



King County

Finance and Business
Operations Division



PAFR

Popular
Annual
Financial
Report

January 1 - December 31, 2018 · King County, Washington

King County Government



King County has the largest population of all counties in Washington state and is the financial, economic, and industrial center of the Pacific Northwest. Located between Puget Sound and the Cascade Mountains, King County ranks 11th in geographical size among 39 counties in the state and is nearly twice as large as the average county in the United States. With over two million people, it's the 13th most populous county in the nation.

King County is organized under the executive-council form of county government.

The Metropolitan King County Council is the policy-making legislative body while the Executive serves as the CEO.



KING COUNTY EXECUTIVE
Dow Constantine



METROPOLITAN KING COUNTY COUNCIL

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

OTHER ELECTED OFFICIALS

Prosecuting Attorney:
Dan Satterberg

Assessor:
John Wilson

Elections Director:
Julie Wise

Sheriff:
Mitzi Johanknecht

Presiding Judge –
Superior Court:
Jim Rogers

Chief Presiding Judge –
District Court:
Donna Tucker

The Executive presents to the County Council annual statements of the County's financial and governmental affairs, proposed budgets, and capital improvement plans and authorizes the signing of all deeds and contracts (on behalf of King County) as well as appoints the director of each executive department. The judicial branch of the county is represented by the courts (District Court, Superior Court) and Prosecuting Attorney.

King County delivers critical services to both incorporated and unincorporated areas. The second tier of services is provided only locally to unincorporated areas. However, cities and other incorporated areas can contract with King County for individual services.

PAFR

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Brett Roberts

Welcome

to King County’s Popular Annual Financial Report (PAFR) for fiscal year 2018. The PAFR provides a high-level overview of King County’s financial affairs and a snapshot of how we serve our residents, including successes and challenges as we navigated in our ever-changing economic, social, and political climate in 2018.

The PAFR, recognized for outstanding achievement by the Government Finance Officers Association (GFOA) eight years in a row, provides an overview of the County’s financial condition, analyzing where revenues come from and how tax dollars are spent. The financial data provided is for King County departments (what accountants call the “primary government”) and is divided into governmental and business-type activities (Some exclusions are legally separate entities and fiduciary funds). Please see page 13 for definitions of these activities.

While the PAFR is not audited, the financial information reported is based on the audited 2018 Comprehensive Annual Financial Report (CAFR). If you would like more detailed financial reporting and operational information including important Notes to the Financial Statements, please access the CAFR at: kingcounty.gov/CAFR.

We would love to hear what you think. Please let us know how we can make this report better – your feedback is important to us.



Alternative formats available.
Please call 206-263-2353 or TTY: 711.

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kingcounty.gov/PAFR

King County's Major Initiatives

Census 2020 From now through mid-2020, King County will be working with partners to raise awareness of the importance of the Census and to ensure a complete and accurate count of all our residents. We want to do this in collaboration and partnership with every jurisdiction, organization, community member, or stakeholder that shares this vision.

2020 Census
King County
COUNTS



Best-run Government King County embraces continuous improvement, instituting best management practices, encouraging front-line employees to innovate and strive for excellent customer service.



Building Equity and Opportunity King County includes pro-equity policy direction, decision-making, planning, operations and services, and workplace practices in order to advance equity and social justice within County government and in partnership with communities.

King County **INVESTS...**



Upstream,
where needs
are greatest,



in
community
partnerships,



and in
employees,



with transparent
and accountable
leadership.

Confronting Climate Change Our government works to reduce greenhouse gas emissions and prepare for climate change impacts to our health, safety, economy, and environment. We're also making our community more resilient to climate change impacts through research, changes in how we plan and design major infrastructure, and community partnership.



Regional Mobility Our network of regional roads, our integrated Metro bus and rail transit and water taxi services all work together to help move people better and connect communities. As we continue to grow, public transportation will play an important role in reducing congestion, protecting our environment, and getting more people where they need to go.



Our Equity and Social Justice Lens

Equity and social justice is the principle of “fair and just” - opportunities for all people and communities - and is incorporated into all of our work at the County. We recognize that our economy and quality of life depends on the ability of everyone to contribute. We are working to remove barriers that limit the ability of some to fulfill their potential. The Equity and Social Justice Strategic Plan will build pro-equity capacity in the six goal areas of leadership, operations, and services; budgeting, planning and policymaking; workplace and workforce; community partnerships; communications and education; and facility and system improvements.

Examples of our work in action:

- **Best Starts for Kids** invests in prevention and early intervention strategies for children, youth, families, and communities.
- **Communities of Opportunity** addresses inequities in health, social, and economic outcomes via place-based and policy/systems change solutions with partners playing critical roles in shaping solutions.
- **Familiar Faces** focuses on improving methods of health and social support services and crisis prevention for jail-involved individuals who have mental health or substance use conditions.
- **Juvenile Justice Equity Steering Committee** consists of community leaders, members, youth, law enforcement, school superintendents, faith-based representatives, judges, prosecutors and public defenses that establishes short- and long-term actions to end racial disparity in the juvenile justice system.
- **Prioritizing Racial Justice** is part of our government work overall and implementation of our Equity and Social Justice Strategic Plan.

14 DETERMINANTS OF EQUITY

The conditions King County has identified that each of us need to thrive

| | | | |
|--|---|--|--|
|  | Access to affordable, healthy, local food |  | Economic development |
|  | Access to health and human services |  | Equitable law and justice system |
|  | Access to parks and natural resources |  | Equity in county practices |
|  | Access to safe and efficient transportation |  | Family wage jobs and job training |
|  | Affordable, safe, quality housing |  | Healthy built and natural environments |
|  | Community and public safety |  | Quality education |
|  | Early childhood development |  | Strong, vibrant neighborhoods |



Flourishing communities are rooted in the determinants of equity.

