



**Statement of Net Assets**

At December 31, 2007

(In Thousands)

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash And Cash Equivalents	\$ 212,662	\$ 5,322	\$ 217,984
Cash With Trustee	2,945	500	3,445
Investments	27,188	21,657	48,845
Sales Taxes Receivable	10,938	-	10,938
Property Taxes Receivable	15,581	-	15,581
Accounts Receivable, Net	17,776	5,129	22,905
Accrued Interest And Penalties	93	81	174
Internal Balances	1,193	(1,193)	-
Due From Other Governments	23,186	639	23,825
Contracts Receivable	25	-	25
Inventory, At Cost	2,094	780	2,874
Prepaid Items	509	-	509
Unamortized Debt Expense	853	311	1,164
Restricted Assets:			
Cash And Cash Equivalents	-	1,280	1,280
Investments	-	40,440	40,440
Accounts Receivable	-	585	585
Accrued Interest And Penalties	-	568	568
Due From Other Governments	-	284	284
Contracts Receivable	-	317	317
Assessments Receivable	-	7,533	7,533
Unamortized Debt Expense	-	87	87
Landfill Closure Receivable	-	866	866
Capital Assets, Not Being Depreciated:			
Land And Land Rights	113,072	49,550	162,622
Avigation Rights	-	562	562
Construction In Progress	189,798	12,501	202,299
Capital Assets, Net Of Accumulated Depreciation:			
Buildings And System	152,795	53,633	206,428
Improvements Other Than Buildings	13,984	29,383	43,367
Machinery And Equipment	49,806	63,259	113,065
Infrastructure	318,183	236,286	554,469
Other Assets:			
Equity Interest In Joint Ventures	918	-	918
<b>TOTAL ASSETS</b>	<u>\$ 1,153,599</u>	<u>\$ 530,360</u>	<u>\$ 1,683,959</u>

See Accompanying Notes To Financial Statements



**Statement of Net Assets**

At December 31, 2007

(In Thousands)

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	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Vouchers And Accounts Payable	\$ 30,914	\$ 4,562	\$ 35,476
Due To Other Governments	3,962	523	4,485
Accrued Wages and Benefits Payable	9,769	517	10,286
Accrued Interest Payable	1,394	380	1,774
Other Accrued Liabilities	1,839	18	1,857
Unearned Revenues	1,737	101	1,838
Noncurrent Liabilities:			
Due Within One Year	24,466	3,785	28,251
Due In More Than One Year	110,494	46,634	157,128
<b>TOTAL LIABILITIES</b>	<u>184,575</u>	<u>56,520</u>	<u>241,095</u>
<b>NET ASSETS</b>			
Invested In Capital Assets, Net Of Related Debt	736,374	401,965	1,138,339
Restricted For:			
Capital Projects	78,149	30,025	108,174
Debt Service	1,657	12,689	14,346
Public Safety	7,296	-	7,296
Human Services	6,108	-	6,108
Transportation	13,641	-	13,641
Physical Environment	13,276	-	13,276
Other Purposes	12,984	4,146	17,130
Unrestricted	99,539	25,015	124,554
<b>TOTAL NET ASSETS</b>	<u>\$ 969,024</u>	<u>\$ 473,840</u>	<u>\$ 1,442,864</u>

