

STATEMENT OF NET ASSETS
DECEMBER 31, 2004

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents (Note 1)	\$ 589,960,485	\$ 538,770,818	\$ 1,128,731,303	\$ 240,615,607
Investments (Note 4)	111,371	9,346,559	9,457,930	9,758,631
Receivables, net	160,234,866	108,039,774	268,274,640	111,315,115
Due from primary government	-	-	-	2,733,567
Internal balances	21,644,237	(21,644,237)	-	-
Inventories	3,347,693	18,863,990	22,211,683	5,838,256
Prepayments and other assets	10,644,707	2,951,280	13,595,987	1,588,118
Capital assets (Note 6)				
Land	635,743,035	243,140,399	878,883,434	40,084,426
Infrastructure	800,818,318	-	800,818,318	-
Buildings	631,851,918	793,348,531	1,425,200,449	675,845,968
Improvements other than buildings	17,765,823	1,524,129,061	1,541,894,884	14,804,921
Furniture, machinery and equipment	202,121,125	1,829,506,637	2,031,627,762	263,465,730
Accumulated depreciation	(285,523,233)	(1,919,233,569)	(2,204,756,802)	(294,830,656)
Work in progress	51,418,720	785,068,000	836,486,720	22,478,085
Deferred charges	-	18,707,010	18,707,010	-
Deposits with other governments	-	-	-	600,000
Prepaid rent	-	1,462,500	1,462,500	-
Other assets	-	-	-	16,109,624
Total assets	<u>2,840,139,065</u>	<u>3,932,456,753</u>	<u>6,772,595,818</u>	<u>1,110,407,392</u>
LIABILITIES				
Accounts payable and other current liabilities	55,936,382	61,183,290	117,119,672	40,870,119
Due to component unit	2,733,567	-	2,733,567	-
Accrued liabilities	29,013,033	53,710,604	82,723,637	20,877,557
Notes payable (Note 13)	46,830,101	100,000,000	146,830,101	-
Unearned revenues	42,045,973	13,214,400	55,260,373	4,610,602
Obligations under reverse repurchase agreements (Note 4)	17,702,134	16,318,681	34,020,815	587,847
Noncurrent liabilities (Note 13):				
Due within one year	176,893,021	60,191,905	237,084,926	5,167,959
Due in more than one year	1,222,726,842	1,895,589,093	3,118,315,935	59,934,640
Total liabilities	<u>1,593,881,053</u>	<u>2,200,207,973</u>	<u>3,794,089,026</u>	<u>132,048,724</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,448,890,711	1,362,113,149	2,811,003,860	631,715,208
Restricted for:				
Capital projects	124,025,582	181,173,386 ^(a)	305,198,968	-
Debt service	49,815,737	100,363,812 ^(a)	150,179,549	-
General government	6,868,005	-	6,868,005	-
Law, safety and justice	41,622,950	-	41,622,950	-
Physical environment	2,563,261	-	2,563,261	-
Economic environment	8,533,526	-	8,533,526	-
Mental and physical health	19,131,248	-	19,131,248	-
Culture and recreation	5,209,519	-	5,209,519	-
Other purposes - primary government	-	1,567,204 ^(a)	1,567,204	-
Expendable	-	-	-	159,425,540
Nonexpendable	-	-	-	9,321,827
Unrestricted	(460,402,527)	87,031,229	(373,371,298)	177,896,093
Total net assets	<u>\$ 1,246,258,012</u>	<u>\$ 1,732,248,780</u>	<u>\$ 2,978,506,792</u>	<u>\$ 978,358,668</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, 2004