2018 Accomplishments

Voter turnout for the November 2018 General Election was the highest for a midterm election in nearly half a century. Our record voter participation was due to several factors, including the greater public interest in elections as well as the availability of prepaid postage and additional drop boxes.



King County Metro was named the best large transit system in North America by the nation's leading public transit advocacy organization, the American Public Transportation Association, citing achievements in ridership, safety, access, customer service, financial management, commitment to equity, and sustainability.



As of October, 2018 County partners enrolled **over 3,399 participants in youth development programs** including mentoring, leadership opportunities, positive identity development, and healthy and safe relationship development programs. These efforts were funded by the six-year *Best Starts for Kids* levy.



Hikers boarded Trailhead Direct for more than 10,000 round trips during the first full season of the transit-to-trails service, increasing the number of people who explored King County's mountain forests without having to drive or park.



King County is **using HoloLens technology to capture work processes, capitalize on institutional knowledge, and enhance staff training** using Mixed and Virtual Reality. Having these processes documented reduces the risk of human error. The project won awards from Digital Edge 50 and CIO.com.

Our new **Performance Excellence Award program recognizes notable achievements across the government** that reduce cost, improve service levels, honor employees, advance the cause of equity and social justice, or preserves the environment. The Performance Excellence Awards are part of King County's effort to become the best-run government by embracing Lean thinking, data and measurement, teamwork and respect for people, performance excellence, and an unyielding commitment to continuous improvement.



Local Economy

Economic factors have a direct impact on King County's revenues, which are sensitive to the performance of both regional and local economies. Income, employment, market forces, investment, and inflation influence property tax assessments, retail sales, and real estate transactions.

Employment in King County grew in all sectors except for one: the government. Despite robust employment, inflation remains steady.

The Seattle Consumer Price Index increased only 3.29%, down from 3.38% in 2017. The national CPI for All Urban Consumers increased 2.44% during the same period.

Consumer confidence and spending remain strong. Taxable retail sales in the county grew 12% in 2018, demonstrating more robust growth than either of the prior two years, which recorded gains of 5% in 2017 and 8% in 2016.

Median annual household income

Higher in King County than Washington State and the USA



* 2018 USA median annual household income not available at time of publication

Unemployment rate

Lower in King County than the USA and Washington State



Demographics of King County and three other counties with similar population

| | KING COUNTY WASHINGTON | SAN BERNADINO CALIFORNIA | CLARK COUNTY NEVADA | BROWARD COUNTY FLORIDA |
|------------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|
| 2018 Population | 2,233,163 | 2,171,603 | 2,231,647 | 1,951,260 |
| 2018 Population Density | 913 people/mile ² | 102 people/mile ² | 247 people/mile ² | 1,445 people/mile ² |
| 2018 Population 65 Years and Older | 290,311 | 245,391 | 321,357 | 316,104 |
| 2018 Median Household Income | \$83,571 | \$57,156 | \$54,882 | \$54,895 |
| 2018 Unemployment Rate | 3.5% | 4.0% | 4.8% | 3.4% |

Statement of Net Position

The statement of net position presents all of King County's assets, deferred outflows of resources, liabilities, and deferred inflows of deferred inflows of resources, with the difference reported as the net position.

The County's fiscal year runs simultaneously with the calendar year (January 1 to December 31). Over time, increases or decreases in the County's net position may be an indication of whether the financial situation of the County is improving or deteriorating. The County's statement of net position for fiscal years ending December 31, 2016 – 2018 is shown here.

| Statement of Net Position (in Millions) | Governmental Activities* | | | Business-type Activities* | | | Total | | |
|--|--------------------------|----------------|----------------|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| ASSETS | | | | | | | | | |
| Cash and cash equivalents | \$1,347 | \$1,300 | \$1,141 | \$1,506 | \$1,672 | \$1,527 | \$2,853 | \$2,972 | \$2,668 |
| Capital assets | 3,341 | 3,173 | 3,062 | 6,246 | 6,047 | 5,968 | 9,587 | 9,220 | 9,030 |
| Other assets | 220 | 224 | 203 | 798 | 508 | 505 | 1,018 | 732 | 708 |
| Total Assets | 4,908 | 4,697 | 4,406 | 8,550 | 8,227 | 8,000 | 13,458 | 12,924 | 12,406 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | | |
| Refunding, pensions, and OPEB | 87 | 88 | 136 | 255 | 280 | 319 | 342 | 368 | 455 |
| LIABILITIES | | | | | | | | | |
| Long-term liabilities | 1,407 | 1,589 | 1,752 | 4,841 | 5,037 | 5,172 | 6,248 | 6,626 | 6,924 |
| Other liabilities | 213 | 206 | 176 | 240 | 244 | 242 | 453 | 450 | 418 |
| Total Liabilities | 1,620 | 1,795 | 1,928 | 5,081 | 5,281 | 5,414 | 6,701 | 7,076 | 7,342 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | |
| Rate stabilization, pensions, and OPEB | 152 | 88 | 15 | 144 | 106 | 55 | 296 | 194 | 70 |
| NET POSITION | | | | | | | | | |
| Net investment in capital assets | 2,648 | 2,417 | 2,232 | 2,268 | 1,903 | 1,788 | 4,916 | 4,320 | 4,020 |
| Restricted | 780 | 767 | 702 | 286 | 278 | 245 | 1,066 | 1,045 | 947 |
| Unrestricted | (205) | (282) | (335) | 1,026 | 939 | 817 | 821 | 657 | 482 |
| Total Net Position | \$3,223 | \$2,902 | \$2,599 | \$3,580 | \$3,120 | \$2,850 | \$6,803 | \$6,022 | \$5,449 |

Sources: 2018 CAFR MD&A and Entity-wide Statement of Net Position (for Cash and cash equivalents)
Prior year figures have been restated, where accounting rule changes have made a meaningful difference.