See Accompanying Notes To Financial Statements



**Statement of Activities**  
For the Year Ended December 31, 2007  
(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
<b>Governmental Activities</b>							
General Government	\$ 40,973	\$ 18,736	\$ 4,360	\$ -	\$ (17,877)	\$ -	\$ (17,877)
Public Safety	135,176	3,832	25,471	88	(105,785)	-	(105,785)
Physical Environment	14,568	15,405	563	266	1,666	-	1,666
Transportation	50,165	1,377	15,432	23,644	(9,712)	-	(9,712)
Legal And Judicial	70,757	15,241	10,931	-	(44,585)	-	(44,585)
Economic Environment	38,745	20,827	16,330	-	(1,588)	-	(1,588)
Health And Human Services	91,028	586	85,780	-	(4,662)	-	(4,662)
Culture And Recreation	10,752	2,020	1,160	333	(7,239)	-	(7,239)
Interest On Long-Term Debt	5,004	-	-	-	(5,004)	-	(5,004)
<b>Total Governmental Activities</b>	<b>457,168</b>	<b>78,024</b>	<b>160,027</b>	<b>24,331</b>	<b>(194,786)</b>	<b>-</b>	<b>(194,786)</b>
<b>Business-Type Activities</b>							
Sewer Utility	38,144	33,150	-	14,023	-	9,029	9,029
Chambers Bay Golf Course	3,770	3,419	-	-	-	(351)	(351)
Ferry Services	4,992	3,845	638	-	-	(509)	(509)
Solid Waste Management	3,516	3,794	341	-	-	619	619
Solid Waste Landfill Reserve	1	204	-	-	-	203	203
Golf Course	2,015	1,884	15	-	-	(116)	(116)
Airport	580	467	-	1,781	-	1,668	1,668
Water Utility	54	-	-	-	-	(54)	(54)
<b>Total Business-Type Activities</b>	<b>53,072</b>	<b>46,763</b>	<b>994</b>	<b>15,804</b>	<b>-</b>	<b>10,489</b>	<b>10,489</b>
<b>Total Government</b>	<b>\$ 510,240</b>	<b>\$ 124,787</b>	<b>\$ 161,021</b>	<b>\$ 40,135</b>	<b>(194,786)</b>	<b>10,489</b>	<b>(184,297)</b>
<b>General Revenues:</b>							
Taxes:							
Property Taxes					154,418	-	154,418
Sales Taxes					63,081	-	63,081
Excise And Other Taxes					22,558	211	22,769
Grants And Contributions Not Restricted For Specific Programs					591	-	591
Unrestricted Investment Earnings					19,268	1,115	20,383
Gain On Sale Of Capital Assets					2,883	-	2,883
<b>Transfers</b>					<b>653</b>	<b>(653)</b>	<b>-</b>
<b>Total General Revenues And Transfers</b>					<b>263,452</b>	<b>673</b>	<b>264,125</b>
<b>Change In Net Assets</b>					<b>68,666</b>	<b>11,162</b>	<b>79,828</b>
<b>Net Assets - Beginning Of Year</b>					<b>900,358</b>	<b>462,678</b>	<b>1,363,036</b>
<b>Net Assets - End Of Year</b>					<b>\$ 969,024</b>	<b>\$ 473,840</b>	<b>\$ 1,442,864</b>



**Governmental Funds  
Balance Sheet**  
At December 31, 2007  
(In Thousands)

	General Fund	Human Services	Roads	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash In Treasury Pool	\$ 43,621	\$ 11,107	\$ 17,254	\$ 91,567	\$ 163,549
Cash With Trustee	-	-	-	2,757	2,757
Investments	-	-	70	27,118	27,188
Assessments Receivable	-	-	12	-	12
Sales Tax Receivable	10,399	-	-	539	10,938
Property Tax Receivable	13,267	53	2,094	167	15,581
Accounts Receivable, Net	7,232	616	264	3,077	11,189
Accrued Interest And Penalties	-	-	1	92	93
Due From Other Funds	240	42	363	18,041	18,686
Due From Other Governments	4,367	9,765	529	8,467	23,128
Interfund Loans Receivable	2,627	-	-	-	2,627
Advances To Other Funds	159	-	-	-	159
Contracts Receivable	-	-	-	13	13
<b>TOTAL ASSETS</b>	<b>\$ 81,912</b>	<b>\$ 21,583</b>	<b>\$ 20,587</b>	<b>\$ 151,838</b>	<b>\$ 275,920</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Vouchers And Accounts Payable	\$ 6,279	\$ 8,834	\$ 588	\$ 11,777	\$ 27,478
Due To Other Funds	5,296	727	7,518	7,955	21,496
Due To Other Governments	73	3,811	-	7	3,891
Accrued Wages And Benefits Payable	6,630	762	872	760	9,024
Deferred Revenues	24,735	303	2,181	2,143	29,362
Interfund Loans Payable	-	-	-	627	627
Other Current Liabilities	1,839	-	-	-	1,839
Advances From Other Funds	-	-	-	4,168	4,168
<b>Total Liabilities</b>	<b>44,852</b>	<b>14,437</b>	<b>11,159</b>	<b>27,437</b>	<b>97,885</b>
<b>Fund Balances</b>					
Reserved For Advances To Other Funds	159	-	-	-	159
Reserved For Loans	-	-	-	13	13
Reserved For Other Purposes	475	-	-	150	625
Unreserved Reported In:					
General Fund	36,426	-	-	-	36,426
Debt Service	-	-	-	1,657	1,657
Special Revenue Funds	-	7,146	9,428	77,455	94,029
Capital Project Funds	-	-	-	45,126	45,126
<b>Total Fund Balances</b>	<b>37,060</b>	<b>7,146</b>	<b>9,428</b>	<b>124,401</b>	<b>178,035</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 81,912</b>	<b>\$ 21,583</b>	<b>\$ 20,587</b>	<b>\$ 151,838</b>	<b>\$ 275,920</b>

See Accompanying Notes To Financial Statements



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

At December 31, 2007

(In Thousands)

**Total Fund Balances Of Governmental Funds** \$ 178,035

**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	\$ 112,861	
Construction in progress	185,631	
Infrastructure	384,990	
Buildings & improvements	209,436	
Machinery and equipment	33,384	
Accumulated depreciation	<u>(121,817)</u>	
Total capital assets (net of accumulated depreciation)		804,485

