
Total perspective differences	<u>(108)</u>	<u>—</u>	<u>(108)</u>
Total adjustments to expenditures	<u>(56,382)</u>	<u>3,453</u>	<u>(52,929)</u>
Adjustment from budgetary basis to GAAP basis	<u>\$ 54,439</u>	<u>\$ 24,360</u>	<u>\$ 78,799</u>

KING COUNTY
Required Supplementary Information
Public Health Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2022
(In Thousands)

2021-2022 BUDGETED AMOUNTS (BIENNIAL)

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES				
Licenses and permits	\$ 1,030	\$ 1,030	\$ 500	\$ (530)
Intergovernmental revenues	146,068	471,691	304,780	(166,911)
Charges for services	144,216	146,946	235,466	88,520
Fines and forfeits	6	6	—	(6)
Miscellaneous revenues	5,490	5,490	5,896	406
Transfers in	168,064	186,466	190,732	4,266
Total revenues	<u>464,874</u>	<u>811,629</u>	<u>737,374</u>	<u>(74,255)</u>
EXPENDITURES				
Current:				
Health and human services	465,295	825,729	696,424	129,305
Debt service:				
Interest and other debt service costs	—	—	293	(293)
Capital outlay	987	1,323	399	924
Transfers out	219	219	2,022	(1,803)
Total expenditures	<u>466,501</u>	<u>827,271</u>	<u>699,138</u>	<u>128,133</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,627)</u>	<u>\$ (15,642)</u>	38,236	<u>\$ 53,878</u>
Adjustment from budgetary basis to GAAP basis ^(a)			2	
Net change in fund balance			38,238	
Fund balance - Beginning balance			33,017	
Fund balance - Ending balance			<u>\$ 71,255</u>	

	<u>2021</u>	<u>2022</u>	<u>2021 - 2022</u>
^(a) Elements of adjustment from budgetary basis to GAAP basis:			
Adjustments to revenues:			
Basis of accounting differences:			
GASB Statement No. 87 lease proceeds	\$ —	\$ 813	\$ 813
Total basis of accounting differences	<u>—</u>	<u>813</u>	<u>813</u>
Perspective differences:			
Intrafund eliminations	(3,345)	(3,305)	(6,650)
Correcting prior year error	1	—	1
Total perspective differences	<u>(3,344)</u>	<u>(3,305)</u>	<u>(6,649)</u>
Total adjustments to revenues	<u>(3,344)</u>	<u>(2,492)</u>	<u>(5,836)</u>
Adjustments to expenditures:			
Basis of accounting differences:			
GASB Statement No. 87 lease expenditure	—	819	819
Accrued labor for a union agreement to be paid in 2022	633	(633)	—
Total basis of accounting differences	<u>633</u>	<u>186</u>	<u>819</u>
Perspective differences:			
Intrafund eliminations	(3,345)	(3,305)	(6,650)
DPH Admin fund structure difference	—	(7)	(7)
Total perspective differences	<u>(3,345)</u>	<u>(3,312)</u>	<u>(6,657)</u>
Total adjustments to expenditures	<u>(2,712)</u>	<u>(3,126)</u>	<u>(5,838)</u>
Adjustment from budgetary basis to GAAP basis	<u>\$ (632)</u>	<u>\$ 634</u>	<u>\$ 2</u>

KING COUNTY

Notes to Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Differences between budgetary amounts and amount reported under generally accepted accounting principles (GAAP) may be attributed to the following, with specific differences (if any) described:

1. Basis of accounting differences – differences from revenues and expenditure being recognized at different points in time for budgeting relative to GAAP reporting. Specific differences include:

Property tax collections: amounts collected within 60 days of the reporting year is considered available to liquidate liabilities of the reporting year under GAAP and recognized as revenue.

GASB Statement No. 31: Unrealized gains or losses on investments reports the fair market value of investments at a point in time and does not reflect budgetary activity.

GASB Statement No. 87: Lease accounting generates transactions that do not reflect budgetary activity.

Advanced Community Development Block Grant Housing loans: Housing and Community Development fund administers a housing loan program that advances loans to eligible recipients. The outflows are budgeted as expenditures and repayments are considered as program income.

2. Timing differences – differences in the financial reporting period relative to the budget (annual vs biennial, respectively).

3. Perspective differences – differences from funds being treated differently under budgeting relative to GAAP reporting. Specific differences include:

Intrafund eliminations: Activity occurs between appropriations units of the same fund. The related revenues and expenditures from this activity are eliminated for GAAP financial reporting.

DPH Administration Fund structure difference: The fund structure of financial information for budgetary purposes differs from that used for financial reporting purposes. The activity occurring between the DPH Administration Fund and the Public Health Fund is eliminated for financial reporting purposes because the DPH Administration Fund is eliminated for financial reporting purposes.

4. Entity differences – differences from budgetary reporting that includes activity that is not part of the primary government.

Other differences between budgetary and GAAP reporting may include:

Additional funds are included in GAAP reporting for the general fund as the funds are not appropriately reported as special revenue funds. Funds included are: Rainy Day Reserve fund, Parking Facilities fund, and KC Employee Deferred Comp fund. Activity between these funds (if any) and the general fund, is eliminated.

KING COUNTY
Required Supplementary Information
Last Ten Fiscal Years
December 31, 2022

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)

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	8.27 %	8.61 %	8.85 %	8.25 %	8.56 %	8.45 %	8.90 %	8.76 %
County's proportionate share of the net pension liability	\$ 230,262	\$ 105,126	\$ 312,368	\$ 317,333	\$ 382,129	\$ 400,803	\$ 477,872	\$ 458,477
County's covered payroll**	\$ 1,302,359	\$ 1,266,269	\$ 1,283,745	\$ 1,196,465	\$ 1,124,434	\$ 1,031,025	\$ 1,007,624	\$ 1,000,211
County's proportionate share of the net pension liability as a percentage of covered payroll	17.68 %	8.30 %	24.33 %	26.52 %	33.98 %	38.87 %	47.43 %	45.84 %
Plan fiduciary net position as a percentage of the total pension liability	76.56 %	88.74 %	68.64 %	67.12 %	63.22 %	61.24 %	57.03 %	59.10 %

Schedule of the County's Proportionate Share of the Net Pension (Asset) Liability

Public Employees' Retirement System (PERS) Plan 2/3

Measurement Date of June 30*

(dollars in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension asset/liability	10.31 %	10.53 %	10.85 %	10.06 %	10.29 %	10.14 %	10.52 %	10.36 %
County's proportionate share of the net pension (asset) liability	\$ (382,490)	\$ (1,049,145)	\$ 138,736	\$ 97,735	\$ 175,728	\$ 352,361	\$ 529,855	\$ 370,294
County's covered payroll**	\$ 1,298,630	\$ 1,036,103	\$ 1,219,052	\$ 1,144,724	\$ 1,072,968	\$ 995,800	\$ 953,254	\$ 949,860
County's proportionate share of the net pension (asset) liability as a percentage of covered payroll	(29.45)%	(101.26)%	11.38 %	8.54 %	16.38 %	35.38 %	55.58 %	38.98 %
Plan fiduciary net position as a percentage of the total pension liability	106.73 %	120.29 %	97.22 %	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %

Schedule of the County's Proportionate Share of the Net Pension (Asset) Liability								
Public Safety Employees' Retirement System (PSERS) Plan 2								
Measurement Date of June 30*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension asset/liability	7.09 %	7.39 %	8.22 %	8.67 %	9.69 %	9.92 %	11.33 %	9.88 %
County's proportionate share of the net pension (asset) liability	\$ (5,073)	\$ (16,979)	\$ (1,131)	\$ (1,127)	\$ 120	\$ 1,944	\$ 4,817	\$ 1,803
County's covered payroll**	\$ 30,413	\$ 42,155	\$ 57,291	\$ 41,656	\$ 38,120	\$ 35,210	\$ 35,577	\$ 29,911
County's proportionate share of the net pension (asset) liability as a percentage of covered payroll	(16.68)%	(40.28)%	(1.97)%	(2.71)%	0.31 %	5.52 %	13.54 %	6.03 %
Plan fiduciary net position as a percentage of the total pension liability	105.96 %	123.67 %	101.68 %	101.85 %	99.79 %	96.26 %	90.41 %	95.08 %

Schedule of the County's Proportionate Share of the Net Pension Asset								
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1								
Measurement Date of June 30*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension asset	0.60 %	0.59 %	0.59 %	0.60 %	0.60 %	0.60 %	0.60 %	0.60 %
County's proportionate share of the net pension asset	\$ (17,174)	\$ (20,344)	\$ (11,161)	\$ (11,826)	\$ (10,894)	\$ (9,046)	\$ (6,180)	\$ (7,275)
State's proportionate share of the net pension asset associated with King County	(116,165)	(137,609)	(75,495)	(79,988)	(73,684)	(61,188)	(41,801)	(49,209)
Total	\$ (133,339)	\$ (157,953)	\$ (86,656)	\$ (91,814)	\$ (84,578)	\$ (70,234)	\$ (47,981)	\$ (56,484)
Plan fiduciary net position as a percentage of the total pension asset	169.62 %	187.45 %	146.88 %	148.78 %	144.42 %	135.96 %	123.74 %	127.36 %

Schedule of the County's Proportionate Share of the Net Pension Asset								
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2								
Measurement Date of June 30*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension asset	2.77 %	2.93 %	3.15 %	2.63 %	2.88 %	2.91 %	3.02 %	2.90 %
County's proportionate share of the net pension asset	\$ (75,145)	\$ (170,289)	\$ (64,158)	\$ (60,885)	\$ (58,520)	\$ (40,429)	\$ (17,543)	\$ (29,819)
State's proportionate share of the net pension asset associated with King County	(48,678)	(109,855)	(41,024)	(39,872)	(37,891)	(26,225)	(11,437)	(19,716)
Total	\$ (123,823)	\$ (280,144)	\$ (105,182)	\$ (100,757)	\$ (96,411)	\$ (66,654)	\$ (28,980)	\$ (49,535)
County's covered payroll**	\$ 108,009	\$ 112,875	\$ 119,110	\$ 97,381	\$ 95,210	\$ 91,137	\$ 87,895	\$ 86,131
County's proportionate share of the net pension asset as a percentage of covered payroll	(69.57)%	(150.87)%	(53.86)%	(62.52)%	(61.46)%	(44.36)%	(19.96)%	(34.62)%
Plan fiduciary net position as a percentage of the total pension asset	116.09 %	142.00 %	115.83 %	119.43 %	118.50 %	113.36 %	106.04 %	111.67 %

Schedule of the County's Proportionate Share of the Net Pension Liability								
Seattle City Employees' Retirement System (SCERS)								
Measurement Date of December 31*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.04 %	0.04 %	0.04 %	0.05 %	0.05 %	0.07 %	0.09 %	0.11 %
County's proportionate share of the net pension liability	\$ 271	\$ 368	\$ 503	\$ 760	\$ 554	\$ 914	\$ 1,169	\$ 1,219
County's covered payroll**	\$ 1,267	\$ 1,386	\$ 1,807	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305	\$ 4,332
County's proportionate share of the net pension liability as a percentage of covered payroll	21.38 %	26.55 %	27.84 %	37.57 %	22.79 %	30.35 %	35.37 %	28.13 %
Plan fiduciary net position as a percentage of the total pension liability	83.31 %	78.81 %	71.48 %	64.14 %	72.04 %	65.60 %	64.03 %	67.70 %

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 1

Fiscal Year Ended December 31*

(dollars in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 53,488	\$ 56,706	\$ 60,884	\$ 62,259	\$ 59,366	\$ 54,111	\$ 50,154	\$ 25,283
Contributions in relation to the contractually required contribution	53,488	56,708	60,884	62,259	59,366	54,111	50,154	25,283
Contribution deficiency (excess)	\$ —	\$ (2) ***	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,388,530	\$ 1,316,507	\$ 1,306,676	\$ 1,245,598	\$ 1,154,804	\$ 1,082,715	\$ 1,028,598	\$ 507,206
Contributions as a percentage of covered payroll	3.85 %	4.31 %	4.66 %	5.00 %	5.14 %	5.00 %	4.88 %	4.98 %

Schedule of Contributions

Public Employees' Retirement System (PERS) Plan 2/3

Fiscal Year Ended December 31*

(dollars in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 86,165	\$ 92,418	\$ 101,390	\$ 93,935	\$ 84,792	\$ 72,763	\$ 62,650	\$ 72,853
Contributions in relation to the contractually required contribution	86,165	92,416	101,390	93,935	84,792	72,763	62,650	72,853
Contribution deficiency (excess)	\$ —	\$ 2 ***	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 1,336,109	\$ 1,264,018	\$ 1,251,724	\$ 1,188,641	\$ 1,103,984	\$ 1,031,418	\$ 977,342	\$ 933,304
Contributions as a percentage of covered payroll	6.45 %	7.31 %	8.10 %	7.90 %	7.68 %	7.05 %	6.41 %	7.81 %

Schedule of Contributions								
Public Safety Employees' Retirement System (PSERS) Plan 2								
Fiscal Year Ended December 31*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 3,362	\$ 3,393	\$ 3,589	\$ 3,518	\$ 2,777	\$ 2,514	\$ 2,319	\$ 2,924
Contributions in relation to the contractually required contribution	3,362	3,393	3,589	3,518	2,777	2,514	2,319	2,924
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 50,041	\$ 48,264	\$ 48,635	\$ 48,039	\$ 39,458	\$ 36,728	\$ 34,253	\$ 33,102
Contributions as a percentage of covered payroll	6.72 %	7.03 %	7.38 %	7.32 %	7.04 %	6.84 %	6.77 %	8.83 %

Schedule of Contributions								
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2								
Fiscal Year Ended December 31*								
(dollars in thousands)								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 5,775	\$ 6,094	\$ 6,657	\$ 5,329	\$ 5,219	\$ 4,956	\$ 4,735	\$ 4,505
Contributions in relation to the contractually required contribution	5,775	6,094	6,657	5,329	5,219	4,956	4,735	4,505
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll**	\$ 108,896	\$ 114,654	\$ 124,889	\$ 99,067	\$ 96,106	\$ 92,952	\$ 90,526	\$ 86,131
Contributions as a percentage of covered payroll	5.30 %	5.32 %	5.33 %	5.38 %	5.43 %	5.33 %	5.23 %	5.23 %

Schedule of Contributions Seattle City Employees' Retirement System (SCERS) Fiscal Year Ended December 31* (dollars in thousands)									
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 205	\$ 221	\$ 225	\$ 275	\$ 309	\$ 371	\$ 458	\$ 520	
Contributions in relation to the contractually required contribution	205	221	225	275	309	371	458	520	
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	
Covered payroll**	\$ 1,267	\$ 1,365	\$ 1,386	\$ 1,807	\$ 2,022	\$ 2,429	\$ 3,010	\$ 3,305	
Contributions as a percentage of covered payroll	16.20 %	16.19 %	16.23 %	15.23 %	15.29 %	15.27 %	15.22 %	15.73 %	

Notes:

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

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

***The excess contribution in PERS 1 and deficiency in PERS 2 resulted from the employer contributions of King County Flood Control District, a component unit of the County,

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

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 currently has one active member. Starting on July 1, 2000, employers and employees contribute zero percent as long as the Plan remains fully funded. The Plan had no required contributions for the fiscal years 2015 - 2020; thus, no schedule is required.

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

KING COUNTY
Required Supplementary Information
Schedule of Changes in Total OPEB Liability and Related Ratios
King County Retiree Health Plan
For the Year Ended December 31, 2022
Last Ten Fiscal Years
(dollars in thousands)

	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 106,488	\$ 106,619	\$ 111,272	\$ 111,412	\$ 118,120
Service cost	3,044	2,865	2,220	2,155	2,092
Interest	1,960	2,125	4,149	4,138	4,147
Changes in benefit terms	—	—	—	—	—
Differences between expected and actual experience	6,526	—	(8,646)	—	3,332
Changes of assumptions	(19,885)	1,300	3,310	—	(9,652)
Benefit payments	(3,863)	(4,404)	(3,922)	(4,953)	(5,244)
Other changes	(2,112)	(2,017)	(1,764)	(1,480)	(1,383)
Total OPEB liability - ending	\$ 92,158	\$ 106,488	\$ 106,619	\$ 111,272	\$ 111,412
Covered-employee payroll	\$ 1,395,600	\$ 1,370,460	\$ 1,324,116	\$ 1,219,237	\$ 1,217,867
Total OPEB liability as a % of covered-employee payroll	6.60 %	7.77 %	8.05 %	9.13 %	9.15 %

*Until a full 10-year trend is compiled, only information for those years available is presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Notes to Required Supplementary Information

Factors that significantly affect trends in OPEB reported

The County receives a full actuarial valuation of retiree health and welfare benefits biannually. The 2022 fiscal year was based on a full of the valuation produced for the period ending 12/31/2022 by Healthcare Actuaries.

Potential factors that may significantly affect trends in amounts reported include changes to the discount rate, health care trend rates, mortality tables, decrement timing, claims and contributions, salary projections, and participation percentages. For the 12/31/2022 fiscal year end the payroll growth rate was decreased to 3.25 percent from 3.50 percent and the discount rate was increased to 4.05 percent from 1.84 percent. There were no ad hoc post employment benefit changes to the plan.

Significant Methods and Assumptions

Basis of Valuation

Actuarial Cost method – Entry-Age Normal, Level Percentage of Salary

Valuation Date – December 31, 2022

Measurement Date – December 31, 2022

Report Date – December 31, 2022

Discount Rate – A discount rate of 4.05% is used to measure the total OPEB liability. The County's OPEB plan is an unfunded plan, therefore a discount rate was set to the rate of tax-exempt, high quality 20-year municipal bonds as of the valuation date.

Mortality – rates consistent with State of Washington.

- a. PERS Healthy – PUB-2010 General Headcount – Weighted healthy Mortality Projected Generationally with MP2021
- b. PERS Disabled - PUB-2010 General Headcount – Weighted disabled Mortality Projected Generationally with MP2021
- c. LEOFF Healthy – PUB-2010 Safety Headcount-Weighted Healthy Mortality Projected Generationally with MP-2021 Setback 1 for Males
- d. LEOFF Disabled – PUB-2010 Safety Headcount-Weighted Disabled Mortality Projected Generationally with MP-2021

Termination/Disability/Retirement rates - 2018 State of Washington Study

Salary increases – 3.25% The salary increase is used to determine the growth in the aggregate payroll.

Participation

- a. Current Retirees LEOFF 1 – 100% of current retirees continue until no longer eligible for benefits.
Current Retirees Non-LEOFF 1 – 3% of current retirees voluntarily drop coverage in first year after retirement
- b. Future Retirees LEOFF 1 – 100% of future retirees continue until no longer eligible for benefits.
Future Retirees Non-LEOFF 1 – 34% of future retirees elect coverage at retirement and 3% voluntarily drop coverage in first year after retirement.
- c. Dependent Coverage LEOFF 1 – Spouses not eligible.
Non-LEOFF 1 – 35% of participants cover a spouse at retirement. Actual spouse age is used. Otherwise assumes males are 3 yrs older than females.

Future Plan Enrollment – No change in plan enrollment at retirement between plans.

Trend Rates – Medical Long-term trends from Society of Actuaries “Long Term Healthcare Costs Trends Model v2021_b” using baseline assumptions are applied to both claims and premiums.

Aging/Morbidity Factors – Based on Society of Actuaries table.

KING COUNTY
Required Supplementary Information
Schedule of Condition Assessments and Preservation of Infrastructure Under Modified Approach
For the Year Ended December 31, 2022
(dollars in thousands)

Road Condition Ratings

	2022-2020		2019-2017		2016-2014	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
Excellent to good	288.3	63.8	293.7	64.4	294.3	65.0
Fair	38.6	8.6	44.1	9.7	61.4	13.5
Poor to substandard	124.9	27.6	118.3	25.9	97.5	21.5
Total	<u>451.8</u>	<u>100.0</u>	<u>456.1</u>	<u>100.0</u>	<u>453.2</u>	<u>100.0</u>
Local access roads						
Excellent to good	585.4	57.8	618.8	60.3	689.2	67.7
Fair	135.8	13.4	148.8	14.5	134.7	13.2
Poor to substandard	291.5	28.8	257.9	25.2	194.2	19.1
Total	<u>1,012.7</u>	<u>100.0</u>	<u>1,025.5</u>	<u>100.0</u>	<u>1,018.1</u>	<u>100.0</u>

Road PCI Score Interval

	2022-2020		2019-2017		2016-2014	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
PCI 40 - 100	307.2	68.0	312.8	68.6	323.3	71.3
PCI 0 - 39	144.6	32.0	143.3	31.4	129.9	28.7
Total	<u>451.8</u>	<u>100.0</u>	<u>456.1</u>	<u>100.0</u>	<u>453.2</u>	<u>100.0</u>
Local access roads						
PCI 40 - 100	657.3	64.9	697.6	68.0	759.4	74.6
PCI 0 - 39	355.4	35.1	327.9	32.0	258.7	25.4
Total	<u>1,012.7</u>	<u>100.0</u>	<u>1,025.5</u>	<u>100.0</u>	<u>1,018.1</u>	<u>100.0</u>

Roads Estimated Maintenance and Preservation Costs

	2022	2021	2020	2019	2018
Budgeted	\$ 82,530	\$ 80,705	\$ 72,756	\$ 75,333	\$ 80,615
Expended	49,935	49,352	53,804	57,632	57,406

Bridge Sufficiency Rating	Number of Bridges		
	2022	2021	2020
0 - 20	9	10	12
21 - 30	4	7	4
31 - 49	24	24	19
50 - 100	144	140	146
Totals	<u>181</u>	<u>181</u>	<u>181</u>

Bridge Estimated Maintenance and Preservation Costs

	2022	2021	2020	2019	2018
Budgeted	\$ 27,117	\$ 31,079	\$ 13,653	\$ 12,203	\$ 10,109
Expended	9,318	7,973	7,236	6,082	7,906

KING COUNTY

Notes to Required Supplementary Information

Condition Assessments and Preservation of Infrastructure Under Modified Approach

1. Roads

The County performs condition assessments on its network of roads through the King County Pavement Management System. This system generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index from zero to 100 that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Based on the PCI score, condition ratings are assigned as follows:

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

Bridges

King County currently maintains 185 bridges including co-owned and pedestrian bridges. Physical inspections to determine the condition of bridges and the degree of wear and deterioration are carried out at least every two years to reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotted timbers, deteriorated bridge decks, bank erosion and cracked concrete. Four bridges that do not carry vehicular traffic are included in the list of bridges being maintained by the County. These are also subject to condition assessments, but are subject to different standards than the more heavily used 181 vehicular bridges.

Each year the County conducts a bridge prioritization process to determine potential candidates for replacement or rehabilitation. A weighted 10-point priority scale (sufficiency rating, seismic rating, geometrics, hydraulics, load limits, traffic safety, serviceability, importance, useful life, and structural concern) ranks the bridges in order. A key element in the priority score is the sufficiency rating, the measure considered by state and federal governments as the basis for establishing eligibility and priority for bridge replacement or rehabilitation funding. The sufficiency rating is a numerical rating of a bridge based on its structural adequacy and safety, essentially for public use, and its serviceability and functional obsolescence. The bridge sufficiency rating scale is defined as:

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

2. Roads

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

Bridges

King County's Road Services Division policy is to maintain bridges in such manner that no more than 12 will have a sufficiency rating of 20 or less. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement, rehabilitation or closure of the bridge.

3. Roads

The accelerated condition deterioration observed in the 2019-2017 cycle and continuing in the 2022-2020 cycle was primarily the result of weather and system age. Many of the arterial roadways are beyond their cost-effective life cycles, resulting in roadway deterioration. Because of the uncertainty in future funding for roads, the County formally lowered its established condition level to 50 percent of the roads at a PCI of 40 or better.



Governmental Funds

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

NONMAJOR GOVERNMENTAL FUNDS

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

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

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

Arts and Cultural Development - Receives and transfers to the cultural development authority (4Culture) a variety of revenues including, but not limited to, general fund revenues, hotel-motel tax revenues and public art revenues. The fund supports the 1% for Art program, the stewardship of the county art collection, the Building for Culture bond program established in 2016, the Building for Equity program established in 2019, and is a pass-through for hotel-motel revenues distributed from the State.

Automated Fingerprint Identification System - Accounts for the receipt of revenues and disbursement of expenditures related to the acquisition and implementation of a regional Automated Fingerprint Identification System (AFIS) for King County. The system is electronically connected to the Washington State Patrol, California Department of Justice, and the Western Identification Network, an AFIS database shared by seven western states. Included in this system is the electronic fingerprint capture and transmission to AFIS, known as Livescan.

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

Community Services Operating - This fund, formerly Children and Family Services Fund, provides two primary functions: 1) Community Services Division (CSD) administration which support administrative staff such as finance and clerical staff and overhead costs, and 2) Community Services Contracts which provides services for civil legal aid services, sexual assault and domestic violence survivor services, and older adult programs. The funding sources for these two functions are interfund transfers from Adult Services Division funds, general fund transfers and document recording fees.

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

Department of Community and Human Services (DCHS) Administration - Accounts for services associated with the DCHS Director's Office activities with funds coming from a cost allocation formula applied to all funds in DCHS. The fund receives revenue from DCHS funds and programs to cover costs to administer the department. The fund also houses some one-time programs and special projects that do not cleanly fit into one of its five divisions. These programs are funded by grants and other revenue sources.

Department of Local Services (DLS) Administration - This fund accounts for the Department of Local Services (DLS) director's office. The director's office provides oversight to programs within DLS as well as delivery and reporting of services provided to unincorporated King County. These include department leadership, finance and budget preparation, human resources, communications, government relations and legislative coordination, community engagement, and performance measurement and accountability. The director's office also funds a small economic development function and coordinates engagement with regional and local communities.

Department of Natural Resources and Parks (DNRP) Administration - The fund accounts for expenditures to provide leadership, oversight and support to the department's four operational divisions: Parks and Recreation, Solid Waste, Wastewater Treatment and Water and Land Resources. Revenues come from charging costs associated with the Director's Office to the agencies it serves. The Director's Office also leads the County's energy conservation and climate change initiatives in coordination with other departments. A climate cost share allocation is charged across the County based on greenhouse gas emissions. This revenue supports these climate change initiatives.

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

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

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

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

Environmental Health - Accounts for financial resources to protect and improve the health and well-being of all people in King County, specifically focusing on prevention of disease through sanitation, safe food and water, proper disposal of wastes and toxics, and promoting safe and healthy environmental conditions throughout King County for the benefit of all residents and visitors.

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

Grants Fund - The fund accounts primarily for federal and state grants, though other grants may be received and spent in this fund with prior approval. The fund also houses the funds received from the U.S. Treasury, for COVID-19 relief, which have not yet been allocated to a County project or agency.

Harborview Health and Safety - This fund accounts for the bond proceeds approved by voters in 2020 to be spent on various projects to renovate the Harborview Medical Center campus.

Health Through Housing - Accounts for the one-tenth of one percent sales tax enacted by RCW 82.14.530 to be spent on providing mental health and substance use disorder services with an emphasis on prevention, treatment, and recovery as well as supporting housing for homeless prevention and supportive services.

Historical Preservation - The Historic Preservation Program (HPP) preserves and protects the County's significant historic and archaeological resources.

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

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

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

Lodging Tax Fund - This fund accounts for lodging tax or hotel/motel tax proceed which support affordable workforce housing and services for homeless youth, arts and culture and tourism promotion including sports stadiums and events.

Long-term Leases - This fund accounts for long-term leases administered by the Facilities Management Division on behalf of County agencies.

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

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

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

Parks Operating Levy - Accounts for the 2020-2025 Parks, Recreation, Trails and Open Space Levy, as well as the operation and maintenance of King County's parks and trails, and support of parks in King County cities as well as the Woodland Park Zoo and Seattle Aquarium for the benefit of all King County residents.

Permitting and Abatement - This fund accounts for (1) administration of the King County building, housing, fire, energy, shoreline management, zoning, and subdivision codes; (2) ensuring that development complies with the requirements of the State Environmental Policy Act (SEPA) and King County's environmental code, procedures, and regulations; (3) managing County review of building applications and issuing permits; (4) issuing and inspecting operating permits required by the International Fire Code; (5) reviewing and inspecting proposed land developments; and (6) administering the County's drainage regulation policies through review of land development permit applications; and (7) accounting for the receipt and disbursement of school impact fees.

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 be more than double the number of existing (26) radio transmitter sites. The fund receives levy tax collections approved by voters in a special election held April 2015.

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

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

Road Improvement Districts - This fund accounts for the neighborhood road improvements for Road Improvement District (RID) numbers 107, 110 and 132.

Surface Water Program - 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. This fund also accounts for projects to protect public safety, water quality, and property from stormwater runoff and pollution, and land development practices. Project revenues include Pay-As-You-Go Surface Water Management fees, grants from external agencies, critical area mitigation fees, and interlocal funding. The fund also administers the in-lieu fee mitigation reserves program involving the restoration, establishment, enhancement, and/or preservation of aquatic resources through funds paid to satisfy compensatory mitigation requirements.