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	\$ 139,317,724	\$ (59,704,771)	\$ 53,612,330	\$ 4,764,648	\$ 2,357,073	\$ (18,878,902)	\$	\$ (18,878,902)	\$
Law, safety & justice	441,081,087	33,992,973	108,617,294	25,054,472	-	(341,402,294)		(341,402,294)	
Physical environment	57,133,928	889,651	53,743,740	2,559,866	1,996,623	276,650		276,650	
Transportation	68,766,082	2,019,992	17,640,813	15,287,304	91,813,198	53,955,241		53,955,241	
Economic environment	74,702,754	1,628,271	31,790,532	30,683,079	-	(13,857,414)		(13,857,414)	
Mental & physical health	499,431,456	4,829,365	171,410,098	100,132,899	-	(232,717,824)		(232,717,824)	
Culture & recreation	38,371,501	601,918	5,838,128	90,805	940,919	(32,103,567)		(32,103,567)	
Interest and other debt service costs	49,382,888	-	4,650,616	3,759,533	-	(40,972,739)		(40,972,739)	
Total governmental activities	<u>1,368,187,420</u>	<u>(15,742,601)</u>	<u>447,303,551</u>	<u>182,332,606</u>	<u>97,107,813</u>	<u>(625,700,849)</u>		<u>(625,700,849)</u>	
Business-type activities:									
Airport	12,040,783	302,911	11,495,979	-	1,304,559		456,844	456,844	
Public Transportation	496,894,290	11,396,187	113,335,177	35,714,783	73,557,337		(285,683,180)	(285,683,180)	
Solid Waste	76,163,132	1,840,278	90,594,553	-	536,776		13,127,919	13,127,919	
Water Quality	237,488,591	2,181,149	222,415,167	-	15,942,264		(1,312,309)	(1,312,309)	
Other	6,132,912	22,076	4,607,300	-	40,000		(1,507,688)	(1,507,688)	
Total business-type activities	<u>828,719,708</u>	<u>15,742,601</u>	<u>442,448,176</u>	<u>35,714,783</u>	<u>91,380,936</u>	<u>-0-</u>	<u>(274,918,414)</u>	<u>(274,918,414)</u>	
Total primary government	<u>\$ 2,196,907,128</u>	<u>\$ -0-</u>	<u>\$ 889,751,727</u>	<u>\$ 218,047,389</u>	<u>\$ 188,488,749</u>	<u>(625,700,849)</u>	<u>(274,918,414)</u>	<u>(900,619,263)</u>	
Component units									
	<u>\$ 496,426,221</u>		<u>\$ 471,380,158</u>	<u>\$ 17,510,449</u>	<u>\$ 112,451,618</u>				<u>104,916,004</u>
General revenues									
Property taxes						433,592,655	-	433,592,655	-
Retail sales and use taxes						128,610,475	314,192,142	442,802,617	-
Business and other taxes						50,165,471	-	50,165,471	-
Penalties and interest - delinquent taxes						16,790,036	-	16,790,036	-
Interest earnings						18,394,984	9,737,254	28,132,238	1,270,118
Transfers						486,289	(486,289)	-	-
Total general revenues and transfers						<u>648,039,910</u>	<u>323,443,107</u>	<u>971,483,017</u>	<u>1,270,118</u>
Change in net assets						22,339,061	48,524,693	70,863,754	106,186,122
Net assets - January 1, 2004 (Restated)						<u>1,223,918,951</u>	<u>1,683,724,087</u>	<u>2,907,643,038</u>	<u>872,172,546</u>
Net assets - December 31, 2004						<u>\$ 1,246,258,012</u>	<u>\$ 1,732,248,780</u>	<u>\$ 2,978,506,792</u>	<u>\$ 978,358,668</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.

KING COUNTY, WASHINGTON

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2004

	GENERAL FUND	PUBLIC HEALTH FUND	HARBORVIEW MEDICAL CENTER BOND ADMINISTRATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ 97,002,939	\$ 491,129	\$ -	\$ 351,931,186	\$ 449,425,254
Taxes receivable - delinquent	6,164,708	-	-	5,715,010	11,879,718
Accounts receivable, net	7,428,893	3,047,542	-	20,238,286	30,714,721
Other receivables, net	-	-	-	447,053	447,053
Interest receivable	10,109,826	-	-	-	10,109,826
Notes and contracts receivable	-	-	-	73,260	73,260
Due from other funds	12,670,488	287,832	-	18,536,858	31,495,178
Interfund short-term loans receivable	6,483,084	-	-	-	6,483,084
Due from other governments, net	28,946,991	21,166,505	-	39,728,324	89,841,820
Inventory of supplies	-	1,923,561	-	-	1,923,561
Prepayments	-	-	-	4,078,507	4,078,507
Advances to other funds	300,000	-	-	-	300,000
TOTAL ASSETS	\$ 169,106,929	\$ 26,916,569	\$ -0-	\$ 440,748,484	\$ 636,771,982
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	\$ 6,735,312	\$ 9,007,122	\$ -	\$ 18,290,872	\$ 34,033,306
Due to other funds	3,298,241	1,070,561	-	25,913,472	30,282,274
Interfund short-term loans payable	-	-	-	3,378,885	3,378,885
Due to other governments	237,475	1,606,060	-	3,181,671	5,025,206
Due to component unit	-	-	-	2,733,567	2,733,567
Wages payable	11,808,328	3,368,584	-	5,801,400	20,978,312
Taxes payable	116,537	-	-	36,141	152,678
Deferred revenues	11,909,880	573,783	-	46,111,854	58,595,517
Obligations under reverse repurchase agreements	9,225,769	-	-	5,276,553	14,502,322
Notes and contracts payable	-	-	-	46,830,101	46,830,101
Custodial accounts	1,316,926	735,634	-	7,986,449	10,039,009
Other liabilities	-	-	-	330,928	330,928
Advances from other funds	1,500,000	-	-	791,925	2,291,925
Total liabilities	46,148,468	16,361,744	-0-	166,663,818	229,174,030
Fund balances					
Reserved ^(a)	7,814,624	3,603,438	-	107,352,831	118,770,893
Unreserved					
Designated, reported in ^(a)					
General Fund	21,422,438				21,422,438
Public Health Fund		5,097,249			5,097,249
Special Revenue Funds				10,852,009	10,852,009
Undesignated, reported in					
General Fund	93,721,399				93,721,399
Public Health Fund		1,854,138			1,854,138
Special Revenue Funds				72,093,354	72,093,354
Debt Service Funds				34,028,249	34,028,249
Capital Projects Funds				49,758,223	49,758,223
Total fund balances	122,958,461	10,554,825	-0-	274,084,666	407,597,952
TOTAL LIABILITIES AND FUND BALANCES	\$ 169,106,929	\$ 26,916,569	\$ -0-	\$ 440,748,484	

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.	\$ 2,025,655,755
Other Long-term assets are not available to pay for current-period expenditures and are deferred in the funds.	30,369,207
Governmental Activities Internal Service Funds assets and liabilities are included in the governmental activities in the statement of net assets.	66,536,348
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,283,901,250) ^(b)
Net assets of governmental activities	\$ 1,246,258,012

(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.

