

STATEMENT OF NET ASSETS
DECEMBER 31, 2003

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents (Note 1)	\$ 557,296,700	\$ 559,094,473	\$ 1,116,391,173	\$ 145,169,063
Investments (Note 4)	111,371	25,326,301	25,437,672	-
Receivables, net	153,385,689	121,651,395	275,037,084	111,843,170
Due from primary government	-	-	-	1,668,391
Internal balances	1,874,607	(1,874,607)	-	-
Inventories	3,253,138	17,468,696	20,721,834	5,888,869
Prepayments and other assets	9,456,438	3,493,548	12,949,986	1,591,210
Capital assets (Note 6)				
Land	590,737,560	225,514,722	816,252,282	40,084,426
Infrastructure	714,003,704	-	714,003,704	-
Buildings	502,128,877	755,717,357	1,257,846,234	674,148,743
Improvements other than buildings	1,189,149	1,466,075,778	1,467,264,927	12,294,995
Furniture, machinery and equipment	202,459,022	1,660,271,868	1,862,730,890	244,404,565
Accumulated depreciation	(271,282,165)	(1,768,907,088)	(2,040,189,253)	(259,495,989)
Work in progress	117,811,899	629,257,432	747,069,331	17,329,724
Deferred charges	-	16,983,558	16,983,558	-
Deposits with other governments	-	-	-	600,000
Prepaid rent	-	1,612,500	1,612,500	-
Other assets	-	-	-	11,348,221
Total assets	<u>2,582,425,989</u>	<u>3,711,685,933</u>	<u>6,294,111,922</u>	<u>1,006,875,388</u>
LIABILITIES				
Accounts payable and other current liabilities	66,297,034	65,073,487	131,370,521	44,319,322
Due to component unit	1,668,391	-	1,668,391	-
Accrued liabilities	28,550,101	49,418,216	77,968,317	20,039,980
Notes payable (Note 13)	80,562,800	100,000,000	180,562,800	-
Unearned revenues	47,204,898	12,299,583	59,504,481	4,557,051
Obligations under reverse repurchase agreements (Note 4)	23,891,929	24,727,921	48,619,850	897,737
Noncurrent liabilities (Note 13):				
Due within one year	162,766,516	73,641,471	236,407,987	2,248,629
Due in more than one year	950,823,523	1,702,801,168	2,653,624,691	62,576,512
Total liabilities	<u>1,361,765,192</u>	<u>2,027,961,846</u>	<u>3,389,727,038</u>	<u>134,639,231</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,316,216,121	1,220,523,892	2,536,740,013	652,298,740
Restricted for:				
Capital projects	141,585,533	256,752,401 ^(a)	398,337,934	-
Debt service	42,175,951	98,559,402 ^(a)	140,735,353	-
General government	4,512,572	-	4,512,572	-
Law, safety and justice	37,336,539	-	37,336,539	-
Physical environment	2,395,202	-	2,395,202	-
Economic environment	4,950,005	-	4,950,005	-
Mental and physical health	22,150,855	-	22,150,855	-
Culture and recreation	3,965,538	-	3,965,538	-
Other purposes - primary government	-	5,348,337 ^(a)	5,348,337	-
Expendable	-	-	-	53,552,054
Nonexpendable	-	-	-	6,609,629
Unrestricted	(354,627,519)	102,540,055	(252,087,464)	159,775,734
Total net assets	<u>\$ 1,220,660,797</u>	<u>\$ 1,683,724,087</u>	<u>\$ 2,904,384,884</u>	<u>\$ 872,236,157</u>

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restricted Net Assets.

