

FIDUCIARY FUNDS**PENSION TRUST FUNDS**

The **Employees' Retirement Fund** receives employees' payroll deductions for retirement and the City's matching contributions. It pays pension benefits to retired City employees.

The **Firemen's Pension Fund** receives an annual property tax levy of up to \$0.45 per \$1000 of assessed value, a portion of the state-levied fire insurance premium tax, and General Fund contributions. These moneys pay for fire fighters' medical and pension benefits which are not covered by the State's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

The **Police Relief and Pension Fund** receives support almost entirely from the General Fund. The General Fund contributions pay for sworn police personnel's medical and pension benefits which are not covered by the state's Law Enforcement Officers' and Fire Fighters' Retirement System and/or industrial insurance.

AGENCY FUNDS

The **Guaranty Deposits Fund** holds temporary deposits of moneys from individuals or entities pending fulfillment of contractual agreements with the City.

The **Payroll Withholding Fund** receives City contributions and/or employee deductions for payroll taxes, such as Social Security (FICA), Medicare, and federal income tax; state retirement (LEOFF); savings bonds; and dependent child care. The contributions and deductions are paid to federal and state agencies and to other City funds.

The **Salary Fund** pays salaries to all active City employees. The funds that record the expenditures transfer moneys into this fund.

The **Voucher Fund** pays for all expenditures of the City except payroll, retirement benefits, and certain payments made by check or wire transfer. The funds that record the expenditures transfer moneys into this fund.

The **Pass-Through Grants Fund** was established in 2006 to account for grants which are the equivalent of pure cash conduits. The City has no administrative and no direct involvement with the grant programs.

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**COMBINING STATEMENT OF NET ASSETS
PENSION TRUST FUNDS
December 31, 2006
(In Thousands)**

| | Employees' Retirement | Firemen's Pension | Police Relief and Pension | Comparative Totals | |
|---|--------------------------|----------------------|------------------------------|--------------------|--------------|
| | | | | 2006 | 2005 |
| ASSETS | | | | | |
| Cash and Equity in Pooled Investments | \$ 25,713 | \$ 10,300 | \$ 2,152 | \$ 38,165 | \$ 28,182 |
| Short-Term Investments | 66,630 | - | - | 66,630 | 43,290 |
| Securities Lending Collateral | 145,097 | - | - | 145,097 | 122,863 |
| Investments at Fair Value | | | | | |
| U.S. Government Obligations | 139,700 | 458 | - | 140,158 | 115,716 |
| Domestic Corporate Bonds | 71,834 | - | - | 71,834 | 102,019 |
| Domestic Stocks | 970,965 | - | - | 970,965 | 900,993 |
| International Stocks | 212,329 | - | - | 212,329 | 201,641 |
| Real Estate | 237,797 | - | - | 237,797 | 187,814 |
| Alternative/Venture Capital | 199,070 | - | - | 199,070 | 207,185 |
| Mezzanine Debt | 88,390 | - | - | 88,390 | 19,016 |
| Total Investments at Fair Value | 1,920,085 | 458 | - | 1,920,543 | 1,734,384 |
| Receivables | | | | | |
| Employer - Due from Other Funds | 90 | - | - | 90 | 11 |
| Employer - Other | 3,749 | - | - | 3,749 | 3,600 |
| Employee | 1,182 | - | - | 1,182 | 1,303 |
| Interest and Dividends | 2,419 | 28 | - | 2,447 | 1,980 |
| Total Receivables | 7,440 | 28 | - | 7,468 | 6,894 |
| Equipment, at Cost, Net of Accumulated Depreciation | 3 | - | - | 3 | 4 |
| Total Assets | 2,164,968 | 10,786 | 2,152 | 2,177,906 | 1,935,617 |
| LIABILITIES | | | | | |
| Refunds Payable and Other | 8,717 | 742 | 825 | 10,284 | 10,307 |
| Securities Lending Collateral | 145,097 | - | - | 145,097 | 122,863 |
| Total Liabilities | 153,814 | 742 | 825 | 155,381 | 133,170 |
| Net Assets Held in Trust for Pension Benefits | \$ 2,011,154 | \$ 10,044 | \$ 1,327 | \$ 2,022,525 | \$ 1,802,447 |