Equity interest in Cheney Stadium joint venture 918

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. 73,861

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. 33,958

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	\$ (98,616)	
Contracts payable	(2,648)	
Accrued interest payable	(1,394)	
Compensated absences	(18,676)	
Other Post-Employment Benefits	<u>(899)</u>	
Total long-term liabilities		<u>(122,233)</u>

**Net Assets Of Governmental Activities** \$ 969,024



**Governmental Funds**  
**Statement Of Revenues, Expenditures And Changes In Fund Balances**  
For The Year Ended December 31, 2007  
(In Thousands)

	General Fund	Human Services	Roads	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 105,192	\$ 1,235	\$ 42,468	\$ 3,899	\$ 152,794
Sales And Use Taxes	58,834	-	-	4,231	63,065
Excise And Other Taxes	2,942	14	452	19,150	22,558
Licenses And Permits	8,658	-	100	-	8,758
Intergovernmental Revenues	33,087	85,721	15,768	38,650	173,226
Charges For Services	35,878	719	974	26,283	63,854
Fines And Forfeits	6,878	-	-	192	7,070
Interest And Penalties	17,560	-	6	1,836	19,402
Miscellaneous	2,163	530	149	2,111	4,953
<b>TOTAL REVENUES</b>	<b>271,192</b>	<b>88,219</b>	<b>59,917</b>	<b>96,352</b>	<b>515,680</b>
<b>EXPENDITURES</b>					
Current:					
General Government	35,350	-	-	5,463	40,813
Public Safety	120,096	-	-	10,681	130,777
Physical Environment	1,887	-	-	22,050	23,937
Legal And Judicial	70,159	-	-	-	70,159
Transportation	41	-	46,446	1,567	48,054
Economic Environment	20,159	-	-	18,905	39,064
Health And Human Services	3,211	88,109	-	-	91,320
Culture And Recreation	7,212	-	-	4,109	11,321
Capital Projects:					
General Government	-	-	-	669	669
Public Safety	-	-	-	13,374	13,374
Legal And Judicial	-	-	-	3,822	3,822
Transportation	-	-	-	58,190	58,190
Health And Human Services	-	-	-	17	17
Culture And Recreation	-	-	-	4,953	4,953
Debt Service:					
Principal Retirement	-	-	-	4,385	4,385
Interest And Fiscal Charges	-	-	-	4,891	4,891
<b>TOTAL EXPENDITURES</b>	<b>258,115</b>	<b>88,109</b>	<b>46,446</b>	<b>153,076</b>	<b>545,746</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>13,077</b>	<b>110</b>	<b>13,471</b>	<b>(56,724)</b>	<b>(30,066)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale Of Capital Assets	350	3	450	1,542	2,345
Transfers In	1,558	106	22	51,428	53,114
Transfers Out	(9,898)	(700)	(17,356)	(27,341)	(55,295)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(7,990)</b>	<b>(591)</b>	<b>(16,884)</b>	<b>25,629</b>	<b>164</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>5,087</b>	<b>(481)</b>	<b>(3,413)</b>	<b>(31,095)</b>	<b>(29,902)</b>
<b>FUND BALANCES - Beginning Of Year</b>	<b>32,139</b>	<b>7,689</b>	<b>12,841</b>	<b>155,496</b>	<b>208,165</b>
Change In Reserves	(166)	(62)	-	-	(228)
<b>FUND BALANCES - End Of Year</b>	<b>\$ 37,060</b>	<b>\$ 7,146</b>	<b>\$ 9,428</b>	<b>\$ 124,401</b>	<b>\$ 178,035</b>

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, 2007  
(In Thousands)

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ (29,902)
<b>Amounts reported for governmental activities in the statement of activities are different because:</b>	
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.	82,073
Increase in net assets from certain capital assets donated to the county is not reported in governmental funds.	10,921
Decrease in net assets from various miscellaneous capital asset transactions (i.e., disposals for sales, trade-ins, and donations) is not reported in governmental funds.	(628)
Changes in investments in a joint venture are not reported in governmental fund statements.	(93)
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 government-wide statements. Current year changes in such revenues are included as a change of net assets in the statement of activities.	1,267
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.	4,358
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.	(3,657)
<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.	4,327
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ 68,666</b>