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

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			Component Units Total
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
						Governmental Activities	Business-type Activities	Total	
Primary government:									
Governmental activities:									
General government	\$ 111,186,739	\$ (58,831,620)	\$ 43,181,075	\$ 3,807,245	\$ 1,163,885	\$ (4,202,914)	\$	\$ (4,202,914)	\$
Law, safety & justice	457,883,202	33,950,560	95,083,558	26,192,233	-	(370,557,971)		(370,557,971)	
Physical environment	51,622,353	763,712	50,836,296	1,564,244	5,111,809	5,126,284		5,126,284	
Transportation	62,885,117	1,837,336	18,473,854	15,587,281	94,254,237	63,592,919		63,592,919	
Economic environment	78,758,617	1,601,696	35,521,214	34,758,389	-	(10,080,710)		(10,080,710)	
Mental & physical health	322,776,692	4,435,185	179,173,557	110,861,706	-	(37,176,614)		(37,176,614)	
Culture & recreation	35,619,462	812,382	7,293,730	1,706,078	3,151,299	(24,280,737)		(24,280,737)	
Interest and other debt service costs	45,979,564	-	3,334,491	4,126,603	-	(38,518,470)		(38,518,470)	
Total governmental activities	<u>1,166,711,746</u>	<u>(15,430,749)</u>	<u>432,897,775</u>	<u>198,603,779</u>	<u>103,681,230</u>	<u>(416,098,213)</u>		<u>(416,098,213)</u>	
Business-type activities:									
Airport	11,353,422	243,971	9,398,344	-	468,684		(1,730,365)	(1,730,365)	
Public Transportation	453,875,458	10,593,606	104,348,319	24,286,500	40,951,096		(294,883,149)	(294,883,149)	
Solid Waste	76,642,990	1,921,292	84,764,107	-	928,589		7,128,414	7,128,414	
Water Quality	226,636,873	2,658,382	218,862,091	-	11,438,426		1,005,262	1,005,262	
Other	6,184,385	13,498	5,157,859	-	-		(1,040,024)	(1,040,024)	
Total business-type activities	<u>774,693,128</u>	<u>15,430,749</u>	<u>422,530,720</u>	<u>24,286,500</u>	<u>53,786,795</u>	<u>-0-</u>	<u>(289,519,862)</u>	<u>(289,519,862)</u>	
Total primary government	<u>\$ 1,941,404,874</u>	<u>\$ -0-</u>	<u>\$ 855,428,495</u>	<u>\$ 222,890,279</u>	<u>\$ 157,468,025</u>	<u>(416,098,213)</u>	<u>(289,519,862)</u>	<u>(705,618,075)</u>	
Component units	<u>\$ 458,090,862</u>		<u>\$ 430,057,248</u>	<u>\$ 16,648,456</u>	<u>\$ 10,469,810</u>				<u>(915,348)</u>
General revenues									
Property taxes						394,903,471	-	394,903,471	-
Retail sales and use taxes						121,216,847	296,747,993	417,964,840	-
Business and other taxes						42,492,655	-	42,492,655	-
Penalties and interest - delinquent taxes						17,063,932	-	17,063,932	-
Interest earnings						20,226,893	10,874,856	31,101,749	3,564,441
Gain (Loss) on sale of capital assets						(1,280,422)	468,171	(812,251)	-
Transfers						2,508,706	(2,508,706)	-	-
Total general revenues, capital contributions and transfers						<u>597,132,082</u>	<u>305,582,314</u>	<u>902,714,396</u>	<u>3,564,441</u>
Change in net assets						181,033,869	16,062,452	197,096,321	2,649,093
Net assets - January 1, 2003 (Restated)						<u>1,039,626,928</u>	<u>1,667,661,635</u>	<u>2,707,288,563</u>	<u>869,587,064</u>
Net assets - December 31, 2003						<u>\$ 1,220,660,797</u>	<u>\$ 1,683,724,087</u>	<u>\$ 2,904,384,884</u>	<u>\$ 872,236,157</u>

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Restatements of Beginning Balances.

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

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 73,275,133	\$ 7,648,977	\$ 332,418,131	\$ 413,342,241
Taxes receivable - delinquent	6,940,215	-	5,961,810	12,902,025
Accounts receivable, net	7,417,037	2,610,088	18,957,409	28,984,534
Other receivables, net	-	-	614,096	614,096
Interest receivable	10,672,282	-	-	10,672,282
Notes and contracts receivable	-	-	73,260	73,260
Due from other funds	11,894,790	1,260,212	36,944,038	50,099,040
Interfund short-term loans receivable	12,727,938	-	-	12,727,938
Due from other governments, net	26,888,097	24,070,815	42,587,349	93,546,261
Inventory of supplies	-	1,904,264	-	1,904,264
Prepayments	21,116	-	4,084,689	4,105,805
Advances to other funds	300,000	-	-	300,000
TOTAL ASSETS	\$ 150,136,608	\$ 37,494,356	\$ 441,640,782	\$ 629,271,746
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	\$ 8,780,408	\$ 9,433,834	\$ 22,116,797	\$ 40,331,039
Due to other funds	5,549,980	31,843	37,934,804	43,516,627
Interfund short-term loans payable	-	-	7,196,755	7,196,755
Due to other governments	167,037	5,254,565	3,108,615	8,530,217
Due to component unit	-	-	1,668,391	1,668,391
Wages payable	10,945,774	3,734,136	5,566,813	20,246,723
Taxes payable	130,121	-	28,691	158,812
Deferred revenues	12,724,298	9,317,093	42,334,735	64,376,126
Obligations under reverse repurchase agreements	14,206,935	-	5,101,345	19,308,280
Notes and contracts payable	-	-	80,562,800	80,562,800
Custodial accounts	1,383,682	775,474	7,428,103	9,587,259
Other liabilities	-	-	400,000	400,000
Advances from other funds	-	-	939,055	939,055
Total liabilities	53,888,235	28,546,945	214,386,904	296,822,084
Fund balances				
Reserved ^(a)	8,502,395	3,935,512	117,742,938	130,180,845
Unreserved				
Designated, reported in ^(a)				
General Fund	19,826,050	-	-	19,826,050
Public Health Fund	-	939,894	-	939,894
Special Revenue Funds	-	-	6,643,895	6,643,895
Capital Projects Funds	-	-	175,936	175,936
Undesignated, reported in				
General Fund	67,919,928	-	-	67,919,928
Public Health Fund	-	4,072,005	-	4,072,005
Special Revenue Funds	-	-	66,252,577	66,252,577
Debt Service Funds	-	-	22,233,909	22,233,909
Capital Projects Funds	-	-	14,204,623	14,204,623
Total fund balances	96,248,373	8,947,411	227,253,878	332,449,662
TOTAL LIABILITIES AND FUND BALANCES	\$ 150,136,608	\$ 37,494,356	\$ 441,640,782	

