

2006 Comprehensive Annual Financial Report



2006

**City of Tacoma, Washington
2006 Comprehensive Annual Financial Report
For the Year Ended December 31, 2006**

2006

Comprehensive
Annual Financial
Report

of the City of Tacoma, Washington
for the Year Ended December 31, 2006



Prepared by Department of Finance
Joseph Delaney, CPA, CGFM, Interim Director of Finance

CITY OF TACOMA, WASHINGTON

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Section 1

INTRODUCTORY SECTION
Letter of Transmittal
GFOA Certificate of Achievement
Organizational Chart
List of Elected and Appointed Officials

CITY OF TACOMA, WASHINGTON



City of Tacoma
Finance Department

July 27, 2007

Honorable Mayor, Members of the City Council, City Manager and Citizens of the City of Tacoma

The comprehensive annual financial report of the City of Tacoma, Washington (the City), for the year ended December 31, 2006, is hereby submitted in accordance with City Charter and state statutes. Both the City Charter and state statutes require that the City issue annually a report on its financial position and activity. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's management based upon a comprehensive framework of internal control that it has established to provide assurance that the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner that presents fairly the financial position and results of operations of the various funds and component units of the City.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, a listing of City officials, an organizational chart, and a copy of the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting Award for the year 2005. The financial section includes the basic financial statements, required supplementary information, Management's Discussion and Analysis, as well as the Washington State Auditor's Independent Auditor's Report, and the combining and individual fund financial statements and schedules. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) in the United States of America requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Tacoma's MD&A can be found immediately following the Independent Auditor's Report.

The Tacoma Community Redevelopment Authority (TCRA), the Foss Waterway Development Authority (FWDA) and the Greater Tacoma Regional Convention Center Public Facilities District (GTRCCPD) are included as component units and are discretely presented within the City's annual financial statements.

The City is required to undergo an independent, annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this independent, single audit, including a schedule of expenditures of federal awards, the State Auditor's Reports on the internal control structure and compliance with applicable laws and regulations, and a schedule of findings and questioned costs if any are included in a separately issued report.

CITY OF TACOMA, WASHINGTON

CITY OF TACOMA PROFILE

The City of Tacoma was incorporated on February 14, 1880. The City Charter, under which it is now governed, was adopted in 1952. The City operates under a council-manager form of government. The City Council is comprised of nine members: a Mayor, five district representatives and three at-large representatives. The City Council appoints a City Manager to carry out Council policies and administer the day-to-day operations of the City. Various departments provide a full range of services including police and fire protection, electrical generation and distribution, water distribution, wastewater and surface water services, solid waste services and many others.

The name Tacoma stems from the Indian name for Mt. Rainier, "Tacobet," which means Mother of the Waters. "City of Destiny" became Tacoma's moniker when it was designated as the Northern Pacific Railroad's western terminus for its transcontinental railroad in 1873.

Tacoma is located in Pierce County in Washington State on the Puget Sound. Its boundaries encompass approximately 47.8 square miles of land and 11.4 square miles of waterfront. Lying between sea level and 440 feet above sea level, Tacoma averages 38.8 inches of rainfall each year with an average low temperature in January of 36.6 degrees Fahrenheit and an average high temperature in July of 76.4 degrees Fahrenheit.

FACTORS AFFECTING THE CITY'S FINANCIAL CONDITION

Economic Conditions and Outlook

The population of the City of Tacoma totaled 199,600 in 2006, an increase of 13% since the 1990 census count of 176,664. The unemployment rate for the Tacoma metropolitan area was 5.2% for 2006, .8% lower than 2005.

Employment

Pierce County is fortunate; it enjoys a diverse economy influenced by its ideal location in the central Puget Sound region. Important industry sectors include the military, healthcare, manufacturing (aerospace, plastics, machinery, food products, and electronics) and wholesale distribution.

The County is home to the Port of Tacoma and Frank Russell Company. Nonagricultural Wage and Salary Employment averaged 271,700 for 2006. Eighty percent of these jobs were in the private sector and twenty percent were in the governmental sector.

Situated on Commencement Bay, an arm of Puget Sound, Tacoma is one of the few ports on the West Coast with a large inventory of waterfront land available for development. The Port of Tacoma is considered an "economic engine" for the region. A study released in July 2005 highlighted the Port's economic impact at both the local and state level. More than 43,000 jobs in Pierce County are related to the Port of Tacoma's activities ... more than 113,000 jobs in Washington State are related to the Port's activities. Port-related jobs generate \$637 million in annual wages in Pierce County. Port activities generate more than \$90 million annually in state and local taxes in Washington State.

More than 70 percent of the Port's international container cargo comes from, or is going to, the central and eastern regions of North America - making Tacoma a true "Gateway Port." The Port also handles more than 70 percent of the marine cargo moving between the lower 48 states and Alaska. Based on container volumes, China is now the Port's leading trading partner.

Reflecting a nationwide trend, one of the largest components of the services sector is the healthcare industry. Among the ten largest employers in the Tacoma area are: Franciscan Health System with 3,896 employees; Multicare Health System, which includes three major medical service centers and employs 3,874 people, and Good Samaritan Hospital with 1,471 employees.

CITY OF TACOMA, WASHINGTON

Multicare Health System, which operates Tacoma General, Allenmore and Mary Bridge Children's Hospitals, is the county's largest private employer. Among the top ten employers in the area, all are either government or health-care institutions. One of the top ten, Madigan Army Medical Center, is both.

Government is Tacoma's second largest economic sector. The largest governmental employer's are the Local Public School Districts with 13,275 employees. Other large government employers are Washington State with 7,649 employees, Pierce County with 3,160 employees and Washington State higher education institutions with 2,958 employees.

The area's three major U.S. Military installations account for the highest numbers of employees among the government sector. Fort Lewis (Army), McChord Air Force Base and Madigan Army Medical Center together station 53,207 active duty military personnel and civilians. The Army at Fort Lewis remains the county's largest employer with more than 39,204 troops and civilian employees.

Effect of Revenue Limitation

State law allows the City to levy a property tax rate of up to \$3.60 per \$1,000 of assessed property value annually. If the dollar amount of this levy exceeds the highest regular tax levied since 1985 by 101% or exceeds 100% plus the percentage change in inflation then the annual levy must be reduced. If there is a finding of substantial need and this is approved by a majority plus one of the City Council, then the tax levied may be increased up to the 101% limit. In no event may the annual levy exceed the \$3.60 per \$1,000 of assessed value rate limit. During 2006, the City levied at the statutory limitation of \$3.08 per \$1,000 of assessed value.

Retirement Plans

The Tacoma Employees' Retirement System is a single employer defined benefit plan that is an actuarially funded system administered by the City and covers city employees other than law enforcement officers, firefighters and railroad employees. The other major plans are the Law Enforcement Officers' and Firefighters' Retirement Pension Systems (LEOFF I and II), which cover most of the firefighters and law enforcement officers, and is operated by the State of Washington. Further details about the plan may be found in Note 5 of the Notes to the Financial Statements.

Police and Firemen's Relief and Pension Funds

An actuarial study was completed by Milliman USA, Inc., as of December 31, 2005. The annual obligations are met principally by General Fund contributions. The Firemen's Relief and Pension Fund is also supported by property taxes and an annual fire insurance premium tax. Since these are both closed plans to new members, the City's obligation is fairly level from year to year; these payments are made from the General Fund on a "pay as you go" basis.

No new employees have been covered by either of these plans since March 1, 1970. Pension obligations for all firefighters and law enforcement officers retired since March 1, 1970, whether hired before or since that same date, have been assumed by the State of Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), with the exception of certain benefits in excess of the LEOFF benefits.

Law Enforcement Officers' and Firefighters' Retirement System (LEOFF)

Contribution rates for LEOFF I for both employee and employer are established by state statute, which also provides that any unfunded liability shall be a liability of the State's general fund. Contribution rates for LEOFF II are set by statute by the Director of the State Department of Retirement Systems upon advice of the State Actuary. The contribution rates paid by the City of Tacoma under these retirement systems are based upon state-wide analysis and not upon specific participation of the City.

Railroad Retirement System

Tacoma Rail employees are members of the Railroad Retirement System in lieu of membership in Social Security. The City's obligation is to ensure that payment is made to the system for withholding levied on payroll paid.

CITY OF TACOMA, WASHINGTON

Cash Management

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit (CD's), bankers' acceptances, commercial paper, repurchase agreements and obligations of the U. S. Treasury and government agencies, in compliance with state law and city policy.

Tacoma's investment policy is to preserve capital, ensure that funds are available to meet operating cash requirements and to earn a market-average rate of return. To ensure the safety of the City's funds, demand deposits and CD's are made only in Washington state financial institutions which are qualified public depositories. These funds are guaranteed under the Washington State Public Deposit Protection Act, which established a multiple financial institution collateral pool to protect public funds against loss. All other securities are held by the City's third party custodial bank in the City's name.

The City Treasurer, for all funds other than the pension trust fund, manages the City's short-term investments. Pooled investments are reported in the City's financial statements as cash and cash equivalents. At December 31, 2006 cash and cash equivalents were \$869 million. Interest earned on the pooled investments is prorated to individual funds daily, based on the fund's equity in the pool. The City earned \$26.3 million on its short-term investments for the year ending December 31, 2006.

The City's pension trust fund investments of \$1.3 billion at December 31, 2006, were in a diversified portfolio of stocks, bonds, Real Estate Investment Trusts (REITs) and index funds, divided among several portfolio managers under contract to the retirement system. The fair market value of the pension fund investments increased by \$197.7 million in 2006.

Risk Management

The City maintains various insurance policies and self insurance funds to protect itself from risk. Details of the City's insurance programs can be found in Notes 8 of the Notes to Financial Statements.

MAJOR INITIATIVES AND SERVICE EFFORTS AND ACCOMPLISHMENTS

Reclaiming and Redevelopment Project – Tacoma Waterway

The Thea Foss Waterway – a 1.5 mile inlet off Commencement Bay – runs along the downtown's shoreline. More than 100 years ago, the waterway was developed as a bustling industrial area -- the site of numerous mills and marine activities and the terminus of the Northern Pacific Railroad. After that first half century of commercial success, the western side of the waterway gradually began to lose its traditional tenants.

In 1991, the City of Tacoma and the Metropolitan Park District purchased nearly 27 acres of property on the western side of the Thea Foss Waterway. The City has begun to turn the land into a residential, commercial and recreational area linking downtown Tacoma and the Ruston Way shoreline to the north of downtown.

The City's plans for this former industrial area have one overriding thing in mind - public access. Picture this: 1.5 miles of waterfront walkway, public event plazas, marinas, shops and cultural centers stretching along the Thea Foss Waterway's western shore. To accomplish this goal the following projects have been completed:

The Thea Foss Waterway is uniquely positioned to link together many much-cherished and yet-to-be-realized Tacoma sights. At one end of the Foss lies the shoreline parks of Ruston Way, enjoyed year-round by citizens who run, walk, rollerblade, eat and relax along Commencement Bay. Anchoring the other end are the redeveloped Union Station federal courthouse - once a 1911 railroad depot, the Washington State History Museum, The Tacoma Art Museum, the University of Washington Tacoma campus, an elegant four-lane cable-stay bridge, and a regional and local transit hub near the Tacoma Dome.

On the Foss itself, Thea's Park already provides a welcoming gateway to what will one day become the longest waterfront walkway in the nation. The Thea Foss Maritime Center houses a maritime history museum and boat building shop.

CITY OF TACOMA, WASHINGTON

In the past, Tacoma hosted a Tall Ships festival that drew 30 classic sailing vessels to the Thea Foss Waterway and Tacoma waterfront. Estimates placed the festival-goers between 800,000 and 1 million people. The event created nearly \$1 million in TV and print coverage for the community and supported businesses across the region through increased tourism. The 2008 festival currently being planned will include a Parade of Sail, tours of vessels and opportunities to sail aboard a tall ship.

The following Thea Foss projects have been started but not completed:

Boutique Hotel, Residential Units and Retail Space – Underway

This premier site is located directly north of Thea's Landing. The project is in permitting for a 100 room boutique hotel and 22 residential units and retail. Courtyards will grace the building on both the street and waterside. The site has convenient access to the new Tacoma Convention Center, the new Tacoma Art Museum, the Washington State History Museum, the Museum of Glass and the downtown business core.

Foss Waterway Marine, Condominiums and Retail – Sites - Underway

Signature waterfront sites are currently under construction with a completion date in 2007. The project includes approximately 180 condos and retail with expansive public access on the north and south sides of the building. The marina improvements have been completed in the 400 slip facility.

The Foss Seaport Site - Underway

This 45,000 square foot historic building is currently being planned as the home to the Foss Seaport Museum. The wharf replacement will commence the summer of 2007. The value of investment in the rehabilitation of this historic warehouse building is estimated at \$21.5 million and will be constructed in phases by both public and private investors.

The transformation of the Thea Foss Waterway has begun. It will be a city showpiece and magnet for redevelopment and economic revitalization. This points to a bright future for the Thea Foss Waterway -- and Tacoma.

Construction Projects – A Second Tacoma Narrow Bridge

Growing congestion is a problem on the State Route (SR) 16 corridor. Daily, 85,000 to 90,000 vehicles use the corridor. By 2020, use of the freeway is estimated to increase to 120,000 vehicles per day.

The original Tacoma Narrows Bridge was built in 1950. The second bridge is currently operational, but renovations on the 1950 bridge will go on for another 11 months.

Further, there will be improvements to 3.4 miles of SR 16 roadway; the new eastbound bridge will carry four lanes of traffic and the existing westbound bridge will carry three lanes. The new bridge will provide a 10-foot, barrier-separated sidewalk for cyclists and pedestrians.

Construction Projects – HOV Lanes in Pierce County

The Tacoma/Pierce County Core High Occupancy Vehicle (HOV) Program is a series of highway projects that will provide operational improvements on I-5 and SR 16, and will complete the next portion of HOV lanes in the Puget Sound Region.

Work continues on this \$72.9 million project to improve safety and mobility on Interstate 5 between South 48th Street and Pacific Avenue. Once complete, this project will provide a new multi-lane northbound collector/distributor road with a new northbound exit to I-705, and an improved merge from SR 16 onto northbound I-5.

All lanes of I-5 in both directions were shifted to allow crews to complete demolition of the Tacoma Avenue, Yakima Avenue and Delin Street bridges. Those three bridges will be replaced by two new bridges constructed to modern standards; a new Yakima Avenue overpass, and a new combined Tacoma Avenue/Delin Street overpass. This configuration is scheduled to remain in place through the fall of 2007.

CITY OF TACOMA, WASHINGTON

Construction Projects – New Life to Old Buildings

The Historic Winthrop Hotel was purchased by local developer Prium, who is planning to restore the Winthrop to its former glory. The hotel was designed by the same architect that designed the Davenport in Spokane and is slated to become a four star product when completely refurbished. First order of business is to find replacement housing for those who will be displaced from the building. Whereupon, construction and historic restoration will commence.

Portland developer Williams and Dame negotiated purchase of the Historic Elks Temple, and will restore this Tacoma icon and build market rate condominiums adjacent to the property.

The Payless Kress building was restored by local developers Tom Brown and Eric Cederstrand. The building has become home to the USGS, and the U.S. Corporate Headquarters of Kompan, a Danish held company, that is the market leader in playground recreation equipment worldwide.

The Stratford Company, a Puget Sound developer has purchased the Old City Hall and intends to redevelop it and another Tacoma icon, with market rate housing.

InVivo Partners announced plans to increase local employment from 30 + to a potential 275, and has selected to move into the old Tacoma Art Museum building, that is being historically restored.

Landmark Development of North Carolina purchased the Blue Mattress factory building at 725 Puyallup Ave. and announced their intent to build workforce housing to accommodate up to 325 units.

AWARDS AND ACKNOWLEDGEMENTS

Awards

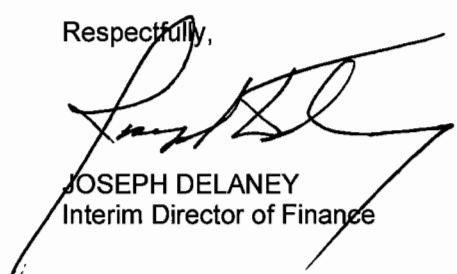
We are pleased that the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Tacoma for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles and applicable legal requirements. The City of Tacoma has received this award nineteen of the last twenty years.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the new reporting standards established by GASB, and the GFOA's standards of excellence. We will submit the current report to GFOA to determine its eligibility for another certificate.

Acknowledgements

Thank you for your continuing interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner. I also express my appreciation to the City employees for their assistance and cooperation during the year and for providing information for this report. Special appreciation is extended to the employees of the Finance Department, especially DeAnna Herrera, Lynn Uglick, and Jennifer Kammeyer, whose dedicated service made this report and the year a success.

Respectfully,



JOSEPH DELANEY
Interim Director of Finance

CITY OF TACOMA, WASHINGTON

Certificate of Achievement

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Tacoma
Washington

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Ronald A. Flavin

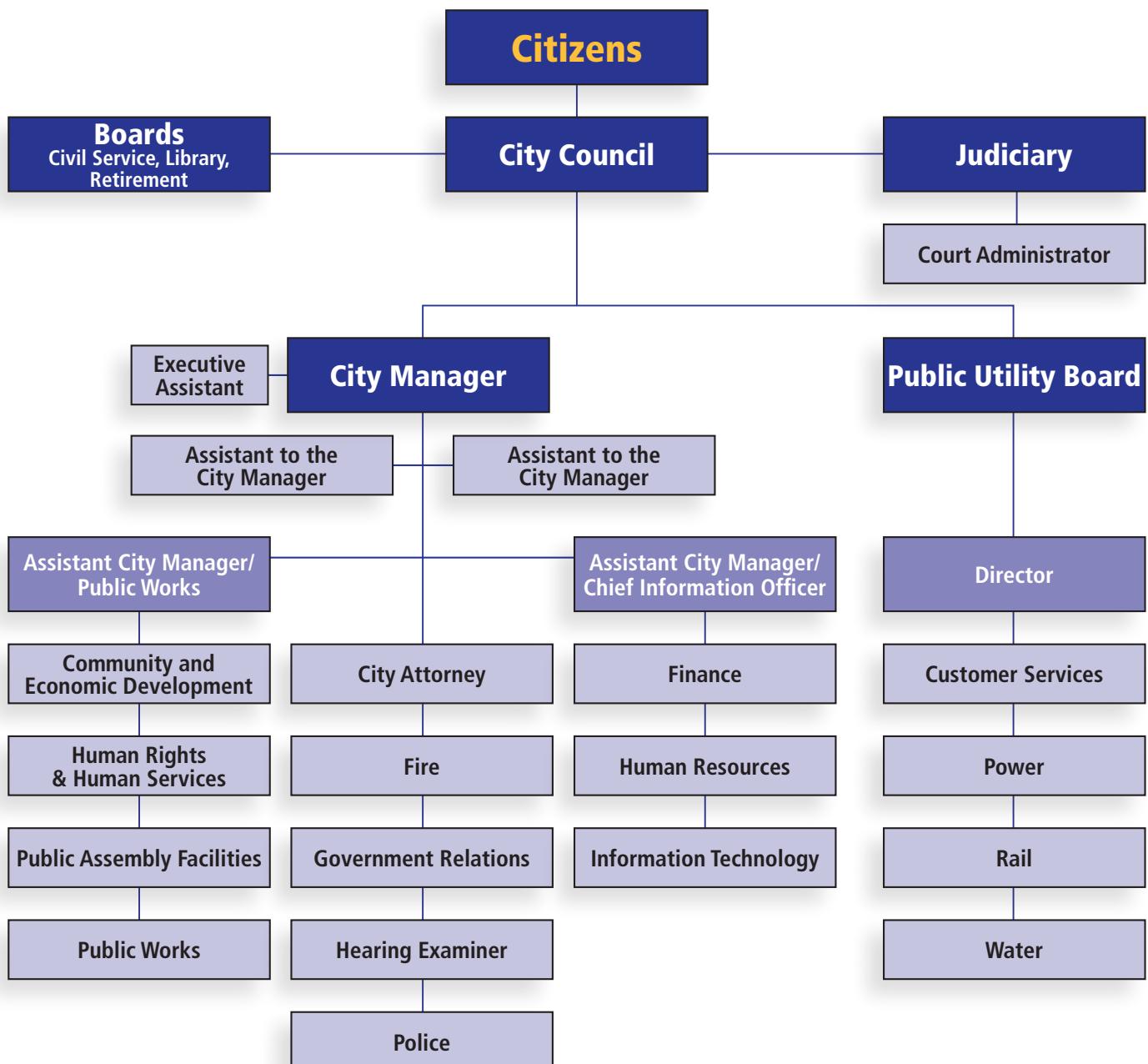
President

Jeffrey P. Evans

Executive Director

CITY OF TACOMA, WASHINGTON

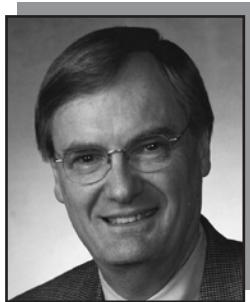
Organizational Chart



CITY OF TACOMA, WASHINGTON

Elected Officials

Your 2006 Tacoma City Council



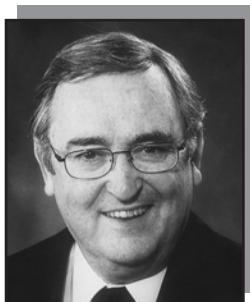
Mayor
Bill Baarsma



Council Member
Connie Ladenburg



Council Member
Julie Anderson



Council Member
Bill Evans



Deputy Mayor
Mike Lonergan



Council Member
Spiro Manthou



Council Member
Jake Fey



Council Member
Thomas Stenger



Council Member
Rick Talbert

CITY OF TACOMA, WASHINGTON

City Officials as of December 31, 2006

COUNCIL MEMBERS

		EXPIRATION OF TERM
Bill Baarsma	Mayor	Dec. 31, 2009
Mike Lonergan	Deputy Mayor	Dec. 31, 2009
Julie Anderson		Dec. 31, 2007
Bill Evans		Dec. 31, 2007
Jake Fey		Dec. 31, 2009
Connie Ladenburg		Dec. 31, 2009
Spiro Manthou		Dec. 31, 2007
Thomas Stenger		Dec. 31, 2007
Rick Talbert		Dec. 31, 2009

MUNICIPAL COURT JUDGES

Elizabeth E. Verhey	Jan. 08, 2007
Arthur J. Emery	Jan. 08, 2007
David B. Ladenburg	Jan. 08, 2007

CIVIL SERVICE BOARD

Amy Heller*	Chair	May 10, 2010
Charles McKenna	Vice Chair	Dec. 31, 2009
Dan Sexton		Dec 31, 2009
Denise Greer		Dec. 31, 2007
M. Wayne Williams*		Dec. 31, 2009

* Not Elected, Selected by Employees and Management

APPOINTIVE

City Manager	Eric A. Anderson
Director of Finance (Retired Mar. 01, 2007)	Steven A. Marcotte
Interim Director of Finance (Effective Mar. 01, 2007)	Joseph Delaney
City Treasurer	Morgan D. Jacobson
City Attorney	Elizabeth Pauli
City Clerk	Doris Sorum
Director of Human Rights and Human Services	John Briehl
Police Chief	Don Ramsdell
Director of Public Assembly Facilities	Mike Combs
Director of Tacoma Public Library	Susan Odencrantz
Director of Community and Economic Development Department	Ryan Petty
Hearing Examiner	Rodney Kerslake
Director of Information Technology - Chief Information Officer/Assistant City Manager	Rey Arellano
Municipal Court Administrator	Yvonne Pettus
Retirement Systems Director	Patricia Pabst
Interim Director of Human Resources	Mark Cassidy
Fire Chief	Ron Stephens
Director of Public Works/Assistant City Manager	William L. Pugh

UTILITY BOARD

		EXPIRATION OF TERM
David Curry	Chair	June 2008
Tom L. Hilyard	Secretary	June 2009
Bob Casey	Member	June 2008
Laura Fox	Member	June 2008
William LaBorde	Member	June 2007
Director of Public Utilities		Mark Crisson
Tacoma Power Superintendent		William A. Gaines
Tacoma Water Superintendent		John Kirner
Tacoma Rail Superintendent		Paula J. Henry
Chief Assistant City Attorney		Anne Spangler

Section 2

FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining Statements—Non-Major Funds



Washington State Auditor Brian Sonntag

INDEPENDENT AUDITOR'S REPORT

July 27, 2007

The Honorable Mayor and City Council
City of Tacoma
Tacoma, Washington

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tacoma, Pierce County, Washington, as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Power, Sewer and Water Funds, which are presented as major funds and also represents 85 percent, 93 percent, and 85 percent, respectively, of all the assets, net assets and revenues of the business type activities. We also did not audit the financial statements of the Solid Waste fund, which represents 5 percent, -.001 percent, and 8 percent, respectively, of the assets, net assets and revenues of the business-type activities, and 7 percent, -.01 percent, and 20 percent, respectively, of the assets, net assets, and revenues of the aggregate remaining fund information. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for the Power, Sewer, and Water and Solid Waste Funds is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.



In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Tacoma, Pierce County, Washington, as of December 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages iii through xi, general fund budgetary comparison information on page 66, pension trust information on page 63 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information listed as Combining Statements - Non-major Funds on pages 67 through 151 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The information identified in the table of contents as the Introductory and Statistical Sections is presented for purposes of additional analysis and is not a required part of the basic financial statements of the City. Such information has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Sincerely,



BRIAN SONNTAG, CGFM
STATE AUDITOR

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Tacoma, we offer readers of the City of Tacoma's financial statements this narrative overview and analysis of the financial activities of the City of Tacoma for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, which can be found on pages I-VI of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Total assets of the City exceeded its liabilities by \$2.2 billion. Of this amount, \$265 million were reported as unrestricted net assets, amounts which are available for use to meet the City's on-going obligations to citizens and creditors.
- The City's net assets increased by nearly \$778 million primarily due to additions to plant in the Power and Water utilities and for the remaining infrastructure per GASB 34.
- Sewer has started spending on the Central Treatment Plant upgrade project; this project is expected to be completed by first quarter of 2008. Cost for this project will include over \$94 million in plant improvements.
- Tacoma Power reported change in net assets of \$68.7 million, up \$31.5 million from 2005, and their operating revenues increased \$53.3 million.
- Tacoma Water reported change in net assets of \$29.3 million which included \$30.4 million in capital contributions and was an increase of \$4.1 million compared to 2005.

Overview of the Financial Statements

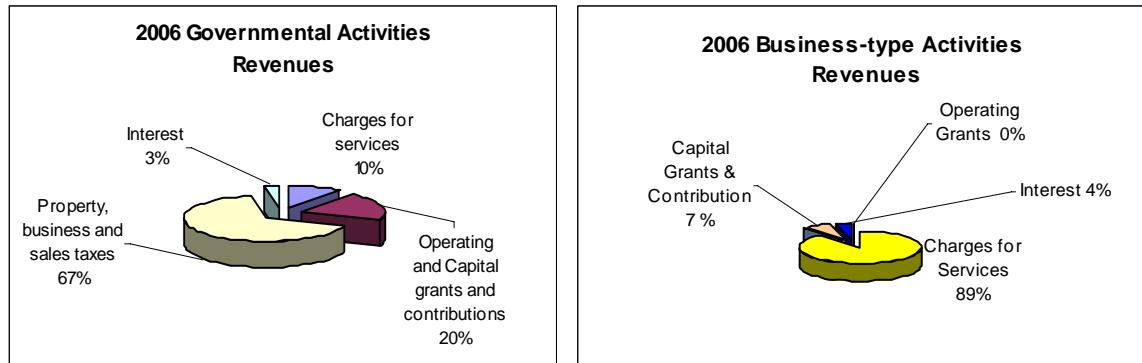
This discussion and analysis are intended to serve as an introduction to the City of Tacoma's basic financial statements. The City of Tacoma's basic financial statements consist of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

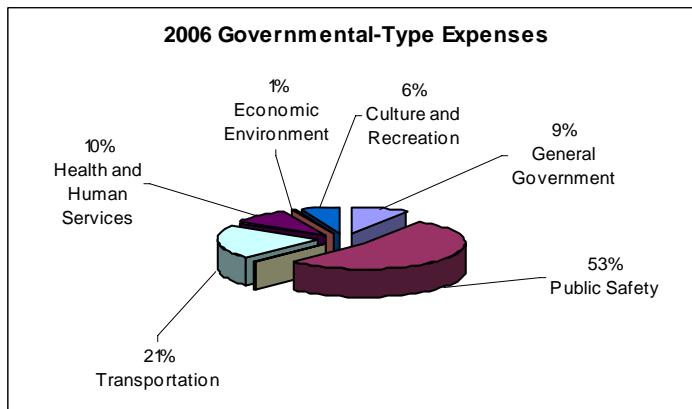
The government-wide financial statements are designed to provide readers with a broad overview of the City of Tacoma's finances, and are similar to private sector financial statements. The statements also include the discretely presented component units Tacoma Community Redevelopment Authority (TCRA), the Greater Tacoma Regional Convention Center Public Facilities District (GTRCCPF), and the Foss Waterway Development Authority (FWDA).

The Statement of Net Assets includes information on all the assets and liabilities of the City of Tacoma's general government as well as its business-type activities. The difference between the assets and liabilities is reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the City of Tacoma is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).



Both the Statement of Net Assets and the Statement of Activities differentiate the functions of general government from the functions of business-type activities. Governmental activities reflect the City's basic functions such as general government, public safety, public works, economic environment/development, and culture and recreation and are primarily supported by taxes and intergovernmental revenues. Business-type activities, primarily utilities, are intended to recover most if not all of their costs through user fees and charges for services. The government-wide financial statements can be found on pages 2-5 of this report.



Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Tacoma, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Tacoma can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for the functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for the governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison.

The focus of the governmental fund statements is on major funds. A fund is considered major if it represents at least 10% of the assets, liabilities, revenues or expenditures of its fund category and at least 5% of the corresponding totals for the governmental and business-type activities combined. All other governmental funds are combined and presented as a single column in the respective governmental fund statements. Individual fund data for each of these combined non-major funds is provided in the form of combining statements elsewhere in this report.

The City of Tacoma adopts a biennial budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

Proprietary Funds

There are two types of proprietary funds – internal service and enterprise - both of which the City of Tacoma uses. Internal service funds are used to accumulate and allocate costs internally among the City of Tacoma's various functions. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Enterprise funds account for various utilities which provide services such as power, water, sewer, and solid waste collection to the citizens of Tacoma. The activities in these funds are primarily supported by user fees and are presented as business-type activities in the government-wide financial statements. The basic proprietary fund financial statements can be found on pages 10-19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Tacoma's programs. The accounting used by the fiduciary funds is similar to that used for proprietary funds. The basic fiduciary fund statements can be found on pages 20-21 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23-62 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information (RSI) concerning the City of Tacoma's budget. Required supplementary information can be found on pages 63-66 of this report.

Combining Statements – Non-major funds

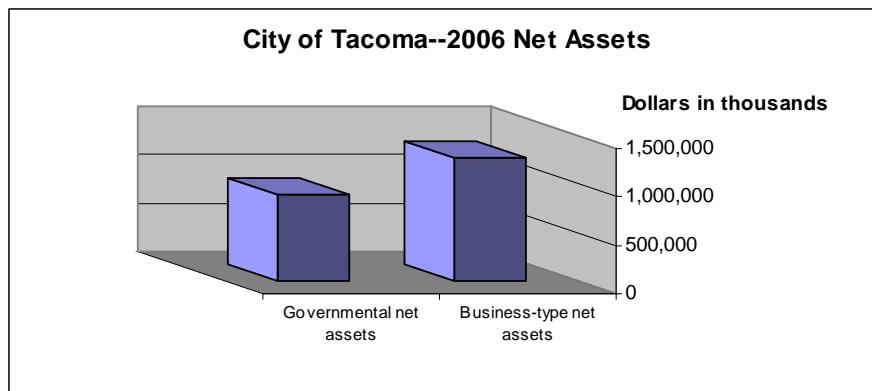
The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds, and fiduciary funds can be found on pages 67-146 of this report.

Statistical Section

This section provides financial trends, revenue and debt capacity, and demographic and economic information about the City's operations. The Statistical Section can be found on pages 153-177 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve as a useful indicator of a government's financial position. The City's total assets exceeded liabilities by \$2.2 billion at December 31, 2006. Seventy-seven percent of the total net assets reflect the City's investment in capital, less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to its citizens; thus, they do not represent resources available for future spending. Twelve percent of the City's net assets are unrestricted, meaning they are available for meeting the City's ongoing obligations. The remaining eleven percent of the net assets are restricted for other purposes such as debt redemption and new capital construction. General government net assets represent forty-one percent of the total and business-type net assets represent 59% of the total.

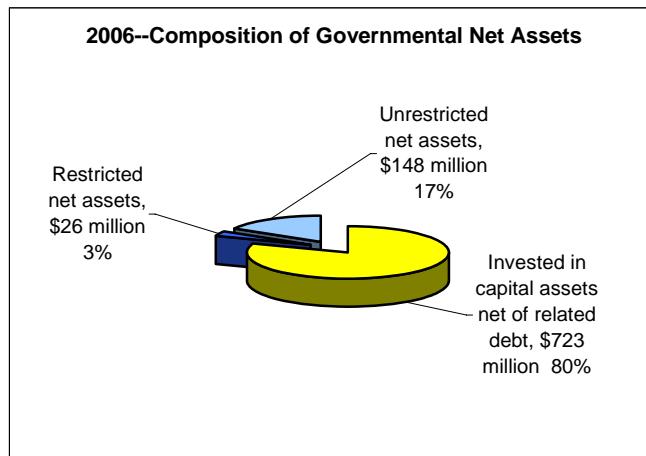
**City of Tacoma, Washington****Statement of Net Assets**

(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	241,206	196,459	873,978	814,744	1,115,184	1,011,203
Capital assets	808,581	188,560	1,861,347	1,747,681	2,669,928	1,936,241
Total assets	1,049,787	385,019	2,735,325	2,562,425	3,785,112	2,947,444
Current and Other liabilities	52,942	50,714	259,396	223,608	312,338	274,322
Long-term liabilities outstanding	99,949	100,657	1,197,937	1,175,436	1,297,886	1,276,093
Total liabilities	152,891	151,371	1,457,333	1,399,044	1,610,224	1,550,415
Net Assets:						
Invested in capital assets, net of related debt	722,581	104,725	958,079	924,107	1,680,660	1,028,832
Restricted	26,101	30,321	202,206	82,341	228,307	112,662
Unrestricted	148,214	98,602	117,707	156,933	265,921	255,535
Total net assets	896,896	233,648	1,277,992	1,163,381	2,174,888	1,397,029

The City's net assets increased nearly \$778 million. This increase is largely due to contributed capital in the Water utility (donated fixed assets, cash contributions and system development charges) and a prior period adjustment for remaining infrastructure pertaining to GASB 34 for governmental activities. See the accompanying notes to the financial statements for more information on prior period adjustments.

The governmental activities capital assets increased by \$620 million in 2006, which includes the reporting of the remaining infrastructure, construction for the D Street overpass bridge project, Cheney Stadium Renovation, Chinese Reconciliation project and various street and roadway improvements.



The significant amount of increase in long-term debt for the business-type activities is related to the sale of \$78.5 million of Water Pollution Control loan and Sewer Revenue and Refunding bonds, \$51.7 million of Solid Waste Revenue and Refunding bonds, and a \$16.5 million General Obligation bonds. The fund statement of cash flows expands on resources used for capital construction and related financing.

City of Tacoma, Washington
Changes in Net Assets
(amounts expressed in thousands)

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	24,106	24,759	595,952	524,258	620,058	549,017
Operating grants and contributions	35,142	20,137	1,113	631	36,255	20,768
Capital grants and contributions	11,430	8,139	45,430	54,870	56,860	63,009
General revenues:						
Property taxes	53,177	54,593	-	-	53,177	54,593
Other taxes	100,232	95,438	458	376	100,690	95,814
Other	8,436	5,595	27,364	17,403	35,800	22,998
Total revenue	232,523	208,661	670,317	597,538	902,840	806,199
Expenses:						
General government	20,100	21,087	-	-	20,100	21,087
Public safety	115,572	129,447	-	-	115,572	129,447
Physical environment	465	491	-	-	465	491
Transportation	44,744	18,871	-	-	44,744	18,871
Health and human services	20,968	1,686	-	-	20,968	1,686
Public works	-	-	-	-	-	-
Economic development	1,816	23,281	-	-	1,816	23,281
Culture and recreation	13,409	13,046	-	-	13,409	13,046
Interest on long-term debt	4,005	3,432	-	-	4,005	3,432
Public assembly facilities	-	-	17,640	17,049	17,640	17,049
Rail	-	-	18,507	17,142	18,507	17,142
Solid Waste	-	-	44,594	48,311	44,594	48,311
Sewer	-	-	46,930	41,607	46,930	41,607
Water	-	-	54,695	46,016	54,695	46,016
Electric	-	-	323,555	302,482	323,555	302,482
Other business-type funds	-	-	7,254	7,581	7,254	7,581
Total expenses	221,079	211,341	513,175	480,188	734,254	691,529
Increase in net assets before transfers	11,444	(2,680)	157,142	117,350	168,586	114,670
Transfers	35,673	31,584	(35,673)	(31,584)	-	-
Increase in net assets	47,117	28,904	121,469	85,766	168,586	114,670
Net assets--January 1, 2006	233,648	207,258	1,163,381	1,093,931	1,397,029	1,301,189
Prior Period Adjustments	616,131	(2,514)	(6,858)	(16,316)	609,273	(18,830)
Net assets--January 1, 2006 (restated)	849,779	204,744	1,156,523	1,077,615	2,006,302	1,282,359
Net assets--December 31, 2006	896,896	233,648	1,277,992	1,163,381	2,174,888	1,397,029

Governmental net assets increased in large part of the infrastructure for the prior years. The additions made for infrastructure for prior 2002 infrastructure was an increase of over \$593 million.

Net assets in business-type activities rose for several reasons. Operating revenues for Power increased by 16.4% as a result from increased wholesale power revenues. The Sewer fund had an increase in their annual rates effective January 1st. The Water fund had fixed asset donations from private contract customers in the amount of \$4.5 million and cash contributions from customers and system development charges of \$25.9 million.

Financial Analysis of the City's Fund Statements

The City prepares fund statements for governmental funds and for proprietary funds.

Governmental Fund Statements

Fund balance for the City's General Fund increased by \$13.1 million in 2006. The fund balance for the nonmajor governmental funds, which includes debt service funds, capital projects funds, and special revenue funds, increased by \$17 million. The General Fund fund balance increased due to grant funding and gross earnings tax revenue. The nonmajor governmental funds fund balance increased due to bonds issued and grant funding.

Proprietary Fund Statements

The total net assets for enterprise funds increased \$114.6 million in 2006. The Power, Water, Solid Waste and Sewer utilities make up the majority of the proprietary funds. Activity in these utilities was the primary driver for the change in the net assets. All four of these utilities had a significant increase in their net assets due to upgrades to existing utility plants or capital improvements.

The internal service funds net assets increased by \$14.1 million. This is mainly due to an increase in employer contributions for benefits, and beginning in August 2006 employee's started paying a portion of their medical benefits. These changes increased net assets for the Health Benefits funds.

General Fund Budgetary Highlights

The City made significant budgetary adjustments as part of the 2005-2006 modified and final-biennium adjustments. Major budget revisions included:

- ❖ Increasing estimated revenues by \$8.9 million. Most of this was due to higher than anticipated taxes and intergovernmental revenues.
- ❖ Increasing appropriations by \$1.1 million for an animal control program previously administered by the Tacoma Pierce County Humane Society.
- ❖ Reallocating appropriations of \$500,000 for maintenance at the new police facility.
- ❖ Increasing appropriations by \$1.1 million to keep Fire Station 13 operational.
- ❖ Increasing appropriations by \$1.2 million for Neighborhood Council programs.
- ❖ Increasing appropriations by \$800,000 for a new Community Based Services program.
- ❖ Increasing appropriations by \$900,000 to retain Community Liaison Officers in the police department.
- ❖ Increasing appropriations by \$1.4 million for various consultant studies.
- ❖ Increasing appropriations by \$700,000 for an interfund loan for Tacoma Rail Mountain Division.

There were no significant differences between the revised budgeted expenditures of \$371 million and the actual expenditures of \$359 million. The City's budget is a two year biennium budget which begins every odd year.

Capital Assets, Infrastructure, Bond Debt Administration***Capital Assets***

The City of Tacoma's investment in capital assets, net of accumulated depreciation, for its governmental and business type activities as of December 31, 2006, is \$2.7 billion. This investment in capital assets includes land, construction in process, property, plant and equipment, infrastructure, museum and historical collections, as well as library materials. The vast majority of this amount represents assets held by the City's various utilities and infrastructure.

The following table summarizes the City's investment in capital assets.
(amounts expressed in thousands)

CITY OF TACOMA—Capital Assets

	Governmental Activities	Business-type Activities	Total
Land	18,945	158,393	177,338
Construction in progress	80,641	176,561	257,202
Property, Plant and Equipments	167,111	2,419,850	2,586,961
Infrastructure	1,082,186	-	1,082,186
Works of art	918	-	918
Library Materials	18,570	-	18,570
Less accumulated depreciation	(559,790)	(893,457)	(1,453,247)
Total	808,581	1,861,347	2,669,928

Additional information on the City's capital assets can be found in Notes 1-5 and 4-C of the Notes to the Financial Statements.

Infrastructure

For 2006, the City reported the remaining infrastructure and depreciated them by infrastructure classifications. The infrastructure accounts for over \$1 million of the governmental activities capital assets. A majority of the infrastructure capital assets net value is from the Roadways.

Outstanding Debt

The City's debt at December 31, 2006, is \$1.4 billion. Approximately 94% of the bonded debt is related to utilities with repayment pledged by specific revenue sources generated by the utilities. Of the remaining 6% representing general government bonded debt, 46% is secured by voter approved special levies and the remainder is councilmanic, which means that general government resources are used to pay for the debt. The bond debt issues for general government in 2006 were for capital improvements for the police facilities and continuous public works projects. Additional information on the City of Tacoma's long-term debt can be found in Note 4-E and Note 12 of the Notes to the Financial Statements.

(amounts expressed in thousands)

CITY OF TACOMA---Short and Long-term Debt

	Governmental Activities	Business-type Activities	Total
Bonded debt and loans	86,000	1,190,110	1,276,110
Capital leases	-	286	286
Claims and judgements	26,769	3,833	30,602
Commercial paper	-	-	-
Contracts payable	-	161	161
Accrued landfill liability	-	35,458	35,458
Compensated absences	17,349	13,753	31,102
Total	130,118	1,243,601	1,373,719

The City's debt rating for 2006 is as follows:

Bond Raters	G.O. Debt	LTGO Debt	Light	Water	Sewer	Solid Waste	RWSS	Convention Center
Moody's	A1	A1	Aa3	Aa3	Aa3	A3	Aa3	A3
Standard & Poors	AA-	AA-	A+	AA-	AA	AA-	AA-	A
Fitch	AA-	AA-	A+		AA	A		A+

Economic Factors

2006 was another good year for the Puget Sound economy as well as the State of Washington. The region's job growth rate continues to grow at a steady rate which clearly shows based on the decrease of the unemployment rate. As of April 2007, Pierce County's unemployment rate stood at 4.7%. This compares to the state of 4.4% and national unemployment rates of 4.5%.