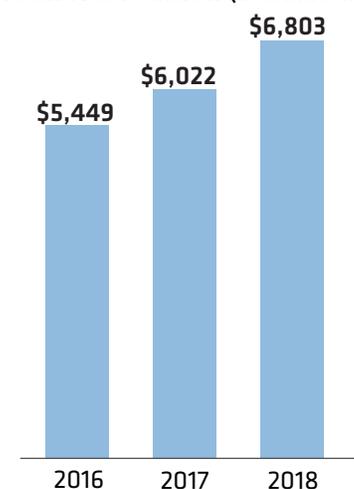
King County's overall net position increased 13% or \$781 million from the prior fiscal year. The three components of net position are:

Net Investment in Capital Assets: The most significant portion of net position (72% or \$4.9 billion) is invested in capital assets. King County uses these capital assets to provide a variety of public goods and services to its citizens. For that reason, these assets are not available for future spending. Although King County's investment in capital assets is reported net of related debt, the funds needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to pay these liabilities.

Restricted Net Position: This portion of net position (16% or \$1.1 billion) is restricted, representing funds that are limited to construction activities, payment of debt, or specific programs.

Unrestricted Net Position: The remaining portion of net position (12% or \$821 million) is unrestricted, representing resources that are available for services.

Total Net Position (in millions)



Activities/Changes in Net Position

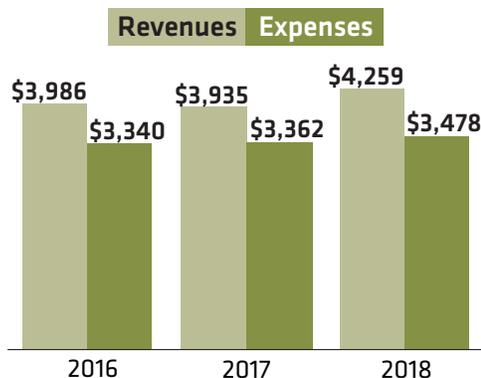
The statement of activities shows how King County's net position changed during the year reported, and shows total revenues earned and expenses incurred. When revenues exceed expenses, the County's net position increases. If expenses were to exceed revenues, net position would decrease.

In 2018, the County's revenues exceeded expenses by \$781 million.

| Changes in Net Position (in Millions) | Governmental Activities* | | | Business-type Activities* | | | Total | | |
|---|--------------------------|----------------|----------------|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 | 2018 | 2017 | 2016 |
| REVENUES | | | | | | | | | |
| Program revenues | \$1,092 | \$1,063 | \$1,043 | \$1,260 | \$1,139 | \$1,259 | \$2,352 | \$2,202 | \$2,302 |
| General revenues | 1,197 | 1,101 | 1,079 | 710 | 632 | 605 | 1,907 | 1,733 | 1,684 |
| Total Revenues | 2,289 | 2,164 | 2,122 | 1,970 | 1,771 | 1,864 | 4,259 | 3,935 | 3,986 |
| EXPENSES | | | | | | | | | |
| General government | 172 | 229 | 214 | - | - | - | 172 | 229 | 214 |
| Public safety | 697 | 619 | 573 | - | - | - | 697 | 619 | 573 |
| Economic environment | 193 | 183 | 226 | - | - | - | 193 | 183 | 226 |
| Mental and physical health | 702 | 632 | 603 | - | - | - | 702 | 632 | 603 |
| Other governmental activities | 209 | 203 | 234 | - | - | - | 209 | 203 | 234 |
| Public transportation | - | - | - | 825 | 885 | 849 | 825 | 885 | 849 |
| Water quality | - | - | - | 487 | 467 | 468 | 487 | 467 | 468 |
| Other business-type activities | - | - | - | 193 | 144 | 173 | 193 | 144 | 173 |
| Total Expenses | 1,973 | 1,866 | 1,850 | 1,505 | 1,496 | 1,490 | 3,478 | 3,362 | 3,340 |
| Increase in net position before transfers and special items | 316 | 298 | 272 | 465 | 275 | 374 | 781 | 573 | 646 |
| Transfers | 5 | 5 | (4) | (5) | (5) | 4 | - | - | - |
| Special item | - | - | 5 | - | - | - | - | - | 5 |
| Increase in net position | 321 | 303 | 273 | 460 | 270 | 378 | 781 | 573 | 651 |
| Net position, beginning of year (Restated) | 2,902 | 2,599 | 2,326 | 3,120 | 2,850 | 2,472 | 6,022 | 5,449 | 4,798 |
| Net position, end of year | \$3,223 | \$2,902 | \$2,599 | \$3,580 | \$3,120 | \$2,850 | \$6,803 | \$6,022 | \$5,449 |

Source: 2018 CAFR MD&A
Prior year figures have been restated, where accounting rule changes have made a meaningful difference.

King County Revenues and Expenses (in millions)



Revenues shown as **Program Revenues** mirror amounts directly associated with the program or function; they would disappear if the program or function were eliminated. On the other hand, **General Revenues** come from taxes or other revenues available to the County.

* Descriptions of **Government Activities** and **Business-type Activities** are on page 13.