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 are not reported in the funds.	\$ 1,826,569,652
Other Long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	16,750,249
Governmental Activities Internal Service Funds assets and liabilities are included in the governmental activities in the statement of net assets.	78,198,529
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,033,307,295) ^(b)</u>
Net assets of governmental activities	\$ 1,220,660,797

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" – Reserves and Designations.

(b) See Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2003

	GENERAL FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes:				
Property taxes	\$ 221,844,116	\$ -	\$ 172,972,125	\$ 394,816,241
Retail sales and use taxes	68,377,898	-	52,838,949	121,216,847
Business and other taxes	7,720,418	-	34,772,237	42,492,655
Penalties and interest - delinquent taxes	17,063,932	-	-	17,063,932
Licenses and permits	6,036,437	9,559,024	5,304,918	20,900,379
Intergovernmental revenues	65,973,895	122,281,136	217,166,392	405,421,423
Charges for services	91,542,064	30,269,370	114,933,718	236,745,152
Fines and forfeits	7,981,552	-	163,873	8,145,425
Interest earnings	11,172,763	354	5,932,448	17,105,565
Miscellaneous revenues	5,466,847	1,843,001	27,700,756	35,010,604
Total revenues	<u>503,179,922</u>	<u>163,952,885</u>	<u>631,785,416</u>	<u>1,298,918,223</u>
EXPENDITURES				
Current:				
General government	84,569,488	-	35,489,733	120,059,221
Law, safety and justice	350,763,425	-	89,387,033	440,150,458
Physical environment	3,641,314	-	47,306,014	50,947,328
Transportation	-	-	59,957,076	59,957,076
Economic environment	8,422,860	-	69,985,386	78,408,246
Mental and physical health	-	179,235,432	138,925,871	318,161,303
Culture and recreation	16,237,869	-	17,358,192	33,596,061
Debt Service				
Principal	-	128,502	65,021,015	65,149,517
Interest and other debt service costs	-	21,083	48,216,362	48,237,445
Payment to escrow agent	-	-	5,523,663	5,523,663
Capital outlay	2,091,434	1,629,015	146,987,585	150,708,034
Total expenditures	<u>465,726,390</u>	<u>181,014,032</u>	<u>724,157,930</u>	<u>1,370,898,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>37,453,532</u>	<u>(17,061,147)</u>	<u>(92,372,514)</u>	<u>(71,980,129)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,233,249	15,692,645	139,930,258	158,856,152
Transfers out	(36,319,289)	(13,358)	(118,214,547)	(154,547,194)
General obligation bonds issued	-	-	37,837,980	37,837,980
Refunding bonds issued	-	-	138,124,358	138,124,358
General long-term debt - capital leases	-	47,662	-	47,662
Sale of capital assets	751,334	548	3,655,070	4,406,952
Payment to refunded bond escrow agent	-	-	(137,376,906)	(137,376,906)
Total other financing sources and uses	<u>(32,334,706)</u>	<u>15,727,497</u>	<u>63,956,213</u>	<u>47,349,004</u>
Net changes in fund balances	5,118,826	(1,333,650)	(28,416,301)	(24,631,125)
Fund balances — January 1, 2003 (Restated)	<u>91,129,547</u>	<u>10,281,061</u>	<u>255,670,179</u> ^(a)	<u>357,080,787</u>
Fund balances — December 31, 2003	<u>\$ 96,248,373</u>	<u>\$ 8,947,411</u>	<u>\$ 227,253,878</u>	<u>\$ 332,449,662</u>

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" - Restatements of Beginning Balances.

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES ^(a)
FOR THE YEAR ENDED DECEMBER 31, 2003

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

Net change in fund balances - total governmental funds	\$ (24,631,125)
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.	117,859,749
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	80,868,622
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	1,374,721
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	33,034,603
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(28,543,600)
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	1,070,899
Change in net assets of governmental activities	<u>\$ 181,033,869</u>

(a) Also, see Note 2, "Reconciliation of Government-wide and Fund Financial Statements."

