Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

King County

For the period January 1, 2020 through December 31, 2020

Published February 17, 2022

Report No. 1029915

Office of the Washington State Auditor
Pat McCarthy

February 17, 2022

Council and Executive
King County
Seattle, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on King County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial condition.

Sincerely,

Pat McCarthy, State Auditor

Olympia, WA

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King County
January 1, 2020 through December 31, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

The results of our audit of King County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the 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 in accordance with accounting principles generally accepted in the United States of America (GAAP).

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County's compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

CFDA No.	Program or Cluster Title
10.557	WIC Special Supplemental Nutrition Program for Women, Infants, and Children
14.218	CDBG - Entitlement Grants Cluster - Community Development Block Grants/Entitlement Grants
14.267	Continuum of Care Program
20.106	Airport Improvement Program
	COVID-19 Airport Improvement Program
20.500	Federal Transit Cluster - Federal Transit Capital Investment Grants
20.507	Federal Transit Cluster - Federal Transit Formula Grants
	Federal Transit Cluster – COVID-19 Federal Transit Formula Grants
20.525	Federal Transit Cluster - State of Good Repair Grants Program
20.526	Federal Transit Cluster - Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs
21.019	COVID-19 Coronavirus Relief Fund
93.224	Health Center Program Cluster - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
	COVID-19 Health Center Program Cluster - Health Center Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)
93.563	Child Support Enforcement
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.994	Maternal and Child Health Services Block Grant to the States
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
	COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was $3,000,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2020-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 2020-002, 2020-003 and 2020-004.

King County
January 1, 2020 through December 31, 2020

2020-001 The County's internal controls were inadequate for ensuring it recorded and reported expenditures for the Behavioral Health Fund in the proper accounting period.

Background

Federal and state agencies, County councilmembers, and the public rely on information included in financial statements and reports to make decisions. County management is responsible for designing and following internal controls that provide reasonable assurance regarding the reliability of financial reporting. Our audit identified a material weakness in internal controls over financial reporting that affected the County's ability to produce accurate financial statements. *Government Auditing Standards* requires the State Auditor's Office to communicate material weaknesses as a finding.

The Department of Community and Human Services (DCHS) manages King County's Behavioral Health Fund. The fund provides oversight and management of crisis services, mental health treatment, substance use disorder treatment, and diversion and reentry services to low-income clients, with an emphasis on prevention, intervention, treatment and recovery. The services include community mental health treatment, also known as outpatient services, to people who qualify for Medicaid. Non-outpatient services include a variety of services, such as health care, counseling, COVID-19 relief, housing and other services. DCHS should record and report expenditures for outpatient and non-outpatient services during the accounting period in which they are incurred.

Description of Condition

DCHS paid approximately $315 million from the Behavioral Health Fund between January 1, 2021, and April 9, 2021, for 3,047 invoices for outpatient and non-outpatient services. DCHS did not have an effective process for reviewing and accruing invoices incurred in 2020 to the correct fiscal year. We consider this internal control deficiency to be a material weakness.

Cause of Condition

DCHS staff had limited reporting capabilities for identifying dates for outpatient services so it could determine which invoices should be accrued to 2020. Due to COVID-19, DCHS experienced an influx of year-end invoices for non-outpatient services. Staff lacked sufficient resources and proper training, including following guidance from the County's Finance and Business Operations Division, for reviewing these invoices and ensuring they were accrued to the correct accounting period.

Effect of Condition

We identified 19 transactions totaling approximately $1.7 million that were recorded in 2021, but should have been included in the 2020 financial balances. These included:

- 6 outpatient services transactions totaling $16,281
- 13 non-outpatient services transactions totaling $1,673,282

DCHS further investigated and analyzed all outpatient transactions, and determined it should have accrued $1,443,697 in 2020. DCHS also reviewed non-outpatient services, and it determined errors were closer to $10,602,042. We reviewed this analysis and agree with the results. The County corrected these errors totaling $12,045,739 on the final version of the statements.

Recommendation

We recommend DCHS strengthen internal controls over year-end accruals by:

- Using their updated reporting capabilities to identify the service dates and accrue outpatient services to the correct year
- Dedicating sufficient resources to reviewing these invoices and ensuring they are accrued to the correct year
- Providing regular training to staff on the Finance and Business Operations Division's policies over accruals and expenditure recognition

County's Response

The County would like to thank the Washington State Auditor's Office for its conclusions, communications and collaboration during the audit. We agree with the finding and recommendations and will take the following actions to strengthen internal controls:

<u>Accrual of Outpatient Costs</u>

The County will update its year-end procedures for processing invoices and transactions within the affected business unit between now and the end of the third quarter 2021. The updated process will include language to ensure all outpatient adjustments and expenditures will be accrued to fully reflect the year that services occurred.

<u>Accrual of all other (non-Outpatient) Costs</u>

The County will update its year-end procedures for processing invoices and transactions within the affected business unit between now and the end of the third quarter 2021. The updated process will include language to ensure all non-outpatient adjustments and expenditures will be accrued to fully reflect the year that services occurred. Staff will attend training provided by the County for year-end close processes.

Additionally, to address the lack of sufficient resources, the County procured outside consultants to review and process COVID project-related invoices starting in the second quarter of 2021, in addition to hiring an additional staff member who started in January 2021 to process non-COVID invoices.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its Codification of Statements on Auditing Standards, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

Governmental Accounting, Auditing, and Financial Reporting (GAAFR) – 2005 version page 88: Expenditure Recognition: "Under accrual accounting, expenses are recognized as soon as a liability is incurred, regardless of the timing of related cash flows. The same rule also generally holds true for expenditure recognition in governmental funds …"

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

King County
January 1, 2020 through December 31, 2020

2020-002 The County lacked adequate internal controls for ensuring compliance with federal reporting requirements.

CFDA Number and Title:	14.218 Community Development Block Grants/Entitlement Grants
Federal Grantor Name:	U.S. Department of Housing and Urban Development (HUD)
Federal Award/Contract Number:	B-14-UC-53-0001; B-15-UC-53-0001; B-16-UC-53-0001; B-17-UC-53-0001; B-18-UC-53-0001; B-19-UC-53-0001; B-20-UC-53-0001; B-20-UW-53-0001
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	$0

Description of Condition

The primary objective of the Community Development Block Grants/Entitlement Grants (CDBG) is to help provide decent and affordable housing, particularly for people with moderate, low and very low incomes. Funds also help recipients implement strategies for achieving an adequate supply of decent housing and providing a suitable living environment and expanded economic opportunities for people with low incomes.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

The County spent $5,178,277 in CDBG funds in 2020.

Performance Reporting

When the County spends more than $200,000 in a program year for administering covered housing and community development assistance, it must prepare and submit the HUD 60002, Section 3 Summary Report, Economic Opportunities for Low- and Very Low-Income Persons report to the grantor. This report measures each recipient's efforts to comply with the statutory and regulatory requirements of Section 3 not only in its own operations, but also in the operations of covered contractors, subcontractors and subrecipients.

Section 3 of the Housing and Urban Development Act of 1968 requires recipients of certain HUD financial assistance, to the greatest extent possible, provide training, employment, contracting and other economic opportunities to people with low and very low incomes—especially recipients of government assistance for housing—and to businesses that provide economic opportunities to people with low or very low incomes. Section 3 does not apply on a "per-project" basis. Section 3 applies whenever recipients invest any portion of HUD funding into projects involving housing construction, demolition, rehabilitation, or other public construction (e.g., roads, sewers and community centers).

The County did not submit this Section 3 summary report for the grant for fiscal year 2020.

Federal Funding Accountability and Transparency Act (FFATA) Reporting

The Federal Funding Accountability and Transparency Act (FFATA) requires the County to report its subaward information through the FFATA Subaward Reporting System (FSRS). The FFATA requires the Office of Management and Budget (OMB) to ensure the existence and operation of a single searchable website for federal awards. The County has until the end of the month, plus one additional month after the subaward is obligated, to fulfill this reporting requirement.

During 2020, the County awarded 18 subawards totaling $2,999,082. While the County submitted accurate subaward information through FSRS, the County did not report the subaward information before the due date for all 18 subawards. The number of days the County submitted the reports late ranged from one day to 276 days.

We consider these deficiencies in internal controls to be a material weakness that led to material noncompliance.

These issues were not reported as a finding in the prior audit.

Cause of Condition

Performance Reporting

County staff understood the evaluation requirements of the Section 3 Summary Report and performed review of the projects under the CDBG program noting that none of the projects met the threshold for reporting of information. Since none of the projects met the threshold, staff did not submit the report as the information was not applicable. The County should have submitted a report in HUD's Section 3 reporting system if the responses are "not applicable".

Federal Funding Accountability and Transparency Act (FFATA) Reporting

The County experienced turnover and lacked available staff to file the reports. Once the County filled the position responsible for this requirement, management decided to report the subaward information starting with the most recent ones before filing for subawards it issued earlier.

Effect of Condition

Performance Reporting

Because the County did not submit the required HUD 60002, Section 3 Summary Report, HUD could not assess the County's compliance—or its covered contractors, subcontractors and subrecipients' compliance—with the statutory and regulatory requirements of Section 3. Failure to comply with the requirements of Section 3 may result in sanctions, debarment, suspension, or limited denial of participation in HUD programs under federal regulations.

Federal Funding Accountability and Transparency Act (FFATA) Reporting

When the County does not report its federal subaward information on time, OMB cannot ensure the existence and operation of a single, searchable website for federal awards. This prevents interested parties from accessing information about the County's subawards in a timely manner.

Recommendation

We recommend the County strengthen its internal controls for ensuring required reports for each grant are accurate, reviewed and submitted on time. Specifically, the County should:

- Submit the HUD 60002, Section 3 Summary Report, regardless of the amount expended, as the grantor requires

- Report the subaward information through the FSRS before the due date, as federal law requires

County's Response

<u>Performance Reporting</u>

The County agrees with the finding that staff did not submit the Section 3 report to HUD and the recommendation over the Performance Reporting for 2020. County staff have attended a HUD training and are preparing updated tools and procedure documents to ensure that effective Section 3 reporting is part of normal work routines. These updated tools and procedure documents will help ensure that Section 3 reporting will be included according to HUD requirements.

<u>Federal Funding Accountability and Transparency Act (FFATA) Reporting</u>

The County agrees with the finding that staff did not timely submit FFATA reports. The County is in the process of implementing corrective action which includes rehiring a contractor to assist with reporting as well as reviewing current staff roles and workflows to determine the most efficient and effective way to ensure timely reporting.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 24 CFR Part 135 Economic Opportunities for Low- and Very Low-Income Persons, section 3 Applicability, describes the applicability of the Section 3 covered assistance.

Title 24 CFR Part 135 Economic Opportunities for Low- and Very Low-Income Persons, section 90 Reporting, establishes the HUD 60002, Section 3 Summary Report requirements for Section 3 covered assistance.

Title 2 CFR Part 170, Reporting Subaward and Executive Compensation Information Uniform Guidance, section 200 Federal Awarding Agency Reporting Requirements, establishes the Federal Funding Accountability and Transparency Act (FFATA) requirements of reporting the subaward information through the FFATA Subaward Reporting System (FSRS).

King County
January 1, 2020 through December 31, 2020

2020-003 The County improperly charged the program for expenditures incurred outside the period of performance.

CFDA Number and Title:	14.267 Continuum of Care Program
Federal Grantor Name:	U.S. Department of Housing and Urban Development
Federal Award/Contract Number:	Too numerous to list
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	$42,343

Background

During fiscal year 2020, the County spent $21.1 million in Continuum of Care Program (COC Program) funds.

The COC Program is designed to: (1) promote communitywide commitment to the goal of ending homelessness; (2) provide funding for efforts by nonprofit providers, states and local governments to quickly rehouse homeless people and families while minimizing the trauma and dislocation that homelessness causes; (3) promote access to and effective use of mainstream programs by homeless people and families; and (4) optimize self-sufficiency among people and families experiencing homelessness.

During 2020, the U.S. Department of Housing and Urban Development awarded 40 contracts to the County. Each award specifies a performance period during which program costs may be obligated or liquidated. Federal requirements prohibit grant recipients from charging costs incurred outside of the performance period without prior approval from the grantor.

Description of Condition

- The County had adequate internal controls for ensuring it materially complied with the period of performance requirement. However, we found the County charged the program $42,343 for subrecipient payroll costs, rental costs, and other costs incurred outside the period of performance.

This issue was reported as a finding in the prior audit as finding 2019-002.

Cause of Condition

Before October 2020, staff did not perform an adequate review of expenditures to ensure all costs the County charged to the program were incurred within the performance period. However, in response to our 2019 audit finding, the County started the process of strengthening its internal controls in October 2020 to ensure all costs it charged to the grant were incurred within the period of performance.

Effect of Condition and Questioned Costs

Using non-statistical sampling, we tested 11 transactions the County charged to the COC Program at the beginning of the performance period. We found three payments totaling $11,502 for costs incurred outside the performance period. From this, we estimate total overpayments of $51,234.

Using non-statistical sampling, we tested seven transactions the County charged to the COC Program at the end of the performance period. We found three payments totaling $30,841 for costs incurred outside the performance period. From this, we estimate total overpayments of $33,429.

We are questioning costs of $42,343 incurred outside of the performance period that the County charged to the COC Program.

Federal regulations require the State Auditor's Office to report known questioned costs that are greater than $25,000 for each type of compliance requirement. We question costs when we find the County has not complied with grant regulations and/or when it does not have adequate documentation to support expenditures.

Recommendation

We recommend the County monitor the costs it charges to federal programs to ensure they are obligated during the performance period.

County's Response

We agree with the finding and recommendations over the Period of Performance for 2020. The County considers this repeat finding a timing difference as the issue was brought to the County's attention in September 2020 during the FY19 Single Audit. The processes outlined below were prospectively implemented in the fourth quarter of 2020. As such, questioned costs noted during the FY20 Single Audit were from the first three quarters prior to the implementation of the corrective action plan.

Effective October 1, 2020, the County required all Continuum of Care subrecipients to clearly provide the pay periods included in their request for payment. Additionally, the County amended subrecipient contracts to clearly state that all charges, including payroll, must fall within the grant period of performance. Lastly, the County staff who manage and administer this grant, now include closer review of all invoice service and/or purchase dates against the grant start and end dates. This will ensure that charges from another grant period are not included.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

The American Institute of Certified Public Accountants defines questioned costs in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 309 Period of Performance, establishes requirements for period of performance.

King County
January 1, 2020 through December 31, 2020

2020-004 The County had inadequate internal controls for ensuring compliance with prevailing wage rate requirements.

CFDA Number and Title:	20.106 Airport Improvement Program
Federal Grantor Name:	U.S. Department of Transportation Federal Aviation Administration
Federal Award/Contract Number:	DOT-FA18NM-0063; DOT-FA19NM-0059; DOT-FA20NM-K0044
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Questioned Cost Amount:	N/A

Background

The objective of the Airport Improvement Program (AIP) is to assist sponsors, owners, or operators of public-use airports in the development of a nationwide system of airports adequate to meet the needs of civil aeronautics.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding grant requirements and monitoring the effectiveness of established controls.

The Davis-Bacon Act requires contractors and subcontractors that work on projects financed with more than $2,000 of federal money to pay laborers and mechanics prevailing wages—the wage rates that the U.S. Department of Labor considers being similar to what local workers have been paid for similar projects. As part of prevailing wage rate requirements, contractors and subcontractors must submit weekly certified payroll reports to the County, which includes copies of their payroll and a signed "Statement of Compliance." The County is responsible for complying with these requirements and keeping documents according to records retention schedules.

Description of Condition

In 2020, the County spent $7.9 million in Airport Improvement Program (AIP) funds. From this award, the County paid over $1 million for one construction project that is subject to prevailing wage rate requirements.

The County had a process for collecting the weekly certified payroll reports from the prime contractor, but it did not have a process in place for collecting these reports from the subcontractor that worked on this federally funded project.

We consider this internal control deficiency to be a material weakness, which led to material noncompliance. This issue was not reported as a finding in the prior audit.

Cause of Condition

The County Airport's staff did not receive adequate training on federal grant requirements and, as a result, was not aware that it needed to monitor and collect weekly certified payroll reports from subcontractors.

Effect of Condition and Questioned Costs

For this project, the County was required to collect a total of 56 weekly certified payroll reports—40 from the prime contractor and 16 from the subcontractor. The County collected all 40 weekly certified payroll reports for the prime contractor. However, the County did not collect any of the 16 weekly certified payroll reports from the subcontractor. The County subsequently obtained all 16 missing weekly certified payroll reports during our audit.

Without adequate internal controls, the County cannot demonstrate it complied with the Davis-Bacon Act and paid workers prevailing wages. If the County did not pay workers prevailing wages, it could be liable for paying additional wages.

Recommendation

We recommend the County strengthen its internal controls to ensure compliance with the Davis-Bacon Act's prevailing wage rate requirements. Specifically, we recommend the County establish and follow procedures for collecting all weekly certified payroll reports from its subcontractors in a timely manner. Additionally, we recommend the County adequately train staff on federal grant requirements.

County's Response

The County accepts the facts of the SAO Finding 2020-004. The County relied on the prime contractor to be compliant with RCW 39.12.120 for required payroll reporting and attestations for certified payroll and prevailing wage compliance.

The County will develop, document, and implement additional internal control procedures per Title 2 CFR Part 200 Uniform Guidance § 303 to review contractor and subcontractor payroll data for compliance with federal program requirements subject to the 2021 OMB Compliance Supplement Appendix XI Part 4, III. N. Special tests provisions - WAGE RATE REQUIREMENTS CROSS-CUTTING SECTION.

Specifically, the County will:

- *<u>Implement</u> certified payroll submittal status updates with the contractors during the regularly scheduled construction progress meetings.*
- *<u>Implement</u> documentation in the contract file that weekly certified payrolls have been submitted. King County's Contract Specialist shall confirm certified payroll submittals utilizing King County's Labor and Workforce compliance system.*
- *<u>Require</u> the relevant agency's contract and finance staff to attend annual federal grant award compliance requirement training offered and/or sponsored by the Finance Business and Operations Division (FBOD) Financial Systems and Services Team (FSST).*

Auditor's Remarks

We appreciate the County's commitment to resolve this finding and thank the County for its cooperation and assistance during the audit. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 303 Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 29, *U.S. Code of Federal Regulations* (CFR), Section 3.3 – *Weekly statement with respect to payment of wages*, and Section 3.4 – *Submission of weekly statements and the preservation an inspection of weekly payroll records,* establishes requirements for submission of weekly certified payroll reports

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

King County
January 1, 2020 through December 31, 2020

This schedule presents the status of findings reported in prior audit periods.

Audit Period:	**Report Ref. No.:**	**Finding Ref. No.:**
2019	1027490	2019-001

Finding Caption:

The County did not report the External Investment Pool as a separate column on the Fiduciary Statements in accordance with governmental accounting standards.

Background:

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities during fiscal year 2019. GASB 84 requires the external portion of investment pools that are not held in a trust to be reported in a separate external investment pool fund column, under the custodial funds classification. Although the County dedicated time and resources to research and implement the new GASB statement, it misinterpreted the accounting standard and applicable accounting treatment for these items.

Status of Corrective Action: (check one)

☒ Fully Corrected	☐ Partially Corrected	☐ Not Corrected	☐ Finding is considered no longer valid

Corrective Action Taken:

The County thanks the auditor for their work reviewing the County's implementation of GASB 84: Fiduciary Activities. While the County did present the External Investment Pool as a separate column in its Comprehensive Annual Financial Report, this column was located in the combining statement section instead of the basic statement section. The County's audited and publicly issued 2019 financial statements included a correction of the formatting misinterpretation noted by the auditor, moving the External Investment Pool column from the combining statements to the basic statements.

Audit Period:	Report Ref. No.:	Finding Ref. No.:	CFDA Number(s):
2019	1027490	2019-002	14.267

Federal Program Name and Granting Agency: Continuum of Care Program – Department of Housing and Urban Development	**Pass-Through Agency Name:** NA

Finding Caption:

The County improperly charged the program for expenditures incurred outside the period of performance. In addition, the County did not have adequate internal controls to ensure compliance with federal suspension and debarment requirements.

Background:

Performance period

We found the County charged the program $27,416 for subrecipients' payroll costs and other expenses incurred before the award period without prior approval. We questioned these costs.

Suspension and debarment

The County has established procedures to include a suspension and debarment clause in its contract templates for contractors and subrecipients. However, for one of 11 contractors and subrecipients tested, the County did not obtain a written certification, insert a clause into a contract or review EPLS to verify one subrecipient, a local government, was not suspended or debarred from participating in federal programs.

Status of Corrective Action: (check one)

☐ Fully Corrected	☒ Partially Corrected	☐ Not Corrected	☐ Finding is considered no longer valid

Corrective Action Taken:

Performance period

Effective October 1, 2020, the County:

- *requires all program subrecipients to clearly provide pay periods included in their request for payment,*
- *plans to amend subrecipient contracts to clearly state that all charges, including payroll, must fall within the grant period of performance, and*
- *ensures that staff who manage and administer this grant, will review all invoice service and/or purchase dates against the grant start and end dates. This will ensure that charges from another grant period are not included. This process was implemented in the fourth quarter of 2020.*

Suspension and debarment

- *The County is aware of the suspension and debarment requirements. However, the County did not consider the local government to be a subrecipient or a contractor* *because they were joint applicants under the program. Upon further investigation, it was discovered that the grant was awarded to the County and the local government was considered to be a subrecipient of the County and should have had a documented suspension and debarment check. Consequently, staff conducted that suspension and debarment check on the local government with no exceptions as a follow-up to the audit finding. The County considers this to be an isolated incident as the other contractors/subrecipients tested had the suspension and debarment requirements documented.*

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

King County
January 1, 2020 through December 31, 2020

Council and Executive
King County
Seattle, Washington

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of King County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 29, 2021.

Our report includes a reference to other auditors who audited the financial statements of the Public Transportation, Water Quality Enterprise, and Solid Waste funds, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

As discussed in Note 20 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect impact on the County is unknown. Management's plans in response to this matter are also described in Note 20.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Audit Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Audit Findings and Responses as Finding 2020-001 to be material weaknesses.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

COUNTY'S RESPONSE TO FINDINGS

The County's response to the findings identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy

Pat McCarthy, State Auditor

Olympia, WA

July 29, 2021

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

King County
January 1, 2020 through December 31, 2020

Council and Executive
King County
Seattle, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the compliance of King County, with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of the Cultural Development Authority of King County and Harborview Medical Center, their federal award expenditures are not included in the Schedule of Expenditures of Federal Awards for the year ended December 31, 2020. Our audit, described below, did not include the operations of the Cultural Development Authority of King County and Harborview Medical Center because they have arranged for separate audits of their federal awards in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative*

Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Finding 2020-003. Our opinion on each major federal program is not modified with respect to these matters.

County's Response to Findings

The County's response to the noncompliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2020-002 and 2020-004, that we consider to be material weaknesses.

County's Response to Findings

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Pat McCarthy, State Auditor

Olympia, WA

February 7, 2022

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

King County
January 1, 2020 through December 31, 2020

Council and Executive
King County
Seattle, Washington

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of King County, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed on page 35.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Public Transportation, Water Quality, or Solid Waste funds, which in aggregate represent 97 percent, 95 percent, and 96 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Public Transportation, Water Quality, and Solid Waste funds, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of King County, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Matters of Emphasis

As discussed in Note 20 to the 2020 financial statements, the full extent of the COVID-19 pandemic's direct or indirect impact on the County is unknown. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2021 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Pat McCarthy

Pat McCarthy, State Auditor
Olympia, WA
July 29, 2021

FINANCIAL SECTION

King County
January 1, 2020 through December 31, 2020

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2020

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2020
Statement of Activities – 2020
Balance Sheet - Governmental Funds – 2020
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds – 2020
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – 2020
Statement of Net Position – Proprietary Funds – 2020
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds – 2020
Statement of Cash Flows – Proprietary Funds – 2020
Statement of Fiduciary Net Position – Fiduciary Funds – 2020
Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2020
Statement of Net Position – Component Units – 2020
Statement of Activities – Component Units – 2020
Notes to Financial Statements – 2020

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund – 2020
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Behavioral Fund – 2020
Schedule of the County's Proportionate Share of Net Pension Liability – PERS Plan 1, PERS Plan 2/3, PSERS Plan 2, LEOFF Plan 1, LEOFF Plan 2, SCERS – 2020

Schedule of Contributions – PERS Plan 1, PERS Plan 2/3, PSERS Plan 2, LEOFF Plan 2, SCERS – 2020

Schedule of Changes in Total OPEB Liability and Related Ratios – King County Retiree Health Plan – 2020

Condition Assessments and Preservation of Infrastructure Eligible for Modified Approach – 2020

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2020

Notes to the Schedule of Expenditures of Federal Awards – 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This section of King County's Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2020. The County encourages readers to consider this information in conjunction with that furnished in the letter of transmittal and with the County's financial statements and accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

- At December 31, 2020, the assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by $7.97 billion (referred to as *net position* of the primary government). Of this amount, $1.55 billion represents unrestricted net position, which may be used to meet the County's short-term obligations to its vendors, creditors, employees and customers.

- The County's total net position increased 10 percent or $753 million over last year mainly because of capital asset acquisitions and construction that did not utilize borrowing. The Puget Sound Emergency Radio Network levy collections have been sufficient to support its capital construction activities, avoiding previously anticipated borrowing. The County also decided to fund the Patricia H. Clark Child and Family Justice Center construction through current revenues.

- The governmental activities component of net position increased 7 percent or $236 million over last year while the business-type activities component increased 14 percent or $517 million.

- The County's governmental funds reported combined fund balances of $1,018 million, a decrease of $26 million from the prior year. Approximately 4 percent or $38 million of this amount is unassigned fund balance which is available for spending at the government's discretion.

- Unrestricted fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) for the General Fund was $199 million, or approximately 22 percent of total annual General Fund expenditures. Total fund balance for the General Fund increased 9 percent or $17 million from the prior year.

- Total liabilities of the County increased by 3 percent or $228 million in 2020. Accounts Payable increased 43 percent or $138 million from last year due to pandemic-related payment processing delays. The largest component of liabilities is debt, which decreased 1 percent or $32 million. Governmental activities issued new general obligation bonds of $32 million and refunding issues of $54 million. Business-type activities issued $21 million in new general obligation debt, $20 million in general obligation refunding debt, $156 million in new revenue-backed debt and $411 million in revenue-backed refunding debt. Total newly issued debt are offset by $173 million in principal payments and refunded issues amounted to $540 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

The **statement of activities** presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will not result in cash flows until future fiscal periods, such as revenues pertaining to uncollected taxes and expenses pertaining to earned but unused vacation leave.

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

Governmental activities

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

Business-type activities

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

Discretely presented component units

The County's government-wide financial statements include the financial data of other legally separate entities that are reported as discrete component units: Harborview Medical Center, Cultural Development Authority of King County and NJB Properties. While governmental accounting standards call for these entities to be reported as part of the overall financial reporting entity, they are not included within the primary government. Individual financial statements for these discrete component units can be found in the Basic Financial Statements section, immediately following the fiduciary funds financial statements.

Fund Financial Statements

The fund financial statements are designed to report financial information about the County's funds. A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives.

The County, like most state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Most of the services provided by the County are accounted for in governmental funds. Governmental funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements.

Unlike government-wide financial statements, however, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

King County maintains a general fund and several other individual governmental funds organized according to their type (special revenue, debt service, and capital projects). The government reports two governmental **major funds**, the General Fund and the Behavioral Health Fund. Each major fund is presented in a separate column in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single aggregated presentation as "nonmajor governmental funds." Individual fund data for each of these nonmajor funds is provided as supplementary information in the form of combining statements in the Governmental Funds section.

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

Proprietary funds

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

The County has two types of proprietary funds:

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

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

Fiduciary funds

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

Notes to the Financial Statements

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

Other Information

Required supplementary information
In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information on budget to actual comparisons for major governmental funds, the current funding progress for pensions, the current funding progress for defined benefit postemployment benefits other than pensions, and infrastructure assets reported using the modified approach. The required supplementary information immediately follows the notes to the financial statements.

Combining statements

The combining statements are presented in separate sections immediately after the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position over time may serve as a useful indicator of a government's financial position. In the case of King County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $7.97 billion at the close of the most recent fiscal year.

King County's Net Position
(in thousands)

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

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

The largest portion of King County's net position, 66 percent or $5.24 billion, reflects its net investment in capital assets. The County employs these long-lived assets in providing a variety of services to its citizens. Accordingly, the net position associated with the capital assets does not represent amounts available for future spending. The County's investment in capital assets is reported net of related debt. The resources used to repay the capital-related borrowing must be provided from other more current, or liquid, assets.

An additional portion of County's net position, 15 percent or $1.17 billion, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $1.55 billion is unrestricted. A negative unrestricted net position, which is shown for some nonmajor governmental funds in the governmental funds section, represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources.

King County's overall net position increased 10 percent or $753 million from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

Governmental Activities During the current fiscal year, net position for governmental activities increased 7 percent or $236 million from the prior fiscal year for an ending balance of $3.70 billion. Net position invested in capital assets comprised 79 percent of total net position in the governmental activities, or $2.93 billion, an increase from the prior year of $135 million. The increase was caused by the combined net additions to capital assets and net reductions in outstanding capital related debt during the year. Net position restricted for specific purposes amounted to $926 million including $293 million dedicated to health and human services; $164 million for law, safety, and justice; $157 million for culture and recreation; and, $121 million for economic environment services. Other restrictions, each individually less than $100 million, constituted the remaining $191 million.

