



Statement of Net Assets

At December 31, 2006

(In Thousands)

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	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash And Cash Equivalents	\$ 227,732	\$ 4,703	\$ 232,435
Cash With Trustee	1,112	77	1,189
Investments	45,856	19,764	65,620
Assessments Receivable	18	-	18
Sales Taxes Receivable	10,922	-	10,922
Property Taxes Receivable	13,961	-	13,961
Accounts Receivable, Net	17,605	4,531	22,136
Accrued Interest And Penalties	126	86	212
Internal Balances	(701)	701	-
Due From Other Governments	22,160	1,538	23,698
Inventory, At Cost	1,938	631	2,569
Prepaid Items	535	-	535
Unamortized Debt Expense	988	-	988
Restricted Assets:			
Cash And Cash Equivalents	-	3,307	3,307
Investments	-	38,290	38,290
Cash With Trustee	-	650	650
Accrued Interest And Penalties	-	1,082	1,082
Due From Other Governments	-	832	832
Contracts Receivable	-	64	64
Assessments Receivable	-	10,072	10,072
Unamortized Debt Expense	-	449	449
Landfill Closure Receivable	-	623	623
Capital Assets, Not Being Depreciated:			
Land And Land Rights	100,655	47,530	148,185
Avigation Rights	-	562	562
Construction In Progress	152,191	43,900	196,091
Capital Assets, Net Of Accumulated Depreciation:			
Buildings And System	140,883	55,449	196,332
Improvements Other Than Buildings	13,100	12,497	25,597
Machinery And Equipment	46,768	42,008	88,776
Infrastructure	286,264	234,826	521,090
Other Assets:			
Equity Interest In Joint Ventures	1,011	-	1,011
TOTAL ASSETS	<u>\$ 1,083,124</u>	<u>\$ 524,172</u>	<u>\$ 1,607,296</u>

See Accompanying Notes To Financial Statements



Statement of Net Assets

At December 31, 2006

(In Thousands)

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
LIABILITIES			
Vouchers And Accounts Payable	\$ 29,352	\$ 6,673	\$ 36,025
Due To Other Governments	4,167	418	4,585
Accrued Wages and Benefits Payable	9,593	419	10,012
Accrued Interest Payable	1,186	479	1,665
Other Accrued Liabilities	1,873	83	1,956
Estimated Claim Settlements	10,817	-	10,817
Unearned Revenues	1,259	123	1,382
Noncurrent Liabilities:			
Due Within One Year	18,185	3,474	21,659
Due In More Than One Year	106,334	49,825	156,159
TOTAL LIABILITIES	<u>182,766</u>	<u>61,494</u>	<u>244,260</u>
NET ASSETS			
Invested In Capital Assets, Net Of Related Debt	634,239	391,180	1,025,419
Restricted For:			
Capital Projects	112,996	24,690	137,686
Debt Service	1,370	16,491	17,861
Public Safety	6,178	-	6,178
Human Services	8,213	-	8,213
Transportation	13,196	-	13,196
Physical Environment	20,003	-	20,003
Other Purposes	11,834	3,943	15,777
Unrestricted	92,329	26,374	118,703
TOTAL NET ASSETS	<u>\$ 900,358</u>	<u>\$ 462,678</u>	<u>\$ 1,363,036</u>

See Accompanying Notes To Financial Statements



Statement of Activities
For the Year Ended December 31, 2006
(In Thousands)

