



Statement of Net Assets
At December 31, 2002
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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash And Cash Equivalents	\$ 142,125,766	\$ 5,797,242	\$ 147,923,008
Cash With Trustee	3,238,638	596,832	3,835,470
Investments	34,509,852	17,730,466	52,240,318
Assessments Receivable	17,344	-	17,344
Sales Taxes Receivable	8,188,782	-	8,188,782
Property Taxes Receivable	17,116,724	-	17,116,724
Accounts Receivable, Net	8,902,954	3,348,339	12,251,293
Accrued Interest And Penalties	105,287	69,887	175,174
Internal Balances	467,010	(467,010)	-
Due From Other Governments	22,968,780	800,625	23,769,405
Inventory, At Cost	1,834,936	545,049	2,379,985
Prepaid Items	190,267	-	190,267
Total Current Assets	<u>239,666,340</u>	<u>28,421,430</u>	<u>268,087,770</u>
Noncurrent Assets			
Restricted Assets:			
Cash And Cash Equivalents	-	2,255,919	2,255,919
Cash With Trustee	-	25,735	25,735
Investments	-	38,490,141	38,490,141
Accrued Interest And Penalties	-	1,620,772	1,620,772
Assessments Receivable	-	20,442,025	20,442,025
Due From Other Governments	-	380,512	380,512
Contracts Receivable	-	3,952,572	3,952,572
Unamortized Debt Expense	-	40,211	40,211
Landfill Closure Receivable	-	2,809,804	2,809,804
Total Restricted Assets	<u>-</u>	<u>70,017,691</u>	<u>70,017,691</u>
Capital Assets:			
Land And Land Rights	67,782,993	49,937,502	117,720,495
Buildings And System	111,983,259	83,678,758	195,662,017
Improvements Other Than Buildings	2,083,677	9,741,500	11,825,177
Machinery And Equipment	53,656,416	36,698,602	90,355,018
Infrastructure	269,881,206	296,468,787	566,349,993
Construction In Progress	167,125,745	17,318,844	184,444,589
Avigation Rights	-	562,300	562,300
Accumulated Depreciation	<u>(101,686,558)</u>	<u>(126,436,213)</u>	<u>(228,122,771)</u>
Total Capital Assets	<u>570,826,738</u>	<u>367,970,080</u>	<u>938,796,818</u>
Other Assets:			
Equity Interest In Joint Ventures	638,736	-	638,736
TOTAL ASSETS	<u>811,131,814</u>	<u>466,409,201</u>	<u>1,277,541,015</u>

See Accompanying Notes To Financial Statements



Statement of Net Assets
At December 31, 2002
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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Current Liabilities			
Vouchers And Accounts Payable	\$ 23,850,554	\$ 4,630,990	\$ 28,481,544
Due To Other Governments	7,381,681	185,234	7,566,915
Accrued Wages and Benefits Payable	5,935,810	834,108	6,769,918
Other Accrued Liabilities	979,188	47,416	1,026,604
Estimated Claim Settlements	10,251,633	-	10,251,633
Deferred Revenues	637,956	142,424	780,380
Current Portion Of Long-Term Obligations	3,605,368	2,265,000	5,870,368
Total Current Liabilities	<u>52,642,190</u>	<u>8,105,172</u>	<u>60,747,362</u>
Liabilities Payable From Restricted Assets			
Vouchers And Accounts Payable	-	136,400	136,400
Accrued Interest Payable	-	670,513	670,513
Total Liabilities Payable From Restricted Assets	<u>-</u>	<u>806,913</u>	<u>806,913</u>
Noncurrent Liabilities			
Long-Term Obligations	67,366,206	32,636,691	100,002,897
Landfill Postclosure Liabilities	-	8,863,986	8,863,986
Total Noncurrent Liabilities	<u>67,366,206</u>	<u>41,500,677</u>	<u>108,866,883</u>
TOTAL LIABILITIES	<u>120,008,396</u>	<u>50,412,762</u>	<u>170,421,158</u>
NET ASSETS			
Invested In Capital Assets (net of related debt)	513,292,103	332,822,617	846,114,720
Restricted For:			
Capital Projects	56,214,607	26,894,630	83,109,237
Debt Service	857,047	30,612,574	31,469,621
Public Safety	3,655,201	-	3,655,201
Human Services	(2,042,706)	-	(2,042,706)
Transportation	20,492,761	-	20,492,761
Physical Environment	22,053,664	-	22,053,664
Other Purposes	6,089,512	3,082,458	9,171,970
Unrestricted	<u>70,511,229</u>	<u>22,584,160</u>	<u>93,095,389</u>
TOTAL NET ASSETS	<u>\$ 691,123,418</u>	<u>\$ 415,996,439</u>	<u>\$ 1,107,119,857</u>