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

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

Urban Reforestation and Habitat Restoration - This fund provides grants to local non-profits and governments for the purpose of funding urban reforestation and habitat restoration projects in the Urban Growth Area of King County.

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

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

Youth Amateur Sports - Accounts for grants funding youth and amateur sports activities or facilities, debt service payments for debt or refinancing debt issued for those purposes, and program funding obtained from the countywide one-percent rental car sales tax.

Debt Service Funds - Debt service funds account for the accumulation of resources for, and the payment of principal and interest on the County's general obligation bonds and special assessment debt of certain districts. The County's nonmajor debt service funds are:

Limited General Obligation Bond Redemption - Accounts for the accumulation of resources for and the payment of those bonds which have been issued without a vote of the people.

Unlimited General Obligation Bond Redemption - Accounts for the accumulation of resources that are restricted for the payment of bonds which have been issued with a three-fifths approval vote of the people.

Capital Projects Funds - Capital projects funds account for financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition, construction, maintenance, and improvement of capital assets. The County's nonmajor capital projects funds are:

Building Repair and Replacement - Accounts for receipts and expenditures related to the repair and replacement of various County buildings such as the Courthouse, Correctional Facility, Regional Justice Center Complex, Administration, and other buildings.

Conservation Futures - This fund was established to account for the Conservation Futures Levy that pays for the program to maintain, preserve, and conserve open space lands. The Conservation Futures program aims to achieve an equitable geographical distribution of funds over the long term.

Department of Local Services (DLS) Capital - This fund accounts for projects to support community needs in unincorporated King County's seven community service areas.

Enhanced 911 Emergency Telephone Capital - This fund was established to support the capital projects of the Enhanced 911 Emergency Telephone system funded by excise taxes.

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

King County Information Technology (KCIT) Capital Projects - Accounts for resources of IT projects for King County departments and agencies that do not have their own capital funds. Eleven sub-funds are included in this fund: five capital projects sub-funds where all the project activities are recorded and six bond sub-funds created for the purpose of holding and management of bond proceeds designated for IT capital projects. Money is transferred from the bond funds to the capital projects fund to cover the actual expenditures incurred by the respective projects.

Open Space Acquisitions - The fund is used for open space and farmland acquisitions or open space and farmland easements. Services provided are large scale acquisitions of open space, parks, trails and habitat restoration sites. A stand-alone fund allows a mix of various revenues sources to be collected mostly consisting of state and federal grant funds. Funds are used to preserve and protect open lands throughout the County and preserve wildlife, enhance scenic vistas, provide access to water and provide open spaces in the midst of urban congestion. Trail additions add linkages to individual parks and neighborhoods.

Parks Capital Projects - The fund accounts for the capital portion of the Parks Levy. Other revenues include transfers from Real Estate Excise Tax, bond proceeds, and state and federal grants. Specific uses of these funds include the acquisition of open space and natural lands, growth and connection of regional trails, and grant programs to expand access to recreation, protection of open space. In addition, the fund accounts for major capital

maintenance projects including repairs and replacement of County parks facilities, the Parks Central Maintenance Facility, and creation of critical infrastructure to access King County Parks.

Puget Sound Emergency Radio Network Capital - Established to account for the development of the new Puget Sound Emergency Radio Network (IT project) and associated site development projects throughout the county. All funds are transferred from the PSERN Levy Fund per the spending plan.

Real Estate Excise Tax Capital - Accounts for the proceeds of two levies on the sellers of real property in unincorporated King County. Each tax is one-quarter of one percent of the real property value. The tax is dedicated to specific local public works capital projects.

Roads Capital Program - This fund is designed to support capital activities relating to the maintenance of the King County road system and its facilities. Projects include the maintenance of roads, roadsides, bridges/structures, traffic control and drainage, and facilities, such as those for emergencies, material storage, snow and ice storage, and others necessary for the maintenance of the road system.

Youth Services Facilities - This fund accounts for planning and construction of future youth services facilities.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
ASSETS				
Cash and cash equivalents	\$ 855,893	\$ 6,259	\$ 357,146	\$ 1,219,298
Taxes receivable-delinquent	12,656	324	571	13,551
Accounts receivable, net	7,694	—	—	7,694
Interest receivable	2	—	—	2
Due from other funds	20,695	11	596	21,302
Interfund short-term loans receivable	55,165	—	—	55,165
Due from other governments, net	111,691	—	36,350	148,041
Due from component unit	15,651	129,189	—	144,840
Inventory	147	—	—	147
Prepayments	20,239	—	5,782	26,021
Advances to other funds	12,077	—	—	12,077
Other assets	405	—	72	477
Total assets	<u>\$ 1,112,315</u>	<u>\$ 135,783</u>	<u>\$ 400,517</u>	<u>\$ 1,648,615</u>
LIABILITIES				
Accounts payable	\$ 51,289	\$ —	\$ 38,792	\$ 90,081
Due to other funds	45,555	—	—	45,555
Interfund short-term loans payable	35,473	—	70,917	106,390
Due to other governments	30,170	—	2,180	32,350
Due to component unit	300	—	—	300
Wages payable	15,472	—	690	16,162
Taxes payable	17	—	—	17
Unearned revenues	242,039	—	603	242,642
Deposits	4,235	—	1	4,236
Advances from other funds	12,077	—	—	12,077
Total liabilities	<u>436,627</u>	<u>—</u>	<u>113,183</u>	<u>549,810</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on leases	8,106	126,805	—	134,911
Unavailable revenue-property taxes	9,990	259	466	10,715
Unavailable revenue-other receivables	7,538	—	99	7,637
Total deferred inflows of resources	<u>25,634</u>	<u>127,064</u>	<u>565</u>	<u>153,263</u>
FUND BALANCES				
Nonspendable	20,386	—	5,782	26,168
Restricted	643,651	1,189	311,347	956,187
Committed	15,846	—	—	15,846
Assigned	122	7,530	7,999	15,651
Unassigned (deficits)	(29,951)	—	(38,359)	(68,310)
Total fund balances	<u>650,054</u>	<u>8,719</u>	<u>286,769</u>	<u>945,542</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,112,315</u>	<u>\$ 135,783</u>	<u>\$ 400,517</u>	<u>\$ 1,648,615</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	TOTAL
REVENUES				
Taxes:				
Property taxes	\$ 661,005	\$ 14,178	\$ 22,490	\$ 697,673
Retail sales and use taxes	222,626	—	—	222,626
Business and other taxes	2,742	3	21,901	24,646
Licenses and permits	21,302	—	—	21,302
Intergovernmental revenues	102,019	465	17,918	120,402
Charges for services	214,612	—	2,470	217,082
Fines and forfeits	629	—	1	630
Investment gains (losses)	(9,767)	6,496	(4,893)	(8,164)
Miscellaneous revenues	18,697	8,915	1,688	29,300
Total revenues	<u>1,233,865</u>	<u>30,057</u>	<u>61,575</u>	<u>1,325,497</u>
EXPENDITURES				
Current:				
General government	26,967	—	8,030	34,997
Law, safety and justice	171,678	—	7,433	179,111
Physical environment	23,799	—	118	23,917
Transportation	88,007	—	25,367	113,374
Economic environment	191,116	—	10,199	201,315
Health and human services	291,937	—	2,629	294,566
Culture and recreation	90,013	—	28,778	118,791
Debt service:				
Principal	4,345	100,570	639	105,554
Interest and other debt service costs	1,449	34,900	874	37,223
Capital outlay	62,040	—	159,832	221,872
Total expenditures	<u>951,351</u>	<u>135,470</u>	<u>243,899</u>	<u>1,330,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>282,514</u>	<u>(105,413)</u>	<u>(182,324)</u>	<u>(5,223)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	95,568	104,266	182,679	382,513
Transfers out	(360,665)	—	(30,916)	(391,581)
General government debt issued	2,000	—	16,790	18,790
Refunding bonds issued	—	15,815	—	15,815
Premium on general government bonds issued	—	—	2,258	2,258
Premium on refunding bonds issued	—	1,070	—	1,070
Payment to refunding bonds escrow agent	—	(16,753)	—	(16,753)
Right-to-use lease acquisition	17,737	—	84	17,821
Sale of capital assets	554	5	7	566
Insurance recoveries	149	—	—	149
Total other financing sources (uses)	<u>(244,657)</u>	<u>104,403</u>	<u>170,902</u>	<u>30,648</u>
Net change in fund balances	37,857	(1,010)	(11,422)	25,425
Fund balances - beginning (Restated)	612,197	9,729	298,191	920,117
Fund balances - ending	<u>\$ 650,054</u>	<u>\$ 8,719</u>	<u>\$ 286,769</u>	<u>\$ 945,542</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 15)

	TOTAL
ASSETS	
Cash and cash equivalents	\$ 855,893
Taxes receivable-delinquent	12,656
Accounts receivable, net	7,694
Interest receivable	2
Due from other funds	20,695
Interfund short-term loans receivable	55,165
Due from other governments, net	111,691
Due from component unit	15,651
Inventory	147
Prepayments	20,239
Advances to other funds	12,077
Other assets	405
Total assets	\$ 1,112,315
LIABILITIES	
Accounts payable	\$ 51,289
Due to other funds	45,555
Interfund short-term loans payable	35,473
Due to other governments	30,170
Due to component unit	300
Wages payable	15,472
Taxes payable	17
Unearned revenues	242,039
Deposits	4,235
Advances from other funds	12,077
Total liabilities	436,627
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on leases	8,106
Unavailable revenue-property taxes	9,990
Unavailable revenue-other receivables	7,538
Total deferred inflows of resources	25,634
FUND BALANCES	
Nonspendable	20,386
Restricted	643,651
Committed	15,846
Assigned	122
Unassigned (deficits)	(29,951)
Total fund balances (deficits)	650,054
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 1,112,315

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 15 - CONTINUED)

	ANIMAL SERVICES	ARTS AND CULTURAL DEVELOPMENT	AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM
ASSETS			
Cash and cash equivalents	\$ 3,908	\$ 1,220	\$ 33,309
Taxes receivable-delinquent	—	—	430
Accounts receivable, net	108	—	—
Interest receivable	—	—	—
Due from other funds	3	48	59
Interfund short-term loans receivable	—	—	—
Due from other governments, net	182	—	—
Due from component unit	—	7,915	—
Inventory	—	—	—
Prepayments	—	17,122	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 4,201</u>	<u>\$ 26,305</u>	<u>\$ 33,798</u>
LIABILITIES			
Accounts payable	\$ 412	\$ —	\$ 189
Due to other funds	300	11,826	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	—
Due to component unit	—	—	—
Wages payable	221	—	520
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	3	—	—
Advances from other funds	—	8,077	—
Total liabilities	<u>936</u>	<u>19,903</u>	<u>709</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	336
Unavailable revenue-other receivables	81	—	—
Total deferred inflows of resources	<u>81</u>	<u>—</u>	<u>336</u>
FUND BALANCES			
Nonspendable	—	17,122	—
Restricted	3,184	7,970	32,753
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	(18,690)	—
Total fund balances (deficits)	<u>3,184</u>	<u>6,402</u>	<u>32,753</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,201</u>	<u>\$ 26,305</u>	<u>\$ 33,798</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 15)

	BEST START FOR KIDS LEVY	COMMUNITY SERVICES OPERATING	COUNTY ROAD OPERATING
ASSETS			
Cash and cash equivalents	\$ 46,281	\$ 4,166	\$ 24,678
Taxes receivable-delinquent	2,267	—	2,375
Accounts receivable, net	—	—	240
Interest receivable	—	—	—
Due from other funds	103	631	60
Interfund short-term loans receivable	—	—	—
Due from other governments, net	—	251	1,445
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	87
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 48,651</u>	<u>\$ 5,048</u>	<u>\$ 28,885</u>
LIABILITIES			
Accounts payable	\$ 3,893	\$ 3,151	\$ 1,264
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	21	4	136
Due to component unit	—	36	—
Wages payable	127	120	2,808
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	310
Advances from other funds	—	—	—
Total liabilities	<u>4,041</u>	<u>3,311</u>	<u>4,518</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	31
Unavailable revenue-property taxes	1,732	—	1,963
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>1,732</u>	<u>—</u>	<u>1,994</u>
FUND BALANCES			
Nonspendable	—	—	87
Restricted	42,878	1,737	22,286
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>42,878</u>	<u>1,737</u>	<u>22,373</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 48,651</u>	<u>\$ 5,048</u>	<u>\$ 28,885</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 15 - CONTINUED)

	DEPARTMENT OF COMMUNITY AND HUMAN SERVICES ADMIN	DEPARTMENT OF LOCAL SERVICES ADMINISTRATION	DEPARTMENT OF NATURAL RESOURCES AND PARKS ADMIN
ASSETS			
Cash and cash equivalents	\$ 212	\$ 2,176	\$ 1,178
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	2,199	3	67
Interfund short-term loans receivable	—	—	—
Due from other governments, net	1,593	215	94
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 4,004</u>	<u>\$ 2,394</u>	<u>\$ 1,339</u>
LIABILITIES			
Accounts payable	\$ 2,155	\$ 683	\$ 196
Due to other funds	14	833	—
Interfund short-term loans payable	4,423	—	—
Due to other governments	—	—	2
Due to component unit	—	—	—
Wages payable	496	230	292
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>7,088</u>	<u>1,746</u>	<u>490</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	—	648	—
Committed	—	—	849
Assigned	—	—	—
Unassigned (deficits)	(3,084)	—	—
Total fund balances (deficits)	<u>(3,084)</u>	<u>648</u>	<u>849</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,004</u>	<u>\$ 2,394</u>	<u>\$ 1,339</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 5 OF 15)

	DEVELOPMENTAL DISABILITIES	EMERGENCY MEDICAL SERVICES	EMERGENCY TELEPHONE ENHANCED 911
ASSETS			
Cash and cash equivalents	\$ 8,511	\$ 103,902	\$ 37,509
Taxes receivable-delinquent	71	1,886	—
Accounts receivable, net	—	59	—
Interest receivable	—	—	—
Due from other funds	12	181	46
Interfund short-term loans receivable	—	—	—
Due from other governments, net	9,929	65	4,444
Due from component unit	—	—	—
Inventory	—	147	—
Prepayments	—	57	2
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 18,523</u>	<u>\$ 106,297</u>	<u>\$ 42,001</u>
LIABILITIES			
Accounts payable	\$ 4,669	\$ 3,516	\$ 259
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	4,524	6,919	—
Due to component unit	—	18	—
Wages payable	319	1,471	86
Taxes payable	—	—	—
Unearned revenues	1,102	44	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>10,614</u>	<u>11,968</u>	<u>345</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	55	1,443	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>55</u>	<u>1,443</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	204	2
Restricted	7,854	92,682	41,532
Committed	—	—	—
Assigned	—	—	122
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>7,854</u>	<u>92,886</u>	<u>41,656</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 18,523</u>	<u>\$ 106,297</u>	<u>\$ 42,001</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 6 OF 15 - CONTINUED)

	EMPLOYMENT AND EDUCATION RESOURCES	ENVIRONMENTAL HEALTH	FLOOD CONTROL DISTRICT
ASSETS			
Cash and cash equivalents	\$ 3,136	\$ 18,343	\$ 45,428
Taxes receivable-delinquent	—	—	1,109
Accounts receivable, net	—	458	117
Interest receivable	—	—	—
Due from other funds	—	34	—
Interfund short-term loans receivable	—	—	—
Due from other governments, net	1,372	1,135	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	4,000
Other assets	—	—	—
Total assets	<u>\$ 4,508</u>	<u>\$ 19,970</u>	<u>\$ 50,654</u>
LIABILITIES			
Accounts payable	\$ 2,919	\$ 946	\$ 594
Due to other funds	—	8	14,057
Interfund short-term loans payable	—	—	—
Due to other governments	16	10	—
Due to component unit	—	—	—
Wages payable	336	1,265	—
Taxes payable	—	—	—
Unearned revenues	35	5,896	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>3,306</u>	<u>8,125</u>	<u>14,651</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	905
Unavailable revenue-other receivables	—	199	—
Total deferred inflows of resources	<u>—</u>	<u>199</u>	<u>905</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	1,202	11,646	35,098
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>1,202</u>	<u>11,646</u>	<u>35,098</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 4,508</u>	<u>\$ 19,970</u>	<u>\$ 50,654</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
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	<u>GRANTS FUND</u>	<u>HARBORVIEW HEALTH AND SAFETY</u>	<u>HEALTH THROUGH HOUSING</u>
ASSETS			
Cash and cash equivalents	\$ 158,040	\$ 17,455	\$ 73,317
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	165	—	52
Interest receivable	—	—	2
Due from other funds	1,569	30	123
Interfund short-term loans receivable	55,165	—	—
Due from other governments, net	17,266	—	11,936
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	—	—	325
Total assets	<u>\$ 232,205</u>	<u>\$ 17,485</u>	<u>\$ 85,755</u>
LIABILITIES			
Accounts payable	\$ 243	\$ 669	\$ 23
Due to other funds	18,370	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	1,721	2	—
Due to component unit	—	—	—
Wages payable	621	35	71
Taxes payable	—	—	—
Unearned revenues	208,453	—	—
Deposits	8	—	—
Advances from other funds	—	—	—
Total liabilities	<u>229,416</u>	<u>706</u>	<u>94</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	366
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>366</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	2,789	16,779	85,295
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>2,789</u>	<u>16,779</u>	<u>85,295</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 232,205</u>	<u>\$ 17,485</u>	<u>\$ 85,755</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 8 OF 15 - CONTINUED)

	HISTORICAL PRESERVATION	KC FLOOD CONTROL CONTRACT	LAW LIBRARY
ASSETS			
Cash and cash equivalents	\$ 361	\$ 1,608	\$ 911
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	1	14,184	2
Interfund short-term loans receivable	—	—	—
Due from other governments, net	6	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 368</u>	<u>\$ 15,792</u>	<u>\$ 913</u>
LIABILITIES			
Accounts payable	\$ 3	\$ 6,721	\$ 16
Due to other funds	—	26	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	5,472	—
Due to component unit	—	—	—
Wages payable	31	537	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	4,000	—
Total liabilities	<u>34</u>	<u>16,756</u>	<u>16</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	334	—	897
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	(964)	—
Total fund balances (deficits)	<u>334</u>	<u>(964)</u>	<u>897</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 368</u>	<u>\$ 15,792</u>	<u>\$ 913</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
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	LOCAL HAZARDOUS WASTE	LODGING TAX FUND	LONG-TERM LEASES
ASSETS			
Cash and cash equivalents	\$ 15,672	\$ 16,464	\$ 3,665
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	1,897	—	—
Interest receivable	—	—	—
Due from other funds	35	26	—
Interfund short-term loans receivable	—	—	—
Due from other governments, net	1,811	3,844	28,554
Due from component unit	—	—	7,736
Inventory	—	—	—
Prepayments	—	—	2,933
Advances to other funds	—	8,077	—
Other assets	—	—	—
Total assets	<u>\$ 19,415</u>	<u>\$ 28,411</u>	<u>\$ 42,888</u>
LIABILITIES			
Accounts payable	\$ 52	\$ 25	\$ 2,863
Due to other funds	—	—	55
Interfund short-term loans payable	—	—	31,050
Due to other governments	1,624	—	—
Due to component unit	—	—	—
Wages payable	—	—	1
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>1,676</u>	<u>25</u>	<u>33,969</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	7,606
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	5,593
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>13,199</u>
FUND BALANCES			
Nonspendable	—	—	2,933
Restricted	17,739	28,386	—
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	(7,213)
Total fund balances (deficits)	<u>17,739</u>	<u>28,386</u>	<u>(4,280)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 19,415</u>	<u>\$ 28,411</u>	<u>\$ 42,888</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 10 OF 15 - CONTINUED)

	MAJOR MAINTENANCE	MENTAL ILLNESS AND DRUG DEPENDENCY	NOXIOUS WEED CONTROL
ASSETS			
Cash and cash equivalents	\$ 17,498	\$ 46,121	\$ 1,512
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	284
Interest receivable	—	—	—
Due from other funds	29	243	36
Interfund short-term loans receivable	—	—	—
Due from other governments, net	—	16,176	1
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	23
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 17,527</u>	<u>\$ 62,540</u>	<u>\$ 1,856</u>
LIABILITIES			
Accounts payable	\$ 1,071	\$ 4,305	\$ 185
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	198	—
Due to component unit	—	246	—
Wages payable	15	461	137
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>1,086</u>	<u>5,210</u>	<u>322</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	59
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>59</u>
FUND BALANCES			
Nonspendable	—	—	23
Restricted	16,441	57,330	1,452
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>16,441</u>	<u>57,330</u>	<u>1,475</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,527</u>	<u>\$ 62,540</u>	<u>\$ 1,856</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
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	PARKS OPERATING LEVY	PERMITTING AND ABATEMENT	PUGET SOUND EMERGENCY RADIO NETWORK LEVY
ASSETS			
Cash and cash equivalents	\$ 23,997	\$ 9,552	\$ 3,656
Taxes receivable-delinquent	2,524	—	659
Accounts receivable, net	330	1,142	—
Interest receivable	—	—	—
Due from other funds	275	15	14
Interfund short-term loans receivable	—	—	—
Due from other governments, net	124	—	73
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	80	—	—
Total assets	<u>\$ 27,330</u>	<u>\$ 10,709</u>	<u>\$ 4,402</u>
LIABILITIES			
Accounts payable	\$ 910	\$ 315	\$ 3
Due to other funds	9	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	19	3,778	—
Due to component unit	—	—	—
Wages payable	1,851	684	35
Taxes payable	14	—	—
Unearned revenues	500	1,747	—
Deposits	8	3,906	—
Advances from other funds	—	—	—
Total liabilities	<u>3,311</u>	<u>10,430</u>	<u>38</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	103	—	—
Unavailable revenue-property taxes	1,983	—	519
Unavailable revenue-other receivables	—	17	—
Total deferred inflows of resources	<u>2,086</u>	<u>17</u>	<u>519</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	21,933	187	3,845
Committed	—	75	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>21,933</u>	<u>262</u>	<u>3,845</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 27,330</u>	<u>\$ 10,709</u>	<u>\$ 4,402</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
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	PUGET SOUND TAXPAYER ACCOUNTABILITY	RECORDER'S OPERATING AND MAINTENANCE	ROAD IMPROVEMENT DISTRICTS
ASSETS			
Cash and cash equivalents	\$ 9,597	\$ 3,799	\$ 17
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	—	—	1
Interest receivable	—	—	—
Due from other funds	13	7	—
Interfund short-term loans receivable	—	—	—
Due from other governments, net	—	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 9,610</u>	<u>\$ 3,806</u>	<u>\$ 18</u>
LIABILITIES			
Accounts payable	\$ 467	\$ 150	\$ —
Due to other funds	—	54	—
Interfund short-term loans payable	—	—	—
Due to other governments	606	1	—
Due to component unit	—	—	—
Wages payable	37	51	—
Taxes payable	—	—	—
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>1,110</u>	<u>256</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	8,500	3,550	18
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>8,500</u>	<u>3,550</u>	<u>18</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 9,610</u>	<u>\$ 3,806</u>	<u>\$ 18</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 13 OF 15)

	SURFACE WATER PROGRAM	TREASURER'S OPERATING AND MAINTENANCE	TRANSFER OF DEVELOPER CREDIT
ASSETS			
Cash and cash equivalents	\$ 58,754	\$ 808	\$ 13,730
Taxes receivable-delinquent	—	—	—
Accounts receivable, net	2,841	—	—
Interest receivable	—	—	—
Due from other funds	515	—	23
Interfund short-term loans receivable	—	—	—
Due from other governments, net	10,539	—	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	15	—	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 72,664</u>	<u>\$ 808</u>	<u>\$ 13,753</u>
LIABILITIES			
Accounts payable	\$ 2,524	\$ —	\$ 2
Due to other funds	3	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	3,549	—	—
Due to component unit	—	—	—
Wages payable	2,267	—	3
Taxes payable	2	—	—
Unearned revenues	24,262	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>32,607</u>	<u>—</u>	<u>5</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	1,589	—	—
Total deferred inflows of resources	<u>1,589</u>	<u>—</u>	<u>—</u>
FUND BALANCES			
Nonspendable	15	—	—
Restricted	38,453	808	—
Committed	—	—	13,748
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>38,468</u>	<u>808</u>	<u>13,748</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 72,664</u>	<u>\$ 808</u>	<u>\$ 13,753</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 14 OF 15 - CONTINUED)

	URBAN REFORESTATION AND HABITAT RESTORATION	VETERANS RELIEF	VETERANS, SENIORS AND HUMAN SERVICES LEVY
ASSETS			
Cash and cash equivalents	\$ —	\$ 1,313	\$ 35,944
Taxes receivable-delinquent	—	63	1,272
Accounts receivable, net	—	—	—
Interest receivable	—	—	—
Due from other funds	—	3	69
Interfund short-term loans receivable	—	—	—
Due from other governments, net	—	9	—
Due from component unit	—	—	—
Inventory	—	—	—
Prepayments	—	—	—
Advances to other funds	—	—	—
Other assets	—	—	—
Total assets	<u>\$ —</u>	<u>\$ 1,388</u>	<u>\$ 37,285</u>
LIABILITIES			
Accounts payable	\$ —	\$ 98	\$ 5,392
Due to other funds	—	—	—
Interfund short-term loans payable	—	—	—
Due to other governments	—	—	1,057
Due to component unit	—	—	—
Wages payable	—	55	270
Taxes payable	—	—	1
Unearned revenues	—	—	—
Deposits	—	—	—
Advances from other funds	—	—	—
Total liabilities	<u>—</u>	<u>153</u>	<u>6,720</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on leases	—	—	—
Unavailable revenue-property taxes	—	49	1,005
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>49</u>	<u>1,005</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	—	1,186	29,560
Committed	—	—	—
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>—</u>	<u>1,186</u>	<u>29,560</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ —</u>	<u>\$ 1,388</u>	<u>\$ 37,285</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 15 OF 15 - CONCLUDED)

	YOUTH AMATEUR SPORTS
ASSETS	
Cash and cash equivalents	\$ 8,145
Taxes receivable-delinquent	—
Accounts receivable, net	—
Interest receivable	—
Due from other funds	37
Interfund short-term loans receivable	—
Due from other governments, net	627
Due from component unit	—
Inventory	—
Prepayments	—
Advances to other funds	—
Other assets	—
Total assets	<u>\$ 8,809</u>
LIABILITIES	
Accounts payable	\$ 406
Due to other funds	—
Interfund short-term loans payable	—
Due to other governments	511
Due to component unit	—
Wages payable	19
Taxes payable	—
Unearned revenues	—
Deposits	—
Advances from other funds	—
Total liabilities	<u>936</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on leases	—
Unavailable revenue-property taxes	—
Unavailable revenue-other receivables	—
Total deferred inflows of resources	<u>—</u>
FUND BALANCES	
Nonspendable	—
Restricted	6,699
Committed	1,174
Assigned	—
Unassigned (deficits)	—
Total fund balances (deficits)	<u>7,873</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 8,809</u>

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL
ASSETS	
Cash and cash equivalents	\$ 6,259
Taxes receivable - delinquent	324
Due from other funds	11
Due from component unit	129,189
Total assets	\$ 135,783
LIABILITIES	
Accounts payable	\$ —
Unearned revenues	—
Total liabilities	—
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on leases	126,805
Unavailable revenue-property taxes	259
Total deferred inflows of resources	127,064
FUND BALANCES	
Restricted	1,189
Assigned	7,530
Total fund balances	8,719
Total liabilities, deferred inflows of resources and fund balances	\$ 135,783

NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	LIMITED GO BOND REDEMPTION	UNLIMITED GO BOND REDEMPTION
ASSETS		
Cash and cash equivalents	\$ 5,137	\$ 1,122
Taxes receivable - delinquent	—	324
Due from other funds	9	2
Due from component unit	129,189	—
Total assets	<u>\$ 134,335</u>	<u>\$ 1,448</u>
LIABILITIES		
Accounts payable	\$ —	\$ —
Unearned revenues	—	—
Total liabilities	<u>—</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows on leases	126,805	—
Unavailable revenue-property taxes	—	259
Total deferred inflows of resources	<u>126,805</u>	<u>259</u>
FUND BALANCES		
Restricted	—	1,189
Assigned	7,530	—
Total fund balances	<u>7,530</u>	<u>1,189</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 134,335</u>	<u>\$ 1,448</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 5)

	TOTAL
ASSETS	
Cash and cash equivalents	\$ 357,146
Taxes receivable—delinquent	571
Due from other funds	596
Due from other governments, net	36,350
Prepayments	5,782
Other assets	72
Total assets	\$ 400,517
LIABILITIES	
Accounts payable	\$ 38,792
Interfund short-term loans payable	70,917
Due to other governments	2,180
Wages payable	690
Unearned revenues	603
Deposits	1
Total liabilities	113,183
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes	466
Unavailable revenue-other receivables	99
Total deferred inflows of resources	565
FUND BALANCES	
Nonspendable	5,782
Restricted	311,347
Assigned	7,999
Unassigned (deficits)	(38,359)
Total fund balances (deficits)	286,769
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 400,517

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 5 - CONTINUED)