Expenses by Function

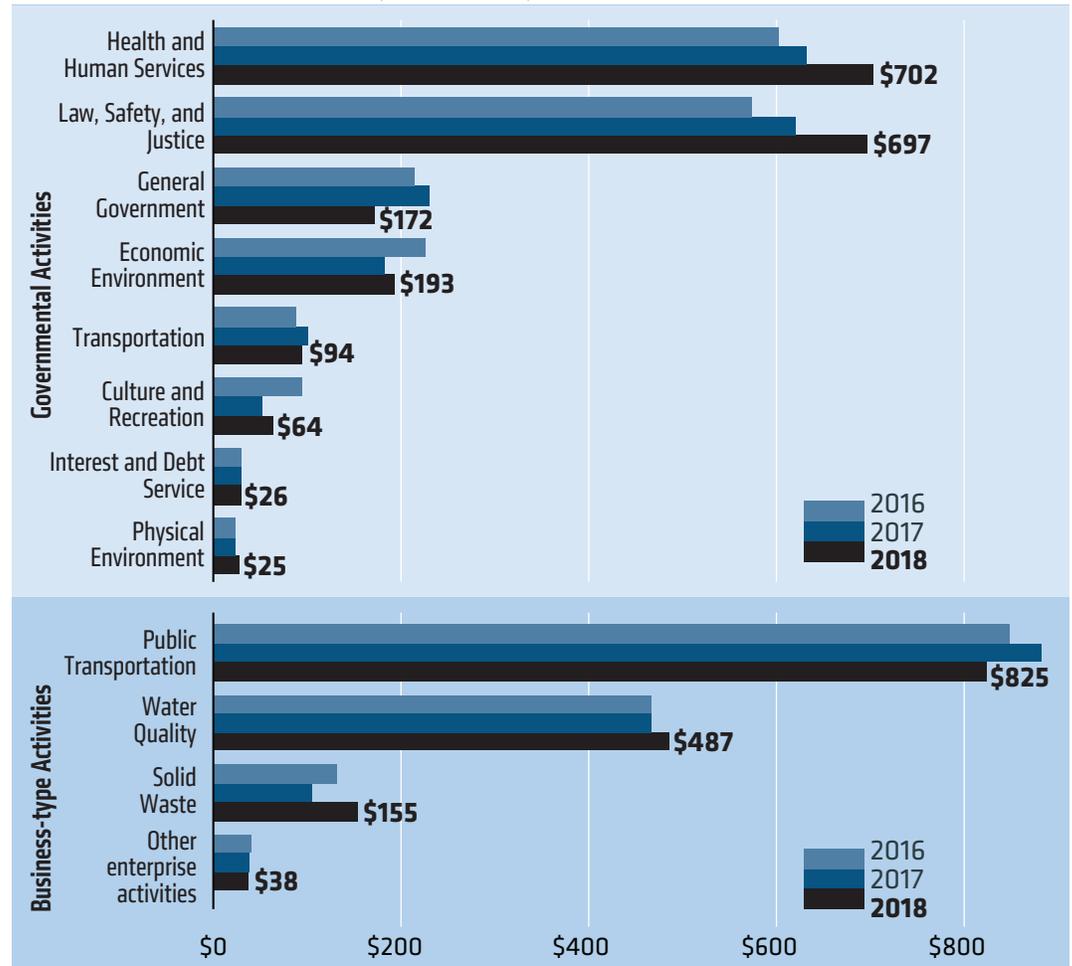
King County provides some services regionally and others exclusively to unincorporated areas. Some are available to cities on a contractual basis. The table on the previous page contains a list of the major services provided by the County while the graphs on this page present a three-year comparison of their expenses.

The most substantial County expenses in order:

- Public Transportation
- Health and Human Services
- Law, Safety, and Justice
- Water Quality

The largest dollar increase in 2018 occurred in Law, Safety, and Justice, which increased by 13% (\$78 million) from 2017.

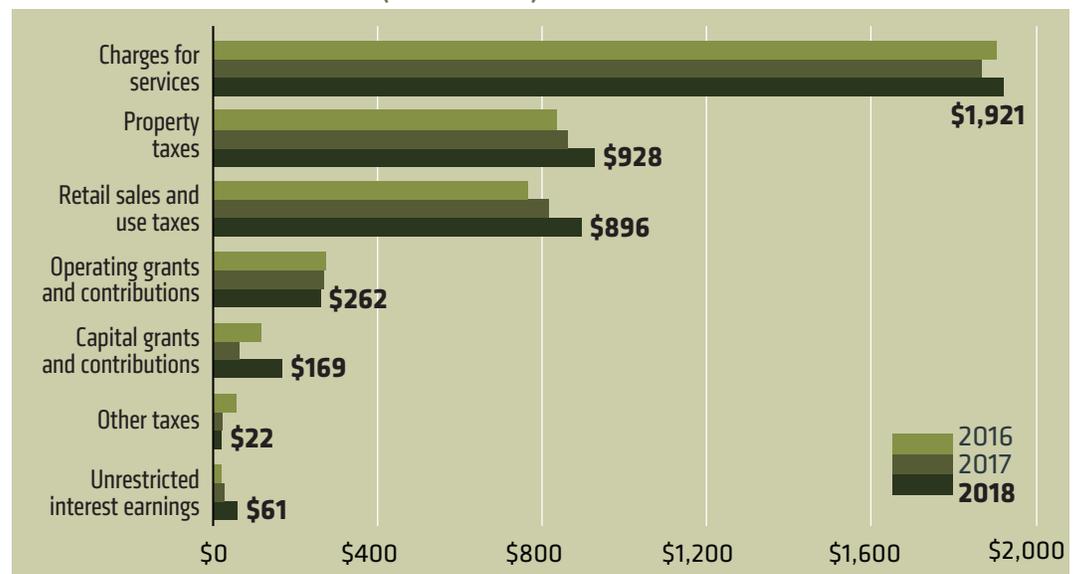
KING COUNTY EXPENSES (in millions)



Revenues by Source

The largest revenue increase in 2018 by dollar were Capital Grants and Contributions which more than doubled to \$169 million. This is followed by retail sales and use taxes supported by the robust local economy, which increased 10% (\$79 million) from last year. Overall, revenues for the County increased 8% (\$324 million) from last year.