Statement of Activities
For the Year Ended December 31, 2002

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 26,429,690	\$ 12,854,105	\$ 5,970,408	\$ -	\$ (7,605,177)	\$ -	\$ (7,605,177)
Public Safety	102,676,246	1,309,539	26,818,851	-	(74,547,856)	-	(74,547,856)
Physical Environment	23,938,675	12,818,833	277,103	525,293	(10,317,446)	-	(10,317,446)
Transportation	39,751,397	125,599	2,400,164	19,006,160	(18,219,474)	-	(18,219,474)
Legal And Judicial	54,774,792	8,073,176	8,068,226	-	(38,633,390)	-	(38,633,390)
Economic Environment	16,273,314	8,066,219	14,916,885	-	6,709,790	-	6,709,790
Health And Human Services	100,330,231	1,505,142	97,964,947	-	(860,142)	-	(860,142)
Culture And Recreation	2,702,816	1,652,543	1,957,283	-	907,010	-	907,010
Interest On Long-Term Debt	3,290,484	-	-	-	(3,290,484)	-	(3,290,484)
Total Governmental Activities	370,167,645	46,405,156	158,373,867	19,531,453	(145,857,169)	-	(145,857,169)
Business-Type Activities							
Sewer Utility	25,595,873	22,042,618	380,284	7,805,142	-	4,632,171	4,632,171
Solid Waste Landfill Reserve	60,993	-	-	-	-	(60,993)	(60,993)
Solid Waste Management	2,929,470	2,231,224	673,033	-	-	(25,213)	(25,213)
Airport	432,271	352,128	-	2,532,624	-	2,452,481	2,452,481
Ferry Services	2,495,438	2,117,892	199,519	-	-	(178,027)	(178,027)
Golf Course	1,087,988	932,039	-	-	-	(155,949)	(155,949)
Water Utility	76,690	-	-	-	-	(76,690)	(76,690)
Total Business-Type Activities	32,678,723	27,675,901	1,252,836	10,337,766	-	6,587,780	6,587,780
Total Government	\$ 402,846,368	\$ 74,081,057	\$ 159,626,703	\$ 29,869,219	(145,857,169)	6,587,780	(139,269,389)
General Revenues:							
Taxes:							
Property Taxes					124,730,801	-	124,730,801
Sales Taxes					44,319,230	-	44,319,230
Excise And Other Taxes					15,913,465	155,214	16,068,679
Grants and contributions not restricted for specific programs					12,196,841	-	12,196,841
Restricted Investment Earnings					-	3,128,478	3,128,478
Unrestricted Investment Earnings					9,534,726	255,342	9,790,068
Gain (Loss) On Sale Of Capital Assets					(3,018,004)	(1,875,285)	(4,893,289)
Transfers					(896,522)	896,522	-
Total General Revenues And Transfers					202,780,537	2,560,271	205,340,808
Change In Net Assets					56,923,368	9,148,051	66,071,419
Net Assets - Beginning Of Year (Before Restatement)					633,327,320	406,848,388	1,040,175,708
Cumulative Effect Of Change In Accounting Principle					872,730	-	872,730
Net Assets - Beginning Of Year (Restated)					634,200,050	406,848,388	1,041,048,438
Net Assets - End Of Year					\$ 691,123,418	\$ 415,996,439	\$ 1,107,119,857

See Accompanying Notes To Financial Statements



Balance Sheet
Governmental Funds
 At December 31, 2002

	General Fund	Human Services	Roads	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash In Treasury Pool	\$ 31,389,979	\$ 1,826,216	\$ 14,276,997	\$ 57,409,973	\$ 104,903,165
Cash With Trustee	-	-	35,988	3,202,650	3,238,638
Investments	-	-	3,960,980	30,548,872	34,509,852
Assessments Receivable	-	-	11,843	5,501	17,344
Sales Tax Receivable	7,772,261	-	-	416,521	8,188,782
Property Tax Receivable	14,562,114	61,743	2,297,062	195,805	17,116,724
Accounts Receivable, Net	1,894,590	155,599	18,546	6,729,797	8,798,532
Accrued Interest And Penalties	-	-	3,281	102,006	105,287
Due From Other Funds	421,368	116,405	243,096	3,844,321	4,625,190
Due From Other Governments	3,093,975	6,191,689	350,995	13,308,948	22,945,607
Interfund Loans Receivable	579,736	-	-	-	579,736
Inventory, At Cost	264,227	-	-	97,749	361,976
Advances To Other Funds	60,538	-	-	-	60,538
TOTAL ASSETS	\$ 60,038,788	\$ 8,351,652	\$ 21,198,788	\$ 115,862,143	\$ 205,451,371
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers And Accounts Payable	\$ 3,688,269	6,571,898	\$ 663,153	\$ 10,096,987	\$ 21,020,307
Due To Other Funds	2,625,479	278,081	927,080	4,210,806	8,041,446
Due To Other Governments	32,091	3,367,099	25,102	3,305,577	6,729,869
Accrued Wages And Benefits Payable	3,180,705	235,669	430,601	496,745	4,343,720
Deferred Revenues	23,095,318	119,185	2,312,160	1,791,643	27,318,306
Interfund Loans Payable	-	-	-	571,000	571,000
Other Current Liabilities	979,188	-	-	-	979,188
Advances From Other Funds	-	-	-	626,700	626,700
Total Liabilities	33,601,050	10,571,932	4,358,096	21,099,458	69,630,536
Fund Balances					
Reserved For Advances To Other Funds	60,538	-	-	-	60,538
Reserved For Inventory	264,227	-	-	97,749	361,976
Reserved For Property Purchases	-	-	-	1,300,557	1,300,557
Reserved For Potential Refund	-	-	-	330,887	330,887
Reserved For Continuing Appropriations	-	-	-	43,987,771	43,987,771
Reserved For Debt Service	-	-	-	857,047	857,047
Reserved For Other	364,124	-	-	-	364,124
Unreserved Reported In:					
General Fund	25,748,849	-	-	-	25,748,849
Special Revenue Funds	-	(2,220,280)	16,840,692	49,129,526	63,749,938
Capital Projects Funds	-	-	-	(940,852)	(940,852)
Total Fund Balances	26,437,738	(2,220,280)	16,840,692	94,762,685	135,820,835
TOTAL LIABILITIES AND FUND BALANCES	\$ 60,038,788	\$ 8,351,652	\$ 21,198,788	\$ 115,862,143	\$ 205,451,371

See Accompanying Notes To Financial Statements



**Reconciliation Of The Balance Sheet Of Governmental Funds
To The Statement Of Net Assets**
At December 31, 2002

Total Fund Balances Of Governmental Funds \$ 135,820,835

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Capital assets:

Land	\$ 67,571,553	
Construction in progress	164,699,339	
Infrastructure	269,881,206	
Buildings & improvements	114,066,936	
Machinery and equipment	9,079,595	
Accumulated depreciation	<u>(78,634,399)</u>	
Total capital assets (net of accumulated depreciation)		546,664,230

Equity interest in Cheney Stadium joint venture 638,736

Internal Service Funds are used to charge individual funds for the cost of certain activities such as equipment and vehicle rental, information services, facilities management, radio communications, general services, self insurance and workers compensation. The statement of net assets includes assets, liabilities, and net assets of Internal Service Funds in governmental activities.