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

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

Changes in Net Position
(in thousands)

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

(a) Expenses for all functions include the allocation of indirect expenses from general government. The amount of indirect general government expenses allocated to each function is shown in a separate column on the government-wide Statement of Activities next to the column of direct operating expenses incurred by each function. In the above statement, the $247.9 million in general government expense consists of $298.0 million in direct program expenses reduced by indirect charges of $50.1 million that was charged to the other benefiting functions.

(b) 2019 revenues and expenses were adjusted for the corresponding effects of the restatements of beginning net position.

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

Business-type Activities King County's business-type activities reported a net position of $4.27 billion, increasing by 14 percent or $517 million from the prior year. Of the total net position for business-type activities, 54 percent or $2.31 billion was invested in capital assets net of the related debt used to finance the acquisition or construction of these capital assets. Another 6 percent or $247 million of the total net position of business-type activities is restricted for spending on capital projects, debt service, regulatory assets and environmental liabilities. The remaining 40 percent or $1.72 billion is unrestricted net position which is available to meet ongoing obligations to customers, vendors, other creditors and employees.

Business-type activities' net position of $4.27 billion comprised 54 percent of the total County net position at the end of 2020. Business type activities accounted for 69 percent of the total increase in the County's aggregate net position during the year. This growth in net position was due primarily to acquisitions of capital assets not funded through long-term debt, for example when the Public Transportation Enterprise purchases new buses with cash or grants.

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

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

FINANCIAL ANALYSIS OF THE COUNTY’S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use. It represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Council.

At December 31, 2020, the County’s governmental funds reported a combined fund balance of $1.02 billion a decrease of 2 percent or $26 million in comparison with the prior year. Approximately 4 percent or $38 million constitutes *unassigned fund balance*. The remainder of fund balance is either *nonspendable, restricted, committed* or *assigned* to indicate, respectively, that it is 1) not in spendable form or legally required to be maintained intact, $26 million, 2) restricted for particular purposes, $830 million, 3) committed for particular purposes, $29 million, or assigned for particular purposes, $93 million.

The **General Fund** is the chief operating fund of the County. At the end of the 2020 fiscal year, total fund balance for the General Fund was $201 million. Unassigned fund balance totaled $133 million, a decrease of 6 percent or $8 million from the prior year. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures of $916 million. The unassigned fund balance of $133 million represents 15 percent of total General Fund expenditures, a decrease of 3 percent from 2019 while the total fund balance of $201 million represents 22 percent of total expenditures in 2020 consistent with 22 percent in 2019.

Fund balance of the General Fund increased by 9 percent or $17 million during 2020. The increase in fund balance was attributed to taking in more resources than spending. The notable revenue streams contributing to the increase of fund balance are property taxes, 38 percent of total revenues, charges for services, 28 percent of total revenues, retail sales and use taxes, 15 percent of total revenues, and intergovernmental revenues, 13 percent of total revenues. Property taxes are budgeted on a biennial basis at the level needed and retail sales and use taxes decreased in 2020 with a drop in taxable sales due to the Coronavirus Disease (COVID-19) pandemic. As of the end of 2020, taxable sales have recovered to near pre-pandemic levels. Charges for services are mostly comprised of contracts with other jurisdictions to provide legal, law enforcement and rehabilitation and detention services. Intergovernmental revenues included Coronavirus Relief Funds to cover COVID-19 response efforts. Total expenditures increased by $87 million, partially offset with an increase in revenues. The main expenditures are for law, safety and justice, 74 percent of total expenditures, related to contract costs with other jurisdictions, and general government, 19 percent of total expenditures, related to general operation costs such as elections, records and licensing, finance and budgeting and legislative expenditures.

The **Behavioral Health Fund** provides oversight and management of crisis services, mental health treatment, substance use disorder treatment and diversion and reentry services to low income clients, with an emphasis on prevention, intervention, treatment and recovery. At the end of 2020, it had a total fund balance deficit of $31 million, a decrease from a total fund balance of $448 thousand last year.

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

Proprietary Funds The County's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail.

At December 31, 2020, the County's proprietary funds reported a combined net position of $4.27 billion, an increase of 14 percent or $517 million compared to the prior year. The Public Transportation Enterprise net position increased 16 percent or $416 million; the Water Quality Enterprise net position increased by 8 percent or $67 million; and the Solid Waste Enterprise net position increased five-fold to $12 million.

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

The **Water Quality Enterprise** accounts for the operations, maintenance, capital improvements and expansion of the County's water pollution control facilities. At the end of 2020, the Water Quality Enterprise reported total net position of $894 million of which 48 percent or $432 million was invested in capital assets net of the related debt; 27 percent or $239 million was restricted for debt service and regulatory assets and environmental liabilities; and the remaining 25 percent or $223 million was unrestricted. Total net position improved by $67 million due to continually posting positive results from operations. The Enterprise reported $417 million in sewage disposal fees, an increase of $2 million or 1 percent from the prior year. Remaining operating revenues of $113 million decreased by $9 million or 7 percent, mostly due to decreases in water treatment capacity charge early payoffs. The Enterprise incurred $344 million in total operating expenses, mainly comprised of $172 million in depreciation and amortization expenses, personal services of $59 million and internal services of $41 million.

The **Solid Waste Enterprise** accounts for the operations, maintenance, capital improvements and expansion of the County's solid waste collection and disposal system. At the end of 2020, the Solid Waste Enterprise reported total net position of $14 million of which $140 million was invested in capital assets net of the related debt and the remainder (a deficit) was unrestricted. A deficit unrestricted net position represents more liabilities and deferred inflows of resources than assets and deferred outflows of resources. Total net position increased by $12 million over the prior year. 2019 included $95 million decrease in net position due to a one time change in estimates for post closure care needs of the last remaining active landfill, the Cedar Hills Regional Landfill, and several closed landfills under the division's care. The Enterprise reported $133 million in solid waste disposal charges consistent with the prior year. The Enterprise incurred $130 million in total operating expenses, mainly comprised of personal services of $51 million and contract services and other charges of $26 million.

General Fund Budgetary Highlights

King County budgets on a biennial basis with each budget period beginning in an odd-numbered year. This is the second year of the 2019-2020 biennium for County operating funds. The biennial budget is a true 24-month budget, not two separate budgets enacted at the same time.

Original Budget Compared to Final Budget The General Fund's final budget differs from the original budget in that it reflects an increase of $187 million in expenditures due to supplemental budget appropriations, which included COVID-19 response. The largest increases to estimated revenues are for intergovernmental revenues, property taxes and transfers from other funds.

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

Final Budget Compared to Actual Results Property taxes are the largest revenue source in the general fund, accounting for 39 percent of the budgeted revenues. Charges for services and retail sales and use taxes are the other significant sources of revenue for the General Fund, representing 29 percent and 15 percent of total budgeted revenues, respectively. The amount received for charges for services is dependent on corresponding services provided and fluctuate with the applicable programs and services offered. Retail sales and use taxes are dependent on spending in the economy, which is influenced by various factors.

The actual budgetary basis expenditures were $108 million less than the final appropriation. Law, safety, and justice and general government comprise the largest amounts of expenditures at 67 percent and 17 percent, respectively.

CAPITAL ASSETS, INFRASTRUCTURE AND DEBT ADMINISTRATION

Capital Assets

The King County primary government's capital assets for its governmental and business-type activities as of December 31, 2020, amounted to $3.57 billion for governmental activities and $6.23 billion for business-type activities totaling $9.80 billion, net of depreciation.

Capital assets include land, rights-of-way, easements and development rights, buildings, improvements other than buildings, infrastructure, vehicles, machinery, computers, software and other equipment and construction in progress. The total increase in capital assets over the previous year was $69 million, net of depreciation.

Major capital asset events during 2020 included the following:

- Costs for the parking garage for the newly completed Patricia H. Clark Child and Family Justice Center totaled $21 million in 2020. The parking garage is scheduled to be completed by the spring of 2021.

- Public Transportation brought 125 new ADA vans and Accessible Buses into service during the year at a cost of $10 million.

- Water Quality brought new infrastructure into service during the year at a total cost of $30 million, including $28 million for a section of the Eastside Interceptor.

- Puget Sound Emergency Radio Network (PSERN) is engaged in replacing the existing radio system that is over 20 years old. The new system as a whole will provide improved coverage, capacity, capability and connectivity in PSERN's regional service area. The total estimated project cost is $274 million; $142 million has been spent through 12/31/2020. The radio network is anticipated to be operational in 2023.

A summary of the 2020 capital assets activity is shown below. More detailed information on the County's capital assets can be found in *Note 7 - Capital Assets*.

Capital Assets
(in millions)

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

(a) Net of Depreciation

(b) 2019 Governmental Activities Balance Restated. See Note 18 - Components of Fund Balance, Restatements and Restrictions.

Infrastructure

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

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

The County currently maintains 181 bridges. Physical inspections to uncover deficiencies are carried out at least every two years. A prioritization scale is maintained to determine which bridges are due for replacement or rehabilitation. The most significant criterion is the sufficiency rating which utilizes a 100-point priority scale based on various factors of bridge condition. The policy of the King County Road Services Division is to maintain bridges in such a manner that no more than 6.5 percent will have a sufficiency rating of 20 or less. The most current complete assessment showed only 12 bridges at or below this threshold.

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

Debt Administration

At the end of 2020, King County had a total of $4.89 billion in debt outstanding. Of this amount, $1.83 billion comprises of debt backed by the full faith and credit of the County. The other $3.06 billion represents bonds secured by revenues generated by the debt-financed capital assets and state revolving loans. Below is a summary of the County's debt by type and activity.

Outstanding Debt
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
General obligation bonds	$ 684.5	$ 721.0	$ 1,136.5	$ 1,157.4	$ 1,821.0	$ 1,878.4
GO capital leases [(a)]	7.8	8.2	—	—	7.8	8.2
Revenue bonds	—	—	2,817.4	2,811.5	2,817.4	2,811.5
State revolving loans	—	—	247.3	227.5	247.3	227.5
Total	$ 692.3	$ 729.2	$ 4,201.2	$ 4,196.4	$ 4,893.5	$ 4,925.6

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

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

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

Business-type activities' outstanding debt slightly increased primarily due to the issuance of $608 million in new limited tax general obligation bonds ($41 million) and Sewer Revenue bonds ($567 million), with related net premiums of $32 million offset by $103 million in debt service payments and the defeasance of $493 million in refunded bonds. State revolving loans increased by 9 percent or $20 million.

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

State statutes limit the amount of general obligation debt that the County may issue to 2.5 percent of its total assessed valuation for general county purposes and 2.5 percent for metropolitan functions (Water Quality and Public Transportation funds). The current debt limitation of total general obligations for general county purposes is $16.49 billion, significantly higher than the County's outstanding net general obligation long-term liabilities of $654 million. For metropolitan functions the debt limitation is also $16.49 billion and the County's outstanding net general obligation debt for metropolitan functions is $982 million.

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

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

Items of note within King County:

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

- Taxable retail sales growth was robust in the years prior to 2020 thanks to growing incomes, optimistic consumer confidence, strong employment, and a thriving construction sector. Local retail sales tax collections grew, 5 percent in 2017, 11 percent in 2018, 4 percent in 2019, before declining 4 percent in 2020. Taxable sales growth indicators have rebounded significantly since Q2 2020.

- Inflation remained steady in 2020. The Seattle Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W-STB) increased by 1.9 percent, down from 2.1 percent in 2019. The national CPI for All Urban Consumers (CPI-U-US) increased 1.2 percent during the same period.

Other than the global pandemic, King County will continue to face numerous challenges, including volatile energy prices, rising employee and programmatic health care costs, the need to raise sufficient revenues to support utilities, the transit system, and general government operations. Over the last three years the County has maintained its commitment to build reserves in times of economic prosperity and has increased its minimum undesignated reserve for the General Fund from 6 percent to 8 percent, which is the maximum amount under county policy. These reserves buffered the effects of the pandemic as the County spent down reserves in the General Fund to 6 percent during the last budget. The county is willing to make difficult decisions to reduce expenditures to match revenue levels while retaining prudent reserves. At the state level, the County also continues to pursue statutory enhancements to local government revenues to balance revenues more flexibly with long-term cost pressures.

REQUESTS FOR INFORMATION

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

King County Chief Accountant
500 Fourth Avenue, Room 650
Seattle, WA 98104

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

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

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)

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

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

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

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

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

See Note 2 for more detailed explanations of these adjustments.

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

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

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

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2020

(IN THOUSANDS)

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

Net change in fund balances - total governmental funds	$	(25,788)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		152,848
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net position.		(4,209)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		12,446
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		28,058
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		44,479
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.		27,936
Change in net position of governmental activities	$	235,770

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 1 OF 4)

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

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

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

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

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 3 OF 4)

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

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

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

	BUSINESS-TYPE ACTIVITIES		
	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
LIABILITIES			
Current liabilities			
Accounts payable	$ 2,562	$ 130,319	$ 23,129
Retainage payable	69	1,978	691
Estimated claim settlements	—	—	54,444
Due to other funds	240	252	—
Interfund short-term loans payable	—	—	3,600
Due to other governments	3,304	3,304	—
Interest payable	24	65,807	—
Wages payable	713	48,418	8,958
Compensated absences payable	42	12,943	896
Other postemployment benefits	16	1,021	179
Taxes payable	295	593	30
Unearned revenues	249	13,232	413
Pollution remediation	—	6,751	—
Bonds payable	795	101,080	—
Capital leases payable	—	154	—
State revolving loan payable	—	17,711	—
Landfill closure and post-closure care	—	26,201	—
Other liabilities	163	6,072	2,401
Total current liabilities	8,472	435,836	94,741
Noncurrent liabilities			
Compensated absences payable	1,382	63,487	19,355
Other postemployment benefits	251	16,100	2,818
Net pension liability	1,054	195,718	39,499
Bonds payable	6,330	3,852,861	—
Capital leases payable	—	1,940	—
State revolving loans payable	—	229,576	—
Landfill closure and post-closure care	—	224,766	—
Estimated claim settlements	—	—	98,693
Pollution remediation	245	44,645	—
Asset retirement obligation	250	5,980	—
Other liabilities	692	79,383	—
Total noncurrent liabilities	10,204	4,714,456	160,365
TOTAL LIABILITIES	18,676	5,150,292	255,106
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows on rate stabilization	—	46,250	—
Deferred inflows on refunding	—	1,693	—
Deferred inflows on pensions	1,004	59,691	11,975
Deferred inflows on other post employment benefits	35	2,286	401
TOTAL DEFERRED INFLOWS OF RESOURCES	1,039	109,920	12,376
NET POSITION			
Net investment in capital assets	132,686	2,301,448	64,564
Restricted for:			
Capital projects	—	6,205	—
Debt service	—	144,740	—
Regulatory assets and environmental liabilities	—	96,322	—
Unrestricted	85,604	1,586,997	223,477
TOTAL NET POSITION	$ 218,290	4,135,712	$ 288,041
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		137,744	
Net position of business-type activities		$ 4,273,456	

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 1 OF 2)

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	WATER QUALITY	SOLID WASTE
OPERATING REVENUES			
I-Net fees	$ —	$ —	$ —
Radio services	—	—	—
Solid waste disposal charges	—	—	132,573
Airfield fees	—	—	—
Hangar, building, and site rentals and leases	—	—	—
Passenger	56,802	—	—
Service contracts	179,243	—	—
Sewage disposal fees	—	417,361	—
Capacity charges	—	92,622	—
Other operating revenues	10,632	19,956	5,468
TOTAL OPERATING REVENUES	246,677	529,939	138,041
OPERATING EXPENSES			
Personal services	609,260	59,039	51,382
Materials and supplies	63,154	18,474	7,333
Contract services and other charges	45,972	18,869	25,603
Utilities	5,246	17,345	1,131
Purchased transportation	64,731	—	—
Internal services	105,891	40,786	17,337
Landfill closure and post-closure care	—	—	6,688
Depreciation and amortization	160,479	171,844	20,476
Other operating expenses	483	18,098	111
TOTAL OPERATING EXPENSES	1,055,216	344,455	130,061
OPERATING INCOME (LOSS)	(808,539)	185,484	7,980
NONOPERATING REVENUES (EXPENSES)			
Sales tax	637,425	—	—
Property tax	30,205	—	—
Intergovernmental revenues	525,783	138	1,583
Interest earnings	17,563	11,443	2,311
Miscellaneous revenues	2,343	10,528	7,661
Interest expense	(2,520)	(129,592)	(5,266)
Gain (loss) on disposal of capital assets	1,910	(2,372)	(367)
Loss on extinguishment of debt	—	(1,266)	—
Miscellaneous expenses	(8,886)	(6,692)	(1,252)
TOTAL NONOPERATING REVENUES (EXPENSES)	1,203,823	(117,813)	4,670
Income (loss) before contributions, transfers and special item	395,284	67,671	12,650
Capital grants and contributions	24,850	—	—
Transfers in	—	150	—
Transfers out	(3,744)	(894)	(979)
CHANGE IN NET POSITION	416,390	66,927	11,671
NET POSITION - JANUARY 1, 2020 (RESTATED)	2,593,610	826,718	2,106
NET POSITION - DECEMBER 31, 2020	$ 3,010,000	$ 893,645	$ 13,777

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 2 OF 2)

	BUSINESS-TYPE ACTIVITIES		
	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES			
I-Net fees	$ 3,228	$ 3,228	$ —
Radio services	5,772	5,772	—
Solid waste disposal charges	—	132,573	—
Airfield fees	2,943	2,943	—
Hangar, building, and site rentals and leases	24,948	24,948	—
Passenger	534	57,336	—
Service contracts	—	179,243	—
Sewage disposal fees	—	417,361	—
Capacity charges	—	92,622	—
Other operating revenues	674	36,730	635,408
TOTAL OPERATING REVENUES	38,099	952,756	635,408
OPERATING EXPENSES			
Personal services	13,814	733,495	152,669
Materials and supplies	2,046	91,007	16,662
Contract services and other charges	8,357	98,801	388,890
Utilities	2,970	26,692	—
Purchased transportation	—	64,731	—
Internal services	11,566	175,580	29,922
Landfill closure and post-closure care	—	6,688	—
Depreciation and amortization	8,819	361,618	15,895
Other operating expenses	50	18,742	—
TOTAL OPERATING EXPENSES	47,622	1,577,354	604,038
OPERATING INCOME (LOSS)	(9,523)	(624,598)	31,370
NONOPERATING REVENUES (EXPENSES)			
Sales tax	—	637,425	—
Property tax	6,266	36,471	—
Intergovernmental revenues	7,058	534,562	24,019
Interest earnings	1,433	32,750	3,513
Miscellaneous revenues	382	20,914	—
Interest expense	(249)	(137,627)	(43)
Gain (loss) on disposal of capital assets	(9)	(838)	12
Loss on extinguishment of debt	—	(1,266)	—
Miscellaneous expenses	(36)	(16,866)	(371)
TOTAL NONOPERATING REVENUES (EXPENSES)	14,845	1,105,525	27,130
Income (loss) before contributions, transfers and special item	5,322	480,927	58,500
Capital grants and contributions	3,237	28,087	5,978
Transfers in	—	150	1,156
Transfers out	(659)	(6,276)	(23,361)
CHANGE IN NET POSITION	7,900	502,888	42,273
NET POSITION - JANUARY 1, 2020 (RESTATED)	210,390		245,768
NET POSITION - DECEMBER 31, 2020	$ 218,290		$ 288,041
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		14,337	
Change in net position of business-type activities		$ 517,225	

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

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

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	WATER QUALITY	SOLID WASTE
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 309,897	$ 529,183	$ 132,751
Cash received from other funds - internal services	1,952	1,911	7,264
Cash payments to suppliers for goods and services	(215,113)	(55,466)	(38,644)
Cash payments to other funds - internal services	(105,890)	(40,798)	(17,337)
Cash payments for employee services	(637,017)	(61,768)	(54,398)
Other receipts	5,838	12,292	7,661
Other payments	—	(37,220)	(1,141)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(640,333)	348,134	36,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and subsidies received	935,896	4	1,797
Interfund loan principal amounts loaned to other funds	—	—	—
Interfund loan principal repayments from other funds	—	—	—
Interfund advance principal loaned to other funds	—	—	—
Interfund advance principal repayments from other funds	—	—	—
Grants to others	(2,172)	(2,249)	—
Transfers in	—	150	—
Transfers out	(3,744)	(894)	(979)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	929,980	(2,989)	818
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(113,043)	(157,953)	(15,203)
Proceeds from capital debt	27,169	217,370	568
Principal paid on capital debt	(6,027)	(107,444)	(6,785)
Interest paid on capital debt	(2,478)	(150,315)	(7,057)
Cash payments for bond defeasance	—	(85,920)	—
Capital grants and contributions	24,231	—	—
Subsidies and other receipts	378	63	—
Proceeds from disposal of capital assets	2,163	—	—
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(67,607)	(284,199)	(28,477)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	—	(1,500)	—
Proceeds from sales and maturities of investments	—	1,518	—
Interest on investments	18,325	11,279	2,459
NET CASH PROVIDED BY INVESTING ACTIVITIES	18,325	11,297	2,459
NET INCREASE IN CASH AND CASH EQUIVALENTS	240,365	72,243	10,956
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	869,304	601,694	127,941
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	$ 1,109,669	$ 673,937	$ 138,897

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 2 OF 4)

	BUSINESS-TYPE ACTIVITIES		
	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	$ 26,864	$ 998,695	$ 6,001
Cash received from other funds - interfund services	4,177	15,304	633,651
Cash payments to suppliers for goods and services	(13,408)	(322,631)	(398,281)
Cash payments to other funds - interfund services	(11,549)	(175,574)	(45,435)
Cash payments for employee services	(14,068)	(767,251)	(159,075)
Other receipts	808	26,599	3,679
Other payments	(55)	(38,416)	—
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(7,231)	(263,274)	40,540
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating grants and subsidies received	13,199	950,896	13,311
Interfund loan principal amounts loaned to other funds	—	—	(59,355)
Interfund loan principal repayments from other funds	—	—	23,850
Interfund advance principal loaned to other funds	—	—	(19,637)
Interfund advance principal repayments from other funds	—	—	31,529
Grants to others	—	(4,421)	—
Transfers in	—	150	1,156
Transfers out	(659)	(6,276)	(23,361)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	12,540	940,349	(32,507)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(5,997)	(292,196)	(9,950)
Proceeds from capital debt	—	245,107	—
Principal paid on capital debt	(755)	(121,011)	(1,050)
Interest paid on capital debt	(316)	(160,166)	(45)
Cash payments for bond defeasance	—	(85,920)	—
Capital grants and contributions	1,133	25,364	—
Subsidies and other receipts	—	441	—
Proceeds from disposal of capital assets	—	2,163	141
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,935)	(386,218)	(10,904)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment purchases	—	(1,500)	—
Proceeds from sales and maturities of investments	—	1,518	—
Interest on investments	1,523	33,586	3,705
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,523	33,604	3,705
NET INCREASE IN CASH AND CASH EQUIVALENTS	897	324,461	834
CASH AND CASH EQUIVALENTS - JANUARY 1, 2020	84.154	1,683,093	373,402
CASH AND CASH EQUIVALENTS - DECEMBER 31, 2020	$ 85,051	$ 2,007,554	$ 374,236

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

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

	BUSINESS-TYPE ACTIVITIES		
	PUBLIC TRANSPORTATION	**WATER QUALITY**	**SOLID WASTE**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (808,539)	$ 185,484	$ 7,980
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization - capital assets	160,479	171,844	20,476
Nonoperating miscellaneous revenues (expenses)	2,342	10,465	6,409
Prior period adjustment	—	—	—
(Increases) decreases in assets:			
Accounts receivable, net	42,043	2,396	570
Due from other funds	—	1	1,553
Due from other governments, net	16,967	—	(52)
Inventory	(4,103)	82	(192)
Prepayments	254	(18)	(19)
Other assets	55	(25,817)	—
(Increases) decreases in deferred outflows of resources:			
Deferred outflows on pensions, refunding, OPEB and ARO	(12,620)	(1,495)	(1,207)
Increases (decreases) in liabilities:			
Accounts payable	(32,190)	(689)	(341)
Retainage payable	(21)	(152)	10
Due to other funds	—	(12)	—
Due to other governments	—	—	—
Wages payable	8,306	730	612
Taxes payable	71	(3)	19
Unearned revenues	3,765	207	13
Claims and judgments payable	—	—	—
Compensated absences	3,509	1,681	716
Other postemployment benefits	1,709	188	126
Net pension liability	9,234	2,112	(633)
Customer deposits and other liabilities	5,818	6,488	384
Landfill closure and post-closure care	—	—	2,651
Increases (decreases) in deferred inflows of resources:			
Deferred inflows on pensions and OPEB	(37,412)	(5,358)	(2,919)
Total adjustments	168,206	162,650	28,176
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (640,333)	$ 348,134	$ 36,156

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

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

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

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

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)
(PAGE 4 OF 4)

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

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Internal Service Funds received $5,978 thousand of capital assets from other funds and transferred $120 thousand of capital assets to other funds.

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2020
(IN THOUSANDS)

	CUSTODIAL FUNDS	
	EXTERNAL INVESTMENT POOL FUNDS	**OTHER CUSTODIAL FUNDS**
ASSETS		
Cash and cash equivalents	$ —	$ 151,145
Investments at fair value:		
Repurchase agreements	176,409	—
Commercial paper	218,154	—
U.S. agency discount notes	204,775	—
Corporate notes	204,299	—
Corporate notes floating rate	15,693	—
U.S. Treasury notes	556,636	17,128
U.S. agency notes	1,154,067	—
U.S. agency collateralized mortgage obligations	1,236	—
Supranational coupon notes	894,553	—
State Treasurer's investment pool	472,983	—
Total investments	3,898,805	17,128
Taxes receivable for other governments	—	107,426
Accounts receivable	—	18,424
Interest receivable	2,990	—
Assessments receivable for other governments	—	2,127
Notes and contracts receivable	—	52
TOTAL ASSETS	3,901,795	296,302
LIABILITIES		
Accounts payable and other liabilities	—	81,852
Due to beneficiaries	—	82,182
Due to other governments	—	52,659
TOTAL LIABILITIES	—	216,693
NET POSITION		
Restricted for:		
Individuals, organizations and other governments	3,901,795	79,609
TOTAL NET POSITION	$ 3,901,795	$ 79,609

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

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

	CUSTODIAL FUNDS	
	EXTERNAL INVESTMENT POOL FUNDS	OTHER CUSTODIAL FUNDS
ADDITIONS		
Property taxes collected for other governments	$ —	$ 5,464,218
State apportionment	—	3,828,698
Real estate excise taxes collected for other governments	—	820,462
Bond proceeds	—	419,920
Utility charges	—	379,372
Local support non-tax receipts	—	400,838
Member contributions	—	75,010
Drainage utility charges collected for other governments	—	218,072
Pool participant contributions	8,987,718	(8,987,718)
Line of credit receipts	—	176,707
Investment earnings:		
Interest, dividends and other	54,420	15
Net increase in fair value of investments	14,789	7
Total investment earnings	69,209	22
Less investment costs:		
Investment activity costs	(1,314)	—
Net investment earnings	67,895	22
Charges for fire protection services	—	32,564
Receipts from other governments	—	26,541
Court fees collected for other governments	—	11,989
Lease contributions	—	10,780
Regulatory fees	—	12,855
Recording fees collected for other governments	—	19,340
Other taxes collected for other governments	—	7,638,580
Charges for emergency medical services	—	7,509
Impact fees collected for other governments	—	3,416
Food services receipts	—	1,088
Forest funds	—	2,007
Fines and forfeits collected for other governments	—	492
Licensing fees collected for other governments	—	240
Other fees collected for other governments	—	593
Permitting fees collected for other governments	—	9
Miscellaneous receipts	—	205,166
Total additions	9,055,613	10,768,770
DEDUCTIONS		
Payments to vendors	—	9,848,156
Taxes distributed to other governments	—	8,938,311
Principal payments	—	395,075
Interest and other debt service costs	—	268,740
Other receipts distributed to other governments	—	133,172
Pool participant distributions	9,064,784	(9,064,784)
Election costs	—	4,878
Treasurer collection fees	—	2,810
Cash management fees	—	162
Miscellaneous payments	—	229,168
Total deductions	9,064,784	10,755,688
Net increase (decrease) in fiduciary net position	(9,171)	13,082
NET POSITION - BEGINNING (RESTATED)	3,910,966	66,527
NET POSITION - ENDING	$ 3,901,795	$ 79,609

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

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

	Harborview Medical Center	Cultural Development Authority	NJB Properties	Total
ASSETS				
Cash and cash equivalents	$ 450,825	$ 26,056	$ —	$ 476,881
Investments	—	2,013	—	2,013
Receivables, net	180,815	—	—	180,815
Due from primary government	4,350	1,096	—	5,446
Inventories	9,761	—	—	9,761
Prepayments	11,489	253	10	11,752
Nondepreciable assets	15,228	—	—	15,228
Depreciable assets, net of depreciation	271,051	—		271,051
Net investment in capital lease with primary government	—	—	7,793	7,793
Deposits with other governments	3,713	—	—	3,713
Other assets	25,586	86	956	26,628
TOTAL ASSETS	972,818	29,504	8,759	1,011,081
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows on pensions	—	331	—	331
Deferred outflows on other postemployment benefits	—	9	—	9
TOTAL DEFERRED OUTFLOWS OF RESOURCES	—	340	—	340
LIABILITIES				
Accounts payable and other current liabilities	76,547	588	—	77,135
Accrued liabilities	54,692	—	36	54,728
Due to primary government	5,000	7,150	—	12,150
Unearned revenues	84,741	11,248	64	96,053
Noncurrent liabilities:				
Due within one year	2,311	396	325	3,032
Due in more than one year	18,710	5,091	7,670	31,471
TOTAL LIABILITIES	242,001	24,473	8,095	274,569
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows on pensions	—	236	—	236
TOTAL DEFERRED INFLOWS OF RESOURCES	—	236	—	236
NET POSITION				
Net investment in capital assets	286,279	—	—	286,279
Restricted for:				
Expendable	6,309	5,135	—	11,444
Nonexpendable	3,085	—	—	3,085
Unrestricted	435,144	—	664	435,808
TOTAL NET POSITION	$ 730,817	$ 5,135	$ 664	$ 736,616

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

STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2020
(IN THOUSANDS)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Harborview Medical Center**	**Cultural Development Authority**	**NJB Properties**	**Total**
Component Units:								
Harborview Medical Center	$ 1,062,379	$ 1,042,473	$ 40,209	$ 150	$ 20,453	$ —	$ —	$ 20,453
Cultural Development Authority	15,267	31	4,108	—	—	(11,128)	—	(11,128)
NJB Properties	595	142	—	—	—	—	(453)	(453)
Total Component Units	$ 1,078,241	$ 1,042,646	$ 44,317	$ 150	$ 20,453	$ (11,128)	$ (453)	$ 8,872
	General revenues:							
	Interest earnings				$ 6,744	$ 280	$ 403	$ 7,427
	Net general revenues				6,744	280	403	7,427
	Change in net position				27,197	(10,848)	(50)	16,299
	Net position - January 1, 2020				703,620	15,983	714	720,317
	Net position - December 31, 2020				$ 730,817	$ 5,135	$ 664	$ 736,616

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

Note 1

Summary of Significant Accounting Policies

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

Description of Government-wide Financial Statements

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

Reporting Entity

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

Blended Component Units

King County Flood Control District (FCD)

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

FCD is a component unit of the County for the following reasons: (1) it is a legally separate entity established as a quasi-municipal corporation and independent taxing authority; (2) King County appoints the voting majority of FCD board because the County Council members are the *ex officio* supervisors of the district; and (3) the County can impose its will on FCD. FCD financial presentation is as a blended component unit because the two governing boards are substantively the same and there is a financial benefit relationship between the County and FCD. FCD contracts with King County Department of Natural Resources and Parks for flood control projects and programs. During 2020, FCD reimbursed the County $78.0 million for such projects and programs.