Uncertainties about future economic changes and financial impacts are common in all cities. To deal with swings in the economy and to plan for future capital expansion, the City routinely puts aside resources. At December 31, 2006, the amounts set aside include \$228.3 million in restricted assets for construction, debt service, and equipment replacements or other purposes.

Other Considerations

Despite the strong economy, the City still faces expenditure growth that far outpaces revenue growth in the General Fund. This is primarily due to several citizen initiatives that limited the growth of property tax collections and vehicle license fees. In response to these revenue restrictions, the City Council took steps during the mid-biennium budget modification process to address the structural problems in the budget including a reorganization that involved the elimination of 41 positions.

The assessed value of real property in Tacoma continues to grow and will be approximately \$18.6 billion in 2006. No matter what the assessed value is, however, the growth rate of property tax is limited to 1% per year. While the City cannot tax the full increased value due to the 1% limitation, it does benefit from the growth in other ways. For instance, many homeowners choose to extract their increased equity and spend those dollars in the local economy. Sales taxes for Tacoma were up nearly 10% in 2006 compared to 2005. In addition, the cost-cutting measures implemented in the General Fund will help the City remain on track even if the economy slows in reaction to increased oil costs.

The City has adopted the Model Ordinance in accordance with Washington State House Bill 2030 to provide for municipal tax uniformity among the cities in Washington that impose a Business & Occupation (B&O) tax. The Model Ordinance adversely impacts the City's B&O tax revenues; the full impact is estimated at a minimum of \$1.5 million a year beginning in 2008.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Tacoma Finance Department, 747 Market Street Room 132, Tacoma, Washington 98402.

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City of Tacoma, Washington
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	TCRA	GTRCC	PFD
ASSETS						
Cash and cash equivalents	197,499	305,453	502,952	6,297	1,913	973
Investments	2,525	-	2,525	-	-	-
Receivables (net of allowance for uncollectibles)	29,616	96,840	126,456	779	239	104
Due from other governmental units	3,419	2,816	6,235	-	-	-
Internal balances	5,660	(5,660)	-	-	-	-
Inventories	1,127	10,423	11,550	-	-	-
Prepays	952	695	1,647	8	-	-
Recoverable deposits	1	-	1	-	-	-
Other current assets	407	5,640	6,047	-	-	-
Temporarily restricted assets:						
Cash and cash equivalents	-	378,975	378,975	-	-	-
Investments	-	2,776	2,776	-	-	-
Notes and contracts receivable	-	7,148	7,148	-	-	-
Deferred changes	-	-	-	-	-	-
Contracts, notes, leases--non-current	-	59,997	59,997	32,120	-	-
Capital assets (not being depreciated):						
Land	18,945	158,393	177,338	-	-	11,415
Construction in progress	80,641	176,561	257,202	-	-	557
Capital assets:						
Property, plant, and equipment	167,111	2,419,850	2,586,961	557	-	6,562
Infrastructure	1,082,186	-	1,082,186	-	-	-
Works of art	918	-	918	-	-	-
Library materials	18,570	-	18,570	-	-	-
Accumulated depreciation	(559,790)	(893,457)	(1,453,247)	-	-	(283)
Other non-current assets	-	8,875	8,875	-	-	-
TOTAL ASSETS	1,049,787	2,735,325	3,785,112	39,761	2,152	19,328

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

City of Tacoma, Washington
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	TCRA	GTRCC PFD	FWDA
LIABILITIES						
Accounts payable and other current liabilities	15,283	75,069	90,352	1,244	-	97
Deposits payable	533	3,772	4,305	8	-	29
Due to other governments	84	303	387	5,638	2,152	1,700
Unearned revenue	6,873	100,694	107,567	-	-	-
Payable from restricted assets--current liabilities	-	924	924	-	-	-
Other liabilities	-	32,970	32,970	-	-	-
Special assessment debt with governmental commitment	1,155	-	1,155	-	-	-
Due within one year	29,014	45,664	74,678	-	-	-
Due in more than one year	99,949	1,197,937	1,297,886	-	-	-
Total liabilities	152,891	1,457,333	1,610,224	6,890	2,152	1,826
NET ASSETS						
Invested in capital assets, net of related debt	722,581	958,079	1,680,660	557	-	16,551
Restricted for:						
Restricted for capital purposes	21,868	5,918	27,786	-	-	-
Restricted debt service	-	49,233	49,233	-	-	-
Restricted for construction	-	89,027	89,027	-	-	-
Restricted for Housing Urban Development	-	-	-	32,314	-	-
Restricted for water assurance & system development	-	54,570	54,570	-	-	-
Restricted for other purposes	4,233	3,458	7,691	-	-	76
Unrestricted	148,214	117,707	265,921	-	-	875
Total net assets	896,896	1,277,992	2,174,888	32,871	-	17,502

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

City of Tacoma, Washington
Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	20,100	5,651	10,280	-
Public Safety	115,572	5,331	5,043	-
Physical environment	465	-	-	62
Transportation	44,744	4,036	12,303	11,368
Health and human services	20,968	280	260	-
Economic environment	1,816	7,729	4,330	-
Culture and recreation	13,409	422	2,926	-
Interest on long-term debt	4,005	657	-	-
Total governmental activities	221,079	24,106	35,142	11,430
Business-type activities:				
Public Assembly Facilities	17,640	7,528	-	-
Rail	18,507	17,559	-	727
Solid waste	44,594	51,337	194	2
Sewer	46,930	62,989	605	3,762
Water	54,695	53,232	-	30,463
Power	323,555	399,716	-	7,346
Other business-type funds	7,254	3,591	314	3,130
Total business-type activities	513,175	595,952	1,113	45,430
Total primary government	734,254	620,058	36,255	56,860
Component units:				
TCRA	3,878	295	2,813	-
GRTCC PDF	3,409	-	-	-
FWDA	1,167	478	-	191
Total component units	8,454	773	2,813	191
General revenues:				
Property taxes				
Sales taxes				
Business taxes				
Unrestricted investment earnings				
Gain on sale of capital assets				
Transfers				
Total general revenues, special items, transfers				
Change in net assets				
Net assets Beginning				
Prior Period Adjustment				
Net assets - Beginning (Restated)				
Net assets - ending				

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

City of Tacoma, Washington
Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Changes in Net Assets					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	TCRA	GTRCC PFD	FWDA
(4,169)	-	(4,169)	-	-	-
(105,198)	-	(105,198)	-	-	-
(403)	-	(403)	-	-	-
(17,037)	-	(17,037)	-	-	-
(20,428)	-	(20,428)	-	-	-
10,243	-	10,243	-	-	-
(10,061)	-	(10,061)	-	-	-
(3,348)	-	(3,348)	-	-	-
(150,401)	-	(150,401)	-	-	-
-	(10,112)	(10,112)	-	-	-
-	(221)	(221)	-	-	-
-	6,939	6,939	-	-	-
-	20,426	20,426	-	-	-
-	29,000	29,000	-	-	-
-	83,507	83,507	-	-	-
-	(219)	(219)	-	-	-
-	129,320	129,320	-	-	-
(150,401)	129,320	(21,081)	-	-	-
<u><u>(150,401)</u></u>	<u><u>129,320</u></u>	<u><u>(21,081)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
-	-	-	(770)	-	-
-	-	-	-	(3,409)	-
-	-	-	-	-	(498)
<u><u>(150,401)</u></u>	<u><u>129,320</u></u>	<u><u>(21,081)</u></u>	<u><u>(770)</u></u>	<u><u>(3,409)</u></u>	<u><u>(498)</u></u>
53,177	-	53,177	-	-	-
54,071	458	54,529	-	3,192	-
46,161	-	46,161	-	-	-
6,869	27,309	34,178	787	217	61
1,567	55	1,622	-	-	497
35,673	(35,673)	-	-	-	-
197,518	(7,851)	189,667	787	3,409	558
<u><u>197,518</u></u>	<u><u>(7,851)</u></u>	<u><u>189,667</u></u>	<u><u>787</u></u>	<u><u>3,409</u></u>	<u><u>558</u></u>
47,117	121,469	168,586	17	-	60
233,648	1,163,381	1,397,029	32,837	-	14,447
616,131	(6,858)	609,273	17	-	2,995
849,779	1,156,523	2,006,302	32,854	-	17,442
896,896	1,277,992	2,174,888	32,871	-	17,502
<u><u>896,896</u></u>	<u><u>1,277,992</u></u>	<u><u>2,174,888</u></u>	<u><u>32,871</u></u>	<u><u>-</u></u>	<u><u>17,502</u></u>

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

City of Tacoma, Washington
Governmental Funds
Balance Sheet
December 31, 2006
(amounts expressed in thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 46,614	\$ 79,752	\$ 126,366
Investments	-	2,525	2,525
Accounts receivable: net of uncollectible accts	13,918	12,282	26,200
Due from other funds	2,312	1,116	3,428
Due from other governmental units	213	3,203	3,416
Prepaid expenditures	116	-	116
Inventory	654	75	729
Recoverable deposits	1	-	1
Other current assets	-	-	-
Advances to other funds	7,499	2,580	10,079
Total assets	\$ 71,327	\$ 101,533	\$ 172,860
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 2,878	\$ 3,744	\$ 6,622
Accrued wages and benefits payable	1,829	145	1,974
Deposits payable	409	124	533
Accrued taxes payable	44	12	56
Accrued interest payable	-	7	7
Due to other funds	4,051	1,187	5,238
Due to other governmental units	84	-	84
Deferred revenue	5,336	3,660	8,996
Advances from other funds	-	130	130
Other current liabilities	188	535	723
Total liabilities	14,819	9,544	24,363
FUND BALANCE			
Reserved for:			
Encumbrances	1,400	13,727	15,127
Advances to other funds	7,499	2,580	10,079
Other purposes	654	1,000	1,654
Unreserved fund balance:			
General Fund	46,955	-	46,955
Nonmajor Special Revenue Funds	-	39,274	39,274
Nonmajor Debt Service Funds	-	1,300	1,300
Nonmajor Capital Projects Funds	-	34,108	34,108
Total unreserved	46,955	74,682	121,637
Total fund balances (deficits)	56,508	91,989	148,497
Total liabilities and fund balances	\$ 71,327	\$ 101,533	\$ 172,860

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

City of Tacoma, Washington
Reconciliation of Governmental Balance Sheet to the Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Reconciliation of Governmental Balance Sheet to the Statement of Net Assets

Governmental Fund Balance at December 31, 2006	148,497
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	765,264
Internal service funds are used by management to charge the costs of various support service such as information systems, graphic services, communications, fleet and others activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	79,075
Certain taxes will be collected after year-end and will not be available after year-end to pay for current year expenditures and are reported as deferred revenue.	1,690
Long-term liabilities, including bonds payable and compensated assets are not due and payable in the current period and therefore are not reported in the funds.	(98,037)
Negative Net Pension Obligation (NPO) is reported as an asset in the governmental activities and is not considered to represent a financial asset, therefore, are not reported in the governmental funds balance sheet.	407
Net assets of governmental activities.	<u>896,896</u>

City of Tacoma, Washington
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 128,458	\$ 25,019	\$ 153,477
Licenses and permits	8,121	1,437	9,558
Intergovernmental revenue	11,959	34,551	46,510
Charges for services	4,012	4,972	8,984
Fines and forfeitures	2,312	517	2,829
Interest	3,420	3,449	6,869
Miscellaneous revenues	375	2,359	2,734
Total revenues	<u>158,657</u>	<u>72,304</u>	<u>230,961</u>
EXPENDITURES			
Current			
General government	18,092	3,026	21,118
Security of persons & property	110,057	11,366	121,423
Physical environment	488	-	488
Transportation	16,014	2,015	18,029
Economic environment	16,942	5,086	22,028
Mental and physical health	1,318	591	1,909
Culture and recreation	13,412	675	14,087
Capital outlay	2,750	29,931	32,681
Debt Service:			
Principal retirement	-	17,730	17,730
Interest and fiscal charges	388	3,099	3,487
Total expenditures	<u>179,461</u>	<u>73,519</u>	<u>252,980</u>
Excess of revenues over (under) expenditures	<u>(20,804)</u>	<u>(1,215)</u>	<u>(22,019)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	22	1,545	1,567
Transfers in	40,273	2,250	42,523
Transfers (out)	(5,327)	(3,992)	(9,319)
Issuance of debt	-	19,675	19,675
Total other financing sources and (uses)	<u>34,968</u>	<u>19,478</u>	<u>54,446</u>
Net change in fund balances	<u>14,164</u>	<u>18,263</u>	<u>32,427</u>
Fund balance - Beginning	<u>43,427</u>	<u>75,003</u>	<u>118,430</u>
Prior period adjustments	<u>(1,083)</u>	<u>(1,277)</u>	<u>(2,360)</u>
Fund balance - Ending	<u>\$ 56,508</u>	<u>\$ 91,989</u>	<u>\$ 148,497</u>

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

City of Tacoma, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to
the Statement of Activities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

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

Net change in fund balances--total governmental funds	32,427
Governmental funds report capital outlay as expenditures in the year purchased. The entity wide statement of activities reports capital outlay as depreciation expense over the life of the asset. This is amount by which capital outlays exceeded depreciation in the current period.	2,825
The net affect of a miscellaneous transaction involving a transfer of LID construction funds decreased net assets.	(456)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(68)
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:	
Compensated absences	130
Interest expense	(433)
Reversal of PY Interest accrual	371
The net revenue of certain activities of internal service funds is reported with governmental activities:	
Profit Loss reallocation that increases expenditures	14,266
Bond proceeds provide current financial resources to governmental funds but issuing debt increases non-current liabilities in the statement of net assets	
Repayment of non-current debt is an expenditure in the governmental funds but on the statement of net assets it reduces the liability	
Proceed from bond issuance	(19,675)
Principal repayment	17,730
Changes in net assets of governmental activities	47,117

City of Tacoma, Washington
Proprietary Funds
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Sewer Fund	Water Fund
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 101,923	\$ 7,217
Accounts receivable - net of allowance for uncollectibles	9,567	10,237
Due from other funds	20	763
Due from other governmental units	2,682	-
Inventory	563	2,328
Prepaid expenses	22	213
Other current assets	4,000	-
Restricted assets:		
Cash for construction	40,630	38,628
Cash for debt service	5,724	5,827
Cash for other special purposes	-	59,734
Investments for other special purposes	-	-
Notes and contracts receivable	-	7,148
Total restricted assets	<u>46,354</u>	<u>111,337</u>
Total current assets	<u>165,131</u>	<u>132,095</u>
Non-current assets:		
Notes, contracts, leases receivable--non-current	-	-
Advances to other funds	-	-
Other non-current assets	1,096	2,623
Capital assets:		
Land	1,366	54,146
Property, plant, and equipment	377,405	550,639
Less: accumulated depreciation	(129,769)	(107,257)
Construction work in progress	62,647	45,858
Total capital assets net of depreciation	<u>311,649</u>	<u>543,386</u>
Total non-current assets	<u>312,745</u>	<u>546,009</u>
Total assets	<u>477,876</u>	<u>678,104</u>

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

City of Tacoma, Washington
Proprietary Funds
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Power Fund	Other Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 162,356	\$ 33,957	\$ 305,453	\$ 71,133
63,357	13,679	96,840	3,416
1,125	2,717	4,625	359
-	144	2,826	3
6,909	623	10,423	1,011
-	460	695	223
1,638	2	5,640	-
104,313	47,441	231,012	-
37,942	5,108	54,601	-
28,606	5,022	93,362	-
-	2,776	2,776	-
-	-	7,148	-
170,861	60,347	388,899	-
406,246	111,929	815,401	76,145
-	59,997	59,997	-
-	-	-	-
2,701	2,455	8,875	-
60,991	41,890	158,393	357
1,170,972	320,834	2,419,850	119,355
(518,397)	(138,034)	(893,457)	(77,481)
50,497	17,559	176,561	1,086
764,063	242,249	1,861,347	43,317
766,764	304,701	1,930,219	43,317
1,173,010	416,630	2,745,620	119,462

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

City of Tacoma, Washington
Proprietary Funds
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Sewer Fund	Water Fund
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 7,751	\$ 3,691
Accrued wages and benefits payable	309	323
Accrued taxes payable	116	1,353
Accrued interest payable	-	880
Deposits payable	-	215
Notes, contracts & leases payable--current	-	1,321
Revenue bonds--current	1,915	5,710
Environmental liability--current	2,088	-
Due to other funds	705	502
Due to other government units	300	-
Deferred revenue	22,675	60,224
Other current liabilities	-	6,000
Liabilities payable from restricted assets:		
Revenue bonds--current	176	-
Bonds interest payable	476	-
Due to other funds	-	-
Deferred revenue	-	-
Deposits payable	-	-
Total current liabilities	<hr/> 36,511	<hr/> 80,219
Non-current liabilities:		
Notes, contracts & leases payable--noncurrent	-	22,307
Revenue bonds--noncurrent	151,719	198,766
Environmental liability--noncurrent	1,745	-
Accrued employee leave benefits	1,956	1,926
Advances from other funds	-	-
Incurred but not reported	-	-
Other non-current liabilities	458	-
Liabilities payable from restricted assets:		
Accrued landfill liability	-	-
Total non-current liabilities	<hr/> 155,878	<hr/> 222,999
Total liabilities	<hr/> 192,389	<hr/> 303,218
NET ASSETS		
Invested in capital assets net of related debt	189,298	343,686
Restricted:		
Restricted for capital purchases	-	-
Restricted for debt	5,072	1,954
Restricted for construction	40,630	2,940
Restricted for water assurance and system development	-	54,570
Restricted for other purposes	-	-
Unrestricted	50,487	(28,264)
Total net assets	<hr/> 285,487	<hr/> 374,886

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

City of Tacoma, Washington
Proprietary Funds
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Power Fund	Other Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ 14,116	\$ 4,047	\$ 29,605	\$ 2,062
1,203	392	2,227	3,339
19,306	544	21,319	27
14,005	1,018	15,903	41
2,993	564	3,772	-
-	2,398	3,719	493
24,180	6,256	38,061	-
-	-	2,088	-
856	832	2,895	289
-	3	303	-
7,542	10,253	100,694	-
-	15	6,015	21,544
-	-	-	-
-	245	421	-
-	385	861	-
-	-	-	-
-	-	-	-
-	63	63	-
84,201	27,015	227,946	27,795
-	72,292	94,599	3,276
543,899	159,373	1,053,757	-
-	-	1,745	-
7,609	2,262	13,753	1,543
-	7,400	7,400	2,549
-	-	-	5,225
-	32,512	32,970	(1)
-	35,458	35,458	-
551,508	309,297	1,239,682	12,592
635,709	336,312	1,467,628	40,387
330,652	94,443	958,079	39,548
-	5,918	5,918	21,868
37,942	4,265	49,233	-
-	45,457	89,027	-
-	-	54,570	-
2,063	1,395	3,458	2,579
166,644	(71,160)	117,707	15,080
537,301	80,318	1,277,992	79,075

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

**City of Tacoma, Washington
Proprietary Funds**
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Sewer Fund	Water Fund	Power Fund
OPERATING REVENUES			
Charges for services	62,989	48,778	396,872
Rent	-	-	-
Interdepartmental billings	-	-	-
Premiums/Contributions	-	-	-
Miscellaneous	-	-	-
Total operating revenues	62,989	48,778	396,872
OPERATING EXPENSES			
Personnel, salaries & wages	20,459	16,034	73,292
Supplies, services and charges	9,903	13,132	168,606
Health benefit payment	-	-	-
Depreciation	8,694	11,557	42,600
Taxes	1,175	3,406	15,233
Total operating expenses	40,231	44,129	299,731
Operating income (loss)	22,758	4,649	97,141
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	6,423	4,603	9,745
Interest expense and fiscal charges	(5,578)	(10,581)	(23,455)
Amortization of bond discount & expense	(86)	16	81
Taxes (hotel/motel, admissions)	-	-	-
Contribution to project need	-	-	(450)
Operating grant	605	-	-
Gain (loss) on disposition of property	(126)	-	-
Miscellaneous	(909)	4,454	2,844
Total non-operating revenues (expenses)	329	(1,508)	(11,235)
Income before operating transfers	23,087	3,141	85,906
Capital contributions	3,762	30,463	7,346
Transfers in	-	-	-
Transfers (out)	(5,483)	(4,302)	(24,557)
Total contributions and transfers	(1,721)	26,161	(17,211)
Changes in net assets	21,366	29,302	68,695
NET ASSETS:			
NET ASSETS--Beginning	263,357	355,945	469,638
Prior Period Adjustments	764	(10,361)	(1,032)
NET ASSETS--Ending	\$ 285,487	\$ 374,886	\$ 537,301

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

City of Tacoma, Washington
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Other Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
OPERATING REVENUES			
Charges for services	76,684	585,323	1
Rent	337	337	2,192
Interdepartmental billings	35	35	40,232
Premiums/Contributions	-	-	64,034
Miscellaneous	1,273	1,273	280
Total operating revenues	<u>78,329</u>	<u>586,968</u>	<u>106,739</u>
OPERATING EXPENSES			
Personnel, salaries & wages	30,557	140,342	21,104
Supplies, services and charges	30,968	222,609	18,398
Health benefit payment	-	-	50,220
Depreciation	11,609	74,460	7,811
Taxes	1,051	20,865	-
Total operating expenses	<u>74,185</u>	<u>458,276</u>	<u>97,533</u>
Operating income (loss)	<u>4,144</u>	<u>128,692</u>	<u>9,206</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	6,538	27,309	2,100
Interest expense and fiscal charges	(12,986)	(52,600)	(167)
Amortization of bond discount & expense	(202)	(191)	-
Taxes (hotel/motel, admissions)	458	458	-
Contribution to project need	-	(450)	-
Operating grant	508	1,113	-
Gain (loss) on disposition of property	55	(71)	596
Miscellaneous	1,064	7,453	-
Total non-operating revenues (expenses)	<u>(4,565)</u>	<u>(16,979)</u>	<u>2,529</u>
Income before operating transfers	<u>(421)</u>	<u>111,713</u>	<u>11,735</u>
Capital contributions	3,859	45,430	62
Transfers in	4,836	4,836	3,018
Transfers (out)	(6,168)	(40,510)	(549)
Total contributions and transfers	<u>2,527</u>	<u>9,756</u>	<u>2,531</u>
Changes in net assets	<u>2,106</u>	<u>121,469</u>	<u>14,266</u>
NET ASSETS:			
NET ASSETS--Beginning	74,441	1,163,381	64,962
Prior Period Adjustments	<u>3,771</u>	<u>(6,858)</u>	<u>(153)</u>
NET ASSETS--Ending	<u>\$ 80,318</u>	<u>\$ 1,277,992</u>	<u>\$ 79,075</u>

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

City of Tacoma, Washington
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Sewer Fund	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	61,864	45,178
Receipts from interfund services provided	-	-
Contributions received - employee/employer	-	-
Payments to suppliers	(16,342)	(11,756)
Payments to employees	(20,379)	(15,926)
Payments for insurance carriers	-	-
Payments for environmental remediation	(3,505)	-
Payments for taxes	(1,143)	(3,298)
Payments for interfund services used	-	-
Other operating revenues (expenses)	-	-
Net cash provided by operating activities	20,495	14,198
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	(5,364)	(4,302)
Advances from (to) other funds	-	-
Debt service related to environmental	(1,958)	-
Debt service cost on non-capital debt	(46)	-
Defeasance of 1994 bonds	(9,594)	-
Grants received	60	-
Principal paid on noncapital debt	-	-
Transfers to project need	-	-
Contributions and donations	-	-
Net cash provided (used) by noncapital and related financing activities	(16,902)	(4,302)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from (to) other funds	(104)	-
Acquisition and construction of capital assets	(48,485)	(33,348)
System development charges received	-	18,739
Proceeds from capital debt	63,578	5,496
Proceeds from the sale of capital asset	3,168	-
Proceeds from leased property	-	-
Pantages lease and leaseback	-	-
Principal paid on capital debt	(6,076)	(6,627)
Interest paid on capital debt	(3,000)	(10,602)
Contributions and Donations	619	6,886
Grants Received	544	-
Lease receivable from the GSA	-	-
Net change in deferred credits	-	26,640
Net cash provided (used) by capital and related financing activities	10,244	7,184
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	5,598	4,604
Rental and other income	818	324
Net cash provided (used) by investing activities	6,416	4,928
Net increase in cash and cash equivalents	20,253	22,008
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	128,024	89,398
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	148,277	111,406

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

City of Tacoma, Washington
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Power Fund	Other Nonmajor Enterprise Fund	Total Enterprise Funds	Governmental Activities Internal Service Funds
387,077	80,418	574,537	23,156
-	35	35	19,395
-	-	-	64,034
(161,403)	(30,555)	(220,056)	(18,069)
(73,124)	(27,725)	(137,154)	(20,333)
-	-	-	(50,592)
-	-	(3,505)	-
(15,577)	(877)	(20,895)	-
-	(596)	(596)	(515)
663	1,319	1,982	(47)
137,636	22,019	194,348	17,029
(24,557)	(1,034)	(35,257)	1,529
-	-	-	(990)
-	-	(1,958)	-
-	-	(46)	-
-	-	(9,594)	-
-	194	254	-
-	(10,357)	(10,357)	-
(450)	-	(450)	-
-	150	150	-
(25,007)	(11,047)	(57,258)	539
-	130	26	1,314
(75,593)	(16,208)	(173,634)	(5,631)
-	-	18,739	-
-	52,610	121,684	-
-	38	3,206	935
-	1,516	1,516	-
-	(83)	(83)	-
(22,420)	(30,467)	(65,590)	(236)
(25,820)	(12,880)	(52,302)	(294)
7,346	3,877	18,728	-
-	428	972	-
-	4,052	4,052	-
135	-	26,775	-
(116,352)	3,013	(95,911)	(3,912)
9,745	3,501	23,448	2,127
2,830	48	4,020	-
12,575	3,549	27,468	2,127
8,852	17,534	68,647	15,783
324,365	73,993	615,780	55,350
333,217	91,527	684,427	71,133

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

City of Tacoma, Washington
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Sewer Fund</u>	<u>Water Fund</u>
Reconciliation of Cash and Cash Equivalents in Pooled Investments To Balance Sheet		
Unrestricted Cash and Cash Equivalents in Pooled Investments		
	101,923	7,217
Restricted Cash and Cash Equivalents in Pooled Investments		
	46,354	104,189
Cash and Cash Equivalents in Pooled Investments at December 31, 2006		
	<u>148,277</u>	<u>111,406</u>
Reconciliation of operating income to Net cash provided (used) by operating activities:		
Operating income	22,758	4,649
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	8,694	11,557
(AIncrease) decrease in accounts receivable	(5,238)	(3,599)
(AIncrease) in intergovernmental receivable	10,865	(436)
(AIncrease) in due from other funds	(10)	-
(AIncrease) decrease in inventories	(39)	(298)
(AIncrease) in prepaid items	6	5
(AIncrease) decrease in other current assets	-	-
Increase (decrease) in deposits payable	(141)	20
Increase (decrease) in accounts payable	(3,625)	2,527
Increase (decrease) in accrued wages payable	80	22
Increase (decrease) in compensated absences	-	87
Increase (decrease) deferred credits	-	-
Increase (decrease) in intergov. payables	(3,115)	(336)
Increase (decrease) in due to other funds	(191)	-
Increase (decrease) in deferred revenue	(3)	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in other long-term liabilities	(9,546)	-
Misc. non-operating revenue (expenditures)	-	-
Total adjustments	<u>(2,263)</u>	<u>9,549</u>
Net cash provided by operating activities	<u>20,495</u>	<u>14,198</u>
Noncash investing, capital, and financing activities:		
Capital asset transferred from other funds	-	-
Transfer of bond debt associated with the capital transfer	-	-
Increase in fair value of investments	-	-
Capital asset trade-ins	-	-
Forgiven accrued interest payable on interfund loan	-	-

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

City of Tacoma, Washington
Proprietary Funds
Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

<u>Power Fund</u>	<u>Other Nonmajor Enterprise Fund</u>	<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
162,356	33,957	305,453	71,133
170,861	57,570	378,974	-
<u>333,217</u>	<u>91,527</u>	<u>684,427</u>	<u>71,133</u>
97,141	4,144	128,692	9,206
42,600	11,609	74,460	7,811
(9,132)	(164)	(18,133)	17
-	2,840	13,269	(57)
553	333	876	200
(1,052)	(289)	(1,678)	(178)
-	(132)	(121)	2
-	(202)	(202)	677
110	(25)	(36)	-
7,849	1,981	8,732	674
(36)	(91)	(25)	256
204	91	382	(108)
-	(190)	(190)	-
-	159	(3,292)	-
(601)	(458)	(1,250)	(76)
-	(155)	(158)	(1)
-	(276)	(276)	(1,216)
-	500	(9,046)	-
-	2,344	2,344	(178)
<u>40,495</u>	<u>17,875</u>	<u>65,656</u>	<u>7,823</u>
<u>137,636</u>	<u>22,019</u>	<u>194,348</u>	<u>17,029</u>
-	-	-	-
-	(362)	(362)	-
-	-	-	-
-	-	-	-

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

City of Tacoma, Washington
Fiduciary Funds
Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Pension and Employee Trust Funds	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 31,140	\$ 3,922
Investments, at fair value	-	-
U.S. government obligations	101,116	-
Domestic corporate bonds	199,158	-
Domestic stocks	448,018	-
International stocks	172,474	-
International bonds	12,940	-
International REITs	7,162	-
REITs	162,330	-
Security lending collateral	196,854	-
Accounts receivable: net of uncollectible accts	8,368	4
Due from other funds	16	-
Due from other governmental units	16	-
Total assets	\$ 1,339,592	\$ 3,926
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 5,844	\$ 234
Accrued wages and benefits payable	1,394	473
Deposits payable	-	18
Due to other funds	-	-
Due to other governments units	-	3,201
Investments purchase payable	13,710	-
Securities lending collateral	196,854	-
Other current liabilities	2,948	-
Total current liabilities	220,750	3,926
Non-current liabilities:		
Accrued employee leave benefits	-	-
Total non-current liabilities:	-	-
Total liabilities	220,750	3,926
NET ASSETS		
Held in trust for pension benefits and other purposes	1,118,842	-
Total net assets	1,118,842	-
Total liabilities and net assets	\$ 1,339,592	\$ 3,926

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

City of Tacoma, Washington
Fiduciary Funds
Statement of Changes in Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Pension and Employee Trust Funds
ADDITIONS:	
Employer contributions	\$ 22,146
Member contributions	11,717
Other contributions	176
Total contributions	<u>34,039</u>
INVESTMENT INCOME	
Net appreciation(depreciation) in FMV of investments	150,127
Interest and dividends	30,149
Securities lending gross income	8,949
Total investment income	<u>189,225</u>
LESS INVESTMENT EXPENSE	
Investment management fees	4,154
Security lending - agent fees	216
Security lending - broker rebates	8,409
Total investment expense	<u>12,779</u>
Net investment income	<u>176,446</u>
TOTAL ADDITIONS	<u>\$ 210,485</u>
DEDUCTIONS:	
Pension benefit payments	\$ 40,086
Health care benefit payments	6,819
Refunds of contributions	2,349
Administrative expenses	1,616
TOTAL DEDUCTIONS	<u>50,870</u>
NET INCREASE (DECREASE)	<u>159,615</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	
Net assets--beginning	959,227
Net assets--ending	<u>\$ 1,118,842</u>

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

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City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

NOTES TO FINANCIAL STATEMENTS

- 1 Summary of significant accounting policies
- 2 Reconciliation of government-wide and fund financial statements
- 3 Stewardship, compliance and accountability
- 4 Detailed notes on all funds
- 5 Pension plan(s) obligation
- 6 Deferred compensation
- 7 Interfund activity
- 8 Other Information
- 9 Claims and judgments
- 10 Contingent liabilities
- 11 Subsequent events
- 12 Detail of changes in long-term debt by debt issue

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Note 1 Summary of significant accounting policies

A. The reporting entity

The City of Tacoma is a municipal corporation incorporated February 14, 1880. The City operates under a Council-Manager form of government, and under its charter has all powers granted by the constitution and laws of the state. The City provides the full range of services contemplated by statute or charter. These include police, fire, public works, planning and development, human relations, and general administrative and support services.

The accompanying financial statements present the City and its component units. Component units are separate legal entities for which the City is financially accountable. Exclusion of these entities would cause the City's financial statements to be misleading or incomplete.

Discretely presented Component Units:

The Tacoma Community Redevelopment Authority (TCRA) is a separate public corporation established through City ordinances and the laws of the State of Washington. The TCRA was created to administer HUD programs and assists the City in economic development efforts of a business nature or with home owners. Separate financial statements for the Authority can be obtained from the Tacoma Community Redevelopment Authority, by writing to TCRA, 747 Market Street, Room 1036, Tacoma, Washington.

The Greater Tacoma Regional Convention Center Public Facilities District (GTRCC PFD) is a separate public corporation organized under Washington State law. The district was created pursuant to an interlocal agreement between the cities of Tacoma, Fife, University Place, Lakewood and Pierce County. Liability of the district is limited to the district's assets with no recourse to the City of Tacoma assets or property. The district has entered into an interlocal agreement with the City of Tacoma to assist with the construction and operation of a Convention Center. The district imposed the 0.33 percent sales and use tax authorized by RCW 82.08 and 82.12, and also has the authority to impose admission and parking taxes. The district pays these revenues to the City of Tacoma primarily for the debt service on bonds issued by the City for the construction of the Convention Center. The district assigned the title to the Convention Center inclusive of real property, buildings, fixtures, furnishings, appurtenances and improvements to the City of Tacoma. Separate financial statements for the District can be requested from the City of Tacoma Finance Department.

The Foss Waterway Development Authority (FWDA), a separate legal entity and is presented as a discretely presented component unit in the City's statements. The Authority was created on October 1, 1996 by Resolution No. 33513. Under the terms of an agreement between the City and the Authority, the FWDA manages the redevelopment of property within and along the Thea Foss Waterway. The FWDA serves both the environment and the City in taking steps to improve the enhancement of the Waterway. Separate financial statements for the Authority can be obtained from the Foss Waterway Development Authority, Tacoma, Washington.

Joint Ventures—The City participates in three joint ventures with Pierce County.

Cheney Stadium—The Tacoma City Council approves the budget and provides the operating funds for the Cheney Stadium facility. The City and Pierce County each have a fifty percent interest in the stadium's capital assets and are jointly responsible for financing deficits. The Cheney Stadium facility is not considered to be a legally separate entity. The City is responsible for operating the stadium and the results of operations.

Law Enforcement Support Agency (LESA) and the Tacoma-Pierce County Health Department—The governing bodies of both LESA and the Tacoma-Pierce County Health Department are appointed jointly by the City of Tacoma and Pierce County Councils. The City is not financially accountable for these two entities and contributes substantially less than half of their operating revenues. Financial information for both entities is included in Note 8 Section I.

B. Government-wide and fund financial statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business type. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Government-wide financial statements, the Statement of Net Assets and the Statement of Activities, report information on all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes, charges between the City's utilities and various other functions of the government, and some indirect cost allocations between the general fund and other funds of the city. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities demonstrates the degree to which the direct expenses of a given governmental function or business segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a given function or segment. Taxes, transfers between funds and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The City has elected to follow subsequent private sector guidance for its utility funds.

The City uses encumbrance accounting. Purchase orders, contracts and other commitments are recorded as encumbrances. Encumbrances at year end are reported as reservations of fund balances for governmental type funds. Encumbrances outstanding at the end of the biennium are reappropriated at the beginning of the next biennium.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred and when goods and services are received, as under accrual accounting. However, debt services expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Deferred revenues represent property taxes that were not available to finance expenditures of the current period and grant revenues received in advance. All other revenue items are considered to be measurable and available only when cash is received by the government.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements governmental column, a reconciliation is necessary to explain the adjustments needed to transform the fund based financial statements into the governmental column of the government-wide presentation. This reconciliation is part of the financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's various utilities and

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

internal service funds are charges to customers for sales and services. The City enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The City reports the following major governmental fund:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The wastewater and surface water (sewer) accounts for the planning, design, construction, operation, and maintenance of the Wastewater and Surface water facilities owned by the City.

The water utility accounts for the activities of the City's water distribution system.

The light (power) utility accounts for the activities of the City's electric production and distribution operations.

Additionally, the City reports the following fund types:

Internal service funds account for finance, budget office, BSIP project, human resources, asphalt plant, youth build Tacoma, facilities management, graphics services fund, equipment rental, radio communications, self-insurance for liability, property, unemployment compensation and worker's compensation, fleet services, health benefits fund and information systems. These funds provide services to other departments on a cost reimbursement basis.

The pension trust fund accounts for the activities of the City's retirement system, which accumulates resources for pension benefit payments to qualified city employees. The police and fire relief and pension trust funds account for the activities related to the police and fire LEOFF pension system. The employees benefit trust funds include deferred compensation and miscellaneous payroll deduction funds account for activities related to mandatory and optional payroll deductions.

Agency funds account for Law Enforcement Support Agency, Tacoma Urban Network, and Tacoma Pierce County Employment Training Consortium which the City acts as an agent for these funds.

The City has no private purpose trust funds or permanent funds.

D. Assets, liabilities and net assets or equity.

1. Cash and investments

The City's cash and cash equivalents include cash on hand, cash working fund, restricted cash, short term investments with original or remaining maturities of three months or less when purchased, and cash and investments in the City-wide investment pool. Investments, including equity in pooled cash and investments are stated at fair value, except for the pension trust fund which is reported on a trade date basis, at fair value. No direct investments restricted or otherwise, are considered to be cash equivalents. The City's uses a pooled investment portfolio. Each fund receives interest based on a pro-rata share of its cash balance to the total cash invested. Portfolio earnings are distributed monthly based on average daily cash balances of the participating funds.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at year end are referred to as either "Due to/from other funds", if current, or "advances to/from other funds", if long-term. All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Property taxes are levied in November and become a property lien as of January 1. The first half is due April 30 and the second half on October 31. If the first half is not paid by April 30, the total annual tax becomes delinquent. Property taxes are collected by Pierce County and remitted to the City monthly. An allowance for uncollectible accounts is deemed unnecessary as delinquent taxes become an enforceable lien on the property. Property taxes collected within 60 days after year end are considered measurable and available and are recognized as revenues in the fund statements. The total levy is recognized as revenue in the government-wide financial statements, regardless of when collected.

Utility receivables are shown net of an allowance for uncollectibles. The uncollectible amount is established based on an analysis of historical experience. Allowances for other receivables are not utilized because the amounts are not material.

Notes and contracts receivable signed between the City and/or the Tacoma Community Redevelopment Authority (TCRA) and various parties represent economic development efforts of either a business nature or with home owners. A large majority of the Light (electric) utility notes and contracts receivable represent energy conservation efforts between the City and home owners or businesses.

3. Inventories and Prepaid Items

Inventories for proprietary funds are valued at first-in/first out, moving average cost method, or lower of cost or market, depending on the fund. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted Assets

Restricted assets in the enterprise funds are moneys which are restricted by legal or contractual requirements. These assets are generally intended for either construction of capital assets or for the repayment of debt. See Note 4-G for further information.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City included governmental infrastructure constructed in years 2002-2006 will depreciate except for 2006 due to City's policy. Under the requirements of GASB 34, the City has included the remainder of its infrastructure assets for prior to 2002 in the 2006 statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value or the life of the asset are expensed.

Depreciation on all capital assets is recorded as an allocated expense in the government-wide Statement of Activities and in the proprietary fund statements. Capital assets are reported net of depreciation. The City uses a combination of group depreciation and straight-line depreciation over the life of the assets.

The estimated useful lives for all City funds are:

Buildings	5 – 100 years
Improvements Other Than Buildings	3 – 100 years
Library Materials	2 – 10 years
Utility Plant	5 – 75 years
Equipment	2 – 40 years
Infrastructure	20 – 50 years

6. Compensated Absences

The City has two different policies for compensated absences. The City's original policy allowed employees to accrue vacation based on the number of years worked with a maximum accrual equal to the amount earned in a

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

two-year period. These employees also accrue one day of sick leave per month without any ceiling on the maximum accrued. An employee is entitled to 25% of the value of the sick leave at retirement or death or 10% of the value upon termination for any reason. Under the City's current policy, new employees earn Personal Time Off (PTO) without distinction between vacation and sick leave. Employees who worked for the City prior to the change could choose to stay with the original policy or opt to convert to the new policy. The amount of PTO earned is based on years of service. The Tacoma Public library has slightly different rules governing sick leave and vacation leave, but these differences are not considered material to the City's financial statements.

In governmental funds, vacation pay, sick leave or PTO are recorded as expenditures when paid which occurs when used or upon employee termination. In the entity-wide statements and the proprietary fund statements, vacation pay and PTO are recorded as a liability and expense in the year earned. A liability and expense is recorded for the vested amount of sick leave.

The differences between the governmental fund statements and the entity-wide statements represent reconciling items between the fund level and government-wide financial statements. The reconciliations are included as part of the financial statements.

7. Long-Term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In governmental fund financial statements, bond premiums and discounts and bond issuance costs are treated as expenditures of the current period. The face amount of debt issued is reported as other financing sources while discounts and issuance costs are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, governmental and proprietary funds report reservations of fund balances or reservations of net assets for amounts that are not available for appropriation or are legally restricted by outside parties for use for specific purposes. Designations of fund balance or net assets represent tentative management plans that are subject to change. Restricted net assets are subject to restrictions by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provision or enabling legislation.

Note 2 Reconciliation of government-wide and fund financial statements.

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets.

The governmental fund balance sheet includes reconciliation between *fund balances—total governmental funds* and *net assets—governmental activities* as reported in the government-wide statement of net assets. As explained in Note 1 C, this reconciliation is necessary because of the differences in accounting basis, most significantly the differences in accounting for capital assets and debt.

One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$ difference are as follows:

(amounts expressed in thousands)

Bonds and leases payable	\$ 82,231
Compensated absences	<u>15,806</u>

Net adjustment to reduce *fund balance for total governmental fund* to arrive at *net assets for governmental activities* \$ 98,037

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

reconciliation between *net changes in fund balances—total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “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.”

The details of this \$ difference are as follows:

Capital outlay	\$ 32,681
Depreciation expense	<u>(29,856)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ 2,825

The issuance costs, premium and similar items on the debt issued in the current year were immaterial to the financial statements.

