

**CITY OF REDMOND**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2006**

	General	Advanced Life Support Fund	Capital Improvements Program Fund	Other Governmental Funds	Governmental Funds Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,659,937	\$ -	\$ 3,078,432	\$ 2,544,905	\$ 9,283,274
Cash with outside agency	-	-	-	10,000	10,000
Investments	4,546,369	-	39,127,014	21,721,797	65,395,180
Receivables:					
Taxes	240,667	-	-	807,126	1,047,793
Accounts	799,834	-	24,380	45,839	870,053
Interest	151,104	-	228,751	101,259	481,114
Special assessments	-	-	-	803,580	803,580
Due from other funds	-	-	-	958,538	958,538
Due from other governments	3,770,770	1,204,863	534,374	-	5,510,007
Prepaid rent	-	-	326,333	-	326,333
Restricted assets:					
Deposit cash	-	-	-	26,943	26,943
Deposit investments	1,413,845	-	113,718	-	1,527,563
Total Assets	\$ 14,582,526	\$ 1,204,863	\$ 43,433,002	\$ 27,019,987	\$ 86,240,378
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts/claims payable	\$ 2,731,550	\$ 111,834	\$ 1,074,585	\$ 364,625	\$ 4,282,594
Employee wages payable	1,082,702	134,491	24,819	53,850	1,295,862
Due to other funds	-	958,538	-	-	958,538
Due to other governments	-	-	285,851	-	285,851
Payable from restricted assets:					
Deposits payable	1,413,845	-	113,718	26,943	1,554,506
Unearned revenues	295,909	-	2,510,603	511,273	3,317,785
Total Liabilities	5,524,006	1,204,863	4,009,576	956,691	11,695,136
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service	-	-	-	1,550,360	1,550,360
Petty cash	23,440	-	-	-	23,440
<b>Unreserved, reported in:</b>					
General fund	9,035,080	-	-	-	9,035,080
Special revenue funds	-	-	-	24,248,424	24,248,424
Capital projects funds	-	-	39,423,426	264,512	39,687,938
Total Fund Balances	9,058,520	-	39,423,426	26,063,296	74,545,242
<b>Total Liabilities and Fund Balances</b>	<b>\$ 14,582,526</b>	<b>\$ 1,204,863</b>	<b>\$ 43,433,002</b>	<b>\$ 27,019,987</b>	

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 not reported in the funds.	250,211,258
Net pension obligation paid in over required	(333,476)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. (Note 3)	1,430,476
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The assets and liabilities of these internal service funds are included in governmental activities in the statement of net assets.	12,313,643
Some liabilities, including bonds, loans, and compensated absences payable, are not due and payable in the current period and therefore are not reported in the funds. (Note 3)	(48,780,068)