KING COUNTY, WASHINGTON

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004

	GENERAL FUND	PUBLIC HEALTH FUND	HARBORVIEW MEDICAL CENTER BOND ADMINISTRATION	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes:					
Property taxes	\$ 231,936,843	\$ -	\$ -	\$ 202,936,948	\$ 434,873,791
Retail sales and use taxes	72,588,009	-	-	56,022,466	128,610,475
Business and other taxes	9,123,495	-	-	41,041,976	50,165,471
Penalties and interest - delinquent taxes	16,790,036	-	-	-	16,790,036
Licenses and permits	6,106,063	13,408,867	-	6,404,873	25,919,803
Intergovernmental revenues	72,077,533	129,502,351	-	216,782,665	418,362,549
Charges for services	90,139,197	12,167,796	-	114,328,852	216,635,845
Fines and forfeits	7,105,970	25	-	243,682	7,349,677
Interest earnings	10,023,349	-	-	5,821,836	15,845,185
Miscellaneous revenues	12,076,125	2,327,547	-	27,885,301	42,288,973
Total revenues	<u>527,966,620</u>	<u>157,406,586</u>	<u>-0-</u>	<u>671,468,599</u>	<u>1,356,841,805</u>
EXPENDITURES					
Current:					
General government	79,281,848	-	-	39,480,906	118,762,754
Law, safety and justice	335,925,953	-	-	87,810,822	423,736,775
Physical environment	3,157,278	-	-	52,602,819	55,760,097
Transportation	-	-	-	66,936,777	66,936,777
Economic environment	9,050,187	-	-	66,889,854	75,940,041
Mental and physical health	19,821,471	175,346,758	164,294,550	142,119,367	501,582,146
Culture and recreation	-	-	-	36,973,635	36,973,635
Debt Service					
Principal	-	121,346	-	65,130,379	65,251,725
Interest and other debt service costs	-	26,620	1,033,228	52,634,054	53,693,902
Payment to escrow agent	-	-	-	13,378,230	13,378,230
Capital outlay	1,445,800	1,181,187	-	198,769,932	201,396,919
Total expenditures	<u>448,682,537</u>	<u>176,675,911</u>	<u>165,327,778</u>	<u>822,726,775</u>	<u>1,613,413,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,284,083</u>	<u>(19,269,325)</u>	<u>(165,327,778)</u>	<u>(151,258,176)</u>	<u>(256,571,196)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	426,662	16,220,803	-	138,253,697	154,901,162
Transfers out	(53,381,766)	(353,886)	-	(100,253,744)	(153,989,396)
General obligation bonds issued	-	-	164,000,000	82,435,000	246,435,000
Premium on bonds sold	-	-	1,327,778	16,479,687	17,807,465
Refunding bonds issued	-	-	-	102,315,000	102,315,000
General long-term debt - capital leases	-	265,185	-	62,540,000	62,805,185
Sale of capital assets	381,109	-	-	5,122,889	5,503,998
Payment to refunded bond escrow agent	-	-	-	(107,317,082)	(107,317,082)
Total other financing sources and uses	<u>(52,573,995)</u>	<u>16,132,102</u>	<u>165,327,778</u>	<u>199,575,447</u>	<u>328,461,332</u>
Net changes in fund balances	26,710,088	(3,137,223)	-	48,317,271	71,890,136
Fund balances - January 1, 2004 (Restated)	96,248,373	13,692,048	-	225,767,395 ^(a)	335,707,816
Fund balances - December 31, 2004	<u>\$ 122,958,461</u>	<u>\$ 10,554,825</u>	<u>\$ -0-</u>	<u>\$ 274,084,666</u>	<u>\$ 407,597,952</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, 2004

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

Net change in fund balances – total governmental funds	\$ 71,890,136
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.	172,556,667
The net effect of various miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is to increase net assets.	26,529,433
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	(1,112,926)
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.	(242,206,457)
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.	6,344,389
The net revenues and expenses of certain activities of internal service funds are reported with governmental activities.	(11,662,181)
Change in net assets of governmental activities	\$ 22,339,061