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

Component Units – Discretely Presented

Harborview Medical Center (HMC)

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

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

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

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

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

The primary classification of HMC is that of a component unit, however, the County is the issuer of HMC's general obligation bonds. Note 15 - "Long-term Liabilities" reports on all the general obligation bonds issued by the County as of December 31, 2020, including bonds reported by HMC as of June 30, 2020.

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

HMC hires independent auditors and prepares its own financial statements with a fiscal year ending June 30. These statements may be obtained from the Finance Section of the Harborview Medical Center, Box 359750, 325 Ninth Ave., Seattle, Washington, 98104.

Cultural Development Authority of King County (CDA), doing business as 4Culture

Cultural Development Authority of King County (CDA) is a public authority organized pursuant to Revised Code of Washington (RCW) 35.21.730 through 35.21.759 and King County Ordinance 14482. CDA commenced operations on January 1, 2003 and began doing business as 4Culture on April 4, 2004. CDA operates as a corporation for public purposes and was created to support, advocate for, and preserve the cultural resources of the region in a manner that fosters excellence, vitality, and diversity.

CDA is located in Seattle, Washington, and is governed by a 15-member board of directors and five *ex officio* members. The directors are appointed by the County Executive and confirmed by the County Council. CDA receives funds from King County through the Public Art Program where one percent of certain County construction project budgets are allocated to CDA to be used in providing artwork in County public spaces. For 2013-2020, the CDA is authorized to spend an endowment that was set-aside in prior years from a portion of the King County lodging tax receipts. In July of 2019, CDA launched Building for Equity, a two year joint initiative with the King County Council to support the existing needs of building projects within the cultural sector and to advance CDA's funding practices aimed at improving equitable outcomes.

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

CDA reports on a fiscal year-end consistent with the King County primary government. It issues its own financial statements, which are audited by the State Auditor's Office. These statements may be obtained from CDA at 4Culture, 101 Prefontaine Place South, Seattle, Washington 98104.

NJB Properties

King County has a project lease agreement with NJB Properties, a Washington State nonprofit corporation, which provided for the design and construction of the Ninth and Jefferson Building (NJB) for use by Harborview Medical Center, a discrete component unit of the County. The agreement is in accordance with IRS Revenue Ruling 63-20 and Revenue Procedure 82-26. The building was financed through bonds issued by NJB Properties on behalf of the County. The building is being leased to the County by the nonprofit corporation under guaranteed monthly rent payments over the term of the lease or until the bonds are fully retired. Harborview Medical Center makes monthly transfers to King County to satisfy the County's monthly rental payments to NJB Properties.

NJB Properties is recognized as a component unit of the County. Although it has an independently-appointed board, the nonprofit corporation is a single-purpose entity that is fiscally dependent on the County and who imposes a financial burden on the County because the monthly rent payments are considered limited general obligation debt. Because NJB Properties provides services almost exclusively to Harborview Medical Center and not to the County, it is reported using discrete presentation. Separately issued and audited financial statements for NJB Properties may be obtained from the National Development Council, 1218 Third Avenue, Suite 1403, Seattle, WA 98101.

Joint Venture

Seattle-King County Workforce Development Council (WDC) is a joint venture between King County and the City of Seattle. It was established as a nonprofit corporation in the State of Washington on July 1, 2000, as authorized under the Workforce Investment Act of 1998. It functions as the United States Department of Labor pass-through agency to receive the employment and training funds for the Seattle-King County area. The King County Executive and the Mayor of the City of Seattle, serving as the chief elected officials of the local area, have the joint power to appoint the members of the WDC board of directors and the joint responsibility for administrative oversight. An ongoing financial responsibility exists because of the potential for liability to grantors over disallowed costs. If expenditures of funds are disallowed by a grantor agency, WDC can recover the funds from (in order): (1) the agency creating the liability; (2) the insurance carrier; (3) future program years; and (4) as a final recourse, from King County and City of Seattle, each responsible for one-half of the disallowed amount. As of December 31, 2020, there are no outstanding program eligibility issues that might lead to a liability on the part of King County.

WDC contracts with King County to provide programs related to dislocated workers and workforce centers. For 2020, the WDC reimbursed King County approximately $1.1 million for the Employment and Education Resource Program in eligible program costs. King County has a $474 thousand equity interest in the WDC. Separately issued and independently audited financial statements may be obtained from the Workforce Development Council, 2003 Western Avenue, Suite 250, Seattle, Washington 98121.

Jointly Governed Organizations

Washington State Convention Center Public Facilities District

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

King County Regional Homelessness Authority

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

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

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

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

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

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

Related Organizations

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

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

Basis of Presentation - Government-wide Financial Statements

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

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

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

HMC has a June 30 fiscal year end, differing from the County’s December 31 fiscal year end. The County reports HMC’s financial results as of June 30 in the financial statements. In 2020, HMC reported $4.4 million receivable from the County and $5.0 million payable on June 30, 2020. County funds are reporting a total payable to HMC of $939 thousand and receivable of $695 thousand on December 31, 2020.

Basis of Presentation – Fund Financial Statements

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

Major Governmental Funds

The County reports the following major governmental funds:

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

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

Major Enterprise Funds

The County reports the following major enterprise funds:

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

The Water Quality Enterprise accounts for the operations, capital improvements, and maintenance of the County's water pollution control facilities. The enterprise has three large treatment plants, the recently constructed Brightwater Treatment Plan that came online in 2011-12, the West Point Treatment Plant in Seattle, and the South Treatment Plant in Renton, as well as two smaller facilities, namely the Carnation and Vashon Island Treatment Plants.

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

Nonmajor Governmental Funds

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

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

Capital Projects Funds are used to account for the acquisition, construction, and improvement of major capital assets and other capital-related activities such as infrastructure preservation, parks development and open space preservation, flood control, technology systems, and historic preservation.

Nonmajor Proprietary Funds

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

Internal Service Funds

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

Fiduciary Funds

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

Interfund Balances and Eliminations

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

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be reasonably estimated. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues from property taxes to be available if they are collected within 60 days of the end of the current fiscal period. All other accrued revenue sources are determined to be available if collected within 12 months of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

New Accounting Standard

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

Terminology

Expenditure Functions

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

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

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

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

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

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

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

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

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

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

Certain Accounts are Grouped on the Statement of Net Position:

- The asset account *Receivables, net* combines Taxes receivable - delinquent; Accounts receivable, net; Interest receivable; and Due from other governments, net.

- The liability account *Accounts payable and other current liabilities* combines Accounts payable, Retainage payable, Due to other governments, Customer deposits and Other liabilities.

- The liability account *Accrued liabilities* combines Wages payable, Taxes payable and Interest payable.

- The liability account *Noncurrent liabilities* includes Claims and judgments payable, Estimated claim settlements, General obligation bonds, Revenue bonds payable, Capital leases, State revolving loans payable, Compensated absences, Pollution remediation, Other postemployment benefits, Net pension liability, Landfill closures and post-closure care, Asset retirement obligations, and Other liabilities.

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

Cash and Cash Equivalents

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

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

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

Receivables (See Note 5 - "Receivables")

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

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

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

Interfund Activity

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

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

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

Interfund Reimbursements

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

Inventory

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

Prepayments

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

Capital Assets (See Note 7 - “Capital Assets”)

Capital assets include: Land (fee simple land, rights-of-way and easements and farmland development rights); Infrastructure (roads and bridges network); Buildings; Improvements other than buildings; Furniture, machinery and equipment; Software and Artwork. Work-in-progress is reported for all unfinished construction and development for most capital assets except for roads and bridges infrastructure.

General capital assets, including those in internal service funds that support governmental funds, are reported in the governmental activities column of the government-wide Statement of Net Position.

Capital assets of enterprise funds, including those in internal service funds that exclusively support enterprise funds, are reported in the business-type column of the government-wide Statement of Net Position. Enterprise and internal service funds capital assets are also reported in the individual proprietary fund Statement of Net Position.

The capitalization threshold in the King County primary government is $5 thousand for machinery and equipment, $500 thousand for internally developed and purchased software, and $100 thousand for buildings, intangible assets and other improvements.

The County elects to use the modified approach for reporting infrastructure assets in lieu of the depreciation method because it is committed to maintaining the roads and bridges infrastructure indefinitely. The County is eligible to use the modified approach because it has an asset management system in place that allows for periodic monitoring of the infrastructure to ensure that assets are maintained and preserved at the predetermined condition level set by the Road Services Division. The asset management system tracks the mileage, condition and the actual and planned maintenance and preservation costs of individual infrastructure assets.

Certain equipment and facilities used in the Solid Waste Enterprise landfill closure and post-closure activities are not reported as capital assets. Instead, the liability for landfill post-closure care is reduced by these costs.

Capital assets are valued at historical cost or estimated historical cost where actual historical cost is not available. Donated capital assets are recorded at their acquisition value at the date of donation. Expenditures for normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item, or extend its useful life beyond the original estimate, are expensed as incurred. Expenditures for repairs and upgrades that materially add to the value or life of an asset are capitalized. Costs incurred to extend the life of governmental infrastructure assets are considered preservation costs and are therefore not capitalized.

Capital assets other than land, roads and bridges infrastructure, and artwork are depreciated or amortized over their estimated useful lives using a standard straight-line allocation method. Capital assets and their components useful lives are as follows:

Description	Estimated Life (Years)
Buildings and other improvements	10-50
Buses and trolleys	12-18
Cars, vans, and trucks	3-10
Downtown transit tunnel	50
Equipment - other	3-25
Software	3-10
Sewer plant	20-50

Regulatory Accounting

King County Council has taken various regulatory actions resulting in differences between the recognition of revenues for rate-making purposes in the Water Quality Enterprise fund and their treatment under generally accepted accounting principles for nonregulated entities. Currently, the Water Quality Enterprise is authorized to apply the accounting treatment of costs under the GASB Statement No. 62 “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” criteria because the rates for its services are regulated by the Metropolitan King County Council, and the regulated rates chargeable to its customers are designed to recover the enterprise’s allowable costs of operations.

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

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

Accrued Liabilities

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

February 16- 28	$50,000
March 1 - 14	$100,000
March 15 - April 27	$1,000,000

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

Unearned Revenues

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

Long-term Obligations (See Note 15 - “Long-term Liabilities”)

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

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

Rebatable Arbitrage

The County’s tax-exempt debt is subject to arbitrage restrictions as defined by the Internal Revenue Code. All of the County’s bonded debts are tax-exempt except certain taxable debts as identified in Note 15 - “Long-term Liabilities.” Arbitrage occurs when the funds borrowed at tax-exempt rates of interest are invested in higher yielding taxable securities. The County's recent arbitrage analysis for the period September 12, 2019 through December 31, 2020 reveals immaterial arbitrage liability at December 31, 2020,

Net Pension Liability

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three types of items that qualify for reporting in this category. The *deferred inflows of resources* reported in the business-type activities and proprietary funds represent sewer revenues that are reserved annually to normalize future sewer rates (see Rate Stabilization, p. 52). The deferred inflows of resources on pensions and OPEB are reported in the government-wide Statement of Net Position.

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

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

Compensated Absences

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

A liability is accrued for estimated excess compensation payable to the Washington State Department of Retirement Systems based on an employee’s accrued vacation and sick leave. An excess compensation liability is incurred when an employee whose retirement benefits are based in part on excess compensation receives a termination or severance payment defined by the State as excess compensation. This includes, but is not limited to, a cash-out of unused annual leave in excess of 240 hours and a cash-out of any other form of leave. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). All vacation pay liability and a portion of sick leave liability are accrued in the government-wide and proprietary statements.

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues. The County reported COVID Relief Fund receipts awarded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act as general revenues because they were not awarded for any specific function and were deployed across the government to assist with a wide variety of COVID-related expenses and expenditures.

Allocating Indirect Expense to Functions

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2

Reconciliation of Government-wide and Fund Financial Statements

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

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

Long-term liabilities reported for governmental activities:	
Bonds payable	$ (628,425)
Plus: Unamortized premiums on bonds sold	(56,074)
Accrued interest payable	(5,237)
Capital leases payable to component unit	(7,793)
Compensated absences	(109,898)
Net pension liability	(216,394)
Deferred inflows on pensions	(85,177)
Earned but unavailable court fines and penalties	8,402
Earned but unavailable taxes and assessments	22,702
Asset retirement obligations	(3,200)
Other postemployment benefits	(86,501)
Pollution remediation	(4,436)
Deferred inflows on OPEB	(11,549)
Total adjustments related to long-term liabilities and deferred inflows	$ (1,183,580)

Another element of that reconciliation states, "Capital assets used in governmental activities are not financial resources and are not reported in the funds."

Capital assets reported for governmental activities:	
Nondepreciable assets	$ 2,583,086
Depreciable assets	991,216
Less: Capital assets in governmental internal service funds (all internal service funds except Wastewater Equipment Replacement)	(56,255)
Total adjustments related capital assets	$ 3,518,047

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

Other long-term assets reported for governmental activities:	
Net pension asset	$ 76,450
Deferred outflows on refunding (to be amortized as interest expense)	18,642
Deferred outflows on pensions	93,250
Deferred outflows on other post employment benefits	4,221
Deferred outflows on asset retirement obligation	2,863
Total adjustments related to long-term assets and deferred outflows	$ 195,426

Another element of that reconciliation states, "Governmental activities internal service funds assets and liabilities are included in the governmental activities in the statement of net position."

Internal service funds reported for governmental activities:		
Net position of the governmental activities internal service funds	$	260,445
Internal payable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years		(97,318)
Internal payable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year		(12,830)
Total adjustments related to internal service funds	$	150,297

Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities (in thousands): The governmental funds statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net changes in fund balances - total governmental funds and changes in net positions of governmental activities* reported in the government-wide statement of activities.

One element of that reconciliation explains, “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay reported for governmental activities:		
Capital outlay	$	218,337
Depreciation expense		(65,489)
Total adjustments related to capital outlay	$	152,848

Another element of that reconciliation states, “The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins and donations) increases net position.”

Miscellaneous capital asset transactions reported for governmental activities:		
The statement of activities report the gain on the sale of capital assets while gross proceeds increase financial resources in the governmental funds. The difference is the net book value of capital assets sold.	$	(18,070)
Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds.		13,861
Total adjustments related to miscellaneous capital asset transactions	$	(4,209)

Another element of that reconciliation states, “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.”

Revenues reported for the governmental activities:		
Unavailable revenue-property taxes	$	5,614
Unavailable revenue-abatement fees		186
Unavailable revenue-noxious weeds		47
Unavailable revenue-charges for services		1,034
Unavailable revenue-fines and forfeits		2,002
Unavailable revenue-operating grants		(350)
Property easements		72
LEOFF special funding		3,934
Judgments		(93)
Total adjustments related to revenues	$	12,446

Another element of that reconciliation states, "The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

Debt issuance or refundings reported for governmental activities:	
Issuance of general government debt	$ (86,155)
Premium on bonds sold	(8,979)
Principal repayments	68,672
Payment to escrow agent	54,520
Total adjustments related to debt issuance or refundings	$ 28,058

Another element of that reconciliation states, "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds."

Expenses reported for governmental activities:	
Compensated absences	$ (16,690)
Other postemployment benefits	3,958
Interest on long-term debt	11,644
Lease amortization	(322)
Pension expense	49,962
Pollution remediation	(4,436)
Lease payments	363
Total adjustments related to expenses	$ 44,479

Another element of that reconciliation states, "Net revenues and expenses of certain activities of internal service funds are reported with governmental activities."

Internal service funds reported for governmental activities:	
Investment interest earnings	$ 3,183
Intergovernmental revenues	24,019
Revenues related to services provided to outside parties	6,561
Expenses related to services provided to outside parties	(6,237)
Gain on disposal of capital assets	127
Interest on long-term debt	(44)
Capital contributions	4,304
Transfers in	1,156
Transfers out	(23,237)
Internal service fund gains allocated to governmental activities	18,104
Total adjustments related to internal service funds	$ 27,936

Explanation of certain differences between the Proprietary Funds Statement of Net Position and the Government-wide Statement of Net Position (in thousands): The proprietary funds statement of *net position includes reconciliation between net position - total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position.*

The description of the reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds." The assets and liabilities of one internal service fund, Wastewater Equipment Rental Fund, are included in the business-type activities in the statement of net position because the fund was established to serve the Water Quality Enterprise.

Consolidation of internal service fund activities related to enterprise funds:	
Net position of the business-type activities internal service fund	$ 27,596
Internal receivable representing charges in excess of cost to the enterprise funds by the governmental activities internal service funds - prior years	97,318
Internal receivable representing the amount overcharged to the enterprise funds by the governmental activities internal service funds - current year	12,830
Total adjustments related to internal service fund activities related to enterprise funds	$ 137,744

Explanation of certain differences between the Proprietary Funds Statement of Revenues, Expenses and Changes in Fund Net Position and the Government-wide Statement of Activities (in thousands): The proprietary funds statement of revenues, expenses and changes in fund net position includes a reconciliation between *change in net position - total enterprise funds* and *change in net position of business-type activities* as reported in the government-wide statement of activities.

The description of the reconciliation is "Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds."

Consolidation of internal service fund activities related to enterprise funds:	
Investment interest earnings	$ 330
Revenues related to services provided to outside parties	8
Expenses related to services provided to outside parties	(8)
Loss on disposal of capital assets	(115)
Capital contributions	1,303
Transfers out	(124)
Internal service fund gains allocated to business-type activities	12,943
Total adjustments related to internal service fund activities related to enterprise funds	$ 14,337

Note 3

Stewardship, Compliance and Accountability

Budgetary Basis of Accounting

Biennial budgets are adopted on the modified accrual basis of accounting for the General Fund, Behavioral Health Fund, nonmajor special revenue funds and debt service funds. The capital projects funds are controlled by multi-year budgets. Some nonmajor special revenue funds are controlled by multi-year budgets including Long-Term Leases, Major Maintenance, Regional Justice Center Projects, Surface Water Capital, Transfer of Development Credits and Urban Reforestation and Habitat Restoration. The budget for the Flood Control District, a blended component unit, is approved under the authority of its respective governing body. The Law Library Fund, Road Improvement Districts and Treasurer's Operating and Maintenance have the authority under state law to pay expenditures without appropriations.

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

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

Excess of Expenditures over Appropriations

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

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

Deficit Fund Equity

Nonmajor Governmental Funds

The KC Flood Control Contract fund reports a total fund balance deficit of $86 thousand. The fund primarily provides services to the Flood Control District. Future contract billing receipts are anticipated to reduce the fund deficit.

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

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

The Risk Abatement fund reports a total fund balance deficit of over $4.1 million. In December 2016, a judgment directed King County to pay the Washington State Department of Retirement Systems (DRS) $10.5 million in interest payments. The Risk Abatement fund made the payment to DRS in 2016. The deficit will be paid down over five years by transfers from the General Fund.

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

Internal Service Funds

In 2020, the Construction and Facilities Management Fund experienced unexpected increased spending related to COVID-19. Additionally, the County implemented GASB Statement Nos. 68 and 71 in 2015, which requires reporting its share of net pension liabilities. As a result, the following funds have deficit net positions at December 31, 2020 (in thousands):

Fund:	**Total Net Position**
Construction and Facilities Management	$ (13,596)
Financial Management Services	(10,412)

Note 4

Deposits and Investments

Deposits

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

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

As of December 31, 2020, the County's total deposits, including certificates of deposits, were $28.1 million in carrying amount and $24.9 million in bank balance, of which $9.5 million was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

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

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

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

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

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

Investment Instruments - Statutes authorize King County to invest in:

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

- Other obligations of the United States, its agencies, or in any corporation wholly owned by the United States government and supranational institutions where the United States is its largest shareholders.

- Bankers' acceptances purchased on the secondary market, Federal Home Loan bank notes and bonds, Federal Land Bank bonds, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation.

- Obligations of any other government-sponsored corporation whose obligation is or may become eligible as collateral for advances to member banks as determined by the board of governors of the Federal Reserve System.

- Commercial paper and corporate notes (within the policies established by the State Investment Board).

- Debt instruments of local and state general obligations.

- General obligation bonds issued by any states and revenue bonds issued by Washington state governments that are rated at least "A" by a nationally recognized rating agency.

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

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

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

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

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

All securities are reported at fair value. Fair value reports are prepared monthly and are distributed to all Pool participants. Fair value pricing is provided by the County's investment accounting system. If a security is not priced by the County's accounting system vendor, prices are obtained from the County's safekeeping bank or from

Bloomberg L.P., a provider of fixed income analytics, market monitors, and security pricing. The County has not provided or obtained any legally binding guarantees to support the value of the King County Investment Pool's shares.

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

The King County Investment Pool's total fair value of investment including purchased interest was $8.1 billion at year-end. At year-end, the change in the fair value of the total investments for the reporting entity, after considering purchases, sales and maturities, resulted in a net markup from cost of $64.0 million. The following schedule shows the types of investments, the average interest rate, and the effective duration limits of the various components of the King County Investment Pool as of December 31, 2020 (dollars in thousands):

KING COUNTY INVESTMENT POOL

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

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

<u>Concentration of credit risk - Investments</u> - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year-end, the King County Investment Pool had concentrations greater than 5 percent in the following issuers: Federal Home Loan Mortgage Corporation, 13.5 percent; International Bank Reconstruction and Development, 9.0 percent; Federal National Mortgage Association, 8.2 percent; Federal Farm Credit Banks, 7.3 percent; Federal Home Loan Banks, 6.0 percent; Bank of Montreal, 5.8 percent; and Inter-American Development Bank, 5.7 percent.

<u>Interest rate risk - Investments</u> - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by setting maturity and effective duration limits for the King County Investment Pool. The policy limit for the KCIP's maximum effective duration is 1.5 years or less, and 40 percent of the KCIP's total value in securities must have a maturity of 12 months or less. Securities in the portfolio cannot have an average life greater than five years at purchase. As of December 31, 2020, the effective duration of the main Pool was 1.198 years.

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

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

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

Credit Quality Distribution

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

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

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

Investment Type	Maximum Maturity	Security Type Limit	Single Issuer Limit	Minimum Credit Rating
U.S. Treasury	5 Years	100%	None	N/A
U.S. Federal Agency(1)	5 Years	100%	35%	N/A
U.S. Federal Agency MBS(2)	5 Year WAL	25%	25%	N/A
Certificates of Deposit(3)	1 Year	25%	5%	A-1 or P-1
Municipal Securities(4)	5 Years	20%	5%	A
Corporate Securities	5 Years	25%	2%	A(5)
Commercial Paper	270 Days	25%	3%	A-1/P-1(6)
Repurchase Agreements(7)	60 Days	100%	25%	A-1 or P-1
Bankers’ Acceptances	180 Days	25%	5%	A-1/P-1(8)
State LGIP(9)	N/A	25%	25%	N/A

N/A = Not applicable

(1) Senior debt only and includes Supranational agencies where the U.S. is the largest shareholder.

(2) MBS counts towards the total that can be invested in any one U.S. federal agency.

(3) Must be a public depository; if not 100% collateralized, must be rated at least A-1 or P-1.

(4) County policy limits purchases to general obligation bonds rated A or better by Standard & Poor's or Moody's.

(5) Must be rated A or better by both Standard and Poor's and Moody's for 2 percent issuer limit. But if rated AA or higher, 3 percent issuer limit applies.

(6) Must be rated in top credit category by Standard & Poor's and Moody's. Maturities > 100 days must have a long-term rating of A or higher.

(7) Tri-party repurchase agreements collateralized at 102 percent and for purposes of aggregating across sectors, overnight repos shall not be included. Ten percent of the portfolio can be in overnight repos rated A-2 or P-2.

(8) Bankers' acceptances must be rated in top credit category by Standard & Poor's and Moody's.

(9) The State LGIP is a money market-like fund managed by the State Treasurer’s Office.

At year-end the King County Investment Pool was in compliance. The KCIP's actual composition consisted of Repurchase Agreements, 4.5 percent; Commercial Paper, 5.6 percent; U.S. Agency Discount Notes, 5.3 percent; Corporate Notes, 5.3 percent; Corporate Notes Floating Rate, 0.4 percent; U.S. Treasury Notes, 14.0 percent; U.S. Agency Notes, 29.7 percent; Supranational Coupon Notes, 23.0 percent; and the LGIP, 12.2 percent.

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The following is a summary of inputs in valuing the County's investments as of December 31, 2020 (in thousands):

		Fair Value Measurements Using		
Investments by fair value level	**Fair Value** 12/31/2020	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
Commercial Paper	$ 449,859	$ —	$ 449,859	$ —
U.S. Agency Discount Notes	424,851	—	424,851	—
Corporate Notes	423,828	—	423,828	—
Corporate Notes Floating Rate	32,559	—	32,559	—
U.S. Treasury Notes	1,125,620	1,125,620	—	—
U.S. Agency Notes	2,394,289	—	2,394,289	—
U.S. Agency Collateralized Mortgage Obligations	2,565	—	2,565	—
Supranational Coupon Notes	1,854,671	—	1,854,671	—
Subtotal investments measured at fair value	6,708,242	$ 1,125,620	$ 5,582,622	$ —
Investments measured at amortized cost (not subject to fair value hierarchy)				
Repurchase Agreements	366,000			
State Treasurer's Investment Pool	981,309			
Subtotal investments measured at cost	1,347,309			
Total investments in Investment Pool	$ 8,055,551			

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

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

Impaired Investment Pool

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

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

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

VFNC Trust (Victoria) is recorded at fair value of $2.3 million which is based on market price of the underlying securities that are held by VFNC Trust and the cash value retained by the receivers as of December 31, 2020, and is classified in Level 3 inputs of fair value hierarchy. These prices are provided by the collateral agent.

King County Investment Pool and Impaired Investment Pool Condensed Statements

The King County Investment Pool (main Pool) and the Impaired Investment Pool's Condensed Statements of Net Position and Changes in Net Position as of December 31, 2020 (in thousands) are as follows:

Condensed Statement of Net Position

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

Condensed Statement of Changes in Net Position

	Total	King County Investment Pool	Impaired Investment Pool
Additions	$ 600,126	$ 600,126	$ —
Deductions	(760)	—	(760)
Increase (decrease) in net position	599,366	600,126	(760)
Net position, beginning of year	7,462,766	7,459,715	3,051
Net position, ending of year	$ 8,062,132	$ 8,059,841	$ 2,291

Pool Plus - Long-Term Investment Option

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

The policy is intended to serve the following goals:

- Provide an investment option for funds with investment horizons far beyond the maximum maturity limit of the pool.
- Minimize credit risk exposure that long-term investments outside the KCIP will face.
- Minimize the possibility of negative financial impacts on current pool participants.

- Ensure that a fund requesting to invest in long-term investments outside the pool understands, and accepts, the greater price volatility that is inherent in longer term investments.
- Minimize any operational burden that would distract the investment team from its primary mission of managing the investment pool.