Another element of the reconciliation states that “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.” The details of this \$ difference are as follows:

Compensated absences	\$ (130)
Accrued interest	433
Prior year interest accrual	<u>(371)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	\$ (68)

Note 3 Stewardship, compliance and accountability

A. Budgetary information

The Tacoma City Council adopts a biennial budget using an appropriation ordinance. While not legally required by law, the City also adopts budgets for proprietary funds and some selected trust funds. There were no material violations of expenditures exceeding appropriations.

The description of the budget process, any funds that exceeded appropriations (immaterial amounts), and the budget reconciliation schedule are included in the budget notes included in the Required Supplementary Information (RSI) and Combining Statements – Nonmajor funds sections. Budgetary data for the general fund is included in the RSI and the Nonmajor governmental funds are included in the Combining Statements – Nonmajor funds section. The budgetary statements show the original budget, final amended budget and actual amounts expended for the biennium.

B. Deficit net assets (or fund balance)

The following internal services and utility funds had deficit net assets.

The Third Party Liability Claims Fund has net assets deficit due to an excess of accrued and incurred but not reported (IBNR) claims over total assets.

The Workers Compensation Fund has net assets deficit due to insufficient contributions from the departments, and an excess of accrued and IBNR claims over total assets.

The Health Benefits Fund has net assets deficit due to insufficient contributions from the departments, and an excess of accrued and IBNR claims over total assets.

However, these funds have a positive cash balance to cover on going expenditures. In addition, the City is currently studying these programs to ensure that future claims are fully funded.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

The Solid Waste Utility Fund resulted from recording landfill closure cost and post closure liability in 2002. User rates will eventually negate this deficit.

The deficit in the Conservation Project fund resulted from incurring bond debt in order to continue the conservation efforts of the City. The Bonneville Power Administration (BPA), under an agreement with the City, has committed to contributing the resources to liquidate this debt. (amounts expressed in thousands)

Fund	Deficit
Solid Waste Fund	\$ (1,851)
Conservation Project Fund	(11,711)
Third Party Liability Claims Fund	(10,541)
Workers Compensation Fund	(911)
Health Benefits Fund	(262)

C. Legal and contractual compliance

The City has complied, to the best of its knowledge, with all material finance-related legal and contractual provisions. No related party transactions have been identified.

Note 4 Detailed notes on all funds

A. Deposits and Investments

1. Legal, contractual and administrative provisions

Certificates of Deposit (CDs): The City places certificates of deposit and demand deposits only with State of Washington banks and savings and loan institutions approved as qualified public depositories under chapter 39.58 RCW by the Washington State Public Deposit Protection Commission (WSPDPC). Qualified public depositories are limited to banks operating within Washington State, which have executed a Deposit Pledge Agreement with the WSPDPC. The WSPDPC maintains a multiple financial institution collateral pool wherein the qualified public depositories pledge and transmit to a third party trustee securities through the execution of the pledge agreement, providing common collateral for their deposits of public funds. The assets of the pool and the power to make additional assessments against the members of the pool, if necessary, insure there will be no loss of public funds because of default of a member. WSPDPC allows for deposits up to the net worth of a qualified institution.

At year end, the carrying amount of the City's deposits was \$ 10,167,177.

Other Investments: State statutes authorize the City to invest in obligations of the U.S. Treasury, agencies, and instrumentalities, bankers' acceptances, commercial paper, and repurchase agreements. The City is also authorized to enter into reverse repurchase agreements. The pension trust fund is authorized to invest under the "prudent person rule".

The City sustained no investment losses during 2006, there was no significant loss potential, and there were no significant or recurring violations of administrative, legal or contractual provisions.

Security lending: The City is authorized under State Law, primarily RCW 43.84.080, RCW 39.59.020 and by the City of Tacoma Investment Policy (Tacoma City Charter Section 7.4) to make security lending transactions. Securities lent are collateralized with cash or securities having 102 percent of market value. The city did participate in security lending transactions in 2006.

Investment committee guidelines: The City's Investment Committee, composed of the Mayor, the Finance Director and the City Treasurer, recommended the following portfolio mix guidelines. These guidelines are intended to limit risk and generate a competitive return on investments. The Committee recognizes that daily transactions may misalign this mix.

1. Banker's Acceptances: City investment policy allows for purchases of banker's acceptances from the top 50 world banks as published by American Banker. Portfolio mix guidelines suggest a maximum of 40% of the total portfolio with no more than 10% of the total portfolio in any one bank.

2. U.S. Treasury Bills, Certificates, Notes and Bonds: Portfolio mix guidelines allow for a maximum of 100% of the total portfolio be invested in these securities.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

3. U.S. Government Agency Securities: Portfolio mix guidelines suggest a maximum of 90% of the total portfolio with no more than 50% of the total portfolio per agency.

4. Commercial Paper: Portfolio mix guidelines require the highest rating by at least two nationally recognized rating agencies for purchase with no more than 10% of the portfolio invested in commercial paper with an additional limit of no more than 3% in any one issuer.

5. Repurchase Agreements: Portfolio mix guidelines suggest repurchase agreements be limited to maximum of 15% of the total portfolio. The market value of collateral must exceed the dollar amount of the repurchase agreement by 2 % over the term of the agreement. The collateral must be an investment instrument which the City is authorized to purchase.

6. Reverse Repurchase Agreements: The city did not participate in any reverse repurchase agreements in 2006.

2. Deposits and investments – December 31, 2006

Custodial credit risk – deposits All bank deposits are covered 100% by federal depository insurance and pledged collateral on deposit with WSPDPC.

Foreign currency risk – deposits The city has no deposits in subject to foreign currency risk.

All certificates of deposit held by the City are in the City's name and are insured by FDIC up to \$100,000 and by the Washington Public Deposit Protection Commission (WPDPC) for amounts over \$100,000. Under Washington State statute, members of the WPDPC, a multiple financial institution collateral pool, may be assessed on a prorated basis if the pool's collateral is insufficient to cover a loss.

At December 31, 2006, the City's total deposits and investments consisted of the follow:

Schedule of Deposits and Investments
December 31, 2006
(amounts expressed in thousands)

Pooled Investments (less TCRA)	\$ 2,209,559
Certificates of Deposit	10,168
Treasurer's Cash, Net	(1,017)
Petty Cash Funds	317
Sub-Total	\$ 2,219,027
Tacoma Community Redevelopment Authority * (TCRA)	2,500
Tacoma Community Redevelopment Authority - Cash	3,796
Sub-Total (TCRA)	6,296
Total	\$ 2,225,323
Carrying Amount of City's Deposits	\$ 9,468

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

At year end, the government's investment balances, expressed in thousands, were as follows:

	Fair Value at 12/31/06
Investments:	
Financial Institutions	
WA State Local Govt Investor Pool	41,102
US Treasury Securities	2,767
Government Agencies (various)	826,862
Commercial Paper	10,570
Electric System Revenue Bonds Investments	8,761
Equity in Pool Transferred to TCRA	(2,500)
Total Investments with Financial Institutions	<u>\$ 887,563</u>
 Tacoma Community Redevelopment Authority:	
TCRA Equity in Investment Pool	2,500
Total TCRA Investments	<u>\$ 2,500</u>
 Pension Trust	
 Other Assets Not Allowable for City Investments	
U. S. Government obligations	67,516
Domestic corporate bonds	232,758
Domestic stocks	448,018
International stocks	179,636
International bonds	12,940
REITs	162,330
Securities lending collateral	196,854
Short Term Inv/Mutual Funds	21,943
Total Other Investments - Pension Trust	<u>\$ 1,321,996</u>
 TOTAL	<u>\$ 2,212,059</u>
 Less:	
Tacoma Community Redevelopment Fund	(2,500)
 INVESTMENTS AS REPORTED	<u>\$ 2,209,559</u>

3. General Disclosure and Disclosure Relating to Interest Rate Risk/Segmented Time Distribution Method

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value change in market interest rates. City of Tacoma Investment Policy allows for authorized investments up to 60 months to maturity. One way the City manages its exposure to interest rate risk is by timing cash flows from maturities so that portions of the portfolio are maturing over time to provide cash flow and liquidity needed for operations. In addition to the \$177,175,000 maturing in 12 months or less, the City for immediate use had interest earning deposits of \$41,000,000 with the State Treasurer's Local Government Investment Pool and \$10,000,000 demand deposit account with a commercial bank.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

Investment Type	Par	Maturing 12 Months Or Less	Maturing 13-24 Months	Maturing 25-36 Months	Maturing 37-48 Months	Maturing 49-60 Months
Fixed Rate Non-Callable Agency Securities	146,440,000	76,025,000	70,415,000			
Fixed Rate Callable Agency Securities	665,372,000	95,000,000	231,297,000	108,885,000	56,980,000	173,210,000
Fixed Rate Municipal Securities	7,740,000	6,150,000	1,590,000			
Total	819,552,000	177,175,000	303,302,000	108,885,000	56,980,000	173,210,000
% of Portfolio		21.6%	37.0%	13.3%	7.0%	21.1%

4. Disclosure Relating to Credit Risk

Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by state statute, which is the same in the City Investment policy and the actual rating as of the end of the year 2006 for each type of investment. AAA is the highest rating for bonds.

Investment Type	Par	Minimum Legal Requirement	Current Credit Rating			
			AAA	AA	A1	A
Fixed Rate Non-Callable Agency Securities	146,440,000	AAA	146,440,000			
Fixed Rate Callable Agency Securities	665,372,000	AAA	665,372,000			
Fixed Rate Municipal Securities	7,740,000	A		7,740,000		
Total	819,552,000		811,812,000	7,740,000	-	

5. Concentration of Credit Risk

Concentration Risk disclosure is required for all investments in any one issuer that is 5% or more of the total of the City's investments.

Issuer	Investment Type	Reported Amount	Percentage
Federal Home Loan Bank	Agency Securities	354,578,000	43.7%
Federal Home Loan Mortgage Corporation	Agency Securities	211,539,000	26.1%
Federal National Mortgage Association	Agency Securities	194,740,000	24.0%
Federal Farm Credit Corporation	Agency Securities	44,060,000	5.4%
Federal Agriculture Mortgage Corporation	Agency Securities	6,895,000	0.8%
Total		811,812,000	100.0%

6. Disclosure of Custodial Credit Risk

Custodial credit risk – Investments

The city policy is all security transactions are settled "delivery versus payment" by the City's safekeeping bank.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

B. Receivables

Receivables as of year end for the governments and enterprise's individual major funds and nonmajor, internal service and fiduciary funds, including applicable allowances for uncollectible accounts are as follows:

Accounts Receivable (amounts expressed in thousands)	General Fund	Other Gov't Funds	Sewer Fund	Water Fund	
Accounts receivable - net - ST	678	10,280	9,053	10,237	
Interest receivable - net - ST	-	30	-	-	
Taxes receivable - net - ST	13,240	972	-	-	
Loans receivable - net - ST	-		514	-	
Notes & contracts receivable - net - ST	-	1,000	-	7,148	
Interest receivable - net - LT	-	-	-	-	
Taxes receivable - net - LT	-	-	-	-	
Notes & contracts receivable - net - LT	-	-	-	-	
Total	\$13,918	\$12,282	\$9,567	\$17,385	
Accounts Receivable (amounts expressed in thousands)	Light Fund	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
Accounts receivable - net - ST	63,357	13,679	3,416	2,980	113,680
Interest receivable - net - ST	-	-	-	5,392	5,422
Taxes receivable - net - ST	-	-	-	-	14,212
Loans receivable - net - ST	-	-	-	-	514
Notes & contracts receivable - net - ST	-	59,997	-	-	68,145
Interest receivable - net - LT	-	-	-	-	-
Taxes receivable - net - LT	-	-	-	-	-
Notes & contracts receivable - net - LT	-	-	-	-	-
Total	\$63,357	\$73,676	\$3,416	\$8,372	\$201,973

C. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows (amounts expressed in thousands):

Governmental Activities	Beg Balance	Increases	Decrease	Prior Year Adj	Ending Balance
Capital assets, not being depreciated					
Land	18,954	5	(14)	-	18,945
Construction work in progress	69,057	14,343	(2,759)	-	80,641
Total capital assets, not being depreciated	88,011	14,348	(2,773)	-	99,586
Capital assets, being depreciated:					
Property, plant and equipment	161,765	10,134	(3,293)	(1,495)	167,111
Art	918	-	-	-	918
Library materials	17,961	1,902	(1,296)	3	18,570
Infrastructure	41,795	15,218	-	1,025,173	1,082,186
Total capital assets, being depreciated	222,439	27,254	(4,589)	1,023,681	1,268,785
Less accumulated depreciation:					
Property, plant and equipment	(104,702)	(9,071)	2,836	1,494	(109,443)
Library materials	(14,584)	(1,013)	1,296	-	(14,301)
Infrastructure	(2,604)	(27,583)	-	(405,859)	(436,046)
Total accumulated depreciation	(121,890)	(37,667)	4,132	(404,365)	(559,790)
Governmental activities capital assets	\$188,560	\$3,935	(\$3,230)	\$619,316	\$808,581
(net of accumulated depreciation)					

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Business-type Activities	Beg Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	123,865	34,528	-	158,393
Construction Work in Progress	137,331	78,000	(38,770)	176,561
Total capital assets, not being depreciated	261,196	112,528	(38,770)	334,954
 Capital Assets, being depreciated:				
Property, plant and equipment	2,320,157	158,315	(58,622)	2,419,850
Total capital assets, being depreciated	2,320,157	158,315	(58,622)	2,419,850
 Less accumulated depreciation:				
Property, plant and equipment	(833,672)	(74,551)	14,766	(893,457)
Total accumulated depreciation	(833,672)	(74,551)	14,766	(893,457)
 Total capital assets (net of accumulated depreciation)	 \$1,747,681	 \$196,292	 (\$82,626)	 \$1,861,347

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	241
Public Safety	1,386
Physical Environment	6
Transportation	27,789
Economic Environment	252
Mental and Physical Health	21
Culture and Recreation	161
Capital assets held by government's internal service funds are charged to the various functions based on their usage of the assets	7,811
Total depreciation expense - governmental activities	\$37,667

Business-type Activities:

Public Assembly Facilities	3,349
Rail	1,070
Solid waste	6,277
Sewer	8,694
Water	11,557
Light	42,600
Other business-type funds	913
Total depreciation expense - business-type activities	\$74,460

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

D. Leases

Capital leases

The City leases certain equipment under various capital lease agreements. Capital lease balances at December 31, 2006: (amounts expressed in thousands)

Business Activities

Tacoma Dome Energy Upgrades	\$286
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The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2006, are as follows: (amounts expressed in thousands)

Business Activities

Year Ending Dec. 31	Amount
2007	44
2008	48
2009	50
2010	47
2011-2013	154
Total minimum lease payments	343
Less: interest amount	(57)
Present value of min lease paymen	<u>\$286</u>

E. Short-term debt

The City rolled over \$24.7 million existing tax-exempt and taxable commercial paper which provided short-term financing for the construction of the Convention Center and downtown parking facilities expansion project. The commercial paper was retired by a bond issuance of Limited General Obligation 2006A Bonds in 2006. The capital lease was issued in 2001 for capital improvements for the Tacoma Dome but has been reclassified to Long-term debt. The contract payable is for short-term liabilities for the parking garage facilities.

Governmental activities:

No short-term debt was issued in 2006 or outstanding in 2005.

Business-type activities:

(amounts expressed in thousands)	Beginning Balance	Additions	Reductions	Ending Balance
Capital leases	317	-	317	-
Commercial Paper	24,700	-	24,700	-
Contract Payable	204	-	43	161
Total	\$25,221	-	25,060	\$161

F. Long-term debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$ 121.5 million. During the year, there were bonds issued in the amount of \$33.5 million to finance the construction of Police Facilities, to retire outstanding commercial paper and long-term financing for the Convention Center and to refund 1997A LTGO bonds to realize interest earnings. These issues carry variable interest rates adjusted quarterly equal to the composite interest rate earned on the investments of the City Treasury's pooled cash portfolio for the previous calendar quarter.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows: (amounts expressed in thousands)

	<u>Interest Rates</u>	<u>Amount</u>
Governmental Activities	4.39%--6.65%	\$83,472
Business-type Activities	4.45%--4.92%	\$67,410

Annual debt service requirements to maturity for General Obligation bonds and Public Works Trust Fund Loan are as follows: (amounts expressed in thousands)

	GO Bonds and Public Works Trust Fund Loans			
	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2007	4,819	2,788	990	3,390
2008	8,461	2,750	1,305	3,234
2009	4,388	2,615	1,350	3,168
2010	4,521	2,472	1,400	3,099
2011	4,661	2,319	1,460	3,029
2012-2016	23,760	14,291	8,225	14,008
2017-2021	25,590	8,669	10,120	11,884
2022-2026	7,272	324	12,680	9,183
2027-2031	-	-	16,170	5,761
2032-2036	-	-	13,710	1,561
Total	\$83,472	\$36,228	\$67,410	\$58,317

Special assessment bonds

The City has issued special assessment bonds in prior years for various capital construction purposes. These bonds will be repaid from amounts levied against the property owners benefited by this construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other foreclosure proceeds are received. As of December 31, 2006, the amount of LID Special Assessment delinquency equals \$93,461. The bond interest rates range from 3.9 to 5.9% and are payable over the next twenty years.

Annual debt service requirements to maturity for special assessment debt outstanding at year end are as follows: (amounts expressed in thousands)

	Special Assessment Debt	
	Governmental Activities	
	Principal	Interest
2007	-	53
2008	-	53
2009	-	53
2010	-	53
2011	500	53
2012-2016	-	121
2017-2021	-	121
2022-2026	2,028	121
Total	\$2,528	\$628

Revenue Bonds and Loans

The City also issues bonds where the City pledges income derived from acquired or constructed assets to pay debt service. The original amount of revenue bonds, WA public works board loans and drinking water state revolving loans issued in prior years was \$ 1.1 billion. During the year, these bonds and loans totaling \$ 136 million were issued for capital improvements for Solid Waste, Water and Rail and a treatment plant upgrade for the Sewer fund.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

Annual debt service requirements to maturity for revenue bonds outstanding at year-end are as follows:
 (amounts expressed in thousands)

	Revenue Bonds and Loans	
	Business-type Activities	
	Principal	Interest
2007	39,814	52,331
2008	81,257	50,312
2009	44,198	48,259
2010	48,847	45,924
2011	51,307	43,401
2012--2016	297,290	174,649
2017--2021	363,199	93,856
2022--2026	96,874	36,992
2027--2031	58,095	18,671
2032--2036	38,606	5,259
Total	<u>\$1,119,487</u>	<u>\$569,654</u>

Governmental activities--long-term

(amounts expressed in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
General obligation bonds	69,605	17,085	16,466	70,224	4,819
Public works trust fund loan	11,525	2,500	777	13,248	916
Bond anticipation notes	827	546	-	1,373	-
Special assessment debt	1,830	-	675	1,155	-
Total bonds and loans payable	83,787	20,131	17,918	86,000	5,735
Capital leases	48	-	48	-	-
Claims and judgments	28,083	-	1,314	26,769	21,544
Accrued employee leave benefits	17,632	11,066	11,349	17,349	1,735
Governmental activities--long-term liabilities	\$129,550	\$31,197	\$30,629	\$130,118	\$29,014

Business activities--long-term

(amounts expressed in thousands)

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Revenue bonds	1,060,001	132,277	96,420	1,095,858	38,482
Water public works board and drinking water state revolving loans	21,536	3,400	1,308	23,628	1,321
General obligation bonds	51,900	16,475	965	67,410	990
net of unamortized premium and discount	(1,767)	1,482	3,334	(3,619)	-
Bond anticipation notes	4,848	2,500	514	6,834	1,217
Capital leases	327	-	41	286	30
Environmental liability	13,379	-	9,546	3,833	2,088
Landfill closure cost liability	34,358	1,100	-	35,458	-
Accrued employee leave benefits	13,293	9,151	8,691	13,753	1,375
Business activities--long-term liabilities	\$1,197,875	\$166,385	\$120,819	\$1,243,441	\$45,503

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$1,543 of internal service funds

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

compensated absences were included in the above amounts. For governmental activities compensated absences are liquidated by the general or special revenue funds. The Water public works board and drinking water revolving loans have been separated from the revenue bonds which is how it was reported in prior years.

Tacoma Redevelopment Authority—Component unit debt—not a liability of the City

	Beginning Balance	Additions	Reductions	Ending Balance
Notes and Contracts Payable - LT	6,134		(496)	5,638
Total	\$ 6,134	-	\$ (496)	\$ 5,638

Refunding trustee

The Solid Waste fund used operating cash of \$9,977,496 to defease \$9,795,000 of the 1997 Refunding Bonds in 2006. Loss on the defeasance was \$669,531 and \$442,000 was transferred from the bond reserved fund to the bond construction bond. 2006 Series B Refund Refunding Bonds, par value \$22,315,000, were sold on September 2006 for total proceeds of \$23.8 million.

Solid Waste refunded or defeased its' 1978, 1993, 1997, and 2001 revenue and revenue and refunding bonds with proceeds of new bonds and operating cash. As of December 31, 2006, \$48.4 million of the bonds outstanding are considered refunded or defeased.

In 2006, the Sewer fund issued par value \$55 million of Sewer Revenue and Refunding Bonds for total proceeds of \$56.2 million and payable over 30 years. They used \$9.6 million of operating cash to defease \$9 million of the 1994B Revenue Refunding Bonds. The cost of the defeasance was \$899,637. The Sewer fund has no other defeased bonds.

The Water fund has \$15.5 million of outstanding 1997 Water System Revenue bonds considered defeased.

The Power fund has \$221.5 million of outstanding Revenue and Revenue and Refunding bonds considered defeased.

These refunded bonds constitute a contingent liability for Solid Waste, Sewer and Power only to the extent that cash and investments presently in the control of the refunding trustees are not sufficient to meet debt service requirement, and are therefore excluded from the financial statements because the likelihood of additional funding requirements is considered remote.

G. Restricted assets

The balance of the restricted assets accounts in the enterprise funds are as follows:
 (amounts expressed in thousands)

Cash for construction	231,012
Cash for debt service	54,601
Cash for other special purposes	93,362
Investments for other special purposes	2,776
Notes and contracts receivable	7,148
Total restricted assets	\$388,899

H. Related party transactions

The City is not aware of any related party transactions.

I. Federal Compliance Requirements for Municipal Securities Issuers.

Internal Revenue Code Sections 103 and 148-150 and U. S. Treasury Regulation Sections 1.148-1.150 require that most tax-exempt bonds issued after August 31, 1986 are subject to the arbitrage rebate requirement and the tax-exempt proceeds subject to yield restrictions.

The City monitors the tax-exempt issues for compliance and rebates.

The Internal Revenue Service (IRS) does correspondence examinations periodically. In May 2004 the IRS began an examination on 6 tax-exempt bond issues of \$225 million in bonds for Tacoma Power, Tacoma Water,

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Environmental Service and Wastewater Management and General Government. In April 2005 the City received notification from the IRS that they had successfully completed the correspondence examination. There have been no other Federal Compliance issues since then.

J. Reserved Fund balances

In the fund financial statements, the governmental funds report a reserve of fund balances that are legally segregated for a future use or are not available for appropriation.

Reserved fund balances at December 31, 2006 are as follows:

	Other Governmental Funds		Total
	General Fund		
Reserved for:			
Encumbrances	1,400	13,727	15,127
Advances to other funds	7,499	2,580	10,079
Other purposes	654	1,000	1,654
 Total reserved fund balance	 \$ 9,553	 \$ 17,307	 \$ 26,860

Reserved for encumbrances. A reserve is reported to recognize outstanding commitments in subsequent periods.

Advances to other funds. The reserve should agree with the advances to other funds to segregate current financial resources that are not available for appropriation.

Other purposes. The reserve is used to match the reservation of fund balance to the long-term receivables, and inventory reported in the governmental funds. Even though, this represents a financial resource, this does not constitute a current financial resource because the receipt is not expected until future years.

Note 5 Pension plan obligations

Employees of the City, other than law enforcement officers, firefighters, and railroad employees, are covered by the Tacoma Employees' Retirement System, an actuarially funded system operated by the City. Law enforcement officers and firefighters are covered by the Law Enforcement Officer and Firefighter Retirement System (LEOFF) which is operated by the State of Washington for law enforcement officers and firefighters throughout the State of Washington. Additionally, the City administers two single employer pension funds as required by State Statute - a Police Relief and Pension Fund and a Firemen's Relief and Pension Fund.

A. Tacoma Employee's Retirement System Fund (TERS)

1. Administration of the System: The "Tacoma Employees' Retirement System" is a local single employer defined benefit pension retirement plan covering City of Tacoma employees. The Board of Administration of the Tacoma Employees' Retirement System administers the plan and benefit provisions are established in accordance with Chapter 41.28 Revised Code of Washington and Chapter 1.30 of the Tacoma City Code. There are currently 1,734 retirees and beneficiaries receiving benefits, 308 vested terminated employees entitled to future benefits; and 2,968 active members of Tacoma Employees' Retirement System, as of December 31, 2006.

2. Basis of Accounting: The financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed, and expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

3. Investments: Equity securities, fixed income securities, real estate, and short-term investments are all reported on a trade date basis, at fair value. Fair value was determined by our custodian bank utilizing standard industry practices and verified by our performance consultant. No more than 5% of any TERS portfolio at cost may be invested in the securities of a single issuer or in a single tangible asset, excluding securities issued by the U.S. government or its agencies. Further, no more than 1.5% of any TERS stock or bond portfolio at cost may be invested in the securities of any company with less than \$75 million in available market capitalization in that class of security.

4. Contracts: The system has no securities of the employer and related parties included in the plan assets. The

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

system has not made any loans to the employer in the form of notes, bonds, or other instruments.

5. Benefits: The pension received upon retirement is a product of the member's average monthly salary for the highest consecutive 24-month period, the number of years of membership credit, and a percentage factor (2% maximum) which is determined based on the member's age and years of service. The system also provides death and disability benefits.

6. Contribution Rates: Covered employees are required by Chapter 1.30 of the Tacoma City Code to contribute 6.44% of their gross wages to the System and the employer contributes 7.56% for a total of 14.0% of gross wages contributed. During 2006, contributions totaling \$24.9 million (\$13.2 million by the employer and \$11.7 by employees) were made in accordance with the actuarially determined contribution requirements. The employer contribution rate is determined by actuarial funding method identified as the "entry age cost method".

7. GASB Statement 25: The note disclosures above emphasize the employer disclosures with additional detailed information presented in an independent annual report issued by the Retirement System. Further detailed information regarding these disclosures can be found in that report which may be obtained by writing to Tacoma Employees' Retirement System, 747 Market Street, Room 1544, Tacoma, WA 98402.

8. Funding Status and Progress: Five-year historical trend information about TERS is presented with supplementary information and can be found in the required supplementary information section of this report. This information is intended to help assess TERS funding status on a going-concern basis, and assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems.

9. Actuarial Methods and Significant Actuarial Assumptions:

Valuation Date:	January 1, 2007
Actuarial Cost Method:	Entry Age
Amortization Method:	Level Percentage of the System's Projected Payroll
Remaining Amortization Period:	18.6 years (Open)
Asset Valuation Method	Assets are valued at market value, with a four year smoothing of all market value gains and losses.
Actuarial Assumptions:	
Investment Rate of Return	7.75%
Projected Salary Increases	4.0%
Includes Inflation at	3.25%
Cost of Living Adjustments	2.125%

Analysis of the dollar amounts of plan net assets, actuarial accrued liability, and unfunded actuarial accrued liability in isolation may be misleading. Expressing plan net assets as a percentage of the actuarial accrued liability provides one indication of Tacoma Employees' Retirement System funding status on a going-concern basis. Analysis of this percentage over time indicates whether the system is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in the unfunded actuarial accrued liability and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liability as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids in analysis of Tacoma Employees' Retirement System progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

Annual Pension Cost and Net Pension Obligation:

The City's annual pension cost and net pension obligation to the Retirement System for the current year were as follows:

	(amounts in millions)
Annual Required Contribution (ARC):	\$ 13.2
Adjustment to ARC:	<u>0</u>
Annual Pension Cost (APC):	<u>13.2</u>
Contributions made:	<u>13.2</u>
Increase/(Decrease) in Pension Obligation:	<u>(0)</u>
Net Pension Obligation at beginning of year:	<u>(.4)</u>
Net Pension Obligation at end of year:	<u>\$ (.4)</u>

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

<u>Year Ending</u>	Trend Information (\$ in millions)		
	<u>Annual Pension Cost(APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/2002	\$ 11.6	100%	\$(.4)
12/31/2003	\$ 11.6	100%	\$(.4)
12/31/2004	\$ 13.0	100%	\$(.4)
12/31/2005	\$ 13.1	100%	\$(.4)
12/31/2006	\$ 13.2	100%	\$(.4)

B. Law Enforcement and Firefighters' Retirement System (LEOFF)

The City of Tacoma contributes to the LEOFF system, a contributory cost sharing, multi-employer retirement plan administered according to state statute by the State of Washington through the Department of Retirement Systems, per RCW 41.26, for all uniformed law enforcement officers and firefighters. The LEOFF system contains two plans. Retirement benefits are financed by employee and employer contributions, investment earnings and legislative appropriation.

Participants who joined the system by September 30, 1977 are Plan I members. Those who joined thereafter are enrolled in Plan II. LEOFF provides retirement and disability benefits, and death benefits to plan members and beneficiaries. The benefit provisions were established under the authority of legislative statute.

Contribution rates for LEOFF Plan I are developed by the Office of State Actuary to fully fund the system. LEOFF Plan I members are required to contribute 0% of their annual covered salary and the City is required to contribute 0.19% during January 2006 through August 2006 and 0.18% beginning September 2006. The State is responsible for the balance of the funding.

LEOFF Plan II employers and employees are required to pay at the level established by the legislature. LEOFF Plan II members are required to contribute 6.99% during January 2006 through June 2006, 7.79% during July 2006 through August 2006, and 7.85% beginning September 2006 of their covered salary. The City is required to contribute 4.39% January 2006 through June 2006, 4.87% July 2006 through August 2006, and 4.90% beginning September 2006. The methods used to determine the contribution requirements were established under the authority of legislative statute.

The City's contribution for the years ending December 31, 2006, 2005, and 2004 of \$2.6 million, \$2.2 million, and \$1.8 million, respectively, are equal to the required contributions for each year. This represents the City's full liability under the system, except for certain medical and disability obligations as covered under the Police and Firefighter's Relief and Pension Funds outlined below.

Pursuant to GASB Statement 27, the note disclosures above provide the employer disclosures and summarize detailed information presented in the independent CAFR issued by the State of Washington. Further detailed information regarding these disclosures can be found in that report. That report may be obtained by writing to State of Washington, Office of Financial Management, Insurance Building, P.O. Box 43113, Olympia, WA 98504-3113.

C. Police and Firefighter's Relief and Pension Funds

1. Plan description:

The Police Relief and Pension Fund (PRP) and the Fire Relief and Pension Fund (FRP) are single-employer, defined benefit pension funds established and administered by the City in accordance with the requirements of the RCW. Since the effective date of the LEOFF on March 1, 1970, no payroll deductions for active employees have been taken under these pension plans.

These plans also provide post-employment healthcare benefits to members of the plans and certain excess pension benefits to LEOFF members hired prior to October 1, 1977.

No new employees have been covered by either of these plans since March 1, 1970. Pension obligations for all firefighters and law enforcement officers retired since March 1, 1970, whether hired before or since that same date, have been assumed by the State of Washington Law Enforcement Officers' and Firefighters' Retirement System (LEOFF), with the exception of certain minimal benefits in excess of the LEOFF benefits. There are 0 active Police Officer and 2 active Firefighters with prior rights covered under these plans as of December 31,

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

2006. Retirees and beneficiaries of deceased retirees eligible to receive pension benefits currently number 215 for the PRP and 261 for the FRP as of December 31, 2006. There are no terminated employees under either plan who are entitled to benefits but not receiving them.

A member of the FRP is eligible for retirement after completion of service for a period of five years or more and attainment of age 50. A member is eligible for disability benefits if disabled for a minimum of six months. An individual becomes vested after five years of service. A member of the PRP is eligible for benefits after completing 25 years of service. An individual becomes vested after five years of service. Since there have been no new employees covered under these systems since 1970, all employees are fully vested.

The PRP and FRP make three types of payments: (1) pensions to eligible members retired prior to March 1, 1970, (2) amounts to certain eligible members retired after that date if the amount received from LEOFF does not equal or exceed the amount entitled from the appropriate prior pension fund, and (3) medical services for both active and retired firefighters and law enforcement officers, excluding those hired since October 1, 1977. The medical services are an obligation that may be paid directly from the City's General Fund if so desired. The pension benefits are tied to the current pay rates for the rank the members held at retirement and/or the cost of living index. Benefits are established in accordance with RCWs 41.16, 41.18, 41.20, and 41.26.

Benefits are calculated based on length of service (a percentage for each year of service) and on the final average salary (calculated over the last two years of credited service). There were no changes in benefit provisions in the current year.

Each police officer or firefighter in service on March 1, 1970 receives the greater of benefit payable under the LEOFF system and the benefits available under the old law. Where benefits under the old law exceed those under LEOFF, the excess benefits are paid by the Pension Fund of the City employing him/her on March 1, 1970.

Post-retirement medical benefits are available to firefighters and law enforcement officers hired before October 1, 1977 only. For retirees before June 8, 1961, only medical expenses that are directly related to their disability retirement are eligible for payment. Those who retired or will retire after June 8, 1961, have medical insurance paid by the City through the City's normal medical insurance carrier. The City will also pay any expense in excess of those covered by the medical insurance carrier. All benefits are funded on a pay-as-you-go basis. At December 31, 2006, there were 242 retired law enforcement officers and 287 retired firefighters who are eligible for medical coverage (this does not include active employees).

The post retirement medical benefits are accounted for in the PRP and FRP trust fund financial statements. Since these benefits are paid on a pay-as-you-go basis - the beginning fund balance is zero; contributions of \$3.1 million and \$3.7 million were made for PRP officers and FRP officers, respectively, which equaled benefits paid; and the ending fund balance is zero.

2. Basis of Accounting:

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues in the period in which they are due and the City has made a formal commitment to provide the contributions. Expenses are recorded when the liabilities are recognized when due and payable in accordance with terms of the plan.

3. Investments:

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value.

4. Contributions required and contributions made:

The PRP is funded entirely from a biennially budgeted contribution from the City's General Fund. Funding of these benefits is required by RCW. The General Fund is responsible for ensuring that the fund has adequate cash to pay its obligations each year. Total contributions to the PRP were \$3.2 million in 2006.

The FRP is funded from two sources: (1) 22-1/2 cents per \$1,000 of assessed valuation has been earmarked from property taxes as authorized by R.C.W. 41.16.060, and 25% of the tax on fire insurance premiums collected by the State is earmarked by State law for distribution to cities for this purpose. This amount was \$4.5 million in 2006; and (2) the balance of 1.1 million is made up of a biennially budgeted contribution from the City's General Fund. Funding of these benefits is required by RCW. Total contributions to the FRP were \$5.6 million in 2006. There have been no required employee contributions to the police and firefighter's relief and pension plans since

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

March 1, 1970.

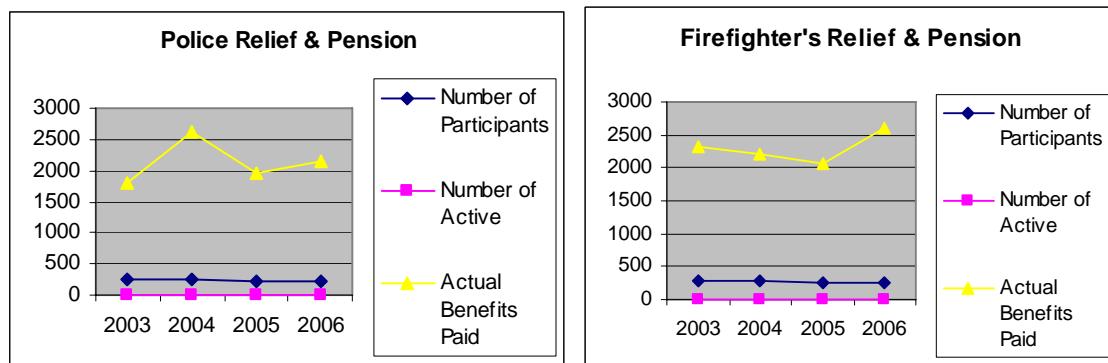
An actuarial valuation of these funds will no longer be performed on these plans because all monies in the "prior" system funds were transferred to the State of Washington on March 1, 1970. No new employees have been covered by either of these plans since March 1, 1970. These plans are funded on a "pay as you go" basis using a cash flow projection performed by Milliman rather than an actuarial funding plan to liquidate liabilities which is not considered material. The City uses this cash projection to budget annual amounts to transfer to these funds for benefits. Actual expenditures may be greater or less than the budgeted amounts. Monies are transferred as needed.

The number of participants and actual benefits paid (in thousands) has been fairly constant over the years:

Year End	Police Relief & Pension		Actual Benefits	Year End	Firefighter's Relief & Pension		Actual Benefits
	Number of Participants	Active			Participants	Active	
12/31/2003	253	1	\$1,798	12/31/2003	289	3	\$2,333
12/31/2004	251	1	2,606	12/31/2004	291	3	2,211
12/31/2005	223	0	1,962	12/31/2005	265	3	2,070
12/31/2006	215	0	2,146	12/31/2006	261	2	2,603

The financial statements of the PRP and FRP are included in the City's annual financial report in the Combining Fiduciary statement section. Further detailed information regarding these pension plans may be obtained by writing to the City of Tacoma - Fire and Police Pension, 747 Market Street, Room 1520, Tacoma, WA 98402.

(Tables amounts for Actual Benefits Paid expressed in thousands)



Note 6 Deferred Compensation

The City offers its employees a deferred compensation plan through a third party created in accordance with Internal Revenue Code Section 457. The plan, available to all City permanent full-time and part-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, disability, death, or unforeseeable emergency, but the plan does offer a loan provision. An employee may defer 100% of their salary net of employee pension contributions and any Section 125 deductions. The 2006 contribution limits are \$15,000 for regular deferral, \$30,000 for pre-retirement and \$20,000 for age 50 provision deferrals. The City has agreed through contract negotiation with the Police union and the Fire union to match contributions made by all Policemen and Firemen up to a maximum of \$192 per pay period.

Note 7 Interfund activity

Interfund activity is composed of three types of transactions. Transfers represent a sharing of resources between funds. At the fund level, these transfers increase or decrease individual funds resources, but they do not affect the City's total resources. Advances to and from other funds are loans between funds for capital or cash flow

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

purposes. Due to and due from other funds represent internal charges for services except for billings for utility services which are considered "external" in nature. These internal activities do not represent inflows or outflows of the City's resources; rather, they reflect resources being moved within the City. The effects of these transactions are included in the City's fund statements but are removed from the entity-wide financial statements.

The composition of interfund balances (amounts expressed in thousands) at December 31, 2006 is as follows:

Interfund balances--2006 (amounts expressed in thousands)

Due To	Due From									Total
	General Fund	Sewer	Water	Power	Internal Service	Nonmajor Governmental	Nonmajor Business-Type	Pension and Trust Funds		
General Fund	-	3	754	59	140	595	2,500	-	\$4,051	
Sewer	483	-	-	203	11	2	6	-	\$705	
Water	-	-	-	494	8	-	-	-	\$502	
Power	650	3	4	-	146	-	38	14	\$855	
Internal Service Funds	74	13	5	184	13	-	-	-	\$289	
Nonmajor Governmental Funds	651	-	-	2	17	519	-	-	\$1,189	
Nonmajor Business-Type Funds	454	1	-	182	24	-	173	1	\$835	
Pension and Trust Funds	-	-	-	1	-	-	-	1	\$2	
	\$2,312	\$20	\$763	\$1,125	\$359	\$1,116	\$2,717	\$16	\$8,428	

Interfund balances result when transactions are recorded in the accounting system and payments are made between funds during the 13th period (period from after December 31st, 2006 until year-end close).

Advance From and To other funds

Advance From	Advance To			Total	
	Nonmajor Governmental				
	General Fund	Nonmajor Governmental	Total		
Nonmajor Governmental	-	130	\$130		
Nonmajor Business-Type	4,950	2,450	\$7,400		
Internal Service Funds	2,549		\$2,549		
	\$7,499	\$2,580	\$10,079		

The below information provides detail of the interfund payable transactions:

The amount of \$130,000 due to Nonmajor Governmental Funds from Nonmajor Governmental Funds resulted from loans to pay for condemnation and acquisition of certain blighted property and for asbestos removal, demolition, and site cleanup of said City-owned parcels.

The amount of \$4,950,000 due to the General Fund from Nonmajor Business-Type resulted from the installation of a new septic system at Tacoma Narrows Airport. Additionally, in 2006 the Airport loan with the Convention Center is now obligated to be paid to the General Fund which is for the Tacoma Narrows Airport to purchase Sunriver Asset Management, LLC, buildings and the leasehold on which the buildings are located and to provide financing for certain Tacoma Narrows Airport improvements. The balance of these loans should be paid within subsequent years. The Mountain Division Rail is also experiencing a negative cash flow and a loan was authorized to provide for its solvency until a business plan and rate study is completed.

The amount of \$2,450,000 due to Nonmajor Governmental from Nonmajor Business-Type resulted from loans to provide bridge funding for railroad upgrade work, construction of a rail-loading facility upon railroad right-of-way owned by the City.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

The amount of \$2,549,000 due to the General Fund from Internal Service Funds resulted from loans to pay for the cost of rehabilitation and acquisition of the Tacoma Municipal Building.

Transfers Out	Transfers In				
	Non-Major Governmental Funds		Non-Major Business-Type Funds	Internal Service	Total
	General Fund				
General Fund	-	2,007	869	2,451	\$5,327
Sewer	5,379	-	-	104	\$5,483
Water	4,182	-	-	120	\$4,302
Power	24,380	-	-	177	\$24,557
Non-Major Governmental Funds	125	194	3,606	67	\$3,992
Non-Major Business-Type Funds	5,707	-	362	99	\$6,168
Internal Service Fund	500	49	-	-	\$549
	\$40,273	\$2,250	\$4,837	\$3,018	\$50,378

The information below provides details of the interfund transfer transactions:

\$2,007,000 was transferred from General Fund to Nonmajor Governmental for reimbursement for the Art program and for continuous capital improvements.

\$869,000 was transferred from General Fund to Nonmajor Business-Type to assist the Theatres (BCPA) throughout the year and to support operations.

\$2,451,000 was transferred from General Fund to Internal Service to assist with facility maintenance for City-owned buildings and to payoff an interfund loan that was authorized for immediate needs for the police department facilities.

\$5,379,000 was transferred from Sewer to General Fund to record the transfer of 2006 billed and unbilled gross earnings tax.

\$104,000 was transferred from Sewer to Internal Service to record a donated vehicle for Equipment rental fund.

