



King County

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Comprehensive Annual Financial Report

For the fiscal year

January 1 through

December 31, 2008

King County

State of Washington

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King County

Finance and Business Operations Division

Department of Executive Services

401 Fifth Ave.

Seattle, WA 98104 – 2333

October 27, 2009

**Honorable County Executive, Members of the
Metropolitan King County Council, and King
County Residents**

We are pleased to transmit to you the Comprehensive Annual Financial Report (CAFR) of King County, Washington (the County), for the fiscal year ended December 31, 2008. The governmental financial reporting model provides a picture of the County as a single, unified entity, while continuing to provide traditional fund-based financial statements. Each perspective (government-wide and major fund) allows the reader to address relevant questions, provides a basis for comparison, and enhances the County's accountability.

The CAFR consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. 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, and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that, to the best of our knowledge and belief, the CAFR is complete and reliable in all material respects.

The County's financial statements have been audited by the Washington State Auditor's Office. The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended December 31, 2008, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended December 31, 2008, are fairly presented in conformity with GAAP. The auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor

agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. The County's separately issued 2008 Single Audit Report is expected to be available in early November 2009 (online at <http://www.sao.wa.gov>).

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

Profile of the County

The County ranks number one in population in the State of Washington and is the financial, economic, and industrial center of the Pacific Northwest Region. Located between the sparkling blue waters of Puget Sound and the snowcapped Cascade Mountains, the County consists of 2,131 square miles, ranking 11th in geographical size among Washington state's 39 counties. As of December 31, 2008, the County contained 39 incorporated cities, which accounted for approximately 82 percent of its population.

King County operates under a Home Rule Charter adopted by a vote of the citizens of King County in 1968 and is organized under the Executive-Council form of county government. The Metropolitan King County Council is the policy-determining legislative body of the County. The Council's nine members are elected by district to four-year staggered terms and serve on a full-time basis. The County Council sets tax levies, makes appropriations, and adopts and approves the annual operating and capital budgets for the County. Other elected County officials include the County Executive, Prosecuting Attorney, Sheriff, Assessor, Director of Elections, and Superior and District Court Judges.

The County Executive serves as the chief executive officer of the County. The County Executive presents to the County Council annual statements of the County's financial and governmental affairs, the proposed budget, and capital improvement plans. The County 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 (subject to confirmation by the County Council).

King County provides some services on a countywide basis and other services only to unincorporated areas. Within appropriate jurisdictions, the County provides public transportation, road construction and maintenance, wastewater treatment, flood control, agricultural services, parks and recreation facilities, law enforcement, criminal detention, rehabilitative services, court services, tax assessments and collections, land use planning and permitting, zoning, public healthcare, emergency medical services, election services, animal control, and the disposal of solid waste. In addition, the County has contracts with some cities to provide services to incorporated areas within the County.

In 2008 the reporting entity "King County" includes six component units: (1) the Harborview Medical Center (HMC); (2) the Washington State Major League Baseball Stadium Public Facilities District (PFD); (3) the Cultural Development Authority of King County (CDA, dba

4Culture); (4) the Flood Control Zone Districts; (5) the King County Ferry District; and (6) the Building Development and Management Corporations. The Harborview Medical Center, with a history dating back to 1877, is a comprehensive 413-bed healthcare facility operated since 1967 by the University of Washington under a management contract. The general conditions of the management contract specify that King County retains title to all real and personal property acquired with HMC capital or operating funds. The PFD is responsible for overseeing the maintenance and operation of Safeco Field, the Seattle Mariners' baseball stadium. The CDA was created in 2003 to support the arts, heritage, historic preservation, and public art throughout the county. The King County Flood Control Zone District accounts for the development, operation and maintenance of flood control or storm water control projects that benefit the county. The King County Ferry District provides water taxi services (sometimes called passenger ferries or foot ferries) to several destinations in the Puget Sound Region as a supplement to commuting options for residents. The Building Development and Management Corporations are four Washington state nonprofit corporations each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings.

Most funds in this report pertain to the entity King County Government. Certain Agency Funds pertain to the County's custodianship of assets belonging to independent governments and special districts. Under state statute and the County's Home Rule Charter, the King County Executive is the *ex officio* treasurer of all special purpose districts in King County, but not of cities and towns or the Port of Seattle. As provided by County ordinance, the Director of the Finance and Business Operations Division is responsible for the duties of the comptroller and treasurer. Money received from or for the special purpose districts is deposited in a central bank account. The Director of the Finance and Business Operations Division disburses money according to state and local regulations and invests cash balances based on standard agreements with the respective special purpose district's governing body or administrative officer.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy

Economic conditions have a direct impact on the county's revenues and the demand for county services. The county's revenue sources include taxes, charges for services, and intergovernmental revenues. The largest single source is taxes, which comprise approximately 45 percent of total revenue, and consist primarily of retail sales and use taxes. Property taxes tend to be quite stable since levy rates are calculated months in advance and King County establishes assessed value from four prior years of real estate sales. Other tax sources, such as the retail sales tax, are much more volatile and directly influenced by economic conditions in the region.

The ongoing international economic crisis put to rest the region's economic expansion and has had a significant adverse effect on regional employment and income. County employment

growth in 2008 averaged 0.9 percent above 2007 levels, a deceleration from the 3.5 percent average annual growth experienced in 2006 and 2007. Construction employment began to decline in 2008 following several years of strong growth. Employment declines in the motor vehicle, finance and employment services industries are reflective of a stalled credit market and general employer pessimism. Personal income growth in the county has also slowed, with estimated annual growth of under two percent in 2008, versus average annual growth of 8.2 percent from 2005 to 2007.

County taxable retail sales were particularly hard hit towards the end of 2008 by fleeting consumer confidence. General Fund local option collections declined in 2008 by an unprecedented 5.13 percent from 2007 levels, the first drop since 2003. In comparison, between 2000 and 2003, General Fund local option sales tax receipts fell by 7.17 percent over the three-year timeframe. Strong growth in 2004 of 6.19 percent, 2005 of 7.45 percent, 2006 of 6.36 percent, and 2007 of 10.77 percent punctuated the turnaround from the previous recession.

Property assessment growth continues to accelerate, up 13.5 percent in 2008, compared with 14.1 percent, 10.4 percent, 8.7 percent, 5.6 percent, and 4.8 percent growth in 2007, 2006, 2005, 2004, and 2003, respectively. Assessed value appreciated even somewhat faster in 2007 and 2008 than the meteoric growth experienced at the start of the decade – 12.0 percent in 2001 and 13.3 percent in 2000 – reflecting overheated market conditions. The overextended residential property market collapsed nationally in 2008, resulting in falling prices and a dramatic fall in residential construction. The impact of this correction will be reflected in property assessments in 2009 and beyond.

County General Fund property tax collections increased by 3.5 percent in 2008, compared with 4.1 percent growth in 2007, 2.9 percent in 2006, 0.8 percent in 2005, 4.4 percent in 2004, and 2.8 percent in 2003. All of these are still below the 7.8 percent growth in 2002, 5.1 percent in 2001, and 6.6 percent in 2000, the year before passage of Initiative 747. Current year property tax delinquencies were 2.08 percent, slightly above the 2.01 percent experienced in 2007 and the record low set in 2006 of 1.89 percent. Delinquencies were 2.59 percent, 2.22 percent, and 2.25 percent in 2003, 2004, and 2005, respectively.

The county's investment pool earnings were hampered in 2008 as a result of declining interest rates resulting from a general flight from risky investments into more secure instruments, such as U.S. Agency Securities, Treasury Securities, and Certificates of Deposit.

Economic outlook

Nationally, the United States economy struggles to provide liquidity and confidence to a market undergoing a severe correction. The Federal Reserve and Treasury have implemented a variety of strategies intended to bolster investor and consumer confidence, although job losses continue to mount. A stimulus package approved in 2008 failed to provide sufficient momentum, requiring a second, much larger stimulus package to be approved in early 2009; it is currently being implemented. While some economic indicators have begun to show signs of stabilization, many have not. Home prices continue to decline, new construction activity remains muted, retail sales have plummeted, and unemployment continues to rise.

For 2009, negative national developments are expected to exert downward pressure on stronger local conditions. Total regional employment in 2009 is forecast to fall by 2.1 percent, the first drop in employment since 2003. Personal income growth is also anticipated to decline from 2007 and 2008 levels, reflecting declines in employment and restrained consumer activity.

King County will continue to face numerous challenges, including volatile energy prices, rising employee and programmatic health care costs, and the need to raise sufficient revenues to support utility, transit system, and general government operations.

Long-term financial planning

Between 1999 and 2004, King County aggressively dealt with forecasted outyear deficits through strategic financial planning and management. In 2007 and 2008, King County again forecast that status quo expenditure patterns would outpace revenues and began to address the coming deficits through a scaling back of programs, severely limiting new programs, and the creation of reserves to cushion future deficits. The county continues to forecast outyear deficits, intensified by weak national conditions, and is managing to address predicted shortfalls.

The slow process of transitioning urban unincorporated areas to cities through annexation and incorporation continues with several successful large annexations becoming effective in 2008. In August 2007, residents in the Lea Hill and Auburn West Hill potential annexation areas elected to join the City of Auburn. In November 2007, Benson Hill area voters decided to annex to the City of Renton. The Auburn annexations were effective January 1, 2008, and the Benson Hill annexation was effective March 1, 2008, marking the first successful major annexations to take effect. This breakthrough was spurred in no small measure by the state sales tax credit enacted in 2006 by the Washington State Legislature. Under the law as originally enacted, annexations would have had to occur by 2010 in order to qualify for the credit. State legislators have just approved an extension of this deadline through 2014.

The legislature also recently enacted streamlined sales tax sourcing legislation. This act, which conforms Washington's sales tax code to national standards, took effect in mid-2008. The impact on most county sales tax streams is negative, but is offset with state mitigation payments. The state mitigation program provides payments to local jurisdictions until the gains resulting from the change in sourcing outweigh the losses experienced in the first year.

King County still faces substantial difficulties in balancing limited revenues (largely stemming from tight constraints on property tax revenue from Initiative 747 and subsequent state legislation) with the ever-growing demand for services. Property tax growth remains capped at 1 percent plus the value of new construction. While costs since 2003 have been held well under historic growth rates of 5 to 6 percent, it will clearly be a challenge to continue to rein in expenditures in the face of labor cost drivers and service utilization levels.

The County reaffirms its steadfast commitment to maintain a six percent undesignated reserve policy and also its willingness to make often-painful decisions in order to reduce expenditures to match revenue levels while retaining prudent reserves. At the state level, the County also continues to pursue statutory enhancements to local government revenues to more flexibly balance revenues with long-term cost pressures.

Major Initiatives in 2008

Mental Illness and Drug Dependency (MIDD) Fund

King County experienced several consecutive years of state budget cuts to its mental health programs, resulting in loss of services or extremely tight eligibility criteria for many low-income people in need. Inadequate state funding for substance abuse services over many years limited access to treatment for many needy county residents. With access to treatment services so limited, a high number of individuals arrested, jailed or hospitalized are people with untreated mental health and substance abuse issues.

In 2005, the Washington State Legislature created an option for counties to raise the local sales tax by 0.1 percent to augment state funding for mental health and chemical dependency services and therapeutic courts. Twelve counties - Clallam, Clark, Island, Jefferson, King, Okanogan, San Juan, Skagit, Snohomish, Spokane, Thurston, and Whatcom - have implemented the sales tax increase to date.

The Metropolitan King County Council voted on November 13, 2007 to enact a one-tenth of one percent sales tax effective April 1, 2008 to fund the strategies and programs outlined in King County's Mental Illness and Drug Dependency Action Plan. The programs are designed to stabilize people suffering from mental illness and chemical dependency, diverting them from jails and emergency rooms by getting them proper treatment.

The MIDD Implementation Plan and Evaluation Plan were approved by the Council on October 6, 2008 and implementation began on October 16, 2008. The work to develop the plans was coordinated by the Mental Health, Chemical Abuse and Dependency Services Division (MHCADSD) and the Office of Management and Budget (OMB).

A number of strategies that were partially implemented in 2008 will be brought to full service delivery scale in 2009. Other strategies that were not started in 2008 will be fully implemented by the end of 2009. The MIDD Oversight Committee meets on a monthly basis in order to review and provide feedback on the implementation and effectiveness of MIDD-funded programs.

With the lingering economic downturn, there are significant potential challenges facing the MIDD. These include fluctuations in sales tax revenue and reductions in state and federal funding for programs such as housing, mental health and substance abuse treatment services that are funded by non-MIDD sources, but form the underpinnings on which MIDD delivers its services.

Equity and Social Justice Initiative

In February 2008, King County launched the Equity & Social Justice Initiative to eliminate long-standing inequities and social injustices. Like other parts of the country, King County and its neighborhoods experience vast and persistent disparities in wealth, health, and opportunities. In particular, race, class, and residence are good predictors of one's health, educational advancement, job opportunities, and involvement in the criminal justice system. For example:

- A child in south King County is more than twice as likely to drop out of high school as one in east King County.

- A youth of color is six times more likely than a white youth to spend time in a state or county correctional facility.
- A worker making between \$15,000 and \$25,000 a year is 10 times less likely to have health insurance than one making \$50,000 or more per year.
- A southeast Seattle resident is four times more likely to die from diabetes than a resident of Mercer Island.

This initiative emphasizes the many conditions that help communities thrive – affordable housing, quality education, livable-wage jobs, safe neighborhoods, efficient transportation, and accessible recreational and support services – but that are missing in many communities. As a result, residents of these disadvantaged communities not only experience higher levels of crime, illness, homelessness, and joblessness but also have fewer resources and pathways to escape this cycle.

The tragedy of these inequities is compounded by the cost it imposes on all residents in King County and the regional economy. For example, instead of focusing on creating vibrant and strong communities, the government has had to allocate resources to the excessive demand for crisis services such as police, courts, jails, and hospitals.

Through this initiative, King County government is identifying and pursuing measures to create conditions for all people to reach their full potential. While the overall progress of the initiative is reflected on the County's website (<http://www.kingcounty.gov/exec/equity.aspx>), the initial steps fall into the following three areas:

- Policy development and decision-making: King County is moving toward explicitly considering equity in the development of key policies and funding decisions through the use of an Equity Impact Tool. County departments have been trained on the tool and several are using it to develop policy and program recommendations.
- Delivery of County services: All Executive departments are moving forward with specific actions that promote equity and social justice in the delivery of their services. Please see the report Equity and Social Justice 2009 Update for progress on these actions (<http://www.kingcounty.gov/exec/equity.aspx>).
- Community partnerships: King County is working with local organizations and communities to involve community members in creating solutions to inequities. Hundreds of King County residents attended three Town Hall meetings in 2008. In addition, over 100 dialogues conducted throughout the county used the screening of the PBS documentary "Unnatural Causes: Is inequality making us sick?" to discuss equity and social justice.

Annexation Initiative

Progress continues on the annexation initiative. An incorporation election for Fairwood, the single largest major potential annexation area with a population of 41,500, occurred in September 2006 but was narrowly defeated by a group advocating annexation to the City of Renton. The Fairwood Municipal Initiative (FMI), a group advocating incorporation, has filed a notice of their intent to incorporate to the Boundary Review Board (BRB). Following review by the BRB, the FMI will determine whether to pursue an election in 2009 or 2010. The Benson Hill

area voted for annexation to Renton in November 2007, with 65.7 percent of voters supporting the measure. The annexation to Renton was effective March 1, 2008. This area has a population of nearly 17,000 residents.

Annexation elections for the Lea Hill and Auburn West Hill annexation areas to the City of Auburn were successful in August 2007 with over 55 percent approval in each area. These two areas have a combined population of 15,000 residents. This represents the second successful annexation election for one of the ten major potential annexation areas, although the annexation of Lea Hill was the first to actually take effect (January 1, 2008).

The City of Burien filed a Notice of Intent with the King County Boundary Review Board (BRB) to annex a significant portion of North Highline for annexation by the election method. The proposed annexation area has approximately 14,350 residents. Should the BRB approve the proposal, the City of Burien would prefer the measure to be on the August 2009 ballot. The City of Kirkland filed a Notice of Intent with the King County BRB to annex the Juanita, Finn Hill and Kingsgate neighborhoods. The proposed annexation area has approximately 34,000 residents. Should the BRB approve the proposal, the City of Kirkland would prefer the measure to be on the August 2009 ballot. The City of Kent also filed a Notice of Intent with the King County BRB to annex the Panther Lake neighborhood. The proposed annexation area has approximately 20,000 residents. The BRB approved the annexation. The City of Kent must pass a resolution calling for the question of annexation to be placed on a ballot.

Accountable Business Transformation Program (ABT Program)

The Accountable Business Transformation Program (ABT Program) will streamline, standardize and integrate business processes with countywide practices and systems. This will transform and unify the County's human resources, employee benefits, payroll, finance and budget services. The program will enhance the County's ability to provide services to customers and make County government more efficient by reducing duplication of work and increasing information access.

In February 2008, the High Level Business Design (HLBD) was reviewed by the ABT Governance Committees and approved by the ABT Program Leadership. In April 2008, the next phase of work began with the development of a Detailed Implementation Plan (DIP) and a Cost Benefit Comparison Study (CBC Study). The Hackett Group, a firm specializing in benchmarking and business process optimization, was contracted and assisted with the CBC Study for the County to identify ways to become more efficient and effective in performing its current business processes. The DIP and CBC Study were used to develop a cost benefit analysis of the ABT Program.

The ABT Program completed and submitted the DIP and Cost Benefit Analysis to the County Executive for transmittal to the County Council in July 2008. The council approved the DIP and Cost Benefit Analysis by Motion 12863 and appropriated funding of \$77.5 million for the ABT Program implementation phase. This includes a \$12.9 million contingency fund established by Ordinance 16275 on October 20, 2008. Consistent with the council approved planning approach (High Level Business Plan – Motion 12581) and the adopted DIP, the program's next focus is detailed analysis (fit/gap) followed by: design; development and configuration; testing; and finally, implementation.

Cash Management Policies and Practices

King County managed a \$4 billion (annual average) investment pool (the Pool) during 2008. All County agencies and 100 other special districts and public authorities participated in the Pool. The Pool is one of the largest in the State of Washington, with County funds comprising about 40 percent of the pool and outside districts the remaining 60 percent.

An Executive Finance Committee (EFC) establishes County investment policies and oversees the investment portfolio to ensure that specific investments comply with both those investment policies and Washington State law (RCW 36.48.070). The Pool is only allowed to invest in certain types of highly-rated securities including certificates of deposit, US treasury obligations, federal agency obligations, municipal obligations, repurchase agreements and commercial paper. The Pool seeks to obtain a market rate of return while preserving and protecting capital. Over the past 14 years, the pool has averaged just under a 5 percent rate of return.

Because of unprecedented turmoil and uncertainty in global credit markets surfacing in late 2007, the County held four impaired commercial paper investments in its portfolio at the start of 2008 totaling \$204 million (adjusted par value). For three of the four impaired investments (Cheyne, Mainsail and Rhinebridge), the County participated in restructuring auctions during 2008 and recovered \$75.2 million or about 50 percent of the adjusted par value of these securities. The County utilized outside financial experts to help maximize the recovery of the impaired funds, to review the overall quality of the Pool's portfolio, and to validate the Pool's investment strategy during the course of a turbulent year. Even with the losses on the three impaired investments, the Pool was still able to distribute net earnings of \$62.5 million to Pool members in 2008.

The County is waiting for the restructuring process to conclude in the second half of 2009 for Victoria, the only outstanding commercial paper obligation remaining in the Pool's portfolio (\$51.9 million adjusted par value). In December 2008 the County received a pro rata cash payment of about \$8 million from the receiver of Victoria, reducing the County's outstanding principal value to \$43.9 million at year-end. Due to the stressed market conditions for this type of security, the County cannot predict what it may eventually recover at the completion of the restructuring process. The Victoria investment has since been segregated into a small "impaired pool" separate from the large "performing pool." The impaired pool was established in mid-2008 to help account for the recovery of funds from the restructuring auctions and other residual cash payments.

Standard & Poor's (S&P) first rated the Pool in 2005 and granted the pool its highest credit rating of AAaf. The pool continued to earn this highest rating in 2006 and again in 2007. In mid-January 2008, S&P took the temporary action to suspend their rating of the Pool, with the understanding that the County could request a restored rating by segregating any remaining impaired investment into the impaired pool. S&P has since modified its rating criteria for investment pools and the County is reconsidering the benefits and costs of a pool rating. The County will decide whether to pursue a new S&P pool rating in the second half of 2009.

Risk Management

As a municipal organization, the County has a wide range of loss exposures. The County uses three internal service funds to account for and finance property/casualty, workers'

compensation, and employee medical and dental benefits self-insurance programs. Note 10 – Risk Management discloses the specific programs and claims liability changes during 2008 for each insurance program.

Pension Benefits

Qualifying County employees participate in the Public Employees' Retirement System (PERS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), the Public Safety Employees' Retirement System (PSERS), or the Seattle City Employees' Retirement System (SCERS). PERS, LEOFF, and PSERS are statewide local government retirement systems administered by the State of Washington's Department of Retirement Systems under cost-sharing, multiple-employer defined benefit and defined contribution public employee retirement systems. Note 8 – Pension Plans presents plan descriptions and information on funding policies.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to King County for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the 27th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the Financial Accounting staff of the Finance and Business Operations Division. We would like to express our appreciation to all members of the division who assisted and contributed to the preparation of this report. Credit must also be given to the Executive and County Council for their support for maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



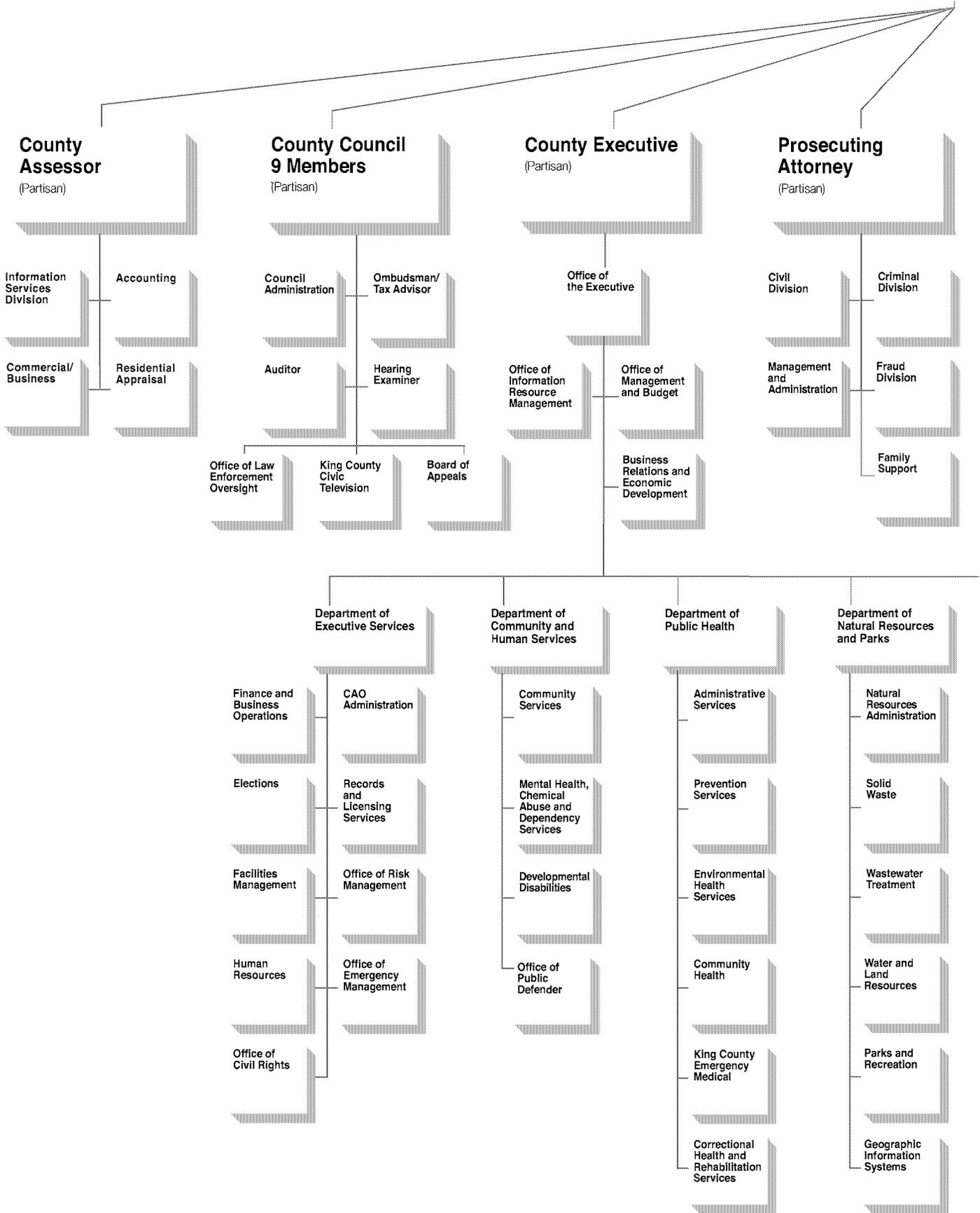
Ken Guy
Finance Director
Finance and Business Operations Division



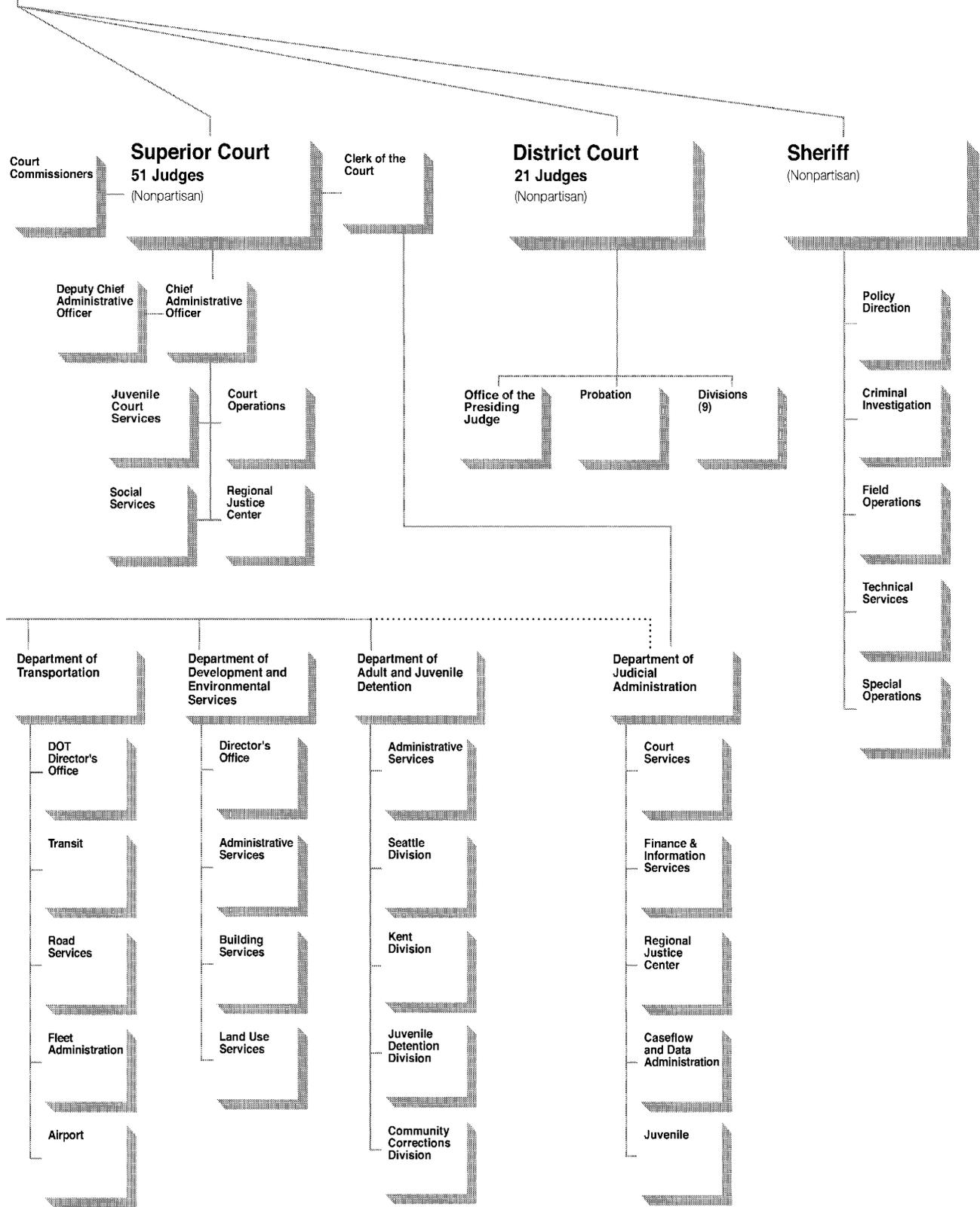
Pete Anthony, CPA
Chief Accountant/Manager
Financial Management Section
Finance and Business Operations Division



The Electorate



of King County



Legend
 Dual Reporting
 Single Reporting

ELECTED OFFICIALS
as of December 31, 2008

Office		Officials
Councilmember	District 1	Bob Ferguson
Councilmember	District 2	Larry Gossett
Councilmember	District 3	Kathy Lambert
Councilmember	District 4	Larry Phillips
Council Chair	District 5	Julia Patterson
Councilmember	District 6	Jane Hague
Councilmember	District 7	Pete von Reichbauer
Council Vice-Chair	District 8	Dow Constantine
Council Vice-Chair	District 9	Reagan Dunn
Executive		Ron Sims
Prosecuting Attorney		Dan Satterberg
Assessor		Scott Noble
Sheriff		Sue Rahr
Judicial	Presiding Judge King County Superior Court	Bruce Hilyer
	Chief Presiding Judge King County District Court	Barbara Linde



**King County Executive
Ron Sims**



Metropolitan King County Council
BACK ROW: Kathy Lambert (District 3), Bob Ferguson (District 1),
Larry Gossett (District 2), Pete von Reichbauer (District 7)
FRONT ROW: Larry Phillips (District 4), Dow Constantine (District 8),
Julia Patterson (District 5), Reagan Dunn (District 9), Jane Hague (District 6)



**King County Assessor
Scott Noble**



**King County Sheriff
Sue Rahr**



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

Certificate of Achievement for Excellence in Financial Reporting

Presented to

King County
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CAFR



**Financial
Section**



**Washington State Auditor
Brian Sonntag**

INDEPENDENT AUDITOR'S REPORT

October 19, 2009

Council
King County
Seattle, Washington

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 the King County, Washington, as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Building Development and Management Corporations fund which represents 12 percent, -0.5 percent, and 0 percent, respectively of the assets, net assets and revenues of the governmental activities, and 6 percent, 0 percent and 1 percent, respectively, of the assets, net assets and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Building Development and Management Corporations fund, is based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Building Development and Management Corporations fund were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the King County, Washington, as of December 31, 2008, and the respective changes in financial position

and, where applicable, cash flows thereof, and the respective budgetary comparison for the General and Public Health funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, during the year ended December 31, 2008, the County implemented Governmental Accounting Standards Board Statement 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

In accordance with *Government Auditing Standards*, we will also issue our report dated October 19, 2009, 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. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 19, infrastructure modified approach information on pages 122 through 124 and information on postemployment benefits other than pensions on page 124 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying information listed as combining financial statements and supplemental information on pages 125 through 230 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the County. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Sonntag", written in a cursive style.

BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of King County's (the County) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2008. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the County's financial statements and notes to the financial statements, which follow.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

- As of December 31, 2008, the assets of the County exceeded its liabilities by \$4,141.2 million (net assets). Because all of the County's net assets are either invested in capital assets or restricted as to use, the combined unrestricted net assets showed a \$320.3 million deficit at the end of the year.
- In 2008 the County's total net assets increased by 5.7 percent or \$222.5 million. The governmental net assets increased by 7.0 percent or \$126.2 million, and the business-type net assets increased by 4.5 percent or \$96.3 million.
- As of December 31, 2008, the County's governmental funds reported combined ending fund balances of \$516.6 million. Approximately 78.8 percent or \$407.0 million is unreserved fund balance available for spending at the government's discretion within the purposes specified for the County's funds.
- At the end of 2008 the unreserved, undesignated fund balance for the General Fund was \$73.8 million, amounting to 12.3 percent of total General Fund expenditures for 2008. Total fund balance for the General Fund decreased 30.9 percent or \$43.4 million for the year.
- The County's total bonded debt increased by 4.1 percent or \$147.8 million in 2008 due to new bond issuance of \$398.8 million offset by \$128.1 million of debt service principal payments and \$114.7 million of early principal payments made during the year.

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: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business. The statements provide short-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. These statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This means they follow methods that are similar to those used by most businesses, taking into account all revenues and expenses connected with the fiscal year, even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The **statement of net assets** presents all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in the County's net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As a result, revenues and expenses are reported in this statement 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 and sick leave.

Both of the 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 intergovernmental revenues. Most of the County's basic services fall into this category, including general government; law, safety and justice; physical environment; transportation; economic environment; mental and physical health; culture and recreation; and debt service. Also included within the governmental activities are the 2008 operations of the County's flood control zone district and ferry district. Although legally separate from the County, these component units are blended with the primary government (King County) because of their governance relationship with the County. Four Washington state nonprofit corporations, each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings, are reported as blended component units of the County. A single internal service fund, the Building Development and Management Corporations Fund, is used to blend the four nonprofit corporations' activities and balances with the primary government.

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 of goods and services. These business-type activities include the operation of the County's public transportation system, wastewater treatment facilities, solid waste disposal facilities, airport, and other services.

Discretely presented component units. The government-wide financial statements include not only King County itself as the primary government, but also six legally separate entities for which the County is financially accountable: the Harborview Medical Center (HMC), the Washington State Major League Baseball Stadium Public Facilities District (PFD), the Cultural Development Authority (CDA) of King County, doing business as 4Culture, Flood Control Zone District, King County Ferry District, and four Washington state nonprofit corporations each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings. Financial information for the first three of these component units is reported separately from the financial information presented for the primary government itself in a single, aggregated presentation in the government-wide financial statements. Individual financial statements for the HMC, the PFD, and the CDA can be found immediately following the fiduciary funds financial statements in the Basic Statements section of this report.

Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the County can be divided into three categories: **governmental** funds, **proprietary** funds, and **fiduciary** funds.

Governmental funds. Most of the basic services provided by the County are financed through 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, however, the governmental funds financial statements focus on how cash and other financial assets can readily be converted to available resources, and the balances left at year-end that are available for future spending. Such information may be useful in determining whether there will be adequate financial resources available to meet the current needs of the County.

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 balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a general fund and several other individual governmental funds organized according to their type (special revenue, debt service, and capital projects). Two governmental funds, the General Fund and the Public Health Fund, are considered to be major funds for financial reporting purposes. Each of the major funds is presented in a separate column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor funds is provided in the form of combining and subcombining statements in the Governmental Funds section of this report, following the Basic Statements section.

The County adopts an annual budget appropriated at the department/division level for the General Fund and at the fund level for the Public Health Fund. A budgetary comparison statement has been provided for each of the two major governmental funds.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Proprietary funds. Proprietary funds are generally used to account for services for which the County charges customers a fee. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. 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 maintains the following two types of proprietary funds:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The proprietary funds financial statements provide separate information for the Water Quality Enterprise and the Public Transportation Enterprise, both considered to be major funds of the County for financial reporting purposes. All other enterprise funds are aggregated into a single presentation within the proprietary funds financial statements.

Internal service funds are used to report activities that provide services to the County's other programs and activities on a cost reimbursement basis. The County uses internal service funds to account for its motor pool, information and telecommunications services, facilities management, risk management, employee benefits, building development and construction, and financial and various other administrative services. These services predominantly benefit governmental rather than business-type functions and have been included within governmental activities in the government-wide financial statements. One internal service fund that provides equipment and fleet maintenance and procurement for the Water Quality Enterprise is included within the business-type activities in the government-wide financial statements but is combined with all other internal service funds into a single aggregated presentation in the proprietary funds financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include the investment trust funds, used to report investment activity conducted by the County on behalf of legally separate entities, such as special districts and public authorities that are not part of the County's reporting entity, and the agency funds. 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 used 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 Statements section of this report.

Other information

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information on infrastructure assets reported using the modified approach. The required supplementary information immediately follows the notes to the financial statements in the Basic Statements section of this report.

Combining Statements. The combining and subcombining statements, referred to earlier, are presented in separate sections immediately following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. As indicated in the condensed financial information on the following page, which was derived from the government-wide Statement of Net Assets, the County's combined net assets (governmental and business-type activities) were \$4,141.2 million at the end of 2008. This is an increase of 5.7 percent or \$222.5 million over the net assets of the previous year, as restated.

Governmental activities. Although net assets of the County's governmental activities increased 7.0 percent to \$126.2 million, all of the net assets are either subject to external restrictions as to how they may be used, or are invested in capital assets (e.g., land, buildings, infrastructure, right-of-way, equipment, and work in progress) less any related outstanding debt used to acquire those assets. Consequently, unrestricted net assets for governmental activities showed

a \$334.8 million deficit at the end of 2008. This is a 6.5 percent or \$23.1 million decrease in the deficit in unrestricted net assets from that of fiscal year-end 2007.

Net Assets						
(in thousands)						
	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Assets						
Current and other assets	\$ 1,012,265	\$ 1,080,590	\$ 901,225	\$ 951,698	\$ 1,913,490	\$ 2,032,288
Capital assets	2,538,928	2,416,437	4,555,836	4,123,272	7,094,764	6,539,709
Total Assets	<u>3,551,193</u>	<u>3,497,027</u>	<u>5,457,061</u>	<u>5,074,970</u>	<u>9,008,254</u>	<u>8,571,997</u>
Liabilities						
Long-term liabilities	1,444,180	1,475,758	2,921,465	2,658,464	4,365,645	4,134,222
Other liabilities	181,632	222,119	319,716	292,423	501,348	514,542
Total Liabilities	<u>1,625,812</u>	<u>1,697,877</u>	<u>3,241,181</u>	<u>2,950,887</u>	<u>4,866,993</u>	<u>4,648,764</u>
Net Assets						
Invested in capital assets, net of related debt	1,805,977	1,762,158	1,764,400	1,551,017	3,570,377	3,313,175
Restricted	454,219	394,932	436,969	419,118	891,188	814,050
Unrestricted	(334,815)	(357,940)	14,511	153,948	(320,304)	(203,992)
Total net assets	<u>\$ 1,925,381</u>	<u>\$ 1,799,150</u>	<u>\$ 2,215,880</u>	<u>\$ 2,124,083</u>	<u>\$ 4,141,261</u>	<u>\$ 3,923,233</u>

This deficit does not mean that the County's governmental activities do not have resources available to pay their obligations in the coming year. The increase in net assets for governmental activities in 2008 reflects the County's ability, on an annual basis, to meet its current obligations in those activities including the related debt service requirements. The deficit in unrestricted net assets is the result of the governmental activities having long-term commitments that are greater than currently available resources. Specifically, the County's governmental activities include general obligation debt of \$391.6 million, \$70.2 million less than at the end of 2007, for which no corresponding assets are recorded but for which future revenues are obligated.

Of the amount of debt with no corresponding assets, 70.1 percent or \$274.4 million is related to assets that are recorded on the books of two of the County's three discretely presented component units: the Washington State Major League Baseball Stadium PFD (\$96.7 million), and the Harborview Medical Center (\$177.7 million). As discretely presented component units, these entities are not part of the primary government or incorporated into this analysis. The remainder of the debt, for which there are no corresponding assets, consists of \$92.8 million associated with the Kingdome facility, which was demolished to make room for the Seahawks (Qwest) Football Stadium, and \$24.4 million used to finance assets that have been contributed by the County to other programs and services that benefit the citizens of the County.

Business-type activities. There was an increase of 4.5 percent to \$2,215.9 million in the net assets of business-type activities. Of the total net assets for business-type activities, 79.6 percent or \$1,764.4 million is invested in capital assets (e.g., land, buildings, vehicles, plant assets, equipment, and work in progress), net of related debt. The business-type activities use these capital assets to provide services to their customers; consequently, these assets are not available for future spending. The resources needed to repay the debt incurred to acquire

these assets must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities. Another 19.7 percent of the total net assets of business-type activities is restricted as to use for capital construction (\$380.4 million), debt service (\$45.6 million), and litigation (\$11.0 million). The remaining 0.7 percent or \$14.5 million is unrestricted net assets that may be used to finance the continuing operations of the County's business-type activities. Any balance in the unrestricted net assets for business-type activities cannot be used to reduce the unrestricted net asset deficit in governmental activities.

The combination of the \$334.8 million deficit in the governmental activities unrestricted net assets and the \$14.5 million positive balance in the business-type activities unrestricted net assets resulted in the deficit of \$320.3 million in total unrestricted net assets for the County as a whole.

Analysis of Changes in Net Assets

The increase in the County's total net assets in 2008 resulted from revenues exceeding related expenses and reflects the County's ability to meet its ongoing obligations including its debt service requirements. Approximately 45.1 percent of the County's total revenues came from taxes, primarily Property taxes and the Retail sales and use taxes. Charges for various goods and services provided 39.4 percent of the total revenues, while 13.5 percent was derived from operating and capital grants and contributions (including state and federal assistance). The County's expenses cover a range of services, the largest of which were for law, safety and justice; mental and physical health; public transportation; and water quality.

The condensed financial information on the following page is derived from the government-wide Statement of Activities and reflects how the County's net assets changed during the 2008 fiscal year.

Governmental activities. Governmental activities accounted for 56.7 percent of the total growth in net assets of the County, resulting in an increase in the County's governmental activities net assets of \$126.2 million. Program revenues for governmental activities total \$805.8 million and include the amount paid by those who directly benefited from the programs (\$538.9 million), and by other governments and organizations that subsidized certain programs with operating grants and contributions (\$188.6 million), and capital grants and contributions (\$78.3 million). In 2008 the cost of all governmental activities was \$1,568.0 million. The County paid for the \$762.2 million remaining "public benefit" portion of governmental activities with \$599.6 million in property taxes, \$193.8 million in retail sales and use taxes, and \$92.2 million in other revenues, including other taxes and interest earnings. As discussed earlier, all of the increase in governmental activities net assets was either restricted as to use or used to acquire capital assets to provide services to the County's citizens.

The growth in net assets of governmental activities of \$126.2 million is primarily due to the following factors: the collection of revenues (mostly taxes) to fund repayments of long-term debt (\$79.1 million), the collection of revenues for the acquisition of capital assets (\$40.5 million), donations of capital assets (primarily infrastructure) to the county (\$63.8 million), taxes collected by Special Revenue Funds (\$18.4 by the Flood Control Zone District, \$16.2 million by the Ferry District, \$14.0 million by Mental Illness and Drug Dependency, and \$13.4 million by Emergency Medical Services) in excess of the services provided in 2008 (\$62.0 million). In addition, book value of capital assets sold/retired/transferred (\$91.5 million) and depreciation expense (\$38.2 million) were negative factors in the change in net assets.

Changes in Net Assets
(In thousands)

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues						
Charges for services	\$ 538,951	\$ 539,165	\$ 581,089	\$ 538,791	\$ 1,120,040	\$ 1,077,956
Operating grants and contributions	188,597	180,215	72,458	55,771	261,055	235,986
Capital grants and contributions	78,259	82,908	43,155	15,846	121,414	98,754
General revenues						
Property taxes	599,583	499,339	-	-	599,583	499,339
Retail sales and use taxes	193,827	164,804	432,934	442,042	626,761	606,846
Other taxes	57,297	69,356	-	-	57,297	69,356
Unrestricted interest earnings	34,897	36,348	22,850	22,718	57,747	59,066
Total revenues	<u>1,691,411</u>	<u>1,572,135</u>	<u>1,152,486</u>	<u>1,075,168</u>	<u>2,843,897</u>	<u>2,647,303</u>
Expenses ^(a)						
General government ^(b)	168,271	95,864	-	-	168,271	95,864
Law, safety and justice	580,105	544,838	-	-	580,105	544,838
Physical environment	75,638	63,326	-	-	75,638	63,326
Transportation	115,090	107,471	-	-	115,090	107,471
Economic environment	99,839	94,555	-	-	99,839	94,555
Mental and physical health	421,355	381,286	-	-	421,355	381,286
Culture and recreation	56,285	50,100	-	-	56,285	50,100
Interest and other debt service costs	51,455	53,299	-	-	51,455	53,299
Airport	-	-	15,842	14,620	15,842	14,620
Public transportation	-	-	667,651	588,234	667,651	588,234
Solid waste	-	-	110,348	116,252	110,348	116,252
Water quality	-	-	251,910	242,808	251,910	242,808
Other enterprises activity	-	-	7,540	8,025	7,540	8,025
Total expenses	<u>1,568,038</u>	<u>1,390,739</u>	<u>1,053,291</u>	<u>969,939</u>	<u>2,621,329</u>	<u>2,360,678</u>
Increase in net assets before transfers	123,373	181,396	99,195	105,229	222,568	286,625
Transfers	2,858	1,200	(2,858)	(1,200)	-	-
Increase in net assets	<u>126,231</u>	<u>182,596</u>	<u>96,337</u>	<u>104,029</u>	<u>222,568</u>	<u>286,625</u>
Net assets, beginning of year (restated) ^(c)	1,799,150	1,616,554	2,119,543	2,020,054	3,918,693	3,636,608
Net assets, end of year	<u>\$ 1,925,381</u>	<u>\$ 1,799,150</u>	<u>\$ 2,215,880</u>	<u>\$ 2,124,083</u>	<u>\$ 4,141,261</u>	<u>\$ 3,923,233</u>

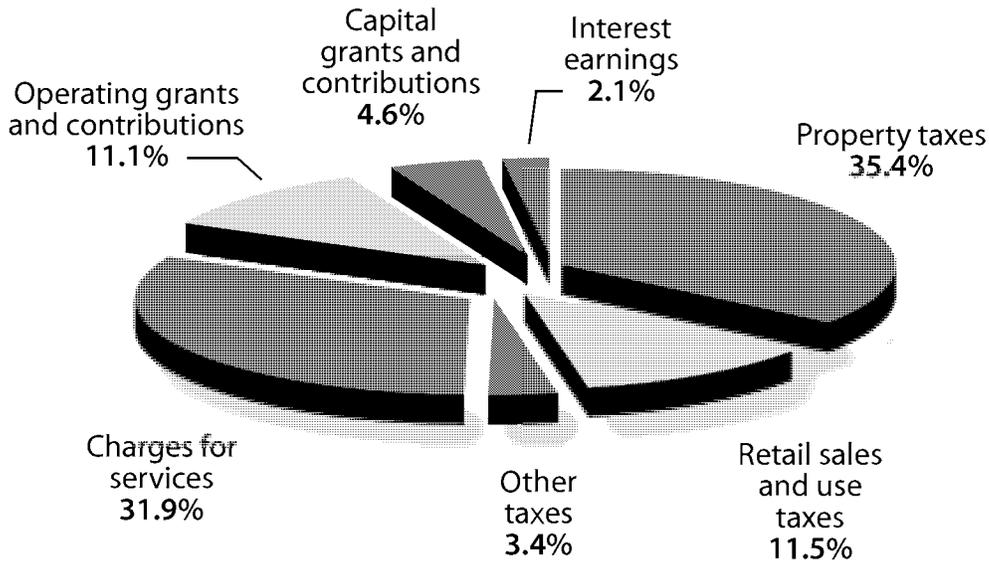
(a) Expenses for all functions include the allocation of indirect expenses from the general government function. The amount of indirect general government expenses allocated to each function is shown in a separate column on the County's government-wide Statement of Activities alongside the column that reflects the direct operating expenses incurred by each function. As a result of this allocation, the \$168.3 million in General government expense above consists of \$137.3 million in direct program expenses and loss on the disposal (transfer) of capital assets of \$91.6 million reduced by a net allocation of \$60.6 million to other County functions.

(b) General government expenses includes loss on sale/disposal/transfer of capital assets of \$91.6 million and \$12.6 million in 2008 and 2007, respectively.

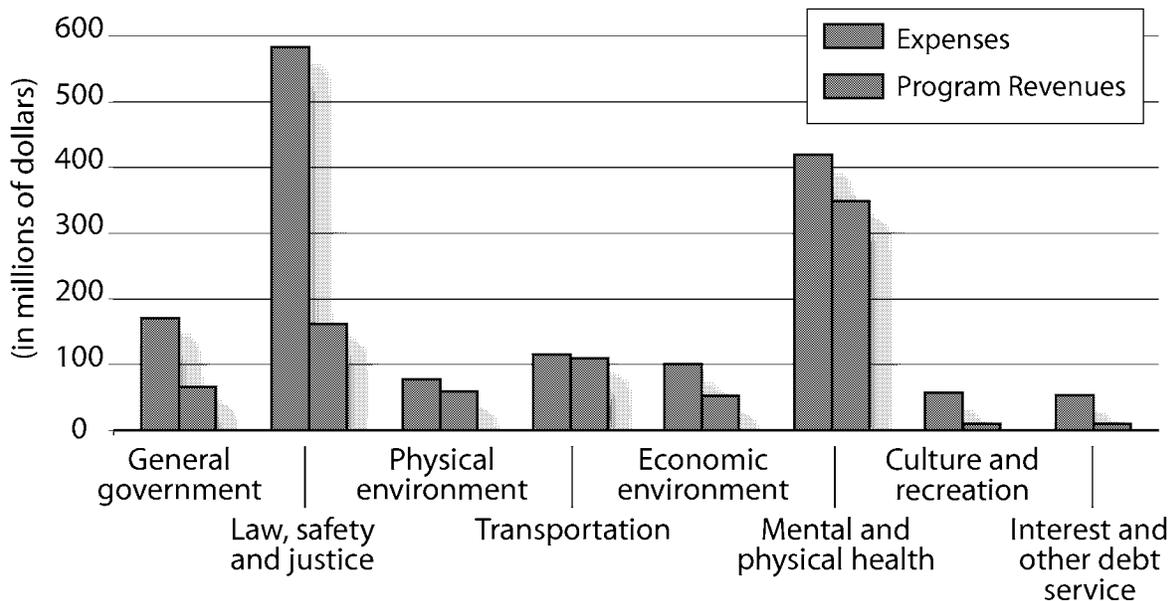
(c) Net assets, beginning of year has been restated, see Note 16, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

The charts below illustrate the County's revenues by source and its expenses and program revenues by function for its governmental activities:

Revenues by Source — Governmental Activities 2008



Expenses and Program Revenues — Governmental Activities 2008



Charges for services provided 31.9 percent, and property taxes 35.4 percent, of total revenues for governmental activities. One of the most significant expense amounts is for Law, safety and justice, a function that requires the greatest usage of general government revenues. The primary revenue sources for Mental and physical health are charges for services and operating grants and contributions, which paid for 83.1 percent of the activities for that function. In 2008 Transportation received \$63.8 million in infrastructure and right-of-way capital assets from developers, which enabled program revenues to fall short of expenses by only \$4.9 million. These capital contributions accounted for 50.5 percent of the 2008 increase in governmental activities net assets.

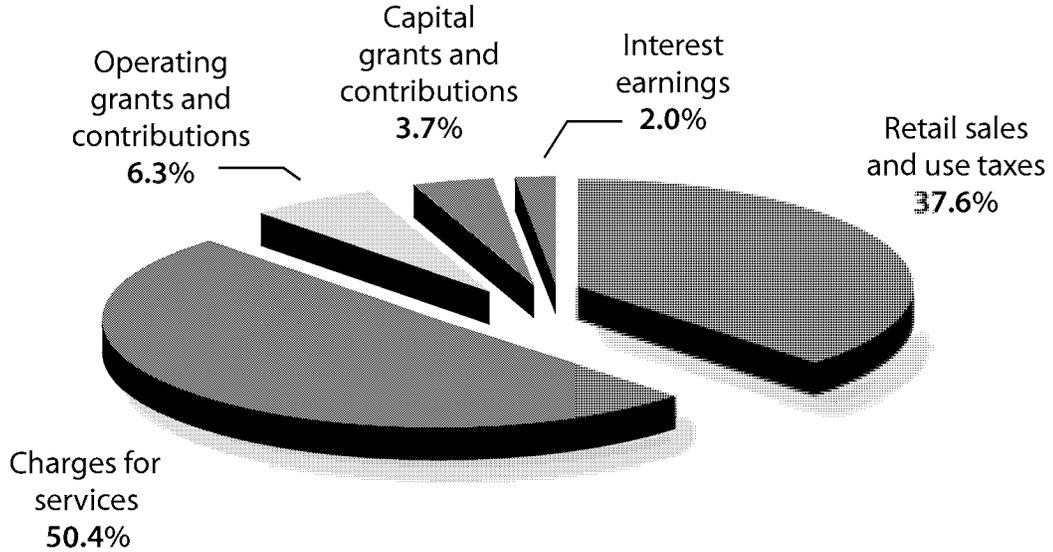
A comparison of the cost of services by function for the County's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (in thousands):

(Expenses) Net of Program Revenues	
General government	\$ (105,391)
Law, safety and justice	(419,534)
Physical environment	(18,937)
Transportation	(4,904)
Economic environment	(48,344)
Mental and physical health	(71,197)
Culture and recreation	(48,341)
Interest and other debt service costs	(45,583)
Total expenses	(762,231)
General revenues	
Property taxes	599,583
Retail sales and use taxes	193,827
Other taxes	57,297
Unrestricted interest earnings	34,897
Other	2,858
Increase in net assets	\$ 126,231

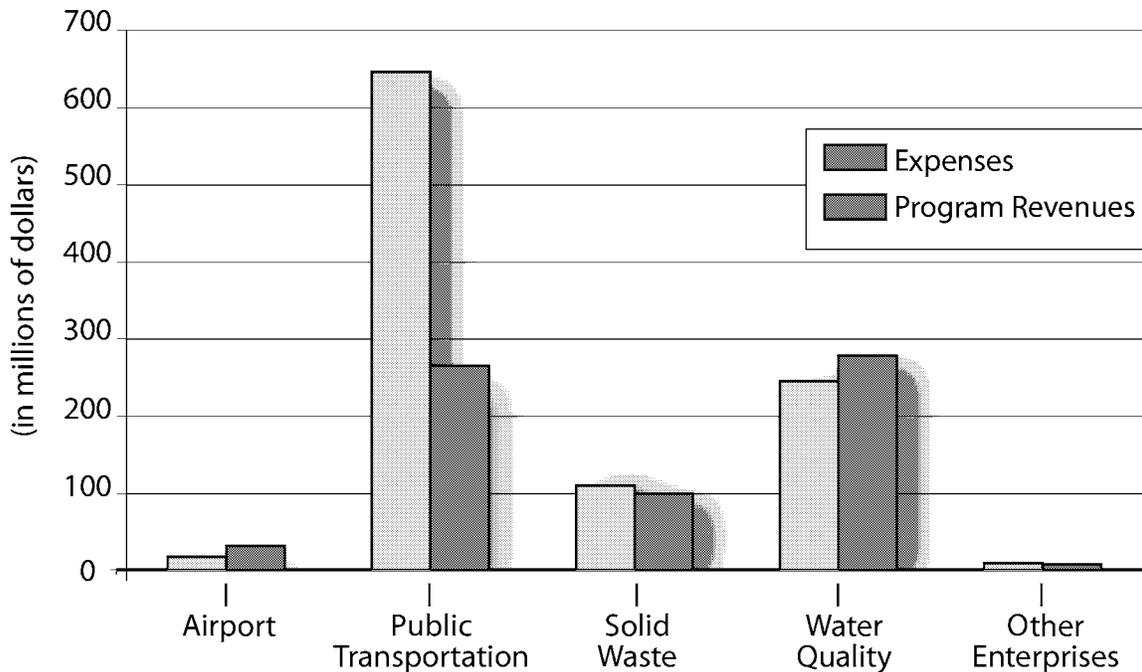
Business-type activities. Business-type activities increased the County's net assets by \$96.3 million in 2008, accounting for 43.3 percent of the total growth in net assets of the County. Total revenues for business-type activities were \$1,152.5 million. The cost of all business-type activities for 2008 was \$1,053.3 million. Of that amount, 66.1 percent or \$696.7 million was funded from program revenues, including \$581.1 million in charges for services, \$72.5 million from other governments and organizations that subsidized certain programs with operating grants, and \$43.1 million in capital grants and contributions. The Public Transportation program operations are subsidized with retail sales and use tax revenues, which amounted to \$432.9 million in 2008. In addition, business-type activities earned \$22.8 million in unrestricted interest earnings.

The charts on the following page illustrate the County's business-type revenues by source and business-type expenses and program revenues by function:

Revenues by Source — Business-type Activities 2008



Expenses and Program Revenues — Business-type Activities 2008



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, 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 resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net financial resources available for spending at the end of the fiscal year.

As of December 31, 2008, the County's governmental funds reported combined ending fund balances of \$516.6 million, an increase of \$44.6 million in comparison with the prior year. Approximately 78.8 percent (\$407.0 million) constitutes unreserved fund balance which is available for spending in the coming year at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to the liquidation of outstanding contracts and purchase orders of the prior fiscal year (\$73.9 million), to pay debt service (\$14.2 million), for prepayments (\$6.8 million), and for a variety of other restricted purposes (\$14.7 million).

Overall governmental fund revenues totaled approximately \$1,691.2 million for 2008, which represents an increase of 8.5 percent, or \$133.2 million, over the fiscal year ended December 31, 2007. The increase was primarily due to strong growth in Property taxes (up \$99.0 million), Retail sales and use taxes (up \$29.0 million due to \$35.2 million in revenue for the new 1/10 of one percent retail sales and use tax imposed April 1, 2008 for the purpose of providing new or expanded chemical dependency or mental health treatment services and for the operation of new or expanded therapeutic court programs), and Intergovernmental revenues (up \$40.1 million). Charges for services were down \$12.9 million, Business and other taxes were down \$12.2 million, and Licenses and permits were down \$7.4 million. In 2008, expenditures for governmental funds totaled \$1,702.7 million, an increase of 8.9 percent or \$138.9 million from the previous fiscal year. Current expenditures were up 8.5 percent or \$114.2 million from the previous fiscal year, Debt service expenditures (excluding the payment to escrow agent) were down \$9.8 million (7.6 percent), and Capital outlay expenditures were up \$31.5 million (42.5 percent). Total expenditures for governmental funds exceeded revenues by \$11.5 million in 2008 compared to \$5.8 million for the 2007 fiscal year.

The **General Fund** is the chief operating fund for the County. At the end of the fiscal year, total fund balance for the General Fund equaled \$97.2 million. Unreserved fund balance, the amount considered available to spend, totaled \$81.2 million. Of that amount, \$7.4 million has been designated and is not considered available to spend. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 13.6 percent of total General Fund expenditures, a decrease from the 19.9 percent of a year ago. Total fund balance represents 16.3 percent of total General Fund expenditures, a decrease from the 24.7 percent of a year ago.

The fund balance of the County's General Fund decreased by \$43.4 million during 2008, while the fund balance decrease in 2007 was a modest \$3.1 million. Revenues were down \$4.5 million (0.7 percent) in 2008, expenditures were up \$29.5 million (5.2 percent) and Other Financing Uses were up \$11.1 million. While property tax revenues were up \$8.1 million and intergovernmental revenues were up \$3.9 million, several other revenue categories were down

in 2008 (including retail sales and uses taxes down \$6.1 million, business and other taxes down \$4.2 million, charges for services down \$2.0 million, miscellaneous revenues down \$1.7 million and interest earnings down \$2.4 million), which resulted in the net decline of \$4.5 million. \$24.4 million of the \$29.5 million in the increase in expenditures were in the Law, safety, and justice function, including increased expenditures of \$9.6 million in the Sheriff's Office, \$4.8 million in Adult and Juvenile Detention, \$3.7 million for courts, \$3.1 million in the Office of the Prosecuting Attorney and \$2.0 million in the Office of the Public Defender. The \$11.1 million increase in Other Financing Uses included a one-time transfer of \$15 million to the new Rainy Day Fund.

The **Public Health Fund**, a special revenue fund, is used to finance health service centers located throughout the County and other public health programs to promote health and prevent disease to King County residents. At the end of 2008 it had a total fund balance of \$4.4 million (down from \$6.4 million at the end of 2007), of which \$3.3 million was unreserved and available for spending. While revenues were up \$9.2 million in 2008 (including an increase of \$7.9 million in intergovernmental revenues) and other financing sources were up \$1.1 million, expenditures were up \$10.9 million in 2008 resulting in a decrease in fund balance of \$2.0 million in 2008 vs. \$1.4 million in 2007.

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities. This information is presented on the same basis of accounting, but provides more detail.

As previously discussed in the business-type activities, the County's net assets increased by \$96.3 million as a result of operations in the proprietary funds adjusted to reflect the consolidation of internal service fund activities related to the enterprise funds. Of the two major proprietary funds, the Public Transportation Enterprise provided \$47.8 million of this increase while the net assets of the Water Quality Enterprise increased by \$38.6 million. In 2008, net assets of the Solid Waste Enterprise declined by \$8.3 million.

The **Public Transportation Enterprise** accounts for the operations, maintenance, capital improvements, and expansion of public transportation and related facilities in the County. At the end of 2008 the Public Transportation Enterprise had total net assets of \$1,424.7 million of which 69.1 percent or \$985.1 million was invested in capital assets, net of related debt; 27.1 percent or \$386.0 million was restricted as to use for capital purposes and bond reserves; and 3.8 percent or \$53.6 million was unrestricted and available for spending. Net assets of Metro Transit increased in years 2008 and 2007. The increase was \$47.8 million (3.5%) in 2008 and \$87.6 million (6.8%) in 2007. The change in 2008 is primarily attributed to an increase in cash balances held for future fleet replacement and future capital investments that are currently projected to occur over the next few years. On December 31, 2008, cash balances were used to support interfund loans of \$208.7 million. The reserve for future fleet replacement continued to be replenished consistent with existing policies and in anticipation of upcoming fleet replacements over the next several years. In 2007, the increase was attributed to growth in cash balances resulting from increased sales tax due to an increase of 0.1% in the amount collected as well as funds held for future fleet replacement.

The **Water Quality Enterprise** accounts for the operations, maintenance, capital improvements, and expansion of the County's water pollution control facilities. Total net assets in the Water Quality Enterprise were \$577.3 million at the end of 2008 of which 101.0 percent or \$582.8 million was invested in capital assets, net of related debt; 7.9 percent or \$45.8 million was restricted as to use for debt service and litigation; and the remaining negative 8.9 percent or \$(51.3) million was unrestricted. Water Quality operating revenues increased by 8.1 percent to \$284.2 million, while operating expenses net of depreciation increased by 2.9 percent to \$98.4 million. This

compares to operating revenues increasing 9.0 percent in 2007 to \$262.9 million and operating expenses net of depreciation increasing by 4.9 percent to \$95.6 million. Water Quality collected a monthly sewage treatment charge of 27.95 per Residential Customer Equivalents (RCE) in 2008 and 2007. The decline in unrestricted net assets of \$103.4 million in 2008 to a negative \$51.3 million was due to the use of an interfund loan of \$184.0 million to provide temporary financing for early debt retirement and capital construction in anticipation of bond issuance.

General Fund Budgetary Highlights

The County's final General Fund budget differs from the original budget in that it reflects an increase in appropriations of \$10.5 million during the year due to 2008 supplemental budget appropriations for General Fund support for children and family services, public health, and capital projects. However, actual budgetary basis expenditures were \$8.0 million less than the original budget. This resulted in an underutilization of the total final appropriation authority by \$18.5 million, including \$4.9 million of underexpenditures in General governmental services; \$4.4 million in Law, safety and justice (however the Sheriff's Office expenditures exceeded appropriations by \$1.1 million); and \$6.7 million in Transfers out. During the year total revenues were less than budgetary estimates by \$27.9 million with a net impact of reducing the fund balance by \$43.4 million in 2008.

CAPITAL ASSETS, INFRASTRUCTURE, AND DEBT ADMINISTRATION

Capital assets

The King County primary government's investment in capital assets for its governmental and business-type activities as of December 31, 2008, amounts to \$7.1 billion (net of accumulated depreciation). Capital assets include land, right-of-way, conservation easements and development rights, buildings, improvements other than buildings, roads and bridges infrastructure, vehicles, machinery, computers and other equipment, and construction work-in-progress. The total increase in the investment in capital assets over the previous year was 8.5 percent (5.1 percent increase for governmental activities and 10.5 percent increase for business-type activities).

Major capital asset events during 2008 included the following:

- Construction of the Brightwater treatment system continued in its third full year in 2008. This project comprised the bulk of the 21.5 percent increase in business-type work in progress during the year. Construction activities are simultaneously ongoing in the treatment plant, the conveyance systems (portals and conveyance pipes), and ancillary facilities. Construction is expected to be completed in 2010, with operations starting in 2011.
- Significant construction activity is also occurring in the Public Transportation and Solid Waste enterprises. Public transportation continued to do improvements, additions, or remodels of bus bases, transit centers, and park-and-ride facilities. For the Solid Waste Enterprise improvements to existing transfer stations and development of landfill ancillary systems continued.

A summary of the 2008 capital assets activity follows (in millions). More detailed information on the County's capital assets can be found in Note 6 – Capital Assets.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 771.5	\$ 735.9	\$ 346.6	\$ 332.0	\$ 1,118.1	\$ 1,067.9
Buildings*	546.4	540.8	740.0	679.9	1,286.4	1,220.7
Improvements other than buildings*	16.6	16.5	1,308.6	1,260.2	1,325.2	1,276.7
Infrastructure	909.5	927.9	-	-	909.5	927.9
Equipment*	72.3	79.7	503.3	480.9	575.6	560.6
Construction in progress	222.6	115.6	1,657.4	1,370.3	1,880.0	1,485.9
Total	<u>\$ 2,538.9</u>	<u>\$ 2,416.4</u>	<u>\$ 4,555.9</u>	<u>\$ 4,123.3</u>	<u>\$ 7,094.8</u>	<u>\$ 6,539.7</u>

* Net of depreciation

Infrastructure

The County has elected to use the modified approach in reporting roads and bridges. Under the modified approach, asset condition is reported rather than recording depreciation. The rating scales for pavements (roads) and bridges are further explained in the required supplementary information which follows the notes to the basic financial statements.

The County performs condition assessments on its network of roads through the King County Pavement Management System, which generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index on a 100-point scale that represents the pavement's functional condition based on the quantity, severity, and type of visual distress. Condition assessments are undertaken every three years.