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, 2007  
(In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 105,543	\$ 105,543	\$ 105,192	\$ (351)
Sales And Use Taxes	56,750	57,200	58,834	1,634
Excise And Other Taxes	2,808	2,808	2,942	134
Licenses And Permits	9,677	9,677	8,658	(1,019)
Intergovernmental Revenues	29,665	33,391	33,087	(304)
Charges For Services	36,174	36,562	35,878	(684)
Fines And Forfeits	5,464	6,239	6,878	639
Interest	14,255	16,229	17,560	1,331
Miscellaneous	2,003	2,025	2,163	138
<b>TOTAL REVENUES</b>	<b>262,339</b>	<b>269,674</b>	<b>271,192</b>	<b>1,518</b>
<b>EXPENDITURES</b>				
General Government	35,047	36,001	35,350	651
Public Safety	121,199	121,745	120,096	1,649
Physical Environment	1,981	1,920	1,887	33
Legal And Judicial	69,556	70,593	70,159	434
Transportation	244	222	41	181
Economic Environment	20,982	20,935	20,159	776
Health And Human Services	3,271	3,276	3,211	65
Culture And Recreation	7,693	7,822	7,212	610
<b>TOTAL EXPENDITURES</b>	<b>259,973</b>	<b>262,514</b>	<b>258,115</b>	<b>4,399</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>2,366</b>	<b>7,160</b>	<b>13,077</b>	<b>5,917</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale Of Capital Assets	285	285	350	65
Transfers In	1,751	1,751	1,558	(193)
Transfers Out	(5,154)	(9,952)	(9,898)	54
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(3,118)</b>	<b>(7,916)</b>	<b>(7,990)</b>	<b>(74)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (752)</b>	<b>\$ (756)</b>	<b>5,087</b>	<b>\$ 5,843</b>
<b>FUND BALANCE - Beginning Of Year</b>			<b>32,139</b>	
Change In Reserves			(166)	
<b>FUND BALANCE - End Of Year</b>			<b>\$ 37,060</b>	

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, 2007  
 (In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 1,235	\$ 1,235	\$ 1,235	\$ -
Excise And Other Taxes	-	-	14	14
Intergovernmental Revenues	85,347	86,537	85,721	(816)
Charges For Services	340	340	719	379
Miscellaneous	586	586	530	(56)
<b>TOTAL REVENUES</b>	<u>87,508</u>	<u>88,698</u>	<u>88,219</u>	<u>(479)</u>
<b>EXPENDITURES</b>				
Mental And Physical Health	87,642	88,832	88,109	723
<b>TOTAL EXPENDITURES</b>	<u>87,642</u>	<u>88,832</u>	<u>88,109</u>	<u>723</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(134)</u>	<u>(134)</u>	<u>110</u>	<u>244</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale Of Capital Assets	-	-	3	3
Transfers In	106	106	106	-
Transfers Out	(341)	(341)	(700)	(359)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(235)</u>	<u>(235)</u>	<u>(591)</u>	<u>(356)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (369)</u>	<u>\$ (369)</u>	<u>(481)</u>	<u>\$ (112)</u>
<b>FUND BALANCE - Beginning Of Year</b>			7,689	
Change in Reserve For Inventory			<u>(62)</u>	
<b>FUND BALANCE - End Of Year</b>			<u>\$ 7,146</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, 2007  
 (In Thousands)

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 42,705	\$ 42,705	\$ 42,468	\$ (237)
Excise And Other Taxes	469	469	452	(17)
Licenses And Permits	80	80	100	20
Intergovernmental Revenues	16,514	16,514	15,768	(746)
Charges For Services	1,862	1,862	974	(888)
Interest	-	-	6	6
Miscellaneous	57	57	149	92
<b>TOTAL REVENUES</b>	<b>61,687</b>	<b>61,687</b>	<b>59,917</b>	<b>(1,770)</b>
<b>EXPENDITURES</b>				
Current:				
Transportation	51,552	51,033	46,446	4,587
Debt Service:				
Principal Retirement	996	996	-	996
Interest and Fiscal Charges	150	150	-	150
<b>TOTAL EXPENDITURES</b>	<b>52,698</b>	<b>52,179</b>	<b>46,446</b>	<b>5,733</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>8,989</b>	<b>9,508</b>	<b>13,471</b>	<b>3,963</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale Of Capital Assets	3,620	3,620	450	(3,170)
Transfers In	-	-	22	22
Transfers Out	(17,711)	(18,231)	(17,356)	875
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(14,091)</b>	<b>(14,611)</b>	<b>(16,884)</b>	<b>(2,273)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (5,102)</b>	<b>\$ (5,103)</b>	<b>(3,413)</b>	<b>\$ 1,690</b>
<b>FUND BALANCE - Beginning Of Year</b>			<b>12,841</b>	
<b>FUND BALANCE - End Of Year</b>			<b>\$ 9,428</b>	