\$4,182,000 was transferred from Water to General Fund to record the transfer of 2006 billed and unbilled gross earnings tax.

\$120,000 was transferred from Water to Internal Service fund to record 2006 Fleet Services contribution.

\$24,380,000 was transferred from Power to General Fund to record the transfer of 2006 billed and unbilled gross earnings tax.

\$177,000 was transferred from Power to Internal Service fund to record 2006 Fleet Services contribution.

\$125,000 was transferred from Nonmajor Governmental to General Fund to support the Fire department operations.

\$194,000 was transferred from Nonmajor Governmental to Nonmajor Governmental to record reimbursement for LID projects and to reimburse Streets fund for street-related improvements.

\$3,606,000 was transferred from Nonmajor Governmental to Nonmajor Business-type to transfer the pledge revenue from the Tourism and Convention Special Revenue fund to Convention Center fund and to record contributions to the Mountain Division from the Capital Projects fund.

\$67,000 was transferred from Nonmajor Governmental Fund to Internal Service Funds to record a donated vehicle for Equipment rental fund.

\$5,707,000 was transferred from Nonmajor Business-type to General Fund to record the transfer from Tacoma

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Rail and Solid Waste for 2006 billed and unbilled gross earnings tax and to reimburse for property tax revenue used to liquidate the GO bond related to General Government Capital Projects.

\$362,000 was transferred from Nonmajor Business-type to Nonmajor Business-type to record the transfer of the Convention Center Parking Garage associated debt from the Convention Center fund to the Parking Garage fund.

\$99,000 was transferred from Nonmajor Business-type to Internal Service Funds to record 2006 Fleet Services contribution.

\$500,000 was transferred from Internal Service Funds to General fund to record the transfer of cash from the Graphics Services fund.

\$49,000 was transferred from Internal Service Funds to Nonmajor Governmental fund for a grant match for the Technology grant.

Note 8 Other information

A. Accounting changes

In May 2004, GASB issued Statement No. 44, Economic Condition Reporting: The Statistical Section – an amendment of NCGA Statement 1. This statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that assist the preparation of the statistical section. The statistical section presents detailed information, in ten year trends, which assist users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. This statement provides new information that financial statement users consider essential. This statement was effective for the City's fiscal year ended December 31, 2005.

Starting in fiscal year 2005, Foss Waterway Development Authority (FWDA) was presented in the City's financials as a discretely presented component unit which had previously been presented as an Enterprise fund. The presentation change was based on FWDA not providing services entirely or almost entirely for the City.

B. Risk management

The City is self-insured for general liability, medical and dental insurance, unemployment insurance and worker's compensation and records its claims and liabilities in the accrual basis of accounting. Liabilities include an estimate for Incurred But Not Reported (IBNR) claims. The estimate for reported claims is based on Risk Management and Legal Departments' projections and is adjusted annually. The IBNR for the self-insured employee's benefits is based on an average of 2-months claims from the reporting year. The General IBNR liabilities are calculated by a periodic actuarial study. The handling and paying of all general liability claims for which the City is found legally liable is accounted for in either the Self-Insurance Claim Fund (5550) or the TPU Self Insurance Claim Fund 4800. Monies are appropriated from various cost centers based on prior claims history and paid to these funds.

The Self-Insurance Program is maintained in conformity with all laws, rules and regulations pertaining thereto and in accordance with the Revised Code of Washington in RCW 35.21.085 (2). The City has carried a supplemental general liability policy with a \$20 million limit and a \$3 million deductible, renewable on August 13 of each year. As of August 2006, the policy has a \$15 million limit with a \$3 million self-insured retention. This policy is provided to supplement the City's current self-insurance risk for settlements in excess of \$3 million. Supplemental liability policies are also held specifically for the Airport. This policy renews October 1st of each year.

The City also has a policy to cover extraordinary worker's compensation claims with a liability limit of \$25 million with a \$1 million retention. This policy renews January 1st of each year.

The city carries property coverage with a maximum single occurrence limit of \$500,000,000 with \$100,000 deductible per occurrence, with exceptions. Earthquake coverage has a 5% or \$250,000, whichever is greater per building deductible. This policy renews March 1st of each year.

The TPU Self-Insurance Claim Fund was established in 1979 to cover general liability claims of the Light and Water divisions. The Belt Line Railroad became a participant in 1985. Total assets in this fund are \$4.5 million. Settlement payments were within amounts available for coverage for the last three years—2006, 2005 and 2004. Changes in estimated claims settlements liability for the past two years were as follows:

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

(amounts expressed in thousands)

	Self Insurance Fund		Workers Compensation Fund		TPU Self Insurance Fund	
	2006	2005	2006	2005	2006	2005
Balance Jan 1, 2006	13,986	30,454	1,553	1,181	5,525	2,772
New Claims	1,165	4,649	2,085	2,258	71	3,695
Adjustments to Claims	1,490	(17,714)	2,355	1,338	(4,243)	(623)
Claims Payment	(1,021)	(3,403)	(3,318)	(3,224)	(504)	(319)
Balance Dec. 31, 2006	\$15,620	\$13,986	\$2,675	\$1,553	\$849	\$5,525

C. Prior Period Adjustments

Prior Period adjustments are used for the correction of an error or the implementation of a new authoritative standard.

Subsequent to the issuance of the December 31, 2006 financial statements, prior period adjustments were made.

(amounts expressed in thousands)

Fund Name	Amount	Description
General Fund		(255) To transfer street vacation funds recorded in the General Fund in 2005 which should have been receipted in the PW Facilities Right-of-Way Streets fund. Additionally, an increase to Allowance for uncollectible accounts was made to properly reflect the amount of EMS accounts receivable the City did not expect to receive. A four-year historical average was utilized to arrive at the amount adjusted. (828) To adjust Allowance for Uncollectible accounts for Tax and License for prior years.
Courts		(9) To account for a prior year grant accrual.
Public Works Streets	385	To account for capital outlay (infrastructure) not recognized in prior year.
PW Facilities Right-of-Way Streets	293	To transfer street vacation funds recorded in the General Fund in 2005 which should have been receipted in the PW Facilities Right-of-Way Streets fund.
Local Improvement Guaranty	(11)	To adjust the deferred debits balance to zero. This balance was used to account for City-owned property.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

Fund Name	Amount	Description
Tacoma Fire Dept Emergency Medical Svcs	(826)	An increase to Allowance for uncollectible accounts was made to properly reflect the amount of EMS accounts receivable the City did not expect to receive. A four-year historical average was utilized to arrive at the amount adjusted.
Public Assembly Facilities Tourism & Convention	(1,112)	To record a transfer made for 2005 Hotel/Motel tax contribution.
Information Technology Cable TV	3	To record a correction for capital outlay from 2005.
Entity-Wide Statements		
Governmental Activities	(743)	To reverse the correct amount for prior year tax levies. To make a correction for a duplication of City-owned property.
	619,234	Due to the requirements of GASB 34, the City has included the remainder of its infrastructure assets for prior to 2002 capital assets.
Total	616,131	
Business Activities		
Sewer Fund	764	GASB No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities", was effectively implemented in 2006. FAS No. 154 requires a restatement and disclosure of this change and the impact on the financial statements. Prior to 2006, the difference between the reacquisition price and the net carrying amount of the old debt was deferred and amortized as a component of interest expense over the remaining life of the new debt. This change recognizes the amortization period as the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, the straight line method of amortization was implemented.
Water Fund	(10,361)	Tacoma Water recognized System Development Charges as non-operating revenues (capital contributions - cash) in the period that cash was received instead of recognizing revenue when it was earned. The generally accepted accounting principle of revenue recognition requires a change in accounting measurement from cash to accrual basis of accounting for system development charges collected. These revenues are considered to be earned and recognizable when Tacoma Water provides a hook up connection to provide water service to the entity paying the system development charge. Cash received prior to installation will be recorded as deferred revenues until the point in time when the critical earnings event required by the revenue recognition principle has been completed.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

Fund Name	Amount	Description
Power Fund	(1,032)	To restate net assets due to a miscalculation in determining the Invested in Capital Assets, Net of Related Debt.
Convention Center & Bicentennial Pavilion	3,755	To record a transfer made for 2005 Hotel/Motel tax contribution. To adjust the transfer made to Public Facilities Assembly District.
Cheney Stadium	25	To account for advertising revenue received in 2006 for 2005 services.
Solid Waste Fund	(88)	GASB No. 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities", was effectively implemented in 2006. FAS No. 154 requires a restatement and disclosure of this change and the impact on the financial statements. Prior to 2006, the difference between the reacquisition price and the net carrying amount of the old debt was deferred and amortized as a component of interest expense over the remaining life of the new debt. This change recognizes the amortization period as the remaining life of the old debt or the life of the new debt, whichever is shorter. In addition, the straight line method of amortization was implemented.
Tacoma Rail	79	To adjust the initial inventory stock account balance due to SAP conversion.
Total	(6,858)	

D. Segment Information

The following are the three segment enterprise funds maintained by the City. Segment information was as follows:

(amounts expressed in thousands)

CONDENSED STATEMENT OF NET ASSETS

	Convention Center & Bicentennial Pavilion Fund	Solid Waste Fund	Tacoma Rail	Total
Assets:				
Current assets	5,146	25,964	5,782	36,892
Due from other funds	2,508	6	157	2,671
Restricted assets	-	52,465	2,340	54,805
Capital assets	82,023	53,867	7,555	143,445
Other non-current assets	1,353	955	10	2,318
Total Assets	91,030	133,257	15,844	240,131
Liabilities:				
Current liabilities	1,961	12,257	1,795	16,013
Due to other funds	-	585	80	665
Current liabilities payable from restricted assets	-	693	-	693
Non current liabilities	79,817	121,573	4,787	206,177
Total Liabilities	81,778	135,108	6,662	223,548
Net assets:				
Invested in capital assets, net of related debt	1,084	16,550	5,222	22,856
Restricted	-	49,366	2,340	51,706
Unrestricted	8,168	(67,767)	1,620	(57,979)
Total net assets	\$ 9,252	\$ (1,851)	\$ 9,182	\$ 16,583

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

**CONDENSED STATEMENT OF REVENUES,
 EXPENSES, AND CHANGES IN NET ASSETS**

	Convention Center & Bicentennial Pavilion Fund	Solid Waste Fund	Tacoma Rail	Total
Operating revenues	3,210	51,337	15,012	69,559
Depreciation expense	(2,098)	(6,277)	(752)	(9,127)
Other operating expenses	(4,553)	(33,748)	(14,677)	(52,978)
Operating income	(3,441)	11,312	(417)	7,454
Nonoperating revenues (expenses):				-
Interest revenue	661	2,038	128	2,827
Interest expense	(4,270)	(3,809)	(87)	(8,166)
Other nonoperating revenues (expenses)	-	(510)	853	343
Capital contributions		2	37	39
Transfers	3,114	(4,023)	(1,379)	(2,288)
Change in net assets	(3,936)	5,010	(865)	209
Beginning net assets	9,433	(6,773)	9,968	12,628
Prior period adjustments	3,755	(88)	79	3,746
Ending net assets	\$ 9,252	\$ (1,851)	\$ 9,182	\$ 16,583

CONDENSED STATEMENT OF CASH FLOWS

	Convention Center & Bicentennial Pavilion Fund	Solid Waste Fund	Tacoma Rail	Total
Net cash provided (used) by:				
Operating activities	3,070	19,712	(116)	22,666
Noncapital financing activities	3,476	(14,121)	(1,378)	(12,023)
Capital and related financing activities	(12,671)	15,117	1,615	4,061
Investing activities	918	2,086	129	3,133
Net increase (decrease)	(5,207)	22,794	250	17,837
Beginning cash and cash equivalents	10,110	49,339	4,733	64,182
Ending cash and cash equivalents	\$ 4,903	\$ 72,133	\$ 4,983	\$ 82,019

E. Tacoma Community Redevelopment Authority (formerly the Municipal Authority)

The Tacoma Community Redevelopment Authority (TCRA) can borrow from the Federal Financing Bank in the form of a promissory note commonly referred to as the Section 108 Loan or 108 Note, which note specifically provides that it is not a debt of the City and that the City shall have no liability thereon. The Department of Housing and Urban Development (HUD) has guaranteed repayment of any 108 Note to the Federal Financing Bank and, in accordance with an agreement between HUD, the City and the TCRA, the City has agreed in essence that if HUD must make good on its guarantee to the Federal Financing Bank than any default by the TCRA on a 108 Note could constitute HUD keeping federal Community Development Block Grant (CDBG) funds which otherwise would be available to the City or the TCRA. This agreement specifically provides that any obligation of the City is payable only from federal CDBG funds pledged, and no liability or obligation arising under the agreement shall constitute a debt or indebtedness of the City.

Further detailed financial information regarding the TCRA is contained in audited financial statements prepared by the TCRA and is available upon request from the TCRA.

F. The Performing Arts Center

In February 1983, the City of Tacoma transferred to the Tacoma Community Redevelopment Authority, which is reported as a component unit in the City's financial statements, the newly renovated Pantages Theatre for \$3 million. The transfer was accounted for by reducing the related contributed capital for the project directly against the cost of the project since the transaction occurred within the City's reporting entity. When the transfer occurred, the total cost of the project amounted to \$6.5 million.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

As a result of subsequent transactions, the City entered into an Operating Agreement for possession and use of the building for a term of 35 years with one 10-year and one 20-year automatic renewal options. The future minimum annual lease payments paid by the Performing Arts Center Fund calculated at an implicit interest rate of 8 percent are as follows (amounts expressed in thousands):

2006	\$ 451
2007	417
2008	386
2009	357
2010	346
2011-2015	1,382
2016-2020	881
2021-2025	402
2026-2028	177

In addition, the future annual minimum sublease payments received by the Performing Arts Center Fund calculated at an implicit interest rate of 8 percent are as follows (amounts expressed in thousands):

2006	\$ 402
2007	372
2008	345
2009	319
2010	311
2011-2015	1,240
2016-2020	725
2021-2025	99
2026-2028	44

G. Tax expense – Utility Funds

The taxes expense shown in the statements for Enterprise Funds consists primarily of an 8.0% tax upon gross earnings for the Water, Beltline Railroad, Storm Drain, Sewer and Solid Waste Funds and a 6.0% tax upon gross earnings for the Light Fund that is paid to the General Fund. Non-governmental utilities also pay gross earnings tax at the following rates: Natural Gas, 6%; Cable TV, 8.0%; Electricity, 6%; Solid Waste Collection, 8% and Telephone, 6.0%.

H. Results of operations of joint ventures

As discussed in Note 1, paragraph A, the Tacoma-Pierce County Health Department, and the Law Enforcement Support Agency (LESA) are joint ventures with Pierce County. Summary financial information on the joint ventures are listed below for the year of the last audited financials. These figures reflect the information as prepared and submitted to the City by the various entities. Cheney Stadium is included even though reported in the Combining Statements for Nonmajor Enterprise Funds. The City is the fiscal agent for LESA and Cheney Stadium. Additional information about each entity can be obtained from separately published financial statements by each entity. None of the joint ventures have long-term bonded debt. Current debt is secured by a combination of assets and unrestricted net assets. The joint ventures have accrued sick leave and vacation liabilities as follows (amounts expressed in thousands):

Cheney Stadium	\$ 0
LESA	0
Health Department	1,247

Cheney Stadium - The City of Tacoma and Pierce County both have an equal share interest (50% each) in the capital assets and both are jointly responsible for financing deficits.

Law Enforcement Support Agency and Tacoma-Pierce County Health Department - The City and Pierce County are jointly responsible for approving the organizations' budgets, financing their deficits, receiving entitlement to their surpluses, and funding their operations (approximately 50% each).

City of Tacoma, Washington
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Financial information for the joint ventures for the last audited year are summarized below:

JOINT VENTURES

(amounts expressed in thousands)

	Cheney	Health	
	Stadium	LESA	Department
Balance Sheet Date	12/31/06	12/31/04	12/31/05
Total Assets	\$2,753	\$4,065	\$12,684
Total Liabilities	4	1,416	2,970
Total Net Assets	2,749	2,649	9,715
Non-current liabilities	-	572	1,422
Capital Assets (net of accumulated depreciation)	1,835	1,531	1,527
Total Revenues	226	14,343	32,539
Total Expenditures/Expenses	298	14,409	32,969
Other Non-Operating Revenues/Expenditures	59	-	238
Capital Contributions	-	-	-
Transfers	-	-	-
Net Increase/(Decrease) in Net Assets	(13)	(66)	(192)
City Contribution	\$ -	\$3,220	\$1,318

Note 9 Claims and Judgments

A. Claims

From time to time, claims have been filed against the City involving tort actions for such things as defective sidewalks, automobile accidents, claims of false arrest, etc.; all of which are in a sense routine in nature and common to all local governments. In those instances, when material, where it has been determined that it is probable that a claim will be paid by the City, the expenditure/expense and the related liability are reported in the statements of the appropriate fund in the year when such a determination is made. See Note 8 B for risk management information.

The City has entered into interlocal agreements with Pierce County Health Department and Law Enforcement Support Agency. If, in fact, any of these entities were to suffer a catastrophic disaster and their self insurance funds and resources were to be depleted, the City and other participating jurisdictions would be required to stand behind and make good the excess liability.

Under state law, the City is required to pay for unemployment and industrial insurance and medical aid. The City has chosen to self-insure rather than remit its payments to the state pool. See Note 8 B for risk management information.

B. Solid waste utility—landfill closure and post closure costs

The Solid Waste Utility operates a 235 acre landfill site which became part of the South Tacoma Channel Superfund Site in 1983. In United States et al., v. City of Tacoma, US District Court Cause No. C-89C583T, action was brought under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act) to require cleanup of City's Landfill. The City Solid Waste Fund elected to assume sole responsibility for cost and performance of cleanup to EPA (Environmental Protection Agency and DOE (Department of Ecology) standards. The Agencies and the City negotiated a settlement of the matter in the form of a consent decree, which was approved by the United States District Court for the Western District of Washington in March 1991. Remediation consists of (1) covering the landfill with cap of soil, clay and plastic which will be impermeable to water; (2) capturing methane gas within and at landfill perimeter to prevent off-site migration; (3) pumping and treating ground water to remove contamination beyond property boundaries; (4) closing the landfill over the next 10 to 25 years in accordance with Tacoma Landfill Cleanup Consent Decree; (5) monitoring of cleanup results over the next 30 years. Initial remedial actions to comply with the consent decree were completed in prior years at a cost of \$52.9 million, of which \$11.5 million was reimbursed through Washington State DOE grants. State and Federal laws and regulations require the City of Tacoma Solid Waste Utility to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although future closure and post closure care costs will be paid only near or after the date the landfill stops accepting waste, Solid Waste began reporting a portion of these future closure and post

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

closure care costs as an operating expense in 1994 based on landfill capacity used as of the balance sheet date.

The City reported \$35.5 million for landfill closure and post closure care liability at December 31, 2006 which represents an estimated closure liability of \$8.7 million for the remaining active cell and an estimated post-closure liability of \$29.6 million, the cumulative amount reported to date is based on an estimated 96% use of the total capacity of the landfill.

Solid Waste will recognize an additional remaining estimated cost of closure and post closure care of \$4.0 million as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post closure care in 2006. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. The City's permit to operate the landfill is valid through 2009 with one five-year renewal options based on meeting permitting agency parameters. The City will be responsible for the costs of additional work if migration of pollutant from the site is not completely controlled by current remedial actions. The City expects to operate the landfill through the year 2014. The City satisfies the requirements of 40 CFR Part 258(f) - "Local government financial test." To meet previous requirements of State and Federal laws and regulations, annual contributions were made to a reserve for financing closure and post closure care. As of December 31, 2006, \$2.4 million was held for these purposes and is reported as a restricted asset on the balance sheet.

C. Potential environmental contamination or utility claims or suits

The City is identified as a responsible party in various environmental cleanup projects under the federal superfund statute. The City is involved in several lawsuits to recover a portion of the cleanup costs from other parties and recovery from insurance policies. The City has also received grant funding to defray some of these costs.

BNSF Oil Pipeline Release

The City has been named as a potentially responsible party by the Department of Ecology ("Ecology") for a contaminated site at the vicinity of East 19th and East D Street near the Thea Foss Waterway. The contamination was caused when a 6-inch steel pipe used to transport oil from a storage tank to a Burlington Northern Santa Fe ("BNSF") rail yard corroded causing oil to be released to the surrounding environment. Other sources of contamination may have also contributed to the release at the site. Some of the oil migrated into the City's storm drains, which resulted in the City having to repair and replace storm drain lines and associated structures in the immediate area. Despite the City's high level of cooperation with Ecology over the past few years to identify and investigate the release of oil from the pipeline, and voluntarily seal its storm drain lines, Ecology issued the City and other parties an Enforcement Order on January 31, 2005, to complete certain remedial action work at the site. The majority of the work required by the Enforcement Order has already been completed by BNSF under an Agreed Order with Ecology, but some additional work remains. Exactly how much, and what it might cost are not known at this time.

In 2007, the City intends to seek to recover the costs it has incurred from those it believes are responsible for the release of hazardous substances at the site. This could result in cost recovery litigation being initiated by the City against those parties.

Coal Gasification Site

The State Department of Ecology (Ecology) has designated the City a PRP based on land ownership within the contaminated Coal Gasification Site. There are approximately five other PRP's. At this time, the City does not expect to conduct or pay for any additional cleanup work at the site. The City spent \$645,000 on the site from 1993 through 2003, the majority of which was spent in the earlier years. The City may have an opportunity in the next year or so to negotiate a Consent Decree with Ecology to resolve its liability. This matter is being handled by the City Attorney's Office.

Commencement Bay Natural Resource Damage (NRD)

The City has resolved federal, state, and tribal natural resource damage claims associated with municipal stormwater discharges in Commencement Bay through a Consent Decree that became effective on December 30, 1997. The stated value of the City's settlement is approximately \$7,700,000. Under the Consent Decree, ("the NRDA Consent Decree") the City agreed to undertake five restoration projects within the Commencement Bay watershed, and make certain cash payments. Four projects have been completed. The City is expected to complete the fifth project in 2008.

Ongoing monitoring and maintenance of the various projects will continue through 2013. A liability of \$326,074 and \$334,000 in 2006 and 2005, respectively, has been accrued in the accompanying financial statements. In

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

addition, in 2006 the Division received \$544,137 from Central National Insurance for reimbursement of costs related to NRDA and the Middle Waterway.

The law firm of Perkins Coie was assisting the City with this matter but is no longer under contract with the City for this project. This matter is now being handled by the City Attorney's Office.

Although the City resolved its NRDA liability; the City indemnified certain parties when it purchased real property along the Thea Foss Waterway in the late 1980's and early 1990's. The City expects that any financial obligation it may have related to these indemnities will be de minimus given the historical uses of the indemnified properties, and the limited potential for releases from these properties to damage natural resources.

Cushman Federal Energy Regulatory Commission License.

In 1974, Tacoma Power petitioned the Federal Energy Regulatory Commission (FERC) to relicense its Cushman Dam Project located on the Skokomish River near Hoodsport, Washington. The Skokomish Tribe, along with others, contested significant portions of Tacoma Power's proposal before FERC. FERC issued a license in 1998 for the Cushman Project, but the proposed conditions significantly increased the cost of operating the project.

Tacoma Power appealed the license conditions to the U.S. Court of Appeals for the D.C. Circuit. The D.C. Circuit remanded the license back to FERC for consultation under the Endangered Species Act (ESA) after several salmonid species, including Fall Chinook, Summer Chum and Bull Trout, were listed as threatened under the ESA in 1999. FERC issued a license order in June 2004 that incorporated conditions from ESA biological opinions issued by USFWS and NOAA Fisheries in March 2004. At the same time, FERC lifted a stay of interim conditions, thus requiring Tacoma Power to install a valve in Cushman No. 2, increase the amount of spill from the project to 240 cfs and construct a bridge on the Reichert ranch. On February 14, 2005, FERC denied rehearing and affirmed the License Order. Tacoma filed a petition for judicial review of the license in the D.C. Circuit and obtained a stay of the "interim conditions". The D.C. Circuit issued an opinion on August 22, 2006, remanding the license to FERC and lifting the stay on the interim conditions. None of the parties have appealed, therefore the case will proceed before FERC. The parties are, however, exploring a mediated settlement option. Because the D.C. Circuit's license opinion also resolved issues raised in a separate appeal Tacoma Power filed challenging the biological opinions, Tacoma Power has voluntarily dismissed that appeal.

Federal Energy Regulatory Commission Refund Proceedings.

In July 2001, Tacoma Power, along with Seattle, Eugene, Northern Wasco PUD, Snohomish PUD and the Port of Seattle, sought from the Federal Energy Regulatory Commission (FERC) refunds from the sellers of power who sold power at extremely high prices during the energy crisis (October 2000 through April 2001) (the "Puget" proceeding). The Puget proceeding is a case that was bifurcated from a much larger original refund proceeding referred to as the California Refund proceeding. In the Puget proceeding, Tacoma Power is requesting between \$65 and \$145 million in refunds arising from power being purchased at prices that were extremely unreasonable. FERC declined to grant refunds, stating that even assuming that the prices were unjust and unreasonable, relief could not be equitably granted because not all parties were subject to FERC jurisdiction, parties relying on the spot market would be rewarded over those choosing longer term purchases, there were too many transactions to trace, and not all upstream sellers might be identified. This matter was appealed to and is pending before the

U.S. Court of Appeals for the Ninth Circuit. The case was argued January 8, 2007, but no decision is expected for some months. The Ninth Circuit has also considered a consolidation of some 150 appeals of FERC orders in the original California Refund proceeding, and has issued three opinions covering the major issues in the proceeding. The first of these opinions, in 2005, held that FERC did not have refund jurisdiction over municipal entities, but that the plaintiffs were not barred from pursuing contractual remedies. After this first opinion was issued, the State of California filed "claims" against all the municipal entities involved in the California Refund proceeding, including Tacoma. Tacoma received a claim in the amount of \$1.7 million on January 12, 2006. Tacoma has denied this claim, and it was not included in the suit filed by California against other municipalities.

Tacoma also intervened in three FERC investigative proceedings involving El Paso, Portland General Electric and Avista, pertaining to similar issues. Tacoma's appeal in the Avista matter in the Ninth Circuit Court of Appeals is stayed pending decisions in the California Refund proceeding. Tacoma Power also participates in consolidated "Gaming" and "Partnership" proceedings that FERC initiated in June 2003 to require a number of named entities to "show cause" why they ought not to be required to disgorge profits obtained as a result of market manipulation. After FERC has settled with a number of parties, these proceedings largely focus on Enron. As did other parties, Tacoma reached a settlement with Enron in June 2006 in which Tacoma received the full

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

amount of its bankruptcy claim against Enron, in the amount of \$3,288,519.71 as an "allowed claim" in the Enron bankruptcy. Tacoma continues to participate in the proceeding in the event the distribution phase yields additional distributions of monies FERC has received through settlements with parties other than Enron in these proceedings.

Hylebos Waterway

The City has several storm drains that discharge into the Hylebos Waterway. These discharges allegedly contribute to contamination in the waterway principally caused by industrial resources. Sampling has been done by other PRP's, and the extent and type of contamination has been evaluated. Under CERCLA (Comprehensive Environmental Response, Compensation, and Liability Act), the City is jointly and severally liable with about 100 other parties. The total cost of cleanup is expected to range between \$20 million and up to \$80 million. The City participated in an allocation process to determine the City's share of cleanup costs. The City, along with several other potentially responsible parties, negotiated a "cash-out" Consent Decree with EPA which required the City to make a \$459,663 payment to EPA. The Hylebos "cash-out" Consent Decree was entered with the U.S. District Court on September 15, 2003.

Middle Waterway.

The EPA designated The Division as a potentially responsible party (PRP) at this site. Pre-remedial design study and remedial design of the clean up plan for the waterway, which was being completed by others, is complete. The Division's exposure to potential liability is associated with discharges from one local storm drainage system. EPA notified approximately 10 parties that they were potentially responsible for sediment contamination in the Waterway. Total cleanup costs were estimated to range from \$15 million to \$17 million. The parties did not conduct a cost allocation but did reach Consent Decree settlements with EPA. The City was joined in its Consent Decree with several other parties, all of whom resolved their respective liability to EPA by making cash payments. The City's payment totaled \$1,185,000, of which \$685,000 accounted for Surface Water's portion. The City's Consent Decree was entered by the U.S. District Court on August 14, 2003. In July, 2004 the Division made an additional payment of \$500,000 to be reimbursed by a grant from the Department of Ecology. The Division received \$119,000 and expects to receive an additional \$358,000 from the grant. Additionally, the Division spent almost \$27,000 in administrative costs. Cleanup work in the Middle Waterway was completed by the fall of 2004, by two groups of performing parties under separate Consent Decrees with EPA.

Muckleshoot Indian Tribe Settlement.

A mutually beneficial settlement agreement was reached with the Muckleshoot Indian Tribe in 1995. The settlement package has a cost of approximately \$30 million and includes five basic elements: 1) building a fish restoration facility and annual operation and maintenance of that facility, or in the alternative, providing \$12 million (indexed at 1995 dollars) into a fish restoration fund; 2) providing for enhanced flows in the Green River; 3) transferring certain lands; 4) establishing a trust fund payable over 40 years which is intended to provide for the general welfare, educational and other needs of the Tribe; and 5) limited access into the Green River Watershed. The settlement will resolve past damage claims by the Tribe for Tacoma Water's historical operations on the river, gain the Tribe's support for the Second Supply Project and provide the basis for a long-term, cooperative working relationship on the Green River. Tacoma Water has been implementing this agreement. In 2005, Tacoma Water concluded the alternative payment under item 1, and the transfer of certain lands under item 3. The Muckleshoot Indian Tribe has until 2015 to decide to develop the fish restoration facility. Tacoma Water and the Muckleshoot Indian Tribe are scheduled to meet in September 2010 to review the status of this facility. The estimated cost to Tacoma Water for the facility is \$2.675 million and the funding obligation decreases by one third for each year after 2005. Tacoma Water is scheduled to pay \$6.0 million in April 2007 for possible future expansions.

Olympic View Resource Area

Between 1998 and 2002, the City engaged in discussions with the EPA and DOE concerning the existence and cleanup of dioxins on one of the restoration sites. The City signed an Administrative Order of Consent for the Olympic View Resource Area with EPA. The City prepared a design for the work, which EPA approved. The cleanup and habitat restoration work at this site was completed in the summer of 2002. A liability of \$2,535,000 had been accrued in 2001, with \$2,400,000 in eligible costs being spent in 2002 and \$15,000 per year from 2003 through 2005. The remaining liability at December 31, 2005 is \$90,000.

Robison Construction Inc.

On Tacoma Water's Second Supply Pipeline construction project, the contractor has developed two potential "additional work" construction claims arising out of work done by its subcontractor Northwest Boring, in boring tunnels for the I-5 and Green River crossings. The potential claims are \$2 million and \$500,000, respectively. The contractor is not currently pressing these claims.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Thea Foss and Wheeler-Osgood Waterways

In March 1994, the City voluntarily entered into an Administrative Order of Consent (AOC) for the pre-remedial design and remedial design phase of the Superfund cleanup of the Thea Foss and Wheeler-Osgood Waterways. The City of Tacoma was named as one of approximately 70 Potentially Responsible Parties (PRP) in these waterways due to its surface water discharges as well as ownership of adjacent upland properties. The AOC required the City to perform sampling and analysis of the sediments in the channel and adjoining banks of the waterways to determine the nature and the extent of contaminants present in the waterways and to develop the appropriate cleanup options, and to complete the remedial design for the project. EPA terminated the AOC by letter dated March 8, 2005, after determining that the City has satisfied all AOC work requirements.

In August 2000, upon EPA selection of the appropriate remedial option for the waterway, the City began developing the remedial design as required by the AOC. The cost of performing this pre-remedial design and remedial design work was expected to range between \$12 million to \$15 million. Funding was provided mainly by the Division and to a lesser extent by contributions from a group of 25 entities who have entered into a Funding and Participation Agreement with the City. As of December 31, 2006, \$16 million has been spent on pre-remedial design study of these waterways of which the Participant Group reimbursed the City \$413,692. In addition, the Division signed a grant agreement with DOE authorizing grant reimbursement at the rate of 40% for eligible cost of \$3.3 million for performance of pre-remedial design and remedial design activities in the Thea Foss and Wheeler-Osgood Waterways and \$1.3 million has been reimbursed.

As required by the AOC, the City proposed a cleanup option to EPA based on the results of three rounds of sampling in the waterways. The cost for the cleanup option selected by EPA was estimated at the time to cost approximately \$32 million. The City, along with other potentially responsible parties completed Consent Decree negotiations with EPA September 30, 2002. The City's Consent Decree requires it to clean up approximately 80% of the Waterway. Approximately 79 parties joined the City's Consent Decree as "cash-out" parties. These parties deposited \$13 million into an escrow account that has transferred to the City when its Consent Decree was entered with the U.S. District Court in May of 2003. A portion of the cash-out proceeds, \$2 million, was transferred to a group of private utility companies which will be performing cleanup work in the waterway under a separate Consent Decree with EPA. Both Consent Decrees were "entered" by the U.S. District Court on May 9, 2003. Construction of the City's portion of the remedial action began in November 2002 under a Unilateral Administrative Order issued by EPA. Remedial Action work under the Consent Decree began in the summer of 2003.

During the 2004 construction season, the City's contractor on the Foss Waterway Remediation Project (Manson) submitted a change order proposal in the amount of approximately \$1 million dollars for additional compensation due to unexpected changes in the work on the project. Manson adjusted their request and sought a total of \$2.4 million dollars in additional compensation. The City and Manson resolved the claim in May 2006, for \$675,000. The payments to Manson Construction total \$58.9 million.

On May 10, 2005, EPA denied the City's request for a two-month schedule extension under the Consent decree to complete the Thea Foss Waterway cleanup. EPA notified the City that because certain interim construction deadlines had been missed, stipulated penalties under the Consent Decree were accruing. The City invoked dispute resolution under the Consent decree to challenge EPA's determination that stipulated penalties are accruing. The City and EPA settled the dispute in September 2005, when EPA agreed to grant the City a schedule extension until March 1, 2006 to complete the work required under the Consent Decree, and to limit the stipulated penalties it would impose for missing deadlines referenced in its May 10, 2005 letter to \$358,000.

The Division has signed two contracts with DOE for two consecutive time periods authorizing grant reimbursement at a rate of 50% of \$40.7 million eligible cost for Remedial Action in the Thea Foss and Wheeler-Osgood Waterways. As of December, 2006, \$78.9 million has been spent. \$17.8 million was reimbursed and \$2.5 million was accrued at year end and was received in April, 2007.

By letter dated September 29, 2006, EPA provided the City a Certification of Completion of Remedial Action Construction which confirms that the City completed remedial action construction in full satisfaction of the requirements of its Consent Decree. As of December 2006, the City spent \$96,656,224 on study, design and cleanup of the waterway and the Participant Group reimbursed the City \$11,860,593. Additional reimbursements received to date include insurance cost reimbursements of \$11,857,102 and MTCA grant reimbursements of \$21,685,894. The remaining cost is currently estimated to be \$3,431,547 and a liability for this amount has been accrued in the accompanying financial statements. The table below displays the financial impact for the years 2006 and 2005.

City of Tacoma, Washington
 Notes to Financial Statements
 For the Year Ended December 31, 2006

Thea Foss Waterway	2006	2005
Contributions from others	\$ (30,000)	\$ (647,500)
Insurance settlement	(6,455,863)	(5,273,239)
Accrued grant revenue	-	(13,320,000)
General fund liability adjustment	-	5,310,171
Accrued expense adjustment	560,430	7,916,583
Total Thea Foss expense	<u><u>\$ (5,925,433)</u></u>	<u><u>\$ (6,013,985)</u></u>

On February 8, 2007, EPA made formal demand for payment of \$358,000 in stipulated penalties against the City. The City invoked dispute resolution and is currently working closely with EPA on settling the matter by undertaking or contributing toward an environmental project in Commencement Bay. The City expects to reach a settlement of the dispute sometime in the summer of 2007. The Cascadia Law Group assisted the City with this settlement.

Thea Foss Upland

The City has acquired approximately 30 acres of property adjacent to the Foss Waterway. Much of the property exhibits contaminated soils. Pursuant to a Consent Decree with the Department of Ecology, the City has undertaken cleanup of several contaminated properties. The City filed two lawsuits to recover its cleanup costs against several companies historically responsible for contaminating parcels 3 and 7 along the waterway. A mediation to settle the lawsuits before trial resulted in several potential settlements. Litigation may be possible with one or more parties.

Waste-to-Energy Plant

Since 1991, the Solid Waste Division has disposed of a portion of its solid waste by converting it to Refuse-Derived Fuel (RDF), which was burned at a waste-to-energy plant operated by Tacoma Public Utilities (TPU). In April 1998, TPU ceased operation of the plant, resulting in an increase in waste hauled to outside landfills. In January 1999, the Division began leasing the waste-to-energy plant from TPU and resumed operation of the plant. In October 2000, the City of Tacoma signed a 20-year service agreement with Tacoma Energy Recovery Company (TERC), whereby TERC agreed to provide plant management and operations services and pay for construction of various capital improvements to the plant. The Division agreed to pay for capital improvements necessary to increase the output capacity of RDF. The agreement provided that TERC would receive payments from the net proceeds of the plant and the Division and TERC would share net proceeds that exceeded a minimum amount. Delays in obtaining the regulatory permits necessary to operate the plant in an economically effective manner resulted in a decision to suspend operations in November 2001. In February 2002, the service agreement between the City and TERC was amended to provide that the City would pay losses incurred by the plant for the years 2000 through 2002 and TERC would pay any losses incurred after 2002. In each case, the party paying losses would be reimbursed with 6% interest from plant revenues in future years. In May 2003, the parent company of TERC, NRG Energy, Inc., (NRG) filed for bankruptcy in the United States District Court in New York. The City then filed a breach of contract claim against NRG and is pursuing that claim based on NRG's obligation to guarantee TERC's performance under the service agreement, which is negated by the bankruptcy filing. The City has filed a claim in the bankruptcy court against NRG.

In December 2005 the City Council, after reviewing a proposal from a new operating partner, voted not to re-open the plant as a waste-to-energy facility. The City and NRG reached a settlement in March 2006 resolving all claims. In 2006, Solid Waste Division received \$3.4 million in cash and proceeds from the sale of NRG stock in settlement of its' claim; a 99.65% recovery of the allowed claim of \$3.4 million.

Environmental Insurance

The City has continued litigating coverage for environmental damages associated with: (1) the City's Federal Superfund costs incurred at the Thea Foss and Wheeler-Osgood Waterways, the Hylebos Waterway, and the Middle Waterway; (2) the City's state superfund costs at the Coal Gas Site; and (3) the City's natural resource damage costs under its NRDA Consent Decree. The case (i.e., *City of Tacoma v Great American Insurance et al.*, United States District Court, Cause No. C97-5504 TJB) was scheduled for trial in April 2006, but the City and the defendant insurers have reached settlements on all claims. The final settlement was expected to be executed this spring 2006. The trial in this matter has been cancelled. The law firm of Gordon Thomas Honeywell, et al., has represented the City in this matter.

City of Tacoma, Washington
Notes to Financial Statements
For the Year Ended December 31, 2006

Note 10 Contingent liabilities

Grants

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Some of the audits for the grants received by Wastewater and Surface Water Management have not yet been conducted by the granting agency; therefore, some expenditure may be disallowed. City management believes disallowances, if any, will be immaterial.

Note 11 Subsequent events

On February 2007, the City Council approved the issuance and sale of Electric System Revenue Refunding Bonds, Series 2007, in an amount not to exceed \$95 million, to refund all or portion of the Electric System Revenue Refunding Bonds, 1997.

On June 25th, 2007, the Washington State Department of Transportation (WSDOT) notified the City that it intends to enforce the terms of a 1994 Indemnify Agreement the City provided WSDOT for certain environmental costs related to construction of the SR 509 Cable Stay Bridge ("SR 509 Bridge"). WSDOT notified the City because it received a notice of claim in April from Puget Sound Energy, Advance Ross Sub Company and PacifiCorp seeking to recover Thea Foss Waterway Superfund costs attributable to WSDOT's surface water discharges and other operations. WSDOT has indicated that a portion of the Superfund costs subject to the claim may relate to construction of the SR 509 Bridge. The City is preparing a response to WSDOT's letter. Litigation is possible.