It is the policy of the King County Road Services Division to maintain at least 80.0 percent of the road system at a PCI of 40 or better. In the most recent condition assessments, 91.1 percent of the arterial roads in the County and 89.1 percent of the local access roads in the County had a PCI rating at 40 and above. The majority of roads that fall below the established rating are local access roads that are situated in rural areas. The amount budgeted in 2008 for road preservation and maintenance was \$69.4 million. The amount actually expended was \$57.7 million. Underspensing of the budgeted amount is a result of the removal of roads from the project list because of conflicts with anticipated utility work, cost efficiencies related to a relatively few roads to be resurfaced in remote locations, and weather-related work reductions or stoppages.

The County currently maintains 178 bridges. Physical inspections to uncover deficiencies are carried out at least every two years and documented. There is also an annual evaluation to determine which bridges are due for replacement or rehabilitation using a 10-point priority scale based on various factors of bridge condition. A key element in the priority scale is the sufficiency rating, which is a numerical rating (on a 100-point scale) of a bridge based on its structural adequacy and safety, essentiality for public use, and its serviceability and functional obsolescence. The policy of the King County Road Services Division is to maintain bridges in such a manner that no more than 12 (6.5 percent) will have a sufficiency rating of 20 or less. The most current complete assessment showed 8 bridges at or below this threshold. The amount budgeted in 2008 for bridge preservation and maintenance was \$18.9 million. Actual amount expended was \$11.8 million. Underspensing of the budgeted amount is due to the construction schedule of certain projects extending beyond the budget year.

Debt Administration

At the end of 2008, King County Primary Government had a total of \$3,769.1 million in bonds and notes outstanding for its governmental and business-type activities. Of this amount, \$1,821.2 million is comprised of debt backed by the full faith and credit of the County. The \$1,947.9 million remainder of the County's bonded debt represents bonds secured solely by specified revenue sources (revenue bonds).

**King County's Outstanding Debt
General Obligation and Revenue Bonds
(in millions)**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 725.7	\$ 819.2	\$ 638.1	\$ 663.4	\$ 1,363.8	\$ 1,482.6
General obligation bond anticipation notes	48.8	-	-	-	48.8	-
Lease revenue bonds ^(a)	408.6	414.5	-	-	408.6	414.5
Revenue bonds	-	-	1,947.9	1,724.2	1,947.9	1,724.2
Total	<u>\$ 1,183.1</u>	<u>\$ 1,233.7</u>	<u>\$ 2,586.0</u>	<u>\$ 2,387.6</u>	<u>\$ 3,769.1</u>	<u>\$ 3,621.3</u>

(a) Lease revenue bonds were bonds issued in accordance with the provisions of Revenue Ruling 63-20 and Revenue Procedure 82-26. Under the lease agreements, the County's obligation to pay rent is a limited tax general obligation of the County.

The total bonded debt was increased over 2007 by 4.08 percent or \$147.8 million (a 4.1 percent or \$50.6 million decrease for governmental activities and an 8.3 percent or \$198.4 million increase for business-type activities). The decrease of bonded debt outstanding in the governmental activities was primarily due to the \$84.8 million of debt service payments in 2008. The business-type activities' bonded debt was increased primarily due to the issuance of \$350 million of sewer revenue bonds to finance the capital needs of the Water Quality Enterprise.

During 2008 the County refinanced one of its existing debts through advance refunding to take advantage of favorable interest rates. The County issued general obligation bonds to refinance \$244.3 million of previously outstanding general obligation bonds (payable from sewer revenue) that are expected to decrease future aggregate debt service payments by \$13.8 million over the life of the bonds.

Using excess proceeds from special taxes and revenues, the County paid off \$14.7 million of general obligation (baseball stadium) bonds that are expected to decrease debt service payments by \$824.9 thousand.

The County also paid off \$100 million of junior lien sewer revenue variable rate bonds that were insured by MBIA, after the downgrade of MBIA resulted in highly unfavorable interest rates.

The County maintains a rating of "Aa1" from Moody's, a rating of "AAA" from Standard & Poor's, and a rating of "AA+" from Fitch for its limited tax general obligation debt. For its unlimited tax general obligation debt, the County has a rating of "Aaa" from Moody's, a rating of "AAA" from Standard & Poor's, and a rating of "AAA" from Fitch. The ratings for its Water Quality Enterprise's revenue debt are "Aa3" 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 ½ percent of its total assessed valuation for general county purposes and 2½ percent for metropolitan functions. The current debt limitation of total general obligations for general county purposes is \$9,672.2 million which is significantly higher than the County's outstanding net general obligation long-term liabilities of \$1,231.1 million. For metropolitan functions, the debt limitation is \$9,672.2 million and the County's outstanding net general obligation debt is \$682.6 million.

Additional information on King County's long-term debt can be found in Note 14 – Debt.

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Economic factors have a direct impact on the County's revenues and the demand for services. The County's revenue sources include taxes, charges for services, and intergovernmental revenues. The largest single source is taxes, which comprise approximately 45 percent of total revenues and consist primarily of retail sales and use taxes. Property taxes tend to be stable because levy rates are calculated months in advance and King County establishes assessed value from the preceding four years of real estate sales. Other tax sources, such as retail sales and use taxes, are more volatile and directly influenced by economic conditions in the region.

Property assessed valuation increased by 13.5 percent and 14.1 percent in 2008 and 2007, respectively. General Fund property tax collections grew by 3.5 percent in 2008 compared with 4.1 percent growth in 2007. Total regional employment growth and regional population growth are expected to be 1.8 percent. Unemployment in King County was 4.3 percent in 2008 compared with 3.7 percent in 2007. Personal income growth is estimated to be less than 2.0 percent for 2008 compared with 8.0 percent on average between 2005 and 2007. These and other factors were considered in the budget enacted for 2008.

By law, the County is required to adopt a balanced budget. The 2008 budget for the County, adopted by the County Council in November 2008, totals \$4.9 billion. Of this amount, \$627.9 million is appropriated for the General Fund; \$1,019.1 million for enterprise funds (including public transportation, solid waste and wastewater treatment); and \$970.5 million for special revenue funds (including public health, emergency medical services, human services, and road funds). The budget also includes \$1.0 billion committed to capital improvements for wastewater treatment, transit (2008-09), roads, parks and other major public facilities. The general fund budget maintained a six percent budgetary undesignated fund balance as a percentage of revenues.

Other considerations

King County will continue to face numerous challenges including volatile energy prices, rising employee and programmatic healthcare costs, the cost of providing services to urban unincorporated areas, and the need to raise sufficient revenues to support utility, transit system and general government activities.

Property tax is the largest revenue source in the County general fund at 40 percent of total general fund revenues. The council approved property tax levy is limited to one percent growth each year plus the property tax on new construction.

The County is in the sixth year of an annexation initiative and will face operational and budgetary adjustments as annexations are completed. Ten major urban unincorporated areas are identified that by County Planning Policies should be incorporated into or annexed into cities by 2012. Incorporation or annexation is also encouraged by the Washington State

Growth Management Act. Major annexation areas are in various stages of the annexation process. In 2008, there were two large annexations implemented: the City of Auburn annexed the Lea Hill area with an effective date of January 1, 2008, and assessed valuation of \$815.8 million and the City of Renton annexed the Benson Hill area with an effective date of March 1, 2008, and assessed valuation of \$1.2 billion. The completion dates of other major annexations are not currently known. The fiscal impacts of incorporation and annexation depend upon the revenue generating capacity of an area compared to its service demands.

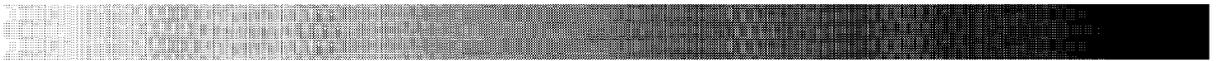
In early 2006, the Washington State Legislature enacted a credit against the state sales tax for cities that annex areas with over ten thousand residents. The annexing city is eligible for the credit, which is effectively a sales tax rate of 0.1 percent, applied to the newly annexed area and within the prior city. If the annexed area population exceeds twenty thousand, the applicable credit is 0.2 percent. Annexing cities must complete annexations by January 1, 2010 to be eligible for the credit.

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 the Chief Accountant/Manager, Financial Management Section, Room 653, Administration Building, 500 Fourth Ave., Seattle, WA 98104.



CAFR



**Basic
Statements**

STATEMENT OF NET ASSETS
DECEMBER 31, 2008
(IN THOUSANDS)

	<u>Primary Government</u>			<u>Component Units</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
ASSETS				
Cash and cash equivalents	\$ 810,858	\$ 633,163	\$ 1,444,021	\$ 243,187
Investments	4,247	-	4,247	32,141
Receivables, net	191,392	164,164	355,556	113,788
Due from primary government	-	-	-	1,212
Internal balances	(18,787)	18,787	-	-
Inventories	2,029	21,920	23,949	6,635
Prepayments and other assets	13,927	4,460	18,387	1,921
Capital assets				
Land	771,495	346,603	1,118,098	40,084
Infrastructure	909,511	-	909,511	-
Buildings	782,484	1,161,949	1,944,433	681,667
Improvements other than buildings	22,190	2,175,543	2,197,733	27,564
Furniture, machinery and equipment	189,367	1,496,564	1,685,931	298,243
Accumulated depreciation	(358,767)	(2,282,180)	(2,640,947)	(410,032)
Work in progress	222,648	1,657,357	1,880,005	216,268
Deferred charges	8,599	19,225	27,824	-
Deposits with other governments	-	-	-	600
Regulatory assets - environmental remediation	-	39,506	39,506	-
Other assets	-	-	-	9,818
TOTAL ASSETS	<u>3,551,193</u>	<u>5,457,061</u>	<u>9,008,254</u>	<u>1,263,096</u>
LIABILITIES				
Accounts payable and other current liabilities	101,301	83,383	184,684	80,479
Due to component unit	1,212	-	1,212	-
Accrued liabilities	44,600	79,547	124,147	30,435
Notes payable	-	100,000	100,000	-
Unearned revenues	34,519	43,743	78,262	6,675
Retainage payable	-	13,043	13,043	-
Noncurrent liabilities				
Due within one year	224,625	67,651	292,276	3,222
Due in more than one year	1,219,555	2,853,814	4,073,369	57,724
TOTAL LIABILITIES	<u>1,625,812</u>	<u>3,241,181</u>	<u>4,866,993</u>	<u>178,535</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,805,977	1,764,400	3,570,377	800,785
Restricted for:				
Capital projects	166,092	380,341	546,433	-
Debt service	71,663	45,638	117,301	-
General government	13,148	-	13,148	-
Law, safety and justice	59,562	-	59,562	-
Physical environment	19,341	-	19,341	-
Transportation	16,173	-	16,173	-
Economic environment	40,349	-	40,349	-
Mental and physical health	54,609	-	54,609	-
Culture and recreation	13,282	-	13,282	-
Litigation	-	10,990	10,990	-
Expendable	-	-	-	38,194
Nonexpendable	-	-	-	22,084
Unrestricted	(334,815)	14,511	(320,304)	223,498
TOTAL NET ASSETS	<u>\$ 1,925,381</u>	<u>\$ 2,215,880</u>	<u>\$ 4,141,261</u>	<u>\$ 1,084,561</u>

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

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			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	\$ 228,901	\$ (60,630)	\$ 57,139	\$ 5,457	\$ 284	\$ (105,391)	\$	\$ (105,391)	\$
Law, safety & justice	551,333	28,772	128,424	32,147	-	(419,534)		(419,534)	
Physical environment	74,799	839	48,286	4,290	4,125	(18,937)		(18,937)	
Transportation	112,586	2,504	18,716	17,721	73,749	(4,904)		(4,904)	
Economic environment	98,120	1,719	29,148	22,347	-	(48,344)		(48,344)	
Mental & physical health	415,351	6,004	248,617	101,541	-	(71,197)		(71,197)	
Culture & recreation	55,503	782	7,710	133	101	(48,341)		(48,341)	
Interest and other debt service costs	51,455	-	911	4,961	-	(45,583)		(45,583)	
Total governmental activities	<u>1,588,048</u>	<u>(20,010)</u>	<u>538,951</u>	<u>188,597</u>	<u>78,259</u>	<u>(762,231)</u>		<u>(762,231)</u>	
Business-type activities:									
Airport	15,529	313	18,075	-	11,513		13,746	13,746	
Public Transportation	653,038	14,613	173,011	72,458	28,474		(393,708)	(393,708)	
Solid Waste	108,108	2,240	98,821	-	857		(10,670)	(10,670)	
Water Quality	249,143	2,767	284,214	-	2,311		34,615	34,615	
Institutional Network	4,170	49	2,999	-	-		(1,220)	(1,220)	
Radio Communications Services	4,317	28	3,969	-	-		(376)	(376)	
Stadium	(1,024)	-	-	-	-		1,024	1,024	
Total business-type activities	<u>1,033,281</u>	<u>20,010</u>	<u>581,089</u>	<u>72,458</u>	<u>43,155</u>		<u>(356,589)</u>	<u>(356,589)</u>	
Total primary government	<u>\$ 2,621,329</u>	<u>\$ -</u>	<u>\$ 1,120,040</u>	<u>\$ 261,055</u>	<u>\$ 121,414</u>	<u>(762,231)</u>	<u>(356,589)</u>	<u>(1,118,820)</u>	
Component units									
	<u>\$ 647,229</u>		<u>\$ 627,694</u>	<u>\$ 21,100</u>	<u>\$ 4,846</u>				6,411
General revenues									
Property taxes						599,583	-	599,583	-
Retail sales and use taxes						193,827	432,934	626,761	-
Business and other taxes						41,557	-	41,557	-
Penalties and interest - delinquent taxes						15,740	-	15,740	-
Interest earnings						34,897	22,850	57,747	7,871
Transfers						2,858	(2,858)	-	-
Total general revenues and transfers						<u>888,462</u>	<u>452,926</u>	<u>1,341,388</u>	<u>7,871</u>
Change in net assets						126,231	96,337	222,568	14,282
Net assets - January 1, 2008 (Restated)						<u>1,799,150</u>	<u>2,119,543</u>	<u>3,918,693</u>	<u>1,070,279</u>
Net assets - December 31, 2008						<u>\$ 1,925,381</u>	<u>\$ 2,215,880</u>	<u>\$ 4,141,261</u>	<u>\$ 1,084,561</u>

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>GENERAL FUND</u>	<u>PUBLIC HEALTH FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS				
Cash and cash equivalents	\$ 43,815	\$ 4,236	\$ 472,927	\$ 520,978
Taxes receivable - delinquent	6,460	-	8,975	15,435
Accounts receivable, net	9,075	1,397	23,070	33,542
Other receivables, net	-	-	617	617
Interest receivable	18,941	-	-	18,941
Due from other funds	11,282	3,508	41,028	55,818
Interfund short-term loans receivable	11,548	-	-	11,548
Due from other governments, net	37,220	18,781	57,635	113,636
Inventory of supplies	-	534	-	534
Prepayments	-	-	6,840	6,840
Advances to other funds	3,800	-	-	3,800
TOTAL ASSETS	<u>\$ 142,141</u>	<u>\$ 28,456</u>	<u>\$ 611,092</u>	<u>\$ 781,689</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 8,792	\$ 15,753	\$ 37,666	\$ 62,211
Due to other funds	3,456	776	53,837	58,069
Interfund short-term loans payable	-	-	35,118	35,118
Due to other governments	234	-	4,487	4,721
Due to component unit	-	-	1,212	1,212
Interest payable	-	-	1,753	1,753
Wages payable	19,075	5,125	7,672	31,872
Taxes payable	112	-	50	162
Bonds payable	-	-	3,035	3,035
Deferred revenues	11,781	1,278	39,994	53,053
Custodial accounts	866	1,173	10,939	12,978
Advances from other funds	600	-	300	900
Total liabilities	<u>44,916</u>	<u>24,105</u>	<u>196,063</u>	<u>265,084</u>
Fund balances				
Reserved	16,064	1,076	92,488	109,628
Unreserved				
Designated, reported in				
General Fund	7,396			7,396
Public Health Fund		2,695		2,695
Special Revenue Funds			40,987	40,987
Undesignated, reported in				
General Fund	73,765			73,765
Public Health Fund		580		580
Special Revenue Funds			154,100	154,100
Debt Service Funds			32,762	32,762
Capital Projects Funds			94,692	94,692
Total fund balances	<u>97,225</u>	<u>4,351</u>	<u>415,029</u>	<u>516,605</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 142,141</u>	<u>\$ 28,456</u>	<u>\$ 611,092</u>	

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	2,179,599
Other long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	27,614
Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net assets.	77,367
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(875,804)</u>
Net assets of governmental activities	<u>\$ 1,925,381</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, 2008
(IN THOUSANDS)

	<u>GENERAL FUND</u>	<u>PUBLIC HEALTH FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Taxes				
Property taxes	\$ 258,417	\$ -	\$ 339,875	\$ 598,292
Retail sales and use taxes	100,062	-	93,765	193,827
Business and other taxes	9,534	-	32,023	41,557
Penalties and interest - delinquent taxes	15,740	-	-	15,740
Licenses and permits	7,045	12,266	4,173	23,484
Intergovernmental revenues	90,400	127,265	276,017	493,682
Charges for services	108,400	10,751	111,849	231,000
Fines and forfeits	9,064	-	472	9,536
Interest earnings	15,313	-	12,664	27,977
Miscellaneous revenues	13,514	4,820	37,737	56,071
TOTAL REVENUES	<u>627,489</u>	<u>155,102</u>	<u>908,575</u>	<u>1,691,166</u>
EXPENDITURES				
Current				
General government	106,209	-	41,424	147,633
Law, safety and justice	443,360	-	90,878	534,238
Physical environment	5,109	-	86,192	91,301
Transportation	-	-	116,322	116,322
Economic environment	15,703	-	83,762	99,465
Mental and physical health	26,848	188,112	205,093	420,053
Culture and recreation	-	-	53,194	53,194
Debt Service				
Principal	-	48	79,023	79,071
Interest and other debt service costs	-	14	40,750	40,764
Payment to escrow agent	-	-	14,946	14,946
Capital outlay	607	563	104,503	105,673
TOTAL EXPENDITURES	<u>597,836</u>	<u>188,737</u>	<u>916,087</u>	<u>1,702,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>29,653</u>	<u>(33,635)</u>	<u>(7,512)</u>	<u>(11,494)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,272	31,755	181,119	218,146
Transfers out	(78,487)	(136)	(134,380)	(213,003)
General government debt issued	-	-	48,755	48,755
Premium on bonds sold	-	-	170	170
Sale of capital assets	139	2	1,939	2,080
TOTAL OTHER FINANCING SOURCES (USES)	<u>(73,076)</u>	<u>31,621</u>	<u>97,603</u>	<u>56,148</u>
Net changes in fund balances	(43,423)	(2,014)	90,091	44,654
Fund balances - January 1, 2008 (Restated)	140,648	6,365	324,938	471,951
Fund balances - December 31, 2008	<u>\$ 97,225</u>	<u>\$ 4,351</u>	<u>\$ 415,029</u>	<u>\$ 516,605</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, 2008
(IN THOUSANDS)**

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

Net change in fund balances – total governmental funds	\$ 44,654
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	67,463
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	(27,683)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,081
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 assets. 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.	44,234
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.	(8,680)
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	5,162
Change in net assets of governmental activities	<u>\$ 126,231</u>

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Taxes				
Property taxes	\$ 278,674	\$ 278,674	\$ 258,417	\$ (20,257)
Retail sales and use taxes	108,866	108,866	100,062	(8,804)
Business and other taxes	11,249	11,249	9,534	(1,715)
Penalties and interest - delinquent taxes	17,000	17,000	15,740	(1,260)
Licenses and permits	7,152	7,152	7,045	(107)
Intergovernmental revenues	84,716	84,854	90,400	5,546
Charges for services	110,215	110,570	108,400	(2,170)
Fines and forfeits	8,547	8,577	9,064	487
Interest earnings	23,577	23,577	14,729	(8,848)
Miscellaneous revenues	15,020	15,007	14,009	(998)
Sale of capital assets	50	50	139	89
Transfers in	15,409	15,409	25,536	10,127
TOTAL REVENUES	<u>680,475</u>	<u>680,985</u>	<u>653,075</u>	<u>(27,910)</u>
EXPENDITURES				
Current				
General government services	112,241	112,644	107,724	4,920
Law, safety and justice	445,598	449,312	444,901	4,411
Physical environment	4,933	5,118	5,141	(23)
Economic environment	20,263	20,430	18,988	1,442
Mental and physical health	26,705	26,897	26,924	(27)
Debt service				
Principal	34	34	-	34
Interest and other debt service costs	3	3	-	3
Capital outlay	2,801	2,249	1,245	1,004
Transfers out	84,445	90,789	84,051	6,738
TOTAL EXPENDITURES	<u>697,023</u>	<u>707,476</u>	<u>688,974</u>	<u>18,502</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (16,548)</u>	<u>\$ (26,491)</u>	(35,899)	<u>\$ (9,408)</u>
Adjustment from budgetary basis to GAAP basis			(7,524) ^(a)	
Net change in fund balance			(43,423)	
Fund balance – January 1, 2008			<u>140,648</u>	
Fund balance – December 31, 2008			<u>\$ 97,225</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized gains on investments on a GAAP basis			\$ 584	
Recognition of donation revenue on a budgetary basis previously recognized as revenue on a GAAP basis			(495)	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(20,264)	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			7,087	
Budgeted transfers out reported as a reduction of advance on a GAAP basis			300	
Non-budgeted transfer out			(15,000)	
Budgeted intrafund transfers out, eliminated on a GAAP basis			20,264	
Adjustment from budgetary basis to GAAP basis			<u>\$ (7,524)</u>	

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

PUBLIC HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Licenses and permits	\$ 12,802	\$ 12,802	\$ 12,266	\$ (536)
Intergovernmental revenues	126,096	133,636	127,265	(6,371)
Charges for services	13,251	11,946	10,751	(1,195)
Miscellaneous revenues	9,049	5,623	4,797	(826)
Transfers in	31,585	31,755	31,755	-
Sale of capital assets	-	-	2	2
Total revenues	<u>192,783</u>	<u>195,762</u>	<u>186,836</u>	<u>(8,926)</u>
EXPENDITURES				
Current				
Mental and physical health	191,530	197,052	188,548	8,504
Debt service				
Interest and other debt service costs	30	30	62	(32)
Capital outlay	1,373	1,418	584	834
Transfers out	139	139	136	3
Total expenditures	<u>193,072</u>	<u>198,639</u>	<u>189,330</u>	<u>9,309</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (289)</u>	<u>\$ (2,877)</u>	(2,494)	<u>\$ 383</u>
Adjustment from budgetary basis to GAAP basis			480 ^(a)	
Net change in fund balance			(2,014)	
Fund balance – January 1, 2008			<u>6,365</u>	
Fund balance – December 31, 2008			<u>\$ 4,351</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:				
Nonbudgeted proceeds from Emergency Medical Service – donations			\$ 23	
Encumbrances not included in GAAP basis expenditures			457	
Adjustment from budgetary basis to GAAP basis			<u>\$ 480</u>	

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 45,505	\$ 35,331	\$ 72,488	\$ 153,324	\$ 221,159
Restricted cash and cash equivalents	20,593	108,811	1,719	131,123	51,428
Investments	-	-	-	-	4,247
Accounts receivable	16,899	23,048	6,357	46,304	199
Estimated uncollectible accounts receivable	(83)	(1,484)	(56)	(1,623)	(1)
Due from other funds	182	3,900	3,619	7,701	4,961
Due from other governments, net	76,902	-	781	77,683	582
Inventory of supplies	15,199	5,572	1,146	21,917	1,498
Prepayments and other assets	273	117	-	390	7,313
Total current assets	<u>175,470</u>	<u>175,295</u>	<u>86,054</u>	<u>436,819</u>	<u>291,386</u>
Noncurrent assets					
Restricted assets					
Cash and cash equivalents	130,588	140,044	71,540	342,172	23,837
Accounts receivable	1,475	406	22	1,903	-
Due from other funds	885	-	182	1,067	-
Interfund loans receivable	208,670	-	-	208,670	-
Due from other governments	37,487	-	1,241	38,728	-
Assessments receivable	1,169	-	-	1,169	-
Advances to other funds	600	-	-	600	-
Notes receivable and other assets	800	-	-	800	-
Total restricted assets	<u>381,674</u>	<u>140,450</u>	<u>72,985</u>	<u>595,109</u>	<u>23,837</u>
Capital assets					
Land	151,076	152,498	43,029	346,603	20,395
Buildings	311,906	754,373	95,670	1,161,949	196,799
Improvements other than buildings	647,805	1,358,718	169,020	2,175,543	2,509
Furniture, machinery and equipment	823,021	584,447	76,580	1,484,048	88,727
Accumulated depreciation and amortization	(1,000,614)	(1,077,580)	(194,445)	(2,272,639)	(83,413)
Work in progress	199,975	1,394,646	62,736	1,657,357	137,287
Total capital assets	<u>1,133,169</u>	<u>3,167,102</u>	<u>252,590</u>	<u>4,552,861</u>	<u>362,304</u>
Other noncurrent					
Prepayments	2,949	-	-	2,949	-
Regulatory assets - environmental remediation	-	39,506	-	39,506	-
Deferred charges	841	18,080	304	19,225	5,259
Other assets	321	-	-	321	-
Total other noncurrent	<u>4,111</u>	<u>57,586</u>	<u>304</u>	<u>62,001</u>	<u>5,259</u>
Total noncurrent assets	<u>1,518,954</u>	<u>3,365,138</u>	<u>325,879</u>	<u>5,209,971</u>	<u>391,400</u>
TOTAL ASSETS	<u>1,694,424</u>	<u>3,540,433</u>	<u>411,933</u>	<u>5,646,790</u>	<u>682,786</u>

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

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
LIABILITIES					
Current liabilities					
Accounts payable	\$ 28,930	\$ 44,370	\$ 9,446	\$ 82,746	\$ 8,614
Claims and judgments payable	-	-	-	-	2,600
Estimated claim settlements	-	-	-	-	89,037
Due to other funds	569	2,761	4,622	7,952	3,526
Interest payable	489	55,832	359	56,680	1,673
Interfund short-term loans payable	-	184,041	-	184,041	1,059
Wages payable	18,411	2,741	1,715	22,867	3,317
Compensated absences payable	7,429	547	113	8,089	741
Taxes payable	33	-	190	223	32
Unearned revenues	20,034	-	3,959	23,993	865
Revenue bonds payable	-	30,540	-	30,540	6,185
General obligation bonds payable	7,710	3,905	4,607	16,222	175
Assessments payable	-	-	-	-	15
Capital leases payable	85	-	-	85	-
State revolving loan payable	-	7,029	-	7,029	-
Notes payable	-	100,000	-	100,000	-
Landfill closure and post-closure care liability	-	-	5,686	5,686	-
Other liabilities	-	-	403	403	12,594
Total current liabilities	83,690	431,766	31,100	546,556	130,433
Noncurrent liabilities					
Retainage payable	-	13,043	-	13,043	-
Rate stabilization reserve	-	19,750	-	19,750	-
Compensated absences payable	39,678	8,824	4,574	53,076	9,249
Other postemployment benefits	2,277	336	277	2,890	505
Advances from other funds	3,500	-	-	3,500	-
General obligation bonds payable	136,285	433,045	52,513	621,843	245
Revenue bonds payable	-	1,917,365	-	1,917,365	402,455
Deferred bond premium, discount and refunding loss	616	(17,245)	1,910	(14,719)	-
Capital leases payable	3,368	-	-	3,368	-
Assessments payable	-	-	-	-	30
State revolving loans payable	-	122,157	-	122,157	-
Landfill closure and post-closure care liability	-	-	106,816	106,816	-
Estimated claim settlements	-	-	-	-	56,749
Environmental remediation	346	34,141	6,531	41,018	-
Total noncurrent liabilities	186,070	2,531,416	172,621	2,890,107	469,233
TOTAL LIABILITIES	269,760	2,963,182	203,721	3,436,663	599,666
NET ASSETS					
Invested in capital assets, net of related debt	985,104	582,761	193,560	1,761,425	10,936
Restricted for:					
Capital projects	375,156	-	5,185	380,341	798
Debt service	10,813	34,825	-	45,638	24,662
Litigation	-	10,990	-	10,990	-
Unrestricted	53,591	(51,325)	9,467	11,733	46,724
TOTAL NET ASSETS	\$ 1,424,664	\$ 577,251	\$ 208,212	2,210,127	\$ 83,120
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				5,753	
Net assets of business-type activities				<u>\$2,215,880</u>	

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 2,999	\$ 2,999	\$ -
Radio services	-	-	3,969	3,969	-
Solid waste disposal charges	-	-	94,070	94,070	-
Airfield fees	-	-	3,611	3,611	-
Hangar, building, and site rentals and leases	-	-	13,942	13,942	-
Reimbursement for services to tenants	-	-	488	488	-
Passenger	150,670	-	-	150,670	-
Special service contracts	4,821	-	-	4,821	-
Sewage disposal fees	-	240,001	-	240,001	-
Other service revenues	17,520	44,172	34	61,726	420,268
Total operating revenues	<u>173,011</u>	<u>284,173</u>	<u>119,113</u>	<u>576,297</u>	<u>420,268</u>
OPERATING EXPENSES					
Personal services	362,377	38,476	46,482	447,335	82,627
Materials and supplies	69,630	8,790	10,058	88,478	10,923
Contract services and other charges	20,310	12,276	23,398	55,984	270,783
Utilities	4,890	9,970	3,194	18,054	-
Purchased transportation	46,064	-	-	46,064	-
Internal services	51,702	28,858	13,169	93,729	22,953
Landfill closure and post-closure care	-	-	11,960	11,960	-
Depreciation and amortization	93,959	76,861	18,464	189,284	14,463
Total operating expenses	<u>648,932</u>	<u>175,231</u>	<u>126,725</u>	<u>950,888</u>	<u>401,749</u>
OPERATING INCOME (LOSS)	<u>(475,921)</u>	<u>108,942</u>	<u>(7,612)</u>	<u>(374,591)</u>	<u>18,519</u>
NONOPERATING REVENUES					
Sales tax	432,934	-	-	432,934	-
Intergovernmental	72,458	-	-	72,458	50
Interest earnings	13,341	5,066	4,233	22,640	7,110
DNR administration	-	-	3,098	3,098	-
Rental income	-	-	1,084	1,084	-
Miscellaneous	-	-	589	589	1,097
Total nonoperating revenues	<u>518,733</u>	<u>5,066</u>	<u>9,004</u>	<u>532,803</u>	<u>8,257</u>
NONOPERATING EXPENSES					
Interest	2,386	63,594	2,843	68,823	10,884
DNR administration	-	-	3,493	3,493	-
(Gain) Loss on disposal of capital assets	19,273	7,838	304	27,415	(313)
Miscellaneous	1,483	6,538	1,178	9,199	511
Total nonoperating expenses	<u>23,142</u>	<u>77,970</u>	<u>7,818</u>	<u>108,930</u>	<u>11,082</u>
Income (loss) before contributions and transfers	19,670	36,038	(6,426)	49,282	15,694
Capital grants and contributions	28,474	2,311	12,370	43,155	1,060
Transfers in	-	-	40	40	1,366
Transfers out	(370)	(219)	(2,358)	(2,947)	(6,613)
CHANGE IN NET ASSETS	47,774	38,130	3,626	89,530	11,507
NET ASSETS - JANUARY 1, 2008 (RESTATED)	1,376,890	538,659	204,586		71,613
NET ASSETS - DECEMBER 31, 2008	<u>\$ 1,424,664</u>	<u>\$ 576,789</u>	<u>\$ 208,212</u>		<u>\$ 83,120</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				6,345	
Change in net assets of business-type activities				<u>\$ 95,875</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, 2008**
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 162,332	\$ 280,324	\$ 119,274	\$ 561,930	\$ 427,818
Cash payments to suppliers for goods and services	(193,379)	(45,058)	(49,004)	(287,441)	(299,947)
Cash payments for employee services	(353,216)	(37,675)	(45,631)	(436,522)	(82,059)
Other receipts	-	-	4,771	4,771	762
Other payments	-	-	(4,671)	(4,671)	-
Net cash provided (used) by operating activities	<u>(384,263)</u>	<u>197,591</u>	<u>24,739</u>	<u>(161,933)</u>	<u>46,574</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	518,466	-	-	518,466	1,171
Grants to other governments	(1,402)	-	-	(1,402)	-
Advances to other funds	345	-	-	345	-
Interfund loan principal paid	(208,670)	-	-	(208,670)	-
Interest paid on short-term loans	-	(2,128)	-	(2,128)	(46)
Interfund loan principal received	-	184,041	-	184,041	(571)
Transfers in	-	-	40	40	1,366
Transfers out	(370)	(219)	(2,358)	(2,947)	(3,883)
Net cash provided (used) by noncapital financing activities	<u>308,369</u>	<u>181,694</u>	<u>(2,318)</u>	<u>487,745</u>	<u>(1,963)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(97,695)	(467,528)	(37,960)	(603,183)	(92,365)
Principal paid on general obligation bonds	(7,405)	(250,540)	(4,361)	(262,306)	(170)
Proceeds from new revenue bond issue	-	586,950	-	586,950	-
Interest paid on general obligation bonds	(7,904)	(15,986)	(2,767)	(26,657)	(25)
Assessment principal and interest paid	-	-	-	-	(20)
Principal paid on revenue bonds	-	(126,315)	-	(126,315)	(5,895)
Interest paid on revenue bonds	-	(87,948)	-	(87,948)	(20,373)
Principal paid on capital leases	(81)	-	-	(81)	-
Interest paid on capital leases	(174)	-	-	(174)	-
Assessment principal, interest, and penalties received	378	-	-	378	-
Interest paid on notes payable	-	(2,170)	-	(2,170)	-
Principal paid on state loans	-	(6,253)	-	(6,253)	-
Interest paid on state loans	-	(1,565)	-	(1,565)	-
Proceeds from new state loans	-	16,914	-	16,914	-
Capital grants and contributions	13,490	2,311	11,638	27,439	45
Other capitalized payments	-	2,250	(6,481)	(4,231)	-
Proceeds from disposal of capital assets	242	-	1,976	2,218	543
Net cash used by capital and related financing activities	<u>(99,149)</u>	<u>(349,880)</u>	<u>(37,955)</u>	<u>(486,984)</u>	<u>(118,260)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments (including unrealized gains/losses reported as cash and cash equivalents)	13,341	5,066	4,233	22,640	8,379
Purchase of investments	-	-	-	-	(1,106)
Net cash provided by investing activities	<u>13,341</u>	<u>5,066</u>	<u>4,233</u>	<u>22,640</u>	<u>7,273</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(161,702)	34,471	(11,301)	(138,532)	(66,376)
CASH AND CASH EQUIVALENTS – JANUARY 1, 2008	358,388	249,715	157,048	765,151	362,800
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2008	<u>\$ 196,686</u>	<u>\$ 284,186</u>	<u>\$ 145,747</u>	<u>\$ 626,619</u>	<u>\$ 296,424</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, 2008**
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (475,921)	\$ 108,942	\$ (7,612)	\$ (374,591)	\$ 18,519
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation and amortization	93,959	76,861	18,464	189,284	14,463
Landfill closure and post-closure care	-	-	11,960	11,960	-
Other nonoperating revenue/expense	-	-	1,601	1,601	-
Changes in assets - (increase) decrease					
Accounts receivable, net	(5,063)	(851)	1,038	(4,876)	588
Due from other funds	24,477	-	(3,072)	21,405	(549)
Due from other governments, net	(7,068)	-	22	(7,046)	(160)
Inventory of supplies	(1,453)	(322)	113	(1,662)	(62)
Prepayments	292	-	-	292	1,469
Changes in liabilities - increase (decrease)					
Accounts payable	(1,180)	9,586	159	8,565	71
Due to other funds	(23,178)	(2,939)	463	(25,654)	(206)
Retainage payable	-	8,513	-	8,513	-
Rate Stabilization	-	(3,000)	-	(3,000)	-
Wages payable	2,608	801	83	3,492	427
Taxes payable	(45)	-	(3)	(48)	(11)
Unearned revenues	1,479	-	1,906	3,385	29
Claims and judgments payable	-	-	-	-	2,600
Estimated claim settlements	-	-	-	-	9,241
Compensated absences	5,120	-	(509)	4,611	(162)
Other postemployment benefits	1,414	-	(122)	1,292	303
Customer deposits and other liabilities	296	-	248	544	14
Total adjustments	<u>91,658</u>	<u>88,649</u>	<u>32,351</u>	<u>212,658</u>	<u>28,055</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (384,263)</u>	<u>\$ 197,591</u>	<u>\$ 24,739</u>	<u>\$ (161,933)</u>	<u>\$ 46,574</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ 833	\$ 211	\$ -	\$ 1,044	\$ 1,060

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)

	<u>INVESTMENT TRUST FUNDS</u>	<u>AGENCY FUNDS</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 121,176
Assets held in trust - external investment pool	-	2,363,969
Assets held in trust - external impaired investment pool	-	4,424
Investments	2,415,515	1,224
Assets held in trust - individual investment accounts	-	52,880
Taxes receivable - delinquent	-	65,277
Accounts receivable	-	4,760
Interest receivable	5,758	-
Assessments receivable	-	9,095
Notes and contracts receivable	-	53
TOTAL ASSETS	<u><u>2,421,273</u></u>	<u><u>\$ 2,622,858</u></u>
LIABILITIES		
Warrants payable	-	\$ 94,322
Accounts payable	-	8,265
Wages payable	-	4,798
Custodial accounts - County agencies	-	54,532
Due to special districts/other governments	-	2,460,941
TOTAL LIABILITIES	<u><u>-</u></u>	<u><u>\$ 2,622,858</u></u>
NET ASSETS		
Held in trust for pool/individual investment account participants	<u><u>\$ 2,421,273</u></u>	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 6,971,428
Net investment earnings (losses)	
Interest	77,826
Decrease in the fair value of investments	<u>(3,451)</u>
TOTAL ADDITIONS	7,045,803
DEDUCTIONS	
Distributions	<u>7,103,286</u>
Change in net assets	(57,483)
Net assets - January 1, 2008	<u>2,478,756</u>
Net assets - December 31, 2008	<u><u>\$ 2,421,273</u></u>

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

STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2008
(IN THOUSANDS)

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
ASSETS				
Cash and cash equivalents	\$ 222,114	\$ 8,288	\$ 12,785	\$ 243,187
Investments	-	-	32,141	32,141
Receivables, net	113,119	22	647	113,788
Due from primary government	-	-	1,212	1,212
Inventories	6,635	-	-	6,635
Prepayments	1,920	1	-	1,921
Capital assets				
Land	1,586	38,498	-	40,084
Buildings	191,784	489,883	-	681,667
Improvements other than buildings	1,858	25,706	-	27,564
Furniture, machinery and equipment	298,178	65	-	298,243
Accumulated depreciation	(290,922)	(119,110)	-	(410,032)
Work in progress	216,268	-	-	216,268
Deposits with other governments	600	-	-	600
Other assets	9,818	-	-	9,818
Total assets	<u>772,958</u>	<u>443,353</u>	<u>46,785</u>	<u>1,263,096</u>
LIABILITIES				
Accounts payable and other current liabilities	79,899	140	440	80,479
Accrued liabilities	30,435	-	-	30,435
Unearned revenues	424	-	6,251	6,675
Noncurrent liabilities				
Due within one year	848	1,963	411	3,222
Due in more than one year	11,478	43,371	2,875	57,724
Total liabilities	<u>123,084</u>	<u>45,474</u>	<u>9,977</u>	<u>178,535</u>
NET ASSETS				
Invested in capital assets, net of related debt	411,077	389,708	-	800,785
Restricted for:				
Expendable	18,172	-	20,022	38,194
Nonexpendable	2,012	-	20,072	22,084
Unrestricted	218,613	8,171	(3,286)	223,498
Total net assets	<u>\$ 649,874</u>	<u>\$ 397,879</u>	<u>\$ 36,808</u>	<u>\$ 1,084,561</u>

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

**KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
Component units:								
Harborview Medical Center	\$ 625,083	\$ 626,532	\$ 7,740	\$ 4,846	\$ 14,035	\$ -	\$ -	\$ 14,035
WSMLB Stadium	13,601	1,086	-	-	-	(12,515)	-	(12,515)
Cultural Development Authority	8,545	76	13,360	-	-	-	4,891	4,891
Total component units	<u>\$ 647,229</u>	<u>\$ 627,694</u>	<u>\$ 21,100</u>	<u>\$ 4,846</u>	<u>14,035</u>	<u>(12,515)</u>	<u>4,891</u>	<u>6,411</u>
General revenues								
Interest earnings					5,444	(397)	2,824	7,871
Change in net assets					19,479	(12,912)	7,715	14,282
Net assets - January 1, 2008					630,395	410,791	29,093	1,070,279
Net assets - December 31, 2008					<u>\$ 649,874</u>	<u>\$ 397,879</u>	<u>\$ 36,808</u>	<u>\$ 1,084,561</u>

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008
(DOLLARS IN THOUSANDS)**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Reporting Entity

The reporting entity "King County" consists of King County Government as the primary government; the Harborview Medical Center (HMC), the Washington State Major League Baseball Stadium Public Facilities District (PFD), and the Cultural Development Authority of King County (CDA) as "discretely presented" component units. "Blended" component units include the new King County Ferry District, the Flood Control Zone District, and four Building Development and Management Corporations. Most funds in this report pertain to the entity King County Government or component units. Certain agency funds, referred to as Agency Funds – Special Districts/Other Governments, pertain to the County's custodianship of assets belonging to independent governments and special districts. Under the County's Home Rule Charter, the King County Executive is the *ex officio* treasurer of all special districts of King County, other than cities and towns and the Port of Seattle. Pursuant to County ordinance, the Director of the Finance and Business Operations Division (FBOD) is responsible for the duties of the comptroller and treasurer. Money received from or for the special districts is deposited in a central bank account. The Director of the FBOD invests or disburses money pursuant to the instructions of the respective special districts.

Component Units – Discretely Presented

Harborview Medical Center (HMC)

The Harborview Medical Center (HMC), a 413 licensed-bed hospital with extensive ambulatory services, is located in Seattle, Washington. HMC is managed by the University of Washington (UW). The HMC Board of Trustees is appointed by the County Executive. The County Director of the Finance and Business Operations Division is the Treasurer of HMC. HMC staff members are employees of UW. 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 the King County Government'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 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 Government 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 is a separate legal entity having its own corporate powers; (2) the County Executive appoints HMC's Board of Trustees, who may be removed only for statutorily defined causes and subject to legal appeal; and (3) although the County cannot impose its will on HMC, the unit creates a financial burden on the County because the County is responsible for the issuance and debt service of all general obligation bonds for HMC capital improvements. HMC's financial presentation is on the discrete component unit basis because the County and HMC's governing bodies are not substantively the same, and HMC does not provide services solely to King County. HMC

NOTE 1 – CONTINUED

financial data is as of its fiscal year-end, June 30, 2008, rather than the County's fiscal year-end of December 31, 2008.

Although the primary classification of HMC in this report is that of a component unit, the County is the issuer of HMC's general obligation bonds. Therefore, Note 14 "Debt," reports on all the general obligation bonds issued by the County as of December 31, 2008, including bonds reported by HMC as a component unit as of June 30, 2008.

HMC hires independent auditors other than the County's independent auditors and prepares its own audited financial statements. These statements may be obtained from the Finance Section of the Harborview Medical Center, 325 9th Ave., Seattle, Washington, 98104.

Washington State Major League Baseball Stadium Public Facilities District (PFD)

The Washington State Major League Baseball Stadium Public Facilities District (PFD) is the agency created by the Metropolitan King County Council (Ordinance 12000) on October 24, 1995, as authorized under chapter 36.100 Revised Code of Washington (RCW). 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 is governed by a seven-member board of directors, four of whom are appointed by the County Executive. The other three are appointed by the Governor of the State of Washington. The County, as the *ex officio* treasurer for the PFD, maintains several funds to account for construction, debt redemption, and special revenue collection. Construction was financed by 1997 general obligation bond issues and contributions from the Baseball Club of Seattle. Debt service on the bonds is supported by sales and use taxes, special lottery proceeds, special license plate sales, and an admissions tax. The stadium was completed in 1999 and is reported as an asset of the PFD.

The PFD is a component unit of the County for the following reasons: (1) it is a separate legal entity; (2) a majority of its board of directors (4 of 7) are appointed by the County Executive; and (3) there exists an indirect financial burden relationship between the PFD and the County since the County issued the bonds for the construction of the stadium, thereby making the County ultimately responsible for the debt. The PFD's financial statements are discretely presented because the two governing boards are not substantively the same, and the PFD does not provide services solely to King County government.

The PFD 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. These statements may be obtained from the Public Facilities District, PO Box 94445, Seattle, Washington 98124.

Cultural Development Authority of King County (CDA)

The Cultural Development Authority of King County (CDA), dba 4Culture, is a public authority organized pursuant to chapters 35.21.730 through 35.21.759 RCW and King County Ordinance 14482. The CDA commenced operations on January 1, 2003, and began doing business as "4Culture" effective April 4, 2004. Per King County Ordinance 14482, the CDA was created "exclusively to support, advocate for and preserve the cultural resources of the region in a manner that fosters excellence, vitality, and diversity. The authority shall further the goals and objectives of the King County Comprehensive Plan, establish cultural resource policies, and operate in a manner that ensures King County citizens and visitors have access to high quality cultural programs and experiences."

The 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

NOTE 1 – CONTINUED

confirmed by the County Council. The CDA receives various funds from King County and other sources that are designated for arts, cultural and public art use, including a portion of the revenue generated by the King County lodging tax and one percent of King County expenditures for certain construction projects.

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

The 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. These statements may be obtained from the Cultural Development Authority of King County at 4Culture, 101 Prefontaine Place South, Seattle, Washington 98104.

Component Units – Blended**King County Ferry District**

The King County Ferry District (KCFD) is administered by the Marine Division of the King County Department of Transportation. The KCFD was created pursuant to ordinance 15739 to expand transportation options for county residents through water taxi services. By statute, the King County Council serves as the Board of Supervisors for the KCFD.

The KCFD 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, in effect, appoints the voting majority of the KCFD board because the County Council are the *ex officio* supervisors of the KCFD; and (3) the County can impose its will on the KCFD. The KCFD financial presentation is on a blended basis because the two governing boards are substantively the same. The KCFD does not issue independently audited financial statements. Financial statements for the KCFD are included with other Nonmajor Special Revenue Funds in the Governmental Funds section of this CAFR.

Flood Control Zone District (FCZD)

The new Flood Control Zone District (FCZD) in King County is administered by the Water and Land Resources Division of the Department of Natural Resources and Parks through an interlocal agreement between King County and the FCZD. The FCZD was created under 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 the FCZD.

The former Flood Control Zone Districts in King County were dissolved in 2007 and the County was directed to transfer all remaining funds to the new Flood Control Zone District. The only financial activity in the dissolved districts in 2008 was associated with closing out those funds.

The FCZD is a component unit of the County for the following reasons: (1) it is a legally separate entity established as quasi-municipal corporation and independent taxing authority; (2) King County, in effect, appoints the voting majority of the FCZD board because the County Council

NOTE 1 – CONTINUED

members are the *ex officio* supervisors of the FCZD; and (3) the County can impose its will on the FCZD. FCZD financial presentation is on a blended basis because the two governing boards are substantively the same. The FCZD does not issue independently audited financial statements. The financial statements for the FCZD are included with other Nonmajor Special Revenue Funds in the Governmental Funds section of this CAFR.

Building Development and Management Corporations

King County has project lease agreements with four Washington state nonprofit corporations each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings. Each agreement provided for the design and construction of a specific building to be financed with tax-exempt bonds issued on behalf of the County by each of the corporations in accordance with I.R.S. Revenue Ruling 63-20 and Revenue Procedure 82-26. Under the agreements, the buildings are to be leased by the County from the nonprofit corporations under guaranteed monthly rent payments throughout the term of the lease or until the debt is retired after which ownership transfers to the County.

These nonprofit corporations are recognized as component units of the County in accordance with GASB Statement 14. Although they have independently appointed boards, the nature and significance of their relationships with the County's primary government are such that their exclusion will cause the King County reporting entity's financial statements to be misleading or incomplete. Because they provide services (develop and manage office facilities) exclusively to the County, these corporations are reported using the "blended" method. A single internal service fund, the Building Development and Management Corporations Fund, is used to blend the four nonprofit corporations' activities and balances at December 31, 2008 with the primary government.

The nonprofit corporations and the related buildings under their management include: 1) CDP-King County III for the King Street Center building; 2) Broadway Office Properties for the Patricia Steel Memorial building; 3) Goat Hill Properties for the Goat Hill Parking Garage and the Chinook Building; and 4) NJB Properties for the Ninth and Jefferson Building (currently under construction). Separately issued and independently audited financial statements for each of these corporations may be obtained from the National Development Council, 425 4th Avenue, Suite 608, Seattle, WA 98101.

Joint Venture

The 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 (CEO) 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 the CEO is potentially liable to grantors for disallowed costs. If expenditure of funds is disallowed by a grantor agency, the 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 the City of Seattle, each being responsible for one-half of the disallowed amount. As of December 31, 2008, there are no outstanding program eligibility issues that might lead to a King County liability.

NOTE 1 – CONTINUED

The WDC contracts with King County to provide programs related to dislocated workers, welfare to work, and workforce centers. For the year 2008 WDC reimbursed King County approximately \$2.2 million for the Work Training Program and \$2.6 million for the Dislocated Worker Program in eligible program costs.

The WDC issues independent financial statements that may be obtained from the Workforce Development Council, 2003 Western Avenue, Suite 250, Seattle, Washington 98121-2162.

Related Organizations

The King County Library System (KCLS), the Library Capital Facility District (LCFD), and the King County Housing Authority (KCHA) are legally separate entities, though each organization is related to King County. The County Council appoints a majority of the board of the KCLS and the KCHA and selected Council members make up the 3-member board of the LCFD. There is no evidence that the Council can influence the programs and activities of these organizations or that they create a significant financial benefit or burden to the County. For these reasons, they are related organizations. The County serves as the treasurer for the KCLS and the LCFD, providing services such as tax collection and warrant issuance. Due to this fiduciary relationship, these districts are routinely reported as agency funds to distinguish from County agency funds.

Related Party Transaction

The Public Transportation Enterprise entered into a ground lease agreement as lessor with the King County Housing Authority (KCHA) for the development of affordable housing units and a parking garage in the City of Redmond. The lease provides for a set-aside of a minimum of 150 parking stalls for use by park and ride commuters.

The lease calls for an annual lease payment with a three 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. The annual lease payment and loan payments are payable out of net cash flow in the order and priority established in the lease before and after the minimum tax credit compliance period. 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. In addition to the lease, the Public Transportation Enterprise loaned the KCHA a total of \$1.5 million at different interest rates.

The Public Transportation Enterprise received lease payments of \$34.8 thousand for 2008. As of December 31, 2008, the loans receivable from the KCHA, including principal and accrued interest, amounted to \$0.8 million. The Public Transportation Enterprise received a loan principal and interest payment of \$1.0 million in 2008.

Government-wide and Fund Financial Statements

The government-wide financial statements (the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule include interfund services provided and used between functions which are not eliminated because to do so would misstate both the expenses of the purchasing function and the program revenues of the selling function. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported

NOTE 1 – CONTINUED

separately from certain legally separate component units for which the primary government is financially accountable.

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. 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

Bases of Accounting, Measurement Focus, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. 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 as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with, or contradict guidance of, the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private sector guidance, except in the Water Quality Enterprise which required FAS 71 reporting for regulatory deferrals beginning in 2005.

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. Rental income is operating revenue to the Airport enterprise whose principal operation is leasing real property but is non-operating to the Solid Waste enterprise because it is incidental to its principal operation of waste disposal. 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. The corresponding costs of service provision and delivery — including direct administration costs, depreciation or amortization of capital assets used in operations, and other allocations of future costs (liabilities) to current year costs of 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.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first.

NOTE 1 – CONTINUED

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues, such as retail sales and use taxes, to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payments are due.

Major Governmental Funds

The County reports two 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 other funds.

The Public Health Fund is used to finance health service centers located throughout King County and public health programs. The Public Health Fund supports clinical health services/primary care assurance, management and business practice, population and environmental health services, and targeted community health services.

Major Proprietary Funds

The County reports two major proprietary funds:

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

The Water Quality Enterprise accounts for the operations, maintenance, capital improvements, and expansion of the County's water pollution control facilities under the King County Wastewater Treatment Division. The enterprise has two major treatment plants, the West Point Treatment Plant in Seattle and the South Treatment Plant in Renton, as well as two small facilities, the Alki Treatment Plant and one on Vashon Island. Major construction projects are funded through operating revenue, grants, state loans, and issuance of fixed and variable rate revenue bonds, commercial paper, and general obligation bonds.

Nonmajor Governmental Funds

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

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

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,

NOTE 1 – CONTINUED

major maintenance of building facilities, office space leasing, storm management projects, technology systems, arts and historic preservation, and other projects.

Nonmajor Proprietary Funds

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

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

Fiduciary Funds

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

King County recognizes two major classifications of Agency Funds: (1) those used with the operations of county government such as Undistributed Taxes Fund and Accounts Payable Clearing Fund; and (2) those which account for cash received and disbursed in the County's capacity as *ex officio* treasurer or collection agent for special districts and other governments such as school districts and fire districts.

Terminology**General Revenues and General Governmental Expenditures**

General revenues and general governmental expenditures used in this report are total revenues and expenditures for three governmental fund types: (1) General Fund; (2) Special Revenue Funds; and (3) Debt Service Funds. The revenues and expenditures for all other fund types are excluded from these amounts.

Expenditure Functions

General Government Services – Provided by the legislative and 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, Office of Management and Budget, Office of Information Resources Management, Records and Licensing Services, Elections, and Assessments.

Law, Safety and Justice – Essential to the safety of the public, including expenditures for law enforcement, detention and/or correction, judicial operations, protective inspections, emergency services, and juvenile services. This function includes the Sheriff's Office, Prosecuting Attorney, Superior Court, District 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 Natural Resources, River Improvement, Animal Control, Surface Water Management, and River and Flood Control Construction.

NOTE 1 – CONTINUED

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

Economic Environment – Provided for the development of, and improvement in, the welfare of the community and individual that includes expenditures for employment opportunity and development, veterans' services, childcare services, and services for the aging and disabled. This function includes Veterans' Relief, Youth Employment Programs, Office of Aging, Women's Programs, Development and Environmental Services, and Planning and Community Development.

Mental and Physical Health – 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 local 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, Cooperative Extension Service, and various Park Capital Project Funds.

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 Assets:

- The asset account *Receivables, net* combines Taxes receivable – delinquent; Accounts receivable, net; Other receivables, net; Interest receivable; Notes and contracts receivable; and Due from other governments, net.
- The asset account *Deferred charges* combines Deferred charges – environmental remediation costs, Deferred charges – issuance costs, and Due from employees.
- The liability account *Accounts payable and other current liabilities* combines Accounts payable, Due to other governments, Taxes payable, Contracts payable, Custodial accounts, and other liabilities.
- The liability account *Accrued liabilities* combines Wages payable and Interest payable.
- The liability account *Noncurrent liabilities* includes Claims and judgments payable, Estimated claim settlements, General obligation bonds, Special assessment bonds, Revenue bonds payable, Excess earnings liabilities, Capital leases, State revolving loan payable, Compensated absences, Environmental and property remediation, Unamortized premium/discount on bonds sold, Deferred charges – refunding losses, and other liabilities.

NOTE 1 – CONTINUED**Cash and Cash Equivalents**

Cash and cash equivalents consists of: Cash and pooled investments, Petty cash/change funds, Cash with escrow agent, and Cash held in trust.

All County funds and most component units and special districts participate in the King County Investment Pool (the Pool) maintained by the King County Treasury Operations Section. (See Note 4, "Deposits, Investments and Receivables.") 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 assets 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 this investment of short-term cash surpluses are allocated to the General Fund in accordance with legal requirements and are used in financing general County operations.

Investments

In addition to pooled investments described under Cash and cash equivalents, King County holds other investments in qualified public depositories for County government and special districts for which, either by Washington state law or by contract, King County is the custodian. Money is invested as directed by the governing authority for the fund or agency and proceeds are returned to the investing fund.

Investments purchased for individual funds are reported as investments, regardless of length of maturity. Those attributed to both the external portion of the Pool and those in individual investment accounts are classified as "Investments" in separate investment trust funds. Statements of participants in the Pool's internal portion report pooled investments as cash equivalents. Statements of participants in the external portion report pooled investments as "Assets held in trust – external investment pool." Special district funds with individual investment accounts report their portion of net assets as "Assets held in trust – individual investment accounts." Investments are reported at fair value in compliance with the GASB Codification, Section 150.105, which provides for reporting investments of governmental entities using fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. (See Note 4, "Deposits, Investments and Receivables.")

Receivables

Receivables include charges for services rendered by the County or intergovernmental grants. 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 and/or the historical rate of uncollectibility.

Taxes Receivable – Property taxes levied for the current year are recorded on the balance sheet as Taxes receivable and Deferred revenues at the beginning of the year. Property taxes are recognized as revenue when collected in cash at which time the balance sheet accounts, Taxes receivable and Deferred revenues, are reduced by the amount of the collection. The amount of taxes receivable at year-end that would be collected soon enough to be used to pay liabilities of the current period is not material. At year-end all uncollected property taxes are reported on the balance sheet as Taxes receivable – delinquent and Deferred revenues.

NOTE 1 – CONTINUED

Abatements Receivable – The Abatements receivable account records the unpaid abatement costs due the County from violations reported by the Code Enforcement Section on property within the County. Revenue is recognized when payment is made. Abatement costs may be certified to the property tax parcel; as a result, these might not be paid until the property is sold, which can take years.

Civil Penalties Receivable – The Civil Penalties receivable account records the unpaid civil penalty costs due the County from violations reported by the Code Enforcement Section within the County. Revenue is recognized when payment is made. Liens may be filed against the property and may be released once the fees are paid.

Assessments Receivable – In the governmental funds, unpaid assessments are reported in three accounts: Current, Delinquent, and Deferred. Current assessments are those due within one year, Delinquent assessments are past due, and Deferred assessments are due in the future. Revenues from the assessments are recognized as they become current; that is, both measurable and available to finance expenditures of the current period.

Short-term Interfund Receivables and Payables – Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "Interfund short-term loans receivable/payable," (the current portion of interfund loans), or "Advances to/from other funds," (the non-current portion of interfund loans). All other outstanding balances between funds are reported as "Due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "Internal balances."

Advances to/from Other Funds – Noncurrent portions of long-term interfund loans are reported as Advances. In governmental funds they are offset equally by a fund balance reserve account that indicates they do not constitute expendable available financial resources and are not available for appropriation.

Inventories

Inventories of governmental funds are recorded using the consumption method. This approach has characteristics of accrual accounting which initially reports the inventories purchased as assets and defers the recognition of expenditures until the inventories are actually consumed. Proprietary funds expense inventories when used or sold. The valuation methods used by funds in King County are outlined below:

First-in, First-out valuation method, which assumes the first inventory purchased is the first consumed, is used by the Solid Waste, King County International Airport, Radio Communications, Construction and Facilities Management, and Public Health Funds.

The Weighted (Moving) Average valuation method, which takes the total cost of the inventory and divides it by the total number of units, is used by Motor Pool Equipment Rental, Public Works Equipment Rental, and the Public Transportation and Water Quality Enterprises.

The last physical count of these inventories was as of December 2008, except for the inventories of the Public Transportation and Water Quality Enterprises, which use cycle counting. Cycle counting takes physical counts of inventory throughout the year.

Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2008 (or June 30, 2008, for Harborview Medical Center), are recorded as prepaid items.

NOTE 1 – CONTINUED**Capital Assets**

Capital assets include: Land (fee simple land, right-of-way and easements, and farmland development rights); Infrastructure (roads and bridges network); Buildings; Improvements other than buildings; Furniture, machinery and equipment; and Work in progress. General capital assets, including those in internal service funds that support governmental funds, are reported in the governmental column of the government-wide Statement of Net Assets. Capital assets of enterprise funds, including those in internal service funds that exclusively support enterprise funds, are reported in the business-type column of the government-wide Statement of Net Assets. Enterprise and internal service fund capital assets are also reported in the individual proprietary fund Statement of Net Assets. For 2008, the capitalization threshold in the King County Primary Government is \$5 thousand for furniture, machinery and equipment, \$25 thousand for software, and \$50 thousand for buildings, building improvements, and other improvements.

The County's general capital infrastructure, which consists of the entire network of roads and bridges, was initially reported in 2002. The base value at the beginning of 2002 included the estimated cost of all infrastructure and related right-of-way including those acquired prior to December 31, 1980. Because the County is committed to maintaining the infrastructure indefinitely, it has elected to use the modified approach to infrastructure reporting in lieu of the depreciation method. The County is eligible to use the modified approach because it has an asset management system in place that allows for constant monitoring of the infrastructure to ensure that they are maintained and preserved at the predetermined condition level set by the Road Services Division of the Department of Transportation. The asset management system tracks the number, mileage, condition, and the actual and planned maintenance and preservation costs of individual infrastructure elements (road segments and bridges).

Certain equipment and facilities used in 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 the extent of these costs.

Capital assets are valued at historical cost or estimated historical cost where actual historical cost is not available. Donated capital assets are valued at their estimated fair market value at the time of donation. Expenditures for maintenance and repairs that do not add to the value of the assets or materially extend their lives 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 (roads and bridges) are considered preservation costs and are therefore not capitalized.

Governmental capital assets other than land, infrastructure, and artwork are depreciated in accordance with GASB Statement No. 34. As with business-type capital assets, i.e., Enterprise and Internal Service Funds, provision is made for depreciation over the estimated useful lives of the depreciable assets using the straight-line method.

NOTE 1 – CONTINUED

Capital assets and their components have been depreciated over their estimated useful lives as follows:

<u>Description</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings – constructed	Straight-line	40 to 60 years
Buildings, transfer stations, shops scales offices, etc.	Straight line	10 to 30 years
Buses and trolleys	Straight-line	12 to 18 years
Cars, vans, and trucks	Straight-line	5 to 8 years
Data processing equipment	Straight-line	3 to 10 years
Downtown transit tunnel	Straight-line	50 years
Heavy equipment	Straight-line	7 to 15 years
Medical equipment	Straight-line	3 to 20 years
Office equipment	Straight-line	3 to 20 years
Sewer lines	Straight-line	50 years
Shop equipment	Straight-line	5 to 20 years
Telecommunication equipment	Straight-line	6 to 10 years

Deferred Charges

The government-wide financial statements and proprietary fund types in the fund financial statements defer expenditures for debt issuance, which are amortized over the life of the respective bond issues. The Public Transportation Enterprise includes certain amounts due from employees as deferred charges. The Water Quality Enterprise defers environmental remediation costs, which are amortized over 40 years. The Building Development and Management Corporations Fund defers organizational start-up costs and amortizes over 5 years. Both the government-wide and proprietary fund types in the fund financial statements defer bond premiums, discounts, and refunding losses, which are reported in the Statement of Net Assets under Noncurrent liabilities and in the fund financial statements under Long-term liabilities.

Deferred Revenues

Deferred revenues include: (1) amounts collected before revenue recognition criteria are met, such as deferred parks program revenue and building and land development permit fees (unearned revenues); (2) receivables and uncollected delinquent taxes that, under the modified accrual basis of accounting, are measurable but not yet available; and (3) a Water Quality Enterprise rate stabilization reserve (see next section on regulatory deferrals).

Regulatory Deferrals

The King County Council has taken various regulatory actions resulting in differences between the recognition of revenues for rate-making purposes in the Water Quality enterprise fund and their treatment under generally accepted accounting principles for nonregulated entities. Currently, the Water Quality enterprise is authorized to apply the accounting treatment of costs under Financial Accounting Standards Board's Statement of Financial Accounting Standards No. 71 (FAS 71), *Accounting for the Effects of Certain Types of Regulation*. Water Quality meets FAS 71 criteria because the rates for its services are regulated by the King County Council, and the regulated rates chargeable to its customers are designed to recover the enterprise's allowable costs of operations.

NOTE 1 – CONTINUED

Rate Stabilization – In 2005, pursuant to FAS 71, the Council established a Rate Stabilization Reserve in the Water Quality enterprise fund. This allows for deferral of certain operating revenues as a liability to be recognized in subsequent years through amortization in order to maintain stable sewer rates.

Regulatory Assets – In 2006, the Council approved the application of FAS 71 to treat pollution remediation obligations of the Water Quality Enterprise as regulatory assets. Actual costs incurred were deferred in prior years as regulatory assets or other deferred costs. For 2008, the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, required the recognition of the entire amount of the pollution remediation liability and expense for currently known obligations. Water Quality is also deferring this increase in remediation cost as a regulatory asset. The portion of regulatory asset costs that have actually been incurred is being amortized over a recovery period of 30 years as these activities are expected to be financed by 30-year revenue bonds. Beginning in 2008, the State of Washington Department of Ecology has issued an annually renewable grant with a 50 percent reimbursement of grant eligible expenditures for one of the remediation projects; as grant revenues become realized or realizable, these amounts will be factored into the sewer rate model to help mitigate rate increases.

Rebatable Arbitrage

The County's tax-exempt debt is subject to arbitrage restrictions as defined by the Internal Revenue Code. All of the County's bonded debts are tax-exempt except three taxable debts as identified in Note 14, "Debt" – Schedule of Long-term Debt. Arbitrage occurs when the funds borrowed at tax-exempt rates of interest are invested in higher yielding taxable securities. These interest earnings in excess of interest expense must be remitted to the federal government except when spending exceptions rules are met. The County does not recognize a liability for arbitrage at the fund level unless this liability is due and payable at the end of the year. At the government-wide level, the liability is recognized during the period the excess interest is earned.

Compensated Absences

Eligible King County employees earn 12 days of sick leave and 12 to 30 days of vacation per year, depending on the individual employee's length of service and other factors. An unlimited amount of sick leave and a maximum of 60 days of vacation may be accrued. An employee leaving the employ of King County is entitled to be paid for unused vacation leave and, if retiring as a result of length of service or terminating by reason of death, for 35 percent of the value of unused sick leave. For reporting purposes, a variety of factors are used to estimate the portion of the accumulated sick leave that is subject to accrual.

A liability is accrued for estimated excess compensation liabilities to the Washington State Department of Retirement Systems based on an employee's accrued vacation and sick leave. An excess compensation liability is incurred when any employee whose retirement benefits are based in part on excess compensation receives a termination or severance payment defined by the State as excess compensation. This includes, but is not limited to, a cashout of unused annual leave in excess of 240 hours and a cashout of any other form of leave.