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	\$ 39,872	\$ 17,896	\$ 3,119	\$ -	\$ (18,857)	\$ -	\$ (18,857)
Public Safety	122,964	4,321	23,192	26	(95,425)	-	(95,425)
Physical Environment	22,367	15,287	771	788	(5,521)	-	(5,521)
Transportation	62,054	846	20,214	8,494	(32,500)	-	(32,500)
Legal And Judicial	64,736	12,337	9,466	-	(42,933)	-	(42,933)
Economic Environment	35,196	16,305	12,678	-	(6,213)	-	(6,213)
Health And Human Services	83,413	905	81,922	-	(586)	-	(586)
Culture And Recreation	10,346	1,932	2,820	23	(5,571)	-	(5,571)
Interest On Long-Term Debt	3,786	-	-	-	(3,786)	-	(3,786)
Total Governmental Activities	444,734	69,829	154,182	9,331	(211,392)	-	(211,392)
Business-Type Activities							
Sewer Utility	32,099	29,235	16	16,636	-	13,788	13,788
Solid Waste Landfill Reserve	10	188	-	-	-	178	178
Solid Waste Management	3,372	3,436	724	-	-	788	788
Airport	528	416	-	578	-	466	466
Ferry Services	3,010	2,155	2,042	969	-	2,156	2,156
Golf Course	1,874	1,774	-	-	-	(100)	(100)
Water Utility	48	-	-	-	-	(48)	(48)
Total Business-Type Activities	40,941	37,204	2,782	18,183	-	17,228	17,228
Total Government	\$ 485,675	\$ 107,033	\$ 156,964	\$ 27,514	(211,392)	17,228	(194,164)
General Revenues:							
Taxes:							
Property Taxes					145,008	-	145,008
Sales Taxes					60,762	-	60,762
Excise And Other Taxes					27,829	293	28,122
Grants And Contributions Not Restricted For Specific Programs					531	-	531
Unrestricted Investment Earnings					16,649	852	17,501
Gain On Sale Of Capital Assets					430	-	430
Special and Extraordinary Items:							
Special Items					2,418	-	2,418
Extraordinary Items					2,032	-	2,032
Transfers					(2,983)	2,983	-
Total General Revenues And Transfers					252,676	4,128	256,804
Change In Net Assets					41,284	21,356	62,640
Net Assets - Beginning Of Year					859,074	441,322	1,300,396
Net Assets - End Of Year					\$ 900,358	\$ 462,678	\$ 1,363,036

See Accompanying Notes To Financial Statements



**Governmental Funds
Balance Sheet**
At December 31, 2006
(In Thousands)

	General Fund	Human Services	Roads	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash In Treasury Pool	\$ 39,564	\$ 6,010	\$ 13,805	\$ 113,406	\$ 172,785
Cash With Trustee	-	-	-	1,107	1,107
Investments	-	-	30	45,826	45,856
Assessments Receivable	-	-	18	-	18
Sales Tax Receivable	10,362	-	-	560	10,922
Property Tax Receivable	11,956	47	1,811	147	13,961
Accounts Receivable, Net	4,728	878	65	5,965	11,636
Accrued Interest And Penalties	-	-	-	126	126
Due From Other Funds	457	680	161	5,748	7,046
Due From Other Governments	3,570	11,239	695	6,633	22,137
Interfund Loans Receivable	150	-	-	-	150
Inventory, At Cost	166	63	-	-	229
Advances To Other Funds	390	-	-	-	390
TOTAL ASSETS	\$ 71,343	\$ 18,917	\$ 16,585	\$ 179,518	\$ 286,363
LIABILITIES AND FUND BALANCES					
Liabilities					
Vouchers And Accounts Payable	\$ 4,373	\$ 5,375	\$ 487	\$ 15,841	\$ 26,076
Due To Other Funds	2,115	1,028	692	4,242	8,077
Due To Other Governments	289	3,713	6	5	4,013
Accrued Wages And Benefits Payable	6,899	632	713	714	8,958
Deferred Revenues	23,655	480	1,846	2,176	28,157
Interfund Loans Payable	-	-	-	150	150
Other Current Liabilities	1,873	-	-	-	1,873
Advances From Other Funds	-	-	-	894	894
Total Liabilities	39,204	11,228	3,744	24,022	78,198
Fund Balances					
Reserved For Advances To Other Funds	390	-	-	-	390
Reserved For Inventory	166	63	-	-	229
Reserved For Debt Service	-	-	-	1,370	1,370
Reserved For Other Purposes	3,202	-	-	-	3,202
Unreserved Reported In:					
General Fund	28,381	-	-	-	28,381
Special Revenue Funds	-	7,626	12,841	82,897	103,364
Capital Project Funds	-	-	-	71,229	71,229
Total Fund Balances	32,139	7,689	12,841	155,496	208,165
TOTAL LIABILITIES AND FUND BALANCES	\$ 71,343	\$ 18,917	\$ 16,585	\$ 179,518	\$ 286,363

See Accompanying Notes To Financial Statements



**Reconciliation Of The Balance Sheet Of Governmental Funds
To The Statement Of Net Assets**

At December 31, 2006

(In Thousands)

Total Fund Balances Of Governmental Funds \$ 208,165

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 as assets in governmental fund statements as follows:

Capital assets:

Land	\$ 100,444	
Construction in progress	151,435	
Infrastructure	346,964	
Buildings & improvements	192,460	
Machinery and equipment	29,989	
Accumulated depreciation	<u>(109,173)</u>	
Total capital assets (net of accumulated depreciation)		712,119

Equity interest in Cheney Stadium joint venture 1,011

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. 69,534

Certain receivables for county taxes and other revenues will be collected after year-end, and will not be available soon enough after year-end to pay current period expenditures. Accordingly such receivables are either reported as revenue when received or are reported as deferred revenue in governmental fund statements. 32,691

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

Bonds payable	\$ (105,622)	
Accrued interest payable	(1,186)	
Compensated absences	<u>(16,354)</u>	
Total long-term liabilities		<u>(123,162)</u>

Net Assets Of Governmental Activities \$ 900,358

See Accompanying Notes To Financial Statements



Governmental Funds
Statement Of Revenues, Expenditures And Changes In Fund Balances
For The Year Ended December 31, 2006
(In Thousands)

	General Fund	Human Services	Roads	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 101,094	\$ 1,177	\$ 40,570	\$ 3,727	\$ 146,568
Sales And Use Taxes	54,679	-	-	5,250	59,929
Excise And Other Taxes	2,984	12	502	24,331	27,829
Licenses And Permits	8,557	-	97	-	8,654
Intergovernmental Revenues	28,819	74,802	14,641	42,222	160,484
Charges For Services	33,855	300	525	21,423	56,103
Fines And Forfeits	5,418	-	-	477	5,895
Interest And Penalties	14,939	-	6	1,559	16,504
Miscellaneous	2,026	504	151	3,683	6,364
TOTAL REVENUES	252,371	76,795	56,492	102,672	488,330
EXPENDITURES					
Current:					
General Government	33,410	-	-	4,844	38,254
Public Safety	111,117	-	-	10,004	121,121
Physical Environment	1,509	-	-	45,760	47,269
Legal And Judicial	64,719	-	-	-	64,719
Transportation	292	-	40,948	921	42,161
Economic Environment	17,851	-	-	17,796	35,647
Health And Human Services	3,154	76,080	-	4,766	84,000
Culture And Recreation	6,891	-	-	3,085	9,976
Capital Projects:					
General Government	-	-	-	2,990	2,990
Public Safety	-	-	-	2,371	2,371
Legal And Judicial	-	-	-	4,216	4,216
Transportation	-	-	-	40,775	40,775
Health And Human Services	-	-	-	513	513
Culture And Recreation	-	-	-	1,726	1,726
Debt Service:					
Principal Retirement	-	-	-	3,417	3,417
Interest And Fiscal Charges	-	-	-	3,192	3,192
Bond Issuance Costs	-	-	-	577	577
TOTAL EXPENDITURES	238,943	76,080	40,948	146,953	502,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,428	715	15,544	(44,281)	(14,594)
OTHER FINANCING SOURCES (USES)					
Sale Of Capital Assets	243	2	145	4	394
Transfers In	1,460	106	-	34,887	36,453
General Obligation Bonds Issued	-	-	-	60,119	60,119
General Long-Term Debt - Contracts	-	-	-	1,471	1,471
Redemption of General Long-Term Debt	-	-	-	(10,094)	(10,094)
Premium on General Obligation Bonds	-	-	-	1,142	1,142
Discount on General Obligation Bonds	-	-	-	(278)	(278)
Transfers Out	(11,407)	(434)	(14,178)	(13,751)	(39,770)
TOTAL OTHER FINANCING SOURCES (USES)	(9,704)	(326)	(14,033)	73,500	49,437
EXTRAORDINARY AND SPECIAL ITEMS					
Settlement Proceeds	-	2,032	-	-	2,032
Wetlands Credits	-	-	-	2,418	2,418
TOTAL EXTRAORDINARY AND SPECIAL ITEMS	-	2,032	-	2,418	4,450
NET CHANGE IN FUND BALANCES	3,724	2,421	1,511	31,637	39,293
FUND BALANCES - Beginning Of Year	28,428	5,205	11,330	123,957	168,920
Change In Reserves	(13)	63	-	(98)	(48)
FUND BALANCES - End Of Year	\$ 32,139	\$ 7,689	\$ 12,841	\$ 155,496	\$ 208,165

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, 2006
(In Thousands)