CITY OF TACOMA, WASHINGTON
 NOTES TO THE FINANCIAL STATEMENTS
 FOR DECEMBER 31, 2006

NOTE 12
CHANGES IN LONG TERM DEBT
 (all dollar values in thousands)

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-01-06	01-ISSUED 2006	REDEEMED 2006	AMOUNT O/S 12/31/06
GENERAL OBLIGATION BONDS & LOANS									
Unlimited General Obligation Bonds									
Genl Obl Bonds 2002	Police HQ & Substations	06/01/02	2003-2022	34,300	4.8448	31,850		1,285	30,565
	Subtotal Unlimited (Voted)					31,850	0	1,285	30,565
Limited General Obligation Bonds									
Ltd. Genl Obl Bonds 1997 Ser A	Capital Improvements	07/15/97	2000-2022	13,445	5.4554	12,970		12,970	0
Ltd. Genl Obl Bonds 1997 Ser B	Capital Improvements	08/05/97	2008-2018	16,100	5.4554	6,050			6,050
Ltd. Genl Obl Bonds 1997 Ser C	Refund 1987 LTGO	07/15/97	1998-2007	2,985	6.6500	760		365	395
Ltd. Genl Obl Bonds 2001	Cap Imp & Ref '92 & '94 LTGO	07/15/01	2003-2014	17,390	4.4598	13,970		1,610	12,360
Ltd. Genl Obl Bonds 2003 BSIP (Internal)	SAP System Install	02/27/03	2004-2015	7,000	Variable	4,005		236	3,769
Ltd. Genl Obl Bonds 2004 Conv Ctr	Construction	08/05/04	2004-2015	51,900	4.9235	51,900		965	50,935
Ltd. Genl Obl Bonds 2006 Police (Internal)	Construction	04/01/06	2008	4,200	Variable		4,200		4,200
Ltd. Genl Obl Bonds 2006A Conv Ctr	Improvements	09/10/06	2008-2036	16,475	4.4537		16,475		16,475
Ltd. Genl Obl Bonds 2006B	Refund 1997A LTGO	10/10/06	2004-2015	12,885	4.3942		12,885		12,885
	Subtotal Limited (Councilmanic)					89,655	33,560	16,146	107,069
Washington State Public Works Trust Fund Loan									
CTED PWTF No. 98-791-065	Capital Improvements	08/17/98	1999-2018	9,000	1.0000	7,025		540	6,485
CTED PWTF No. 04-691-068	Capital Improvements	06/02/04	2004-2024	4,500	0.5000	4,500	2,500	237	6,763
	Subtotal Washington State Loan (Councilmanic)					11,525	2,500	777	13,248
HAZMAT Lease Purchase									
	Purchase FD HAZMAT Vehicle	06/14/99	1999-2006	350	5.3250	48		48	0
	Subtotal HAZMAT Lease Purchase (Councilmanic)					48	0	48	0
Tacoma Dome WA State LOCAL Lease Purchase									
TAC0610-0001 Series F	Capital Improvements	12/01/01	2002-2013	436	4.9425	317		31	286
	Subtotal LOCAL Lease Purchase (Councilmanic)					317	0	31	286
Total General Obligation Bonds & Loans									
						133,395	36,060	18,287	151,168
ENTERPRISE REVENUE BONDS & LOANS									
Greater Tacoma Convention Center									
Tac CC & Parking Rev Bonds, Series 2004	Construction	08/19/04	2005-2024	32,975	4.4307	32,230		1,205	31,025
						32,230	0	1,205	31,025
Sewer Utility									
Sewer Refunding Bonds 1994	Refunding	11/01/94	1995 - 2004	42,519	5.5660	13,385		13,035	350
Sewer Revenue Bonds 2001A	Additions/Refunding	10/15/01	2016 - 2031	53,200	5.1269	53,200		15,165	38,035
Sewer Revenue Bonds 2001B	Improvements	12/01/01	2008	1,790	4.0000	1,790			1,790
Sewer Refunding Bonds 2002	Refunding	03/01/02	2002 - 2015	28,990	4.4240	22,115		2,035	20,080
WA Water Pollution Control Loan	Treatment Plant Upgrade	09/19/03	2008 - 2028	52,000	1.5000	15,836	23,577		39,413
Sewer Rev & Ref Bonds 2006	Improvements/Refunding	06/29/06	2006 - 2036	55,000	4.8852		55,000	50	54,950
	Subtotal Sewer					106,326	78,577	30,285	154,618

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S	01-	REDEEMED 2006	AMOUNT O/S 12/31/06
						01-06	ISSUED 2006		
Solid Waste Utility									
Refuse Utility Bonds 1997 B	Refunding	04/01/97	2000-2019	60,370	5.8725	39,020		12,565	26,455
Solid Waste Rev & Ref Bonds, 2001	Additions/Refunding	10/15/01	2008-2021	32,915	5.0504	32,915		22,425	10,490
Solid Waste Revenue Bonds, 2006A	Capital Improvements	07/12/06	2013-2026	29,385		0	29,385		29,385
Solid Waste Rev/Ref Bonds, 2006B	Refunding	09/27/06	2014-2021	22,315		0	22,315		22,315
Subtotal Refuse						71,935	51,700	34,990	88,645
Electric System									
Electric System 1997	Refunding	01/15/97	1998-2015	101,210	5.5300	85,550		1,230	84,320
Electric System 1999	Capital Improvements	08/01/99	2013-2020	36,045	5.4900	13,500			13,500
Electric System 2001A	Cap Impr. & Refunding	06/26/01	2003-2021	191,510	4.7307	65,140		5,190	59,950
Electric System 2001B	Capital Improvements	06/26/01	2006-2012	101,860	4.7307	101,860		11,280	90,580
Electric System 2004A	Capital Improvements	06/08/04	2005-2017	82,655	4.6376	78,680		4,520	74,160
Electric System 2005A	Capital Improvements	10/04/05	2010-2021	93,480	4.2200	93,480			93,480
Electric System 2005B	Capital Improvements	10/04/05	2006-2021	156,425	4.2900	156,425		200	156,225
Subtotal Electric System						594,635	0	22,420	572,215
Water System									
Water Sys Ref. Rev Bonds 1997	Construction & Refinance	12/02/97	1998-2017	19,850	5.1052	1,025		500	525
Water Sys Ref. Rev Bonds 2001	Construction	12/01/01	2002-2023	32,900	4.9731	31,570		360	31,210
PW -00-691-PRE-115	Construction	04/11/01	2002-2021	750	0.5000	842		53	789
PW -01-691-061	Construction	08/27/01	2002-2021	9,500	0.5000	8,000		500	7,500
PW -01-691-PRE-127	Construction	02/15/02	2003-2021	750	0.5000	867		54	813
PW -02-691-056	Construction	06/17/02	2004-2022	9,500	0.5000	8,500		500	8,000
PW-DWSRF-00-65120-031	Construction	10/07/02	2003-2021	3,060	2.5000	2,577		161	2,416
Water Sys Rev Bonds 2002	Construction Regional Supply	12/15/02	2005-2032	86,550	4.8820	82,050		750	81,300
Water Sys Ref & Rev Bonds 2003	Construction & Refinance	09/01/03	2004-2023	51,380	4.2340	46,145		2,690	43,455
PW-04-691-PRE-101	Construction	03/19/04	2004-2024	750	0.5000	750	250	39	961
Water Sys Ref & Rev Bonds 2005	Construction & Refinance	10/11/05	2006-2025	46,550	4.6390	46,550		1,020	45,530
PW-06-962-043	Construction	07/18/06	2007-2026	3,150	0.5000		3,150		3,150
Subtotal Water System						228,876	3,400	6,627	225,649
Tacoma Rail									
Rail Revenue Bond 2006	Capital Improvements	12/21/06	2017	2,000	5.3900		2,000		2,000
Subtotal Tacoma Rail						0	2,000	0	2,000
Lease Revenue									
Lease Revenue Bonds 1990	Construction	03/15/90	1992-2022	36,250	9.3476	30,160		820	29,340
Lease Revenue Bonds 1992	Construction	12/15/92	1993-2022	4,695	7.4769	3,795		115	3,680
Subtotal Lease Revenue						33,955	0	935	33,020
Conservation Revenue Bonds, guaranteed by BPA									
Conservation System 2003 Bonds	Conservation Project	06/02/03	2003-2014	17,065	4.1957	13,580		1,265	12,315
Total Conservation Bonds`						13,580	0	1,265	12,315
Total Revenue Bonds and Loans						\$1,081,537	\$135,677	\$97,727	\$1,119,487
Total General Obligation & Revenue Bonds/Loans						\$1,214,932	\$171,737	\$116,014	\$1,270,655

NAME OF BOND ISSUE	PURPOSE OF ISSUE	DATE OF ISSUE	MATURITY DATES	ORIGINAL AMOUNT	EFFECTIVE INTEREST RATE	AMOUNT O/S 01-06	01-ISSUED 2006	REDEEMED 2006	AMOUNT O/S 12/31/06
SPECIAL ASSESSMENT BONDS									
Local Improvement District Bonds									
District #50 Bonds	Construction	03/01/94	1995-2016	344	5.6770	10		10	0
District #57 Bonds	Construction	09/01/99	2011	3,157	5.6173	785		285	500
District #58 Bonds	Construction	12/01/99	2011	416	5.8719	45		45	0
District #59 Bonds	Construction	12/01/00	2012	283	5.7069	50		50	0
District #60 Bonds	Construction	04/01/04	2026	1,036	3.9290	940		285	655
Subtotal LID Bonds						1,830	0	675	1,155
Bond Anticipation Notes									
Revolving Line of Credit	LID Construction	06/30/00	At CLID Issue	\$6mm Max	Floating	827	546		1,373
Subtotal Bond Anticipation Notes						827	546	0	1,373
Total Special Assessment Bonds						\$2,657	\$546	\$675	\$2,528
JR. LIEN REVENUE BOND ANTICIPATION NOTES									
Tacoma Rail RAN 2003 (Internal)	Capital Improvements	07/01/03	2004 - 2013	3,310	Variable	2,648		331	2,317
Tacoma Rail RAN 2004 (LOC)	Capital Improvements	08/01/04	2006 - 2009	2,200	6.1000	2,200		183	2,017
Foss Waterway RAN(1) 2005 (Internal)	Capital Improvements	01/18/05	2005 - 2016	2,000	Variable	1,700			1,700
Foss Waterway RAN(2) 2005 (Internal)	Capital Improvements	01/17/05	2004 - 2007	3,309	Variable	2,700		2,700	0
Pantages Theater RAN 2006 (Internal)	Capital Improvements	02/09/06	2008	2,500	Variable	2,500			2,500
Total Jr Lien Bonds						9,248	2,500	3,214	8,534
Total All Bonds						\$1,226,837	\$174,783	\$119,903	\$1,281,717
									\$1,281,717

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Notes:

1. Ltd. Genl Obl Bonds 2006 Police (Internal) - Bond issued to finance construction of Police Facilities w/maturity in Dec 2008.
2. Ltd Genl Obl Bonds 2006A Conv Ctr - Bonds issued to retire outstanding Commercial Paper and provide long-term financing Convention Center Construction.
3. Ltd. Genl Obl Bonds 2006B - Bonds issued to refund 1997A LTGO bonds to realize interest savings.
4. CTED PWTF No. 04-691-068 - Additional Loan draw taken to fund construction of Public Works projects.
5. Pantages Theater RAN 2006 (Internal) - Note issued to fund Capital Improvements of the Pantages Theatre. Maturity in Dec 2008
6. PW-04-691-PRE-101 - Terms of Loan changed to 20 year payback vs. original 5 year payback and additional \$250K drawn.
7. PW-06-962-043 - Washington State Public Works Trust Fund Loan taken to fund construction of Water Department Projects.
8. Sewer System Revenue and Refunding Bonds, Series 2006 - Bond issue to fund future capital projects and refund portion of 2001A Sewer System Revenue Bonds
9. Solid Waste Revenue Bonds, Series 2006A - Bond issue to fund future capital projects and improvements.
10. Solid Waste Refunding Bonds, Series 2006B - Bond issue to refund 2001 Solid Waste Revenue and Refunding Bonds.
11. Tacoma Rail Revenue Bond, 2006 - Bond issued for Capital Improvements.

Required Supplementary Information

Tacoma Employee's Retirement System Fund (TERS)

SCHEDULE OF FUNDING PROGRESS: (\$ in millions)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a/c)
**1/1/1999	\$570.7	\$536.9	(\$33.8)	106.3%	\$122.3	(27.6%)
***1/1/1999	\$570.7	\$537.6	(\$33.1)	106.2%	\$122.3	(27.1%)
1/1/2001	\$700.7	\$605.7	(\$95.0)	115.7%	\$133.4	(71.2%)
1/1/2003	\$740.1	\$686.8	(\$53.3)	107.8%	\$154.2	(34.6%)
1/1/2005	\$807.3	\$754.3	(\$53.0)	107.0%	\$172.5	(30.7%)
1/1/2007	\$1021.3	\$895.8	(\$125.5)	114.0%	\$175.0	(71.7%)

**January 1, 1999 results adjusted for inclusion of benefit percentage in portability, removal of overtime contributions and removal of the 90 day waiting period.

Notes to Required Supplementary Information (RSI)

Note 1—Budgetary data

A. General budget policies

The biennial budget is adopted by appropriation ordinance of the Tacoma City Council and may be amended by subsequent ordinances. Biennial budgets are legally adopted for all governmental fund types except for capital projects, grants, and debt service funds which are adopted for the life of the project, grant or debt issue. While not required by law, the City adopts budgets for proprietary funds and some selected trust funds. These budgets are "management budgets" and as such, are not reported in the CAFR. All budgets are controlled at the fund level; the expenditures of a given fund may not legally exceed its appropriations. Budgets may be administratively revised within all funds and within the general fund departments as long as the total appropriation is not changed. Additionally, if any transfer of funds or interfund loans is made, which exceeds the appropriation, a request for approval is made to the City Council.

Appropriations lapse at the end of the biennium except for the capital projects, grant and debt service funds.

Although the City is not legally responsible for the Tacoma Community Redevelopment Authority (TCRA), the City has included certain financial information pertaining to TCRA. The City is not required to report the TCRA budget and therefore it is excluded from the budget and actual comparisons.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of moneys are recorded, is employed as an extension of formal budgetary control for governmental fund types. Encumbrances outstanding at December 31 are reported as reservations of fund balances. Encumbrances outstanding at the end of the biennium are reappropriated at the beginning of the next biennium with budget's approval.

B. Budget basis of accounting

All budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP).

C. The budget process

The budget process begins with the City Council making appropriate revisions to the City's long-term strategic plan, identifying goals, and setting priorities. In early June, the initial revenue forecast is completed by the Office of Management, Budget and Analysis (OMBA) and city departments and agencies begin budget preparation. Budget requests are due to OMBA in late July. OMBA reviews and revises budget requests in August. The revenue forecast is refined in early September and a preliminary budget is presented to the Executive Forum in early October. The preliminary budget is further refined during the month of October.

By Washington State law, the City Council must receive a balanced preliminary budget by November 1st. Public budget hearings are conducted by the City Council in mid-November. Any changes the Council decides to make to the preliminary budget are made after the public hearings and before the reading of the budget ordinance in December. Washington State law requires that the City Council adopt a balanced budget on or before December 31.

Washington State law requires that a mid-biennial review and modification be conducted between September 1 and December 31 of the first year of the biennium. Supplemental budget requests are accepted from departments during the month of August. Revenue estimates for the biennium are reviewed and adjusted in early September. The new revenue estimates and the supplemental requests are submitted to the Budget Committee and the Executive Forum in late September. Preliminary modifications are presented to the City Manager for review and changes in October. Modifications are submitted to the City Council in early November. Public hearings are conducted in November. The City Council adopts the amended biennial budget on or before December 31.

D. Funds presented

Budgetary information is displayed for all funds that are subject to the City's biennial budget process. The General Fund budgetary information is located in the required supplementary information section on page 66 and all nonmajor governmental funds budgetary information are located in the Combining Statements Non-Major Funds section on page 80-105.

Note 2 Combining statements

The non-major governmental, proprietary funds and internal service funds are displayed in aggregated columns in the City's fund statements. This section of the report contains combining statements that display the financial information for these funds. There are separate combining statements for nonmajor governmental funds, nonmajor enterprise funds and the internal service funds.

City of Tacoma, Washington
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ 234,023	\$ 240,273	\$ 252,278	\$ 12,005
Licenses and permits	10,873	11,216	10,680	(536)
Intergovernmental revenue	15,706	19,513	20,960	1,447
Charges for services	5,167	5,552	7,448	1,896
Fines and forfeitures	6,884	6,299	4,760	(1,539)
Interest	4,360	4,160	5,046	886
Miscellaneous revenues	2,270	534	872	338
Total revenues	<u>279,283</u>	<u>287,547</u>	<u>302,044</u>	<u>14,497</u>
EXPENDITURES				
Current				
General government	43,689	40,827	35,111	5,716
Security of persons & property	211,438	218,728	219,371	(643)
Physical environment	862	979	959	20
Transportation	33,215	33,705	31,593	2,112
Economic environment	32,643	35,795	31,840	3,955
Mental and physical health	2,223	2,534	2,534	-
Culture and recreation	25,310	27,596	25,567	2,029
Capital outlay	4,520	4,659	4,590	69
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	508	(508)
Total expenditures	<u>353,900</u>	<u>364,823</u>	<u>352,073</u>	<u>12,750</u>
Excess of revenues over (under) expenditures	<u>(74,617)</u>	<u>(77,276)</u>	<u>(50,029)</u>	<u>27,247</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	1,550	1,518	(32)
Transfers in	67,930	69,559	76,066	6,507
Transfers (out)	(2,206)	(6,086)	(6,456)	(370)
Total other financing sources and (uses)	<u>65,724</u>	<u>65,023</u>	<u>71,128</u>	<u>6,105</u>
Net change in fund balances	<u>(8,893)</u>	<u>(12,253)</u>	<u>21,099</u>	<u>33,352</u>
Fund Balance - Beginning	36,492	36,492	36,492	-
Prior Period Adjustments	-	-	(1,083)	-
Fund Balance - Ending	<u>\$ 27,599</u>	<u>\$ 24,239</u>	<u>\$ 56,508</u>	<u>\$ 33,352</u>

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

	Courts	Contingency Fund	Public Works Streets
ASSETS			
Cash and cash equivalents	\$ 28	\$ 1,458	\$ 7,834
Investments	-	-	-
Accounts receivable: net of uncollectible accts	-	-	581
Due from other funds	-	-	435
Due from other governmental units	5	-	2,501
Prepaid expenditures	-	-	-
Inventory	-	-	-
Recoverable deposits	-	-	-
Other current assets	-	-	-
Advances to other funds	-	-	-
Total assets	\$ 33	\$ 1,458	\$ 11,351
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ -	\$ -	\$ 726
Accrued wages and benefits payable	-	-	2
Deposits payable	-	-	5
Accrued taxes payable	-	-	-
Accrued interest payable	-	-	7
Due to other funds	-	-	376
Due to other governmental units	-	-	-
Deferred revenue	33	-	38
Advances from other funds	-	-	-
Other current liabilities	-	-	34
Total liabilities	33	-	1,188
FUND BALANCE			
Reserved for:			
Encumbrances	-	-	7,083
Advances to other funds	-	-	-
Other purposes	-	-	-
Unreserved fund balance:			
General Fund	-	-	-
Nonmajor Special Revenue Funds	-	1,458	3,080
Nonmajor Debt Service Funds	-	-	-
Nonmajor Capital Projects Funds	-	-	-
Total unreserved	-	1,458	3,080
Total fund balances (deficits)	-	1,458	10,163
Total liabilities and fund balances	\$ 33	\$ 1,458	\$ 11,351

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

	Tacoma Fire Department	PW Facilities Right-of-Way Streets	Local Improvement Guaranty
ASSETS			
Cash and cash equivalents	\$ 2,220	\$ 542	\$ 422
Investments	-	-	2,525
Accounts receivable: net of uncollectible accts	20	-	29
Due from other funds	3	-	-
Due from other governmental units	103	-	-
Prepaid expenditures	-	-	-
Inventory	-	-	-
Recoverable deposits	-	-	-
Other current assets	-	-	-
Advances to other funds	-	-	-
Total assets	\$ 2,346	\$ 542	\$ 2,976
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ 162	\$ -	\$ -
Accrued wages and benefits payable	-	-	2
Deposits payable	-	-	-
Accrued taxes payable	-	-	-
Accrued interest payable	-	-	-
Due to other funds	168	-	-
Due to other governmental units	-	-	-
Deferred revenue	233	-	-
Advances from other funds	-	-	-
Other current liabilities	-	-	-
Total liabilities	563	-	2
FUND BALANCE			
Reserved for:			
Encumbrances	631	-	-
Advances to other funds	-	-	-
Other purposes	-	-	-
Unreserved fund balance:			
General Fund	-	-	-
Nonmajor Special Revenue Funds	1,152	542	2,974
Nonmajor Debt Service Funds	-	-	-
Nonmajor Capital Projects Funds	-	-	-
Total unreserved	1,152	542	2,974
Total fund balances (deficits)	1,783	542	2,974
Total liabilities and fund balances	\$ 2,346	\$ 542	\$ 2,976

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

PW Engineering Paths & Trails Reserve	PW Building & Land Use Services	Tacoma Fire Dept Emergency Medical Svcs	Public Assembly Fac Tourism & Convention	Human Rights & Human Services	Community Economic Development
\$ 341	\$ 6,493	\$ 4,139	\$ 1,651	\$ 531	\$ 14,595
- 1	- 524	- 1,216	- 185	- 57	- 1,020
- - 8	- 138	- -	- -	- 227	- 12
- 4	- -	- -	- -	- 64	- 413
- - -	- -	- -	- -	- -	- -
- - -	- 75	- -	- -	- -	- -
- - -	- -	- -	- -	- -	- -
- - -	- -	- -	- -	- -	- -
- - -	- -	- -	- -	- -	- 130
\$ 346	\$ 7,025	\$ 5,568	\$ 1,836	\$ 879	\$ 16,170
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ - -	\$ 21	\$ 31	\$ -	\$ 106	\$ 515
- - 4	- 117	- -	- -	- -	- -
- - -	- -	- -	- -	- -	69
- - 3	- 1	- -	- -	- -	7
- - -	- -	- -	- -	- -	- -
- - -	- -	- -	- -	- 172	9
- - -	- -	- -	- -	- -	- -
- - 491	- 283	- -	- -	- 97	- 528
- - -	- -	- -	- -	- -	- -
- - 519	- 432	- -	- -	- 375	- 1,128
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
- - 61	- 55	- -	- -	- 49	- 4,887
- - -	- -	- -	- -	- -	- 130
- - -	- -	- -	- -	- -	- 1,000
- - -	- -	- -	- -	- -	- -
346	6,445	5,081	1,836	455	9,025
- - -	- -	- -	- -	- -	- -
346	6,445	5,081	1,836	455	9,025
346	6,506	5,136	1,836	504	15,042
\$ 346	\$ 7,025	\$ 5,568	\$ 1,836	\$ 879	\$ 16,170
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City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

	Library	Finance HALO / LEAP	Tacoma Police Department
ASSETS			
Cash and cash equivalents	\$ 5,172	\$ 368	\$ 1,076
Investments	-	-	-
Accounts receivable: net of uncollectible accts	-	1	26
Due from other funds	-	-	85
Due from other governmental units	-	26	87
Prepaid expenditures	-	-	-
Inventory	-	-	-
Recoverable deposits	-	-	-
Other current assets	-	-	-
Advances to other funds	-	-	-
Total assets	\$ 5,172	\$ 395	\$ 1,274
LIABILITIES AND FUND BALANCES			
Accounts payable	\$ -	\$ 23	\$ 8
Accrued wages and benefits payable	-	4	1
Deposits payable	-	-	-
Accrued taxes payable	-	-	-
Accrued interest payable	-	-	-
Due to other funds	-	-	79
Due to other governmental units	-	-	-
Deferred revenue	-	-	157
Advances from other funds	-	-	-
Other current liabilities	179	-	-
Total liabilities	179	27	245
FUND BALANCE			
Reserved for:			
Encumbrances	-	65	144
Advances to other funds	-	-	-
Other purposes	-	-	-
Unreserved fund balance:			
General Fund	-	-	-
Nonmajor Special Revenue Funds	4,993	303	885
Nonmajor Debt Service Funds	-	-	-
Nonmajor Capital Projects Funds	-	-	-
Total unreserved	4,993	303	885
Total fund balances (deficits)	4,993	368	1,029
Total liabilities and fund balances	\$ 5,172	\$ 395	\$ 1,274

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

Information Technology Cable TV	Unclaimed Property	Voted Bonds	Non-Voted GO Bonds	CTED PW Trust Fund Loans	LTGO Refunding Bonds 2001
\$ 865	\$ 322	\$ 798	\$ -	\$ -	\$ -
-	-	-	-	-	-
66	-	161	-	-	-
107	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,038	\$ 322	\$ 959	\$ -	\$ -	\$ -
\$ 207	\$ -	\$ -	\$ -	\$ -	\$ -
13	-	-	-	-	-
50	-	-	-	-	-
1	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8	-	161	-	-	-
-	-	-	-	-	-
- 322	-	- 161	-	-	-
279	322	161	-	-	-
60	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
699	-	-	-	-	-
-	-	798	-	-	-
-	-	-	-	-	-
699	-	798	-	-	-
759	-	798	-	-	-
\$ 1,038	\$ 322	\$ 959	\$ -	\$ -	\$ -

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

	<u>LID Bond Funds</u>	<u>1997 Bond Issue</u>
ASSETS		
Cash and cash equivalents	\$ 401	\$ 465
Investments	-	-
Accounts receivable: net of uncollectible accts	1,732	-
Due from other funds	-	-
Due from other governmental units	-	-
Prepaid expenditures	-	-
Inventory	-	-
Recoverable deposits	-	-
Other current assets	-	-
Advances to other funds	-	-
Total assets	<u>\$ 2,133</u>	<u>\$ 465</u>
LIABILITIES AND FUND BALANCES		
Accounts payable	\$ -	\$ 3
Accrued wages and benefits payable	-	-
Deposits payable	-	-
Accrued taxes payable	-	-
Accrued interest payable	-	-
Due to other funds	-	1
Due to other governmental units	-	-
Deferred revenue	1,631	-
Advances from other funds	-	130
Other current liabilities	-	-
Total liabilities	<u>1,631</u>	<u>134</u>
FUND BALANCE		
Reserved for:		
Encumbrances	-	-
Advances to other funds	-	-
Other purposes	-	-
Unreserved fund balance:		
General Fund	-	-
Nonmajor Special Revenue Funds	-	-
Nonmajor Debt Service Funds	502	-
Nonmajor Capital Projects Funds	-	331
Total unreserved	<u>502</u>	<u>331</u>
Total fund balances (deficits)	<u>502</u>	<u>331</u>
Total liabilities and fund balances	<u>\$ 2,133</u>	<u>\$ 465</u>

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Balance Sheet
December 31, 2006
(amounts expressed in thousands)

Capital Projects Fund	2002 Police Facility	LID Construction Fund	Total Nonmajor Governmental Funds
\$ 28,388	\$ 1,421	\$ 222	\$ 79,752
-	-	-	2,525
6,663	-	-	12,282
101	-	-	1,116
-	-	-	3,203
-	-	-	-
-	-	-	75
-	-	-	-
-	-	-	-
2,450	-	-	2,580
\$ 37,602	\$ 1,421	\$ 222	\$ 101,533
\$ 1,692	\$ 250	\$ -	\$ 3,744
2	-	-	145
-	-	-	124
-	-	-	12
-	-	-	7
382	-	-	1,187
-	-	-	-
-	-	-	3,660
-	-	-	130
-	-	-	535
2,076	250	-	9,544
557	135	-	13,727
2,450	-	-	2,580
-	-	-	1,000
-	-	-	-
-	-	-	39,274
-	-	-	1,300
32,519	1,036	222	34,108
32,519	1,036	222	74,682
35,526	1,171	222	91,989
\$ 37,602	\$ 1,421	\$ 222	\$ 101,533

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Courts	Contingency Fund	Public Works Streets
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	65
Intergovernmental revenue	-	-	9,279
Charges for services	-	-	175
Fines and forfeitures	-	-	-
Interest	-	64	321
Miscellaneous revenues	5	-	-
Total revenues	<u>5</u>	<u>64</u>	<u>9,840</u>
EXPENDITURES			
Current			
General government	-	-	25
Security of persons & property	5	-	-
Physical environment	-	-	-
Transportation	-	-	1,000
Economic environment	-	-	-
Mental and physical health	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	9,619
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>5</u>	<u>-</u>	<u>10,644</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>64</u>	<u>(804)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	-	-	1,543
Transfers in	-	125	427
Transfers (out)	-	-	(89)
Issuance of debt	-	-	2,590
Total other financing sources and (uses)	<u>-</u>	<u>125</u>	<u>4,471</u>
Net change in fund balances	<u>-</u>	<u>189</u>	<u>3,667</u>
Fund balance - Beginning	9	1,269	6,111
Prior period adjustments	(9)	-	385
Fund balance - Ending	<u>\$ -</u>	<u>\$ 1,458</u>	<u>\$ 10,163</u>

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Fire Department	PW Facilities Right-of-Way Streets	Local Improvement Guaranty	PW Engineering Paths & Trails Reserve	PW Building & Land Use Services	Tacoma Fire Dept Emergency Medical Svcs
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,343
	259	-	-	1,108	-
1,033	-	-	17	-	26
-	5	-	-	92	3,167
-	-	-	-	211	-
91	9	91	16	308	179
2	-	-	-	-	242
1,126	273	91	33	1,719	9,957
		138	-	-	-
633	-	-	-	-	8,953
-	-	-	-	-	-
-	29	-	1	651	-
-	30	-	-	-	-
-	-	-	-	-	-
368	-	-	2	-	-
48	-	-	-	-	-
3	-	-	-	-	-
1,052	59	138	3	651	8,953
74	214	(47)	30	1,068	1,004
-	-	-	-	-	-
49	35	1	-	-	-
(94)	-	(42)	-	-	(125)
-	-	-	-	-	-
(45)	35	(41)	-	-	(125)
29	249	(88)	30	1,068	879
1,754	-	3,073	316	5,438	5,083
-	293	(11)	-	-	(826)
\$ 1,783	\$ 542	\$ 2,974	\$ 346	\$ 6,506	\$ 5,136

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Public Assembly Fac Tourism & Convention	Human Rights & Human Services	Community Economic Development
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	5
Intergovernmental revenue	2,830	954	4,242
Charges for services	-	-	726
Fines and forfeitures	-	-	-
Interest	150	14	587
Miscellaneous revenues	-	889	326
Total revenues	<u>2,980</u>	<u>1,857</u>	<u>5,886</u>
EXPENDITURES			
Current			
General government	-	-	-
Security of persons & property	-	591	129
Physical environment	-	-	-
Transportation	-	-	279
Economic environment	-	385	4,665
Mental and physical health	-	535	56
Culture and recreation	-	-	79
Capital outlay	-	-	32
Debt Service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>1,511</u>	<u>5,240</u>
Excess of revenues over (under) expenditures	<u>2,980</u>	<u>346</u>	<u>646</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	-	-	-
Transfers in	-	3	10
Transfers (out)	<u>(3,476)</u>	-	<u>(35)</u>
Issuance of debt	-	-	-
Total other financing sources and (uses)	<u>(3,476)</u>	<u>3</u>	<u>(25)</u>
Net change in fund balances	<u>(496)</u>	<u>349</u>	<u>621</u>
Fund balance - Beginning	<u>3,444</u>	<u>155</u>	<u>14,421</u>
Prior period adjustments	<u>(1,112)</u>	<u>-</u>	<u>-</u>
Fund balance - Ending	<u>\$ 1,836</u>	<u>\$ 504</u>	<u>\$ 15,042</u>

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Library	Finance HALO / LEAP	Tacoma Police Department	Information Technology Cable TV	Unclaimed Property	Voted Bonds
\$ -	\$ -	\$ -	\$ 2,064	\$ -	\$ 2,974
-	-	-	-	-	-
81	26	737	-	-	-
38	381	182	206	-	-
-	-	306	-	-	-
247	17	65	52	-	-
5	7	104	29	-	-
371	431	1,394	2,351	-	2,974
-	407	-	1,911	-	-
-	-	1,005	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
58	-	-	-	-	-
240	-	869	701	-	-
-	-	-	-	-	-
-	-	-	-	-	-
298	407	1,874	2,612	-	2,817
73	24	(480)	(261)	-	157
-	-	2	-	-	-
-	-	27	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	29	-	-	-
73	24	(451)	(261)	-	157
4,920	344	1,480	1,017	-	641
\$ 4,993	\$ 368	\$ 1,029	\$ 759	\$ -	\$ 798

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Non-Voted GO Bonds	CTED PW Trust Fund Loans	LTGO Refunding Bonds 2001
REVENUES			
Taxes	\$ 1,108	\$ 819	\$ 2,235
Licenses and permits	-	-	-
Intergovernmental revenue	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Interest	28	-	-
Miscellaneous revenues	-	-	-
Total revenues	<u>1,136</u>	<u>819</u>	<u>2,235</u>
EXPENDITURES			
Current			
General government	-	-	-
Security of persons & property	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Economic environment	-	-	-
Mental and physical health	-	-	-
Culture and recreation	-	-	-
Capital outlay	-	-	-
Debt Service:			
Principal retirement	13,335	777	1,610
Interest and fiscal charges	686	93	625
Total expenditures	<u>14,021</u>	<u>870</u>	<u>2,235</u>
Excess of revenues over (under) expenditures	<u>(12,885)</u>	<u>(51)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital asset	-	-	-
Transfers in	-	51	-
Transfers (out)	-	-	-
Issuance of debt	12,885	-	-
Total other financing sources and (uses)	<u>12,885</u>	<u>51</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balance - Beginning	-	-	-
Prior period adjustments	-	-	-
Fund balance - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Tacoma, Washington
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2006
(amounts expressed in thousands)

LID Bond Funds	1997 Bond Issue	Capital Projects Fund	2002 Police Facility	LID Construction Fund	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 9,476	\$ -	\$ -	\$ 25,019
-	-	-	-	-	1,437
-	-	15,251	75	-	34,551
-	-	-	-	-	4,972
-	-	-	-	-	517
24	26	1,085	75	-	3,449
657	-	38	55	-	2,359
681	26	25,850	205	-	72,304
33	4	508	-	-	3,026
-	-	50	-	-	11,366
-	-	-	-	-	-
-	32	23	-	-	2,015
-	-	6	-	-	5,086
-	-	-	-	-	591
-	-	538	-	-	675
-	93	13,632	4,375	-	29,931
675	-	-	-	-	17,730
82	-	-	78	-	3,099
790	129	14,757	4,453	-	73,519
(109)	(103)	11,093	(4,248)	-	(1,215)
-	-	-	-	-	1,545
42	-	1,480	-	-	2,250
(1)	-	(130)	-	-	(3,992)
-	-	-	4,200	-	19,675
41	-	1,350	4,200	-	19,478
(68)	(103)	12,443	(48)	-	18,263
570	434	23,083	1,219	222	75,003
-	-	-	-	-	(1,277)
\$ 502	\$ 331	\$ 35,526	\$ 1,171	\$ 222	\$ 91,989

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Courts				Variance with Final Budget Over (Under)
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06		
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous revenues	-	60	14	(46)	(46)
Total revenues	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Security of persons & property	-	-	5	(5)	(5)
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<hr/>	<hr/>	5	(5)	(5)
Excess of revenues over (under) expenditures	<hr/>	<hr/>	9	(51)	(51)
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	<hr/>	60	9	(51)	(51)
Fund Balance - Beginning	-	-	-	-	-
Prior Period Adjustments	-	-	(9)	-	-
Fund Balance - Ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ -	\$ 60	\$ -	\$ -	\$ (51)

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Contingency Fund				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	60	60	86	26	26
Miscellaneous revenues	-	-	-	-	-
Total revenues	60	60	86	26	26
EXPENDITURES					
Current					
General government	60	60	-	-	60
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	60	60	-	-	60
Excess of revenues over (under) expenditures	-	-	86	86	86
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	250	250	250
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	-	-	250	250	250
Net change in fund balances	-	-	336	336	336
Fund Balance - Beginning	1,122	1,122	1,122	-	-
Prior Period Adjustments	-	-	-	-	-
Fund Balance - Ending	\$ 1,122	\$ 1,122	\$ 1,458	\$ 336	\$ 336

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Public Works Streets				Variance with Final Budget Over (Under)
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	\$	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	261		261
Intergovernmental revenue	37,566	37,175	13,857		(23,318)
Charges for services	-	187	1,225		1,038
Fines and forfeitures	-	-	-		-
Interest	-	-	526		526
Miscellaneous revenues	1,103	6,403	29		(6,374)
Total revenues	<u>38,669</u>	<u>43,765</u>	<u>15,898</u>		<u>(27,867)</u>
EXPENDITURES					
Current					
General government	410	321	109		212
Security of persons & property	-	-	-		-
Physical environment	-	-	-		-
Transportation	2,369	4,377	1,485		2,892
Economic environment	-	-	-		-
Mental and physical health	-	-	-		-
Culture and recreation	-	-	-		-
Capital outlay	49,927	57,450	19,839		37,611
Debt service:					
Principal retirement	-	-	-		-
Interest and fiscal charges	-	-	-		-
Total expenditures	<u>52,706</u>	<u>62,148</u>	<u>21,433</u>		<u>40,715</u>
Excess of revenues over (under) expenditures	<u>(14,037)</u>	<u>(18,383)</u>	<u>(5,535)</u>		<u>12,848</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	1,543		1,543
Transfers in	7,609	3,103	707		(2,396)
Transfers (out)	-	(277)	(94)		183
Issuance of debt	6,428	7,617	2,590		(5,027)
Total other financing sources and (uses)	<u>14,037</u>	<u>10,443</u>	<u>4,746</u>		<u>(5,697)</u>
Net change in fund balances	-	<u>(7,940)</u>	<u>(789)</u>		<u>7,151</u>
Fund Balance - Beginning	10,567	10,567	10,567		-
Prior Period Adjustments	-	-	385		-
Fund Balance - Ending	<u>\$ 10,567</u>	<u>\$ 2,627</u>	<u>\$ 10,163</u>		<u>\$ 7,151</u>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Fire Department					
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	235	2,450	2,266	(184)	
Charges for services	323	518	-	(518)	
Fines and forfeitures	-	-	-	-	
Interest	65	65	120	55	
Miscellaneous revenues	-	23	19	(4)	
Total revenues	<u>623</u>	<u>3,056</u>	<u>2,405</u>	<u>(651)</u>	
EXPENDITURES					
Current					
General government	2	2	1	1	
Security of persons & property	467	2,133	978	1,155	
Physical environment	-	-	-	-	
Transportation	-	-	-	-	
Economic environment	-	-	-	-	
Mental and physical health	-	-	-	-	
Culture and recreation	-	-	-	-	
Capital outlay	300	3,700	1,118	2,582	
Debt service:					
Principal retirement	-	-	95	(95)	
Interest and fiscal charges	-	-	8	(8)	
Total expenditures	<u>769</u>	<u>5,835</u>	<u>2,200</u>	<u>3,635</u>	
Excess of revenues over (under) expenditures	<u>(146)</u>	<u>(2,779)</u>	<u>205</u>	<u>2,984</u>	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	20	-	-	-	
Transfers in	-	553	49	(504)	
Transfers (out)	-	(350)	(94)	256	
Issuance of debt	-	2,000	-	(2,000)	
Total other financing sources and (uses)	<u>20</u>	<u>2,203</u>	<u>(45)</u>	<u>(2,248)</u>	
Net change in fund balances	<u>(126)</u>	<u>(576)</u>	<u>160</u>	<u>736</u>	
Fund Balance - Beginning	1,623	1,623	1,623	-	
Prior Period Adjustments	-	-	-	-	
Fund Balance - Ending	<u>\$ 1,497</u>	<u>\$ 1,047</u>	<u>\$ 1,783</u>	<u>\$ 736</u>	

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

PW Facilities Right-of-Way Streets					
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	500	259	(241)	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	45	15	(30)	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	9	9	9
Miscellaneous revenues	-	-	-	-	-
Total revenues	<hr/> <hr/> -	<hr/> <hr/> 545	<hr/> <hr/> 283	<hr/> <hr/> (262)	<hr/> <hr/>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	500	29	471	-
Economic environment	-	185	49	136	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<hr/> <hr/> -	<hr/> <hr/> 685	<hr/> <hr/> 78	<hr/> <hr/> 607	<hr/> <hr/>
Excess of revenues over (under) expenditures	<hr/> <hr/> -	<hr/> <hr/> (140)	<hr/> <hr/> 205	<hr/> <hr/> 345	<hr/> <hr/>
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	140	44	(96)	-
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<hr/> <hr/> -	<hr/> <hr/> 140	<hr/> <hr/> 44	<hr/> <hr/> (96)	<hr/> <hr/>
Net change in fund balances	<hr/> <hr/> -	<hr/> <hr/> -	<hr/> <hr/> 249	<hr/> <hr/> 249	<hr/> <hr/>
Fund Balance - Beginning	-	-	-	-	-
Prior Period Adjustments	-	-	293	-	-
Fund Balance - Ending	<hr/> <hr/> \$ -	<hr/> <hr/> \$ -	<hr/> <hr/> \$ 542	<hr/> <hr/> \$ 249	<hr/> <hr/>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Local Improvement Guaranty				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
	\$	\$	\$	\$	
REVENUES					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	100	100	183	83	83
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>100</u>	<u>100</u>	<u>183</u>	<u>83</u>	
EXPENDITURES					
Current					
General government	280	280	273	7	7
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>280</u>	<u>280</u>	<u>273</u>	<u>7</u>	
Excess of revenues over (under) expenditures	<u>(180)</u>	<u>(180)</u>	<u>(90)</u>	<u>90</u>	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	899	899	899
Transfers in	-	-	89	89	89
Transfers (out)	-	(42)	(42)	(42)	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>(42)</u>	<u>946</u>	<u>988</u>	
Net change in fund balances	<u>(180)</u>	<u>(222)</u>	<u>856</u>	<u>1,078</u>	
Fund Balance - Beginning	2,129	2,129	2,129	-	-
Prior Period Adjustments	-	-	(11)	-	-
Fund Balance - Ending	<u>\$ 1,949</u>	<u>\$ 1,907</u>	<u>\$ 2,974</u>	<u>\$ 1,078</u>	

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	PW Engineering Paths & Trails Reserve				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	28	28	38	10	
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	23	23	
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>28</u>	<u>28</u>	<u>61</u>	<u>33</u>	
EXPENDITURES					
Current					
General government	-	-	-	-	-
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	1	2	(1)	
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	28	27	13	14	
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>28</u>	<u>28</u>	<u>15</u>	<u>13</u>	
Excess of revenues over (under) expenditures	-	-	46	46	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	-	-	-	-	-
Net change in fund balances	-	-	46	46	
Fund Balance - Beginning	300	300	300	-	-
Prior Period Adjustments	-	-	-	-	-
Fund Balance - Ending	<u>\$ 300</u>	<u>\$ 300</u>	<u>\$ 346</u>	<u>\$ 46</u>	

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	PW Building & Land Use Services				Variance with Final Budget Over (Under)
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06		
	\$	\$	\$		
REVENUES					
Taxes	-	-	-	-	-
Licenses and permits	320	320	1,925	1,605	
Intergovernmental revenue	-	-	35	35	
Charges for services	952	952	193	(759)	
Fines and forfeitures	235	235	650	415	
Interest	20	20	393	373	
Miscellaneous revenues	155	155	13	(142)	
Total revenues	<u>1,682</u>	<u>1,682</u>	<u>3,209</u>	<u>1,527</u>	
EXPENDITURES					
Current					
General government	-	-	-	-	
Security of persons & property	-	-	-	-	
Physical environment	-	-	-	-	
Transportation	3,150	3,150	1,126	(2,024)	
Economic environment	-	-	-	-	
Mental and physical health	-	-	-	-	
Culture and recreation	-	-	-	-	
Capital outlay	61	61	-	(61)	
Debt service:					
Principal retirement	-	-	-	-	
Interest and fiscal charges	-	-	-	-	
Total expenditures	<u>3,211</u>	<u>3,211</u>	<u>1,126</u>	<u>(2,085)</u>	
Excess of revenues over (under) expenditures	<u>(1,529)</u>	<u>(1,529)</u>	<u>2,083</u>	<u>3,612</u>	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	
Transfers in	150	150	-	(150)	
Transfers (out)	(150)	(150)	-	150	
Issuance of debt	-	-	-	-	
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	<u>(1,529)</u>	<u>(1,529)</u>	<u>2,083</u>	<u>3,612</u>	
Fund Balance - Beginning	4,423	4,423	4,423	-	
Prior Period Adjustments	-	-	-	-	
Fund Balance - Ending	<u>\$ 2,894</u>	<u>\$ 2,894</u>	<u>\$ 6,506</u>	<u>\$ 3,612</u>	