All vacation pay liability and a portion of sick leave liability is accrued in the government-wide and proprietary statements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement

NOTE 1 – CONTINUED

of Net Assets. Bond premiums and discounts, refunding losses, as well as issuance costs, are deferred and amortized over the life of the bonds using outstanding principal balance method. Bonds payable are reported net of the applicable bond premium or discount. Bond refunding losses and issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, as well as bond issuance cost, during 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 expenditures.

Fund Equity

In the fund financial statements, governmental funds report reserves of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Component Units – Summary of Significant Accounting Policies**Harborview Medical Center (HMC)**

Harborview Medical Center (HMC), as a county hospital within the Municipal Corporation of King County, maintains its own distinct set of accounting records. HMC's financial statements are prepared in accordance with governmental generally accepted accounting principles. In addition, based on GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, HMC has elected to apply the provision of all relevant pronouncements of the Financial Accounting Standards Board (FASB), including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

The HMC financial statements are reported as a business-type activity, as defined by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Harborview Medical Center's Statement of Net Assets and Statement of Activities reflect its financial position as of June 30, 2008.

Land, buildings, and equipment are stated at historical cost. Improvements and replacements of buildings and equipment are capitalized. Maintenance and repairs are expensed. The provision for depreciation is the straight-line method, which allocates the historical cost of capital assets over their estimated useful lives. Upon disposal, capital assets and the related accumulated depreciation are removed from the accounts and the resulting gain or loss is recorded. Interest incurred on funds borrowed by HMC during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest was capitalized during 2008.

HMC, as an instrumentality of the State of Washington, is not subject to federal income taxes under Section 115 of the Internal Revenue Code unless unrelated business income is generated during the year.

Washington State Major League Baseball Stadium Public Facilities District (PFD)

The PFD uses the accrual basis of accounting. Expenses are recorded at the time liabilities are incurred and revenues are recorded when earned.

NOTE 1 – CONTINUED

Cash and cash equivalents consist of cash and pooled investments managed by the King County Treasury Operations Section. The King County Treasury Operations Section Manager pools and invests all short-term cash surpluses not otherwise invested by individual funds of the County. Earnings from these pooled investments are allocated to the PFD based upon its share of equity in the Pool.

Capital assets include the Baseball Stadium and furniture, machinery, and equipment. The Baseball Stadium includes all costs associated with the development and construction of the ballpark project. Development costs include PFD staffing and related operating costs, architect and engineering fees, environmental consulting fees, and all other costs related to the development of the ballpark project.

Capital assets are valued at historical cost. Only interest on interim financing during pre-construction and construction is capitalized.

Capital assets are depreciated on a straight-line basis based on their estimated useful lives. Furniture and equipment are depreciated over three or five years. The Baseball Stadium is depreciated over 40 years from the date it was placed in service.

WSMLBS/PFD employees earn 12 days of sick leave and 10 to 15 days of vacation per year, depending on the individual employee's length of service. An unlimited amount of sick leave may be accrued and two times the annual vacation allotment may be accrued. An employee leaving the employ of the PFD is entitled to be paid for all unused vacation. Unused sick leave is forfeited upon termination of employment. The accrual for unused vacation is included in other current liabilities in the accompanying Statement of Net Assets.

Cultural Development Authority of King County (CDA)

The CDA maintains its own distinct set of accounting records. It is required to maintain its financial records using the accrual basis of accounting in conformity with restrictions or designations imposed by the State municipal corporation laws.

The CDA's accounts are organized into an operating fund, several program funds, and a restricted fund (Cultural Endowment Fund).

- Operating Fund – used to pay for the CDA's administrative support.
- Program Funds – used to segregate different revenue sources and to comply with expenditure requirements.
- Cultural Endowment Fund – consists of 40 percent of the Hotel/Motel tax revenue allocation to the CDA. The principal portion of the fund is permanent and irreducible. Interest earnings in the fund are available for the support of the arts, the performing arts, art museums, heritage museums and cultural museums of King County.

The CDA, as an instrumentality of the State of Washington, is not subject to federal income taxes under Section 115 of the Internal Revenue Code unless unrelated business income is generated during the year.

CDA employees earn 12 sick days per year and 12 to 30 days of vacation per year, depending on length of service. An unlimited amount of sick leave and 30 days of vacation may be accrued. Unused sick leave is forfeited upon termination of employment.

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 Assets:**

The governmental funds balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains, "Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$875,804 thousand difference are as follows (in thousands):

Bonds payable	\$ 770,998
Less: Deferred charge on refunding (to be amortized as interest expense)	(9,463)
Deferred charge for issuance costs (to be amortized over life of debt)	(3,340)
Plus: Unamortized premiums on bonds sold	21,548
Accrued interest payable	5,985
Capital leases payable	4,000
Compensated absences	73,177
Unemployment compensation payable	1,181
Other postemployment benefits	11,688
Rebatable arbitrage	<u>30</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 875,804</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:

The governmental funds statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets 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." The details of this \$67,463 thousand difference are as follows (in thousands):

Capital outlay	\$ 105,673
Depreciation expense	<u>(38,210)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 67,463</u>

NOTE 2 – CONTINUED

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to decrease net assets." The details of this \$27,683 thousand difference are as follows (in thousands):

In the statement of activities, only the gain on the sale of capital assets is reported. In the governmental funds, the proceeds from the sale increase financial resources. The change in net assets differs from the change in fund balance by the book value of the capital assets sold.	\$ (91,461)
Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	<u>63,778</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ (27,683)</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." The details of this \$1,081 thousand difference are as follows (in thousands):

Property tax accrual	\$ 1,291
Surface Water Management service charge accrual	95
Probation and parole service charge accrual	70
Work release service charge net accrual	(129)
Fines and forfeits net accrual	<u>(246)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,081</u>

NOTE 2 – CONTINUED

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 assets. 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." The details of this \$44,234 thousand difference are as follows (in thousands):

Debt issued or incurred	
Issuance of general obligation bond anticipation notes	\$ (48,755)
Principal repayments	79,071
Receipts from component units for principal repayments	(1,028)
Payment to escrow agent	<u>14,946</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 44,234</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." The details of this \$8,680 thousand difference are as follows (in thousands):

Compensated absences	\$ 2,312
Accrued unemployment compensation	130
Other postemployment benefits	6,348
Accrued rebatable arbitrage	(88)
Accrued interest	162
Amortization of issuance costs	755
Amortization of deferred charge on refunding	3,685
Amortization of bond premiums	<u>(4,624)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 8,680</u>

NOTE 2 – CONTINUED

Another element of that reconciliation states, "Net revenues and expenses of certain activities of internal service funds are reported with governmental activities." The details of this \$5,162 thousand difference are as follows (in thousands):

Investment interest earnings	\$ 6,920
Revenues related to services provided to outside parties	3,973
Expenses related to services provided to outside parties	(3,212)
Gain on disposal of capital assets	307
Interest on long-term debt	(10,884)
Capital contributions	894
Transfers in	1,366
Transfers out	(6,496)
Internal service fund gains allocated to governmental activities	<u>12,294</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 5,162</u>

Explanation of certain differences between the Proprietary Funds Statement of Net Assets and the Government-wide Statement of Net Assets:

The proprietary funds statement of net assets includes a reconciliation between *net assets – total enterprise funds* and *net assets of business-type activities* as reported in the government-wide statement of net assets. The description of the reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The assets and liabilities of one internal service fund, Wastewater Equipment Rental Fund, are included in the business-type activities in the statement of net assets because the fund was established to serve the Water Quality Enterprise. The details of this \$5,753 thousand difference are as follows (in thousands):

Net assets of the business-type activities internal service fund	\$ 9,377
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds – prior years	(9,365)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds – current year	<u>5,741</u>
Net adjustment to increase <i>net assets – total enterprise funds</i> to arrive at <i>net assets of business-type activities</i>	<u>\$ 5,753</u>

NOTE 2 – CONTINUED**Explanation of certain differences between the Proprietary Funds Statement of Revenues, Expenses, and Changes in Fund Net Assets and the Government-wide Statement of Activities:**

The proprietary funds statement of revenues, expenses, and changes in fund net assets includes a reconciliation between *change in net assets – total enterprise funds* and *change in net assets of business-type activities* as reported in the government-wide statement of activities. The description of the reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The details of this \$6,345 thousand difference are as follows (in thousands):

Investment interest earnings	\$ 190
Revenues related to services provided to outside parties	41
Expenses related to services provided to outside parties	(39)
Gain on disposal of capital assets	6
Transfer in	166
Transfers out	(117)
Internal service fund gains allocated to business-type activities	<u>6,098</u>
Net adjustment to increase <i>change in net assets – total enterprise funds</i> to arrive at <i>change in net assets of business-type activities</i>	<u>\$ 6,345</u>

NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Bases of Budgeting**

With the exception of the reconciling items described in the Reconciliation of Budgetary Basis and Generally Accepted Accounting Principles (GAAP) Basis Statements and Schedules section of this note, King County uses the modified accrual basis of budgeting for the General Fund and most Debt Service and Special Revenue Funds. 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 incurred in the acquisition of goods and services. These are annual budgets applicable to the current fiscal year.

Twenty-seven Special Revenue Funds have annual budgets with budgeting methods identical to the General Fund and are presented in the budget and actual schedules in this report.

Two Special Revenue Funds (the Community Development Block Grant Fund and the Miscellaneous Grants Fund) do not have an annual budget. Budgets within these funds are on a multi-year basis with the budget for a particular program covering one or more fiscal years. Total revenues and expenditures for the program are budgeted at its inception and any unexpended balance at the end of the fiscal year is reappropriated to the next fiscal year.

The two Flood Control Zone District Funds are not budgeted. These funds account for flood control zone district activities in accordance with chapter 86.15 RCW.

The King County Ferry District Fund is not budgeted. This fund accounts for the operations of passenger-only ferry services to various parts of the county pursuant to Ordinance 15739.

The Parks Trust and Contribution Fund is not budgeted. This fund accounts for gifts, bequests, and donations of money to the County for parks and recreation purposes and was set up pursuant to Ordinance 14509, the Parks Omnibus Ordinance.

The Road Improvement Districts Maintenance Fund is not budgeted. This fund reports the road district maintenance assessment activity in accordance with chapter 36.88 RCW.

The Treasurer's Operations and Maintenance Fund, pursuant to RCW 84.56.020, is not budgeted.

Four Debt Service Funds have annual budgets. Three have annual budgets with budgeting concepts identical to the General Fund. One of these, the Limited General Obligation Bond Redemption Fund, includes budgeting and accounting for expenditures related to proprietary fund debt service payments. The fourth budgeted Debt Service Fund, the Road Improvement Guaranty Fund, is budgeted only in the exceptional case of transfers of surplus to the County Road Fund.

The Road Improvement Districts Special Assessment Debt Redemption Fund is not budgeted. This fund reports road improvement districts' special assessments revenues and debt service expenditures in accordance with chapter 36.88 RCW.

All funds in the Capital Projects Fund type, except the Road Improvement Districts Construction Fund are controlled by multi-year budgets. However, capital budget appropriations are canceled at the end of the year unless the County Executive submits to the County Council the report of the final year-end reconciliation of expenditures for all capital projects on or before March 1 of the year following the year of the appropriation and each year thereafter in which the appropriation remains open.

The Road Improvement Districts Construction Fund is not budgeted. This fund reports capital improvement assessments construction activity in accordance with chapter 36.88 RCW.

NOTE 3 – CONTINUED

The Enterprise and Internal Service Funds (with the exception of the Insurance Fund and the Building Development and Management Corporations Fund) are budgeted on the modified accrual basis rather than the accrual basis (the GAAP basis for proprietary funds).

Appropriations are based on an estimate of expenditures expected to be incurred in the acquisition of goods and services during the fiscal year. Estimated revenues are based on the amount estimated to be earned and available during the fiscal year. The Transit Division budget is submitted as a biennial budget for the 2008/2009 timeframe.

The Insurance Fund is budgeted on the modified accrual basis with one exception. Consistent with the intent of the County ordinance that delegates full claims settlement authority to the County Executive, the recognition of the portion of judgment and claim settlements that occurs and remains unpaid at the end of a fiscal year, and exceeds current year expenditure appropriations, is deferred to the following year when the claim is paid. In 2008 no judgment and claim settlement recognition was deferred to a future period on the budgetary basis due to insufficient appropriations in 2008.

The Building Development and Management Corporations Fund which is used to blend four nonprofit corporations' activities and balance with the primary government is not budgeted.

The Trust and Agency Funds are not budgeted.

Encumbrances

Encumbrances outstanding as of December 31, 2008, are shown in the following schedule by fund type (in thousands):

General Fund	\$ 7,087
Public Health Fund	457
Special Revenue Funds	20,776
Capital Projects Funds	45,544
Enterprise Funds	3,213
Internal Service Funds	<u>5,070</u>
Total All Funds	<u>\$ 82,147</u>

Reconciliation of Budgetary Basis and GAAP Basis Statements and Schedules for Governmental Funds

In the General and budgeted Special Revenue and Debt Service Funds, the legally prescribed budgetary basis differs from the GAAP basis. For those statements and schedules in which budget comparisons are presented, the legally adopted budget is compared with actual data on the budgetary basis rather than the GAAP basis. Budget to actual statements and schedules of the governmental funds include an explanation of the differences between the two bases. All statements that do not have budget comparisons are prepared on the GAAP basis.

Budgeted Level of Expenditures

Appropriations are authorized by ordinance, generally at the fund level, with the exceptions of the General Fund and four Special Revenue Funds (the Community Development Block Grant, County Road, Developmental Disabilities, and Miscellaneous Grants Funds), which are appropriated at the department/division level, and Capital Projects Funds, which are appropriated at the project level.

NOTE 3 – CONTINUED

These are the legal levels of budgetary control. Unless otherwise provided by the appropriation ordinances, all unexpended and unencumbered annual appropriations lapse at the end of the year. The budgetary comparison schedules (budgetary basis) include variances at the function of expenditure level. These variances are presented for informational purposes only and, if negative, do not constitute a legal violation. Administrative control is guided by the establishment of more detailed line item budgets.

Expenditures including Other Financing Uses, in Excess of Amounts Legally Authorized**Funds with Multi-year Budgets**

Forty-three capital projects in thirteen Capital Projects and Enterprise Funds with multi-year budgets have a combined total of \$6.3 million of expenditures in excess of budget. These deficits are expected to be corrected by additional appropriations in 2009.

In addition, supplemental appropriation will be required for certain administrative projects: \$23.6 million for an administrative transfer of debt proceeds in the Building Construction and Improvement fund to reimburse authorized expenditures in the Building Repair and Replacement Fund, and \$36.3 million for prior year's repayments of bond anticipation notes in the Open Space Capital fund and the Building Construction and Improvement Fund.

Funds with Annual Budgets

All funds and departments/divisions with annual budgets completed the year within their legally authorized expenditures, including other financing uses, with the exception of the Sheriff, which was overexpended by \$1,099 thousand. The overexpenditure was caused by a retroactive payment of salaries in a labor agreement approved by the County Council in December 2008.

Fund Balance and Net Asset Deficits

Building Development and Management Corporations – The deficit of \$9.0 million was due to bond interest payments made during the first few years of bond issuance when buildings are still under construction and monthly rent payments have not yet commenced. Lease revenue bonds normally include three years of capitalized interest to fund the initial interest costs.

Building Repair and Replacement Fund – The deficit of \$26 million is the result of the purchase of a new building funded by a short-term loan. The short-term loan will be replaced with a bond to cover the cost of the building.

County Road Fund - The \$16.8 million deficit was the result of \$9 million in land sales that did not occur as projected in 2008, approximately \$3.4 million in federal storm repair grants programmed but not received in 2008, \$1.2 million in property taxes paid to cities with recent annexations, \$0.75 million fewer gas tax receipts than projected, and \$2.5 million in unanticipated December winter storm costs.

Renton Maintenance Facilities Construction – The deficit of \$172 thousand is the result of costs to begin the design of a new regional maintenance facility in Ravensdale. The deficit will be covered using proceeds received from the sale of the Summit Pit property at a future date.

Printing/Graphic Arts Services Fund – The deficit of \$1.1 million was the result of printing and graphics expenditures exceeding revenues. The former printing and graphics operation was discontinued after December 2007 and services were transferred to other funds. The deficit is being recovered through charges to user agencies over a two-year period. In 2008 \$0.9 million was recovered with the remainder of the deficit to be repaid by the end of December 2009.

NOTE 3 – CONTINUED

Safety and Workers' Compensation Fund – The deficit of \$19.5 million is the result of a change of the method in 2004 for estimating workers' compensation claim liabilities from using the case reserves liabilities to an actuarially developed liabilities estimate. The change resulted in a large increase in the reported liabilities and related expenses in 2004. The funding plan developed to build the assets to equal the liabilities over a number of years has made significant progress reducing the deficit in each year since its inception.

Unrestricted Net Asset Deficits

Solid Waste Enterprise Fund – The deficit of \$5.8 million in unrestricted net assets is due to an increase in the Cedar Hills Landfill closures and post-closure care liability.

Water Quality Enterprise Fund – The deficit of \$51.3 million in unrestricted net assets is the result of interfund loans which financed early debt retirement and capital construction in anticipation of bond issuance.

NOTE 4 – DEPOSITS, INVESTMENTS AND RECEIVABLES**Deposits**

The County maintains deposit relationships with several local commercial banks and thrift institutions in addition to its concentration bank. All deposits that are not insured by the Federal Deposit Insurance Corporation (FDIC) are collateralized by the Public Deposit Protection Commission of the State of Washington (PDPC). The PDPC is a statutory authority established under chapter 39.58 RCW. It constitutes a multiple financial institution collateral pool that can make *pro rata* assessments to all public depositories within the state of up to 10 percent of all their public deposits. There is no current provision for PDPC to make additional *pro rata* assessments if needed to cover a loss. Therefore, PDPC protection is of the nature of collateral, not of insurance, in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 150.110. Pledged securities under the PDPC collateral pool are held by the County's agent in the name of the County.

Some large depositories hold public deposits in amounts in excess of the market value of the entire PDPC collateral pool. To the extent that uninsured public deposits of a financial institution exceed the PDPC's total value, equivalent proportions of the County's deposits in those institutions are exposed to custodial credit risk because they are uninsured and uncollateralized. Determination of these amounts is based on the conservative assumption that none of the excess public deposits is covered by FDIC insurance. Although such risk is recognized, the PDPC provides additional protection by maintaining strict standards as to the amount of public deposits financial institutions can accept, and by monitoring the financial condition of all public depositories and optimizing collateralization requirements.

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 provides that the total deposits cannot exceed the net worth of the financial institution. The County establishes deposit limitations for all financial institutions with which deposits are placed, based on publications by IDC Financial Publishing Company. The County's diversification policy limits the maximum amount of investment in certificates of deposit to 20 percent of the total amount of the portfolio and 7.5 percent of a single issuer. At year-end, the County's Investment Pool had \$407 million in bank deposits of which \$200 million in certificates of deposit were rated "Superior" and \$207 million in municipal investor accounts were rated "Average" by IDC.

As of December 31, 2008, County's total deposits were \$540.6 million in carrying amount and \$518.0 million in bank balance, of which \$208.6 million was exposed to custodial credit risk as uninsured and uncollateralized as shown in the following schedule (in thousands):

	Carrying Amount	Bank Balance	Uninsured and Uncollateralized
Demand Deposits	\$ 75,516	\$ 52,860	\$ 9,348
Municipal Investor Accounts	195,528	195,528	14,038
Certificates of Deposit	194,340	194,340	110,373
Money Market Deposits	75,265	75,265	74,890
Total deposits	<u>\$ 540,649</u>	<u>\$ 517,993</u>	<u>\$ 208,649</u>

The money market deposits are cash held with trustee for four Washington state nonprofit corporations reported in the internal service funds as Building Development and Management Corporations, a blended component unit of King County. The cash held in various financial institutions, including most notably the Bank of New York Trust Company (Trustee), is invested in

NOTE 4 – CONTINUED

United States Government Money Market accounts. Of the \$75.3 million total money market deposits, \$74.9 million are exposed to custodial credit risk as uninsured and uncollateralized.

Investments

Investment Instruments State statutes authorize King County to invest in savings or time accounts in designated qualified public depositories and in certificates, notes, or bonds of the United States. The County is also authorized to invest in other obligations of the United States or its agencies or in any corporation wholly owned by the US government. Other authorized investments include bankers' acceptances purchased on the secondary market, federal home loan bank notes and bonds, federal land bank bonds, and federal national mortgage association notes, debentures and guaranteed certificates of participation. In addition, the County is authorized to invest in the obligations of any other government-sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System. The County may also invest in commercial paper (within the policies established by the State Investment Board); debt instruments of banking institutions, local and state general obligations, and revenue bonds issued by Washington State governments that are rated at least "A" by a nationally recognized rating agency.

King County voluntarily invests in the Washington State Treasurer's Local Government Investment Pool (LGIP). The amount is carried at cost, which approximates fair value. The LGIP is a 2a7-like pool that 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. The LGIP also contracts for an annual outside independent audit.

The County is authorized to enter into repurchase agreements. County investment policies require that securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement for investment terms of less than 30 days, and 105 percent for terms longer than 30 days. Repurchase agreements in excess of 60 days are not allowed. Currently, the County's tri-party custodial bank monitors compliance with these provisions. The County has not entered into yield maintenance repurchase agreements.

Statutes permit the County Investment Pool to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. County policy prohibits the use of these agreements as a borrowing mechanism. The investments under reverse repurchase agreements represent the collateral securities transferred to the lender in exchange for the cash received and used to purchase other securities with the same maturities as the collateral securities, resulting in a matched position. Reverse repurchase agreements exceeding 180 days are not allowed and the County's policy limits the maximum amount of investment in reverse repurchase agreements to 20 percent of the total balance of the Investment Pool. As of December 31, 2008, there were no reverse repurchase agreements outstanding.

The County operates under the GASB's *Codification*, Section 2300.601, definition of derivatives and similar transactions. During the year, the County did not buy, sell, or hold any derivative or similar instrument except for certain US agency collateralized mortgage obligation securities purchased by the King County Investment Pool to enhance investment yield. Although these securities are sensitive to early prepayments by mortgagees, usually resulting from a decline in interest rates, County policies are in place to ensure that only the lowest risk securities of this type are acquired.

NOTE 4 – CONTINUED

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 *ex officio* treasurer, and public authorities. The King County Investment Pool (the main Pool), administered by the King County Treasury Operations Section, is an external investment pool. The external portion of the Pool (the portion that belongs to special districts and public authorities other than component units) is reported in an Investment Trust Fund. It is County policy to invest all County funds in the Pool. All non-County participation in the Pool is voluntary.

The King County Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company. Oversight is provided by the King County Executive Finance Committee (EFC) pursuant to RCW 36.29.020. The EFC consists of the Chair of the County Council, the County Executive, the Chief Budget Officer, and the Director of the Finance and Business Operations Division. All investments are subject to written policies and procedures adopted by the EFC. The EFC reviews pool performance monthly.

At January 1, 2008, the King County Investment Pool held four impaired commercial paper securities totaling \$204 million (adjusted par value). During 2008, three of the four impaired investments were restructured. The Pool's loss from impaired investments was \$32.9 million in 2008. On September 1, 2008, the remaining impaired investments were bifurcated from the performing King County Investment Pool into a separate impaired investment pool. At December 31, 2008, the County has one outstanding impaired security awaiting restructuring. The fair value of the total impaired investments at December 31, 2008 was \$7.8 million and the principal balance was \$50.6 million.

The King County Investment Pool, excluding the equity in the component units, has a balance of \$3.4 billion. The change in the fair value of the total investments for the reporting entity as of December 31, 2008, after considering purchases, sales and maturities, resulted in a net mark up from cost of \$37.6 million. The following schedule shows the types of investments, including deposits in savings accounts and certificates of deposit, the average interest rate, and the effective duration limits of the various components of the King County Investment Pool as of December 31, 2008 (in thousands):

KING COUNTY INVESTMENT POOL

<u>Investment Type</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Average Interest Rate</u>	<u>Effective Duration (Yrs)</u>
Savings Accounts	\$ 206,857	\$ 206,857	0.75%	0.005
Certificates of Deposit	200,000	200,000	2.95%	0.170
US Treasury Bills	259,940	260,000	0.59%	0.226
US Agency Discount Notes	1,836,726	1,838,645	2.51%	0.293
Taxable Municipal Notes	15,764	15,000	5.17%	2.292
US Treasury Notes	383,318	375,000	2.01%	1.198
US Agency Notes	613,741	595,000	4.71%	1.045
US Agency Collateralized Mortgage Obligations	69,534	68,273	4.51%	2.481
State Treasurer's Investment Pool	412,832	412,832	2.39%	0.005
Totals	<u>\$ 3,998,712</u>	<u>\$ 3,971,607</u>	<u>2.63%</u>	<u>0.486</u>

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 security safekeeping bank. If a security is not priced by the County's safekeeping bank, prices are obtained from Bloomberg L.P., a provider of fixed income analytics, market monitors, and security pricing. In 2008, the County also obtained quotes from primary investment dealers to help determine the fair values of impaired investments. The County has not provided or obtained any legally binding guarantees to support the value of the Investment Pool's shares.

NOTE 4 – CONTINUED

The King County Investment Pool values participants' shares using an amortized cost basis. Monthly income is distributed to participants based on their relative participation during the period. Income is calculated based on: (1) realized investment gains and losses; (2) interest income based on stated rates (both paid and accrued); and (3) the amortization of discounts and premiums on a straight-line basis. Income is reduced by the contractually agreed upon investment fee. 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 gain and loss due to change in the fair values. The net change in the fair values of the investments are reported as an increase or decrease in cash and cash equivalents in the statement of net assets. Details of the recognition of unrealized gain or loss are reported in the statement of revenues, expenditures and changes in fund balance – budget and actual.

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." 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 bank.

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 Pool had concentrations greater than 5 percent of the total investment pool portfolio in the following issuers: Federal Home Loan Mortgage Corporation–23 percent, Federal National Mortgage Association–17 percent, Federal Home Loan Bank–16 percent, Federal Farm Credit Bank–6 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 Pool. The Pool is managed as two subportfolios: the liquidity portfolio and the core portfolio. The liquidity portfolio's average maturity cannot exceed 120 days and is intended to meet the County's short-term liquidity requirements. The total balance of the liquidity portfolio must be at least 15 percent of the total Investment Pool. The core portfolio is managed similar to a short-term fixed-income fund. The average duration of the core portfolio is currently restricted to a range of one and one-quarter to three and one-quarter years. Securities in the core portfolio cannot have an average life greater than five years at purchase. Based on historical and forecasted cash flows, the Executive Finance Committee established the maximum amount that can be invested in the core portfolio. At year-end, this limit was \$2.2 billion and the County was in compliance with this policy. As of December 31, 2008, the combined effective duration of the liquidity and core portfolios was 0.486 years.

Credit risk of Debt Securities Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The County's Investment Pool was rated AAAsf at December 31, 2007. In January 2008, the rating of the King County Investment Pool was temporarily suspended by Standard & Poor's pending further information becoming available on the outcome of restructuring proposals associated with each impaired investment. Standard & Poor's had taken this action because they had not been able to receive timely information about the impaired investments due to the confidential nature of the various enforcement events and related restructuring proceedings. During 2008, three of four restructurings were completed with one remaining in 2009. On September 1, 2008, the impaired investments were bifurcated from the King County Investment Pool.

NOTE 4 – CONTINUED

The credit quality distribution below is categorized to display the greatest degree of credit risk as rated by Standard and Poor's, Moody's, or Fitch. For example, a security rated "AAA" by one rating agency and "AA" by another would be listed as "AA." The following table shows the credit quality for all securities in the King County Investment Pool not backed by the full faith and credit of the United States (in thousands):

Credit Quality Distribution

Investment Type	AAA or A-1	AA	Not Rated	Total
US Agency Discount Notes	\$ 1,836,726	\$ -	\$ -	\$1,836,726
Taxable Municipal Notes	-	15,764	-	15,764
US Agency Notes	613,741	-	-	613,741
US Agency Collateralized Mortgage Obligations	69,534	-	-	69,534
State Treasurer's Investment Pool	-	-	412,832	412,832
TOTAL	\$ 2,520,001	\$ 15,764	\$ 412,832	\$2,948,597

The King County Investment Pool's policy limits the maximum amount that can be invested in various securities. At year-end, the Pool was in compliance with this policy. The Pool's actual composition consisted of Savings Accounts and Certificates of Deposit—10 percent, US Treasury Bills—7 percent, US Treasury Notes—10 percent, Agency Securities—61 percent, Agency Mortgage Backed Securities—2 percent and State Treasurer's Investment Pool—10 percent. The table below summarizes the Pool's diversification policy.

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

Investment Type	Maximum Maturity	Security Type Limit	Single Issuer Limit	Minimum Credit Rating
US Treasury	5 Years	100%	None	N/A
US Federal Agency	5 Years	75%	75%	N/A
US Federal Agency MBS	5 Year WAL	25%	25%	N/A
Certificates of Deposit	5 Years	20%	7.5%	PDPC ⁽¹⁾
Municipal Securities ⁽²⁾	5 Years	20%	5%	A ⁽³⁾
Bank Securities	5 Years	20%	5%	A ⁽³⁾
Repurchase Agreements	60 Days ⁽⁴⁾	40%	10%	Collateral
Commercial Paper	180 Days	25%	5%	A1/P1 ⁽⁵⁾
Bankers' Acceptances	180 Days	25%	10%	Top 50 ⁽⁶⁾
State LGIP ⁽⁷⁾	N/A	None	None	N/A

N/A = Not applicable

(1) Institution must be a Washington State depository. Treasurers can deposit up to 100% of bank's net worth.

(2) Washington state issuers: general obligations and revenue bonds. Other states: only general obligation bonds.

(3) Must be rated "A" or better by two rating agencies.

(4) 102% collateralized, over 30 days 105%.

(5) Must be rated in top credit category by at least two rating agencies. Maturities > 100 days must have "AA" long-term rating. Suspended new purchases of commercial paper in August 2007.

(6) Bankers' acceptances can only be purchased from the 50 largest banks in the world by asset size.

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

King County Investment Pool (the Main Pool) and Impaired Investment Pool's Condensed Statements

The King County Investment Pool's (the Main Pool) and the Impaired Investment Pool's Condensed Statements of Net Assets and Changes in Net Assets as of December 31, 2008, are as follows (in thousands):

NOTE 4 – CONTINUED**Condensed Statement of Net Assets**

	<u>Main Pool</u>	<u>Impaired Pool</u>	<u>Total</u>
Assets	\$ 4,005,245	\$ 7,754	\$ 4,012,999
Net assets held in trust for pool participants	<u>\$ 4,005,245</u>	<u>\$ 7,754</u>	<u>\$ 4,012,999</u>
Equity of internal pool participants	\$ 1,641,276	\$ 3,330	\$ 1,644,606
Equity of external pool participants	2,363,969	4,424	2,368,393
Total equity	<u>\$ 4,005,245</u>	<u>\$ 7,754</u>	<u>\$ 4,012,999</u>

Condensed Statement of Changes in Net Assets

Net assets - January 1, 2008	\$ 4,212,825	\$ -	\$ 4,212,825
Net change in investments by pool participants	(207,580)	7,754	(199,826)
Net assets - December 31, 2008	<u>\$ 4,005,245</u>	<u>\$ 7,754</u>	<u>\$ 4,012,999</u>

Individual Investment Accounts

King County also purchases individual investments for other legally separate entities, such as special districts and public authorities, that are not part of the financial reporting entity. Net assets in these individual investment accounts are reported in a separate Investment Trust Fund in the Fiduciary Funds section.

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, the HMC's deposits may not be recovered. HMC maintains demand deposit accounts in various banks (insured up to \$250 thousand per bank) totaling \$3.8 million and the carrying amount of \$3.7 million. In addition, HMC has equity in the Investment Pool – Certificates of Deposit and Investments (reported as cash equivalents on June 30, 2008). HMC's equity in the pool applies the same criteria as the King County Investment Pool to classify the amounts of deposits and investments exposed to custodial credit risk as uninsured and uncollateralized. As of June 30, 2008, HMC's equity in the pool was \$222.5 million and the carrying amount was \$208.4 million, as shown in the following table (in thousands):

NOTE 4 – CONTINUED**Harborview Medical Center**

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 3,707	\$ 3,813	\$ -
Equity in Investment Pool			
Certificates of Deposit	22,215	22,631	7,301
Investments	196,192	199,869	-
Total Equity in Investment Pool	<u>218,407</u>	<u>222,500</u>	<u>7,301</u>
Total	<u>\$ 222,114</u>	<u>\$ 226,313</u>	<u>\$ 7,301</u>

Washington State Major League Baseball Stadium Public Facilities District (PFD)

The Washington State Major League Baseball Stadium Public Facilities District (PFD) 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, the PFD's deposits may not be recovered. The PFD maintains demand deposit accounts in various banks (insured up to \$250 thousand per bank) totaling \$80 thousand and the carrying amount of \$80 thousand. In addition, the PFD has equity in the Investment Pool – Certificates of Deposit and Investments (reported as cash equivalents on December 31, 2008). The PFD's equity in the pool applies the same criteria as the King County Investment Pool to classify the amounts of deposits and investments exposed to custodial credit risk as uninsured and uncollateralized. As of December 31, 2008, the PFD's equity in the pool was \$8.4 million and the carrying amount was \$8.2 million as shown in the following table (in thousands):

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Uninsured and Uncollateralized</u>
Cash in other banks	\$ 80	\$ 80	\$ -
Equity in Investment Pool			
Certificates of Deposit	835	858	277
Investments	7,373	7,574	-
Total Equity in Investment Pool	<u>8,208</u>	<u>8,432</u>	<u>277</u>
Total	<u>\$ 8,288</u>	<u>\$ 8,512</u>	<u>\$ 277</u>

Cultural Development Authority of King County (CDA)

Deposits The Cultural Development Authority of King County (CDA), dba 4Culture, 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 fully collateralized by the Public Deposit Protection Commission of the State of Washington (PDPC); accordingly, the CDA has no custodial credit risk for its deposits. Carrying amounts of deposits for book purposes are materially the same as bank balances.

Investments The CDA does not participate in the County's investment pool. The CDA has an Investment Policy to guide the management of its assets and ensure that all investment activity is within the regulations established by State and County Code. The primary objective is the

NOTE 4 – CONTINUED

preservation of principal. The CDA's Board of Directors monitors the investments to ensure compliance with Policy guidelines and reviews the investment performance at least annually.

State statutes authorize the CDA to invest in certificates, notes, or 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. The CDA is also authorized to invest in the Washington State Local Government Investment Pool (LGIP), which is comparable to a Rule 2a-7 money market fund recognized by the Securities and Exchange Commission. The LGIP funds are limited to high quality obligations with limited maximum and average maturities, with the effect of minimizing both market and credit risk.

The schedule below shows the types of investments, the average interest rate, the effective duration limits and concentration of all CDA investments as of December 31, 2008 (in thousands):

Cultural Development Authority (CDA)

Investment Type	Fair Value	Principal	Average Interest Rate	Effective Duration (Yrs)
State Treasurer's Investment Pool	\$ 8,803	\$ 8,803	1.82%	0.003
US Treasury Notes	15,758	14,597	3.72%	4.163
Federal Home Loan Mortgage Corp Debentures	4,800	4,539	4.54%	4.397
Federal National Mortgage Association Notes	9,008	8,506	4.73%	3.438
Federal Home Loan Bank Bonds	1,396	1,286	4.10%	4.540
Federal Farm Credit Bank Bonds	365	326	4.15%	9.167
Other	813	813	1.65%	0.003
Totals	\$ 40,943	\$ 38,870	3.60%	3.112

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 CDA manages its exposure to interest rate risk by setting maturity and effective duration limits for its portfolio. As of December 31, 2008, the combined weighted average effective duration of the CDA's portfolio was 3.112 years.

Credit risk of Debt Securities Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2008, all issuers of investments in the CDA portfolio had a Standard & Poor's rating of "AAA." 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 the CDA's investment in a single issuer. As of December 31, 2008, the CDA had concentrations greater than 5 percent of its total portfolio in the following issuers: Federal National Mortgage Association–22 percent, and Federal Home Loan Mortgage Corporation Debentures–12 percent.

NOTE 4 – CONTINUED**Receivables****Analysis of Estimated Uncollectible Accounts Receivable**

Receivables for governmental funds are reported net of estimated uncollectible amounts in the basic financial statement, Balance Sheet–Governmental Funds. The schedule below shows receivables at gross with the related estimated uncollectible accounts (in thousands):

	General Fund	Public Health Fund	Other Governmental Funds	Total Governmental Funds
Receivables				
Accounts receivable	\$ 73,817	\$ 1,414	\$ 31,389	\$ 106,620
Estimates uncollectible accounts receivable	(64,742)	(17)	(8,319)	(73,078)
Accounts receivable, net	<u>\$ 9,075</u>	<u>\$ 1,397</u>	<u>\$ 23,070</u>	<u>\$ 33,542</u>
Other receivables				
Abatements receivable	\$ -	\$ -	\$ 627	\$ 627
Estimated uncollectible abatements receivable	-	-	(125)	(125)
Assessments receivable - current	-	-	67	67
Assessments receivable - deferred	-	-	48	48
Other receivables, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 617</u>	<u>\$ 617</u>
Due from other governments	\$ 37,377	\$ 18,782	\$ 57,635	\$ 113,794
Estimated uncollectible due from other governments	(157)	(1)	-	(158)
Due from other governments, net	<u>\$ 37,220</u>	<u>\$ 18,781</u>	<u>\$ 57,635</u>	<u>\$ 113,636</u>

NOTE 5 – PROPERTY TAXATION**Taxing Powers**

The County is authorized to levy both "regular" property taxes and "excess" property taxes. Regular property taxes are subject to limitations as to rates and amounts and are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. The County also may impose "excess" property taxes that are not subject to limitation when authorized by a 60 percent majority popular vote, 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 percent of the number who voted at the last County general election, except that one-year excess tax levies also are valid if the numbers of voters approving the excess levy is at least 60 percent of a number equal to 40 percent of the number who voted at the last County general election. Excess levies may be imposed without a popular vote when necessary to prevent the impairment of the obligation of contracts.

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 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 thousand of assessed value; the County levied \$1.04278 per thousand in 2008. The road district purposes 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 thousand; the County levied \$1.61081 per thousand in 2008. Both the general purposes levy and the road district purposes levy are below the maximum allowable rate because of an additional limitation on the increase from one year to the next in the amount of taxes levied.

The County is authorized to increase its general purposes levy to a maximum of \$2.475 per thousand of assessed value if the total combined levies for both general and road purposes do not exceed \$4.05 per thousand 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 thousand 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 thousand (authorized by RCW 84.52.069); (2) a voted levy to finance affordable housing for very low income households, limited to \$0.50 per thousand (authorized by RCW 84.52.105), however, the County has not sought approval from voters for this levy; and (3) a non-voted levy for conservation futures, limited to \$0.0625 per thousand (authorized by RCW 84.34.230).

In November 2007 voters approved a six-year Emergency Medical Services property tax at a maximum rate of \$0.30 per thousand beginning in the 2008 tax year. The County currently is levying \$0.04641 per thousand for conservation futures. On November 8, 2005, voters approved a \$0.05 Veterans and Human Services temporary lid lift for six years. The County levied \$0.04232 per thousand for Veterans and Human Services in 2008. In 2006 voters in the County approved a six-year temporary lid lift to finance an automated fingerprint identification system. This six-year levy began in 2008; the current levy rate is \$0.05146 per thousand. A Regional and Rural Parks lid lift plus a companion lid lift for the Woodland Park Zoo/Open Space and Trails were

NOTE 5 – CONTINUED

approved by voters in 2007 for a six-year period beginning in 2008 at rates of \$0.05 per \$1,000 of assessed value each.

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 one percent of the true and fair value of property (or \$10.00 per thousand) by Article VII, Section 2 of the State Constitution and by RCW 84.52.050.

\$5.90/\$1,000 Aggregate Regular Property Tax Levy Limitation. Within the one 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 thousand of assessed value (or 0.59 percent) by RCW 84.52.043(2). This limitation is exclusive of levies for emergency medical services, affordable housing for very low income households, and acquiring conservation futures.

If aggregate regular property tax levies exceed the one percent or \$5.90 per thousand limitations, levies requested by "junior" taxing districts within the area affected are reduced or eliminated according to a detailed prioritized list (RCW 84.52.010) to bring the aggregate levy into compliance. 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 (chapter 84.55 RCW), limits the total dollar amounts of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the highest of the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year's rate. As a result of the passage of Initiative 747 (Chapter 1, Laws of 2002), by State voters in November 2001, 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 taxing district, upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the taxing district upon a finding of substantial need and is also approved by the voters at a general or special election within the taxing district. Such election must be held less than 12 months before the date on which the proposed levy will be made, and any tax increase cannot be greater than described under "Maximum Rate Limitations." The approval of a majority of the voters would be required for the limit factor to be increased. The new limit factor will be effective for taxes collected in the following year only.

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.

With a majority vote of its electors, a taxing district may levy for the following year, within the statutory rate limitations described above, more than what otherwise would be allowed by the tax increase limitations, as allowed by RCW 84.55.050. This is known as a "levy lid lift," which has the effect of increasing the jurisdiction'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.

NOTE 5 – CONTINUED

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

Component Units with Taxing Authority. In 2007, the Metropolitan King County Council created a countywide flood control zone district and a countywide ferry district. The boundaries of each district are coterminous with the boundaries of the County and the members of the County Council serve (at least initially) as the legislative body for each district, but under State law each district is a separate taxing district with independent taxing authority. Tax levies for each district began in 2008, \$0.10 per \$1,000 of assessed value for the flood control zone district and \$0.055 per \$1,000 of assessed value for the ferry district.

Property Tax Calendar

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

Tax Collection Procedures

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 County Assessor (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 Section 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 fifty dollars, one-half may be paid then and the balance no later than October 31 of that year (except that the half to be paid on April 30 may be paid at any time prior to October 31 if accompanied by penalties and interest accrued until the date of payment).

The methods for giving notice of payment of taxes due, collecting such taxes, accounting for the taxes collected, dividing the collected taxes among the various taxing districts, and giving notice of delinquency are covered by detailed State 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 all other respects, and subject to the possible "homestead exemption" described below, the lien on 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

NOTE 5 – CONTINUED

the forced sale of a family residency or other “homestead” property for delinquent general property taxes. The United States Bankruptcy Court for the Western District of Washington has held that the homestead exemption applies to the lien for property taxes, while the State Attorney General has taken the position that it does not.

Assessed Valuation Determination

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 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.

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

Allocation of Tax Levies

The following table compares the allocation of the 2008 and 2007 countywide, Emergency Medical Services (EMS), and unincorporated County tax levies by fund, showing for each year the original tax levy and levy rate. The original tax levy reflects the levy before any supplemental levies, tax cancellations, or other adjustments. The 2008 countywide assessed valuation was \$340,995,440 thousand, an increase of \$42.2 billion from 2007; the assessed valuation for the unincorporated area levy was \$50,633,008 thousand, an increase of \$5.2 billion from 2007.

NOTE 5 – CONTINUED**ALLOCATION OF 2008 AND 2007 TAX LEVIES**

	2008 Original Taxes Levied (in thousands)	2008 Levy Rate (per thousand)	2007 Original Taxes Levied (in thousands)	2007 Levy Rate (per thousand)
Countywide Levy Assessed Valuation:				
	\$340,995,440 thousand ^(a)			
Items Within Operating Levy^(b)				
General Fund	\$ 260,345	\$ 0.76686	\$ 251,367	\$ 0.84558
River Improvements			2,741	0.00922
Veterans' Relief	2,397	0.00706	2,319	0.00780
Human Services	5,331	0.01570	5,151	0.01733
Intercounty River Improvement	51	0.00015	50	0.00017
Limited G.O. Bonds Debt Service	20,109	0.05923	18,454	0.06208
Automated Fingerprint Identification System ^(c)	17,470	0.05146	16,881	0.05680
Parks Levy ^(d)	33,947	0.10000	12,616	0.04244
Veterans and Human Services ^(e)	14,368	0.04232	13,884	0.04672
Total Operating Levy	354,018	1.04278	323,463	1.08814
Conservation Futures Levy^(f)				
Conservation Futures Levy	8,450	0.02489	10,850	0.03650
Farmland and Park Debt Service	7,306	0.02152	4,415	0.01485
Total Conservation Futures Levy	15,756	0.04641	15,265	0.05135
Unlimited Tax G.O. Bonds				
(Voter-approved Excess Levy)	39,989	0.11851	44,311	0.15007
Total Countywide Levy	409,763	1.20770	383,039	1.28956
EMS Levy Assessed Valuation:				
	\$219,374,308 thousand ^{(a) (g)}			
	65,519	0.30000	39,526	0.20621
Unincorporated County Levy				
Assessed Valuation:				
	\$50,633,008 thousand ^{(a) (h)}			
County Road Fund	81,145	\$ 1.61081	77,733	\$ 1.74574
Total County Tax Levies⁽ⁱ⁾	\$ 556,427		\$ 500,298	

(a) Assessed valuation for taxes payable in 2008.

(b) The operating levy tax rate is statutorily limited to \$1.80 per thousand of assessed valuation.

(c) The Automated Fingerprint Identification System (AFIS) levy is a regular property tax to be assessed for six years beginning in 2007 at a levy rate of not more than \$0.05680 per thousand of assessed valuation as authorized by RCW 84.55.050 and a proposition approved by a majority of the voters of King County.

(d) The Parks Levy was renewed as a two-part regular property tax (parks and open space/trails/zoo) to be assessed for six years beginning in 2008 at a levy rate of not more than \$0.05 per \$1,000 of assessed value for each part, as authorized by RCW 84.55.050 and approved by a majority of the voters in the County.

(e) The Veterans and Human Services levy is a regular property tax to be assessed for six years beginning in 2006 at a levy rate of not more than \$0.05 per thousand of assessed valuation as authorized by RCW 84.55.050 and a proposition approved by a majority of voters in the County.

(f) The Conservation Futures levy tax rate is statutorily limited to \$0.0625 per thousand of assessed valuation.

(g) The Emergency Medical Services (EMS) levy shown excludes that portion of the levy within the City of Seattle, which is paid to the city. The levy was approved by the voters in the County in 2007 for a six-year period with collection beginning in 2008.

(h) The tax rate is statutorily limited to a maximum of \$2.25 per thousand of assessed valuation.

(i) Excludes tax levy of the blended component units a) the Flood Control Zone District (in 2008 and 2007, the original taxes levied were \$33,945 and \$956 thousand, respectively) and b) the Ferry District (in 2008 the original taxes levied were \$18,671 thousand).

NOTE 6 – CAPITAL ASSETS**Primary Government**

The following is a summary of changes in capital assets for the King County Primary Government (in thousands):

	Balance 1/1/2008	Increases	Decreases	Balance 12/31/2008
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 735,883	\$ 53,714	\$ (18,102)	\$ 771,495
Infrastructure	927,868	56,440	(74,797)	909,511
Work in progress	115,593	118,351	(11,296)	222,648
Total capital assets not being depreciated	<u>1,779,344</u>	<u>228,505</u>	<u>(104,195)</u>	<u>1,903,654</u>
Capital assets being depreciated				
Buildings	755,015	28,476	(1,007)	782,484
Improvements other than buildings	20,991	1,199	-	22,190
Furniture, machinery & equipment	225,066	24,168	(59,867)	189,367
Total capital assets being depreciated	<u>1,001,072</u>	<u>53,843</u>	<u>(60,874)</u>	<u>994,041</u>
Less accumulated depreciation for:				
Buildings	(214,137)	(21,938)	-	(236,075)
Improvements other than buildings	(4,503)	(1,187)	91	(5,599)
Furniture, machinery & equipment	(145,340)	(28,706)	56,953	(117,093)
Total capital assets being depreciated - net	<u>637,092</u>	<u>2,012</u>	<u>(3,830)</u>	<u>635,274</u>
Governmental activities capital assets - net	<u>\$ 2,416,436</u>	<u>\$ 230,517</u>	<u>\$ (108,025)</u>	<u>\$ 2,538,928</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	\$ 331,986	\$ 15,567	\$ (950)	\$ 346,603
Work in progress	1,363,452	604,860	(310,955)	1,657,357
Total capital assets not being depreciated	<u>1,695,438</u>	<u>620,427</u>	<u>(311,905)</u>	<u>2,003,960</u>
Capital assets being depreciated				
Buildings	1,073,609	91,352	(3,012)	1,161,949
Improvements other than buildings	2,061,594	118,762	(4,813)	2,175,543
Furniture, machinery & equipment	1,418,965	121,567	(43,968)	1,496,564
Total capital assets being depreciated	<u>4,554,168</u>	<u>331,681</u>	<u>(51,793)</u>	<u>4,834,056</u>
Less accumulated depreciation for:				
Buildings	(393,700)	(29,977)	1,703	(421,974)
Improvements other than buildings	(806,957)	(61,724)	1,773	(866,908)
Furniture, machinery & equipment	(938,059)	(97,963)	42,724	(993,298)
Total capital assets being depreciated - net	<u>2,415,452</u>	<u>142,017</u>	<u>(5,593)</u>	<u>2,551,876</u>
Business-type activities capital assets - net	<u>\$ 4,110,890</u>	<u>\$ 762,444</u>	<u>\$ (317,498)</u>	<u>\$ 4,555,836</u>

Governmental activities include capital assets of governmental internal service funds. All but one of the County's internal service funds is classified under governmental activities; the Wastewater Equipment Rental Fund is reported under business-type because it provides services exclusively to the Water Quality enterprise.

NOTE 6 – CONTINUED**Depreciation Expense**

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

Governmental Activities	
General government services	\$ 13,624
Law, safety and justice	15,790
Physical environment	458
Transportation	1,438
Economic environment	459
Mental and physical health	3,294
Culture and recreation	3,147
Capital assets held by the County's governmental internal service funds are charged to governmental activities based on their usage of the assets	13,621
Total depreciation expense – governmental activities	<u>\$ 51,831</u>

Business-type Activities	
Water Quality	\$ 76,399
Public Transportation	93,959
Solid Waste	13,496
King County International Airport	1,688
Radio Communications	1,436
Institutional Network	1,844
Capital assets held by the Wastewater Equipment Rental internal service fund are charged to business-type activities based on their usage of the assets	842
Total depreciation expense – business-type activities	<u>\$ 189,664</u>

Infrastructure

Infrastructure capital assets are long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Included in King County's infrastructure are the roads and bridges network maintained by the Roads Division of the Department of Transportation. The roads and bridges network infrastructure is reported using the modified approach, i.e., depreciation is not recorded. An important consequence of opting for the modified approach is that costs incurred to extend the asset's useful life which are normally capitalized under the depreciation method are now expensed as preservation costs.

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.

NOTE 6 – CONTINUED**Land**

Land also includes right-of-way (including infrastructure-related), conservation easements, and farmland development rights.

Right-of-Way

Estimated original historical costs for infrastructure-related right-of-ways 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.

Conservation Easements

A conservation easement is a legal agreement between a landowner and the County that permanently limits land uses in order to protect conservation values.

Farmland Development Rights

The Farmland Preservation Program was established in 1979 to preserve, protect, and enhance agricultural lands and open spaces. Under this program the County has acquired farmland development rights for approximately 12,800 acres. Acquisition of these development rights was intended to ensure that land is not developed in a nonagricultural use.

Governmental Buildings in Internal Service Fund

Certain capital assets classified under governmental activities are reported under a building development and management internal service fund which consists of the aggregation of four separate non-profit property management corporations that are recognized as blended component units of the County in accordance with GASB Statement 14. These buildings are: King Street Center building; Patricia Bracelin Steel Memorial building; Chinook building and Goat Hill parking garage; and the Ninth and Jefferson Building (under construction).

Construction Commitments

Project commitment is defined as authorized and planned expenditures for the capital budget period.

Proprietary Funds

Public Transportation Enterprise – \$680.6 million is committed to maintenance of existing infrastructure, replacement of aging fleet, and expansion of transit base capacity.

Water Quality Enterprise – \$1.1 billion is committed to constructing a new major wastewater treatment plant and ensuring the continued operation, reliability, and compliance with regulatory standards of existing wastewater treatment facilities.

Other Enterprises – \$170.9 million is committed to improving the County's solid waste regional landfill and transfer stations; \$30.3 million is committed to runway rehabilitation and facilities improvements at the King County International Airport; \$1.9 million is committed to maintaining the radio communications systems within the county.

Capital Projects Funds

\$474.2 million is committed to various capital projects, including: 1) strategic property acquisitions oriented towards conservation of natural resources, protection of habitat, and control of urban sprawl; 2) development and improvement of trails, playgrounds and ballfields, and other cultural facilities; 3) affordable housing; 4) technology initiatives to improve business

NOTE 6 – CONTINUED

efficiency, emergency preparedness, and network security; 5) flood control to protect the ecosystem and public property; 6) preservation and widening of roads and bridges; and 7) improvement of building facilities.

Discretely Presented Component UnitsHarborview Medical Center (HMC)

Capital assets activity for HMC during the fiscal year ended June 30, 2008, was as follows (in thousands):

	Balance			Balance
	07/01/07	Increases	Decreases	06/30/08
Capital assets not being depreciated:				
Land	\$ 1,586	\$ -	\$ -	\$ 1,586
Work in progress	163,396	61,137	(8,265)	216,268
Total capital assets not being depreciated	<u>164,982</u>	<u>61,137</u>	<u>(8,265)</u>	<u>217,854</u>
Capital assets being depreciated:				
Buildings	189,051	2,733	-	191,784
Improvements other than buildings	1,626	232	-	1,858
Equipment	280,004	29,505	(11,331)	298,178
Total capital assets being depreciated	<u>470,681</u>	<u>32,470</u>	<u>(11,331)</u>	<u>491,820</u>
Less accumulated depreciation for:				
Buildings	(88,987)	(5,967)	-	(94,954)
Improvements other than buildings	(930)	(114)	-	(1,044)
Equipment	(185,599)	(20,065)	10,740	(194,924)
Total capital assets being depreciated - net	<u>195,165</u>	<u>6,324</u>	<u>(591)</u>	<u>200,898</u>
HMC capital assets, net	<u>\$ 360,147</u>	<u>\$ 67,461</u>	<u>\$ (8,856)</u>	<u>\$ 418,752</u>

HMC also owns other properties (net book value of \$2.7 million) which are held for future use. These are reported under "Other assets" in the component unit's statement of net assets.

NOTE 6 – CONTINUEDWashington State Major League Baseball Stadium Public Facilities District (PFD)

Capital assets activity for the PFD for the period ended December 31, 2008, was as follows (in thousands):

	<u>Balance</u> <u>01/01/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/08</u>
Capital assets not being depreciated:				
Land	\$ 38,498	\$ -	\$ -	\$ 38,498
Capital assets being depreciated:				
Baseball stadium	489,858	25	-	489,883
Improvements other than buildings	23,820	1,886	-	25,706
Equipment	65	-	-	65
Total capital assets being depreciated	<u>513,743</u>	<u>1,911</u>	<u>-</u>	<u>515,654</u>
Less accumulated depreciation for:				
Baseball stadium	(105,560)	(12,843)	-	(118,403)
Improvements other than buildings	(595)	(47)	-	(642)
Equipment	(64)	(1)	-	(65)
Total capital assets being depreciated - net	<u>407,524</u>	<u>(10,980)</u>	<u>-</u>	<u>396,544</u>
PFD capital assets, net	<u>\$ 446,022</u>	<u>\$ (10,980)</u>	<u>\$ -</u>	<u>\$ 435,042</u>

NOTE 7 – RESTRICTED ASSETS

Within the current and noncurrent assets sections of the Statement of Net Assets are amounts that are restricted as to their use. The restricted assets for these funds are comprised of the following (in thousands):

Proprietary Funds

<u>Public Transportation</u> – restricted for future construction projects and debt service.	\$ 402,267
<u>Water Quality</u> – restricted for future construction projects, debt service, and reserves and obligations.	249,261
<u>King County International Airport</u> – restricted for future construction projects and expansion, and obligations.	9,807
<u>Radio Communications</u> – restricted for future construction projects.	3,422
<u>Solid Waste</u> – restricted for landfill closure and post-closure care costs.	61,475
<u>Building Development & Management Corporations</u> – restricted for future construction projects and debt service.	<u>75,265</u>
Total Proprietary restricted assets	<u><u>\$ 801,497</u></u>

Component Unit – Harborview Medical Center (HMC)

<u>HMC Construction Fund</u> – restricted for construction, seismic, public safety and other improvements, and furnishings of HMC buildings.	\$ 15,699
<u>HMC Special Purpose Fund</u> – consists of restricted donations, gifts, and bequests from various sources for specific uses.	9,627
<u>HMC Operating Fund</u> – consists of resources that are board-designated for specific purposes, including planned capital and service components, the self-insurance fund, commuter services, net fixed assets held for future use, and others.	56,761
<u>HMC Plant Fund</u> – consists of resources that are board-designated for building improvements, furnishings, and repair and replacement.	<u>18,674</u>
Total HMC restricted assets	<u><u>\$ 100,761</u></u>

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

<u>Public Arts Projects Fund</u> – restricted for the one percent for public art programs operated for the benefit of King County.	\$ 6,251
<u>Cultural Grant Awards Fund</u> – restricted for arts and heritage cultural programs.	20,462
<u>Cultural Endowment Fund</u> – a long-term endowment for the benefit of the arts and heritage cultural programs.	<u>20,072</u>
Total CDA restricted assets	<u><u>\$ 46,785</u></u>

NOTE 8 – PENSION PLANS

Substantially all full-time and qualifying part-time County employees participate in either the Public Employees' Retirement System (PERS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), the Public Safety Employees' Retirement System (PSERS), or the Seattle City Employees' Retirement System (SCERS). PERS, LEOFF, and PSERS are statewide local government retirement systems administered by the State of Washington's Department of Retirement Systems under cost-sharing, multiple-employer defined benefit and defined contribution retirement plans.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380.

Historical trend and other information regarding SCERS is presented in the Seattle City Employees' Retirement System annual financial report. A copy of this report may be obtained at: Seattle City Employees' Retirement System, 720 Third Avenue, Suite 1000, Seattle, WA 98104.

The following disclosures are made pursuant to GASB Statements No. 27, *Accounting for Pensions by State and Local Government Employers* and No. 50, *Pension Disclosures*, an Amendment of GASB Statements No. 25 and No. 27.

Public Employees' Retirement System (PERS) Plans 1, 2, and 3Plan Descriptions

PERS is a cost-sharing, multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. Membership in the system includes elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees (not in national higher education retirement programs); judges of district and municipal courts; and employees of local governments. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those who joined on or after October 1, 1977 and by either February 28, 2002, for state and higher education employees, or August 31, 2002, for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002, for state and higher education employees, or September 1, 2002, for local government employees, have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.

The PERS defined benefit retirement payments are financed from a combination of investment earnings and employer and employee contributions. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual benefit is two percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is

NOTE 8 – CONTINUED

based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 members who retire from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of living allowance (COLA) is granted at age 66 based upon years of service times the COLA amount, increased by three percent annually. Plan 1 members may also elect to receive an optional COLA amount that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at three percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service with an allowance of two percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, 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 twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or they may retire at age 55 with 10 years of service. Plan 3 members who retire prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three percent per year reduction applies; otherwise an actuarial reduction will apply. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit, and Plan 3 provides the same cost-of-living allowance as Plan 2.

Judicial Benefit Multiplier

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS were given the choice to participate in the Judicial Benefit Multiplier Program (JBM). Justices and judges in PERS Plan 1 and 2 were able to make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of AFC. Judges in PERS Plan 3 could elect a 1.6% of pay per year of service benefit, capped at 37.5% of average compensation.

Members who chose to participate in JBM would: accrue service credit at the higher multiplier beginning with the date of their election, be subject to the benefit cap of 75% of AFC, pay higher contributions, stop contributing to the Judicial Retirement Account (JRA), and be given the option to increase the multiplier on past judicial service. Members who did not choose to participate would: continue to accrue service credit at the regular multiplier; continue to participate in JRA, if applicable; never be a participant in the JBM Program; and continue to pay contributions at the regular PERS rate.

NOTE 8 – CONTINUED

Newly elected or appointed justices and judges who chose to become PERS members on or after January 1, 2007, or who had not previously opted into PERS membership, were required to participate in the JBM Program. Members required to participate in the JBM program would: return to prior PERS Plan if membership had previously been established; be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member; accrue the higher multiplier for all judicial service; not contribute to JRA; and not have the option to increase the multiplier for past judicial service.

There are 1,190 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	71,244
Terminated Plan Members Entitled to, But Not Yet Receiving Benefits	26,583
Active Plan Members Vested	105,447
Active Plan Members Nonvested	<u>52,575</u>
Total	<u>255,849</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at six percent for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

Members not participating in the JBM:

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer*	8.31%	8.31%	8.31%**
Employee	6.00%	5.45%	- ***

- * The employer rates include the employer administrative expense fee currently set at 0.16%.
- ** Plan 3 defined benefit portion only.
- *** Variable from 5.0% minimum to 15.0% maximum based on rate selected by the PERS 3 member.

Members participating in the JBM:

NOTE 8 – CONTINUED

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
Employer-Local Govt.*	8.31%	8.31%	8.31%**
Employee-Local Govt.	12.26%	13.63%	7.50%***

* The employer rates include the employer administrative expense fee currently set at 0.16%.

** Plan 3 defined benefit portion only.

*** Minimum rate.

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31 were (in thousands):

	<u>PERS Plan 1</u>	<u>PERS Plan 2</u>	<u>PERS Plan 3</u>
2006	\$ 1,918	\$ 18,562	\$ 2,460
2007	3,194	36,100	5,070
2008	3,501	47,203	6,923

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

Plan Descriptions

LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 are Plan 2 members. Membership in the system includes all full-time, fully compensated, local law enforcement officers, firefighters and, as of July 24, 2005, those emergency medical technicians who were given the option and chose LEOFF Plan 2 membership. LEOFF membership is comprised primarily of non-state employees, with Department of Fish and Wildlife enforcement officers, who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. LEOFF retirement benefit provisions are established in state statute and may be amended by the State Legislature.

LEOFF Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

<u>Term of Service</u>	<u>Percent of Final Average</u>
20 or more years	2.0%
10 but less than 20 years	1.5%
5 but less than 10 years	1.0%

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. A cost-of-living allowance is granted (based on the Consumer Price Index).

NOTE 8 – CONTINUED

LEOFF Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of two percent of the FAS per year of service. The FAS is based on the highest consecutive 60 months. Plan 2 members who retire prior to the age of 53 receive reduced benefits. Benefits are actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. 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. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 374 participating employers in LEOFF. Membership in LEOFF consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2007:

Retirees and Beneficiaries Receiving Benefits	9,085
Terminated Plan Members Entitled to, But Not Yet Receiving, Benefits	633
Active Plan Members Vested	12,904
Active Plan Members Nonvested	<u>3,708</u>
Total	<u>26,330</u>

Funding Policy

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. LEOFF Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board. All employers are required to contribute at the level required by state law. The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of LEOFF Plan 2 in accordance with the requirements of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
Employer*	0.16%	5.46%
Employee	- %	8.83%

* The employer rates include the employer administrative expense fee currently set at 0.16%.

Both the County and the employees made the required contributions. The County's required contributions for the years ended December 31 were (in thousands):

	<u>LEOFF Plan 1</u>	<u>LEOFF Plan 2</u>
2006	\$ 3	\$ 2,758
2007	2	3,225
2008	1	3,537

NOTE 8 – CONTINUED**Public Safety Employees' Retirement System (PSERS) Plan 2**Plan Description

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 Legislature and became effective July 1, 2006.

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

A covered employer is one that participates in PSERS. Covered employers include:

- State of Washington agencies: Department of Corrections; Parks and Recreation Commission; Gambling Commission; Washington State Patrol; and Liquor Control Board.
- Washington state counties.
- Washington state cities, except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, 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 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after the completion of five years of eligible service. PSERS Plan 2 members may retire 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, with an allowance of two percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 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. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at three percent annually.

There are 71 participating employers in PSERS. Membership in PSERS consisted of the following as of the latest actuarial valuation date for the plan of June 30, 2007:

NOTE 8 – CONTINUED

Retirees and Beneficiaries Receiving Benefits	0
Terminated Plan Members Entitled to, But Not Yet Receiving, Benefits	0
Active Plan Members Vested	0
Active Plan Members Nonvested	<u>2,755</u>
Total	<u>2,755</u>

Funding Policy

Each biennium, the state Pension Funding Council adopts PSERS Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.37 and 41.45 RCW.

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2008, were as follows:

	<u>PSERS Plan 2</u>
Employer*	9.43%
Employee	6.57%

* The employer rate includes an employer administrative expense fee of 0.16%.

Both the County and the employees made the required contributions. The County's required contributions for the year ended December 31 were as follows (in thousands):

	<u>PSERS Plan 2</u>
2006	\$ 334
2007	1,473
2008	1,806

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. SCERS provides retirement, death, and disability 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 ten or more years of service; and after age 62 with five or more years of service. Disability retirement is available after ten 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 twenty-four 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

NOTE 8 – CONTINUED

the member's death, stops all payments. Several optional retirement benefit formulas exist which provide for beneficiaries with reduced monthly allowances.

The SCERS member contribution rate is 8.03 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 8.03 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. Both the County and the employees made the required contributions. The County's required contributions for the years 2006, 2007, and 2008 ending December 31 were \$700, \$666, and \$644 thousand, respectively.

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 – Washington State Major League Baseball (WSMLB) Stadium Public Facilities District (PFD)

Employees of the District have the option of participating in either the Public Employees' Retirement System (PERS) or the Stadium PFD Retirement Plan (in 2008 no employees elected to participate in PERS). Employer contributions are paid by the District in accordance with rates specified by the individual plans. Total payroll covered by all systems for the year ended December 31, 2008, was \$36 thousand.

Employees are also able to select the Stadium PFD Retirement Plan as an alternative benefit plan to PERS. The Plan is designated as a profit-sharing plan in accordance with Section 401 (a) (27) (B) of the Internal Revenue Code. No contributions by participants are required or permitted other than authorized rollover contributions. All contributions to the plan vest immediately. Actual contributions made to the plan in 2008 were \$3 thousand.

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

All CDA personnel participate in the Public Employees' Retirement System (PERS). PERS is a statewide local government retirement system administered by the State of Washington Department of Retirement Systems under cost-sharing, multiple-employer defined benefit public employee retirement systems.

NOTE 9 – POSTEMPLOYMENT HEALTHCARE PLAN

During the year ended December 31, 2007, the County elected to adopt the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB No. 45), which requires the County to accrue other postemployment benefits (OPEB) expense related to its postretirement healthcare plan based on a computed *Annual Required Contribution (ARC)* that includes the current period's service cost and an amount to amortize unfunded actuarial accrued liabilities. Instead of recording expense on a "pay-as-you-go" basis, the County, under GASB No. 45, has recorded a liability of \$15.083 million for the difference between the actuarially calculated ARC and the estimated contributions made since the adoption of GASB No. 45. Such liability is included in other noncurrent liabilities in the accompanying December 31, 2008 balance sheet.