Net Change in Fund Balances - Total Governmental Funds	\$ 39,293
Amounts reported for governmental activities in the statement of activities are different because:	
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 in governmental fund statements exceeded depreciation for the current period.	59,707
The decrease in net assets from various miscellaneous capital asset transactions (i.e., sales, trade-ins, and donations) is not reported in governmental funds.	(10,861)
Changes in investments in a joint venture are not reported in governmental fund statements.	141
Certain portions of county taxes and other revenue that do not provide current financial resources are either reported as revenue when received or reported as deferred revenues in governmental fund statements, but recognized currently as revenue in entity-wide statements. Current year changes in such revenues are included as a change of net assets in the statement of activities.	(131)
Governmental funds report the issuance of long-term debt; the repayment of the principal on long-term debt; and related items occurring when debt is first issued (such as issuance costs, premiums, and/or discounts) as increases or decreases in total governmental fund balances. Issuing and repaying long-term debt have no effect on government-wide net assets. Further, the related debt issuance items are deferred and amortized in the statement of activities. This amount represents the net effect of such differences in the treatment of long-term debt and related items.	(48,075)
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.	(1,261)
<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.	2,471
Change in Net Assets of Governmental Activities	<u><u>\$ 41,284</u></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, 2006
(In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 101,386	\$ 101,386	\$ 101,094	\$ (292)
Sales And Use Taxes	50,740	51,660	54,679	3,019
Excise And Other Taxes	2,176	2,176	2,984	808
Licenses And Permits	8,965	8,965	8,557	(408)
Intergovernmental Revenues	27,406	29,525	28,819	(706)
Charges For Services	34,057	34,784	33,855	(929)
Fines And Forfeits	4,943	4,943	5,418	475
Interest	10,611	10,611	14,939	4,328
Miscellaneous	1,784	1,978	2,026	48
TOTAL REVENUES	242,068	246,028	252,371	6,343
EXPENDITURES				
General Government	33,827	34,210	33,410	800
Public Safety	111,116	112,299	111,117	1,182
Physical Environment	1,484	1,508	1,509	(1)
Legal And Judicial	64,511	65,231	64,719	512
Transportation	279	347	292	
Economic Environment	18,190	18,621	17,851	770
Health And Human Services	3,176	3,175	3,154	21
Culture And Recreation	7,098	7,065	6,891	174
TOTAL EXPENDITURES	239,680	242,456	238,943	3,458
EXCESS OF REVENUES OVER EXPENDITURES	2,388	3,572	13,428	9,856
OTHER FINANCING SOURCES (USES)				
Sale Of Capital Assets	405	487	243	(244)
Transfers In	1,701	1,715	1,460	(255)
Transfers Out	(10,130)	(11,410)	(11,407)	3
TOTAL OTHER FINANCING SOURCES (USES)	(8,024)	(9,208)	(9,704)	(496)
NET CHANGE IN FUND BALANCE	\$ (5,636)	\$ (5,636)	3,724	\$ 9,360
FUND BALANCE - Beginning Of Year			28,428	
Change In Reserves			(13)	
FUND BALANCE - End Of Year			\$ 32,139	

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, 2006
 (In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,182	\$ 1,182	\$ 1,177	\$ (5)
Excise And Other Taxes	-	-	12	12
Intergovernmental Revenues	75,232	77,508	74,802	(2,706)
Charges For Services	1	1	300	299
Miscellaneous	534	543	504	(39)
TOTAL REVENUES	<u>76,949</u>	<u>79,234</u>	<u>76,795</u>	<u>(2,439)</u>
EXPENDITURES				
Mental And Physical Health	76,356	78,641	76,080	2,561
TOTAL EXPENDITURES	<u>76,356</u>	<u>78,641</u>	<u>76,080</u>	<u>2,561</u>
EXCESS OF EXPENDITURES OVER REVENUES	593	593	715	122
OTHER FINANCING SOURCES (USES)				
Sale Of Capital Assets	-	-	2	2
Transfers In	105	105	106	1
Transfers Out	(3,054)	(3,054)	(434)	2,620
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,949)</u>	<u>(2,949)</u>	<u>(326)</u>	<u>2,623</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,356)</u>	<u>\$ (2,356)</u>	389	<u>\$ 2,745</u>
EXTRAORDINARY ITEM				
Settlement Proceeds			2,032	
FUND BALANCE - Beginning Of Year			5,205	
Change In Reserve For Inventory			63	
FUND BALANCE - End Of Year			<u>\$ 7,689</u>	