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Fire Dept Emergency Medical Services						
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)		
REVENUES						
Taxes	\$ 12,807	\$ 13,135	\$ 12,572	\$ (563)		
Licenses and permits	-	-	-			
Intergovernmental revenue	-	-	52			
Charges for services	9,493	11,211	8,799			
Fines and forfeitures	-	-	-			
Interest	180	180	240			
Miscellaneous revenues	-	-	474			
Total revenues	<u>22,480</u>	<u>24,526</u>	<u>22,137</u>			
EXPENDITURES						
Current						
General government	-	-	-			
Security of persons & property	22,479	24,524	20,582			
Physical environment	-	-	-			
Transportation	-	-	-			
Economic environment	-	-	-			
Mental and physical health	-	-	-			
Culture and recreation	-	-	-			
Capital outlay	300	300	-			
Debt service:						
Principal retirement	-	-	-			
Interest and fiscal charges	-	-	-			
Total expenditures	<u>22,779</u>	<u>24,824</u>	<u>20,582</u>			
Excess of revenues over (under) expenditures	<u>(299)</u>	<u>(298)</u>	<u>1,555</u>			
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-			
Transfers in	-	-	-			
Transfers (out)	-	(138)	(267)			
Issuance of debt	-	-	-			
Total other financing sources and (uses)	<u>-</u>	<u>(138)</u>	<u>(267)</u>			
Net change in fund balances	<u>(299)</u>	<u>(436)</u>	<u>1,288</u>			
Fund Balance - Beginning	4,674	4,674	4,674			
Prior Period Adjustments	-	-	(826)			
Fund Balance - Ending	<u>\$ 4,375</u>	<u>\$ 4,238</u>	<u>\$ 5,136</u>			
	<u>\$ 1,724</u>					

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Public Assembly Fac Tourism & Convention				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	5,397	5,397	5,212	(185)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	130	130	177	47
Miscellaneous revenues	-	-	-	-
Total revenues	<u>5,527</u>	<u>5,527</u>	<u>5,389</u>	<u>(138)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons & property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	130	130	-	130
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>130</u>	<u>130</u>	<u>-</u>	<u>130</u>
Excess of revenues over (under) expenditures	<u>5,397</u>	<u>5,397</u>	<u>5,389</u>	<u>(268)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(5,397)	(5,397)	(4,746)	651
Issuance of debt	-	-	-	-
Total other financing sources and (uses)	<u>(5,397)</u>	<u>(5,397)</u>	<u>(4,746)</u>	<u>651</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>643</u>	<u>383</u>
Fund Balance - Beginning	2,305	2,305	2,305	-
Prior Period Adjustments	-	-	(1,112)	-
Fund Balance - Ending	<u>\$ 2,305</u>	<u>\$ 2,305</u>	<u>\$ 1,836</u>	<u>\$ 383</u>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Human Rights & Human Services			
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
	\$	\$	\$	\$
REVENUES				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental revenue	2,157	3,591	2,397	(1,194)
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	1	1	12	11
Miscellaneous revenues	109	954	991	37
Total revenues	<u>2,267</u>	<u>4,546</u>	<u>3,400</u>	<u>(1,146)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons & property	1,256	2,001	1,759	242
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	443	1,033	548	485
Mental and physical health	748	1,692	843	849
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>2,447</u>	<u>4,726</u>	<u>3,150</u>	<u>1,576</u>
Excess of revenues over (under) expenditures	<u>(180)</u>	<u>(180)</u>	<u>250</u>	<u>430</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	-
Transfers in	-	-	32	32
Transfers (out)	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>32</u>	<u>32</u>
Net change in fund balances	<u>(180)</u>	<u>(180)</u>	<u>282</u>	<u>462</u>
Fund Balance - Beginning	222	222	222	-
Prior Period Adjustments	-	-	-	-
Fund Balance - Ending	<u>\$ 42</u>	<u>\$ 42</u>	<u>\$ 504</u>	<u>\$ 462</u>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Community Economic Development				Variance with Final Budget Over (Under)	
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	\$		
	\$	\$	\$			
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	5	
Licenses and permits	- - -	- - -	- - -	5	5	
Intergovernmental revenue	22,419	22,535	11,304	(11,231)		
Charges for services	1,273	1,417	1,337	(80)		
Fines and forfeitures	- - -	- - -	- - -	- - -		
Interest	1,313	1,423	880	(543)		
Miscellaneous revenues	659	658	926	268		
Total revenues	<u>25,664</u>	<u>26,033</u>	<u>14,452</u>	<u>(11,581)</u>		
EXPENDITURES						
Current						
General government	- - -	- - -	- - -	- - -		
Security of persons & property	- - -	262	258	4		
Physical environment	- - -	- - -	- - -	- - -		
Transportation	4,998	5,273	717	4,556		
Economic environment	27,169	27,851	11,887	15,964		
Mental and physical health	- - -	147	146	1		
Culture and recreation	- - -	381	153	228		
Capital outlay	315	361	1,465	(1,104)		
Debt service:						
Principal retirement	- - -	- - -	- - -	- - -		
Interest and fiscal charges	- - -	- - -	- - -	- - -		
Total expenditures	<u>32,482</u>	<u>34,275</u>	<u>14,626</u>	<u>19,649</u>		
Excess of revenues over (under) expenditures	<u>(6,818)</u>	<u>(8,242)</u>	<u>(174)</u>	<u>8,068</u>		
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	- - -	- - -	- - -	- - -		
Transfers in	700	700	679	(21)		
Transfers (out)	- - -	(223)	(254)	(31)		
Issuance of debt	548	548	- - -	(548)		
Total other financing sources and (uses)	<u>1,248</u>	<u>1,025</u>	<u>425</u>	<u>(600)</u>		
Net change in fund balances	<u>(5,570)</u>	<u>(7,217)</u>	<u>251</u>	<u>7,468</u>		
Fund Balance - Beginning	14,791	14,791	14,791	-		
Prior Period Adjustments	- - -	- - -	- - -	- - -		
Fund Balance - Ending	<u>\$ 9,221</u>	<u>\$ 7,574</u>	<u>\$ 15,042</u>	<u>\$ 7,468</u>		

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Library			
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	195	195
Charges for services	-	-	84	84
Fines and forfeitures	-	-	-	-
Interest	-	50	345	295
Miscellaneous revenues	-	3	23	20
Total revenues	<u>-</u>	<u>53</u>	<u>647</u>	<u>594</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons & property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	69	118	(49)
Capital outlay	-	311	280	31
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>-</u>	<u>380</u>	<u>398</u>	<u>(18)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(327)</u>	<u>249</u>	<u>576</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>(327)</u>	<u>249</u>	<u>576</u>
Fund Balance - Beginning	<u>4,744</u>	<u>4,744</u>	<u>4,744</u>	<u>-</u>
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 4,744</u>	<u>\$ 4,417</u>	<u>\$ 4,993</u>	<u>\$ 576</u>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Finance HALO & LEAP				Variance with Final Budget Over (Under)	
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	\$		
	\$	\$	\$			
REVENUES						
Taxes	\$ -	\$ -	\$ -	\$ -	-	
Licenses and permits	-	-	-	-	-	
Intergovernmental revenue	-	142	26	-	(116)	
Charges for services	836	836	754	-	(82)	
Fines and forfeitures	-	-	-	-	-	
Interest	-	-	24	-	24	
Miscellaneous revenues	-	-	12	-	12	
Total revenues	<u>836</u>	<u>978</u>	<u>816</u>	<u>-</u>	<u>(162)</u>	
EXPENDITURES						
Current						
General government	836	994	737	-	257	
Security of persons & property	-	-	-	-	-	
Physical environment	-	-	-	-	-	
Transportation	-	-	-	-	-	
Economic environment	-	-	-	-	-	
Mental and physical health	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt service:						
Principal retirement	-	-	-	-	-	
Interest and fiscal charges	-	-	-	-	-	
Total expenditures	<u>836</u>	<u>994</u>	<u>737</u>	<u>-</u>	<u>257</u>	
Excess of revenues over (under) expenditures	<u>-</u>	<u>(16)</u>	<u>79</u>	<u>-</u>	<u>95</u>	
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-	-	-	
Transfers in	-	-	-	-	-	
Transfers (out)	-	-	-	-	-	
Issuance of debt	-	-	-	-	-	
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	<u>-</u>	<u>(16)</u>	<u>79</u>	<u>-</u>	<u>95</u>	
Fund Balance - Beginning	<u>289</u>	<u>289</u>	<u>289</u>	<u>-</u>	<u>-</u>	
Prior Period Adjustments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Fund Balance - Ending	<u>\$ 289</u>	<u>\$ 273</u>	<u>\$ 368</u>	<u>\$ 95</u>	<u>-</u>	

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Police Department				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	2,260	1,498	(762)
Charges for services	59	75	255	180
Fines and forfeitures	1,012	1,336	1,507	171
Interest	14	14	84	70
Miscellaneous revenues	38	38	342	304
Total revenues	<u>1,123</u>	<u>3,723</u>	<u>3,686</u>	<u>(37)</u>
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons & property	1,204	1,881	2,371	(490)
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	20	2,166	1,122	1,044
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>1,224</u>	<u>4,047</u>	<u>3,493</u>	<u>554</u>
Excess of revenues over (under) expenditures	<u>(101)</u>	<u>(324)</u>	<u>193</u>	<u>517</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	9	9
Transfers in	-	157	27	(130)
Transfers (out)	-	-	-	-
Issuance of debt	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>157</u>	<u>36</u>	<u>(121)</u>
Net change in fund balances	<u>(101)</u>	<u>(167)</u>	<u>229</u>	<u>396</u>
Fund Balance - Beginning	800	800	800	-
Prior Period Adjustments	-	-	-	-
Fund Balance - Ending	<u>\$ 699</u>	<u>\$ 633</u>	<u>\$ 1,029</u>	<u>\$ 396</u>

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
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(amounts expressed in thousands)

		Information Technology Cable TV				
		Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES						
Taxes	\$ 3,060	\$ 3,780	\$ 4,060	\$ 280		
Licenses and permits	-	-	-	-		
Intergovernmental revenue	-	-	-	-		
Charges for services	300	372	398	26		
Fines and forfeitures	-	-	-	-		
Interest	25	-	75	75		
Miscellaneous revenues	100	71	123	52		
Total revenues	<u>3,485</u>	<u>4,223</u>	<u>4,656</u>	<u>433</u>		
EXPENDITURES						
Current						
General government	3,437	3,847	3,692	155		
Security of persons & property	-	-	-	-		
Physical environment	-	-	-	-		
Transportation	-	-	-	-		
Economic environment	-	-	-	-		
Mental and physical health	-	-	-	-		
Culture and recreation	-	-	-	-		
Capital outlay	335	1,696	1,096	600		
Debt service:						
Principal retirement	-	-	-	-		
Interest and fiscal charges	-	-	-	-		
Total expenditures	<u>3,772</u>	<u>5,543</u>	<u>4,788</u>	<u>755</u>		
Excess of revenues over (under) expenditures	<u>(287)</u>	<u>(1,320)</u>	<u>(132)</u>	<u>1,188</u>		
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-	-		
Transfers in	-	-	-	-		
Transfers (out)	-	-	-	-		
Issuance of debt	-	-	-	-		
Total other financing sources and (uses)	-	-	-	-		
Net change in fund balances	<u>(287)</u>	<u>(1,320)</u>	<u>(132)</u>	<u>1,188</u>		
Fund Balance - Beginning	888	888	888	-		
Prior Period Adjustments	-	-	3	-		
Fund Balance - Ending	<u>\$ 601</u>	<u>\$ (432)</u>	<u>\$ 759</u>	<u>\$ 1,188</u>		

City of Tacoma, Washington
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Unclaimed Property				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
	\$	\$	\$	\$	
REVENUES					
Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous revenues	-	-	-	-	-
Total revenues	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balance - Beginning	-	-	-	-	-
Prior Period Adjustments	-	-	-	-	-
Fund Balance - Ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$	\$	\$	\$	\$

City of Tacoma, Washington
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Voted Bonds				
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ 8,309	\$ 8,309	\$ 8,569	\$ 260	
Licenses and permits	-	-	-	-	
Intergovernmental revenue	-	-	-	-	
Charges for services	-	-	-	-	
Fines and forfeitures	-	-	-	-	
Interest	-	-	-	-	
Miscellaneous revenues	-	-	-	-	
Total revenues	<u>8,309</u>	<u>8,309</u>	<u>8,569</u>	<u>260</u>	
EXPENDITURES					
Current					
General government	-	-	-	-	
Security of persons & property	-	-	-	-	
Physical environment	-	-	-	-	
Transportation	-	-	-	-	
Economic environment	-	-	-	-	
Mental and physical health	-	-	-	-	
Culture and recreation	-	-	-	-	
Capital outlay	-	-	-	-	
Debt Service:					
Principal retirement	5,040	5,040	5,040	-	
Interest and fiscal charges	3,269	3,269	3,268	1	
Total expenditures	<u>8,309</u>	<u>8,309</u>	<u>8,308</u>	<u>1</u>	
Excess of revenues over (under) expenditures	-	-	261	261	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	
Transfers in	-	-	-	-	
Transfers (out)	-	-	-	-	
Issuance of debt	-	-	-	-	
Total other financing sources and (uses)	-	-	-	-	
Net change in fund balances	-	-	261	261	
Fund Balance - Beginning	537	537	537	-	
Prior Period Adjustments	-	-	-	-	
Fund Balance - Ending	<u>\$ 537</u>	<u>\$ 537</u>	<u>\$ 798</u>	<u>\$ 261</u>	

City of Tacoma, Washington
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Non-Voted GO Bonds			
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ 2,220	\$ 2,220	\$ 2,220	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	28	28
Miscellaneous revenues	-	-	-	-
Total revenues	2,220	2,220	2,248	28
EXPENDITURES				
Current				
General government	-	-	-	-
Security of persons & property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	710	710	13,680	(12,970)
Interest and fiscal charges	1,510	1,510	1,453	57
Total expenditures	2,220	2,220	15,133	(12,913)
Excess of revenues over (under) expenditures	-	-	(12,885)	(12,885)
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	-
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Issuance of debt	-	-	12,885	12,885
Total other financing sources and (uses)	-	-	12,885	12,885
Net change in fund balances	-	-	-	-
Fund Balance - Beginning	-	-	-	-
Prior Period Adjustments	-	-	-	-
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -

City of Tacoma, Washington
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

CTED PW Trust Fund Loans						
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)		
REVENUES						
Taxes	\$ 1,227	\$ 1,227	\$ 1,454	\$	227	
Licenses and permits	-	-	-	-	-	
Intergovernmental revenue	-	-	-	-	-	
Charges for services	-	-	-	-	-	
Fines and forfeitures	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous revenues	-	-	-	-	-	
Total revenues	1,227	1,227	1,454	227		
EXPENDITURES						
Current						
General government	-	-	-	-	-	
Security of persons & property	-	-	-	-	-	
Physical environment	-	-	-	-	-	
Transportation	-	-	-	-	-	
Economic environment	-	-	-	-	-	
Mental and physical health	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt Service:						
Principal retirement	1,318	1,318	1,317	1	1	
Interest and fiscal charges	193	193	193	-	-	
Total expenditures	1,511	1,511	1,510	1	1	
Excess of revenues over (under) expenditures	(284)	(284)	(56)	228	228	
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-	-	-	
Transfers in	284	284	56	(228)	(228)	
Transfers (out)	-	-	-	-	-	
Issuance of debt	-	-	-	-	-	
Total other financing sources and (uses)	284	284	56	(228)	(228)	
Net change in fund balances	-	-	-	-	-	
Fund Balance - Beginning	-	-	-	-	-	
Prior Period Adjustments	-	-	-	-	-	
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	

City of Tacoma, Washington
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

LTGO Refunding 2001 Fund						
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)		
REVENUES						
Taxes	\$ 4,471	\$ 4,471	\$ 4,471	\$	-	
Licenses and permits	-	-	-	-	-	
Intergovernmental revenue	-	-	-	-	-	
Charges for services	-	-	-	-	-	
Fines and forfeitures	-	-	-	-	-	
Interest	-	-	-	-	-	
Miscellaneous revenues	-	-	-	-	-	
Total revenues	4,471	4,471	4,471			
EXPENDITURES						
Current						
General government	-	-	-	-	-	
Security of persons & property	-	-	-	-	-	
Physical environment	-	-	-	-	-	
Transportation	-	-	-	-	-	
Economic environment	-	-	-	-	-	
Mental and physical health	-	-	-	-	-	
Culture and recreation	-	-	-	-	-	
Capital outlay	-	-	-	-	-	
Debt Service:						
Principal retirement	3,155	3,155	3,155	\$	-	
Interest and fiscal charges	1,316	1,316	1,316	\$	-	
Total expenditures	4,471	4,471	4,471			
Excess of revenues over (under) expenditures	-	-	-	\$	-	
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-	\$	-	
Transfers in	-	-	-	\$	-	
Transfers (out)	-	-	-	\$	-	
Issuance of debt	-	-	-	\$	-	
Total other financing sources and (uses)	-	-	-	\$	-	
Net change in fund balances	-	-	-	\$	-	
Fund Balance - Beginning	-	-	-	\$	-	
Prior Period Adjustments	-	-	-	\$	-	
Fund Balance - Ending	\$ -	\$ -	\$ -	\$ -	\$ -	

City of Tacoma, Washington
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2006
(amounts expressed in thousands)

LID Bond Funds

	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental revenue	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	36	36
Miscellaneous revenues	-	-	1,490	1,490
Total revenues	<u>-</u>	<u>-</u>	<u>1,526</u>	<u>1,526</u>
EXPENDITURES				
Current				
General government	-	-	65	65
Security of persons & property	-	-	-	-
Physical environment	-	-	-	-
Transportation	-	-	-	-
Economic environment	-	-	-	-
Mental and physical health	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt Service:				
Principal retirement	-	-	1,401	1,401
Interest and fiscal charges	-	-	200	200
Total expenditures	<u>-</u>	<u>-</u>	<u>1,666</u>	<u>1,666</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>(140)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital asset	-	-	-	-
Transfers in	-	-	42	42
Transfers (out)	-	-	(89)	(89)
Issuance of debt	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(47)</u>	<u>(47)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(187)</u>	<u>(187)</u>
Fund Balance - Beginning	689	689	689	-
Prior Period Adjustments	-	-	-	-
Fund Balance - Ending	<u>\$ 689</u>	<u>\$ 689</u>	<u>\$ 502</u>	<u>\$ (187)</u>

City of Tacoma, Washington
Nonmajor Capital Project Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year ended December 31, 2006
(amounts expressed in thousands)

1997 Bond Issue					
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	66	66	-	-	(66)
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	22	22	22
Miscellaneous revenues	-	-	-	-	-
Total revenues	<u>66</u>	<u>66</u>	<u>22</u>	<u>(44)</u>	
EXPENDITURES					
Current					
General government	4	23	19	4	4
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	9	78	65	13	13
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	118	631	528	103	103
Debt Service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>131</u>	<u>732</u>	<u>612</u>	<u>120</u>	
Excess of revenues over (under) expenditures	<u>(65)</u>	<u>(666)</u>	<u>(590)</u>	<u>76</u>	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	11	11	11
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>	
Net change in fund balances	<u>(65)</u>	<u>(666)</u>	<u>(579)</u>	<u>87</u>	
Fund Balance - Beginning	<u>910</u>	<u>910</u>	<u>910</u>	<u>-</u>	
Prior Period Adjustments	-	-	-	-	
Fund Balance - Ending	<u>\$ 845</u>	<u>\$ 244</u>	<u>\$ 331</u>	<u>\$ 87</u>	

City of Tacoma, Washington
Nonmajor Capital Project Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year ended December 31, 2006
(amounts expressed in thousands)

Capital Projects Fund						
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)		
REVENUES						
Taxes	\$ 9,600	\$ 9,600	\$ 18,223	\$ 8,623		
Licenses and permits	-	-	-	-		
Intergovernmental revenue	10,133	24,743	16,871	(7,872)		
Charges for services	-	-	2,225	2,225		
Fines and forfeitures	-	-	-	-		
Interest	-	-	1,346	1,346		
Miscellaneous revenues	-	20	38	18		
Total revenues	<u>19,733</u>	<u>34,363</u>	<u>38,703</u>	<u>4,340</u>		
EXPENDITURES						
Current						
General government	3,854	3,535	1,311	2,224		
Security of persons & property	240	270	100	170		
Physical environment	-	-	-	-		
Transportation	3,911	2,934	1,088	1,846		
Economic environment	-	16	6	10		
Mental and physical health	-	-	-	-		
Culture and recreation	998	2,012	746	1,266		
Capital outlay	16,408	38,040	15,228	22,812		
Debt Service:						
Principal retirement	-	-	-	-		
Interest and fiscal charges	-	-	-	-		
Total expenditures	<u>25,411</u>	<u>46,807</u>	<u>18,479</u>	<u>28,328</u>		
Excess of revenues over (under) expenditures	<u>(5,678)</u>	<u>(12,444)</u>	<u>20,224</u>	<u>32,668</u>		
OTHER FINANCING SOURCES (USES)						
Sale of capital asset	-	-	-	-		
Transfers in	648	1,524	1,817	293		
Transfers (out)	-	(4,592)	(1,703)	2,889		
Issuance of debt	-	-	-	-		
Total other financing sources and (uses)	<u>648</u>	<u>(3,068)</u>	<u>114</u>	<u>3,182</u>		
Net change in fund balances	<u>(5,030)</u>	<u>(15,512)</u>	<u>20,338</u>	<u>35,850</u>		
Fund Balance - Beginning	<u>15,188</u>	<u>15,188</u>	<u>15,188</u>	<u>-</u>		
Prior Period Adjustments	-	-	-	-		
Fund Balance - Ending	<u>\$ 10,158</u>	<u>\$ (324)</u>	<u>\$ 35,526</u>	<u>\$ 35,850</u>		

City of Tacoma, Washington
Nonmajor Capital Project Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year ended December 31, 2006
(amounts expressed in thousands)

2002 Police Facility					
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	- -	- -	- -	- -	-
Intergovernmental revenue	- -	75	75	75	-
Charges for services	- -	- -	- -	- -	-
Fines and forfeitures	- -	- -	- -	- -	-
Interest	66	494	407	(87)	
Miscellaneous revenues	- -	- -	55	55	
Total revenues	<u>66</u>	<u>569</u>	<u>537</u>	<u>(32)</u>	
EXPENDITURES					
Current					
General government	- -	- -	- -	- -	-
Security of persons & property	- -	- -	(3)	3	
Physical environment	- -	- -	- -	- -	-
Transportation	- -	155	- -	155	
Economic environment	- -	- -	- -	- -	-
Mental and physical health	- -	- -	- -	- -	-
Culture and recreation	- -	- -	- -	- -	-
Capital outlay	112	17,832	17,221	611	
Debt Service:					
Principal retirement	- -	- -	- -	- -	-
Interest and fiscal charges	- -	- -	78	(78)	
Total expenditures	<u>112</u>	<u>17,987</u>	<u>17,296</u>	<u>691</u>	
Excess of revenues over (under) expenditures	<u>(46)</u>	<u>(17,418)</u>	<u>(16,759)</u>	<u>659</u>	
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	- -	- -	- -	- -	-
Transfers in	- -	- -	- -	- -	-
Transfers (out)	- -	- -	- -	- -	-
Issuance of debt	- -	4,200	4,200	4,200	-
Total other financing sources and (uses)	<u>- -</u>	<u>4,200</u>	<u>4,200</u>	<u>4,200</u>	<u>- -</u>
Net change in fund balances	<u>(46)</u>	<u>(13,218)</u>	<u>(12,559)</u>	<u>659</u>	
Fund Balance - Beginning	<u>13,730</u>	<u>13,730</u>	<u>13,730</u>	<u>- -</u>	
Prior Period Adjustments	- -	- -	- -	- -	-
Fund Balance - Ending	<u>\$ 13,684</u>	<u>\$ 512</u>	<u>\$ 1,171</u>	<u>\$ 659</u>	

City of Tacoma, Washington
Nonmajor Capital Project Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year ended December 31, 2006
(amounts expressed in thousands)

LID Construction Fund					
	Approved Original Budget 2005-2006 Biennium	Approved Final Budget 2005- 2006 Biennium	Actual Biennium- To-Date Thru 12- 31-06	Variance with Final Budget Over (Under)	
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	-
Licenses and permits	-	-	-	-	-
Intergovernmental revenue	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous revenues	-	-	660	660	660
Total revenues	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Security of persons & property	-	-	-	-	-
Physical environment	-	-	-	-	-
Transportation	-	-	-	-	-
Economic environment	-	-	-	-	-
Mental and physical health	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt Service:					
Principal retirement	-	-	535	(535)	(535)
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	-	-	125	125	125
OTHER FINANCING SOURCES (USES)					
Sale of capital asset	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers (out)	-	-	-	-	-
Issuance of debt	-	-	-	-	-
Total other financing sources and (uses)	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	125	125	125
Fund Balance - Beginning	97	97	97	97	97
Prior Period Adjustments	-	-	-	-	-
Fund Balance - Ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 97	\$ 97	\$ 222	\$ 125	

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	<u>Airport Fund</u>	<u>Tacoma Rail Mountain Division Fund</u>	<u>Parking Garage Fund</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 340	\$ 1,206	\$ 835
Accounts receivable - net of allowance for uncollectibles	-	345	19
Due from other funds	-	8	-
Due from other governmental units	-	1	-
Inventory	-	-	-
Prepaid expenses	5	-	41
Other current assets	-	-	2
Restricted assets:			
Cash for construction	-	-	-
Cash for debt service	-	213	-
Cash for other special purposes	-	-	-
Investments for other special purposes	-	-	-
Customer deposits	-	-	-
Total restricted assets	<hr/> 345	<hr/> 213	<hr/> 897
Total current assets	<hr/> 345	<hr/> 1,773	<hr/> 897
Non-current assets:			
Notes, contracts, leases receivable--non-current	-	-	-
Advances to other funds	-	-	-
Other non-current assets	-	-	-
Capital assets:			
Land	2,371	1,361	10,553
Property, plant, and equipment	6,327	11,780	31,034
Less: accumulated depreciation	(4,154)	(2,305)	(3,341)
Construction work in progress	944	1,710	-
Total capital assets net of depreciation	<hr/> 5,488	<hr/> 12,546	<hr/> 38,246
Total non-current assets	<hr/> 5,488	<hr/> 12,546	<hr/> 38,246
Total assets	<hr/> 5,833	<hr/> 14,319	<hr/> 39,143

**City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)**

Convention Center & Bicentennial Pavilion Fund	Cheney Stadium	Tacoma Dome	Performing Arts Fund	Solid Waste Fund	Union Station
\$ 4,903	\$ 594	\$ 2,526	\$ 577	\$ 19,669	\$ 27
105	324	73	-	6,152	4,389
2,508	-	-	-	6	-
-	-	-	-	143	-
-	-	-	-	-	-
138	-	14	-	-	-
-	-	-	-	-	-
-	-	-	-	45,457	-
-	-	-	-	4,539	-
-	-	-	1,158	2,469	1,395
-	-	-	2,776	-	-
-	-	-	-	-	-
-	-	-	3,934	52,465	1,395
7,654	918	2,613	4,511	78,435	5,811
-	-	-	-	-	59,997
-	-	-	-	-	-
1,353	-	-	-	955	-
15,298	76	7,927	1,500	2,644	-
68,739	4,050	46,141	12,320	121,669	-
(6,445)	(2,291)	(28,512)	(3,582)	(75,936)	-
4,431	-	421	4,474	5,490	-
82,023	1,835	25,977	14,712	53,867	-
83,376	1,835	25,977	14,712	54,822	59,997
91,030	2,753	28,590	19,223	133,257	65,808

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Airport Fund	Tacoma Rail Mountain Division Fund	Parking Garage Fund
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 284	\$ 343	\$ 10
Accrued wages and benefits payable	-	-	1
Accrued taxes payable	20	4	7
Accrued interest payable	-	31	-
Deposits payable	18	22	-
Notes, contracts & leases payable--current	-	733	161
Revenue bonds--current portion	-	-	800
Due to other funds	8	157	1
Due to other government units	-	3	-
Deferred revenue	5	-	202
Other current liabilities	-	-	-
Liabilities payable from restricted assets:			
Revenue bonds--current portion	-	-	-
Bonds interest payable	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Deposits payable	-	-	-
Total current liabilities	<u>335</u>	<u>1,293</u>	<u>1,182</u>
Non-current liabilities:			
Notes, contracts & leases payable--noncurrent	-	1,283	-
Revenue bonds--noncurrent	-	-	19,367
Accrued employee leave benefits	-	-	1
Advances from other funds	2,850	4,550	-
Other non-current liabilities	-	-	-
Liabilities payable from restricted assets:			
Accrued landfill liability	-	-	-
Total non-current liabilities	<u>2,850</u>	<u>5,833</u>	<u>19,368</u>
Total liabilities	<u>3,185</u>	<u>7,126</u>	<u>20,550</u>
NET ASSETS			
Invested in capital assets net of related debt	5,488	7,996	18,079
Restricted:			
Restricted for capital purchases	-	-	-
Restricted for debt	-	-	-
Restricted for construction	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	(2,840)	(803)	514
Total net assets	<u>2,648</u>	<u>7,193</u>	<u>18,593</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Convention Center & Bicentennial Pavilion Fund	Cheney Stadium	Tacoma Dome	Performing Arts Fund	Solid Waste Fund	Union Station
\$ 226	\$ 3	\$ 75	\$ 29	\$ 2,082	\$ -
29	-	35	-	206	-
4	1	10	-	296	-
-	-	-	27	-	889
281	-	243	-	-	-
990	-	30	-	-	-
431	-	-	-	2,690	1,025
-	-	1	-	585	-
-	-	-	-	-	-
-	-	67	-	6,983	2,996
-	-	15	-	-	-
-	-	-	-	-	-
-	-	-	-	245	-
-	-	-	-	385	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	63	-
1,961	4	476	56	13,535	4,910
66,420	-	256	2,500	-	-
10,428	-	-	-	84,947	31,995
299	-	369	-	1,168	-
-	-	-	-	-	-
2,670	-	1,159	-	-	28,154
-	-	-	-	35,458	-
79,817	-	1,784	2,500	121,573	60,149
81,778	4	2,260	2,556	135,108	65,059
1,084	1,835	25,977	12,212	16,550	-
-	-	-	3,934	-	-
-	-	-	-	3,909	-
-	-	-	-	45,457	-
-	-	-	-	-	1,395
8,168	914	353	521	(67,767)	(646)
9,252	2,749	26,330	16,667	(1,851)	749

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Tacoma Rail	Low Income Assistance Fund	Conservation Project Fund	Total Nonmajor Enterprise Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 2,643	\$ 493	\$ 144	\$ 33,957
Accounts receivable - net of allowance for uncollectibles	2,254	18	-	13,679
Due from other funds	157	38	-	2,717
Due from other governmental units	-	-	-	144
Inventory	623	-	-	623
Prepaid expenses	262	-	-	460
Other current assets	-	-	-	2
Restricted assets:				
Cash for construction	1,984	-	-	47,441
Cash for debt service	356	-	-	5,108
Cash for other special purposes	-	-	-	5,022
Investments for other special purposes	-	-	-	2,776
Customer deposits	-	-	-	-
Total restricted assets	<u>2,340</u>	<u>-</u>	<u>-</u>	<u>60,347</u>
Total current assets	<u>8,279</u>	<u>549</u>	<u>144</u>	<u>111,929</u>
Non-current assets:				
Notes, contracts, leases receivable--non-current	-	-	-	59,997
Advances to other funds	-	-	-	-
Other non-current assets	10	-	137	2,455
Capital assets:				
Land	160	-	-	41,890
Property, plant, and equipment	18,774	-	-	320,834
Less: accumulated depreciation	(11,468)	-	-	(138,034)
Construction work in progress	89	-	-	17,559
Total capital assets net of depreciation	<u>7,555</u>	<u>-</u>	<u>-</u>	<u>242,249</u>
Total non-current assets	<u>7,565</u>	<u>-</u>	<u>137</u>	<u>304,701</u>
Total assets	<u>15,844</u>	<u>549</u>	<u>281</u>	<u>416,630</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Tacoma Rail	Low Income Assistance Fund	Conservation Project Fund	Total Nonmajor Enterprise Fund
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 968	\$ 27	\$ -	\$ 4,047
Accrued wages and benefits payable	116	5	-	392
Accrued taxes payable	202	-	-	544
Accrued interest payable	25	-	46	1,018
Deposits payable	-	-	-	564
Notes, contracts & leases payable--current	484	-	-	2,398
Revenue bonds--current portion	-	-	1,310	6,256
Due to other funds	80	-	-	832
Due to other government units	-	-	-	3
Deferred revenue	-	-	-	10,253
Other current liabilities	-	-	-	15
Liabilities payable from restricted assets:				
Revenue bonds--current portion	-	-	-	245
Bonds interest payable	-	-	-	385
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Deposits payable	-	-	-	63
Total current liabilities	<u>1,875</u>	<u>32</u>	<u>1,356</u>	<u>27,015</u>
Non-current liabilities:				
Notes, contracts & leases payable--noncurrent	1,833	-	-	72,292
Revenue bonds--noncurrent	2,000	-	10,636	159,373
Accrued employee leave benefits	425	-	-	2,262
Advances from other funds	-	-	-	7,400
Other non-current liabilities	529	-	-	32,512
Liabilities payable from restricted assets:				
Accrued landfill liability	-	-	-	35,458
Total non-current liabilities	<u>4,787</u>	<u>-</u>	<u>10,636</u>	<u>309,297</u>
Total liabilities	<u>6,662</u>	<u>32</u>	<u>11,992</u>	<u>336,312</u>
NET ASSETS				
Invested in capital assets net of related debt	5,222	-	-	94,443
Restricted:				
Restricted for capital purchases	1,984	-	-	5,918
Restricted for debt	356	-	-	4,265
Restricted for construction	-	-	-	45,457
Restricted for other purposes	-	-	-	1,395
Unrestricted	1,620	517	(11,711)	(71,160)
Total net assets	<u>9,182</u>	<u>517</u>	<u>(11,711)</u>	<u>80,318</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Airport Fund	Tacoma Rail Mountain Division Fund	Parking Garage Fund
OPERATING REVENUES			
Charges for services	707	1,020	2,368
Rent	-	-	337
Interdepartmental billings	-	-	-
Miscellaneous	-	-	20
Total operating revenues	<u>707</u>	<u>1,020</u>	<u>2,725</u>
OPERATING EXPENSES			
Personnel, salaries & wages	55	863	78
Supplies, services and charges	327	1,620	1,302
Depreciation	259	318	654
Taxes	-	34	24
Total operating expenses	<u>641</u>	<u>2,835</u>	<u>2,058</u>
Operating income (loss)	<u>66</u>	<u>(1,815)</u>	<u>667</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	15	10	67
Interest expense and fiscal charges	(86)	(156)	(723)
Amortization of bond discount & expense	-	-	-
Taxes (hotel/motel, admissions)	-	-	-
Operating grant	314	-	-
Gain (loss) on disposition of property	-	-	-
Miscellaneous	-	674	-
Total non-operating revenues (expenses)	<u>243</u>	<u>528</u>	<u>(656)</u>
Income before operating transfers	<u>309</u>	<u>(1,287)</u>	<u>11</u>
Capital contributions	-	690	-
Transfers in	-	130	361
Transfers (out)	-	-	(404)
Total contributions and transfers	<u>-</u>	<u>820</u>	<u>(43)</u>
Changes in net assets	<u>309</u>	<u>(467)</u>	<u>(32)</u>
NET ASSETS:			
NET ASSETS--Beginning	2,339	7,660	18,625
Prior Period Adjustments	-	-	-
NET ASSETS--Ending	<u>\$ 2,648</u>	<u>\$ 7,193</u>	<u>\$ 18,593</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Convention Center &

Bicentennial Pavilion Fund	Cheney Stadium	Tacoma Dome	Performing Arts Fund
1,957	191	4,092	-
-	-	-	-
-	35	-	-
1,253	-	-	-
3,210	226	4,092	-
1,947	25	2,421	140
2,581	88	1,962	600
2,098	185	794	272
25	-	48	-
6,651	298	5,225	1,012
(3,441)	(72)	(1,133)	(1,012)
661	24	159	257
(4,270)	-	(16)	(168)
-	-	-	-
-	36	422	-
-	-	-	-
-	(1)	-	-
-	-	-	-
(3,609)	59	565	89
(7,050)	(13)	(568)	(923)
-	-	111	1,166
3,476	-	-	869
(362)	-	-	-
3,114	-	111	2,035
(3,936)	(13)	(457)	1,112
9,433	2,737	26,787	15,555
3,755	25	-	-
\$ 9,252	\$ 2,749	\$ 26,330	\$ 16,667

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Solid Waste Fund	Union Station
OPERATING REVENUES		
Charges for services	51,337	-
Rent	-	-
Interdepartmental billings	-	-
Miscellaneous	-	-
Total operating revenues	51,337	-
OPERATING EXPENSES		
Personnel, salaries & wages	16,006	-
Supplies, services and charges	17,041	11
Depreciation	6,277	-
Taxes	701	-
Total operating expenses	40,025	11
Operating income (loss)	11,312	(11)
NON-OPERATING REVENUES (EXPENSES)		
Interest revenue	2,038	3,179
Interest expense and fiscal charges	(3,809)	(3,086)
Amortization of bond discount & expense	(138)	-
Taxes (hotel/motel, admissions)	-	-
Operating grant	194	-
Gain (loss) on disposition of property	56	-
Miscellaneous	(622)	-
Total non-operating revenues (expenses)	(2,281)	93
Income before operating transfers	9,031	82
Capital contributions	2	-
Transfers in	-	-
Transfers (out)	(4,023)	-
Total contributions and transfers	(4,021)	-
Changes in net assets	5,010	82
NET ASSETS:		
NET ASSETS--Beginning	(6,773)	667
Prior Period Adjustments	(88)	-
NET ASSETS--Ending	\$ (1,851)	\$ 749

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Rail	Low Income Assistance Fund	Conservation Project Fund	Total Nonmajor Enterprise Funds
15,012	-	-	76,684
-	-	-	337
-	-	-	35
-	-	-	1,273
<u>15,012</u>	<u>-</u>	<u>-</u>	<u>78,329</u>
9,022	-	-	30,557
5,436	-	-	30,968
752	-	-	11,609
219	-	-	1,051
<u>15,429</u>	<u>-</u>	<u>-</u>	<u>74,185</u>
<u>(417)</u>	<u>-</u>	<u>-</u>	<u>4,144</u>
128	-	-	6,538
(87)	-	(585)	(12,986)
-	-	(64)	(202)
-	-	-	458
-	-	-	508
-	-	-	55
<u>853</u>	<u>152</u>	<u>7</u>	<u>1,064</u>
<u>894</u>	<u>152</u>	<u>(642)</u>	<u>(4,565)</u>
<u>477</u>	<u>152</u>	<u>(642)</u>	<u>(421)</u>
37	-	1,853	3,859
-	-	-	4,836
<u>(1,379)</u>	<u>-</u>	<u>-</u>	<u>(6,168)</u>
<u>(1,342)</u>	<u>-</u>	<u>1,853</u>	<u>2,527</u>
<u>(865)</u>	<u>152</u>	<u>1,211</u>	<u>2,106</u>
9,968	365	(12,922)	74,441
<u>79</u>	<u>-</u>	<u>-</u>	<u>3,771</u>
<u>\$ 9,182</u>	<u>\$ 517</u>	<u>\$ (11,711)</u>	<u>\$ 80,318</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Airport Fund	Tacoma Rail Mountain Division Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	728	1,179
Receipts from interfund services provided	-	-
Payments to suppliers	(313)	(1,539)
Payments to employees	(59)	(864)
Payments for taxes	(3)	(38)
Payments for interfund services used	-	-
Other operating revenues (expenses)	-	-
Net cash provided by operating activities	353	(1,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	-	-
Grants received	-	-
Principal paid on noncapital debt	-	-
Contributions and donations	-	-
Net cash provided (used) by noncapital and related financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from (to) other funds	-	130
Acquisition and construction of capital assets	(341)	(751)
Proceeds from capital debt	-	2,100
Proceeds from the sale of capital asset	-	-
Proceeds from leased property	-	674
Pantages lease and leaseback	-	-
Principal paid on capital debt	-	(183)
Interest paid on capital debt	(409)	(158)
Contributions and Donations	-	707
Grants Received	428	-
Lease receivable from the GSA	-	-
Net cash provided (used) by capital and related financing activities	(322)	2,519
CASH FLOWS FROM INVESTING ACTIVITIES		
Interests and dividends received	15	9
Rental and other income	-	-
Net cash provided (used) by investing activities	15	9
Net increase in cash and cash equivalents	46	1,266
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	294	153
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	340	1,419

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Parking Garage Fund	Convention Center & Bicentennial Pavilion Fund	Cheney Stadium	Tacoma Dome
2,964	7,694	259	4,119
-	-	35	-
(1,632)	(2,658)	(83)	(1,724)
(77)	(1,805)	(25)	(2,435)
-	-	-	-
(82)	(161)	(7)	(346)
<hr/>	<hr/>	<hr/>	<hr/>
1,173	3,070	179	(386)
<hr/>	<hr/>	<hr/>	<hr/>
(43)	3,476	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>
(43)	3,476	-	-
<hr/>	<hr/>	<hr/>	<hr/>
(281)	(676)	-	(923)
-	16,475	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(783)	(24,200)	-	-
(723)	(4,270)	-	(16)
-	-	-	111
-	-	-	-
-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>
(1,787)	(12,671)	-	(828)
<hr/>	<hr/>	<hr/>	<hr/>
76	918	23	131
-	-	-	-
<hr/>	<hr/>	<hr/>	<hr/>
76	918	23	131
<hr/>	<hr/>	<hr/>	<hr/>
(581)	(5,207)	202	(1,083)
1,416	10,110	392	3,609
<hr/>	<hr/>	<hr/>	<hr/>
835	4,903	594	2,526
<hr/>	<hr/>	<hr/>	<hr/>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Airport Fund</u>	<u>Tacoma Rail Mountain Division Fund</u>
Reconciliation of Cash and Cash Equivalents in Pooled Investments To Balance Sheet		
Unrestricted Cash and Cash Equivalents in Pooled Investments	340	1,206
Restricted Cash and Cash Equivalents in Pooled Investments	-	213
Cash and Cash Equivalents in Pooled Investments at December 31, 2006	<u>340</u>	<u>1,419</u>
 Reconciliation of operating income to Net cash provided (used) by operating activities:		
Operating income	66	(1,815)
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	259	318
(Acrease) decrease in accounts receivable	14	165
(Acrease) in intergovernmental receivable	-	(8)
(Acrease) in due from other funds	-	-
(Acrease) decrease in inventories	-	(79)
(Acrease) in prepaid items	(1)	-
(Acrease) decrease in other current assets	-	-
Increase (decrease) in deposits payable	2	-
Increase (decrease) in accounts payable	4	(2)
Increase (decrease) in accrued wages payable	-	-
Increase (decrease) in compensated absences	(5)	-
Increase (decrease) deferred credits	-	-
Increase (decrease) in intergov. payables	-	159
Increase (decrease) in due to other funds	8	-
Increase (decrease) in deferred revenue	6	-
Increase (decrease) in other current liabilities	-	-
Increase (decrease) in other long-term liabilities	-	-
Misc. non-operating revenue (expenditures)	-	-
Total adjustments	<u>287</u>	<u>553</u>
Net cash provided by operating activities	<u>353</u>	<u>(1,262)</u>
Noncash investing, capital, and financing activities:		
Capital asset transferred from other funds	-	-
Transfer of bond debt associated with the capital transfer	-	-