The effect of GASB No. 45 for the current fiscal year was to decrease the County's excess of revenue over expenses before capital contributions and the County's increase in net assets for the year ended December 31, 2008 by approximately \$8.435 million.

Plan Description The King County Health Plan (the Health Plan) is a single-employer defined-benefit healthcare plan administered by the County. The Health Plan provides medical, prescription drug, vision, and other unreimbursed medical benefits to eligible retirees. The Health Plan's actuary is Healthcare Actuaries. The Health Plan does not issue a separate stand-alone financial report.

Funding Policy The LEOFF 1 medical benefit requirements are established by RCW 41.26.150(1) with local disability boards administering the LEOFF 1 medical service expenses. LEOFF 1 retirees are not required to contribute to the Health Plan. All other retirees are required to pay the COBRA rate associated with the elected plan as set by the Human Resources Director.

For the fiscal year ended December 31, 2008, the County contributed an estimated \$3.24 million to the Health Plan. The County's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to prefund benefits.

Annual OPEB Cost and Net OPEB Obligation The basis for the County's annual OPEB cost (expense) is the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, will cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following displays the components of the County's annual OPEB cost, the estimated amount contributed to the Health Plan, and changes in the County's net OPEB obligation to the Health Plan for the year ended December 31, 2008 (in thousands):

Normal cost — Unit Credit Method	\$ 3,806
Amortization of unfunded actuarial accrued liability (UAAL)	-
Amortization of unfunded actuarial accrued liability (UAAL) at transition	<u>7,989</u>
Annual Required Contribution (ARC)	11,795
Interest on net OPEB obligation	265
Adjustment to annual required contribution	<u>(385)</u>
Annual OPEB cost (expense)	11,675
Contributions made	<u>(3,240)</u>
Increase in net OPEB obligation	8,435
Net OPEB obligation — beginning of year	<u>6,648</u>
Net OPEB obligation — end of year	<u>\$ 15,083</u>

NOTE 9 - CONTINUED

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the Health Plan, and the net OPEB obligation follows (in thousands):

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2007	\$11,795	43.6%	\$ 6,648
12/31/2008	\$11,675	27.8%	\$15,083

Funded Status and Funding Progress The funded status of the Health Plan as of December 31, 2008 (in thousands),

Actuarial accrued liability (AAL) — Unit Credit	\$145,393
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$145,393
Funded ratio (actuarial value of plan assets ÷ AAL)	0.0%
Covered payroll	\$890,310
UAAL as a percentage of covered payroll	16.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. GASB 45 requires that the schedule of funding progress, presented as required additional information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of Health Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions The basis of projection of benefits for financial reporting purposes is the substantive plan (the Health Plan as understood by the County and members of the Health Plan). It includes the type of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and members of the Health Plan to that point. 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, 2008 valuation used the unit credit actuarial cost method. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an initial annual healthcare cost trend rate of 11.0% for KingCare medical, 8.5% for KingCare Rx, and 11.0% for HMO medical/Rx, each reduced by decrements to an ultimate rate of 5.0% after 12 years. The vision trend rate is 1.0%, the miscellaneous trend rate is 7.0%, and the Medicare Premium trend rate is 8.5%, for all years. All trend rates include a 3.0% inflation assumption, with the exception of vision trends. The amortization of the UAAL at transition uses a level dollar amount on a closed basis. The remaining amortization period at December 31, 2008 was 28.0 years. The UAAL is recalculated each year and amortized as a level dollar amount on an open basis over 30 years.

Component Unit – Harborview Medical Center (HMC)

In July 2004, GASB issued statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions" (GASB 45). GASB 45 is effective for the year ended June 30, 2008. This statement will require the recording of the accumulated liability for retiree health care and life insurance costs, which the University of Washington subsidizes.

NOTE 9 - CONTINUED

Health care and life insurance programs for employees of the State of Washington are administered by the Washington State Health Care Authority (HCA). All University of Washington employees, including Medical Center employees, are employees of the State of Washington. The HCA calculates the premium amounts each year that are sufficient to fund the statewide health and life insurance programs on a pay as you go basis. These costs are passed through to individual state agencies based upon active employee headcount; the agencies pay the premiums for active employees to the HCA. The agencies may also charge employees for certain higher cost options elected by the employee.

State of Washington retirees may elect coverage through state health and life insurance plans, for which they pay less than the full cost of the benefits, based on their age and other demographic factors.

The health care premiums for active employees, which are paid by the agency during employees' working careers, subsidize the "underpayments" of retirees. An additional factor in the OPEB obligation is a payment that is required by the State Legislature to reduce the premiums for retirees covered by Medicare (an explicit subsidy). For 2008 this amount was \$164 per month per retiree eligible for parts A and B of Medicare. This is also passed through to state agencies via active employee rates charged to the agency.

There is no formal State or University plan that underlies the subsidy of retiree health and life insurance.

An actuarial study performed by the Washington Office of the State Actuary calculated that the total OPEB obligation of the State of Washington at July 1, 2007 was \$3.8 billion and that the 2008 annual cost was \$314 million. The Actuary calculated the OPEB obligation based on individual State employee data, including age, retirement eligibility, and length of service. The probability of an employee of a given age and length of service retiring and receiving OPEB benefits is based on statewide historical data.

The Actuary's allocation of the overall statewide liability related to the University, including its unconsolidated affiliates (which includes the Medical Center), was approximately \$600 million, and the annual allocated estimated cost to the University for FY 2008 was approximately \$60 million. This estimated expense represents the amortization of the liability for fiscal year 2007 plus the current expense for active employees.

Since sufficient specific employee data and other actuarial data are not available at levels below the statewide level, such amounts have not been determined nor recorded in the University's nor the Medical Center's financial statements. This liability is recorded at the statewide level. The Medical Center was billed and paid \$44,012 and \$39,608 thousand, respectively, for health care expenses in 2008 and 2007 which included its funding of the OPEB liability.

The State Actuary's report is available at:

http://osa.leg.wa.gov/Actuarial_Services/OPEB/PDF_Docs/2007_OPEB_Report.pdf



NOTE 10 – RISK MANAGEMENT

As a municipal organization, the County has a wide range of loss exposures.

The County uses three internal service funds to account for and finance property/casualty, workers' compensation, and employee medical and dental benefits self-insurance programs. Unemployment liability is accounted for in the funds with loss experience and as governmental long-term liability. The County contracts with a plan administrator to process medical and dental claims. County fund/claims managers, together with the Civil Division of the King County 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, established in 1977, accounts for the County's exposures to loss due to the tortious conduct of the County, including those commonly covered by general liability, automobile liability, police professional, public officials, errors and omissions, and professional malpractice insurance policies. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2008, is \$59.27 million.

The County purchases excess liability coverage that currently provides \$97.5 million in limits above a \$2.5 million per occurrence self-insured retention (SIR) for its general liability, automobile liability, police liability, public officials, errors and omissions, and Health Department professional malpractice exposures. The reinsurance policy has a "corridor" deductible that requires the County to pay an additional \$1 million above the \$2.5 million SIR before the reinsurance company becomes responsible for losses. This \$1 million may either be satisfied by one large loss exceeding \$3.5 million or through a combination of losses above the \$2.5 million SIR. Effective September 1, 2008, the County renewed the property insurance policy. This policy has a blanket limit of \$1 billion above a \$100 thousand per occurrence deductible and provides an overall earthquake sublimit of \$100 million. The 2008 policy was endorsed to cover Certified and Non-Certified Acts of Terrorism on a blanket basis up to \$250 million.

In addition to its excess liability policy and property insurance policies, the County has specific liability insurance policies to cover some of its other exposures. The County has a liability policy for the King County International Airport with policy limits of \$300 million; a liability policy to cover the police helicopter activities with liability limits of \$50 million per occurrence; and excess statutory coverage for the Workers' Compensation program over a \$2.5 million per occurrence SIR.

NOTE 10 – CONTINUED

In the past three years, there were two occurrences that resulted in payment in excess of the self-insured retention of \$2.5 million. No significant changes were made in the County's insurance program during 2008.

The County has extensively reviewed and revised its marine policies to better address some new and expanding County exposures due mainly to the Homeland Security Act. The marine program now has limits of \$50 million with additional coverage for sudden and accidental pollution, maritime employers' liability, towers liability, and contingent charterers liability.

With the assistance of an actuary, the Insurance Fund's claims liability is estimated based upon historical claims experience and other actuarial techniques. Nonincremental claim adjustment expenses are not included as part of the liability. The changes in the Insurance Fund's estimated claims liability in 2007 and 2008 were as follows (in thousands):

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2007	\$ 45,707	\$ 22,255	\$ (9,770)	\$ 58,192
2008	58,192	11,938	(10,861)	59,269

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 premiums are based on the hours worked by the fund/department-covered employees times an hourly rate that varies for different classes of employees and are recorded as quasi-external interfund transactions. Public Transportation and Water Quality internal fund 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 discounted at 4.25 percent, the County's average forecasted rate of return on investments. As of December 31, 2008, the total discounted claim liability is \$72.69 million and the undiscounted carrying amount of the claim liability is \$88.69 million.

The County purchases an excess workers' compensation policy that provides statutory limits coverage. The amount of loss retained by King County (the self-insured retention) under this policy, effective September 1, 2004, was \$2.5 million. In the prior three years, there has been no settlement in excess of the insurance coverage.

The Fund's claims liability is estimated by an independent actuary and discounted. 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. Nonincremental claim adjustment expenses are not included as part of the liability. Changes in the Safety and Workers' Compensation Fund's claims liability in 2007 and 2008 were (in thousands):

NOTE 10 – CONTINUED

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2007	\$ 57,149	\$ 23,575	\$ (16,243)	\$ 64,481
2008	64,481	26,314	(18,104)	72,691

Employee Benefits Program Fund

The Employee Benefits Program Fund, an internal service fund, accounts for employee medical, dental, vision, life, accidental death and dismemberment, and long-term disability benefit programs. There are three insured and one self-insured medical plans. Seventy-five percent of County employees are insured through the self-insured medical plan. The dental and vision plans are also self-insured. Interfund premiums are determined on a per employee, per month basis and charged to departments through a composite rate of expected claims, expenses and premiums. In some cases, there are employee contributions towards premiums. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2008, is \$13.83 million.

The Fund's claims liability is based on historical experience. Changes in the Employee Benefits Program Fund's claims liability in 2007 and 2008 were (in thousands):

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2007	\$ 13,893	\$ 123,990	\$ (124,011)	\$ 13,872
2008	13,872	138,090	(138,136)	13,826

Unemployment Liability

The County has elected to retain the risk for unemployment compensation payable to former County employees. The State of Washington Employment Security Department bills the County for the unemployment compensation benefits paid to former employees. Expenditures are then recognized in various county funds. In addition, a long-term liability of \$1.18 million is recorded in governmental long-term liability for the estimated future claims liability for employees as of December 31, 2008.

Changes in governmental long-term liability for unemployment compensation in 2007 and 2008 were (in thousands):

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2007	\$ 1,347	\$ 970	\$ (1,266)	\$ 1,051
2008	1,051	1,081	(951)	1,181

NOTE 10 – CONTINUED**Component Unit – Harborview Medical Center**Insurance Fund

Harborview Medical Center (HMC) participates in a self-insurance revolving fund for professional liability coverage through the University of Washington (UW). As of June 30, 2008, the UW did not carry commercial general liability coverage at levels below \$2 million per occurrence. The UW's philosophy with respect to its self-insurance programs is to fully fund its anticipated losses through the establishment of actuarially determined self-insurance reserves. These reserves are deposited in a statutorily created and regulated fund and can only be expended for payment of claim costs and related expenses.

The annual funding to the self-insurance revolving fund is determined by the UW administration based on recommendations from the UW's Risk Management Advisory Committee. The HMC's *pro rata* share of premiums paid to the self-insurance revolving fund were approximately \$1.72 million in the period July 1, 2006 to June 30, 2007 and \$1.68 million in the period July 1, 2007 to June 30, 2008.

Employee Benefits Program

Eligible permanent employees of HMC receive the basic insurance benefits package that is purchased by the University of Washington through the Public Employees Benefits Board (PEBB). HMC faculty and staff meeting PEBB eligibility rules receive this package of medical, dental, life, and long-term disability (LTD) insurance. In addition, there are optional employee-paid components to the life and LTD insurance that HMC employees may elect.

All employees of HMC are covered by Workers' Compensation and Medical Aid Acts for injuries and occupational diseases that occur during the course of their employment. Coverage includes doctors' services, hospital care, ambulance, appliances, compensation for permanent, partial, and total disability, and allowances and pensions to surviving spouses and children in the case of fatal injuries. A majority of the premium cost is paid by the UW and a small deduction is made from the employee's pay to conform with State law.

Component Unit – WSMLBS Public Facilities DistrictInsurance Fund

The Washington State Major League Baseball Stadium Public Facilities District (PFD) carries commercial general liability insurance with a general aggregate limit of \$2 million and a per occurrence limit of \$1 million. Excess liability coverage is in force at aggregate and per event limits of \$5 million. Business automobile liability coverage limit is at \$1 million per any one accident or loss. Commercial personal property losses are covered up to the replacement value not exceeding \$100 thousand with separate coverage for earthquake and flood losses. The PFD also has purchased employee benefit liability coverage with an aggregate limit of \$3 million and a per employee limit of \$1 million.

NOTE 10 – CONTINUED

Component Unit – Cultural Development Authority of King County

Insurance Fund

The Cultural Development Authority of King County (CDA), dba 4Culture, carries comprehensive general liability and auto liability insurance with no aggregate limit per member. The total limit is \$10 million with a per occurrence limit of \$9.5 million. Commercial property losses are covered up to the replacement cost on file with Washington Governmental Entity Pool.

The CDA also has purchased employee benefit liability coverage with an aggregate limit of \$20 million and an aggregate per member limit of \$10 million.

Employee Benefits Program

Employees of the CDA have a comprehensive benefits package through the Public Employees Benefits Board (PEBB). The comprehensive package includes medical, dental, life, and long-term disability coverage. In addition, the PEBB offers the following optional products: long-term care, auto, and home insurance. The State of Washington Health Care Authority (HCA) is the administrating authority. The CDA also offers insurance with American Family Life Assurance Company (AFLAC). With the AFLAC coverage, the CDA employees can pick from a selection of insurance policies.

NOTE 11 – LEASES**Capital Leases**

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

The following is a schedule of capital assets and outstanding liabilities relating to capital lease agreements and installment purchase contracts as of December 31, 2008 (in thousands):

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Land	\$ 1,440	\$ -	\$ -	\$ -
Buildings	4,460	-	4,000	-
Leasehold improvements	-	4,881	-	3,453
Less depreciation	(800)	(1,096)	-	-
Subtotal	<u>3,660</u>	<u>3,785</u>	<u>4,000</u>	<u>3,453</u>
Totals	<u>\$ 5,100</u>	<u>\$ 3,785</u>	<u>\$ 4,000</u>	<u>\$ 3,453</u>

The following is a schedule, by year, of future minimum lease payments under capital lease and installment purchase agreements together with the present value of the net minimum lease payments as of December 31, 2008 (in thousands):

	Governmental Activities	Business-type Activities
2009	\$ 482	\$ 255
2010	484	255
2011	480	255
2012	481	255
2013	480	255
2014-2018	2,408	1,275
2019-2023	483	1,275
2024-2028	-	1,275
2029-2031	-	658
Total minimum lease payments	<u>5,298</u>	<u>5,758</u>
Less: Amount representing interest	<u>(1,298)</u>	<u>(2,305)</u>
Present value of net minimum lease payments	<u>\$ 4,000</u>	<u>\$ 3,453</u>

Operating Leases

The County has numerous operating lease commitments for office space, equipment, radio towers, and railroad tracks. The Information and Telecommunications Services Fund leases computer hardware; these leases include maintenance agreements. Expenditures for the year ended December 31, 2008, for operating lease and rental agreements for office space,

NOTE 11 – CONTINUED

equipment, and other operating leases amount to \$36.6 million. The patterns of future lease payment requirements are systematic and rational. Future minimum lease payments for these leases are as follows (in thousands):

<u>Year</u>	<u>Office Space</u>	<u>Equipment</u>	<u>Other</u>	<u>Total</u>
2009	\$ 5,617	\$ 400	\$ 758	\$ 6,775
2010	5,010	316	718	6,044
2011	4,155	284	654	5,093
2012	3,816	244	536	4,596
2013	3,649	134	540	4,323
2014-2018	11,868	-	2,802	14,670
2019-2023	2,285	-	2,883	5,168
2024-2028	1,013	-	2,437	3,450
2029-2033	969	-	1,853	2,822
2034-2038	57	-	2,046	2,103
2039-2043	-	-	2,259	2,259
2044-2048	-	-	2,494	2,494
2049-2053	-	-	2,609	2,609

The County currently leases some of its property to various tenants under long-term, renewable, and non-cancelable contracts. Under business-type activities, the King County Airport Enterprise leases out most of the buildings and grounds in the King County International Airport/Boeing Field complex to companies and government agencies in the aviation industry.

The following schedule is an analysis of the County's investment in property under long-term, non-cancelable operating leases as of December 31, 2008 (in thousands):

	<u>Governmental</u>	<u>Business-type Activities</u>	
	<u>Activities</u>	<u>Airport</u>	<u>Other</u>
Land	\$ 440	\$ 11,220	\$ 3,657
Buildings	4,583	59,061	1,218
Less depreciation	(1,854)	(29,521)	(266)
Total cost of property under lease	\$ 3,169	\$ 40,760	\$ 4,609

The following is a schedule of minimum future lease receipts on non-cancelable operating leases based on contract amounts and terms as of December 31, 2008 (in thousands):

<u>Year</u>	<u>Governmental</u>	<u>Business-type Activities</u>		<u>Total</u>
	<u>Activities</u>	<u>Airport</u>	<u>Other</u>	
2009	\$ 13,088	\$ 5,023	\$ 1,209	\$ 19,320
2010	12,538	5,008	3,725	21,271
2011	9,882	5,008	880	15,770
2012	980	4,859	348	6,187
2013	886	4,637	58	5,581

NOTE 12 – LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

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, changes in technology, or changes in regulations.

State and federal laws and regulations require King County to place a final cover on its Cedar Hills Landfill site when the County stops accepting waste at this location. Certain maintenance and monitoring functions are also required at the sites for 30 years following closure. Enumclaw, Hobart, Duvall, Vashon, and Cedar Falls landfills have been covered. Puyallup, Houghton, Bow Lake, and First Northeast are custodial landfills which were covered 30 or more years ago and are no longer subject to these 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 \$112.5 million reported as landfill closure and post-closure care liability as of December 31, 2008, represents the cumulative percentage reported based on the amount that each of the landfills has been filled to date as follows (dollars in thousands):

<u>Landfill</u>	<u>Percent Filled</u>	<u>Estimated Liability</u>	<u>Estimated Remaining Liability</u>	<u>Estimated Year of Closure</u>
Cedar Hills	85%	\$71,924	\$16,157	2015
Covered	100%	31,647	-	closed
Custodial	100%	8,930	-	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, 2008, cash and cash equivalents of \$39.9 million were held in the Landfill Reserve Fund. Cash and cash equivalents of \$18.6 million were held in the Landfill Post-closure Maintenance Fund, a fund designated for these purposes.

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.

The County also established the Environmental Reserve Fund for future investigation and possible remediation of custodial landfills. Landfill investigations and foreseeable remediation efforts are complete; therefore there is no liability recorded for custodial landfills.

NOTE 13 – ENVIRONMENTAL REMEDIATION

In 2008 the County implemented GASB Statement No. 49 - *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement requires special accounting and reporting for governments that become obligated to perform environmental remediation work following the occurrence of one or more GASB-defined "obligating events." The applicable requirements are: 1) to estimate the components of expected pollution remediation outlays; and, 2) to accrue the future estimable outlays for those components as liabilities and expenses (or capitalize the costs in certain limited situations). Further requirements are for the liability to be recorded at the current value of the costs expected to be incurred to do the remediation work, and for the liability to be measured using the expected cash flow technique.

The impact of the implementation of GASBS No. 49 to King County operations follows:

Water Quality Enterprise - Accrued environmental remediation liabilities are related to ongoing voluntary efforts to clean up certain sites in the Lower Duwamish Waterway, and to remediate contamination of sediment on sites near combined sewer outflows (as outlined in the sediment management program). The implementation of GASBS No. 49 resulted in a \$27.9 million increase in the prior year's accrued environmental remediation liability mostly for the sediment management program. The increase is due to the recognition of cleanup costs through 2012 and the exclusion of expected grant recoveries that were previously deducted from the liability. The methodology for estimating liabilities is based on Water Quality's engineering analysis, program experience, and cost projections for the remediation activities programmed under the Regional Wastewater Services Plan. While the remaining work is well-defined, re-measurements are conducted as program benchmarks are reached. Environmental remediation costs for Water Quality are currently deferred as regulatory assets in accordance with FAS 71 - *Accounting for the Effects of Certain Types of Regulation* (See Note 1, *Summary of Significant Accounting Policies – Regulatory Deferrals*). Because of this offsetting effect there was no corresponding change in beginning net assets.

Public Transportation Enterprise - Environmental remediation liability increased from \$50 thousand at December 31, 2007 to \$346 thousand at December 31, 2008. Although related to GASBS No. 49 the increase was not deemed material to restate prior periods. The pollution obligation is primarily related to: 1) monitoring soil and ground water contamination at the Lake Union Tank and Dearborn (under consent decrees from the Washington State Department of Ecology); 2) groundwater monitoring at two bus operation bases; and 3) the planned voluntary remediation of a third bus operation site. The 2008 liability was measured from the estimated amounts compiled by experienced Public Transportation staff using the expected cash flow technique. These cost estimates, however, are subject to change when contamination levels at specific sites are updated, when existing agreements and remediation alternatives are modified, or when new applicable regulations emerge.

King County International Airport (KCIA) Enterprise – Accrued remediation liabilities are related to the ongoing investigation, pre-cleanup, cleanup, and monitoring activities at three sites along the Lower Duwamish Waterway (Slip 4, 7777 Perimeter Road, and the North Boeing Field/Georgetown steam plant and flume). These obligations were brought about by complaints filed by other governments to recover costs from the enterprise and the enterprise has agreed to share the cost, or as part of an existing agreed order from the Washington State Department of Ecology where the enterprise was identified as a potentially responsible party. Liabilities were estimated using the expected cash flow technique. GASBS No. 49 implementation resulted in an increase in the enterprise's remediation liability at December 31, 2007 from \$2.6 million to \$6.5 million resulting in a restatement of 2008 beginning net assets.

NOTE 14 – DEBT**Short-term Debt Instruments and Liquidity**

King County has no short-term debt instruments outstanding for governmental activities at December 31, 2008.

For business-type activities, the County has \$100 million of commercial paper outstanding in the Water Quality Enterprise Fund as of December 31, 2008. The commercial paper has maturity dates ranging from 30 to 154 days. At the time of initial issuance, the proceeds of the commercial paper were transferred to the construction fund for use in the capital activities of the Enterprise. Repayment of the debt will be made from operating revenues. The following schedule provides a summary of changes in short-term debt as of December 31, 2008:

**CHANGES IN SHORT-TERM DEBT
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	Balance 01/01/08	Additions	Reductions	Balance 12/31/08
Governmental activities:				
Limited tax GO bond anticipation notes	\$ 43,975	\$ -	\$ (43,975)	\$ -
Unamortized premium bonds sold	293	-	(293)	-
Governmental activities short-term debt	<u>\$ 44,268</u>	<u>\$ -</u>	<u>\$ (44,268)</u>	<u>\$ -</u>
Business-type activities:				
Commercial paper	\$ 100,000	\$ -	-	\$ 100,000
Business-type activities short-term debt	<u>\$ 100,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 100,000</u>

Long-term Debt

King County has long-term debt reported with both governmental activities and business-type activities. For governmental activities, long-term debt consists of general obligation bonds, general obligation capital leases, general obligation bond anticipation notes that were replaced by long-term general obligation bonds in February 2009; and lease revenue bonds accounted for in the Internal Service Funds.

For business-type activities, long-term debt consists of limited tax general obligation bonds accounted for in the King County International Airport, Institutional Network (I-NET), Solid Waste, Public Transportation, and Water Quality Enterprise Funds; capital leases accounted for in the Public Transportation Fund; Sewer Revenue Bonds and State of Washington revolving loans accounted for in the Water Quality Enterprise Fund.

NOTE 14 – CONTINUED

**KING COUNTY, WASHINGTON
SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
(PAGE 1 of 3)**

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/08</u>
I. GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT					
IA.	Limited Tax General Obligation Bonds (LTGO)				
	Payable From Limited Tax GO Bond Redemption Fund				
	1993 Various Purpose Series B (Partial)	12/01/93	01/01/24	5.35-6.70%	\$ 109,436 \$ 17,750
	1996 Various Purpose Series A (Partial)	02/01/96	01/01/09	5.00-5.25%	105,268 1,165
	1997 Baseball Stadium Series D	05/07/97	12/01/09	4.60-5.75%	150,000 5,000
	1999 Various Purpose Series A (Partial)	05/01/99	12/01/12	4.00-5.25%	85,695 9,729
	2001 Various Purpose (Partial)	11/01/01	12/01/21	3.00-5.00%	26,925 15,560
	2002 Refunding 1997B Bonds (Baseball Stadium)	06/04/02	12/01/14	4.00-5.50%	124,575 57,645
	2002 Various Purpose (Road CIP) Bonds	10/01/02	12/01/16	2.00-5.00%	38,340 24,350
	2003 Limited Tax GO (Payoff BAN 2003B) Series A	10/30/03	06/01/23	2.00-5.25%	27,605 22,910
	2003 Various Purpose Refunding Bonds Series B (Partial)	10/30/03	06/01/23	2.00-5.25%	27,890 15,655
	2004 Refunding Bonds Series A	09/21/04	01/01/16	2.00-5.00%	57,045 49,435
	2004 Limited Tax GO (Payoff BAN2003A) Series B	10/01/04	01/01/25	2.50-5.00%	82,435 74,885
	2004 Baseball Stadium (Refg 1997C Partial) (Taxable) Series C	12/21/04	12/01/11	2.92-4.49%	13,195 6,735
	2004 Baseball Stadium (Refg 1997D Partial) Series D	12/21/04	12/01/11	3.00-5.00%	32,075 27,290
	2005 Refunding Bonds Series A	06/29/05	01/01/19	5.00%	22,510 22,510
	2006 Refunding Bonds (Partial)	12/14/06	01/01/19	4.00-5.00%	38,330 35,125
	2006 HUD Section 108 Bonds – Greenbridge Project	08/01/06	08/01/24	4.96-5.70%	6,783 6,044
	2007 Kingdome Debt Series A Refunding 1997F	09/05/07	12/01/15	4.00-5.00%	48,665 48,100
	2007 Kingdome Debt Series B Refunding 1997E (Taxable)	09/05/07	12/01/10	4.98-5.11%	5,900 2,710
	2007 Various Purpose Series C	11/01/07	01/01/28	4.00-4.50%	10,695 10,635
	2007 Various Purpose Series D	11/01/07	01/01/28	4.00-5.00%	34,630 34,450
	2007 Various Purpose Series E (Partial)	11/27/07	12/01/17	4.00-5.00%	3,070 2,820
	Total Payable From Limited Tax GO Redemption Fund			<u>1,051,067</u>	<u>490,503</u>
	Payable From Internal Service Funds				
	1999 Various Purpose Series A	05/01/99	12/01/09	4.00-5.25%	525 60
	2001 Various Purpose (Partial)	11/01/01	12/01/11	3.00-5.00%	1,050 360
	Total Payable From Internal Service Funds			<u>1,575</u>	<u>420</u>
IB.	Limited Tax GO Bond Anticipation Notes ^(a)				
	Payable From Building Construction and Improvement Fund				
	2008 Limited Tax GO Bond Anticipation Notes	10/30/08	03/01/09	3.00%	<u>48,755</u> <u>48,755</u>
IC.	Limited Tax GO Capital Leases - Payable from General Fund				
	1998 Certificate of Participation - Issaquah District Court	09/29/98	12/01/19	3.80-5.05%	<u>5,900</u> <u>4,000</u>
	Total Limited Tax General Obligation Debt			<u>1,107,297</u>	<u>543,678</u>

NOTE 14 – CONTINUED

**KING COUNTY, WASHINGTON
SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
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	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/08</u>
I. GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT					
iD. Unlimited Tax General Obligation Bonds (ULTGO)					
Payable From Unlimited Tax GO Redemption Fund					
2000 Refunding Bonds (Partial)	10/01/00	06/01/16	5.00-5.50%	\$ 102,740	\$ 32,875
2001 Harborview Medical Center	02/01/01	12/01/20	4.00-5.00%	29,130	22,680
2003 Refunding 1993 Series C Bonds	04/23/03	06/01/19	2.00-5.25%	108,795	25,935
2004 Harborview Medical Center Series A	05/04/04	12/01/23	2.00-5.00%	110,000	97,455
2004 Harborview Medical Center Series B	09/14/04	06/01/23	3.00-5.00%	54,000	48,765
Total Payable From Unlimited Tax GO Bond Redemption Fund				<u>404,665</u>	<u>227,710</u>
Payable From Stadium GO Bond Redemption Fund					
2000 Refunding Bonds (Partial)	10/01/00	06/01/12	5.00-5.50%	18,880	7,065
Total Unlimited Tax General Obligation Bonds				<u>423,545</u>	<u>234,775</u>
iE. Lease Revenue Bonds ^(b)					
Payable From Internal Service Funds					
2002 Broadway Office Property – HMC Office Space	11/13/02	12/01/31	4.00-5.38%	62,540	58,755
2005 Goathill Property – Chinook Building	02/03/05	12/01/33	4.00-5.25%	101,035	98,920
2006A NJB Properties – HMC	12/05/06	12/01/36	5.00%	179,285	179,285
2006B NJB Properties – HMC (Taxable)	12/05/06	12/01/36	5.51%	10,435	10,435
2007 King Street Center Project Refunding 1997	03/08/07	06/01/25	4.00-5.00%	62,400	61,245
Total Lease Revenue Bonds Payable from Internal Service Funds				<u>415,695</u>	<u>408,640</u>
TOTAL GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT				<u>1,946,537</u>	<u>1,187,093</u>
II. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT					
IIA. Limited Tax General Obligation Bonds (LTGO)					
Payable From Enterprise Funds					
1998 LTGO (Public Transportation Sales Tax) Refunding Series A	05/15/98	12/01/19	4.50-5.00%	85,715	50,015
1999 LTGO Refunding Series A (Partial)	05/01/99	12/01/12	4.00-5.25%	8,720	4,731
2001 LTGO Various Purpose (Partial)	11/01/01	12/01/21	3.00-5.00%	8,580	6,475
2002 LTGO (Public Transportation Sales Tax) Refunding Bonds	11/05/02	12/01/19	3.00-5.50%	64,285	47,575
2004 LTGO (Public Transportation Sales Tax) Bonds	06/08/04	06/01/34	2.50-5.50%	49,695	46,405
2005 LTGO (WQ-LTGO) Bonds	04/21/05	01/01/35	5.00%	200,000	200,000
2006 Refunding Bonds (Partial)	12/14/06	01/01/15	4.00-5.00%	7,995	6,530
2007 Various Purpose Series E (Partial)	11/27/07	12/01/27	4.00-5.00%	40,635	39,385
2008 LTGO (WQ-LTGO) Refunding Bonds	02/12/08	01/01/34	3.25-5.25%	236,950	236,950
Total Limited Tax GO Bonds Payable From Enterprise Funds				<u>702,575</u>	<u>638,066</u>

NOTE 14 – CONTINUED

**KING COUNTY, WASHINGTON
SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
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	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rates</u>	<u>Original Issue Amount</u>	<u>Outstanding at 12/31/08</u>
II. BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT					
IIB. Revenue Bonds, Capital Leases and Loans Payable From Enterprise Funds					
1999 Sewer Revenue Bonds Series 2	11/01/99	01/01/09	5.00-6.25%	\$ 60,000	\$ 1,125
2001 Sewer Revenue Bonds Junior Lien Series A	08/06/01	01/01/32	Variable Rate ^(c)	50,000	50,000
2001 Sewer Revenue Bonds Junior Lien Series B	08/06/01	01/01/32	Variable Rate ^(c)	50,000	50,000
2001 Sewer Revenue and Refunding Bonds	11/28/01	01/01/35	3.00-5.25%	270,060	226,730
2002 Sewer Revenue Bonds Series A	08/14/02	01/01/35	5.00-5.50%	100,000	94,960
2002 Sewer Revenue Refunding Bonds Series B	10/03/02	01/01/33	3.00-5.50%	346,130	271,105
2003 Sewer Revenue Refunding Bonds	04/24/03	01/01/35	2.00-5.25%	96,470	92,325
2004 Sewer Revenue Bonds Series A	03/18/04	01/01/35	4.50-5.00%	185,000	185,000
2004 Sewer Revenue Refunding 1999-2 Bonds Series B	03/18/04	01/01/35	2.00-5.00%	61,760	59,375
2006 Sewer Revenue and Refunding 1999-1 Bonds Series A	05/16/06	01/01/36	5.00%	124,070	124,070
2006 Sewer Revenue and Refunding Bonds Series B-2	11/30/06	01/01/36	3.50-5.00%	193,435	193,215
2007 Sewer Revenue Bonds	06/26/07	01/01/47	5.00%	250,000	250,000
2008 Sewer Revenue Bonds	08/14/08	01/01/48	5.00-5.75%	350,000	350,000
2000-2008 State of Washington Revolving Loans	Various	Various	0.50-3.10%	158,626	129,186
2000 Public Transportation Park and Ride Capital Leases	03/30/00	12/31/31	5.00%	4,722	3,453
Total Revenue Bonds, Capital Leases and Loans Payable From Enterprise Funds				2,300,273	2,080,544
TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT				3,002,848	2,718,610
TOTAL LONG-TERM DEBT (EXCLUDING GO LONG-TERM LIABILITIES)				\$ 4,949,385	\$ 3,905,703

(a) On February 26, 2009, the County replaced the bond anticipation notes with a long-term debt issuance of \$50 million multi-modal limited tax general obligation bonds, 2009 Series A with a maturity date of June 1, 2029.

(b) Lease revenue bonds were bonds issued in accordance with the provisions of Revenue Ruling 63-20 and Revenue Procedure 82-26. Under the lease agreements, the County's obligation to pay rent is a limited tax general obligation of the County.

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

NOTE 14 – CONTINUED

**KING COUNTY, WASHINGTON
DEBT SERVICE REQUIREMENTS TO MATURITY
(IN THOUSANDS)**

GOVERNMENTAL ACTIVITIES

Year	General Obligation Bonds and Bond Anticipation Notes		General Obligation Capital Leases Bonds		Lease Revenue Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 116,796	\$ 35,453	\$ 285	\$ 197	\$ 6,185	\$ 19,975	\$ 123,266	\$ 55,625
2010	71,044	31,944	300	184	6,465	19,689	77,809	51,817
2011	58,621	28,521	310	170	10,465	19,390	69,396	48,081
2012	59,913	25,580	325	156	10,965	18,892	71,203	44,628
2013	70,546	22,070	340	140	11,490	18,365	82,376	40,575
2014-2018	217,751	67,446	1,980	428	66,645	82,633	286,376	150,507
2019-2023	148,313	26,831	460	23	84,310	64,979	233,083	91,833
2024-2028	31,469	2,557	-	-	88,285	43,705	119,754	46,262
2029-2033	-	-	-	-	87,805	21,564	87,805	21,564
2034-2038	-	-	-	-	36,025	3,683	36,025	3,683
TOTAL	\$ 774,453	\$ 240,402	\$ 4,000	\$ 1,298	\$ 408,640	\$ 312,875	\$ 1,187,093	\$ 554,575

BUSINESS-TYPE ACTIVITIES

Year	General Obligation Bonds		Revenue Bonds, Capital Leases and Loans		Total Business-Type Activities		Total Long-Term Debt (Excluding General Obligation Long-Term Liabilities)	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 16,222	\$ 31,531	\$ 37,654	\$ 97,036	\$ 53,876	\$ 128,567	\$ 177,142	\$ 184,192
2010	15,452	30,773	39,338	97,604	54,790	128,377	132,599	180,194
2011	14,630	30,060	41,129	95,871	55,759	125,931	125,155	174,012
2012	15,312	29,351	42,995	94,208	58,307	123,559	129,510	168,187
2013	14,815	28,631	44,572	92,425	59,387	121,056	141,763	161,631
2014-2018	106,605	130,351	232,451	429,588	339,056	559,939	625,432	710,446
2019-2023	121,545	97,691	244,285	378,042	365,830	475,733	598,913	567,566
2024-2028	134,535	65,981	280,473	317,721	415,008	383,702	534,762	429,964
2029-2033	155,405	30,320	438,827	237,855	594,232	268,175	682,037	289,739
2034-2038	43,545	1,874	255,840	136,385	299,385	138,259	335,410	141,942
2039-2043	-	-	196,280	87,975	196,280	87,975	196,280	87,975
2044-2048	-	-	226,700	30,212	226,700	30,212	226,700	30,212
TOTAL	\$ 638,066	\$ 476,563	\$ 2,080,544	\$ 2,094,922	\$ 2,718,610	\$ 2,571,485	\$ 3,905,703	\$ 3,126,060

NOTE 14 – CONTINUED

The following table summarizes changes in long-term liabilities for the year ended December 31, 2008 (in thousands).

	<u>Balance</u> <u>01/01/08</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/08</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 819,221	\$ -	\$ (93,523)	\$ 725,698	\$ 68,041
General obligation bond anticipation notes	-	48,755	-	48,755	48,755
Lease revenue bonds ^(a)	414,535	-	(5,895)	408,640	6,185
Special assessment bonds with governmental commitment	15	-	(15)	-	-
Less deferred amounts:					
Unamortized premium bonds sold	26,172	171	(4,795)	21,548	-
Refunding	(12,932)	(216)	3,685	(9,463)	-
Total bonds payable	<u>1,247,011</u>	<u>48,710</u>	<u>(100,543)</u>	<u>1,195,178</u>	<u>122,981</u>
Limited GO capital leases	4,324	-	(324)	4,000	285
Claims and judgments payable	-	2,600	-	2,600	2,600
Compensated absences liability	81,018	8,066	(5,917)	83,167	5,926
Other postemployment benefits	5,542	6,651	-	12,193	-
Unemployment compensated liabilities	1,051	1,081	(951)	1,181	1,181
Estimated claims settlements and other liabilities	136,604	176,389	(167,162)	145,831	91,652
Rebatable arbitrage	208	-	(178)	30	-
Total Governmental activities long-term liabilities	<u>\$ 1,475,758</u>	<u>\$ 243,497</u>	<u>\$ (275,075)</u>	<u>\$ 1,444,180</u>	<u>\$ 224,625</u>
Business-type activities:					
Bonds payable:					
General obligation bonds	\$ 663,421	\$ 236,950	\$ (262,306)	\$ 638,065	\$ 16,222
Revenue bonds	1,724,220	350,000	(126,315)	1,947,905	30,540
Less deferred amounts:					
Unamortized premium bonds sold	39,810	12,931	(1,329)	51,412	-
Refunding	(68,389)	(20,004)	22,262	(66,131)	-
Total bonds payable	<u>2,359,062</u>	<u>579,877</u>	<u>(367,688)</u>	<u>2,571,251</u>	<u>46,762</u>
Capital leases	3,534	-	(81)	3,453	85
State revolving loans	118,524	17,286	(6,624)	129,186	7,029
Compensated absences liability	54,955	20,447	(14,237)	61,165	8,089
Other postemployment benefits	1,106	1,784	-	2,890	-
Landfill closure and post-closure care liability	106,816	5,686	-	112,502	5,686
Environmental remediation and other liabilities	14,467	27,184	(633)	41,018	-
Total Business-type activities long-term liabilities	<u>\$ 2,658,464</u>	<u>\$ 652,264</u>	<u>\$ (389,263)</u>	<u>\$ 2,921,465</u>	<u>\$ 67,651</u>

Governmental activities long-term liabilities, other than debt, are primarily estimated claims settlements liquidated by internal service funds. At year-end, internal service funds estimated claims settlements of \$145.8 million are included in the above amount. Governmental activities compensated absences are liquidated by the governmental fund in which an employee receiving the payment is budgeted, including most notably the General Fund, the Public Health Fund, and the County Road Fund.

(a) Lease revenue bonds were bonds issued in accordance with the provisions of Revenue Ruling 63-20 and Revenue Procedure 82-26. Under the lease agreements, the County's obligation to pay rent is a limited tax general obligation of the County.

NOTE 14 – CONTINUED**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 2½ 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 1½ percent of assessed value of property within the County for general county purposes and ¾ percent for metropolitan functions, but the total of limited tax general obligation debt for general county purposes and metropolitan functions should not exceed 1½ 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 2½ 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, 2008 is as follows (in thousands):

2008 ASSESSED VALUE (2009 TAX YEAR)	\$ 386,889,728
Debt limit of limited tax (LT) general obligations for metropolitan functions 3/4 % of assessed value	\$ 2,901,673
Less: Net LT general obligation indebtedness for metropolitan functions	(682,603)
LT GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 2,219,070</u>
Debt limit of LT general obligations for general county purposes and metropolitan functions – 1½ % of assessed value	\$ 5,803,346
Less: Net LT general obligation indebtedness for general county purposes	(1,005,916)
Net LT general obligation indebtedness for metropolitan functions	(682,603)
Net total LT general obligation indebtedness for general county purposes and metropolitan functions	<u>(1,688,519)</u>
LT GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES AND METROPOLITAN FUNCTIONS	<u>\$ 4,114,827</u>
Debt limit of total general obligations for metropolitan functions 2½ % of assessed value	\$ 9,672,243
Less: Net total general obligation indebtedness for metropolitan functions	(682,603)
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR METROPOLITAN FUNCTIONS	<u>\$ 8,989,640</u>
Debt limit of total general obligations for general county purposes 2½ % of assessed value	\$ 9,672,243
Less: Net unlimited tax general obligation indebtedness for general county purposes	(225,138)
Net LT general obligation indebtedness for general county purposes	(1,005,916)
Net total general obligation indebtedness for general county purposes	<u>(1,231,054)</u>
TOTAL GENERAL OBLIGATION DEBT MARGIN FOR GENERAL COUNTY PURPOSES	<u>\$ 8,441,189</u>

NOTE 14 – CONTINUED**Refunding General Obligation Bond Issues – 2008**

Limited Tax General Obligation (Sewer Revenue) Refunding Bonds, 2008 – On February 12, 2008, the County issued \$236.95 million in limited tax general obligation (Sewer Revenue) bonds, 2008 with an effective interest cost of 4.43 percent to advance refund \$244.27 million of outstanding limited tax general obligation (Sewer Revenue) refunding bonds, 1998 Series B with an effective interest cost of 5.05 percent. The net proceeds were used to purchase US government securities that were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the business-type column of the statement of net assets.

The reacquisition price exceeded the net carrying amount of the old debt by \$4.45 million. This amount, reported in the statement of net assets as a reduction in bonds payable, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by \$15.60 million over the life of the bonds and resulted in an economic gain (difference between the present values of the old and new debt service payments) of \$13.03 million.

Refunded Bonds

King County has ten outstanding refunded and defeased bond issues consisting of limited tax general obligation bonds (\$57.5 million), unlimited tax general obligation bonds (\$14.4 million) and sewer revenue bonds (\$138.8 million) that were originally reported in the Primary Government's statement of net assets. The payments of principal and interest on these bond issues are the responsibility of the escrow agent, US Bank of Washington, and the liability for the defeased bonds has been removed from the statement of net assets.

Future Borrowing Plans

During the first half of 2009, the County completed the sale of \$50 million of multi-modal limited tax general obligation bonds to replace the \$48.8 million of limited tax general obligation bond anticipation notes that matured on March 1, 2009. Also, the County sold \$34.8 million of limited tax general obligation bonds to provide financing for capital facilities projects. In addition, the County sold \$48.5 million of limited tax general obligation refunding bonds payable from a public transportation sales tax to refund \$50 million of its outstanding general obligation (public transportation) 1998 Series A bonds. The County sold \$300 million of limited tax general obligation bonds to provide funding for its Wastewater capital improvement program. These bonds are additionally secured by a pledge of the revenues of the County's sewer system.

The County expects to issue approximately \$100 million of new long-term limited tax general obligation bonds through the end of 2010. The proceeds of these bonds will be used to provide funding for road improvements, the Solid Waste Division's capital improvement program, and other general government facilities and technology projects.

The County also expects to issue approximately \$625 million of new debt through the end of 2010 to provide funding for its Wastewater Treatment Division's capital improvement program. While all of these bonds will be payable from the sewer revenues of the wastewater system, a portion will be additionally secured by a pledge of the full faith and credit of the County.

In addition, the County intends to take advantage of favorable interest rates by refinancing any outstanding higher rate bonds when and if market conditions permit.

NOTE 15 – INTERFUND BALANCES AND TRANSFERS**Interfund Balances**

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

Fund types with account balances of less than \$500 thousand are aggregated into "All Others."

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	General Fund	\$ 1,194
	Nonmajor Governmental Funds	15,796
	Nonmajor Enterprise Funds	2,875
	Internal Service Funds	2,456
	All Others	509
Public Health Fund	Nonmajor Governmental Funds	3,229
	All Others	279
Nonmajor Governmental Funds	General Fund	1,035
	Nonmajor Governmental Funds	36,374
	Water Quality Enterprise	1,326
	Nonmajor Enterprise Funds	590
	Internal Service Funds	1,346
Public Transportation Enterprise	All Others	357
	Nonmajor Governmental Funds	25,615
	Water Quality Enterprise	184,050
Water Quality Enterprise	All Others	72
	Nonmajor Governmental Funds	2,981
	Water Quality Enterprise	866
Nonmajor Enterprise Funds	All Others	53
	Nonmajor Governmental Funds	2,322
	Nonmajor Enterprise Funds	810
Internal Service Funds	All Others	669
	General Fund	613
	Nonmajor Governmental Funds	2,637
	Internal Service Funds	711
Total	All Others	1,000
		<u>\$ 289,765</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.

The \$184,050 thousand due from Water Quality Enterprise to Public Transportation Enterprise consisted of short-term loans made for the purpose of cash flow.

NOTE 15 – CONTINUEDAdvances from/to other funds (in thousands)

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Transportation Enterprise	\$ 3,500
	Nonmajor Governmental Funds	300
Public Transportation Enterprise	General Fund	600
Total		<u>\$ 4,400</u>

The advances from the General Fund to the Public Transportation Enterprise and Nonmajor Governmental Funds consisted of loans made for the purposes of cash flow. Neither advance is scheduled to be repaid in 2009.

The \$600 thousand advance from the Public Transportation Enterprise to the General Fund, which arose from the sale of the Tashiro-Kaplan Building, is reported as "Advances to other funds" in the Public Transportation Enterprise and as "Advances from other funds" in the General Fund. \$300 thousand of the balance is scheduled to be collected in 2009.

Interfund Transfers (in thousands)

Fund types with account balances of less than \$500 thousand are aggregated into "All Others."

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Public Health Fund	\$ 31,755
	Nonmajor Governmental Funds	45,706
	Internal Service Funds	899
	All Others	127
Public Health Fund	All Others	136
Nonmajor Governmental Funds	General Fund	5,079
	Nonmajor Governmental Funds	129,261
	All Others	40
Public Transportation Enterprise	All Others	272
Water Quality Enterprise	All Others	53
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	2,294
	All Others	46
Internal Service Funds	Nonmajor Governmental Funds	3,417
	All Others	467
Total transfers in		219,552
Transfer out of capital assets		3,011
Total transfers out		<u>\$ 222,563</u>

NOTE 15 – CONTINUED

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.

In the fund financial statements, total transfers out exceed total transfers in because there were \$3,011 thousand of capital assets transferred during the year.

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
Public Transportation Enterprise	Internal Service Funds	\$ 98
Water Quality Enterprise	Internal Service Funds	166
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	7
	Internal Service Funds	11
Internal Service Funds	General Fund	1,920
	Nonmajor Governmental Funds	469
	Internal Service Funds	340
Total		<u>\$ 3,011</u>

NOTE 16 – RESTRICTIONS, RESERVES, DESIGNATIONS, AND CHANGES IN EQUITY**Net Assets**

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are classified into three categories:

Invested in capital assets, net of related debt – Consists of capital assets net of accumulated depreciation and reduced by outstanding balances of bonds, notes and other debt that are attributed to the acquisition, construction, or improvement of those assets.

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

Unrestricted net assets – Consists of net assets that do not meet the definition of the two preceding categories.

Restricted Net Assets – Business-type Activities (in thousands)

\$ 385,969	Public Transportation Enterprise restricted for future construction projects (\$375,156) and debt service (\$10,813).
45,815	Water Quality Enterprise restricted for debt service (\$34,825), and litigation settlements (\$10,990).
1,825	King County International Airport Enterprise restricted for future construction projects.
<u>3,360</u>	Radio Communications Enterprise restricted for construction.
<u>\$ 436,969</u>	Total Business-type Restricted Net Assets

Restricted Net Assets – Internal Service Funds (in thousands)

\$ 25,460	Building Development & Management Corporations Fund restricted for future construction projects (\$798) and debt service (\$24,662).
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Reserves and Designations

King County records two general types of reserves. One type indicates that a portion of the fund balance is legally segregated for a specific future use; the other type indicates that a portion of the fund balance is not available for appropriation. Designated fund balances, on the other hand, represent tentative plans (including those plans prescribed by local ordinance) for future use of financial resources.

NOTE 16 – CONTINUED

Following is a list of all reserves and designations used by King County and a description of each:

Reserved Fund Balances (in thousands)

	General Fund	Public Health Fund	Nonmajor		
			Special Revenue	Debt Service	Capital Projects
Reserved for:					
Inventory	\$ -	\$ 534	\$ -	\$ -	\$ -
Prepayments	-	-	6,251	-	589
Encumbrances	7,087	457	20,776	-	45,544
Advances to other funds	3,800	-	-	-	-
Animal services	66	-	-	-	-
Crime victim compensation program	95	-	-	-	-
Criminal justice	1,826	-	-	-	-
Debt service	-	-	298	-	-
Drug enforcement program	1,587	-	-	-	-
Antiprofitteering program	95	-	-	-	-
Dispute resolution centers	157	-	-	-	-
Inmate welfare	1,326	-	-	-	-
Real property title assurance	25	-	-	-	-
Training and equipment for Medic One	-	85	-	-	-
KC Medic One equipment replacement	-	-	770	-	-
Youth sports facilities grant endowment	-	-	2,620	-	-
PFD stadium bond debt service	-	-	-	8,744	-
PFD stadium bond debt service - escrow	-	-	-	5,197	-
Traffic mitigation	-	-	-	-	1,699
Total reserved fund balances	<u>\$ 16,064</u>	<u>\$ 1,076</u>	<u>\$ 30,715</u>	<u>\$ 13,941</u>	<u>\$ 47,832</u>

Reserved for inventory – Segregates a portion of fund balance in the amount of the inventory of supplies carried as an asset; it represents resources that are not available nor spendable for the fund's current operations.

Reserved for prepayments – Segregates a portion of fund balance equal to the asset prepayments; it does not represent available, spendable resources for the fund's current operations.

Reserved for encumbrances – Segregates a portion of fund balance for commitments made for goods or services that have not been delivered or completed as of year-end. The budget for these commitments will be reestablished in the new year without reappropriation.

Reserved for advances to other funds – Segregates a portion of fund balance for advances to other funds (the noncurrent portion of interfund loans receivable) to indicate that they do not constitute available financial resources and are not available for appropriation.

Reserved for animal services – Segregates a portion of fund balance to indicate that resources are reserved solely for the purpose of funding the animal services program, which promotes and enforces the humane treatment of the animal population of King County.

NOTE 16 – CONTINUED

Reserved for crime victim compensation program – Segregates a portion of fund balance to indicate that resources are legally restricted to the crime victim compensation program and are not spendable resources for other expenditures (chapter 7.68 RCW).

Reserved for criminal justice – Segregates a portion of fund balance to indicate that resources are to be used exclusively for criminal justice purposes (RCW 82.14.340).

Reserved for debt service – Segregates a portion of fund balance to indicate that resources are to be used solely for the payment of debt service.

Reserved for drug enforcement program – Segregates a portion of fund balance to indicate that resources are legally restricted solely for the purpose of enhancing enforcement of the Uniform Controlled Substances Act, chapter 69.50 RCW, or other laws regulating controlled substances, including training, equipment, and operational expenses.

Reserved for antiprofitteering program – Segregates a portion of fund balance to indicate that resources are legally restricted solely for the purposes of the investigation and prosecution of any offense included in the definition of criminal profiteering set forth in chapter 9A.82 RCW.

Reserved for dispute resolution centers – Segregates a portion of fund balance to indicate that resources are legally restricted solely for the purpose of funding dispute resolution centers (RCW 7.75.035).

Reserved for inmate welfare – Segregates a portion of fund balance to indicate that resources are reserved solely for the purpose of the welfare of inmates held by the Department of Adult and Juvenile Detention.

Reserved for real property title assurance – Segregates a portion of fund balance to indicate that resources are legally restricted solely for the purpose of the payment of damages to any person sustaining loss or damage, through any omission, mistake, or misfeasance of the registrar of titles, or of any examiner of titles, or of any deputy, or by the mistake or misfeasance of the clerk of the court, or any deputy, in the performance of their respective duties under the provisions of chapter 65.12 RCW Registration of Land Titles (Torrens Act).

Reserved for training and equipment for Medic One – Segregates a portion of fund balance to indicate that the use of donations from individuals to Medic One are reserved for equipment purchases and training for paramedics and medical services officers.

Reserved for King County Medic One equipment replacement - Segregates a portion of fund balance to indicate that resources are reserved for replacing equipment at King County Medic One. The Medic One/EMS 2008-2013 Strategic Plan adopted by Ordinance 15740 requires each Advanced Life Support (ALS) agency to develop a reserve fund to cover these costs.

Reserved for youth sports facilities grant endowment – Segregates a portion of fund balance pending a decision to establish a separate Permanent Fund for an endowment. The investment income from the endowment will be used exclusively to supplement the Youth Sports Facilities Grant Fund for the acquisition and operation of outdoor sports fields for youth.

Reserved for PFD stadium bond debt service – Segregates the revenues collected by the County that are earmarked for future debt service payments on the 1997A-1, 1997B, 1997D, 2002 Refunding, and 2004D Refunding tax exempt Baseball Stadium bond issues.

NOTE 16 – CONTINUED

Reserved for PFD stadium bond debt service – escrow – Segregates the revenues collected by the County that are earmarked for future debt service payments on the 1997A-2, 1997C, and 2004C Refunding taxable Baseball Stadium bond issues.

Reserved for traffic mitigation – Segregates a portion of fund balance related to the mitigation payment system revenues to indicate that resources are reserved solely for the purpose of funding growth-related traffic mitigation projects (King County Code 14.75.030).

Designated Fund Balances (in thousands)

	<u>General Fund</u>	<u>Public Health Fund</u>	<u>Nonmajor Special Revenue</u>
Designated for:			
Equipment replacement	\$ -	\$ -	\$ 6,421
Capital projects	5,268	-	-
DDES	-	-	2,523
Environmental health services	-	2,695	-
Operating reserve	-	-	22,564
PIHP risk reserve	-	-	2,898
Reappropriation	280	-	6,581
Children and family services program	<u>1,848</u>	<u>-</u>	<u>-</u>
Total designated fund balances	<u>\$ 7,396</u>	<u>\$ 2,695</u>	<u>\$ 40,987</u>

Designated for equipment replacement – Indicates that a portion of fund balance has been earmarked for the replacement of equipment.

Designated for capital projects – Identifies a portion of fund balance in the General Fund equal to the budget for capital projects not expended and expected to be reappropriated for the coming year. The projects may be decreased, increased, and changed in scope by the County Council in their budget deliberations.

Designated for DDES – In the Department of Development and Environmental Services (DDES) Fund, this account sets aside revenues for permit fee supported areas of DDES in the following categories: (1) reserve for staff reductions; (2) revenue shortfall reserve (amount to cover a 15 percent fee revenue shortfall for three months at the budgeted level for fee revenue); and (3) reserve for fee waivers and other unanticipated costs.

Designated for environmental health services – Segregates environmental health fee revenue which may only be used by Environmental Health Services as mandated by the Board of Health.

Designated for operating reserve – Funds designated from Mental Health revenue that are set aside according to the King County Regional Support Network’s (KCRSN) contract with the State Mental Health Division, totaling approximately 5 percent of annual revenues if funds are available. Operating reserve funds are set aside to maintain adequate cash flow for the provision of mental health services.

Designated for Prepaid Inpatient Health Plan (PIHP) risk reserve – Funds used to cover inpatient adjustments, outpatient tier benefits, and closeout expenditures in case the King County Regional Support Network (KCRSN) becomes insolvent. The KCRSN is funded primarily by

NOTE 16 – CONTINUED

capitated payments from the State based on the number of Medicaid recipients in King County. These revenues support services for people with mental illness in King County.

Designated for reappropriation – Used at year-end for lapsed appropriations for which special requests have been made to obtain reappropriation in the coming year.

Designated for children and family services programs – Segregates a portion of fund balance to indicate that resources have been earmarked by County ordinance to provide children and family services to the residents of King County.

Management Plans for Internal Service Fund Unrestricted Net Assets

The following Internal Service Funds have resources that have been earmarked by County management for a specific future use as of December 31, 2008:

Department of Executive Services (DES) Equipment Replacement Fund – \$1,264 thousand for the replacement of personal computers.

Information and Telecommunications Services Fund – Telecommunications Subfund – \$816 thousand for the replacement of telecommunications equipment.

Insurance Fund – \$14.2 million for catastrophic losses. The catastrophic loss reserve will be used to respond to large, nonrecurring losses exceeding \$1 million per incident.

King County Geographic Information Service (GIS) Fund – \$262 thousand for the replacement of GIS equipment, \$176 thousand for rate stabilization, and \$79 thousand for prepaid client services.

Motor Pool Equipment Rental Fund – \$4.6 million for the replacement of rental equipment.

Public Works Equipment Rental Fund – \$7.8 million for the replacement of rental equipment.

Wastewater Equipment Rental Fund – \$6.3 million for the replacement of rental equipment.

Restatements of Beginning Balances

King County International Airport – The beginning net asset balance of the King County International Airport (an enterprise) has been restated due to the implementation of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*.

Technology Systems Capital/King County Geographic Information Systems – The beginning balance of a subfund in the Technology Systems Capital Fund (a capital projects fund) was transferred to the King County Geographic Information Systems Fund (an internal service fund).

NOTE 16 – CONTINUED

The following schedules present detailed information regarding restatements of beginning balances (in thousands):

	Business-type Activities	King County International Airport	Internal Service Funds	King County Geographic Information Systems	Nonmajor Capital Projects Funds	Technology Systems Capital
Net Assets/Fund Balance – December 31, 2007	\$ 2,124,083	\$ 89,243	\$ 71,589	\$ 522	\$ 135,331	\$ 406
Cumulative GASB 49 environmental remediation adjustment	(4,540)	(4,540)				
Transfer residual subfund balance			24	24	(24)	(24)
Net Assets/Fund Balance – January 1, 2008 (Restated)	<u>\$ 2,119,543</u>	<u>\$ 84,703</u>	<u>\$ 71,613</u>	<u>\$ 546</u>	<u>\$ 135,307</u>	<u>\$ 382</u>

Component Unit – Harborview Medical Center (HMC)

Restricted Net Assets

Restricted expendable net assets – The \$18,172 thousand consists of investments restricted either for capital use or by donor. Access to investments restricted for capital use is restricted by King County for designated capital projects. Investments restricted by donor represent assets that are restricted by creditors, grantors, or contributors external to the HMC.

Restricted nonexpendable net assets – The \$2,012 thousand consists of permanent endowments by donors.

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

Restricted Net Assets

Restricted expendable net assets – \$20,022 thousand is restricted by RCW 67.28.180.3 and King County ordinance for use for arts and heritage cultural program awards according to a specified formula.

Restricted nonexpendable net assets – \$20,072 thousand is a long-term endowment funded from a portion of the hotel/motel tax pursuant to RCW 67.28.180.3(e) to finance future arts and heritage cultural programs.

NOTE 17 – LEGAL MATTERS, CONTINGENT LIABILITIES, AND OTHER COMMITMENTS

Primary Government

There is no litigation or claim currently pending against King County in which to our knowledge the likelihood of an unfavorable outcome with material damages assessed against the County is considered "probable."

The following litigation, or potential litigation, may involve claims for material damages against King County for which the County is unable to provide an opinion as to the ultimate outcome or the amount of damages that may be found:

- A lawsuit filed by a private transportation operator seeking damages in the amount of \$13.4 million. Plaintiff claims that County transit service violates its rights, under a Certificate of Public Convenience and Necessity, to be sole provider of direct airporter service between downtown Seattle and Sea-Tac International Airport. Although the case has been dismissed in Snohomish Superior Court, plaintiff has elevated appeal to the State Supreme Court.
- Claims for unspecified damages filed by two sewer districts who allege that certain expenditures of the King County Wastewater Treatment Division (WTD) constitute a breach of contract and a violation of the King County Charter and a local government accounting statute. The County is vigorously defending the claim.
- An appeal of an administrative decision of the Washington State Department of Retirement Systems ruling that settlement payments on two earlier class action lawsuits were properly not reported to the State Retirement System by the County as "compensation earnable." The County is vigorously defending against all claims.
- An administrative order from the Environmental Protection Agency (EPA) requiring the County, the City of Seattle, the Boeing Company, and the Port of Seattle to conduct a feasibility study that will determine the nature and extent of the contamination in the Lower Duwamish Waterway. Potentially, upon completion of the studies, additional administrative or judicial orders may require remediation.
- A potential requirement for additional cleanup in the area contaminated when the Denny Way combined sewer outflow was replaced in 2005. The WTD has already performed interim cleanup costing \$3.6 million to comply with a formal agreement with Washington State Department of Ecology (DOE). Monitoring is being enforced with DOE reserving its rights to require additional remedial actions.
- A formal agreement with the DOE to help fund the investigation and potential cleanup of the North Boeing Field/Georgetown Steam Plant and flume site. King County International Airport, the City of Seattle, and the Boeing Company have agreed to share the cost of the work to determine the extent of pollution, to draft a cleanup action plan, and to perform required interim cleanups. The estimated cost of investigation and assessment is \$2.5 million to be shared equally by the three named parties. Other potential costs have yet to be determined.
- Potential claims for past and future cleanup costs at the Harbor Island Superfund Site. Certain removal costs already incurred by the Port of Seattle are expected to be defrayed by the County and the City of Seattle. The parties have also agreed to share the cost of a supplemental investigation and feasibility study required by the EPA. The agreement states that the WTD has a one-third pro rata share of the study costs but this can still be reallocated among the several potentially responsible parties. Further remediation costs cannot be reasonably estimated until the studies are completed.

NOTE 17 – CONTINUED

- A complaint filed by the City of Seattle against the Boeing Company with King County as a third-party defendant. The complaint seeks to recover remediation costs, under the Model Toxic Control Act, in the North Boeing Field/Georgetown Steam Plant and Slip 4 sites. It is likely that through this litigation the County can recover some of the costs of investigating and remediating the two mentioned sites. Recovery, however, may potentially be offset by the repayment of state grants and the cost of litigation.
- A complaint filed by the City of Seattle against a private company with the County as a third-party defendant. The complaint seeks to recover remediation costs, under the Model Toxic Control Act, for the cleanup in an area along the Lower Duwamish Waterway that is now the site of Port of Seattle's Terminal 117. The original defendants allege that petroleum-based pollutants were released during the 1960s when the County or its contractor allegedly transported and disposed of waste pavement materials from King County International Airport onto the above referenced site. An additional claim alleges that the County released waste oil containing PCBs onto streets near the site as part of maintenance of those streets. The County denies all claims.

Contingent Liabilities

King County has entered into several contingent loan agreements totaling \$172.0 million with the King County Housing Authority (KCHA) and other owners/developers of affordable housing. The County has provided credit support for certain bonds issued by the KCHA. All projects are currently self-supporting and the County has not made any loans pursuant to these agreements.

Other Commitments

The Solid Waste Enterprise paid the County General Fund \$7.9 million for annual rent on the Cedar Hills landfill site in 2008. Solid Waste is committed to pay rent 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 substantial repayments of patient services previously billed. HMC believes that it complies with fraud and abuse regulations, as well as with 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 harmless" King County, its 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.

REQUIRED SUPPLEMENTARY INFORMATION

Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach

Roads

The County performs condition assessments on its network of roads through the King County Pavement Management System. This system generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index from zero to one hundred (0 – 100) that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Based on the PCI score, condition ratings are assigned as follows: a PCI of less than 30 is defined as "poor to substandard" (heavy pavement cracking and potholes); a PCI of 30 or more but less than 50 is defined to be in "fair" condition (noticeable cracks and/or utility cuts); and a PCI of between 50 and higher is defined to be in "excellent to good" condition (relatively smooth roadway). Condition assessments are undertaken every three years.

The three most recent condition assessments of the County's roads are shown below. Certain roads were assessed in 2008 but the partial results are not reflected in the table.

Condition ratings	2007-2005		2004-2002		2001-1999	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
Excellent to good	485.4	89.6	442.9	81.7	451.1	83.0
Fair	14.5	2.7	61.1	11.3	44.5	8.2
Poor to substandard	41.6	7.7	38.0	7.0	47.6	8.8
Total	<u>541.5</u>	<u>100.0</u>	<u>542.0</u>	<u>100.0</u>	<u>543.2</u>	<u>100.0</u>
Local access roads						
Excellent to good	1,094.5	83.4	1,075.4	81.6	1,031.1	80.0
Fair	127.3	9.7	139.0	10.6	132.3	10.3
Poor to substandard	91.2	6.9	102.9	7.8	125.5	9.7
Total	<u>1,313.0</u>	<u>100.0</u>	<u>1,317.3</u>	<u>100.0</u>	<u>1,288.9</u>	<u>100.0</u>

It is the policy of the King County Road Services Division to maintain at least 80 percent of the road system at a PCI of 40 or better. The following table (derived from the table of condition ratings) shows the number and percentage of miles of roads that meet the 40 PCI level.