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

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

At year-end, the fair value of securities invested in the Pool Plus program was $16.4 million for County agencies and $14.1 million for districts. The following schedule shows a summary of the characteristics of the assets in the Pool Plus program at December 31, 2020 (dollars in thousands):

KING COUNTY POOL PLUS PROGRAM

Investment Type	Fair Value	Principal	Average Interest Rate	Effective Duration (Years)
U.S. Treasury Notes - County agencies	$ 16,383	$ 15,228	2.47 %	4.280
U.S. Treasury Notes - District funds	8,712	8,126	2.23	3.560
U.S. Treasury Notes - District funds	5,384	5,016	2.47	4.740

Individual Investments Accounts

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

Component Units

Harborview Medical Center (HMC)

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

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that in the event of a bank failure, HMC’s deposits may not be recovered. As of June 30, 2020, the deposits not covered by the FDIC are uninsured and are partially collateralized by the PDPC collateral pool. HMC’s custodial credit risk for its deposits as shown in the following table (in thousands):

Harborview Medical Center
As of June 30, 2020

	Carrying Amount	Bank Balance	Uninsured and Uncollateralized
Cash in other banks	$ 3,668	$ 291	$ 16
Equity in Investment Pool	447,157	450,862	—
Total deposits	$ 450,825	$ 451,153	$ 16

Cultural Development Authority of King County (CDA)

Deposits

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

Custodial credit risk - Deposits - The custodial credit risk for deposits is the risk that, in the event of a bank failure, the CDA's deposits may not be recovered. At yearend, the CDA’s total deposits, were $1.3 million in carrying amount, and $1.8 million in bank balance, of which $790 thousand was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

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

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

Fair Value Hierarchy

The CDA categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The following is a summary of inputs in valuing CDA’s investments as of December 31, 2020 (in thousands):

		Fair Value Measurements Using		
Investments by fair value level	**Fair Value 12/31/2020**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**
U.S Agency Notes	$ 2,013	—	$ 2,013	—
Subtotal investments at fair value	2,013	$ —	$ 2,013	$ —
Investments measured at amortized cost (not subject to fair value hierarchy)				
State Treasurer's Investment Pool (LGIP)	24,770			
Subtotal investments measured at cost	24,770			
Total CDA investments	$ 26,783			

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

The following schedule shows the types of investments, the average interest rate, the effective duration limits and the concentration of all CDA investments as of December 31, 2020 (in thousands):

Cultural Development Authority
Investments By Type

Investment Type	Fair Value	Principal	Average Interest Rate	Effective Duration (Years)	Concentration
U.S. Agency Notes:					
Federal National Mortgage Association Notes	$ 2,013	$ 2,013	1.38 %	0.156	7.52 %
State Treasurer's Investment Pool	24,770	24,770	0.16 %	0.003	92.48 %
Subtotal investments	26,783	$ 26,783	0.25 %	0.014	100.00 %
Less: State Treasurer's Investment Pool (Cash Equivalent)	(24,770)				
Total investments per Statement of Net Position	$ 2,013				

Interest rate risk - Investments - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Through its investment policy, CDA manages its exposure to interest rate risk by setting maturity and effective duration limits for its portfolio. As of December 31, 2020, the combined weighted average effective duration of the CDA's portfolio was 0.014 years.

Credit risk - Debt Securities - Credit risk is the risk that an issuer will not fulfill its obligations. As of December 31, 2020, all issuers of investments in CDA's portfolio had a Standard & Poor's rating of "AA+." The Washington State Local Government Investment Pool is not rated.

Concentration of credit risk - Investments - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. As of December 31, 2020, the CDA had concentrations greater than 5 percent of its total portfolio, excluding U.S. Treasury obligations, in the following issuers: Federal National Mortgage Association, 7.5 percent.

NJB Properties

Concentration of credit risk - The Organization maintains its cash and reserves in various financial institutions in which the accounts are insured up to $250 thousand per depositor under the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts, and monitors the credit-worthiness of the financial institutions with which it conducts business. The Organization believes it is not exposed to any significant credit risk on its cash, reserves and other deposits.

Deposits Held In Trust - In accordance with the Indenture of Trust, certain restricted deposits and funded reserves have been established in the form of escrows. The balance of each fund as of December 31 is as follows (in thousands):

	2020
Non-bond Proceeds	$ 28
Revenue Fund	889
Bond Fund	39
	$ 956

Note 5

Receivables

Receivables are reported net of estimated uncollectible amounts in the basic financial statements: Balance Sheet for Governmental Funds and Statement of Net Position for Proprietary Funds. The schedule below shows receivables at gross with the related estimated uncollectible amounts (in thousands):

Governmental	**General Fund**	**Behavioral Health Fund**	**Nonmajor Governmental Funds**	**Total Governmental Funds**
Accounts receivable:				
Accounts receivable	$ 44,745	$ 15,785	$ 18,648	$ 79,178
Estimated uncollectible	(29,986)	—	(9,535)	(39,521)
Accounts receivable, net	$ 14,759	$ 15,785	$ 9,113	$ 39,657
Due from other governments:				
Due from other governments	$ 63,868	$ 4,958	$ 164,605	$ 233,431
Estimated uncollectible	(39)	—	(143)	(182)
Due from other governments, net	63,829	4,958	$ 164,462	$ 233,249
Due from component units:				
Due from component units	$ —	$ —	$ 7,845	$ 7,845
Estimated uncollectible	—	—	(143)	(143)
Due from component units, net	$ —	$ —	$ 7,702	$ 7,702

Proprietary	**Public Transportation**	**Water Quality**	**Solid Waste**	**Nonmajor Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Current assets						
Accounts receivable:						
Accounts receivable	$ 7,978	37,749	$ 13,026	827	$ 59,580	459
Estimated uncollectible	(411)	—	(185)	(5)	(601)	(47)
Accounts receivable, net	$ 7,567	$ 37,749	$ 12,841	$ 822	$ 58,979	$ 412
Due from other governments:						
Due from other governments	$ 496,977	133	$ 278	$ 8,035	505,423	$ 10,767
Estimated uncollectible	—	—	—	(5)	(5)	(1)
Due from other governments, net	$ 496,977	$ 133	$ 278	$ 8,030	$ 505,418	$ 10,766
Noncurrent assets:						
Due from other governments	$ 29	$ —	$ —	$ —	$ 29	$ —

Note 6

Tax Revenues

Taxing Powers

King County is authorized to levy both “regular” property taxes and “excess” property taxes.

Regular property taxes are imposed for general municipal purposes, including the payment of debt service on limited tax general obligation bonds. Regular property tax levies are subject to rate limitations and amount limitations, as described below, and to the uniformity requirement of Article VII, Section 1, of the State Constitution, which specifies that a taxing district must levy the same rate on similarly classified property throughout the taxing district. Aggregate property taxes vary within the County because of its different overlapping taxing districts.

Maximum Rate Limitations. The County may levy regular property taxes for general municipal purposes and for road district purposes. Each purpose is subject to a rate limitation. The general municipal purposes levy is limited to $1.80 per $1,000 of assessed value, and the County levied $1.12785 per $1,000 of assessed value for the 2020 tax year. The road district levy, which is levied in unincorporated areas of the county for road construction and maintenance and other County services provided in the unincorporated areas, is limited to $2.25 per $1,000 of assessed value. The County currently levies $1.82492 per $1,000 of assessed value for the 2020 tax year. Additional statutory provisions limit the increase in the aggregate amount of taxes levied.

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

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

(1) A voted levy for emergency medical services, limited to $0.50 per $1,000 of assessed value (RCW 84.52.069),

(2) A voted levy to finance affordable housing for very low income households, limited to $0.50 per $1,000 of assessed value (RCW 84.52.105), although, the County has not sought approval from voters for this levy,

(3) A non-voted levy for conservation futures, limited to $0.0625 per $1,000 of assessed value (RCW 84.34.230), and

(4) A non-voted levy for transit-related purposes, limited to $0.075 per $1,000 of assessed value (RCW 84.52.140).

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

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

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

Regular Property Tax Increase Limitation. The regular property tax increase limitation (RCW 84.55) limits the total dollar amount of regular property taxes levied by an individual taxing district to the amount of such taxes levied in the highest of the three most recent years multiplied by a limit factor, plus an adjustment to account for taxes on new construction at the previous year's rate. The limit factor is defined as the lesser of 101 percent or 100 percent plus inflation. If the inflation rate is less than 1.0 percent, the limit factor can be increased to 101.0 percent, if approved by a majority plus one vote of the governing body of the taxing district, upon a finding of substantial need. In addition, the limit factor may be increased, regardless of inflation, if such increase is authorized by the governing body of the taxing district upon a finding of substantial need and is also approved by the voters at a general or special election within the taxing district. Such election must be held less than 12 months before the date on which the proposed levy will be made, and any tax increase cannot be greater than described under "Maximum Rate Limitations." The approval of a majority of the voters would be required for the limit factor to be increased. The new limit factor will be effective for taxes collected in the following year only.

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

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

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

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

Excess Property Taxes. The County also may impose "excess" property taxes, which are not subject to limitation, when authorized by a 60.0 percent supermajority voter approval, as provided in Article VII, Section 2 of the State Constitution and RCW 84.52.052. To be valid, such popular vote must have a minimum voter turnout of 40.0 percent of the number who voted at the last County general election, except that one-year excess tax levies also are valid if the number of voters approving the excess levy is at least 60% of a number equal to 40% of the number who voted at the last County general election. Excess levies also may be imposed without voter approval when necessary to prevent the impairment of the obligation of contracts.

Component Units with Taxing Authority. In 2020, the county-wide flood control zone district levy rate was $0.09199 per $1,000 of assessed value. The boundaries of the District are coterminous with the boundaries of the County and the members of the County Council serve initially as the legislative body for the District, but under state law, it is a separate taxing district with independent taxing authority.

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

<u>Allocation of Tax Levies</u>

The table on the following page compares the allocation of the 2020 and 2019 Countywide, Conservation Futures, Unlimited Tax GO Bonds, Emergency Medical Services (EMS) and unincorporated County (Road District) levies. The original tax levy reflects the levy before any supplemental levies, tax cancellations or other adjustments. The

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

ALLOCATION OF 2019 AND 2020 TAX LEVIES

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

(a) Assessed value for taxes payable in 2020

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

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

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

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

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

The Automated Fingerprint Identification System (AFIS) levy, a regular property tax levy (RCW 84.55.050), was renewed in August 2018 for a six year term by a majority of voters in the County. The levy began in 2013 at a rate of no more than 0.0592 per $1,000 assessed value. In 2019 and 2020 the tax rate was 0.03501 and 0.03403 per $1,000 of assessed value, respectively.

In August 2019, the Park lid lift levy was renewed by voters for six years, for a rate of 0.1877 per $1,000 of assessed value. The 2019 and 2020 tax year rate for the Parks levy lid lift is 0.12926 and 0.18320 per $1,000 of assessed value, respectively.

In November 2017, voters approved a new temporary six-year lid lift for the Veterans, Seniors, and Human Services Levy at a rate of $0.10 per $1,000 of assessed value. This is a regular property tax levy and is to be increased by no more than 3.5% in each of the remaining five years. Due to the passage of SHB 2597 in the 2018 legislative session, this lid lift is now exempt for taxpayers in the Senior Exemption Program for the next five years of its existence. The 2019 and 2020 tax rate is 0.09349 and 0.09307 per $1,000 of assessed value, respectively.

The Children and Family Justice Center is a nine-year temporary levy lid lift approved by voters on August 7, 2012 at a rate of $0.07 per $1,000 of assessed value for the first year (2013). The rate for 2019 and 2020 is 0.04278 and 0.04159 per $1,000 of assessed value.

A nine-year regular property tax levy for the Puget Sound Emergency Radio Network (PSERN) replacement was approved by voters in April 2015 at a rate of $0.07 per $1,000 of assessed value for the first year (2016). The rate for 2019 and 2020 is 0.05394 and 0.05243 per $1,000 assessed value.

The Best Starts for Kids levy was approved by voters at the November 3, 2015, general election to invest in prevention and early intervention strategies for children and families. This is a six-year levy beginning in 2016 at a rate of 0.13285 per $1,000 of assessed value. The rate for 2019 and 2020 is 0.11428 and 0.11325 per $1,000 of assessed value.

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

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

Assessed Valuation Determination

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

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

Tax Collection Procedure

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

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

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

Property Tax Calendar

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

Accounting for Property Taxes Receivable

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

Tax Abatement

As of December 31, 2020, the County provides tax abatement through four programs - the Current Use Program, the Historic Preservation Program, the Single-family Dwelling Improvement Program, and the Multifamily Housing Property Tax Exemption program. These programs are property tax abatements. The property tax system in the state of Washington is budget-based, which means the taxing authority determines a budget or dollar amount and adjusts the rates for the taxpayers based on the assessed valuation of their property. The tax abatements did not result in a reduction or loss of revenue to the County because, pursuant to state law, these taxes were effectively reallocated to other property taxpayers.

Current Use Programs

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

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

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

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

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

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

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

Historic Preservation Program

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

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

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

Single-family Dwelling Improvement Program

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

Multifamily Housing Property Tax Exemption

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

Below summarizes the tax abatement programs and the total amount of taxes abated during the calendar year ended December 31, 2020 (in thousands):

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

State of Washington Tax Abatements

The information provided by Washington State is based upon calendar 2019 as a proxy for fiscal year 2020. The State's fiscal year end is June 30, 2020. The state of Washington provides tax abatements through the below programs subject to the requirements of GASB Statement No. 77. Only tax abatement programs that are material and attributable to activities in King County are disclosed below.

High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities

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

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

High-Technology Sales and Use Tax Deferral

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

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

Multi-Unit Urban Housing Exemption

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

Multipurpose Sports and Entertainment Facility Deferral

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

Tribal Property Used for Economic Development

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

Aerospace Incentives

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

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

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

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

Per RCW 82.04.4463, manufacturers and processors for hire of commercial airplanes or their component parts and aerospace tooling manufacturers are eligible for a business and occupation tax credit equal to the property and leasehold taxes paid on certain buildings, land, and the increased value from certain building renovations or expansions, as well as a portion of property taxes paid on certain machinery and equipment. Eligibility for the credit requires the building, land, and/or machinery and equipment be used exclusively in manufacturing commercial airplanes or their components or in manufacturing tooling specifically designed for use in manufacturing commercial airplanes or their components.

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

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

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

The following table shows the amount of taxes, attributable to activities in King County, abated by the state of Washington during the calendar year ended December 31, 2020 (in thousands):

Tax Abatement Program		**Total Amount of Taxes Abated**
High Unemployment County Sales and Use Tax Deferral for Manufacturing Facilities		D*
High-Technology Sales and Use Tax Deferral	$	711
Multi-Unit Urban Housing Exemption		12,959
Multi-Purpose Sports and Entertainment Facility Deferral		D*
Tribal Property Used for Economic Development		D*
Aerospace incentives: Computer Hardware, Software and Peripherals sales and use tax exemption		67

*Washington State cannot disclose the amounts abated.

Note 7

Capital Assets

Primary Government

Governmental activities include capital assets of governmental internal service funds except for the Wastewater Equipment Rental Fund, which is reported under business-type activities because it provides services predominantly to the Water Quality Enterprise. A summary of changes in capital assets for the governmental activities is shown below (in thousands):

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

Beginning Balance Adjustment

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

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

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

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

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

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

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

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

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

Depreciation Expense

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

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

Infrastructure

Roads and Bridges Infrastructure Valuation

The roads and bridges infrastructure network acquired or constructed prior to 2002 is valued at estimated historical cost. Base year estimates of 2001 replacement costs for all existing roads and 1988 replacement costs for all bridges were obtained using standard costing methods with the resultant values being deflated to the acquisition year (or estimated acquisition year, where the actual year was unknown), using the Engineering News Record Construction Cost Index. Retroactive reporting of traffic control elements is based on replacement cost.

Rights-of-Way

Historical costs for infrastructure-related rights-of-way were obtained by estimating replacement costs at 2001 using land assessed valuation data and then deflating the resultant values to the acquisition year (or estimated acquisition year, where the actual year is unknown), using assessed land value indices from the King County Assessor's Office.

Construction Commitments

Project commitments are defined as authorized and planned expenditures for the next fiscal year.

Enterprise Funds

Public Transportation Enterprise - $30.0 million is committed to the maintenance of existing infrastructure, service delivery and partnership efforts.

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

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

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

Capital Projects Funds

$160.7 million is committed to various capital projects, including: (1) open space and conservation easement acquisitions; (2) development and improvement of trails, playgrounds and ball fields and other cultural facilities; (3) technology initiatives to improve business efficiency, emergency preparedness and network security; (4) flood control projects to protect the ecosystem and public property; (5) preservation of roads and construction of bridges; and (6) improvements and major repairs to office buildings and other facilities.

Discretely Presented Component Units

Harborview Medical Center (HMC)

Capital assets activity for HMC during the fiscal year ended June 30, 2020 (in thousands):

	Balance 7/1/2019	Additions	Retirements	Transfers	Balance 6/30/2020
Capital assets not being depreciated:					
Land	$ 2,432	$ —	$ —	$ —	$ 2,432
Work in progress	23,578	18,183	—	(28,965)	12,796
Total capital assets not being depreciated	26,010	18,183	—	(28,965)	15,228
Capital assets being depreciated:					
Buildings	410,072	—	—	17,532	427,604
Improvements other than buildings	18,263	—	—	1,478	19,741
Equipment	309,528	12,651	(10,486)	9,955	321,648
Total capital assets being depreciated	737,863	12,651	(10,486)	28,965	768,993
Less accumulated depreciation for:					
Buildings	(214,078)	(14,125)	—	—	(228,203)
Improvements other than buildings	(10,310)	(1,069)	—	—	(11,379)
Equipment	(254,504)	(14,100)	10,244	—	(258,360)
Total accumulated depreciation	(478,892)	(29,294)	10,244	—	(497,942)
HMC capital assets, net	$ 284,981	$ 1,540	$ (242)	$ —	$ 286,279

Note 8

Restricted Assets

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

Proprietary Funds		
Public Transportation - restricted for future construction projects, debt service and obligations.	$	14,450
Water Quality - restricted for future construction projects, debt service and reserves and obligations.		337,352
King County International Airport - restricted for construction projects and obligations.		918
Radio Communications Services - restricted for construction projects and obligations.		6
Solid Waste - restricted for construction projects, landfill closure and post-closure care costs.		12,840
Construction & Facilities Management - restricted for construction projects and obligations.		288
Financial Management Services - restricted for construction projects.		403
Total Proprietary Funds restricted assets	$	366,257
Component Unit - Harborview Medical Center (HMC)		
HMC Special Purpose Fund - restricted donations, gifts and bequests from various sources for specific uses.	$	10,858
Total HMC restricted assets	$	10,858
Component Unit - Cultural Development Authority of King County (CDA)		
1% for Art Fund - restricted for the one percent for public art programs operated for the benefit of King County.	$	11,248
Cultural Special Account and Other Funds - restricted for arts and heritage cultural programs.		18,256
Total CDA restricted assets	$	29,504
Component Unit - NJB Properties		
Non-bond Proceeds Fund - restricted for costs of the NJB Project	$	28
Revenue Fund - restricted for transfers to the Bond Fund and authorized administrative fees		889
Bond Fund - restricted for interest and principal on the bonds		39
Total NJB Properties restricted assets	$	956

Note 9

Pension Plans

The following table represents the aggregate pension amounts for all plans subject to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* for the year 2020:

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

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

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

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

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

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

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

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

Public Employees' Retirement System (PERS)

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

PERS Plan 1

Benefits Provided: PERS Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions: The PERS Plan 1 member contribution rate is established by State statute at 6.00 percent. The employer contribution rate is developed by the Office of the State Actuary (OSA) and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

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

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

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

PERS Plans 2 and 3

Benefits Provided: PERS Plan 2/3 provides retirement, disability and death benefits. Retirement benefits are determined as two percent of the member's AFC times the member's years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member's 60 highest paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at age 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS Plan 2 members are vested after completing five years of eligible service. PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, PERS Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

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

Contributions: The PERS Plan 2/3 employer and employee contribution rates are developed by the OSA to fully fund Plan 2 and the defined benefit portion of Plan 3. PERS Plan 2/3 employer rates include a component to address the PERS Plan 1 unfunded actuarial accrued liability and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

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

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

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

Public Safety Employees' Retirement System (PSERS)

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

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

PSERS membership includes:

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

PSERS covered employers include:

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

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

Contributions: The PSERS Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary (OSA) to fully fund Plan 2. The Plan 2 employer rate includes components to address the PERS Plan 1 unfunded actuarial accrued liability and administrative expense currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The PSERS Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

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

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

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

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

LEOFF Plan 1

Benefits Provided: LEOFF Plan 1 provides retirement, disability and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service 2.0% of FAS
- 10 - 19 years of service 1.5% of FAS
- 5 - 9 years of service 1.0% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of-living adjustment, and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF Plan 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions: Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan 1 had no required employer or employee contributions for fiscal year 2020. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2

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

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

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

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

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

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

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

Seattle City Employees' Retirement System (SCERS)

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

Benefits Provided: SCERS provides retirement, disability and death benefits. Employees covered by this plan may retire after 30 years of service regardless of age; after age 52 with 20 years or more of service; after age 57 with 10 or more years of service; and after age 62 with five or more years of service. Disability retirement is available after 10 years of service. The unmodified monthly retirement allowance is based on a percentage of average salary for every year of service to a maximum of 60 percent. The average salary for this plan is defined as the highest consecutive 24-months' average rate of pay. The percentage for each year of service used to compute the retirement benefit depends on the age at retirement and the years of service. It ranges from 1.2 percent at age 52 with 20 years of service to a maximum of 2 percent for each year of service. The maximum allowance a member can receive is the unmodified plan, which has no provision for a beneficiary and, at the member's death, stops all payments. Several optional retirement benefit formulas exist which provide for beneficiaries with reduced monthly allowances.

Contributions: The SCERS member contribution rate is 10.03 percent of compensation except for members qualifying for lower rates prior to June 1972. The County is required to contribute at an actuarially determined rate. The current rate is 16.20 percent of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by the Board of Administration. The SCERS Plan required contribution rates (expressed as a percentage of covered payroll) for 2020 were as follows:

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

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

Actuarial Assumptions

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

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

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

- Inflation: 2.75% total economic inflation, 3.50% salary inflation
- Salary increases: In addition to the base 3.50% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- Investment rate of return: 7.40%

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

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

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

The total pension liability (TPL) for SCERS pension plan was determined by an actuarial valuation as of January 1, 2019. The actuarial assumptions used in the valuation were based on an actuarial experience study for the period January 1, 2014 through December 31, 2017. The following actuarial assumptions were applied to all periods including the measurement period.

- Inflation: 2.75%
- Salary increases: 3.50%
- Investment rate of return: 7.25% compounded annually, net of expenses

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

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.4 percent. To determine the discount rate, an asset sufficiency test was completed to test whether the pension plan's fiduciary net position was sufficient to make all projected future benefit payments of current plan members. Based on OSA's assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 7.4 percent was used to determine the liability.

The discount rate used to measure the total pension liability for SCERS pension plan was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and the participating governmental entity contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods on projected benefit payment to determine the total pension liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.4 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns over various time horizons.

The long-term expected rate of return on the SCERS pension plan investments of 7.25 percent was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the DRS pension plan's target asset allocation as of June 30, 2020, are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Asset Class	Target Allocation	Percent Long-term Expected Real Rate of Return Arithmetic
Fixed Income	20%	2.2%
Tangible Assets	7%	5.1%
Real Estate	18%	5.8%
Global Equity	32%	6.3%
Private Equity	23%	9.3%
	100%	

Best estimates of geometric real rates of return for each major asset class included in the SCERS pension plan's target asset allocation as of December 31, 2019 are summarized in the chart that follows:

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

Sensitivity of Net Pension Liability (Asset)

The table below presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.4 percent (7.25 percent for SCERS), as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.4 percent, 6.25 percent for SCERS) or one percentage point higher (8.4 percent, 8.25 percent for SCERS) than the current rate.

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

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

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' and SCERS plan's fiduciary net position are available in the separately issued DRS and City of Seattle financial reports.

Pension Liabilities (Assets), Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the County reported a total pension liability of $451.6 million and total pension asset of $76.5 million for its proportionate share of the net pension liabilities (assets) as follows:

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

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

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

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

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

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

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

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2020. Historical data was obtained from a 2011 study by the Office of the State Actuary. Historically, the state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000.

If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2020, the State of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to RCW 41.26.725 and all other employers contributed the remaining 61 percent of employer contributions.

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

The collective net pension liability for SCERS was measured as of December 31, 2019, and the actuarial valuation date on which the total pension liability was based was as of January 1, 2019, with update procedures used to roll forward the total pension liability to the measurement date taking into account any significant changes between the valuation date and the fiscal year end.

Pension Expense

For the year ended December 31, 2020, the County recognized pension expense as follows:

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

Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

PERS 1	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ —	$ —
Net difference between projected and actual investment earnings on pension plan investments	—	(1,739)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	32,223	—
TOTAL	$ 32,223	$ (1,739)

PERS 2/3	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ 49,668	$ (17,388)
Net difference between projected and actual investment earnings on pension plan investments	—	(7,046)
Changes of assumptions	1,975	(94,772)
Changes in proportion and differences between contributions and proportionate share of contributions	21,899	(12,846)
Contributions subsequent to the measurement date	50,261	—
TOTAL	$ 123,803	$ (132,052)

PSERS 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ 1,553	$ (85)
Net difference between projected and actual investment earnings on pension plan investments	60	—
Changes of assumptions	6	(2,137)
Changes in proportion and differences between contributions and proportionate share of contributions	39	(404)
Contributions subsequent to the measurement date	1,863	—
TOTAL	$ 3,521	$ (2,626)

LEOFF 1	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ —	$ —
Net difference between projected and actual investment earnings on pension plan investments	—	(117)
Changes of assumptions	—	—
Changes in proportion and differences between contributions and proportionate share of contributions	—	—
Contributions subsequent to the measurement date	—	—
TOTAL	$ —	$ (117)

LEOFF 2	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ 8,877	$ (1,138)
Net difference between projected and actual investment earnings on pension plan investments	—	(715)
Changes of assumptions	93	(9,934)
Changes in proportion and differences between contributions and proportionate share of contributions	3,779	(8,163)
Contributions subsequent to the measurement date	3,106	—
TOTAL	$ 15,855	$ (19,950)

SCERS	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Differences between expected and actual experience	$ —	$ (16)
Net difference between projected and actual investment earnings on pension plan investments	—	(44)
Changes of assumptions	26	—
Changes in proportion and differences between contributions and proportionate share of contributions	647	(299)
Contributions subsequent to the measurement date	222	—
TOTAL	$ 895	$ (359)

Deferred outflows of resources related to pensions resulting from the County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

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

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

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

Year ended December 31:	SCERS (in thousands)
2021	$ 116
2022	82
2023	79
2024	27
2025	10
Thereafter	—

Component Unit - Harborview Medical Center (HMC)

HMC personnel are University of Washington (UW) employees. HMC faculty and professional staff participate in the University of Washington Retirement Plan (UWRP), an IRC Section 403(b) defined contribution retirement plan, authorized by the Board of Regents. HMC staff participate in a plan authorized by the State of Washington Department of Retirement Systems (DRS). Plan participation is defined by position, with the majority of HMC employees enrolled in one of the three Public Employees' Retirement Systems (PERS) plans.

All plans include contributions by both employee and employer. Employee contributions are tax-deferred. Employer contributions are paid semi-monthly by the UW in accordance with rates specified by the retirement systems.

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

All eligible CDA personnel participate in PERS, a statewide local government retirement system administered by the DRS under cost-sharing, multiple-employer defined benefit plans. CDA’s net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions at December 31, 2020 were $876 thousand, $331 thousand and $236 thousand, respectively.

Note 10

Defined Benefit Other Postemployment Benefit (OPEB) Plan

The County is required to accrue other postemployment benefits (OPEB) expense related to its postretirement health care plan based on a computed total OPEB liability. Instead of recording expense on a "pay-as-you-go" basis, the County has recorded a liability of $106.6 million for the difference between the actuarially calculated liability and the estimated contributions made.

The following table represents the aggregate OPEB amounts for all plans subject to the requirements of GASB Statement No. 75 for the year ended December 31, 2020 (in thousands):

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

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

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

LEOFF 1 retirees, representing less than 2 percent of plan participants, are not required to contribute to the Health Plan. All other retirees are required to pay into the health plan by contributing 100 percent of the rate established by the County for coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"). As a self-insurer, COBRA rates are set by the County each budget year. At December 31, 2020 (the census date) the following employees were covered by the Health Plan.

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

For the fiscal year ended December 31, 2020, the County contributed an estimated $5.7 million to the Health Plan to pay for retiree benefits. The County's contribution was entirely to fund "pay-as-you-go" costs under the Health Plan and not to pre-fund benefits. Accordingly, there are no assets in a qualifying trust.

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

The December 31, 2020 valuation used the entry-age normal, level percentage of salary actuarial cost method. The actuarial assumptions included an initial annual health care cost trend rate of 7.00 percent reduced by decrements to an ultimate rate of 4.04 percent after 54 years. The Medicare premium trend rate is 5.40 percent reduced by decrements to an ultimate rate of 4.04 percent after 54 years. All trend rates include a 2.75 percent inflation assumption and 3.50 percent salary increase assumption. County employees have multiple medical plans to select from during and after employment. Plan Members are assumed to retain the same medical plan after retirement as they selected while an employee pre-retirement, including an assumption that employees choosing not to enroll in a County medical plan before retirement will not select a County medical plan after retirement. Mortality rates were based on tables from the Society of Actuaries.

These assumptions reflect the County's best estimates. The following presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 5.40 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

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

Discount Rate The discount rate used to measure the total OPEB liability is 2.00 percent. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

The following presents the total OPEB liability of the County calculated using the discount rate of 2.00 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate (in thousands).