52,111,956

Certain county taxes and other revenues will be collected after year-end, and will not be available soon enough after year-end to pay for the current period's expenditures and, accordingly, are reported as deferred revenue in the funds.

26,859,235

Certain liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds as follows:

Bonds Payable	(56,595,368)	
Accrued Interest Payable	(887,881)	
Contracts And Loans Payable	(102,045)	
Compensated Absences	<u>(13,386,280)</u>	
Total Long-Term Liabilities:		<u>(70,971,574)</u>

Net Assets Of Governmental Activities \$ 691,123,418

See Accompanying Notes To Financial Statements



Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2002

	<u>General Fund</u>	<u>Human Services</u>	<u>Roads</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 87,063,627	\$ 1,004,643	\$ 33,109,958	\$ 3,202,050	\$ 124,380,278
Sales & Use Taxes	40,453,241	-	-	3,267,365	43,720,606
Excise and Other Taxes	2,227,917	8,734	308,317	13,368,497	15,913,465
Special Assessments	-	-	-	9,560	9,560
Licenses And Permits	5,931,698	-	78,905	-	6,010,603
Intergovernmental Revenues	38,973,972	80,812,672	13,568,930	49,396,402	182,751,976
Charges For Services	27,854,476	2,300	1,039,437	18,634,929	47,531,142
Fines And Forfeits	5,398,493	-	-	355,176	5,753,669
Interest And Penalties	8,508,007	-	74,291	775,727	9,358,025
Miscellaneous	1,658,163	97,159	38,388	1,621,801	3,415,511
TOTAL REVENUES	<u>218,069,594</u>	<u>81,925,508</u>	<u>48,218,226</u>	<u>90,631,507</u>	<u>438,844,835</u>
EXPENDITURES					
Current:					
General Government	29,685,003	-	-	4,124,400	33,809,403
Public Safety	96,977,601	-	-	5,275,988	102,253,589
Physical Environment	12,788,815	-	-	14,658,075	27,446,890
Legal And Judicial	54,512,257	-	-	-	54,512,257
Transportation	-	-	35,531,557	1,764,689	37,296,246
Economic Environment	1,434,499	-	-	14,902,922	16,337,421
Health And Human Services	3,225,286	82,523,417	-	14,602,093	100,350,796
Culture And Recreation	6,926,931	-	-	1,894,424	8,821,355
Capital Projects:					
General Government	-	-	-	2,041,992	2,041,992
Public Safety	-	-	-	16,436,360	16,436,360
Legal And Judicial	-	-	-	94,797	94,797
Transportation	-	-	-	30,178,391	30,178,391
Culture And Recreation	-	-	-	515,031	515,031
Debt Service:					
Principal Retirement	-	-	-	2,939,129	2,939,129
Interest And Fiscal Charges	-	-	-	3,239,825	3,239,825
TOTAL EXPENDITURES	<u>205,550,392</u>	<u>82,523,417</u>	<u>35,531,557</u>	<u>112,668,116</u>	<u>436,273,482</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>12,519,202</u>	<u>(597,909)</u>	<u>12,686,669</u>	<u>(22,036,609)</u>	<u>2,571,353</u>
OTHER FINANCING SOURCES (USES)					
Sale Of Capital Assets	379,274	4,040	391,331	883,971	1,658,616
Transfers In	552,860	106,730	310,000	29,383,030	30,352,620
Transfers Out	(15,714,952)	(737,510)	(9,672,192)	(11,030,583)	(37,155,237)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(14,782,818)</u>	<u>(626,740)</u>	<u>(8,970,861)</u>	<u>19,236,418</u>	<u>(5,144,001)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,263,616)</u>	<u>\$ (1,224,649)</u>	<u>\$ 3,715,808</u>	<u>\$ (2,800,191)</u>	<u>\$ (2,572,648)</u>
FUND BALANCES					
Beginning Of Year, As Previously Presented	\$ 28,059,089	\$ (995,631)	\$ 13,124,884	\$ 97,577,707	\$ 137,766,049
Cumulative Effect Of Accounting Change	872,730	-	-	-	872,730
Beginning Of Year As Restated	28,931,819	(995,631)	13,124,884	97,577,707	138,638,779
Net Change In Fund Balance	(2,263,616)	(1,224,649)	3,715,808	(2,800,191)	(2,572,648)
Change In Reserves	(230,465)	-	-	(14,831)	(245,296)
FUND BALANCES - End Of Year	<u>\$ 26,437,738</u>	<u>\$ (2,220,280)</u>	<u>\$ 16,840,692</u>	<u>\$ 94,762,685</u>	<u>\$ 135,820,835</u>

See Accompanying Notes To Financial Statements



**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, 2002

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

Net Change in Fund Balances - Total Governmental Funds	\$ (2,572,648)
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.	52,940,208
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets.	(4,409,729)
Certain portions of sales and property tax revenue that do not provide current financial resources are reported as deferred revenues in governmental fund statements, but recognized currently as revenue in entity-wide statements. The current year decrease in deferred revenue is included as a reduction of net assets in the statement of activities.	(326,202)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds and is reported as a decrease in total governmental fund balance. Principal payments are treated as a reduction of debt in the entity-wide statements which results in an adjustment to governmental fund balance to determine changes in net assets.	2,939,129
Changes in certain accrued assets and liabilities are included in the statement of activities. Such changes do not require the use of current financial resources and, therefore, are not included in the change in governmental fund balances.	(1,315,473)
<i>Internal Service Funds</i> are used by management to charge the costs of certain activities to individual funds. The net revenue of such activity is not included in the change in governmental fund balances.	9,734,847
Changes in investments in a joint venture are not reported in governmental fund statements.	<u>(66,764)</u>
Change in Net Assets of Governmental Activities	<u>\$ 56,923,368</u>