Net assets of governmental activities **\$ 289,387,075**

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2006

	General Fund	Advanced Life Support Fund	Capital Improvements Program Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 40,804,613	\$ -	\$ 1,100,000	\$ 12,447,964	\$ 54,352,577
Special assessments	-	-	-	273,089	273,089
Licenses and permits	7,639,203	-	-	-	7,639,203
Contributions from property owners	22,129	1,100	3,735,741	275,994	4,034,964
Intergovernmental	7,324,791	4,764,775	2,699,455	268,131	15,057,152
Charges for services	4,100,231	366	1,842,372	2,063,871	8,006,840
Fines and forfeitures	52,362	-	-	-	52,362
Investment income	698,719	-	1,454,939	992,034	3,145,692
Miscellaneous	179,337	-	217,312	184,619	581,268
Total Revenues	<u>60,821,385</u>	<u>4,766,241</u>	<u>11,049,819</u>	<u>16,505,702</u>	<u>93,143,147</u>
<b>EXPENDITURES</b>					
Current					
General government	11,479,898	-	1,211,786	271,131	12,962,815
Security of persons and property	27,187,662	4,336,678	1,586,261	136,940	33,247,541
Physical environment	2,958,818	-	-	457,167	3,415,985
Transportation	2,752,048	-	750,357	912,324	4,414,729
Economic environment	2,619,294	-	240,000	664,254	3,523,548
Mental/physical health	10,224	-	-	88,255	98,479
Culture and recreation	4,805,112	-	341,064	2,925,517	8,071,693
Capital outlay	257,553	413,845	10,263,495	1,367,721	12,302,614
Debt service:					
Principal	-	-	725,232	1,215,276	1,940,508
Interest and debt issue costs	-	-	1,887,905	221,961	2,109,866
Total Expenditures	<u>52,070,609</u>	<u>4,750,523</u>	<u>17,006,100</u>	<u>8,260,546</u>	<u>82,087,778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,750,776</u>	<u>15,718</u>	<u>(5,956,281)</u>	<u>8,245,156</u>	<u>11,055,369</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Disposition of capital assets	1,800	-	-	1,750	3,550
Transfers in (Note 12)	19,000	-	13,251,299	4,064,744	17,335,043
Transfers out (Note 12)	(5,918,080)	(15,718)	(1,118,286)	(10,244,804)	(17,296,888)
Total other financing sources and uses	<u>(5,897,280)</u>	<u>(15,718)</u>	<u>12,133,013</u>	<u>(6,178,310)</u>	<u>41,705</u>
Net change in fund balances	2,853,496	-	6,176,732	2,066,846	11,097,074
Fund balances-beginning	6,205,024	-	35,873,289	23,996,450	66,074,763
Prior Period Adjustment	-	-	(2,626,595)	-	(2,626,595)
Fund balances-restated	<u>6,205,024</u>	<u>-</u>	<u>33,246,694</u>	<u>23,996,450</u>	<u>63,448,168</u>
Fund balances-ending	<u>\$ 9,058,520</u>	<u>\$ -</u>	<u>\$ 39,423,426</u>	<u>\$ 26,063,296</u>	<u>\$ 74,545,242</u>

RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2006

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

Net change in fund balances-total governmental funds.	\$ 11,097,074
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 (\$10,669,088) exceeded depreciation (\$6,537,919) in the current period.	4,131,169
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (Note 3)	4,551,460
Receipt of long-term debt proceeds increases the current financial resources of governmental funds and repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. (Note 3)	1,857,175
Internal service funds are used by management to charge the costs of certain activities, such as insurance, information services, and fleet maintenance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	1,265,519
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. (Note 3)	<u>(522,034)</u>
Change in net assets of governmental activities.	<u>\$ 22,380,363</u>

See accompanying notes to the financial statements.

# CITY OF REDMOND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
For the Biennium Ended December 31, 2006

	Original Budget 2005-2006	Final Budget 2005-2006	Actual 2005-2006 Biennium	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
<b>Taxes</b>				
Property	\$ 21,342,852	\$ 22,775,001	\$ 22,686,223	\$ (88,778)
Sales	36,429,271	36,429,271	36,000,619	(428,652)
Other	18,781,560	19,283,371	19,602,784	319,413
Licenses and permits	9,965,415	9,965,415	13,187,930	3,222,515
Intergovernmental	13,043,350	13,763,622	13,925,041	161,419
Charges for services	6,832,311	6,838,358	7,573,354	734,996
Fines and forfeitures	201,969	201,969	141,661	(60,308)
Investment income	669,564	669,564	989,815	320,251
Miscellaneous	332,745	399,902	445,475	45,573
<b>Total Revenues</b>	<u>107,599,037</u>	<u>110,326,473</u>	<u>114,552,902</u>	<u>4,226,429</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	22,263,067	22,597,029	21,392,249	1,204,780
Security of persons and property	49,174,746	53,087,997	52,903,948	184,049
Physical environment	5,957,213	6,340,848	5,546,382	794,466
Transportation	5,298,406	5,437,844	5,454,524	(16,680)
Economic development	4,910,835	5,147,211	4,962,924	184,287
Mental/physical health	19,255	19,255	21,010	(1,755)
Culture and recreation	8,658,099	8,973,689	9,211,688	(237,999)
Capital outlay	8,400	47,430	313,857	(266,427)
Debt service				
Principal	972,930	-	-	-
<b>Total Expenditures</b>	<u>97,262,951</u>	<u>101,651,303</u>	<u>99,806,582</u>	<u>1,844,721</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>10,336,086</u>	<u>8,675,170</u>	<u>14,746,320</u>	<u>6,071,150</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Disposition of capital assets	1,897	1,897	1,800	(97)
Transfers in	38,000	38,000	38,000	-
Transfers out	(9,589,848)	(10,908,787)	(10,758,554)	150,233
<b>Total other financing sources and uses</b>	<u>(9,549,951)</u>	<u>(10,868,890)</u>	<u>(10,718,754)</u>	<u>150,136</u>
<b>Net change in fund balance</b>	786,135	(2,193,720)	4,027,566	6,221,286
Fund balance-beginning	2,739,447	3,830,954	5,030,954	1,200,000
<b>Fund balance-ending</b>	<u>\$ 3,525,582</u>	<u>\$ 1,637,234</u>	<u>\$ 9,058,520</u>	<u>\$ 7,421,286</u>