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

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

	Total OPEB Liability
Balance at 1/1/2020	$ 111,272
Changes for the Year:	
Service cost	2,220
Interest	4,149
Changes of benefit terms	—
Difference between expected and actual experience	(8,646)
Changes of assumptions	3,310
Benefit payments	(3,922)
Other changes	(1,764)
Net changes	(4,653)
Balance at 12/31/2020	$ 106,619

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

Deferred Inflows and Deferred Outflows At December 31, 2020 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,269	$ (7,664)
Changes of assumptions	2,934	(6,571)
Payments subsequent to the measurement dates	—	—
Total	$ 5,203	$ (14,235)

The County did not make payments subsequent to the measurement date, which otherwise would have been reported as a deferred outflow of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

Year ended December 31:	Amount
2021	$ (1,279)
2022	(1,279)
2023	(1,279)
2024	(1,279)
2025	(1,279)
Thereafter	(2,637)

Component Unit - Harborview Medical Center (HMC)

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

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

Component Unit - Cultural Development Authority (CDA)

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

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

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

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

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

Actuarial Methods and Assumptions

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

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

	1% Decrease	Current Rate	1% Increase
	6.00%	7.00%	8.00%
Total OPEB Liability	$ 1,292	$ 1,629	$ 2,087

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

	1% Decrease	Current Rate	1% Increase
	1.21%	2.21%	3.21%
Total OPEB Liability	$ 2,006	$ 1,629	$ 1,338

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

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

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

Note 11

Risk Management

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

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

Insurance Fund

The Insurance Fund, an internal service fund, accounts for the County's property/casualty program. The fund accounts for the County's exposures to loss due to the tortious conduct of the County, including those exposures commonly covered by general liability, automobile liability, police professional, public officials, errors and omissions and professional malpractice insurance policies. With some exceptions, the County self-insures most liability exposures and purchases reinsurance over its self-insured retentions. With the assistance of an actuary, the Insurance Fund's claims liability is estimated based upon historical claims experience and other actuarial techniques. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2020, is $72.8 million.

Changes in the Insurance Fund's estimated claims liability in 2019 and 2020 (in thousands):

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	$ 70,467	$ 21,234	$ (12,797)	$ 78,904
2020	78,904	13,085	(19,144)	72,845

In 2020 and 2019, there were no settlements that resulted in payment in excess of the County's $7.5 million self-insured retention (SIR). In 2018, there was one settlement that resulted in payment in excess of the SIR by $300 thousand.

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

Risk Management renewed the County's property insurance policy on July 1, 2020 with FM Global Insurance Company and various other excess property insurers, which includes layered excess Earth Movement coverage. The program maintains a blanket limit of $750.0 million above a $250 thousand per occurrence deductible. The program provides an overall Earth Movement sublimit of $100.0 million and a Flood sublimit of $250.0 million. In lieu of purchasing the certified terrorism coverage offered by our property insurance carriers, a stand-alone property terrorism insurance policy was placed with limits of $500.0 million.

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

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

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

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

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

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

Safety and Workers' Compensation Fund

The Safety and Workers' Compensation Fund, an internal service fund, accounts for the County's self-insurance for workers' compensation as certified under Title 51 Revised Code of Washington (RCW), Industrial Insurance Act. Interfund charges are derived from actuarial projections of their future claims and administrative costs. The estimated liability for probable self-insurance losses (reported and unreported) recorded in the financial statements is not discounted due to the low rate of return on investment. As of December 31, 2020, the total claim liability is $60.3 million.

The County purchases an excess workers' compensation policy that provides statutory limits coverage, and therefore has had no risk exposure over the statutory limits during the last three years. The amount of loss retained by King County (the self-insured retention) under this policy, effective April 1, 2020, was $2.0 million.

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

Changes in the Safety and Workers’ Compensation Fund’s claims liability in 2019 and 2020 (in thousands) are shown below:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	$ 65,857	$ 14,296	$ (18,827)	$ 61,326
2020	61,326	16,767	(17,828)	60,265

Employee Benefits Program Fund

The Employee Benefits Program Fund, an internal service fund, accounts for employee medical, dental, vision, life, accidental death and dismemberment (AD&D) and long-term disability (LTD) benefit programs. Two medical plans, and the pharmacy, dental and vision plans are self-insured. The life, AD&D, and LTD benefit programs are fully insured. Interfund premiums are determined on a per employee, per month basis.

The estimated liability for probable self-insurance losses (reported and unreported) recorded in the fund as of December 31, 2020, is $20.0 million.

The Fund’s claims liability is based on historical experience. Changes in the Employee Benefits Program Fund’s claims liability in 2019 and 2020 (in thousands) are shown below:

	Beginning of Year Liability	Claims and Changes in Estimates	Claim Payments	End of Year Liability
2019	$ 21,395	$ 248,742	$ (250,636)	$ 19,501
2020	19,501	250,740	(250,214)	20,027

Component Unit - Harborview Medical Center (HMC)

HMC is exposed to risk of loss related to professional and general liability, property loss, and injuries to employees. HMC participates in risk pools managed by the University of Washington to mitigate risk of loss related to these exposures.

Professional and General Liability

The University's professional liability program currently includes self-insured and commercial reinsurance coverage components. HMC's annual funding to the professional liability program is determined by UW Medicine Finance using information from an annual actuary study conducted by the University administration. Various participants in the program contribute to the self-insurance fund and share in the expenses of the program. HMC's contribution to the professional liability program was $4.8 million in 2020 and $4.1 million in 2019, recorded in supplies and other expense on the Statements of Revenues, Expenses and Changes in Net Position.

Employee Benefits Program

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

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

Insurance Fund

Cultural Development Authority of King County (CDA) carries comprehensive general liability and auto liability coverage with a limit of $20.0 million per occurrence and no aggregate limit. Commercial property losses are covered up to the replacement cost on file with Enduris Washington. CDA also carries 1) Public Official Errors and

Omissions Liability coverage with a limit of $20.0 million per occurrence and an aggregate limit of $20.0 million; 2) Terrorism Liability coverage with a limit of $500 thousand per occurrence and an aggregate limit of $1.0 million; 3) Employment Practices Liability coverage with an aggregate limit of $20.0 million per member; 4) Crime Blanket Coverage with Faithful Performance of Duty with a limit of $250 thousand per occurrence; 5) Cyber coverage with a limit of $2.0 million per occurrence and 6) Identity Fraud expense reimbursement with a limit of $25 thousand per occurrence and an aggregate limit of $25 thousand.

Employee Benefits Program

The CDA provides its eligible employees with a comprehensive health benefits package through the Public Employees Benefits Board (PEBB), which includes medical, dental, basic life and long-term disability coverage. In addition, the PEBB offers the following optional products: long-term care, auto and home insurance. CDA also offers insurance with American Family Life Assurance Company (AFLAC) and MetLife. With the AFLAC and MetLife coverage, CDA employees can pick from a selection of insurance policies at their own expense. CDA benefits-eligible employees can enroll in FSA through Wageworks, Inc.

Note 12
Leases

Capital Leases

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

Capital assets and outstanding liabilities relating to capital lease agreement contracts as of December 31, 2020 (in thousands) is as follows:

	Capital Assets		Capital Leases Payable	
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities
Buildings	$ 194,935	$ —	$ 7,793	$ —
Leasehold improvements	—	4,881	—	2,094
Less depreciation	(48,094)	(3,062)	—	—
Totals	$ 146,841	$ 1,819	$ 7,793	$ 2,094

Future minimum lease payments under capital lease agreements and the present value of the net minimum lease payments are shown below as of December 31, 2020 (in thousands):

	Governmental Activities	Business-type Activities
2021	$ 765	$ 255
2022	768	255
2023	764	255
2024	764	255
2025	763	255
2026-2030	3,822	1,275
2031-2035	3,819	149
2036	770	—
Total minimum lease payments	12,235	2,699
Less: Amount representing interest	(4,442)	(605)
Present value of net minimum lease payments	$ 7,793	$ 2,094

Operating Leases

The County has numerous operating lease commitments for office space, equipment, radio towers and railroad tracks. The Information and Telecommunications Services Fund leases computer hardware; these leases include maintenance agreements. Expenditures for the year ended December 31, 2020 for long-term operating expenses for office space, equipment and other operating leases amount to $15.6 million. The pattern of future lease payment requirements are systematic and rational.

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

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

The County currently leases some of its property to various tenants under long-term, renewable and noncancelable contracts. Under business-type activities, the King County International Airport Enterprise leases out most of the buildings and grounds in the King County International Airport/Boeing Field complex to companies and government agencies in the aviation industry. The County's investment in property under long-term, noncancelable operating leases as of December 31, 2020 (in thousands):

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

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

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

Component Unit - NJB Properties

Capital Lease

NJB Properties' Project Lease Agreement with the County qualified as a capital lease under ASC 840 - Accounting for Leases. The composition of the net investment in capital lease as of December 31, 2020 is shown below, as well as the minimum lease rental payments expected to be received for the next five years and in the aggregate.

Year	Minimum Lease Payment
2021	765
2022	768
2023	764
2024	764
2025	763
Thereafter	8,411
	$ 12,235

Net Investment in Capital Lease

	2020
Minimum lease payments receivable	$ 12,235
Uncollected income	(4,442)
Net investment in capital lease	$ 7,793

Note 13

Landfill Closure and Post-Closure Care

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

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

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

The $251.0 million reported as landfill closure and post-closure care liability as of December 31, 2020, represents the cumulative percentage reported based on the amount that each of the landfills has been filled to date as follows (dollars in thousands):

Landfill	Percent Filled	Estimated Liability	Estimated Remaining Liability	Estimated Year of Closure
Cedar Hills	85.16%	$ 177,463	$ 59,980	2040
Closed	100%	52,353	—	Closed
Custodial	100%	21,151	—	Closed

The County is required by state and federal laws and regulations to make annual contributions to a reserve fund to finance closure and post-closure care. The County is in compliance with these requirements. As of December 31, 2020, cash and cash equivalents of $4.0 million were held in the Landfill Post-closure Maintenance Fund. In addition, $54.3 million were held in the Landfill Reserve Fund designated for the management and development of the landfill.

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

Note 14
Pollution Remediation

Pollution remediation liabilities reported at the end of 2020 do not include potential costs of cleanup that may arise out of the legal issues described in Note 19 - “Legal Matters, Financial Guarantees and Other Commitments.” The likelihood of negative outcomes in these matters, the amount of liabilities that may arise and the resultant allocation among potentially responsible parties (PRP), cannot be reasonably estimated at this time.

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

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

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

There are no estimated recoveries at this time that will reduce the amount of these obligations. The total pollution remediation liability at December 31, 2020 stands at $49.3 million although the actual amount will vary due to changes resulting from price increases or reductions, changes in technology, or changes in applicable laws or regulations.

The method for estimating liabilities continues to be based on internal engineering analysis, program experience, and cost projections for the remediation activities scheduled in future years as programmed under Water Quality’s Regional Wastewater Services Plan. Certain costs were developed by consulting engineers. Costs were estimated using the expected cash flow method. For the Lower Duwamish Waterway Project a weighted-average method is used to calculate the liability. The Sediment Management Plan does not employ a weighted-average cost estimate because the remaining work is well-defined which negates the utility of multiple estimates. The cost estimates continue to be re-measured as succeeding benchmarks are reached or when cost assumptions are modified. All pollution remediation obligations under the Water Quality enterprise are being deferred as assets as permitted by regulatory accounting standards.

Lake Union Tank and Dearborn Groundwater Monitoring - The Public Transportation Enterprise reported a pollution remediation liability of $639 thousand at December 31, 2020. The pollution obligation is primarily related to monitoring soil and ground water contamination at the Lake Union Tank and Dearborn sites (under consent decrees from the DOE, dating back to the mid-1990’s) and groundwater monitoring at two bus operation bases on a voluntary basis. The liability was measured at the estimated amounts compiled by Public Transportation staff with knowledge of pollution issues at the sites, using the expected cash flow technique. Cost estimates are subject to changes when additional information becomes available regarding the level of contamination at specific sites, when existing agreements or remediation methods are modified, or when new applicable regulations emerge.

Gasworks Park - In 2005, the City of Seattle and Puget Sound Energy (PSE) entered an agreed order with the DOE for investigating and identifying cleanup options for Lake Union sediments surrounding Gasworks Park. The City and PSE named Metro Transit and Chevron Corporation as additional potentially liable parties (PLP) related to the Gasworks sediment site. Subsequently, the DOE notified Metro Transit and Chevron Corporation that they might be PLPs under the Model Toxics Control Act. The DOE has not issued a final decision regarding Metro Transit’s status as a PLP. No liability was recorded because outlays for the site cleanup were not reasonably estimable at December 31, 2020.

Maury Island Gravel Mine Site - King County acquired approximately 250 acres of property on Vashon Island in 2010. The property is within the footprint of the former ASARCO smelter plume, and contains elevated levels of lead and arsenic, a condition that was known at the time of acquisition. In February 2011, King County was named a "potentially liable party" for cleanup of the site by the DOE. An Agreed Order between DOE and King County was finalized in January 2013 requiring the County to conduct a remediation investigation, a feasibility study and a cleanup action plan. The remediation was a prerequisite to the purchase agreement. The remediation will be completed in phases over a period of about five to 10 years. As of December 31, 2016, the County completed an Interim Action Cleanup Plan with approval from the DOE, costing approximately $600 thousand. The cleanup included removing invasive vegetation and surface soil on three acres immediately south of SW 260th St, adding a compost cap, and replanting the area with native trees and shrubs. The cleanup costs incurred in 2016 were capitalized.

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

Washington Air National Guard Site Investigation - The Washington Air National Guard (WANG) site is located at 6736 Ellis Avenue South in Seattle, Washington. The WANG site occupies approximately 7.5 acres, adjacent to the northwest boundary of the North Boeing Field Georgetown Steam Plant (NBF/GTSP). The WANG site was developed during World War II by the War Department, and served as an aircraft factory school between 1943 and 1948. During environmental investigations at the site, a dissolved Trichloroethene (TCE) plume was identified in shallow groundwater in the southern portion of the site. In May 2016, the Washington State Department of Ecology (DOE) recommended that King County conduct an investigation to determine if the source of recent increases in TCE concentrations in groundwater monitoring wells at the NBF/GTSP site is from the WANG site. The site investigation work will be conducted in three phases: soil and groundwater data collection, soil and groundwater sampling, and quarterly groundwater monitoring. In 2019, Airport reported a pollution remediation liability of $245 thousand. This amount remains the same in 2020 as investigation is still ongoing as of December 31, 2020.

East Perched Zone - The East Perched Zone (EPZ) is a 20-acre area of shallow groundwater located on the east side of the Cedar Hills Regional Landfill (CHRLF) in Maple Valley, Washington. Based on an incomplete draft Remedial Investigation (RI), shallow groundwater in the EPZ is impacted by vinyl chloride, arsenic, manganese, and iron. The County believes these contaminants were deposited through exposure of the water and surrounding soils to landfill gas. Regulations did not require liners between refuse and native soils when refuse was placed in this part of the landfill, which dated back to the mid-1960s. The Washington State Department of Ecology, on behalf of Public Health - Seattle and King County, requested that King County Solid Waste Division engage in a voluntary cleanup of the EPZ under the Model Toxics Control Act (MTCA). The Solid Waste Division reported a pollution remediation liability of $1.2 million at December 31, 2020 to complete the RI work and a feasibility study.

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

	Governmental Activities	Total Governmental Funds	Major Funds: General Fund	Major Funds: Behavioral Health Fund	Nonmajor Governmental Funds	Internal Service Funds
Pollution remediation						
Due within one year	$ 1,775	$ —	$ —	$ —	$ —	$ —
Due in more than one year	2,661	—	—	—	—	—
Total	$ 4,436	$ —	$ —	$ —	$ —	$ —

	Business-type Activities	Total Enterprise Funds	Major Funds: Public Transportation	Major Funds: Water Quality	Major Funds: Solid Waste	Nonmajor Enterprise Funds
Pollution remediation						
Due within one year	$ 6,751	$ 6,751	$ —	$ 6,751	$ —	$ —
Due in more than one year	44,645	44,645	639	42,567	1,194	245
Total	$ 51,396	$ 51,396	$ 639	$ 49,318	$ 1,194	$ 245

Note 15
Long-term Liabilities

Short-term Debt Instruments and Liquidity

At December 31, 2020, King County has no short-term debt outstanding.

Long-term Debt

King County has long-term debt reported for both governmental activities and business-type activities.

For governmental activities, long-term debt consists of general obligation bonds and general obligation capital leases. The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds consist of limited, unlimited general obligation bonds and capital leases. The general obligation bonds are direct obligations and pledge the full faith and credit of the County. These bonds generally are issued as serial bonds with principal maturing each year and maturities that range from five to 30 years.

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

Sewer revenue bonds are secured by the pledge of and lien on revenues of the sewer system subject to the payment of all operating and maintenance expenses of the sewer system. Payments from revenues of Water Quality are required to be made to the sewer revenue bond fund in the annual amounts sufficient to retire serial or term bonds on or before maturity. The amount required in the cash reserved and surety policies is based on the highest year of debt services over the life of all outstanding revenue bonds. The sewer revenue bonds are special limited obligations of the County, and neither its full faith and credit nor any taxing power is pledged to the payment of the sewer revenue bonds. These sewer revenue bonds have maturities that range from 20 to 40 years.

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

SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
(PAGE 1 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2020
I. GOVERNMENTAL ACTIVITIES - LONG-TERM DEBT					
IA. Limited Tax General Obligation Bonds (LTGO)					
2010A LTGO Refunding 2001 and 2002 Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	$ 21,445	$ 890
2010B LTGO (BABs) (Taxable) Bonds	12/1/2010	12/1/2021	2.85-6.05%	17,355	1,180
2010C LTGO (RZEDBs) (Taxable) Bonds	12/1/2010	12/1/2030	4.58-6.05%	23,165	23,165
2010D LTGO (QECBs) (Taxable) Bonds	12/1/2010	12/1/2025	5.43%	2,825	2,825
2011 LTGO Refunding 2002, 2003A, and 2003B Bonds	8/1/2011	6/1/2023	2.00-5.00%	25,700	7,665
2011D LTGO (Maury Island/Open Space Acquisition) Bonds	12/21/2011	12/1/2031	2.00-3.50%	21,895	6,800
2012A LTGO (ABT Project) Bonds	3/29/2012	7/1/2022	3.00-5.00%	65,935	17,840
2012B LTGO (S. Park Bridge) Bonds	5/8/2012	9/1/2032	3.00-5.00%	28,065	13,970
2012C LTGO Refunding 2004B and 2005 Bonds	8/28/2012	1/1/2025	5.00%	54,260	25,995
2012D LTGO Refunding 2002BOP Lease (HMC) Bonds	11/29/2012	12/1/2031	2.00-5.00%	41,810	28,175
2012E LTGO SE District Court Relocation Bonds (Partial)	12/19/2012	12/1/2027	2.00-5.00%	3,000	1,580
2012F LTGO (QECBS) (Taxable) KCCF HVAC Project (Partial)	12/19/2012	12/1/2022	2.20%	3,010	3,010
2013B LTGO Refunding 2005 GHP Lease Bonds	12/19/2013	12/1/2026	3.00-5.00%	42,820	24,415
2014B LTGO (Tall Chief Acquisition/SWM) Bonds	6/24/2014	6/1/2034	2.00-5.00%	15,395	10,465
2015B LTGO (FED TAX-EXEMPT) Bonds	10/13/2015	12/1/2030	2.50-5.00%	27,355	14,345
2015C LTGO Refunding 2007C and 2007D Bonds	10/13/2015	1/1/2028	3.00-5.00%	25,970	21,745
2015E LTGO Refunding 2006A NJB and 2007 KSC Lease Bonds	12/17/2015	12/1/2036	4.00-5.00%	172,320	142,795
2016A LTGO Bond 4Culture Building	3/10/2016	12/1/2030	1.50-5.00%	22,450	20,320
2017B LTGO Bond Various Purpose (Partial)	8/10/2017	6/1/2037	3.00-5.00%	33,325	23,655
2018A LTGO Bond Various Purpose (Partial)	8/8/2018	6/1/2038	5.00%	5,845	4,900
2019HUD LTGO Refg06HUD Section108 Bonds	3/28/2019	8/1/2024	2.55-2.67%	1,437	1,005
2019A LTGO Refunding 2009B and 2013MM Bonds	3/15/2019	6/1/2029	5.00%	41,420	36,365
2019B LTGO Bond Various Purpose	9/12/2019	7/1/2039	5.00%	62,340	57,360
2019C LTGO Refunding 2009C Bonds	12/19/2019	1/1/2024	5.00%	13,020	13,020
2020A LTGO Various Purpose Bonds (Partial)	11/3/2020	12/1/2050	5.00%	32,090	32,090
2020B LTGO Refunding Bonds (Taxable) (Partial)	11/3/2020	12/1/2034	0.35-2.00%	54,065	54,065
Total Payable From Limited Tax GO Redemption Fund				858,317	589,640
IB. Limited Tax GO Capital Lease [(a)]					
2006 Project lease agreement - NJB Properties	11/14/2006	12/1/2036	5.0%-5.51%	189,720	7,793
Total Limited GO Capital Lease				189,720	7,793
IC. Unlimited Tax General Obligation Bonds (UTGO)					
Payable From Unlimited Tax GO Redemption Fund					
2012 UTGO Refunding 2004 (HMC) and 2004B (HMC) Bonds	8/14/2012	12/1/2023	2.00-5.00%	94,610	38,785
Total Payable From Unlimited Tax GO Bond Redemption Fund				94,610	38,785
TOTAL GOVERNMENTAL ACTIVITIES – LONG-TERM DEBT				1,142,647	636,218

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

SCHEDULE OF LONG-TERM DEBT
(IN THOUSANDS)
(PAGE 2 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2020
II. BUSINESS-TYPE ACTIVITIES - LONG-TERM DEBT					
IIA. Limited Tax General Obligation Bonds (LTGO) Payable from Enterprise Funds					
2008 LTGO (WQ) Refunding 1998B Bonds	2/12/2008	1/1/2023	3.25-5.25%	$ 236,950	$ 21,020
2010A LTGO Refunding 2001 (Airport) Bonds (Partial)	10/28/2010	6/1/2021	2.00-5.00%	5,110	580
2010B LTGO (BABs) (Transit) Taxable Bonds	12/1/2010	12/1/2030	2.85-6.05%	20,555	13,715
2012A LTGO (WQ) Refunding 2005A Bonds	4/18/2012	1/1/2025	2.00-5.00%	68,395	41,360
2012B LTGO (WQ) Refunding 2005A Bonds	8/2/2012	1/1/2028	5.00%	41,725	30,500
2012D LTGO (Transit) Refunding 2002 and 2004 Bonds	10/16/2012	6/1/2034	2.00-5.00%	71,670	31,445
2012F LTGO (WQ) (South Plant Pump) Bonds	12/19/2012	12/1/2022	2.20%	3,010	3,010
2013 LTGO (Solid Waste) Bonds	2/27/2013	12/1/2040	3.10-5.00%	77,100	44,330
2014C LTGO & Refunding 2007E (Solid Waste) Bonds	7/30/2014	12/1/2034	2.00-5.00%	25,515	21,680
2015A LTGO (WQ) Refunding 2009B2 Bonds	2/18/2015	7/1/2038	2.00-5.00%	247,825	239,465
2015B LTGO (FED Tax-Exempt) (Solid Waste) Bonds	10/13/2015	12/1/2025	5.00%	60	35
2015D LTGO & Refunding 2007E (Solid Waste) Bonds	11/5/2015	12/1/2040	3.00-5.00%	50,595	40,385
2017A LTGO (WQ) Refunding 2008 Bonds	10/25/2017	7/1/2033	4.00-5.00%	154,560	131,970
2017A LTGO (Solid Waste) Bonds	6/8/2017	6/1/2040	3.25-5.00%	31,230	28,860
2017B LTGO (Solid Waste) Bond Various Purpose	8/10/2017	6/1/2027	4.00-5.00%	135	110
2018A LTGO (Marine Construction) partial	8/8/2018	6/1/2038	4.00-5.00%	6,330	5,935
2019 LTGO (WQ) Capital Improvement Projects Bonds	10/24/2019	1/1/2038	5.00%	101,035	101,035
2019A Multi-Modal LTGO Refunding 2015AB Bonds	6/27/2019	1/1/2046	Variable [b]	100,000	100,000
2019B Multi-Modal LTGO Refunding 2017 Bonds	6/27/2019	1/1/2046	Variable [b]	48,095	48,095
2020A LTGO Various Purpose (Transit) Bonds (Partial)	11/3/2020	12/1/2050	5.00%	21,065	21,065
2020B LTGO Refunding (Solid Waste) Bonds (Taxable) (Partial)	11/3/2020	12/1/2031	0.35-1.70%	19,975	19,975
Total Limited Tax GO Bonds Payable From Enterprise Funds				1,330,935	944,570
IIB. GO Bonds Payable - Direct Placements Payable from Enterprise Funds					
2017AB Multi-Modal LTGO (WQ) Refunding 2010A and 2010B Bonds	10/26/2017	1/1/2040	Variable [c]	100,000	98,225
Total GO Bonds Payable -Direct Placements Payable From Enterprise Funds				100,000	98,225
Total LTGO Bonds and GO Bonds-Direct Placements Payable from Enterprise Funds				1,430,935	1,042,795
IIC. Revenue Bonds Payable from Enterprise Funds					
2011 Sewer Revenue (Capital Improvement Projects) Bonds	1/25/2011	1/1/2021	5.00-5.125%	175,000	4,175
2011B Sewer Revenue Refunding 2001, 2002A, 2002B, and 04A Bonds	10/5/2011	1/1/2021	1.00-5.00%	494,270	29,445
2011C Sewer Revenue Refunding 2001, 2002A, and 2004A Bonds	11/1/2011	1/1/2022	3.00-5.00%	32,445	7,885
2012 Sewer Revenue and Refunding 2004A Bonds	4/18/2012	1/1/2024	5.00%	104,445	9,785
2012B Sewer Revenue and Refunding 2004A Bonds	8/2/2012	1/1/2028	4.00-5.00%	64,260	13,640
2012C Sewer Revenue and Refunding 2004A and 2006 Bonds	9/19/2012	1/1/2033	2.50-5.00%	65,415	14,345
2012 Sewer Revenue Junior Lien Variable Rate Demand Bonds	12/27/2012	1/1/2043	Variable[d]	100,000	100,000
2013A Sewer Revenue Refg 2003, 2006, and 2005 Sewer-LTGO Bonds	4/9/2013	1/1/2027	2.00-5.00%	122,895	45,930
2013B Sewer Revenue and Refunding 2004B Bonds	10/29/2013	1/1/2044	2.00-5.00%	74,930	54,680
2014A Sewer Revenue Refunding 2007 Bonds	7/8/2014	1/1/2047	5.00%	75,000	75,000
2014B Sewer Revenue Refg 2004B, 2006, 2006B, 2007 and 2008 Bonds	8/12/2014	7/1/2035	1.00-5.00%	192,460	175,500
2015A Sewer Revenue Refunding 2007, 2008, and 2009 Bonds	2/18/2015	7/1/2047	3.00-5.00%	474,025	467,735
2015B Sewer Revenue & Refunding 2006 Bonds	11/17/2015	1/1/2046	4.00-5.00%	93,345	70,895
2016A Sewer Revenue & Refunding 2007, 2008, 2009, 2010 Bonds	2/17/2016	7/1/2041	4.00-5.00%	281,535	269,175
2016B Sewer Revenue & Refg 2006-2, 2010, 2011A, 2011B, 2011C Bonds	10/12/2016	7/1/2049	4.00-5.00%	499,655	447,070
2017A Sewer Revenue Refg 2009LTGO, 2010, 2011A, 2011B, 2011C Bnds	12/19/2017	7/1/2049	5.00%	149,485	122,305
2018B Sewer Revenue Refg 2010, 2011B, 2012 Bonds	11/15/2018	7/1/2032	5.00%	124,455	124,455
2020A Junior Lien Sewer Revenue Refg 2001 Bonds (Mandatory Put Bonds)	7/14/2020	1/1/2032	Variable[e]	100,295	100,295
2020B Junior Liew Sewer Revenue Refg 2011 Bonds (Mandatory Put Bonds)	7/14/2020	1/1/2042	Variable[e]	100,295	100,295
2020A Sewer Improvement and Refunding Revenue 2010 Bonds	8/4/2020	1/1/2052	1.625-5.00%	179,530	179,530
2020B Sewer Revenue Refunding 2012B, 2012C, 2013A, and 2016B (Txble)	8/4/2020	1/1/2040	0.27-2.48%	186,745	186,745
Total Revenue Bonds Payable from Enterprise Funds				3,690,485	2,598,885

SCHEDULE OF LONG-TERM DEBT

(IN THOUSANDS)

(PAGE 3 OF 3)

	Issue Date	Final Maturity	Interest Rates	Original Issue Amount	Outstanding 12/31/2020
IID. State Revolving Loans-Direct Borrowings Payable from Enterprise Funds					
2000-2020 WQ State of Washington Revolving Loans	Various	Various	0.50-3.10%	$ 310,129	$ 245,471
2019 Solid Waste State of Washington Revolving Loans	6/26/2019	6/1/2038	1.66%	1,890	1,816
Total State Revolving Loans-Direct Borrowings Payable from Enterprise Funds				312,019	247,287
IIE. Capital Leases Payable from Enterprise Funds					
2000 Public Transportation Park and Ride Capital Leases	3/30/2000	12/31/2031	5.00%	4,722	2,094
Total Capital Leases Payable From Enterprise Funds				4,722	2,094
TOTAL BUSINESS-TYPE ACTIVITIES – LONG-TERM DEBT				5,438,161	3,891,061
TOTAL LONG-TERM DEBT				$ 6,580,808	$ 4,527,279

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

(c) The 2017AB Multi-Modal bonds initially issued in the Weekly Mode bear interest at Weekly Rates. The bonds in the Weekly Mode may be converted to Daily Mode, Flexible Mode, Term Rate Mode or Fixed Rate Mode.