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, 2006
 (In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 40,476	\$ 40,476	\$ 40,570	\$ 94
Excise And Other Taxes	489	489	502	13
Licenses And Permits	74	74	97	23
Intergovernmental Revenues	14,968	14,988	14,641	(347)
Charges For Services	815	815	525	(290)
Interest	-	-	6	6
Miscellaneous	41	41	151	110
TOTAL REVENUES	56,863	56,883	56,492	(391)
EXPENDITURES				
Transportation	46,696	46,220	40,948	5,272
TOTAL EXPENDITURES	46,696	46,220	40,948	5,272
EXCESS OF REVENUES OVER EXPENDITURES	10,167	10,663	15,544	4,881
OTHER FINANCING SOURCES (USES)				
Sale Of Capital Assets	3,388	3,388	145	(3,243)
Transfers Out	(13,687)	(14,183)	(14,178)	5
TOTAL OTHER FINANCING SOURCES (USES)	(10,299)	(10,795)	(14,033)	(3,238)
NET CHANGE IN FUND BALANCE	\$ (132)	\$ (132)	1,511	\$ 1,643
FUND BALANCE - Beginning Of Year			11,330	
FUND BALANCE - End Of Year			\$ 12,841	

See Accompanying Notes To Financial Statements



Proprietary Funds
Statement Of Net Assets
 At December 31, 2006
 (In Thousands)
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	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
ASSETS						
Current Assets						
Unrestricted:						
Cash In Treasury Pool	\$ 822	\$ -	\$ 1,621	\$ 2,260	\$ 4,703	\$ 54,947
Cash And Investment with Trustee	77	-	-	-	77	5
Investments	12,716	-	-	7,048	19,764	-
Accounts Receivable, Net	3,925	-	8	598	4,531	176
Due From Other Funds	235	-	-	84	319	1,275
Accrued Interest And Penalties	70	-	-	16	86	-
Due From Other Governments	398	-	886	254	1,538	23
Inventory, At Cost	606	-	-	25	631	1,709
Prepaid Expense	-	-	-	-	-	535
Restricted:						
Cash In Treasury Pool	2,607	21	592	87	3,307	-
Cash With Trustee	-	125	525	-	650	-
Investments	25,928	3,280	-	9,082	38,290	-
Accrued Interest And Penalties	1,060	2	-	20	1,082	-
Assessments Receivable, Current	1,394	-	-	-	1,394	-
Contracts Receivable	64	-	-	-	64	-
Due From Other Funds	140	-	-	-	140	-
Due From Other Governments	201	-	258	373	832	-
Total Current Assets	50,243	3,428	3,890	19,847	77,408	58,670
Noncurrent Assets						
Unrestricted:						
Advances To Other Funds	-	-	-	-	-	894
Restricted:						
Assessments Receivable, Deferred	8,678	-	-	-	8,678	-
Advances To Other Funds	904	-	-	-	904	-
Unamortized Debt Expense	120	329	-	-	449	-
Landfill Postclosure Charges	-	-	-	623	623	-
Total Noncurrent Restricted Assets	9,702	329	-	623	10,654	-
Capital Assets:						
Land And Land Rights	42,035	-	140	5,355	47,530	211
Buildings And Systems	85,906	-	-	3,813	89,719	459
Improvements Other Than Buildings	9,769	-	977	4,076	14,822	-
Machinery And Equipment	35,858	113	18,864	1,724	56,559	52,251
Infrastructure	355,831	-	-	-	355,831	-
Construction Work In Progress	10,195	19,021	13,772	912	43,900	756
Avigation Rights	-	-	-	562	562	-
Accumulated Depreciation	(161,783)	-	(5,301)	(5,067)	(172,151)	(25,935)
Total Capital Assets, Net	377,811	19,134	28,452	11,375	436,772	27,742
Total Noncurrent Assets	387,513	19,463	28,452	11,998	447,426	28,636
TOTAL ASSETS	\$ 437,756	\$ 22,891	\$ 32,342	\$ 31,845	\$ 524,834	\$ 87,306

See Accompanying Notes To Financial Statements



Proprietary Funds
Statement Of Net Assets
 At December 31, 2006
 (In Thousands)
 Page 2 of 2