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Parking Garage Fund	Convention Center & Bicentennial Pavilion Fund	Cheney Stadium	Tacoma Dome
835	4,903	594	2,526
-	-	-	-
835	4,903	594	2,526
667	(3,441)	(72)	(1,133)
654	2,098	185	794
43	488	31	12
-	2,869	-	-
5	(8)	-	-
-	-	-	-
-	(129)	-	(4)
4	(214)	-	-
-	76	-	(126)
(39)	127	(2)	23
-	7	-	5
-	135	-	(19)
-	-	-	(282)
-	-	-	-
-	3	-	(17)
(160)	-	-	-
(1)	170	-	(61)
-	-	-	-
-	889	37	422
506	6,511	251	747
1,173	3,070	179	(386)
-	(362)	-	-

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Performing Arts Fund	Solid Waste Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	-	49,172
Receipts from interfund services provided	-	-
Payments to suppliers	(545)	(14,041)
Payments to employees	(148)	(16,083)
Payments for taxes	-	(655)
Payments for interfund services used	-	-
Other operating revenues (expenses)	-	1,319
Net cash provided by operating activities	<u>(693)</u>	<u>19,712</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from (to) other funds	869	(3,958)
Grants received	-	194
Principal paid on noncapital debt	-	(10,357)
Contributions and donations	-	-
Net cash provided (used) by noncapital and related financing activities	<u>869</u>	<u>(14,121)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Transfers from (to) other funds	-	-
Acquisition and construction of capital assets	(4,226)	(8,160)
Proceeds from capital debt	2,500	29,535
Proceeds from the sale of capital asset	-	38
Proceeds from leased property	-	(10)
Pantages lease and leaseback	(83)	-
Principal paid on capital debt	-	(2,770)
Interest paid on capital debt	-	(3,518)
Contributions and Donations	1,166	2
Grants Received	-	-
Lease receivable from the GSA	-	-
Net cash provided (used) by capital and related financing activities	<u>(643)</u>	<u>15,117</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interests and dividends received	70	2,038
Rental and other income	-	48
Net cash provided (used) by investing activities	<u>70</u>	<u>2,086</u>
Net increase in cash and cash equivalents	(397)	22,794
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	2,132	49,339
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	<u>1,735</u>	<u>72,133</u>

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Union Station	Tacoma Rail	Low Income Assistance Fund	Conservation Project Fund	Total Nonmajor Enterprise Funds
-	14,303	-	-	80,418
-	-	-	-	35
(11)	(8,009)	-	-	(30,555)
-	(6,229)	-	-	(27,725)
-	(181)	-	-	(877)
-	-	-	-	(596)
-	-	-	-	1,319
(11)	(116)	-	-	22,019
-	(1,378)	-	-	(1,034)
-	-	-	-	194
-	-	-	-	(10,357)
-	-	150	-	150
-	(1,378)	150	-	(11,047)
-	-	-	-	130
-	(850)	-	-	(16,208)
-	2,000	-	-	52,610
-	-	-	-	38
-	852	-	-	1,516
-	-	-	-	(83)
(935)	(331)	-	(1,265)	(30,467)
(3,111)	(93)	-	(582)	(12,880)
-	37	-	1,854	3,877
-	-	-	-	428
4,052	-	-	-	4,052
6	1,615	-	7	3,013
92	129	-	-	3,501
-	-	-	-	48
92	129	-	-	3,549
87	250	150	7	17,534
1,335	4,733	343	137	73,993
1,422	4,983	493	144	91,527

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Performing Arts Fund	Solid Waste Fund
Reconciliation of Cash and Cash Equivalents in Pooled Investments To Balance Sheet		
Unrestricted Cash and Cash Equivalents in Pooled Investments	577	19,669
Restricted Cash and Cash Equivalents in Pooled Investments	<u>1,158</u>	<u>52,464</u>
Cash and Cash Equivalents in Pooled Investments at December 31, 2006	<u>1,735</u>	<u>72,133</u>
 Reconciliation of operating income to Net cash provided (used) by operating activities:		
Operating income	<u>(1,012)</u>	<u>11,312</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	272	6,277
(AIncrease) decrease in accounts receivable	-	(268)
(AIncrease) in intergovernmental receivable	-	(21)
(AIncrease) in due from other funds	-	396
(AIncrease) decrease in inventories	-	-
(AIncrease) in prepaid items	-	2
(AIncrease) decrease in other current assets	-	-
Increase (decrease) in deposits payable	-	23
Increase (decrease) in accounts payable	55	1,340
Increase (decrease) in accrued wages payable	(8)	(77)
Increase (decrease) in compensated absences	-	-
Increase (decrease) deferred credits	-	-
Increase (decrease) in intergov. payables	-	-
Increase (decrease) in due to other funds	-	(383)
Increase (decrease) in deferred revenue	-	(1)
Increase (decrease) in other current liabilities	-	(384)
Increase (decrease) in other long-term liabilities	-	500
Misc. non-operating revenue (expenditures)	-	996
Total adjustments	<u>319</u>	<u>8,400</u>
Net cash provided by operating activities	<u>(693)</u>	<u>19,712</u>
Noncash investing, capital, and financing activities:		
Capital asset transferred from other funds	-	-
Transfer of bond debt associated with the capital transfer	-	-

City of Tacoma, Washington
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Union Station	Tacoma Rail	Low Income Assistance Fund	Conservation Project Fund	Total Nonmajor Enterprise Funds
27	2,643	493	144	33,957
1,395	2,340	-	-	57,570
1,422	4,983	493	144	91,527
(11)	(417)	-	-	4,144
-	752	-	-	11,609
-	(649)	-	-	(164)
-	-	-	-	2,840
-	(60)	-	-	333
-	(210)	-	-	(289)
-	-	-	-	(132)
-	8	-	-	(202)
-	-	-	-	(25)
-	475	-	-	1,981
-	(18)	-	-	(91)
-	(20)	-	-	91
-	92	-	-	(190)
-	-	-	-	159
-	(69)	-	-	(458)
-	-	-	-	(155)
-	-	-	-	(276)
-	-	-	-	500
-	-	-	-	2,344
-	301	-	-	17,875
(11)	(116)	-	-	22,019
				(362)

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Finance	Finance Budget and Research	BSIP Project
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,973	\$ 1,477	\$ 1,461
Accounts receivable - net of allowance for uncollectibles	32	-	3,276
Due from other funds	1	-	-
Due from other governmental units	-	-	-
Inventory	-	-	-
Prepaid expenses	-	-	-
Total current assets	4,006	1,477	4,737
Non-current assets:			
Capital assets:			
Land	-	-	-
Property, plant, and equipment	-	-	2,418
Less: accumulated depreciation	-	-	(1,451)
Construction work in progress	-	-	-
Total capital assets net of depreciation	-	-	967
Total non-current assets	-	-	967
Total assets	4,006	1,477	5,704
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 6	\$ 17	\$ -
Accrued wages and benefits payable	17	6	-
Accrued taxes payable	-	-	-
Accrued interest payable	-	-	41
Notes, contracts & leases payable--current	-	-	493
Due to other funds	2	1	-
Other current liabilities	-	-	-
Total current liabilities	25	24	534
Non-current liabilities:			
Notes, contracts & leases payable--noncurrent	-	-	3,276
Accrued employee leave benefits	131	17	-
Advances from other funds	-	-	-
Incurred but not reported	-	-	-
Other non-current liabilities	(1)	-	-
Total non-current liabilities	130	17	3,276
Total liabilities	155	41	3,810
NET ASSETS			
Invested in capital assets net of related debt	-	-	(2,802)
Restricted:			
Restricted for capital purchases	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	3,851	1,436	4,696
Total net assets	3,851	1,436	1,894

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Human Resources	Graphics Services	Fleet Services	Youth Build Tacoma	Equipment Rental Fund	Asphalt Plant
\$ 128	\$ 379	\$ 20,051	\$ 116	\$ 5,914	\$ 308
-	24	4	-	32	-
-	38	116	-	68	2
-	-	-	-	-	-
-	109	414	-	338	89
-	-	-	-	11	-
128	550	20,585	116	6,363	399
<hr/>					
-	-	-	-	-	11
-	-	43,825	-	35,369	258
-	-	(28,799)	-	(21,528)	(251)
-	-	-	-	1,002	-
-	-	15,026	-	14,843	18
-	-	15,026	-	14,843	18
128	550	35,611	116	21,206	417
<hr/>					
\$ -	\$ 33	\$ 201	\$ -	\$ 358	\$ 30
4	8	34	-	52	2
-	1	-	-	2	-
-	-	-	-	-	-
-	-	-	-	-	-
-	86	140	-	4	-
-	-	-	-	-	-
4	128	375	-	416	32
<hr/>					
-	-	-	-	-	-
19	48	153	-	203	23
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
19	48	153	-	203	23
23	176	528	-	619	55
<hr/>					
-	-	15,026	-	14,843	18
-	-	21,868	-	-	-
-	-	-	-	-	-
105	374	(1,811)	116	5,744	344
105	374	35,083	116	20,587	362

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Radio Communications	Third Party Liability Claims Fund	Unemployment Compensation Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,478	\$ 5,178	\$ 3,917
Accounts receivable - net of allowance for uncollectibles	1	-	-
Due from other funds	16	-	-
Due from other governmental units	-	-	1
Inventory	-	-	-
Prepaid expenses	-	-	-
Total current assets	<u>1,495</u>	<u>5,178</u>	<u>3,918</u>
Non-current assets:			
Capital assets:			
Land	-	-	-
Property, plant, and equipment	2,458	14	-
Less: accumulated depreciation	(120)	(14)	-
Construction work in progress	84	-	-
Total capital assets net of depreciation	<u>2,422</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>2,422</u>	<u>-</u>	<u>-</u>
Total assets	<u><u>3,917</u></u>	<u><u>5,178</u></u>	<u><u>3,918</u></u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 33	\$ 83	\$ -
Accrued wages and benefits payable	7	15	-
Accrued taxes payable	4	-	-
Accrued interest payable	-	-	-
Notes, contracts & leases payable--current	-	-	-
Due to other funds	-	1	-
Other current liabilities	-	<u>10,395</u>	-
Total current liabilities	<u>44</u>	<u>10,494</u>	<u>-</u>
Non-current liabilities:			
Notes, contracts & leases payable--noncurrent	-	-	-
Accrued employee leave benefits	35	-	-
Advances from other funds	-	-	-
Incurred but not reported	-	<u>5,225</u>	-
Other non-current liabilities	-	-	-
Total non-current liabilities	<u>35</u>	<u>5,225</u>	<u>-</u>
Total liabilities	<u>79</u>	<u>15,719</u>	<u>-</u>
NET ASSETS			
Invested in capital assets net of related debt	2,422	-	-
Restricted:			
Restricted for capital purchases	-	-	-
Restricted for other purposes	-	-	-
Unrestricted	1,416	(10,541)	3,918
Total net assets	<u><u>3,838</u></u>	<u><u>(10,541)</u></u>	<u><u>3,918</u></u>

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

Worker's Compensation Fund	Facilities Management	Information Systems	Health Benefits	Self Insurance Claims	Total Internal Service Funds
\$ 1,882	\$ 3,610	\$ 5,829	\$ 10,930	\$ 4,502	\$ 71,133
-	37	-	10	-	3,416
-	69	-	9	40	359
2	-	-	-	-	3
-	61	-	-	-	1,011
-	5	207	-	-	223
1,884	3,782	6,036	10,949	4,542	76,145
-	346	-	-	-	357
15	21,219	13,779	-	-	119,355
(15)	(12,836)	(12,467)	-	-	(77,481)
-	-	-	-	-	1,086
-	8,729	1,312	-	-	43,317
-	8,729	1,312	-	-	43,317
1,884	12,511	7,348	10,949	4,542	119,462
\$ 117	\$ 181	\$ 491	\$ 512	\$ -	\$ 2,062
3	17	126	3,048	-	3,339
-	7	13	-	-	27
-	-	-	-	-	41
-	-	-	-	-	493
-	1	29	9	16	289
2,675	-	-	7,642	832	21,544
2,795	206	659	11,211	848	27,795
-	-	-	-	-	3,276
-	59	855	-	-	1,543
-	2,549	-	-	-	2,549
-	-	-	-	-	5,225
-	-	-	-	-	(1)
-	2,608	855	-	-	12,592
2,795	2,814	1,514	11,211	848	40,387
-	8,729	1,312	-	-	39,548
-	-	-	-	-	21,868
-	-	-	-	2,579	2,579
(911)	968	4,522	(262)	1,115	15,080
(911)	9,697	5,834	(262)	3,694	79,075

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Finance	Finance Budget and Research	BSIP Project
OPERATING REVENUES			
Charges for services	-	-	-
Rent	-	-	-
Interdepartmental billings	2,753	725	-
Premiums/Contributions	-	-	-
Miscellaneous	-	-	-
TOTAL OPERATING REVENUES	2,753	725	-
OPERATING EXPENSES			
Personnel, salaries & wages	1,153	417	-
Supplies, services and charges	1,277	157	-
Health benefit payment	-	-	-
Depreciation	-	-	484
TOTAL OPERATING EXPENSES	2,430	574	484
Operating Income (Loss)	323	151	(484)
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	161	50	51
Interest expense and fiscal charges	-	-	-
Gain (Loss) on disposition of asset	-	-	-
Miscellaneous	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	161	50	51
Income before transfers	484	201	(433)
Capital Contributions	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Total transfers and contributions	-	-	-
Change in net assets	484	201	(433)
NET ASSETS --BEGINNING	3,367	1,235	2,279
Prior Period Adjustments	-	-	48
NET ASSETS --ENDING	\$ 3,851	\$ 1,436	\$ 1,894

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Human Resources	Graphics Services	Fleet Services	Youth Build Tacoma	Equipment Rental Fund	Asphalt Plant
-	-	-	-	-	1
324	1,332	6,810	309	8,118	767
-	-	-	-	-	-
324	1,332	6,810	309	8,118	768
285	686	2,222	-	2,787	201
25	683	788	250	2,384	565
-	-	-	-	-	-
-	-	3,310	-	2,776	1
310	1,369	6,320	250	7,947	767
14	(37)	490	59	171	1
6	40	335	5	233	11
-	-	-	-	-	-
-	-	86	-	208	-
-	-	-	-	-	-
6	40	421	5	441	11
20	3	911	64	612	12
-	-	62	-	-	-
-	-	396	-	544	-
-	(500)	-	-	-	-
-	(500)	458	-	544	-
20	(497)	1,369	64	1,156	12
85	948	33,723	52	19,431	465
-	(77)	(9)	-	-	(115)
\$ 105	\$ 374	\$ 35,083	\$ 116	\$ 20,587	\$ 362

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Radio Communications	Third Party Liability Claims Fund	Unemployment Compensation Fund
OPERATING REVENUES			
Charges for services	-	-	-
Rent	14	-	-
Interdepartmental billings	1,074	-	-
Premiums/Contributions	-	3,207	593
Miscellaneous	8	-	-
TOTAL OPERATING REVENUES	1,096	3,207	593
OPERATING EXPENSES			
Personnel, salaries & wages	439	1,169	10
Supplies, services and charges	437	3,666	348
Health benefit payment	-	-	-
Depreciation	8	-	-
TOTAL OPERATING EXPENSES	884	4,835	358
Operating Income (Loss)	212	(1,628)	235
NON-OPERATING REVENUES (EXPENSES)			
Interest revenue	65	240	175
Interest expense and fiscal charges	-	-	-
Gain (Loss) on disposition of asset	-	-	-
Miscellaneous	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	65	240	175
Income before transfers	277	(1,388)	410
Capital Contributions	-	-	-
Transfers in	-	-	-
Transfers (out)	(49)	-	-
Total transfers and contributions	(49)	-	-
Change in net assets	228	(1,388)	410
NET ASSETS --BEGINNING	3,610	(9,153)	3,508
Prior Period Adjustments	-	-	-
NET ASSETS --ENDING	\$ 3,838	\$ (10,541)	\$ 3,918

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Worker's Compensation Fund	Facilities Management	Information Systems	Health Benefits	Self Insurance Claims	Total Internal Service Funds
-	-	-	-	-	1
-	2,178	-	-	-	2,192
-	1,989	16,031	-	-	40,232
6,435	-	-	52,032	1,767	64,034
-	-	-	-	272	280
6,435	4,167	16,031	52,032	2,039	106,739
1,338	1,206	9,191	-	-	21,104
4,881	2,649	3,722	-	(3,434)	18,398
-	-	-	50,220	-	50,220
-	762	470	-	-	7,811
6,219	4,617	13,383	50,220	(3,434)	97,533
216	(450)	2,648	1,812	5,473	9,206
9	94	168	457	-	2,100
(6)	(157)	-	(4)	-	(167)
-	302	-	-	-	596
-	-	-	-	-	-
3	239	168	453	-	2,529
219	(211)	2,816	2,265	5,473	11,735
-	-	-	-	-	62
-	2,018	60	-	-	3,018
-	-	-	-	-	(549)
-	2,018	60	-	-	2,531
219	1,807	2,876	2,265	5,473	14,266
(1,130)	7,890	2,958	(2,527)	(1,779)	64,962
-	-	-	-	-	(153)
\$ (911)	\$ 9,697	\$ 5,834	\$ (262)	\$ 3,694	\$ 79,075

**City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)**

	Finance	Finance Budget and Research	BSIP Project
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	-	-	-
Receipts from interfund services provided	2,749	725	-
Contributions received - employee/employer	-	-	-
Payments to suppliers	(1,277)	(124)	-
Payments to employees	(1,166)	(415)	-
Payments for insurance carriers	-	-	-
Payments for interfund services used	-	-	-
Other operating revenues (expenses)	-	-	-
Net cash provided by operating activities	<u>306</u>	<u>186</u>	<u>-</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	-
Advances from (to) other funds	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	770
Acquisition and construction of capital assets	-	-	-
Principal paid on capital debt	-	-	(236)
Interest paid on capital debt	-	-	(132)
Proceeds from the sale/disposition of capital asset	-	-	-
Other assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>402</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	161	31	51
Net cash provided (used) by investing activities	<u>161</u>	<u>31</u>	<u>51</u>
Net increase in cash and cash equivalents	467	217	453
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	3,506	1,260	1,008
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	<u>3,973</u>	<u>1,477</u>	<u>1,461</u>

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Human Resources	Graphics Services	Fleet Services	Youth Build Tacoma	Equipment Rental Fund
-	54	6,855	-	-
324	1,264	-	309	8,081
-	-	-	-	-
(14)	(741)	(2,250)	(250)	(1,507)
(285)	(677)	(936)	-	(3,520)
-	-	-	-	-
(11)	43	-	-	-
-	-	-	-	-
14	(57)	3,669	59	3,054
-	(500)	-	-	-
-	-	-	-	-
-	(500)	-	-	-
-	-	-	-	544
-	-	(1,317)	-	(2,625)
-	-	-	-	-
-	-	-	-	-
-	-	86	-	177
-	-	-	-	-
-	-	(1,231)	-	(1,904)
6	39	335	5	197
6	39	335	5	197
20	(518)	2,773	64	1,347
108	897	17,278	52	4,567
128	379	20,051	116	5,914

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Finance	Finance Budget and Research	BSIP Project
Reconciliation of operating income to Net cash provided (used) by operating activities:			
Operating income	323	151	(484)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	-	-	484
(AIncrease) decrease in accounts receivable	(3)	-	-
(AIncrease) in intergovernmental receivable	-	-	-
(AIncrease) in due from other funds	(1)	-	-
(AIncrease) decrease in inventories	-	-	-
(AIncrease) in prepaid items	-	-	-
(AIncrease) decrease in other current assets	-	-	-
Increase in customer deposits	-	-	-
Increase (decrease) in accounts payable	2	14	-
Increase (decrease) in incurred but not reported	-	-	-
Increase (decrease) in accrued wages payable	-	2	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) deferred credits	-	-	-
Increase (decrease) in intergov. payables	-	-	-
Increase (decrease) in due to other funds	(1)	(1)	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in other current liabilities	-	-	-
Misc. non-operating revenue (expenditures)	(14)	20	-
Total adjustments	(17)	35	484
Net cash provided by operating activities	306	186	-
 Noncash investing, capital, and financing activities:			
Donated capital assets	-	-	-
Capital asset transferred from other funds	-	-	-
Purchase of equipment on account	-	-	-
Increase in fair value of investments	-	-	-
Capital asset trade-ins	-	-	-
forgiven accrued interest payable on interfund loan	-	-	-

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Human Resources	Graphics Services	Fleet Services	Youth Build Tacoma	Equipment Rental Fund
14	(37)	490	59	171
-	-	3,310	-	2,776
-	(18)	45	-	(14)
-	-	-	-	-
-	5	107	-	(26)
-	(68)	(156)	-	(35)
-	-	-	-	(2)
-	-	-	-	-
-	-	-	-	-
-	(28)	(29)	-	211
-	-	-	-	-
(1)	-	-	-	(29)
1	9	5	-	-
-	-	-	-	-
-	-	-	-	-
-	80	(103)	-	2
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	(20)	3,179	-	2,883
14	(57)	3,669	59	3,054

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Asphalt Plant	Radio Communications	Third Party Liability Claims Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	-	27	43
Receipts from interfund services provided	767	1,087	-
Contributions received - employee/employer	-	-	3,207
Payments to suppliers	(491)	(426)	(1,925)
Payments to employees	(195)	(430)	(1,169)
Payments for insurance carriers	-	-	-
Payments for interfund services used	-	-	(75)
Other operating revenues (expenses)	(47)	-	-
Net cash provided by operating activities	<u>34</u>	<u>258</u>	<u>81</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	(49)	-
Advances from (to) other funds	-	-	-
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>(49)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	-
Acquisition and construction of capital assets	-	-	-
Principal paid on capital debt	-	-	-
Interest paid on capital debt	-	-	-
Proceeds from the sale/disposition of capital asset	-	56	-
Other assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>56</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	11	58	170
Net cash provided (used) by investing activities	<u>11</u>	<u>58</u>	<u>170</u>
Net increase in cash and cash equivalents	45	323	251
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	263	1,155	4,927
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	<u>308</u>	<u>1,478</u>	<u>5,178</u>

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Unemployment Compensation Fund	Worker's Compensation Fund	Facilities Management	Information Systems
-	-	-	16,031
-	-	4,089	-
593	6,435	-	-
(339)	(3,623)	(2,139)	(2,742)
(17)	(1,363)	(1,221)	(9,200)
-	-	-	-
(9)	(114)	(334)	-
-	-	-	-
228	1,335	395	4,089
-	-	2,018	60
-	-	(990)	-
-	-	1,028	60
-	-	-	-
-	-	(368)	(1,321)
-	-	-	-
-	-	(162)	-
-	-	616	-
-	-	-	-
-	-	86	(1,321)
175	3	98	167
175	3	98	167
403	1,338	1,607	2,995
3,514	544	2,003	2,834
3,917	1,882	3,610	5,829

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	<u>Asphalt Plant</u>	<u>Radio Communications</u>	<u>Third Party Liability Claims Fund</u>
Reconciliation of operating income to Net cash provided (used) by operating activities:			
Operating income	1	212	(1,628)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	1	8	-
(AIncrease) decrease in accounts receivable	-	27	-
(AIncrease) in intergovernmental receivable	-	-	-
(AIncrease) in due from other funds	-	-	43
(AIncrease) decrease in inventories	41	-	-
(AIncrease) in prepaid items	-	-	-
(AIncrease) decrease in other current assets	-	-	-
Increase in customer deposits	-	-	-
Increase (decrease) in accounts payable	(13)	11	(3)
Increase (decrease) in incurred but not reported	-	-	-
Increase (decrease) in accrued wages payable	-	-	-
Increase (decrease) in compensated absences	-	-	-
Increase (decrease) deferred credits	-	-	-
Increase (decrease) in intergov. payables	-	-	-
Increase (decrease) in due to other funds	4	-	35
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in other current liabilities	-	-	1,634
Misc. non-operating revenue (expenditures)	-	-	-
Total adjustments	33	46	1,709
Net cash provided by operating activities	34	258	81
 Noncash investing, capital, and financing activities:			
Donated capital assets	-	-	-
Capital asset transferred from other funds	-	-	-
Purchase of equipment on account	-	-	-
Increase in fair value of investments	-	-	-
Capital asset trade-ins	-	-	-
Forgiven accrued interest payable on interfund loan	-	-	-

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Unemployment Compensation Fund	Worker's Compensation Fund	Facilities Management	Information Systems
235	216	(450)	2,648
-	-	762	470
-	-	(21)	-
-	-	(57)	-
-	-	-	-
-	-	40	-
-	-	4	-
-	-	-	677
-	-	-	-
-	23	133	429
-	-	-	-
(7)	(25)	2	(10)
-	-	-	(123)
-	-	-	-
-	(1)	-	(2)
-	-	(1)	-
-	1,122	-	-
-	-	(17)	-
(7)	1,119	845	1,441
228	1,335	395	4,089

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Health Benefits	Self Insurance Claims	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	73	73	23,156
Receipts from interfund services provided	-	-	19,395
Contributions received - employee/employer	52,032	1,767	64,034
Payments to suppliers	487	(708)	(18,069)
Payments to employees	261	-	(20,333)
Payments for insurance carriers	(50,088)	(504)	(50,592)
Payments for interfund services used	(15)	-	(515)
Other operating revenues (expenses)	-	-	(47)
Net cash provided by operating activities	<u>2,750</u>	<u>628</u>	<u>17,029</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	1,529
Advances from (to) other funds	-	-	(990)
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>539</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers from (to) other funds	-	-	1,314
Acquisition and construction of capital assets	-	-	(5,631)
Principal paid on capital debt	-	-	(236)
Interest paid on capital debt	-	-	(294)
Proceeds from the sale/disposition of capital asset	-	-	935
Other assets	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>(3,912)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends received	453	167	2,127
Net cash provided (used) by investing activities	<u>453</u>	<u>167</u>	<u>2,127</u>
Net increase in cash and cash equivalents	3,203	795	15,783
Cash and cash equivalents, January 1 (including amounts reported in restricted accounts)	7,727	3,707	55,350
Cash and cash equivalents, December 31 (including amounts reported in restricted accounts)	<u>10,930</u>	<u>4,502</u>	<u>71,133</u>

City of Tacoma, Washington
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Health Benefits	Self Insurance Claims	Total Internal Service Funds
Reconciliation of operating income to Net cash provided (used) by operating activities:			
Operating income	1,812	5,473	9,206
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation expense	-	-	7,811
(AIncrease) decrease in accounts receivable	1	-	17
(AIncrease) in intergovernmental receivable	-	-	(57)
(AIncrease) in due from other funds	72	-	200
(AIncrease) decrease in inventories	-	-	(178)
(AIncrease) in prepaid items	-	-	2
(AIncrease) decrease in other current assets	-	-	677
Increase in customer deposits	-	-	-
Increase (decrease) in accounts payable	(76)	-	674
Increase (decrease) in Incurred but not reported	-	-	-
Increase (decrease) in accrued wages payable	324	-	256
Increase (decrease) in compensated absences	-	-	(108)
Increase (decrease) deferred credits	-	-	-
Increase (decrease) in intergov. payables	-	-	-
Increase (decrease) in due to other funds	9	(98)	(76)
Increase (decrease) in deferred revenue	-	-	(1)
Increase (decrease) in other current liabilities	608	(4,580)	(1,216)
Misc. non-operating revenue (expenditures)	-	(167)	(178)
Total adjustments	938	(4,845)	7,823
Net cash provided by operating activities	2,750	628	17,029
Noncash investing, capital, and financing activities:			
Donated capital assets	-	-	-
Capital asset transferred from other funds	-	-	-
Purchase of equipment on account	-	-	-
Increase in fair value of investments	-	-	-
Capital asset trade-ins	-	-	-
Forgiven accrued interest payable on interfund loan	-	-	-

City of Tacoma, Washington
Pension and Employee Trust Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Tacoma Employees Retirement	Relief & Pension - Police
ASSETS		
Cash and cash equivalents	\$ 25,466	\$ 675
Investments, at fair value	-	-
U.S. government obligations	101,116	-
Domestic corporate bonds	199,158	-
Domestic stocks	448,018	-
International stocks	172,474	-
International bonds	12,940	-
International REITs	7,162	-
REITs	162,330	-
Security lending collateral	196,854	-
Accounts receivable: net of uncollectible accts	8,368	-
Due from other funds	-	-
Due from other governmental units	-	-
Total assets	\$ 1,333,886	\$ 675
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 2,807	\$ 5
Accrued wages and benefits payable	267	1
Deposits payable	-	-
Due to other funds	-	-
Due to other governments units	-	-
Investments purchase payable	13,710	-
Securities lending collateral	196,854	-
Other current liabilities	2,624	-
Total current liabilities	216,262	6
Non-current liabilities:		
Accrued employee leave benefits	-	-
Total non-current liabilities:	-	-
Total liabilities	216,262	6
NET ASSETS		
Held in trust for pension benefits and other purposes	1,117,624	669
Total net assets	1,117,624	669
Total liabilities and net assets	\$ 1,333,886	\$ 675

**City of Tacoma, Washington
Pension and Employee Trust Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)**

Relief & Pension - Firefighters	Deferred Compensation	Misc Payroll Deductions Fund	Total
\$ 227	\$ 375	\$ 4,397	\$ 31,140
-	-	-	101,116
-	-	-	199,158
-	-	-	448,018
-	-	-	172,474
-	-	-	12,940
-	-	-	7,162
-	-	-	162,330
-	-	-	196,854
-	-	-	8,368
-	-	16	16
-	-	16	16
\$ 227	\$ 375	\$ 4,429	\$ 1,339,592

City of Tacoma, Washington
Pension and Employee Trust Funds
Combining Statement of Changes in Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Tacoma Employees Retirement	Relief & Pension - Police
ADDITIONS:		
Employer contributions	\$ 13,232	\$ 3,267
Member contributions	11,717	-
Other contributions	-	-
Total contributions	<u>24,949</u>	<u>3,267</u>
INVESTMENT INCOME		
Net appreciation(depreciation) in FMV of investments	150,127	-
Interest and dividends	29,993	112
Securities lending gross income	8,949	-
Total investment income	<u>189,069</u>	<u>112</u>
LESS INVESTMENT EXPENSE		
Investment management fees	4,154	-
Security lending - agent fees	216	-
Security lending - broker rebates	8,409	-
Total investment expense	<u>12,779</u>	<u>-</u>
Net investment income	<u>176,290</u>	<u>112</u>
TOTAL ADDITIONS	\$ 201,239	\$ 3,379
DEDUCTIONS:		
Pension benefit payments	\$ 35,337	\$ 2,146
Health care benefit payments	-	3,124
Refunds of contributions	2,349	-
Administrative expenses	1,408	68
TOTAL DEDUCTIONS	<u>39,094</u>	<u>5,338</u>
NET INCREASE (DECREASE)	<u>162,145</u>	<u>(1,959)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS		
Net assets--beginning	955,479	2,628
Net assets--ending	<u>\$ 1,117,624</u>	<u>\$ 669</u>

City of Tacoma, Washington
Pension and Employee Trust Funds
Combining Statement of Changes in Net Assets
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Relief & Pension - Firefighters	Deferred Compensation	Misc Payroll Deductions			Total
		Fund			
\$ 5,647	\$ -	\$ -		\$ 22,146	
-	-	-		11,717	
-	176	-		176	
5,647	176	-		34,039	
-	-	-		150,127	
30	14	-		30,149	
-	-	-		8,949	
30	14	-		189,225	
-	-	-		4,154	
-	-	-		216	
-	-	-		8,409	
-	-	-		12,779	
30	14	-		176,446	
\$ 5,677	\$ 190	\$ -		\$ 210,485	
\$ 2,603	\$ -	\$ -		\$ 40,086	
3,695	-	-		6,819	
-	-	-		2,349	
90	50	-		1,616	
6,388	50	-		50,870	
(711)	140	-		159,615	
887	233	-		959,227	
\$ 176	\$ 373	\$ -		\$ 1,118,842	

City of Tacoma, Washington
Agency Funds
Combining Statement of Net Assets
December 31, 2006
(amounts expressed in thousands)

	Law Enforcement Support Agency	Tacoma Urban Network	Tacoma Pierce County Employment Training Consortium	Total
ASSETS				
Cash and cash equivalents	\$ 3,121	\$ 23	\$ 778	\$ 3,922
Accounts receivable: net of uncollectible accts	4	-	-	4
Due from other funds	-	-	-	-
Due from other governmental units	-	-	-	-
Other current assets	-	-	-	-
Total assets	\$ 3,125	\$ 23	\$ 778	\$ 3,926
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 185	\$ -	\$ 49	\$ 234
Accrued wages and benefits payable	264	-	209	473
Deposits payable	-	-	18	18
Due to other governments units	2,676	23	502	3,201
Deferred revenue	-	-	-	-
Total current liabilities	3,125	23	778	3,926
Non-current liabilities:				
Advances from other funds	-	-	-	-
Total non-current liabilities:	-	-	-	-
Total liabilities	\$ 3,125	\$ 23	\$ 778	\$ 3,926

City of Tacoma, Washington
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Law Enforcement Support Agency								
	Balance					Balance		
	December 31,	2005	Increases	Decreases	December 31,	2006		
ASSETS								
Cash and cash equivalents	\$	2,824	\$	17,878	\$	17,581	\$	3,121
Accounts receivable: net of uncollectible accts		-		9,136		9,132		4
Due from other governmental units		-		-		-		-
Other current assets		-		-		-		-
Total assets	\$	<u>2,824</u>	\$	<u>27,014</u>	\$	<u>26,713</u>	\$	<u>3,125</u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$	244	\$	9,263	\$	9,322	\$	185
Accrued wages and benefits payable		148		40,183		40,067		264
Deposits payable		-		-		-		-
Accrued taxes payable		-		-		-		-
Due to other funds		-		-		-		-
Due to other governments units		2,432		4,380		4,136		2,676
Deferred revenue		-		-		-		-
Other current liabilities		-		-		-		-
Total current liabilities		<u>2,824</u>		<u>53,826</u>		<u>53,525</u>		<u>3,125</u>
Advances to other funds		-		-		-		-
Total liabilities	\$	<u>2,824</u>	\$	<u>53,826</u>	\$	<u>53,525</u>	\$	<u>3,125</u>

City of Tacoma, Washington
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Tacoma Urban Network						
	Balance						
	December 31,	2005					
ASSETS							
Cash and cash equivalents	\$	47	\$	127	\$	151	
Accounts receivable: net of uncollectible accts	-	-	-	-	-	-	
Due from other governmental units	-	-	-	-	-	-	
Other current assets	-	-	-	-	-	-	
Total assets	\$	47	\$	127	\$	151	
LIABILITIES							
Current liabilities:							
Accounts payable	\$	36	\$	86	\$	122	
Accrued wages and benefits payable	-	-	-	-	-	-	
Deposits payable	-	-	-	-	-	-	
Accrued taxes payable	-	-	-	-	-	-	
Due to other funds	-	-	-	-	-	-	
Due to other governments units	11		99		87	23	
Deferred revenue	-		-		-	-	
Other current liabilities			-	-	-	-	
Total current liabilities	\$	47	\$	185	\$	209	
Advances to other funds	-	-	-	-	-	-	
Total liabilities	\$	47	\$	185	\$	209	

City of Tacoma, Washington
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

Tacoma Pierce County Employment Training Consortium						
	Balance				Balance	
	December 31,	Increases	Decreases		December 31,	
	2005				2006	
ASSETS						
Cash and cash equivalents	\$ 615	\$ 18,631	\$ 18,468		\$ 778	
Accounts receivable: net of uncollectible accts	-	-	-		-	
Due from other governmental units	-	-	-		-	
Other current assets	-	-	-		-	
Total assets	\$ 615	\$ 18,631	\$ 18,468		\$ 778	
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 89	\$ 7,876	\$ 7,916		\$ 49	
Accrued wages and benefits payable	95	4,757	4,643		209	
Deposits payable	421	-	403		18	
Accrued taxes payable	-	-	-		-	
Due to other funds	-	-	-		-	
Due to other governments units	10	11,225	10,733		502	
Deferred revenue	-				-	
Other current liabilities	-	-	-		-	
Total current liabilities	\$ 615	\$ 23,858	\$ 23,695		\$ 778	
Advances to other funds	-				-	
Total liabilities	\$ 615	\$ 23,858	\$ 23,695		\$ 778	

City of Tacoma, Washington
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended December 31, 2006
(amounts expressed in thousands)

	Total							
	Balance December 31, 2005		Increases		Decreases		Balance December 31, 2006	
	\$	3,486	\$	36,636	\$	36,200	\$	3,922
ASSETS								
Cash and cash equivalents	\$	3,486	\$	36,636	\$	36,200	\$	3,922
Accounts receivable: net of uncollectible accts	-	-	\$	9,136	\$	9,132	\$	4
Due from other governmental units	-	-	\$	-	\$	-	\$	-
Other current assets	-	-	\$	-	\$	-	\$	-
Total assets	<u>\$</u>	<u>3,486</u>	<u>\$</u>	<u>45,772</u>	<u>\$</u>	<u>45,332</u>	<u>\$</u>	<u>3,926</u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$	369	\$	17,225	\$	17,360	\$	234
Accrued wages and benefits payable	243	-	\$	44,940	\$	44,710	\$	473
Deposits payable	421	-	\$	-	\$	403	\$	18
Accrued taxes payable	-	-	\$	-	\$	-	\$	-
Due to other funds	-	-	\$	-	\$	-	\$	-
Due to other governments units	2,453	-	\$	15,704	\$	14,956	\$	3,201
Deferred revenue	-	-	\$	-	\$	-	\$	-
Other current liabilities	-	-	\$	-	\$	-	\$	-
Total current liabilities	<u>\$</u>	<u>3,486</u>	<u>\$</u>	<u>77,869</u>	<u>\$</u>	<u>77,429</u>	<u>\$</u>	<u>3,926</u>
Advances to other funds	-	-	\$	-	\$	-	\$	-
Total liabilities	<u>\$</u>	<u>3,486</u>	<u>\$</u>	<u>77,869</u>	<u>\$</u>	<u>77,429</u>	<u>\$</u>	<u>3,926</u>

OTHER SUPPLEMENTARY INFORMATION

Schedule of Capital Assets Used in the Operation of Governmental Funds

TABLE 1

(amounts expressed in thousands)

	2006	2005
Governmental funds capital assets:		
Land	18,588	18,583
Buildings	25,090	26,417
Improvements other than buildings	3,201	3,188
Machinery and equipment	19,465	17,716
Library materials	18,570	17,961
Works of art	918	918
Infrastructure	<u>1,082,186</u>	<u>41,795</u>
Total governmental funds capital assets	<u>1,168,018</u>	<u>126,578</u>

(This schedule does not include the affects of accumulated depreciation at the functional level.)

Schedule of Capital Assets Used in the Operation of Governmental Funds by Function and Activity

TABLE 2

(amounts expressed in thousands)

	Imprvs. Land	Machinery Buildings	Other Than Buildings	and Equip.	Infra- structure	Library Materials	Works of Art	Total
General Government	4,402	920	-	1,734			918	7,974
Public Safety	1,482	5,343	652	11,790				19,267
Transportation	331	948	-	840	1,082,186			1,084,305
Culture and Recreation	11,114	16,486	2,549	4,670		18,570		53,389
Economic Environment	1,259	1,393	-	431				3,083
Total capital assets	<u>18,588</u>	<u>25,090</u>	<u>3,201</u>	<u>19,465</u>	<u>1,082,186</u>	<u>18,570</u>	<u>918</u>	<u>1,168,018</u>

(This schedule does not include the affects of accumulated depreciation at the functional level.)

Schedule of Changes in Capital Assets Used in the Operations of Governmental Funds

TABLE 3

(amounts expressed in thousands)

	Governmental Funds Capital Assets	Adjustments			Governmental Funds Capital Assets
	Jan. 1, 2006	to Beginning Balances	Additions	Deductions	Dec. 31, 2006
General Government	7,276	-	765	(67)	7,974
Public Safety	18,454	-	813	-	19,267
Transportation	43,612	1,025,173	15,659	(139)	1,084,305
Culture and Recreation	54,185	(1,492)	1,992	(1,296)	53,389
Economic Environment	3,051	-	32	-	3,083
Total	<u>126,578</u>	<u>1,023,681</u>	<u>19,261</u>	<u>(1,502)</u>	<u>1,168,018</u>

(This schedule does not include the affects of accumulated depreciation at the functional level.)

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Section 3

STATISTICAL SECTION

Financial Trends

These schedules contain trend information used in understanding how the City's financial performance has changed over time.

1. Net Assets by Component
2. Changes in Net Assets
3. Governmental Activities Tax Revenues by Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information used in assessing the City's revenue from property tax.

6. Assessed and Estimated Actual Value of Taxable Property
7. Property Tax Rates - Direct and Overlapping Governments
8. Principal Taxpayers
9. Property Tax Levies and Collections

Debt Capacity

These schedules contain information used in assessing the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

10. Ratios of Outstanding Debt by Type
11. Ratios of General Bonded Debt Outstanding
12. Computation of Direct and Overlapping Debt
13. Legal Debt Margin Information
14. Computation of Constitutional Limit of Indebtedness
15. Pledged-Revenue Coverage

Demographic and Economic Information

This schedule shows demographic and economic indicators used in understanding the environment in which the City's activities take place.

16. Demographic and Economic Statistics

Operating Information

These schedules contain service and infrastructure data used in relating the City's financial report to the services the City provides and the activities it performs.

17. Full-time Equivalent City Government Employees by Function
18. Operating Indicators by Function
19. Capital Asset Statistics by Function
20. Contributing Staff

City of Tacoma, Washington
Net Assets by Component
Last Five Fiscal Years
Table 1
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental activities					
Invested in capital assets, net of related debt	\$61,001	\$61,151	\$90,360 (2)	\$104,725 (3)	\$722,581 (5)
Restricted	29,419	22,931	37,491	30,321	26,101
Unrestricted	104,476	126,169	79,407	98,602	148,214
Total governmental activities net assets	<u><u>\$194,896</u></u>	<u><u>\$210,251</u></u>	<u><u>\$207,258</u></u>	<u><u>\$233,648</u></u>	<u><u>\$896,896</u></u>
Business-type activities					
Invested in capital assets, net of related debt	\$431,714	\$664,764 (1)	\$831,187 (1)	\$924,107 (4)	\$958,079 (6)
Restricted	359,094	40,581	86,922	82,341	202,206
Unrestricted	139,574	284,492	175,822	156,933	117,707
Total business-type activities net assets	<u><u>\$930,382</u></u>	<u><u>\$989,837</u></u>	<u><u>\$1,093,931</u></u>	<u><u>\$1,163,381</u></u>	<u><u>\$1,277,992</u></u>
Primary government					
Invested in capital assets, net of related debt	\$492,715	\$725,915	\$921,547	\$1,028,832	\$1,680,660
Restricted	388,513	63,512	124,413	112,662	228,307
Unrestricted	244,050	410,661	255,229	255,535	265,921
Total primary government net assets	<u><u>\$1,125,278</u></u>	<u><u>\$1,200,088</u></u>	<u><u>\$1,301,189</u></u>	<u><u>\$1,397,029</u></u>	<u><u>\$2,174,888</u></u>

Note: The City of Tacoma implemented GASB 34 in 2002.