See accompanying notes to the financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 ADVANCED LIFE SUPPORT SPECIAL REVENUE FUND  
 For the Biennium Ended December 31, 2006

	Original Budget 2005-2006	Final Budget 2005-2006	Actual 2005-2006 Biennium	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	\$ 7,543,712	\$ 8,711,327	\$ 8,610,528	\$ (100,799)
Charges for services	-	-	366	366
Contributions	-	-	1,100	1,100
Total Revenues	<u>7,543,712</u>	<u>8,711,327</u>	<u>8,611,994</u>	<u>(99,333)</u>
<b>EXPENDITURES</b>				
Security of persons and property	7,160,019	8,359,545	8,206,936	152,609
Capital outlay	<u>387,517</u>	<u>387,517</u>	<u>413,845</u>	<u>(26,328)</u>
Total Expenditures	<u>7,547,536</u>	<u>8,747,062</u>	<u>8,620,781</u>	<u>126,281</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,824)</u>	<u>(35,735)</u>	<u>(8,787)</u>	<u>26,948</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	24,505	24,505
Transfers out	-	-	<u>(15,718)</u>	<u>(15,718)</u>
Total other financing sources (uses)	-	-	<u>8,787</u>	<u>8,787</u>
Net change in fund balance	<u>(3,824)</u>	<u>(35,735)</u>	-	<u>35,735</u>
Fund balance-beginning	<u>582,089</u>	<u>582,089</u>	-	<u>(582,089)</u>
Fund balance-ending	<u>\$ 578,265</u>	<u>\$ 546,354</u>	<u>\$ -</u>	<u>\$ (546,354)</u>

See accompanying notes to the financial statements.

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 December 31, 2006

	Business-type Activities Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
<b>ASSETS</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 1,047,841	\$ 434,665	\$ 662,642	\$ 2,145,148	\$ 1,253,292
Investments	13,212,329	4,766,935	8,278,603	26,258,067	7,618,247
Accounts and contracts receivable	420,389	45,602	145,359	611,350	61,619
Interest receivable	195,906	73,240	119,557	388,703	108,213
Inventory	94,158	-	-	94,158	27,497
Pre-Paid Insurance	-	-	-	-	361,945
<b>Restricted assets:</b>					
<b>Customer deposits:</b>					
Cash and cash equivalents	-	-	-	-	1,773
Investments	373,222	312,062	12,168	697,452	-
<b>Total current assets</b>	<b>15,343,845</b>	<b>5,632,504</b>	<b>9,218,529</b>	<b>30,194,878</b>	<b>9,432,586</b>
<b>Noncurrent assets:</b>					
Deferred charges	384,703	-	-	384,703	-
<b>Capital assets:</b>					
Land	1,963,824	3,087,184	1,698,064	6,749,072	584,292
Buildings	9,342,598	9,499,195	738,100	19,579,893	619,494
Improvements other than buildings	111,406,955	45,098,444	32,111,882	188,617,281	256,983
Equipment	166,750	443,369	131,614	741,733	9,129,759
Construction in progress	5,975,306	-	2,664,273	8,639,579	-
Other property	8,775	-	-	8,775	-
Less accumulated depreciation	(24,781,772)	(4,924,956)	(5,664,663)	(35,371,391)	(6,077,498)
<b>Total capital assets (net of depreciation)</b>	<b>104,082,436</b>	<b>53,203,236</b>	<b>31,679,270</b>	<b>188,964,942</b>	<b>4,513,030</b>
<b>Total noncurrent assets</b>	<b>104,467,139</b>	<b>53,203,236</b>	<b>31,679,270</b>	<b>189,349,645</b>	<b>4,513,030</b>
<b>Total Assets</b>	<b>\$ 119,810,984</b>	<b>\$ 58,835,740</b>	<b>\$ 40,897,799</b>	<b>\$ 219,544,523</b>	<b>\$ 13,945,616</b>