	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES	DEPARTMENT OF LOCAL SERVICES CAPITAL
ASSETS			
Cash and cash equivalents	\$ 12,272	\$ 34,026	\$ 3
Taxes receivable—delinquent	3	418	—
Due from other funds	42	53	—
Due from other governments, net	29,725	—	—
Prepayments	1,133	—	—
Other assets	—	—	—
Total assets	<u>\$ 43,175</u>	<u>\$ 34,497</u>	<u>\$ 3</u>
LIABILITIES			
Accounts payable	\$ 8,901	\$ 4,669	\$ —
Interfund short-term loans payable	52,789	—	105
Due to other governments	—	2	—
Wages payable	29	20	—
Unearned revenues	—	—	—
Deposits	1	—	—
Total liabilities	<u>61,720</u>	<u>4,691</u>	<u>105</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue—property taxes	3	326	—
Unavailable revenue—other receivables	27	—	—
Total deferred inflows of resources	<u>30</u>	<u>326</u>	<u>—</u>
FUND BALANCES			
Nonspendable	1,133	—	—
Restricted	—	29,480	—
Assigned	—	—	—
Unassigned (deficits)	(19,708)	—	(102)
Total fund balances (deficits)	<u>(18,575)</u>	<u>29,480</u>	<u>(102)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 43,175</u>	<u>\$ 34,497</u>	<u>\$ 3</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
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	ENHANCED 911 EMERGENCY TELEPHONE CAPITAL	IT SERVICES CAPITAL	KCIT CAPITAL PROJECTS
ASSETS			
Cash and cash equivalents	\$ 17,017	\$ 8,147	\$ 6,706
Taxes receivable—delinquent	—	—	—
Due from other funds	29	22	7
Due from other governments, net	—	411	—
Prepayments	—	1,936	—
Other assets	—	—	—
Total assets	<u>\$ 17,046</u>	<u>\$ 10,516</u>	<u>\$ 6,713</u>
LIABILITIES			
Accounts payable	\$ 25	\$ 581	\$ 1,537
Interfund short-term loans payable	—	—	17,581
Due to other governments	—	—	—
Wages payable	—	—	94
Unearned revenues	—	—	—
Deposits	—	—	—
Total liabilities	<u>25</u>	<u>581</u>	<u>19,212</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	1,936	—
Restricted	17,021	—	5,985
Assigned	—	7,999	—
Unassigned (deficits)	—	—	(18,484)
Total fund balances (deficits)	<u>17,021</u>	<u>9,935</u>	<u>(12,499)</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 17,046</u>	<u>\$ 10,516</u>	<u>\$ 6,713</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
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(PAGE 4 OF 5 - CONTINUED)

	OPEN SPACE ACQUISITIONS	PARKS CAPITAL PROJECTS	PUGET SOUND EMERGENCY RADIO NETWORK CAP
ASSETS			
Cash and cash equivalents	\$ 30	\$ 167,045	\$ 15,162
Taxes receivable—delinquent	—	—	—
Due from other funds	—	240	32
Due from other governments, net	364	2,008	—
Prepayments	—	2,713	—
Other assets	—	72	—
Total assets	<u>\$ 394</u>	<u>\$ 172,078</u>	<u>\$ 15,194</u>
LIABILITIES			
Accounts payable	\$ 17	\$ 11,686	\$ 10,144
Interfund short-term loans payable	442	—	—
Due to other governments	—	2,172	5
Wages payable	—	188	202
Unearned revenues	—	442	—
Deposits	—	—	—
Total liabilities	<u>459</u>	<u>14,488</u>	<u>10,351</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	—	—	—
Unavailable revenue-other receivables	—	72	—
Total deferred inflows of resources	<u>—</u>	<u>72</u>	<u>—</u>
FUND BALANCES			
Nonspendable	—	2,713	—
Restricted	—	154,805	4,843
Assigned	—	—	—
Unassigned (deficits)	(65)	—	—
Total fund balances (deficits)	<u>(65)</u>	<u>157,518</u>	<u>4,843</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 394</u>	<u>\$ 172,078</u>	<u>\$ 15,194</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 5 OF 5 - CONCLUDED)

	REAL ESTATE EXCISE TAX CAPITAL	ROADS CAPITAL PROGRAM	YOUTH SERVICES FACILITIES
ASSETS			
Cash and cash equivalents	\$ 55,703	\$ 40,979	\$ 56
Taxes receivable—delinquent	—	—	150
Due from other funds	102	69	—
Due from other governments, net	3	3,839	—
Prepayments	—	—	—
Other assets	—	—	—
Total assets	<u>\$ 55,808</u>	<u>\$ 44,887</u>	<u>\$ 206</u>
LIABILITIES			
Accounts payable	\$ —	\$ 1,232	\$ —
Interfund short-term loans payable	—	—	—
Due to other governments	—	1	—
Wages payable	—	157	—
Unearned revenues	—	161	—
Deposits	—	—	—
Total liabilities	<u>—</u>	<u>1,551</u>	<u>—</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue—property taxes	—	—	137
Unavailable revenue—other receivables	—	—	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>137</u>
FUND BALANCES			
Nonspendable	—	—	—
Restricted	55,808	43,336	69
Assigned	—	—	—
Unassigned (deficits)	—	—	—
Total fund balances (deficits)	<u>55,808</u>	<u>43,336</u>	<u>69</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 55,808</u>	<u>\$ 44,887</u>	<u>\$ 206</u>

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	TOTAL
REVENUES	
Taxes:	
Property taxes	\$ 661,005
Retail sales and use taxes	222,626
Business and other taxes	2,742
Licenses and permits	21,302
Intergovernmental revenues	102,019
Charges for services	214,612
Fines and forfeits	629
Investment gains (losses)	(9,767)
Miscellaneous revenues	18,697
Total revenues	1,233,865
EXPENDITURES	
Current:	
General government	26,967
Law, safety and justice	171,678
Physical environment	23,799
Transportation	88,007
Economic environment	191,116
Health and human services	291,937
Culture and recreation	90,013
Debt service:	
Principal	4,345
Interest and other debt service costs	1,449
Capital outlay	62,040
Total expenditures	951,351
Excess (deficiency) of revenues over (under) expenditures	282,514
OTHER FINANCING SOURCES (USES)	
Transfers in	95,568
Transfers out	(360,665)
General government debt issued	2,000
Right-to-use lease acquisition	17,737
Sale of capital assets	554
Insurance recoveries	149
Total other financing sources (uses)	(244,657)
Net change in fund balances	37,857
Fund balances (deficits) - beginning (Restated)	612,197
Fund balances (deficits) - ending	\$ 650,054

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
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	ANIMAL SERVICES	ARTS AND CULTURAL DEVELOPMENT	AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ 22,806
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	108
Licenses and permits	2,689	—	—
Intergovernmental revenues	—	6,191	1
Charges for services	1,462	—	—
Fines and forfeits	119	—	—
Investment gains (losses)	(22)	(18)	(481)
Miscellaneous revenues	284	—	4
Total revenues	<u>4,532</u>	<u>6,173</u>	<u>22,438</u>
EXPENDITURES			
Current:			
General government	984	—	—
Law, safety and justice	—	—	19,059
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	6,767	—	—
Health and human services	—	—	—
Culture and recreation	—	18,186	—
Debt service:			
Principal	5	—	—
Interest and other debt service costs	—	6	—
Capital outlay	21	70	—
Total expenditures	<u>7,777</u>	<u>18,262</u>	<u>19,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,245)</u>	<u>(12,089)</u>	<u>3,379</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,545	13,325	142
Transfers out	(26)	—	(114)
General government debt issued	—	—	—
Right-to-use lease acquisition	6	—	—
Sale of capital assets	—	—	7
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>2,525</u>	<u>13,325</u>	<u>35</u>
Net change in fund balances	(720)	1,236	3,414
Fund balances (deficits) - beginning (Restated)	3,904	5,166	29,339
Fund balances (deficits) - ending	<u>\$ 3,184</u>	<u>\$ 6,402</u>	<u>\$ 32,753</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
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	BEST START FOR KIDS LEVY	COMMUNITY SERVICES OPERATING	COUNTY ROAD OPERATING
REVENUES			
Taxes:			
Property taxes	\$ 134,792	\$ —	\$ 95,832
Retail sales and use taxes	—	—	—
Business and other taxes	682	—	391
Licenses and permits	—	—	—
Intergovernmental revenues	8	2,408	13,155
Charges for services	2,400	—	6,481
Fines and forfeits	—	—	1
Investment gains (losses)	(790)	(50)	(264)
Miscellaneous revenues	2	—	182
Total revenues	<u>137,094</u>	<u>2,358</u>	<u>115,778</u>
EXPENDITURES			
Current:			
General government	—	—	5,226
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	87,122
Economic environment	—	18,392	—
Health and human services	34,687	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	57
Interest and other debt service costs	—	2	62
Capital outlay	—	—	149
Total expenditures	<u>34,687</u>	<u>18,394</u>	<u>92,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,407</u>	<u>(16,036)</u>	<u>23,162</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	14,811	—
Transfers out	(78,023)	(923)	(22,419)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	16
Sale of capital assets	43	—	359
Insurance recoveries	—	—	149
Total other financing sources (uses)	<u>(77,980)</u>	<u>13,888</u>	<u>(21,895)</u>
Net change in fund balances	24,427	(2,148)	1,267
Fund balances (deficits) - beginning (Restated)	18,451	3,885	21,106
Fund balances (deficits) - ending	<u>\$ 42,878</u>	<u>\$ 1,737</u>	<u>\$ 22,373</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	DEPARTMENT OF COMMUNITY AND HUMAN SERVICES ADMIN	DEPARTMENT OF LOCAL SERVICES ADMINISTRATION	DEPARTMENT OF NATURAL RESOURCES AND PARKS ADMIN
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	10,986	1,567	321
Charges for services	1,516	4,833	6,467
Fines and forfeits	—	—	—
Investment gains (losses)	93	(30)	(5)
Miscellaneous revenues	8	—	48
Total revenues	<u>12,603</u>	<u>6,370</u>	<u>6,831</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	885	—
Economic environment	—	7,574	8,629
Health and human services	30,734	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	2	—
Interest and other debt service costs	14	1	—
Capital outlay	—	—	—
Total expenditures	<u>30,748</u>	<u>8,462</u>	<u>8,629</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(18,145)</u>	<u>(2,092)</u>	<u>(1,798)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	17,751	1,525	1,605
Transfers out	(18)	(26)	(135)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>17,733</u>	<u>1,499</u>	<u>1,470</u>
Net change in fund balances	(412)	(593)	(328)
Fund balances (deficits) - beginning (Restated)	(2,672)	1,241	1,177
Fund balances (deficits) - ending	<u>\$ (3,084)</u>	<u>\$ 648</u>	<u>\$ 849</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	DEVELOPMENTAL DISABILITIES	EMERGENCY MEDICAL SERVICES	EMERGENCY TELEPHONE ENHANCED 911
REVENUES			
Taxes:			
Property taxes	\$ 3,756	\$ 109,822	\$ —
Retail sales and use taxes	—	—	26,241
Business and other taxes	18	347	—
Licenses and permits	—	6	—
Intergovernmental revenues	4,843	12	171
Charges for services	62,710	319	—
Fines and forfeits	—	—	—
Investment gains (losses)	(112)	(1,452)	(385)
Miscellaneous revenues	92	57	—
Total revenues	<u>71,307</u>	<u>109,111</u>	<u>26,027</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	94,939	21,021
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	79,219	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	101	65
Interest and other debt service costs	—	7	4
Capital outlay	—	81	12
Total expenditures	<u>79,219</u>	<u>95,128</u>	<u>21,102</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,912)</u>	<u>13,983</u>	<u>4,925</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,118	—	—
Transfers out	(2,325)	(106)	(15,162)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	11	—
Sale of capital assets	1	56	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>7,794</u>	<u>(39)</u>	<u>(15,162)</u>
Net change in fund balances	(118)	13,944	(10,237)
Fund balances (deficits) - beginning (Restated)	7,972	78,942	51,893
Fund balances (deficits) - ending	<u>\$ 7,854</u>	<u>\$ 92,886</u>	<u>\$ 41,656</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
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	EMPLOYMENT AND EDUCATION RESOURCES	ENVIRONMENTAL HEALTH	FLOOD CONTROL DISTRICT
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ 58,269
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	313
Licenses and permits	—	18,593	—
Intergovernmental revenues	2,328	6,217	—
Charges for services	—	7,573	—
Fines and forfeits	—	267	—
Investment gains (losses)	—	(214)	(283)
Miscellaneous revenues	476	3	18
Total revenues	<u>2,804</u>	<u>32,439</u>	<u>58,317</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	18,373	—	59,495
Health and human services	—	34,734	—
Culture and recreation	—	—	—
Debt service:			
Principal	488	62	—
Interest and other debt service costs	20	1	106
Capital outlay	—	—	27,463
Total expenditures	<u>18,881</u>	<u>34,797</u>	<u>87,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,077)</u>	<u>(2,358)</u>	<u>(28,747)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	16,527	1,024	4,152
Transfers out	(328)	(138)	(5,524)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>16,199</u>	<u>886</u>	<u>(1,372)</u>
Net change in fund balances	122	(1,472)	(30,119)
Fund balances (deficits) - beginning (Restated)	1,080	13,118	65,217
Fund balances (deficits) - ending	<u>\$ 1,202</u>	<u>\$ 11,646</u>	<u>\$ 35,098</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
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	<u>GRANTS FUND</u>	<u>HARBORVIEW HEALTH AND SAFETY</u>	<u>HEALTH THROUGH HOUSING</u>
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	67,949
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	15,898	—	—
Charges for services	3,251	—	—
Fines and forfeits	—	—	—
Investment gains (losses)	(2,101)	(218)	(1,124)
Miscellaneous revenues	31	—	77
Total revenues	<u>17,079</u>	<u>(218)</u>	<u>66,902</u>
EXPENDITURES			
Current:			
General government	545	—	—
Law, safety and justice	12,113	—	—
Physical environment	1	—	—
Transportation	—	—	—
Economic environment	—	—	1,202
Health and human services	—	5,203	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	—
Interest and other debt service costs	—	—	393
Capital outlay	801	—	—
Total expenditures	<u>13,460</u>	<u>5,203</u>	<u>1,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,619</u>	<u>(5,421)</u>	<u>65,307</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	82	—	—
Transfers out	(3,248)	—	(35,908)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(3,166)</u>	<u>—</u>	<u>(35,908)</u>
Net change in fund balances	453	(5,421)	29,399
Fund balances (deficits) - beginning (Restated)	2,336	22,200	55,896
Fund balances (deficits) - ending	<u>\$ 2,789</u>	<u>\$ 16,779</u>	<u>\$ 85,295</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
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	HISTORICAL PRESERVATION	KC FLOOD CONTROL CONTRACT	LAW LIBRARY
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	16	3,855	—
Charges for services	356	447	1,229
Fines and forfeits	—	—	—
Investment gains (losses)	(3)	(44)	12
Miscellaneous revenues	—	25	—
Total revenues	<u>369</u>	<u>4,283</u>	<u>1,241</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	1,241	—
Health and human services	—	—	—
Culture and recreation	618	—	1,078
Debt service:			
Principal	—	—	—
Interest and other debt service costs	—	26	—
Capital outlay	—	—	—
Total expenditures	<u>618</u>	<u>1,267</u>	<u>1,078</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(249)</u>	<u>3,016</u>	<u>163</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(2)	(4,152)	—
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	1	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(2)</u>	<u>(4,151)</u>	<u>—</u>
Net change in fund balances	(251)	(1,135)	163
Fund balances (deficits) - beginning (Restated)	585	171	734
Fund balances (deficits) - ending	<u>\$ 334</u>	<u>\$ (964)</u>	<u>\$ 897</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
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	LOCAL HAZARDOUS WASTE	LODGING TAX FUND	LONG-TERM LEASES
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	33,058	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	557	—	8,695
Charges for services	19,479	—	162
Fines and forfeits	—	—	—
Investment gains (losses)	(190)	(215)	1,081
Miscellaneous revenues	—	—	14,169
Total revenues	<u>19,846</u>	<u>32,843</u>	<u>24,107</u>
EXPENDITURES			
Current:			
General government	—	—	18,258
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	1,275	—
Health and human services	18,439	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	3,207
Interest and other debt service costs	—	304	434
Capital outlay	—	—	17,704
Total expenditures	<u>18,439</u>	<u>1,579</u>	<u>39,603</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,407</u>	<u>31,264</u>	<u>(15,496)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	1,500
Transfers out	—	(28,357)	—
General government debt issued	—	—	2,000
Right-to-use lease acquisition	—	—	17,704
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>(28,357)</u>	<u>21,204</u>
Net change in fund balances	1,407	2,907	5,708
Fund balances (deficits) - beginning (Restated)	16,332	25,479	(9,988)
Fund balances (deficits) - ending	<u>\$ 17,739</u>	<u>\$ 28,386</u>	<u>\$ (4,280)</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	MAJOR MAINTENANCE	MENTAL ILLNESS AND DRUG DEPENDENCY	NOXIOUS WEED CONTROL
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	90,355	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	79
Charges for services	6,464	—	4,206
Fines and forfeits	—	—	—
Investment gains (losses)	(232)	(727)	(15)
Miscellaneous revenues	—	—	—
Total revenues	<u>6,232</u>	<u>89,628</u>	<u>4,270</u>
EXPENDITURES			
Current:			
General government	329	—	—
Law, safety and justice	10,557	9,872	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	152	—	4,369
Health and human services	—	45,679	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	—
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
Total expenditures	<u>11,038</u>	<u>55,551</u>	<u>4,369</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,806)</u>	<u>34,077</u>	<u>(99)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	—	(20,606)	(517)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	12	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>—</u>	<u>(20,594)</u>	<u>(517)</u>
Net change in fund balances	(4,806)	13,483	(616)
Fund balances (deficits) - beginning (Restated)	21,247	43,847	2,091
Fund balances (deficits) - ending	<u>\$ 16,441</u>	<u>\$ 57,330</u>	<u>\$ 1,475</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 11 OF 15)

	PARKS OPERATING LEVY	PERMITTING AND ABATEMENT	PUGET SOUND EMERGENCY RADIO NETWORK LEVY
REVENUES			
Taxes:			
Property taxes	\$ 132,096	\$ —	\$ 35,157
Retail sales and use taxes	—	—	—
Business and other taxes	670	—	177
Licenses and permits	—	14	—
Intergovernmental revenues	117	2,925	2
Charges for services	3,117	11,402	626
Fines and forfeits	—	242	—
Investment gains (losses)	(22)	(127)	5
Miscellaneous revenues	3,081	6	—
Total revenues	<u>139,059</u>	<u>14,462</u>	<u>35,967</u>
EXPENDITURES			
Current:			
General government	—	14	—
Law, safety and justice	—	—	4,117
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	18,570	—
Health and human services	—	—	—
Culture and recreation	66,556	—	—
Debt service:			
Principal	5	6	—
Interest and other debt service costs	26	—	—
Capital outlay	358	—	—
Total expenditures	<u>66,945</u>	<u>18,590</u>	<u>4,117</u>
Excess (deficiency) of revenues over (under) expenditures	<u>72,114</u>	<u>(4,128)</u>	<u>31,850</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	3,497	—
Transfers out	(79,441)	(62)	(33,500)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	42	—	11
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(79,399)</u>	<u>3,435</u>	<u>(33,489)</u>
Net change in fund balances	(7,285)	(693)	(1,639)
Fund balances (deficits) - beginning (Restated)	29,218	955	5,484
Fund balances (deficits) - ending	<u>\$ 21,933</u>	<u>\$ 262</u>	<u>\$ 3,845</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	PUGET SOUND TAXPAYER ACCOUNTABILITY	RECORDER'S OPERATING AND MAINTENANCE	ROAD IMPROVEMENT DISTRICTS
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	10,461	734	—
Charges for services	—	765	—
Fines and forfeits	—	—	—
Investment gains (losses)	(181)	(52)	—
Miscellaneous revenues	—	—	3
Total revenues	<u>10,280</u>	<u>1,447</u>	<u>3</u>
EXPENDITURES			
Current:			
General government	—	1,356	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	—
Health and human services	3,464	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	—
Interest and other debt service costs	—	—	—
Capital outlay	—	—	—
Total expenditures	<u>3,464</u>	<u>1,356</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,816</u>	<u>91</u>	<u>3</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(1,791)	(119)	—
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(1,791)</u>	<u>(119)</u>	<u>—</u>
Net change in fund balances	5,025	(28)	3
Fund balances (deficits) - beginning (Restated)	3,475	3,578	15
Fund balances (deficits) - ending	<u>\$ 8,500</u>	<u>\$ 3,550</u>	<u>\$ 18</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 13 OF 15)

	SURFACE WATER PROGRAM	TREASURER'S OPERATING AND MAINTENANCE	TRANSFER OF DEVELOPER CREDIT
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Retail sales and use taxes	—	—	—
Business and other taxes	—	—	—
Licenses and permits	—	—	—
Intergovernmental revenues	10,402	—	—
Charges for services	68,982	365	—
Fines and forfeits	—	—	—
Investment gains (losses)	(793)	—	(163)
Miscellaneous revenues	119	—	6
Total revenues	<u>78,710</u>	<u>365</u>	<u>(157)</u>
EXPENDITURES			
Current:			
General government	—	255	—
Law, safety and justice	—	—	—
Physical environment	23,798	—	—
Transportation	—	—	—
Economic environment	44,538	—	383
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	23	—	—
Interest and other debt service costs	20	—	—
Capital outlay	12,532	—	2,849
Total expenditures	<u>80,911</u>	<u>255</u>	<u>3,232</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,201)</u>	<u>110</u>	<u>(3,389)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,964	—	—
Transfers out	(3,846)	—	—
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>3,118</u>	<u>—</u>	<u>—</u>
Net change in fund balances	917	110	(3,389)
Fund balances (deficits) - beginning (Restated)	37,551	698	17,137
Fund balances (deficits) - ending	<u>\$ 38,468</u>	<u>\$ 808</u>	<u>\$ 13,748</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 14 OF 15 - CONTINUED)

	URBAN REFORESTATION AND HABITAT RESTORATION	VETERANS RELIEF	VETERANS, SENIORS AND HUMAN SERVICES LEVY
REVENUES			
Taxes:			
Property taxes	\$ —	\$ 3,350	\$ 65,125
Retail sales and use taxes	—	—	—
Business and other taxes	—	17	19
Licenses and permits	—	—	—
Intergovernmental revenues	—	—	4
Charges for services	—	—	—
Fines and forfeits	—	—	—
Investment gains (losses)	2	(15)	(512)
Miscellaneous revenues	—	2	4
Total revenues	<u>2</u>	<u>3,354</u>	<u>64,640</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	156	—	—
Health and human services	—	2,849	36,929
Culture and recreation	—	—	—
Debt service:			
Principal	—	319	5
Interest and other debt service costs	—	16	—
Capital outlay	—	—	—
Total expenditures	<u>156</u>	<u>3,184</u>	<u>36,934</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(154)</u>	<u>170</u>	<u>27,706</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	—	—
Transfers out	(96)	(299)	(22,707)
General government debt issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	1	21
Insurance recoveries	—	—	—
Total other financing sources (uses)	<u>(96)</u>	<u>(298)</u>	<u>(22,686)</u>
Net change in fund balances	(250)	(128)	5,020
Fund balances (deficits) - beginning (Restated)	250	1,314	24,540
Fund balances (deficits) - ending	<u>\$ —</u>	<u>\$ 1,186</u>	<u>\$ 29,560</u>

NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	YOUTH AMATEUR SPORTS
REVENUES	<u> </u>
Taxes:	
Property taxes	\$ —
Retail sales and use taxes	5,023
Business and other taxes	—
Licenses and permits	—
Intergovernmental revenues	66
Charges for services	—
Fines and forfeits	—
Investment gains (losses)	(120)
Miscellaneous revenues	—
Total revenues	<u>4,969</u>
EXPENDITURES	
Current:	
General government	—
Law, safety and justice	—
Physical environment	—
Transportation	—
Economic environment	—
Health and human services	—
Culture and recreation	3,575
Debt service:	
Principal	—
Interest and other debt service costs	7
Capital outlay	—
Total expenditures	<u>3,582</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,387</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	—
Transfers out	(747)
General government debt issued	—
Right-to-use lease acquisition	—
Sale of capital assets	—
Insurance recoveries	—
Total other financing sources (uses)	<u>(747)</u>
Net change in fund balances	640
Fund balances (deficits) - beginning (Restated)	7,233
Fund balances (deficits) - ending	<u>\$ 7,873</u>

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ANNUAL COMPREHENSIVE
FINANCIAL REPORT

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL
REVENUES	
Taxes:	
Property taxes	\$ 14,178
Business and other taxes	3
Intergovernmental revenues	465
Investment gains	6,496
Miscellaneous revenues	8,915
Total revenues	30,057
EXPENDITURES	
Debt service:	
Principal	100,570
Interest and other debt service costs	34,900
Total expenditures	135,470
Excess (deficiency) of revenues over (under) expenditures	(105,413)
OTHER FINANCING SOURCES (USES)	
Transfers in	104,266
Refunding bonds issued	15,815
Premium on refunding bonds issued	1,070
Payment to refunding bonds escrow agent	(16,753)
Sale of capital assets	5
Total other financing sources (uses)	104,403
Net change in fund balances	(1,010)
Fund balances - beginning	9,729
Fund balances - ending	\$ 8,719

NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
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	LIMITED GO BOND REDEMPTION	UNLIMITED GO BOND REDEMPTION
REVENUES		
Taxes:		
Property taxes	\$ —	\$ 14,178
Business and other taxes	—	3
Intergovernmental revenues	464	1
Investment gains	6,430	66
Miscellaneous revenues	8,915	—
Total revenues	<u>15,809</u>	<u>14,248</u>
EXPENDITURES		
Debt service:		
Principal	87,230	13,340
Interest and other debt service costs	32,722	2,178
Total expenditures	<u>119,952</u>	<u>15,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,143)</u>	<u>(1,270)</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	104,266	—
Refunding bonds issued	15,815	—
Premium on refunding bonds issued	1,070	—
Payment to refunding bonds escrow agent	(16,753)	—
Sale of capital assets	—	5
Total other financing sources (uses)	<u>104,398</u>	<u>5</u>
Net change in fund balances	255	(1,265)
Fund balances - beginning	7,275	2,454
Fund balances - ending	<u>\$ 7,530</u>	<u>\$ 1,189</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 5)

	TOTAL
REVENUES	
Taxes:	
Property taxes	\$ 22,490
Business and other taxes	21,901
Intergovernmental revenues	17,918
Charges for services	2,470
Fines and forfeits	1
Investment gains (losses)	(4,893)
Miscellaneous revenues	1,688
Total revenues	61,575
EXPENDITURES	
Current:	
General government	8,030
Law, safety and justice	7,433
Physical environment	118
Transportation	25,367
Economic environment	10,199
Health and human services	2,629
Culture and recreation	28,778
Debt service:	
Principal	639
Interest and other debt service costs	874
Capital outlay	159,832
Total expenditures	243,899
Excess (deficiency) of revenues over (under) expenditures	(182,324)
OTHER FINANCING SOURCES (USES)	
Transfers in	182,679
Transfers out	(30,916)
General government debt issued	16,790
Premium on general government bonds issued	2,258
Right-to-use lease acquisition	84
Sale of capital assets	7
Total other financing sources (uses)	170,902
Net change in fund balances	(11,422)
Fund balances - beginning (Restated)	298,191
Fund balances - ending	\$ 286,769

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 5 - CONTINUED)

	BUILDING REPAIR AND REPLACEMENT	CONSERVATION FUTURES	DEPARTMENT OF LOCAL SERVICES CAPITAL
REVENUES			
Taxes:			
Property taxes	\$ —	\$ 22,306	\$ —
Business and other taxes	—	7	—
Intergovernmental revenues	1,742	1	—
Charges for services	—	—	—
Fines and forfeits	—	—	—
Investment gains (losses)	(95)	(364)	2
Miscellaneous revenues	1,169	—	—
Total revenues	<u>2,816</u>	<u>21,950</u>	<u>2</u>
EXPENDITURES			
Current:			
General government	1,845	—	—
Law, safety and justice	3,247	—	—
Physical environment	118	—	—
Transportation	6	—	—
Economic environment	94	9,868	66
Health and human services	1,606	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	—
Interest and other debt service costs	495	188	1
Capital outlay	14,773	19,273	—
Total expenditures	<u>22,184</u>	<u>29,329</u>	<u>67</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,368)</u>	<u>(7,379)</u>	<u>(65)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	11,148	—	—
Transfers out	(2)	(10,001)	—
General government debt issued	—	10,895	—
Premium on general government bonds issued	—	1,496	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	7	—
Total other financing sources (uses)	<u>11,146</u>	<u>2,397</u>	<u>—</u>
Net change in fund balances	(8,222)	(4,982)	(65)
Fund balances - beginning (Restated)	(10,353)	34,462	(37)
Fund balances - ending	<u>\$ (18,575)</u>	<u>\$ 29,480</u>	<u>\$ (102)</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	ENHANCED 911 EMERGENCY TELEPHONE CAPITAL	IT SERVICES CAPITAL	KCIT CAPITAL PROJECTS
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	—	1,623	—
Charges for services	—	1,162	—
Fines and forfeits	—	—	—
Investment gains (losses)	(382)	—	(31)
Miscellaneous revenues	—	157	—
Total revenues	<u>(382)</u>	<u>2,942</u>	<u>(31)</u>
EXPENDITURES			
Current:			
General government	—	4,386	1,799
Law, safety and justice	1,674	—	495
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	—	—	83
Health and human services	—	333	690
Culture and recreation	—	17	—
Debt service:			
Principal	17	—	—
Interest and other debt service costs	—	—	24
Capital outlay	84	3,912	26,005
Total expenditures	<u>1,775</u>	<u>8,648</u>	<u>29,096</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,157)</u>	<u>(5,706)</u>	<u>(29,127)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	15,141	8,624	5,366
Transfers out	—	—	(149)
General government debt issued	—	—	2,350
Premium on general government bonds issued	—	—	374
Right-to-use lease acquisition	84	—	—
Sale of capital assets	—	—	—
Total other financing sources (uses)	<u>15,225</u>	<u>8,624</u>	<u>7,941</u>
Net change in fund balances	13,068	2,918	(21,186)
Fund balances - beginning (Restated)	3,953	7,017	8,687
Fund balances - ending	<u>\$ 17,021</u>	<u>\$ 9,935</u>	<u>\$ (12,499)</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 5 - CONTINUED)