KING COUNTY REVENUES (in millions)



General Fund Highlights

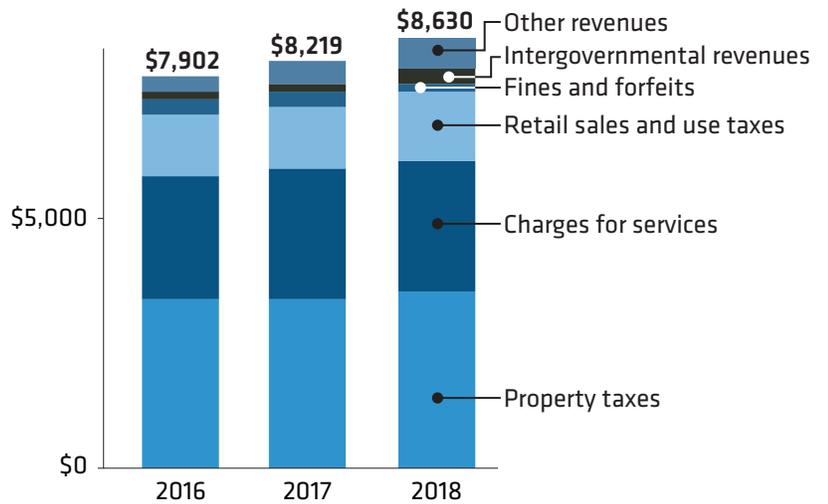
The General Fund serves as the chief operating fund of the County which is where most traditional operating departments reside. These include the County Executive and County Council, Sheriff, Superior Court, Elections, and Judicial Administration. About three-quarters of the General Fund is spent on law, safety and justice.

At the end of 2018, total fund balance was \$164 million, an increase of 13 percent or \$19 million over the prior year. The increase was attributed to moderate but across-the-board increases in nearly all revenue streams. Notable increases occurred in property taxes and sales taxes, \$13 million and \$10 million, respectively, owing to strength in residential and business construction in the region. Unassigned fund balance totaled \$108 million, an increase of 10 percent over the prior year. As a measure of liquidity, the size of the unassigned fund balance is often compared relative to total expenditures which gives 14 percent, unchanged from last year.

This represents a buffer that the fund can use to finance spending in the first few months of the following period.

In the long-term, the General Fund continues to face financial challenges due to a structural imbalance between the limited rate of property tax growth (1 percent plus the taxes on new construction) and the combined rate of inflation and population growth (typically around 4 percent). While the County searches for more permanent solutions, it balances the budget each biennium through service reductions, gains in efficiencies, rate increases, cost shifts and other fiscal strategies.

General Fund Revenue
(in millions)



Financial data of King County and three other counties with similar population

| | KING COUNTY WASHINGTON | SAN BERNADINO CALIFORNIA | CLARK COUNTY NEVADA | BROWARD COUNTY FLORIDA |
|--|------------------------|--------------------------|---------------------|------------------------|
| 2017 Ratio of Bus-type to Gov't'l Expenses | 80% | 24% | 51% | 33% |
| 2017 Current Ratio (Liquidity) | 8.23 | 9.98 | 5.62 | 6.47 |
| 2017 Percent Revenue from Property Taxes | 22% | 16% | 14% | 35% |

The Capital Base

The County utilizes capital assets to provide vital services and enhance the quality of life of its citizens. Major capital assets include the industrial-scale plants for wastewater treatment and waste disposal, the infrastructure network of roads and bridges, multi-modal transportation facilities, open space land and land rights, and buildings.

The County's investment in capital assets at the end of 2018 increased by 4 percent from last year to a new net book value of \$9.6 billion.

2018 MAJOR CAPITAL ASSET EVENTS

Acquisition of 174 new fuel-efficient buses at a cost of **\$173 million**.



Continued construction of the Puget Sound Emergency Radio Network (PSERN) which is expected to be completed in 2021.

Construction and upgrades to wastewater treatment systems at a cost of **\$157 million**.

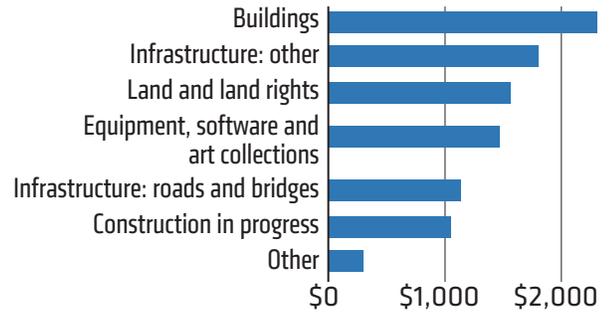


Solid Waste is completing development and construction of a new refuse area, Area 8, at the Cedar Hills Regional Landfill (CHRLF). Area 8 is expected to be completed by mid-2019 with a total cost of **\$73 million**.



Construction continued on the voter-approved Children and Family Justice Center which will replace the existing Youth Services Center. Estimated cost is about **\$210 million** and the new justice center is expected to open in 2019.

King County Capital Assets (in millions)



SIX-YEAR CAPITAL IMPROVEMENT PLAN HIGHLIGHTS (2019-2024)



Department of Public Defense Case Management System Replacement – **\$4 million**



A new large aircraft parking area at Boeing Field/King County International Airport – **\$10 million**



Regional Trails Program – **\$25 million**



West Seattle Water Taxi Terminal Replacement – **\$10 million**



Combined Sewer Overflow Control Program – **\$275 million for Georgetown Wet Weather Treatment Station** and **\$127 million for Ship Canal Water Quality CSO Control Project**.



Bus fleet investments – **\$784 million for new buses**



Bus base expansion – **\$248 million for South Base Annex**



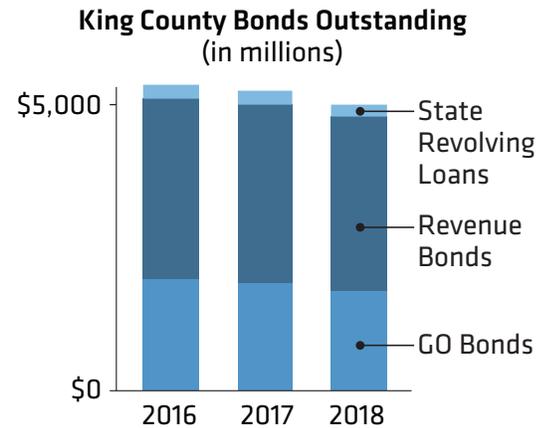
Recycling and Transfer Station Construction - **\$179 million for two new stations**