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 December 31, 2006

	Business-type Activities Enterprise Funds			Totals	Governmental Activities Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
<b>LIABILITIES</b>					
<b>Current liabilities:</b>					
Accounts payable	\$ 1,022,958	\$ 63,075	\$ 222,670	\$ 1,308,703	\$ 1,256,985
Employee wages payable	130,243	7,522	90,648	228,413	112,659
Compensated absences	194,470	11,254	148,098	353,822	135,929
Due to other governments	110,860	-	35,467	146,327	-
Current LID payable	35,777	-	-	35,777	-
Unearned revenues	-	88,860	-	88,860	90,643
Liabilities payable from restricted assets:					
Customer deposits payable	373,222	312,062	12,168	697,452	1,773
Total current liabilities	<u>1,867,530</u>	<u>482,773</u>	<u>509,051</u>	<u>2,859,354</u>	<u>1,597,989</u>
<b>Noncurrent liabilities:</b>					
Loans payable	170,712	-	294,673	465,385	-
LID assessment	32,599	-	-	32,599	-
Compensated absences	48,618	2,813	37,024	88,455	33,984
Total noncurrent liabilities	<u>251,929</u>	<u>2,813</u>	<u>331,697</u>	<u>586,439</u>	<u>33,984</u>
Total Liabilities	<u>2,119,459</u>	<u>485,586</u>	<u>840,748</u>	<u>3,445,793</u>	<u>1,631,973</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	103,732,489	58,350,154	31,349,130	193,431,773	4,513,030
Unrestricted	13,959,036	-	8,707,921	22,666,957	7,800,613
Total Net Assets	<u>\$ 117,691,525</u>	<u>\$ 58,350,154</u>	<u>\$ 40,057,051</u>	<u>\$ 216,098,730</u>	<u>\$ 12,313,643</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				174,090	
Net assets of business-type activities				<u>\$ 216,272,820</u>	

See accompanying notes to the financial statements.