See Accompanying Notes To Financial Statements



**Proprietary Funds**  
**Statement Of Net Assets**  
 At December 31, 2007  
 (In Thousands)  
 Page 1 of 2

	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets</b>						
Unrestricted:						
Cash In Treasury Pool	\$ 2,317	\$ 224	\$ 504	\$ 2,277	\$ 5,322	\$ 49,113
Cash And Investment with Trustee	-	500	-	-	500	188
Investments	10,453	-	3,137	8,067	21,657	-
Accounts Receivable, Net	4,374	46	-	709	5,129	254
Due From Other Funds	326	-	-	64	390	3,176
Accrued Interest And Penalties	65	-	-	16	81	-
Due From Other Governments	590	-	-	49	639	58
Interfund Loans Receivable	-	-	-	-	-	4,168
Inventory, At Cost	642	113	-	25	780	2,094
Prepaid Expense	-	-	-	-	-	509
Restricted:						
Cash In Treasury Pool	327	-	-	953	1,280	-
Investments	31,461	-	-	8,979	40,440	-
Accounts Receivable	-	-	-	585	585	-
Accrued Interest And Penalties	568	-	-	-	568	-
Assessments Receivable, Current	675	-	-	-	675	-
Contracts Receivable	2	-	-	-	2	-
Due From Other Funds	203	-	-	-	203	-
Due From Other Governments	201	-	-	83	284	-
<b>Total Current Assets</b>	<b>52,204</b>	<b>883</b>	<b>3,641</b>	<b>21,807</b>	<b>78,535</b>	<b>59,560</b>
<b>Noncurrent Assets</b>						
Unrestricted:						
Contracts Receivable	315	-	-	-	315	-
Unamortized Debt Expense	-	311	-	-	311	-
<b>Total Noncurrent Unrestricted Assets</b>	<b>315</b>	<b>311</b>	<b>-</b>	<b>-</b>	<b>626</b>	<b>-</b>
Restricted:						
Assessments Receivable, Deferred	6,858	-	-	-	6,858	-
Advances To Other Funds	2,027	-	-	-	2,027	-
Unamortized Debt Expense	87	-	-	-	87	-
Landfill Postclosure Charges	-	-	-	866	866	-
<b>Total Noncurrent Restricted Assets</b>	<b>8,972</b>	<b>-</b>	<b>-</b>	<b>866</b>	<b>9,838</b>	<b>-</b>
Capital Assets:						
Land And Land Rights	42,035	-	140	7,375	49,550	211
Buildings And Systems	83,680	3,414	-	3,813	90,907	568
Improvements Other Than Buildings	13,137	13,812	969	4,174	32,092	-
Machinery And Equipment	39,860	4,941	29,779	2,037	76,617	55,281
Infrastructure	364,355	-	-	-	364,355	-
Construction Work In Progress	12,162	-	1	338	12,501	4,167
Avigation Rights	-	-	-	562	562	-
Accumulated Depreciation	(170,712)	(775)	(4,506)	(5,417)	(181,410)	(27,074)
<b>Total Capital Assets, Net</b>	<b>384,517</b>	<b>21,392</b>	<b>26,383</b>	<b>12,882</b>	<b>445,174</b>	<b>33,153</b>
<b>Total Noncurrent Assets</b>	<b>393,804</b>	<b>21,703</b>	<b>26,383</b>	<b>13,748</b>	<b>455,638</b>	<b>33,153</b>
<b>TOTAL ASSETS</b>	<b>\$ 446,008</b>	<b>\$ 22,586</b>	<b>\$ 30,024</b>	<b>\$ 35,555</b>	<b>\$ 534,173</b>	<b>\$ 92,713</b>