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

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes:				
Property taxes	\$ 219,430,654	\$ 220,508,279	\$ 221,844,116	\$ 1,335,837
Retail sales and use taxes	67,741,378	67,741,378	68,377,898	636,520
Business and other taxes	6,633,036	6,633,036	7,720,418	1,087,382
Penalties and interest - delinquent taxes	13,500,000	13,500,000	17,063,932	3,563,932
Licenses and permits	5,661,661	5,661,661	6,036,437	374,776
Intergovernmental revenues	64,515,185	64,800,319	65,973,895	1,173,576
Charges for services	89,416,713	90,662,244	92,311,566	1,649,322
Fines and forfeits	7,780,918	7,780,918	7,981,552	200,634
Interest earnings	9,760,268	9,760,268	13,589,220	3,828,952
Miscellaneous revenues	7,060,094	7,060,094	5,403,887	(1,656,207)
Sale of capital assets	27,835	27,835	751,334	723,499
Transfers in	3,329,668	3,329,668	8,722,602	5,392,934
Total revenues	<u>494,857,410</u>	<u>497,465,700</u>	<u>515,776,857</u>	<u>18,311,157</u>
EXPENDITURES				
Current:				
General government services	89,365,501	99,063,446	85,977,753	13,085,693
Law, safety and justice	342,275,933	361,009,576	353,405,690	7,603,886
Physical environment	3,744,365	4,304,365	3,641,314	663,051
Economic environment	8,621,385	8,961,373	8,829,845	131,528
Culture and recreation	16,469,957	16,920,153	16,237,869	682,284
Debt service				
Principal	34,220	34,220	-	34,220
Interest and other debt service costs	3,395	3,395	-	3,395
Capital outlay	1,780,606	2,600,627	2,564,256	36,371
Transfers out	40,766,583	45,836,733	41,808,642	4,028,091
Total expenditures	<u>503,061,945</u>	<u>538,733,888</u>	<u>512,465,369</u>	<u>26,268,519</u>
Excess of revenues over (under) expenditures (budgetary basis)	<u>\$ (8,204,535)</u>	<u>\$ (41,268,188)</u>	3,311,488	<u>\$ 44,579,676</u>
Adjustment from budgetary basis to GAAP basis			1,807,338 ^(a)	
Net change in fund balance			5,118,826	
Fund balance — January 1, 2003			91,129,547	
Fund balance — December 31, 2003			<u>\$ 96,248,373</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized loss on investments on a GAAP basis			\$ (2,416,457)	
Reclassification of donations from a fiduciary, revenue on a GAAP basis			62,960	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(5,489,353)	
Revenue recognition adjustment related to 2002 and prior			(769,502)	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			4,930,337	
Budgeted intrafund transfers out, eliminated on a GAAP basis			5,489,353	
Adjustment from budgetary basis to GAAP basis			<u>\$ 1,807,338</u>	

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

PUBLIC HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
REVENUES				
Licenses and permits	\$ 8,516,783	\$ 8,516,783	\$ 9,559,024	\$ 1,042,241
Intergovernmental revenues	133,028,125	133,028,125	122,281,136	(10,746,989)
Charges for services	31,130,662	31,130,662	30,269,370	(861,292)
Interest earnings	-	-	354	354
Miscellaneous revenues	3,098,154	3,098,154	1,843,001	(1,255,153)
Sale of capital assets	-	-	548	548
Transfers in	16,082,126	16,082,126	15,692,645	(389,481)
Total revenues	<u>191,855,850</u>	<u>191,855,850</u>	<u>179,646,078</u>	<u>(12,209,772)</u>
EXPENDITURES				
Current:				
Mental and physical health	186,232,799	194,026,922	180,321,085	13,705,837
Debt service				
Principal	-	-	128,502	(128,502)
Interest and other debt service costs	-	-	21,083	(21,083)
Capital outlay	2,278,049	2,278,049	1,746,566	531,483
Transfers out	338,449	338,449	13,358	325,091
Total expenditures	<u>188,849,297</u>	<u>196,643,420</u>	<u>182,230,594</u>	<u>14,412,826</u>
Excess (deficiency) of revenues over (under) expenditures (budgetary basis)	<u>\$ 3,006,553</u>	<u>\$ (4,787,570)</u>	(2,584,516)	<u>\$ 2,203,054</u>
Adjustment from budgetary basis to GAAP basis			1,250,866 ^(a)	
Net change in fund balance			(1,333,650)	
Fund balance — January 1, 2003			<u>10,281,061</u>	
Fund balance — December 31, 2003			<u>\$ 8,947,411</u>	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Nonbudgeted proceeds from long-term debt - capital leases			\$ 47,662	
Adjustments to expenditures				
Nonbudgeted capital lease expenditure			(47,662)	
Encumbrances, not included in GAAP basis expenditures			1,250,866	
Adjustment from budgetary basis to GAAP basis			<u>\$ 1,250,866</u>	