See Accompanying Notes To Financial Statements



General Fund
Statement of Revenues, Expenditures And Changes In Fund Balance
Budget (GAAP Basis) And Actual

For The Year Ended December 31, 2002
 With Comparative Actual Amounts For the Year Ended December 31, 2001

	2002 Budget Amounts		2002 Actual Amounts	Variance with Final Budget- Positive (Negative)	2001 Actual Amounts (Restated)
	Original	Final			
REVENUES					
Property Taxes	\$ 85,848,070	\$ 85,848,070	\$ 87,063,627	\$ 1,215,557	\$ 82,156,670
Sales Taxes	39,240,000	39,490,000	40,453,241	963,241	38,029,281
Excise and Other Taxes	2,230,000	2,230,000	2,227,917	(2,083)	2,318,622
Licenses And Permits	5,382,110	5,382,110	5,931,698	549,588	5,471,682
Intergovernmental Revenues	37,394,910	39,974,986	38,973,972	(1,001,014)	38,507,078
Charges For Services	26,081,360	26,894,662	27,854,476	959,814	26,841,333
Fines And Forfeits	4,488,270	4,713,270	5,398,493	685,223	4,602,866
Interest	9,474,700	9,474,700	8,508,007	(966,693)	11,674,370
Miscellaneous	1,444,700	1,591,578	1,658,163	66,585	1,597,872
TOTAL REVENUES	211,584,120	215,599,376	218,069,594	2,470,218	211,199,774
EXPENDITURES					
General Government	29,679,690	29,802,740	29,685,003	117,737	28,116,028
Public Safety	97,587,589	97,413,970	96,977,601	436,369	92,535,280
Physical Environment	13,034,860	12,966,048	12,788,815	177,233	12,944,523
Legal And Judicial	52,834,331	54,886,961	54,512,257	374,704	51,699,432
Economic Environment	1,237,230	1,432,230	1,434,499	(2,269)	1,011,493
Mental And Physical Health	3,227,450	3,227,450	3,225,286	2,164	3,625,697
Culture And Recreation	6,691,730	6,892,310	6,926,931	(34,621)	6,535,126
TOTAL EXPENDITURES	204,292,880	206,621,709	205,550,392	1,071,317	196,467,579
EXCESS OF REVENUES OVER EXPENDITURES	7,291,240	8,977,667	12,519,202	5,227,962	14,732,195
OTHER FINANCING SOURCES (USES):					
Sale Of Capital Assets	—	86,000	379,274	293,274	275,859
Transfers In	572,320	592,320	552,860	(39,460)	593,690
Transfers Out	(10,211,560)	(15,940,987)	(15,714,952)	226,035	(13,562,538)
TOTAL OTHER FINANCING SOURCES (USES)	(9,639,240)	(15,262,667)	(14,782,818)	479,849	(12,692,989)
NET CHANGE IN FUND BALANCE	\$ (2,348,000)	\$ (6,285,000)	\$ (2,263,616)	\$ 5,707,811	\$ 2,039,206
FUND BALANCE					
Beginning Of Year, As Previously Presented			\$ 28,059,089		\$ 26,785,870
Cumulative Effect Of Accounting Change			872,730		—
Beginning Of Year, Restated			28,931,819		26,785,870
Net Change In Fund Balance			(2,263,616)		2,039,206
Change In Reserves			(230,465)		106,743
FUND BALANCE - End Of Year			\$ 26,437,738		\$ 28,931,819

See Accompanying Notes To Financial Statements



Human Services Special Revenue Fund
Statement of Revenues, Expenditures And Changes In Fund Balance
Budget (GAAP Basis) And Actual
For The Year Ended December 31, 2002

	2002 Budget Amounts		2002 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,004,400	\$ 1,004,400	\$ 1,004,643	\$ 243
Excise and Other Taxes	-	-	8,734	8,734
Intergovernmental Revenues	79,301,410	80,694,393	80,812,672	118,279
Charges For Services	53,910	-	2,300	2,300
Miscellaneous	209,850	172,948	97,159	(75,789)
TOTAL REVENUES	80,569,570	81,871,741	81,925,508	53,767
EXPENDITURES				
Mental And Physical Health	81,844,290	82,546,461	82,523,417	23,044
TOTAL EXPENDITURES	81,844,290	82,546,461	82,523,417	23,044
EXCESS OF EXPENDITURES OVER REVENUES	(1,274,720)	(674,720)	(597,909)	76,811
OTHER FINANCING SOURCES (USES)				
Sale Of Capital Assets	-	-	4,040	4,040
Transfers In	107,000	107,000	106,730	(270)
Transfers Out	(137,510)	(737,510)	(737,510)	-
TOTAL OTHER FINANCING SOURCES (USES)	(30,510)	(630,510)	(626,740)	3,770
NET CHANGE IN FUND BALANCE	\$ (1,305,230)	\$ (1,305,230)	(1,224,649)	\$ 80,581
FUND BALANCE - Beginning Of Year			(995,631)	
FUND BALANCE - End Of Year			\$ (2,220,280)	

See Accompanying Notes To Financial Statements



Roads Special Revenue Fund
Statement of Revenues, Expenditures And Changes In Fund Balance
Budget (GAAP Basis) And Actual
For The Year Ended December 31, 2002