PCI score interval	2007-2005		2004-2002		2001-1999	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
PCI 40 - 100	493.4	91.1	475.6	87.7	477.8	88.0
PCI 0 - 39	48.1	8.9	66.4	12.3	65.4	12.0
Total	<u>541.5</u>	<u>100.0</u>	<u>542.0</u>	<u>100.0</u>	<u>543.2</u>	<u>100.0</u>
Local access roads						
PCI 40 - 100	1,170.3	89.1	1,165.6	88.5	1,108.3	86.0
PCI 0 - 39	142.7	10.9	151.7	11.5	180.6	14.0
Total	<u>1,313.0</u>	<u>100.0</u>	<u>1,317.3</u>	<u>100.0</u>	<u>1,288.9</u>	<u>100.0</u>

REQUIRED SUPPLEMENTARY INFORMATION – continued

The majority of roads that fall below the established rating (PCI = 40) are local access roads that are situated in rural areas.

Below is information on planned (budgeted) and actual expenditures incurred to maintain and preserve the road network at or above the minimum acceptable condition level from 2004 to 2008. The budgeted amount is equivalent to the anticipated amount needed to maintain roads up to the required condition level (in thousands).

	2008	2007	2006	2005	2004
Budgeted	\$69,345	\$61,864	\$58,709	\$49,321	\$48,008
Expended	57,658	51,859	49,029	39,986	38,093

Underspending of budgeted amounts usually results when roads are removed from the project list because of conflicts with anticipated utility work; lowering of priority due to cost efficiency considerations, such as when only a few roads are to be resurfaced in remote locations; and weather-related work reduction or stoppages.

Bridges

King County currently maintains 183 bridges. Physical inspections to determine the condition of bridges and the degree of wear and deterioration are carried out at least every two years. Inspections reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotten timbers, deteriorated bridge decks, bank erosion, and cracked concrete. These are documented in an inspection report along with recommended repairs and needed services. Four pedestrian bridges are included in the list of bridges being maintained by the County. These are also subject to condition assessments but under different standards as the more heavily used vehicular bridges.

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

A key element in the priority score is the sufficiency rating, the measure considered by state and federal governments as the basis for establishing eligibility and priority for bridge replacement or rehabilitation funding. The sufficiency rating is a numerical rating of a bridge based on its structural adequacy and safety, essentiality for public use, and its serviceability and functional obsolescence. The formula used to calculate the sufficiency rating for a particular bridge is dictated by the Federal Highway Administration and is built into the State's inspection software. The sufficiency rating may vary from 100 (a bridge in new condition) to 0 (a bridge incapable of carrying traffic). A sufficiency rating of 50 or over indicates a bridge with a good deal of service life remaining. A bridge that scores between 0 and 49 could be considered for replacement or rehabilitation funding, though typically only bridges that score less than 30 are selected for funding.

REQUIRED SUPPLEMENTARY INFORMATION – continued

Below are the three most recent bridge sufficiency ratings.

<u>Bridge sufficiency rating</u>	<u>Number of Bridges</u>		
	<u>2008</u>	<u>2007</u>	<u>2006</u>
0 - 20	8	6	6
21 - 30	2	2	2
31 - 49	14	18	20
50 - 100	159	158	159
Totals	<u>183</u>	<u>184</u>	<u>187</u>

It is the policy of the King County Road Services Division to maintain bridges in such a 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 a structural deficiency. The most common remedy is full replacement or rehabilitation of the bridge.

Amounts budgeted and spent to maintain and preserve bridges from 2004-2008 are shown in the table below (in thousands).

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Budgeted	\$18,855	\$24,834	\$17,024	\$26,855	\$17,074
Expended	11,761	16,189	11,526	16,810	12,529

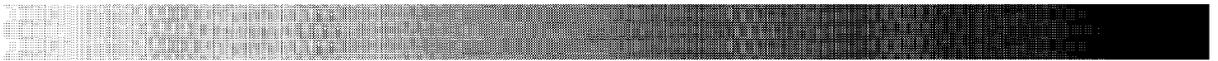
The budgeted amount is equivalent to the anticipated amount needed to maintain and preserve the bridges up to the required condition level. Generally, backlogs in maintenance work orders greatly affect the trend in maintenance costs. Such backlogs could result from increased bridge traffic, higher weight loads, labor shortages, stringent environmental restrictions, and an aging inventory.

Postemployment Healthcare Plan

Schedule of Funding Progress for the Plan
(in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) — Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a ÷ b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) ÷ c)
12/31/2007	\$ -	\$ 141,893	\$ 141,893	0.0%	\$ 854,800	16.6%
12/31/2008	\$ -	\$ 145,393	\$ 145,393	0.0%	\$ 890,310	16.3%

CAFR



**Governmental
Funds**

**NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

NONMAJOR SPECIAL REVENUE FUNDS

Alcoholism and Substance Abuse Services Fund – Finances detoxification, treatment, and other services to the alcohol or drug abuser and his or her family.

Arts and Cultural Development Fund – Acts as a conduit to transfer money to the Cultural Development Authority. Revenue sources include the county's tax on hotel/motel rooms, one percent of county expenditures for certain construction projects, and a small amount of county general tax revenue.

Automated Fingerprint Identification System Fund – 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 AFIS database consists of more than 500,000 people's fingerprint files from King County, the City of Seattle, and 42 police agencies within the region. This database is also electronically connected to the Washington State Patrol, California Department of Justice, and the Western Identification Network, an AFIS database shared by seven western states, giving access to more than 20 million sets of fingerprints. Included in this system is the electronic fingerprint capture and transmission to AFIS, known as Live Scan. There are currently 39 Live Scan units throughout King County.

Citizen Councilor Revolving Fund – Accounts for citizen involvement groups created by Initiative 24 to foster increased participation in local government. These citizen networks are made up of four to twelve people who will be encouraged to voice their opinions on and help prioritize issues brought to the King County Council.

Community Development Block Grant Fund – Accounts for Federal grants received from the United States Department of Housing and Urban Development under the Housing and Community Development Act.

County Road Fund – Finances the construction, maintenance, preservation, and inspection of county streets, roads and bridges.

Development and Environmental Services 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) protecting natural resources, natural areas, sensitive areas, and water bodies in the county; (4) managing County review of building applications and issuing permits; (5) conducting fire prevention and investigation activities; (6) reviewing and inspecting proposed land developments; and (7) administering the County's drainage regulation policies through review of land development permit applications.

Developmental Disabilities Fund – Finances assistance to individuals who have developmental disabilities. Funded services include information, referral, advocacy and outreach activities, employment services, community support programs, and housing referral and information services. The fund also accounts for the provision of early intervention services for birth to three-year-old children and their families.

**NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

Emergency Medical Services Fund – Finances emergency medical services 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 certain paramedic and other emergency medical services programs in the County.

Enhanced 911 Emergency Telephone System Fund – 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.

Flood Control Green River – The Green River District Fund provided for operation and maintenance of the Green River pump stations, maintenance of Green River levees and revetments, and administration of the Green River Flood Control Zone District. At the end of 2007, the Green River Flood District was replaced by the Flood Control Zone District. The Green River Flood District will be dissolved in 2009.

Flood Control Zone District Fund – The Flood Control Zone 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.

Intercounty River Improvement Fund – Set up under chapter 86.13 RCW, in partnership with Pierce County, to finance necessary improvements to the White River.

King County Ferry District – The King County Council created the Ferry District in 2007 to expand transportation options for county residents through passenger-only ferry services. Current routes include service from Downtown Seattle to Vashon Island and West Seattle with future routes serving Lake Washington and other Puget Sound locations.

King County Flood Control Operating Contract Fund – This fund records revenues and expenditures for services provided to the King County Flood Control District, which was established in 2007. The District works with King County to: improve flood protection in major commercial, industrial and residential areas; improve flood water conveyance and capacity; reduce hazards by removing flood and erosion prone residential structures; provide safe access to homes and businesses by protecting key transportation routes; and minimize the creation of new risks to public safety and infrastructure from development pressure.

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

Marine Division Operating Fund – Established by an agreement between King County and the King County Ferry District to provide for the receipts and disbursements related to the management and operation of passenger ferry transportation services by King County on behalf of the King County Ferry District.

Mental Health Fund – Accounts for the King County Mental Health Regional Support Network, one of 13 Regional Support Networks in the state of Washington. This fund provides for

**NONMAJOR GOVERNMENTAL FUNDS
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operation of the involuntary treatment program, the provision of mental health services for children and adults, and community services for these individuals. This fund also includes criminal justice-related programs to reduce jail populations.

Mental Illness and Drug Dependency Fund – Accounts for the King County Mental Illness and Drug Dependency Action Plan, which was approved by the King County Council in 2007. The Action Plan is funded by .1% county sales tax and provides services not covered by existing county or state program funds for mentally ill and chemically dependent King County residents.

Miscellaneous Grants Fund – Accounts for assistance from various federal, state, and local government agencies.

Noxious Weed Control Fund – Accounts for the special assessment revenue and the costs of operation of the King County Noxious Weed Control Program.

Parks and Recreation Fund – Serves communities and enhances the quality of life through partnerships, entrepreneurial initiative, and environmentally sound stewardship of regional and rural parks, trails, natural lands, and recreational facilities.

Parks Trust and Contribution Fund – Accounts for gifts, bequests, and monetary donations to the County for parks and recreation purposes.

Rainy Day Reserve Fund – In 2008, \$15 million in sales tax reserve was transferred from the General Fund to create this fund. The rainy day reserve was created to insulate essential county services from the effect of catastrophic loss or a severe downturn in the local economy. It is the intent of the Council that the rainy day fund can only be tapped by a declaration of emergency by the Council.

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

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

River Improvement Fund – Accounts for all river improvement levy funds collected under authority granted by chapter 86.12 RCW. Levy proceeds may be used to plan, construct, maintain, operate, and regulate flood control facilities. The fund is also used to account for Green River Flood Control District levy funds consistent with agreements with King County and the Districts.

Road Improvement Districts Maintenance Fund – There are currently three active Road Improvement Districts (RID), numbers 57, 107, and 110, accounting for special assessments.

Surface Water Management Fund – Works in partnerships with County agencies, cities, and state and federal authorities as well as community based organizations and private individuals to: sustain healthy watersheds; protect wastewater systems; minimize flood

**NONMAJOR GOVERNMENTAL FUNDS
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hazards; protect public health and water quality; preserve open space, working farms, and forests; ensure adequate water for people and fish; manage public drainage systems; and protect and restore habitats.

Treasurer's Operations and Maintenance Fund – 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.

Veterans and Human Services Fund – Accounts for tax revenues designated to fund services for veterans, military personnel (including National Guard and reservists) and their families, including services specific to veterans' needs such as treatment for post-traumatic stress disorder; as well as regional health and human services including housing, homelessness prevention, substance abuse services and employment assistance.

Veterans' Relief Fund – Finances emergency financial assistance, counseling services, employment opportunities, and referrals to other agencies for specialized services for veterans and their dependents.

Youth Employment Programs Fund – Receives revenues from the United States Department of Labor under the Workforce Investment Act. The programs benefit youths and young adults aged 14 through 24 who are completing their education and developing skills that lead to obtaining employment.

Youth Sports Facilities Grant Fund – Accounts for 25 percent of the proceeds of sales and use tax levied upon retail car rentals within King County to fund youth sports facilities.

NONMAJOR DEBT SERVICE FUNDS

Limited General Obligation Bond Redemption Fund – Accumulates funds for payment of those bonds which have been issued without a vote of the people. This fund is supported by various sources, including property taxes, a share of the hotel/motel tax, auto rental sales and use taxes, other revenues, and transfers from various County funds. Two subfunds are used to segregate revenues, including sales tax, state lottery allocation, and related interest earnings, which are dedicated to debt service on bonds issued to construct a baseball stadium owned by the Washington State Major League Baseball Stadium Public Facilities District.

Road Improvement Districts Special Assessment Debt Redemption Fund – Reports special assessment collection and debt service payment for Road Improvement District special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment.

Road Improvement Guaranty Fund – Accumulates funds to ensure payment of County Road Improvement Districts' special assessment bonds.

Stadium General Obligation Bond Redemption Fund – Accumulates funds for payment of bonds issued for Kingdome construction which had a 3/5-approval vote of the people. The debt service for this fund is financed by a share of the hotel/motel tax.

**NONMAJOR GOVERNMENTAL FUNDS
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Unlimited General Obligation Bond Redemption Fund – Accumulates funds for payment of those bonds which have been issued with a 3/5-approval vote of the people, except those issued for Kingdome construction which are accounted for in a separate fund. Property taxes are levied to finance annual debt service.

NONMAJOR CAPITAL PROJECTS FUNDS

Arts and Historic Preservation Capital Fund – Resources in this fund are earmarked for the Historic Preservation Program.

Arts Construction Fund – The Arts Construction Fund is slated for closure.

Building Construction and Improvement Fund – Established to account for long-term and short-term financing of major building construction and improvement projects.

Building Repair and Replacement Fund – 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.

Capital Acquisition and County Facilities Renovation Fund – Established to account for the receipt of bond proceeds for improvements to County facilities, for acquisition of real property and equipment, and for capital grants.

Conservation Futures Levy Fund – Established to account for the receipt and disbursement of conservation futures levy proceeds for the open space acquisition program.

County Road Construction Fund – Established to account for the receipt and disbursement of funds received through a subsidy from the County Road Fund and federal road grants for construction of County roads. Receipts from the mitigation payment system trust fund, although legally segregated in a trust fund, are included in this fund for reporting purposes.

Emergency Communications System Fund – Established to support the development of a regional emergency radio communication system funded by a general tax levy.

Farmland and Open Space Acquisition Fund – Originally established to account for the proceeds of voter-approved (unlimited) bonds issued in 1979 used to acquire eligible, voluntarily-offered development rights of farm and open space land. Currently accounts for subsequent bond proceeds dedicated to acquisition of real property and/or development rights to preserve critical farmlands and other funding to support farmland preservation and enhance agricultural activity.

Housing Opportunity Acquisition Fund – Established to account for receipts from real estate excise taxes that are to be used to acquire, renovate and/or construct housing for qualified low-income families, senior citizens, and the homeless in the County.

Information and Telecommunications Services Capital Fund – Established to account for equipment replacements and general purpose technology projects managed by the Office of Information Resource Management (OIRM).

**NONMAJOR GOVERNMENTAL FUNDS
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Jail Renovation and Construction Fund – Established to account for the construction of the King County Correctional Facility. This fund will be closed pending disposition of residual balances.

Long-term Leases Fund – Accounts for periodic payments on office space and other leases entered into by King County agencies.

Major Maintenance Reserve Fund – Established to account for the County's ongoing major maintenance requirements for County-owned buildings and grounds.

Neighborhood Parks and Open Space Acquisition and Development Fund – Established to account for the amount paid to King County as fees in lieu of land dedication or reservation for parks and open space and the disbursement of funds for purposes authorized under King County Ordinance 5596. The fund accounts for revenue by school district.

Office of Information Resource Management Capital Fund – Established to account for funds used to support the financial management of the County's capital technology projects.

Open Space Projects Acquisition and Improvement Fund – Established to account for bond proceeds from a 1990 voter-approved bond issue used in the acquisition, development and/or improvement of public green space, green belt, open space, and parks and trail projects in King County, the City of Seattle, and certain suburban jurisdictions. This fund also accounts for any nonbond revenues supplementing the bonds and short-term borrowing.

Park Facilities Rehabilitation Fund – Established to account for receipt and disbursement of funds for rehabilitation of County-owned parks facilities.

Parks CIP Funds – Currently accounts for urban reforestation and habitat restoration programs funded by grants.

Parks Expansion and Construction Fund – Established to expand park and recreation opportunities, including acquiring open space and natural lands, developing the regional trail system, expanding environmental education and conservation programs at Woodland Park Zoo and for capital improvements of Zoo facilities funded by a Parks Expansion Levy.

Parks, Recreation and Open Space Fund – Established to account for the revenues and expenditures involved in park acquisition and development.

Public Art Fund – The One Percent for Art program is now managed by the Cultural Development Authority (CDA) of King County, dba "4Culture." This fund will be closed pending disposition of amounts reserved for arbitrage taxes.

Real Estate Excise Tax (REET) Capital Fund – Consists of a subfund accounting for the proceeds of the one-quarter of one percent excise tax on the sale of real property in unincorporated King County that can be programmed for public investment in infrastructure required to support private development. A second subfund accounts for a separate excise tax of one-quarter of one percent on the sale of real property in unincorporated King County that may be programmed for the planning, construction, reconstruction, rehabilitation, or

**NONMAJOR GOVERNMENTAL FUNDS
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improvement of parks located in unincorporated King County. In 2008, the cash balances in the REET CIP subfunds were invested for the benefit of the General Fund.

Regional Justice Center Construction Fund – Currently being used to account for facility improvement projects in the Regional Justice Center complex.

Renton Maintenance Facilities Construction Fund – Established to account for the construction and improvement of operations and maintenance facilities for the Road Services Division.

Road Improvement Districts Construction Fund – Established for reporting the combined construction activity of the County's Road Improvement Districts. Special assessment districts are authorized under RCW 36.88.

Surface and Storm Water Management Construction Fund – Established to account for the receipt of proceeds from Surface Water Management fees and the disbursement of expenditures for construction and related costs for the acquisition and development of drainage control facilities.

Surface Water Management Construction Fund – Established to account for revenues from various sources, particularly proceeds from bond issues specifically earmarked for the continuation and expansion of the King County Surface Water Management program.

Technology 1997 Bonds Fund – Established to account for bond proceeds earmarked for technological improvements in several County agencies.

Technology Systems Capital Fund – Established to account for the receipt of bond proceeds to be used for various technology-related projects.

Transfer of Development Credit Program Fund – Established to account for the purchase and sale of development credits under the Transfer of Development Credit Program.

Working Forest Fund – Established to account for receipt and disbursement of bond proceeds to be used in acquiring real property interests to preserve sustainable forest production lands, and to account for the receipt and disbursement of Title III forest revenues.

Youth Services Facilities Construction Fund – Currently used to account for planning future Youth Services facilities.

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
ASSETS				
Cash and cash equivalents	\$ 271,382	\$ 43,299	\$ 158,246	\$ 472,927
Taxes receivable – delinquent	7,049	1,700	226	8,975
Accounts receivable, net	22,741	-	329	23,070
Other receivables, net	506	72	39	617
Due from other funds	15,829	-	25,199	41,028
Due from other governments, net	40,549	8,168	8,918	57,635
Prepayments	6,251	-	589	6,840
TOTAL ASSETS	<u>\$ 364,307</u>	<u>\$ 53,239</u>	<u>\$ 193,546</u>	<u>\$ 611,092</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 26,700	\$ -	\$ 10,966	\$ 37,666
Due to other funds	42,036	-	11,801	53,837
Interfund short-term loans payable	10,055	-	25,063	35,118
Due to other governments	4,463	-	24	4,487
Due to component unit	1,212	-	-	1,212
Interest payable	-	1,753	-	1,753
Wages payable	7,451	-	221	7,672
Taxes payable	32	-	18	50
Bonds payable	-	3,035	-	3,035
Deferred revenues	37,518	1,748	728	39,994
Custodial accounts	8,738	-	2,201	10,939
Advances from other funds	300	-	-	300
Total Liabilities	<u>138,505</u>	<u>6,536</u>	<u>51,022</u>	<u>196,063</u>
Fund Balances				
Reserved	30,715	13,941	47,832	92,488
Unreserved, designated	40,987	-	-	40,987
Unreserved, undesignated	154,100	32,762	94,692	281,554
Total fund balances	<u>225,802</u>	<u>46,703</u>	<u>142,524</u>	<u>415,029</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 364,307</u>	<u>\$ 53,239</u>	<u>\$ 193,546</u>	<u>\$ 611,092</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
REVENUES				
Taxes	\$ 329,466	\$ 117,672	\$ 18,525	\$ 465,663
Licenses and permits	4,073	-	100	4,173
Intergovernmental revenues	253,407	6,523	16,087	276,017
Charges for services	100,257	353	11,239	111,849
Fines and forfeits	390	-	82	472
Interest earnings	8,257	704	3,703	12,664
Miscellaneous revenues	6,108	25	31,604	37,737
TOTAL REVENUES	<u>701,958</u>	<u>125,277</u>	<u>81,340</u>	<u>908,575</u>
EXPENDITURES				
Current				
General government	6,699	-	34,725	41,424
Law, safety and justice	90,877	-	1	90,878
Physical environment	68,623	-	17,569	86,192
Transportation	87,999	-	28,323	116,322
Economic environment	68,299	-	15,463	83,762
Mental and physical health	200,880	-	4,213	205,093
Culture and recreation	41,822	-	11,372	53,194
Debt service				
Redemption of long-term debt	-	78,748	275	79,023
Interest and other debt service costs	217	38,334	2,199	40,750
Payment to escrow agent	-	14,946	-	14,946
Capital outlay				
Capital projects	32	-	51,554	51,586
Capitalized expenditures	11,527	-	41,390	52,917
TOTAL EXPENDITURES	<u>576,975</u>	<u>132,028</u>	<u>207,084</u>	<u>916,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>124,983</u>	<u>(6,751)</u>	<u>(125,744)</u>	<u>(7,512)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	43,773	9,954	127,392	181,119
Transfers out	(88,240)	(1,436)	(44,704)	(134,380)
Premium on bonds sold	-	-	170	170
General government debt issued	-	-	48,755	48,755
Sale of capital assets	556	35	1,348	1,939
TOTAL OTHER FINANCING SOURCES (USES)	<u>(43,911)</u>	<u>8,553</u>	<u>132,961</u>	<u>97,603</u>
Excess of revenues and other sources over expenditures and other uses	81,072	1,802	7,217	90,091
Fund balances - January 1, 2008 (Restated)	<u>144,730</u>	<u>44,901</u>	<u>135,307</u> ^(a)	<u>324,938</u>
Fund balances - December 31, 2008	<u>\$ 225,802</u>	<u>\$ 46,703</u>	<u>\$ 142,524</u>	<u>\$ 415,029</u>

(a) See Note 16, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

**NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 7)**

	<u>TOTAL</u>	<u>ALCOHOLISM & SUBSTANCE ABUSE SERVICES</u>	<u>ARTS & CULTURAL DEVELOPMENT</u>	<u>AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM</u>
ASSETS				
Cash and cash equivalents	\$ 271,382	\$ 4,031	\$ 1,235	\$ 15,959
Taxes receivable - delinquent	7,049	-	-	404
Abatements receivable	627	-	-	-
Estimated uncollectible abatements receivable	(125)	-	-	-
Accounts receivable	31,031	13	-	-
Estimated uncollectible accounts receivable	(8,290)	-	-	-
Assessments receivable	4	-	-	-
Due from other funds	15,829	18	63	-
Due from other governments	40,549	3,840	-	-
Prepayments	6,251	-	6,251	-
TOTAL ASSETS	<u>\$ 364,307</u>	<u>\$ 7,902</u>	<u>\$ 7,549</u>	<u>\$ 16,363</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 26,685	\$ 1,731	\$ -	\$ 197
Retainage payable	15	-	-	-
Due to other funds	42,036	69	4,105	1
Due to other governments	4,463	3,048	-	-
Interfund loans payable	10,055	-	-	-
Due to component unit	1,212	-	1,212	-
Wages payable	7,451	135	-	267
Taxes payable	32	-	-	-
Deferred revenues	37,518	22	-	404
Custodial accounts	8,738	-	-	-
Advances from other funds	300	-	-	-
Total liabilities	<u>138,505</u>	<u>5,005</u>	<u>5,317</u>	<u>869</u>
Fund balances				
Reserved for encumbrances	20,776	-	-	1,361
Reserved for KC Medic One equipment replacement	770	-	-	-
Reserved for youth sports facilities grant endowment	2,620	-	-	-
Reserved for prepayments	6,251	-	6,251	-
Reserved for debt service	298	-	-	-
Unreserved				
Designated for equipment replacement	6,421	-	-	-
Designated for DDES	2,523	-	-	-
Designated for operating reserve	22,564	-	-	-
Designated for PIHP risk reserve	2,898	-	-	-
Designated for reappropriation	6,581	-	-	-
Undesignated (deficit)	154,100	2,897	(4,019)	14,133
Total fund balances (deficit)	<u>225,802</u>	<u>2,897</u>	<u>2,232</u>	<u>15,494</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 364,307</u>	<u>\$ 7,902</u>	<u>\$ 7,549</u>	<u>\$ 16,363</u>

**NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 7)**

<u>CITIZEN COUNCILOR REVOLVING</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>COUNTY ROAD</u>	<u>DEVELOPMENT & ENVIRONMENTAL SERVICES</u>	<u>DEVELOPMENTAL DISABILITIES</u>	<u>EMERGENCY MEDICAL SERVICES</u>
\$ 14	\$ 4	\$ -	\$ 37,624	\$ 2,205	\$ 24,341
-	-	2,670	183	66	1,500
-	-	-	627	-	-
-	-	-	(125)	-	-
-	13,362	1,598	10,063	4	-
-	-	(193)	(8,083)	-	-
-	-	-	-	-	-
-	194	1,513	215	12	99
-	5,434	2,482	-	6,097	19
-	-	-	-	-	-
<u>\$ 14</u>	<u>\$ 18,994</u>	<u>\$ 8,070</u>	<u>\$ 40,504</u>	<u>\$ 8,384</u>	<u>\$ 25,959</u>
\$ -	\$ 1,280	\$ 1,126	\$ 208	\$ 1,751	\$ 4,012
-	-	15	-	-	-
-	82	14,758	173	34	203
-	-	-	-	824	-
-	313	3,132	-	-	-
-	-	-	-	-	-
4	90	2,844	761	128	522
-	-	16	-	-	-
-	16,359	2,869	9,812	66	1,500
-	-	95	8,575	18	32
-	-	-	-	-	-
<u>4</u>	<u>18,124</u>	<u>24,855</u>	<u>19,529</u>	<u>2,821</u>	<u>6,269</u>
-	7,833	1,066	756	-	2,139
-	-	-	-	-	770
-	-	-	-	-	-
-	-	-	-	-	-
-	298	-	-	-	-
-	-	-	965	-	-
-	-	-	2,523	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
10	(7,261)	(17,851)	16,731	5,563	16,781
10	870	(16,785)	20,975	5,563	19,690
<u>\$ 14</u>	<u>\$ 18,994</u>	<u>\$ 8,070</u>	<u>\$ 40,504</u>	<u>\$ 8,384</u>	<u>\$ 25,959</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 3 OF 7)

	ENHANCED 911 EMERGENCY TELEPHONE SYSTEM	FLOOD CONTROL GREEN RIVER	FLOOD CONTROL ZONE DISTRICT	INTERCOUNTY RIVER IMPROVEMENT
ASSETS				
Cash and cash equivalents	\$ 16,990	\$ 357	\$ 21,294	\$ 11
Taxes receivable - delinquent	-	8	625	1
Abatements receivable	-	-	-	-
Estimated uncollectible abatements receivable	-	-	-	-
Accounts receivable	2,826	-	-	-
Estimated uncollectible accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Due from other funds	-	253	64	-
Due from other governments	-	-	-	-
Prepayments	-	-	-	-
TOTAL ASSETS	<u>\$ 19,816</u>	<u>\$ 618</u>	<u>\$ 21,983</u>	<u>\$ 12</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 382	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Due to other funds	101	566	2,787	-
Due to other governments	-	-	-	-
Interfund loans payable	-	-	-	-
Due to component unit	-	-	-	-
Wages payable	39	-	-	-
Taxes payable	-	-	-	-
Deferred revenues	-	8	625	1
Custodial accounts	2	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	<u>524</u>	<u>574</u>	<u>3,412</u>	<u>1</u>
Fund balances				
Reserved for encumbrances	1,116	-	-	-
Reserved for KC Medic One equipment replacement	-	-	-	-
Reserved for youth sports facilities grant endowment	-	-	-	-
Reserved for prepayments	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved				
Designated for equipment replacement	5,456	-	-	-
Designated for DDES	-	-	-	-
Designated for operating reserve	-	-	-	-
Designated for PIHP risk reserve	-	-	-	-
Designated for reappropriation	5,134	-	-	-
Undesignated (deficit)	7,586	44	18,571	11
Total fund balances (deficit)	<u>19,292</u>	<u>44</u>	<u>18,571</u>	<u>11</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,816</u>	<u>\$ 618</u>	<u>\$ 21,983</u>	<u>\$ 12</u>

NONMAJOR SPECIAL REVENUE FUNDS
 SUBCOMBINING BALANCE SHEET
 DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 4 OF 7)

KING COUNTY FERRY DISTRICT	KING COUNTY FLOOD CONTROL OPERATING CONTRACT	LOCAL HAZARDOUS WASTE	MARINE DIVISION OPERATING	MENTAL HEALTH	MENTAL ILLNESS AND DRUG DEPENDENCY
\$ 17,649	\$ -	\$ 6,966	\$ -	\$ 37,273	\$ 10,964
344	-	-	-	66	-
-	-	-	-	-	-
-	-	1,012	17	25	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,242	261	1,619	666	2,012
-	1,800	1,315	-	1,339	7,770
-	-	-	-	-	-
<u>\$ 17,993</u>	<u>\$ 5,042</u>	<u>\$ 9,554</u>	<u>\$ 1,636</u>	<u>\$ 39,369</u>	<u>\$ 20,746</u>
\$ -	\$ 119	\$ 726	\$ 585	\$ 9,304	\$ 2,591
-	-	-	-	-	-
1,481	592	2,378	335	275	4,170
-	-	-	-	587	-
-	3,815	-	704	-	-
-	-	-	-	-	-
-	81	-	12	352	19
-	-	-	-	-	-
344	-	-	-	66	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,825</u>	<u>4,607</u>	<u>3,104</u>	<u>1,636</u>	<u>10,584</u>	<u>6,780</u>
-	1,600	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	22,564	-
-	-	-	-	2,898	-
-	-	-	-	-	-
16,168	(1,165)	6,450	-	3,323	13,966
<u>16,168</u>	<u>435</u>	<u>6,450</u>	<u>-</u>	<u>28,785</u>	<u>13,966</u>
<u>\$ 17,993</u>	<u>\$ 5,042</u>	<u>\$ 9,554</u>	<u>\$ 1,636</u>	<u>\$ 39,369</u>	<u>\$ 20,746</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
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	<u>MISCELLANEOUS GRANTS</u>	<u>NOXIOUS WEED CONTROL</u>	<u>PARKS & RECREATION</u>	<u>PARKS TRUST & CONTRIBUTION</u>
ASSETS				
Cash and cash equivalents	\$ 3	\$ 500	\$ 14,151	\$ 71
Taxes receivable - delinquent	-	57	702	-
Abatements receivable	-	-	-	-
Estimated uncollectible abatements receivable	-	-	-	-
Accounts receivable	-	-	430	-
Estimated uncollectible accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Due from other funds	325	18	1,175	-
Due from other governments	7,257	19	12	-
Prepayments	-	-	-	-
TOTAL ASSETS	<u>\$ 7,585</u>	<u>\$ 594</u>	<u>\$ 16,470</u>	<u>\$ 71</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 157	\$ 25	\$ 440	\$ -
Retainage payable	-	-	-	-
Due to other funds	1,396	5	4,710	-
Due to other governments	4	-	-	-
Interfund loans payable	1,322	-	-	-
Due to component unit	-	-	-	-
Wages payable	189	22	505	-
Taxes payable	-	-	15	-
Deferred revenues	73	58	1,105	-
Custodial accounts	8	-	8	-
Advances from other funds	300	-	-	-
Total liabilities	<u>3,449</u>	<u>110</u>	<u>6,783</u>	<u>-</u>
Fund balances				
Reserved for encumbrances	2,327	33	207	-
Reserved for KC Medic One equipment replacement	-	-	-	-
Reserved for youth sports facilities grant endowment	-	-	-	-
Reserved for prepayments	-	-	-	-
Reserved for debt service	-	-	-	-
Unreserved				
Designated for equipment replacement	-	-	-	-
Designated for DDES	-	-	-	-
Designated for operating reserve	-	-	-	-
Designated for PIHP risk reserve	-	-	-	-
Designated for reappropriation	-	-	1,436	-
Undesignated (deficit)	1,809	451	8,044	71
Total fund balances (deficit)	<u>4,136</u>	<u>484</u>	<u>9,687</u>	<u>71</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,585</u>	<u>\$ 594</u>	<u>\$ 16,470</u>	<u>\$ 71</u>

NONMAJOR SPECIAL REVENUE FUNDS
 SUBCOMBINING BALANCE SHEET
 DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 6 OF 7)

<u>RAINY DAY RESERVE</u>	<u>RECORDER'S O & M</u>	<u>RISK ABATEMENT</u>	<u>RIVER IMPROVEMENT</u>	<u>ROAD IMPROVEMENT DISTRICTS MAINTENANCE</u>	<u>SURFACE WATER MANAGEMENT</u>
\$ 15,624	\$ 3,542	\$ 8,574	\$ 140	\$ 1	\$ 1,809
-	-	-	18	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	64	-	-	1,617
-	-	(1)	-	-	(13)
-	-	-	-	4	-
-	1	-	566	-	3,244
-	-	-	22	-	1,548
-	-	-	-	-	-
<u>\$ 15,624</u>	<u>\$ 3,543</u>	<u>\$ 8,637</u>	<u>\$ 746</u>	<u>\$ 5</u>	<u>\$ 8,205</u>
\$ -	\$ 283	\$ -	\$ 5	\$ -	\$ 515
-	-	-	-	-	-
-	19	-	522	-	798
-	-	-	-	-	-
-	-	-	-	-	-
-	22	-	-	-	1,232
-	-	-	-	-	1
-	-	-	124	-	3,677
-	-	-	-	-	-
-	-	-	-	-	-
-	324	-	651	-	6,223
-	169	-	79	-	1,272
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11
15,624	3,050	8,637	16	5	699
<u>15,624</u>	<u>3,219</u>	<u>8,637</u>	<u>95</u>	<u>5</u>	<u>1,982</u>
<u>\$ 15,624</u>	<u>\$ 3,543</u>	<u>\$ 8,637</u>	<u>\$ 746</u>	<u>\$ 5</u>	<u>\$ 8,205</u>

**NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 7 OF 7)**

	<u>TREASURER'S O & M</u>	<u>VETERANS & HUMAN SERVICES</u>	<u>VETERANS' RELIEF</u>	<u>YOUTH EMPLOYMENT PROGRAMS</u>	<u>YOUTH SPORTS FACILITIES GRANT</u>
ASSETS					
Cash and cash equivalents	\$ 130	\$ 25,388	\$ 815	\$ -	\$ 3,717
Taxes receivable - delinquent	-	346	59	-	-
Abatements receivable	-	-	-	-	-
Estimated uncollectible abatements receivable	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Estimated uncollectible accounts receivable	-	-	-	-	-
Assessments receivable	-	-	-	-	-
Due from other funds	-	34	17	218	-
Due from other governments	-	-	-	1,512	83
Prepayments	-	-	-	-	-
TOTAL ASSETS	<u>\$ 130</u>	<u>\$ 25,768</u>	<u>\$ 891</u>	<u>\$ 1,730</u>	<u>\$ 3,800</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 769	\$ 162	\$ 83	\$ 234
Retainage payable	-	-	-	-	-
Due to other funds	-	2,185	157	134	-
Due to other governments	-	-	-	-	-
Interfund loans payable	-	-	-	769	-
Due to component unit	-	-	-	-	-
Wages payable	-	46	26	151	4
Taxes payable	-	-	-	-	-
Deferred revenues	-	346	59	-	-
Custodial accounts	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>3,346</u>	<u>404</u>	<u>1,137</u>	<u>238</u>
Fund balances					
Reserved for encumbrances	-	-	-	-	818
Reserved for KC Medic One equipment replacement	-	-	-	-	-
Reserved for youth sports facilities grant endowment	-	-	-	-	2,620
Reserved for prepayments	-	-	-	-	-
Reserved for debt service	-	-	-	-	-
Unreserved					
Designated for equipment replacement	-	-	-	-	-
Designated for DDES	-	-	-	-	-
Designated for operating reserve	-	-	-	-	-
Designated for PIHP risk reserve	-	-	-	-	-
Designated for reappropriation	-	-	-	-	-
Undesignated (deficit)	130	22,422	487	593	124
Total fund balances (deficit)	<u>130</u>	<u>22,422</u>	<u>487</u>	<u>593</u>	<u>3,562</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 130</u>	<u>\$ 25,768</u>	<u>\$ 891</u>	<u>\$ 1,730</u>	<u>\$ 3,800</u>

**KING COUNTY, WASHINGTON
NONMAJOR DEBT SERVICE FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>TOTAL</u>	<u>LIMITED GO BOND REDEMPTION</u>	<u>ROAD IMPROVEMENT DISTRICTS S. A. DEBT REDEMPTION</u>	<u>ROAD IMPROVEMENT GUARANTY</u>	<u>STADIUM GO BOND REDEMPTION</u>	<u>UNLIMITED GO BOND REDEMPTION</u>
ASSETS						
Cash and cash equivalents	\$ 43,299	\$ 34,562	\$ 7	\$ 133	\$ 4,576	\$ 4,021
Taxes receivable - delinquent	1,700	659	-	-	-	1,041
Assessments receivable - current	24	-	24	-	-	-
Assessments receivable - deferred	48	-	48	-	-	-
Due from other governments	8,168	7,580	-	-	588	-
TOTAL ASSETS	<u>\$ 53,239</u>	<u>\$ 42,801</u>	<u>\$ 79</u>	<u>\$ 133</u>	<u>\$ 5,164</u>	<u>\$ 5,062</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Deferred revenues	\$ 1,748	\$ 659	\$ 48	\$ -	\$ -	\$ 1,041
Bonds payable - current	3,035	3,035	-	-	-	-
Interest payable - current	1,753	1,753	-	-	-	-
Total liabilities	<u>6,536</u>	<u>5,447</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>1,041</u>
Fund balances						
Reserved						
PFD Stadium bond debt service	8,744	8,744	-	-	-	-
PFD Stadium bond debt service - escrow	5,197	5,197	-	-	-	-
Unreserved, undesignated	32,762	23,413	31	133	5,164	4,021
Total fund balances	<u>46,703</u>	<u>37,354</u>	<u>31</u>	<u>133</u>	<u>5,164</u>	<u>4,021</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 53,239</u>	<u>\$ 42,801</u>	<u>\$ 79</u>	<u>\$ 133</u>	<u>\$ 5,164</u>	<u>\$ 5,062</u>

KING COUNTY, WASHINGTON
NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 1 OF 5)

	TOTAL	ARTS & HISTORIC PRESERVATION CAPITAL	BUILDING CONSTRUCTION & IMPROVEMENT	BUILDING REPAIR & REPLACEMENT	CAPITAL ACQUISITION & COUNTY FACILITIES RENOVATION	CONSERVATION FUTURES LEVY
ASSETS						
Cash and cash equivalents	\$ 158,246	\$ 754	\$ 1,588	\$ -	\$ 98	\$ 30,234
Taxes receivable - delinquent	226	-	-	-	-	226
Accounts receivable	358	186	-	2	-	-
Estimated uncollectible - accounts receivable	(29)	-	-	-	-	-
Assessments receivable	39	-	-	-	-	-
Due from other funds	25,199	1	114	871	-	130
Due from other governments	8,918	-	-	-	-	-
Prepayments	589	-	-	-	-	-
TOTAL ASSETS	\$ 193,546	\$ 941	\$ 1,702	\$ 873	\$ 98	\$ 30,590
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 9,596	\$ -	\$ 41	\$ 530	\$ -	\$ 1
Retainage payable	1,370	-	-	39	-	-
Due to other funds	11,801	63	45	1,676	-	260
Interfund short-term loans payable	25,063	-	-	24,629	-	-
Due to other governments	24	-	-	-	-	-
Wages payable	221	-	-	-	-	-
Taxes payable	18	-	-	-	-	-
Deferred revenues	728	-	-	-	-	226
Custodial accounts	2,201	-	-	-	-	-
Total liabilities	51,022	63	86	26,874	-	487
Fund balances						
Reserved for encumbrances	45,544	-	-	1,670	-	37
Reserved for traffic mitigation	1,699	-	-	-	-	-
Reserved for prepayments	589	-	-	-	-	-
Unreserved						
Undesignated (deficit)	94,692	878	1,616	(27,671)	98	30,066
Total fund balances (deficit)	142,524	878	1,616	(26,001)	98	30,103
TOTAL LIABILITIES AND FUND BALANCES	\$ 193,546	\$ 941	\$ 1,702	\$ 873	\$ 98	\$ 30,590

KING COUNTY, WASHINGTON
NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 2 OF 5)

	COUNTY ROAD CONSTRUCTION	EMERGENCY COMMUNICATIONS SYSTEM	FARMLAND & OPEN SPACE ACQUISITION	HOUSING OPPORTUNITY ACQUISITION	INFORMATION & TELECOM. SERVICES CAPITAL	JAIL RENOVATION & CONSTRUCTION
ASSETS						
Cash and cash equivalents	\$ 4,610	\$ 98	\$ 1,623	\$ 40,333	\$ 6,094	\$ 48
Taxes receivable - delinquent	-	-	-	-	-	-
Accounts receivable	30	-	-	-	-	-
Estimated uncollectible - accounts receivable	(29)	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-
Due from other funds	10,658	-	-	4,144	1,291	-
Due from other governments	4,133	-	-	-	-	-
Prepayments	-	-	-	-	-	-
TOTAL ASSETS	\$ 19,402	\$ 98	\$ 1,623	\$ 44,477	\$ 7,385	\$ 48
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ 2,625	\$ -	\$ -	\$ 1,505	\$ -	\$ -
Retainage payable	882	-	-	-	-	-
Due to other funds	1,217	-	3	2,303	847	-
Interfund short-term loans payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Wages payable	-	-	-	4	-	-
Taxes payable	18	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-
Custodial accounts	962	-	-	-	-	-
Total liabilities	5,704	-	3	3,812	847	-
Fund balances						
Reserved for encumbrances	12,452	-	-	17,401	233	-
Reserved for traffic mitigation	1,699	-	-	-	-	-
Reserved for prepayments	-	-	-	-	-	-
Unreserved						
Undesignated (deficit)	(453)	98	1,620	23,264	6,305	48
Total fund balances (deficit)	13,698	98	1,620	40,665	6,538	48
TOTAL LIABILITIES AND FUND BALANCES	\$ 19,402	\$ 98	\$ 1,623	\$ 44,477	\$ 7,385	\$ 48

KING COUNTY, WASHINGTON
NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 3 OF 5)

	LONG- TERM LEASES	MAJOR MAINTENANCE RESERVE	NEIGHBORHOOD PARKS & OPEN SPACE ACQUISITION & DEVELOPMENT	OFFICE OF INFORMATION RESOURCE MANAGEMENT CAPITAL	OPEN SPACE PROJECTS ACQUISITION & IMPROVEMENT	PARK FACILITIES REHABILITATION	PARKS CIP
ASSETS							
Cash and cash equivalents	\$ 1,101	\$ 17,477	\$ 360	\$ 10,763	\$ -	\$ 1,077	\$ 796
Taxes receivable - delinquent	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Estimated uncollectible - accounts receivable	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-
Due from other funds	76	309	-	71	1,372	165	-
Due from other governments	-	-	-	-	1,817	-	-
Prepayments	589	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,766</u>	<u>\$ 17,786</u>	<u>\$ 360</u>	<u>\$ 10,834</u>	<u>\$ 3,189</u>	<u>\$ 1,242</u>	<u>\$ 796</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 109	\$ 228	\$ 10	\$ 2,329	\$ 61	\$ 385	\$ -
Retainage payable	-	139	-	-	-	51	-
Due to other funds	116	234	-	462	142	176	-
Interfund short-term loans payable	-	-	-	-	434	-	-
Due to other governments	-	-	-	-	-	-	-
Wages payable	-	-	-	217	-	-	-
Taxes payable	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	-
Custodial accounts	439	7	-	-	771	-	-
Total liabilities	<u>664</u>	<u>608</u>	<u>10</u>	<u>3,008</u>	<u>1,408</u>	<u>612</u>	<u>-</u>
Fund balances							
Reserved for encumbrances	2,992	1,198	-	585	27	1,423	20
Reserved for traffic mitigation	-	-	-	-	-	-	-
Reserved for prepayments	589	-	-	-	-	-	-
Unreserved							
Undesignated (deficit)	(2,479)	15,980	350	7,241	1,754	(793)	776
Total fund balances (deficit)	<u>1,102</u>	<u>17,178</u>	<u>350</u>	<u>7,826</u>	<u>1,781</u>	<u>630</u>	<u>796</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,766</u>	<u>\$ 17,786</u>	<u>\$ 360</u>	<u>\$ 10,834</u>	<u>\$ 3,189</u>	<u>\$ 1,242</u>	<u>\$ 796</u>

KING COUNTY, WASHINGTON
NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 4 OF 5)

	PARKS EXPANSION & CONSTRUCTION	PARKS, RECREATION & OPEN SPACE	PUBLIC ART	REAL ESTATE EXCISE TAX CAPITAL	REGIONAL JUSTICE CENTER CONSTRUCTION	RENTON MAINTENANCE FACILITIES CONSTRUCTION	ROAD IMPROVEMENT DISTRICTS CONSTRUCTION
ASSETS							
Cash and cash equivalents	\$ 2,958	\$ 3,620	\$ 1	\$ 20,895	\$ 3,661	\$ 157	\$ 34
Taxes receivable - delinquent	-	-	-	-	-	-	-
Accounts receivable	-	-	-	140	-	-	-
Estimated uncollectible - accounts receivable	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	39
Due from other funds	4,470	841	-	380	-	-	-
Due from other governments	-	-	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 7,428	\$ 4,461	\$ 1	\$ 21,415	\$ 3,661	\$ 157	\$ 73
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 13	\$ 989	\$ -	\$ 142	\$ 10	\$ 185	\$ -
Retainage payable	-	249	-	-	-	-	-
Due to other funds	28	1,001	-	2,378	-	144	-
Interfund short-term loans payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	24	-	-	-
Wages payable	-	-	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-
Deferred revenues	-	-	-	-	-	-	40
Custodial accounts	-	-	-	-	-	-	-
Total liabilities	41	2,239	-	2,544	10	329	40
Fund balances							
Reserved for encumbrances	774	4,099	-	-	-	1,090	-
Reserved for traffic mitigation	-	-	-	-	-	-	-
Reserved for prepayments	-	-	-	-	-	-	-
Unreserved							
Undesignated (deficit)	6,613	(1,877)	1	18,871	3,651	(1,262)	33
Total fund balances (deficit)	7,387	2,222	1	18,871	3,651	(172)	33
TOTAL LIABILITIES AND FUND BALANCES	\$ 7,428	\$ 4,461	\$ 1	\$ 21,415	\$ 3,661	\$ 157	\$ 73

KING COUNTY, WASHINGTON
NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING BALANCE SHEET
DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 5 OF 5)

	<u>SURFACE & STORM WATER MANAGEMENT CONSTRUCTION</u>	<u>SURFACE WATER MANAGEMENT CONSTRUCTION</u>	<u>TECHNOLOGY 1997 BONDS</u>	<u>TECHNOLOGY SYSTEMS CAPITAL</u>	<u>TRANSFER OF DEVELOPMENT CREDIT PROGRAM</u>	<u>WORKING FOREST</u>	<u>YOUTH SERVICES FACILITIES CONSTRUCTION</u>
ASSETS							
Cash and cash equivalents	\$ 1,232	\$ 5,520	\$ 1,155	\$ 379	\$ 1,096	\$ 414	\$ 70
Taxes receivable - delinquent	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Estimated uncollectible - accounts receivable	-	-	-	-	-	-	-
Assessments receivable	-	-	-	-	-	-	-
Due from other funds	-	306	-	-	-	-	-
Due from other governments	1,538	1,430	-	-	-	-	-
Prepayments	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 2,770</u>	<u>\$ 7,256</u>	<u>\$ 1,155</u>	<u>\$ 379</u>	<u>\$ 1,096</u>	<u>\$ 414</u>	<u>\$ 70</u>
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 290	\$ 140	\$ -	\$ 3	\$ -	\$ -	\$ -
Retainage payable	-	10	-	-	-	-	-
Due to other funds	74	437	-	-	10	185	-
Interfund short-term loans payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Wages payable	-	-	-	-	-	-	-
Taxes payable	-	-	-	-	-	-	-
Deferred revenues	-	462	-	-	-	-	-
Custodial accounts	-	22	-	-	-	-	-
Total liabilities	<u>364</u>	<u>1,071</u>	<u>-</u>	<u>3</u>	<u>10</u>	<u>185</u>	<u>-</u>
Fund balances							
Reserved for encumbrances	213	1,309	-	-	-	21	-
Reserved for traffic mitigation	-	-	-	-	-	-	-
Reserved for prepayments	-	-	-	-	-	-	-
Unreserved							
Undesignated (deficit)	2,193	4,876	1,155	376	1,086	208	70
Total fund balances (deficit)	<u>2,406</u>	<u>6,185</u>	<u>1,155</u>	<u>376</u>	<u>1,086</u>	<u>229</u>	<u>70</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,770</u>	<u>\$ 7,256</u>	<u>\$ 1,155</u>	<u>\$ 379</u>	<u>\$ 1,096</u>	<u>\$ 414</u>	<u>\$ 70</u>



NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 7)

	<u>TOTAL</u>	<u>ALCOHOLISM & SUBSTANCE ABUSE SERVICES</u>	<u>ARTS & CULTURAL DEVELOPMENT</u>	<u>AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM</u>
REVENUES				
Taxes	\$ 329,466	\$ -	\$ 10,967	\$ 17,417
Licenses and permits	4,073	-	-	-
Intergovernmental revenues	253,407	21,839	-	-
Charges for services	100,257	711	24	-
Fines and forfeits	390	-	-	-
Interest earnings	8,257	-	358	446
Miscellaneous revenues	6,108	124	-	-
TOTAL REVENUES	<u>701,958</u>	<u>22,674</u>	<u>11,349</u>	<u>17,863</u>
EXPENDITURES				
Current				
General government services	6,699	-	-	-
Law, safety and justice	90,877	-	-	13,785
Physical environment	68,623	-	-	-
Transportation	87,999	-	-	-
Economic environment	68,299	-	-	-
Mental and physical health	200,880	25,574	-	-
Culture and recreation	41,822	-	12,091	-
Total current	<u>565,199</u>	<u>25,574</u>	<u>12,091</u>	<u>13,785</u>
Debt service				
Interest and other debt service costs	217	-	-	-
Total debt service	<u>217</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital outlay				
Capital projects	32	-	-	-
Capitalized expenditures	11,527	25	1,067	157
Total capital outlay	<u>11,559</u>	<u>25</u>	<u>1,067</u>	<u>157</u>
TOTAL EXPENDITURES	<u>576,975</u>	<u>25,599</u>	<u>13,158</u>	<u>13,942</u>
Excess (deficiency) of revenues over (under) expenditures	124,983	(2,925)	(1,809)	3,921
OTHER FINANCING SOURCES (USES)				
Transfers in	43,773	3,405	1,303	-
Transfers out	(88,240)	(3)	-	(6)
Sale of capital assets	556	-	-	9
TOTAL OTHER FINANCING SOURCES (USES)	<u>(43,911)</u>	<u>3,402</u>	<u>1,303</u>	<u>3</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	81,072	477	(506)	3,924
Fund balances (deficit) - January 1, 2008	144,730	2,420	2,738	11,570
Fund balances (deficit) - December 31, 2008	<u>\$ 225,802</u>	<u>\$ 2,897</u>	<u>\$ 2,232</u>	<u>\$ 15,494</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
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<u>CITIZEN COUNCILOR REVOLVING</u>	<u>COMMUNITY DEVELOPMENT BLOCK GRANT</u>	<u>COUNTY ROAD</u>	<u>DEVELOPMENT & ENVIRONMENTAL SERVICES</u>	<u>DEVELOPMENTAL DISABILITIES</u>	<u>EMERGENCY MEDICAL SERVICES</u>
\$ -	\$ -	\$ 75,252	\$ -	\$ 2,662	\$ 64,863
-	-	-	3,883	-	-
-	16,778	26,332	9	1,382	30
-	51	6,878	15,138	22,494	196
-	-	12	378	-	-
1	63	61	1,218	-	650
<u>60</u>	<u>930</u>	<u>126</u>	<u>14</u>	<u>61</u>	<u>6</u>
61	17,822	108,661	20,640	26,599	65,745
71	-	-	-	-	-
-	-	-	739	-	52,421
-	-	-	-	-	-
-	-	83,530	-	-	-
-	17,585	-	28,903	2,388	-
-	-	-	-	24,871	-
-	-	-	-	-	-
<u>71</u>	<u>17,585</u>	<u>83,530</u>	<u>29,642</u>	<u>27,259</u>	<u>52,421</u>
-	-	57	-	-	-
-	-	57	-	-	-
-	-	32	-	-	-
-	-	517	86	42	88
-	-	549	86	42	88
<u>71</u>	<u>17,585</u>	<u>84,136</u>	<u>29,728</u>	<u>27,301</u>	<u>52,509</u>
(10)	237	24,525	(9,088)	(702)	13,236
-	915	25	2,744	784	375
-	(1,121)	(33,029)	(241)	(338)	(218)
-	-	204	-	1	54
-	(206)	(32,800)	2,503	447	211
(10)	31	(8,275)	(6,585)	(255)	13,447
<u>20</u>	<u>839</u>	<u>(8,510)</u>	<u>27,560</u>	<u>5,818</u>	<u>6,243</u>
<u>\$ 10</u>	<u>\$ 870</u>	<u>\$ (16,785)</u>	<u>\$ 20,975</u>	<u>\$ 5,563</u>	<u>\$ 19,690</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
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	ENHANCED 911 EMERGENCY TELEPHONE SYSTEM	FLOOD CONTROL GREEN RIVER	FLOOD CONTROL ZONE DISTRICT	INTERCOUNTY RIVER IMPROVEMENT
REVENUES				
Taxes	\$ 16,115	\$ 12	\$ 33,456	\$ 51
Licenses and permits	-	-	-	-
Intergovernmental revenues	-	-	19	-
Charges for services	528	-	-	-
Fines and forfeits	-	-	-	-
Interest earnings	485	5	531	1
Miscellaneous revenues	-	-	-	-
TOTAL REVENUES	17,128	17	34,006	52
EXPENDITURES				
Current				
General government services	-	-	-	-
Law, safety and justice	14,791	-	-	-
Physical environment	-	567	15,637	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Total current	14,791	567	15,637	-
Debt service				
Interest and other debt service costs	-	-	-	-
Total debt service	-	-	-	-
Capital outlay				
Capital projects	-	-	-	-
Capitalized expenditures	30	-	-	-
Total capital outlay	30	-	-	-
TOTAL EXPENDITURES	14,821	567	15,637	-
Excess (deficiency) of revenues over (under) expenditures	2,307	(550)	18,369	52
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(1)	-	-	(67)
Sale of capital assets	-	253	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1)	253	-	(67)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	2,306	(297)	18,369	(15)
Fund balances (deficit) - January 1, 2008	16,986	341	202	26
Fund balances (deficit) - December 31, 2008	\$ 19,292	\$ 44	\$ 18,571	\$ 11

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
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KING COUNTY FERRY DISTRICT	KING COUNTY FLOOD CONTROL OPERATING CONTRACT	LOCAL HAZARDOUS WASTE	MARINE DIVISION OPERATING	MENTAL HEALTH	MENTAL ILLNESS AND DRUG DEPENDENCY
\$ 18,281	\$ -	\$ -	\$ -	\$ 2,662	\$ 35,164
-	-	-	-	-	-
128	17,441	8,134	2,049	130,409	401
-	-	4,863	-	2,870	-
-	-	-	-	-	-
183	-	171	-	1,230	409
-	72	19	-	1,114	-
<u>18,592</u>	<u>17,513</u>	<u>13,187</u>	<u>2,049</u>	<u>138,285</u>	<u>35,974</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	12,774	-	-	-	-
2,424	-	-	2,045	-	-
-	-	-	-	-	-
-	-	11,120	-	135,186	3,660
-	-	-	-	-	-
<u>2,424</u>	<u>12,774</u>	<u>11,120</u>	<u>2,045</u>	<u>135,186</u>	<u>3,660</u>
-	102	-	4	-	-
-	102	-	4	-	-
-	-	-	-	-	-
-	3,576	-	-	28	4
-	3,576	-	-	28	4
<u>2,424</u>	<u>16,452</u>	<u>11,120</u>	<u>2,049</u>	<u>135,214</u>	<u>3,664</u>
<u>16,168</u>	<u>1,061</u>	<u>2,067</u>	<u>-</u>	<u>3,071</u>	<u>32,310</u>
-	634	-	-	1,921	-
-	(1,260)	-	-	(54)	(18,344)
-	-	-	-	1	-
-	(626)	-	-	1,868	(18,344)
<u>16,168</u>	<u>435</u>	<u>2,067</u>	<u>-</u>	<u>4,939</u>	<u>13,966</u>
-	-	4,383	-	23,846	-
<u>\$ 16,168</u>	<u>\$ 435</u>	<u>\$ 6,450</u>	<u>\$ -</u>	<u>\$ 28,785</u>	<u>\$ 13,966</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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	MISCELLANEOUS GRANTS	NOXIOUS WEED CONTROL	PARKS & RECREATION	PARKS TRUST & CONTRIBUTION
REVENUES				
Taxes	\$ -	\$ 1,455	\$ 33,633	\$ -
Licenses and permits	-	-	190	-
Intergovernmental revenues	19,683	108	175	-
Charges for services	115	-	4,854	-
Fines and forfeits	-	-	-	-
Interest earnings	7	14	372	(4)
Miscellaneous revenues	679	-	2,309	60
TOTAL REVENUES	20,484	1,577	41,533	56
EXPENDITURES				
Current				
General government services	4,569	-	-	-
Law, safety and justice	9,141	-	-	-
Physical environment	-	1,296	-	-
Transportation	-	-	-	-
Economic environment	1,000	-	-	-
Mental and physical health	469	-	-	-
Culture and recreation	8	-	28,959	1
Total current	15,187	1,296	28,959	1
Debt service				
Interest and other debt service costs	-	-	-	-
Total debt service	-	-	-	-
Capital outlay				
Capital projects	-	-	-	-
Capitalized expenditures	5,185	6	472	-
Total capital outlay	5,185	6	472	-
TOTAL EXPENDITURES	20,372	1,302	29,431	1
Excess (deficiency) of revenues over (under) expenditures	112	275	12,102	55
OTHER FINANCING SOURCES (USES)				
Transfers in	627	-	3,129	-
Transfers out	(366)	(160)	(9,775)	-
Sale of capital assets	-	-	25	-
TOTAL OTHER FINANCING SOURCES (USES)	261	(160)	(6,621)	-
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	373	115	5,481	55
Fund balances (deficit) - January 1, 2008	3,763	369	4,206	16
Fund balances (deficit) - December 31, 2008	\$ 4,136	\$ 484	\$ 9,687	\$ 71

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
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<u>RAINY DAY RESERVE</u>	<u>RECORDER'S O & M</u>	<u>RISK ABATEMENT</u>	<u>RIVER IMPROVEMENT</u>	<u>ROAD IMPROVEMENT DISTRICTS MAINTENANCE</u>	<u>SURFACE WATER MANAGEMENT</u>
\$ -	\$ -	\$ -	\$ 37	\$ -	\$ -
-	-	-	-	-	-
-	662	-	170	-	2,093
-	1,028	-	3	-	39,770
-	-	-	-	-	-
624	108	253	-	-	63
-	-	-	1	25	66
<u>624</u>	<u>1,798</u>	<u>253</u>	<u>211</u>	<u>25</u>	<u>41,992</u>
-	1,023	681	-	-	185
-	-	-	-	-	-
-	-	-	203	-	38,146
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>1,023</u>	<u>681</u>	<u>203</u>	<u>-</u>	<u>38,331</u>
-	-	-	-	-	54
-	-	-	-	-	54
-	-	-	-	-	-
-	159	-	-	-	85
-	159	-	-	-	85
-	1,182	681	203	-	38,470
<u>624</u>	<u>616</u>	<u>(428)</u>	<u>8</u>	<u>25</u>	<u>3,522</u>
15,000	-	550	-	-	8,386
-	(1,445)	-	(567)	(25)	(11,858)
-	-	-	-	-	-
<u>15,000</u>	<u>(1,445)</u>	<u>550</u>	<u>(567)</u>	<u>(25)</u>	<u>(3,472)</u>
15,624	(829)	122	(559)	-	50
-	4,048	8,515	654	5	1,932
<u>\$ 15,624</u>	<u>\$ 3,219</u>	<u>\$ 8,637</u>	<u>\$ 95</u>	<u>\$ 5</u>	<u>\$ 1,982</u>

NONMAJOR SPECIAL REVENUE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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	TREASURER'S O & M	VETERANS & HUMAN SERVICES	VETERANS' RELIEF	YOUTH EMPLOYMENT PROGRAMS	YOUTH SPORTS FACILITIES GRANT
REVENUES					
Taxes	\$ -	\$ 14,336	\$ 2,394	\$ -	\$ 709
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	5,565	-
Charges for services	229	-	-	505	-
Fines and forfeits	-	-	-	-	-
Interest earnings	-	910	-	-	98
Miscellaneous revenues	-	1	1	440	-
TOTAL REVENUES	229	15,247	2,395	6,510	807
EXPENDITURES					
Current					
General government services	170	-	-	-	-
Law, safety and justice	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	8,102	2,369	7,952	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	763
Total current	170	8,102	2,369	7,952	763
Debt service					
Interest and other debt service costs	-	-	-	-	-
Total debt service	-	-	-	-	-
Capital outlay					
Capital projects	-	-	-	-	-
Capitalized expenditures	-	-	-	-	-
Total capital outlay	-	-	-	-	-
TOTAL EXPENDITURES	170	8,102	2,369	7,952	763
Excess (deficiency) of revenues over (under) expenditures	59	7,145	26	(1,442)	44
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	2,001	1,974
Transfers out	-	(9,356)	-	(6)	-
Sale of capital assets	-	8	1	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(9,348)	1	1,995	1,974
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	59	(2,203)	27	553	2,018
Fund balances (deficit) - January 1, 2008	71	24,625	460	40	1,544
Fund balances (deficit) - December 31, 2008	<u>\$ 130</u>	<u>\$ 22,422</u>	<u>\$ 487</u>	<u>\$ 593</u>	<u>\$ 3,562</u>

KING COUNTY, WASHINGTON
NONMAJOR DEBT SERVICE FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>TOTAL</u>	<u>LIMITED GO BOND REDEMPTION</u>	<u>ROAD IMPROVEMENT DISTRICTS S.A. DEBT REDEMPTION</u>	<u>ROAD IMPROVEMENT GUARANTY</u>	<u>STADIUM GO BOND REDEMPTION</u>	<u>UNLIMITED GO BOND REDEMPTION</u>
REVENUES						
Taxes	\$ 117,672	\$ 76,048	\$ -	\$ -	\$ 1,825	\$ 39,799
Intergovernmental revenues	6,523	6,523	-	-	-	-
Charges for services	353	353	-	-	-	-
Interest earnings	704	709	11	(16)	-	-
Miscellaneous revenues	25	1	24	-	-	-
TOTAL REVENUES	<u>125,277</u>	<u>83,634</u>	<u>35</u>	<u>(16)</u>	<u>1,825</u>	<u>39,799</u>
EXPENDITURES						
Debt service						
Redemption of long-term debt	78,748	49,243	15	-	1,750	27,740
Interest and other debt service costs	38,334	25,771	1	-	463	12,099
Payment to escrow agent	14,946	14,946	-	-	-	-
TOTAL EXPENDITURES	<u>132,028</u>	<u>89,960</u>	<u>16</u>	<u>-</u>	<u>2,213</u>	<u>39,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,751)</u>	<u>(6,326)</u>	<u>19</u>	<u>(16)</u>	<u>(388)</u>	<u>(40)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	9,954	9,954	-	-	-	-
Transfers out	(1,436)	-	-	(1,436)	-	-
Sale of capital assets	35	14	-	-	-	21
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,553</u>	<u>9,968</u>	<u>-</u>	<u>(1,436)</u>	<u>-</u>	<u>21</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,802	3,642	19	(1,452)	(388)	(19)
Fund balances - January 1, 2008	<u>44,901</u>	<u>33,712</u>	<u>12</u>	<u>1,585</u>	<u>5,552</u>	<u>4,040</u>
Fund balances - December 31, 2008	<u>\$ 46,703</u>	<u>\$ 37,354</u>	<u>\$ 31</u>	<u>\$ 133</u>	<u>\$ 5,164</u>	<u>\$ 4,021</u>

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 6)

	<u>TOTAL</u>	<u>ARTS & HISTORIC PRESERVATION CAPITAL</u>	<u>ARTS CONSTRUCTION</u>	<u>BUILDING CONSTRUCTION & IMPROVEMENT</u>	<u>BUILDING REPAIR & REPLACEMENT</u>
REVENUES					
Taxes	\$ 18,525	\$ -	\$ -	\$ -	\$ -
Licenses and permits	100	-	-	-	-
Intergovernmental revenues	16,087	-	-	-	239
Charges for services	11,239	-	-	-	580
Fines and forfeits	82	-	-	-	-
Interest earnings	3,703	24	-	74	63
Miscellaneous revenues	-	-	-	-	-
Rent and maintenance reimbursement	27,934	-	-	-	-
Grant from private source	200	-	-	-	-
Other miscellaneous revenues	3,470	-	-	-	8
TOTAL REVENUES	<u>81,340</u>	<u>24</u>	<u>-</u>	<u>74</u>	<u>890</u>
EXPENDITURES					
Current					
General government services	34,725	-	-	-	7,879
Law, safety and justice	1	-	-	-	-
Physical environment	17,569	-	-	-	-
Transportation	28,323	-	-	-	-
Economic environment	15,463	-	-	-	-
Mental and physical health	4,213	-	-	-	22
Culture and recreation	11,372	-	-	-	-
Total current	<u>111,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,901</u>
Debt service					
Redemption of long-term debt	275	-	-	-	-
Interest and other debt service costs	2,199	-	-	1,380	536
Total debt service	<u>2,474</u>	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>536</u>
Capital outlay					
Capital projects	51,554	-	-	-	8,747
Capitalized expenditures	41,390	-	-	-	24,322
Total capital outlay	<u>92,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,069</u>
TOTAL EXPENDITURES	<u>207,084</u>	<u>-</u>	<u>-</u>	<u>1,380</u>	<u>41,506</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(125,744)</u>	<u>24</u>	<u>-</u>	<u>(1,306)</u>	<u>(40,616)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	127,392	-	-	-	14,867
Transfers out	(44,704)	(84)	(2)	(12,424)	(247)
General government debt issued	48,755	-	-	48,755	-
Premium on bonds sold	170	-	-	170	-
Sale of capital assets	1,348	-	-	-	1,318
TOTAL OTHER FINANCING SOURCES (USES)	<u>132,961</u>	<u>(84)</u>	<u>(2)</u>	<u>36,501</u>	<u>15,938</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	7,217	(60)	(2)	35,195	(24,678)
Fund balances (deficit) - January 1, 2008 (Restated)	135,307	938	2	(33,579)	(1,323)
Fund balances (deficit) - December 31, 2008	<u>\$ 142,524</u>	<u>\$ 878</u>	<u>\$ -</u>	<u>\$ 1,616</u>	<u>\$ (26,001)</u>