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

KING COUNTY, WASHINGTON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2003

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 250,110,396	\$ 132,396,425	\$ 171,973,032	\$ 554,479,853	\$ 148,569,079
Investments	25,326,301	-	-	25,326,301	111,371
Accounts receivable	12,179,353	19,458,740	5,692,118	37,330,211	1,592,669
Estimated uncollectible accounts receivable	(73,551)	(1,285,619)	(67,805)	(1,426,975)	(12,669)
Interest receivable	-	-	-	-	316
Notes and contracts receivable	-	-	858,043	858,043	-
Due from other funds	1,518,423	633,742	891,539	3,043,704	2,231,300
Due from other governments, net	82,432,220	1,852,664	605,232	84,890,116	391,733
Inventory of supplies	12,412,681	4,319,347	734,985	17,467,013	1,350,557
Prepayments and other assets	3,493,548	-	-	3,493,548	5,350,633
Total current assets	387,399,371	157,375,299	180,687,144	725,461,814	159,584,989
Noncurrent assets					
Capital assets					
Land	138,118,424	50,073,118	37,323,180	225,514,722	-
Buildings	253,512,351	456,050,033	46,154,973	755,717,357	-
Improvements other than buildings	526,586,634	820,877,857	118,611,287	1,466,075,778	1,189,149
Furniture, machinery and equipment	724,461,603	864,316,230	61,540,387	1,650,318,220	86,569,750
Accumulated depreciation	(768,747,052)	(862,711,327)	(129,429,145)	(1,760,887,524)	(57,125,897)
Work in progress	142,097,820	454,297,338	32,862,274	629,257,432	1,779,476
Total capital assets	1,016,029,780	1,782,903,249	167,062,956	2,965,995,985	32,412,478
Other noncurrent					
Advances to other funds	639,055	-	-	639,055	-
Deferred charges - environmental remediation	-	6,811,322	-	6,811,322	-
Deferred charges and other	1,365,094	8,807,142	-	10,172,236	-
Prepaid rent	1,612,500	-	-	1,612,500	-
Total other noncurrent	3,616,649	15,618,464	-0-	19,235,113	-0-
Total noncurrent assets	1,019,646,429	1,798,521,713	167,062,956	2,985,231,098	32,412,478
Total Assets	1,407,045,800	1,955,897,012	347,750,100	3,710,692,912	191,997,467
LIABILITIES					
Current liabilities					
Accounts payable	26,133,011	31,085,447	7,102,333	64,320,791	7,358,098
Claims and judgments payable	2,556,462	8,765,649	519,528	11,841,639	1,231,542
Estimated claim settlements	-	-	-	-	64,962,919
Due to other funds	371,213	2,574,611	4,979,717	7,925,541	3,931,876
Interest payable	535,745	34,241,608	332,704	35,110,057	77,533
Wages payable	11,652,247	1,364,206	1,291,706	14,308,159	1,990,316
Taxes payable	26,403	294,562	366,359	687,324	11,876
Unearned revenues	10,777,593	-	1,521,990	12,299,583	489,022
Obligations under reverse repurchase agreements	11,171,670	5,944,319	7,611,932	24,727,921	4,583,649
Revenue bonds payable	-	20,700,000	500	20,700,500	-
General obligation bonds payable	5,450,000	6,950,000	5,131,204	17,531,204	1,095,000
Capital leases payable	15,301,314	-	-	15,301,314	-
State revolving loan payable	-	2,079,187	-	2,079,187	-
Notes payable	-	100,000,000	-	100,000,000	-
Total current liabilities	83,975,658	213,999,589	28,857,973	326,833,220	85,731,831
Long-term liabilities					
General obligation bonds payable	122,075,000	356,060,000	33,107,579	511,242,579	3,250,000
Revenue bonds payable	-	1,017,355,000	-	1,017,355,000	-
Deferred bond discount/refunding losses	(28,804)	(62,324,722)	(923,649)	(63,277,175)	-
Capital leases payable	13,845,370	-	-	13,845,370	-
State revolving loans payable	-	84,311,900	-	84,311,900	-
Compensated absences payable	36,649,627	8,775,692	3,643,419	49,068,738	9,144,355
Landfill closure and post-closure care liability	-	-	95,267,965	95,267,965	-
Estimated claim settlements	-	-	-	-	6,715,292
Other liabilities	382,500	-	791,918	1,174,418	104,270
Total long-term liabilities	172,923,693	1,404,177,870	131,887,232	1,708,988,795	19,213,917
Total Liabilities	256,899,351	1,618,177,459	160,745,205	2,035,822,015	104,945,748
NET ASSETS					
Invested in capital assets, net of related debt	860,341,728	228,500,258	129,747,822	1,218,589,808	28,067,478
Restricted	263,644,732	78,383,158	18,632,250	360,660,140	-
Unrestricted	26,159,989	30,836,137	38,624,823	95,620,949	58,984,241
Total Net Assets	\$ 1,150,146,449	\$ 337,719,553	\$ 187,004,895	1,674,870,897	\$ 87,051,719
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				8,853,190	
Net assets of business-type activities				\$ 1,683,724,087	