	2002 Budget Amounts		2002 Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 33,317,720	\$ 33,317,720	\$ 33,109,958	\$ (207,762)
Excise and Other Taxes	535,000	535,000	308,317	(226,683)
Licenses And Permits	62,200	62,200	78,905	16,705
Intergovernmental Revenues	13,449,500	13,449,500	13,568,930	119,430
Charges For Services	523,000	523,000	1,039,437	516,437
Interest	53,400	53,400	74,291	20,891
Miscellaneous	39,100	39,100	38,388	(712)
TOTAL REVENUES	<u>47,979,920</u>	<u>47,979,920</u>	<u>48,218,226</u>	<u>238,306</u>
EXPENDITURES				
Transportation	44,218,570	44,218,570	35,531,557	8,687,013
TOTAL EXPENDITURES	<u>44,218,570</u>	<u>44,218,570</u>	<u>35,531,557</u>	<u>8,687,013</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,761,350</u>	<u>3,761,350</u>	<u>12,686,669</u>	<u>8,925,319</u>
OTHER FINANCING SOURCES (USES)				
Sale Of Capital Assets	33,000	33,000	391,331	358,331
Transfers In	310,000	310,000	310,000	-
Transfers Out	(9,897,840)	(9,897,840)	(9,672,192)	225,648
TOTAL OTHER FINANCING SOURCES (USES)	<u>(9,554,840)</u>	<u>(9,554,840)</u>	<u>(8,970,861)</u>	<u>583,979</u>
NET CHANGE IN FUND BALANCE	<u>\$ (5,793,490)</u>	<u>\$ (5,793,490)</u>	<u>3,715,808</u>	<u>\$ 9,509,298</u>
FUND BALANCE - Beginning Of Year			<u>13,124,884</u>	
FUND BALANCE - End Of Year			<u>\$ 16,840,692</u>	

See Accompanying Notes To Financial Statements



Statement Of Net Assets
Proprietary Funds
 At December 31, 2002
 Page 1 of 2

	Sewer Utility	Landfill Reserve	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current Assets					
Cash In Treasury Pool	\$ 1,952,179	\$ -	\$ 3,845,063	\$ 5,797,242	\$ 37,222,601
Cash With Trustee	596,832	-	-	596,832	-
Investments	12,045,086	-	5,685,380	17,730,466	-
Accounts Receivable, Net	3,064,473	-	283,866	3,348,339	104,422
Accrued Interest Receivable	58,433	-	11,454	69,887	-
Due From Other Funds	165,978	-	3,591	169,569	3,351,648
Due From Other Governments	445,937	-	354,688	800,625	23,173
Interfund Loans Receivable, Current	-	-	-	-	22,408
Inventory, At Cost	514,198	-	30,851	545,049	1,472,960
Prepaid Expense	-	-	-	-	190,267
Total Current Assets	18,843,116	-	10,214,893	29,058,009	42,387,479
Restricted Assets					
Cash In Treasury Pool	2,100,239	79,122	76,558	2,255,919	-
Cash With Trustee	-	-	25,735	25,735	-
Investments	29,367,299	9,097,842	25,000	38,490,141	-
Accrued Interest And Penalties	1,620,676	96	-	1,620,772	-
Assessments Receivable, Current	1,216,719	-	-	1,216,719	-
Assessments Receivable, Deferred	19,225,306	-	-	19,225,306	-
Contracts Receivable	3,952,572	-	-	3,952,572	-
Advances To Other Funds	374,000	-	-	374,000	-
Due From Other Funds	36,728	-	-	36,728	-
Due From Other Governments	380,512	-	-	380,512	-
Total Restricted Assets	58,274,051	9,177,060	127,293	67,578,404	-
Noncurrent Assets And Deferred Charges					
Advances To Other Funds	-	-	-	-	876,292
Unamortized Debt Expense	40,211	-	-	40,211	-
Landfill Postclosure Receivable	-	2,809,804	-	2,809,804	-
Total Noncurrent Assets And Deferred Charges	40,211	2,809,804	-	2,850,015	876,292
Capital Assets					
Land And Land Rights	44,666,014	-	5,271,488	49,937,502	211,440
Buildings And Systems	80,011,224	-	3,667,534	83,678,758	-
Improvements Other Than Buildings	6,038,644	-	3,702,856	9,741,500	-
Machinery And Equipment	16,377,892	-	20,320,710	36,698,602	44,576,821
Infrastructure	296,468,787	-	-	296,468,787	-
Construction Work In Progress	16,931,968	-	386,876	17,318,844	2,426,406
Avigation Rights	-	-	562,300	562,300	-
Accumulated Depreciation	(118,998,197)	-	(7,438,016)	(126,436,213)	(23,052,159)
Total Capital Assets, Net of Accumulated Depreciation	341,496,332	-	26,473,748	367,970,080	24,162,508
TOTAL ASSETS	418,653,710	11,986,864	36,815,934	467,456,508	67,426,279

See Accompanying Notes To Financial Statements



Statement Of Net Assets
Proprietary Funds
 At December 31, 2002
 Page 2 of 2

	Sewer Utility	Landfill Reserve	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current Liabilities					
Vouchers And Accounts Payable	\$ 4,043,689	\$ -	\$ 587,301	\$ 4,630,990	\$ 2,830,247
Due To Other Funds	367,191	-	153,518	520,709	171,570
Due To Other Governments	-	-	185,234	185,234	96,404
Accrued Wages And Benefits Payable	673,333	-	160,775	834,108	1,592,090
Estimated Claims Settlements	-	-	-	-	10,251,633
Deferred Revenues	-	-	-	-	178,885
Other Accrued Liabilities	-	-	47,416	47,416	-
Interfund Loans Payable	-	-	8,736	8,736	-
Total Current Liabilities	5,084,213	-	1,142,980	6,227,193	15,120,829
Liabilities Payable From Restricted Assets					
Vouchers And Accounts Payable	44,481	40,310	51,609	136,400	-
Due To Other Funds	310	110	4,398	4,818	-
Interfund Loans Payable	-	-	22,408	22,408	-
Current Portion Of Bonds Payable	2,265,000	-	-	2,265,000	-
Accrued Interest Payable	670,513	-	-	670,513	-
Deferred Revenues	142,424	-	-	142,424	-
Landfill Postclosure Liabilities	-	8,863,986	-	8,863,986	-
Total Liabilities Payable From Restricted Assets	3,122,728	8,904,406	78,415	12,105,549	-
Noncurrent Liabilities					
Bonds Payable, Net of Premium/Discount	30,969,586	-	-	30,969,586	-
Advances From Other Funds	-	-	684,130	684,130	-
Contracts Payable	-	-	1,667,105	1,667,105	-
Total Noncurrent Liabilities	30,969,586	-	2,351,235	33,320,821	-
TOTAL LIABILITIES	39,176,527	8,904,406	3,572,630	51,653,563	15,120,829
NET ASSETS					
Invested In Capital Assets, Net					
Of Related Debt	308,261,746	-	24,560,871	332,822,617	24,162,508
Restricted For:					
Capital Projects	26,845,450	-	47,388	26,892,838	-
Debt Service	30,611,084	-	1,490	30,612,574	-
Landfill Reserve	-	3,082,458	-	3,082,458	-
Unrestricted	13,758,903	-	8,633,555	22,392,458	28,142,942
TOTAL NET ASSETS	\$ 379,477,183	\$ 3,082,458	\$ 33,243,304	415,802,945	\$ 52,305,450
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				193,494	
Net Assets of business-type activities				<u>\$ 415,996,439</u>	