(a) 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, 2004

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes:				
Property taxes	\$ 229,234,072	\$ 229,734,314	\$ 231,936,843	\$ 2,202,529
Retail sales and use taxes	68,653,006	69,253,006	72,588,009	3,335,003
Business and other taxes	6,581,036	7,831,036	9,123,495	1,292,459
Penalties and interest - delinquent taxes	14,450,000	14,700,000	16,790,036	2,090,036
Licenses and permits	6,046,253	5,610,500	6,106,063	495,563
Intergovernmental revenues	68,816,476	66,324,414	72,077,533	5,753,119
Charges for services	86,108,243	86,278,533	90,139,197	3,860,664
Fines and forfeits	9,079,402	7,679,124	7,105,970	(573,154)
Interest earnings	11,194,310	11,694,310	12,228,407	534,097
Miscellaneous revenues	5,560,640	5,105,232	12,066,585	6,961,353
Sale of capital assets	40,000	40,000	381,109	341,109
Transfers in	19,146,964	19,896,725	17,157,844	(2,738,881)
Total revenues	524,910,402	524,147,194	547,701,091	23,553,897
EXPENDITURES				
Current:				
General government services	88,621,745	88,764,869	79,467,486	9,297,383
Law, safety and justice	340,662,531	343,734,047	338,364,795	5,369,252
Physical environment	3,905,374	3,905,374	3,187,278	718,096
Economic environment	9,366,088	10,311,111	9,318,609	992,502
Mental and physical health	19,694,715	19,940,673	19,821,471	119,202
Debt service				
Principal	34,220	34,220	-	34,220
Interest and other debt service costs	3,395	3,395	-	3,395
Capital outlay	1,738,770	1,820,790	2,122,909	(302,119)
Transfers out	69,794,353	75,284,001	70,112,948	5,171,053
Total expenditures	533,821,191	543,798,480	522,395,496	21,402,984
Excess of revenues over (under) expenditures (budgetary basis)	\$ (8,910,789)	\$ (19,651,286)	25,305,595	\$ 44,956,881
Adjustment from budgetary basis to GAAP basis			1,404,493 ^(a)	
Net change in fund balance			26,710,088	
Fund balance — January 1, 2004			96,248,373	
Fund balance — December 31, 2004			\$ 122,958,461	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Recognition of unrealized loss on investments on a GAAP basis			\$ (2,205,058)	
Reclassification of donations from a fiduciary fund, revenue on a GAAP basis			9,540	
Budgeted intrafund transfers in, eliminated on a GAAP basis			(16,731,182)	
Adjustments to expenditures				
Encumbrances, not included in GAAP basis expenditures			5,100,011	
Budgeted intrafund transfers out, eliminated on a GAAP basis			16,731,182	
GAAP basis only recognition of advance from other fund			(1,500,000)	
Adjustment from budgetary basis to GAAP basis			\$ 1,404,493	

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, 2004

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Licenses and permits	\$ 9,333,361	\$ 9,684,765	\$ 13,408,867	\$ 3,724,102
Intergovernmental revenues	129,248,077	134,243,028	129,502,351	(4,740,677)
Charges for services	11,727,091	12,101,616	12,167,796	66,180
Fines and forfeits	-	-	25	25
Miscellaneous revenues	9,370,735	5,990,551	2,206,502	(3,784,049)
Transfers in	16,099,678	16,144,892	16,220,803	75,911
Total revenues	175,778,942	178,164,852	173,506,344	(4,658,508)
EXPENDITURES				
Current:				
Mental and physical health	174,562,070	176,554,025	176,337,540	216,485
Debt service				
Principal	-	-	121,346	(121,346)
Interest and other debt service costs	-	-	26,620	(26,620)
Capital outlay	2,224,412	2,224,412	1,203,670	1,020,742
Transfers out	6,274,214	6,274,214	353,886	5,920,328
Total expenditures	183,060,696	185,052,651	178,043,062	7,009,589
Deficiency of revenues under expenditures (budgetary basis)	\$ (7,281,754)	\$ (6,887,799)	(4,536,718)	\$ 2,351,081
Adjustment from budgetary basis to GAAP basis			1,399,495 ^(a)	
Net change in fund balance			(3,137,223)	
Fund balance — January 1, 2004 (Restated) ^(b)			13,692,048	
Fund balance — December 31, 2004			\$ 10,554,825	
(a) Elements of adjustment from budgetary basis to GAAP basis:				
Adjustments to revenues				
Nonbudgeted proceeds from Emergency Medical Service - donations			\$ 121,045	
Nonbudgeted capital lease revenue			265,185	
Adjustments to expenditures				
Nonbudgeted capital lease expenditure			(265,185)	
Encumbrances, not included in GAAP basis expenditures			1,278,450	
Adjustment from budgetary basis to GAAP basis			\$ 1,399,495	

(b) 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.