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 1,059,286	\$ 1,059,286	\$ -
Radio services	-	-	4,096,607	4,096,607	-
Solid waste disposal charges	-	-	81,870,408	81,870,408	-
Airfield fees	-	-	1,302,112	1,302,112	-
Hangar, building, and site rentals and leases	-	-	7,048,746	7,048,746	-
Reimbursement for services to tenants	-	-	1,017,927	1,017,927	-
Passenger	94,263,775	-	-	94,263,775	-
Special service contracts	2,578,154	-	-	2,578,154	-
Sewage disposal fees	-	191,919,371	-	191,919,371	-
Miscellaneous	6,638,890	22,238,333	29,559	28,906,782	-
Other service revenues	-	-	-	-	273,153,824
Total operating revenues	103,480,819	214,157,704	96,424,645	414,063,168	273,153,824
OPERATING EXPENSES					
Personal services	265,648,674	30,814,537	35,728,497	332,191,708	60,234,947
Materials and supplies	29,626,794	6,200,125	4,836,928	40,663,847	7,991,906
Contract services and other charges	14,464,527	8,453,424	15,759,659	38,677,610	180,483,001
Utilities	5,198,404	9,092,043	1,140,680	15,431,127	-
Purchased transportation	35,596,052	-	-	35,596,052	-
Internal services	41,262,982	28,327,074	13,911,983	83,502,039	17,459,996
Landfill closure and post-closure care	-	-	4,503,661	4,503,661	-
Depreciation	70,965,675	87,722,739	14,606,153	173,294,567	7,594,253
Total operating expenses	462,763,108	170,609,942	90,487,561	723,860,611	273,764,103
OPERATING INCOME (LOSS)	(359,282,289)	43,547,762	5,937,084	(309,797,443)	(610,279)
NONOPERATING REVENUES					
Sales tax	296,747,993	-	-	296,747,993	-
Intergovernmental	24,286,500	-	-	24,286,500	-
Interest earnings	6,306,871	1,918,279	2,542,858	10,768,008	3,228,175
DNR administration	-	-	2,669,077	2,669,077	-
Rental income	-	-	224,622	224,622	-
Miscellaneous	867,500	4,702,364	1,966	5,571,830	-
Total nonoperating revenues	328,208,864	6,620,643	5,438,523	340,268,030	3,228,175
NONOPERATING EXPENSES (NET REVENUE)					
Interest	2,157,642	57,988,469	2,138,701	62,284,812	229,540
DNR administration	-	-	3,139,288	3,139,288	-
(Gain) loss on disposal of capital assets	(1,250,379)	282,270	546,366	(421,743)	37,030
Miscellaneous	177,440	404,007	-	581,447	-
Total nonoperating expenses	1,084,703	58,674,746	5,824,355	65,583,804	266,570
Income (loss) before contributions and transfers	(32,158,128)	(8,506,341)	5,551,252	(35,113,217)	2,351,326
Capital contributions	40,951,098	11,438,426	1,397,273	53,786,797	417,402
Transfers in	808,158	517,919	406,036	1,732,113	1,531,605
Transfers out	(129,728)	(3,011,429)	(1,099,662)	(4,240,819)	(3,331,857)
CHANGE IN NET ASSETS	9,471,400	438,575	6,254,899	16,164,874	968,476
NET ASSETS - JANUARY 1, 2003	1,140,675,049	337,280,978	180,749,996		86,083,243
NET ASSETS - DECEMBER 31, 2003	\$ 1,150,146,449	\$ 337,719,553	\$ 187,004,895		\$ 87,051,719
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(102,422)	
Change in net assets of business-type activities				\$ 16,062,452	