	OPEN SPACE ACQUISITIONS	PARKS CAPITAL PROJECTS	PUGET SOUND EMERGENCY RADIO NETWORK CAP
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ —
Business and other taxes	—	—	—
Intergovernmental revenues	340	2,960	—
Charges for services	—	—	—
Fines and forfeits	—	—	—
Investment gains (losses)	9	(2,598)	(175)
Miscellaneous revenues	—	294	68
Total revenues	<u>349</u>	<u>656</u>	<u>(107)</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	2,017
Physical environment	—	—	—
Transportation	—	—	—
Economic environment	88	—	—
Health and human services	—	—	—
Culture and recreation	—	28,761	—
Debt service:			
Principal	—	—	622
Interest and other debt service costs	2	—	125
Capital outlay	440	55,865	36,943
Total expenditures	<u>530</u>	<u>84,626</u>	<u>39,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(181)</u>	<u>(83,970)</u>	<u>(39,814)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	13	95,464	33,500
Transfers out	—	(329)	(2)
General government debt issued	—	—	—
Premium on general government bonds issued	—	—	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Total other financing sources (uses)	<u>13</u>	<u>95,135</u>	<u>33,498</u>
Net change in fund balances	(168)	11,165	(6,316)
Fund balances - beginning (Restated)	103	146,353	11,159
Fund balances - ending	<u>\$ (65)</u>	<u>\$ 157,518</u>	<u>\$ 4,843</u>

NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	REAL ESTATE EXCISE TAX CAPITAL	ROADS CAPITAL PROGRAM	YOUTH SERVICES FACILITIES
REVENUES			
Taxes:			
Property taxes	\$ —	\$ —	\$ 184
Business and other taxes	21,894	—	—
Intergovernmental revenues	—	11,252	—
Charges for services	—	1,308	—
Fines and forfeits	1	—	—
Investment gains (losses)	(731)	(527)	(1)
Miscellaneous revenues	—	—	—
Total revenues	<u>21,164</u>	<u>12,033</u>	<u>183</u>
EXPENDITURES			
Current:			
General government	—	—	—
Law, safety and justice	—	—	—
Physical environment	—	—	—
Transportation	—	25,361	—
Economic environment	—	—	—
Health and human services	—	—	—
Culture and recreation	—	—	—
Debt service:			
Principal	—	—	—
Interest and other debt service costs	39	—	—
Capital outlay	—	2,537	—
Total expenditures	<u>39</u>	<u>27,898</u>	<u>—</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,125</u>	<u>(15,865)</u>	<u>183</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	—	13,423	—
Transfers out	(19,496)	(710)	(227)
General government debt issued	—	3,545	—
Premium on general government bonds issued	—	388	—
Right-to-use lease acquisition	—	—	—
Sale of capital assets	—	—	—
Total other financing sources (uses)	<u>(19,496)</u>	<u>16,646</u>	<u>(227)</u>
Net change in fund balances	1,629	781	(44)
Fund balances - beginning (Restated)	54,179	42,555	113
Fund balances - ending	<u>\$ 55,808</u>	<u>\$ 43,336</u>	<u>\$ 69</u>

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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APPROPRIATION UNIT	2021-2022 BUDGET				2021-2022
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	ACTUAL EXPENDITURES
MAJOR FUNDS					
GENERAL FUND					
County Council	\$ 4,112	\$ —	\$ 4,112	\$ 248	\$ 3,864
Council Administration	34,369	3,563	37,932	1,458	36,474
Hearing Examiner	1,251	75	1,326	235	1,091
County Auditor	5,235	339	5,574	419	5,155
Ombudsman/Tax Advisor	3,670	146	3,816	391	3,425
King County Civic Television	1,575	204	1,779	165	1,614
Board of Appeals	1,730	108	1,838	161	1,677
Office of Law Enforcement Oversight	2,873	370	3,243	329	2,914
Charter Review Commission Support	109	—	109	3	106
Office of Economic and Financial Analysis	1,064	41	1,105	(22)	1,127
Flood Control District Administration	1,628	(1,496)	132	94	38
County Executive	643	—	643	3	640
Office of the Executive	10,303	1,027	11,330	345	10,985
Office of Performance, Strategy and Budget	24,908	83,317	108,225	49,220	59,005
Office of Equity and Racial and Social Justice	7,635	10,982	18,617	10,308	8,309
Sheriff	408,926	11,441	420,367	11,358	409,009
Drug Enforcement Forfeits	1,742	—	1,742	1,044	698
Sheriff Office Succession Planning	1	—	1	1	—
Office of Emergency Management	7,031	9,861	16,892	15	16,877
Executive Services Administration	6,255	305	6,560	523	6,037
Human Resources Management	42,812	3,477	46,289	2,809	43,480
Labor Relations	6,238	719	6,957	939	6,018
Cable Communications	826	—	826	91	735
Real Estate Services	9,497	143	9,640	634	9,006
Records and Licensing Services	30,570	1,186	31,756	3,253	28,503
Elections	46,181	2,129	48,310	1,766	46,544
Prosecuting Attorney	160,950	31,157	192,107	13,562	178,545
Superior Court	113,485	19,200	132,685	10,265	122,420
District Court	70,375	8,888	79,263	8,654	70,609
Judicial Administration	50,759	7,401	58,160	4,046	54,114
State Examiner	2,329	750	3,079	559	2,520
Boundary Review Board	848	71	919	47	872
Federal Lobbying	560	100	660	120	540
Special Programs: Memberships and Dues	1,921	100	2,021	94	1,927
Special Programs: Internal Support	36,584	5,600	42,184	11,603	30,581
Jobs and Housing Program	—	33,000	33,000	24,220	8,780
Assessments	59,378	2,590	61,968	1,505	60,463
Transfers: Debt Service	66,545	—	66,545	374	66,171
Transfers: Dept. of Local Services	6,857	2,276	9,133	2,101	7,032
Transfers: Dept. of Community & Human Services	36,104	36,557	72,661	18,703	53,958
Transfers: Dept. of Executive Services	5,968	3,496	9,464	422	9,042
Transfers: Dept. of Public Health	55,629	10,448	66,077	824	65,253
Transfers: Dept. of Natural Resources & Parks	4,984	80	5,064	928	4,136
Transfers: King County Information Technology	—	1,969	1,969	1,406	563
Transfers: CIP Transfer to DES	752	7,434	8,186	1,894	6,292
Transfers: Transfer to Homelessness	—	327	327	—	327
Transfers: General Fund Information Technology Capital	—	1,171	1,171	470	701
Jail Health Services	86,605	16,949	103,554	4,777	98,777
Medical Examiner	14,075	2,308	16,383	221	16,162
Adult and Juvenile Detention	328,371	15,874	344,245	11,943	332,302
Public Defense	153,410	15,774	169,184	10,995	158,189
Inmate Welfare - Admin	2,847	420	3,267	1,119	2,148

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 5 - CONTINUED)

APPROPRIATION UNIT	2021-2022 BUDGET			VARIANCE	2021-2022 ACTUAL
	ORIGINAL	ADJUSTMENTS	FINAL		EXPENDITURES
GENERAL FUND continued					
Inmate Welfare - Juvenile	8	—	8	(1)	9
ADDITIONAL FUNDS REPORTED WITH GENERAL FUND					
Deferred Compensation Administration	—	704	704	58	646
Rainy Day Reserve	5,905	—	5,905	1	5,904
Parking Facility Management	10,015	—	10,015	4,555	5,460
TOTAL GENERAL FUND AND ADDITIONAL FUNDS	<u>1,936,448</u>	<u>352,581</u>	<u>2,289,029</u>	<u>221,255</u>	<u>2,067,774</u>
BEHAVIORAL HEALTH FUND					
Behavioral Health	<u>564,647</u>	<u>149,384</u>	<u>714,031</u>	<u>78,128</u>	<u>635,903</u>
HOUSING AND COMMUNITY DEVELOPMENT FUND					
Federal Housing and Community Development	643,449	242,315	885,764	254,385	631,379
HCD Rental Assistance	—	456,828	456,828	98,344	358,484
TOTAL HOUSING AND COMMUNITY DEVELOPMENT FUND	<u>643,449</u>	<u>699,143</u>	<u>1,342,592</u>	<u>352,729</u>	<u>989,863</u>
PUBLIC HEALTH					
Public Health	<u>466,501</u>	<u>360,770</u>	<u>827,271</u>	<u>128,133</u>	<u>699,138</u>
TOTAL MAJOR FUNDS WITH BIENNIAL BUDGETS	<u>\$ 3,611,045</u>	<u>\$ 1,561,878</u>	<u>\$ 5,172,923</u>	<u>\$ 780,245</u>	<u>\$ 4,392,678</u>
NONMAJOR SPECIAL REVENUE FUNDS					
ANIMAL SERVICES					
Animal Bequest	\$ 380	\$ —	\$ 380	\$ —	\$ 380
Regional Animal Services	14,936	444	15,380	873	14,507
TOTAL ANIMAL SERVICES	<u>15,316</u>	<u>444</u>	<u>15,760</u>	<u>873</u>	<u>14,887</u>
ARTS AND CULTURAL DEVELOPMENT					
Cultural Development Authority	<u>34,437</u>	<u>9,400</u>	<u>43,837</u>	<u>9,787</u>	<u>34,050</u>
AUTOMATED FINGERPRINT IDENTIFICATION					
Automated Fingerprint Identification System	<u>41,767</u>	<u>870</u>	<u>42,637</u>	<u>4,202</u>	<u>38,435</u>
BEST START FOR KIDS LEVY					
Best Starts for Kids	<u>91,826</u>	<u>145,576</u>	<u>237,402</u>	<u>13,822</u>	<u>223,580</u>
COMMUNITY SERVICES OPERATING					
Community Services Operating	<u>20,273</u>	<u>13,563</u>	<u>33,836</u>	<u>4,025</u>	<u>29,811</u>
COUNTY ROAD OPERATING					
Roads	218,294	4,813	223,107	14,183	208,924
Roads Construction Transfer	22,990	2,015	25,005	86	24,919
TOTAL COUNTY ROAD OPERATING	<u>241,284</u>	<u>6,828</u>	<u>248,112</u>	<u>14,269</u>	<u>233,843</u>
DEPT COMMUNITY AND HUMAN SERVICES ADMIN					
Community and Human Services Administration	<u>14,773</u>	<u>49,898</u>	<u>64,671</u>	<u>10,166</u>	<u>54,505</u>
DEPARTMENT OF LOCAL SERVICES ADMINISTRATION					
Department Local Services	<u>11,156</u>	<u>16,606</u>	<u>27,762</u>	<u>11,379</u>	<u>16,383</u>
DEVELOPMENTAL DISABILITIES					
Developmental Disabilities	<u>147,523</u>	<u>11,903</u>	<u>159,426</u>	<u>(140)</u>	<u>159,566</u>
DEPT NATURAL RESOURCES AND PARKS ADMIN					
Department Natural Resources and Parks Admin	<u>16,110</u>	<u>1,528</u>	<u>17,638</u>	<u>1,044</u>	<u>16,594</u>
DEPT OF PUBLIC HEALTH ADMINISTRATION ¹					
Public Health Administration	<u>31,865</u>	<u>568</u>	<u>32,433</u>	<u>139</u>	<u>32,294</u>
EMERGENCY MEDICAL SERVICES					
Emergency Medical Services	<u>209,582</u>	<u>1,495</u>	<u>211,077</u>	<u>27,955</u>	<u>183,122</u>

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2022

(IN THOUSANDS)

(PAGE 3 OF 5)

APPROPRIATION UNIT	2021-2022 BUDGET				2021-2022 ACTUAL
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	EXPENDITURES
EMERGENCY TELEPHONE ENHANCED E911					
Enhanced 911	68,527	—	68,527	12,508	56,019
EMPLOYMENT AND EDUCATION RESOURCES					
Employment Education Resources	35,835	4,197	40,032	4,816	35,216
ENVIRONMENTAL HEALTH					
Environmental Health	63,178	10,143	73,321	9,781	63,540
FLOOD CONTROL DISTRICT ²					
Flood District Administration	2,239	100	2,339	(340)	2,679
Maintenance and Operation	16,313	—	16,313	3,288	13,025
Construction and Improvements	132,843	—	132,843	60,111	72,732
TOTAL FLOOD CONTROL DISTRICT	151,395	100	151,495	63,059	88,436
GRANTS FUND					
Grants	42,194	—	42,194	9,081	33,113
HEALTH THROUGH HOUSING					
Health Through Housing	68,247	7,288	75,535	32,693	42,842
HISTORICAL PRESERVATION					
Historic Preservation Program	1,153	65	1,218	5	1,213
KING COUNTY FLOOD CONTROL CONTRACT ³					
Flood Control District	138,951	140,995	279,946	255,193	24,753
Intercounty River Improvement	100	(100)	—	—	—
TOTAL KING COUNTY FLOOD CONTROL CONTRACT	139,051	140,895	279,946	255,193	24,753
LOCAL HAZARDOUS WASTE					
Local Hazardous Waste	42,567	—	42,567	6,921	35,646
LODGING TAX					
Arts And Culture	18,029	—	18,029	3,201	14,828
Building 4Equity Advance	12,850	—	12,850	7,100	5,750
Tourism	11,168	250	11,418	3,607	7,811
Housing And Homeless Programs	24,257	—	24,257	11,134	13,123
TOTAL LODGING TAX	66,304	250	66,554	25,042	41,512
MENTAL ILLNESS AND DRUG DEPENDENCY					
Department Public Defense MIDD	4,523	410	4,933	786	4,147
District Court MIDD	3,540	342	3,882	298	3,584
Judicial Administration MIDD	3,047	409	3,456	626	2,830
Mental Illness and Drug Dependency	133,567	22,281	155,848	33,402	122,446
Prosecuting Attorney MIDD	2,303	219	2,522	329	2,193
Superior Court MIDD	5,046	368	5,414	313	5,101
TOTAL MENTAL ILLNESS AND DRUG DEPENDENCY	152,026	24,029	176,055	35,754	140,301
NOXIOUS WEED CONTROL					
Noxious Weed Control Program	9,701	202	9,903	850	9,053
PARKS OPERATING LEVY					
Parks	105,037	7,674	112,711	19,788	92,923
Parks Rec Trails OS Levy	247,251	7,996	255,247	737	254,510
TOTAL PARKS OPERATING LEVY	352,288	15,670	367,958	20,525	347,433

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 5 - CONTINUED)

APPROPRIATION UNIT	2021-2022 BUDGET			VARIANCE	2021-2022
	ORIGINAL	ADJUSTMENTS	FINAL		ACTUAL
					EXPENDITURES
PERMITTING AND ABATEMENT³					
General Public Services	4,580	148	4,728	76	4,652
Permitting and Review Abatement	672	7	679	115	564
Planning and Permitting	25,973	4,679	30,652	494	30,158
TOTAL PERMITTING AND ABATEMENT	31,225	4,834	36,059	685	35,374
PUGET SOUND EMERGENCY RADIO NETWORK LEVY					
Puget Sound Emergency Radio Network Levy	66,978	1,284	68,262	(36)	68,298
PUGET SOUND TAXPAYER ACCOUNTABILITY					
Puget Sound Taxpayer Accountability	28,423	2,872	31,295	16,487	14,808
RECORDER'S OPERATING AND MAINTENANCE					
Recorder's Operation and Maintenance	3,632	47	3,679	711	2,968
RISK ABATEMENT⁴					
Omnibus 2006	242	—	242	225	17
SURFACE WATER PROGRAM³					
Water and Land Resources	78,343	1,499	79,842	11,116	68,726
Water and Land Resources SWM	87,282	2,085	89,367	14,010	75,357
TOTAL SURFACE WATER PROGRAM	165,625	3,584	169,209	25,126	144,083
VETERANS AND FAMILY LEVY					
Veterans, Seniors and Human Services Levy	123,902	8,596	132,498	15,471	117,027
VETERANS RELIEF					
Veterans Services	6,531	6	6,537	680	5,857
YOUTH AMATEUR SPORTS					
Youth and Amateur Sports Fund	9,165	10,033	19,198	10,786	8,412
TOTAL NONMAJOR SPECIAL REVENUE FUNDS	\$ 2,504,101	\$ 492,774	\$ 2,996,875	\$ 643,884	\$ 2,352,991
DEBT SERVICE FUNDS					
LIMITED GO BOND REDEMPTION					
HUD Section 108 Loan Repayment	\$ 1,110	\$ —	\$ 1,110	\$ 578	\$ 532
Limited GO Bond Redemption	288,646	—	288,646	19,616	269,030
TOTAL LIMITED GO BOND REDEMPTION	289,756	—	289,756	20,194	269,562
UNLIMITED GO BOND REDEMPTION					
Unlimited GO Bond Redemption	28,435	1,390	29,825	499	29,326
TOTAL DEBT SERVICE FUNDS	\$ 318,191	\$ 1,390	\$ 319,581	\$ 20,693	\$ 298,888
TOTAL GOVERNMENTAL FUNDS	\$ 6,433,337	\$ 2,056,042	\$ 8,489,379	\$ 1,444,822	\$ 7,044,557

Notes:

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.

- 1) The Department of Public Health Administration fund is eliminated for financial reporting purposes and does not appear in the combining statements.
- 2) The Flood Control District, a blended component unit, has an adopted annual budget in accordance with RCW 86.15.140.

GOVERNMENTAL FUNDS WITH BIENNIAL BUDGETS
SCHEDULE OF EXPENDITURES (BUDGETARY BASIS) BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2022
 (IN THOUSANDS)
 (PAGE 5 OF 5 - CONCLUDED)

3) Portions of these nonmajor special revenue funds operate without an approved biennial budget. Funds with non-appropriated expenditures are shown in the table below:

FUNDS WITH NON-APPROPRIATED EXPENDITURES	2021-2022 ACTUAL EXPENDITURES
Harborview Health and Safety	\$ 7,366
KC Flood Control Operation	132,391
Law Library	1,980
Long-Term Leases	69,844
Major Maintenance	34,361
Permitting and Abatement	19
Road Improvement Districts	1
Surface Water Program	41,580
Transfer of Development Credit	4,075
Treasurer's Operating and Maintenance	647
Urban Reforestation and Habitat	522
Total Non-appropriated Expenditures	<u>\$ 292,786</u>

4) The Risk Abatement fund had neither balances nor activity in 2022, and thus does not appear in the combining statements; the \$17 thousand of expenditure reported here occurred in 2021.



Proprietary Funds

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

NONMAJOR ENTERPRISE FUNDS

King County has established Enterprise Funds to account for organizations intended to be self-supporting through fees charged for services provided predominantly to the public. The County has three 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 - Accounts for the development and operation of a fiber-optic network connecting over 300 public facilities across King County. I-Net provides broadband internet connectivity, allowing data, voice, and video communications for various public, education, and government agencies, including schools, libraries, and cities in King County. Costs are recovered primarily through user fees. In addition, Public Education and Government (PEG) fees collected based on cable franchise agreements have contributed toward future equipment replacement.

King County International Airport (KCIA) Enterprise - Accounts for the operations, maintenance, capital improvements 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 150,000 operations per year.

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

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL
ASSETS	
Current assets	
Cash and cash equivalents	\$ 84,613
Restricted cash and cash equivalents	465
Accounts receivable, net	19,400
Due from other funds	795
Due from other governments, net	3,917
Inventory of supplies	481
Prepayments	648
Total current assets	110,319
Noncurrent assets	
Restricted assets:	
Cash and cash equivalents	644
Net pension asset	2,210
Total restricted assets	2,854
Capital assets:	
Nondepreciable assets	19,127
Depreciable assets, net	65,537
Total capital assets	84,664
Leases receivable	234,406
Total noncurrent assets	321,924
Total assets	432,243
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows on pension	2,145
Deferred outflows on other post employment benefits	36
Deferred outflows on asset retirement obligations	60
Total deferred outflows of resources	2,241
LIABILITIES	
Current liabilities	
Accounts payable	2,915
Retainage payable	80
Interest payable	1
Wages payable	612
Compensated absences payable	102
Other postemployment benefits	21
Taxes payable	882
Unearned revenue	188
Customer deposits	197
Leases payable	396
Total current liabilities	5,394
Noncurrent liabilities	
Customer deposits	644
Compensated absences payable	942
Other postemployment benefits	290
Leases payable	873
Pollution remediation	245
Asset retirement obligation	250
Total noncurrent liabilities	3,244
Total liabilities	8,638
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows on pension	2,067
Deferred inflows on leases	244,181
Deferred inflows on other post employment benefits	93
Total deferred inflows of resources	246,341
NET POSITION	
Net investment in capital assets	81,877
Restricted	2,288
Unrestricted	95,340
Total net position	\$ 179,505

COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	I-NET	KING COUNTY INTERNATIONAL AIRPORT	RADIO COMMUNICATIONS SERVICES
ASSETS			
Current assets			
Cash and cash equivalents	\$ 4,096	\$ 55,478	\$ 25,039
Restricted cash and cash equivalents	188	271	6
Accounts receivable, net	74	18,973	353
Due from other funds	8	745	42
Due from other governments, net	235	3,541	141
Inventory of supplies	—	411	70
Prepayments	561	87	—
Total current assets	<u>5,162</u>	<u>79,506</u>	<u>25,651</u>
Noncurrent assets			
Restricted assets:			
Cash and cash equivalents	—	644	—
Net pension asset	135	1,575	500
Total restricted assets	<u>135</u>	<u>2,219</u>	<u>500</u>
Capital assets:			
Nondepreciable assets	—	19,127	—
Depreciable assets, net	313	62,890	2,334
Total capital assets	<u>313</u>	<u>82,017</u>	<u>2,334</u>
Leases receivable	—	233,769	637
Total noncurrent assets	<u>448</u>	<u>318,005</u>	<u>3,471</u>
Total assets	<u>5,610</u>	<u>397,511</u>	<u>29,122</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows on pension	132	1,529	484
Deferred outflows on other post employment benefits	1	29	6
Deferred outflows on asset retirement obligations	—	—	60
Total deferred outflows of resources	<u>133</u>	<u>1,558</u>	<u>550</u>
LIABILITIES			
Current liabilities			
Accounts payable	36	2,269	610
Retainage payable	—	74	6
Interest payable	—	—	1
Wages payable	32	453	127
Compensated absences payable	—	86	16
Other postemployment benefits	1	17	3
Taxes payable	—	880	2
Unearned revenue	188	—	—
Customer deposits	—	197	—
Leases payable	—	—	396
Total current liabilities	<u>257</u>	<u>3,976</u>	<u>1,161</u>
Noncurrent liabilities			
Customer deposits	—	644	—
Compensated absences payable	115	608	219
Other postemployment benefits	10	233	47
Leases payable	—	—	873
Pollution remediation	—	245	—
Asset retirement obligation	—	—	250
Total noncurrent liabilities	<u>125</u>	<u>1,730</u>	<u>1,389</u>
Total liabilities	<u>382</u>	<u>5,706</u>	<u>2,550</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on pension	127	1,473	467
Deferred inflows on leases	—	243,239	942
Deferred inflows on other post employment benefits	3	75	15
Total deferred inflows of resources	<u>130</u>	<u>244,787</u>	<u>1,424</u>
NET POSITION			
Net investment in capital assets	313	80,719	845
Restricted	140	1,631	517
Unrestricted	4,778	66,226	24,336
Total net position	<u>\$ 5,231</u>	<u>\$ 148,576</u>	<u>\$ 25,698</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL
OPERATING REVENUES	
I-Net fees	\$ 3,691
Airfield fees	3,359
Hangar, building, and site rentals and leases	26,545
Radio services	5,187
Miscellaneous	487
Total operating revenues	39,269
OPERATING EXPENSES	
Personal services	10,121
Materials and supplies	1,800
Contract services and other charges	9,415
Utilities	3,149
Internal services	10,198
Depreciation and amortization	7,562
Other operating expenses	50
Total operating expenses	42,295
Operating income (loss)	(3,026)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	2,975
Investment gains (losses)	(1,155)
Miscellaneous revenues	13,516
Interest expenses	(13)
Miscellaneous expenses	(1,483)
Total nonoperating revenues (expenses)	13,840
Income (loss) before contributions and transfers	10,814
Capital grants and contributions	67
Transfers out	(1,166)
Change in net position	9,715
Net position - January 1, 2022	169,790
Net position - December 31, 2022	\$ 179,505

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>	<u>RADIO COMMUNICATIONS SERVICES</u>
OPERATING REVENUES			
I-Net fees	\$ 3,691	\$ —	\$ —
Airfield fees	—	3,359	—
Hangar, building, and site rentals and leases	—	26,545	—
Radio services	—	—	5,187
Miscellaneous	—	487	—
Total operating revenues	<u>3,691</u>	<u>30,391</u>	<u>5,187</u>
OPERATING EXPENSES			
Personal services	569	7,404	2,148
Materials and supplies	235	1,200	365
Contract services and other charges	514	8,350	551
Utilities	—	2,863	286
Internal services	748	8,185	1,265
Depreciation and amortization	402	6,469	691
Other operating expenses	—	—	50
Total operating expenses	<u>2,468</u>	<u>34,471</u>	<u>5,356</u>
Operating income (loss)	<u>1,223</u>	<u>(4,080)</u>	<u>(169)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental revenues	—	2,975	—
Investment gains (losses)	(58)	(749)	(348)
Miscellaneous revenues	—	12,820	696
Interest expenses	—	—	(13)
Miscellaneous expenses	—	(1,183)	(300)
Total nonoperating revenues (expenses)	<u>(58)</u>	<u>13,863</u>	<u>35</u>
Income (loss) before contributions and transfers	1,165	9,783	(134)
Capital grants and contributions	—	67	—
Transfers out	<u>(860)</u>	<u>(276)</u>	<u>(30)</u>
Change in net position	305	9,574	(164)
Net position - January 1, 2022	4,926	139,002	25,862
Net position - December 31, 2022	<u>\$ 5,231</u>	<u>\$ 148,576</u>	<u>\$ 25,698</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 35,610
Cash received from other funds - internal services	4,503
Cash payments to suppliers	(13,900)
Cash payments to other funds - internal services	(9,988)
Cash payments for employee services	(11,240)
Other receipts	4,982
Other payments	(1,483)
Net cash provided by operating activities	8,484
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants and other receipts	4,882
Transfers out	(1,166)
Net cash provided (used) by noncapital financing activities	3,716
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(6,085)
Principal paid on capital financing	(210)
Interest paid on capital financing	(12)
Capital grants and contributions	978
Proceeds from disposal of capital assets	1,183
Net cash used by capital and related financing activities	(4,146)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment gains (losses)	(1,757)
Net cash used by investing activities	(1,757)
Net increase in cash and cash equivalents	6,297
Cash and cash equivalents - January 1, 2022	79,425
Cash and cash equivalents - December 31, 2022	\$ 85,722
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$ (3,026)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization - capital assets	7,562
Other nonoperating revenues (expenses)	12,243
(Increases) decreases in assets:	
Accounts receivable, net	14,244
Due from other funds	39
Due from other governments, net	41
Inventory of supplies	23
Prepayments and other assets	(648)
Net pension asset	3,771
Increases in deferred outflows of resources	(1,583)
Increases (decreases) in liabilities:	
Accounts payable	481
Retainage payable	53
Wages payable	44
Taxes payable	555
Compensated absences	21
Other postemployment benefits	73
Customer deposits and other liabilities	(39)
Increases in deferred inflows of resources	(25,370)
Total adjustments	11,510
Net cash provided by operating activities	\$ 8,484

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 2)

	I-NET	KING COUNTY INTERNATIONAL AIRPORT	RADIO COMMUNICATIONS SERVICES
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 2,585	\$ 31,031	\$ 1,994
Cash received from other funds - internal services	1,091	159	3,253
Cash payments to suppliers	(1,357)	(11,749)	(794)
Cash payments to other funds - internal services	(748)	(8,185)	(1,055)
Cash payments for employee services	(631)	(8,209)	(2,400)
Other receipts	—	4,327	655
Other payments	—	(1,183)	(300)
Net cash provided by operating activities	<u>940</u>	<u>6,191</u>	<u>1,353</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	—	4,882	—
Transfers out	(860)	(276)	(30)
Net cash provided (used) by noncapital financing activities	<u>(860)</u>	<u>4,606</u>	<u>(30)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(30)	(5,528)	(527)
Principal paid on capital financing	—	—	(210)
Interest paid on capital financing	—	—	(12)
Capital grants and contributions	—	978	—
Proceeds from disposal of capital assets	—	1,183	—
Net cash used by capital and related financing activities	<u>(30)</u>	<u>(3,367)</u>	<u>(749)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment gains (losses)	(41)	(1,337)	(379)
Net cash used by investing activities	<u>(41)</u>	<u>(1,337)</u>	<u>(379)</u>
Net increase in cash and cash equivalents	9	6,093	195
Cash and cash equivalents - January 1, 2022	4,275	50,300	24,850
Cash and cash equivalents - December 31, 2022	<u>\$ 4,284</u>	<u>\$ 56,393</u>	<u>\$ 25,045</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income	\$ 1,223	\$ (4,080)	\$ (169)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization - capital assets	402	6,469	691
Other nonoperating revenues (expenses)	—	11,637	606
(Increases) decreases in assets:			
Accounts receivable, net	(4)	13,784	464
Due from other funds	—	39	—
Due from other governments, net	(11)	—	52
Inventory of supplies	—	2	21
Prepayments and other assets	(561)	(87)	—
Net pension asset	180	2,517	1,074
Increases in deferred outflows of resources	(105)	(1,181)	(297)
Increases (decreases) in liabilities:			
Accounts payable	(47)	137	391
Retainage payable	—	53	—
Wages payable	2	31	11
Taxes payable	—	559	(4)
Compensated absences	21	25	(25)
Other postemployment benefits	2	59	12
Customer deposits and other liabilities	—	(39)	—
Increases in deferred inflows of resources	(162)	(23,734)	(1,474)
Total adjustments	<u>(283)</u>	<u>10,271</u>	<u>1,522</u>
Net cash provided by operating activities	<u>\$ 940</u>	<u>\$ 6,191</u>	<u>\$ 1,353</u>

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

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 nine ISFs in 2022 are as follows:

Business Resource Center - Accounts for the support, maintenance, and optimization of the County's Enterprise Resource Planning applications including: financial, procurement, human resource, payroll, business intelligence, reporting, and budgetary business applications and solutions.