Statement Of Revenues, Expenses And Changes In Net Assets
Proprietary Funds
For The Year Ended December 31, 2002

	<u>Sewer Utility</u>	<u>Landfill Reserve</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES					
Charges For Services	\$ 22,042,618	\$ -	\$ 5,633,283	\$ 27,675,901	\$ 47,771,675
OPERATING EXPENSES					
Sewage Transmission	3,052,668	-	-	3,052,668	-
Sewage Treatment And Disposal	5,480,978	-	-	5,480,978	-
Personal Services	-	-	1,576,294	1,576,294	14,963,652
Materials And Supplies	1,348,008	-	413,255	1,761,263	9,124,528
System Support Service	6,222,341	60,993	4,280,299	10,563,633	10,163,477
Depreciation	9,637,656	-	799,725	10,437,381	4,237,530
Insurance, Claims Settlements, And Other Charges	-	-	-	-	5,410,329
TOTAL OPERATING EXPENSES	<u>25,741,651</u>	<u>60,993</u>	<u>7,069,573</u>	<u>32,872,217</u>	<u>43,899,516</u>
OPERATING INCOME (LOSS)	<u>(3,699,033)</u>	<u>(60,993)</u>	<u>(1,436,290)</u>	<u>(5,196,316)</u>	<u>3,872,159</u>
NONOPERATING REVENUES (EXPENSES)					
Interest Income	3,289,634	62,763	173,733	3,526,130	44,410
Interest Expense	(98,473)	-	(43,837)	(142,310)	-
Operating Grants Received	380,284	-	872,552	1,252,836	38,911
Taxes	-	-	155,214	155,214	-
Gain (Loss) On Sale Of Capital Assets	(1,786,921)	-	(88,364)	(1,875,285)	(63,036)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>1,784,524</u>	<u>62,763</u>	<u>1,069,298</u>	<u>2,916,585</u>	<u>20,285</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,914,509)</u>	<u>1,770</u>	<u>(366,992)</u>	<u>(2,279,731)</u>	<u>3,892,444</u>
Capital Contributions	7,805,142	-	2,532,624	10,337,766	27,356
Transfers In	487,400	-	726,500	1,213,900	6,049,245
Transfers Out	(175,615)	-	(141,763)	(317,378)	(13,348)
CHANGE IN ASSETS	<u>6,202,418</u>	<u>1,770</u>	<u>2,750,369</u>	<u>8,954,557</u>	<u>9,955,697</u>
NET ASSETS - Beginning of Year	<u>373,274,765</u>	<u>3,080,688</u>	<u>30,492,935</u>	<u>406,848,388</u>	<u>42,349,753</u>
NET ASSETS - End Of Year	<u>\$ 379,477,183</u>	<u>\$ 3,082,458</u>	<u>\$ 33,243,304</u>	<u>415,802,945</u>	<u>\$ 52,305,450</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds.				193,494	
Net Assets of business-type activities				<u>\$ 415,996,439</u>	

See Accompanying Notes To Financial Statements



Statement Of Cash Flows
Proprietary Funds
 For The Year Ended December 31, 2002

Page 1 of 2

	Sewer Utility	Landfill Reserve	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received From Customers	\$ 22,060,040	\$ -	\$ 5,591,483	\$ 27,651,523	\$ 1,845,893
Cash Received For Interfund Services Provided	-	-	102,646	102,646	44,878,699
Cash Payments To Suppliers For Goods And Services	(5,963,955)	(411,353)	(3,722,704)	(10,098,012)	(15,780,567)
Cash Payments To Employees For Services And Benefits	(6,494,826)	-	(1,563,747)	(8,058,573)	(14,878,543)
Cash Paid For Interfund Services Used	(2,513,477)	-	(752,103)	(3,265,580)	(3,485,898)
Cash Paid For Claims And Insurance	-	-	-	-	(5,467,246)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	7,087,782	(411,353)	(344,425)	6,332,004	7,112,338
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds From Sale Of Investments	481,991,983	260,930,453	117,733,280	860,655,716	-
Purchase Of Investments	(476,702,996)	(260,817,779)	(117,454,200)	(854,974,975)	-
Interest Income From Investments	1,360,340	173,557	131,425	1,665,322	66
NET CASH PROVIDED BY INVESTING ACTIVITIES	6,649,327	286,231	410,505	7,346,063	66
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Receipts From (Advances To) Other Funds	(450,512)	-	70,000	(380,512)	(272,000)
Interfund Interest Income	221,647	-	-	221,647	-
Transfers In	470,770	-	726,500	1,197,270	5,083,000
Transfers Out	(148,710)	-	(96,347)	(245,057)	-
Intergovernmental Grants	417,283	-	676,783	1,094,066	201,232
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	510,478	-	1,376,936	1,887,414	5,012,232
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds From Customer Assessments	3,725,704	-	-	3,725,704	-
Proceeds From Connection Charges	4,510,053	-	-	4,510,053	-
Real Estate Excise Tax Collected	-	-	155,214	155,214	-
Proceeds From Sale Of Capital Assets	1,030,000	-	-	1,030,000	299,744
Proceeds From Borrowings	-	-	272,000	272,000	-
Principal Payments On Debts	(2,205,000)	-	(193,545)	(2,398,545)	-
Interest Paid On Debts	(2,085,717)	-	(24,065)	(2,109,782)	-
Capital Contributions	-	-	2,571,542	2,571,542	966,245
Transfers Out - Capital	-	-	-	-	(13,348)
Acquisition Of Capital Assets	(18,965,691)	-	(3,626,576)	(22,592,267)	(6,819,298)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(13,990,651)	-	(845,430)	(14,836,081)	(5,566,657)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	256,936	(125,122)	597,586	729,400	6,557,979
CASH AND CASH EQUIVALENTS - Beginning Of Year	4,392,314	204,244	3,349,770	7,946,328	30,664,622
CASH AND CASH EQUIVALENTS - End Of Year	\$ 4,649,250	\$ 79,122	\$ 3,947,356	\$ 8,675,728	\$ 37,222,601