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 PAGE 1 OF 2

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 103,162,954	\$ 209,828,378	\$ 98,080,455	\$ 411,071,787	\$ 278,220,582
Cash payments to suppliers for goods and services	(118,394,187)	(51,841,197)	(32,755,213)	(202,990,597)	(205,973,847)
Cash payments for employee services	(268,059,396)	(31,929,069)	(35,351,388)	(335,339,853)	(59,398,222)
Other receipts	-	-	2,895,665	2,895,665	520,253
Other payments	-	-	(3,139,288)	(3,139,288)	-
Net cash provided (used) by operating activities	(283,290,629)	126,058,112	29,730,231	(127,502,286)	13,368,766
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	314,163,929	-	-	314,163,929	-
Advances from other funds	139,285	-	-	139,285	-
Interest paid on short-term loans	-	(748,503)	-	(748,503)	-
Transfers in	808,158	517,919	406,036	1,732,113	1,531,605
Transfers out	(129,728)	(3,011,429)	(99,662)	(3,240,819)	(3,331,857)
Net cash provided (used) by noncapital financing activities	314,981,644	(3,242,013)	306,374	312,046,005	(1,800,252)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(120,118,161)	(215,910,706)	(26,529,930)	(362,558,797)	(9,864,696)
Principal paid on general obligation bonds	(5,020,000)	(6,605,000)	(5,463,987)	(17,088,987)	(1,165,000)
Proceeds paid on general obligation bonds by refunding	-	(87,460,000)	-	(87,460,000)	-
Interest paid on general obligation bonds	(776,189)	(21,428,391)	(2,149,935)	(24,354,515)	(243,957)
Assessment principal and interest paid	-	-	-	-	(25,620)
Proceeds from revenue bonds	-	96,470,000	-	96,470,000	-
Principal paid on revenue bonds	-	(10,835,000)	-	(10,835,000)	-
Interest paid on revenue bonds	-	(41,191,747)	-	(41,191,747)	-
Principal paid on equipment contracts	(5,736,795)	-	-	(5,736,795)	-
Interest paid on equipment contracts	(1,990,939)	-	-	(1,990,939)	-
Assessment principal, interest, and penalties received	399,858	-	-	399,858	-
Principal paid on notes payable	-	6,700,000	-	6,700,000	-
Interest paid on notes payable	-	(1,197,481)	-	(1,197,481)	-
Issuance costs paid on bonds and notes payable	-	(8,993,616)	-	(8,993,616)	-
Principal paid on state loans	-	(1,341,273)	-	(1,341,273)	-
Interest paid on state loans	-	(432,396)	-	(432,396)	-
Proceeds from new state loans	-	49,536,529	-	49,536,529	-
Arbitrage activities and bond refunding	-	-	(4,439)	(4,439)	-
Capital grants received	36,381,366	11,051,902	1,397,273	48,830,541	-
Landfill closure and remediation	-	(166,636)	(4,531,338)	(4,697,974)	-
Proceeds from disposal of capital assets	4,682,399	-	744,922	5,427,321	783,500
Net cash used by capital and related financing activities	(92,178,461)	(231,803,815)	(36,537,434)	(360,519,710)	(10,515,773)
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in pooled reverse repurchase agreements	6,888,365	2,151,943	4,995,458	14,035,766	3,250,958
Interest on investments (including unrealized gains/losses reported as Cash and cash equivalents)	14,906,974	1,918,279	2,542,372	19,367,625	3,227,900
Loan collections	-	-	338,390	338,390	-
Net cash provided by investing activities	21,795,339	4,070,222	7,876,220	33,741,781	6,478,858
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(38,692,107)	(104,917,494)	1,375,391	(142,234,210)	7,531,599
CASH AND CASH EQUIVALENTS – JANUARY 1, 2003	288,802,503	237,313,919	170,597,641	696,714,063	141,037,480
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2003	\$ 250,110,396	\$ 132,396,425	\$ 171,973,032	\$ 554,479,853	\$ 148,569,079

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003
 PAGE 2 OF 2

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (359,282,289)	\$ 43,547,762	\$ 5,937,084	\$ (309,797,443)	\$ (610,279)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	70,965,675	87,722,739	14,606,153	173,294,567	7,594,253
Landfill closure and post-closure care	-	-	4,503,661	4,503,661	-
Other nonoperating revenue/expense	-	-	(243,623)	(243,623)	-
Changes in assets - (increase) decrease					
Accounts receivable, net	14,033	(4,467,869)	(377,231)	(4,831,067)	128,904
Notes and contracts receivable	-	-	42,408	42,408	-
Due from other funds	(1,100,576)	-	(35,433)	(1,136,009)	616,923
Due from other governments, net	-	138,544	(257,054)	(118,510)	(6,359)
Inventory of supplies	(476,522)	(86,914)	5,184	(558,252)	39,121
Prepayments	150,000	-	7,740	157,740	(1,211,656)
Changes in liabilities - increase (decrease)					
Accounts payable	9,208,073	1,187,439	1,551,068	11,946,580	1,762,894
Due to other funds	-	(1,163,618)	2,343,485	1,179,867	1,771,560
Wages payable	(6,066,092)	(1,313,978)	(63,901)	(7,443,971)	(405,468)
Taxes payable	(26,403)	294,562	237,519	505,678	(879)
Unearned revenues	(331,897)	-	(11,823)	(343,720)	(104,289)
Claims and judgments payable	556,462	-	519,528	1,075,990	1,231,542
Estimated claim settlements	-	-	-	-	1,334,078
Compensated absences	3,098,907	199,445	441,010	3,739,362	1,242,193
Custodial accounts	-	-	153,745	153,745	-
Customer deposits and other liabilities	-	-	370,711	370,711	(13,772)
Total adjustments	75,991,660	82,510,350	23,793,147	182,295,157	13,979,045
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (283,290,629)	\$ 126,058,112	\$ 29,730,231	\$ (127,502,286)	\$ 13,368,766
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ 286,598	\$ 544,470	\$ 195,930	\$ 1,026,998	\$ 412,778