Construction and Facilities Management - Accounts for building repairs and operating maintenance, including parking facilities management, security services, and construction in progress project management. The fund also provides printing, copying and bindery services.

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

Financial Management Services - Provides financial services, including: accounting, grant management, treasury and property tax services, contracts and procurement services, accounts payable and receivable, and small business services to King County and other contracting agencies.

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

King County Geographic Information Systems - Accounts for the activities required to operate, maintain and enhance the geographic information systems that serves both King County agencies and external customers. The fund provides services for the capture, management, analysis, integration and display of geographically referenced information enabling users to view data to reveal spatial relationships, patterns, and trends.

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

Motor Pool Equipment Rental - Accounts for the purchase and maintenance of a fleet of vehicles, equipment and materials used by County agencies.

Safety and Workers' Compensation - 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.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 4)

	TOTAL
ASSETS	
Current assets	
Cash and cash equivalents	\$ 303,032
Restricted cash and cash equivalents	406
Receivables, net	1,163
Due from other funds	1,077
Due from other governments, net	21,131
Interfund short-term loans receivable	72,564
Inventory of supplies	3,521
Prepayments	13,937
Total current assets	416,831
Noncurrent assets	
Restricted net pension asset	33,113
Capital assets:	
Nondepreciable assets	1,957
Depreciable assets, net	70,229
Total capital assets	72,186
Noncurrent receivables	2,596
Total noncurrent assets	107,895
Total assets	524,726
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	34,124
Deferred outflows related to other postemployment benefits	458
Total deferred outflows of resources	34,582
LIABILITIES	
Current liabilities	
Accounts payable	20,699
Retainage payable	406
Estimated claim settlements	78,615
Due to other funds	2,604
Interest payable	34
Interfund short-term loans payable	1,647
Wages payable	8,523
Compensated absences payable	1,006
Other postemployment benefits	274
Unearned revenues	982
Leases payable	4,202
Custodial accounts	2,271
Taxes payable	49
Total current liabilities	121,312
Noncurrent liabilities	
Compensated absences payable	19,734
Other postemployment benefits	3,730
Net pension liability	14,744
Leases payable	12,608
Estimated claim settlements	115,923
Total noncurrent liabilities	166,739
Total liabilities	288,051
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	33,473
Deferred inflows related to leases	2,751
Deferred inflows related to other postemployment benefits	1,211
Total deferred inflows of resources	37,435
NET POSITION	
Net investment in capital assets	55,376
Restricted for:	
Pensions	34,278
Unrestricted (deficit)	144,168
Total net position	\$ 233,822

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	BUSINESS RESOURCE CENTER	CONSTRUCTION AND FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
ASSETS			
Current assets			
Cash and cash equivalents	\$ 20,459	\$ 6,153	\$ 28,702
Restricted cash and cash equivalents	—	367	—
Receivables, net	—	318	843
Due from other funds	—	268	—
Due from other governments, net	—	19,455	—
Interfund short-term loans receivable	—	—	72,564
Inventory of supplies	—	917	—
Prepayments	—	794	—
Total current assets	<u>20,459</u>	<u>28,272</u>	<u>102,109</u>
Noncurrent assets			
Restricted net pension asset	2,523	6,771	554
Capital assets:			
Nondepreciable assets	—	—	—
Depreciable assets, net	10	1,566	—
Total capital assets	<u>10</u>	<u>1,566</u>	<u>—</u>
Noncurrent receivables	—	2,596	—
Total noncurrent assets	<u>2,533</u>	<u>10,933</u>	<u>554</u>
Total assets	<u>22,992</u>	<u>39,205</u>	<u>102,663</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,995	7,717	538
Deferred outflows related to other postemployment benefits	27	137	7
Total deferred outflows of resources	<u>3,022</u>	<u>7,854</u>	<u>545</u>
LIABILITIES			
Current liabilities			
Accounts payable	613	3,995	3,008
Retainage payable	—	367	—
Estimated claim settlements	—	—	27,662
Due to other funds	—	1,600	—
Interest payable	—	—	—
Interfund short-term loans payable	—	—	—
Wages payable	623	1,639	421
Compensated absences payable	48	229	32
Other postemployment benefits	16	82	4
Unearned revenues	—	569	413
Leases payable	—	1,287	—
Custodial accounts	—	—	1,743
Taxes payable	—	46	—
Total current liabilities	<u>1,300</u>	<u>9,814</u>	<u>33,283</u>
Noncurrent liabilities			
Compensated absences payable	1,600	2,769	291
Other postemployment benefits	217	1,116	57
Net pension liability	4,358	8,905	—
Leases payable	—	89	—
Estimated claim settlements	—	—	—
Total noncurrent liabilities	<u>6,175</u>	<u>12,879</u>	<u>348</u>
Total liabilities	<u>7,475</u>	<u>22,693</u>	<u>33,631</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	3,082	7,820	518
Deferred inflows related to leases	—	2,751	—
Deferred inflows related to other postemployment benefits	71	362	18
Total deferred inflows of resources	<u>3,153</u>	<u>10,933</u>	<u>536</u>
NET POSITION			
Net investment in capital assets	10	190	—
Restricted for:			
Pensions	2,611	7,010	573
Unrestricted (deficit)	12,765	6,233	68,468
Total net position	<u>\$ 15,386</u>	<u>\$ 13,433</u>	<u>\$ 69,041</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 4)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,753	\$ 65,676	\$ 2,286
Restricted cash and cash equivalents	35	4	—
Receivables, net	2	—	—
Due from other funds	104	—	—
Due from other governments, net	50	—	9
Interfund short-term loans receivable	—	—	—
Inventory of supplies	—	—	—
Prepayments	—	6,834	—
Total current assets	<u>10,944</u>	<u>72,514</u>	<u>2,295</u>
Noncurrent assets			
Restricted net pension asset	<u>4,737</u>	<u>842</u>	<u>650</u>
Capital assets:			
Nondepreciable assets	—	—	—
Depreciable assets, net	156	10	—
Total capital assets	<u>156</u>	<u>10</u>	<u>—</u>
Noncurrent receivables	—	—	—
Total noncurrent assets	<u>4,893</u>	<u>852</u>	<u>650</u>
Total assets	<u>15,837</u>	<u>73,366</u>	<u>2,945</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	4,777	818	631
Deferred outflows related to other postemployment benefits	67	10	8
Total deferred outflows of resources	<u>4,844</u>	<u>828</u>	<u>639</u>
LIABILITIES			
Current liabilities			
Accounts payable	424	2,499	273
Retainage payable	35	4	—
Estimated claim settlements	—	32,080	—
Due to other funds	1,004	—	—
Interest payable	—	—	—
Interfund short-term loans payable	—	—	—
Wages payable	1,221	238	169
Compensated absences payable	113	13	35
Other postemployment benefits	40	6	5
Unearned revenues	—	—	—
Leases payable	130	3	—
Custodial accounts	—	523	—
Taxes payable	—	—	—
Total current liabilities	<u>2,967</u>	<u>35,366</u>	<u>482</u>
Noncurrent liabilities			
Compensated absences payable	2,573	464	632
Other postemployment benefits	542	82	67
Net pension liability	1,432	—	—
Leases payable	8	—	—
Estimated claim settlements	—	60,951	—
Total noncurrent liabilities	<u>4,555</u>	<u>61,497</u>	<u>699</u>
Total liabilities	<u>7,522</u>	<u>96,863</u>	<u>1,181</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	4,668	787	608
Deferred inflows related to leases	—	—	—
Deferred inflows related to other postemployment benefits	176	27	22
Total deferred inflows of resources	<u>4,844</u>	<u>814</u>	<u>630</u>
NET POSITION			
Net investment in capital assets	18	7	—
Restricted for:			
Pensions	4,903	872	673
Unrestricted (deficit)	3,394	(24,362)	1,100
Total net position	<u>\$ 8,315</u>	<u>\$ (23,483)</u>	<u>\$ 1,773</u>

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	KING COUNTY INFORMATION TECHNOLOGY SERVICES	MOTOR POOL EQUIPMENT RENTAL	SAFETY AND WORKERS' COMPENSATION
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,054	\$ 61,817	\$ 106,132
Restricted cash and cash equivalents	—	—	—
Receivables, net	—	—	—
Due from other funds	705	—	—
Due from other governments, net	1,526	91	—
Interfund short-term loans receivable	—	—	—
Inventory of supplies	—	2,604	—
Prepayments	6,306	3	—
Total current assets	<u>9,591</u>	<u>64,515</u>	<u>106,132</u>
Noncurrent assets			
Restricted net pension asset	14,583	1,733	720
Capital assets:			
Nondepreciable assets	1,957	—	—
Depreciable assets, net	32,310	36,177	—
Total capital assets	<u>34,267</u>	<u>36,177</u>	<u>—</u>
Noncurrent receivables	—	—	—
Total noncurrent assets	<u>48,850</u>	<u>37,910</u>	<u>720</u>
Total assets	<u>58,441</u>	<u>102,425</u>	<u>106,852</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	14,268	1,681	699
Deferred outflows related to other postemployment benefits	153	30	19
Total deferred outflows of resources	<u>14,421</u>	<u>1,711</u>	<u>718</u>
LIABILITIES			
Current liabilities			
Accounts payable	3,091	1,643	5,153
Retainage payable	—	—	—
Estimated claim settlements	—	—	18,873
Due to other funds	—	—	—
Interest payable	34	—	—
Interfund short-term loans payable	1,647	—	—
Wages payable	3,640	403	169
Compensated absences payable	403	89	44
Other postemployment benefits	91	18	12
Unearned revenues	—	—	—
Leases payable	2,764	18	—
Custodial accounts	—	5	—
Taxes payable	—	3	—
Total current liabilities	<u>11,670</u>	<u>2,179</u>	<u>24,251</u>
Noncurrent liabilities			
Compensated absences payable	10,452	546	407
Other postemployment benefits	1,246	243	160
Net pension liability	49	—	—
Leases payable	12,475	36	—
Estimated claim settlements	—	—	54,972
Total noncurrent liabilities	<u>24,222</u>	<u>825</u>	<u>55,539</u>
Total liabilities	<u>35,892</u>	<u>3,004</u>	<u>79,790</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	13,695	1,621	674
Deferred inflows related to leases	—	—	—
Deferred inflows related to other postemployment benefits	404	79	52
Total deferred inflows of resources	<u>14,099</u>	<u>1,700</u>	<u>726</u>
NET POSITION			
Net investment in capital assets	19,028	36,123	—
Restricted for:			
Pensions	15,097	1,794	745
Unrestricted (deficit)	(11,254)	61,515	26,309
Total net position	<u>\$ 22,871</u>	<u>\$ 99,432</u>	<u>\$ 27,054</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 4)

	TOTAL
OPERATING REVENUES	
Profit on inventory sales	
Sales of inventory	\$ 4,478
Cost of goods sold	(10,569)
Gross loss on inventory	(6,091)
Information resources management fees	109,920
Geographic information systems fees	5,670
Building management fees	1,249
Building operation and maintenance service fees	70,812
Architect/engineering/renovation service fees	1,734
Benefit program contributions and fees	293,230
Business resources management fees	22,223
Financial services	31,300
Insurance services	63,784
Equipment rental fees	29,780
Garage shop services	250
Printing and duplication	1,318
Workers' compensation employer contributions	39,042
Miscellaneous operating revenue	3,674
Total operating revenues	667,895
OPERATING EXPENSES	
Personal services	142,970
Materials and supplies	8,223
Contract services and other charges	466,725
Internal services	30,952
Depreciation and amortization	20,271
Total operating expenses	669,141
Operating income (loss)	(1,246)
NONOPERATING REVENUES (EXPENSES)	
Intergovernmental	6,618
Investment gains (losses)	(2,184)
Miscellaneous revenues	426
Interest expense	(381)
Gain (loss) on disposal of capital assets	1,639
Miscellaneous expenses	(324)
Total nonoperating revenues (expenses)	5,794
Income (loss) before contributions and transfers	4,548
Capital grants and contributions	1,352
Transfers in	7,422
Transfers out	(23,765)
Change in net position	(10,443)
Net position - January 1, 2022 (Restated)	244,265
Net position - December 31, 2022	\$ 233,822

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	BUSINESS RESOURCE CENTER	CONSTRUCTION AND FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
OPERATING REVENUES			
Profit on inventory sales			
Sales of inventory	\$ —	\$ —	\$ —
Cost of goods sold	—	—	—
Gross loss on inventory	—	—	—
Information resources management fees	—	—	—
Geographic information systems fees	—	—	—
Building management fees	—	1,249	—
Building operation and maintenance service fees	—	70,812	—
Architect/engineering/renovation service fees	—	1,734	—
Benefit program contributions and fees	—	—	293,230
Business resources management fees	22,223	—	—
Financial services	—	—	—
Insurance services	—	—	—
Equipment rental fees	—	—	—
Garage shop services	—	—	—
Printing and duplication	—	1,309	—
Workers' compensation employer contributions	—	—	—
Miscellaneous operating revenue	—	844	274
Total operating revenues	<u>22,223</u>	<u>75,948</u>	<u>293,504</u>
OPERATING EXPENSES			
Personal services	10,068	32,697	3,437
Materials and supplies	7	3,342	81
Contract services and other charges	6,454	20,708	316,182
Internal services	1,605	8,692	478
Depreciation and amortization	5	338	—
Total operating expenses	<u>18,139</u>	<u>65,777</u>	<u>320,178</u>
Operating income (loss)	<u>4,084</u>	<u>10,171</u>	<u>(26,674)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	—	826	—
Investment gains (losses)	—	150	(1,364)
Miscellaneous revenues	—	—	—
Interest expense	—	(24)	—
Gain (loss) on disposal of capital assets	—	(2)	—
Miscellaneous expenses	—	(76)	—
Total nonoperating revenues (expenses)	<u>—</u>	<u>874</u>	<u>(1,364)</u>
Income (loss) before contributions and transfers	<u>4,084</u>	<u>11,045</u>	<u>(28,038)</u>
Capital grants and contributions	—	—	—
Transfers in	52	7,063	—
Transfers out	<u>(1,653)</u>	<u>(13,940)</u>	<u>(71)</u>
Change in net position	2,483	4,168	(28,109)
Net position - January 1, 2022 (Restated)	12,903	9,265	97,150
Net position - December 31, 2022	<u>\$ 15,386</u>	<u>\$ 13,433</u>	<u>\$ 69,041</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 4)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS
OPERATING REVENUES			
Profit on inventory sales			
Sales of inventory	\$ —	\$ —	\$ —
Cost of goods sold	—	—	—
Gross loss on inventory	—	—	—
Information resources management fees	—	—	—
Geographic information systems fees	—	—	5,670
Building management fees	—	—	—
Building operation and maintenance service fees	—	—	—
Architect/engineering/renovation service fees	—	—	—
Benefit program contributions and fees	—	—	—
Business resources management fees	—	—	—
Financial services	31,300	—	—
Insurance services	—	63,784	—
Equipment rental fees	—	—	—
Garage shop services	—	—	—
Printing and duplication	—	—	—
Workers' compensation employer contributions	—	—	—
Miscellaneous operating revenue	13	1	1
Total operating revenues	<u>31,313</u>	<u>63,785</u>	<u>5,671</u>
OPERATING EXPENSES			
Personal services	17,969	3,681	2,938
Materials and supplies	234	7	3
Contract services and other charges	4,492	45,248	1,204
Internal services	4,773	947	1,366
Depreciation and amortization	43	4	—
Total operating expenses	<u>27,511</u>	<u>49,887</u>	<u>5,511</u>
Operating income (loss)	<u>3,802</u>	<u>13,898</u>	<u>160</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	3,717	—	—
Investment gains (losses)	—	—	—
Miscellaneous revenues	—	—	—
Interest expense	(8)	—	—
Gain (loss) on disposal of capital assets	—	—	—
Miscellaneous expenses	—	—	—
Total nonoperating revenues (expenses)	<u>3,709</u>	<u>—</u>	<u>—</u>
Income (loss) before contributions and transfers	<u>7,511</u>	<u>13,898</u>	<u>160</u>
Capital grants and contributions	—	—	—
Transfers in	—	—	—
Transfers out	<u>(1,162)</u>	<u>(291)</u>	<u>(23)</u>
Change in net position	<u>6,349</u>	<u>13,607</u>	<u>137</u>
Net position - January 1, 2022 (Restated)	1,966	(37,090)	1,636
Net position - December 31, 2022	<u>\$ 8,315</u>	<u>\$ (23,483)</u>	<u>\$ 1,773</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	KING COUNTY INFORMATION TECHNOLOGY SERVICES	MOTOR POOL EQUIPMENT RENTAL	SAFETY AND WORKERS' COMPENSATION
OPERATING REVENUES			
Profit on inventory sales			
Sales of inventory	\$ —	\$ 4,478	\$ —
Cost of goods sold	—	(10,569)	—
Gross loss on inventory	—	(6,091)	—
Information resources management fees	109,920	—	—
Geographic information systems fees	—	—	—
Building management fees	—	—	—
Building operation and maintenance service fees	—	—	—
Architect/engineering/renovation service fees	—	—	—
Benefit program contributions and fees	—	—	—
Business resources management fees	—	—	—
Financial services	—	—	—
Insurance services	—	—	—
Equipment rental fees	—	29,780	—
Garage shop services	—	250	—
Printing and duplication	9	—	—
Workers' compensation employer contributions	—	—	39,042
Miscellaneous operating revenue	1,546	945	50
Total operating revenues	<u>111,475</u>	<u>24,884</u>	<u>39,092</u>
OPERATING EXPENSES			
Personal services	60,227	7,450	4,503
Materials and supplies	2,653	1,851	45
Contract services and other charges	30,692	1,881	39,864
Internal services	7,002	2,885	3,204
Depreciation and amortization	9,893	9,988	—
Total operating expenses	<u>110,467</u>	<u>24,055</u>	<u>47,616</u>
Operating income (loss)	<u>1,008</u>	<u>829</u>	<u>(8,524)</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	2,075	—	—
Investment gains (losses)	—	(970)	—
Miscellaneous revenues	—	59	367
Interest expense	(348)	(1)	—
Gain (loss) on disposal of capital assets	—	1,641	—
Miscellaneous expenses	(244)	(4)	—
Total nonoperating revenues (expenses)	<u>1,483</u>	<u>725</u>	<u>367</u>
Income (loss) before contributions and transfers	2,491	1,554	(8,157)
Capital grants and contributions	352	1,000	—
Transfers in	300	7	—
Transfers out	(6,358)	(164)	(103)
Change in net position	(3,215)	2,397	(8,260)
Net position - January 1, 2022 (Restated)	26,086	97,035	35,314
Net position - December 31, 2022	<u>\$ 22,871</u>	<u>\$ 99,432</u>	<u>\$ 27,054</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 4)

	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 9,729
Cash received from other funds - internal services	664,860
Cash payments to suppliers for goods and services	(470,007)
Cash payments to other funds - internal services	(41,237)
Cash payments for employee services	(160,126)
Other receipts	4,096
Net cash provided (used) by operating activities	7,315
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants and other receipts	6,618
Interfund short-term loan principal amounts loaned to other funds	(74,804)
Interfund short-term loan principal amounts repaid from other funds	10,398
Interfund advance principal amounts repaid from other funds	49,585
Transfers in	7,422
Transfers out	(23,765)
Net cash provided (used) by noncapital financing activities	(24,546)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(8,520)
Principal paid on capital financing	(6,047)
Interest paid on capital financing	(219)
Proceeds from disposal of capital assets	1,646
Net cash used by capital and related financing activities	(13,140)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment losses	(2,462)
Net cash used by investing activities	(2,462)
Net increase (decrease) in cash and cash equivalents	(32,833)
Cash and cash equivalents - January 1, 2022	336,271
Cash and cash equivalents - December 31, 2022	\$ 303,438
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ (1,246)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization - capital assets	20,271
Nonoperating miscellaneous revenues	422
(Increase) decrease in accounts receivable, net	409
(Increase) decrease in due from other funds	157
(Increase) decrease in due from other governments, net	(1,092)
(Increase) in inventory	(472)
(Increase) in prepayments	(1,217)
Decrease in net pension asset	57,848
(Increase) in deferred outflows of resources	(24,190)
Increase (decrease) in accounts payable	2,568
Increase (decrease) in estimated claim settlements	2,048
Increase (decrease) in due to other funds	2,298
Increase (decrease) in wages payable	(799)
Increase (decrease) in taxes payable	—
(Decrease) in custodial accounts	(244)
Increase in unearned revenue	569
Increase (decrease) in compensated absences payable	908
Increase in other postemployment benefits	922
Increase (decrease) in net pension liability	6,751
Increase in deferred inflows of resources	(58,596)
Total adjustments	8,561
Net cash provided (used) by operating activities	\$ 7,315
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES	
Contributions of capital assets from government	\$ (1,352)
Contributions of capital assets to government	320

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 4 - CONTINUED)

	BUSINESS RESOURCE CENTER	CONSTRUCTION AND FACILITIES MANAGEMENT	EMPLOYEE BENEFITS PROGRAM
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ —	\$ 936	\$ —
Cash received from other funds - internal services	22,223	74,034	292,977
Cash payments to suppliers for goods and services	(5,977)	(22,024)	(309,497)
Cash payments to other funds - internal services	(1,807)	(7,743)	(4,029)
Cash payments for employee services	(12,236)	(31,630)	(3,722)
Other receipts	—	844	274
Net cash provided (used) by operating activities	<u>2,203</u>	<u>14,417</u>	<u>(23,997)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	—	826	—
Interfund short-term loan principal amounts loaned to other funds	—	(2,240)	(72,564)
Interfund short-term loan principal amounts repaid from other funds	—	—	—
Interfund advance principal amounts repaid from other funds	—	—	—
Transfers in	52	7,063	—
Transfers out	(1,653)	(13,940)	(71)
Net cash provided (used) by noncapital financing activities	<u>(1,601)</u>	<u>(8,291)</u>	<u>(72,635)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	—	(28)	—
Principal paid on capital financing	—	(262)	—
Interest paid on capital financing	—	(24)	—
Proceeds from disposal of capital assets	—	—	—
Net cash used by capital and related financing activities	<u>—</u>	<u>(314)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment losses	—	—	(1,364)
Net cash used by investing activities	<u>—</u>	<u>—</u>	<u>(1,364)</u>
Net increase (decrease) in cash and cash equivalents	602	5,812	(97,996)
Cash and cash equivalents - January 1, 2022	19,857	708	126,698
Cash and cash equivalents - December 31, 2022	<u>\$ 20,459</u>	<u>\$ 6,520</u>	<u>\$ 28,702</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 4,084	\$ 10,171	\$ (26,674)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	5	338	—
Nonoperating miscellaneous revenues	—	—	—
(Increase) decrease in accounts receivable, net	—	426	(17)
(Increase) decrease in due from other funds	—	227	—
(Increase) decrease in due from other governments, net	—	(1,356)	—
(Increase) in inventory	—	(38)	—
(Increase) in prepayments	—	—	—
Decrease in net pension asset	4,506	11,484	915
(Increase) in deferred outflows of resources	(1,670)	(5,550)	(411)
Increase (decrease) in accounts payable	282	1,421	(1,167)
Increase (decrease) in estimated claim settlements	—	—	4,382
Increase (decrease) in due to other funds	—	1,594	—
Increase (decrease) in wages payable	27	(304)	31
Increase (decrease) in taxes payable	—	(2)	—
(Decrease) in custodial accounts	—	—	(236)
Increase in unearned revenue	—	569	—
Increase (decrease) in compensated absences payable	142	189	(13)
Increase in other postemployment benefits	65	271	20
Increase (decrease) in net pension liability	1,403	6,471	—
Increase in deferred inflows of resources	(6,641)	(11,494)	(827)
Total adjustments	<u>(1,881)</u>	<u>4,246</u>	<u>2,677</u>
Net cash provided (used) by operating activities	<u>\$ 2,203</u>	<u>\$ 14,417</u>	<u>\$ (23,997)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from government	\$ —	\$ —	\$ —
Contributions of capital assets to government	—	76	—

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 3 OF 4)

	FINANCIAL MANAGEMENT SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 6,531	\$ —	\$ 234
Cash received from other funds - internal services	24,725	63,779	5,470
Cash payments to suppliers for goods and services	(4,107)	(54,194)	(1,093)
Cash payments to other funds - internal services	(4,749)	(1,494)	(1,361)
Cash payments for employee services	(23,793)	(4,112)	(3,234)
Other receipts	13	1	1
Net cash provided (used) by operating activities	<u>(1,380)</u>	<u>3,980</u>	<u>17</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	3,717	—	—
Interfund short-term loan principal amounts loaned to other funds	—	—	—
Interfund short-term loan principal amounts repaid from other funds	—	—	—
Interfund advance principal amounts repaid from other funds	—	—	—
Transfers in	—	—	—
Transfers out	(1,162)	(291)	(23)
Net cash provided (used) by noncapital financing activities	<u>2,555</u>	<u>(291)</u>	<u>(23)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	—	—	—
Principal paid on capital financing	(23)	(3)	—
Interest paid on capital financing	(2)	—	—
Proceeds from disposal of capital assets	—	—	—
Net cash used by capital and related financing activities	<u>(25)</u>	<u>(3)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment losses	(6)	—	—
Net cash used by investing activities	<u>(6)</u>	<u>—</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	1,144	3,686	(6)
Cash and cash equivalents - January 1, 2022	9,644	61,994	2,292
Cash and cash equivalents - December 31, 2022	<u>\$ 10,788</u>	<u>\$ 65,680</u>	<u>\$ 2,286</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 3,802	\$ 13,898	\$ 160
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	43	4	—
Nonoperating miscellaneous revenues	—	—	—
(Increase) decrease in accounts receivable, net	(2)	—	—
(Increase) decrease in due from other funds	(42)	2	—
(Increase) decrease in due from other governments, net	—	—	34
(Increase) in inventory	—	—	—
(Increase) in prepayments	—	(851)	—
Decrease in net pension asset	7,958	1,571	1,343
(Increase) in deferred outflows of resources	(3,068)	(608)	(457)
Increase (decrease) in accounts payable	(361)	(659)	119
Increase (decrease) in estimated claim settlements	—	(7,976)	—
Increase (decrease) in due to other funds	1,004	—	—
Increase (decrease) in wages payable	(33)	42	7
Increase (decrease) in taxes payable	—	—	—
(Decrease) in custodial accounts	—	(7)	—
Increase in unearned revenue	—	—	—
Increase (decrease) in compensated absences payable	36	(24)	13
Increase in other postemployment benefits	156	13	17
Increase (decrease) in net pension liability	(1,112)	—	—
Increase in deferred inflows of resources	(9,761)	(1,425)	(1,219)
Total adjustments	<u>(5,182)</u>	<u>(9,918)</u>	<u>(143)</u>
Net cash provided (used) by operating activities	<u>\$ (1,380)</u>	<u>\$ 3,980</u>	<u>\$ 17</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from government	\$ —	\$ —	\$ —
Contributions of capital assets to government	—	—	—

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 4 - CONCLUDED)

	KING COUNTY INFORMATION TECHNOLOGY SERVICES	MOTOR POOL EQUIPMENT RENTAL	SAFETY AND WORKERS' COMPENSATION
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 192	\$ 1,836	\$ —
Cash received from other funds - internal services	109,987	32,623	39,042
Cash payments to suppliers for goods and services	(34,810)	(3,766)	(34,539)
Cash payments to other funds - internal services	(7,002)	(12,945)	(107)
Cash payments for employee services	(67,968)	(8,593)	(4,838)
Other receipts	1,546	1,000	417
Net cash provided (used) by operating activities	<u>1,945</u>	<u>10,155</u>	<u>(25)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and other receipts	2,075	—	—
Interfund short-term loan principal amounts loaned to other funds	—	—	—
Interfund short-term loan principal amounts repaid from other funds	1,647	—	8,751
Interfund advance principal amounts repaid from other funds	—	—	49,585
Transfers in	300	7	—
Transfers out	(6,358)	(164)	(103)
Net cash provided (used) by noncapital financing activities	<u>(2,336)</u>	<u>(157)</u>	<u>58,233</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(2,194)	(6,298)	—
Principal paid on capital financing	(5,672)	(87)	—
Interest paid on capital financing	(192)	(1)	—
Proceeds from disposal of capital assets	—	1,646	—
Net cash used by capital and related financing activities	<u>(8,058)</u>	<u>(4,740)</u>	<u>—</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment losses	(122)	(970)	—
Net cash used by investing activities	<u>(122)</u>	<u>(970)</u>	<u>—</u>
Net increase (decrease) in cash and cash equivalents	(8,571)	4,288	58,208
Cash and cash equivalents - January 1, 2022	9,625	57,529	47,924
Cash and cash equivalents - December 31, 2022	<u>\$ 1,054</u>	<u>\$ 61,817</u>	<u>\$ 106,132</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 1,008	\$ 829	\$ (8,524)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	9,893	9,988	—
Nonoperating miscellaneous revenues	—	55	367
(Increase) decrease in accounts receivable, net	2	—	—
(Increase) decrease in due from other funds	(30)	—	—
(Increase) decrease in due from other governments, net	278	(48)	—
(Increase) in inventory	—	(434)	—
(Increase) in prepayments	(366)	—	—
Decrease in net pension asset	25,599	3,199	1,273
(Increase) in deferred outflows of resources	(10,635)	(1,258)	(533)
Increase (decrease) in accounts payable	(799)	907	2,825
Increase (decrease) in estimated claim settlements	—	—	5,642
Increase (decrease) in due to other funds	(300)	—	—
Increase (decrease) in wages payable	(579)	(12)	22
Increase (decrease) in taxes payable	—	2	—
(Decrease) in custodial accounts	—	(1)	—
Increase in unearned revenue	—	—	—
Increase (decrease) in compensated absences payable	820	(246)	(9)
Increase in other postemployment benefits	280	56	44
Increase (decrease) in net pension liability	(11)	—	—
Increase in deferred inflows of resources	(23,215)	(2,882)	(1,132)
Total adjustments	<u>937</u>	<u>9,326</u>	<u>8,499</u>
Net cash provided (used) by operating activities	<u>\$ 1,945</u>	<u>\$ 10,155</u>	<u>\$ (25)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of capital assets from government	\$ (352)	\$ (1,000)	\$ —
Contributions of capital assets to government	244	—	—

ACFR

ANNUAL COMPREHENSIVE
FINANCIAL REPORT



Fiduciary Funds

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

CUSTODIAL FUNDS

The County's custodial funds fall into two categories: External Investment Pool Funds and Other Custodial Funds.