	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
LIABILITIES						
Current Liabilities						
Liabilities Payable From Unrestricted Assets:						
Vouchers And Accounts Payable	\$ 2,154	\$ -	\$ 187	\$ 533	\$ 2,874	\$ 3,276
Advances From Other Funds	231	-	-	-	231	-
Due To Other Funds	154	-	9	222	385	306
Due To Other Governments	411	-	185	7	603	154
Accrued Wages And Benefits Payable	818	-	12	208	1,038	1,690
Other Accrued Liabilities	-	-	65	18	83	-
Accrued Interest Payable	-	-	21	26	47	-
Estimated Claims Settlements	-	-	-	-	-	10,817
Liabilities Payable From Restricted Assets:						
Vouchers And Accounts Payable	-	1,966	1,729	104	3,799	-
Due To Other Funds	-	12	-	-	12	-
Due To Other Governments	-	-	379	-	379	-
Accrued Interest Payable	345	72	15	-	432	-
Current Portion Of Bonds Payable	1,950	-	-	-	1,950	-
Unearned Revenue	123	-	-	-	123	-
Accrued Wages And Benefits Payable	-	7	2	-	9	-
Total Current Liabilities	6,186	2,057	2,604	1,118	11,965	16,243
Noncurrent Liabilities						
Liabilities Payable From Unrestricted Assets:						
Advances From Other Funds	-	125	-	938	1,063	-
Compensated Absences	270	-	6	42	318	500
Due To Other Governments	-	-	927	-	927	-
Liabilities Payable From Restricted Assets:						
Compensated Absences	-	14	-	-	14	-
Bonds Payable, Net Of Premium/Discount	16,482	20,695	-	-	37,177	-
Landfill Postclosure Liabilities	-	-	-	5,655	5,655	-
Due To Other Governments	-	-	6,066	-	6,066	-
Total Noncurrent Liabilities	16,752	20,834	6,999	6,635	51,220	500
TOTAL LIABILITIES	22,938	22,891	9,603	7,753	63,185	16,743
NET ASSETS						
Invested In Capital Assets, Net Of Related Debt	359,309	-	20,895	10,976	391,180	27,742
Restricted For:						
Capital Projects	24,207	-	-	483	24,690	-
Debt Service	16,491	-	-	-	16,491	-
Reserve For Landfill Expenses	-	-	-	3,943	3,943	-
Unrestricted	14,811	-	1,844	8,690	25,345	42,821
TOTAL NET ASSETS	\$ 414,818	\$ -	\$ 22,739	\$ 24,092	461,649	\$ 70,563
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds					1,029	
Net assets of business-type activities					<u>\$ 462,678</u>	

See Accompanying Notes To Financial Statements



Proprietary Funds
Statement Of Revenues, Expenses And Changes In Fund Net Assets
For The Year Ended December 31, 2006
(In Thousands)

	Sewer Utility	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges For Services	\$ 26,815	\$ 2,040	\$ 5,602	\$ 34,457	\$ 54,835
Miscellaneous	506	46	9	561	-
TOTAL OPERATING REVENUES	27,321	2,086	5,611	35,018	54,835
OPERATING EXPENSES					
Sewage Transmission	3,751	-	-	3,751	-
Sewage Treatment And Disposal	6,527	-	-	6,527	-
Personal Services	-	206	2,116	2,322	18,565
Materials And Supplies	1,706	436	164	2,306	11,890
System Support Service	8,434	1,896	3,143	13,473	11,970
Depreciation And Amortization	11,216	436	369	12,021	4,680
Insurance, Claims Settlements And Other Charges	-	-	-	-	5,636
TOTAL OPERATING EXPENSES	31,634	2,974	5,792	40,400	52,741
OPERATING INCOME (LOSS)	(4,313)	(888)	(181)	(5,382)	2,094
NONOPERATING REVENUES (EXPENSES)					
Interest Income	2,462	69	506	3,037	6
Interest Expense	(451)	(12)	(65)	(528)	-
Operating Grants	16	1,870	724	2,610	20
Taxes	-	-	293	293	-
Intergovernmental Revenue	-	172	-	172	-
Gain (Loss) On Sale Of Capital Assets	(165)	(38)	(5)	(208)	213
TOTAL NONOPERATING REVENUES (EXPENSES)	1,862	2,061	1,453	5,376	239
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,451)	1,173	1,272	(6)	2,333
Capital Contributions	16,636	969	578	18,183	-
Transfers In	-	3,090	168	3,258	597
Transfers Out	(191)	-	(84)	(275)	(263)
CHANGE IN NET ASSETS	13,994	5,232	1,934	21,160	2,667
NET ASSETS - Beginning of Year	400,824	17,507	22,158		67,896
NET ASSETS - End Of Year	\$ 414,818	\$ 22,739	\$ 24,092		\$ 70,563
				196	
				Change in net assets of business-type activities per the Statement Of Activities	\$ 21,356