Roadway preservation – **\$35 million to preserve the roadway infrastructure.**

Borrowing and Leverage

At the end of 2018, the County had a total of \$5.0 billion in long-term debt outstanding, comprised of \$1.7 billion in general obligation (GO) bonds, \$3.1 billion in revenue bonds, and \$0.2 billion in loans from the State of Washington for public works construction activities. The total amount of bonds outstanding has dropped in each of the last three years. GO bonds are backed by the full faith, credit and taxing power of the government while revenue bonds are secured by specific revenue sources, such as sewer fees and lease payments. The County uses revenue bonds to finance the major portion of its wastewater treatment facilities. GO bonds include unlimited tax (UTGO) debt and limited tax (LTGO) debt. UTGO requires an approving vote of the people. LTGO can be issued by resolution of the County Council. All of the County's bond issuances consistently receive exceptional ratings from the leading industry credit rating agencies, which allows borrowing at favorable interest rates. Lower interest rates can mean substantial savings.



KING COUNTY 2018 BOND RATINGS

| | Moody's | Standard & Poor's | Fitch |
|---------------------------------------|---------|-------------------|-----------|
| Limited Tax General Obligation Debt | Aaa | AAA | AAA |
| Unlimited Tax General Obligation Debt | Aaa | AAA | AAA |
| Sewer Revenue Bonds | Aa1 | AA+ | not rated |

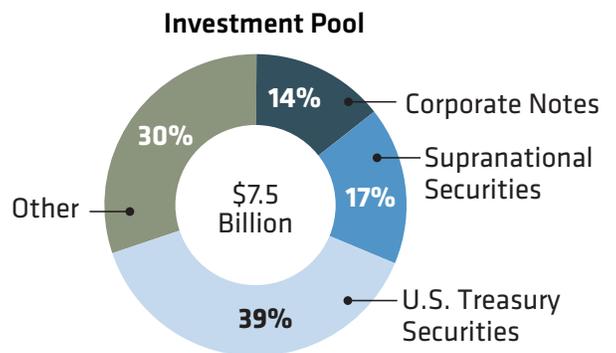
| Approximate Relative Rankings of Top Rating Categories: | Prime | Aaa / AAA / AAA |
|---|------------|-----------------|
| | High Grade | Aa1 / AA+ / AA+ |
| | High Grade | Aa2 / AA / AA |
| | High Grade | Aa3 / AA- / AA- |

Source: 2017 CAFR MD&A

Liquidity and Safety of Investments

The County's investment objectives in order of priority are safety, liquidity and yield. An investment policy guides decisions on sector allocations, credit quality and maturity distributions.

For investment purposes and to manage liquidity, the County pools the cash balances of all its funds and other legally separate local governments into a single investment pool. The King County Investment Pool (the Pool) is one of the largest in the state of Washington, valued at \$7.5 billion as of December 31, 2018. The Pool is not registered with the US Securities and Exchange Commission, but rather is governed by a committee having members from the Executive and Legislative branches of the County.

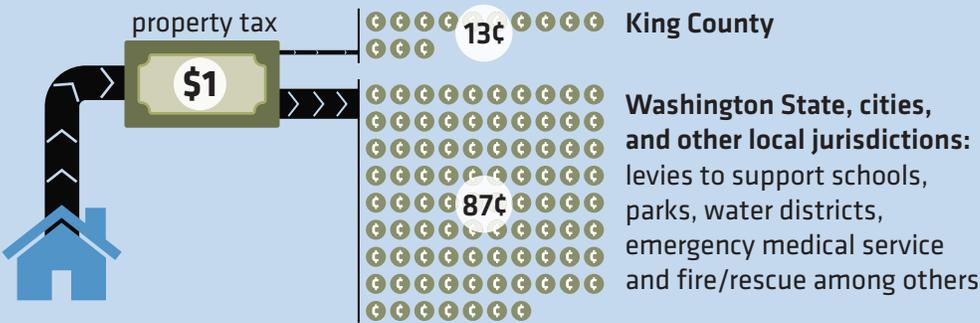


At year-end, the Pool held 39 percent of investments in U.S. Treasury securities, up from 36 percent last year. Supranational securities, which are issued by institutions that are owned or established by governments of two or more countries to finance projects in their member countries that promote economic development, facilitate regional integration, or expand trade, increased to 17 percent this year from 5 percent last year.

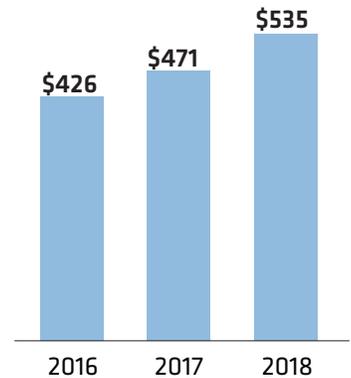
Property Taxes

There were 119 local taxing districts in King County levied during 2018. For every property tax dollar collected, 13 cents are used to support King County and 87 cents are allocated between the State, cities and other local jurisdictions. About half of property tax is determined by levies that are voter-approved for such services as schools, parks, water districts, emergency medical service and fire/rescue, among other services. Property taxes are levied primarily on real property owned by individuals and businesses. The King County Assessor determines the fair market value of properties, which is intended to reflect 100 percent of the property's market value. Total assessed values of real property increased by 13 percent in 2018 reaching \$535 billion.