(1) The Greater Tacoma Convention and Trade Center was being constructed and was opened in November 2004.

(2) Construction began in 2004 for the new Police Station Headquarters building and substations.

(3) The City purchased the MLK building.

(4) The Water Fund received fixed asset donations from private contract customers and capital contributions from customers and system development charges. Additionally, additions were made to the Power distribution plant.

(5) The City reported the remaining infrastructure for the GASB 34 requirements.

(6) The Power fund continued to add additions to the Power distribution plant.

City of Tacoma, Washington
Changes in Net Assets
Last Five Fiscal Years
Table 2
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Expenses					
Governmental activities:					
General government	\$24,791	\$27,284	\$32,177	\$21,087	\$20,100
Public Safety	102,361	112,942	134,733	(2)	129,447
Physical Environment	-	-	-	(1)	491
Transportation	-	-	-	(1)	18,871
Health and Human Services	-	-	-	(1)	1,686
Public Works	10,495	17,898	18,765	(1)	-
Economic Environment/Development	15,624	21,729	23,774	23,281	1,816
Culture and Recreation	19,091	19,058	16,867	13,046	13,409
Interest on long-term debt	3,177	5,235	3,984	3,432	4,005
Total governmental activities expense	<u>175,539</u>	<u>204,146</u>	<u>230,300</u>	<u>211,341</u>	<u>221,079</u>
Business-type activities:					
Public Assembly Facilities	-	-	-	(1)	17,049
Rail	-	-	-	(1)	17,142
Solid Waste	-	-	-	(1)	48,311
Sewer	53,250	91,082	(3)	54,623	41,607
Water	34,740	39,480	43,260	46,016	54,695
Power	313,958	321,042	292,608	302,482	323,555
Other business-type funds	69,586	73,774	76,294	7,581	7,254
Total business-type activities	<u>471,534</u>	<u>525,378</u>	<u>466,785</u>	<u>480,188</u>	<u>513,175</u>
Total primary government expenses	<u>\$647,073</u>	<u>\$729,524</u>	<u>\$697,085</u>	<u>\$691,529</u>	<u>\$734,254</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	10,326	19,933	12,903	3,019	5,651
Public Safety	3,353	5,444	5,981	8,192	5,331
Transportation	-	-	-	5,226	4,036
Health and Human Services	-	-	-	40	280
Public Works	5,800	2,384	5,968	-	-
Economic Environment/Development	4,032	660	908	6,337	7,729
Culture and Recreation	690	502	2,506	452	422
Interest on long-term debt	54	1,514	1,352	1,493	657
Operating grants and contributions:	<u>27,132</u>	<u>19,428</u>	<u>14,320</u>	<u>20,137</u>	<u>35,142</u>
Capital grants and contributions	<u>1,756</u>	<u>4,633</u>	<u>5,393</u>	<u>8,139</u>	<u>11,430</u>
Total governmental activities program revenues	<u>53,143</u>	<u>54,498</u>	<u>49,331</u>	<u>53,035</u>	<u>70,678</u>

Note: The City of Tacoma implemented GASB 34 in 2002.

(1) In 2005, the functional expenditures and business-type activities were more defined.

(2) Construction began in 2004 for the new Police Station Headquarters building and substations.

(3) In 2003, a \$40 million accrual was recorded in the Sewer Fund for the Thea Foss Waterway clean-up project.

(4) The City reported the remaining infrastructure for the GASB 34 requirements.

(5) The City received grant funds from the Department of Transportation for the D Street overpass bridge construction.

City of Tacoma, Washington
Changes in Net Assets
Last Five Fiscal Years
Table 2
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type activities:					
Charges for services:					
Public Assembly Facilities	-	-	-	6,165	7,528
Rail	-	-	-	17,609	17,559
Solid Waste	-	-	-	48,938	51,337
Sewer	54,108	53,784	54,891	57,600	62,989
Water	34,665	39,117	41,035	45,892	53,232
Power	290,432	325,058	(6)	329,574	344,450
Other business-type funds	66,814	66,626	71,815	3,604	3,591
Operating grants and contributions:	1,857	382	2,285	631	1,113
Capital grants and contributions	42,606	44,447	42,430	54,870	45,430
Total business-type activities program revenues	<u>490,482</u>	<u>529,414</u>	<u>542,030</u>	<u>579,759</u>	<u>642,495</u>
Total primary government program revenues	<u>\$543,625</u>	<u>\$583,912</u>	<u>\$591,361</u>	<u>\$632,794</u>	<u>\$713,173</u>
Net (expense)/revenue					
Governmental activities	(\$122,396)	(\$149,648)	(\$180,969)	(\$158,306)	(\$150,401)
Business-type activities	18,948	4,036	75,245	99,571	129,320
Total primary government net expense	<u>(\$103,448)</u>	<u>(\$145,612)</u>	<u>(\$105,724)</u>	<u>(\$58,735)</u>	<u>(\$21,081)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	46,338	47,967	50,388	54,593	53,177
Sales taxes	33,915	43,528	43,842	49,272	54,071
Business taxes	74,691	70,248	43,580	46,166	46,161
Unrestricted investment earnings	12,725	5,984	5,028	3,193	6,869
Gain on sale of capital assets	840	-	-	2,402	1,567
Transfers	(887)	1,648	28,435	31,584	35,673
Total governmental activities	<u>167,622</u>	<u>169,375</u>	<u>171,273</u>	<u>187,210</u>	<u>197,518</u>
Business-type activities:					
Taxes:					
Property taxes	-	-	-	-	-
Sales taxes	883	396	457	376	458
Business taxes	-	-	-	-	-
Unrestricted investment earnings	20,559	11,720	12,078	12,514	27,309
Gain on sale of capital assets	2,816	2,863	(75)	4,889	55
Transfers	887	(1,648)	(28,435)	(31,584)	(35,673)
Total business-type activities	<u>25,145</u>	<u>13,331</u>	<u>(15,975)</u>	<u>(13,805)</u>	<u>(7,851)</u>
Total primary government	<u>\$192,767</u>	<u>\$182,706</u>	<u>\$155,298</u>	<u>\$173,405</u>	<u>\$189,667</u>

Note: The City of Tacoma implemented GASB 34 in 2002.

(6) In 2003, Power operating revenues increased mainly due to higher spot market prices in the wholesale market in 2003 compared to the prior year.

City of Tacoma, Washington
Changes in Net Assets
Last Five Fiscal Years
Table 2
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year				
	2002	2003	2004	2005	2006
Change in Net Assets					
Governmental activities	\$45,226	\$19,727	(\$9,696)	\$28,904	\$47,117
Business-type activities	44,093	17,367	59,270	85,766	121,469
Total primary government	<u>\$89,319</u>	<u>\$37,094</u>	<u>\$49,574</u>	<u>\$114,670</u>	<u>\$168,586</u>

Note: The City of Tacoma implemented GASB 34 in 2002.

City of Tacoma, Washington
Governmental Activities Tax Revenues By Source
Last Five Fiscal Years
Table 3
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Business Tax	Total
2002	\$46,338	\$33,915	\$74,691	\$154,944
2003	47,967	43,528	70,248	161,743
2004	50,388	43,842	43,580	137,810
2005	54,593	49,272	46,166 (2)	150,031
2006	\$53,177 (3)	\$54,071	\$46,161 (1)	\$153,409

- (1) A refund was issued in 2006 of over \$300,000.
- (2) A increase in penalty and taxes for Business tax increased due to an outstanding receivable of over \$1 million dollars.
- (3) The City receives property taxes based on assessments of taxpayers voted bonds. In 2006, the City paid off a significant portion of the General Obligation voted bond debt in 2006.

City of Tacoma, Washington
Fund Balances of Governmental Funds
Last Ten Fiscal Years
Table 4
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$10,225	\$8,170	\$9,208	\$20,474	\$20,694	\$10,291	\$10,263	\$8,118	\$6,855	\$9,553
Unreserved	11,699	10,002	5,076	6,812	4,462	21,531	34,210	28,374	36,572	46,955
Total General Fund	<u>\$21,924</u>	<u>\$18,172</u>	<u>\$14,284</u>	<u>\$27,286</u>	<u>\$25,156</u>	<u>\$31,822</u>	<u>\$44,473</u>	<u>\$36,492</u>	<u>\$43,427</u>	<u>\$56,508</u>
All other governmental funds										
Reserved	\$18,549	\$17,885	\$21,154	\$20,146	\$31,097	\$25,989	\$15,742	\$19,976	\$29,055	\$17,307
Unreserved, reported in:										
Special revenue funds	6,893	6,164	4,376	5,627	7,458	16,905	34,284	38,964	26,419	39,274
Debt service funds	-	-	-	-	-	4,129	1,100	1,226	1,211	1,300
Capital project funds	24,638	31,614	25,695	4,141	(13,176)	30,303	31,244	19,862	18,318	34,108
Total all other governmental funds	<u>\$50,080</u>	<u>\$55,663</u>	<u>\$51,225</u>	<u>\$29,914</u>	<u>\$25,379</u>	<u>\$77,326</u>	<u>\$82,370</u>	<u>\$80,028</u>	<u>\$75,003</u>	<u>\$91,989</u>

City of Tacoma, Washington
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
Table 5
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$122,197	\$125,652	\$133,932	\$142,866	\$150,831	\$152,530	\$161,562	\$138,146	(1)	\$150,370
Licenses and permits	3,129	3,368	3,410	3,798	3,327	3,604	4,918	5,072	3,572	(7)
Intergovernmental revenue	24,287	23,589	29,653	27,504	25,348	28,888	27,346	28,043	28,276	46,510
Charges for services	9,165	9,116	9,084	10,099	9,320	9,400	15,261	9,568	13,749	(5)
Fines and forfeitures	2,991	2,605	2,761	3,194	2,848	3,583	3,035	2,793	4,088	2,829
Interest	5,884	5,500	4,532	6,162	4,305	6,798	4,869	4,174	3,193	6,869
Miscellaneous revenues	1,044	1,599	4,245	3,530	1,993	7,670	3,939	3,856	3,347	2,734
Total revenues	<u>168,697</u>	<u>171,429</u>	<u>187,617</u>	<u>197,153</u>	<u>197,972</u>	<u>212,473</u>	<u>220,930</u>	<u>191,652</u>	<u>206,595</u>	<u>230,961</u>
Expenditures										
General government	20,544	21,543	23,686	23,746	23,940	24,540	25,962	26,985	20,200	21,118
Security of persons & property	81,528	85,451	95,742	91,761	104,235	100,408	103,177	114,320	(2)	123,998
Physical environment	4,478	1,333	1,008	1,423	1,281	586	476	485	471	488
Transportation	14,157	16,707	17,232	19,008	13,608	9,767	15,259	16,119	18,076	18,029
Economic environment	12,565	13,710	13,743	13,955	13,494	15,535	20,411	20,826	22,302	22,028
Mental and physical health	844	1,581	1,240	1,281	1,307	1,222	1,911	1,782	1,614	1,909
Culture and recreation	13,342	17,506	15,140	17,831	13,481	12,928	15,173	13,923	12,497	14,087
Capital outlay	10,302	9,619	11,758	27,830	26,227	39,873	17,463	28,147	(2)	29,819
Debt Service:										
Principal retirement	7,574	4,889	11,721	4,762	4,477	5,496	4,658	10,136	7,493	17,730
Interest and fiscal charges	3,625	4,286	3,278	3,221	3,808	4,300	4,583	3,809	3,537	3,487
Total expenditures	<u>168,959</u>	<u>176,625</u>	<u>194,548</u>	<u>204,818</u>	<u>205,858</u>	<u>214,655</u>	<u>209,073</u>	<u>236,532</u>	<u>240,007</u>	<u>252,980</u>
Excess of revenues over (under) expenditures	(262)	(5,196)	(6,931)	(7,665)	(7,886)	(2,182)	11,857	(44,880)	(33,412)	(22,019)

(1) In 2004, the City gross earnings tax transfer from the Utilities to the General Fund was reclassified as an interfund transfer.

(2) Construction began in 2004 for the new Police Station Headquarters building and substations.

(3) Limited General Obligation 1997 Series A bonds in the amount of \$13.0 million were redeemed.

(4) The City received grant funds from the Department of Transportation for the D Street overpass bridge construction.

(5) A capital contribution was recognized for various Public Works capital projects and the D Street project.

(6) EMS uncollectible accounts were recorded in 2005 and prior years as bad debt expense. In 2006, the accounting correction was made to account for uncollectible accounts as a reduction of revenue.

(7) The uncollectible accounts for 2005 were significantly higher compared to 2006.

City of Tacoma, Washington
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
Table 5
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Sale of capital asset	320	(3)	-	-	1,021	874	6	-	2,402	1,567
Transfers in	18,856	20,983	21,297	20,980	24,014	32,110	4,060	37,944	(5)	37,346
Transfers (out)	(24,485)	(26,565)	(27,650)	(27,019)	(25,158)	(43,704)	(3,213)	(11,029)	(4,426)	(9,319)
Proceeds from bonds issues	27,285	11,769	4,498	283	18,230	34,300	(7)	2,305	5,785	-
Payment to refund escrow agent	-	-	-	-	(16,495)	-	-	-	-	-
Total other financing sources and (uses)	21,976	6,184	(1,855)	(5,756)	1,612	23,580	3,158	32,700	35,322	54,446
Net change in fund balances	\$21,714	\$988	(\$8,786)	(\$13,421)	(\$6,274)	\$21,398	\$15,015	(\$12,180)	\$1,910	\$32,427
Debt service as a percentage of noncapital expenditures	7.1%	5.5%	8.4%	4.1%	4.2%	4.8%	4.6%	6.3%	4.8%	9.2%

(5) Beginning in 2004, the City gross earnings tax transfer from the Utilities to the General Fund was reclassified as an interfund transfer.

(6) Limited General Obligation Bonds 2006 (LTGO) were issued to refund the 1997A LTGO bonds to realize interest savings.

(7) General Obligation bond debt was issued in 2002 for the construction of the new police headquarters and substations.

City of Tacoma, Washington
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Table 6

REAL PROPERTY				
Fiscal Year	Assessed Value/ Estimated Actual Value (\$ in Thousands)	Growth Increase(Decrease) Dollars (\$ in Thousands)	Percent Increase	Assessed Value Per Capita
1997	\$9,010,037	\$396,726	4.61%	48,545
1998	9,241,186	231,149	2.57%	49,684
1999	9,847,273	606,087	6.56%	52,659
2000	10,671,429	824,156	8.37%	57,066
2001	11,587,717	916,288	8.59%	61,966
2002	11,824,449	236,732	2.04%	60,638
2003	12,455,913	631,464	5.34%	63,551
2004	13,212,371	756,458	6.07%	67,410
2005	15,739,885	2,527,514	19.13%	79,494
2006	\$18,556,278	\$2,816,393	17.89%	92,781

City of Tacoma, Washington
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
Table 7

Fiscal Year Ended December 31,	City of Tacoma	Tacoma School District #10	Pierce County	Port of Tacoma	Metro Park District	Washington State	Total
DOLLARS PER \$1,000 OF ASSESSED VALUE							
1997	\$3.38	\$7.34	\$1.66	\$0.18	\$1.08	\$3.59	\$17.23
1998	4.23	7.78	1.65	0.18	1.05	3.45	18.34
1999	4.17	7.79	1.71	0.18	0.94	3.32	18.11
2000	4.26	7.48	1.75	0.18	0.87	3.00	17.54
2001	4.06	7.30	1.68	0.19	0.98	2.92	17.12
2002	4.40	7.42	1.67	0.18	0.98	2.94	17.59
2003	4.28	7.50	1.61	0.19	0.99	3.03	17.60
2004	4.14	7.28	1.59	0.19	0.85	2.90	16.95
2005	3.38	6.56	1.38	0.19	0.88	2.64	15.03
2006	\$3.08	\$5.51	\$1.18	\$0.19	\$0.76	\$2.29	\$13.01
"CITY" TAX RATE BREAKDOWN:		2005	2006				
General Fund		\$2.53	\$2.42				
Fire Pension		0.00	0.00				
Councilmanic Nonvoted Bonds		0.26	0.00				
Court Ordered Refund		0.00	0.00				
EMS Levy		0.40	0.50				
G.O. Bonds		0.19	0.16				
TOTAL CITY		\$3.38	\$3.08				

- (a) Above schedule includes both regular and voted excess tax levies. Property is being assessed at 100% of true and fair market value.
- (b) In the State of Washington, property taxes, by statute, are assessed and collected by the counties for the various taxing districts with distribution of collections made in accordance with taxes levied.
- (c) First half property tax payments must be paid on or before April 30, after which date, if unpaid, the total annual tax becomes delinquent. The second half payment is payable on or before October 31, becoming delinquent November 1.
- (d) Each year listed represents the levy year, (i.e., the year 2000 represents 2001 tax rates).

City of Tacoma, Washington
Principal Taxpayers
Current Year and Nine Years Ago
Table 8
(amounts expressed in thousands)

TEN LEADING BUSINESS AND OCCUPATION TAXPAYERS FOR 2006

<u>TAXPAYERS</u>	<u>RANK</u>	<u>EMPLOYEES</u>	<u>PERCENTAGE OF TOTAL CITY POPULATION</u>	<u>TYPE OF BUSINESS</u>
Comcast of Puget Sound Inc	1	350	0.2%	Cable Television
Frank Russell Company	2	482	0.2%	Portfolio Management
Frank Russell Investment Management Co	3	271	0.1%	Portfolio Management
New Cingular Wireless	4	5	0.0%	Cellular
Puget Sound Energy Inc.	5	223	0.1%	Natural Gas
Qwest Corporation	6	N/A	N/A	Telecommunications
Silver Dollar Casino - Tacoma	7	140	0.1%	Casino
T Mobile West Corporation	8	3	0.0%	Cellular
US Oil & Refining Company	9	148	0.1%	Petroleum Refinery
Verizon Wireless	10	N/A	N/A	Cellular
Total		1622	0.8%	

Total 2006 Aggregate B & O Tax
Collections of the Top Ten Taxpayers \$14,650

TEN LEADING BUSINESS AND OCCUPATION TAXPAYERS FOR 1997

<u>TAXPAYERS</u>	<u>RANK</u>	<u>EMPLOYEES (1)</u>	<u>PERCENTAGE OF TOTAL CITY POPULATION</u>	<u>TYPE OF BUSINESS</u>
AT & T Communications of the Pacific NW	1	N/A	N/A	Telecommunications
Interstate Mobile	2	N/A	N/A	Telecommunications
Key Bank of Washington	3	N/A	N/A	Banking
Phillip Morris Inc.	4	N/A	N/A	Wholesale Sales
Puget Sound Energy	5	N/A	N/A	Natural Gas
Seattle SMSA LTD	6	N/A	N/A	Telecommunications
Supervalu Holdings Inc.	7	N/A	N/A	Wholesale Grocery Outlet
T.C.I. of Tacoma Inc.	8	N/A	N/A	Cable Television
U.S. West Communications	9	N/A	N/A	Telecommunications
Washington Natural Gas	10	N/A	N/A	Natural Gas
Total		N/A	N/A	

Total 1997 Aggregate B & O Tax
Collections of the Top Ten Taxpayers \$9,710
The City is legally prohibited from disclosing individual information regarding the amount of business taxes paid by specific taxpayers. This schedule presents the total aggregate B & O taxes paid by the City's ten largest taxpayers in ranking order.

(1) Employee count information for these business taxpayers are not available for 1997.

City of Tacoma, Washington
Principal Taxpayers
Current Year and Nine Years Ago
Table 8
(amounts expressed in thousands)

TACOMA'S TOP TEN PROPERTY TAXPAYERS FOR 2006

<u>TAXPAYER</u>	<u>RANK</u>	<u>2006 ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUE</u>
Tacoma Mall Corporation	1	\$160,922	25.9%
Simpson Kraft Company	2	140,148	22.5%
CSC of Tacoma LLC	3	51,052	8.2%
US Oil and Refining Company	4	42,425	6.8%
909 A Street LLC	5	42,025	6.8%
ERP Operating LP	6	41,323	6.6%
NGP Centennial Tacoma LLC	7	40,238	6.5%
University Street Properties I LLC	8	35,386	5.7%
HAUB Brothers Enterprise Trust	9	34,639	5.6%
Multicare Health System	10	33,526	5.4%
Total Assessed Value of Top Ten Property Taxpayers		<u>\$621,682</u>	<u>100.0%</u>

TACOMA'S TOP TEN PROPERTY TAXPAYERS FOR 1997

<u>TAXPAYER</u>	<u>RANK</u>	<u>1997 ASSESSED VALUE</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUE</u>
Simpson Kraft Company	1	\$141,428	26.7%
Debartolo Corporation	2	99,206	18.7%
Hokold, Oscar and Olivann	3	59,877	11.3%
Holly Property Holdings	4	46,688	8.8%
Occidental Chemical Corp.	5	39,877	7.5%
Kaiser Aluminum and Chemical	6	31,614	6.0%
PF Acquisition Corp.	7	30,247	5.7%
Greyhound Real Estate Investment	8	29,994	5.7%
Russell Building Partnership	9	26,977	5.1%
Tacoma Place Inc.	10	23,588	4.5%
Total Assessed Value of Top Ten Property Taxpayers		<u>\$529,496</u>	<u>100.0%</u>

City of Tacoma, Washington
Property Tax Levies and Collections
Last Ten Fiscal Years
Table 9
(amounts expressed in thousands)

Fiscal Year ended December 31,	Total Tax Levy	Current Tax Collections	Percentag e of Levy Collected	Delinquent Tax Collections	Tax Levy Adjustment	Total Tax Collections	Total Tax Collected as a Percentage of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
1997	\$ 37,362	\$ 35,520	95.07%	\$ 1,758	\$ (134)	\$ 37,279	99.78%	\$ 2,765	7.40%
1998	37,406	35,517	94.95%	1,769	(229)	37,286	99.68%	2,656	7.10%
1999	38,443	36,661	95.36%	1,780	(155)	38,441	99.99%	2,503	6.51%
2000	39,924	37,964	95.09%	1,664	(36)	39,629	99.26%	2,761	6.92%
2001	45,400	42,951	94.61%	1,701	(254)	44,652	98.35%	3,276	7.22%
2002	46,979	44,565	94.86%	2,058	(58)	46,623	99.24%	3,617	7.70%
2003	51,957	49,473	95.22%	2,303	(276)	51,776	99.65%	3,523	6.78%
2004	53,334	51,186	95.97%	2,346	(222)	53,532	100.37%	3,103	5.82%
2005	54,626	52,817	96.69%	2,088	(219)	54,905	100.51%	2,605	4.77%
2006	\$ 53,258	\$ 51,517	96.73%	\$ 1,706	\$ (202)	\$ 53,223	99.93%	\$ 2,438	4.58%

Source: Property Tax Collection Schedule prepared by the City Treasurer's Office.

City of Tacoma, Washington
Ratios of Outstanding Debt by Type
Last Five Fiscal Years
Table 10
 (amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities						Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (2)
	General Obligation Bonds	Public Works Trust Fund	Housing & Urban Dev	Bond Anticipation Notes	Special Assessment Bonds	Capital Leases	Revenue Bonds & Loans	General Obligation Bonds	Capital Leases				
2002	\$80,135	\$7,579	-	\$3,275	\$2,810	\$588	\$885,002	-	-	\$979,389	4.55%	\$5,025	
2003	85,320	8,105	2,434	4,624	2,195	518	897,250	-	-	1,000,446	4.51%	5,097	
2004	76,915	12,065	-	1,362	2,556	95	980,938	51,900	-	1,125,831	4.84%	5,721	
2005	69,605	11,525	-	827	1,830	48	1,081,537	51,900	327	1,217,599	5.23%	6,146	
2006	\$70,224	\$13,248	-	\$1,373	\$1,155	\$0	\$1,119,487	\$67,410	\$286	\$1,273,183	5.21%	\$6,379	

Note: Details regarding the city's outstanding debt can be found in the notes to the financials.

(1) U.S. Department of Commerce, Bureau of Economic Analysis (Currently updated through 2005). Calculation based on 2005 personal income.

(2) See the Schedule of Demographic and Economic Statistics on Table 16 for personal income and population data.

City of Tacoma, Washington
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Table 11
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund (1)	Total	% of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
1997	\$72,825	\$8,261	\$64,564	0.72%	\$348
1998	68,975	7,363	61,612	0.67%	331
1999	64,870	5,403	59,467	0.60%	318
2000	61,770	3,985	57,785	0.54%	298
2001	49,335	4,082	45,253	0.39%	233
2002	80,135	4,139	75,996	0.64%	390
2003	85,320	1,100	84,220	0.68%	429
2004	128,815	1,226	127,589	0.97%	648
2005	121,505	1,211	120,294	0.76%	607
2006	\$137,634	\$1,300	\$136,334	0.73%	\$683

Note: Details regarding the city's outstanding debt can be found in the notes to the financials.

(1) The fund balance for debt service funds can be found in the Combining Statements - Nonmajor Funds section.

(2) See Table 6 - Assessed and Estimated Actual Value of Taxable Property for property tax value.

(3) See the Schedule of Demographic and Economic Statistics on Table 16 for population data.

City of Tacoma, Washington
Computation of Direct and Overlapping Debt
Table 12
As of December 31, 2006

	Net Bonded Debt Outstanding (a)	Percentage Applicable To City (b)	City Residents Share of Debt
City of Tacoma	\$ 132,754	100.000%	\$ 132,754
<u>OVERLAPPING DEBT</u>			
Tacoma School District #10	354,072	91.654%	324,522
Metropolitan Park District	59,200	96.417%	57,079
Port of Tacoma	418,485	0.000%	-
Pierce County	131,875	0.000%	-
Franklin Pierce School District	27,601	0.549%	152
Fife School District	36,013	1.884%	678
Clover Park School District	73,627	1.625%	1,197
University Place School District	44,810	2.742%	1,229
TOTAL OVERLAPPING DEBT	\$ 1,145,683		\$ 517,610
GRAND TOTAL	<u>\$ 1,278,437</u>		<u>\$ 650,364</u>
Population			199,600
Direct and Overlapping Debt per Capita			<u>\$ 2,593</u>

(a) Net Bonded Debt Outstanding represents gross debt outstanding less available amounts in debt service funds, less matured bonds and interest coupons.

(b) Applicable percentage is determined by ratio of assessed valuation of property subject to taxation in overlapping unit to valuation of property subject to taxation in the City of Tacoma.

Source: Pierce County Assessor/Treasurer's Office, Port of Tacoma and City of Tacoma Finance Department.

City of Tacoma, Washington
Legal Debt Margin Information
Last Ten Fiscal Years
Table 13
(amounts expressed in thousands)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Assessed Value of Property	9,010,037	9,241,186	9,847,273	10,671,429	11,587,717	11,824,449	12,455,913	13,212,371	15,739,885	18,556,278
Debt Limit, 7.5% of Assessed Value	675,753	693,089	738,545	800,357	869,079	886,834	934,193	990,928	1,180,491	1,391,721
Total Net Debt Applicable to Limit	69,038	74,885	72,295	69,831	57,064	162,988	93,444	143,775	139,801	158,905
Legal Debt Margin	\$606,715	\$618,204	\$666,250	\$730,526	\$812,015	\$723,846	\$840,749	\$847,153	\$1,040,690	\$1,232,816
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	10.2%	10.8%	9.8%	8.7%	6.6%	18.4%	10.0%	14.5%	11.8%	11.4%

Legal Debt Margin Calculation for Fiscal Year 2006
(amounts expressed in thousands)

Assessed Value	18,556,278
Debt Limit (7.5% of assessed value)	1,391,721
Debt Applicable to Limit:	
General Obligation bonds	159,416
Capital leases	286
Less: Assets available from Debt Svc Fu	(797)
Total Net Debt Applicable to Limit	158,905
Legal Debt Margin	<u>\$1,232,816</u>

City of Tacoma, Washington
Computation of Constitutional Limit of Indebtedness
Table 14
December 31, 2006

As provided in the Revised Code of Washington Title 39 Chapter 36, the percentage limits for the various sections are layered cumulative totals. The total General Purpose Indebtedness cannot exceed 2.5% of the Total Taxable Property Value (PV); General and Utility Purpose Indebtedness cannot exceed 5.0% PV; and General, Utility and Open Space and Parks Facilities Indebtedness cannot exceed 7.5% PV. Non-voted General Purpose Indebtedness may be up to 1.5% PV only if Voted General Purpose Indebtedness does not exceed 1% PV. The limits for General Purpose debt cannot exceed 2.5% PV. However, Utility and Open Space Indebtedness may exceed 2.5% PV for the section and reduce the General Purpose Indebtedness available by an equivalent amount.

Total Taxable Property Value (Assessed at 100%, for taxes payable in 2007) (PV)	<u>\$ 18,556,277,771</u>
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GENERAL PURPOSE INDEBTEDNESS

Non-Voted General Purpose Indebtedness and Capital Leases

Legal Limit 1.5% of Total Taxable Property Value	\$ 278,344,167
Indebtedness (Liabilities)	
Non-Voted General Obligation Bonds	\$ 128,851,000
Capital Leases Payable	286,000
Less Assets Available	-
Indebtedness Incurred - Non-Voted General Purposes	<u>\$ 129,137,000</u>
Remaining Non-Voted Debt Capacity - General Purposes	<u>\$ 149,207,167</u>

Total General Purpose Indebtedness With A 3/5 Vote of the People (includes non-voted)

Legal Limit 2.5% of Total Taxable Property Value	\$ 463,906,944
Less:	
Indebtedness Incurred - Non-Voted General Purposes	(129,137,000)
	\$ 334,769,944
Indebtedness (Liabilities)	
Voted General Obligation Bonds	\$ 30,565,000
Less Assets Available	<u>(797,845)</u>
Indebtedness Incurred - Voted General Purposes	<u>\$ 29,767,155</u>
Total Remaining Debt Capacity - General Purposes	<u>\$ 305,002,789</u>

UTILITY PURPOSE INDEBTEDNESS

Indebtedness For Utility Purposes With 3/5 Vote of the People

Legal Limit 2.5% of Total Taxable Property Value	\$ 463,906,944
Remaining Debt Capacity - Utility Purposes	<u>\$ 463,906,944</u>

OPEN SPACES AND PARKS FACILITIES INDEBTEDNESS

Indebtedness For Open Space And Parks Facilities With 3/5 Vote of the People

Legal Limit 2.5% of Total Taxable Property Value	\$ 463,906,944
Remaining Debt Capacity - Open Spaces and Parks Facilities	<u>\$ 463,906,944</u>

SUMMARY

Total Indebtedness Allowable	Legal Limit 7.5% of Total Taxable Property Value \$ 1,391,720,833
Less: Indebtedness Incurred - General Purposes	0.8563% \$ 158,904,155
Less: Indebtedness Incurred - Utility Purposes	\$ -
Less: Indebtedness Incurred - Open Space And Parks Facilities	\$ -
	Remaining Debt Capacity
	<u>6.6437% \$ 1,232,816,678</u>

**City of Tacoma, Washington
Pledged-Revenue Coverage**

**Table 15
Last Ten Fiscal Years
(amounts expressed in thousands)**

Sewer Revenue Bonds							Water Revenue Bonds								
Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available
	Revenue	Principal	Interest		Revenue	Principal	Interest		Revenue	Principal	Interest		Revenue	Principal	Interest
1997	48,945	26,829	22,116	2,882	4,223	3.11		1997	27,164	18,857	8,307	893	734	5.11	
1998	50,316	25,522	24,794	3,376	4,085	3.32		1998	28,584	20,599	7,985	1,250	1,501	2.90	
1999	51,575	28,646	22,929	3,526	3,912	3.08		1999	28,186	20,597	7,589	1,300	1,542	2.67	
2000	47,969	22,892	25,077	3,220	3,731	3.61		2000	31,562	21,029	10,533	1,355	1,482	3.71	
2001	54,632	33,972	20,660	3,549	3,564	2.90		2001	32,954	22,582	10,372	1,453	1,565	3.44	
2002	62,565	38,264	24,301	4,792	3,473	2.94		2002	38,647	22,734	15,913	1,816	2,581	3.62	
2003	58,668	35,202	23,466	3,235	5,587	2.66		2003	50,422	25,952	24,470	2,005	3,552	4.40	
2004	57,527	37,585	19,942	5,453	5,507	1.82		2004	46,256	28,071	18,185	4,675	3,387	2.26	
2005	60,110	33,972	26,138	5,735	5,233	2.38		2005	51,264	29,444	21,820	3,557	4,593	2.68	
2006	69,418	37,477	31,941	6,025	5,371	2.80		2006	90,628	32,061	58,567	4,582	5,852	5.61	
Power Revenue Bonds							Convention Center Revenue Bonds								
Fiscal Year	Power Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Conv Ctr Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Power Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Convention Center Charges and Other	Less: Operating Expenses	Net Available
	Revenue	Principal	Interest		Revenue	Principal	Interest		Revenue	Principal	Interest		Revenue	Principal	Interest
1997	227,198	128,396	98,802	10,910	24,055	2.83									
1998	223,509	148,155	75,354	12,015	22,607	2.18									
1999	250,251	154,139	96,112	11,797	21,113	2.92									
2000	352,266	264,971	87,295	11,767	19,709	2.77									
2001	325,323	291,048	34,275	14,040	11,726	1.33									
2002	292,785	238,045	54,740	14,040	29,116	1.27									
2003	327,730	246,807	80,923	17,468	26,268	1.85									
2004	331,223	230,470	100,753	22,180	27,497	2.03	(1)								
2005	345,586	227,250	118,336	22,790	30,737	2.21		2005	1,944	-	1,944	301	-	6.46	
2006	407,630	257,131	150,499	22,420	29,770	2.88		2006	2,216	-	2,216	300	-	7.39	

Note: Total Operating Expenses exclusive of depreciation, bond interest and municipal gross earning tax.

(1) The issue date for the Convention Center Revenue bonds was in 2004 and the first principal payment did not occur until 2005.

City of Tacoma, Washington
Pledged-Revenue Coverage
Table 15
Last Ten Fiscal Years
(amounts expressed in thousands)

Solid Waste Revenue Bonds							Tacoma Rail Bond Anticipation Notes						
Fiscal Year	Solid Waste Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Tacoma Rai Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	Solid Waste Charges and Other	Less: Operating Expenses	Net Available	Fiscal Year	
	Charges and Other	Operating Expenses	Revenue	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage	Revenue	Principal	Coverage
1997	34,512	25,646	8,866	2,035	2,986	1.77							
1998	34,643	24,201	10,442	2,000	3,845	1.79							
1999	39,631	29,859	9,772	2,000	3,715	1.71							
2000	46,808	29,755	17,053	2,420	3,578	2.84							
2001	46,834	33,257	13,577	2,130	3,156	2.57							
2002	44,714	30,578	14,136	2,400	4,707	1.99							
2003	44,610	32,112	12,498	2,355	4,360	1.86	(2)						
2004	47,609	34,105	13,504	2,470	4,243	2.01	2004	12,899	11,370	1,529	331	88	3.65
2005	50,831	37,507	13,324	2,620	4,094	1.98	2005	15,452	13,006	2,446	331	78	5.98
2006	53,822	33,038	20,784	2,770	3,944	3.10	2006	15,992	14,677	1,315	331	87	3.15

Note: Total Operating Expenses exclusive of depreciation, bond interest and municipal gross earning tax.

(2) The issue date for the Tacoma Rail Bond Anticipation Notes was in 2003 and the first principal payment did not occur until 2004.

City of Tacoma, Washington
Demographic and Economic Statistics
Table 16
Last Ten Fiscal Years

Fiscal Year Ended December 31,	Population (in Thousands)	Personal Income (a) (in Thousands)	Per Capita Personal Income (a)	School Enrollment (b) (in Thousands)	Unemployment % Rate (c)
1997	186	\$16,055,812	\$24,139	32	4.7
1998	186	17,184,196	25,308	32	4.8
1999	187	18,058,638	26,071	32	4.3
2000	194	19,416,742	27,580	32	4.9
2001	194	20,702,070	28,818	33	6.4
2002	195	21,504,936	29,405	33	7.3
2003	196	22,205,977	29,989	32	7.6
2004	197	23,273,083	31,206	31	6.4
2005	198	24,440,169	32,448	32	6.0
2006	200	N/A	N/A	30	5.2

SOURCES:

- (a) U.S. Department of Commerce, Bureau of Economic Analysis (Currently updated only through 2005)
- (b) Tacoma School District No. 10, total students including alternative schools as of October 1 each year.
- (c) Washington State Employment Security Department (monthly rates averaged).

City of Tacoma, Washington
Full-time Equivalent City Government Employees by Function
Table 17
Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of December 31									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 (1)
General government	374	383	388	376	394	380	407	410	414	296
Public Safety										
Police	430	427	427	411	397	384	390	402	409	412
Fire	439	422	431	419	421	427	440	439	431	434
Law Enforcement Support Agency	127	127	135	131	143	144	153	152	157	155
Economic Environment										
TEDD	75	76	56	52	51	48	49	44	39	41
Hearing Examiner	3	3	3	3	2	2	4	4	4	4
Human Rights Human Services	10	11	36	36	33	29	37	37	34	34
Culture and Recreation	130	123	136	131	135	145	195	194	197	204
Transportation										
Public Works	556	555	586	604	630	631	670	684	693	750
Information Systems	33	29	31	29	33	30	95	94	85	108
Retirement	6	8	8	6	7	8	7	9	8	8
Tacoma Public Utilities										
Administration	9	18	18	17	16	16	16	9	9	9
Customer Service	120	107	111	104	106	106	132	142	132	165
Geographic Info System	8	7	7	7	7	5	9	8	9	9
Rail	50	53	65	82	74	80	84	91	102	101
Power	651	740	745	742	745	814	805	786	799	767
Water	186	198	202	204	226	226	237	245	254	257
Total	3,207	3,287	3,385	3,354	3,420	3,475	3,730	3,750	3,776	3,754

(1) A re-organization of the City's organizational chart occurred eliminating the General Services department (included in General Government) and was spread between Information Systems and Public Works departments.

City of Tacoma, Washington
Operating Indicators by Function

Table 18
Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<i>Public Safety</i>										
Police										
Violent Crime	2,982	2,658	2,353	2,396	2,111	2,183	2,154	2,021	2,014	2,076
Property Crime	17,797	16,768	15,117	16,336	16,362	18,115	16,170	16,657	16,903	16,663
Fire										
Incidents	28,767	30,654	31,343	33,141	35,172	36,323	36,727	N/A	N/A	N/A
<i>Utilities</i>										
Power customers	140,467	143,069	146,132	147,843	149,731	153,955	153,955	162,852	159,182	162,589
Power service units - MWH	6,956,089	6,051,000	7,049,000	6,186,563	5,255,247	6,278,978	6,278,978	6,077,318	5,915,164	6,689,448
Water customers	81,357	82,739	84,027	85,269	89,550	91,376	91,376	93,906	94,033	95,103
Water service units	22,733,000	22,607,000	21,614,000	21,050,000	19,495,000	25,596,721	25,596,721	27,219,270	24,929,840	25,292,615
Wastewater customers	91,581	79,193	80,144	80,983	80,144	82,486	82,486	64,612	81,727	60,412
Surface Water customers	64,679	64,496	65,706	66,326	65,706	67,406	67,406	72,139	63,983	68,363
Solid Waste customers	52,880	56,400	56,717	57,115	57,036	58,722	58,722	59,203	58,834	58,086
<i>Rail</i>										
Miles of track	28	28	33	30	29	38	38	38	38	38
Number of cars switched	54,785	52,221	60,724	67,762	59,852	14,839	85,017	97,417	118,512	100,074
<i>Airport</i>										
Acres	644	644	644	644	654	744	744	644	644	644
Length of runway (ft)	5,002	5,002	5,002	5,002	5,002	5,002	5,002	5,002	N/A	N/A
Number of tie-downs available	214	50	50	50	50	158	139	134	126	126
Number of tie-downs in use	N/A	N/A	N/A	15	16	50	29	35	31	31
Hangar rentals	N/A	N/A	N/A	15	18	80	77	83	87	87
Number of landings and take-offs	100,000	95,316	91,145	107,800	95,971	81,449	72,688	90,409	88,292	68,413
Number of commercial leases	9	9	10	10	9	13	16	14	10	10
<i>Parking Garages</i>										
Number of parking stalls - garages	1,127	1,127	1,127	1,127	1,127	1,659	1,659	2,244	2,219	2,219
Number of parking stalls - surface lots	765	765	765	474	485	558	558	480	480	480

City of Tacoma, Washington
Capital Asset Statistics by Function

Table 19
Last Ten Fiscal Years

Function	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Public Safety										
Police										
Number of Stations	5	5	7	7	7	7	7	7	6	N/A
Vehicles:										
Marked Cars	167	167	229	215	220	220	225	228	225	N/A
Unmarked Cars - (includes seized vehicles)	144	144	144	72	79	79	112	133	112	N/A
Motorcycles	27	27	26	30	21	26	29	29	29	N/A
Fire										
Number of Stations	18	18	17	16	16	16	16	16	16	16
Pumpers	16	16	16	16	16	16	16	16	16	16
Trucks	4	4	4	4	4	4	4	4	4	4
Rescue Vehicles	5	5	5	5	5	5	5	6	5	5
Fireboats	2	2	1	1	1	1	1	1	1	1
Training Towers	1	1	1	1	1	1	1	1	1	1
Fire Rating	2	2	3	3	3	3	3	N/A	3	3
Transportation										
Streets										
Miles of Paved Streets	564.40	564.40	564.40	564.40	604.00	610.05	610.05	612.71	612.71	615.57
Miles of Unpaved Streets	239.02	239.02	239.02	239.02	239.00	229.33	229.33	229.38	229.38	352.69
Total	803.42	803.42	803.42	803.42	843	839.38	839.38	842.09	842.09	968.26
Culture and Recreation										
Libraries	23	23	23	20	20	20	20	20	20	20

City of Tacoma, Washington

Contributing Staff

Table 20

The following individuals contributed to the successful completion of the City of Tacoma's 2006 Comprehensive Annual Financial Report:

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DeAnna Herrera, Financial Supervisor
Lynn Uglick, CPA, Financial Supervisor

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City of Tacoma, Washington

For the Year Ended December 31, 2006