External Investment Pool Funds - External investment pool funds are used by King County to report investment activity engaged in on behalf of legally separate entities. The funds use the economic resources measurement focus and the accrual basis of accounting.

External Impaired Investment Pool - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units that participate in the County's investment pool. Effective September 1, 2008, certain impaired investments were separated from the main pool. The County has completed the restructuring of all the impaired assets in the Impaired Investment Pool Fund.

External Individual Investment Accounts - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units having investments with the County that are not in the County's investment pool.

External Investment Pool - Accounts for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units that participate in the County's investment pool.

Other Custodial Funds - King County utilized approximately 188 active funds in 2022 to account for the resources of special purpose districts and other governments. The King County Executive, in compliance with the laws of the state of Washington or by contract, is the *ex officio* treasurer of King County and special districts, but not for the cities, towns or the State of Washington. Money received from or for the special districts or other governments is deposited in King County's central bank account; disbursements for both operations and investments are made upon receipt of instructions from governing bodies or administrators of the special districts/other governments. Revenues received for the accounts of the cities, towns, and State of Washington are remitted to their respective treasurers.

Board Deposits and Disbursements - This is a Public Transportation Fund which is used for the Regional Transportation Partnership Planning for three sub-area board: SCATBd (South County Transportation Board), ETP (Eastside Transportation Partnership), and Seashore. Metro Transit serves as the bookkeeper for these groups, recording their annual dues, paying meeting room/catering fees, and reimbursing members for other expenses associated with monthly meetings.

Central Puget Sound Regional Transit Authority - The Central Puget Sound Regional Transit Authority (more commonly known as Sound Transit) provides the region with alternatives to meet its transportation needs. Sound Transit is governed by an 18-member board comprised of 17 local elected officials and the State Transportation Department Secretary.

Cities and Towns - The King County Finance and Business Operations Division utilizes a group of funds for each of the 39 municipalities to account for the collection and remittance of regular, special, and bond property tax levies to their respective treasurers.

Deceased Effects - The fund accounts for the unclaimed effects and assets of deceased individuals.

District Court Partners - Resources in this fund are related to district court collections on behalf of partner cities. Resources are remitted to respective cities after reconciliation occurs.

Employee Charitable Contributions - Accounts for employee donations to charitable causes through the Employee Giving Program. The EGP is overseen and guided by a committee of up to 15 employees from the County and by King County Employee Giving Program staff, who report to the committee.

Fire Protection Districts - In King County, there are 30 fire protection districts. The primary purpose of these districts is to provide fire prevention and suppression services and to offer emergency medical services to protect life and property in areas outside cities and towns, except where the cities and towns have been annexed into a fire protection district. These districts are governed by elected Boards of Fire Commissioners.

Hospital Districts - King County has four public hospital districts. The county is the *ex officio* treasurer for Vashon Health Care District only. 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.

Jointly Governed Organizations - The following is a brief summary of the entities:

- King County Regional Homelessness Authority (RHA) - The RHA is an independent governmental agency formed by the City of Seattle and King County to unify and coordinate policy, funding, and services for people experiencing homelessness across the County. Their mission is to significantly decrease the incidence of homelessness throughout the region using equity and social justice principles. The RHA is governed by a twelve-member Governing Committee and twelve-member Implementation Board. The Board and Committee include members appointed by people who have personal experience with homelessness, the King County Executive, King County Council, Seattle Mayor, Seattle City Council and the Sound Cities Association.
- Puget Sound Emergency Radio Network Operator - King County, City of Seattle and other major cities created the Puget Sound Emergency Radio Network (PSERN) Operator in December 2020. The PSERN operator is governed by a Board of Directors. The PSERN Operator will undertake the ownership, operations, maintenance, management and on-going upgrading/replacing of the PSERN system. The new PSERN system will provide coverage and capacity, as well as uniformly high-quality emergency radio communication. The PSERN system will be financed through a funding measure approved by voters at the April 2015 election and with user fees (Service Rates) to be assessed against and paid by all User Agencies.

Judicial Administration - Utilized to account for money deposited with King County Superior Court pending outcome of litigation.

King County Directors' Association (KCDA) - The KCDA is a nonprofit cooperative purchasing organization governed by a five-member Board of Directors elected from and by school boards throughout King County. The objectives of this association are to eliminate duplicate purchasing activities, establish product standards, and obtain the lowest possible costs through volume purchasing, centralized warehousing, and consolidated distribution.

King County Library System - This district serves the public through 50 community libraries, Outreach Services, 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, Hunt's Point and Yarrow Point.

Other Special Purpose Districts - The following is a brief summary of the main entities:

- Puget Sound Regional Council - The regional planning and decision-making body for growth and transportation issues in the counties of King, Kitsap, Pierce, and Snohomish. Its primary goal is to plan for the growth and development of the region, including transportation planning, and to seek solutions to problems crossing political boundaries. It is governed by a general assembly and its executive board. Each member of the board is a voting member.
- Puget Sound Clean Air Agency - An air pollution control authority under the Washington Clean Air Act for the counties of King, Kitsap, Pierce, and Snohomish. The agency is governed by a nine-member board composed mainly of elected officials from the four county jurisdictions. Its major responsibility is the implementation of the Washington Clean Air Act. This responsibility has been delegated to the agency by both the State of Washington and the Federal Environmental Protection Agency.
- Drainage Districts - There are six districts in this category. They were established to ditch, dike, and provide pumping facilities for flood-prone or low-lying lands.
- Cemetery District No. 1 - Formed in 1978 to improve and maintain a public cemetery on Vashon Island that was originally established in 1888 by a private association.

Other Tax Distribution - Established for distribution of certain revenues other than property taxes, such as state private harvest timber tax, leasehold excise tax, real estate excise tax, state forest board earnings, and proceeds from sales of tax title property.

Parks and Recreation Districts - This includes park and recreation districts (RCW 36.69) and metropolitan park districts (RCW 35.61). Park and recreation districts include Finn Hill, Northshore and Vashon Maury. Metropolitan park districts include Des Moines Pool, Fall City, Normandy Park, Seattle, Si View and Tukwila Pool.

Port of Seattle - The Port of Seattle is a public enterprise governed by five commissioners elected by the citizens of King County. Its mission is to provide services and facilities to accommodate the transportation of cargo and passengers by air, water, and land. Its marine facilities include one of the largest container ports in the United States. The Port also includes Seattle-Tacoma International Airport and marinas for a commercial fishing fleet and pleasure craft. While King County is not the Port's treasurer, it continues to use a special district fund to account for the collection and remittance of the Port's special tax levies.

Property Taxes - Various property tax funds used to process and distribute real and personal property tax refunds authorized by the County Treasurer; to account for proceeds of foreclosure sales in excess of delinquent taxes, interest, penalties, and costs; and to account for required prepayment of real property taxes when a property owner plats a parcel of property. These funds are also used to record property tax payments in excess of liability and to process related refunds to taxpayers; to suspend tax receipts requiring further identification or additional payment before they can be distributed; and to distribute assessment and interest payments of local improvement districts and to process assessment refunds.

School Districts - Public education in King County from pre-kindergarten through grade 12 is provided by 21 school districts, each governed by an elected Board of Directors and administered by a superintendent. Also reported in this fund is the Puget Sound Educational Service District (PSESD) which serves 35 school districts and more than 200 private schools in King and Pierce Counties plus Bainbridge Island in Kitsap County. The PSESD is governed by a nine-member Board of Directors and administered by a superintendent. The PSESD assists public and private schools in its region through program and staff development, early childhood programs, administrative and instructional support, technical assistance, business, financial and state reporting services, and direct service to children and families. A complete list of services and programs can be found online at www.psesd.org.

Seizures and Forfeitures - Accounts for confiscated and forfeited property that belongs to the State or federal government.

Sewer and Water Districts - There are 11 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 Major League Baseball Stadium Public Facilities District (PFD) - The PFD was created by the Metropolitan King County Council (Ordinance 12000) on October 24, 1995. The PFD operates as a municipal corporation of the State of Washington and was formed to site, design, build, and operate a major league baseball park. The PFD had been reported as a component unit of the County prior to 2013. The bonds outstanding, for which the County had an indirect financial burden, have been paid and the PFD no longer qualifies as a component unit. Since the County is the *ex officio* treasurer for the PFD, it is reported as a custodial fund.

Washington Public Stadium Authority - This agency was established in 1997 to oversee the construction of a new football stadium and an exhibition center. The current mission is to represent the public's interest in owning Lumen Field Event Center and overseeing First & Goal Inc.'s operation of the facility for the benefit of all Washington state citizens. It is governed by a seven-member board appointed by the Governor.

Water Districts - There are 21 water districts in King County. The primary purpose of the districts is to provide consumers with the highest quality drinking water at the lowest possible cost. Each district is governed by a board with power to acquire, construct, maintain, and operate water supply systems. Reporting for the Cascade Water Alliance (CWA) is also included with the Water Districts. CWA is a municipal corporation comprised of seven municipalities (five cities and two water and sewer districts) in the Puget Sound Region that joined together to provide safe, clean, reliable water supply to its 350,000 residences and more than 20,000 businesses.

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

EXTERNAL INVESTMENT POOL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)

	TOTAL	EXTERNAL IMPAIRED INVESTMENT POOL	EXTERNAL INDIVIDUAL INVESTMENT ACCOUNTS	EXTERNAL INVESTMENT POOL
ASSETS				
Investments at fair value:				
Repurchase agreements	\$ 84,892	\$ —	\$ —	\$ 84,892
Commercial paper	370,416	864	—	369,552
U.S. agency discount notes	107,270	—	—	107,270
Corporate notes	67,936	—	—	67,936
U.S. Treasury notes	1,456,862	—	19,021	1,437,841
U.S. agency notes	618,235	—	—	618,235
U.S. agency collateralized mortgage obligations	600	—	—	600
Supranational coupon notes	806,036	—	—	806,036
State Treasurer's investment pool	275,704	—	—	275,704
Total investments	<u>3,787,951</u>	<u>864</u>	<u>19,021</u>	<u>3,768,066</u>
Interest receivable	6,352	—	162	6,190
Total assets	<u>\$ 3,794,303</u>	<u>\$ 864</u>	<u>\$ 19,183</u>	<u>\$ 3,774,256</u>
LIABILITIES				
Total liabilities	\$ —	\$ —	\$ —	\$ —
NET POSITION				
Restricted for:				
Individuals, organizations and other governments	3,794,303	864	19,183	3,774,256
Total net position	<u>\$ 3,794,303</u>	<u>\$ 864</u>	<u>\$ 19,183</u>	<u>\$ 3,774,256</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 9)

	TOTAL
ASSETS	
Cash and cash equivalents	\$ 128,703
U.S. Treasury notes	22,820
Taxes receivable for other governments	113,883
Accounts receivable	17,457
Assessments receivable for other governments	1,174
Notes and contracts receivable	51
Total assets	\$ 284,088
LIABILITIES	
Accounts payable and other liabilities	\$ 101,888
Due to beneficiaries	78,341
Due to other governments	32,339
Total liabilities	212,568
NET POSITION	
Restricted for:	
Individuals, organizations and other governments	85,014
Unrestricted deficit	(13,494)
Total net position	\$ 71,520

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 9 - CONTINUED)

	BOARD DEPOSITS AND DISBURSEMENTS	CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY	CITIES AND TOWNS
ASSETS			
Cash and cash equivalents	\$ 22	\$ 424	\$ 12,810
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	2,225	21,052
Accounts receivable	—	—	9,924
Assessments receivable for other governments	—	—	22
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 22</u>	<u>\$ 2,649</u>	<u>\$ 43,808</u>
LIABILITIES			
Accounts payable and other liabilities	\$ —	\$ —	\$ 7
Due to beneficiaries	—	—	—
Due to other governments	—	—	12,810
Total liabilities	<u>—</u>	<u>—</u>	<u>12,817</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	22	2,649	30,991
Unrestricted deficit	—	—	—
Total net position	<u>\$ 22</u>	<u>\$ 2,649</u>	<u>\$ 30,991</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
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	DECEASED EFFECTS	DISTRICT COURT PARTNERS	EMPLOYEE CHARITABLE CONTRIBUTIONS
ASSETS			
Cash and cash equivalents	\$ 419	\$ 3,487	\$ 1,725
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	—
Accounts receivable	—	2,894	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 419</u>	<u>\$ 6,381</u>	<u>\$ 1,725</u>
LIABILITIES			
Accounts payable and other liabilities	\$ —	\$ —	\$ 11
Due to beneficiaries	419	3,487	1,708
Due to other governments	—	2,894	—
Total liabilities	<u>419</u>	<u>6,381</u>	<u>1,719</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	—	—	6
Unrestricted deficit	—	—	—
Total net position	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 4 OF 9 - CONTINUED)

	FIRE PROTECTION DISTRICTS	HOSPITAL DISTRICTS	JOINTLY GOVERNED ORGANIZATIONS
ASSETS			
Cash and cash equivalents	\$ 2,719	\$ 574	\$ 1,006
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	6,496	1,010	—
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 9,215</u>	<u>\$ 1,584</u>	<u>\$ 1,006</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 5,617	\$ 11	\$ 1,540
Due to beneficiaries	—	—	—
Due to other governments	—	563	—
Total liabilities	<u>5,617</u>	<u>574</u>	<u>1,540</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	3,598	1,010	—
Unrestricted deficit	—	—	(534)
Total net position	<u>\$ 3,598</u>	<u>\$ 1,010</u>	<u>\$ (534)</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
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	JUDICIAL ADMINISTRATION	KING COUNTY DIRECTOR'S ASSOCIATION	KING COUNTY LIBRARY SYSTEM
ASSETS			
Cash and cash equivalents	\$ 43,228	\$ 3,393	\$ —
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	2,520
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 43,228</u>	<u>\$ 3,393</u>	<u>\$ 2,520</u>
LIABILITIES			
Accounts payable and other liabilities	\$ —	\$ 4,901	\$ 2,979
Due to beneficiaries	43,226	—	—
Due to other governments	—	—	—
Total liabilities	<u>43,226</u>	<u>4,901</u>	<u>2,979</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	2	—	—
Unrestricted deficit	—	(1,508)	(459)
Total net position	<u>\$ 2</u>	<u>\$ (1,508)</u>	<u>\$ (459)</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 6 OF 9 - CONTINUED)

	OTHER SPECIAL PURPOSE DISTRICTS	OTHER TAX DISTRIBUTION	PARKS AND RECREATION DISTRICTS
ASSETS			
Cash and cash equivalents	\$ 467	\$ 11,129	\$ 517
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	358	—	1,354
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 825</u>	<u>\$ 11,129</u>	<u>\$ 1,871</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 253	\$ —	\$ 391
Due to beneficiaries	—	11,129	—
Due to other governments	—	—	—
Total liabilities	<u>253</u>	<u>11,129</u>	<u>391</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	572	—	1,480
Unrestricted deficit	—	—	—
Total net position	<u>\$ 572</u>	<u>\$ —</u>	<u>\$ 1,480</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
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	PORT OF SEATTLE	PROPERTY TAXES	SCHOOL DISTRICTS
ASSETS			
Cash and cash equivalents	\$ 913	\$ 24,024	\$ 10
U.S. Treasury notes	—	—	22,820
Taxes receivable for other governments	1,512	—	38,446
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	—
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 2,425</u>	<u>\$ 24,024</u>	<u>\$ 61,276</u>
LIABILITIES			
Accounts payable and other liabilities	\$ —	\$ 5,649	\$ 70,330
Due to beneficiaries	—	18,372	—
Due to other governments	913	—	—
Total liabilities	<u>913</u>	<u>24,021</u>	<u>70,330</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	1,512	3	—
Unrestricted deficit	—	—	(9,054)
Total net position	<u>\$ 1,512</u>	<u>\$ 3</u>	<u>\$ (9,054)</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 8 OF 9 - CONTINUED)

	SEIZURES AND FORFEITURES	SEWER AND WATER DISTRICTS	STATE OF WASHINGTON
ASSETS			
Cash and cash equivalents	\$ 4,215	\$ 2,982	\$ 10,513
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	38,910
Accounts receivable	—	—	4,639
Assessments receivable for other governments	—	324	—
Notes and contracts receivable	51	—	—
Total assets	<u>\$ 4,266</u>	<u>\$ 3,306</u>	<u>\$ 54,062</u>
LIABILITIES			
Accounts payable and other liabilities	\$ —	\$ 4,272	\$ —
Due to beneficiaries	—	—	—
Due to other governments	—	—	15,159
Total liabilities	<u>—</u>	<u>4,272</u>	<u>15,159</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	4,266	—	38,903
Unrestricted deficit	—	(966)	—
Total net position	<u>\$ 4,266</u>	<u>\$ (966)</u>	<u>\$ 38,903</u>

OTHER CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 9 OF 9 - CONCLUDED)

	WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PFD	WASHINGTON PUBLIC STADIUM AUTHORITY	WATER DISTRICTS
ASSETS			
Cash and cash equivalents	\$ 59	\$ 35	\$ 4,032
U.S. Treasury notes	—	—	—
Taxes receivable for other governments	—	—	—
Accounts receivable	—	—	—
Assessments receivable for other governments	—	—	828
Notes and contracts receivable	—	—	—
Total assets	<u>\$ 59</u>	<u>\$ 35</u>	<u>\$ 4,860</u>
LIABILITIES			
Accounts payable and other liabilities	\$ 59	\$ 35	\$ 5,833
Due to beneficiaries	—	—	—
Due to other governments	—	—	—
Total liabilities	<u>59</u>	<u>35</u>	<u>5,833</u>
NET POSITION			
Restricted for:			
Individuals, organizations and other governments	—	—	—
Unrestricted deficit	—	—	(973)
Total net position	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (973)</u>

EXTERNAL INVESTMENT POOL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)

	TOTAL	EXTERNAL IMPAIRED INVESTMENT POOL	EXTERNAL INDIVIDUAL INVESTMENT ACCOUNTS	EXTERNAL INVESTMENT POOL
ADDITIONS				
Pool participant contributions	\$ 5,888,795	\$ —	\$ 10,664	\$ 5,878,131
Investment earnings:				
Interest, dividends and other	44,063	—	—	44,063
Net increase (decrease) in fair value of investments	(95,305)	(14)	(1,550)	(93,741)
Total investment earnings (losses)	(51,242)	(14)	(1,550)	(49,678)
Less investment costs:				
Investment activity costs	(1,275)	—	(94)	(1,181)
Net investment earnings (losses)	(52,517)	(14)	(1,644)	(50,859)
Total additions	5,836,278	(14)	9,020	5,827,272
DEDUCTIONS				
Pool participant distributions	5,892,010	262	3,034	5,888,714
Total deductions	5,892,010	262	3,034	5,888,714
Net increase (decrease) in fiduciary net position	(55,732)	(276)	5,986	(61,442)
Net position - beginning	3,850,035	1,140	13,197	3,835,698
Net position - ending	<u>\$ 3,794,303</u>	<u>\$ 864</u>	<u>\$ 19,183</u>	<u>\$ 3,774,256</u>

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 1 OF 9)

	TOTAL
ADDITIONS	
Property taxes collected for other governments	\$ 13,176,450
State apportionment	4,119,431
Real estate excise taxes collected for other governments	1,059,055
Bond proceeds	69,323
Utility charges	349,003
Local support non-tax receipts	408,879
Member contributions	271,823
Drainage utility charges collected for other governments	250,056
Pool participant contributions	5,892,010
Line of credit receipts	30,300
Investment earnings:	
Interest, dividends and other	8
Net increase in fair value of investments	(43)
Total investment earnings (losses)	(35)
Charges for fire protection services	44,082
Receipts from other governments	160,467
Court fees collected for other governments	10,524
Lease contributions	12,740
Regulatory fees	12,102
Recording fees collected for other governments	36,561
Other taxes collected for other governments	1,442,722
Charges for emergency medical services	8,774
Impact fees collected for other governments	1,612
Food services receipts	2,582
Forest funds	1,826
Fines and forfeits collected for other governments	635
Licensing fees collected for other governments	246
Other fees collected for other governments	877
Miscellaneous receipts	268,854
Total additions	27,630,899
DEDUCTIONS	
Payments to vendors	10,557,940
Taxes distributed to other governments	9,916,322
Principal payments	447,080
Interest and other debt service costs	249,671
Other receipts distributed to other governments	354,616
Pool participant distributions	5,888,795
Line of credit payments	31,300
Election costs	12,046
Payments to escrow	661
Treasurer collection fees	3,197
Cash management fees	75
Miscellaneous payments	170,329
Total deductions	27,632,032
Net increase (decrease) in fiduciary net position	(1,133)
Net position - beginning	72,653
Net position - ending	\$ 71,520

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 2 OF 9 - CONTINUED)

	BOARD DEPOSITS AND DISBURSEMENTS	CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY	CITIES AND TOWNS
ADDITIONS			
Property taxes collected for other governments	\$ —	\$ 119,513	\$ 1,083,165
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	213,922
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	250,056
Pool participant contributions	—	2	—
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	1,463
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	600	1
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	183
Licensing fees collected for other governments	—	—	246
Other fees collected for other governments	—	—	95
Miscellaneous receipts	—	1	493
Total additions	—	120,116	1,549,624
DEDUCTIONS			
Payments to vendors	—	—	218,001
Taxes distributed to other governments	—	120,498	1,063,516
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	—	—	261,215
Pool participant distributions	—	2	—
Line of credit payments	—	—	—
Election costs	—	—	3,209
Payments to escrow	—	—	—
Treasurer collection fees	—	—	2,446
Cash management fees	—	—	—
Miscellaneous payments	—	1	—
Total deductions	—	120,501	1,548,387
Net increase (decrease) in fiduciary net position	—	(385)	1,237
Net position - beginning	22	3,034	29,754
Net position - ending	\$ 22	\$ 2,649	\$ 30,991

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	<u>DECEASED EFFECTS</u>	<u>DISTRICT COURT PARTNERS</u>	<u>EMPLOYEE CHARITABLE CONTRIBUTIONS</u>
ADDITIONS			
Property taxes collected for other governments	\$ —	\$ —	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	—	—
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	8
Net increase in fair value of investments	—	—	(43)
Total investment earnings (losses)	—	—	(35)
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	—	—
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	—	3,200	2,602
Total additions	—	3,200	2,567
DEDUCTIONS			
Payments to vendors	—	—	—
Taxes distributed to other governments	—	—	—
Principal payments	—	—	—
Interest and other debt service costs	—	—	—
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	—	—
Line of credit payments	—	—	—
Election costs	—	—	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	—	—
Miscellaneous payments	—	3,200	2,602
Total deductions	—	3,200	2,602
Net increase (decrease) in fiduciary net position	—	—	(35)
Net position - beginning	—	—	41
Net position - ending	\$ —	\$ —	\$ 6

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
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	FIRE PROTECTION DISTRICTS	HOSPITAL DISTRICTS	JOINTLY GOVERNED ORGANIZATIONS
ADDITIONS			
Property taxes collected for other governments	\$ 291,293	\$ 59,903	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	26,473	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	376,147	94,574	98,292
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	44,082	—	—
Receipts from other governments	—	—	101,366
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	244	67	—
Charges for emergency medical services	8,774	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	216	58	—
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	15,670	106	9,770
Total additions	762,899	154,708	209,428
DEDUCTIONS			
Payments to vendors	347,742	1,938	102,348
Taxes distributed to other governments	2,052	—	—
Principal payments	6,969	885	—
Interest and other debt service costs	3,108	6,033	—
Other receipts distributed to other governments	—	77,968	—
Pool participant distributions	401,412	63,682	107,470
Line of credit payments	—	—	—
Election costs	696	930	—
Payments to escrow	—	—	—
Treasurer collection fees	667	—	—
Cash management fees	8	—	—
Miscellaneous payments	10	3,250	144
Total deductions	762,664	154,686	209,962
Net increase (decrease) in fiduciary net position	235	22	(534)
Net position - beginning	3,363	988	—
Net position - ending	\$ 3,598	\$ 1,010	\$ (534)

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 5 OF 9)

	JUDICIAL ADMINISTRATION	KING COUNTY DIRECTOR'S ASSOCIATION	KING COUNTY LIBRARY SYSTEM
ADDITIONS			
Property taxes collected for other governments	\$ —	\$ —	\$ 143,744
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	—	189,115	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	163,372	99,151
Line of credit receipts	—	30,300	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	—	413
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	76
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	122,639	—	6,740
Total additions	122,639	382,787	250,124
DEDUCTIONS			
Payments to vendors	—	188,817	116,426
Taxes distributed to other governments	—	—	—
Principal payments	—	—	13,920
Interest and other debt service costs	—	47	1,774
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	163,444	120,397
Line of credit payments	—	31,300	—
Election costs	—	—	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	1	7
Miscellaneous payments	122,637	—	10
Total deductions	122,637	383,609	252,534
Net increase (decrease) in fiduciary net position	2	(822)	(2,410)
Net position - beginning	—	(686)	1,951
Net position - ending	\$ 2	\$ (1,508)	\$ (459)

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 6 OF 9 - CONTINUED)