KING COUNTY, WASHINGTON

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
ASSETS					
Current assets					
Cash and cash equivalents	\$ 192,398,172	\$ 186,943,076	\$ 154,593,523	\$ 533,934,771	\$ 145,371,278
Investments	9,346,559	-	-	9,346,559	111,371
Accounts receivable	10,910,484	17,153,998	6,848,804	34,913,286	651,524
Estimated uncollectible accounts receivable	(110,247)	(1,435,440)	(40,132)	(1,585,819)	(11,470)
Interest receivable	-	-	-	-	632
Notes and contracts receivable	-	-	48,054	48,054	-
Due from other funds	1,156,911	1,200,124	1,205,705	3,562,740	3,435,329
Due from other governments, net	67,897,147	5,819,234	947,872	74,664,253	62,500
Inventory of supplies	13,360,004	4,676,046	824,857	18,860,907	1,427,215
Prepayments and other assets	2,951,280	-	-	2,951,280	6,566,200
Total current assets	297,910,310	214,357,038	164,428,683	676,696,031	157,614,579
Noncurrent assets					
Capital assets					
Land	138,118,424	67,979,536	37,042,439	243,140,399	-
Buildings	269,365,504	468,713,055	55,269,972	793,348,531	-
Improvements other than buildings	559,516,228	842,227,716	122,385,117	1,524,129,061	1,189,149
Furniture, machinery and equipment	895,115,993	851,212,490	72,994,775	1,819,323,258	88,266,630
Accumulated depreciation	(823,585,226)	(944,387,304)	(143,303,413)	(1,911,275,943)	(59,495,321)
Work in progress	141,799,590	607,311,853	35,956,557	785,068,000	805,246
Total capital assets	1,180,330,513	1,893,057,346	180,345,447	3,253,733,306	30,765,704
Other noncurrent					
Advances to other funds	1,991,925	-	-	1,991,925	-
Deferred charges - environmental remediation	-	6,573,945	-	6,573,945	-
Deferred charges and other	1,571,980	10,561,085	-	12,133,065	-
Prepaid rent	1,462,500	-	-	1,462,500	-
Total other noncurrent	5,026,405	17,135,030	-0-	22,161,435	-0-
Total noncurrent assets	1,185,356,918	1,910,192,376	180,345,447	3,275,894,741	30,765,704
Total Assets	1,483,267,228	2,124,549,414	344,774,130	3,952,590,772	188,380,283
LIABILITIES					
Current liabilities					
Accounts payable	27,756,274	27,265,617	5,710,842	60,732,733	6,342,566
Claims and judgments payable	1,498,574	633,777	-	2,132,351	-
Estimated claim settlements	-	-	-	-	73,951,097
Environmental remediation	-	572,238	-	572,238	-
Due to other funds	852,758	1,568,877	3,473,287	5,894,922	2,316,051
Interest payable	721,200	38,363,619	279,642	39,364,461	56,005
Interfund short-term loans payable	-	-	-	-	200,803
Wages payable	11,441,152	1,557,220	1,347,771	14,346,143	2,356,531
Taxes payable	88,222	-	349,117	437,339	40,802
Unearned revenues	11,280,583	-	1,933,817	13,214,400	257,777
Obligations under reverse repurchase agreements	5,734,119	6,124,105	4,460,457	16,318,681	3,199,812
Revenue bonds payable	-	20,585,000	500	20,585,500	-
General obligation bonds payable	6,490,000	7,970,000	5,361,010	19,821,010	1,145,000
Capital leases payable	9,416,178	-	-	9,416,178	-
State revolving loan payable	-	2,292,796	-	2,292,796	-
Notes payable	-	100,000,000	-	100,000,000	-
Total current liabilities	75,279,060	206,933,249	22,916,443	305,128,752	89,866,444
Long-term liabilities					
General obligation bonds payable	165,280,000	348,090,000	27,746,569	541,116,569	2,105,000
Revenue bonds payable	-	1,189,755,000	-	1,189,755,000	-
Deferred bond discount/refunding losses	764,692	(63,143,814)	(799,644)	(63,178,766)	-
Capital leases payable	3,684,521	-	-	3,684,521	-
State revolving loans payable	-	91,172,446	-	91,172,446	-
Compensated absences payable	34,115,963	8,524,820	3,601,829	46,242,612	8,918,546
Landfill closure and post-closure care liability	-	-	87,896,269	87,896,269	-
Claims and judgments payable	-	1,413,042	-	1,413,042	-
Estimated claim settlements	-	-	-	-	35,116,886
Environmental remediation and other liabilities	382,500	1,855,394	621,338	2,859,232	89,374
Total long-term liabilities	204,227,676	1,577,666,888	119,066,361	1,900,960,925	46,229,806
Total Liabilities	279,506,736	1,784,600,137	141,982,804	2,206,089,677	136,096,250
NET ASSETS					
Invested in capital assets, net of related debt	999,743,638	212,106,246	148,037,512	1,359,887,396	28,462,378
Restricted	171,320,518	95,437,565	16,346,319	283,104,402	-
Unrestricted	32,696,336	32,405,466	38,407,495	103,509,297	23,821,655
Total Net Assets	\$ 1,203,760,492	\$ 339,949,277	\$ 202,791,326	1,746,501,095	\$ 52,284,033
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(14,252,315) ^(a)	
Net assets of business-type activities				\$ 1,732,248,780	