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

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

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

DEBT SERVICE REQUIREMENTS TO MATURITY
(IN THOUSANDS)

GOVERNMENTAL ACTIVITIES

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

BUSINESS-TYPE ACTIVITIES

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

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

Long-term liability activity is reported by King County within governmental activities and business-type activities. The summary of changes in long-term liabilities for the year ended December 31, 2020 is as follows (in thousands):

SCHEDULE OF CHANGES IN LONG-TERM LIABILITIES

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

Governmental activities estimated claims settlements of $153.1 million are liquidated by internal service funds. Governmental activities compensated absences, net pension liability and other postemployment benefits are liquidated by the governmental fund in which an employee receiving the payment is budgeted, including most notably, General Fund, Public Health Fund and County Road Fund.

General Obligation Bonds-Direct Placements

The County's outstanding notes from direct placements related to business-type activities in the combined amount of $98.2 million related to 2017A/B State Street Bank Multi-Modal LTGO Water Quality Refunding Bonds are secured by a subordinate lien on the net revenue of the Water Quality system as well as the full faith and credit of the County. This outstanding 2017A/B Multi-Modal LTGO from direct placements related to business-type activities contain 1) provision that in the event of default under the continuing covenants agreements for the bonds that provide additional security includes non-payment of amounts due and ratings downgrades below certain thresholds and 2) a provision that if the County is unable to make payment, outstanding amounts are due immediately. The subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

State of Washington Revolving Loans-Direct Borrowings

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

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

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

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

Authorized But Unissued

At yearend, the County had various amounts of debt that have been authorized but unissued: $95.0 million for the Solid Waste capital program, $223.0 million for Public Transportation, $21.0 million for Conservation Futures Levy. In addition, the County had authorized $1.07 billion sewer revenue bonds or general obligation bonds that remained unissued.

Unused Lines of Credit

The County has no unused lines of credit at year-end.

<u>Computation of Legal Debt Margin</u>

Under Washington State law (RCW 39.36.020), a county may incur general obligation debt for general county purposes in an amount not to exceed 2.5 percent of the assessed value of all taxable property within the county. State law requires all property to be assessed at 100 percent of its true and fair value. Unlimited tax general obligation debt requires an approving vote of the people; any election to validate such general obligation debt must have a voter turnout of at least 40 percent of those who voted in the last state general election and, of those voting, 60 percent must be in the affirmative. The County Council may by resolution authorize the issuance of limited tax general obligation debt in an amount up to 1.5 percent of assessed value of property within the County for general county purposes and 0.75 percent for metropolitan functions (Wastewater Treatment and Public Transportation), but the total of limited tax general obligation debt for general county purposes and metropolitan functions should not exceed 1.5 percent of assessed value. No combination of limited and unlimited tax debt, for general county purposes, and no combination of limited and unlimited tax debt, for metropolitan functions, may exceed 2.5 percent of the valuation. The debt service on unlimited tax debt is secured by excess property tax levies, whereas the debt service on limited tax debt is secured by property taxes collected within the $1.80 per $1,000 of assessed value operating levy.

The legal debt margin computation for the year ended December 31, 2020 (in thousands):

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

Refunding and Defeasing General Obligation Bond Issues - 2020

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

The net proceeds were used to purchase U.S. government securities that were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the governmental activities column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $8.4 million. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by $6.4 million over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of $5.9 million.

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

The net proceeds were used to purchase U.S. government securities that were deposited with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the business-type activity column of the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by $1.3 million. This amount, reported in the statement of net position, is being charged to operations through fiscal year 2034, using the outstanding principal balance method. This advance refunding was undertaken to reduce total debt service payments by $2.7 million over the life of the new bonds, resulting in an economic gain (difference between the present values of the old and new debt service payments) of $2.5 million.

Refunding and Cash Defeasance Sewer Revenue Bond Issues - 2020

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

Sewer Improvement and Refunding Revenue Bonds, 2020 Series A - On August 4, 2020, the County issued $24.1 million in Sewer Improvement and Refunding Revenue Bonds, 2020 series A with an effective interest cost of 1.7 percent to current refund $28.3 million of outstanding Sewer Revenue Bonds, 2010. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position.

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

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

The net proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position.

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

2020 Partial Cash Defeasance of Sewer Revenue and Refunding Bonds, 2012 - On December 11, 2020, the County purchased Treasury securities at a cost of $85.9 million and placed them in an escrow to pay interest and redeem at their earliest redemption dates $80 million of outstanding Sewer Revenue and Refunding Bonds, Series 2012. Funding for the escrow came from operations and excess in bond reserves. As a result, a portion of series 2012 bonds are considered defeased and the liability for those bonds has been removed from the business-type activities column of the statement of net position. Water Quality undertook the defeasance in order to reduce future debt service payments.

Prior Year Refunded and Defeasance of Debt

As of December 31, 2020, King County has fifteen refunded and defeased bond issues outstanding, consisting of seven limited tax general obligation bonds ($129.4 million) and eight sewer revenue bonds ($660.3 million). In prior years, the County defeased these bonds by placing the proceeds of the new bonds in an irrevocable trust accounts to provide for all future debt service payments on the old bonds. Accordingly, the payments of principal and interest on these old bond issues are the responsibility of the escrow agent, U.S. Bank National Association, and the liability for the defeased bonds has been removed from the County's financial statement.

Asset Retirement Obligations

In 2020, the County reported asset retirement obligations (ARO) in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations*. The liability is measured at its current value and based on professional judgment, experience, and historical cost data.

The following tables summarize the County's AROs as of December 31, 2020 (in thousands):

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

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

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

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

Component Unit - NJB Properties

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

	Issue Date	**Final Maturity**	**Interest Rates**	**Original Issue Amount**	**Outstanding at 12/31/20**
Lease Revenue Bonds, 2006 Series A	12/5/2006	12/1/2036	5.00-6.00%	$ 179,285	$ 5
Lease Revenue Bonds, 2006 Series B	12/5/2006	12/1/2036	5.00-6.00%	10,435	7,990
Total Bonds Payable				$ 189,720	$ 7,995

Year	**Principal**
2021	$ 325
2022	345
2023	360
2024	380
2025	400
Thereafter	6,185
Total	$ 7,995

Note 16

Interfund Balances and Transfers

Interfund Balances

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

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

Receivable Fund	Payable Fund	Amount
General Fund	All Others	$ 53
Behavioral Health Fund	All Others	2
Nonmajor Governmental Funds	General Fund	884
	Nonmajor Governmental Funds	41,690
	All Others	12
Public Transportation Enterprise	General Fund	825
	Nonmajor Governmental Funds	4,807
Water Quality Enterprise	General Fund	502
	Nonmajor Governmental Funds	2,022
Solid Waste Enterprise	Nonmajor Governmental Funds	1,106
	All Others	103
Nonmajor Enterprise Funds	All Others	274
Internal Service Funds	Nonmajor Governmental Funds	55,755
	Internal Service Funds	3,600
	All Others	396
Total interfund balances		$ 112,031

The interfund balances resulted from the time lag between the dates: (1) when interfund goods and services were provided or reimbursable expenditures incurred, and when interfund payments were made; and (2) when interfund short-term loans were made and when the loans were repaid.

Advances from/to other funds (in thousands)

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 7,150
Nonmajor Governmental Funds	Nonmajor Governmental Funds	4,000
Internal Service Funds	Nonmajor Governmental Funds	19,637
Total advances from/to other funds		$ 30,787

All of these advances consisted of loans made for the purpose of cash flow. None of the advances are scheduled to be repaid in 2021.

Interfund Transfers (in thousands)

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

Transfers Out	Transfers In	Amount
General Fund	Behavioral Health Fund	$ 3,028
	Nonmajor Governmental Funds	76,048
	Internal Service Funds	902
Behavioral Health Fund	General Fund	8,469
	Nonmajor Governmental Funds	7,174
Nonmajor Governmental Funds	General Fund	12,316
	Behavioral Health Fund	6,266
	Nonmajor Governmental Funds	283,450
	All Others	404
Public Transportation Enterprise	Nonmajor Governmental Funds	3,744
Water Quality Enterprise	Nonmajor Governmental Funds	894
Solid Waste Enterprise	Nonmajor Governmental Funds	979
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	659
Internal Service Funds	Nonmajor Governmental Funds	23,361
Total interfund transfers		$ 427,694

Transfers are used to move resources from a fund collecting them to the fund using them, as required by statute or budget, and to account for ongoing operating subsidies between funds in accordance with budget authorizations.

Note 17

Related Party Transactions

Harborview Medical Center (HMC), a discretely presented component unit of King County, makes monthly occupancy fee and rental payments to the County for use of the Patricia Steel Memorial Building and the Ninth & Jefferson Building (NJB). The County became the legal owner of the Patricia Steel Memorial Building in December 2012 when it refinanced the original developer issued bonds. HMC will continue to use the building. Rent is also paid by HMC to the County for use of NJB, owned by a nonprofit corporation that is a discrete component unit of the County. The County is contractually obligated for the debt service on the lease revenue bonds issued by the nonprofit which funded construction of NJB. In both situations, HMC has agreed to include the annual rental payments in its operating budget for as long as it uses the buildings. In 2020, the primary government received $13.9 million in building lease and occupancy revenues from HMC. In addition, HMC made $5.0 million in payments to King County Department of Health for mission-related purposes.

The Cultural Development Authority (CDA), a discretely presented component unit of King County, annually receives funding from various County funds under the One Percent for Art program. Revenues are used to support activities related to the development and maintenance of County public art. In 2020, the King County primary government transferred $242 thousand to the CDA. The CDA spent net $739 thousand on art projects, for which the County recorded a corresponding decrease in receivables from the CDA and an increase in artwork. In addition, King County made a $4.2 million loan for the Building 4Equity program and $276 thousand in payments to the CDA for mission-related purposes.

The Public Transportation Enterprise (Transit) entered into a ground lease agreement as lessor with King County Housing Authority (KCHA) for the development of affordable housing units and a parking garage in the City of Redmond. The land under the lease has a cost of $1.3 million. KCHA is a related organization of King County. The lease provides for a minimum set-aside of 150 parking stalls for park-and-ride commuters. The lease calls for an annual lease payment with a 3.0 percent increase each year, commencing with the year ended December 31, 2003. The lease payment is due within 90 days following the end of each calendar year. A portion of the annual lease payment is restricted for use on future Federal Transit Administration projects. The term of the lease is 50 years with one option to extend for 25 years. Transit reported lease revenue of $50 thousand in 2020.

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

Note 18

Components of Fund Balance, Restatements and Restrictions

Net Position

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

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

Restricted net position - Results when constraints are placed on net position use either by external parties or by law through constitutional provision or enabling legislation. Restricted net position for other purposes for the year ended December 31, 2020, was as follows:

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

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

Components of Fund Balance

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

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

Rainy Day Reserve Ordinance 15961 created the Rainy Day Reserve for the purpose of accumulating revenues to be available for emergencies. The fund is fully invested for its own benefit. The ordinance states that the Rainy Day Reserve shall be used in the event of an emergency, as declared by a vote of the County Council, for the following purposes:

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

The Rainy Day Reserve is reported as part of the General Fund. As of December 31, 2020, it had a committed fund balance of $26.4 million.

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

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

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

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

Restatements of Beginning Balances

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

GOVERNMENTAL ACTIVITIES

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

Governmental Activities

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

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

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

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

BUSINESS-TYPE ACTIVITIES

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

Business-type Activities

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

Fiduciary Funds

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

Restricted Net Position

Component Unit - Harborview Medical Center (HMC)

Restricted expendable net position - $6.3 million of expendable net position is restricted for either capital purposes use or through donor restrictions. Restrictions are imposed by King County on the use of resources for designated capital projects. Other restrictions are placed by donors or external parties, such as creditors, through purpose or time restrictions on the use of the assets.

Restricted nonexpendable net position - The $3.1 million consists of permanent endowments provided by donors with restrictions requiring HMC to maintain the assets in perpetuity.

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

Restricted expendable net position - $5.1 million is restricted by RCW 67.28.180.3 and King County ordinance to be used for the arts and heritage cultural program awards fund and special account, for which the amount is derived according to a specified formula, and one percent for public arts program.

Note 19

Legal Matters, Financial Guarantees and Other Commitments

Pending Litigation and Other Claims

King County and its agencies are parties to routine legal proceedings that normally occur in governmental operations. At any given point, there may be numerous lawsuits that could significantly impact expenditures and future budgets. The County's threshold for disclosure of loss contingencies is $1.0 million.

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

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

East Waterway Operable Unit of the Harbor Island Superfund Site - The Port of Seattle has completed a significant removal action in the East Waterway. The City of Seattle, Port of Seattle and King County may subsequently negotiate the amount, if any, that the City and the County will contribute to defray the Port of Seattle's past cleanup costs at the site. At this juncture, we are unable to determine an amount that WTD may be responsible for, if any. In addition, the Environmental Protection Agency (EPA) determined that a supplemental Remedial/Feasibility Study (RI/FS) is necessary. The supplemental RI/FS is now complete and has been approved by EPA, though one additional study is now being completed at EPA's request to further finalize it. A three-way agreement with the Port of Seattle, the City of Seattle and King County covers the participation of the East Waterway Operable Unit. The agreement allocates to the WTD a one-third pro-rata share of the study costs as defined in the agreement, although these costs may be reallocated among the parties or with other Potentially Responsible Parties (PRP) who may agree to participate in the study. The parties may also seek contribution from PRPs for the cost of the study. The EPA is now contemplating issuance of a Proposed Plan that would select the site remedy. Meanwhile, the County, the Port, the City and Seattle Iron & Metals have negotiated a memorandum of agreement to implement a search for other responsible parties.

North Creek Interceptor Sewer Improvement Project - A claim submitted by a contractor against WTD over the project to repair and replace two miles of pipeline serving the rapidly developing area in the vicinity of Canyon Park and address untreated overflows into buildings and a wetland. Pursuant to an agreement with DOE, WTD had to install a bypass system because this capital project was not completed by the onset of the 2016 wet season. The contractor submitted a request for change order for approximately $1.5 million asserting that the contract dewatering and open-faced shield tunneling specifications are defective. The contractor also asserted that he was constructively suspended and stopped tunneling. King County found the contractor in default, terminated the contract and made demand upon the performance bond surety. King County Executive declared an emergency and WTD procured a $20.0 million completion contract pursuant to the waiver of statutory procurement requirements. The completion contract and work required to repair damage or defective work by the former contractor increased these costs to approximately $28.0 million. In December 2016, King County initiated suit in King County Superior Court against the contractor to recover the additional costs to complete the project. The contractor has counter claimed for approximately $10.0 million asserting its change order claims and wrongful termination. The trial date is set for August 30, 2021.

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

Lower Duwamish Waterway - Possible Natural Resource Damages - King County has participated in discussions with National Oceanic and Atmospheric Administration (NOAA) regarding alleged natural resource damages (NRD) in the Lower Duwamish Waterway and around Harbor Island. These discussions have included NOAA's determination that the County may be a potentially liable party that has contributed to the release of hazardous substances that have injured natural resources. NOAA notified the County in February 2016 that the Natural Resources Trustees will proceed with a NRD assessment and invited the County to participate in the development of the assessment. The County notified NOAA in March 2016 and again in December 2019 that the County desires to conduct settlement discussions regarding the NRD liability that NOAA attributes to the County. The County's intent in past discussions with NOAA has been to minimize the County's alleged liability relative to the other liable parties. The County is currently in the process of negotiating a settlement with NOAA but cannot predict the amount or likelihood of settlement at this point in time.

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

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

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

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

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

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

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

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

Financial Guarantees

King County has extended nonexchange financial guarantees in the form of contingent loan agreements with the King County Housing Authority (KCHA), a related organization to the County, and other owners/developers of affordable housing. The County will provide credit support, such as assumption of monthly payments, for certain bonds and lines of credit issued by these agencies in the event of financial distress. Any guarantee payments made become liabilities of the guaranteed contract holders to be paid back after regaining financial stability. The County’s credit enhancement program, managed by the Department of Community and Human Services, allows up to $400.0 million in total commitment. At the end of 2020, there are 15 contingent loan agreements outstanding totaling $285.0 million. These agreements have maturity dates ranging from 10 to 40 years. All projects are currently self-supporting and the County has not made any payments pursuant to these agreements. It is unlikely that the County will make any payments in relation to these guarantees based on available information at the end of December 31, 2020 and the standards prescribed under GASB Statement No. 70 - *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Fuel Farm - The existing fuel farm is located at the North end of the King County International Airport inside the security fence at 1495 S. Hardy Street. The site occupies approximately 1.98 acres and includes 11 underground tanks (eight operational tanks dispensing aviation fuel and three closed tanks). The fuel farm tenant and subtenant are responsible for the cleanup of the fuel farm site. Under the Model Toxics Control Act (MTCA), the DOE can pursue all cleanup costs from a single owner or operator. In such a scenario, the County (as owner) would need to identify a responsible third party, such as a former tenant or tenants, who are responsible for all the existing contamination. But if the County is responsible for any of the contamination, the DOE could order the County to clean the site. The County would then pursue other potentially liable parties for statutory contribution. There are still on going cleanup studies by the tenant and subtenant at December 31, 2020, and the County believes the scenario wherein it performs the clean-up activities itself to be unlikely.

Other Commitments

The Solid Waste Enterprise paid the County General Fund $3.1 million for rent on the Cedar Hills landfill site in 2020. The Enterprise is committed to paying rent to the General Fund as long as the Cedar Hills site continues to accept waste.

Component Unit - Harborview Medical Center

Harborview Medical Center (HMC) is involved in litigation arising in the course of business. It is HMC management's opinion that these matters will be resolved without material adverse effect to HMC's future financial position or results of operations.

The current regulatory environment in the healthcare industry is one of increasing governmental activity with respect to investigations and allegations concerning possible violations of regulations by healthcare providers that could result in the imposition of significant fines and penalties, including significant repayments of patient services previously billed. HMC believes that it complies with the fraud and abuse regulations, as well as other laws and regulations. Compliance with such laws and regulations can be subject to future governmental review and interpretation and regulatory actions unknown or unasserted at this time.

HMC is operated by the University of Washington under a management and operations contract with King County. In this contract, the University of Washington agrees to defend, indemnify, and save and hold harmless King County's elected and appointed officials, employees, and agents, from and against any damage, cost, claim or liability arising out of the negligent acts or omissions of the University, its employees or agents, or arising out of the activities or operations of the medical center.

Note 20

Subsequent Events

Debt Issuances in 2021

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

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

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

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

Novel Coronavirus / State of Emergency

On February 29, 2020 the Governor of the state of Washington declared a state of emergency in response to the spread of a deadly new virus, SARS-CoV-2. Like the State, the County took immediate and aggressive steps to protect residents including declaring a public health emergency on March 1, 2020. On March 22, 2020 the President of the United States declared a major disaster in the state of Washington.

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

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

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

Loans Advanced

On January 14, 2021 The Executive Finance Committee exercised authority granted it by the Metropolitan King County Council under Ordinance 19218 and advanced a loan from the General Fund in the amount of $11.6 million to the Pacific Science Center Foundation ("the Foundation"). The Foundation offers high-quality science education experiences at the Pacific Science Center in Seattle, the Mercer Slough Environmental Education Center in Bellevue and as the largest provider, through outreach programming, of informal science learning in the state, annually reaching more than 74 thousand King County students through field trips to its facilities, visits to classrooms and community centers, summer camps at seven locations throughout King County, winter and spring break camps and youth development programs, as well as providing those services to an additional 96 thousand students across the state. The county has an interest in supporting Pacific Science Center because of the benefits it provides for King County youth, particularly low-income youth and youth of color. The loan provides support to the Foundation until operations, which were suspended in March, 2020 due to the pandemic, can resume and will be repaid from Foundation revenues over the period 2022-2029.

Major Property Purchases

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

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

Fiduciary Activities - External Investment Pool

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

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

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

	2019-2020 BUDGETED AMOUNTS (BIENNIAL) ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Property taxes	$ 740,306	$ 762,944	$ 744,023	$ (18,921)
Retail sales and use taxes	297,516	309,742	299,403	(10,339)
Business and other taxes	8,900	8,900	7,448	(1,452)
Licenses and permits	15,055	15,055	12,599	(2,456)
Intergovernmental revenues	45,393	132,815	157,734	24,919
Charges for services	579,740	577,132	563,237	(13,895)
Fines and forfeits	49,625	48,869	49,742	873
Interest earnings	24,481	26,581	30,881	4,300
Miscellaneous revenues	41,844	42,412	38,538	(3,874)
Sale of capital assets	—	—	1,088	1,088
Transfers in	25,994	48,355	53,266	4,911
TOTAL REVENUES	1,828,854	1,972,805	1,957,959	(14,846)
EXPENDITURES				
Current:				
General government	325,442	346,138	332,751	13,387
Law, safety and justice	1,263,285	1,341,090	1,300,827	40,263
Economic environment	5,018	14,018	10,011	4,007
Health and human services	93,475	102,059	98,658	3,401
Debt service:				
Principal	207	207	—	207
Interest and other debt service costs	68	87	481	(394)
Capital outlay	3,777	5,502	5,023	479
Transfers out	165,339	234,718	188,405	46,313
TOTAL EXPENDITURES	1,856,611	2,043,819	1,936,156	107,663
Excess (deficiency) of revenues over (under) expenditures	$ (27,757)	$ (71,014)	21,803	$ 92,817
Adjustment from budgetary basis to GAAP basis[(a)]			14,906	
Net change in fund balance			36,709	
Fund balance - Beginning balance			164,081	
Fund balance - Ending balance			$ 200,790	

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

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

Behavioral Health Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2020
(in thousands)

2019-2020 BUDGETED AMOUNTS (BIENNIAL)

	ORIGINAL	FINAL	ACTUAL	VARIANCE
REVENUES				
Taxes:				
Property taxes	$ 6,988	$ 6,988	$ 7,026	$ 38
Business and other taxes	—	—	32	32
Intergovernmental revenues	28,200	32,700	29,716	(2,984)
Charges for services	601,950	601,950	492,179	(109,771)
Interest earnings	938	938	647	(291)
Miscellaneous revenues	2,900	2,900	5,937	3,037
Sale of capital assets	—	—	1	1
Transfers in	15,658	15,658	17,586	1,928
TOTAL REVENUES	656,634	661,134	553,124	(108,010)
EXPENDITURES				
Current:				
General government	—	—	7,384	(7,384)
Health and human services	683,898	692,028	582,913	109,115
Debt service:				
Interest and other debt service costs	—	—	5	(5)
Transfers out	—	—	28,222	(28,222)
TOTAL EXPENDITURES	683,898	692,028	618,524	73,504
Excess (deficiency) of revenues over (under) expenditures	$ (27,264)	$ (30,894)	(65,400)	$ (34,506)
Adjustment from budgetary basis to GAAP basis[(a)]			170	
Net change in fund balance			(65,230)	
Fund balance - Beginning balance			34,126	
Prior period adjustment			151	
Fund balance - Ending balance			$ (30,953)	

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

Adjustments to revenues:	
Recognition of unrealized gains on investments	$ 170
Adjustment from budgetary basis to GAAP basis	$ 170

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

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

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

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

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	10.85 %	10.06 %	10.29 %	10.14 %	10.52 %	10.36 %
County's proportionate share of the net pension liability	$ 138,736	$ 97,735	$ 175,728	$ 352,361	$ 529,855	$ 370,294
County's covered payroll**	$1,219,052	$1,144,724	$1,072,968	$ 995,800	$ 953,254	$ 949,860
County's proportionate share of the net pension liability as a percentage of covered payroll	11.38 %	8.54 %	16.38 %	35.38 %	55.58 %	38.98 %
Plan fiduciary net position as a percentage of the total pension liability	97.22 %	97.77 %	95.77 %	90.97 %	85.82 %	89.20 %

*These schedules will be built prospectively until they contain ten years of data.
**Covered payroll is the payroll on which contributions to a pension plan are based.
***Restated

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

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability (asset)	8.22 %	8.67 %	9.69 %	9.92 %	11.33 %	9.88 %
County's proportionate share of the net pension liability (asset)	$ (1,131)	$ (1,127)	$ 120	$ 1,944	$ 4,817	$ 1,803
County's covered payroll**	$ 57,291	$ 41,656	$ 38,120	$ 35,210	$ 35,577	$ 29,911
County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	(1.97)%	(2.71)%	0.31 %	5.52 %	13.54 %	6.03 %
Plan fiduciary net position as a percentage of the total pension liability	101.68 %	101.85 %	99.79 %	96.26 %	90.41 %	95.08 %

Schedule of the County's Proportionate Share of the Net Pension Liability
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1
Measurement Date of June 30*
(dollars in thousands)

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	0.59 %	0.60 %	0.60 %	0.60 %	0.60 %	0.60 %
County's proportionate share of the net pension (asset)	$ (11,161)	$ (11,826)	$ (10,894)	$ (9,046)	$ (6,180)	$ (7,275)
State's proportionate share of the net pension (asset) associated with King County	(75,495)	(79,988)	(73,684)	(61,188)	(41,801)	(49,209)
Total	$ (86,656)	$ (91,814)	$ (84,578)	$ (70,234)	$ (47,981)	$ (56,484)
Plan fiduciary net position as a percentage of the total pension liability	146.88 %	148.78 %	144.42 %	135.96 %	123.74 %	127.36 %

Notes:

*These schedules will be built prospectively until they contain ten years of data.
**Covered payroll is the payroll on which contributions to a pension plan are based.

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

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

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension (asset)	3.15 %	2.63 %	2.88 %	2.91 %	3.02 %	2.90 %
County's proportionate share of the net pension (asset)	$ (64,158)	$ (60,885)	$ (58,520)	$ (40,429)	$ (17,543)	$ (29,819)
State's proportionate share of the net pension (asset) associated with King County	(41,024)	(39,872)	(37,891)	(26,225)	(11,437)	(19,716)
Total	$ (105,182)	$ (100,757)	$ (96,411)	$ (66,654)	$ (28,980)	$ (49,535)
County's covered payroll**	$ 119,110	$ 97,381	$ 95,210	$ 91,137	$ 87,895	$ 86,131
County's proportionate share of the net pension (asset) as a percentage of covered payroll	(53.86)%	(62.52)%	(61.46)%	(44.36)%	(19.96)%	(34.62)%
Plan fiduciary net position as a percentage of the total pension liability	115.83 %	119.43 %	118.50 %	113.36 %	106.04 %	111.67 %

Schedule of the County's Proportionate Share of the Net Pension Liability
Seattle City Employees' Retirement System (SCERS)
Measurement Date of December 31*
(dollars in thousands)

	2020	2019	2018	2017	2016	2015
County's proportion of the net pension liability	0.04 %	0.05 %	0.05 %	0.07 %	0.09 %	0.11 %
County's proportionate share of the net pension liability	$ 503	$ 760	$ 554	$ 914	$ 1,169	$ 1,219
County's covered payroll**	$ 1,386	$ 1,807	$ 2,022	$ 2,429	$ 3,010	$ 3,305
County's proportionate share of the net pension liability as a percentage of covered payroll	36.29 %	42.04 %	27.38 %	37.61 %	38.84 %	36.88 %
Plan fiduciary net position as a percentage of the total pension liability	71.48 %	64.14 %	72.04 %	65.60 %	64.03 %	67.70 %

*These schedules will be built prospectively until they contain ten years of data.
**Covered payroll is the payroll on which contributions to a pension plan are based.

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 1
Fiscal Year Ended December 31*
(dollars in thousands)

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

Schedule of Contributions
Public Employees' Retirement System (PERS) Plan 2/3
Fiscal Year Ended December 31*
(dollars in thousands)

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

Schedule of Contributions
Public Safety Employees' Retirement System (PSERS) Plan 2
Fiscal Year Ended December 31*
(dollars in thousands)

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,589	$ 3,518	$ 2,777	$ 2,514	$ 2,319	$ 2,924
Contributions in relation to the contractually required contribution	3,589	3,518	2,777	2,514	2,319	2,924
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll**	$ 48,635	$ 48,039	$ 39,458	$ 36,728	$ 34,253	$ 33,102
Contributions as a percentage of covered payroll	7.38 %	7.32 %	7.04 %	6.84 %	6.77 %	8.83 %

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

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

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

	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 225	$ 275	$ 309	$ 371	$ 458	$ 520
Contributions in relation to the contractually required contribution	225	275	309	371	458	520
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll**	$ 1,386	$ 1,807	$ 2,022	$ 2,429	$ 3,010	$ 3,305
Contributions as a percentage of covered payroll	16.23 %	15.23 %	15.29 %	15.27 %	15.22 %	15.73 %

Notes:

*These schedules will be built prospectively until they contain ten years of data.
**Covered payroll is the payroll on which contributions to a pension plan are based.