**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Year Ended December 31, 2006
(In Thousands)**

| | Employees' Retirement | Defined Benefit Firemen's Pension | Police Relief and Pension |
|--|----------------------------------|--|--------------------------------------|
| ADDITIONS | | | |
| Contributions | | | |
| Employer | \$ 38,078 | \$ 9,385 | \$ 6,056 |
| Plan Member | 38,228 | - | - |
| Total Contributions | 76,306 | 9,385 | 6,056 |
| Investment Income (Loss) | | | |
| From Investment Activities | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 221,629 | 40 | - |
| Interest | 15,770 | 293 | - |
| Dividends | 9,063 | - | - |
| Total Investment Activities Income (Loss) | 246,462 | 333 | - |
| Investment Activities Expenses | | | |
| Investment Management Fees | 3,554 | - | - |
| Performance Measurement Fees | 104 | - | - |
| Investment Custodial Fees | 76 | - | - |
| Total Investment Activities Expenses | 3,734 | - | - |
| Net Income (Loss) from Investment Activities | 242,728 | 333 | - |
| From Securities Lending Activities | | | |
| Securities Lending Income | 5,474 | - | - |
| Securities Lending Expenses | | | |
| Borrower Rebates | 5,035 | - | - |
| Management Fees | 109 | - | - |
| Total Securities Lending Expenses | 5,144 | - | - |
| Net Income (Loss) from Securities Lending Activities | 330 | - | - |
| Total Net Investment Income (Loss) | 243,058 | 333 | - |
| Total Additions | 319,364 | 9,718 | 6,056 |
| DEDUCTIONS | | | |
| Benefits | 87,584 | 7,878 | 6,348 |
| Refund of Contributions | 10,553 | - | - |
| Administrative Expense | 1,837 | 512 | 348 |
| Total Deductions | 99,974 | 8,390 | 6,696 |
| Change in Net Assets | 219,390 | 1,328 | (640) |
| Net Assets - Beginning of Year | 1,791,764 | 8,716 | 1,967 |
| Net Assets - End of Year | <u>\$ 2,011,154</u> | <u>\$ 10,044</u> | <u>\$ 1,327</u> |

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**COMBINING STATEMENT OF CHANGES
IN PLAN NET ASSETS
PENSION TRUST FUNDS
For the Year Ended December 31, 2006
(In Thousands)**

| | <u>Postemployment Healthcare</u> | | <u>Comparative Totals</u> | |
|--|----------------------------------|--------------------------------------|---------------------------|---------------------|
| | <u>Firemen's Pension</u> | <u>Police Relief and Pension</u> | <u>2006</u> | <u>2005</u> |
| ADDITIONS | | | | |
| Contributions | | | | |
| Employer | \$ 7,777 | \$ 9,989 | \$ 71,285 | \$ 68,270 |
| Plan Member | - | - | 38,228 | 35,963 |
| Total Contributions | 7,777 | 9,989 | 109,513 | 104,233 |
| Investment Income (Loss) | | | | |
| From Investment Activities | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | - | - | 221,669 | 111,849 |
| Interest | - | - | 16,063 | 14,850 |
| Dividends | - | - | 9,063 | 6,908 |
| Total Investment Activities Income (Loss) | - | - | 246,795 | 133,607 |
| Investment Activities Expenses | | | | |
| Investment Management Fees | - | - | 3,554 | 3,604 |
| Performance Measurement Fees | - | - | 104 | 97 |
| Investment Custodial Fees | - | - | 76 | 177 |
| Total Investment Activities Expenses | - | - | 3,734 | 3,878 |
| Net Income (Loss) from Investment Activities | - | - | 243,061 | 129,729 |
| From Securities Lending Activities | | | | |
| Securities Lending Income | - | - | 5,474 | 6,397 |
| Securities Lending Expenses | | | | |
| Borrower Rebates | - | - | 5,035 | 5,727 |
| Management Fees | - | - | 109 | 167 |
| Total Securities Lending Expenses | - | - | 5,144 | 5,894 |
| Net Income (Loss) from Securities Lending Activities | - | - | 330 | 503 |
| Total Net Investment Income (Loss) | - | - | 243,391 | 130,232 |
| Total Additions | 7,777 | 9,989 | 352,904 | 234,465 |
| DEDUCTIONS | | | | |
| Benefits | 7,777 | 9,989 | 119,576 | 111,296 |
| Refund of Contributions | - | - | 10,553 | 10,351 |
| Administrative Expense | - | - | 2,697 | 2,808 |
| Total Deductions | 7,777 | 9,989 | 132,826 | 124,455 |
| Change in Net Assets | - | - | 220,078 | 110,010 |
| Net Assets - Beginning of Year | - | - | 1,802,447 | 1,692,437 |
| Net Assets - End of Year | \$ - | \$ - | \$ 2,022,525 | \$ 1,802,447 |