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

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

KING COUNTY, WASHINGTON

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004

	BUSINESS-TYPE ACTIVITIES				INTERNAL SERVICE FUNDS
	PUBLIC TRANSPORTATION	WATER QUALITY	OTHER ENTERPRISE FUNDS	TOTAL	
OPERATING REVENUES					
I-Net fees	\$ -	\$ -	\$ 1,411,159	\$ 1,411,159	\$ -
Radio services	-	-	3,196,141	3,196,141	-
Solid waste disposal charges	-	-	86,025,086	86,025,086	-
Airfield fees	-	-	1,483,290	1,483,290	-
Hangar, building, and site rentals and leases	-	-	9,305,523	9,305,523	-
Reimbursement for services to tenants	-	-	682,725	682,725	-
Passenger	101,044,503	-	-	101,044,503	-
Special service contracts	2,865,193	-	-	2,865,193	-
Sewage disposal fees	-	192,911,760	-	192,911,760	-
Miscellaneous	9,425,481	24,363,455	24,441	33,813,377	-
Other service revenues	-	-	-	-	300,957,310
Total operating revenues	113,335,177	217,275,215	102,128,365	432,738,757	300,957,310
OPERATING EXPENSES					
Personal services	273,594,923	32,431,844	35,436,987	341,463,754	63,084,040
Materials and supplies	33,494,880	6,722,925	5,991,513	46,209,318	7,644,132
Contract services and other charges	13,721,652	9,740,751	22,899,037	46,361,440	240,741,416
Utilities	6,341,599	8,405,532	2,544,831	17,291,962	-
Purchased transportation	36,727,833	-	-	36,727,833	-
Internal services	44,007,101	25,477,052	13,438,649	82,922,802	17,983,176
Landfill closure and post-closure care	-	-	(351,462)	(351,462)	-
Depreciation	71,025,539	88,421,735	10,750,636	170,197,910	8,249,713
Total operating expenses	478,913,527	171,199,839	90,710,191	740,823,557	337,702,477
OPERATING INCOME (LOSS)	(365,578,350)	46,075,376	11,418,174	(308,084,800)	(36,745,167)
NONOPERATING REVENUES					
Sales tax	314,192,142	-	-	314,192,142	-
Intergovernmental	35,714,783	-	-	35,714,783	-
Interest earnings	4,872,587	2,662,424	2,101,857	9,636,868	2,650,185
DNR administration	-	-	4,194,122	4,194,122	-
Rental income	-	-	374,536	374,536	-
Miscellaneous	-	5,091,978	-	5,091,978	-
Total nonoperating revenues	354,779,512	7,754,402	6,670,515	369,204,429	2,650,185
NONOPERATING EXPENSES (NET REVENUE)					
Interest	4,241,156	61,666,769	1,788,622	67,696,547	176,227
DNR administration	-	-	2,826,988	2,826,988	-
Loss on disposal of capital assets	3,959,743	240,902	2,036	4,202,681	439,052
Miscellaneous	101,723	5,492,610	-	5,594,333	-
Total nonoperating expenses	8,302,622	67,400,281	4,617,646	80,320,549	615,279
Income (loss) before contributions and transfers	(19,101,460)	(13,570,503)	13,471,043	(19,200,920)	(34,710,261)
Capital grants and contributions	73,557,337	15,921,336	1,881,335	91,360,008	376,178
Transfers in	152,656	98,938	814,239	1,065,833	1,698,504
Transfers out	(994,490)	(220,047)	(380,186)	(1,594,723)	(2,132,107)
CHANGE IN NET ASSETS	53,614,043	2,229,724	15,786,431	71,630,198	(34,767,686)
NET ASSETS - JANUARY 1, 2004	1,150,146,449	337,719,553	187,004,895		87,051,719
NET ASSETS - DECEMBER 31, 2004	\$ 1,203,760,492	\$ 339,949,277	\$ 202,791,326		\$ 52,284,033
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(23,105,505) ^(a)	
Change in net assets of business-type activities				\$ 48,524,693	