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

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

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

KING COUNTY

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios

King County Retiree Health Plan

For the Year Ended December 31, 2020

Last Ten Fiscal Years

(dollars in thousands)

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

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

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

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

Road Condition Ratings

	2019-2017		2016-2014		2013-2011	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
Excellent to good	293.7	64.4	294.3	65.0	297.7	64.9
Fair	44.1	9.7	61.4	13.5	32.0	7.0
Poor to substandard	118.3	25.9	97.5	21.5	129.0	28.1
Total	456.1	100.0	453.2	100.0	458.7	100.0
Local access roads						
Excellent to good	618.8	60.3	689.2	67.7	742.0	70.7
Fair	148.8	14.5	134.7	13.2	91.4	8.7
Poor to substandard	257.9	25.2	194.2	19.1	216.5	20.6
Total	1,025.5	100.0	1,018.1	100.0	1,049.9	100.0

Road PCI Score Interval

	2019-2017		2016-2014		2013-2011	
	(miles)	%	(miles)	%	(miles)	%
Arterial roads						
PCI 40 - 100	312.8	68.6	323.3	71.3	315.7	68.8
PCI 0 - 39	143.3	31.4	129.9	28.7	143.0	31.2
Total	456.1	100.0	453.2	100.0	458.7	100.0
Local access roads						
PCI 40 - 100	697.6	68.0	759.4	74.6	786.5	74.9
PCI 0 - 39	327.9	32.0	258.7	25.4	263.4	25.1
Total	1,025.5	100.0	1,018.1	100.0	1,049.9	100.0

Roads Estimated Maintenance and Preservation Costs

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

Bridge Sufficiency Rating	Number of Bridges 2020	2019	2018
0 - 20	12	9	9
21 - 30	4	4	5
31 - 49	19	20	17
50 - 100	146	145	147
Totals	181	178	178

Bridge Estimated Maintenance and Preservation Costs

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

KING COUNTY

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

1. Roads

The County performs condition assessments on its network of roads through the King County Pavement Management System. This system generates a Pavement Condition Index (PCI) for each segment of arterial and local access road in the network. The PCI is a numerical index from zero to 100 that represents the pavement's functional condition based on the quantity, severity, and type of visual distress, such as pavement cracking. Based on the PCI score, condition rating are assigned as follows:

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

Bridges

King County currently maintains 185 bridges including co-owned and pedestrian bridges. Physical inspections to determine the condition of bridges and the degree of wear and deterioration are carried out at least every two years to reveal deficiencies in bridges such as steel corrosion, damaged guardrails, rotted timbers, deteriorated bridge decks, bank erosion and cracked concrete. Four bridges that do not carry vehicular traffic are included in the list of bridges being maintained by the County. These are also subject to condition assessments, but are subject to different standards than the more heavily used 181 vehicular bridges.

Each year the County conducts a bridge prioritization process to determine potential candidates for replacement or rehabilitation. A weighted 10-point priority scale (sufficiency rating, seismic rating, geometrics, hydraulics, load limits, traffic safety, serviceability, importance, useful life, and structural concern) ranks the bridges in order. A key element in the priority score is the sufficiency rating, the measure considered by state and federal governments as the basis for establishing eligibility and priority for bridge replacement or rehabilitation funding. The sufficiency rating is a numerical rating of a bridge based on its structural adequacy and safety, essentially for public use, and its serviceability and functional obsolescence. The bridge sufficiency rating scale is defined as:

- ◦ 49 ≤ 0 indicates replacement or rehabilitation funding, < 30 are selected for rehabilitation funding
- ◦ 50 ≥ 100 indicates a good deal of service life remaining, a bridge capable of carrying traffic

2. Roads

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

Bridges

King County's Road Services Division policy is to maintain bridges in such manner that no more than 12 will have a sufficiency rating of 20 or less. A rating of 20 or less is usually indicative of a bridge with structural deficiency. The most common remedy is full replacement, rehabilitation or closure of the bridge.

3. Roads

The accelerated condition deterioration observed in the 2016-2014 cycle and continuing in the 2019-2017 cycle, was primarily the result of weather and system age. Many of the arterial roadways are beyond their cost-effective life cycles, resulting in roadway deterioration. Because of the uncertainty in future funding for roads, the County formally lowered its established condition level to 50 percent of the roads at a PCI of 40 or better.

KING COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
Department of Agriculture									
		Farmers Market and Local Food Promotion Program	10.175	AM190100XXXXG106 $	15,261.83 $	23,221.57 $	38,483.40		
			Direct Total	$	15,261.83 $	23,221.57 $	38,483.40		
			10.175 Total	$	15,261.83 $	23,221.57 $	38,483.40		
	Child Nutrition Cluster								
	Washington Office of Superintendent of Public Instruction	School Breakfast Program	10.553	217WAWA3N1099 $	3,611.48 $	0.00 $	3,611.48		
	Washington Office of Superintendent of Public Instruction	School Breakfast Program	10.553	207WAWA3N1099 $	5,343.80 $	0.00 $	5,343.80		
	Washington Office of Superintendent of Public Instruction	COVID-19 - School Breakfast Program	10.553	207WAWA3N1099 $	13,637.68 $	0.00 $	13,637.68		
			Indirect Total	$	22,592.96 $	0.00 $	22,592.96		
			10.553 Total	$	22,592.96 $	0.00 $	22,592.96		
	Washington Office of Superintendent of Public Instruction	National School Lunch Program	10.555	217WAWA3N1099 $	7,138.32 $	0.00 $	7,138.32		
	Washington Office of Superintendent of Public Instruction	National School Lunch Program	10.555	207WAWA3N1099 $	8,708.00 $	0.00 $	8,708.00		
	Washington Office of Superintendent of Public Instruction	COVID-19 -National School Lunch Program	10.555	207WAWA3N1099 $	27,875.92 $	0.00 $	27,875.92		
			Indirect Total	$	43,722.24 $	0.00 $	43,722.24		
			10.555 Total	$	43,722.24 $	0.00 $	43,722.24		
		Total Child Nutrition Cluster		$	66,315.20 $	0.00 $	66,315.20		

KING COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Department of Health	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	202121W100347 $	4,223,092.67 $	607,549.23 $	4,830,641.90		
	Washington State Department of Health	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	197WAWA1W500 3 $	199,722.52 $	0.00 $	199,722.52		
	Washington State Department of Health	WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	187WAWA7W100 3 $	204,000.89 $	0.00 $	204,000.89		
			Indirect Total	$	4,626,816.08 $	607,549.23 $	5,234,365.31		
			10.557 Total	$	4,626,816.08 $	607,549.23 $	5,234,365.31		
	SNAP Cluster								
	Washington State Department of Health	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207WAWA5Q390 3 $	380,005.68 $	73,865.04 $	453,870.72		
	Washington State Department of Social and Health Services	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	217WAWA4S2520 $	86,141.74 $	57,231.04 $	143,372.78		
	Washington State Department of Social and Health Services	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207WAWA4S2520 $	276,140.06 $	159,838.27 $	435,978.33		
	Within Reach	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	207WAWA4S2514 $	236,705.50 $	0.00 $	236,705.50		
			Indirect Total	$	978,992.98 $	290,934.35 $	1,269,927.33		
		Total SNAP Cluster	**10.561 Total**	$	978,992.98 $	290,934.35 $	1,269,927.33		
	Washington State Department of Health	WIC Farmers' Market Nutrition Program (FMNP)	10.572	202121Y860447 $	7,141.97 $	0.00 $	7,141.97		
			Indirect Total	$	7,141.97 $	0.00 $	7,141.97		
			10.572 Total	$	7,141.97 $	0.00 $	7,141.97		

KING COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Forest Service Schools and Roads Cluster								
	Washington Office of State Treasurer	Schools and Roads - Grants to States	10.665	14DP11130000053 $	12,809.00 $	0.00 $	12,809.00		
	Washington State Department of Natural Resources	Schools and Roads - Grants to States	10.665	14DP11130000053-1 $	77,803.93 $	0.00 $	77,803.93		
			Indirect Total	$	90,612.93 $	0.00 $	90,612.93		
		Total Forest Service Schools and Roads Cluster	**10.665 Total**	$	90,612.93 $	0.00 $	90,612.93		
		Department of Agriculture		**$**	**5,785,140.99 $**	**921,705.15 $**	**6,706,846.14**		
Department of Commerce									
	Washington State Recreation and Conservation Office	Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	NA19NMF4380206 $	12,468.28 $	0.00 $	12,468.28		
			Indirect Total	$	12,468.28 $	0.00 $	12,468.28		
			11.438 Total	$	12,468.28 $	0.00 $	12,468.28		
		Department of Commerce		**$**	**12,468.28 $**	**0.00 $**	**12,468.28**		
Department of Housing and Urban Development									
	CDBG - Entitlement Grants Cluster								
		Community Development Block Grants/Entitlement Grants	14.218	B-19-UC-53-0001 $	712,921.28 $	817,098.51 $	1,530,019.79	(3), (9)	
		Community Development Block Grants/Entitlement Grants	14.218	B-18-UC-53-0001 $	182,013.97 $	460,920.61 $	642,934.58	(3), (9)	
		Community Development Block Grants/Entitlement Grants	14.218	B-20-UC-53-0001 $	1,590,508.47 $	659,076.89 $	2,249,585.36	(3), (9)	
		Community Development Block Grants/Entitlement Grants	14.218	B-17-UC-53-0001 $	113,182.43 $	130,083.51 $	243,265.94	(3), (9)	
		Community Development Block Grants/Entitlement Grants	14.218	B-14-UC-53-0001 $	0.00 $	889.00 $	889.00	(3), (9)	

KING COUNTY, WASHINGTON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JANUARY 1, 2020 THROUGH DECEMBER 31, 2020

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		COVID-19-Community Development Block Grants/Entitlement Grants	14.218	B-20-UW-53-0001 $	22,529.52 $	437,667.15 $	460,196.67		
		Community Development Block Grants/Entitlement Grants	14.218	B-15-UC-53-0001 $	237.18 $	11,208.96 $	11,446.14	(3), (9)	
		Community Development Block Grants/Entitlement Grants	14.218	B-16-UC-53-0001 $	14,548.62 $	25,390.90 $	39,939.52	(3), (9)	
			Direct Total	$	2,635,941.47 $	2,542,335.53 $	5,178,277.00		
		Total CDBG - Entitlement Grants Cluster	**14.218 Total**	$	2,635,941.47 $	2,542,335.53 $	5,178,277.00		
		Emergency Solutions Grant Program	14.231	E-18-UC-53-0001 $	597.31 $	0.00 $	597.31		
		COVID-19 Emergency Solutions Grant Program	14.231	E-20-UW-53-0001 $	6,594.92 $	0.00 $	6,594.92		
		Emergency Solutions Grant Program	14.231	E-19-UC-53-0001 $	20,298.90 $	108,758.38 $	129,057.28		
		Emergency Solutions Grant Program	14.231	E-20-UC-53-0001 $	7,895.29 $	129,769.75 $	137,665.04		
			Direct Total	$	35,386.42 $	238,528.13 $	273,914.55		
	Washington State Department of Commerce	Emergency Solutions Grant Program	14.231	E-19-DC-53-0001 $	99,752.17 $	600,895.01 $	700,647.18		
			Indirect Total	$	99,752.17 $	600,895.01 $	700,647.18		
			14.231 Total	$	135,138.59 $	839,423.14 $	974,561.73		
		Home Investment Partnerships Program	14.239	M-19-DC5-30200 $	398,890.19 $	252,310.81 $	651,201.00	(3), (9)	
		Home Investment Partnerships Program	14.239	M-18-DC5-30200 $	1,793.55 $	1,395,714.83 $	1,397,508.38	(3), (9)	
		Home Investment Partnerships Program	14.239	M-20-DC5-30200 $	104,435.69 $	0.00 $	104,435.69	(3), (9)	
		Home Investment Partnerships Program	14.239	M-17-DC5-30200 $	16,551.73 $	0.00 $	16,551.73	(3), (9)	
		Home Investment Partnerships Program	14.239	M-16-DC5-30200 $	0.00 $	49,000.00 $	49,000.00	(3), (9)	
			Direct Total	$	521,671.16 $	1,697,025.64 $	2,218,696.80		
			14.239 Total	$	521,671.16 $	1,697,025.64 $	2,218,696.80		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Continuum of Care Program	14.267	WA0262L0T001704 $	0.00 $	26,133.67 $	26,133.67		
		Continuum of Care Program	14.267	WA0404Y0T001901 $	0.00 $	80,331.43 $	80,331.43		
		Continuum of Care Program	14.267	WA0405Y0T001901 $	0.00 $	297,662.42 $	297,662.42		
		Continuum of Care Program	14.267	WA0020L0T001811 $	12,675.61 $	184,103.80 $	196,779.41		
		Continuum of Care Program	14.267	WA0297L0T001804 $	85,563.16 $	2,434,130.88 $	2,519,694.04		
		Continuum of Care Program	14.267	WA0345L0T001902 $	10,534.13 $	467,524.69 $	478,058.82		
		Continuum of Care Program	14.267	WA0213L0T001909 $	465.33 $	0.00 $	465.33		
		Continuum of Care Program	14.267	WA0412D0T001800 $	28,073.84 $	701,513.86 $	729,587.70		
		Continuum of Care Program	14.267	WA0041L0T001811 $	1,538.00 $	50,787.83 $	52,325.83		
		Continuum of Care Program	14.267	WA0343L0T001803 $	487,622.90 $	753,255.61 $	1,240,878.51		
		Continuum of Care Program	14.267	WA0053L0T001811 $	11,904.00 $	430,977.15 $	442,881.15		
		Continuum of Care Program	14.267	WA0409L0T001800 $	751,706.68 $	0.00 $	751,706.68		
		Continuum of Care Program	14.267	WA0262L0T001805 $	9,494.00 $	226,135.11 $	235,629.11		
		Continuum of Care Program	14.267	WA0320L0T001803 $	563.62 $	38,583.46 $	39,147.08		
		Continuum of Care Program	14.267	WA0366L0T001802 $	4,394.49 $	139,886.83 $	144,281.32		
		Continuum of Care Program	14.267	WA0050L0T001811 $	10,245.93 $	0.00 $	10,245.93		
		Continuum of Care Program	14.267	WA0001L0T001809 $	2,704.74 $	106,184.76 $	108,889.50		
		Continuum of Care Program	14.267	WA0343L0T001904 $	311,056.01 $	217,943.15 $	528,999.16		
		Continuum of Care Program	14.267	WA0041L0T001912 $	0.00 $	10,894.26 $	10,894.26		
		Continuum of Care Program	14.267	WA0392L0T001902 $	8,596.78 $	250,481.58 $	259,078.36		
		Continuum of Care Program	14.267	WA0466L0T001900 $	265.37 $	28,012.16 $	28,277.53		

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		Continuum of Care Program	14.267	WA0413D0T001901	$ 2,151.95	$ 19,451.64	$ 21,603.59		
		Continuum of Care Program	14.267	WA0053L0T001912	$ 0.00	$ 232,960.33	$ 232,960.33		
		Continuum of Care Program	14.267	WA0297L0T001905	$ 37,299.45	$ 3,116,986.72	$ 3,154,286.17		
		Continuum of Care Program	14.267	WA0034L0T001811	$ 24,253.05	$ 2,436,825.80	$ 2,461,078.85		
		Continuum of Care Program	14.267	WA0034L0T001912	$ 70,951.74	$ 4,704,758.91	$ 4,775,710.65		
		Continuum of Care Program	14.267	WA0033L0T001912	$ 10,007.61	$ 511,000.07	$ 521,007.68		
		Continuum of Care Program	14.267	WA0054L0T001912	$ 743.00	$ 50,740.80	$ 51,483.80		
		Continuum of Care Program	14.267	WA0001L0T001910	$ 1,220.66	$ 76,899.85	$ 78,120.51		
		Continuum of Care Program	14.267	WA0033L0T001811	$ 2,829.33	$ 541,413.49	$ 544,242.82		
		Continuum of Care Program	14.267	WA0413D0T001800	$ 30,585.28	$ 95,237.89	$ 125,823.17		
		Continuum of Care Program	14.267	WA0392L0T001801	$ 2,410.20	$ 191,684.74	$ 194,094.94		
		Continuum of Care Program	14.267	WA0320L0T001904	$ 0.00	$ 50,939.05	$ 50,939.05		
		Continuum of Care Program	14.267	WA0410L0T001800	$ 0.00	$ 53,105.92	$ 53,105.92		
		Continuum of Care Program	14.267	WA0054L0T001811	$ 413.45	$ 65,602.00	$ 66,015.45		
		Continuum of Care Program	14.267	WA0050L0T001912	$ 401,441.34	$ 0.00	$ 401,441.34		
		Continuum of Care Program	14.267	WA0020L0T001912	$ 0.00	$ 55,261.00	$ 55,261.00		
		Continuum of Care Program	14.267	WA0412D0T001901	$ 4,233.15	$ 96,416.07	$ 100,649.22		
		Continuum of Care Program	14.267	WA0366L0T001903	$ 15,511.69	$ 56,688.80	$ 72,200.49		
			Direct Total	$	2,341,456.49	$ 18,800,515.73	$ 21,141,972.22		
			14.267 Total	$	2,341,456.49	$ 18,800,515.73	$ 21,141,972.22		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Youth Homelessness Demonstration Program	14.276	WA0406Y0T00160 0 $	0.00 $	391,218.06 $	391,218.06		
		Youth Homelessness Demonstration Program	14.276	WA0405Y0T00160 0 $	15,409.08 $	335,881.43 $	351,290.51		
		Youth Homelessness Demonstration Program	14.276	WA0407Y0T00160 0 $	972.92 $	38,204.51 $	39,177.43		
		Youth Homelessness Demonstration Program	14.276	WA0404Y0T00160 0 $	66,819.77 $	1,601,907.89 $	1,668,727.66		
			Direct Total	$	83,201.77 $	2,367,211.89 $	2,450,413.66		
			14.276 Total	$	83,201.77 $	2,367,211.89 $	2,450,413.66		
		Research and Evaluations, Demonstrations, and Data Analysis and Utilization (READ)	14.536	FR-6400-N-58 $	4,709.93 $	0.00 $	4,709.93		Y
			Direct Total	$	4,709.93 $	0.00 $	4,709.93		
			14.536 Total	$	4,709.93 $	0.00 $	4,709.93		
	Washington State Department of Commerce	Moving to Work Demonstration Program	14.881	WA19M00203 $	1,166.23 $	0.00 $	1,166.23		
			Indirect Total	$	1,166.23 $	0.00 $	1,166.23		
			14.881 Total	$	1,166.23 $	0.00 $	1,166.23		
		Department of Housing and Urban Development		**$**	**5,723,285.64 $**	**26,246,511.93 $**	**31,969,797.57**		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
Department of the Interior									
	Washington State Department of Archeology	Historic Preservation Fund Grants-In-Aid	15.904	P20AP00427 $	4,380.00 $	0.00 $	4,380.00		
			Indirect Total	$	4,380.00 $	0.00 $	4,380.00		
			15.904 Total	$	4,380.00 $	0.00 $	4,380.00		
		Department of the Interior		**$**	**4,380.00 $**	**0.00 $**	**4,380.00**		
Department of Justice									
	Washington State Department of Social and Health Services	Juvenile Justice and Delinquency Prevention	16.540	2017-JF-FX-0040 $	15,000.00 $	0.00 $	15,000.00		
			Indirect Total	$	15,000.00 $	0.00 $	15,000.00		
			16.540 Total	$	15,000.00 $	0.00 $	15,000.00		
		National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	AR-BX-0006 $	46,053.87 $	0.00 $	46,053.87		
		National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2017-VA-CX-0034 $	180,900.69 $	0.00 $	180,900.69		
			Direct Total	$	226,954.56 $	0.00 $	226,954.56		
			16.560 Total	$	226,954.56 $	0.00 $	226,954.56		
	Washington State Department of Commerce	Crime Victim Assistance	16.575	2018-V2-GX-0046 $	496,515.87 $	0.00 $	496,515.87		
			Indirect Total	$	496,515.87 $	0.00 $	496,515.87		
			16.575 Total	$	496,515.87 $	0.00 $	496,515.87		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Department of Commerce	Violence Against Women Formula Grants	16.588	2019-WF-AX-0056 $	117,973.00 $	0.00 $	117,973.00		
	Washington State Department of Commerce	Violence Against Women Formula Grants	16.588	2018-WF-AX-0057 $	123,910.61 $	0.00 $	123,910.61		
	Washington State Department of Commerce	Violence Against Women Formula Grants	16.588	2017-WF-AX-0030 $	80,120.73 $	0.00 $	80,120.73		
			Indirect Total	$	322,004.34 $	0.00 $	322,004.34		
			16.588 Total	$	322,004.34 $	0.00 $	322,004.34		
		PREA Program: Strategic Support for PREA Implementation	16.735	2019-RP-BX-0001 $	110,009.11 $	0.00 $	110,009.11		
			Direct Total	$	110,009.11 $	0.00 $	110,009.11		
			16.735 Total	$	110,009.11 $	0.00 $	110,009.11		
	Seattle Police Department	Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0496 $	207,326.00 $	0.00 $	207,326.00		
			Indirect Total	$	207,326.00 $	0.00 $	207,326.00		
			16.738 Total	$	207,326.00 $	0.00 $	207,326.00		
	Washington State Patrol	Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	2019-CD-BX-0033 $	158,136.90 $	0.00 $	158,136.90		
			Indirect Total	$	158,136.90 $	0.00 $	158,136.90		
			16.742 Total	$	158,136.90 $	0.00 $	158,136.90		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Comprehensive Opioid Abuse Site-Based Program (COAP)	16.838	2019-AR-BX-K010 $	328,762.57 $	0.00 $	328,762.57		
			Direct Total	$	328,762.57 $	0.00 $	328,762.57		
			16.838 Total	$	328,762.57 $	0.00 $	328,762.57		
		Department of Justice		**$**	**1,864,709.35 $**	**0.00 $**	**1,864,709.35**		
Department of Labor									
	WIOA Cluster								
	Workforce Development Council	WIA/WIOA Youth Activities	17.259	AA307721755A53 $	419,986.64 $	69,876.88 $	489,863.52		
	Workforce Development Council	WIA/WIOA Youth Activities	17.259	AA322191855A53 $	548,247.45 $	40,173.35 $	588,420.80		
			Indirect Total	$	968,234.09 $	110,050.23 $	1,078,284.32		
		Total WIOA Cluster	**17.259 Total**	$	968,234.09 $	110,050.23 $	1,078,284.32		
		Department of Labor		**$**	**968,234.09 $**	**110,050.23 $**	**1,078,284.32**		
Department of Transportation									
		Airport Improvement Program	20.106	35300580522015 $	78,888.78 $	0.00 $	78,888.78		
		Airport Improvement Program	20.106	35300580552019 $	1,000,000.00 $	0.00 $	1,000,000.00		
		Airport Improvement Program	20.106	35300580542018 $	843,650.99 $	0.00 $	843,650.99		
		COVID-19 Airport Improvement Program	20.106	35300580572020 $	6,000,000.00 $	0.00 $	6,000,000.00		
			Direct Total	$	7,922,539.77 $	0.00 $	7,922,539.77		
			20.106 Total	$	7,922,539.77 $	0.00 $	7,922,539.77		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Highway Planning and Construction Cluster								
	Washington State Department of Transportation	Highway Planning and Construction	20.205	532017110Z400 $	68,272.90 $	0.00 $	68,272.90		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ21930000Z232WAC171001 $	188,807.14 $	0.00 $	188,807.14		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ22030000ZS60WA000S544 $	129,846.30 $	0.00 $	129,846.30		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	532456006Z001 $	59.95 $	0.00 $	59.95		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	53F171004M240 $	59.95 $	0.00 $	59.95		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ22030000M2E3WA2017151 $	174,606.72 $	0.00 $	174,606.72		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ21930000Z240WAX173001 $	74,654.84 $	0.00 $	74,654.84		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ22030000ZS60WA1147014 $	80,652.01 $	0.00 $	80,652.01		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ22030000Z001WA1382003 $	35,178.12 $	0.00 $	35,178.12		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	693JJ22130000Z2E3WA2017148 $	628,031.82 $	0.00 $	628,031.82		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	53000S461ZS30 $	26,203.00 $	0.00 $	26,203.00		
	Washington State Department of Transportation	Highway Planning and Construction	20.205	531602021M24E10 $	48,302.62 $	0.00 $	48,302.62		
			Indirect Total	$	1,454,675.37 $	0.00 $	1,454,675.37		
			20.205 Total	$	1,454,675.37 $	0.00 $	1,454,675.37		

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	Washington State Recreation and Conservation Office	Recreational Trails Program	20.219	693JJ22030000Z9 40WASYMM026 $	4,162.75 $	0.00 $	4,162.75		
			Indirect Total	$	4,162.75 $	0.00 $	4,162.75		
			20.219 Total	$	4,162.75 $	0.00 $	4,162.75		
		Total Highway Planning and Construction Cluster		$	1,458,838.12 $	0.00 $	1,458,838.12		
	Federal Transit Cluster								
		Federal Transit Capital Investment Grants	20.500	WA-04-0080 $	21,248.00 $	0.00 $	21,248.00		
		Federal Transit Capital Investment Grants	20.500	WA-03-0245 $	127,833.00 $	0.00 $	127,833.00		
		Federal Transit Capital Investment Grants	20.500	WA-XXXX-XXX $	2,201,463.00 $	0.00 $	2,201,463.00	(11)	
		Federal Transit Capital Investment Grants	20.500	WA-04-0099 $	88,524.54 $	764,586.46 $	853,111.00		
			Direct Total	$	2,439,068.54 $	764,586.46 $	3,203,655.00		
			20.500 Total	$	2,439,068.54 $	764,586.46 $	3,203,655.00		
		Federal Transit Formula Grants	20.507	WA-2020-104 $	26,309.00 $	0.00 $	26,309.00	(11)	
		Federal Transit Formula Grants	20.507	WA-2020-041 $	609.00 $	0.00 $	609.00	(11)	
		COVID-19-Federal Transit Formula Grants	20.507	WA-2021-040 $	244,031,411.00 $	0.00 $	244,031,411.00	(11)	
		Federal Transit Formula Grants	20.507	WA-2016-035 $	37,271.00 $	0.00 $	37,271.00		
		COVID-19-Federal Transit Formula Grants	20.507	WA-2020-063 $	243,712,053.00 $	0.00 $	243,712,053.00	(11)	
		Federal Transit Formula Grants	20.507	WA-2020-105 $	111,060.00 $	0.00 $	111,060.00		
		Federal Transit Formula Grants	20.507	WA-2020-087 $	2,058,243.14 $	153,178.83 $	2,211,421.97	(11)	
		Federal Transit Formula Grants	20.507	WA-2016-022 $	94,865.87 $	86,813.13 $	181,679.00		
		Federal Transit Formula Grants	20.507	WA-2021-007 $	24,814,338.00 $	0.00 $	24,814,338.00	(11)	
		Federal Transit Formula Grants	20.507	WA-2021-018 $	340,485.00 $	0.00 $	340,485.00	(11)	
		Federal Transit Formula Grants	20.507	WA-XXXX-XXX $	710,357.00 $	0.00 $	710,357.00	(11)	
		Federal Transit Formula Grants	20.507	WA-95-X005 $	54,725.00 $	0.00 $	54,725.00		
		Federal Transit Formula Grants	20.507	WA-95-X069 $	24,068.00 $	0.00 $	24,068.00		
		Federal Transit Formula Grants	20.507	WA-90-X522 $	246.00 $	0.00 $	246.00		
			Direct Total	$	516,016,041.01 $	239,991.96 $	516,256,032.97		
			20.507 Total	$	516,016,041.01 $	239,991.96 $	516,256,032.97		

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		State of Good Repair Grants Program	20.525	WA-2021-094 $	2,983,967.00 $	0.00 $	2,983,967.00	(11)	
		State of Good Repair Grants Program	20.525	WA-2021-035 $	1,641,504.00 $	0.00 $	1,641,504.00	(11)	
		State of Good Repair Grants Program	20.525	WA-XXXX-XXX $	258,777.00 $	0.00 $	258,777.00	(11)	
		State of Good Repair Grants Program	20.525	WA-2019-053 $	56,385.00 $	0.00 $	56,385.00	(6)	
		State of Good Repair Grants Program	20.525	WA-2019-028 $	1,641,209.19 $	500,081.81 $	2,141,291.00	(11)	
			Direct Total	$	6,581,842.19 $	500,081.81 $	7,081,924.00		
			20.525 Total	$	6,581,842.19 $	500,081.81 $	7,081,924.00		
		Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	WA-2021-007 $	3,967,118.00 $	0.00 $	3,967,118.00	(11)	
			Direct Total	$	3,967,118.00 $	0.00 $	3,967,118.00		
			20.526 Total	$	3,967,118.00 $	0.00 $	3,967,118.00		
		Total Federal Transit Cluster		$	529,004,069.74 $	1,504,660.23 $	530,508,729.97		
	Transit Services Programs Cluster								
		Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	WA-2017-044 $	45,387.00 $	0.00 $	45,387.00		
			Direct Total	$	45,387.00 $	0.00 $	45,387.00		
	Washington State Department of Transportation	Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	WA-2020-028 $	251,409.00 $	0.00 $	251,409.00	(11)	
			Indirect Total	$	251,409.00 $	0.00 $	251,409.00		
			20.513 Total	$	296,796.00 $	0.00 $	296,796.00		