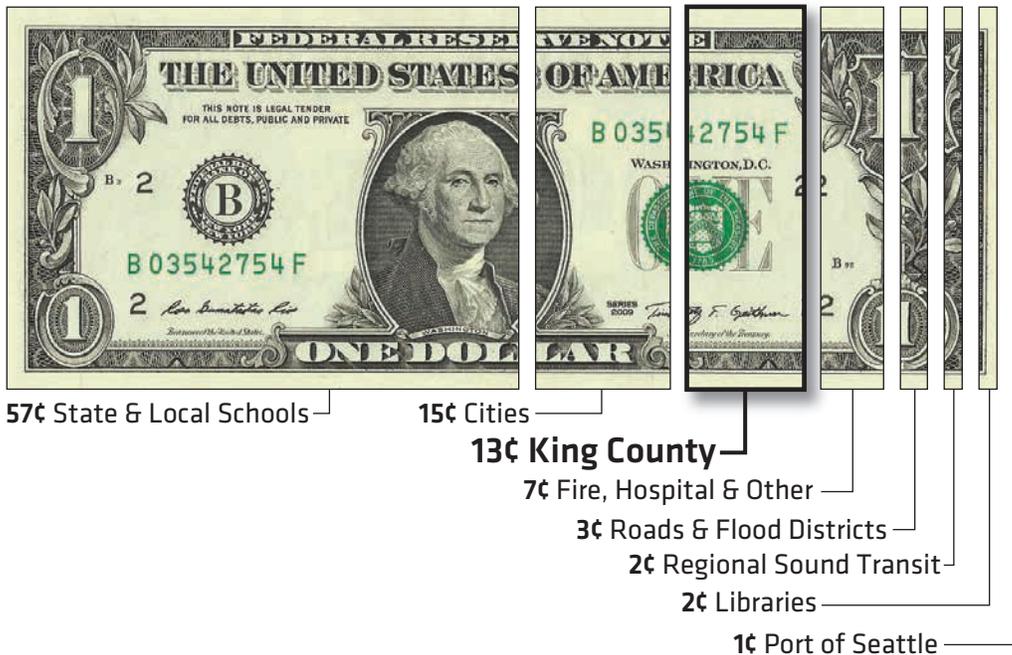
For each dollar paid in property taxes, 13¢ goes to King County's General Fund and 87¢ goes to various agencies through voter-approved levies



Assessed Value of Taxable Property (in billions)



WHERE EACH DOLLAR OF PROPERTY TAX GOES



2018 PRINCIPAL PROPERTY TAXPAYERS

- Microsoft
- Boeing
- Amazon.com
- Puget Sound Energy/ Gas/Electric
- Essex Property Trust
- Alaska Airlines

Definitions of Terms

Accrual basis is the method of accounting that records revenues and expenses when they are incurred, in contrast with “cash basis”, which records revenues and expenses when the cash is received or paid. (See also modified accrual basis)

Assets are resources which the County owns (and therefore, controls) that can be utilized in providing services. For example, cash from tax collections is an “asset” that is used to pay salaries of police officers as they serve the community.

Capital assets are the buildings, roads and bridges, plant and equipment, land and other long-lived assets that are utilized by the County in providing services to its taxpayers.

Current assets include cash and assets that can be quickly turned into cash to pay this month’s bills.

Deferred inflows of resources is an acquisition of net position during the year that is applicable to a future year. For example, a federal grant may be received in 2017 to reimburse the County’s incurred costs, but the grantor may restrict spending until 2018 because that is when the federal budget has appropriated them.

Deferred outflows of resources is a consumption of net position during the year that is applicable to a future year. This is the opposite of deferred inflows of resources.

Fund balance denotes the amount of equity in a governmental fund, and represents assets plus deferred outflows of resources, less liabilities and deferred inflows of resources. Business-type funds use the term “net position.”

Government-wide reporting provides an aggregate view of the County’s financial activities consolidating governmental and business-type activities using the accrual basis of accounting.

Liabilities are current obligations to use resources that the government has little or no discretion to avoid, such as payments owed to suppliers.

Long-term liabilities include items such as bonds, loans, pension contributions and other obligations due more than one year in the future.

Modified accrual basis is the method of accounting, used for governmental funds, focuses on whether those funds have sufficient resources to pay their bills in the short-term.

Net investment in capital assets is the portion of net position that represents the historical cost of capital assets less the amount of debt used to acquire them. A loose analogy can be made to the equity in one’s home under a mortgage.

Net position is the residual of all other financial statement elements found in accrual basis statements: the difference between a) assets plus deferred outflows of resources; and b) liabilities plus deferred inflows of resources.

OPEB stands for “Other Post-Employment Benefits” and represents the health benefits received by former employees after they retire from King County.

Restricted net position is the portion of net position subject to external spending restrictions, such as state law, bond covenants or contracts.

Unrestricted net position is the portion of net position not tied up in net investment in capital assets or by external legal restrictions. It is available at the government’s discretion to pay bills.

GOVERNMENTAL ACTIVITIES

General Government: Executive & council functions, elections, assessments, records and licensing

Health and Human Services: Public health clinics and programs, mental health program, environmental health, hazardous waste management

Law, Safety & Justice: Superior Court, District Court, adult and juvenile detention, enhanced E911, sheriff, public defense, defense, and prosecution

Transportation: Roads & bridges maintenance

Economic Environment: Building permits, zoning, housing and community development, veterans' relief, youth employment programs, flood prevention, and animal control