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 2 OF 6)

CAPITAL ACQUISITION & COUNTY FACILITIES RENOVATION	CONSERVATION FUTURES LEVY	COUNTY ROAD CONSTRUCTION	EMERGENCY COMMUNICATIONS SYSTEM	FARMLAND & OPEN SPACE ACQUISITION	HOUSING OPPORTUNITY ACQUISITION
\$ -	\$ 8,475	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	10,609	-	-	-
-	-	2,199	-	-	7,165
-	-	-	-	-	-
3	959	226	-	33	611
-	-	-	-	-	-
-	-	21	-	19	-
-	-	-	-	-	200
-	-	10	-	-	213
<u>3</u>	<u>9,434</u>	<u>13,065</u>	<u>-</u>	<u>52</u>	<u>8,189</u>
2	-	-	11	-	-
-	8,659	-	-	40	-
-	-	26,738	-	-	-
-	-	-	-	-	14,686
-	-	-	-	-	-
<u>2</u>	<u>8,659</u>	<u>26,738</u>	<u>11</u>	<u>40</u>	<u>14,686</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	22,439	-	-	-
-	4,253	3	-	-	-
-	4,253	22,442	-	-	-
<u>2</u>	<u>12,912</u>	<u>49,180</u>	<u>11</u>	<u>40</u>	<u>14,686</u>
1	(3,478)	(36,115)	(11)	12	(6,497)
-	-	32,793	-	-	28,916
-	(490)	(4,220)	-	-	(258)
-	-	-	-	-	-
-	-	-	-	-	-
-	5	-	-	-	-
-	(485)	28,573	-	-	28,658
1	(3,963)	(7,542)	(11)	12	22,161
97	34,066	21,240	109	1,608	18,504
<u>\$ 98</u>	<u>\$ 30,103</u>	<u>\$ 13,698</u>	<u>\$ 98</u>	<u>\$ 1,620</u>	<u>\$ 40,665</u>

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 3 OF 6)

	INFORMATION & TELECOM. SERVICES CAPITAL	JAIL RENOVATION & CONSTRUCTION	LONG- TERM LEASES	MAJOR MAINTENANCE RESERVE	NEIGHBORHOOD PARKS & OPEN SPACE ACQUISITION & DEVELOPMENT
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	100	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	-	69
Fines and forfeits	-	-	-	-	-
Interest earnings	29	-	32	508	1
Miscellaneous revenues	-	-	-	-	-
Rent and maintenance reimbursement	-	-	26,322	1,572	-
Grant from private source	-	-	-	-	-
Other miscellaneous revenues	-	-	26	-	-
TOTAL REVENUES	129	-	26,380	2,080	70
EXPENDITURES					
Current					
General government services	1,043	-	25,756	-	-
Law, safety and justice	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	4,189	-
Culture and recreation	-	-	-	-	1
Total current	1,043	-	25,756	4,189	1
Debt service					
Redemption of long-term debt	-	-	275	-	-
Interest and other debt service costs	-	-	214	-	-
Total debt service	-	-	489	-	-
Capital outlay					
Capital projects	-	-	-	3,032	-
Capitalized expenditures	179	-	-	-	-
Total capital outlay	179	-	-	3,032	-
TOTAL EXPENDITURES	1,222	-	26,245	7,221	1
Excess (deficiency) of revenues over (under) expenditures	(1,093)	-	135	(5,141)	69
OTHER FINANCING SOURCES (USES)					
Transfers in	3,289	-	-	9,933	-
Transfers out	-	-	-	(708)	(96)
General government debt issued	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,289	-	-	9,225	(96)
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	2,196	-	135	4,084	(27)
Fund balances (deficit) - January 1, 2008 (Restated)	4,342	48	967	13,094	377
Fund balances (deficit) - December 31, 2008	\$ 6,538	\$ 48	\$ 1,102	\$ 17,178	\$ 350

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 4 OF 6)

OFFICE OF INFORMATION RESOURCE MANAGEMENT CAPITAL	OPEN SPACE PROJECTS ACQUISITION & IMPROVEMENT	PARK FACILITIES REHABILITATION	PARKS CIP	PARKS EXPANSION & CONSTRUCTION	PARKS, RECREATION & OPEN SPACE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	1,234	50	-	-	101
-	-	-	-	-	100
-	-	-	-	-	-
542	120	-	24	63	105
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	3,200	-	-	-	13
<u>542</u>	<u>4,554</u>	<u>50</u>	<u>24</u>	<u>63</u>	<u>319</u>
-	-	-	-	-	-
-	459	-	-	-	-
-	-	-	-	-	-
777	-	-	-	-	-
-	-	-	-	-	-
-	-	2,931	13	1,913	6,514
<u>777</u>	<u>459</u>	<u>2,931</u>	<u>13</u>	<u>1,913</u>	<u>6,514</u>
-	-	-	-	-	-
-	25	3	-	-	-
-	<u>25</u>	<u>3</u>	-	-	-
10,260	-	467	-	-	6,609
4,463	5,223	14	-	216	1,634
<u>14,723</u>	<u>5,223</u>	<u>481</u>	-	<u>216</u>	<u>8,243</u>
15,500	5,707	3,415	13	2,129	14,757
<u>(14,958)</u>	<u>(1,153)</u>	<u>(3,365)</u>	<u>11</u>	<u>(2,066)</u>	<u>(14,438)</u>
4,398	1,066	2,746	-	9,536	13,537
-	(3,613)	(48)	-	(83)	(166)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	11
<u>4,398</u>	<u>(2,547)</u>	<u>2,698</u>	-	<u>9,453</u>	<u>13,382</u>
(10,560)	(3,700)	(667)	11	7,387	(1,056)
18,386	5,481	1,297	785	-	3,278
<u>\$ 7,826</u>	<u>\$ 1,781</u>	<u>\$ 630</u>	<u>\$ 796</u>	<u>\$ 7,387</u>	<u>\$ 2,222</u>

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
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	<u>PUBLIC ART</u>	<u>REAL ESTATE EXCISE TAX CAPITAL</u>	<u>REGIONAL JUSTICE CENTER CONSTRUCTION</u>	<u>RENTON MAINTENANCE FACILITIES CONSTRUCTION</u>	<u>ROAD IMPROVEMENT DISTRICTS CONSTRUCTION</u>
REVENUES					
Taxes	\$ -	\$ 10,050	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	76	-
Fines and forfeits	-	-	-	-	7
Interest earnings	-	-	73	23	-
Miscellaneous revenues	-	-	-	-	-
Rent and maintenance reimbursement	-	-	-	-	-
Grant from private source	-	-	-	-	-
Other miscellaneous revenues	-	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>10,050</u>	<u>73</u>	<u>99</u>	<u>7</u>
EXPENDITURES					
Current					
General government services	-	-	-	-	-
Law, safety and justice	-	-	1	-	-
Physical environment	-	5	-	-	-
Transportation	-	-	-	1,528	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total current	<u>-</u>	<u>5</u>	<u>1</u>	<u>1,528</u>	<u>-</u>
Debt service					
Redemption of long-term debt					
Interest and other debt service costs	-	9	-	-	1
Total debt service	<u>-</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>1</u>
Capital outlay					
Capital projects	-	-	-	-	-
Capitalized expenditures	-	-	-	-	-
Total capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>14</u>	<u>1</u>	<u>1,528</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>10,036</u>	<u>72</u>	<u>(1,429)</u>	<u>6</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,054	217	49
Transfers out	-	(20,103)	(1,572)	(231)	-
General government debt issued	-	-	-	-	-
Premium on bonds sold	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(20,103)</u>	<u>482</u>	<u>(14)</u>	<u>49</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>(10,067)</u>	<u>554</u>	<u>(1,443)</u>	<u>55</u>
Fund balances (deficit) - January 1, 2008 (Restated)	1	28,938	3,097	1,271	(22)
Fund balances (deficit) - December 31, 2008	<u>\$ 1</u>	<u>\$ 18,871</u>	<u>\$ 3,651</u>	<u>\$ (172)</u>	<u>\$ 33</u>

NONMAJOR CAPITAL PROJECTS FUNDS
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
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SURFACE & STORM WATER MANAGEMENT CONSTRUCTION	SURFACE WATER MANAGEMENT CONSTRUCTION	TECHNOLOGY 1997 BONDS	TECHNOLOGY SYSTEMS CAPITAL	TRANSFER OF DEVELOPMENT CREDIT PROGRAM	WORKING FOREST	YOUTH SERVICES FACILITIES CONSTRUCTION
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
1,751	2,101	-	-	-	2	-
-	1,050	-	-	-	-	-
-	75	-	-	-	-	-
27	38	47	24	35	18	1
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,778</u>	<u>3,264</u>	<u>47</u>	<u>24</u>	<u>35</u>	<u>20</u>	<u>1</u>
-	32	-	2	-	-	-
-	-	-	-	-	-	-
1,657	6,532	-	-	77	140	-
-	57	-	-	-	-	-
-	2	-	-	-	-	-
-	-	-	-	-	-	-
<u>1,657</u>	<u>6,623</u>	<u>-</u>	<u>2</u>	<u>77</u>	<u>140</u>	<u>-</u>
-	3	-	28	-	-	-
-	3	-	28	-	-	-
-	-	-	-	-	-	-
654	429	-	-	-	-	-
654	429	-	-	-	-	-
2,311	7,055	-	30	77	140	-
<u>(533)</u>	<u>(3,791)</u>	<u>47</u>	<u>(6)</u>	<u>(42)</u>	<u>(120)</u>	<u>1</u>
-	3,704	-	-	287	-	-
(9)	(165)	-	-	-	(185)	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	14	-	-	-	-	-
<u>(9)</u>	<u>3,553</u>	<u>-</u>	<u>-</u>	<u>287</u>	<u>(185)</u>	<u>-</u>
(542)	(238)	47	(6)	245	(305)	1
2,948	6,423	1,108	382	841	534	69
<u>\$ 2,406</u>	<u>\$ 6,185</u>	<u>\$ 1,155</u>	<u>\$ 376</u>	<u>\$ 1,086</u>	<u>\$ 229</u>	<u>\$ 70</u>

KING COUNTY, WASHINGTON
GOVERNMENTAL FUNDS WITH ANNUAL BUDGETS
SCHEDULE OF ANNUAL BUDGETS AND EXPENDITURES (BUDGETARY BASIS) AND ENCUMBRANCES BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 4)

APPROPRIATION UNIT	BUDGET				ACTUAL		
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	TOTAL	2008 YEAR-END ENCUMBRANCES	EXPENDITURES
MAJOR FUNDS							
General Fund							
County Council	\$ 5,841	\$ -	\$ 5,841	\$ 395	\$ 5,446	\$ 10	\$ 5,436
Office of Council Administration	10,394	-	10,394	1,412	8,982	155	8,827
Office of the Hearing Examiner	761	-	761	277	484	-	484
Office of the Auditor	1,750	370	2,120	205	1,915	373	1,542
Ombudsman/Tax Advisor	1,351	-	1,351	30	1,321	8	1,313
King County Civic Television	707	-	707	12	695	39	656
Board of Appeals and Equalization	679	-	679	25	654	-	654
Office of Law Enforcement Oversight	425	-	425	419	6	-	6
Charter Review Commission	384	-	384	24	360	-	360
Office of Economic and Financial Analysis	206	-	206	202	4	-	4
County Executive	312	-	312	4	308	-	308
Office of the Executive	3,958	-	3,958	252	3,706	30	3,676
Office of Management and Budget	7,167	-	7,167	592	6,575	391	6,184
Finance	3,275	-	3,275	-	3,275	-	3,275
Business Relations and Economic Development	2,562	-	2,562	225	2,337	90	2,247
Sheriff	131,812	481	132,293	(1,099)	133,392	-	133,392
Sheriff - Drug Enforcement Forfeits	661	600	1,261	451	810	-	810
Office of Emergency Management	1,529	-	1,529	50	1,479	-	1,479
Executive Services Administration	2,769	-	2,769	164	2,605	80	2,525
Human Resources Management	9,677	-	9,677	17	9,660	-	9,660
Cable Communications	241	-	241	2	239	9	230
Real Estate Services	3,410	-	3,410	207	3,203	-	3,203
Security Screeners	2,527	-	2,527	120	2,407	-	2,407
Records and Licensing Services	12,717	204	12,921	226	12,695	68	12,627
Elections	19,586	1,638	21,224	160	21,064	333	20,731
Prosecuting Attorney	57,376	-	57,376	14	57,362	41	57,321
Prosecuting Attorney - Antiprofitteering	120	-	120	120	-	-	-
Superior Court	44,993	330	45,323	629	44,694	298	44,396
District Courts	26,381	140	26,521	560	25,961	443	25,518
Judicial Administration	20,040	-	20,040	150	19,890	1,150	18,740
State Auditor	687	-	687	103	584	-	584
Boundary Review Board	322	-	322	14	308	-	308

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

KING COUNTY, WASHINGTON
GOVERNMENTAL FUNDS WITH ANNUAL BUDGETS
SCHEDULE OF ANNUAL BUDGETS AND EXPENDITURES (BUDGETARY BASIS) AND ENCUMBRANCES BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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APPROPRIATION UNIT	BUDGET				ACTUAL		
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	TOTAL	2008 YEAR-END ENCUMBRANCES	EXPENDITURES
General Fund—continued							
Special Programs							
Memberships and Dues	\$ 538	\$ -	\$ 538	\$ 16	\$ 522	\$ -	\$ 522
Salary and Wage Contingency	1,043	(842)	201	201	-	-	-
Executive Contingency	1,000	(1,000)	-	-	-	-	-
Internal Support	7,778	-	7,778	1,157	6,621	-	6,621
Assessments	20,613	-	20,613	355	20,258	-	20,258
Fund Transfers							
Grant Transfers	547	-	547	-	547	-	547
Human Services Transfers	20,695	-	20,695	363	20,332	-	20,332
General Government Transfers	2,047	-	2,047	19	2,028	-	2,028
Public Health and EMS Transfers	28,179	171	28,350	556	27,794	-	27,794
Physical Environment Transfers	6,313	-	6,313	335	5,978	-	5,978
CIP Transfers	12,068	6,173	18,241	5,475	12,766	-	12,766
Jail Health Services	26,723	324	27,047	78	26,969	-	26,969
Adult and Juvenile Detention	120,050	609	120,659	1,347	119,312	76	119,236
Office of the Public Defender	40,643	1,155	41,798	999	40,799	208	40,591
Children and Family Services							
Community Services Division	19,589	100	19,689	915	18,774	3,285	15,489
Transfers to Work Training Program	1,811	-	1,811	-	1,811	-	1,811
Transfers to Public Health	4,336	-	4,336	-	4,336	-	4,336
Transfers for Community and Human Services Administration	649	-	649	-	649	-	649
Transfers to Housing Opportunity	1,217	-	1,217	-	1,217	-	1,217
Inmate Welfare - Adult	958	-	958	328	630	-	630
Inmate Welfare - Juvenile	7	-	7	6	1	-	1
Designated for Contingencies	5,599	-	5,599	390	5,209	-	5,209
Total of General Fund	697,023	10,453	707,476	18,502	688,974	7,087	681,887
Public Health							
Public Health	188,555	5,567	194,122	9,316	184,806	412	184,394
Medical Examiner	4,517	-	4,517	(7)	4,524	45	4,479
Total Public Health	193,072	5,567	198,639	9,309	189,330	457	188,873
Total for Major Funds	890,095	16,020	906,115	27,811	878,304	7,544	870,760

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

KING COUNTY, WASHINGTON
GOVERNMENTAL FUNDS WITH ANNUAL BUDGETS
SCHEDULE OF ANNUAL BUDGETS AND EXPENDITURES (BUDGETARY BASIS) AND ENCUMBRANCES BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 3 OF 4)

APPROPRIATION UNIT	BUDGET				ACTUAL		
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	TOTAL	2008 YEAR-END ENCUMBRANCES	EXPENDITURES
NONMAJOR FUNDS							
Special Revenue Funds							
Alcoholism and Substance Abuse	\$ 24,923	\$ 2,487	\$ 27,410	\$ 1,808	\$ 25,602	\$ -	\$ 25,602
Arts and Cultural Development	14,981	-	14,981	1,333	13,648	-	13,648
Automated Fingerprint Identification System	16,891	781	17,672	2,363	15,309	1,361	13,948
Citizen Councilor Revolving	130	-	130	59	71	-	71
County Road							
Stormwater Decant Program	444	161	605	60	545	-	545
Road Services Operating	80,942	6,688	87,630	2,819	84,811	1,066	83,745
Road Construction Transfers	34,675	(301)	34,374	1,499	32,875	-	32,875
Total County Road	116,061	6,548	122,609	4,378	118,231	1,066	117,165
Development and Environmental Services							
Development and Environmental Services	32,662	-	32,662	3,215	29,447	756	28,691
Tiger Mountain Lawsuit Settlement	1,200	125	1,325	47	1,278	-	1,278
Total Development and Environmental Services	33,862	125	33,987	3,262	30,725	756	29,969
Developmental Disabilities							
Community and Human Services Administration	2,547	-	2,547	157	2,390	-	2,390
Developmental Disabilities Division	26,188	-	26,188	939	25,249	-	25,249
Total Developmental Disabilities	28,735	-	28,735	1,096	27,639	-	27,639
Emergency Medical Services	62,377	-	62,377	7,511	54,866	2,139	52,727
Enhanced 911 Emergency Telephone System	22,666	-	22,666	6,728	15,938	1,116	14,822
Intercounty River Improvement	67	-	67	-	67	-	67
King County Flood Control Operating Contract	5,716	24,137	29,853	10,541	19,312	1,600	17,712
Local Hazardous Waste	14,074	-	14,074	2,954	11,120	-	11,120
Marine Division Operating	1,452	2,815	4,267	2,218	2,049	-	2,049
Mental Health	153,327	-	153,327	18,059	135,268	-	135,268
Mental Illness and Drug Dependency	22,212	-	22,212	204	22,008	-	22,008
Noxious Weed Control	1,611	105	1,716	221	1,495	33	1,462
Parks and Recreation							
Parks and Recreation	27,558	365	27,923	3,129	24,794	207	24,587
Expansion Levy	16,054	-	16,054	1,435	14,619	-	14,619
Total Parks and Recreation	43,612	365	43,977	4,564	39,413	207	39,206
Recorder's Operation and Maintenance	3,336	-	3,336	540	2,796	169	2,627
Risk Abatement							
OMB/Duncan Robert Lawsuit Administration	302	-	302	266	36	-	36
OMB/2006 Fund	1,000	-	1,000	355	645	-	645
Total Risk Abatement	1,302	-	1,302	621	681	-	681

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

KING COUNTY, WASHINGTON
GOVERNMENTAL FUNDS WITH ANNUAL BUDGETS
SCHEDULE OF ANNUAL BUDGETS AND EXPENDITURES (BUDGETARY BASIS) AND ENCUMBRANCES BY APPROPRIATION UNIT
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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APPROPRIATION UNIT	BUDGET				ACTUAL		
	ORIGINAL	ADJUSTMENTS	FINAL	VARIANCE	TOTAL	2008 YEAR-END ENCUMBRANCES	EXPENDITURES
Special Revenue Funds—continued							
River Improvement	\$ 958	\$ -	\$ 958	\$ 109	\$ 849	\$ 79	\$ 770
Surface Water Management							
Water and Land Resources Shared Services	30,251	593	30,844	1,525	29,319	998	28,321
Surface Water Management							
Local Drainage Services	22,953	445	23,398	1,117	22,281	274	22,008
Total Surface Water Management	53,204	1,038	54,242	2,642	51,600	1,272	50,329
Veterans and Human Services							
Human Services Levy	8,337	4,792	13,129	4,158	8,971	-	8,971
Veterans and Family Levy	8,733	4,563	13,296	4,809	8,487	-	8,487
Total Veterans and Human Services	17,070	9,355	26,425	8,967	17,458	-	17,458
Veterans' Relief	2,604	-	2,604	235	2,369	-	2,369
Youth Employment Programs							
Youth Employment	6,520	-	6,520	1,511	5,009	-	5,009
Dislocated Worker Program Administration	4,089	-	4,089	1,140	2,949	-	2,949
Total Youth Employment Programs	10,609	-	10,609	2,651	7,958	-	7,958
Youth Sports Facilities Grant	1,627	-	1,627	46	1,581	818	763
Total nonmajor special revenue funds with annual budgets	653,407	47,756	701,163	83,110	618,053	10,616	607,438
Debt Service Funds							
Limited GO Bond Redemption	153,114	-	153,114	13,617	139,497	-	139,497
Road Improvement Guaranty	1,436	-	1,436	-	1,436	-	1,436
Stadium GO Bond Redemption	2,213	-	2,213	-	2,213	-	2,213
Unlimited GO Bond Redemption	39,839	-	39,839	-	39,839	-	39,839
Total of debt service funds with annual budgets	196,602	-	196,602	13,617	182,985	-	182,985
Total Nonmajor Governmental Funds	850,009	47,756	897,765	96,727	801,038	10,616	790,423
Total Governmental Funds with annual budgets	\$ 1,740,104	\$ 63,776	\$ 1,803,880	\$ 124,538	\$ 1,679,342	\$ 18,160	\$ 1,661,183

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

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 278,674	\$ 258,417	\$ (20,257)
Retail sales and use taxes	108,866	100,062	(8,804)
Business and other taxes	11,249	9,534	(1,715)
Penalties and interest - delinquent taxes	17,000	15,740	(1,260)
Total taxes	<u>415,789</u>	<u>383,753</u>	<u>(32,036)</u>
Licenses and permits			
Business licenses and permits	4,345	4,420	75
Non-business licenses and permits	2,807	2,625	(182)
Total licenses and permits	<u>7,152</u>	<u>7,045</u>	<u>(107)</u>
Intergovernmental revenues			
Federal grants	8,585	10,475	1,890
State grants	2,048	2,278	230
Entitlements and shared revenues	7,513	9,592	2,079
Intergovernmental services	66,708	68,055	1,347
Total intergovernmental revenues	<u>84,854</u>	<u>90,400</u>	<u>5,546</u>
Charges for services			
General government	27,315	25,579	(1,736)
Law, safety and justice	16,079	16,554	475
Physical environment	802	582	(220)
Economic environment	881	825	(56)
Mental and physical health	18	29	11
Interfund/department charges for services	65,475	64,831	(644)
Total charges for services	<u>110,570</u>	<u>108,400</u>	<u>(2,170)</u>
Fines and forfeits	8,577	9,064	487
Interest earnings	23,577	14,729	(8,848)
Miscellaneous revenues			
Rents and royalties	11,126	10,821	(305)
Other miscellaneous revenues	3,881	3,188	(693)
Total miscellaneous revenues	<u>15,007</u>	<u>14,009</u>	<u>(998)</u>
Sale of capital assets	50	139	89
Transfers in	15,409	25,536	10,127
TOTAL REVENUES	<u>680,985</u>	<u>653,075</u>	<u>(27,910)</u>
EXPENDITURES			
Current			
General government services			
Personal services		71,442	
Supplies		1,285	
Contract services and other charges		15,964	
Intergovernmental services		1,257	
Interfund payments for services		17,776	
Total general government services	<u>112,644</u>	<u>107,724</u>	<u>4,920</u>
Law, safety and justice			
Personal services		320,647	
Supplies		9,894	
Contract services and other charges		58,648	
Intergovernmental services		174	
Interfund payments for services		55,538	
Total law, safety and justice	<u>449,312</u>	<u>444,901</u>	<u>4,411</u>

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 2)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
EXPENDITURES (continued)			
Physical environment			
Personal services	\$	\$ 3,469	\$
Supplies		350	
Contract services and other charges		598	
Interfund payments for services		724	
Total physical environment	<u>5,118</u>	<u>5,141</u>	<u>(23)</u>
Economic environment			
Personal services		2,303	
Supplies		204	
Contract services and other charges		15,816	
Interfund payments for services		665	
Total economic environment	<u>20,430</u>	<u>18,988</u>	<u>1,442</u>
Mental and physical health			
Personal services		17,450	
Supplies		2,243	
Contract services and other charges		2,826	
Interfund payments for services		4,405	
Total mental and physical health	<u>26,897</u>	<u>26,924</u>	<u>(27)</u>
Total current	<u>614,401</u>	<u>603,678</u>	<u>10,723</u>
Debt service			
Redemption of long-term debt	34	-	34
Interest and other debt service costs	3	-	3
Total debt service	<u>37</u>	<u>-</u>	<u>37</u>
Capital outlay			
Capitalized expenditures	<u>2,249</u>	<u>1,245</u>	<u>1,004</u>
Transfers out	<u>90,789</u>	<u>84,051</u>	<u>6,738</u>
TOTAL EXPENDITURES	<u>707,476</u>	<u>688,974</u>	<u>18,502</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (26,491)</u>	<u>(35,899)</u>	<u>\$ (9,408)</u>
Adjustment from budgetary basis to GAAP basis		<u>(7,524)</u> ^(a)	
Deficiency of revenues under expenditures		<u>(43,423)</u>	
Fund balance - January 1, 2008		<u>140,648</u>	
Fund balance - December 31, 2008		<u>\$ 97,225</u>	

(a) See "General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual" on page 26.

PUBLIC HEALTH FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Licenses and permits			
Business licenses and permits	\$ 8,663	\$ 8,961	\$ 298
Nonbusiness licenses and permits	4,139	3,305	(834)
Total licenses and permits	<u>12,802</u>	<u>12,266</u>	<u>(536)</u>
Intergovernmental revenues			
Federal grants	47,941	47,159	(782)
State grants	19,746	17,105	(2,641)
Entitlements and shared revenues	9,562	9,532	(30)
Intergovernmental services	56,387	53,469	(2,918)
Total intergovernmental revenues	<u>133,636</u>	<u>127,265</u>	<u>(6,371)</u>
Charges for services			
General government	30	101	71
Mental and physical health	10,204	7,437	(2,767)
Interfund/department charges for services	1,712	3,213	1,501
Total charges for services	<u>11,946</u>	<u>10,751</u>	<u>(1,195)</u>
Miscellaneous revenues			
Contributions from private sources	4,650	4,052	(598)
Other miscellaneous revenues	973	745	(228)
Total miscellaneous revenues	<u>5,623</u>	<u>4,797</u>	<u>(826)</u>
Transfers in	<u>31,755</u>	<u>31,755</u>	<u>-</u>
Sale of capital assets	-	2	2
TOTAL REVENUES	<u>195,762</u>	<u>186,836</u>	<u>(8,926)</u>
EXPENDITURES			
Current			
Mental and physical health			
Personal services		116,665	
Supplies		7,042	
Contract services and other charges		51,205	
Intergovernmental services		1	
Interfund payments for services		13,635	
Total mental and physical health	<u>197,052</u>	<u>188,548</u>	<u>8,504</u>
Debt service			
Redemption of long-term debt	-	48	(48)
Interest and other debt service costs	30	14	16
Total debt service	<u>30</u>	<u>62</u>	<u>(32)</u>
Capital outlay			
Capitalized expenditures	<u>1,418</u>	<u>584</u>	<u>834</u>
Transfers out	<u>139</u>	<u>136</u>	<u>3</u>
TOTAL EXPENDITURES	<u>198,639</u>	<u>189,330</u>	<u>9,309</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (2,877)</u>	(2,494)	<u>\$ 383</u>
Adjustment from budgetary basis to GAAP basis		<u>480</u> ^(a)	
Deficiency of revenues under expenditures		(2,014)	
Fund balance - January 1, 2008		<u>6,365</u>	
Fund balance - December 31, 2008		<u>\$ 4,351</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:			
Nonbudgeted proceeds from Emergency Medical Services - donations		\$ 23	
Encumbrances not included in GAAP basis expenditures		457	
Adjustment from budgetary basis to GAAP basis		<u>\$ 480</u>	

ALCOHOLISM AND SUBSTANCE ABUSE SERVICES FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 6,352	\$ 6,481	\$ 129
State grants	12,379	14,187	1,808
Intergovernmental services	478	1,171	693
Total intergovernmental revenues	<u>19,209</u>	<u>21,839</u>	<u>2,630</u>
Charges for services			
Interfund/department charges for services	<u>1,340</u>	<u>711</u>	<u>(629)</u>
Miscellaneous revenues			
Contributions from private sources	75	67	(8)
Other miscellaneous revenues	-	57	57
Total miscellaneous revenues	<u>75</u>	<u>124</u>	<u>49</u>
Transfers in	<u>3,533</u>	<u>3,405</u>	<u>(128)</u>
TOTAL REVENUES	<u>24,157</u>	<u>26,079</u>	<u>1,922</u>
EXPENDITURES			
Current			
Mental and physical health			
Personal services		3,870	
Supplies		46	
Contract services and other charges		19,844	
Interfund payments for services		1,814	
Total mental and physical health	<u>27,330</u>	<u>25,574</u>	<u>1,756</u>
Capital outlay			
Capitalized expenditures	<u>77</u>	<u>25</u>	<u>52</u>
Transfers out	<u>3</u>	<u>3</u>	<u>-</u>
TOTAL EXPENDITURES	<u>27,410</u>	<u>25,602</u>	<u>1,808</u>
Excess (deficiency) of revenue over (under) expenditures (budgetary basis)	<u>\$ (3,253)</u>	477	<u>\$ 3,730</u>
Fund balance - January 1, 2008		2,420	
Fund balance - December 31, 2008		<u>\$ 2,897</u>	

**ARTS AND CULTURAL DEVELOPMENT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Retail sales and use taxes -			
Hotel/motel tax	\$ 12,206	\$ 10,967	\$ (1,239)
Charges for services			
Interfund/department charges for services	-	24	24
Interest earnings	10	355	345
Transfers in	<u>2,765</u>	<u>2,652</u>	<u>(113)</u>
TOTAL REVENUES	<u>14,981</u>	<u>13,998</u>	<u>(983)</u>
EXPENDITURES			
Current			
Culture and recreation			
Contract services and other charges	<u>14,981</u>	<u>13,648</u>	<u>1,333</u>
TOTAL EXPENDITURES	<u>14,981</u>	<u>13,648</u>	<u>1,333</u>
Excess of revenues over expenditures (budgetary basis)	<u>\$ -</u>	350	<u>\$ 350</u>
Adjustment from budgetary basis			
to GAAP basis		<u>(856)</u> ^(a)	
Deficiency of revenues under expenditures		(506)	
Fund balance - January 1, 2008		<u>2,738</u>	
Fund balance - December 31, 2008		<u>\$ 2,232</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:			
Expenditures on budgetary basis not a GAAP basis			
2007 accrued expenditures paid in 2008		\$ 1,326	
Recognition of unrealized gain on investments, on a GAAP basis		3	
2008 expenditures - Due To Component Unit		169	
2008 CDA noncash GAAP basis expenditures		(919)	
2008 Transfers of one percent for Arts (Enterprise Funds)		<u>(1,435)</u>	
Adjustment from budgetary basis to GAAP basis		<u>\$ (856)</u>	

**AUTOMATED FINGERPRINT IDENTIFICATION SYSTEM FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 17,215	\$ 17,307	\$ 92
Business and other taxes	-	110	110
Total Taxes	<u>17,215</u>	<u>17,417</u>	<u>202</u>
Interest earnings	<u>200</u>	<u>331</u>	<u>131</u>
Sale of capital assets	<u>-</u>	<u>9</u>	<u>9</u>
TOTAL REVENUES	<u>17,415</u>	<u>17,757</u>	<u>342</u>
EXPENDITURES			
Current			
Law, safety and justice			
Personal services		8,286	
Supplies		347	
Contract services and other charges		5,038	
Interfund payments for services		1,344	
Total law, safety and justice	<u>16,697</u>	<u>15,015</u>	<u>1,682</u>
Capital outlay			
Capitalized expenditures	<u>969</u>	<u>288</u>	<u>681</u>
Transfers out	<u>6</u>	<u>6</u>	<u>-</u>
TOTAL EXPENDITURES	<u>17,672</u>	<u>15,309</u>	<u>2,363</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (257)</u>	2,448	<u>\$ 2,705</u>
Adjustment from budgetary basis to GAAP basis		1,476 ^(a)	
Excess of revenues over expenditures		<u>3,924</u>	
Fund balance - January 1, 2008		11,570	
Fund balance - December 31, 2008		<u>\$ 15,494</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 115	
Encumbrances not included in GAAP basis expenditures		1,361	
Adjustment from budgetary basis to GAAP basis		<u>\$ 1,476</u>	

**CITIZEN COUNCILOR REVOLVING FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Interest earnings	\$ -	\$ 1	\$ 1
Contributions from private sources	<u>-</u>	<u>60</u>	<u>60</u>
TOTAL REVENUES	<u>-</u>	<u>61</u>	<u>61</u>
EXPENDITURES			
Current			
General government services			
Personal services		68	
Contract services and charges		3	
Total general government services	<u>130</u>	<u>71</u>	<u>59</u>
TOTAL EXPENDITURES	<u>130</u>	<u>71</u>	<u>59</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (130)</u>	(10)	<u>\$ 120</u>
Fund balance - January 1, 2008		20	
Fund balance - December 31, 2008		<u>\$ 10</u>	

**COUNTY ROAD FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 79,137	\$ 74,998	\$ (4,139)
Business and other taxes	231	254	23
Total taxes	<u>79,368</u>	<u>75,252</u>	<u>(4,116)</u>
Intergovernmental revenues			
Federal grants	4,368	2,712	(1,656)
State grants	16,337	14,882	(1,455)
Intergovernmental services	12,507	8,738	(3,769)
Total intergovernmental revenues	<u>33,212</u>	<u>26,332</u>	<u>(6,880)</u>
Charges for services			
General government	6	4	(2)
Transportation	1,769	3,871	2,102
Economic environment	40	14	(26)
Mental and physical health	863	-	(863)
Interfund/department charges for services	1,228	2,989	1,761
Total charges for services	<u>3,906</u>	<u>6,878</u>	<u>2,972</u>
Fines and forfeits	-	12	12
Interest earnings	<u>360</u>	<u>85</u>	<u>(275)</u>
Miscellaneous revenues			
Rents and royalties	144	61	(83)
Other miscellaneous revenues	66	65	(1)
Total miscellaneous revenues	<u>210</u>	<u>126</u>	<u>(84)</u>
Transfers in	<u>20</u>	<u>25</u>	<u>5</u>
Sale of capital assets	<u>5,743</u>	<u>204</u>	<u>(5,539)</u>
TOTAL REVENUES	<u>122,819</u>	<u>108,914</u>	<u>(13,905)</u>
EXPENDITURES			
Current			
Transportation			
Personal services		47,080	
Supplies		8,489	
Contract services and other charges		2,035	
Intergovernmental services		1,166	
Interfund payments for services		25,738	
Total transportation	<u>86,629</u>	<u>84,508</u>	<u>2,121</u>
Interest and other debt service costs	-	57	(57)
Capital outlay			
Capital projects			
Road and street construction	32	32	-
Capitalized expenditures	1,431	605	826
Total capital outlay	<u>1,463</u>	<u>637</u>	<u>826</u>
Transfers out	<u>34,517</u>	<u>33,029</u>	<u>1,488</u>
TOTAL EXPENDITURES	<u>122,609</u>	<u>118,231</u>	<u>4,378</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 210</u>	<u>(9,317)</u>	<u>\$ (9,527)</u>
Adjustment from budgetary basis to GAAP basis		1,042 ^(a)	
Deficiency of revenues under expenditures		<u>(8,275)</u>	
Fund balance (deficit) - January 1, 2008		<u>(8,510)</u>	
Fund balance (deficit) - December 31, 2008		<u>\$ (16,785)</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized loss on investments, on a GAAP basis		\$ (24)	
Encumbrances not included in GAAP basis expenditures		1,066	
Adjustment from budgetary basis to GAAP basis		<u>\$ 1,042</u>	

**DEVELOPMENT AND ENVIRONMENTAL SERVICES FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Licenses and permits	\$ 6,893	\$ 3,883	\$ (3,010)
State grants	-	9	9
Charges for services			
General government	-	69	69
Law, safety and justice	175	180	5
Physical environment	-	165	165
Economic environment	17,521	14,387	(3,134)
Interfund/department charges for services	537	337	(200)
Total charges for services	<u>18,233</u>	<u>15,138</u>	<u>(3,095)</u>
Fines and forfeits	-	378	378
Interest earnings	1,200	1,007	(193)
Miscellaneous revenues	95	14	(81)
Transfers in	<u>2,833</u>	<u>2,744</u>	<u>(89)</u>
TOTAL REVENUES	<u>29,254</u>	<u>23,173</u>	<u>(6,081)</u>
EXPENDITURES			
Current			
Law, safety and justice			
Personal services		739	
Total law, safety and justice	<u>793</u>	<u>739</u>	<u>54</u>
Economic environment			
Personal services		21,749	
Supplies		194	
Contract services and other charges		3,023	
Interfund payments for services		4,615	
Total economic environment	<u>32,528</u>	<u>29,581</u>	<u>2,947</u>
Capital outlay			
Capitalized expenditures	383	164	219
Transfers out	<u>283</u>	<u>241</u>	<u>42</u>
TOTAL EXPENDITURES	<u>33,987</u>	<u>30,725</u>	<u>3,262</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (4,733)</u>	(7,552)	<u>\$ (2,819)</u>
Adjustment from budgetary basis to GAAP basis		967 ^(a)	
Deficiency of revenues under expenditures		<u>(6,585)</u>	
Fund balance - January 1, 2008		27,560	
Fund balance - December 31, 2008		<u>\$ 20,975</u>	
a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 211	
Encumbrances not included in GAAP basis expenditures		756	
Adjustment from budgetary basis to GAAP basis		<u>\$ 967</u>	

DEVELOPMENTAL DISABILITIES FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 2,566	\$ 2,644	\$ 78
Business and other taxes	16	18	2
Total taxes	<u>2,582</u>	<u>2,662</u>	<u>80</u>
Intergovernmental revenues			
Interlocal grant	-	52	52
Intergovernmental services	1,837	1,330	(507)
Total intergovernmental revenues	<u>1,837</u>	<u>1,382</u>	<u>(455)</u>
Charges for services			
Mental and physical health	20,805	20,841	36
Interfund/department charges for services	1,489	1,653	164
Total charges for services	<u>22,294</u>	<u>22,494</u>	<u>200</u>
Miscellaneous revenues	117	61	(56)
Sale of capital assets	2	1	(1)
Transfers in	788	784	(4)
TOTAL REVENUES	<u>27,620</u>	<u>27,384</u>	<u>(236)</u>
EXPENDITURES			
Current			
Economic environment			
Personal services		1,890	
Supplies		34	
Contract services and other charges		49	
Interfund payments for services		415	
Total economic environment	<u>2,536</u>	<u>2,388</u>	<u>148</u>
Mental and physical health			
Personal services		1,737	
Supplies		33	
Contract services and other charges		21,911	
Interfund payments for services		1,190	
Total mental and physical health	<u>25,817</u>	<u>24,871</u>	<u>946</u>
Capital outlay			
Capitalized expenditures	42	42	-
Transfers out	340	338	2
TOTAL EXPENDITURES	<u>28,735</u>	<u>27,639</u>	<u>1,096</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (1,115)</u>	(255)	<u>\$ 860</u>
Fund balance - January 1, 2008		5,818	
Fund balance - December 31, 2008		<u>\$ 5,563</u>	

EMERGENCY MEDICAL SERVICES FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 60,865	\$ 64,736	\$ 3,871
Business and other taxes	120	127	7
Total taxes	<u>60,985</u>	<u>64,863</u>	<u>3,878</u>
Intergovernmental revenues			
Federal grants	26	26	-
State grants	4	4	-
Total intergovernmental revenues	<u>30</u>	<u>30</u>	<u>-</u>
Charges for services			
Law, safety and justice	40	40	-
Mental and physical health	147	156	9
Total charges for services	<u>187</u>	<u>196</u>	<u>9</u>
Interest earnings	266	426	160
Miscellaneous revenues	-	6	6
Transfers in	375	375	-
Sale of capital assets	5	54	49
TOTAL REVENUES	<u>61,848</u>	<u>65,950</u>	<u>4,102</u>
EXPENDITURES			
Current			
Law, safety and justice			
Personal services		14,014	
Supplies		614	
Contract services and other charges		37,180	
Interfund payments for services		2,752	
Total law, safety and justice	<u>60,364</u>	<u>54,560</u>	<u>5,804</u>
Capital outlay			
Capitalized expenditures	1,704	88	1,616
Transfers out	309	218	91
TOTAL EXPENDITURES	<u>62,377</u>	<u>54,866</u>	<u>7,511</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (529)</u>	11,084	<u>\$ 11,613</u>
Adjustment from budgetary basis to GAAP basis		2,363 ^(a)	
Excess of revenues over expenditures		<u>13,447</u>	
Fund balance - January 1, 2008		6,243	
Fund balance - December 31, 2008		<u>\$ 19,690</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 224	
Encumbrances not included in GAAP basis expenditures		2,139	
Adjustment from budgetary basis to GAAP basis		<u>\$ 2,363</u>	

**ENHANCED 911 EMERGENCY TELEPHONE SYSTEM FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Business and other taxes	\$ 16,105	\$ 16,115	\$ 10
Charges for services			
Interfund/departmental charges for services	317	528	211
Interest earnings	<u>854</u>	<u>372</u>	<u>(482)</u>
TOTAL REVENUES	<u>17,276</u>	<u>17,015</u>	<u>(261)</u>
EXPENDITURES			
Current			
Law, safety and justice			
Personal services		1,069	
Supplies		29	
Contract services and other charges		12,703	
Interfund payments for services		1,762	
Total law, safety and justice	<u>18,547</u>	<u>15,563</u>	<u>2,984</u>
Capital outlay			
Capitalized expenditures	1,514	374	1,140
Transfers out	<u>2,605</u>	<u>1</u>	<u>2,604</u>
TOTAL EXPENDITURES	<u>22,666</u>	<u>15,938</u>	<u>6,728</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (5,390)</u>	1,077	<u>\$ 6,467</u>
Adjustment from budgetary basis to GAAP basis		<u>1,229</u> ^(a)	
Excess of revenues over expenditures		2,306	
Fund balance - January 1, 2008		16,986	
Fund balance - December 31, 2008		<u>\$ 19,292</u>	
 (a) Elements of adjustment from a budgetary basis to a GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 113	
Encumbrances not included on a GAAP basis		1,116	
Adjustment from a budgetary basis to GAAP basis		<u>\$ 1,229</u>	

**INTERCOUNTY RIVER IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 51	\$ 51	\$ -
Interest earnings	<u>-</u>	<u>1</u>	<u>1</u>
TOTAL REVENUES	<u>51</u>	<u>52</u>	<u>1</u>
EXPENDITURES			
Transfers out	<u>67</u>	<u>67</u>	<u>-</u>
TOTAL EXPENDITURES	<u>67</u>	<u>67</u>	<u>-</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (16)</u>	(15)	<u>\$ 1</u>
Fund balance - January 1, 2008		<u>26</u>	
Fund balance - December 31, 2008		<u>\$ 11</u>	

**KING COUNTY FLOOD CONTROL OPERATING CONTRACT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 2,718	\$ 1,862	\$ (856)
State grants	595	-	(595)
Intergovernmental services	-	15,579	15,579
Total intergovernmental revenues	<u>3,313</u>	<u>17,441</u>	<u>14,128</u>
Miscellaneous revenues	-	72	72
Transfers in	<u>27,090</u>	<u>634</u>	<u>(26,456)</u>
TOTAL REVENUES	<u>30,403</u>	<u>18,147</u>	<u>(12,256)</u>
EXPENDITURES			
Current			
Physical environment			
Personal services		3,626	
Supplies		438	
Contract services and other charges		4,688	
Intergovernmental services		3,587	
Interfund payments for services		2,035	
Total physical environment	<u>3,876</u>	<u>14,374</u>	<u>(10,498)</u>
Debt service	-	102	(102)
Capital outlay			
Capitalized expenditures	24,767	3,576	21,191
Transfers out	<u>1,210</u>	<u>1,260</u>	<u>(50)</u>
TOTAL EXPENDITURES	<u>29,853</u>	<u>19,312</u>	<u>10,541</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 550</u>	(1,165)	<u>\$ (1,715)</u>
Adjustment from budgetary basis			
to GAAP basis - encumbrances		1,600	
Excess of revenues over expenditures		<u>435</u>	
Fund balance - January 1, 2008		-	
Fund balance - December 31, 2008		<u>\$ 435</u>	

LOCAL HAZARDOUS WASTE FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
State grants	\$ 556	\$ 647	\$ 91
Intergovernmental services	7,548	7,487	(61)
Total intergovernmental revenues	<u>8,104</u>	<u>8,134</u>	<u>30</u>
Charges for services			
Mental and physical health	4,974	4,863	(111)
Interest earnings	47	114	67
Miscellaneous revenues	-	19	19
TOTAL REVENUES	<u>13,125</u>	<u>13,130</u>	<u>5</u>
EXPENDITURES			
Current			
Mental and physical health			
Contract services and other charges		2,503	
Interfund payments for services		8,617	
Total mental and physical health	<u>14,074</u>	<u>11,120</u>	<u>2,954</u>
TOTAL EXPENDITURES	<u>14,074</u>	<u>11,120</u>	<u>2,954</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (949)</u>	2,010	<u>\$ 2,959</u>
Adjustment from budgetary basis			
to GAAP basis - unrealized gain on investments		57	
Excess of revenues over expenditures		<u>2,067</u>	
Fund balance - January 1, 2008		4,383	
Fund balance - December 31, 2008		<u>\$ 6,450</u>	

**MARINE DIVISION OPERATING FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental services	\$ 4,267	\$ 2,049	\$ (2,218)
TOTAL REVENUES	<u>4,267</u>	<u>2,049</u>	<u>(2,218)</u>
EXPENDITURES			
Current			
Transportation			
Personal services		422	
Supplies		7	
Contract services and other charges		1,527	
Interfund payments for services		89	
Total transportation	<u>4,267</u>	<u>2,045</u>	<u>2,222</u>
Debt services	<u>-</u>	<u>4</u>	<u>(4)</u>
TOTAL EXPENDITURES	<u>4,267</u>	<u>2,049</u>	<u>2,218</u>
Excess of revenues over expenditures (budgetary basis)	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance - January 1, 2008		-	
Fund balance - December 31, 2008		<u>\$ -</u>	

MENTAL HEALTH FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 2,652	\$ 2,644	\$ (8)
Business and other taxes	13	18	5
Total taxes	<u>2,665</u>	<u>2,662</u>	<u>(3)</u>
Intergovernmental revenues			
Federal grants	2,485	2,319	(166)
State grants	4,165	3,075	(1,090)
Intergovernmental services	138,049	125,015	(13,034)
Total intergovernmental revenues	<u>144,699</u>	<u>130,409</u>	<u>(14,290)</u>
Charges for services			
Interfund/department charges for services	3,264	2,870	(394)
Interest earnings	1,164	952	(212)
Miscellaneous revenues			
Contributions from private sources	130	879	749
Other miscellaneous revenues	-	235	235
Total miscellaneous revenues	<u>130</u>	<u>1,114</u>	<u>984</u>
Transfers in	1,921	1,921	-
Sale of capital assets	-	1	1
TOTAL REVENUES	<u>153,843</u>	<u>139,929</u>	<u>(13,914)</u>
EXPENDITURES			
Current			
Mental and physical health			
Personal services		9,376	
Supplies		255	
Contract services and other charges		120,871	
Interfund payments for services		4,684	
Total mental and physical health	<u>152,782</u>	<u>135,186</u>	<u>17,596</u>
Capital outlay			
Capitalized expenditures	363	28	335
Transfers out	182	54	128
TOTAL EXPENDITURES	<u>153,327</u>	<u>135,268</u>	<u>18,059</u>
Excess of revenues over expenditures (budgetary basis)	<u>\$ 516</u>	4,661	<u>\$ 4,145</u>
Adjustment from budgetary basis			
to GAAP basis - unrealized gain on investments		278	
Excess of revenues over expenditures		<u>4,939</u>	
Fund balance - January 1, 2008		23,846	
Fund balance - December 31, 2008		<u>\$ 28,785</u>	

MENTAL ILLNESS AND DRUG DEPENDENCY FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Retail sales and use taxes	\$ 30,852	\$ 35,164	\$ 4,312
Miscellaneous revenues	-	401	401
Interest earnings	-	188	188
	<u>30,852</u>	<u>35,753</u>	<u>4,901</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Mental and physical health			
Personal services		228	
Supplies		9	
Contract services and other charges		3,352	
Interfund payments for services		71	
Total mental and physical health	<u>21,703</u>	<u>3,660</u>	<u>18,043</u>
Capital outlay			
Capitalized expenditures	500	4	496
Transfers out	<u>9</u>	<u>18,344</u>	<u>(18,335)</u>
TOTAL EXPENDITURES	<u>22,212</u>	<u>22,008</u>	<u>204</u>
Excess of revenues over expenditures (budgetary basis)	<u>\$ 8,640</u>	13,745	<u>\$ 5,105</u>
Adjustment from budgetary basis			
to GAAP basis - unrealized gain on investments		<u>221</u>	
Excess of revenues over expenditures		13,966	
Fund balance - January 1, 2008		-	
Fund balance - December 31, 2008		<u>\$ 13,966</u>	

**NOXIOUS WEED CONTROL FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Excise taxes	\$ 1,451	\$ 1,455	\$ 4
Intergovernmental revenues			
Federal grants	16	19	3
State grants	79	80	1
Interfund/department charges for services	-	9	9
Total intergovernmental revenues	<u>95</u>	<u>108</u>	<u>13</u>
Interest earnings	<u>28</u>	<u>10</u>	<u>(18)</u>
TOTAL REVENUES	<u>1,574</u>	<u>1,573</u>	<u>(1)</u>
EXPENDITURES			
Current			
Physical environment			
Personal services		889	
Supplies		13	
Contract services and other charges		295	
Interfund payments for services		132	
Total physical environment	<u>1,530</u>	<u>1,329</u>	<u>201</u>
Capital outlay			
Capitalized expenditures	16	6	10
Transfers out	<u>170</u>	<u>160</u>	<u>10</u>
TOTAL EXPENDITURES	<u>1,716</u>	<u>1,495</u>	<u>221</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (142)</u>	78	<u>\$ 220</u>
Adjustment from budgetary basis to GAAP basis		37 ^(a)	
Excess of revenues over expenditures		<u>115</u>	
Fund balance - January 1, 2008		369	
Fund balance - December 31, 2008		<u>\$ 484</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 4	
Encumbrances not included in GAAP basis expenditures		33	
Adjustment from budgetary basis to GAAP basis		<u>\$ 37</u>	

PARKS AND RECREATION FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 32,109	\$ 33,406	\$ 1,297
Excise taxes	-	227	227
Total taxes	<u>32,109</u>	<u>33,633</u>	<u>1,524</u>
Licenses and permits	<u>185</u>	<u>190</u>	<u>5</u>
Intergovernmental revenues			
State grants	41	40	(1)
Intergovernmental services	-	135	135
Total intergovernmental revenues	<u>41</u>	<u>175</u>	<u>134</u>
Charges for services			
General government	-	13	13
Economic environment	-	12	12
Culture and recreation	2,458	2,435	(23)
Interfund/department charges for services	1,849	2,394	545
Total charges for services	<u>4,307</u>	<u>4,854</u>	<u>547</u>
Interest earnings	<u>65</u>	<u>241</u>	<u>176</u>
Miscellaneous revenues			
Rents and royalties	2,390	2,265	(125)
Contributions from private sources	135	33	(102)
Other miscellaneous revenues	42	11	(31)
Total miscellaneous revenues	<u>2,567</u>	<u>2,309</u>	<u>(258)</u>
Transfers in	<u>3,322</u>	<u>3,129</u>	<u>(193)</u>
Sale of capital assets	<u>-</u>	<u>25</u>	<u>25</u>
TOTAL REVENUES	<u>42,596</u>	<u>44,556</u>	<u>1,960</u>
EXPENDITURES			
Current			
Culture and recreation			
Personal services		15,984	
Supplies		1,274	
Contract services and other charges		5,753	
Intergovernmental services		2,073	
Interfund payments for services		4,064	
Total culture and recreation	<u>34,052</u>	<u>29,148</u>	<u>4,904</u>
Capital outlay			
Capitalized expenditures	53	490	(437)
Transfers out	<u>9,872</u>	<u>9,775</u>	<u>97</u>
TOTAL EXPENDITURES	<u>43,977</u>	<u>39,413</u>	<u>4,564</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (1,381)</u>	5,143	<u>\$ 6,524</u>
Adjustment from budgetary basis to GAAP basis		<u>338</u> ^(a)	
Excess of revenues over expenditures		5,481	
Fund balance - January 1, 2008		4,206	
Fund balance - December 31, 2008		<u>\$ 9,687</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 131	
Encumbrances not included in GAAP basis expenditures		207	
Adjustment from budgetary basis to GAAP basis		<u>\$ 338</u>	

**RECORDER'S OPERATION AND MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
Entitlements and shared revenues	\$ 684	\$ 662	\$ (22)
Charges for services			
General government	1,283	1,028	(255)
Interest earnings	<u>143</u>	<u>88</u>	<u>(55)</u>
TOTAL REVENUES	<u>2,110</u>	<u>1,778</u>	<u>(332)</u>
EXPENDITURES			
Current			
General government services			
Personal services		610	
Supplies		64	
Contract services and other charges		427	
Interfund payments for services		73	
Total general government services	<u>1,801</u>	<u>1,174</u>	<u>627</u>
Capital outlay			
Capitalized expenditures	90	177	(87)
Transfers out	<u>1,445</u>	<u>1,445</u>	<u>-</u>
TOTAL EXPENDITURES	<u>3,336</u>	<u>2,796</u>	<u>540</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (1,226)</u>	(1,018)	<u>\$ 208</u>
Adjustment from budgetary basis to GAAP basis			
to GAAP basis		<u>189</u> ^(a)	
Deficiency of revenues under expenditures		(829)	
Fund balance - January 1, 2008		<u>4,048</u>	
Fund balance - December 31, 2008		<u>\$ 3,219</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 20	
Encumbrances not included in GAAP basis expenditures		169	
Adjustment from budgetary basis to GAAP basis		<u>\$ 189</u>	

RISK ABATEMENT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Interest earnings	\$ -	\$ 200	\$ 200
Transfers in	550	550	-
TOTAL REVENUES	<u>550</u>	<u>750</u>	<u>200</u>
EXPENDITURES			
Current			
General government services			
Contract services and other services		650	
Interfund payments for services		31	
Total general government services	<u>1,302</u>	<u>681</u>	<u>621</u>
TOTAL EXPENDITURES	<u>1,302</u>	<u>681</u>	<u>621</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (752)</u>	69	<u>\$ 821</u>
Adjustment from budgetary basis			
to GAAP basis - unrealized gain on investments		53	
Excess of revenues over expenditures		<u>122</u>	
Fund balance - January 1, 2008		8,515	
Fund balance - December 31, 2008		<u>\$ 8,637</u>	

RIVER IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ -	\$ 37	\$ 37
Total taxes	<u>-</u>	<u>37</u>	<u>37</u>
Intergovernmental revenues			
Federal grants	-	72	72
State grants	-	98	98
Total intergovernmental revenues	<u>-</u>	<u>170</u>	<u>170</u>
Charges for services			
Physical environment	-	3	3
Miscellaneous revenues	<u>-</u>	<u>1</u>	<u>1</u>
TOTAL REVENUES	<u>-</u>	<u>211</u>	<u>211</u>
EXPENDITURES			
Current			
Physical environment			
Contract services and other charges		265	
Intergovernmental services		17	
Total physical environment	<u>391</u>	<u>282</u>	<u>109</u>
Transfers out	<u>567</u>	<u>567</u>	<u>-</u>
TOTAL EXPENDITURES	<u>958</u>	<u>849</u>	<u>109</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (958)</u>	(638)	<u>\$ 320</u>
Adjustment from budgetary basis to GAAP basis - encumbrances		79	
Deficiency of revenues under expenditures		<u>(559)</u>	
Fund balance - January 1, 2008		654	
Fund balance - December 31, 2008		<u>\$ 95</u>	

SURFACE WATER MANAGEMENT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 233	\$ 356	\$ 123
State grants	1,241	611	(630)
Entitlements and shared revenues	659	938	279
Intergovernmental services	352	188	(164)
Total intergovernmental revenues	<u>2,485</u>	<u>2,093</u>	<u>(392)</u>
Charges for services			
General government	20	5	(15)
Physical environment	22,554	17,959	(4,595)
Economic environment	-	6	6
Interfund/department charges for services	19,507	21,800	2,293
Total charges for services	<u>42,081</u>	<u>39,770</u>	<u>(2,311)</u>
Fines and forfeits	8	-	(8)
Interest earnings	55	48	(7)
Miscellaneous revenues	104	66	(38)
Transfers in	9,159	8,386	(773)
TOTAL REVENUES	<u>53,892</u>	<u>50,363</u>	<u>(3,529)</u>
EXPENDITURES			
Current			
General Government			
Personal services		172	
Supplies		5	
Interfund payment for services		8	
Total general government	<u>16</u>	<u>185</u>	<u>(169)</u>
Physical environment			
Personal services		28,310	
Supplies		1,252	
Contract services and other charges		1,235	
Intergovernmental services		313	
Interfund payment for services		8,308	
Total physical environment	<u>41,722</u>	<u>39,418</u>	<u>2,304</u>
Debt service			
Interest and other debt service costs	<u>45</u>	<u>54</u>	<u>(9)</u>
Capital outlay			
Capitalized expenditures	197	85	112
Transfers out	<u>12,262</u>	<u>11,858</u>	<u>404</u>
TOTAL EXPENDITURES	<u>54,242</u>	<u>51,600</u>	<u>2,642</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (350)</u>	(1,237)	<u>\$ (887)</u>
Adjustment from budgetary basis to GAAP basis			
to GAAP basis		1,287 ^(a)	
Excess of revenues over expenditures		50	
Fund balance - January 1, 2008		1,932	
Fund balance - December 31, 2008		<u>\$ 1,982</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 15	
Encumbrances not included in GAAP basis expenditures		1,272	
Adjustment from budgetary basis to GAAP basis		<u>\$ 1,287</u>	

VETERANS AND HUMAN SERVICES FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 14,158	\$ 14,240	\$ 82
Business and other taxes	-	96	96
Total taxes	<u>14,158</u>	<u>14,336</u>	<u>178</u>
Interest earnings	755	729	(26)
Miscellaneous revenues	-	1	1
Sale of capital assets	-	8	8
TOTAL REVENUES	<u>14,913</u>	<u>15,074</u>	<u>161</u>
EXPENDITURES			
Current			
Economic environment			
Personal services		1,262	
Supplies		75	
Contract services and other charges		6,536	
Interfund payments for services		229	
Total economic environment	<u>26,313</u>	<u>8,102</u>	<u>18,211</u>
Transfers out	<u>112</u>	<u>9,356</u>	<u>(9,244)</u>
TOTAL EXPENDITURES	<u>26,425</u>	<u>17,458</u>	<u>8,967</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (11,512)</u>	(2,384)	<u>\$ 9,128</u>
Adjustment from budgetary basis			
to GAAP basis - unrealized gain on investments		181	
Deficiency of revenues under expenditures		<u>(2,203)</u>	
Fund balance - January 1, 2008		24,625	
Fund balance - December 31, 2008		<u>\$ 22,422</u>	

VETERANS' RELIEF FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 2,387	\$ 2,378	\$ (9)
Business and other taxes	-	16	16
Total taxes	<u>2,387</u>	<u>2,394</u>	<u>7</u>
Miscellaneous revenues	-	1	1
Sale of capital assets	-	1	1
TOTAL REVENUES	<u>2,387</u>	<u>2,396</u>	<u>9</u>
EXPENDITURES			
Current			
Economic environment			
Personal services		735	
Supplies		62	
Contract services and other charges		1,200	
Interfund payments for services		372	
Total economic environment	<u>2,604</u>	<u>2,369</u>	<u>235</u>
TOTAL EXPENDITURES	<u>2,604</u>	<u>2,369</u>	<u>235</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (217)</u>	27	<u>\$ 244</u>
Fund balance - January 1, 2008		460	
Fund balance - December 31, 2008		<u>\$ 487</u>	

**YOUTH EMPLOYMENT PROGRAMS FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Intergovernmental revenues			
Federal grants	\$ 6,681	\$ 5,226	\$ (1,455)
Intergovernmental services	550	339	(211)
Total intergovernmental revenues	<u>7,231</u>	<u>5,565</u>	<u>(1,666)</u>
Charges for services			
Interfund/department charges for services	-	505	505
Miscellaneous revenues			
Rents and royalties	500	405	(95)
Contributions from private sources	304	-	(304)
Other miscellaneous revenues	412	35	(377)
Total miscellaneous revenues	<u>1,216</u>	<u>440</u>	<u>(776)</u>
Transfers in	<u>2,390</u>	<u>2,001</u>	<u>(389)</u>
TOTAL REVENUES	<u>10,837</u>	<u>8,511</u>	<u>(2,326)</u>
EXPENDITURES			
Current			
Economic environment			
Personal services		4,827	
Supplies		265	
Contract services and other charges		1,023	
Interfund payments for services		1,837	
Total economic environment	<u>10,603</u>	<u>7,952</u>	<u>2,651</u>
Transfers out	<u>6</u>	<u>6</u>	<u>-</u>
TOTAL EXPENDITURES	<u>10,609</u>	<u>7,958</u>	<u>2,651</u>
Excess of revenues over expenditures (budgetary basis)	<u>\$ 228</u>	553	<u>\$ 325</u>
Fund balance - January 1, 2008		40	
Fund balance - December 31, 2008		<u>\$ 593</u>	

YOUTH SPORTS FACILITIES GRANT FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Retail sales and use taxes	\$ 753	\$ 709	\$ (44)
Interest earnings	57	69	12
Transfers in	-	1,974	1,974
	<u>810</u>	<u>2,752</u>	<u>1,942</u>
EXPENDITURES			
Current			
Culture and recreation			
Personal services		106	
Supplies		1	
Contract services and other charges		1,461	
Interfund payments for services		13	
Total culture and recreation	<u>1,627</u>	<u>1,581</u>	<u>46</u>
TOTAL EXPENDITURES	<u>1,627</u>	<u>1,581</u>	<u>46</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (817)</u>	1,171	<u>\$ 1,988</u>
Adjustment from budgetary basis to GAAP basis		847 ^(a)	
Excess of revenues over expenditures		<u>2,018</u>	
Fund balance - January 1, 2008		1,544	
Fund balance - December 31, 2008		<u>\$ 3,562</u>	
 (a) Elements of adjustment from budgetary basis to GAAP basis:			
Recognition of unrealized gain on investments, on a GAAP basis		\$ 29	
Encumbrances not included in GAAP basis expenditures		818	
Adjustment from budgetary basis to GAAP basis		<u>\$ 847</u>	

**LIMITED GENERAL OBLIGATION BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 27,051	\$ 27,155	\$ 104
Retail sales and use taxes	43,137	45,102	1,965
Business and other taxes	3,798	3,791	(7)
Total taxes	<u>73,986</u>	<u>76,048</u>	<u>2,062</u>
Intergovernmental revenues			
Entitlements and shared revenues	4,922	4,962	40
Intergovernmental services	1,561	1,561	-
Total intergovernmental revenues	<u>6,483</u>	<u>6,523</u>	<u>40</u>
Charges for services			
General government	-	353	353
Interest earnings	1,180	565	(615)
Miscellaneous revenues	-	1	1
Sale of capital assets	1	14	13
Transfers in	57,875	59,491	1,616
TOTAL REVENUES	<u>139,525</u>	<u>142,995</u>	<u>3,470</u>
EXPENDITURES			
Debt service			
Principal	67,903	67,448	455
Interest and other debt service costs	65,211	57,103	8,108
Payment to escrow agent	20,000	14,946	5,054
TOTAL EXPENDITURES	<u>153,114</u>	<u>139,497</u>	<u>13,617</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ (13,589)</u>	3,498	<u>\$ 17,087</u>
Adjustment from budgetary basis to GAAP basis		<u>144</u> ^(a)	
Excess of revenues over expenditures		3,642	
Fund balance - January 1, 2008		<u>33,712</u>	
Fund balance - December 31, 2008		<u>\$ 37,354</u>	

(a) Adjustment from budgetary basis to GAAP basis:

Elements which are budgeted, but are not reported on GAAP basis statements:

Revenues related to proprietary limited general obligation bonds	\$ (49,537)
Expenditures related to proprietary limited general obligation bonds	49,537

Elements which are not budgeted, but are reported on GAAP basis statements:

Recognition of unrealized gains on investments, on a GAAP basis	144
Total adjustment from budgetary basis to GAAP basis	<u>\$ 144</u>

ROAD IMPROVEMENT GUARANTY FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Interest earnings	\$ -	\$ (16)	\$ (16)
Miscellaneous revenues	<u>1,300</u>	<u>-</u>	<u>(1,300)</u>
TOTAL REVENUES	<u>1,300</u>	<u>(16)</u>	<u>(1,316)</u>
EXPENDITURES			
Transfers out	<u>1,436</u>	<u>1,436</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,436</u>	<u>1,436</u>	<u>-</u>
Deficiency of revenues under expenditures (budgetary basis)	<u>\$ (136)</u>	(1,452)	<u>\$ (1,316)</u>
Fund balance - January 1, 2008		<u>1,585</u>	
Fund balance - December 31, 2008		<u>\$ 133</u>	

STADIUM GENERAL OBLIGATION BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Retail sales and use taxes - hotel/motel tax	\$ 2,252	\$ 1,825	\$ (427)
TOTAL REVENUES	<u>2,252</u>	<u>1,825</u>	<u>(427)</u>
EXPENDITURES			
Debt Service			
Principal	1,750	1,750	-
Interest and other debt service costs	463	463	-
TOTAL EXPENDITURES	<u>2,213</u>	<u>2,213</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 39</u>	(388)	<u>\$ (427)</u>
Fund balance - January 1, 2008		<u>5,552</u>	
Fund balance - December 31, 2008		<u>\$ 5,164</u>	

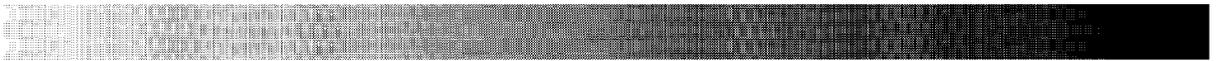
**UNLIMITED GENERAL OBLIGATION BOND REDEMPTION FUND
BUDGETARY COMPARISON SCHEDULE (BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES			
Taxes			
Property taxes	\$ 40,002	\$ 39,738	\$ (264)
Business and other taxes	65	61	(4)
Total taxes	<u>40,067</u>	<u>39,799</u>	<u>(268)</u>
 Sale of capital assets -	 7	 21	 14
TOTAL REVENUES	<u>40,074</u>	<u>39,820</u>	<u>(254)</u>
EXPENDITURES			
Debt Service			
Principal	27,740	27,740	-
Interest and other debt service costs	12,099	12,099	-
TOTAL EXPENDITURES	<u>39,839</u>	<u>39,839</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 235</u>	(19)	<u>\$ (254)</u>
 Fund balance - January 1, 2008		 <u>4,040</u>	
Fund balance - December 31, 2008		<u>\$ 4,021</u>	

**GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2008 AND 2007
(IN THOUSANDS)**

	<u>2008</u>	<u>2007</u>
ASSETS		
Cash and cash equivalents	\$ 43,815	\$ 86,877
Taxes receivable – delinquent	6,460	5,789
Accounts receivable	73,817	75,941
Estimated uncollectible accounts receivable	(64,742)	(67,510)
Interest receivable	18,941	26,150
Due from other funds	11,282	9,921
Interfund short-term loans receivable	11,548	4,475
Due from other governments	37,377	43,230
Estimated uncollectible due from other governments	(157)	(264)
Advances to other funds	3,800	3,800
	<u>3,800</u>	<u>3,800</u>
TOTAL ASSETS	<u>\$ 142,141</u>	<u>\$ 188,409</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 8,792	\$ 8,400
Due to other funds	3,456	8,079
Due to other governments	234	3,086
Wages payable	19,075	14,388
Taxes payable	112	200
Deferred revenues	11,781	11,706
Custodial accounts	866	1,002
Advances from other funds	600	900
Total liabilities	<u>44,916</u>	<u>47,761</u>
Fund balance		
Reserved for encumbrances	7,087	10,130
Reserved for advances to other funds	3,800	3,800
Reserved for animal services	66	562
Reserved for crime victim compensation program	95	65
Reserved for criminal justice	1,826	10,538
Reserved for drug enforcement program	1,587	780
Reserved for antiprofitteering program	95	95
Reserved for dispute resolution centers	157	105
Reserved for inmate welfare	1,326	954
Reserved for laptop replacement	-	292
Reserved for real property title assurance	25	25
Unreserved		
Designated for capital projects	5,268	4,534
Designated for reappropriation	280	588
Designated for contingencies	-	15,903
Designated for children and family services programs	1,848	2,294
Undesignated	73,765	89,983
Total fund balance	<u>97,225</u>	<u>140,648</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 142,141</u>	<u>\$ 188,409</u>

CAFR



**Proprietary
Funds**

**NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2008**

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

Institutional Network (I-Net) Enterprise Fund – Accounts for the development and operations of a fiberoptic network which connects approximately 300 public facilities across King County. I-Net provides broadband internet connectivity, including data, voice and video communications to schools in unincorporated King County, public safety agencies, courts, public health facilities, and other public service agencies.