See Accompanying Notes To Financial Statements



Statement Of Cash Flows
Proprietary Funds
For The Year Ended December 31, 2002
Page 2 of 2

	<u>Sewer Utility</u>	<u>Landfill Reserve</u>	<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Governmental Activities - Internal Service Funds</u>
RECONCILIATION OF OPERATING INCOME					
(LOSS) TO NET CASH PROVIDED (USED)					
BY OPERATING ACTIVITIES:					
Operating Income (Loss)	\$ (3,699,033)	\$ (60,993)	\$ (1,436,290)	\$ (5,196,316)	\$ 3,872,159
Adjustments To Reconcile Operating					
Income (Loss) To Net Cash Provided					
(Used) By Operating Activities:					
Depreciation	9,637,656	-	799,725	10,437,381	4,237,530
Depletion	261,678	-	-	261,678	-
Write-Off Of Preliminary Charges	640,593	-	89,396	729,989	-
Overhead Allocation To Construction	(167,118)	-	-	(167,118)	-
Decrease (Increase) In Assets:					
Receivables	285,570	-	52,099	337,669	(8,017)
Due From Other Funds	(120,742)	-	(1,464)	(122,206)	(1,097,630)
Due From Other Governments	(409,084)	-	-	(409,084)	(3,850)
Inventory	16,857	-	(2,102)	14,755	(116,031)
Prepaid Expense	-	-	-	-	98,176
Increase (Decrease) In Liabilities:					
Vouchers And Accounts Payable	537,866	20,633	112,849	671,348	69,254
Landfill Postclosure Liabilities	-	(370,993)	-	(370,993)	-
Due To Other Funds	47,834	-	28,815	76,649	23,145
Due To Component Unit	-	-	-	-	-
Due To Other Governments	-	-	-	-	90,706
Retainage Payable	(19,726)	-	-	(19,726)	-
Accrued Wages And Benefits Payable	75,431	-	12,547	87,978	85,109
Estimated Claims Settlements	-	-	-	-	(128,653)
Deferred Revenues	-	-	-	-	(9,560)
Total Adjustments	<u>10,786,815</u>	<u>(350,360)</u>	<u>1,091,865</u>	<u>11,528,320</u>	<u>3,240,179</u>
NET CASH PROVIDED (USED)					
BY OPERATING ACTIVITIES	<u>\$ 7,087,782</u>	<u>\$ (411,353)</u>	<u>\$ (344,425)</u>	<u>\$ 6,332,004</u>	<u>\$ 7,112,338</u>
NONCASH INVESTING, CAPITAL					
AND FINANCING ACTIVITIES:					
Capital Assets Acquired By Contribution	\$ 3,392,396	\$ -	\$ -	\$ 3,392,396	\$ 27,356
Capital Asset Trade-ins	-	-	-	-	43,513
Purchase Of Capital Assets On Account	-	-	-	-	1,033,763
Estimated Landfill Postclosure Contribution	-	2,809,804	-	2,809,804	-
Estimated Landfill Postclosure Liabilities	-	(8,863,986)	-	(8,863,986)	-
Net Change In Fair Value Of Investments	(64,155)	2,519	34,633	(27,003)	-
TOTAL NONCASH ACTIVITIES	<u>\$ 3,328,241</u>	<u>\$ (6,051,663)</u>	<u>\$ 34,633</u>	<u>\$ (2,688,789)</u>	<u>\$ 1,104,632</u>
RECONCILIATION OF CASH AND CASH					
EQUIVALENTS AT END OF YEAR					
TO BALANCE SHEET:					
Cash And Cash Equivalents Per Balance Sheet:					
Current And Restricted Assets:					
Cash In Treasury Pool	\$ 4,052,418	\$ 79,122	\$ 3,921,621	\$ 8,053,161	\$ 37,222,601
Cash With Trustee	596,832	-	25,735	622,567	-
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 4,649,250</u>	<u>\$ 79,122</u>	<u>\$ 3,947,356</u>	<u>\$ 8,675,728</u>	<u>\$ 37,222,601</u>