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

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2003

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 181,596,395
Assets held in trust - external investment pool	-	2,025,735,380
Investments	2,026,606,286	2,349,237
Assets held in trust - individual investment accounts	-	4,564,424
Taxes receivable - delinquent	-	64,890,282
Accounts receivable	-	2,334,856
Interest receivable	9,224,700	-
Assessments receivable	-	8,424,659
Notes/contracts receivable	-	62,296
TOTAL ASSETS	2,035,830,986	\$ 2,289,957,529
LIABILITIES		
Warrants payable	-	\$ 72,229,424
Accounts payable	-	9,222,967
Obligations under reverse repurchase agreements	94,205,099	968,943
Liability allocated from external investment pool	-	94,205,099
Interfund short-term loans payable	5,531,183	-
Wages payable	-	1,119,344
Custodial accounts - County agencies	-	72,252,602
Due to special districts/other governments	-	2,039,959,150
TOTAL LIABILITIES	99,736,282	\$ 2,289,957,529
NET ASSETS		
Held in trust for pool / individual investment account participants	\$ 1,936,094,704	

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>INVESTMENT TRUST FUNDS</u>
ADDITIONS	
Contributions	\$ 4,088,841,730
Net investment earnings (losses)	
Interest	32,759,957
Decrease in the fair value of investments	<u>(19,381,305)</u>
TOTAL ADDITIONS	4,102,220,382
DEDUCTIONS	
Distributions	<u>3,983,752,994</u>
Change in net assets	118,467,388
Net assets - January 1, 2003	<u>1,817,627,316</u>
Net assets - December 31, 2003	<u><u>\$ 1,936,094,704</u></u>

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

STATEMENT OF NET ASSETS
COMPONENT UNITS
DECEMBER 31, 2003

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
ASSETS				
Cash and cash equivalents (Note 1)	\$ 110,525,313	\$ 19,847,638	\$ 14,796,112	\$ 145,169,063
Receivables, net	111,630,388	34,297	178,485	111,843,170
Due from primary government	-	-	1,668,391	1,668,391
Inventories	5,888,869	-	-	5,888,869
Prepayments	1,591,210	-	-	1,591,210
Capital assets (Note 6)				
Land	1,585,972	38,498,454	-	40,084,426
Buildings	185,307,391	488,841,352	-	674,148,743
Improvements other than buildings	1,363,313	10,931,682	-	12,294,995
Furniture, machinery and equipment	244,358,415	46,150	-	244,404,565
Accumulated depreciation	(204,088,465)	(55,407,524)	-	(259,495,989)
Work in progress	17,329,724	-	-	17,329,724
Deposits with other governments	600,000	-	-	600,000
Other assets	11,348,221	-	-	11,348,221
Total assets	<u>487,440,351</u>	<u>502,792,049</u>	<u>16,642,988</u>	<u>1,006,875,388</u>
LIABILITIES				
Accounts payable and other current liabilities	43,891,440	21,219	406,663	44,319,322
Accrued liabilities	19,962,125	-	77,855	20,039,980
Unearned revenues	472,362	-	4,084,689	4,557,051
Obligations under reverse repurchase agreements (Note 4)	-	897,737	-	897,737
Noncurrent liabilities:				
Due within one year	1,618,100	-	630,529	2,248,629
Due in more than one year	14,149,417	43,642,665	4,784,430	62,576,512
Total liabilities	<u>80,093,444</u>	<u>44,561,621</u>	<u>9,984,166</u>	<u>134,639,231</u>
NET ASSETS				
Invested in capital assets, net of related debt	230,088,832	422,209,908	-	652,298,740
Restricted for:				
Expendable	47,566,939	-	5,985,115	53,552,054
Nonexpendable	520,963	-	6,088,666	6,609,629
Unrestricted	129,170,173	36,020,520	(5,414,959)	159,775,734
Total net assets	<u>\$ 407,346,907</u>	<u>\$ 458,230,428</u>	<u>\$ 6,658,822</u>	<u>\$ 872,236,157</u>

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

KING COUNTY, WASHINGTON
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE YEAR ENDED DECEMBER 31, 2003

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
Component units:								
Harborview Medical Center	\$ 439,295,180	\$ 429,059,279	\$ 7,706,964	\$ 10,469,810	\$ 7,940,873	\$ -	\$ -	\$ 7,940,873
WSMLB Stadium	12,854,188	757,475	-	-	-	(12,096,713)	-	(12,096,713)
Cultural Development Authority	5,941,494	240,494	8,941,492	-	-	-	3,240,492	3,240,492
Total component units	<u>\$ 458,090,862</u>	<u>\$ 430,057,248</u>	<u>\$ 16,648,456</u>	<u>\$ 10,469,810</u>	<u>7,940,873</u>	<u>(12,096,713)</u>	<u>3,240,492</u>	<u>(915,348)</u>
General revenues								
Interest earnings					3,032,717	289,706	242,018	3,564,441
Change in net assets					10,973,590	(11,807,007)	3,482,510	2,649,093
Net assets - January 1, 2003 (Restated)					396,373,317	470,037,435	3,176,312	869,587,064
Net assets - December 31, 2003					<u>\$ 407,346,907</u>	<u>\$ 458,230,428</u>	<u>\$ 6,658,822</u>	<u>\$ 872,236,157</u>

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