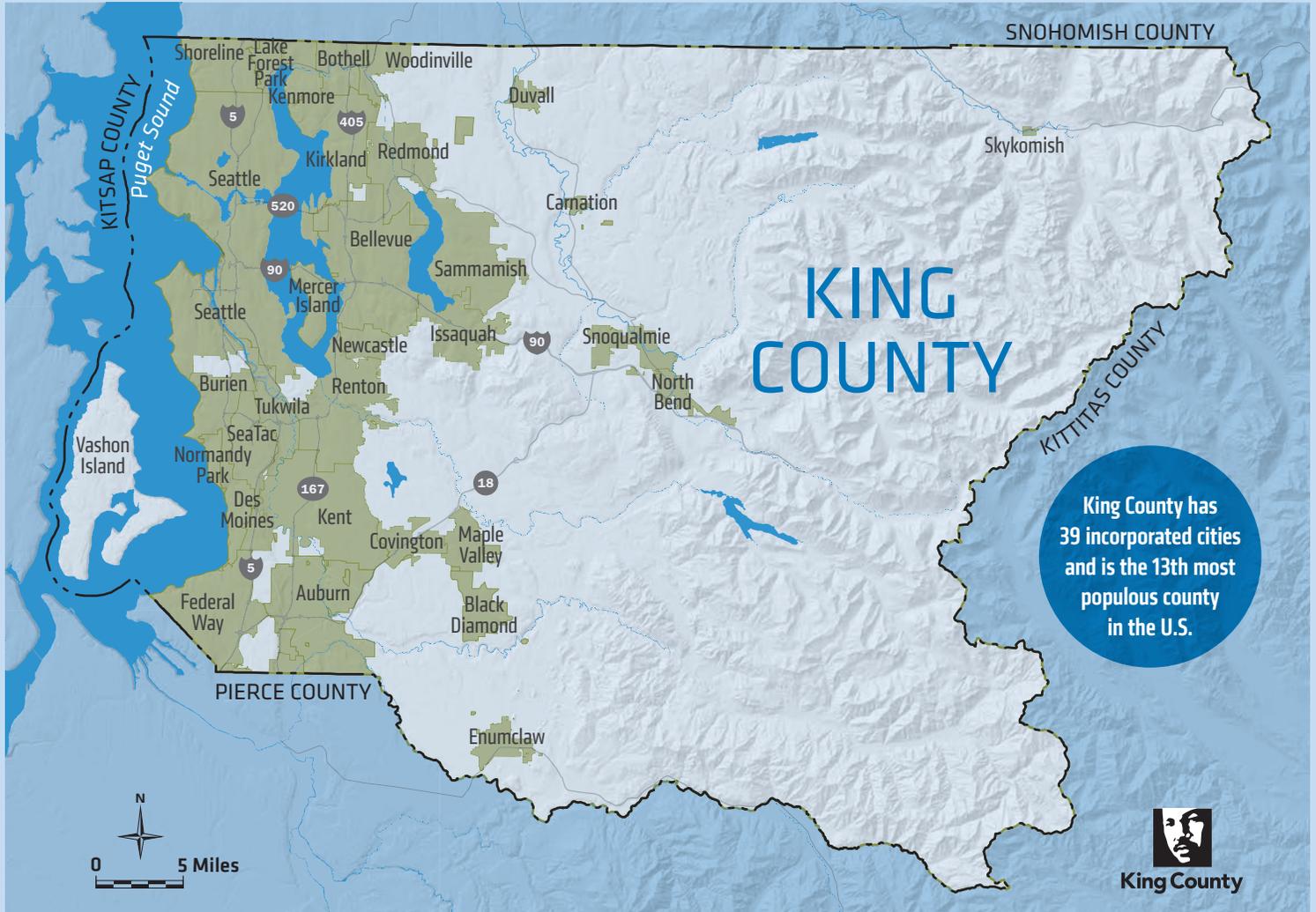
Physical Environment: Natural resources and surface water management

Culture and Recreation: Parks, public art, historic preservation

BUSINESS-TYPE ACTIVITIES

Public transportation, wastewater treatment, solid waste disposal and recycling, airport, institutional network, radio communications and water taxi

KING COUNTY AT A GLANCE



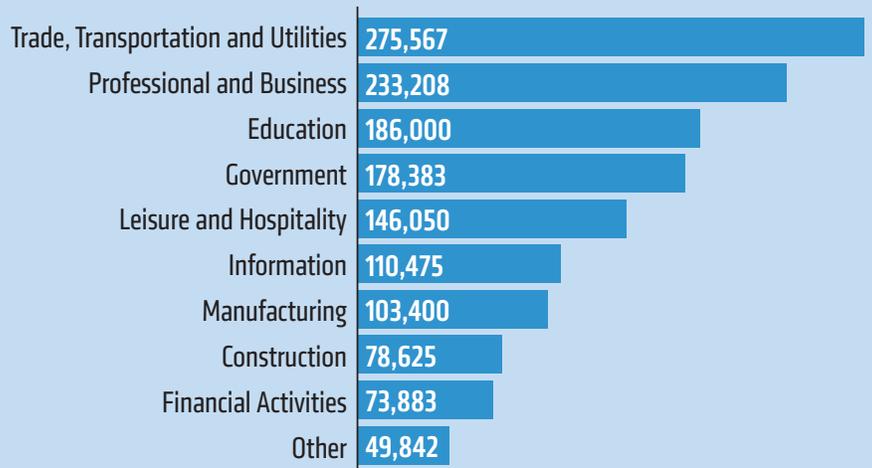
ABOUT KING COUNTY

| | |
|-----------------------------|-------------|
| Land Area (Square Miles) | 2,132 |
| Miles of Paved Roads | 1,415 |
| Bridges | 182 |
| Building Permits Issued | 1,501 |
| Number of Parks | 229 |
| Acres of Parks | 173,825 |
| Number of Buses | 1,491 |
| Annual Bus Trips | 130,617,333 |
| Wastewater Treatment Plants | 5 |

DEMOGRAPHICS

| | 2018 | 2017 |
|---------------------------|-----------|-----------|
| Population | 2,233,163 | 2,188,649 |
| - 65 years & over | 290,311 | 277,958 |
| Births | N/A | 25,274 |
| Deaths | N/A | 13,295 |
| Public School Enrollment | 302,450 | 296,519 |
| Private School Enrollment | 61,200 | 41,771 |
| Median Household Income | \$83,571 | \$78,800 |

2018 PRINCIPAL EMPLOYERS BY INDUSTRY Total: 1,435,433 employees



2018 FINANCIAL DATA

(in millions)

| | |
|---|-----------|
| Assessed Valuation | \$534,662 |
| Property Taxes Levied | \$928 |
| General Fund 2017-2018 (Biennial Appropriation) | \$1,716 |

King County Courthouse

Administration Building