See Accompanying Notes To Financial Statements



**Proprietary Funds**  
**Statement Of Net Assets**  
 At December 31, 2007  
 (In Thousands)  
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	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Liabilities Payable From Unrestricted Assets:						
Vouchers And Accounts Payable	\$ 3,178	\$ 261	\$ 296	\$ 167	\$ 3,902	\$ 3,436
Interfund Loan Payable	2,000	-	-	-	2,000	-
Due To Other Funds	407	34	35	266	742	215
Due To Other Governments	523	-	564	-	1,087	71
Accrued Wages And Benefits Payable	428	-	7	82	517	745
Compensated Absences	610	6	9	125	750	1,146
Other Accrued Liabilities	-	-	-	18	18	-
Accrued Interest Payable	-	78	21	-	99	-
Current Portion Of Bonds Payable	-	491	-	-	491	-
Estimated Claims Settlements, Current	-	-	-	-	-	4,818
Liabilities Payable From Restricted Assets:						
Vouchers And Accounts Payable	-	-	-	660	660	-
Due To Other Funds	-	-	-	2	2	-
Accrued Interest Payable	281	-	-	-	281	-
Current Portion Of Bonds Payable	1,980	-	-	-	1,980	-
Unearned Revenue	101	-	-	-	101	-
<b>Total Current Liabilities</b>	<b>9,508</b>	<b>870</b>	<b>932</b>	<b>1,320</b>	<b>12,630</b>	<b>10,431</b>
<b>Noncurrent Liabilities</b>						
Liabilities Payable From Unrestricted Assets:						
Advances From Other Funds	-	1,248	-	938	2,186	-
Compensated Absences	284	8	4	91	387	588
Due To Other Governments	-	-	6,782	-	6,782	-
Bonds Payable, Net Of Premium/Discount	-	20,831	-	-	20,831	-
Estimated Claims Settlements	-	-	-	-	-	6,716
Liabilities Payable From Restricted Assets:						
Bonds Payable, Net Of Premium/Discount	12,663	-	-	-	12,663	-
Landfill Postclosure Liabilities	-	-	-	5,971	5,971	-
<b>Total Noncurrent Liabilities</b>	<b>12,947</b>	<b>22,087</b>	<b>6,786</b>	<b>7,000</b>	<b>48,820</b>	<b>7,304</b>
<b>TOTAL LIABILITIES</b>	<b>22,455</b>	<b>22,957</b>	<b>7,718</b>	<b>8,320</b>	<b>61,450</b>	<b>17,735</b>
<b>NET ASSETS</b>						
Invested In Capital Assets, Net Of Related Debt	369,874	560	19,037	12,494	401,965	33,153
Restricted For:						
Capital Projects	29,338	-	-	687	30,025	-
Debt Service	12,689	-	-	-	12,689	-
Reserve For Landfill Expenses	-	-	-	4,146	4,146	-
Unrestricted	11,652	(931)	3,269	9,908	23,898	41,825
<b>TOTAL NET ASSETS</b>	<b>\$ 423,553</b>	<b>\$ (371)</b>	<b>\$ 22,306</b>	<b>\$ 27,235</b>	<b>472,723</b>	<b>\$ 74,978</b>
Adjustment to reflect consolidation of <i>Internal Service Fund</i> activities related to <i>Enterprise Funds</i>					1,117	
Net assets of business-type activities					<u>\$ 473,840</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, 2007  
(In Thousands)

	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>OPERATING REVENUES</b>						
Charges For Services	\$ 30,255	\$ 3,415	\$ 2,171	\$ 6,118	\$ 41,959	\$ 59,709
Miscellaneous	707	4	2	6	719	-
<b>TOTAL OPERATING REVENUES</b>	<b>30,962</b>	<b>3,419</b>	<b>2,173</b>	<b>6,124</b>	<b>42,678</b>	<b>59,709</b>
<b>OPERATING EXPENSES</b>						
Sewage Transmission	4,250	-	-	-	4,250	-
Sewage Treatment And Disposal	7,505	-	-	-	7,505	-
Personal Services	-	10	165	2,280	2,455	19,952
Materials And Supplies	2,139	21	630	180	2,970	13,082
System Support Service	10,682	2,487	1,996	3,295	18,460	12,762
Depreciation And Amortization	11,797	763	626	372	13,558	4,900
Insurance, Claims Payments And Other Charges	-	-	-	-	-	8,104
<b>TOTAL OPERATING EXPENSES</b>	<b>36,373</b>	<b>3,281</b>	<b>3,417</b>	<b>6,127</b>	<b>49,198</b>	<b>58,800</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,411)</b>	<b>138</b>	<b>(1,244)</b>	<b>(3)</b>	<b>(6,520)</b>	<b>909</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest Income	2,819	3	83	623	3,528	113
Interest Expense	(452)	(489)	(42)	(37)	(1,020)	-
Operating Grants	-	-	638	356	994	-
Taxes	-	-	-	211	211	-
Intergovernmental Revenue	-	-	1,672	-	1,672	-
Gain (Loss) On Sale Of Capital Assets	(1,388)	-	(1,540)	(14)	(2,942)	559
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>979</b>	<b>(486)</b>	<b>811</b>	<b>1,139</b>	<b>2,443</b>	<b>672</b>
<b>NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(4,432)</b>	<b>(348)</b>	<b>(433)</b>	<b>1,136</b>	<b>(4,077)</b>	<b>1,581</b>
Capital Contributions	14,023	-	-	1,781	15,804	-
Transfers In	-	-	-	320	320	3,231
Transfers Out	(856)	(23)	-	(94)	(973)	(397)
<b>CHANGE IN NET ASSETS</b>	<b>8,735</b>	<b>(371)</b>	<b>(433)</b>	<b>3,143</b>	<b>11,074</b>	<b>4,415</b>
<b>NET ASSETS - Beginning of Year</b>	<b>414,818</b>	<b>-</b>	<b>22,739</b>	<b>24,092</b>		<b>70,563</b>
<b>NET ASSETS - End Of Year</b>	<b>\$ 423,553</b>	<b>(371)</b>	<b>\$ 22,306</b>	<b>\$ 27,235</b>		<b>\$ 74,978</b>
					Adjustment to reflect consolidation of <i>Internal Service Fund</i> activities related to <i>Enterprise Funds</i>	88
					Change in net assets of business-type activities per the statement of activities	<u>\$ 11,162</u>