See Accompanying Notes To Financial Statements



**Proprietary Funds
Statement Of Cash Flows**
For The Year Ended December 31, 2006

(In Thousands)

Page 1 of 2

	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
CASH FLOWS FROM						
OPERATING ACTIVITIES:						
Cash Received From Customers	\$ 26,718	\$ -	\$ 2,126	\$ 5,270	\$ 34,114	\$ 1,827
Cash Received - Interfund Services Provided	459	-	-	110	569	53,603
Cash Paid To Suppliers - Goods And Services	(7,857)	-	(2,013)	(2,993)	(12,863)	(19,982)
Cash Paid To Employees - Services And Benefits	(9,249)	-	(208)	(2,097)	(11,554)	(18,487)
Cash Paid - Interfund Services Used	(3,439)	-	(285)	(577)	(4,301)	(3,725)
Cash Paid - Claims And Insurance	-	-	-	-	-	(6,008)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	6,632	-	(380)	(287)	5,965	7,228
CASH FLOWS FROM						
INVESTING ACTIVITIES:						
Proceeds From Sale Of Investments	954,127	483,237	62,200	474,430	1,973,994	-
Purchase Of Investments	(957,730)	(469,317)	(59,950)	(475,330)	(1,962,327)	-
Interest Income From Investments	1,600	-	-	627	2,227	2
Interest Income From Investments, Capitalized	-	493	69	-	562	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(2,003)	14,413	2,319	(273)	14,456	2
CASH FLOWS FROM NONCAPITAL						
FINANCING ACTIVITIES:						
Advances (To) From Other Funds	(415)	125	-	-	(290)	(894)
Proceeds From Loan	-	-	-	290	290	-
Transfers In	-	-	3,090	172	3,262	230
Transfers Out	(191)	-	-	(84)	(275)	(263)
Operating Grants Received	-	-	985	482	1,467	2
Intergovernmental Revenue	-	-	172	-	172	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(606)	125	4,247	860	4,626	(925)
CASH FLOWS FROM CAPITAL AND						
RELATED FINANCING ACTIVITIES:						
Proceeds From Customer Assessments	2,104	-	-	-	2,104	-
Proceeds From Connection Charges	6,303	-	-	-	6,303	-
Proceeds From Loan	-	-	3,529	-	3,529	-
Real Estate Excise Tax Collected	-	-	-	293	293	-
Proceeds From Sale Of Capital Assets	-	-	-	-	-	812
Principal Payments On Debts	(1,895)	-	(445)	-	(2,340)	-
Interest Paid On Debts	(929)	-	(31)	-	(960)	-
Interest Paid On Debts, Capitalized	-	(1,009)	-	-	(1,009)	-
Capital Contributions	-	-	711	205	916	367
Acquisition Of Capital Assets	(10,649)	(13,393)	(9,812)	(1,006)	(34,860)	(6,456)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,066)	(14,401)	(6,048)	(508)	(26,024)	(5,277)
NET INCREASE (DECREASE) IN CASH	(1,043)	136	138	(208)	(977)	1,028
CASH - Beginning Of Year	4,549	10	2,600	2,555	9,714	53,924
CASH - End Of Year	\$ 3,506	\$ 146	\$ 2,738	\$ 2,347	\$ 8,737	\$ 54,952

See Accompanying Notes To Financial Statements



Proprietary Funds
Statement Of Cash Flows
For The Year Ended December 31, 2006
(In Thousands)
Page 2 of 2