	OTHER SPECIAL PURPOSE DISTRICTS	OTHER TAX DISTRIBUTION	PARKS AND RECREATION DISTRICTS
ADDITIONS			
Property taxes collected for other governments	\$ 9,599	\$ —	\$ 64,728
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	—
Local support non-tax receipts	—	—	—
Member contributions	2,271	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	22,258	—	11,549
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	8,906	—	—
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	12,102	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	—	1,404,039	466
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	811	—	2,555
Total additions	55,947	1,404,039	79,298
DEDUCTIONS			
Payments to vendors	35,692	—	67,694
Taxes distributed to other governments	—	1,404,039	438
Principal payments	—	—	504
Interest and other debt service costs	—	—	594
Other receipts distributed to other governments	—	—	110
Pool participant distributions	19,702	—	10,244
Line of credit payments	—	—	—
Election costs	18	—	46
Payments to escrow	—	—	—
Treasurer collection fees	83	—	—
Cash management fees	—	—	(2)
Miscellaneous payments	1	—	—
Total deductions	55,496	1,404,039	79,628
Net increase (decrease) in fiduciary net position	451	—	(330)
Net position - beginning	121	—	1,810
Net position - ending	\$ 572	\$ —	\$ 1,480

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 7 OF 9)

	PORT OF SEATTLE	PROPERTY TAXES	SCHOOL DISTRICTS
ADDITIONS			
Property taxes collected for other governments	\$ 80,579	\$ 7,260,025	\$ 2,051,548
State apportionment	—	—	4,119,431
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	69,323
Utility charges	—	—	—
Local support non-tax receipts	—	—	408,879
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	—	4,539,602
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	49,249
Court fees collected for other governments	—	—	—
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	395	—	443
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	1,612
Food services receipts	—	—	2,582
Forest funds	26	—	797
Fines and forfeits collected for other governments	—	—	—
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	5	7,787	77,606
Total additions	81,005	7,267,812	11,321,072
DEDUCTIONS			
Payments to vendors	—	—	6,156,194
Taxes distributed to other governments	65,653	7,260,025	—
Principal payments	—	—	412,769
Interest and other debt service costs	—	—	229,216
Other receipts distributed to other governments	15,323	—	—
Pool participant distributions	—	—	4,512,324
Line of credit payments	—	—	—
Election costs	—	—	5,734
Payments to escrow	—	—	661
Treasurer collection fees	—	—	—
Cash management fees	—	—	18
Miscellaneous payments	—	7,787	242
Total deductions	80,976	7,267,812	11,317,158
Net increase (decrease) in fiduciary net position	29	—	3,914
Net position - beginning	1,483	3	(12,968)
Net position - ending	\$ 1,512	\$ 3	\$ (9,054)

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 8 OF 9 - CONTINUED)

	SEIZURES AND FORFEITURES	SEWER AND WATER DISTRICTS	STATE OF WASHINGTON
ADDITIONS			
Property taxes collected for other governments	\$ —	\$ —	\$ 2,012,353
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	845,133
Bond proceeds	—	—	—
Utility charges	—	168,561	—
Local support non-tax receipts	—	—	—
Member contributions	—	—	—
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	—	210,468	—
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	—	—	—
Court fees collected for other governments	—	—	9,061
Lease contributions	—	—	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	36,561
Other taxes collected for other governments	—	—	15,239
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	653
Fines and forfeits collected for other governments	—	23	377
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	782
Miscellaneous receipts	7,846	1,975	261
Total additions	<u>7,846</u>	<u>381,027</u>	<u>2,920,420</u>
DEDUCTIONS			
Payments to vendors	—	194,531	2,919,622
Taxes distributed to other governments	—	—	101
Principal payments	—	2,287	—
Interest and other debt service costs	—	4,175	—
Other receipts distributed to other governments	—	—	—
Pool participant distributions	—	179,165	—
Line of credit payments	—	—	—
Election costs	—	237	—
Payments to escrow	—	—	—
Treasurer collection fees	—	—	—
Cash management fees	—	12	—
Miscellaneous payments	8,466	2,054	—
Total deductions	<u>8,466</u>	<u>382,461</u>	<u>2,919,723</u>
Net increase (decrease) in fiduciary net position	(620)	(1,434)	697
Net position - beginning	4,886	468	38,206
Net position - ending	<u>\$ 4,266</u>	<u>\$ (966)</u>	<u>\$ 38,903</u>

OTHER CUSTODIAL FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2022
(IN THOUSANDS)
(PAGE 9 OF 9 - CONCLUDED)

	WASHINGTON MAJOR LEAGUE BASEBALL STADIUM PFD	WASHINGTON PUBLIC STADIUM AUTHORITY	WATER DISTRICTS
ADDITIONS			
Property taxes collected for other governments	\$ —	\$ —	\$ —
State apportionment	—	—	—
Real estate excise taxes collected for other governments	—	—	—
Bond proceeds	—	—	—
Utility charges	—	—	180,442
Local support non-tax receipts	—	—	—
Member contributions	—	—	53,964
Drainage utility charges collected for other governments	—	—	—
Pool participant contributions	13,478	17,438	245,679
Line of credit receipts	—	—	—
Investment earnings:			
Interest, dividends and other	—	—	—
Net increase in fair value of investments	—	—	—
Total investment earnings (losses)	—	—	—
Charges for fire protection services	—	—	—
Receipts from other governments	740	—	206
Court fees collected for other governments	—	—	—
Lease contributions	7,168	5,572	—
Regulatory fees	—	—	—
Recording fees collected for other governments	—	—	—
Other taxes collected for other governments	4,665	16,150	—
Charges for emergency medical services	—	—	—
Impact fees collected for other governments	—	—	—
Food services receipts	—	—	—
Forest funds	—	—	—
Fines and forfeits collected for other governments	—	—	52
Licensing fees collected for other governments	—	—	—
Other fees collected for other governments	—	—	—
Miscellaneous receipts	5	1	8,781
Total additions	26,056	39,161	489,124
DEDUCTIONS			
Payments to vendors	762	12,423	195,750
Taxes distributed to other governments	—	—	—
Principal payments	—	—	9,746
Interest and other debt service costs	—	—	4,724
Other receipts distributed to other governments	—	—	—
Pool participant distributions	14,100	26,737	270,116
Line of credit payments	—	—	—
Election costs	—	—	1,176
Payments to escrow	—	—	—
Treasurer collection fees	—	—	1
Cash management fees	—	—	31
Miscellaneous payments	11,194	1	8,730
Total deductions	26,056	39,161	490,274
Net increase (decrease) in fiduciary net position	—	—	(1,150)
Net position - beginning	—	—	177
Net position - ending	\$ —	\$ —	\$ (973)



Statistical Section

ACFR ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year
January 1 through December 31, 2022**

King County, Washington

STATISTICAL SECTION

CONTENTS

This part of King County’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County’s overall financial health.

	Pages
Financial Trends	274 - 278
Information to help the reader understand how the County’s financial performance and well-being have changed over time.	
Revenue Capacity	279 - 282
Information to help the reader assess the County’s most significant local revenue source - the property tax.	
Debt Capacity	283 - 288
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	289 - 290
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	291 - 292
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 annual comprehensive financial report for the relevant year.

NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Governmental activities:										
Net investment in capital assets	\$ 2,116,257	\$ 2,212,727	\$ 2,138,608	\$ 2,243,494	\$ 2,414,425	\$ 2,613,414	\$ 2,807,372	\$ 2,942,708	\$ 3,010,293	\$ 3,216,838
Restricted	656,379	735,149	566,544	875,297	948,107	969,485	984,605	1,169,765	1,578,767	2,073,003
Unrestricted	(58,297)	(569,652)	(188,016)	(323,006)	(255,666)	(189,220)	(94,092)	(143,390)	124,652	(56,903)
Total governmental activities net position	<u>\$ 2,714,339</u>	<u>\$ 2,378,224</u>	<u>\$ 2,517,136</u>	<u>\$ 2,795,785</u>	<u>\$ 3,106,866</u>	<u>\$ 3,393,679</u>	<u>\$ 3,697,885</u>	<u>\$ 3,969,083</u>	<u>\$ 4,713,712</u>	<u>\$ 5,232,938</u>
Business-type activities:										
Net investment in capital assets	\$ 1,606,139	\$ 1,607,754	\$ 1,642,168	\$ 1,778,134	\$ 1,893,240	\$ 2,258,823	\$ 2,384,935	\$ 2,301,448	\$ 2,194,694	\$ 2,118,470
Restricted	214,515	216,803	243,658	244,689	278,438	286,406	269,056	247,267	325,505	420,389
Unrestricted	770,428	434,686	568,395	805,073	924,568	1,009,923	1,076,151	1,697,145	2,295,578	2,446,678
Total business-type activities net position	<u>\$ 2,591,082</u>	<u>\$ 2,259,243</u>	<u>\$ 2,454,221</u>	<u>\$ 2,827,896</u>	<u>\$ 3,096,246</u>	<u>\$ 3,555,152</u>	<u>\$ 3,730,142</u>	<u>\$ 4,245,860</u>	<u>\$ 4,815,777</u>	<u>\$ 4,985,537</u>
Primary government:										
Net investment in capital assets	\$ 3,722,396	\$ 3,820,481	\$ 3,780,776	\$ 4,021,628	\$ 4,307,665	\$ 4,872,237	\$ 5,192,307	\$ 5,244,156	\$ 5,204,987	\$ 5,335,308
Restricted	870,894	951,952	810,202	1,119,986	1,226,545	1,255,891	1,253,661	1,417,032	1,904,272	2,493,392
Unrestricted	712,131	(134,966)	380,379	482,067	668,902	820,703	982,059	1,553,755	2,420,230	2,389,775
Total primary government net position	<u>\$ 5,305,421</u>	<u>\$ 4,637,467</u>	<u>\$ 4,971,357</u>	<u>\$ 5,623,681</u>	<u>\$ 6,203,112</u>	<u>\$ 6,948,831</u>	<u>\$ 7,428,027</u>	<u>\$ 8,214,943</u>	<u>\$ 9,529,489</u>	<u>\$10,218,475</u>

Restatements:

Restricted governmental activities net position has been restated for 2021; see *Note 18 - Components of Net Position and Fund Balance, Restatements, and Restrictions* for additional detail.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government	\$ 194,906	\$ 218,211	\$ 254,186	\$ 217,400	\$ 233,039	\$ 176,599	\$ 196,843	\$ 251,895	\$ 203,142	\$ 224,965
Law, safety and justice	588,794	866,983	667,361	572,925	574,938	697,250	726,568	819,211	725,732	903,385
Physical environment	94,138	162,969	110,864	21,046	20,784	25,468	22,788	22,253	25,590	28,030
Transportation	68,363	112,928	84,139	88,393	103,203	93,562	102,634	105,292	99,902	109,900
Economic environment	96,289	116,721	95,640	217,135	180,707	231,448	152,185	229,144	199,899	263,155
Health and human services	480,482	607,407	508,706	602,843	632,257	702,015	746,148	973,277	1,136,316	1,212,056
Culture and recreation	48,748	64,876	50,699	93,599	59,726	64,763	77,434	93,454	89,839	124,164
Interest and other debt service costs	41,790	36,098	34,207	29,714	25,987	25,629	23,606	18,400	24,435	33,163
Total governmental activities expenses	<u>1,613,510</u>	<u>2,186,193</u>	<u>1,805,802</u>	<u>1,843,055</u>	<u>1,830,641</u>	<u>2,016,734</u>	<u>2,048,206</u>	<u>2,512,926</u>	<u>2,504,855</u>	<u>2,898,818</u>
Business-type activities:										
Airport	28,339	32,786	21,392	26,304	23,830	22,869	25,475	30,816	30,980	35,559
Public Transportation	767,680	1,027,368	785,432	855,965	891,685	832,713	1,042,150	1,063,782	1,001,312	1,240,368
Solid Waste	102,030	149,906	113,751	132,386	105,597	155,026	234,164	136,081	125,740	165,131
Water Quality	428,016	569,324	445,793	464,915	463,176	482,946	471,400	477,359	468,551	471,087
Other	12,332	12,284	6,587	7,430	7,148	7,341	7,533	7,771	7,173	8,118
Total business-type activities expenses	<u>1,338,397</u>	<u>1,791,668</u>	<u>1,372,955</u>	<u>1,487,000</u>	<u>1,491,436</u>	<u>1,500,895</u>	<u>1,780,722</u>	<u>1,715,809</u>	<u>1,633,756</u>	<u>1,920,263</u>
Total primary government expenses	<u>\$ 2,951,907</u>	<u>\$ 3,977,861</u>	<u>\$ 3,178,757</u>	<u>\$ 3,330,055</u>	<u>\$ 3,322,077</u>	<u>\$ 3,517,629</u>	<u>\$ 3,828,928</u>	<u>\$ 4,228,735</u>	<u>\$ 4,138,611</u>	<u>\$ 4,819,081</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 79,991	\$ 33,229	\$ 98,363	\$ 201,040	\$ 144,956	\$ 138,906	\$ 151,874	\$ 174,374	\$ 253,235	\$ 234,715
Law, safety and justice	150,358	160,874	169,829	105,833	158,375	167,975	179,797	160,285	127,945	139,230
Physical environment	53,825	75,191	65,445	49,120	37,316	35,596	49,151	43,632	66,663	68,025
Transportation	28,093	49,311	12,233	8,946	3,123	10,413	11,997	12,257	8,942	9,112
Economic environment	20,854	28,440	35,963	34,628	71,750	69,302	80,993	62,912	62,478	57,559
Health and human services	294,291	335,188	357,367	393,430	391,338	413,469	368,686	435,966	538,071	525,577
Culture and recreation	8,908	457	8,684	8,897	9,079	9,527	9,835	4,522	4,277	5,689
Interest and other debt service costs	8,924	14,995	15,744	—	—	—	—	—	—	—
Operating grants and contributions	175,862	182,500	189,325	218,760	234,877	220,680	211,658	304,901	654,846	783,749
Capital grants and contributions	99,812	30,274	18,113	29,709	17,169	30,461	20,556	17,527	41,176	27,446
Total governmental activities	<u>920,918</u>	<u>910,459</u>	<u>971,066</u>	<u>1,050,363</u>	<u>1,067,983</u>	<u>1,096,329</u>	<u>1,084,547</u>	<u>1,216,376</u>	<u>1,757,633</u>	<u>1,851,102</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Business-type activities:										
Charges for services:										
Airport	\$ 20,440	\$ 17,457	\$ 19,081	\$ 20,289	\$ 20,965	\$ 31,532	\$ 27,805	\$ 28,053	\$ 29,841	\$ 43,211
Public Transportation	301,007	291,707	303,016	345,232	358,226	374,968	390,264	250,065	225,729	270,899
Solid Waste	109,131	114,270	121,858	131,234	143,524	137,943	137,158	145,702	146,677	165,526
Water Quality	427,502	434,882	434,154	598,173	519,564	522,907	539,385	534,934	554,656	569,111
Other	7,597	7,200	7,081	8,240	8,597	8,492	10,569	9,359	9,956	9,574
Operating grants and contributions	35,824	37,816	30,643	58,374	36,387	41,488	26,168	533,111	434,058	147,797
Capital grants and contributions	57,919	40,204	92,242	89,336	46,741	138,057	64,081	28,087	31,469	63,171
Total business-type activities	<u>959,420</u>	<u>943,536</u>	<u>1,008,075</u>	<u>1,250,878</u>	<u>1,134,004</u>	<u>1,255,387</u>	<u>1,195,430</u>	<u>1,529,311</u>	<u>1,432,386</u>	<u>1,269,289</u>
Total primary government	<u>\$ 1,880,338</u>	<u>\$ 1,853,995</u>	<u>\$ 1,979,141</u>	<u>\$ 2,301,241</u>	<u>\$ 2,201,987</u>	<u>\$ 2,351,716</u>	<u>\$ 2,279,977</u>	<u>\$ 2,745,687</u>	<u>\$ 3,190,019</u>	<u>\$ 3,120,391</u>
Net (Expenses) Revenues										
Governmental activities	\$ (692,592)	\$ (1,275,734)	\$ (834,736)	\$ (792,692)	\$ (762,658)	\$ (920,405)	\$ (963,659)	\$ (1,296,550)	\$ (747,222)	\$ (1,047,716)
Business-type activities	(378,977)	(848,132)	(364,880)	(236,122)	(357,432)	(245,508)	(585,292)	(186,498)	(201,370)	(650,974)
Total primary government	<u>\$(1,071,569)</u>	<u>\$(2,123,866)</u>	<u>\$(1,199,616)</u>	<u>\$(1,028,814)</u>	<u>\$(1,120,090)</u>	<u>\$(1,165,913)</u>	<u>\$(1,548,951)</u>	<u>\$(1,483,048)</u>	<u>\$(948,592)</u>	<u>\$(1,698,690)</u>
General Revenues and Other										
Changes in Net Position										
Governmental activities	\$ 866,393	\$ 939,619	\$ 973,648	\$ 1,071,341	\$ 1,073,739	\$ 1,207,218	\$ 1,267,865	\$ 1,567,748	\$ 1,491,851	\$ 1,566,942
Business-type activities	448,392	516,293	559,858	609,797	625,782	704,414	760,282	702,216	771,287	820,734
Total primary government	<u>\$ 1,314,785</u>	<u>\$ 1,455,912</u>	<u>\$ 1,533,506</u>	<u>\$ 1,681,138</u>	<u>\$ 1,699,521</u>	<u>\$ 1,911,632</u>	<u>\$ 2,028,147</u>	<u>\$ 2,269,964</u>	<u>\$ 2,263,138</u>	<u>\$ 2,387,676</u>
Change in Net Position										
Governmental activities	\$ 173,801	\$ (336,115)	\$ 138,912	\$ 278,649	\$ 311,081	\$ 286,813	\$ 304,206	\$ 271,198	\$ 744,629	\$ 519,226
Business-type activities	69,415	(331,839)	194,978	373,675	268,350	458,906	174,990	515,718	569,917	169,760
Total primary government	<u>\$ 243,216</u>	<u>\$ (667,954)</u>	<u>\$ 333,890</u>	<u>\$ 652,324</u>	<u>\$ 579,431</u>	<u>\$ 745,719</u>	<u>\$ 479,196</u>	<u>\$ 786,916</u>	<u>\$ 1,314,546</u>	<u>\$ 688,986</u>

Program revenues, operating grants and contributions, and health and human services expenses for governmental activities have been restated for 2021; see *Note 18 - Components of Net Position Fund Balance, Restatements, and Restrictions* for details.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 300	\$ 300	\$ 300	\$ —	\$ —	\$ —	\$ 6	\$ 44	\$ 43	\$ 725
Restricted	2,613	2,914	1,936	1,834	2,220	1,332	1,975	1,600	2,497	5,233
Committed	24,982	20,212	20,310	20,497	25,161	26,310	27,038	28,942	24,617	26,626
Assigned	8,264	8,151	12,125	35,128	19,181	28,578	13,435	37,147	11,948	1,009
Unassigned	78,318	71,742	68,113	68,195	98,412	107,845	141,561	133,225	222,255	282,768
Total General Fund	<u>\$ 114,477</u>	<u>\$ 103,319</u>	<u>\$ 102,784</u>	<u>\$ 125,654</u>	<u>\$ 144,974</u>	<u>\$ 164,065</u>	<u>\$ 184,015</u>	<u>\$ 200,958</u>	<u>\$ 261,360</u>	<u>\$ 316,361</u>
All Other Governmental Funds										
Nonspendable	\$ 171,019	\$ 171,603	\$ 179,668	\$ 183,594	\$ 192,755	\$ 201,735	\$ 245,380	\$ 270,557	\$ 325,568	\$ 367,562
Restricted	392,824	191,893	446,210	697,641	782,219	783,204	830,726	828,329	1,269,339	1,345,351
Committed	80,368	88,996	38,373	37	43	55	170	175	19,385	16,385
Assigned	45,224	286,300	117,729	33,468	45,905	43,799	41,918	56,254	28,173	26,494
Unassigned	(6,571)	(7,462)	(14,674)	(20,232)	(18,414)	(20,744)	(48,877)	(94,949)	(57,797)	(68,310)
Total all other governmental funds	<u>\$ 682,864</u>	<u>\$ 731,330</u>	<u>\$ 767,306</u>	<u>\$ 894,508</u>	<u>\$ 1,002,508</u>	<u>\$ 1,008,049</u>	<u>\$ 1,069,317</u>	<u>\$ 1,060,366</u>	<u>\$ 1,584,668</u>	<u>\$ 1,687,482</u>

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

Restricted and unassigned fund balances for All Other Governmental Funds have been restated for 2021; see *Note 18 - Components of Net Position and Fund Balance, Restatements, and Restrictions* for details.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Taxes	\$ 861,622	\$ 930,096	\$ 980,047	\$ 1,066,173	\$ 1,081,121	\$ 1,162,734	\$ 1,203,183	\$ 1,271,932	\$ 1,430,197	\$ 1,555,722
Licenses and permits	22,155	23,633	26,536	23,525	28,253	29,254	28,999	25,379	25,377	28,384
Intergovernmental revenues	572,424	656,830	634,367	230,123	234,074	216,514	208,625	534,604	624,158	791,410
Charges for services	270,149	271,237	302,925	776,068	757,879	783,391	792,741	819,267	993,526	979,576
Fines and forfeits	7,376	6,357	7,334	8,989	26,369	27,663	27,794	23,214	32,147	26,839
Investment gains (losses)	3,456	5,008	4,837	8,047	14,611	30,240	53,413	37,122	3,277	(13,687)
Miscellaneous revenues	79,705	75,419	75,123	68,129	48,197	45,456	52,622	53,686	72,229	59,053
Total revenues	1,816,887	1,968,580	2,031,169	2,181,054	2,190,504	2,295,252	2,367,377	2,765,204	3,180,911	3,427,297
Expenditures										
General government	203,958	196,977	267,134	281,682	254,398	186,151	199,198	251,856	238,414	237,097
Law, safety and justice	590,701	619,161	642,723	592,779	604,713	719,701	763,842	837,473	825,932	939,129
Physical environment	123,241	190,979	165,260	59,074	24,470	21,278	24,920	23,072	21,085	24,301
Transportation	77,468	99,991	83,810	89,074	106,776	96,878	107,319	107,624	104,620	113,374
Economic environment	96,726	100,061	96,616	107,590	182,384	193,656	183,752	230,812	215,133	265,597
Health and human services	490,932	521,960	522,650	677,657	646,839	716,004	764,352	982,076	1,184,387	1,224,138
Culture and recreation	44,188	46,665	48,003	81,317	57,508	62,573	75,422	79,369	87,044	118,791
Debt service:										
Redemption of long-term debt	70,686	71,998	64,407	57,641	63,702	66,422	67,990	68,672	73,416	116,778
Interest	33,000	31,504	28,822	35,665	33,143	33,060	30,454	28,988	28,684	38,284
Other debt service costs	608	260	20,445	8,417	419	291	1,061	1,011	4,416	1,196
Capital outlay	119,746	78,595	92,895	80,682	155,501	226,035	171,852	218,337	368,826	295,799
Total expenditures	1,851,254	1,958,151	2,032,765	2,071,578	2,129,853	2,322,049	2,390,162	2,829,290	3,151,957	3,374,484
Excess (deficiency) of revenues over (under) expenditures	(34,367)	10,429	(1,596)	109,476	60,651	(26,797)	(22,785)	(64,086)	28,954	52,813
Other Financing Sources (Uses)										
Transfers in	187,571	175,619	218,212	301,289	368,617	409,346	429,016	426,388	490,740	562,235
Transfers out	(188,847)	(167,519)	(204,986)	(294,109)	(348,857)	(386,334)	(404,417)	(398,057)	(463,630)	(538,014)
General government debt issued	—	15,395	27,355	25,025	33,325	5,845	62,340	32,090	512,710	18,790
Premium on general government bonds issued	—	1,967	3,911	3,764	5,037	863	13,125	8,979	11,411	2,258
Refunding bonds issued	92,940	34,815	198,290	—	—	—	55,877	54,065	30,410	15,815
Premium on refunding bonds issued	7,261	4,403	29,888	—	—	—	8,248	—	3,134	1,070
Right-to-use lease acquisition ¹	—	—	—	—	—	—	—	—	—	58,758
Insurance recoveries	—	—	—	—	3,538	6,952	—	—	1,840	149
Sale of capital assets	5,638	1,157	4,323	4,627	5,009	14,757	3,466	3,133	2,597	694
Payment to refunded bonds escrow agent	(99,593)	(38,958)	(227,200)	—	—	—	(63,652)	(54,520)	(33,462)	(16,753)
Total other financing sources (uses)	4,970	26,879	49,793	40,596	66,669	51,429	104,003	72,078	555,750	105,002
Special item	—	—	(12,756)	—	—	—	—	—	—	—
Net change in fund balances	\$ (29,397)	\$ 37,308	\$ 35,441	\$ 150,072	\$ 127,320	\$ 24,632	\$ 81,218	\$ 7,992	\$ 584,704	\$ 157,815
Debt service as a percentage of noncapital expenditures	5.99 %	5.51 %	4.81 %	4.69 %	4.91 %	4.75 %	4.44 %	3.74 %	3.67 %	5.04 %

Since 2014, Law Library has been reported as part of the primary government as a special revenue fund. It was formerly reported as a fiduciary fund.

Intergovernmental revenues, charges for services, and health and human services expenditures have been restated for 2021. See Note 18 - Components of Net Position and Fund Balance, Restatements, and Restrictions for more information.

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		
2013	\$ 222,163,087	\$ 56,215,135	\$ 8,654,663	\$ 10,009,341	\$ 8,600,412	\$ 9,103,568	\$ 314,746,206	\$ 350,086,008	89.9 %	1.95
2014	243,285,020	59,878,692	8,817,579	10,443,602	9,768,484	8,450,240	340,643,617	373,068,501	91.3	1.94
2015	285,252,943	63,574,962	9,211,109	11,760,682	9,544,869	8,774,291	388,118,856	413,683,277	93.8	1.74
2016	315,624,341	69,742,685	9,636,149	12,349,296	9,616,099	9,367,036	426,335,606	459,811,075	92.7	1.69
2017	340,810,182	78,150,750	9,864,864	22,874,016	10,346,738	9,409,738	471,456,288	507,652,528	92.9	1.72
2018	395,931,088	92,276,902	10,806,811	15,171,572	8,686,537	11,789,525	534,662,435	579,466,224	92.3	1.63
2019	445,967,636	100,773,081	11,814,481	26,906,766	9,704,396	11,457,339	606,623,699	680,382,916	89.2	1.49
2020	475,171,965	113,344,511	13,117,286	18,980,633	11,191,173	10,684,923	642,490,491	739,867,831	86.8	1.55
2021	478,890,363	122,148,032	15,022,735	20,973,227	11,462,470	11,038,055	659,534,882	741,115,763	89.0	1.55
2022	477,820,200	122,126,830	15,022,735	85,320,391	10,178,131	12,059,617	722,527,904	781,175,379	92.5	1.51

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**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
County Direct Rates										
General	\$ 1.54	\$ 1.52	\$ 1.34	\$ 1.33	\$ 1.37	\$ 1.32	\$ 1.21	\$ 1.24	\$ 1.25	\$ 1.23
Emergency Medical Services	0.19	0.21	0.19	0.17	0.16	0.14	0.13	0.16	0.16	0.15
Road District	0.22	0.21	0.21	0.19	0.19	0.17	0.15	0.15	0.14	0.13
Total County Direct Rates	<u>\$ 1.95</u>	<u>\$ 1.94</u>	<u>\$ 1.74</u>	<u>\$ 1.69</u>	<u>\$ 1.72</u>	<u>\$ 1.63</u>	<u>\$ 1.49</u>	<u>\$ 1.55</u>	<u>\$ 1.55</u>	<u>\$ 1.51</u>
State School Fund Rate	2.57	2.47	2.29	2.17	2.03	2.92	2.63	3.03	3.09	2.82
Port of Seattle Rate	0.23	0.22	0.19	0.17	0.15	0.14	0.12	0.12	0.12	0.11
Ferry District Rate	0.004	0.003	0.003	0.003	0.012	0.011	0.010	0.010	0.010	0.009
King County Library System Rate	0.57	0.56	0.50	0.48	0.45	0.41	0.37	0.36	0.36	0.33
Cities and Towns Rate	0.40-3.29	0.36-3.15	0.32-3.16	0.30-3.00	0.28-3.06	0.26-2.92	0.23-2.82	0.24-2.73	0.25-2.68	0.22-2.72
School Districts Rate	1.83-7.55	1.94-7.28	1.83-6.42	1.86-6.75	1.94-6.74	1.82-6.30	0.61-4.49	0.90-5.20	0.91-5.20	0.83-4.99
Fire Districts Rate ⁴	0.15-2.41	0.14-2.42	0.11-2.17	0.10-2.09	0.10-2.01	0.09-2.00	0.00-2.06	0.00-2.01	0.00-3.76	0.00-3.30
Hospital Districts Rate	0.50-0.52	0.47-0.50	0.40-0.50	0.38-0.50	0.36-0.50	0.33-0.46	0.29-0.42	0.28-0.40	0.28-0.59	0.25-0.50
Flood Control Zone Districts Rate	0.13	0.15	0.14	0.13	0.12	0.11	0.10	0.09	0.09	0.08
Park and Recreation Districts Rate	0.02-0.50	0.02-0.53	0.01-0.40	0.15-0.50	0.09-0.58	0.08-0.52	0.08-0.50	0.04-0.47	0.04-0.54	0.04-0.47
Miscellaneous Districts Rate	0.10-0.50	0.04-0.50	0.04-0.50	0.03-0.50	0.03-0.47	0.04-0.43	0.04-0.50	0.04-0.47	0.04-0.44	0.03-0.39

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.