King County International Airport (KCIA) Enterprise Fund – Accounts for the operations, maintenance, capital improvements, and expansion of the King County International Airport/Boeing Field. With its two runways (3,710 feet and 10,000 feet in length) and four 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 General Aviation Reliever for Sea-Tac Airport and averages over 375,000 general aviation operations per year.

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

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

Stadium Enterprise Fund – Originally established to account for the operations, maintenance, and capital improvements to the King County Stadium (the Kingdome). Although the implosion and subsequent demolition of the Kingdome took place in 2000, the enterprise fund remains open pending final disposition of the fund's remaining assets.

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)

	<u>TOTAL</u>	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>	<u>RADIO COMMUNI- CATIONS SERVICES</u>	<u>SOLID WASTE</u>	<u>STADIUM</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ 72,488	\$ 2,142	\$ 14,687	\$ 5,868	\$ 49,685	\$ 106
Restricted cash and cash equivalents	1,719	-	1,656	63	-	-
Accounts receivable	6,357	176	754	98	5,329	-
Estimated uncollectible accounts receivable	(56)	(6)	(9)	-	(41)	-
Due from other funds	3,619	71	55	481	3,012	-
Due from other governments	781	56	-	-	725	-
Inventory of supplies	1,146	-	173	115	858	-
Total current assets	<u>86,054</u>	<u>2,439</u>	<u>17,316</u>	<u>6,625</u>	<u>59,568</u>	<u>106</u>
Noncurrent assets						
Restricted assets						
Cash and cash equivalents	71,540	-	6,729	3,336	61,475	-
Accounts receivable	22	-	-	22	-	-
Due from other funds	182	-	181	1	-	-
Due from other governments	1,241	-	1,241	-	-	-
Total restricted assets	<u>72,985</u>	<u>-</u>	<u>8,151</u>	<u>3,359</u>	<u>61,475</u>	<u>-</u>
Capital assets						
Land	43,029	-	14,961	-	27,595	473
Buildings	95,670	-	34,934	-	60,736	-
Improvements other than buildings	169,020	13,354	27,685	4,650	123,331	-
Furniture, machinery and equipment	76,580	6,466	4,829	11,011	54,274	-
Accumulated depreciation	(194,445)	(12,680)	(33,963)	(9,810)	(137,992)	-
Work in progress	62,736	-	47,577	-	15,159	-
Total capital assets	<u>252,590</u>	<u>7,140</u>	<u>96,023</u>	<u>5,851</u>	<u>143,103</u>	<u>473</u>
Other noncurrent						
Deferred charges	304	-	-	-	304	-
Total noncurrent assets	<u>325,879</u>	<u>7,140</u>	<u>104,174</u>	<u>9,210</u>	<u>204,882</u>	<u>473</u>
TOTAL ASSETS	<u>411,933</u>	<u>9,579</u>	<u>121,490</u>	<u>15,835</u>	<u>264,450</u>	<u>579</u>
LIABILITIES						
Current liabilities						
Accounts payable	9,446	140	1,967	117	7,222	-
Due to other funds	4,622	290	2,751	132	1,449	-
Interest payable	359	84	25	-	250	-
Wages payable	1,715	41	177	62	1,435	-
Compensated absences payable	113	3	10	2	98	-
Taxes payable	190	-	155	13	22	-
Unearned revenue	3,959	332	3,626	-	1	-
Customer deposits	403	-	349	54	-	-
General obligation bonds payable	4,607	520	385	-	3,702	-
Landfill closure and closure care liability	5,686	-	-	-	5,686	-
Total current liabilities	<u>31,100</u>	<u>1,410</u>	<u>9,445</u>	<u>380</u>	<u>19,865</u>	<u>-</u>
Noncurrent liabilities						
Compensated absences payable	4,574	102	403	97	3,972	-
Other postemployment benefits	277	5	25	8	239	-
General obligation bonds payable	52,513	3,650	6,090	-	42,773	-
Unamortized bond premium	1,910	-	-	-	1,910	-
Environmental remediation	6,531	-	6,531	-	-	-
Landfill closure and closure care liability	106,816	-	-	-	106,816	-
Total noncurrent liabilities	<u>172,621</u>	<u>3,757</u>	<u>13,049</u>	<u>105</u>	<u>155,710</u>	<u>-</u>
TOTAL LIABILITIES	<u>203,721</u>	<u>5,167</u>	<u>22,494</u>	<u>485</u>	<u>175,575</u>	<u>-</u>
NET ASSETS						
Invested in capital assets,						
net of related debt	193,560	2,970	89,548	5,851	94,718	473
Restricted for capital projects	5,185	-	1,825	3,360	-	-
Unrestricted	9,467	1,442	7,623	6,139	(5,843)	106
TOTAL NET ASSETS	<u>\$ 208,212</u>	<u>\$ 4,412</u>	<u>\$ 98,996</u>	<u>\$ 15,350</u>	<u>\$ 88,875</u>	<u>\$ 579</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)

	<u>TOTAL</u>	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>	<u>RADIO COMMUNI- CATIONS SERVICES</u>	<u>SOLID WASTE</u>	<u>STADIUM</u>
OPERATING REVENUES						
I-Net fees	\$ 2,999	\$ 2,999	\$ -	\$ -	\$ -	\$ -
Radio services	3,969	-	-	3,969	-	-
Solid waste disposal charges	94,070	-	-	-	94,070	-
Airfield fees	3,611	-	3,611	-	-	-
Hangar, building, and site rentals and leases	13,942	-	13,942	-	-	-
Reimbursement for services to tenants	488	-	488	-	-	-
Miscellaneous	34	-	34	-	-	-
Total operating revenues	<u>119,113</u>	<u>2,999</u>	<u>18,075</u>	<u>3,969</u>	<u>94,070</u>	<u>-</u>
OPERATING EXPENSES						
Personal services	46,482	990	4,580	1,611	39,301	-
Materials and supplies	10,058	63	691	228	9,076	-
Contract services and other charges	23,398	650	2,379	390	19,979	-
Utilities	3,194	-	1,447	105	1,642	-
Internal services	13,169	499	4,736	601	7,333	-
Landfill closure and post-closure care	11,960	-	-	-	11,960	-
Depreciation	18,464	1,844	1,688	1,436	13,496	-
Total operating expenses	<u>126,725</u>	<u>4,046</u>	<u>15,521</u>	<u>4,371</u>	<u>102,787</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(7,612)</u>	<u>(1,047)</u>	<u>2,554</u>	<u>(402)</u>	<u>(8,717)</u>	<u>-</u>
NONOPERATING REVENUES (EXPENSES)						
Interest earnings	4,233	56	554	266	3,354	3
Interest expense	(2,843)	(208)	(327)	-	(2,308)	-
Rental income	1,084	-	-	-	1,084	-
DNR administration revenue	3,098	-	-	-	3,098	-
DNR administration expense	(3,493)	-	-	-	(3,493)	-
Gain (loss) on disposal of capital assets	(304)	-	2	-	(1,330)	1,024
Miscellaneous revenue	589	-	-	-	589	-
Miscellaneous expense	(1,178)	-	-	-	(1,178)	-
Total nonoperating revenues (expenses)	<u>1,186</u>	<u>(152)</u>	<u>229</u>	<u>266</u>	<u>(184)</u>	<u>1,027</u>
Income (loss) before contributions and transfers	<u>(6,426)</u>	<u>(1,199)</u>	<u>2,783</u>	<u>(136)</u>	<u>(8,901)</u>	<u>1,027</u>
Capital grants and contributions	12,370	-	11,513	-	857	-
Transfers in	40	-	-	-	40	-
Transfers out	<u>(2,358)</u>	<u>(36)</u>	<u>(3)</u>	<u>(34)</u>	<u>(311)</u>	<u>(1,974)</u>
CHANGE IN NET ASSETS	<u>3,626</u>	<u>(1,235)</u>	<u>14,293</u>	<u>(170)</u>	<u>(8,315)</u>	<u>(947)</u>
NET ASSETS - JANUARY 1, 2008 (RESTATEd)	<u>204,586</u>	<u>5,647</u>	<u>84,703</u>	<u>15,520</u>	<u>97,190</u>	<u>1,526</u>
NET ASSETS - DECEMBER 31, 2008	<u>\$ 208,212</u>	<u>\$ 4,412</u>	<u>\$ 98,996</u>	<u>\$ 15,350</u>	<u>\$ 88,875</u>	<u>\$ 579</u>

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 2)

	TOTAL	I-NET	KING COUNTY INTERNATIONAL AIRPORT	RADIO COMMUNI- CATIONS SERVICES	SOLID WASTE	STADIUM
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash received from customers	\$ 119,274	\$ 3,420	\$ 19,373	\$ 3,585	\$ 92,896	\$ -
Cash payments to suppliers for goods and services	(49,004)	(1,037)	(8,772)	(1,284)	(37,911)	-
Cash payments for employee services	(45,631)	(987)	(4,459)	(1,584)	(38,601)	-
Other receipts	4,771	-	-	-	4,771	-
Other payments	(4,671)	-	-	-	(4,671)	-
Net cash provided by operating activities	<u>24,739</u>	<u>1,396</u>	<u>6,142</u>	<u>717</u>	<u>16,484</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	40	-	-	-	40	-
Transfers out	(2,358)	(36)	(3)	(34)	(311)	(1,974)
Net cash used by noncapital financing activities	<u>(2,318)</u>	<u>(36)</u>	<u>(3)</u>	<u>(34)</u>	<u>(271)</u>	<u>(1,974)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition of capital assets	(37,960)	(77)	(14,453)	(221)	(23,209)	-
Principal paid on general obligation bonds	(4,361)	(495)	(345)	-	(3,521)	-
Interest paid on general obligation bonds	(2,767)	(210)	(328)	-	(2,229)	-
Capital grants received	11,638	-	10,781	-	857	-
Proceeds from disposal of capital assets	1,976	-	2	-	-	1,974
Landfill closure and post-closure care	(6,481)	-	-	-	(6,481)	-
Net cash provided (used) by capital and related financing activities	<u>(37,955)</u>	<u>(782)</u>	<u>(4,343)</u>	<u>(221)</u>	<u>(34,583)</u>	<u>1,974</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest on investments (including unrealized gains and losses reported as cash and cash equivalents)	4,233	56	554	266	3,354	3
Net cash provided by investing activities	<u>4,233</u>	<u>56</u>	<u>554</u>	<u>266</u>	<u>3,354</u>	<u>3</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(11,301)	634	2,350	728	(15,016)	3
CASH AND CASH EQUIVALENTS - JANUARY 1, 2008	<u>157,048</u>	<u>1,508</u>	<u>20,722</u>	<u>8,539</u>	<u>126,176</u>	<u>103</u>
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2008	<u>\$ 145,747</u>	<u>\$ 2,142</u>	<u>\$ 23,072</u>	<u>\$ 9,267</u>	<u>\$ 111,160</u>	<u>\$ 106</u>

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 2)**

	<u>TOTAL</u>	<u>I-NET</u>	<u>KING COUNTY INTERNATIONAL AIRPORT</u>	<u>RADIO COMMUNI- CATIONS SERVICES</u>	<u>SOLID WASTE</u>	<u>STADIUM</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating income (loss)	\$ (7,612)	\$ (1,047)	\$ 2,554	\$ (402)	\$ (8,717)	\$ -
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Depreciation	18,464	1,844	1,688	1,436	13,496	-
Landfill closure and post-closure care	11,960	-	-	-	11,960	-
Other nonoperating revenue/expense	1,601	-	-	-	1,601	-
Changes in assets - (increase) decrease						
Accounts receivable, net	1,038	37	(195)	85	1,111	-
Due from other funds	(3,072)	(12)	(226)	(475)	(2,359)	-
Due from other governments	22	133	-	-	(111)	-
Inventory of supplies	113	-	(15)	(30)	158	-
Changes in liabilities - increase (decrease)						
Accounts payable	159	(76)	203	(7)	39	-
Due to other funds	463	290	293	81	(201)	-
Wages payable	83	12	46	14	11	-
Taxes payable	(3)	-	-	(3)	-	-
Unearned revenues	1,906	224	1,682	-	-	-
Compensated absences	(509)	(12)	61	8	(566)	-
Other postemployment benefits	(122)	3	15	5	(145)	-
Customer deposits	248	-	36	5	207	-
Total Adjustments	<u>32,351</u>	<u>2,443</u>	<u>3,588</u>	<u>1,119</u>	<u>25,201</u>	<u>-</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 24,739</u>	<u>\$ 1,396</u>	<u>\$ 6,142</u>	<u>\$ 717</u>	<u>\$ 16,484</u>	<u>\$ -</u>



**INTERNAL SERVICE FUNDS
DECEMBER 31, 2008**

Building Development and Management Corporations Fund – An administrative fund created to report the net assets and activities of four nonprofit corporations created to develop, construct, manage and finance office buildings for county use.

Construction and Facilities Management Fund – Accounts for custodial services, building maintenance, and CIP project management. Effective January 1, 2008, the fund also provides printing, copying, and bindery services.

DES Equipment Replacement Fund – Accounts for the purchase and replacement of personal computers for the agencies in King County Department of Executive Services.

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

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

Office of Information Resource Management Operating Fund – Accounts for the activities relating to the operations of the Office of Information Resource Management, including countywide information technology strategic planning and project management oversight.

Information and Telecommunications Services Fund – Consists of two subfunds that account for data processing and telecommunications services provided to King County and other contracting agencies. The Data Processing Services subfund is responsible for the wide area data network, applications development and support, data center operations, database and server maintenance, server hosting, internet access, web infrastructure, help desk operations, and equipment replacement services. The Telecommunications Services subfund is responsible for managing desktop and wireless telephony services. This includes billing, inventory, maintenance and replacement of telephone systems, managing calling card and long distance services, and providing consulting services on a time-available basis to County telephone users.

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

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

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

Printing/Graphic Arts Services Fund – Accounts for printing, graphic arts, and duplicating services. The fund discontinued operations after December 31, 2007. Printing and duplicating services were moved to the Construction and Facilities Management Fund effective January 1, 2008.

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

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

Wastewater Equipment Rental Fund – Accounts for the purchase and maintenance of a fleet of equipment and vehicles for use by the Wastewater Treatment Division and Water and Land Resources.

**COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 3)**

	<u>TOTAL</u>	<u>BUILDING DEVELOPMENT & MANAGEMENT CORPORATIONS</u>	<u>CONSTRUCTION & FACILITIES MANAGEMENT</u>	<u>DES EQUIPMENT REPLACEMENT</u>	<u>EMPLOYEE BENEFITS PROGRAM</u>
ASSETS					
Current assets					
Cash and cash equivalents	\$ 221,159	\$ 543	\$ 4,997	\$ 928	\$ 40,045
Restricted cash and cash equivalents	51,428	51,428	-	-	-
Investments	4,247	-	-	-	-
Interest receivable	226	171	-	-	-
Accounts receivable	199	80	-	-	38
Estimated uncollectible accounts receivable	(1)	-	-	-	-
Due from other funds	4,961	-	1,313	382	26
Due from other governments, net	582	-	1	-	-
Inventory of supplies	1,498	-	240	-	-
Prepayments	7,087	43	-	-	-
Total current assets	<u>291,386</u>	<u>52,265</u>	<u>6,551</u>	<u>1,310</u>	<u>40,109</u>
Noncurrent Assets					
Cash and cash equivalents	23,837	23,837	-	-	-
Deferred charges	5,259	5,259	-	-	-
Capital assets					
Land	20,395	20,395	-	-	-
Buildings	196,799	196,799	-	-	-
Improvements other than buildings	2,509	-	525	-	-
Accumulated depreciation	(22,550)	(21,804)	(361)	-	-
Furniture, machinery and equipment	88,727	-	2,346	113	3,464
Accumulated depreciation	(60,863)	-	(1,234)	(113)	(353)
Work in progress	137,287	137,287	-	-	-
Total capital assets	<u>362,304</u>	<u>332,677</u>	<u>1,276</u>	<u>-</u>	<u>3,111</u>
Total noncurrent assets	<u>391,400</u>	<u>361,773</u>	<u>1,276</u>	<u>-</u>	<u>3,111</u>
TOTAL ASSETS	<u>682,786</u>	<u>414,038</u>	<u>7,827</u>	<u>1,310</u>	<u>43,220</u>
LIABILITIES					
Current liabilities					
Accounts payable	8,614	272	1,357	15	1,414
Contracts payable	8,291	8,291	-	-	-
Retainage payable	4,117	4,115	2	-	-
Claims and judgements payable	2,600	-	-	-	-
Estimated claim settlements	89,037	-	-	-	13,826
Due to other funds	3,526	-	103	-	526
Interest payable	1,673	1,669	4	-	-
Interfund short-term loans payable	1,059	-	-	-	-
Wages payable	3,317	-	959	-	61
Compensated absences payable	741	-	212	-	15
Taxes payable	32	21	7	-	-
Unearned revenues	865	1	-	-	664
General obligation bonds payable	175	-	175	-	-
Revenue bonds payable	6,185	6,185	-	-	-
Assessments payable	15	-	15	-	-
Custodial accounts	186	-	-	-	186
Total current liabilities	<u>130,433</u>	<u>20,554</u>	<u>2,834</u>	<u>15</u>	<u>16,692</u>
Long-term liabilities					
Compensated absences payable	9,249	-	2,648	-	184
Other postemployment benefits	505	-	196	-	6
General obligation bonds payable	245	-	245	-	-
Revenue bonds payable	402,455	402,455	-	-	-
Assessments payable	30	-	30	-	-
Estimated claim settlements	56,749	-	-	-	-
Total long-term liabilities	<u>469,233</u>	<u>402,455</u>	<u>3,119</u>	<u>-</u>	<u>190</u>
TOTAL LIABILITIES	<u>599,666</u>	<u>423,009</u>	<u>5,953</u>	<u>15</u>	<u>16,882</u>
NET ASSETS					
Invested in capital assets, net of related debt	10,936	(18,271)	856	-	3,111
Restricted for:					
Capital projects	798	798	-	-	-
Debt Service	24,662	24,662	-	-	-
Unrestricted	46,724	(16,160)	1,018	1,295	23,227
TOTAL NET ASSETS	<u>\$ 83,120</u>	<u>\$ (8,971)</u>	<u>\$ 1,874</u>	<u>\$ 1,295</u>	<u>\$ 26,338</u>

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 3)

FINANCIAL MANAGEMENT SERVICES	OFFICE OF INFORMATION RESOURCE MANAGEMENT OPERATING	INFORMATION & TELECOM- MUNICATIONS SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	MOTOR POOL EQUIPMENT RENTAL
\$ 5,133	\$ 2,734	\$ 7,763	\$ 86,298	\$ 1,154	\$ 5,446
-	-	-	-	-	-
-	-	-	-	-	-
-	-	68	-	2	-
-	-	(1)	-	-	-
391	21	1,756	46	104	246
505	-	31	-	-	-
-	-	-	-	-	73
-	-	-	7,044	-	-
<u>6,029</u>	<u>2,755</u>	<u>9,617</u>	<u>93,388</u>	<u>1,260</u>	<u>5,765</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	1,984
-	-	-	-	-	(385)
3,154	6	8,612	7	535	31,084
(2,659)	-	(7,661)	(2)	(415)	(20,813)
-	-	-	-	-	-
<u>495</u>	<u>6</u>	<u>951</u>	<u>5</u>	<u>120</u>	<u>11,870</u>
<u>495</u>	<u>6</u>	<u>951</u>	<u>5</u>	<u>120</u>	<u>11,870</u>
<u>6,524</u>	<u>2,761</u>	<u>10,568</u>	<u>93,393</u>	<u>1,380</u>	<u>17,635</u>
548	49	2,355	90	10	595
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,600	-	-
-	-	-	59,269	-	-
600	105	1,440	327	34	129
-	-	-	-	-	-
-	-	-	-	-	-
803	158	698	75	128	69
190	44	140	22	22	15
-	-	2	-	1	-
197	-	3	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,338</u>	<u>356</u>	<u>4,638</u>	<u>62,383</u>	<u>195</u>	<u>808</u>
2,379	548	1,748	273	269	190
121	12	82	12	17	12
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,500</u>	<u>560</u>	<u>1,830</u>	<u>285</u>	<u>286</u>	<u>202</u>
<u>4,838</u>	<u>916</u>	<u>6,468</u>	<u>62,668</u>	<u>481</u>	<u>1,010</u>
495	6	951	5	120	11,870
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,191</u>	<u>1,839</u>	<u>3,149</u>	<u>30,720</u>	<u>779</u>	<u>4,755</u>
<u>\$ 1,686</u>	<u>\$ 1,845</u>	<u>\$ 4,100</u>	<u>\$ 30,725</u>	<u>\$ 899</u>	<u>\$ 16,625</u>

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 3 OF 3)

	PRINTING/ GRAPHIC ARTS SERVICES	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ 8,993	\$ 50,581	\$ 6,544
Restricted cash and cash equivalents	-	-	-	-
Investments	-	-	4,247	-
Interest receivable	-	-	55	-
Accounts receivable	-	-	11	-
Estimated uncollectible accounts receivable	-	-	-	-
Due from other funds	-	637	35	4
Due from other governments, net	-	45	-	-
Inventory of supplies	-	1,182	-	3
Prepayments	-	-	-	-
Total current assets	-	10,857	54,929	6,551
Noncurrent Assets				
Cash and cash equivalents	-	-	-	-
Deferred charges	-	-	-	-
Capital assets				
Land	-	-	-	-
Buildings	-	-	-	-
Improvements other than buildings	-	-	-	-
Accumulated depreciation	-	-	-	-
Furniture, machinery and equipment	20	26,788	82	12,516
Accumulated depreciation	(16)	(17,984)	(72)	(9,541)
Work in progress	-	-	-	-
Total capital assets	4	8,804	10	2,975
Total noncurrent assets	4	8,804	10	2,975
TOTAL ASSETS	4	19,661	54,939	9,526
LIABILITIES				
Current liabilities				
Accounts payable	5	671	1,222	11
Contracts payable	-	-	-	-
Retainage payable	-	-	-	-
Claims and judgements payable	-	-	-	-
Estimated claim settlements	-	-	15,942	-
Due to other funds	-	68	56	138
Interest payable	-	-	-	-
Interfund short-term loans payable	1,059	-	-	-
Wages payable	-	241	125	-
Compensated absences payable	-	57	24	-
Taxes payable	1	-	-	-
Unearned revenues	-	-	-	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Assessments payable	-	-	-	-
Custodial accounts	-	-	-	-
Total current liabilities	1,065	1,037	17,369	149
Long-term liabilities				
Compensated absences payable	-	712	298	-
Other postemployment benefits	-	32	15	-
General obligation bonds payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Assessments payable	-	-	-	-
Estimated claim settlements	-	-	56,749	-
Total long-term liabilities	-	744	57,062	-
TOTAL LIABILITIES	1,065	1,781	74,431	149
NET ASSETS				
Invested in capital assets, net of related debt	4	8,804	10	2,975
Restricted for:				
Capital projects	-	-	-	-
Debt Service	-	-	-	-
Unrestricted	(1,065)	9,076	(19,502)	6,402
TOTAL NET ASSETS	\$ (1,061)	\$ 17,880	\$ (19,492)	\$ 9,377

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 3)**

	<u>TOTAL</u>	<u>BUILDING DEVELOPMENT & MANAGEMENT CORPORATIONS</u>	<u>CONSTRUCTION & FACILITIES MANAGEMENT</u>	<u>DES EQUIPMENT REPLACEMENT</u>	<u>EMPLOYEE BENEFITS PROGRAM</u>
OPERATING REVENUES					
Profit on inventory sales					
Sales of inventory	\$ 9,667	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	<u>(8,380)</u>	-	-	-	-
Gross profit on inventory	1,287	-	-	-	-
Data processing services - intracounty	26,179	-	-	-	-
Data processing services - other	627	-	-	-	-
Telecommunication services	2,436	-	-	-	-
Information resources management fees	6,515	-	-	-	-
Geographic information systems fees	4,455	-	-	-	-
Building management fees	17,697	17,697	-	-	-
Building operation and maintenance service fees	36,349	-	36,349	-	-
Architect/engineering/renovation service fees	9,282	-	9,282	-	-
Benefit program employer contributions	188,952	-	-	-	188,952
Benefit program employee fees	9,116	-	-	-	9,116
Financial services	30,542	-	-	-	-
Insurance services	23,266	-	-	-	-
Equipment rental fees	20,806	-	-	-	-
Fixed asset data management services	324	-	-	-	-
Garage shop services	503	-	-	-	-
Printing and duplication	1,238	-	1,146	-	-
Workers' compensation employer contributions	39,932	-	-	-	-
Miscellaneous	<u>762</u>	<u>10</u>	<u>37</u>	<u>385</u>	<u>-</u>
Total operating revenues	<u>420,268</u>	<u>17,707</u>	<u>46,814</u>	<u>385</u>	<u>198,068</u>
OPERATING EXPENSES					
Personal services	82,627	-	28,207	-	1,990
Materials and supplies	10,923	-	1,954	78	48
Contract services and other charges	262,596	5,693	9,745	-	190,393
Lease and maintenance of equipment	8,187	-	652	-	3
Internal services	22,953	-	3,911	21	354
Depreciation	<u>14,463</u>	<u>5,029</u>	<u>552</u>	<u>752</u>	<u>350</u>
Total operating expenses	<u>401,749</u>	<u>10,722</u>	<u>45,021</u>	<u>851</u>	<u>193,138</u>
OPERATING INCOME (LOSS)	<u>18,519</u>	<u>6,985</u>	<u>1,793</u>	<u>(466)</u>	<u>4,930</u>
NONOPERATING REVENUES					
Intergovernmental	50	-	-	-	-
Interest	7,110	532	241	31	1,099
Miscellaneous	<u>1,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenues	<u>8,257</u>	<u>532</u>	<u>241</u>	<u>31</u>	<u>1,099</u>
NONOPERATING EXPENSES					
Interest	10,884	10,810	28	-	-
(Gain) loss on disposal of capital assets	(313)	-	2	-	-
Miscellaneous	<u>511</u>	<u>511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating expenses	<u>11,082</u>	<u>11,321</u>	<u>30</u>	<u>-</u>	<u>-</u>
Income (loss) before contributions and transfers	15,694	(3,804)	2,004	(435)	6,029
Capital grants and contributions	1,060	-	198	-	-
Transfers in	1,366	-	-	-	-
Transfers out	<u>(6,613)</u>	<u>-</u>	<u>(2,181)</u>	<u>(173)</u>	<u>(15)</u>
CHANGE IN NET ASSETS	<u>11,507</u>	<u>(3,804)</u>	<u>21</u>	<u>(608)</u>	<u>6,014</u>
NET ASSETS - JANUARY 1, 2008 (RESTATEd)	<u>71,613</u>	<u>(5,167)</u>	<u>1,853</u>	<u>1,903</u>	<u>20,324</u>
NET ASSETS - DECEMBER 31, 2008	<u>\$ 83,120</u>	<u>\$ (8,971)</u>	<u>\$ 1,874</u>	<u>\$ 1,295</u>	<u>\$ 26,338</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 2 OF 3)

	<u>FINANCIAL MANAGEMENT SERVICES</u>	<u>OFFICE OF INFORMATION RESOURCE MANAGEMENT OPERATING</u>	<u>INFORMATION & TELECOM- MUNICATIONS SERVICES</u>	<u>INSURANCE</u>
OPERATING REVENUES				
Profit on inventory sales				
Sales of inventory	\$ -	\$ -	\$ -	\$ -
Cost of goods sold	-	-	-	-
Gross profit on inventory	-	-	-	-
Data processing services - intracounty	-	-	26,179	-
Data processing services - other	-	-	627	-
Telecommunication services	-	-	2,436	-
Information resources management fees	-	6,515	-	-
Geographic information systems fees	-	-	-	-
Building management fees	-	-	-	-
Building operation and maintenance service fees	-	-	-	-
Architect/engineering/renovation service fees	-	-	-	-
Benefit program employer contributions	-	-	-	-
Benefit program employee fees	-	-	-	-
Financial services	30,542	-	-	-
Insurance services	-	-	-	23,266
Equipment rental fees	-	-	-	-
Fixed asset data management services	-	-	-	-
Garage shop services	-	-	-	-
Printing and duplication	-	-	-	-
Workers' compensation employer contributions	-	-	-	-
Miscellaneous	37	-	135	2
Total operating revenues	<u>30,579</u>	<u>6,515</u>	<u>29,377</u>	<u>23,268</u>
OPERATING EXPENSES				
Personal services	19,035	3,769	14,993	2,243
Materials and supplies	285	63	387	47
Contract services and other charges	1,222	257	2,435	22,650
Lease and maintenance of equipment	2,664	47	3,985	64
Internal services	7,130	2,325	4,014	1,452
Depreciation	362	3	666	3
Total operating expenses	<u>30,698</u>	<u>6,464</u>	<u>26,480</u>	<u>26,459</u>
OPERATING INCOME (LOSS)	<u>(119)</u>	<u>51</u>	<u>2,897</u>	<u>(3,191)</u>
NONOPERATING REVENUES				
Intergovernmental	-	-	-	-
Interest	328	92	-	2,649
Miscellaneous	-	-	-	-
Total nonoperating revenues	<u>328</u>	<u>92</u>	<u>-</u>	<u>2,649</u>
NONOPERATING EXPENSES				
Interest	-	-	-	-
(Gain) loss on disposal of capital assets	(7)	8	1	-
Miscellaneous	-	-	-	-
Total nonoperating expenses	<u>(7)</u>	<u>8</u>	<u>1</u>	<u>-</u>
Income (loss) before contributions and transfers	216	135	2,896	(542)
Capital grants and contributions	-	-	186	-
Transfers in	-	300	899	-
Transfers out	(14)	(33)	(3,847)	(2)
CHANGE IN NET ASSETS	<u>202</u>	<u>402</u>	<u>134</u>	<u>(544)</u>
NET ASSETS - JANUARY 1, 2008 (RESTATED)	<u>1,484</u>	<u>1,443</u>	<u>3,966</u>	<u>31,269</u>
NET ASSETS - DECEMBER 31, 2008	<u>\$ 1,686</u>	<u>\$ 1,845</u>	<u>\$ 4,100</u>	<u>\$ 30,725</u>

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET ASSETS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2008
 (IN THOUSANDS)
 (PAGE 3 OF 3)

KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	MOTOR POOL EQUIPMENT RENTAL	PRINTING/ GRAPHIC ARTS SERVICES	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
\$ -	\$ 2,570	\$ -	\$ 6,850	\$ -	\$ 247
-	<u>(2,508)</u>	-	<u>(5,592)</u>	-	<u>(280)</u>
-	62	-	1,258	-	(33)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,455	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	9,973	-	8,827	-	2,006
-	-	-	324	-	-
-	58	-	445	-	-
-	-	92	-	-	-
-	-	-	-	39,932	-
-	<u>54</u>	<u>32</u>	<u>52</u>	<u>16</u>	<u>2</u>
<u>4,455</u>	<u>10,147</u>	<u>124</u>	<u>10,906</u>	<u>39,948</u>	<u>1,975</u>
3,227	1,832	-	4,191	2,918	222
95	4,259	-	3,293	62	352
360	128	-	279	29,427	7
11	369	-	242	110	40
349	778	52	690	1,724	153
<u>108</u>	<u>3,336</u>	<u>9</u>	<u>2,434</u>	<u>17</u>	<u>842</u>
<u>4,150</u>	<u>10,702</u>	<u>61</u>	<u>11,129</u>	<u>34,258</u>	<u>1,616</u>
<u>305</u>	<u>(555)</u>	<u>63</u>	<u>(223)</u>	<u>5,690</u>	<u>359</u>
50	-	-	-	-	-
-	148	-	234	1,566	190
-	-	1,097	-	-	-
<u>50</u>	<u>148</u>	<u>1,097</u>	<u>234</u>	<u>1,566</u>	<u>190</u>
-	-	46	-	-	-
-	(111)	7	(207)	-	(6)
-	-	-	-	-	-
<u>-</u>	<u>(111)</u>	<u>53</u>	<u>(207)</u>	<u>-</u>	<u>(6)</u>
355	(296)	1,107	218	7,256	555
-	277	-	233	-	166
-	158	9	-	-	-
<u>(2)</u>	<u>(1)</u>	<u>(181)</u>	<u>(45)</u>	<u>(2)</u>	<u>(117)</u>
353	138	935	406	7,254	604
<u>546</u>	<u>16,487</u>	<u>(1,996)</u>	<u>17,474</u>	<u>(26,746)</u>	<u>8,773</u>
<u>\$ 899</u>	<u>\$ 16,625</u>	<u>\$ (1,061)</u>	<u>\$ 17,880</u>	<u>\$ (19,492)</u>	<u>\$ 9,377</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 3)

	TOTAL	BUILDING DEVELOPMENT & MANAGEMENT CORPORATIONS	CONSTRUCTION & FACILITIES MANAGEMENT	DES EQUIPMENT REPLACEMENT	EMPLOYEE BENEFITS PROGRAM
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from users	\$ 427,818	\$ 18,290	\$ 47,140	\$ 285	\$ 198,187
Cash payments to suppliers for goods and services	(299,947)	(5,769)	(16,225)	(204)	(190,644)
Cash payments for employee services	(82,059)	-	(27,732)	-	(2,000)
Other operating revenues	762	10	37	385	-
Net cash provided (used) by operating activities	46,574	12,531	3,220	466	5,543
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	1,171	-	-	-	-
Interest paid on short-term loans	(46)	-	-	-	-
Interfund loan principal	(571)	-	-	-	-
Transfers in	1,366	-	-	-	-
Transfers out	(3,883)	-	(142)	(173)	(1)
Net cash provided (used) by noncapital financing activities	(1,963)	-	(142)	(173)	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(92,365)	(86,210)	(179)	-	(13)
Principal paid on general obligation bonds	(170)	-	(170)	-	-
Interest paid on general obligation bonds	(25)	-	(25)	-	-
Principal paid on revenue bonds	(5,895)	(5,895)	-	-	-
Interest paid on revenue bonds	(20,373)	(20,373)	-	-	-
Principal paid on assessment	(15)	-	(15)	-	-
Interest paid on assessment	(5)	-	(5)	-	-
Capital grants and contributions	45	-	-	-	-
Proceeds from disposal of capital assets	543	-	5	-	-
Net cash provided (used) by capital and related financing activities	(118,260)	(112,478)	(389)	-	(13)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments (including unrealized gains/losses reported as cash and cash equivalents)	8,379	1,787	241	31	1,099
Purchase of investments	(1,106)	-	-	-	-
Net cash provided (used) by investing activities	7,273	1,787	241	31	1,099
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(66,376)	(98,160)	2,930	324	6,628
CASH AND CASH EQUIVALENTS - JANUARY 1, 2008	362,800	173,968	2,067	604	33,417
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2008	\$ 296,424	\$ 75,808	\$ 4,997	\$ 928	\$ 40,045
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ 18,519	\$ 6,985	\$ 1,793	\$ (466)	\$ 4,930
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	14,463	5,029	552	752	350
Change in assets - (increase) decrease					
Accounts receivable, net	588	594	1	-	12
Due from other funds	(549)	-	363	285	20
Due from other governments, net	(160)	-	(1)	-	-
Inventory of supplies	(62)	-	(39)	-	-
Prepayments	1,469	(16)	-	-	-
Change in liabilities - increase (decrease)					
Accounts payable	71	(52)	204	(105)	(283)
Retainage payable	2	-	2	-	-
Claims and judgments payable	2,600	-	-	-	-
Estimated claim settlements	9,241	-	-	-	(46)
Due to other funds	(206)	-	(130)	-	483
Due to other governments	(9)	(9)	-	-	-
Wages payable	427	-	82	-	(8)
Taxes payable	(11)	1	-	-	-
Custodial accounts	21	-	-	-	21
Unearned revenues	29	(1)	-	-	66
Compensated absences payable	(162)	-	271	-	(6)
Other postemployment benefits	303	-	122	-	4
Total adjustments	28,055	5,546	1,427	932	613
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 46,574	\$ 12,531	\$ 3,220	\$ 466	\$ 5,543
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES					
Contributions of capital assets from government	\$ 1,060	\$ -	\$ 198	\$ -	\$ -

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 2 OF 3)

FINANCIAL MANAGEMENT SERVICES	OFFICE OF INFORMATION RESOURCE MANAGEMENT OPERATING	INFORMATION & TELECOM- MUNICATIONS SERVICES	INSURANCE	KING COUNTY GEOGRAPHIC INFORMATION SYSTEMS	MOTOR POOL EQUIPMENT RENTAL
\$ 30,408	\$ 6,539	\$ 28,321	\$ 23,274	\$ 4,390	\$ 12,397
(11,497)	(2,568)	(10,772)	(19,167)	(1,007)	(7,687)
(19,142)	(3,295)	(15,382)	(2,191)	(3,214)	(1,797)
37	-	135	2	-	54
<u>(194)</u>	<u>676</u>	<u>2,302</u>	<u>1,918</u>	<u>169</u>	<u>2,967</u>
-	-	-	-	74	-
-	-	-	-	-	-
-	-	-	-	-	-
-	300	899	-	-	158
<u>(14)</u>	<u>(32)</u>	<u>(3,353)</u>	<u>(1)</u>	<u>(2)</u>	<u>(1)</u>
<u>(14)</u>	<u>268</u>	<u>(2,454)</u>	<u>(1)</u>	<u>72</u>	<u>157</u>
(29)	(6)	(399)	-	(59)	(3,419)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1	-	-	243
<u>(29)</u>	<u>(6)</u>	<u>(398)</u>	<u>-</u>	<u>(59)</u>	<u>(3,176)</u>
328	92	-	2,649	-	148
<u>328</u>	<u>92</u>	<u>-</u>	<u>2,649</u>	<u>-</u>	<u>148</u>
91	1,030	(550)	4,566	182	96
<u>5,042</u>	<u>1,704</u>	<u>8,313</u>	<u>81,732</u>	<u>972</u>	<u>5,350</u>
<u>\$ 5,133</u>	<u>\$ 2,734</u>	<u>\$ 7,763</u>	<u>\$ 86,298</u>	<u>\$ 1,154</u>	<u>\$ 5,446</u>
\$ (119)	\$ 51	\$ 2,897	\$ (3,191)	\$ 305	\$ (555)
362	3	666	3	108	3,336
-	-	(8)	-	-	-
(5)	24	(893)	8	(65)	(204)
(115)	-	(1)	-	-	-
-	-	-	-	-	11
-	-	-	1,485	-	-
(227)	41	289	(71)	(200)	400
-	-	-	-	-	-
-	-	-	2,600	-	-
-	-	-	1,077	-	-
31	83	(225)	(45)	8	(56)
-	-	-	-	-	-
101	108	49	4	16	16
-	-	(12)	-	-	-
-	-	-	-	-	-
(14)	-	(22)	-	-	-
(281)	356	(484)	41	(13)	12
73	10	46	7	10	7
<u>(75)</u>	<u>625</u>	<u>(595)</u>	<u>5,109</u>	<u>(136)</u>	<u>3,522</u>
<u>\$ (194)</u>	<u>\$ 676</u>	<u>\$ 2,302</u>	<u>\$ 1,918</u>	<u>\$ 169</u>	<u>\$ 2,967</u>
\$ -	\$ -	\$ 186	\$ -	\$ -	\$ 277

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 3 OF 3)

	PRINTING/ GRAPHIC ARTS SERVICES	PUBLIC WORKS EQUIPMENT RENTAL	SAFETY & WORKERS' COMPENSATION	WASTEWATER EQUIPMENT RENTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from users	\$ 372	\$ 15,996	\$ 39,970	\$ 2,249
Cash payments to suppliers for goods and services	(830)	(9,920)	(22,909)	(748)
Cash payments for employee services	(63)	(4,199)	(2,822)	(222)
Other operating revenues	32	52	16	2
Net cash provided (used) by operating activities	<u>(489)</u>	<u>1,929</u>	<u>14,255</u>	<u>1,281</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and subsidies received	1,097	-	-	-
Interest paid on short-term loans	(46)	-	-	-
Interfund loan principal	(571)	-	-	-
Transfers in	9	-	-	-
Transfers out	-	(45)	(2)	(117)
Net cash provided (used) by noncapital financing activities	<u>489</u>	<u>(45)</u>	<u>(2)</u>	<u>(117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(1,625)	-	(426)
Principal paid on general obligation bonds	-	-	-	-
Interest paid on general obligation bonds	-	-	-	-
Principal paid on revenue bonds	-	-	-	-
Interest paid on revenue bonds	-	-	-	-
Principal paid on assessment	-	-	-	-
Interest paid on assessment	-	-	-	-
Capital grants and contributions	-	45	-	-
Proceeds from disposal of capital assets	-	254	-	40
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,326)</u>	<u>-</u>	<u>(386)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments (including unrealized gains/losses reported as cash and cash equivalents)	-	234	1,580	190
Purchase of investments	-	-	(1,106)	-
Net cash provided (used) by investing activities	<u>-</u>	<u>234</u>	<u>474</u>	<u>190</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	792	14,727	968
CASH AND CASH EQUIVALENTS - JANUARY 1, 2008	-	8,201	35,854	5,576
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2008	<u>\$ -</u>	<u>\$ 8,993</u>	<u>\$ 50,581</u>	<u>\$ 6,544</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 63	\$ (223)	\$ 5,690	\$ 359
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Depreciation	9	2,434	17	842
Change in assets - (increase) decrease				
Accounts receivable, net	-	-	(11)	-
Due from other funds	278	(405)	49	(4)
Due from other governments, net	2	(45)	-	-
Inventory of supplies	-	(38)	-	4
Prepayments	-	-	-	-
Change in liabilities - increase (decrease)				
Accounts payable	(251)	174	182	(30)
Retainage payable	-	-	-	-
Claims and judgments payable	-	-	-	-
Estimated claim settlements	-	-	8,210	-
Due to other funds	(527)	40	22	110
Due to other governments	-	-	-	-
Wages payable	(37)	68	28	-
Taxes payable	-	-	-	-
Custodial accounts	-	-	-	-
Unearned revenues	-	-	-	-
Compensated absences payable	(22)	(95)	59	-
Other postemployment benefits	(4)	19	9	-
Total adjustments	<u>(552)</u>	<u>2,152</u>	<u>8,565</u>	<u>922</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (489)</u>	<u>\$ 1,929</u>	<u>\$ 14,255</u>	<u>\$ 1,281</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Contributions of capital assets from government	\$ -	\$ 233	\$ -	\$ 166

CAFR



**Fiduciary
Funds**

**FIDUCIARY FUNDS
DECEMBER 31, 2008**

INVESTMENT TRUST FUNDS

Investment Trust Funds are used by King County to report investment activity engaged in on behalf of legally separate entities. Accounting for the three Investment Trust Funds is on the accrual basis and the measurement focus is economic resources.

External Investment Pool Trust Fund – Established to account for the investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units that participate in the County's investment pool.

External Impaired Investment Pool Trust Fund – Established to account 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. As of December 31, 2008, the County had one impaired asset in the Impaired Investment Pool Fund awaiting restructuring.

Individual Investment Accounts Trust Fund – Established to report investment activity conducted by King County on behalf of legally separate entities such as special districts and public authorities other than component units having investments with the County that are not in the County's investment pool.

**INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF NET ASSETS
DECEMBER 31, 2008
(IN THOUSANDS)**

ASSETS	TOTAL	EXTERNAL INVESTMENT POOL	EXTERNAL IMPAIRED INVESTMENT POOL	INDIVIDUAL INVESTMENT ACCOUNTS
Investments at fair value				
Certificates of deposit & saving accounts	\$ 240,047	\$ 239,918	\$ -	\$ 129
Commercial paper	4,424	-	4,424	-
Taxable municipal notes	9,296	9,296	-	-
US Treasury bills	153,283	153,283	-	-
US Treasury notes	228,613	226,504	-	2,109
US Agency notes	412,316	362,235	-	50,081
US Agency discount notes	1,083,092	1,083,092	-	-
US Agency collateralized mortgage obligations	41,003	41,003	-	-
State Treasurer's investment pool	243,441	243,441	-	-
Total investments	<u>2,415,515</u>	<u>2,358,772</u>	<u>4,424</u>	<u>52,319</u>
Interest receivable	5,758	5,197	-	561
TOTAL ASSETS	<u><u>2,421,273</u></u>	<u><u>2,363,969</u></u>	<u><u>4,424</u></u>	<u><u>52,880</u></u>
NET ASSETS				
Held in trust for pool participants	2,363,969	2,363,969	-	-
Held in trust for pool participants - impaired	4,424	-	4,424	-
Held in trust for individual investment account participants	52,880	-	-	52,880
TOTAL NET ASSETS	<u><u>\$ 2,421,273</u></u>	<u><u>\$ 2,363,969</u></u>	<u><u>\$ 4,424</u></u>	<u><u>\$ 52,880</u></u>

**INVESTMENT TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)**

ADDITIONS	TOTAL	EXTERNAL INVESTMENT POOL	EXTERNAL IMPAIRED INVESTMENT POOL	INDIVIDUAL INVESTMENT ACCOUNTS
Contributions	\$ 6,971,428	\$ 6,876,896	\$ 26,535	\$ 67,997
Net investment earnings (losses)				
Interest	77,826	77,749	-	77
Increase (decrease) in the fair value of investments	<u>(3,451)</u>	<u>4,120</u>	<u>(9,037)</u>	<u>1,466</u>
TOTAL ADDITIONS	<u><u>7,045,803</u></u>	<u><u>6,958,765</u></u>	<u><u>17,498</u></u>	<u><u>69,540</u></u>
DEDUCTIONS				
Distributions	<u>7,103,286</u>	<u>7,022,014</u>	<u>13,074</u>	<u>68,198</u>
Change in net assets	<u>(57,483)</u>	<u>(63,249)</u>	<u>4,424</u>	<u>1,342</u>
Net assets - January 1, 2008	<u>2,478,756</u>	<u>2,427,218</u>	<u>-</u>	<u>51,538</u>
Net assets - December 31, 2008	<u><u>\$ 2,421,273</u></u>	<u><u>\$ 2,363,969</u></u>	<u><u>\$ 4,424</u></u>	<u><u>\$ 52,880</u></u>

**FIDUCIARY FUNDS
DECEMBER 31, 2008**

AGENCY FUNDS

Agency Funds are clearing accounts employed to account for assets held by King County in its capacity as custodian or agent and are offset by equal and related liabilities. Accounting for Agency Funds is on the accrual basis. There is no measurement of operational results.

There are two major classifications of Agency Funds: (1) those that are used with the operations of King County government; and (2) those that are used to account for cash received and disbursed in King County's capacity as *ex officio* treasurer or collection agent for special districts and other governments.

AGENCY FUNDS – COUNTY GOVERNMENT

Enhanced-911 PSAP Escrow Fund – Utilized to account for receipt of Enhanced-911 excise tax revenue and subsequent distribution to the Public Safety Answering Points (PSAP) in King County.

Judicial Administration Agency Fund – Utilized to account for money deposited with King County Superior Court pending outcome of litigation.

King County Fiscal Agent / Debt Service Funds – Funds established to account for money held by King County as fiscal agent for the payment of debt service on bonds.

Miscellaneous Agency Funds – Funds established to account for amounts associated with short-term or relatively minor custodial activities. Activities in these funds account for the receipts and disbursements associated with the Plan to Achieve Self-Sufficiency (PASS), unclaimed effects and assets of deceased individuals, employee charitable payroll deductions, certificates of redemption and purchase associated with delinquent assessments in local improvement districts, and Community Development Block Grants held on the behalf of homeowners who qualify for one of several programs of housing and improvements for health, safety, and blight elimination.

Miscellaneous Property Tax Funds – Various property tax funds used to process and distribute real and personal property tax refunds authorized by the County Treasurer; to account for proceeds of foreclosure sales in excess of delinquent taxes, interest, penalties, and costs; and to account for required prepayment of real property taxes when a property owner plats a parcel of property. These funds are also used to record property tax payments in excess of liability and to process related refunds to taxpayers; to suspend tax receipts requiring further identification or additional payment before they can be distributed; and to distribute assessment and interest payments of local improvement districts and to process assessment refunds.

Miscellaneous Tax Distribution Fund – Established for distribution of certain revenues other than property taxes, such as state private harvest timber tax, leasehold excise tax, real estate excise tax, state forest board earnings, and proceeds from sales of tax title property.

Payroll and Accounts Payable Clearing Funds – Established to centralize issuance of payroll and accounts payable warrants that are reimbursed by each benefiting fund.

**FIDUCIARY FUNDS
DECEMBER 31, 2008**

School District Impact Fee Fund – Utilized to account for receipt and disbursement of fees authorized by the State of Washington Growth Management Act of 1990. In 1992 King County adopted Ordinance 10122 for the purpose of implementing the school impact fee program, allowing the County to enter into interlocal agreements with school districts.

Warrant Redemption Fund – Utilized to redeem warrants of King County and special districts and to make distribution to applicable issuing funds.

AGENCY FUNDS – SPECIAL DISTRICTS/OTHER GOVERNMENTS

King County utilized approximately 670 active funds in 2008 to account for the resources of 154 special districts/other governments and related liabilities of King County.

The King County Executive, in compliance with the laws of the State of Washington or by contract, is the ex officio treasurer of King County and special districts, but not for the cities, towns, or the State of Washington. Money received from or for the special districts or other governments is deposited in King County's central bank account; disbursements for both operations and investments are made upon receipt of instructions from governing bodies or administrators of the special districts/other governments. Revenues received for the accounts of the cities, towns, and State of Washington are remitted to their respective treasurers.

Central Puget Sound Regional Transit Authority – On May 31, 1996, Sound Transit adopted *Sound Move – The 10-year Regional Transit System Plan*, a proposal to build the first phase of a high-capacity transit system to provide the region with alternatives to meet its transportation needs. Citizens within Sound Transit's districts approved local taxes necessary to fund that plan on November 5, 1996. Sound Transit is governed by an eighteen-member board comprised of seventeen local elected officials and the State Transportation Department Secretary.

Cities and Towns – The King County Finance and Business Operations Division utilizes a group of funds for each of the 39 municipalities to account for the collection and remittance of regular, special, and bond property tax levies to their respective treasurers.

Fire Districts – In King County there are 29 fire protection districts. The primary purpose of these districts is to provide fire prevention and suppression services and to offer emergency medical services to protect life and property in areas outside cities and towns, except where the cities and towns have been annexed into a fire protection district. These districts are governed by elected Boards of Fire Commissioners.

Hospital Districts – King County has three public hospital districts. These municipal corporations are authorized to own and operate public hospitals and related facilities. Each district is governed by an elected five-member Hospital Commission.

King County Directors' Association (KCDA) – The KCDA is a nonprofit cooperative purchasing organization made up of 295 public school districts statewide and 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.

**FIDUCIARY FUNDS
DECEMBER 31, 2008**

King County Library System – This district serves the public through 43 community libraries, The Traveling Library Center, a mobile tech lab, two children's bookmobiles, and three institutional libraries in King County facilities. All unincorporated areas of the County are a part of the library district as are all cities in the County except for Seattle, Renton, Enumclaw, Hunt's Point, and Yarrow Point.

Library Capital Facility Districts – This district was established for the purpose of financing the acquisition, improvement, and construction of the Issaquah and Redmond libraries.

Miscellaneous Special Districts – The following is a brief summary of the main entities:

- Puget Sound Regional Council – The regional planning and decision-making body for growth and transportation issues in the counties of King, Kitsap, Pierce, and Snohomish. Its primary goal is to plan for the growth and development of the region, including transportation planning, and to seek solutions to problems crossing political boundaries. It is governed by a general assembly and its executive board. Each member of the board is a voting member.
- Puget Sound Clean Air Agency – An air pollution control authority under the Washington Clean Air Act for the counties of King, Kitsap, Pierce, and Snohomish. The agency is governed by a nine-member board composed mainly of elected officials from the four county jurisdictions. Its major responsibility is the implementation of the Washington Clean Air Act. This responsibility has been delegated to the agency by both the State of Washington and the Federal Environmental Protection Agency.
- Drainage Districts – There are six districts in this category. They were established to ditch, dike, and provide pumping facilities for flood-prone or low-lying lands.
- Cemetery District No. 1 – Formed in 1978 to improve and maintain a public cemetery on Vashon Island that was originally established in 1888 by a private association.
- Vashon-Maury Island Park and Recreation District – Established to develop and operate park and recreational facilities on Vashon-Maury Island.
- Law Library – A comprehensive library of approximately 90,000 law books located on the sixth floor of the King County Courthouse. Its branch at the Maleng Regional Justice Center in Kent has approximately 15,000 volumes. The library is governed by a five-member Board of Trustees and is financed by a portion of all District and Superior Court civil filing fees.

Northshore Park and Recreation Service Area – This district was established to finance the acquisition and construction of a senior center in an area overlapping portions of both King County and Snohomish County corresponding to the boundaries of the Northshore School District. The district is governed by a five member board.

Port of Seattle – The Port of Seattle is a public enterprise governed by five commissioners elected by the citizens of King County. Its mission is to provide services and facilities to accommodate the transportation of cargo and passengers by air, water, and land. Its marine facilities include one of the largest container ports in the United States. The Port also includes

**FIDUCIARY FUNDS
DECEMBER 31, 2008**

Seattle-Tacoma International Airport and marinas for a commercial fishing fleet and pleasure craft. While King County is no longer the Port's treasurer, it continues to use a special district fund to account for the collection and remittance of the Port's special tax levies.

School Districts – Public education in King County from pre-kindergarten through the 12th grade is provided by 19 school districts, each governed by an elected Board of Directors and administered by a superintendent. In 2008 enrollments showed approximately 254,000 students attending 515 elementary, middle, junior high, senior high, special, and alternative schools. Puget Sound Educational Service District (PSESD), whose financial reporting is included in the School District Combining Statement of Fiduciary Assets and Liabilities, serves 35 school districts and more than 200 private schools in King and Pierce Counties plus Bainbridge Island in Kitsap County. The PSESD is governed by a nine-member Board of Directors and administered by a superintendent. The PSESD assists public and private schools in its region through program and staff development; early childhood programs; administrative and instructional support; technical assistance; business, financial and state reporting services; and direct service to children and families. A complete list of services and programs can be found online at www.psesd.org.

Sewer and Water Districts – There are 14 sewer and water districts in King County. The principal purpose of these districts is to protect public health and to improve water quality by constructing, maintaining, and operating sewer systems. The districts may also provide water, storm drainage, street lighting, lake rehabilitation, and onsite systems management. Each district is governed by an elected three-member Board of Commissioners.

State of Washington – King County utilizes a group of funds to account for state-levied property tax collections, court filing fees, fines, and forfeiture payments due to violations of laws of the State of Washington and their subsequent remittance to the State Treasurer.

Washington State Public Stadium Authority – This agency was established in 1997 to oversee the construction of a new football stadium and an exhibition center. It is governed by a seven-member board appointed by the Governor.

Water Districts – In King County there are 23 water districts. 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.