**Combined Statement Of Fiduciary Net Assets
Fiduciary Funds**

At December 31, 2002

	<u>Private- Purpose Trust Funds</u>	<u>Agency Funds</u>	<u>Total</u>
ASSETS			
Cash In Treasury Pool	\$ 801,078	\$ —	\$ 801,078
Cash And Investments With Trustee	—	89,618,675	89,618,675
Investments, At Amortized Cost	—	5,393,793	5,393,793
Assessments Receivable, Delinquent	—	642,165,225	642,165,225
Taxes Receivable, Delinquent	—	3,563,716	3,563,716
Account Receivable	—	33,422,594	33,422,594
Due From Other Funds	—	354,825	354,825
Due From Other Governments	—	560,510	560,510
Contracts Receivable	—	16,878	16,878
TOTAL ASSETS	<u>801,078</u>	<u>775,096,216</u>	<u>775,897,294</u>
LIABILITIES			
Warrants Payable	—	—	—
Vouchers And Accounts Payable	2,700	33,907,172	33,909,872
Due To Other Funds	—	581,731	581,731
Due To Note Holders	—	5,100	5,100
Custodial Accounts	—	500,145	500,145
Due To Special Districts/Other Governments	—	29,592,499	29,592,499
TOTAL LIABILITIES	<u>2,700</u>	<u>64,586,647</u>	<u>64,589,347</u>
NET ASSETS			
Reserved For Specific Program Use	<u>798,378</u>	<u>—</u>	<u>798,378</u>
TOTAL NET ASSETS	<u>\$ 798,378</u>	<u>\$ —</u>	<u>\$ 711,307,947</u>

See Accompanying Notes To Financial Statements



**Combined Statement Of Changes In Fiduciary Net Assets
Private-Purpose Trust Funds**

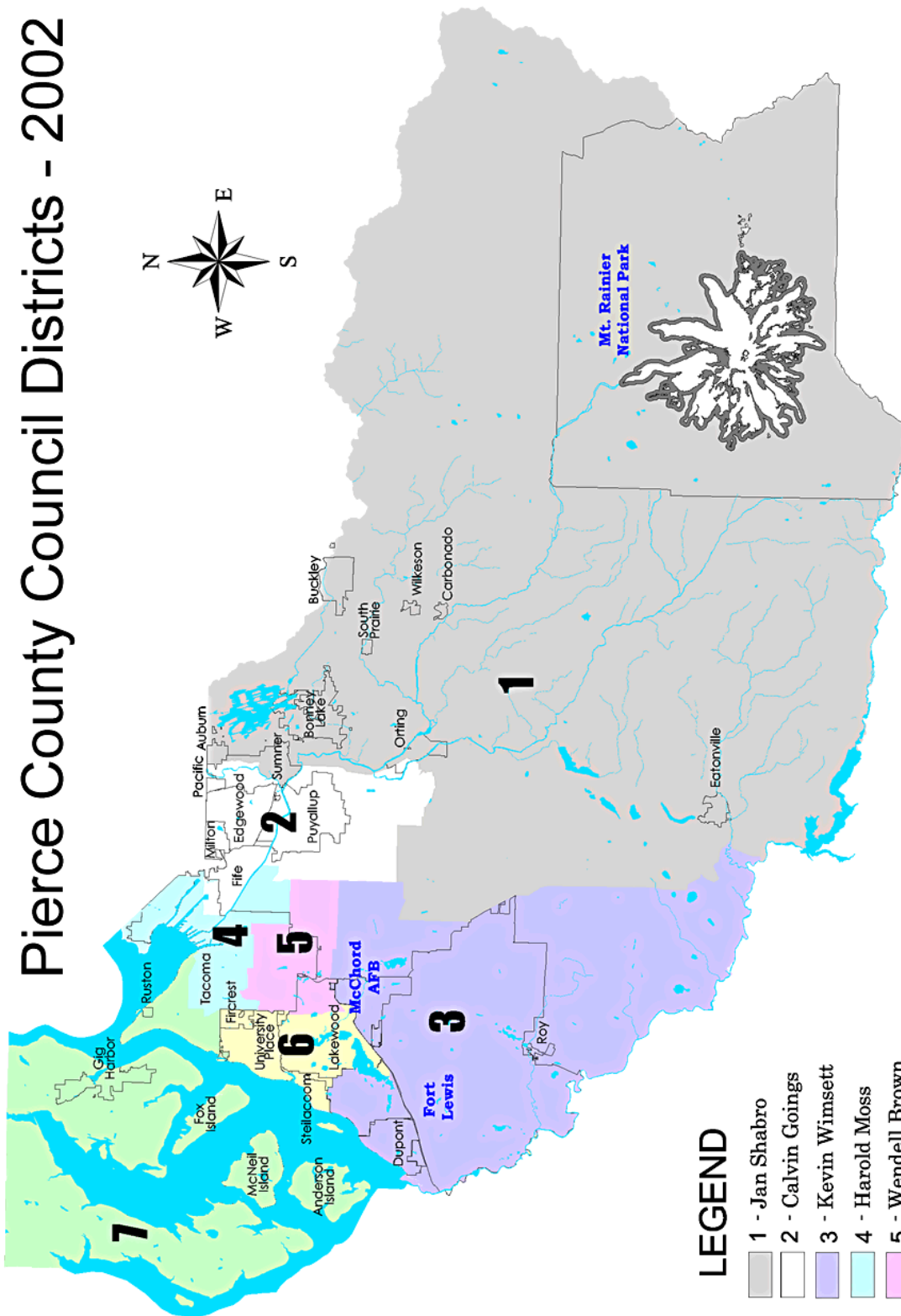
At December 31, 2002

	<u>Total</u>
ADDITIONS	
Fines And Forfeits	\$ 13,528
Donations	5,000
Interest	<u>9,596</u>
TOTAL ADDITIONS	<u>28,124</u>
DEDUCTIONS	
Current:	
General Government	<u>61,474</u>
TOTAL DEDUCTIONS	<u>61,474</u>
CHANGE IN NET ASSETS	(33,350)
NET ASSETS - Beginning Of Year	<u>831,728</u>
NET ASSETS - End Of Year	<u>\$ 798,378</u>

See Accompanying Notes To Financial Statements



Pierce County Council Districts - 2002



LEGEND

- 1 - Jan Shabro
- 2 - Calvin Goings
- 3 - Kevin Wimsett
- 4 - Harold Moss
- 5 - Wendell Brown
- 6 - Pat O'Malley
- 7 - Karen Biskey