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

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004
 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	\$ 113,803,167	\$ 219,740,040	\$ 104,468,820	\$ 438,012,027	\$ 306,233,627
Cash payments to suppliers for goods and services	(134,740,136)	(56,389,465)	(50,972,731)	(242,102,332)	(239,478,809)
Cash payments for employee services	(276,832,415)	(32,489,702)	(35,422,512)	(344,744,629)	(62,943,634)
Other receipts	-	-	4,568,658	4,568,658	489,487
Other payments	-	-	(2,915,988)	(2,915,988)	-
Net cash provided (used) by operating activities	<u>(297,769,384)</u>	<u>130,860,873</u>	<u>19,726,247</u>	<u>(147,182,264)</u>	<u>4,300,671</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating grants and subsidies received	348,701,473	-	-	348,701,473	-
Advances from other funds	147,130	-	-	147,130	-
Interest paid on short-term loans	-	-	-	-	(3,579)
Interfund loan principal	-	-	-	-	200,803
Transfers in	-	-	814,239	814,239	1,140,264
Transfers out	(841,834)	(220,047)	(1,380,186)	(2,442,067)	(2,132,107)
Net cash provided (used) by noncapital financing activities	<u>348,006,769</u>	<u>(220,047)</u>	<u>(565,947)</u>	<u>347,220,775</u>	<u>(794,619)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(227,279,330)	(176,544,900)	(24,300,425)	(428,124,655)	(7,571,525)
Principal paid on general obligation bonds	(5,450,000)	(6,950,000)	(5,131,204)	(17,531,204)	(1,095,000)
Proceeds paid on general obligation bonds by refunding	-	(53,775,000)	-	(53,775,000)	-
Proceeds from new general obligation bond issue	49,695,000	-	-	49,695,000	-
Interest paid on general obligation bonds	(7,798,828)	(18,411,743)	(1,841,684)	(28,052,255)	(184,644)
Assessment principal and interest paid	-	-	-	-	(24,428)
Proceeds from revenue bonds	-	246,760,000	-	246,760,000	-
Principal paid on revenue bonds	-	(20,700,000)	-	(20,700,000)	-
Interest paid on revenue bonds	-	(51,165,230)	-	(51,165,230)	-
Principal paid on equipment contracts	(16,045,985)	-	-	(16,045,985)	-
Interest paid on capital leases	(1,207,929)	-	-	(1,207,929)	-
Assessment principal, interest, and penalties received	542,268	-	-	542,268	-
Interest paid on notes payable	-	(1,400,151)	-	(1,400,151)	-
Issuance costs paid on bonds and notes payable	-	(8,223,578)	-	(8,223,578)	-
Principal paid on state loans	-	(2,071,562)	-	(2,071,562)	-
Interest paid on state loans	-	(878,879)	-	(878,879)	-
Proceeds from new state loans	-	9,145,717	-	9,145,717	-
Capital grants received	90,926,541	5,282,464	1,881,335	98,090,340	-
Landfill closure and remediation	-	(3,525)	(6,896,229)	(6,899,754)	-
Proceeds from disposal of capital assets	2,326,179	-	30,435	2,356,614	905,712
Net cash used by capital and related financing activities	<u>(114,292,084)</u>	<u>(78,936,387)</u>	<u>(36,257,772)</u>	<u>(229,486,243)</u>	<u>(7,969,885)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Increase in pooled reverse repurchase agreements	-	179,786	-	179,786	75,877
Decrease in pooled reverse repurchase agreements	(5,437,551)	-	(3,151,475)	(8,589,026)	(1,459,714)
Interest on investments (including unrealized gains/losses reported as Cash and cash equivalents)	11,780,026	2,662,426	2,101,857	16,544,309	2,649,869
Loan collections	-	-	767,581	767,581	-
Net cash provided (used) by investing activities	<u>6,342,475</u>	<u>2,842,212</u>	<u>(282,037)</u>	<u>8,902,650</u>	<u>1,266,032</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(57,712,224)	54,546,651	(17,379,509)	(20,545,082)	(3,197,801)
CASH AND CASH EQUIVALENTS – JANUARY 1, 2004	250,110,396	132,396,425	171,973,032	554,479,853	148,569,079
CASH AND CASH EQUIVALENTS – DECEMBER 31, 2004	<u>\$ 192,398,172</u>	<u>\$ 186,943,076</u>	<u>\$ 154,593,523</u>	<u>\$ 533,934,771</u>	<u>\$ 145,371,278</u>

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

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2004
 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)	\$ (365,578,350)	\$ 46,075,376	\$ 11,418,174	\$ (308,084,800)	\$ (36,745,167)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Depreciation	71,025,539	88,421,735	10,750,636	170,197,910	8,249,713
Landfill closure and post-closure care	-	-	(351,462)	(351,462)	-
Other nonoperating revenue/expense	-	-	1,976,496	1,976,496	-
Changes in assets - (increase) decrease					
Accounts receivable, net	(19,055)	2,454,564	(1,184,359)	1,251,150	939,946
Notes and contracts receivable	-	-	42,408	42,408	-
Due from other funds	(1,638,380)	(566,382)	(314,166)	(2,518,928)	(645,789)
Due from other governments, net	-	10,261	(342,640)	(332,379)	329,233
Inventory of supplies	(947,323)	(356,700)	(89,872)	(1,393,895)	(76,658)
Prepayments	150,000	-	-	150,000	(1,215,567)
Changes in liabilities - increase (decrease)					
Accounts payable	1,951,876	(4,114,388)	(1,391,491)	(3,554,003)	(1,015,532)
Due to other funds	-	(1,005,734)	(506,429)	(1,512,163)	(1,615,825)
Wages payable	(211,095)	192,993	56,065	37,963	366,215
Taxes payable	36,757	-	(17,242)	19,515	28,926
Unearned revenues	502,990	-	411,827	914,817	(231,245)
Claims and judgments payable	(508,678)	-	(519,528)	(1,028,206)	(1,231,542)
Estimated claim settlements	-	-	-	-	37,389,772
Compensated absences	(2,533,665)	(250,852)	(41,590)	(2,826,107)	(225,809)
Customer deposits and other liabilities	-	-	(170,580)	(170,580)	-
Total adjustments	67,808,966	84,785,497	8,308,073	160,902,536	41,045,838
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (297,769,384)	\$ 130,860,873	\$ 19,726,247	\$ (147,182,264)	\$ 4,300,671
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Contributions of capital assets from government	\$ 152,656	\$ -	\$ 261,897	\$ 414,553	\$ 376,178