**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 1 OF 9)**

	TOTAL AGENCY FUNDS			BALANCE 12/31/08
	BALANCE 01/01/08	INCREASES	DECREASES	
ASSETS				
Cash and cash equivalents	\$ 137,083	\$ 23,305,725	\$ 23,321,632	\$ 121,176
Assets held in trust - external investment pool	2,427,218	2,363,969	2,427,218	2,363,969
Assets held in trust - external impaired investment pool	-	66,141	61,717	4,424
Investments	7,920	12,744	19,440	1,224
Assets held in trust - individual investment accounts	50,983	52,880	50,983	52,880
Taxes receivable - delinquent	57,220	54,705	46,648	65,277
Accounts receivable	3,603	2,221	1,064	4,760
Assessments receivable	9,175	3,320	3,400	9,095
Notes and contracts receivable	65	10	22	53
TOTAL ASSETS	\$ 2,693,267	\$ 25,861,715	\$ 25,932,124	\$ 2,622,858
LIABILITIES				
Warrants payable	\$ 83,535	\$ 6,908,478	\$ 6,897,691	\$ 94,322
Accounts payable	9,344	2,505,676	2,506,755	8,265
Wages payable	4,166	1,096,439	1,095,807	4,798
Custodial accounts - County agencies	75,789	5,335,065	5,356,322	54,532
Due to special districts/other governments	2,520,433	11,655,566	11,715,058	2,460,941
TOTAL LIABILITIES	\$ 2,693,267	\$ 27,501,224	\$ 27,571,633	\$ 2,622,858

ASSETS	
Cash and cash equivalents	
Assets held in trust - external investment pool	
Assets held in trust - external impaired investment pool	
Investments	
Assets held in trust - individual investment accounts	
Taxes receivable - delinquent	
Accounts receivable	
Assessments receivable	
Notes and contracts receivable	
TOTAL ASSETS	

LIABILITIES	
Warrants payable	
Accounts payable	
Wages payable	
Custodial accounts - County agencies	
Due to special districts/other governments	
TOTAL LIABILITIES	

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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ENHANCED 911 PSAP ESCROW			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 11,241	\$ 8,376	\$ 7,763	\$ 11,854
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 11,241</u>	<u>\$ 8,376</u>	<u>\$ 7,763</u>	<u>\$ 11,854</u>
\$ -	\$ -	\$ -	\$ -
-	5,073	5,073	-
-	-	-	-
11,241	9,466	8,853	11,854
-	-	-	-
<u>\$ 11,241</u>	<u>\$ 14,539</u>	<u>\$ 13,926</u>	<u>\$ 11,854</u>

KING COUNTY FISCAL AGENT / DEBT SERVICE			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 17	\$ 881,995	\$ 882,012	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 17</u>	<u>\$ 881,995</u>	<u>\$ 882,012</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
17	881,995	882,012	-
-	-	-	-
<u>\$ 17</u>	<u>\$ 881,995</u>	<u>\$ 882,012</u>	<u>\$ -</u>

JUDICIAL ADMINISTRATION AGENCY			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 24,309	\$ 343,853	\$ 353,989	\$ 14,173
-	-	-	-
7,920	12,744	19,440	1,224
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 32,229</u>	<u>\$ 356,597</u>	<u>\$ 373,429</u>	<u>\$ 15,397</u>
\$ -	\$ -	\$ -	\$ -
-	15	15	-
-	-	-	-
32,229	104,605	121,437	15,397
-	-	-	-
<u>\$ 32,229</u>	<u>\$ 104,620</u>	<u>\$ 121,452</u>	<u>\$ 15,397</u>

MISCELLANEOUS AGENCY FUNDS			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 6,800	\$ 39,789	\$ 37,817	\$ 8,772
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
65	10	22	53
<u>\$ 6,865</u>	<u>\$ 39,799</u>	<u>\$ 37,839</u>	<u>\$ 8,825</u>
\$ -	\$ -	\$ -	\$ -
43	1,118	1,139	22
-	-	-	-
6,822	31,150	29,169	8,803
-	-	-	-
<u>\$ 6,865</u>	<u>\$ 32,268</u>	<u>\$ 30,308</u>	<u>\$ 8,825</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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	MISCELLANEOUS PROPERTY TAX FUNDS			
	<u>BALANCE</u> <u>01/01/08</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>12/31/08</u>
ASSETS				
Cash and cash equivalents	\$ 15,904	\$ 3,957,131	\$ 3,960,593	\$ 12,442
Assets held in trust - external investment pool	-	-	-	-
Assets held in trust - external impaired investment pool	-	-	-	-
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 15,904</u>	<u>\$ 3,957,131</u>	<u>\$ 3,960,593</u>	<u>\$ 12,442</u>
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	525	25,558	26,007	76
Wages payable	-	-	-	-
Custodial accounts - County agencies	15,379	3,947,773	3,950,786	12,366
Due to special districts/other governments	-	-	-	-
TOTAL LIABILITIES	<u>\$ 15,904</u>	<u>\$ 3,973,331</u>	<u>\$ 3,976,793</u>	<u>\$ 12,442</u>

	MISCELLANEOUS TAX DISTRIBUTION			
	<u>BALANCE</u> <u>01/01/08</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>BALANCE</u> <u>12/31/08</u>
ASSETS				
Cash and cash equivalents	\$ 2,647	\$ 357,530	\$ 357,745	\$ 2,432
Assets held in trust - external investment pool	-	-	-	-
Assets held in trust - external impaired investment pool	-	-	-	-
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 2,647</u>	<u>\$ 357,530</u>	<u>\$ 357,745</u>	<u>\$ 2,432</u>
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	100	100	-
Wages payable	-	-	-	-
Custodial accounts - County agencies	2,647	357,530	357,745	2,432
Due to special districts/other governments	-	-	-	-
TOTAL LIABILITIES	<u>\$ 2,647</u>	<u>\$ 357,630</u>	<u>\$ 357,845</u>	<u>\$ 2,432</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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PAYROLL AND ACCOUNTS PAYABLE CLEARING				WARRANT REDEMPTION			
BALANCE 1/1/2008	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 41,832	\$ 3,631,513	\$ 3,627,326	\$ 46,019	\$ 14,335	\$ 2,810,811	\$ 2,817,386	\$ 7,760
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
411	125	57	479	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 42,243</u>	<u>\$ 3,631,638</u>	<u>\$ 3,627,383</u>	<u>\$ 46,498</u>	<u>\$ 14,335</u>	<u>\$ 2,810,811</u>	<u>\$ 2,817,386</u>	<u>\$ 7,760</u>
\$ 29,173	\$ 2,512,370	\$ 2,508,029	\$ 33,514	\$ 14,335	\$ 2,818,604	\$ 2,825,179	\$ 7,760
8,691	2,061,074	2,061,789	7,976	-	-	-	-
4,166	1,096,439	1,095,807	4,798	-	-	-	-
213	50	53	210	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 42,243</u>	<u>\$ 5,669,933</u>	<u>\$ 5,665,678</u>	<u>\$ 46,498</u>	<u>\$ 14,335</u>	<u>\$ 2,818,604</u>	<u>\$ 2,825,179</u>	<u>\$ 7,760</u>

SCHOOL DISTRICT IMPACT FEE				CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 7,241	\$ 2,507	\$ 6,278	\$ 3,470	\$ -	\$ 669	\$ 669	\$ -
-	-	-	-	198	146	198	146
-	-	-	-	-	189	175	14
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,241</u>	<u>\$ 2,507</u>	<u>\$ 6,278</u>	<u>\$ 3,470</u>	<u>\$ 198</u>	<u>\$ 1,004</u>	<u>\$ 1,042</u>	<u>\$ 160</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,241	2,496	6,267	3,470	-	-	-	-
-	-	-	-	198	569	607	160
<u>\$ 7,241</u>	<u>\$ 2,496</u>	<u>\$ 6,267</u>	<u>\$ 3,470</u>	<u>\$ 198</u>	<u>\$ 569</u>	<u>\$ 607</u>	<u>\$ 160</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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	CITIES AND TOWNS			BALANCE 12/31/08
	BALANCE 01/01/08	INCREASES	DECREASES	
ASSETS				
Cash and cash equivalents	\$ 6,335	\$ 786,222	\$ 784,337	\$ 8,220
Assets held in trust - external investment pool	-	-	-	-
Assets held in trust - external impaired investment pool	-	-	-	-
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	13,576	13,154	12,110	14,620
Accounts receivable	3,192	2,096	1,007	4,281
Assessments receivable	8	48	50	6
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 23,111</u>	<u>\$ 801,520</u>	<u>\$ 797,504</u>	<u>\$ 27,127</u>
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	23,111	798,343	794,327	27,127
TOTAL LIABILITIES	<u>\$ 23,111</u>	<u>\$ 798,343</u>	<u>\$ 794,327</u>	<u>\$ 27,127</u>

	FIRE DISTRICTS			BALANCE 12/31/08
	BALANCE 01/01/08	INCREASES	DECREASES	
ASSETS				
Cash and cash equivalents	\$ 531	\$ 220,829	\$ 220,941	\$ 419
Assets held in trust - external investment pool	91,755	99,847	91,755	99,847
Assets held in trust - external impaired investment pool	-	2,377	2,164	213
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	2,904	3,523	2,577	3,850
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 95,190</u>	<u>\$ 326,576</u>	<u>\$ 317,437</u>	<u>\$ 104,329</u>
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	25	85,017	84,884	158
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	95,165	427,369	418,363	104,171
TOTAL LIABILITIES	<u>\$ 95,190</u>	<u>\$ 512,386</u>	<u>\$ 503,247</u>	<u>\$ 104,329</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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HOSPITAL DISTRICTS				KING COUNTY LIBRARY SYSTEM			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ -	\$ 137,226	\$ 137,226	\$ -	\$ -	\$ 194,908	\$ 194,908	\$ -
48,680	5,471	48,680	5,471	79,360	47,142	79,360	47,142
-	1,332	1,238	94	-	2,318	2,159	159
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
926	944	695	1,175	1,981	2,374	2,055	2,300
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 49,606</u>	<u>\$ 144,973</u>	<u>\$ 187,839</u>	<u>\$ 6,740</u>	<u>\$ 81,341</u>	<u>\$ 246,742</u>	<u>\$ 278,482</u>	<u>\$ 49,601</u>
\$ 360	\$ 8,692	\$ 8,689	\$ 363	\$ -	\$ 493	\$ 493	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
49,246	512,270	555,139	6,377	81,341	339,478	371,218	49,601
<u>\$ 49,606</u>	<u>\$ 520,962</u>	<u>\$ 563,828</u>	<u>\$ 6,740</u>	<u>\$ 81,341</u>	<u>\$ 339,971</u>	<u>\$ 371,711</u>	<u>\$ 49,601</u>

KING COUNTY DIRECTORS' ASSOCIATION				LIBRARY CAPITAL FACILITY DISTRICTS			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ -	\$ 122,709	\$ 122,709	\$ -	\$ -	\$ 1,305	\$ 1,305	\$ -
7,298	9,040	7,298	9,040	92	60	92	60
-	71	65	6	-	14	13	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	19	18	15	22
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 7,298</u>	<u>\$ 131,820</u>	<u>\$ 130,072</u>	<u>\$ 9,046</u>	<u>\$ 111</u>	<u>\$ 1,397</u>	<u>\$ 1,425</u>	<u>\$ 83</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	98,864	98,864	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,298	115,511	113,763	9,046	111	2,414	2,442	83
<u>\$ 7,298</u>	<u>\$ 214,375</u>	<u>\$ 212,627</u>	<u>\$ 9,046</u>	<u>\$ 111</u>	<u>\$ 2,414</u>	<u>\$ 2,442</u>	<u>\$ 83</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
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	MISCELLANEOUS SPECIAL DISTRICTS			
	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
ASSETS				
Cash and cash equivalents	\$ 136	\$ 48,876	\$ 48,832	\$ 180
Assets held in trust - external investment pool	12,498	12,069	12,498	12,069
Assets held in trust - external impaired investment pool	-	351	327	24
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	294	261	203	352
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	\$ 12,928	\$ 61,557	\$ 61,860	\$ 12,625
LIABILITIES				
Warrants payable	\$ -	\$ 3,491	\$ 3,398	\$ 93
Accounts payable	-	11,775	11,747	28
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	12,928	46,181	46,605	12,504
TOTAL LIABILITIES	\$ 12,928	\$ 61,447	\$ 61,750	\$ 12,625

	NORTHSHORE PARK AND RECREATION SERVICE AREA			
	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
ASSETS				
Cash and cash equivalents	\$ -	\$ 821	\$ 821	\$ -
Assets held in trust - external investment pool	146	158	146	158
Assets held in trust - external impaired investment pool	-	11	10	1
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	8	7	6	9
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	\$ 154	\$ 997	\$ 983	\$ 168
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	410	410	-
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	154	688	674	168
TOTAL LIABILITIES	\$ 154	\$ 1,098	\$ 1,084	\$ 168

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 8 OF 9)**

PORT OF SEATTLE				SEWER AND WATER DISTRICTS			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 85	\$ 76,203	\$ 76,297	\$ (9)	\$ -	\$ 425,064	\$ 425,064	\$ -
-	-	-	-	159,959	151,767	159,959	151,767
-	-	-	-	-	5,132	4,866	266
-	-	-	-	-	-	-	-
-	-	-	-	2,046	2,138	2,046	2,138
1,557	1,500	1,218	1,839	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	4,894	3,269	2,761	5,402
-	-	-	-	-	-	-	-
<u>\$ 1,642</u>	<u>\$ 77,703</u>	<u>\$ 77,515</u>	<u>\$ 1,830</u>	<u>\$ 166,899</u>	<u>\$ 587,370</u>	<u>\$ 594,696</u>	<u>\$ 159,573</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	122,469	122,465	4
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,642	154,910	154,722	1,830	166,899	264,300	271,630	159,569
<u>\$ 1,642</u>	<u>\$ 154,910</u>	<u>\$ 154,722</u>	<u>\$ 1,830</u>	<u>\$ 166,899</u>	<u>\$ 386,769</u>	<u>\$ 394,095</u>	<u>\$ 159,573</u>

SCHOOL DISTRICTS				STATE OF WASHINGTON			
BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08	BALANCE 01/01/08	INCREASES	DECREASES	BALANCE 12/31/08
\$ 10	\$ 7,887,677	\$ 7,887,684	\$ 3	\$ 5,660	\$ 957,944	\$ 958,163	\$ 5,441
1,852,763	1,867,422	1,852,763	1,867,422	-	-	-	-
-	49,492	46,181	3,311	-	-	-	-
-	-	-	-	-	-	-	-
48,937	50,742	48,937	50,742	-	-	-	-
19,911	18,508	15,284	23,135	16,044	14,416	12,485	17,975
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 1,921,621</u>	<u>\$ 9,873,841</u>	<u>\$ 9,850,849</u>	<u>\$ 1,944,613</u>	<u>\$ 21,704</u>	<u>\$ 972,360</u>	<u>\$ 970,648</u>	<u>\$ 23,416</u>
\$ 39,614	\$ 1,552,642	\$ 1,540,295	\$ 51,961	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	198	197	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,882,007	6,933,815	6,923,170	1,892,652	21,704	1,709,289	1,707,578	23,415
<u>\$ 1,921,621</u>	<u>\$ 8,486,457</u>	<u>\$ 8,463,465</u>	<u>\$ 1,944,613</u>	<u>\$ 21,704</u>	<u>\$ 1,709,487</u>	<u>\$ 1,707,775</u>	<u>\$ 23,416</u>

**AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2008
(IN THOUSANDS)
(PAGE 9 OF 9)**

WA STATE PUBLIC STADIUM AUTHORITY				
	<u>BALANCE</u>			<u>BALANCE</u>
	<u>01/01/08</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>12/31/08</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 9,428	\$ 9,428	\$ -
Assets held in trust - external investment pool	5,349	5,765	5,349	5,765
Assets held in trust - external impaired investment pool	-	227	211	16
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Assessments receivable	-	-	-	-
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 5,349</u>	<u>\$ 15,420</u>	<u>\$ 14,988</u>	<u>\$ 5,781</u>
LIABILITIES				
Warrants payable	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	661	661	-
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	5,349	4,088	3,656	5,781
TOTAL LIABILITIES	<u>\$ 5,349</u>	<u>\$ 4,749</u>	<u>\$ 4,317</u>	<u>\$ 5,781</u>

WATER DISTRICTS				
	<u>BALANCE</u>			<u>BALANCE</u>
	<u>01/01/08</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>12/31/08</u>
ASSETS				
Cash and cash equivalents	\$ -	\$ 402,339	\$ 402,339	\$ -
Assets held in trust - external investment pool	169,120	165,082	169,120	165,082
Assets held in trust - external impaired investment pool	-	4,627	4,308	319
Investments	-	-	-	-
Assets held in trust - individual investment accounts	-	-	-	-
Taxes receivable - delinquent	-	-	-	-
Accounts receivable	-	-	-	-
Assessments receivable	4,273	3	589	3,687
Notes and contracts receivable	-	-	-	-
TOTAL ASSETS	<u>\$ 173,393</u>	<u>\$ 572,051</u>	<u>\$ 576,356</u>	<u>\$ 169,088</u>
LIABILITIES				
Warrants payable	\$ 53	\$ 12,186	\$ 11,608	\$ 631
Accounts payable	60	93,344	93,404	-
Wages payable	-	-	-	-
Custodial accounts - County agencies	-	-	-	-
Due to special districts/other governments	173,280	346,341	351,164	168,457
TOTAL LIABILITIES	<u>\$ 173,393</u>	<u>\$ 451,871</u>	<u>\$ 456,176</u>	<u>\$ 169,088</u>

CAFR



**Statistical
Section**

**STATISTICAL SECTION
DECEMBER 31, 2008**

TABLE OF CONTENTS

This part of King County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

<u>Contents</u>	<u>Pages</u>
<p>Financial Trends These schedules provide information to help the reader understand how the County's financial performance and well-being have changed over time.</p>	232 - 236
<p>Revenue Capacity These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</p>	237 - 240
<p>Debt Capacity These schedules present 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.</p>	241 - 248
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</p>	249 - 251
<p>Operating Information These schedules contain service 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.</p>	252 - 253

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The County implemented GASB Statement 34 in 2002; schedules presenting government-wide information include data beginning in that year.

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS)
 (PAGE 1 OF 2)

	2002	2003	2004	2005	2006	2007	2008
Expenses							
Governmental activities:							
General government	\$ 55,835	\$ 53,635	\$ 79,723	\$ 85,516	\$ 88,278	\$ 95,864	\$ 168,271
Law, safety and justice	462,834	491,834	474,808	476,101	509,234	544,838	580,105
Physical environment	51,556	52,386	58,092	51,897	56,322	63,326	75,638
Transportation	63,373	64,722	71,487	90,803	96,401	107,471	115,090
Economic environment	73,334	80,360	76,519	87,420	92,460	94,555	99,839
Mental and physical health	316,631	327,212	504,252	346,672	361,817	381,286	421,355
Culture and recreation	33,734	36,432	38,888	36,902	40,974	50,100	56,285
Interest and other debt service costs	53,116	45,980	49,383	54,538	52,361	53,299	51,455
Total governmental activities expenses	<u>1,110,413</u>	<u>1,152,561</u>	<u>1,353,152</u>	<u>1,229,849</u>	<u>1,297,847</u>	<u>1,390,739</u>	<u>1,568,038</u>
Business-type activities:							
Airport	11,816	11,590	12,356	15,537	15,392	14,620	15,842
Public Transportation	449,670	463,219	508,290	529,679	535,471	588,234	667,651
Solid Waste	79,571	79,105	78,074	95,457	102,127	116,252	110,348
Water Quality	219,634	212,355	222,238	228,438	243,496	242,808	251,910
Other	5,380	6,165	6,155	5,788	6,687	8,025	7,540
Total business-type activities expenses	<u>766,071</u>	<u>772,434</u>	<u>827,113</u>	<u>874,899</u>	<u>903,173</u>	<u>969,939</u>	<u>1,053,291</u>
Total primary government expenses	<u>\$ 1,876,484</u>	<u>\$ 1,924,995</u>	<u>\$ 2,180,265</u>	<u>\$ 2,104,748</u>	<u>\$ 2,201,020</u>	<u>\$ 2,360,678</u>	<u>\$ 2,621,329</u>
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 55,121	\$ 43,181	\$ 53,612	\$ 58,896	\$ 48,625	\$ 65,440	\$ 57,139
Law, safety and justice	98,573	95,084	108,617	106,315	118,722	125,103	128,424
Physical environment	38,456	50,836	53,744	43,231	42,517	44,564	48,286
Transportation	22,338	18,474	17,641	19,157	16,725	17,003	18,716
Economic environment	26,422	35,521	31,791	34,830	39,424	48,586	29,148
Mental and physical health	191,183	193,893	175,296	183,590	206,589	226,341	248,617
Culture and recreation	6,650	7,294	5,838	5,700	6,538	7,264	7,710
Interest and other debt service costs	3,432	3,334	4,651	4,049	8,339	4,864	911
Operating grants and contributions:							
General government	3,837	3,807	3,888	3,166	3,020	4,010	5,457
Law, safety and justice	28,135	26,192	25,931	34,230	27,595	33,675	32,147
Physical environment	1,988	1,564	2,560	3,016	2,075	2,033	4,290
Transportation	16,164	15,587	15,287	15,540	16,351	18,100	17,721
Economic environment	27,768	34,758	30,683	29,123	23,353	21,635	22,347
Mental and physical health	93,942	96,143	100,133	102,909	106,272	95,420	101,541
Culture and recreation	124	1,706	91	908	343	608	133
Interest and other debt service costs	3,977	4,127	3,760	4,407	4,554	4,734	4,961
Capital grants and contributions:							
General government	367	1,164	2,357	1,558	5,868	1,010	284
Physical environment	2,229	5,112	1,997	5,386	8,014	5,406	4,125
Transportation	79,820	94,254	91,813	147,870	87,979	76,403	73,749
Culture and recreation	679	3,151	941	1,799	-	89	101
Total governmental activities program revenues	<u>701,205</u>	<u>735,182</u>	<u>730,631</u>	<u>805,680</u>	<u>772,903</u>	<u>802,288</u>	<u>805,807</u>

Notes:

(1) Accrual-basis financial information for the County is available back to 2002 only, the year GASB Statement 34 was implemented.

(2) In 2007, four Washington state nonprofit corporations each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings have been recognized as a single blended component unit of the County in accordance with GASB Statement 14 criteria. The Changes in Net Assets for 2006 have been restated for this change.

(3) In 2007, Changes in Net Assets for 2006 have been restated for prior period adjustments in infrastructure and related right-of-way costs.

CHANGES IN NET ASSETS
LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS)
 (PAGE 2 OF 2)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Business-type activities:							
Charges for services:							
Airport	\$ 8,821	\$ 9,398	\$ 11,496	\$ 11,308	\$ 12,481	\$ 13,921	\$ 18,075
Public Transportation	107,621	104,348	113,335	131,321	143,831	160,231	173,011
Solid Waste	81,981	84,764	90,595	91,207	94,316	93,376	98,821
Water Quality	216,515	218,862	222,415	224,595	242,852	264,440	284,214
Other	5,544	5,158	4,607	5,913	6,685	6,823	6,968
Operating grants and contributions:							
Public Transportation	31,093	24,287	35,715	14,141	56,400	55,771	72,458
Other	197	-	-	-	-	-	-
Capital grants and contributions:							
Airport	1,230	469	1,305	6,352	21,248	2,533	11,513
Public Transportation	36,441	40,951	73,557	73,230	12,780	11,431	28,474
Solid Waste	500	929	537	529	988	690	857
Water Quality	13,915	11,438	15,942	3,264	2,242	1,164	2,311
Other	-	-	40	612	108	28	-
Total business-type activities program revenues	<u>503,858</u>	<u>500,604</u>	<u>569,544</u>	<u>562,472</u>	<u>593,931</u>	<u>610,408</u>	<u>696,702</u>
Total primary government program revenues	<u>\$ 1,205,063</u>	<u>\$ 1,235,786</u>	<u>\$ 1,300,175</u>	<u>\$ 1,368,152</u>	<u>\$ 1,366,834</u>	<u>\$ 1,412,696</u>	<u>\$ 1,502,509</u>
Net (Expenses)/Revenue							
Governmental activities	\$ (409,208)	\$ (417,379)	\$ (622,521)	\$ (424,169)	\$ (524,944)	\$ (588,451)	\$ (762,231)
Business-type activities	(262,213)	(271,830)	(257,569)	(312,427)	(309,242)	(359,531)	(356,589)
Total primary government net expenses	<u>\$ (671,421)</u>	<u>\$ (689,209)</u>	<u>\$ (880,090)</u>	<u>\$ (736,596)</u>	<u>\$ (834,186)</u>	<u>\$ (947,982)</u>	<u>\$ (1,118,820)</u>
General revenues and Other Changes in Net Assets							
Governmental activities:							
Property taxes	\$ 390,706	\$ 394,903	\$ 433,593	\$ 447,041	\$ 468,740	\$ 499,339	\$ 599,583
Retail sales and use taxes	120,940	121,217	128,610	138,572	150,111	164,804	193,827
Business and other taxes	34,651	42,493	50,165	52,716	56,801	53,745	41,557
Penalties and interest - delinquent taxes	15,194	17,064	16,790	14,901	15,322	15,611	15,740
Interest earnings	30,111	20,227	18,395	28,352	46,009	36,348	34,897
Transfers	(862)	2,509	486	992	(2,531)	1,200	2,858
Total governmental activities	<u>590,740</u>	<u>598,413</u>	<u>648,039</u>	<u>682,574</u>	<u>734,452</u>	<u>771,047</u>	<u>888,462</u>
Business-type activities:							
Retail sales and use taxes	297,330	296,748	314,192	341,149	367,264	442,042	432,934
Interest earnings	26,278	10,875	9,737	16,397	28,833	22,718	22,850
Transfers	862	(2,509)	(486)	(992)	2,531	(1,200)	(2,858)
Total business-type activities	<u>324,470</u>	<u>305,114</u>	<u>323,443</u>	<u>356,554</u>	<u>398,628</u>	<u>463,560</u>	<u>452,926</u>
Total primary government	<u>\$ 915,210</u>	<u>\$ 903,527</u>	<u>\$ 971,482</u>	<u>\$ 1,039,128</u>	<u>\$ 1,133,080</u>	<u>\$ 1,234,607</u>	<u>\$ 1,341,388</u>
Change in Net Assets							
Governmental activities	\$ 181,532	\$ 181,034	\$ 25,518	\$ 258,405	\$ 209,508	\$ 182,596	\$ 126,231
Business-type activities	62,257	33,284	65,874	44,127	89,386	104,029	96,337
Total Primary government	<u>\$ 243,789</u>	<u>\$ 214,318</u>	<u>\$ 91,392</u>	<u>\$ 302,532</u>	<u>\$ 298,894</u>	<u>\$ 286,625</u>	<u>\$ 222,568</u>

KING COUNTY, WASHINGTON
NET ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities							
Invested in capital assets, net of related debt	\$ 1,156,826	\$ 1,316,216	\$ 1,448,891	\$ 1,525,984	\$ 1,642,456	\$ 1,762,158	\$ 1,805,977
Restricted	297,057	263,818	261,656	289,894	338,188	394,932	454,219
Unrestricted	(415,608)	(360,725)	(465,720)	(408,832)	(364,090)	(357,940)	(334,815)
Total governmental activities net assets	<u>\$ 1,038,275</u>	<u>\$ 1,219,309</u>	<u>\$ 1,244,827</u>	<u>\$ 1,407,046</u>	<u>\$ 1,616,554</u>	<u>\$ 1,799,150</u>	<u>\$ 1,925,381</u>
Business-type activities							
Invested in capital assets, net of related debt	\$ 1,244,183	\$ 1,357,467	\$ 1,516,280	\$ 1,524,744	\$ 1,566,302	\$ 1,551,017	\$ 1,764,400
Restricted	407,709	360,660	283,104	311,665	329,262	419,118	436,969
Unrestricted	135,491	102,540	87,157	94,259	124,490	153,948	14,511
Total business-type activities net assets	<u>\$ 1,787,383</u>	<u>\$ 1,820,667</u>	<u>\$ 1,886,541</u>	<u>\$ 1,930,668</u>	<u>\$ 2,020,054</u>	<u>\$ 2,124,083</u>	<u>\$ 2,215,880</u>
Primary government							
Invested in capital assets, net of related debt	\$ 2,401,009	\$ 2,673,683	\$ 2,965,171	\$ 3,050,728	\$ 3,208,758	\$ 3,313,175	\$ 3,570,377
Restricted	704,766	624,478	544,760	601,559	667,450	814,050	891,188
Unrestricted	(280,117)	(258,185)	(378,563)	(314,573)	(239,600)	(203,992)	(320,304)
Total primary government net assets	<u>\$ 2,825,658</u>	<u>\$ 3,039,976</u>	<u>\$ 3,131,368</u>	<u>\$ 3,337,714</u>	<u>\$ 3,636,608</u>	<u>\$ 3,923,233</u>	<u>\$ 4,141,261</u>

Accrual-basis financial information for the County is available back to 2002 only, the year GASB Statement 34 was implemented.

KING COUNTY, WASHINGTON
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(IN THOUSANDS)

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund										
Reserved	\$ 6,531	\$ 11,561	\$ 12,558	\$ 9,282	\$ 8,502	\$ 7,815	\$ 18,693	\$ 24,219	\$ 27,346	\$ 16,064
Unreserved										
Designated	17,906	25,725	23,403	21,601	19,826	21,422	28,681	23,230	23,319	7,396
Undesignated	36,068	43,071	46,782	60,247	67,920	93,721	96,617	96,315	89,983	73,765
Total General Fund	<u>\$ 60,505</u>	<u>\$ 80,357</u>	<u>\$ 82,743</u>	<u>\$ 91,130</u>	<u>\$ 96,248</u>	<u>\$ 122,958</u>	<u>\$ 143,991</u>	<u>\$ 143,764</u>	<u>\$ 140,648</u>	<u>\$ 97,225</u>
All Other Governmental Funds										
Reserved	\$ 79,080	\$ 87,451	\$ 81,076	\$ 137,465	\$ 121,678	\$ 110,956	\$ 103,513	\$ 108,317	\$ 101,045	\$ 93,564
Unreserved										
Designated										
Special revenue funds	11,707	16,218	17,112	16,594	7,584	15,949	25,141	26,951	37,129	43,682
Debt service funds	-	108	283	246	176	-	-	-	-	-
Capital project funds	-	824	2,233	2,353	-	-	-	-	-	-
Undesignated										
Special revenue funds	51,027	42,893	41,172	60,499	70,325	73,948	58,618	67,268	84,541	154,680
Debt service funds	24,104	19,799	21,914	26,915	22,234	34,029	28,635	30,413	27,666	32,762
Capital project funds	138,199	98,943	89,283	30,988	14,205	49,758	57,069	43,678	80,946	94,692
Total all other governmental funds	<u>\$ 304,117</u>	<u>\$ 266,236</u>	<u>\$ 253,073</u>	<u>\$ 275,060</u>	<u>\$ 236,202</u>	<u>\$ 284,640</u>	<u>\$ 272,976</u>	<u>\$ 276,627</u>	<u>\$ 331,327</u>	<u>\$ 419,380</u>

Note: On January 1, 2005, the Criminal Justice Fund, a special revenue fund, was closed and the fund balance was transferred to the General Fund. In 1999 through 2004, the fund balance of the Criminal Justice Fund is reported under All Other Governmental Funds.

KING COUNTY, WASHINGTON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(IN THOUSANDS)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Revenues										
Taxes	\$ 500,675	\$ 525,195	\$ 539,743	\$ 561,039	\$ 575,590	\$ 630,440	\$ 653,194	\$ 690,873	\$ 733,432	\$ 849,416
Licenses and permits	18,979	13,506	19,272	17,322	20,900	25,920	22,477	24,654	30,865	23,484
Intergovernmental revenues	342,105	346,911	377,610	391,915	390,702	418,362	417,407	442,094	453,577	493,682
Charges for services	188,268	201,351	223,375	212,229	251,464	216,636	222,708	223,306	243,905	231,000
Fines and forfeits	6,958	8,044	7,086	8,016	8,145	7,350	6,362	8,084	9,616	9,536
Interest earnings	24,939	37,045	32,982	25,251	17,106	15,845	24,274	38,072	29,065	27,977
Miscellaneous revenues	28,940	32,384	34,868	42,963	35,011	42,289	46,189	51,081	57,504	56,071
Total revenues	<u>1,110,864</u>	<u>1,164,436</u>	<u>1,234,936</u>	<u>1,258,735</u>	<u>1,298,918</u>	<u>1,356,842</u>	<u>1,392,611</u>	<u>1,478,164</u>	<u>1,557,964</u>	<u>1,691,166</u>
Expenditures										
General government services	76,791	90,074	106,464	98,319	120,059	118,763	137,416	141,318	157,751	147,633
Law, safety and justice	354,773	367,913	398,976	420,352	440,151	423,737	429,541	467,053	496,376	534,238
Physical environment	40,384	39,686	39,999	51,236	50,947	55,760	51,408	56,601	63,924	91,301
Transportation	47,162	49,868	52,154	61,535	59,957	66,937	88,473	95,758	106,396	116,322
Economic environment	66,058	64,073	71,349	72,185	78,408	75,940	87,080	91,955	94,187	99,465
Mental and physical health	266,742	275,677	299,069	313,119	318,161	501,582	344,036	361,334	381,817	420,053
Culture and recreation	29,382	32,343	34,176	30,341	33,596	36,974	34,744	38,981	47,512	53,194
Debt service										
Redemption of long-term debt	52,408	51,482	57,586	57,900	65,150	65,252	78,160	80,192	87,195	79,071
Interest and other debt service costs	59,603	79,168	66,342	61,752	53,761	67,072	55,805	65,050	54,475	55,710
Capital outlay	222,150	144,802	145,697	110,476	150,708	201,397	83,936	86,746	74,135	105,673
Total expenditures	<u>1,215,453</u>	<u>1,195,086</u>	<u>1,271,812</u>	<u>1,277,215</u>	<u>1,370,898</u>	<u>1,613,414</u>	<u>1,390,599</u>	<u>1,484,988</u>	<u>1,563,768</u>	<u>1,702,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(104,589)</u>	<u>(30,650)</u>	<u>(36,876)</u>	<u>(18,480)</u>	<u>(71,980)</u>	<u>(256,572)</u>	<u>2,012</u>	<u>(6,824)</u>	<u>(5,804)</u>	<u>(11,494)</u>
Other Financing Sources (Uses)										
Transfers in	113,284	91,069	103,991	117,563	158,856	154,901	146,014	169,156	178,186	218,146
Transfers out	(113,317)	(87,686)	(104,012)	(114,884)	(154,547)	(153,989)	(144,458)	(166,282)	(175,063)	(213,003)
General obligation bonds issued	56,654	35	24,494	40,282	37,838	246,435	2,134	4,716	48,395	48,755
Premium on bonds sold	-	-	-	-	-	17,807	2,112	1,633	3,890	170
Refunding bonds issued	-	123,981	-	133,510	138,124	102,315	22,510	38,330	54,565	-
General long-term debt - capital leases	78,405	6,441	186	146	48	62,805	184	-	-	-
Sale of capital assets	3,383	618	2,171	1,789	4,407	5,504	4,307	2,274	4,548	2,080
Payment to refunded bond escrow agent	-	(123,981)	-	(132,798)	(137,377)	(107,317)	(24,360)	(39,579)	(57,133)	-
Total other financing sources (uses)	<u>138,409</u>	<u>10,477</u>	<u>26,830</u>	<u>45,608</u>	<u>47,349</u>	<u>328,461</u>	<u>8,443</u>	<u>10,248</u>	<u>57,388</u>	<u>56,148</u>
Net change in fund balances	<u>\$ 33,820</u>	<u>\$ (20,173)</u>	<u>\$ (10,046)</u>	<u>\$ 27,128</u>	<u>\$ (24,631)</u>	<u>\$ 71,889</u>	<u>\$ 10,455</u>	<u>\$ 3,424</u>	<u>\$ 51,584</u>	<u>\$ 44,654</u>
Debt service as a percentage of noncapital expenditures	11.28%	12.44%	11.00%	10.26%	9.75%	9.37%	10.25%	10.39%	9.51%	8.44%

Note:

In 2007 and 2008, four Washington state nonprofit corporations each of which are single-purpose entities that were created to assist the County in the development and construction of public buildings have been recognized as a single blended component unit of the County in accordance with GASB Statement 14 criteria. A single internal service fund is used to blend the four nonprofit corporations' activities and balances with the primary government. The Changes in Fund Balances, Governmental Funds Debt Service Expenditures for 2006 have been restated for activity now accounted for in an internal service fund.

KING COUNTY, WASHINGTON
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

FISCAL YEAR	TAXABLE REAL PROPERTY				TAXABLE PERSONAL PROPERTY		TOTAL TAXABLE PROPERTY		PERCENTAGE OF TAXABLE ASSESSED VALUE TO ESTIMATED TAXABLE ACTUAL VALUE ^(a)	TOTAL DIRECT TAX RATE ^(b)
	RESIDENTIAL PROPERTY	COMMERCIAL PROPERTY	MANUFACTURING PROPERTY	OTHER REAL PROPERTY	MACHINERY AND EQUIPMENT	OTHER PERSONAL PROPERTY	ASSESSED VALUE	ESTIMATED ACTUAL VALUE		
1999	\$ 100,406,771	\$ 23,552,115	\$ 5,334,809	\$ 9,209,516	\$ 7,556,414	\$ 4,362,827	\$ 150,422,452	\$ 165,982,879	90.6%	\$ 2.28
2000	113,478,695	26,069,345	5,369,495	8,650,397	6,495,236	6,258,040	166,321,208	186,669,393	89.1%	1.90
2001	131,427,238	29,842,811	5,836,929	7,639,145	6,901,486	6,772,495	188,420,104	209,139,443	90.1%	1.98
2002	147,928,871	33,872,466	6,477,627	7,684,682	7,646,826	7,386,129	210,996,601	231,328,370	91.2%	1.87
2003	161,272,895	34,230,703	6,436,607	8,035,210	7,395,022	7,624,162	224,994,599	247,036,216	91.1%	1.78
2004	171,503,993	35,461,930	6,643,168	8,364,910	6,895,213	6,965,040	235,834,254	249,751,859	94.4%	1.86
2005	183,256,711	36,199,927	6,760,083	8,443,463	6,395,974	7,855,625	248,911,783	260,484,740	95.6%	1.81
2006	198,127,989	38,824,503	7,131,275	11,681,018	6,960,327	7,845,999	270,571,111	294,821,227	91.8%	1.75
2007	220,370,481	44,100,498	7,817,974	10,748,360	7,390,343	8,327,543	298,755,199	342,607,599	87.2%	1.69
2008	249,962,370	50,972,853	8,673,833	14,267,768	7,808,288	9,310,328	340,995,440	405,511,641	84.1%	1.64

Source: King County Department of Assessments.

(a) Ratios for real property and personal property were provided by State of Washington Department of Revenue.

(b) Per \$1,000 of assessed value.

**KING COUNTY, WASHINGTON
DIRECT AND OVERLAPPING GOVERNMENTS
PROPERTY TAX RATES
LAST TEN FISCAL YEARS**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County Direct Rates										
General	\$ 1.77	\$ 1.69	\$ 1.55	\$ 1.45	\$ 1.35	\$ 1.43	\$ 1.38	\$ 1.33	\$ 1.29	\$ 1.21
Emergency Medical Services	.19	.18	.16	.16	.16	.15	.15	.14	0.13	0.19
Road District	.32	.03	.27	.26	.27	.28	.28	.28	0.27	0.24
Total County Direct Rates	2.28	1.90	1.98	1.87	1.78	1.86	1.81	1.75	1.69	1.64
State School Fund Rates	3.36	3.30	3.15	2.99	2.90	2.76	2.69	2.50	2.33	2.13
Port of Seattle Rates	.24	.22	.19	.19	.26	.25	.25	.23	.23	.22
Ferry District Rates	-	-	-	-	-	-	-	-	-	.06
King County Library System Rates	.59	.59	.56	.53	.55	.54	.53	.53	.50	.45
Cities and Towns Rates	.55-3.75	.53-3.72	.47-3.69	.41-3.35	.39-3.28	.39-3.36	.37-3.35	.36-3.16	.35-3.22	.33-2.77
School Districts Rates	2.84-6.80	2.68-5.92	1.28-5.87	1.19-5.48	1.12-5.64	2.16-5.39	1.89-5.81	2.02-5.37	1.73-4.95	1.39-4.73
Water Districts Rates	.32	.28	.22	.22	.20	.20	.18	.18	-	-
Fire Districts Rates	.83-2.27	.84-2.12	.89-2.15	.84-2.10	.79-2.33	.78-1.69	.76-1.66	.72-1.68	.69-1.67	.77-1.68
Hospital Districts Rates	.15-.83	.12-.76	.10-.70	.10-.69	.09-.65	.09-.70	.09-.70	.47-.59	.46-.56	.43-.59
Flood Zone Districts Rates	.05	.05	.05	.05	.05	.05	.05	.05	.04	.10
Park & Recreation Districts Rates	.04-.40	.03-.38	.03-.36	.06-.33	.05-.45	.05-.44	.04-.42	.04-.47	.04-.45	.03-.49
Miscellaneous Districts Rates	.06	.06	.06-.13	.06-.12	.05-.13	.05-.11	.05-.11	.05-.40	.04-.48	.04-.44

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.

**PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(IN THOUSANDS)**

TAXPAYER	FISCAL YEAR 2008			FISCAL YEAR 1999		
	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
The Boeing Company	\$ 3,006,599	1	0.88 %	\$ 3,541,321	1	2.35 %
Microsoft Corporation	2,428,674	2	0.71	762,228	3	0.51
Puget Sound Energy/Gas/Electric	1,498,832	3	0.44	-	-	-
Qwest Corporation Inc. ^(a)	964,730	4	0.28	935,258	2	0.62
T-Mobile	655,591	5	0.19	-	-	-
Alaska Airlines	623,721	6	0.18	-	-	-
Archon Group LP	617,531	7	0.18	-	-	-
Cingular Wireless (AT&T Wireless)	564,689	8	0.17	-	-	-
Union Square Limited	522,001	9	0.15	327,123	7	0.22
Wright Runstad & Company	432,948	10	0.13	216,928	9	0.14
Puget Sound Energy/Electric	-	-	-	671,104	4	0.45
Puget Sound Energy/Gas	-	-	-	481,989	5	0.32
EOP Northwest Properties	-	-	-	481,031	6	0.32
Weyerhaeuser Corporation	-	-	-	301,247	8	0.20
Bentall Corporation	-	-	-	214,910	10	0.14
Total Top Ten Principal Taxpayers	<u>11,315,316</u>		<u>3.31</u>	<u>7,933,139</u>		<u>5.27</u>
Total Assessed Valuation of other taxpayers	<u>329,680,124</u>		<u>96.69</u>	<u>142,489,312</u>		<u>94.73</u>
Total 2007 Assessed Valuation for taxes due in 2008	<u>\$ 340,995,440</u>		<u>100.00 %</u>			
Total 1998 Assessed Valuation for taxes due in 1999				<u>\$ 150,422,451</u>		<u>100.00 %</u>

Source: King County Department of Assessments.

(a) Formerly known as US West Communications.

**KING COUNTY, WASHINGTON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

FISCAL YEAR	TAXES LEVIED FOR THE FISCAL YEAR (ORIGINAL LEVY)		TOTAL ADJUSTED TAX LEVY	COLLECTED WITHIN THE FISCAL YEAR OF THE LEVY		COLLECTIONS IN SUBSEQUENT YEARS	TOTAL COLLECTIONS TO DATE		TOTAL UNCOLLECTED TAXES ^(b)	
		ADJUSTMENTS ^(a)		AMOUNT	PERCENTAGE OF LEVY		AMOUNT	PERCENTAGE OF LEVY	AMOUNT	PERCENTAGE OF LEVY
1999	\$ 341,571	\$ (3,906)	\$ 337,665	\$ 330,509	96.76%	\$ 7,155	\$ 337,664	100.00%	\$ 1	0.00%
2000	355,535	(1,617)	353,918	346,457	97.45%	7,456	353,913	100.00%	5	0.00%
2001	372,182	(1,760)	370,422	362,242	97.33%	8,110	370,352	99.98%	70	0.02%
2002	393,665	(1,902)	391,763	383,250	97.35%	8,400	391,650	99.97%	113	0.03%
2003	397,352	(2,124)	395,228	386,775	97.34%	8,420	395,195	99.99%	33	0.01%
2004	437,227	(1,976)	435,251	427,447	97.76%	7,748	435,195	99.99%	56	0.01%
2005	450,736	(2,924)	447,812	440,109	97.64%	7,592	447,701	99.98%	111	0.02%
2006	472,475	(2,294)	470,181	462,851	97.96%	6,535	469,386	99.83%	795	0.17%
2007	501,255	(1,048)	500,207	492,120	98.18%	5,775	497,895	99.54%	2,312	0.46%
2008	590,373	(3,627)	586,746	575,431	97.47%	-	575,431	98.07%	11,315	1.93%

Source: King County Department of Assessments.

Note: The levy of any given fiscal year is based on the assessed values from the tax roll of the preceding calendar year.

(a) Adjustments in original levy are due to omits, cancellations, and supplements during the fiscal year.

(b) The amounts reported in the total uncollected taxes column are cumulative totals of all taxes levied as of the end of each year.

KING COUNTY, WASHINGTON
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

FISCAL YEAR	GENERAL BONDED DEBT OUTSTANDING						PERCENTAGE OF ESTIMATED ACTUAL TAXABLE VALUE ^(b) OF PROPERTY	PER CAPITA ^(c)
	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION BOND ANTICIPATION NOTES	LEASE REVENUE BONDS ^(a)	GENERAL OBLIGATION CAPITAL LEASES ^(a)	SPECIAL ASSESSMENT BONDS	TOTAL		
1999	\$1,715,370	\$ -	\$ 78,275	\$ 144	\$ 227	\$ 1,794,016	1.08%	\$ 1,038
2000	1,619,765	-	78,275	6,324	197	1,704,561	0.91%	980
2001	1,589,985	65,000	78,275	6,093	167	1,739,520	0.83%	990
2002	1,544,310	85,000	140,530	5,780	137	1,775,757	0.77%	1,007
2003	1,399,045	80,000	138,770	5,447	135	1,623,397	0.66%	918
2004	1,604,240	46,370	136,925	5,334	15	1,792,884	0.72%	1,007
2005	1,707,415	60,000	236,025	7,256	15	2,010,711	0.77%	1,118
2006	1,512,828	83,990	422,505	4,695	15	2,024,033	0.69%	1,108
2007	1,482,642	43,975	414,535	4,324	15	1,945,491	0.57%	1,051
2008	1,363,764	48,755	408,640	4,000	-	1,825,159	0.45%	969

Note: Details regarding the County's outstanding debt can be found in Note 14 – Debt.

(a) Lease revenue bonds reported as capital leases in prior years were reclassified as lease revenue bonds in 2007. The bonds were issued in accordance with the provisions of Revenue Ruling 63-20. Under the lease agreements, the County's obligation to pay rent on the lease is a limited tax general obligation of the County. The bonds in this table prior to 2007 have been restated to reflect this reclassification.

(b) Property value data can be found on page 237, Assessed and Estimated Actual Value of Taxable Property.

(c) Population data can be found on page 249, Demographic and Economic Statistics.

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF DECEMBER 31, 2008
(IN THOUSANDS)**

<u>GOVERNMENTAL UNIT</u>	<u>DEBT OUTSTANDING</u>	<u>ESTIMATED^(a) PERCENTAGE APPLICABLE TO THIS GOVERNMENTAL UNIT</u>	<u>ESTIMATED SHARE OF OVERLAPPING DEBT</u>
DEBT REPAYED WITH PROPERTY TAXES			
King County – net overlapping debt:			
Port of Seattle	\$ 378,065	100.00%	\$ 378,065
School Districts:			
Auburn	105,768	92.48%	97,813
Bellevue	322,854	100.00%	322,854
Federal Way	171,986	100.00%	171,986
Highline	313,620	100.00%	313,620
Issaquah	312,554	100.00%	312,554
Kent	251,179	100.00%	251,179
Lake Washington	344,995	100.00%	344,995
Northshore	285,667	65.13%	186,062
Renton	219,707	100.00%	219,707
Shoreline	130,550	100.00%	130,550
Other school districts	671,642	100.00%	671,642
Total school districts	3,130,522		3,022,962
Cities and towns: ^(b)			
City of Bellevue	156,595	100.00%	156,595
City of Issaquah	30,708	100.00%	30,708
City of Kent	102,898	100.00%	102,898
City of Kirkland	14,864	100.00%	14,864
City of Redmond	72,181	100.00%	72,181
City of Renton	41,938	100.00%	41,938
City of Seattle	771,421	100.00%	771,421
City of Shoreline	16,694	100.00%	16,694
Other cities and towns	113,634	96.66%	109,840
Total cities and towns	1,320,933		1,317,139
Fire districts	41,548	100.00%	41,548
Vashon Maury Park	289	100.00%	289
Hospital districts	305,372	100.00%	305,372
Parks and recreation service area district	2,793	65.13%	1,819
King County Library System	66,359	98.16%	65,139
Library capital facility districts	9,886	100.00%	9,886
TOTAL KING COUNTY – NET OVERLAPPING DEBT	5,255,767		5,142,219
KING COUNTY – NET DIRECT DEBT	1,048,574 ^(c)	100.00%	1,048,574
TOTAL DIRECT AND OVERLAPPING DEBT	\$ 6,304,341		\$ 6,190,793

Source: Assessed value data used to estimate percentages applicable to this governmental unit are provided by the 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) \$1,270,260 General long-term debt – general obligation bonds and bond anticipation notes, lease revenue bonds, installment purchase capital leases, and compensated absences
 (96,670) Public Facilities District special taxes and revenue financed – Limited Tax GO Bonds
 (92,769) Hotel/motel tax financed – \$7,065 thousand Stadium Unlimited Tax GO bonds and \$85,704 thousand Stadium Limited Tax GO bonds
 (10,655) General obligation debt financed by Component Unit
 (21,592) Funds available in GO Debt Service Funds excluding \$19,072 thousand of hotel/motel and special taxes
\$1,048,574 NET DIRECT DEBT

KING COUNTY, WASHINGTON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(IN THOUSANDS, EXCEPT PER CAPITA AMOUNT)

GOVERNMENTAL ACTIVITIES					
FISCAL YEAR	GENERAL OBLIGATION BONDS	GENERAL OBLIGATION BOND ANTICIPATION NOTES	LEASE REVENUE BONDS^(a)	GENERAL OBLIGATION CAPITAL LEASES^(a)	SPECIAL ASSESSMENT BONDS
1999	\$ 1,021,516	\$ -	\$ 78,275	\$ 144	\$ 227
2000	948,063	-	78,275	6,324	197
2001	928,587	65,000	78,275	6,093	167
2002	911,042	85,000	140,530	5,780	137
2003	870,271	80,000	138,770	5,447	135
2004	1,043,302	46,370	136,925	5,334	15
2005	966,298	60,000	236,025	7,256	15
2006	870,445	83,990	422,505	4,695	15
2007	819,221	43,975	414,535	4,324	15
2008	725,698	48,755	408,640	4,000	-

BUSINESS-TYPE ACTIVITIES								
FISCAL YEAR	GENERAL OBLIGATION BONDS	SEWER REVENUE BONDS	COMMERCIAL PAPER	CAPITAL LEASES	STATE OF WASHINGTON REVOLVING LOANS	TOTAL PRIMARY GOVERNMENT	PERCENTAGE OF PERSONAL INCOME^(b)	PER CAPITA^(b)
1999	\$ 693,854	\$ 711,035	\$ 100,000	\$ 70,668	\$ 48,621	\$ 2,724,340	3.73%	1,576
2000	671,702	690,090	100,000	58,029	60,021	2,612,701	3.38%	1,502
2001	661,398	890,556	83,500	43,294	58,774	2,815,644	3.66%	1,603
2002	633,268	952,421	93,300	34,883	38,196	2,894,557	3.71%	1,642
2003	528,774	1,038,056	100,000	29,147	86,391	2,876,991	3.63%	1,627
2004	560,938	1,210,341	100,000	13,101	93,465	3,209,791	3.63%	1,803
2005	741,117	1,189,756	100,000	3,685	111,483	3,415,635	3.84%	1,899
2006	642,383	1,499,105	50,000	3,611	118,622	3,695,371	3.78%	2,022
2007	663,421	1,724,220	100,000	3,534	118,524	3,891,769	3.64%	2,103
2008	638,066	1,947,905	100,000	3,453	129,186	4,005,703	3.75% ^(c)	2,126

Note: Details regarding the County's outstanding debt can be found in Note 14 – Debt.

(a) Lease revenue bonds reported as capital leases in prior years were reclassified as lease revenue bonds in 2007. The bonds were issued in accordance with the provisions of Revenue Ruling 63-20. Under the lease agreements, the County's obligation to pay rent on the lease is a limited tax general obligation of the County. The bonds in this table prior to 2007 have been restated to reflect this reclassification.

(b) Personal income and population data can be found in the Schedule of Demographic and Economic Statistics on page 249.

(c) Because personal income data is not available for 2008, the percentage uses the personal income amount for 2007.

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(PAGE 1 OF 2)

	1999	2000	2001	2002	2003
Assessed Valuation ^(a)	\$ 166,321,208	\$ 188,420,104	\$ 210,996,601	\$ 224,994,599	\$ 235,834,254
Limited Tax General Obligations (LTGO)					
for Metropolitan Functions					
Debt Limit – 3/4% of Assessed Value	\$ 1,247,409	\$ 1,413,151	\$ 1,582,475	\$ 1,687,459	\$ 1,768,757
Debt applicable to limit	633,450	654,835	644,524	631,747	535,960
Less: Amounts set aside to repay LTGO debts	(17,221)	(19,272)	(17,913)	(20,686)	(17,914)
Total net debt applicable to the limit	<u>616,229</u>	<u>635,563</u>	<u>626,611</u>	<u>611,061</u>	<u>518,046</u>
Legal Debt Margin ^(b) of LTGO	<u>\$ 631,180</u>	<u>\$ 777,588</u>	<u>\$ 955,864</u>	<u>\$ 1,076,398</u>	<u>\$ 1,250,711</u>
Total net debt applicable to the limit as a percentage of the debt limit	49.40%	44.97%	39.60%	36.21%	29.29%
Limited Tax General Obligations for General County Purposes and Metropolitan Functions					
Debt Limit – 1½% of Assessed Value	\$ 2,494,818	\$ 2,826,302	\$ 3,164,949	\$ 3,374,919	\$ 3,537,514
Debt applicable to limit ^(c)	1,479,060	1,502,205	1,480,904	1,623,940	1,519,339
Less: Amounts set aside to repay LTGO debts	(50,818)	(42,595)	(45,175)	(48,903)	(50,483)
Total net debt applicable to the limit	<u>1,428,242</u>	<u>1,459,610</u>	<u>1,435,729</u>	<u>1,575,037</u>	<u>1,468,856</u>
Legal Debt Margin ^(b) of LTGO	<u>\$ 1,066,576</u>	<u>\$ 1,366,692</u>	<u>\$ 1,729,220</u>	<u>\$ 1,799,882</u>	<u>\$ 2,068,658</u>
Total net debt applicable to the limit as a percentage of the debt limit	57.25%	51.64%	45.36%	46.67%	41.52%
Total General Obligations (GO)					
for Metropolitan Functions					
Debt Limit – 2½% of Assessed Value	\$ 4,158,030	\$ 4,710,503	\$ 5,274,915	\$ 5,624,865	\$ 5,895,856
Debt applicable to limit	633,450	654,835	644,524	631,747	535,960
Less: Amounts set aside to repay GO debts	(17,221)	(19,272)	(17,913)	(20,686)	(17,914)
Total net debt applicable to the limit	<u>616,229</u>	<u>635,563</u>	<u>626,611</u>	<u>611,061</u>	<u>518,046</u>
Legal Debt Margin ^(b) of total GO	<u>\$ 3,541,801</u>	<u>\$ 4,074,940</u>	<u>\$ 4,648,304</u>	<u>\$ 5,013,804</u>	<u>\$ 5,377,810</u>
Total net debt applicable to the limit as a percentage of the debt limit	14.82%	13.49%	11.88%	10.86%	8.79%
Total General Obligations (GO) for County Purposes					
Debt Limit – 2½% of Assessed Value	\$ 4,158,030	\$ 4,710,503	\$ 5,274,915	\$ 5,624,865	\$ 5,895,856
Debt applicable to limit ^(c)	1,152,685	1,130,380	1,123,141	1,254,453	1,211,664
Less: Amounts set aside to repay GO debts	(40,900)	(30,507)	(36,318)	(41,146)	(40,987)
Total net debt applicable to the limit	<u>1,111,785</u>	<u>1,099,873</u>	<u>1,086,823</u>	<u>1,213,307</u>	<u>1,170,677</u>
Legal Debt Margin ^(b) of total GO	<u>\$ 3,046,245</u>	<u>\$ 3,610,630</u>	<u>\$ 4,188,092</u>	<u>\$ 4,411,558</u>	<u>\$ 4,725,179</u>
Total net debt applicable to the limit as a percentage of the debt limit	26.74%	23.35%	20.60%	21.57%	19.86%

Source: Assessed Valuation data are from King County's Department of Assessments.

Note: Details regarding the County's outstanding debt can be found in Note 14 – Debt.

(a) In compliance with Washington State Budgeting, Accounting and Reporting System (BARS), the most current assessed value is used for a given fiscal year and is for the following calendar year's tax roll.

(b) Legal debt margin is the County's available borrowing authority under state statutes.

(c) Lease revenue bonds reported as capital leases in prior years were reclassified as lease revenue bonds in 2007. The bonds were issued in accordance with the provisions of Revenue Ruling 63-20. Under the lease agreements, the County's obligation to pay rent is a limited tax general obligation of the County. The amount of debt applicable to debt limit for County purposes prior to 2007 has been restated to reflect this reclassification.

LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS)
(PAGE 2 OF 2)

	2004	2005	2006	2007	2008
Assessed Valuation ^(a)	\$ 248,911,783	\$ 270,571,111	\$ 298,755,199	\$ 340,995,440	\$ 386,889,728
Limited Tax General Obligations (LTGO)					
for Metropolitan Functions					
Debt Limit – 3/4% of Assessed Value	\$ 1,866,838	\$ 2,029,283	\$ 2,240,664	\$ 2,557,466	\$ 2,901,673
Debt applicable to limit	574,074	790,025	696,657	718,376	699,144
Less: Amounts set aside to repay LTGO debts	(18,779)	(18,173)	(20,126)	(20,482)	(16,541)
Total net debt applicable to the limit	<u>555,295</u>	<u>771,852</u>	<u>676,531</u>	<u>697,894</u>	<u>682,603</u>
Legal Debt Margin ^(b) of LTGO	<u>\$ 1,311,543</u>	<u>\$ 1,257,431</u>	<u>\$ 1,564,133</u>	<u>\$ 1,859,572</u>	<u>\$ 2,219,070</u>
Total net debt applicable to the limit as a percentage of the debt limit	29.75%	38.04%	30.19%	27.29%	23.52%
Limited Tax General Obligations for General County Purposes and Metropolitan Functions					
Debt Limit – 1½% of Assessed Value	\$ 3,733,677	\$ 4,058,567	\$ 4,481,328	\$ 5,114,932	\$ 5,803,346
Debt applicable to limit ^(c)	1,547,231	1,801,177	1,858,302	1,817,183	1,734,629
Less: Amounts set aside to repay LTGO debts	(45,646)	(50,758)	(47,664)	(51,449)	(46,110)
Total net debt applicable to the limit	<u>1,501,585</u>	<u>1,750,419</u>	<u>1,810,638</u>	<u>1,765,734</u>	<u>1,688,519</u>
Legal Debt Margin ^(b) of LTGO	<u>\$ 2,232,092</u>	<u>\$ 2,308,148</u>	<u>\$ 2,670,690</u>	<u>\$ 3,349,198</u>	<u>\$ 4,114,827</u>
Total net debt applicable to the limit as a percentage of the debt limit	40.22%	43.13%	40.40%	34.52%	29.10%
Total General Obligations (GO)					
for Metropolitan Functions					
Debt Limit – 2½% of Assessed Value	\$ 6,222,795	\$ 6,764,278	\$ 7,468,880	\$ 8,524,886	\$ 9,672,243
Debt applicable to limit	574,074	790,025	696,657	718,376	699,144
Less: Amounts set aside to repay GO debts	(18,779)	(18,173)	(20,126)	(20,482)	(16,541)
Total net debt applicable to the limit	<u>555,295</u>	<u>771,852</u>	<u>676,531</u>	<u>697,894</u>	<u>682,603</u>
Legal Debt Margin ^(b) of total GO	<u>\$ 5,667,500</u>	<u>\$ 5,992,426</u>	<u>\$ 6,792,349</u>	<u>\$ 7,826,992</u>	<u>\$ 8,989,640</u>
Total net debt applicable to the limit as a percentage of the debt limit	8.92%	11.41%	9.06%	8.19%	7.06%
Total General Obligations (GO) for County Purposes					
Debt Limit – 2½% of Assessed Value	\$ 6,222,795	\$ 6,764,278	\$ 7,468,880	\$ 8,524,886	\$ 9,672,243
Debt applicable to limit ^(c)	1,338,709	1,345,162	1,461,755	1,363,072	1,270,260
Less: Amounts set aside to repay GO debts	(47,317)	(47,303)	(41,515)	(41,597)	(39,206)
Total net debt applicable to the limit	<u>1,291,392</u>	<u>1,297,859</u>	<u>1,420,240</u>	<u>1,321,475</u>	<u>1,231,054</u>
Legal Debt Margin ^(b) of total GO	<u>\$ 4,931,403</u>	<u>\$ 5,466,419</u>	<u>\$ 6,048,640</u>	<u>\$ 7,203,411</u>	<u>\$ 8,441,189</u>
Total net debt applicable to the limit as a percentage of the debt limit	20.75%	19.19%	19.02%	15.50%	12.73%

KING COUNTY, WASHINGTON
SPECIAL TAXES AND REVENUES COLLECTIONS
LIMITED TAX GENERAL OBLIGATION BONDS
SERIES 1997 A-D, 2002 REFUNDING, 2004 SERIES C & D REFUNDING (BASEBALL STADIUM)
LAST TEN FISCAL YEARS
 (ACCRUAL BASIS OF ACCOUNTING)
 (IN THOUSANDS)

FISCAL YEAR	FOOD AND BEVERAGE TAXES	CAR RENTAL TAXES	COUNTY SALES TAXES	STATE LOTTERY RECEIPTS	STATE LICENSE PLATE RECEIPTS	STADIUM ADMISSION TAXES	TOTAL
1999	\$ 12,403	\$ 4,970	\$ 6,923	\$ 3,375	\$ 210	\$ 1,774	\$ 29,655
2000	16,053	5,377	5,536	3,510	201	4,056	34,733
2001	15,099	5,004	6,627	3,650	207	5,263	35,850
2002	15,201	4,812	6,379	3,796	181	4,552	34,921
2003	15,677	4,867	6,397	3,948	179	4,462	35,530
2004	16,807	4,712	6,762	4,106	163	4,040	36,590
2005	17,950	5,060	7,341	4,270	137	3,800	38,558
2006	19,305	5,472	7,899	4,441	113	3,559	40,789
2007	20,958	5,671	8,704	4,618	116	3,796	43,863
2008	21,161	5,668	8,236	4,803	88	3,607	43,563

Note: The County's outstanding Limited Tax General Obligation Bonds, 1997 Series A-D, 2002 Refunding, 2004 C & D Refunding (Baseball Stadium) are additionally secured by certain special taxes and revenues. This data is presented pursuant to the Securities and Exchange Commission Rule 15c2-12.

KING COUNTY, WASHINGTON
REVENUE BOND COVERAGE FOR THE WATER QUALITY ENTERPRISE
LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS)

FISCAL YEAR	OPERATING REVENUES	INTEREST EARNED ON INVESTMENTS ^(a)	SUBTOTAL	OPERATING AND MAINTENANCE EXPENSE	NET AVAILABLE FOR DEBT SERVICE	DEBT SERVICE ^(b)		COVERAGE
						PRINCIPAL	INTEREST	
1999	\$ 174,510	\$ 8,805	\$ 183,315	\$ 74,819	\$ 108,496	\$ 18,039	\$ 59,842	139%
2000	180,263	10,417	190,680	82,779	107,901	18,564	62,972	132%
2001	187,074	7,091	194,165	89,073	105,092	18,670	58,875	136%
2002	213,223	4,875	218,098	79,640	138,458	17,440	61,772	175%
2003	214,158	5,072	219,230	82,887	136,343	27,650	65,711	146%
2004	217,275	3,852	221,127	82,778	138,349	28,555	71,296	139%
2005	221,043	6,617	227,660	83,651	144,009	29,330	79,190	133%
2006	241,317	9,131	250,448	91,120	159,328	30,890	80,723	143%
2007	262,930	5,559	268,489	95,574	172,915	32,585	92,120	139%
2008	284,173	4,087	288,260	98,370	189,890	34,445	102,276	139%

Note: The Water Quality Enterprise is obligated by bond ordinance to collect net revenue equal to at least 1.15 times the defined debt service requirements payable from revenues of the Enterprise.

(a) By interpretation of applicable rate covenant, interest earned on investments for all years excludes the effects of GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For 2008 the exclusion decreases interest income by \$979 thousand.

(b) By interpretation of applicable rate covenant, debt service excludes the principal and interest on bonds refunded in the current year.

**WATER QUALITY ENTERPRISE
ADDITIONAL COVERAGE RATIOS
DECEMBER 31, 2008**

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 the Enterprise. It is the adopted policy of the Enterprise to achieve a debt service coverage ratio of 1.25.

Coverage (1.15 required by covenant, adopted policy 1.25)	1.41
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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)	1.23
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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)	1.19
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In 2001 and 2006 the Enterprise 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, and 2006A-B, Junior Lien Multi-Modal, 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.

Coverage (1.10 required by covenant)	7.71
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**DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS**

CALENDAR YEAR	POPULATION	PERSONAL INCOME (1,000s)	PER CAPITA PERSONAL INCOME	AVERAGE EARNINGS PER JOB	UNEMPLOYMENT RATE	
					COUNTY	STATE
1999	1,729,058	\$ 72,997,198	\$ 42,218	\$ 51,546	3.8%	4.8%
2000	1,739,415	77,271,598	44,424	53,387	4.0%	5.0%
2001	1,756,766	76,883,017	43,764	53,892	5.1%	6.2%
2002	1,762,693	77,940,608	44,217	55,335	6.1%	7.3%
2003	1,767,851	79,199,166	44,800	56,157	6.2%	7.4%
2004	1,779,905	88,407,884	49,670	57,414	5.1%	6.2%
2005	1,799,085	89,032,307	49,488	58,504	4.6%	5.5%
2006	1,827,533	97,750,314	53,488	61,771	4.1%	4.9%
2007	1,850,714	106,805,239	57,710	64,540	3.7%	4.5%
2008	1,884,200	N/A	N/A	N/A	4.3%	5.3%

CALENDAR YEAR	MEDIAN HOUSEHOLD INCOME ESTIMATES	POPULATION 65 YEARS OLD AND OVER	BIRTHS	DEATHS	STUDENTS ENROLLED IN PUBLIC SCHOOLS	STUDENTS ENROLLED IN PRIVATE SCHOOLS
1999	\$ 53,157	181,976	22,189	11,586	251,607	36,790
2000	56,106	181,772	22,089	11,883	251,712	38,469
2001	56,850	183,267	22,355	11,546	252,435	38,556
2002	58,028	183,805	21,814	11,527	253,817	38,373
2003	58,721	185,497	21,909	11,395	254,699	35,988
2004	63,920	186,700	22,508	11,632	255,475	37,088
2005	63,205	188,330	22,877	11,373	254,189	38,835
2006	65,845	190,336	22,890	11,346	257,346	39,726
2007	68,152	192,679	24,687	11,610	257,078	40,362
2008	68,832	195,644	25,153	12,341	259,269	41,161

N/A = Not yet available

Population (except 2008 is from Washington State Office of Financial Management, Forecasting Division), personal income, per capita personal income and average earnings per job are from Pacific Northwest Regional Economic Analysis Project – King County, Washington. Unemployment rates are from State of Washington Employment Security Department, Labor Market and Economic Analysis Branch. Median household income estimates, population 65 years old and over, births and deaths are from Washington State Office of Financial Management, Forecasting Division. Student enrollment data is from State of Washington, Office of Superintendent of Public Instruction.

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

TYPE OF INDUSTRY	2008			2000		
	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT	NUMBER OF EMPLOYEES	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
Trade, transportation and utilities	224,861	1	18.49%	240,987	1	20.32%
Professional and business services	194,422	2	15.98%	186,963	2	15.77%
Government	165,394	3	13.60%	153,728	3	12.96%
Educational and health services	133,516	4	10.98%	110,651	5	9.33%
Leisure and hospitality	113,700	5	9.35%	101,917	6	8.60%
Manufacturing	111,348	6	9.15%	137,476	4	11.59%
Information	79,565	7	6.54%	71,290	8	6.01%
Financial activities	75,916	8	6.24%	77,358	7	6.52%
Construction	74,514	9	6.13%	65,032	9	5.48%
Total	<u>1,173,236</u>		<u>96.46%</u>	<u>1,145,402</u>		<u>96.58%</u>

Source: Washington State Employment Security Department Labor Market and Economic Analysis.

Note: 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 from ten years ago is not available. Year 2000 is the most recent year for which data are available.

Number of employees are annual averages based on total nonfarm and are not seasonally adjusted.

**TEN LARGEST CUSTOMERS OF THE WATER QUALITY ENTERPRISE
DECEMBER 31, 2008**

CUSTOMER	PERCENT OF REVENUE
City of Seattle	40.5 %
City of Bellevue	8.8
City of Kent	5.3
Alderwood Water & Wastewater District	4.9
Soos Creek Water & Sewer District	4.7
City of Renton	4.1
City of Redmond	4.1
Northshore Utility District	3.9
City of Auburn	3.7
Ronald Wastewater District	2.8
TOTAL PERCENT FROM THE TEN LARGEST CUSTOMERS	<u>82.8 %</u>

KING COUNTY, WASHINGTON
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN YEARS

FUNCTION/PROGRAM	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government	1,759	1,784	1,704	1,680	1,551	1,548	1,560	1,506	1,568	1,585
Law, safety & justice	3,050	3,422	3,551	3,443	3,409	3,585	3,556	3,683	3,730	3,857
Physical environment	1,684	1,760	1,415	1,516	1,517	1,497	1,488	1,652	1,670	1,692
Transportation	4,330	4,103	4,288	4,363	4,383	4,322	4,373	4,509	4,589	4,931
Economic environment	633	336	596	517	413	431	409	316	311	303
Mental and physical health	1,434	1,433	1,427	1,584	1,619	1,446	1,512	1,397	1,336	1,455
Culture and recreation	325	264	384	262	158	161	156	151	157	176
Total	13,215	13,102	13,365	13,365	13,050	12,990	13,054	13,214	13,361	13,999

Source: King County Budget Office Essbase Budget Development System.

Note: 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 vacation and sick leave). Full-time-equivalent employment is calculated by dividing total labor hours by 2,088.

The year-end number represents what was adopted for that year by the King County Council.

**KING COUNTY, WASHINGTON
OPERATING AND CAPITAL INDICATORS BY FUNCTION
LAST TEN YEARS**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Public Works										
Miles of Paved Roads	1,821	1,817	1,794	1,810	1,798	1,804	1,801	1,795	1,803	1,710
Miles of Unpaved Roads	86	86	56	55	84	55	55	54	51	51
Bridges	189	187	187	187	187	187	187	187	184	183
Building Permits										
Permits	4,296	3,323	3,239	3,579	3,980	3,725	3,359	2,982	2,900	1,867
Value of Buildings (in thousands)	\$ 568,745	\$ 703,340	\$ 492,732	\$ 684,939	\$ 754,803	\$ 831,500	\$ 716,076	\$ 575,524	\$ 562,836	\$ 327,942
Justice and Law Enforcement										
Sheriff's Office										
Number of Employees - Commission	653	684	694	705	730	717	704	734	714	743
Number of Employees - Civilian	354	360	372	377	365	366	355	305	312	313
Motor Pool Fleet - Vehicles	632	687	627	636	695	690	651	703	670	662
Motor Pool Fleet - Boats	7	7	6	6	8	6	5	8	8	8
Motor Pool Fleet - Helicopters	4	4	3	3	4	5	5	5	6	7
Adult Detention										
Average Daily Adult Custodial Population	2,833	2,953	2,906	2,648	2,394	2,456	2,603	2,667	2,727	2,575
Average Length of Stay (in days)	17	18	19	18	17	18	19	19	19	20
Bookings	59,891	60,992	56,407	54,008	53,361	49,616	50,628	53,433	53,697	48,234
Parks and Land Use										
Number of Parks	191	197	200	203	204	204	222	225	220	228
Acres of Parks	20,907	22,306	24,010	25,965	29,094	121,218 ^(a)	121,597	120,788	120,745	164,676 ^(b)
Public Transportation										
Size of Fleet - Buses	1,292	1,251	1,306	1,324	1,332	1,391	1,536	1,545	1,519	1,508
Size of Fleet - Active Vanpool Vans	705	681	694	667	663	662	732	801	845	1,031
Annual Bus Trips	100,274,889	104,081,688	102,078,126	98,425,286	99,325,901	101,915,207	104,461,689	109,386,798	117,492,162	126,941,510
Annual Vanpool Trips	2,008,235	2,019,776	1,936,350	1,749,238	1,793,748	1,688,996	1,795,611	1,966,935	2,322,012	2,770,711
Wastewater Treatment										
Total Sewer Customers (Residences & Residential Customer Equivalents)										
New Sewer Connections Equivalents	9,373	12,700	12,400	13,544	12,122	11,136	9,628	10,896	12,271	11,331
Monthly Sewer Rate	\$19.10	\$19.50	\$19.75	\$23.40	\$23.40	\$23.40	\$25.60	\$25.60	\$27.95	\$27.95
Residential Connection Charge (Monthly for 15 years)	\$10.50	\$10.50	\$10.50	\$17.20	\$17.60	\$18.00	\$34.05	\$34.05	\$42.00	\$46.25
Total Sewer Revenues (in thousands)	\$158,669	\$162,786	\$167,360	\$192,124	\$191,919	\$192,912	\$212,069	\$212,117	\$227,665	\$240,001
Number of Treatment Plants	2	2	2	2	3	3	3	3	3	4
Total Treatment Capacity										
Million of Gallons per Day (MGD)	660	660	660	660	766	766	766	766	767	767
Average Daily Flow (MGD)	217	192	187	182	183	175	170	198	178	162
Peak Daily Flow (MGD)	524	406	533	513	559	507	483	542	636	444

Source: Various King County Agencies.

(a) The 2004 increase in Acres of Parks includes 90,475 acres due to the new Snoqualmie Forest easement property added to the Parks System in December 2004.

(b) The 2008 increase in Acres of Parks includes 45,051 acres due to the new Upper Green River Forest easement property added to the Parks System in December 2008.