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		Job Access And Reverse Commute Program	20.516	WA-37-X045 $	112,040.00 $	0.00 $	112,040.00		
			Direct Total	$	112,040.00 $	0.00 $	112,040.00		
			20.516 Total	$	112,040.00 $	0.00 $	112,040.00		
		Total Transit Services Programs Cluster		$	408,836.00 $	0.00 $	408,836.00		
	Highway Safety Cluster								
	Washington Association of Sheriffs & Police Chiefs	State and Community Highway Safety	20.600	69A37520300004 020WA0 $	5,600.00 $	0.00 $	5,600.00		
			Indirect Total	$	5,600.00 $	0.00 $	5,600.00		
		Total Highway Safety Cluster	**20.600 Total**	$	5,600.00 $	0.00 $	5,600.00		
		Department of Transportation		**$**	**538,799,883.63 $**	**1,504,660.23 $**	**540,304,543.86**		
Department of the Treasury									
		COVID-19-Coronavirus Relief Fund	21.019	SLT0181 $	174,975,093.14 $	11,712,160.99 $	186,687,254.13		
			Direct Total	$	174,975,093.14 $	11,712,160.99 $	186,687,254.13		
	Washington State Department of Commerce	COVID-19-Coronavirus Relief Fund	21.019	SLT0017-1 $	740,926.34 $	5,609,093.50 $	6,350,019.84		
	Washington State Department of Health	COVID-19-Coronavirus Relief Fund	21.019	SLT0233 $	330,000.00 $	0.00 $	330,000.00		
	Washington State Department of Health	COVID-19-Coronavirus Relief Fund	21.019	SLT0017 $	11,776,519.79 $	0.00 $	11,776,519.79		
	Washington State Office of Public Defense	COVID-19-Coronavirus Relief Fund	21.019	SLT0017-2 $	46,323.35 $	0.00 $	46,323.35		
			Indirect Total	$	12,893,769.48 $	5,609,093.50 $	18,502,862.98		
			21.019 Total	$	187,868,862.62 $	17,321,254.49 $	205,190,117.11		
		Department of the Treasury		**$**	**187,868,862.62 $**	**17,321,254.49 $**	**205,190,117.11**		

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
Environmental Protection Agency									
	Washington State Department of Fish and Wildlife	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	01J22301	$ 14,164.25	$ 0.00	$ 14,164.25		
	Washington State Department of Ecology	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	01J18101	$ 184,134.94	$ 1,910.80	$ 186,045.74		
	Washington State Department of Ecology	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	00J89401	$ 1,293,558.95	$ 0.00	$ 1,293,558.95		
	Washington State Department of Health	Puget Sound Action Agenda: Technical Investigations and Implementation Assistance Program	66.123	01J18001	$ 57,951.60	$ 0.00	$ 57,951.60		
			Indirect Total		$ 1,549,809.74	$ 1,910.80	$ 1,551,720.54		
			66.123 Total		$ 1,549,809.74	$ 1,910.80	$ 1,551,720.54		
	Puget Sound Partnership	National Estuary Program	66.456	01J65401	$ 60,990.15	$ 0.00	$ 60,990.15		
	Washington State Department of Health	National Estuary Program	66.456	01J65401-1	$ 24,000.00	$ 0.00	$ 24,000.00		
			Indirect Total		$ 84,990.15	$ 0.00	$ 84,990.15		
			66.456 Total		$ 84,990.15	$ 0.00	$ 84,990.15		
		Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	01J28401	$ 296,245.64	$ 199,346.38	$ 495,592.02		
			Direct Total		$ 296,245.64	$ 199,346.38	$ 495,592.02		
			66.802 Total		$ 296,245.64	$ 199,346.38	$ 495,592.02		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Environmental Workforce Development and Job Training Cooperative Agreements	66.815	01J51701 $	53,256.79 $	0.00 $	53,256.79		
			Direct Total	$	53,256.79 $	0.00 $	53,256.79		
			66.815 Total	$	53,256.79 $	0.00 $	53,256.79		
		Environmental Protection Agency		**$**	**1,984,302.32 $**	**201,257.18 $**	**2,185,559.50**		
Election Assistance Commission									
	Secretary of State	COVID-19- 2018 HAVA Election Security Grants	90.404	EAC201908WACOVID $	1,331,059.63 $	0.00 $	1,331,059.63	(3)	
	Secretary of State	2018 HAVA Election Security Grants	90.404	EAC1651DB2020XX-2020-61000001 $	182,502.51 $	0.00 $	182,502.51		
			Indirect Total	$	1,513,562.14 $	0.00 $	1,513,562.14		
			90.404 Total	$	1,513,562.14 $	0.00 $	1,513,562.14		
		Election Assistance Commission		**$**	**1,513,562.14 $**	**0.00 $**	**1,513,562.14**		
Department of Health and Human Services									
	Washington State Department of Health	Public Health Emergency Preparedness	93.069	NU90TP922043 $	1,231,344.52 $	0.00 $	1,231,344.52		
			Indirect Total	$	1,231,344.52 $	0.00 $	1,231,344.52		
			93.069 Total	$	1,231,344.52 $	0.00 $	1,231,344.52		
		Environmental Public Health and Emergency Response	93.070	NUE1EH001402 $	5,140.49 $	0.00 $	5,140.49		
			Direct Total	$	5,140.49 $	0.00 $	5,140.49		
			93.070 Total	$	5,140.49 $	0.00 $	5,140.49		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Sodium Reduction in Communities	93.082	NU58DP000018 $	73,560.39 $	147,998.69 $	221,559.08		
			Direct Total	$	73,560.39 $	147,998.69 $	221,559.08		
			93.082 Total	$	73,560.39 $	147,998.69 $	221,559.08		
	Washington State Department of Health	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU52PS910221 $	391,427.26 $	0.00 $	391,427.26		
			Indirect Total	$	391,427.26 $	0.00 $	391,427.26		
			93.116 Total	$	391,427.26 $	0.00 $	391,427.26		
	Washington State Department of Health	Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	NU65PS923691 $	325,942.54 $	0.00 $	325,942.54		
			Indirect Total	$	325,942.54 $	0.00 $	325,942.54		
			93.118 Total	$	325,942.54 $	0.00 $	325,942.54		
	Washington State Department of Health	Injury Prevention and Control Research and State and Community Based Programs	93.136	NU17CE925007 $	400,500.47 $	0.00 $	400,500.47		
			Indirect Total	$	400,500.47 $	0.00 $	400,500.47		
			93.136 Total	$	400,500.47 $	0.00 $	400,500.47		
	Washington State Health Care Authority	Projects for Assistance in Transition from Homelessness (PATH)	93.150	X06SM016048 $	0.00 $	242,057.44 $	242,057.44		
			Indirect Total	$	0.00 $	242,057.44 $	242,057.44		
			93.150 Total	$	0.00 $	242,057.44 $	242,057.44		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	NUE2EH001365 $	226,170.73 $	138,200.00 $	364,370.73		
			Direct Total	$	226,170.73 $	138,200.00 $	364,370.73		
			93.197 Total	$	226,170.73 $	138,200.00 $	364,370.73		
	Health Center Program Cluster								
		COVID-19-Health Care Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H8CCS35198 $	65,681.29 $	0.00 $	65,681.29		
		COVID-19-Health Care Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H8ECS38762 $	2,312.90 $	0.00 $	2,312.90		
		Health Care Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H80CS00056 $	11,276,087.13 $	453,699.91 $	11,729,787.04	(3)	
		COVID-19-Health Care Program (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	H8DCS36705 $	64,070.60 $	0.00 $	64,070.60		
			Direct Total	$	11,408,151.92 $	453,699.91 $	11,861,851.83		
		Total Health Center Program Cluster	**93.224 Total**	$	11,408,151.92 $	453,699.91 $	11,861,851.83		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79TI081494 $	109,962.79 $	129,691.85 $	239,654.64		
		Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SM080623 $	49,619.41 $	157,128.14 $	206,747.55		
		Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	H79SP080958 $	102,379.01 $	19,723.66 $	122,102.67		
			Direct Total	$	261,961.21 $	306,543.65 $	568,504.86		
	Washington State Health Care Authority	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	7U79SP023011 $	6,172.00 $	72,275.20 $	78,447.20		
			Indirect Total	$	6,172.00 $	72,275.20 $	78,447.20		
			93.243 Total	$	268,133.21 $	378,818.85 $	646,952.06		
	Washington State Department of Health	COVID-19-Immunization Cooperative Agreements	93.268	NH23IP922619 $	567,563.89 $	0.00 $	567,563.89		
			Indirect Total	$	567,563.89 $	0.00 $	567,563.89		
			93.268 Total	$	567,563.89 $	0.00 $	567,563.89		
		Teenage Pregnancy Prevention Program	93.297	TP2AH000031 $	96,948.32 $	334,303.03 $	431,251.35		
			Direct Total	$	96,948.32 $	334,303.03 $	431,251.35		
	Eyes Open Iowa	Teenage Pregnancy Prevention Program	93.297	TP1AH000217 $	30,841.83 $	0.00 $	30,841.83		
			Indirect Total	$	30,841.83 $	0.00 $	30,841.83		
			93.297 Total	$	127,790.15 $	334,303.03 $	462,093.18		

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Department of Health	PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health	93.305	U58DP006004 $	825.81 $	0.00 $	825.81		
			Indirect Total	$	825.81 $	0.00 $	825.81		
			93.305 Total	$	825.81 $	0.00 $	825.81		
	Washington State Department of Health	COVID-19-Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000515 $	668,714.67 $	0.00 $	668,714.67		
	Washington State Department of Health	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	NU50CK000388 $	773,521.76 $	0.00 $	773,521.76		
			Indirect Total	$	1,442,236.43 $	0.00 $	1,442,236.43		
			93.323 Total	$	1,442,236.43 $	0.00 $	1,442,236.43		
	Washington State Department of Health	COVID-19-Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	NU90TP922069 $	138,925.73 $	0.00 $	138,925.73		
			Indirect Total	$	138,925.73 $	0.00 $	138,925.73		
			93.354 Total	$	138,925.73 $	0.00 $	138,925.73		
		Nurse Education, Practice Quality and Retention Grants (NEPQR)	93.359	UK1HP31698 $	394,782.74 $	20,366.94 $	415,149.68		
			Direct Total	$	394,782.74 $	20,366.94 $	415,149.68		
			93.359 Total	$	394,782.74 $	20,366.94 $	415,149.68		
	Washington State Department of Health	National and State Tobacco Control Program	93.387	NU58DP006808 $	26,928.56 $	0.00 $	26,928.56		
			Indirect Total	$	26,928.56 $	0.00 $	26,928.56		
			93.387 Total	$	26,928.56 $	0.00 $	26,928.56		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Department of Social and Health Services	Child Support Enforcement	93.563	2101 WACSES $	379,312.00 $	0.00 $	379,312.00		
	Washington State Department of Social and Health Services	Child Support Enforcement	93.563	2001WACSES $	5,249,689.00 $	0.00 $	5,249,689.00		
	Washington State Department of Social and Health Services	Child Support Enforcement	93.563	2001WACSES/2101WACSES $	335,776.00 $	0.00 $	335,776.00		
			Indirect Total	$	5,964,777.00 $	0.00 $	5,964,777.00		
			93.563 Total	$	5,964,777.00 $	0.00 $	5,964,777.00		
		Ryan White HIV/AIDS Program Parts A and B	93.686	UT8HA33943 $	25,291.57 $	0.00 $	25,291.57		
			Direct Total	$	25,291.57 $	0.00 $	25,291.57		
			93.686 Total	$	25,291.57 $	0.00 $	25,291.57		
		PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	93.738	58DP006583 $	386,973.40 $	423,359.57 $	810,332.97		
			Direct Total	$	386,973.40 $	423,359.57 $	810,332.97		
			93.738 Total	$	386,973.40 $	423,359.57 $	810,332.97		
	Medicaid Cluster								
	Washington State Health Care Authority	Medical Assistance Program	93.778	1605WA5ADM $	56,701.63 $	0.00 $	56,701.63		
	Washington State Health Care Authority	Medical Assistance Program	93.778	1905WA5ADM $	2,355,592.76 $	0.00 $	2,355,592.76	(8)	
			Indirect Total	$	2,412,294.39 $	0.00 $	2,412,294.39		
		Total Medicaid Cluster	**93.778 Total**	$	2,412,294.39 $	0.00 $	2,412,294.39		

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Health Care Authority	Opioid STR	93.788	H79TI083286 $	0.00 $	31,948.00 $	31,948.00		
	Washington State Health Care Authority	Opioid STR	93.788	H79TI081705 $	0.00 $	174,193.03 $	174,193.03		
	Washington State Health Care Authority	Opioid STR	93.788	H79TI080249 $	0.00 $	47,922.00 $	47,922.00		
			Indirect Total	$	0.00 $	254,063.03 $	254,063.03		
			93.788 Total	$	0.00 $	254,063.03 $	254,063.03		
	Washington State Department of Health	Organized Approaches to Increase Colorectal Cancer Screening	93.800	NU90TP21990 $	88,141.25 $	32,262.25 $	120,403.50		
			Indirect Total	$	88,141.25 $	32,262.25 $	120,403.50		
			93.800 Total	$	88,141.25 $	32,262.25 $	120,403.50		
	University of Washington	Allergy and Infectious Diseases Research	93.855	P30AI027757 $	32,642.41 $	0.00 $	32,642.41		
	University of Washington	Allergy and Infectious Diseases Research	93.855	R01AI127232 $	9,095.72 $	0.00 $	9,095.72		
			Indirect Total	$	41,738.13 $	0.00 $	41,738.13		
			93.855 Total	$	41,738.13 $	0.00 $	41,738.13		
	Washington State Department of Early Learning	Maternal, Infant and Early Childhood Home Visiting Grant	93.870	18X10MC32742 $	683,595.61 $	0.00 $	683,595.61		
			Indirect Total	$	683,595.61 $	0.00 $	683,595.61		
			93.870 Total	$	683,595.61 $	0.00 $	683,595.61		
	Washington State Department of Health	Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	NU58DP006326 $	1,138,918.10 $	134,428.24 $	1,273,346.34		
			Indirect Total	$	1,138,918.10 $	134,428.24 $	1,273,346.34		
			93.898 Total	$	1,138,918.10 $	134,428.24 $	1,273,346.34		

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Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
		HIV Emergency Relief Project Grants	93.914	H89HA00022 $	1,625,255.37 $	5,186,608.48 $	6,811,863.85		
		COVID-19-HIV Emergency Relief Project Grants	93.914	H9AHA36946 $	34,972.03 $	171,242.79 $	206,214.82		
			Direct Total	$	1,660,227.40 $	5,357,851.27 $	7,018,078.67		
			93.914 Total	$	1,660,227.40 $	5,357,851.27 $	7,018,078.67		
	Washington State Department of Health	HIV Prevention Activities Health Department Based	93.940	NU62PS924635 $	38,080.88 $	0.00 $	38,080.88		
	Washington State Department of Health	HIV Prevention Activities Health Department Based	93.940	NU62PS924528 $	967,838.20 $	0.00 $	967,838.20		
			Indirect Total	$	1,005,919.08 $	0.00 $	1,005,919.08		
			93.940 Total	$	1,005,919.08 $	0.00 $	1,005,919.08		
	Washington State Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	NU62PS004966 $	335,174.72 $	0.00 $	335,174.72		
	Washington State Department of Health	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	NU62PS005094 $	1,060,268.21 $	0.00 $	1,060,268.21		
			Indirect Total	$	1,395,442.93 $	0.00 $	1,395,442.93		
			93.944 Total	$	1,395,442.93 $	0.00 $	1,395,442.93		
	Washington State Health Care Authority	Block Grants for Community Mental Health Services	93.958	SM010056 $	245,838.45 $	2,899,328.84 $	3,145,167.29		
	Washington State Health Care Authority	Block Grants for Community Mental Health Services	93.958	B09SM010056 $	0.00 $	165,400.00 $	165,400.00		
			Indirect Total	$	245,838.45 $	3,064,728.84 $	3,310,567.29		
			93.958 Total	$	245,838.45 $	3,064,728.84 $	3,310,567.29		

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Federal Grantor Agency	**Pass-through Agency Name**	**Federal Program Name**	**CFDA Number**	**Federal Award Identification Number**	**Agency Expenditures**	**Subrecipient Expenditures**	**Total Expenditures**	**Notes**	**R&D**
	Washington State Health Care Authority	Block Grants for Prevention and Treatment of Substance Abuse	93.959	TI010056 $	264,613.32 $	1,483,962.84 $	1,748,576.16		
	Washington State Health Care Authority	Block Grants for Prevention and Treatment of Substance Abuse	93.959	SM010056 $	0.00 $	3,162,568.33 $	3,162,568.33		
	Washington State Health Care Authority	Block Grants for Prevention and Treatment of Substance Abuse	93.959	B08TI010056 $	0.00 $	7,606.15 $	7,606.15		
			Indirect Total	$	264,613.32 $	4,654,137.32 $	4,918,750.64		
			93.959 Total	$	264,613.32 $	4,654,137.32 $	4,918,750.64		
	Washington State Department of Health	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	NH25PS005146 $	453,335.48 $	0.00 $	453,335.48		
	Washington State Department of Health	Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	NH25PS005185 $	114,751.81 $	0.00 $	114,751.81		
			Indirect Total	$	568,087.29 $	0.00 $	568,087.29		
			93.977 Total	$	568,087.29 $	0.00 $	568,087.29		
	Washington State Department of Health	Maternal and Child Health Services Block Grant to the States	93.994	B04MC32578 $	940,923.01 $	0.00 $	940,923.01		
			Indirect Total	$	940,923.01 $	0.00 $	940,923.01		
			93.994 Total	$	940,923.01 $	0.00 $	940,923.01		
		Department of Health and Human Services		**$**	**33,852,205.77 $**	**15,636,275.38 $**	**49,488,481.15**		
Department of Homeland Security									
	Washington State Department of Parks	Boating Safety Financial Assistance	97.012	3319FAS190153 $	16,503.92 $	0.00 $	16,503.92		
			Indirect Total	$	16,503.92 $	0.00 $	16,503.92		
			97.012 Total	$	16,503.92 $	0.00 $	16,503.92		

Federal Grantor Agency	Pass-through Agency Name	Federal Program Name	CFDA Number	Federal Award Identification Number	Agency Expenditures	Subrecipient Expenditures	Total Expenditures	Notes	R&D
	Washington State Military Department	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4309-DR-WA $	914,802.08 $	0.00 $	914,802.08	(7)	
	Washington State Military Department	COVID-19-Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4481-DR-WA $	87,097,336.89 $	0.00 $	87,097,336.89	(12)	
	Washington State Military Department	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-1963-DR-WA $	170,271.86 $	0.00 $	170,271.86	(7)	
			Indirect Total	$	88,182,410.83 $	0.00 $	88,182,410.83		
			97.036 Total	$	88,182,410.83 $	0.00 $	88,182,410.83		
	Washington State Military Department	Hazard Mitigation Grant	97.039	FEMA DR-4309-15-P $	99,434.88 $	0.00 $	99,434.88		
			Indirect Total	$	99,434.88 $	0.00 $	99,434.88		
			97.039 Total	$	99,434.88 $	0.00 $	99,434.88		
	Washington State Military Department	Emergency Management Performance Grants	97.042	EMS-2020-EP-00009 $	51,418.12 $	0.00 $	51,418.12		
	Washington State Military Department	COVID-19-Emergency Management Performance Grants	97.042	EMS-2019-EP-00003 $	170,876.84 $	0.00 $	170,876.84		
			Indirect Total	$	222,294.96 $	0.00 $	222,294.96		
			97.042 Total	$	222,294.96 $	0.00 $	222,294.96		
		Port Security Grant Program	97.056	EMW-2019-PU-00401 $	136,818.23 $	0.00 $	136,818.23		
		Port Security Grant Program	97.056	EMW-2018-PU-00266 $	7,254.01 $	0.00 $	7,254.01		
			Direct Total	$	144,072.24 $	0.00 $	144,072.24		
			97.056 Total	$	144,072.24 $	0.00 $	144,072.24		

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	Washington State Military Department	Homeland Security Grant Program	97.067	EMW-2020-SS-00080 $	31,667.53 $	0.00 $	31,667.53		
	Washington State Military Department	Homeland Security Grant Program	97.067	EMW-2017-SS-00101 $	200,271.53 $	170,234.85 $	370,506.38		
	Washington State Military Department	Homeland Security Grant Program	97.067	EMW-2018-SS-00088 $	306,848.75 $	525,879.99 $	832,728.74		
	Washington State Military Department	Homeland Security Grant Program	97.067	EMW-2019-SS-00044 $	325,666.62 $	222,030.81 $	547,697.43		
			Indirect Total	$	864,454.43 $	918,145.65 $	1,782,600.08		
			97.067 Total	$	864,454.43 $	918,145.65 $	1,782,600.08		
		Rail and Transit Security Grant Program	97.075	EMW-2017-RA-00030 $	16,627.00 $	0.00 $	16,627.00		
		Rail and Transit Security Grant Program	97.075	EMW-2020-RA-00023 $	114,427.00 $	0.00 $	114,427.00		
		Rail and Transit Security Grant Program	97.075	EMW-2018-RA-00035 $	459,294.00 $	0.00 $	459,294.00		
			Direct Total	$	590,348.00 $	0.00 $	590,348.00		
			97.075 Total	$	590,348.00 $	0.00 $	590,348.00		
		Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00145 $	97,845.18 $	25,839.74 $	123,684.92		
			Direct Total	$	97,845.18 $	25,839.74 $	123,684.92		
			97.133 Total	$	97,845.18 $	25,839.74 $	123,684.92		
		Department of Homeland Security		**$**	**90,217,364.44 $**	**943,985.39 $**	**91,161,349.83**		
			Grand Total	**$**	**868,594,399.27 $**	**62,885,699.98 $**	**931,480,099.25**		

Notes

Note 1 – Basis of Accounting
The Schedule is prepared on the same basis of accounting as the county's financial statements. The county's financial statements are prepared on a modified accrual or full accrual basis, depending on the type of fund.

Note 2 - Federal De Minimus Indirect Cost Rate
The County did not elect to use the 10 percent de minimus cost rate rate allowed under Uniform Guidance, but instead develops indirect cost rate proposals for individual departments and divisions.

Note 3 - Program Income
These programs generate income used to cover expenses. For only HOME and CDBG programs, Note 3 relates to program income on deferred payment loans. The County has a deferred payment loan program for low income housing repairs. The amount of loan funds disbursed to program participants for the year was $695,358.73 and is presented in this schedule. The amount of program income and interest received in loan repayments for the year was $942,840.18. For CFDA 90.404, $9,535.18 of Program Income was used to support costs.

Note 4 - Program Costs
The amounts shown as current year expenditures represent only the federal grant portion of the program costs. The full cost may include state or local funds in addition to the amounts shown.

Note 5 - Federal Loan - State Revolving Loan Fund
The outstanding balances are not reported for these loans. The Department of Natural Resources and Parks Waste Water Treatment division received a new loan effective 7/1/2019 for the Georgetown project. The original loan agreement has been amended to reflect the addition of new loan funds, federal funding distribution of $27,631,000 and state funding distribution of $9,510,994. The loan agreement was signed in July 2020. The $6,001,446.29 of 2020 expenditures represents the Treatment Station construction contract. This amount also represents the State Revolving Loan Fund available loan balance of federal monies that will be drawn down in 2021. Per BARS GAAP reporting requirements effective April 2020, the County, as a subrecipient, should not report the expenditures on the Schedule until it requests reimbursement from its awarding agency. This is a departure from prior year reporting requirements.

Note 6 - Expenditures from Prior Years
Prior year expenditures are reported in the current year Schedule. They were not reported on Schedules prepared in prior years.

Note 7 - Uncertainty of Funding
Expenditures are reported on the current year Schedule due to the uncertainty of funding status in the prior year. They were not reported on Schedules prepared in prior years.

Note 8 - Medicaid Administrative Claiming Program Costs
Per guidance received from the State Auditor's Office and from the grantor (Health Care Authority), Public Health - Seattle & King County (PHSKC) is reporting the revenues recorded in 2020 for the Medicaid Administrative Claiming (MAC) program, rather than the expenditures. Per the guidance received in 2016, "regardless of the date the reimbursement is actually received and regardless of the time period covered by the request, all reimbursement requests submitted during 2016 will be reported on the 2016 SEFA". During the 2020 fiscal year, PHSKC submitted reimbursement requests totaling $2,812,592.69 for the MAC program. However, of this amount, $1,501,402.70 was billed during the 2021 calendar year. This amount is excluded from the 2020 Schedule, and will be reported on the 2021 Schedule. Similarly, in 2019, $1,059,375.64 was requested for reimbursement but was billed in the 2020 calendar year. This amount is included in the 2020 SEFA. The County also processed a refund to the grantor, paying back $14,972.87 in 2020. This amount will be deducted from the Schedule. This results in $2,355,592.76 of revenues to report on the 2020 Schedule.

Note 9 - Revolving Loan
The County's Department of Community and Human Services makes loans to developers and non-profit organizations for the purchase and rehabilitation of existing buildings or new construction of affordable housing units. Some of the funding for these loans comes from the HOME Investment Partnerships Program (HOME) and the Community Development Block Grant (CDBG). The County's responsibility over these loans is to ensure that a specified percentage of total rental units are rented to low-income individuals. The balance of the loans outstanding as of December 31, 2020 consists of:

HOME	$71,268,253.54
CDBG	11,088,123.43
TOTAL	$82,356,376.97

Note 10 - Federal WIFIA Loans
The County was approved by the Environmental Protection Agency (EPA) to receive a loan totaling $134,500,000 to improve its wastewater infrastructure. The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance. For FY20, the County incurred $38,900,456.16 in costs. As of December 31, 2020, $0 have been drawn down from the loan, no proceeds were used during the year and the available loan fund balance remains at approximately $134,500,000.

The County was approved by the EPA to receive a second loan totaling $96,844,510 to improve its wastewater infrastructure. The Water Infrastructure Finance and Innovation Act (WIFIA) program accelerates investment in our nation's water and wastewater infrastructure by providing long-term, low-cost, supplemental credit assistance under customized terms to creditworthy water and wastewater projects of national and regional significance. For FY20, the County incurred $23,024,643.00 in costs. As of December 31, 2020, $0 have been drawn down from the loan, no proceeds were used during the year and the available loan fund balance remains at $96,844,510.

Note 11 - Pre-Award Costs
Although the grants have not been awarded yet by the Federal Transit Administration, King County Metro Transit Department management considers reimbursement of these expenditures to be certain based on historical trends and experience. Therefore, the pre-award costs are recorded in the year incurred.

Note 12 - Subsequent Event
FEMA waived the match requirements that the Biden Administration proposed in 2021. The County will recover 100 percent of FEMA funding as opposed to the original 75 percent. Because legislation was not in place during 2020, the County is reporting 75 percent cost recovery on the Schedule.

Note 13 - Donated Personal Protective Equipment and Inventory
King County received approximately $5,560 of personal protective equipment (PPE) and inventory which is an aggregate figure based on the fair market value of the PPE and inventory at the time of receipt and is "unaudited."

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CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER UNIFORM GUIDANCE

King County
January 1, 2020 through December 31, 2020

This schedule presents the corrective action planned by the County for findings reported in this report in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Finding ref number: 2020-002	**Finding caption:** The County lacked adequate internal controls for ensuring compliance with federal reporting requirements.
Name, address, and telephone of County's contact person: Cheryl Lee, Chief Accountant Financial Management Section Finance and Business Operations Division 201 S. Jackson Street, Suite 0714 Seattle, WA 98104 (206) 263-8595	
Corrective action the auditee plans to take in response to the finding: *Performance Reporting* *County staff attended a HUD training and are preparing updated tools and procedure documents to ensure that effective Section 3 reporting is part of normal work routines. These updated tools and procedure documents will help ensure that Section 3 reporting will be included according to HUD requirements.* *Federal Funding Accountability and Transparency Act (FFATA) Reporting* *The County is in the process of implementing corrective action which includes rehiring a contractor to assist with reporting as well as reviewing current staff roles and workflows to determine the most efficient and effective way to ensure timely reporting.*	
Anticipated date to complete the corrective action: Performance reporting – March 2022; FFATA Reporting – June 2022.	

Finding ref number:	Finding caption:
2020-003	The County improperly charged the program for expenditures incurred outside the period of performance.

Name, address, and telephone of County's contact person:

Cheryl Lee, Chief Accountant
Financial Management Section
Finance and Business Operations Division
201 S. Jackson Street, Suite 0714
Seattle, WA 98104
(206) 263-8595

Corrective action the auditee plans to take in response to the finding:

(If the auditee does not concur with the finding, the auditee must list the reasons for non-concurrence).

Effective October 1, 2020, the County required all Continuum of Care subrecipients to clearly provide the pay periods included in their request for payment. Additionally, the County amended subrecipient contracts to clearly state that all charges, including payroll, must fall within the grant period of performance. Lastly, the County staff who manage and administer this grant, now include closer review of all invoice service and/or purchase dates against the grant start and end dates. This will ensure that charges from another grant period are not included.

Anticipated date to complete the corrective action: This was completed in October 2020.

Finding ref number:	Finding caption:
2020-04	The County had inadequate internal controls for ensuring compliance with prevailing wage rate requirements.

Name, address, and telephone of County's contact person:

Cheryl Lee, Chief Accountant
Financial Management Section
Finance and Business Operations Division
201 S. Jackson Street, Suite 0714
Seattle, WA 98104
(206) 263-8595

Corrective action the auditee plans to take in response to the finding:

(If the auditee does not concur with the finding, the auditee must list the reasons for non-concurrence).

The County will develop, document, and implement additional internal control procedures per Title 2 CFR Part 200 Uniform Guidance § 303 to review contractor and subcontractor payroll data for compliance with federal program requirements subject to the 2021 OMB Compliance

Supplement Appendix XI Part 4, III. N. Special tests provisions - WAGE RATE REQUIREMENTS CROSS-CUTTING SECTION. *Specifically, the County will:* • *<u>Implement</u> certified payroll submittal status updates with the contractors during the regularly scheduled construction progress meetings.* • *<u>Implement</u> documentation in the contract file that weekly certified payrolls have been submitted. King County's Contract Specialist shall confirm certified payroll submittals utilizing King County's Labor and Workforce compliance system.* • *<u>Require</u> the relevant agency's contract and finance staff to attend annual federal grant award compliance requirement training offered and/or sponsored by the Finance Business and Operations Division (FBOD) Financial Systems and Services Team (FSST).*
Anticipated date to complete the corrective action: March 2022

ABOUT THE STATE AUDITOR'S OFFICE

The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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