See Accompanying Notes To Financial Statements



**Proprietary Funds**  
**Statement Of Cash Flows**  
For The Year Ended December 31, 2007  
(In Thousands)  
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	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>CASH FLOWS FROM</b>						
<b>OPERATING ACTIVITIES:</b>						
Cash Received From Customers	\$ 29,661	\$ 3,373	\$ 2,181	\$ 5,878	\$ 41,093	\$ 2,026
Cash Received - Interfund Services Provided	525	-	-	129	654	55,841
Cash Paid To Suppliers - Goods And Services	(9,246)	(2,217)	(2,069)	(3,096)	(16,628)	(22,232)
Cash Paid To Employees - Services And Benefits	(10,948)	(2)	(165)	(2,254)	(13,369)	(19,663)
Cash Paid - Interfund Services Used	(3,996)	(67)	(345)	(780)	(5,188)	(4,154)
Cash Paid - Claims And Insurance	-	-	-	-	-	(7,403)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>5,996</b>	<b>1,087</b>	<b>(398)</b>	<b>(123)</b>	<b>6,562</b>	<b>4,415</b>
<b>CASH FLOWS FROM</b>						
<b>INVESTING ACTIVITIES:</b>						
Proceeds From Sale Of Investments	1,085,240	69,226	85,120	553,926	1,793,512	-
Purchase Of Investments	(1,088,349)	(65,946)	(88,257)	(554,781)	(1,797,333)	-
Interest Income From Investments	2,091	-	-	845	2,936	-
Interest Income From Investments, Capitalized	-	65	83	-	148	-
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<b>(1,018)</b>	<b>3,345</b>	<b>(3,054)</b>	<b>(10)</b>	<b>(737)</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL</b>						
<b>FINANCING ACTIVITIES:</b>						
Advances (To) From Other Funds	(1,123)	1,123	-	-	-	(3,274)
Transfers In	-	-	-	340	340	1,438
Transfers Out	(800)	(24)	-	(73)	(897)	(238)
Operating Grants Received	-	-	1,523	583	2,106	-
Intergovernmental Revenue	-	-	1,930	-	1,930	-
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,923)</b>	<b>1,099</b>	<b>3,453</b>	<b>850</b>	<b>3,479</b>	<b>(2,074)</b>
<b>CASH FLOWS FROM CAPITAL AND</b>						
<b>RELATED FINANCING ACTIVITIES:</b>						
Receipts From (Advances To) Other Funds	1,769	-	-	-	1,769	-
Proceeds From Customer Assessments	3,489	-	-	-	3,489	-
Proceeds From Connection Charges	5,191	-	-	-	5,191	-
Proceeds From Loan	-	-	353	-	353	-
Proceeds From Bond Issue	-	685	-	-	685	-
Real Estate Excise Tax Collected	-	-	-	211	211	-
Proceeds From Sale Of Capital Assets	47	-	50	-	97	1,230
Principal Payments On Debts	(3,780)	(62)	(563)	-	(4,405)	-
Interest Paid On Debts	(829)	(871)	(42)	-	(1,742)	-
Capital Contributions	-	-	-	1,486	1,486	1,793
Transfers Out For Capital Purposes	-	-	-	-	-	(159)
Acquisition Of Capital Assets	(9,804)	(4,705)	(2,033)	(1,531)	(18,073)	(10,856)
<b>NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(3,917)</b>	<b>(4,953)</b>	<b>(2,235)</b>	<b>166</b>	<b>(10,939)</b>	<b>(7,992)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(862)</b>	<b>578</b>	<b>(2,234)</b>	<b>883</b>	<b>(1,635)</b>	<b>(5,651)</b>
<b>CASH - Beginning Of Year</b>	<b>3,506</b>	<b>146</b>	<b>2,738</b>	<b>2,347</b>	<b>8,737</b>	<b>54,952</b>
<b>CASH - End Of Year</b>	<b>\$ 2,644</b>	<b>\$ 724</b>	<b>\$ 504</b>	<b>\$ 3,230</b>	<b>\$ 7,102</b>	<b>\$ 49,301</b>