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

STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUNDS
 DECEMBER 31, 2004

	INVESTMENT TRUST FUNDS	AGENCY FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 161,025,053
Assets held in trust - external investment pool	-	1,757,005,408
Investments	1,757,112,684	3,022,857
Assets held in trust - individual investment accounts	-	3,613,134
Taxes receivable - delinquent	-	57,504,873
Accounts receivable	-	4,215,945
Interest receivable	6,409,256	-
Assessments receivable	-	7,548,929
Notes/contracts receivable	-	10,078,994
Interfund short-term loan receivable	-	2,037,790
TOTAL ASSETS	1,763,521,940	\$ 2,006,052,983
LIABILITIES		
Warrants payable	-	\$ 60,017,603
Accounts payable	-	9,170,281
Obligations under reverse repurchase agreements	53,829,596	672,159
Liability allocated from external investment pool	-	53,829,596
Interfund short-term loans payable	2,903,396	2,037,790
Wages payable	-	3,926,682
Custodial accounts - County agencies	-	64,119,695
Due to special districts/other governments	-	1,812,279,177
TOTAL LIABILITIES	56,732,992	\$ 2,006,052,983
NET ASSETS		
Held in trust for pool/individual investment account participants	\$ 1,706,788,948	

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, 2004

	INVESTMENT TRUST FUNDS
ADDITIONS	
Contributions	\$ 6,012,538,090
Net investment earnings (losses)	
Interest	27,412,947
Decrease in the fair value of investments	(13,816,243)
TOTAL ADDITIONS	6,026,134,794
DEDUCTIONS	
Distributions	6,255,440,550
Change in net assets	(229,305,756)
Net assets - January 1, 2004	1,936,094,704
Net assets - December 31, 2004	\$ 1,706,788,948

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

STATEMENT OF NET ASSETS
 COMPONENT UNITS
 DECEMBER 31, 2004

	Harborview Medical Center	WSMLB Stadium Public Facilities District	Cultural Development Authority	Total
ASSETS				
Cash and cash equivalents (Note 1)	\$ 212,730,653	\$ 19,918,208	\$ 7,966,746	\$ 240,615,607
Investments (Note 4)	-	-	9,758,631	9,758,631
Receivables, net	111,202,829	37,748	74,538	111,315,115
Due from primary government	-	-	2,733,567	2,733,567
Inventories	5,838,256	-	-	5,838,256
Prepayments	1,588,118	-	-	1,588,118
Capital assets (Note 6)				
Land	1,585,972	38,498,454	-	40,084,426
Buildings	186,754,616	489,091,352	-	675,845,968
Improvements other than buildings	1,363,313	13,441,608	-	14,804,921
Furniture, machinery and equipment	263,407,964	57,766	-	263,465,730
Accumulated depreciation	(226,857,192)	(67,973,464)	-	(294,830,656)
Work in progress	22,478,085	-	-	22,478,085
Deposits with other governments	600,000	-	-	600,000
Other assets	16,109,624	-	-	16,109,624
Total assets	<u>596,802,238</u>	<u>493,071,672</u>	<u>20,533,482</u>	<u>1,110,407,392</u>
LIABILITIES				
Accounts payable and other current liabilities	40,512,993	16,057	341,069	40,870,119
Accrued liabilities	20,877,557	-	-	20,877,557
Unearned revenues	532,095	-	4,078,507	4,610,602
Obligations under reverse repurchase agreements (Note 4)	-	587,847	-	587,847
Noncurrent liabilities:				
Due within one year	1,549,349	3,271,098	347,512	5,167,959
Due in more than one year	12,619,971	42,881,493	4,433,176	59,934,640
Total liabilities	<u>76,091,965</u>	<u>46,756,495</u>	<u>9,200,264</u>	<u>132,048,724</u>
NET ASSETS				
Invested in capital assets, net of related debt	234,562,950	397,152,258	-	631,715,208
Restricted for:				
Expendable	151,887,932	-	7,537,608	159,425,540
Nonexpendable	745,529	-	8,576,298	9,321,827
Unrestricted	133,513,862	49,162,919	(4,780,688)	177,896,093
Total net assets	<u>\$ 520,710,273</u>	<u>\$ 446,315,177</u>	<u>\$ 11,333,218</u>	<u>\$ 978,358,668</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, 2004

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	\$ 477,406,050	\$ 470,057,490	\$ 7,534,047	\$ 112,451,618	\$ 112,637,105	\$ -	\$ -	\$ 112,637,105
WSMLB Stadium	12,939,312	761,262	-	-	-	(12,178,050)	-	(12,178,050)
Cultural Development Authority	6,080,859	561,406	9,976,402	-	-	-	4,456,949	4,456,949
Total component units	\$ 496,426,221	\$ 471,380,158	\$ 17,510,449	\$ 112,451,618	112,637,105	(12,178,050)	4,456,949	104,916,004
General revenues								
Interest earnings					726,261	262,799	281,058	1,270,118
Change in net assets					113,363,366	(11,915,251)	4,738,007	106,186,122
Net assets - January 1, 2004 (Restated)					407,346,907	458,230,428	6,595,211 ^(a)	872,172,546
Net assets - December 31, 2004					\$ 520,710,273	\$ 446,315,177	\$ 11,333,218	\$ 978,358,668

(a) See Note 15, "Restrictions, Reserves, Designations, and Changes in Equity" - Component Unit - Cultural Development Authority of King County (CDA) - Restatements of Beginning Net Assets.

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