(4) Fire District 24 - Angle Lake has the only 0.00 rate. This District is governed by a three-person Board of Commissioners, and all three positions are vacant. If not filled in 2023, the district will be dissolved.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

YEAR	TAXES LEVIED FOR THE YEAR		TOTAL ADJUSTED TAX LEVY	COLLECTED WITHIN THE YEAR OF THE LEVY		COLLECTIONS SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		TOTAL UNCOLLECTED TAXES	
	(ORIGINAL LEVY)	ADJUSTMENTS		AMOUNT	PERCENTAGE OF ORIGINAL LEVY		AMOUNT	PERCENTAGE OF ADJUSTED LEVY	AMOUNT	PERCENTAGE OF ADJUSTED LEVY
2013	\$ 648,586	\$ (58)	\$ 648,528	\$ 638,073	98.38 %	\$ 9,912	\$ 647,985	99.92 %	\$ 543	0.08 %
2014	706,912	(182)	706,730	696,423	98.52	9,725	706,148	99.92	582	0.08
2015	726,319	(136)	726,183	716,418	98.64	9,490	725,908	99.96	275	0.04
2016	837,123	(220)	836,903	825,870	98.66	10,900	836,770	99.98	133	0.02
2017	864,070	(246)	863,824	852,835	98.70	10,539	863,374	99.95	450	0.05
2018	927,807	(124)	927,683	915,691	98.69	11,565	927,256	99.95	427	0.05
2019	961,179	(166)	961,013	949,763	98.81	10,422	960,185	99.91	828	0.09
2020	1,043,698	(423)	1,043,275	1,026,741	98.38	13,587	1,040,328	99.72	2,947	0.28
2021	1,068,619	(557)	1,068,062	1,046,296	97.91	10,954	1,057,250	98.99	10,812	1.01
2022	1,138,839	—	1,138,839	1,122,467	98.56	—	1,122,467	98.56	16,372	1.44

Source: King County Treasury Property Tax Year End Reports for 2013-2022

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	2022			2013		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Microsoft	\$ 5,113,880	1	0.58 %	\$ 3,463,942	1	1.02 %
Amazon.com	4,041,934	2	0.46	—		—
Boeing	2,372,016	3	0.27	3,043,914	2	0.89
Essex Property Trust	2,238,610	4	0.25	—		—
Puget Sound Energy/Elec	1,699,060	5	0.19	2,003,150	3	0.59
C/O Prologis - Re Tax	1,280,434	6	0.15	—		—
Smith Kendra	1,180,386	7	0.13	—		—
Union Square LLC	1,123,041	8	0.13	570,514	8	0.17
Puget Sound Energy/Gas	1,027,363	9	0.12	—		—
Kilroy Realty (Three Bellevue Center LLC)	992,869	10	0.11	440,554	10	0.13
Alaska Airlines	—		—	864,581	4	0.25
AT&T Mobility LLC	—		—	677,495	5	0.20
Qwest Corporation Inc.	—		—	590,648	6	0.17
Kemper Development	—		—	578,914	7	0.17
Urban Renaissance Prop Co (formerly W2007)	—		—	506,623	9	0.15
Total	21,069,593		2.39	12,740,335		3.74
Total assessed valuation of other taxpayers	858,825,826		97.61	327,903,281		96.26
Total 2022 assessed valuation for taxes due in 2023	<u>\$ 879,895,419</u>		<u>100.00 %</u>			
Total 2013 assessed valuation for taxes due in 2014				<u>\$ 340,643,616</u>		<u>100.00 %</u>

Source: King County Department of Assessments

**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING					PERCENTAGE ESTIMATED VALUE OF ACTUAL TAXABLE PROPERTY ^(d)	PER CAPITA ^(e)
	GENERAL OBLIGATION BONDS ^(a)	GENERAL OBLIGATION LEASE REVENUE BONDS ^(b)	GENERAL OBLIGATION CAPITAL LEASES ^(b)	LESS: AMOUNT AVAILABLE IN DEBT SERVICE FUND TOTAL ^{(c)(f)}	TOTAL ^(g)		
2013	\$ 1,881,483	\$ 265,325	\$ —	\$ 60,197	\$ 2,086,611	0.60%	1,019
2014	1,847,679	217,900	—	60,149	2,005,430	0.54%	964
2015	2,024,822	20,965	—	11,760	2,034,027	0.49%	960
2016	1,931,866	12,765	—	11,968	1,932,663	0.42%	899
2017	1,860,134	—	8,843	12,222	1,856,755	0.37%	848
2018	1,732,731	—	8,291	20,622	1,720,400	0.30%	770
2019	1,878,311	—	8,156	4,805	1,881,662	0.28%	835
2020	1,821,041	—	7,793	4,963	1,823,871	0.25%	804
2021	2,372,302	—	7,402	2,397	2,377,307	0.32%	1,054
2022	2,196,748	—	—	1,122	2,195,626	0.28%	967

Additional details regarding the County's outstanding debt can be found in Note 15 - "Liabilities"

(a) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(b) 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.

(c) This is the amount restricted for debt service payments.

(d) Property value data can be found in the table "Assessed and Estimated Actual Value of Taxable Property."

(e) Population data can be found in the table "Demographic and Economic Indicators."

(f) 2021 Amount available in debt service fund has been restated.

(g) Total net general bonded debt restated for year 2013-2015 and 2017 due to adjustment of bond discounts and premiums.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2022
(IN THOUSANDS)

GOVERNMENTAL UNIT	DEBT OUTSTANDING	ESTIMATED^(a) PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT	ESTIMATED SHARE OF OVERLAPPING DEBT
DEBT REPAYED WITH PROPERTY TAXES			
King County – net overlapping debt:			
Port of Seattle	\$ 336,890	100.00 %	\$ 336,890
School Districts:			
Bellevue School District	747,678	100.00 %	747,678
Issaquah School District	654,751	100.00 %	654,751
Northshore School District	562,917	60.61 %	341,163
Lake Washington School District	505,448	100.00 %	505,448
Federal Way School District	493,536	100.00 %	493,536
Auburn School District	451,366	92.12 %	415,791
Shoreline School District	362,031	100.00 %	362,031
Highline School District	341,841	100.00 %	341,841
Renton School District	270,126	100.00 %	270,126
Snoqualmie School District	199,941	100.00 %	199,941
Other school districts	598,278	100.00 %	598,278
Total school districts	<u>5,187,913</u>		<u>4,930,584</u>
Cities and towns ^(b) :			
City of Seattle	950,477	100.00 %	950,477
City of Bellevue	265,039	100.00 %	265,039
City of Tukwila	125,968	100.00 %	125,968
City of Bothell	98,300	54.80 %	53,864
City of Shoreline	86,803	100.00 %	86,803
City of Kirkland	62,778	100.00 %	62,778
City of Kent	60,501	100.00 %	60,501
City of Redmond	51,105	100.00 %	51,105
City of Renton	45,011	100.00 %	45,011
City of Auburn	33,820	100.00 %	33,820
Other cities and towns	108,288	100.00 %	108,288
Total cities and towns	<u>1,888,090</u>		<u>1,843,654</u>
Hospital districts	24,962	100.00 %	24,962
King County Library System	28,812	98.19 %	28,290
Fire protection districts	64,914	100.00 %	64,914
Park districts	17,444	100.00 %	17,444
TOTAL KING COUNTY – NET OVERLAPPING DEBT	<u>7,549,025</u>		<u>7,246,738</u>
KING COUNTY – DIRECT DEBT^(c)	<u>1,236,967</u>	100.00 %	<u>1,236,967</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$ 8,785,992</u>		<u>\$ 8,483,705</u>

Source: Assessed value data used to estimate percentages applicable to this governmental unit are provided by King County Department of Assessments.

Note: Within King County, other municipal governments incur general obligation debt. Debts incurred by other governmental units, although overlapping, have no claim on any County revenues.

(a) Determined by ratio of assessed valuation of property in overlapping unit subject to taxation in reporting unit to total valuation of property subject to taxation in overlapping unit.

(b) Outstanding debts are provided by the cities and towns.

(c) Direct debt calculation:

\$ 1,185,349	General long-term debt
51,618	Unamortized premiums/discounts
<u>\$ 1,236,967</u>	DIRECT DEBT

**RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)**

GOVERNMENTAL ACTIVITIES						
FISCAL YEAR	GENERAL		GO LEASE		GO NOTES PAYABLE	GO CAPITAL LEASES
	OBLIGATION (GO) BONDS ^(a)	LEASES PAYABLE	REVENUE BONDS			
2013	\$ 803,166	\$ —	\$ 265,325	\$ —	\$ —	—
2014	780,966	—	217,900	—	—	—
2015	911,066	—	20,965	—	—	—
2016	854,952	—	12,765	—	—	—
2017	805,702	—	—	—	—	8,843
2018	729,835	—	—	—	—	8,291
2019	721,035	—	—	—	—	8,156
2020	684,499	—	—	—	—	7,793
2021	1,124,074	—	—	—	—	7,402
2022	1,032,457	202,777	—	—	1,733	—

BUSINESS-TYPE ACTIVITIES						
FISCAL YEAR	GENERAL		SEWER		CAPITAL LEASES	STATE REVOLVING LOANS
	OBLIGATION BONDS ^(a)	REVENUE BONDS ^(a)	LEASES PAYABLE			
2013	\$ 1,078,317	\$ 3,004,051	\$ —	\$ 2,983	\$ 146,672	
2014	1,066,713	2,968,412	—	2,874	159,053	
2015	1,113,756	3,030,451	—	2,760	179,388	
2016	1,076,914	3,170,448	—	2,640	205,989	
2017	1,054,432	3,155,850	—	2,514	218,044	
2018	1,002,896	3,072,496	—	2,381	229,474	
2019	1,157,276	2,811,584	—	2,241	227,543	
2020	1,136,542	2,817,399	—	2,094	247,287	
2021	1,248,228	2,719,976	—	1,940	104,183	
2022	1,164,291	2,591,920	55,724	—	144,319	

PRIMARY GOVERNMENT				
FISCAL YEAR	PERCENTAGE OF PERSONAL INCOME ^(b)		POPULATION	DEBT PER CAPITA ^(b)
	TOTAL			
2013	\$ 5,300,514	3.92 %	2,046,956	\$ 2,589
2014	5,195,918	3.48 %	2,079,967	2,498
2015	5,258,386	3.29 %	2,117,125	2,484
2016	5,323,708	3.21 %	2,149,970	2,476
2017	5,245,385	2.87 %	2,188,649	2,397
2018	5,045,373	2.50 %	2,233,163	2,259
2019	4,927,835	2.30 %	2,252,782	2,187
2020 ^(c)	4,895,614	2.23 %	2,269,675	2,157
2021	5,205,803	2.14 %	2,252,305	2,311
2022	5,193,221	2.13 %	2,266,789	2,291

Note: Details regarding the County's outstanding debt can be found in *Note 15 - Liabilities*.

^(a) Presented net of original issuance discounts and premiums.

^(b) Personal income and population can be found in the table "Demographic and Economic Indicators." Since personal income data is not yet available for 2022, the percentage uses the personal income amount in 2021.

^(c) 2020 per capita rate restated to reflect a revised population estimates.

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed Valuation ^(a)	\$340,643,616	\$388,118,856	\$426,335,606	\$471,456,288	\$534,662,435	\$606,623,698	\$642,490,492	\$659,534,881	\$722,527,904	\$879,895,419
Limited Tax General Obligations (LTGO) for Metropolitan Functions										
Debt Limit - 0.75% of Assessed Value	\$ 2,554,827	\$ 2,910,891	\$ 3,197,517	\$ 3,535,922	\$ 4,009,968	\$ 4,549,678	\$ 4,818,679	\$ 4,946,512	\$ 5,418,959	\$ 6,599,216
Debt applicable to limit	1,092,797	1,126,570	1,030,577	981,943	931,848	877,083	1,040,574	1,033,218	1,216,042	1,137,730
Less: Amounts set aside to repay LTGO debts	(25,148)	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)	(51,254)	(81,190)	(59,782)
Total net debt applicable to the limit	1,067,649	1,084,234	988,515	928,514	880,080	828,990	1,003,673	981,964	1,134,852	1,077,948
Legal Debt Margin ^(b) of LTGO	\$ 1,487,178	\$ 1,826,657	\$ 2,209,002	\$ 2,607,408	\$ 3,129,888	\$ 3,720,688	\$ 3,815,006	\$ 3,964,548	\$ 4,284,107	\$ 5,521,268
Total net debt applicable to the limit as a percentage of the debt limit	41.79 %	37.25 %	30.92 %	26.26 %	21.95 %	18.22 %	20.83 %	19.85 %	20.94 %	16.33 %
LTGOs for General County Purposes and Metropolitan Functions										
Debt Limit - 1.5% of Assessed Value	\$ 5,109,654	\$ 5,821,783	\$ 6,395,034	\$ 7,071,844	\$ 8,019,937	\$ 9,099,355	\$ 9,637,357	\$ 9,893,023	\$10,837,919	\$13,198,431
Debt applicable to limit ^(c)	2,070,328	2,110,601	1,768,043	1,667,527	1,588,678	1,479,047	1,662,672	1,657,590	1,665,726	1,540,360
Less: Amounts set aside to repay LTGO debts	(57,509)	(54,910)	(53,491)	(62,968)	(64,825)	(55,690)	(44,895)	(57,508)	(87,661)	(65,059)
Total net debt applicable to the limit	2,012,819	2,055,691	1,714,552	1,604,559	1,523,853	1,423,357	1,617,777	1,600,082	1,578,065	1,475,301
Legal Debt Margin ^(b) of LTGO	\$ 3,096,835	\$ 3,766,092	\$ 4,680,482	\$ 5,467,285	\$ 6,496,084	\$ 7,675,998	\$ 8,019,580	\$ 8,292,941	\$ 9,259,854	\$11,723,130
Total net debt applicable to the limit as a percentage of the debt limit	39.39 %	35.31 %	26.81 %	22.69 %	19.00 %	15.64 %	16.79 %	16.17 %	14.56 %	11.18 %
Total GO for Metropolitan Functions										
Debt Limit - 2.5% of Assessed Value	\$ 8,516,090	\$ 9,702,971	\$10,658,390	\$11,786,407	\$13,366,561	\$15,165,592	\$16,062,262	\$16,488,372	\$18,063,198	\$21,997,385
Debt applicable to limit	1,092,797	1,126,570	1,030,577	981,943	931,848	877,083	1,040,574	1,033,218	1,216,042	1,137,730
Less: Amounts set aside to repay GO debts	(25,148)	(42,336)	(42,062)	(53,429)	(51,768)	(48,093)	(36,901)	(51,254)	(81,190)	(59,782)
Total net debt applicable to the limit	1,067,649	1,084,234	988,515	928,514	880,080	828,990	1,003,673	981,964	1,134,852	1,077,948
Legal Debt Margin ^(b) of total GO	\$ 7,448,441	\$ 8,618,737	\$ 9,669,875	\$10,857,893	\$12,486,481	\$14,336,602	\$15,058,589	\$15,506,408	\$16,928,346	\$20,919,437
Total net debt applicable to the limit as a percentage of the debt limit	12.54 %	11.17 %	9.27 %	7.88 %	6.58 %	5.47 %	6.25 %	5.96 %	6.28 %	4.90 %
Total GO for County Purposes										
Debt Limit - 2.5% of Assessed Value	\$ 8,516,090	\$ 9,702,971	\$10,658,390	\$11,786,407	\$13,366,561	\$15,165,592	\$16,062,262	\$16,488,372	\$18,063,198	\$21,997,385
Debt applicable to limit ^(c)	1,104,336	1,097,286	839,316	775,719	734,620	666,394	671,923	663,157	495,439	435,045
Less: Amounts set aside to repay GO debts	(39,292)	(19,723)	(13,377)	(11,582)	(15,164)	(9,851)	(10,474)	(8,825)	(9,173)	(6,753)
Total net debt applicable to the limit	1,065,044	1,077,563	825,939	764,137	719,456	656,543	661,449	654,332	486,266	428,292
Legal Debt Margin ^(b) of total GO	\$ 7,451,046	\$ 8,625,408	\$ 9,832,451	\$11,022,270	\$12,647,105	\$14,509,049	\$15,400,813	\$15,834,040	\$17,576,932	\$21,569,093
Total net debt applicable to the limit as a percentage of the debt limit	12.51 %	11.11 %	7.75 %	6.48 %	5.38 %	4.33 %	4.12 %	3.97 %	2.69 %	1.95 %

Source: Assessed Valuation data are from King County Department of Assessments.

(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.

(c) 2021 Debt applicable to limit has been restated to increase Metropolitan Functions debt and subtract self supporting debt issued in 2021 for General County purposes.

DEBT SERVICE COVERAGE FOR THE WATER QUALITY ENTERPRISE

LAST TEN FISCAL YEARS

(DOLLARS IN THOUSANDS)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Average residential customer and residential customer equivalents (RCEs)	719,160	725,844	736,090	756,430	756,916	760,571	763,436	767,265	738,286	749,117
Percentage annual change	1.31 %	1.07 %	1.41 %	2.76 %	0.06 %	0.48 %	0.38 %	0.50 %	(3.78)%	1.47 %
Operating revenues										
Sewage disposal fees ^(a)	\$342,850	\$346,591	\$371,253	\$381,513	\$401,650	\$403,589	\$415,279	\$417,361	\$419,672	\$442,908
Rate stabilization	10,350	18,000	(12,000)	—	—	—	—	—	—	—
Capacity charge revenues	58,660	59,522	62,479	71,200	82,615	86,836	102,146	92,622	90,814	98,193
Other operating revenues	10,126	11,675	11,674	11,828	18,308	19,125	19,024	19,956	24,010	26,227
Total operating revenues	421,986	435,788	433,406	464,541	502,573	509,550	536,449	529,939	534,496	567,328
Operating and Maintenance Expenses ^(a)	117,183	122,014	127,211	138,698	142,263	139,585	143,834	154,513	138,166	158,816
Add: GAAP adjustments ^(b)	—	2,187	1,715	(2,377)	5,936	13,004	10,438	3,505	18,198	14,191
Net operating and maintenance expenses	117,183	124,201	128,926	136,321	148,199	152,589	154,272	158,018	156,364	173,007
Net operating revenue	304,803	311,587	304,480	328,220	354,374	356,961	382,177	371,921	378,132	394,321
Interest income ^(c)	2,682	2,822	2,863	4,549	6,055	8,956	10,765	7,971	4,833	7,601
Net revenue available for debt service	<u>\$307,485</u>	<u>\$314,409</u>	<u>\$307,343</u>	<u>\$332,769</u>	<u>\$360,429</u>	<u>\$365,917</u>	<u>\$392,942</u>	<u>\$379,892</u>	<u>\$382,965</u>	<u>\$401,922</u>
Debt service										
Parity bonds	\$172,959	\$175,463	\$167,694	\$160,957	\$159,761	\$163,967	\$171,321	\$162,385	\$153,818	\$141,421
Parity lien obligations	43,064	42,876	40,348	53,164	52,650	49,121	41,529	50,755	77,079	59,269
Subordinate debt service	15,039	17,477	18,318	21,316	26,277	33,139	35,174	30,367	12,714	33,501
Total debt service	<u>\$231,062</u>	<u>\$235,816</u>	<u>\$226,360</u>	<u>\$235,437</u>	<u>\$238,688</u>	<u>\$246,227</u>	<u>\$248,024</u>	<u>\$243,507</u>	<u>\$243,611</u>	<u>\$234,191</u>
Debt service coverage										
On parity bonds	1.78	1.79	1.83	2.07	2.26	2.23	2.29	2.34	2.49	2.84
On parity bonds and parity lien obligations	1.42	1.44	1.48	1.55	1.70	1.72	1.85	1.78	1.66	2.00
On all sewer system obligations	1.33	1.33	1.36	1.41	1.51	1.49	1.58	1.56	1.57	1.72

Notes:

(a) 2014 operating and maintenance expenses were restated as part of GASB Statement Nos. 68 and 71 implementation.

(b) Non-cash GAAP adjustments consist primarily of pension, other post-employment benefits and compensated absence accruals.

(c) Interest Income excludes unrealized gains and losses in the fair value adjustment of investments.

**WATER QUALITY ENTERPRISE
ADDITIONAL COVERAGE RATIOS
DECEMBER 31, 2022**

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) 2.00

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) 1.72

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) 1.51

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. Beyond the continuation of low interest rates, improved coverage in 2020 and 2021 resulted from early calls and refinancing of higher interest rate 2011 and 2012 put bonds.

Coverage (1.10 required by covenant) 31.80

**OPERATING AND CAPITAL INDICATORS BY FUNCTION
LAST TEN YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Works										
Miles of paved roads	1,441	1,442	1,418	1,418	1,415	1,415	1,415	1,415	1,481	1,465
Miles of unpaved roads	51	51	51	51	51	51	51	51	51	51
Bridges ¹	181	181	181	181	182	182	182	185	185	185
Building Permits										
Permits	1,303	1,309	1,459	3,172	1,294	1,501	1,406	835	1,217	1,282
Value of buildings (in thousands)	\$ 257,261	\$ 292,863	\$ 276,607	\$ 272,327	\$ 323,987	\$ 279,194	\$ 252,807	\$ 234,386	\$ 291,620	\$ 239,232
Justice and Law Enforcement - Sheriff's Office										
Number of employees - commissioned	650	671	679	721	724	728	739	747	711	687
Number of employees - civilian	385	378	340	412	411	360	374	367	345	360
Motor Pool fleet - vehicles	629	602	640	646	646	681	695	687	695	702
Motor Pool fleet - boats	8	8	8	10	12	11	10	10	10	15
Motor Pool fleet - helicopters ²	4	4	5	5	5	5	7	7	7	7
Adult Detention										
Average daily adult custodial population	1,960	2,076	2,027	2,011	2,186	2,107	2,691	1,668	1,530	1,495
Average stay (in days)	21	22	22	22	22	22	25	29	37	32
Bookings	34,282	34,724	34,939	36,135	37,125	35,631	32,864	18,324	14,208	14,876
Parks and Land Use										
Number of parks	220	221	220	223	229	229	234	239	242	244
Acres of parks	171,196	171,659	172,281	172,615	173,203	173,825	174,063	174,599	174,890	175,688
Public Transportation										
Size of fleet - buses	1,462	1,423	1,472	1,396	1,429	1,491	1,527	1,404	1,363	1,355
Size of fleet - active commuter vans	1,365	1,421	1,476	1,791	1,817	1,877	1,894	1,864	1,257	729
Annual bus trips (in thousands)	126,682	129,081	130,648	130,800	130,093	130,617	128,641	59,869	50,088	63,079
Annual commuter van trips (in thousands)	3,524	3,416	3,560	3,555	3,626	3,497	3,465	1,085	512	703
Wastewater Treatment										
Total sewer customers (residences and residential customer equivalents)	718,160	725,844	736,090	756,430	756,916	760,571	763,436	767,265	738,286	749,117
New sewer connections equivalents	8,467	10,767	11,676	10,743	12,484	12,906	12,513	6,522	6,720	8,759
Monthly sewer rate	\$ 39.79	\$ 39.79	\$ 42.03	\$ 42.03	\$ 44.22	\$ 44.22	\$ 45.33	\$ 45.33	\$ 47.37	\$ 49.27
Residential connection charge (monthly for 15 years)	\$ 53.50	\$ 55.35	\$ 57.00	\$ 58.70	\$ 60.80	\$ 62.60	\$ 64.50	\$ 66.35	\$ 68.34	\$ 70.39
Total sewer revenues (in thousands)	\$ 353,200	\$ 364,591	\$ 371,252	\$ 381,513	\$ 401,650	\$ 403,589	\$ 415,279	\$ 417,361	\$ 419,672	\$ 442,908
Number of treatment plants	5	5	5	5	5	5	5	5	5	5
Total treatment capacity (MGD ³)	895	895	895	862	862	868	868	868	868	868
Average daily flow (MGD)	167	186	178	188	194	177	161	178	183	185
Peak daily flow (MGD)	500	541	556	505	605	482	752	596	580	720

Source: Various King County agencies

¹Total number reported includes vehicular and pedestrian bridges.²King County currently has seven helicopters available for use. Only three of these are owned by the County. The remaining four are on loan from the Defense Reutilization Marketing Office program.³MGD = Millions of gallons per day

**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS**

Year	FUNCTION/PROGRAM							Total
	General Government	Law, Safety and Justice	Physical Environment	Transportation	Economic Environment	Health and Human Services	Culture and Recreation	
2013	1,687	3,472	1,069	4,581	476	1,507	184	12,976
2014	1,704	3,828	1,069	4,581	476	1,492	193	13,343
2015	1,680	3,822	1,121	4,472	471	1,394	200	13,160
2016	1,680	3,822	1,121	4,472	471	1,394	200	13,160
2017	1,759	3,878	1,153	5,137	490	1,486	224	14,127
2018	1,759	3,878	1,153	5,137	490	1,486	224	14,127
2019	1,819	3,992	1,199	5,820	526	1,621	241	15,218
2020	1,823	3,998	1,199	5,820	526	1,623	260	15,249
2021	1,909	4,143	1,275	5,909	546	1,749	289	15,820
2022	1,971	4,115	1,280	5,914	548	1,756	295	15,879

Source: 2021-2022 King County Biennial Budget

Notes:

A full-time employee is scheduled to work 261 days per year (365 minus two days off per week). At eight hours per day, 2,088 hours are scheduled per year (including holidays, vacation and sick leave). Full-time equivalent employment is calculated by dividing total labor hours by 2,088.

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

DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS

CALENDAR YEAR	POPULATION	PERSONAL INCOME (IN THOUSANDS)	PER CAPITA PERSONAL INCOME	AVERAGE EARNINGS PER JOB	UNEMPLOYMENT RATE		POPULATION 65 YEARS OLD AND OVER	MEDIAN HOUSEHOLD INCOME ESTIMATES	BIRTHS	DEATHS	STUDENTS ENROLLED IN PUBLIC SCHOOLS	STUDENTS ENROLLED IN PRIVATE SCHOOLS
					COUNTY	STATE						
2013	2,046,956	\$ 135,176,058	\$ 66,073	\$ 67,276	5.0 %	7.0 %	243,588	69,900	25,098	12,131	271,130	40,464
2014	2,079,967	149,434,812	71,882	70,484	4.7	6.1	247,516	71,500	26,343	13,784	278,409	41,047
2015	2,117,125	159,665,109	75,518	75,302	4.3	5.6	258,289	73,035	26,063	13,795	287,145	41,199
2016	2,149,970 *	166,006,277	77,213	81,484	3.9	5.4	266,596	75,302 +	30,508	16,162	292,066	42,256
2017	2,188,649 *	182,495,475	83,383	87,898	3.7	4.8	277,958	78,800 +	25,274	14,725	296,519	41,771
2018	2,233,163 *	201,962,200	90,438	92,596	3.5	4.5	290,311	83,571 +	24,337	13,179	302,450	41,860
2019	2,252,782 *	213,956,690	94,974	98,000	2.8	4.3	297,367	89,418 +	24,090	13,463	306,397	42,794
2020	2,269,675 *	219,805,809	96,647	108,844	7.6	8.4	304,125	94,974 +	23,638	14,353	292,651	34,758
2021	2,252,305 *	243,727,550	108,212	117,050	4.3	5.3	304,061	99,158 +	23,390	15,030	285,899	38,717
2022	2,266,789 *	N/A	N/A	N/A	2.9	4.2	312,817	106,326 +	N/A	N/A	288,725	39,672

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 2016-2022 population from the United States Census Bureau, State and County QuickFacts.

Unemployment rates are from Washington Employment Security Department, Labor Market and Economic Analysis Branch. Reported unemployment rates are the average for the year, and are not seasonally-adjusted.

Population statistics are from the US Census Bureau

+ Median household income estimates are from the Puget Sound Regional Council 2013-2015 and the United States Census Bureau 2016-2022.

Birth and death statistics are from Washington State Department of Health Data & Statistical Reports.

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

2013-2018; 2021 private school enrollment data from the Washington State Office of the Superintendent of Public Instruction.

2019-2020; 2022 private school enrollment data from the Washington State Board of Education.

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

TYPE OF INDUSTRY	2022			2013		
	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Professional and business services	326,850	1	22.04 %	212,417	2	17.22 %
Trade, transportation, and utilities	235,317	2	15.87	214,050	1	17.36
Educational and health services	189,575	3	12.79	161,225	4	13.07
Government	166,783	4	11.25	167,242	3	13.56
Information	140,417	5	9.47	82,525	7	6.69
Leisure and hospitality	125,883	6	8.49	120,575	5	9.78
Manufacturing	92,258	7	6.22	106,092	6	8.60
Construction	81,117	8	5.47	55,925	9	4.53
Financial activities	76,058	9	5.13	68,300	8	5.54
Total	<u>1,434,258</u>		<u>96.73 %</u>	<u>1,188,351</u>		<u>96.35 %</u>
Total employment	<u>1,482,683</u>			<u>1,233,350</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.



King County

Finance and
Business Operations Division