**CITY OF REDMOND**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
Operating revenues:					
Charges for services	\$ 13,008,108	\$ 2,632,351	\$ 7,465,968	\$ 23,106,427	\$ 3,990,217
Metro service	8,076,973	730,657	-	8,807,630	-
Charges for replacement	-	-	-	-	1,501,574
Charges for insurance	-	-	-	-	7,669,737
Total Operating Revenues	<u>21,085,081</u>	<u>3,363,008</u>	<u>7,465,968</u>	<u>31,914,057</u>	<u>13,161,528</u>
Operating expenses:					
Administrative and general	3,688,074	521,953	3,642,858	7,852,885	11,320,358
Purchased water	3,876,813	1,175,926	-	5,052,739	-
Metro service	7,898,305	671,933	-	8,570,238	-
Supplies	-	-	-	-	504,405
Maintenance and operations	2,429,571	251,465	1,394,306	4,075,342	378,770
Taxes	496,044	83,316	99,735	679,095	-
Depreciation and amortization	2,537,612	905,454	811,622	4,254,688	839,376
Total Operating Expenses	<u>20,926,419</u>	<u>3,610,047</u>	<u>5,948,521</u>	<u>30,484,987</u>	<u>13,042,909</u>
Operating Income (Loss)	<u>158,662</u>	<u>(247,039)</u>	<u>1,517,447</u>	<u>1,429,070</u>	<u>118,619</u>
Nonoperating revenues (expenses):					
Interest and investment revenue	648,338	235,351	414,348	1,298,037	377,072
Grants	-	-	88,250	88,250	-
Interest expense	(8,626)	-	(140)	(8,766)	-
Gain on sale of capital assets	-	-	-	-	56,121
Miscellaneous	92,882	56,109	342	149,333	677,637
Total nonoperating revenues (expenses)	<u>732,594</u>	<u>291,460</u>	<u>502,800</u>	<u>1,526,854</u>	<u>1,110,830</u>
Income before contributions and transfers	<u>891,256</u>	<u>44,421</u>	<u>2,020,247</u>	<u>2,955,924</u>	<u>1,229,449</u>
Capital contributions	8,117,202	2,914,084	2,221,622	13,252,908	-
Transfers in	-	-	-	-	93,977
Transfers out	-	-	(29,137)	(29,137)	(38,155)
Change in net assets	<u>9,008,458</u>	<u>2,958,505</u>	<u>4,212,732</u>	<u>16,179,695</u>	<u>1,285,271</u>
Total net assets - beginning	108,683,067	55,391,649	36,174,819	200,249,535	11,028,372
Prior period adjustments (Note 15)	-	-	(330,500)	(330,500)	-
Total net assets - ending	<u>\$ 117,691,525</u>	<u>\$ 58,350,154</u>	<u>\$ 40,057,051</u>	<u>\$ 216,098,730</u>	<u>\$ 12,313,643</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				19,754	
Change in net assets of business-type activities				<u>\$ 16,199,449</u>	

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from customers	\$ 21,105,087	\$ 3,368,437	\$ 7,498,406	\$ 31,971,930	\$ 11,649,972
Cash received for replacement	-	-	-	-	1,501,574
Cash payments to suppliers	(5,286,873)	(1,899,251)	(1,038,510)	(8,224,634)	(8,699,367)
Cash payments to employees	(2,702,225)	(277,135)	(2,138,662)	(5,118,022)	(2,851,036)
Cash payments to other governments	(8,394,349)	(755,249)	(99,735)	(9,249,333)	-
Internal activity - payments to other funds	(2,167,660)	(361,428)	(1,938,418)	(4,467,506)	(483,065)
Other operating receipts	-	-	-	-	674,935
Other operating payments	(279,682)	(243,503)	(73,513)	(596,698)	(198,552)
Net cash provided (used) by operating activities	<u>2,274,298</u>	<u>(168,129)</u>	<u>2,209,568</u>	<u>4,315,737</u>	<u>1,594,461</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers out	-	-	(29,137)	(29,137)	(38,155)
Net cash used by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(29,137)</u>	<u>(29,137)</u>	<u>(38,155)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition and construction of capital assets	(8,623,320)	(189,575)	(1,336,448)	(10,149,343)	(1,670,655)
Proceeds from sale of capital assets	-	-	-	-	73,700
Proceeds from sale of other assets	92,882	56,109	342	149,333	2,701
Capital contributions	3,564,932	17,685	374,535	3,957,152	-
Prior Period Adjustment (Note 15)	-	-	(330,500)	(330,500)	-
Loan/grant proceeds	-	-	418,250	418,250	-
Principal paid on other debt	(141,224)	-	-	(141,224)	-
Interest paid on other debt	(11,193)	-	-	(11,193)	-
Net cash used for capital and related financing activities	<u>(5,117,923)</u>	<u>(115,781)</u>	<u>(873,821)</u>	<u>(6,107,525)</u>	<u>(1,594,254)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment purchases	-	-	(1,543,234)	(1,543,234)	(890,726)
Investment sales/maturities	2,051,137	83,118	-	2,134,255	781,097
Interest on investments	607,143	213,186	348,817	1,169,146	341,782
Net cash provided (used) in investing activities	<u>2,658,280</u>	<u>296,304</u>	<u>(1,194,417)</u>	<u>1,760,167</u>	<u>232,153</u>
Net increase (decrease) in cash and cash equivalents	(185,345)	12,394	112,193	(60,758)	194,205
Cash and cash equivalents-beginning of year	1,233,186	422,271	550,449	2,205,906	1,060,860
Cash and cash equivalents-end of year	<u>\$ 1,047,841</u>	<u>\$ 434,665</u>	<u>\$ 662,642</u>	<u>\$ 2,145,148</u>	<u>\$ 1,255,065</u>