	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
RECONCILIATION OF OPERATING INCOME						
(LOSS) TO NET CASH PROVIDED						
(USED) BY OPERATING ACTIVITIES:						
Operating Income (Loss)	\$ (4,313)	\$ —	\$ (888)	\$ (181)	\$ (5,382)	\$ 2,094
Adjustments To Reconcile Operating						
Income (Loss) To Net Cash Provided						
(Used) By Operating Activities:						
Depreciation And Amortization	11,216	—	436	369	12,021	4,680
Write-Off Of Preliminary Charges	20	—	—	—	20	—
Overhead Allocation To Construction	(102)	—	—	—	(102)	—
Decrease (Increase) In Assets:						
Receivables	(218)	—	40	(236)	(414)	(14)
Due From Other Funds	(7)	—	—	—	(7)	577
Due From Other Governments	127	—	—	—	127	(12)
Inventory	(19)	—	—	(7)	(26)	(116)
Prepaid Expense	—	—	—	—	—	(3)
Increase (Decrease) In Liabilities:						
Vouchers And Accounts Payable	(226)	—	30	(36)	(232)	249
Due To Other Funds	12	—	4	(23)	(7)	125
Due To Other Governments	—	—	—	4	4	76
Accrued Wages And Benefits Payable	45	—	1	30	76	15
Compensated Absences	97	—	(3)	(13)	81	63
Estimated Claims Settlements	—	—	—	—	—	(506)
Landfill Postclosure Liabilities	—	—	—	(194)	(194)	—
Total Adjustments	10,945	—	508	(106)	11,347	5,134
NET CASH PROVIDED (USED)						
BY OPERATING ACTIVITIES	\$ 6,632	\$ —	\$ (380)	\$ (287)	\$ 5,965	\$ 7,228
NONCASH INVESTING, CAPITAL						
AND FINANCING ACTIVITIES:						
Capital Assets Acquired By Contribution	\$ 10,742	\$ —	\$ —	\$ —	\$ 10,742	\$ —
Purchase Of Capital Assets On Account	1,109	1,959	1,281	11	4,360	902
Trade-In Of Capital Assets	—	—	—	—	—	283
Net Change In Fair Value Of Investments	73	—	—	63	136	—
TOTAL NONCASH ACTIVITIES	\$ 11,924	\$ 1,959	\$ 1,281	\$ 74	\$ 15,238	\$ 1,185
RECONCILIATION OF CASH AT						
END OF YEAR TO BALANCE SHEET:						
Cash Per Balance Sheet:						
Current And Restricted Assets:						
Cash In Treasury Pool	\$ 3,429	\$ 21	\$ 2,213	\$ 2,347	\$ 8,010	\$ 54,947
Cash With Trustee	77	125	525	—	727	5
TOTAL CASH	\$ 3,506	\$ 146	\$ 2,738	\$ 2,347	\$ 8,737	\$ 54,952

See Accompanying Notes To Financial Statements



Fiduciary Funds
Combined Statement Of Fiduciary Net Assets
At December 31, 2006
(In Thousands)

	Private- Purpose Trust Funds	Agency Total
ASSETS		
Cash In Treasury Pool	\$ 834	\$ 145,672
Cash And Investments With Trustee	-	13,455
Investments, At Amortized Cost	-	896,864
Assessments Receivable, Delinquent	-	1,699
Taxes Receivable, Delinquent	-	25,921
Account Receivable	-	217
Due From Other Governments	-	77
Contracts Receivable	-	71
TOTAL ASSETS	834	1,083,976
LIABILITIES		
Warrants Payable	-	42,002
Vouchers And Accounts Payable	12	810
Due To Note Holders	-	777
Custodial Accounts	-	21,016
Due To Special Districts/Other Governments	-	1,019,371
TOTAL LIABILITIES	12	1,083,976
NET ASSETS		
Reserved For Specific Program Use	822	-
TOTAL NET ASSETS	\$ 822	\$ -

See Accompanying Notes To Financial Statements



Private-Purpose Trust Funds
Combined Statement Of Changes In Fiduciary Net Assets
For the Year Ended December 31, 2006
(In Thousands)

	<u>Total</u>
ADDITIONS	
Donations	\$ 22
Fines And Forfeits	<u>6</u>
TOTAL ADDITIONS	<u>28</u>
DEDUCTIONS	
Current:	
General Government	<u>22</u>
TOTAL DEDUCTIONS	<u>22</u>
CHANGE IN NET ASSETS	6
NET ASSETS - Beginning Of Year	<u>816</u>
NET ASSETS - End Of Year	<u><u>\$ 822</u></u>

See Accompanying Notes To Financial Statements