See Accompanying Notes To Financial Statements



**Proprietary Funds**  
**Statement Of Cash Flows**  
For The Year Ended December 31, 2007  
(In Thousands)  
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	Sewer Utility	Chambers Bay Golf Course	Ferry Services	Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME</b>						
<b>(LOSS) TO NET CASH PROVIDED</b>						
<b>(USED) BY OPERATING ACTIVITIES:</b>						
<b>Operating Income (Loss)</b>	\$ (5,411)	\$ 138	\$ (1,244)	\$ (3)	\$ (6,520)	\$ 909
<b>Adjustments To Reconcile Operating</b>						
<b>Income (Loss) To Net Cash Provided</b>						
<b>(Used) By Operating Activities:</b>						
Depreciation And Amortization	11,797	763	626	372	13,558	4,900
Overhead Allocation To Construction	(109)	-	-	-	(109)	-
Decrease (Increase) In Assets:						
Receivables	(449)	(46)	8	(111)	(598)	(78)
Due From Other Funds	(89)	-	-	-	(89)	(1,788)
Due From Other Governments	(192)	-	-	-	(192)	(35)
Inventory	(36)	(34)	-	-	(70)	(385)
Prepaid Expense	-	-	-	-	-	26
Increase (Decrease) In Liabilities:						
Vouchers And Accounts Payable	102	257	186	(235)	310	34
Retainage Payable	17	-	-	-	17	-
Due To Other Funds	29	1	26	5	61	(91)
Due To Other Governments	109	-	-	(4)	105	(83)
Accrued Wages And Benefits Payable	92	-	(7)	(21)	64	111
Compensated Absences	136	8	7	47	198	178
Estimated Claims Settlements	-	-	-	-	-	717
Landfill Postclosure Liabilities	-	-	-	(173)	(173)	-
<b>Total Adjustments</b>	<b>11,407</b>	<b>949</b>	<b>846</b>	<b>(120)</b>	<b>13,082</b>	<b>3,506</b>
<b>NET CASH PROVIDED (USED)</b>						
<b>BY OPERATING ACTIVITIES</b>	<b>\$ 5,996</b>	<b>\$ 1,087</b>	<b>\$ (398)</b>	<b>\$ (123)</b>	<b>\$ 6,562</b>	<b>\$ 4,415</b>
<b>NONCASH INVESTING, CAPITAL</b>						
<b>AND FINANCING ACTIVITIES:</b>						
Capital Assets Acquired By Contribution	\$ 8,481	\$ -	\$ -	\$ -	\$ 8,481	\$ -
Purchase Of Capital Assets On Account	1,943	-	-	14	1,957	1,040
Trade-In Of Capital Assets	-	-	-	-	-	133
Net Change In Fair Value Of Investments	-	-	-	62	62	-
<b>TOTAL NONCASH ACTIVITIES</b>	<b>\$ 10,424</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76</b>	<b>\$ 10,500</b>	<b>\$ 1,173</b>
<b>RECONCILIATION OF CASH AT</b>						
<b>END OF YEAR TO BALANCE SHEET:</b>						
<b>Cash Per Balance Sheet:</b>						
Current And Restricted Assets:						
Cash In Treasury Pool	\$ 2,644	\$ 224	\$ 504	\$ 3,230	\$ 6,602	\$ 49,113
Cash With Trustee	-	500	-	-	500	188
<b>TOTAL CASH - End Of Year</b>	<b>\$ 2,644</b>	<b>\$ 724</b>	<b>\$ 504</b>	<b>\$ 3,230</b>	<b>\$ 7,102</b>	<b>\$ 49,301</b>

See Accompanying Notes To Financial Statements



**Fiduciary Funds**  
**Combined Statement Of Fiduciary Net Assets**  
At December 31, 2007  
(In Thousands)

	<b>Private- Purpose Trust Funds</b>	<b>Agency Total</b>
<b>ASSETS</b>		
Cash In Treasury Pool	\$ 683	\$ 134,126
Cash And Investments With Trustee	-	11,236
Investments, At Amortized Cost	-	827,854
Assessments Receivable, Delinquent	-	1,521
Taxes Receivable, Delinquent	-	32,350
Account Receivable	-	201
Contracts Receivable	-	90
<b>TOTAL ASSETS</b>	<b>683</b>	<b>1,007,378</b>
<b>LIABILITIES</b>		
Warrants Payable	-	51,594
Vouchers And Accounts Payable	7	892
Due To Note Holders	-	759
Custodial Accounts	-	21,576
Due To Special Districts/Other Governments	-	932,557
<b>TOTAL LIABILITIES</b>	<b>7</b>	<b>1,007,378</b>
<b>NET ASSETS</b>		
Reserved For Specific Program Use	676	-
<b>TOTAL NET ASSETS</b>	<b>\$ 676</b>	<b>\$ -</b>

See Accompanying Notes To Financial Statements



**Private-Purpose Trust Funds**  
**Combined Statement Of Changes In Fiduciary Net Assets**  
For the Year Ended December 31, 2007  
(In Thousands)

	<u>Total</u>
<b>ADDITIONS</b>	
Fines And Forfeits	\$ 24
<b>TOTAL ADDITIONS</b>	<u>24</u>
<b>DEDUCTIONS</b>	
Current:	
General Government	170
<b>TOTAL DEDUCTIONS</b>	<u>170</u>
<b>CHANGE IN NET ASSETS</b>	(146)
<b>NET ASSETS - Beginning Of Year</b>	<u>822</u>
<b>NET ASSETS - End Of Year</b>	<u><u>\$ 676</u></u>

See Accompanying Notes To Financial Statements