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 For the Year Ended December 31, 2006

	Business-type Activities- Enterprise Funds			Totals	Governmental Activities- Internal Service Funds
	Water/ Wastewater	UPD Water/ Wastewater	Stormwater Management		
Cash at the end of the year consists of:					
Operating fund cash	\$ 1,047,841	\$ 434,665	\$ 662,642	2,145,148	\$ 1,253,292
Customer deposits	-	-	-	-	1,773
Total cash at end of year	<u>\$ 1,047,841</u>	<u>\$ 434,665</u>	<u>\$ 662,642</u>	<u>\$ 2,145,148</u>	<u>\$ 1,255,065</u>

Reconciliation of operating income to net cash provided by operating activities:

Operating income (loss)	\$ 158,662	\$ (247,039)	\$ 1,517,447	\$ 1,429,070	\$ 118,619
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	2,537,612	905,454	811,622	4,254,688	839,376
Decrease (increase) in accounts receivable	8,010	5,429	32,438	45,877	(61,619)
Decrease (increase) in inventory	7,809	-	-	7,809	(460)
Increase in prepaid expenses	-	-	-	-	(237,558)
Decrease in due from other governments	11,996	-	-	11,996	-
Increase (decrease) in accounts payable	(216,137)	(591,513)	(108,085)	(915,735)	163,238
Increase (decrease) in employee wages payable	12,514	321	(7,449)	5,386	(2,062)
Increase in compensated absences payable	33,514	2,722	37,108	73,344	9,348
Reclassify other income	-	-	-	-	674,936
Decrease in customer deposits payable	(279,682)	(232,188)	(73,513)	(585,383)	-
Decrease (increase) in unearned revenues	-	(11,315)	-	(11,315)	90,643
Net cash provided (used) by operating activities	<u>\$ 2,274,298</u>	<u>\$ (168,129)</u>	<u>\$ 2,209,568</u>	<u>\$ 4,315,737</u>	<u>\$ 1,594,461</u>

Noncash investing, capital and financing activities:

Developers contributed infrastructure valued at	\$ 4,552,270	\$ 2,896,399	\$ 1,847,087	\$ 9,295,756	\$ -
Other funds of the city transferred vehicles valued at	-	-	-	-	93,977
Fair value of investments increased by	61,678	23,058	37,641	122,377	34,586

See accompanying notes to the financial statements.

STATEMENT OF FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 As of December 31, 2006

	Firemen's Pension Fund	Agency Funds
<b>ASSETS</b>		
Cash and cash equivalents	\$ 36,353	\$ 597,046
Invested in Federal Agency Notes	427,022	-
Receivables		
Interest	3,665	-
Total Assets	<u>\$ 467,040</u>	<u>\$ 597,046</u>
<b>LIABILITIES</b>		
Due to other governments	\$ -	\$ 12,525
Custodial	-	38,260
Trust account	-	546,261
Total Liabilities	<u>-</u>	<u>\$ 597,046</u>
<b>NET ASSETS</b>		
Held in trust for pension benefits	<u>\$ 467,040</u>	

See accompanying notes to the financial statements.

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
For the Year Ended December 31, 2006

	Firemen's Pension Fund
<b>ADDITIONS</b>	
Fire insurance premium contributions	\$ 98,572
Investment interest	18,216
Total additions	<u>116,788</u>
<b>DEDUCTIONS</b>	
Benefit payments	3,636
Administrative expenses	<u>2,332</u>
Total deductions	5,968
Change in net assets	110,820
Net assets-beginning	356,220
Net assets-ending	<u>\$ 467,040</u>

See accompanying notes to the financial statements.