G-3 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Page 1 of 2 AGENCY FUNDS
 For the Year Ended December 31, 2006
 (In Thousands)

| | Balance January 1 | Additions | Deductions | Balance December 31 |
|---|----------------------|---------------------|---------------------|------------------------|
| GUARANTY DEPOSITS FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 4,579 | \$ 8,431 | \$ 6,156 | \$ 6,854 |
| Total Assets | <u>\$ 4,579</u> | <u>\$ 8,431</u> | <u>\$ 6,156</u> | <u>\$ 6,854</u> |
| <i>Liabilities</i> | | | | |
| Deposits Payable | \$ 4,579 | \$ 8,431 | \$ 6,156 | \$ 6,854 |
| Total Liabilities | <u>\$ 4,579</u> | <u>\$ 8,431</u> | <u>\$ 6,156</u> | <u>\$ 6,854</u> |
| PAYROLL WITHHOLDING FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 709 | \$ 218,768 | \$ 218,614 | \$ 863 |
| Accounts Receivable | 562 | 616 | 561 | 617 |
| Total Assets | <u>\$ 1,271</u> | <u>\$ 219,384</u> | <u>\$ 219,175</u> | <u>\$ 1,480</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | \$ - | \$ 228,198 | \$ 228,198 | \$ - |
| Salaries, Benefits, and Payroll Taxes Payable | 1,112 | 102,105 | 101,737 | 1,480 |
| Claims/Judgments Payable | 159 | - | 159 | - |
| Total Liabilities | <u>\$ 1,271</u> | <u>\$ 330,303</u> | <u>\$ 330,094</u> | <u>\$ 1,480</u> |
| SALARY FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 81 | \$ 499,538 | \$ 499,594 | \$ 25 |
| Accounts Receivable | 3 | 6 | 3 | 6 |
| Total Assets | <u>\$ 84</u> | <u>\$ 499,544</u> | <u>\$ 499,597</u> | <u>\$ 31</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | \$ 29 | \$ 935,469 | \$ 935,492 | \$ 6 |
| Salaries, Benefits, and Payroll Taxes Payable | 55 | 11,239 | 11,269 | 25 |
| Total Liabilities | <u>\$ 84</u> | <u>\$ 946,708</u> | <u>\$ 946,761</u> | <u>\$ 31</u> |
| VOUCHER FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ 193 | \$ 2,560,138 | \$ 2,560,330 | \$ 1 |
| Accounts Receivable | 62 | - | 62 | - |
| Total Assets | <u>\$ 255</u> | <u>\$ 2,560,138</u> | <u>\$ 2,560,392</u> | <u>\$ 1</u> |
| <i>Liabilities</i> | | | | |
| Accounts Payable | \$ 255 | \$ 2,528,125 | \$ 2,528,379 | \$ 1 |
| Total Liabilities | <u>\$ 255</u> | <u>\$ 2,528,125</u> | <u>\$ 2,528,379</u> | <u>\$ 1</u> |

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COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

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AGENCY FUNDS

For the Year Ended December 31, 2006

(In Thousands)

| | Balance January 1 | Additions | Deductions | Balance December 31 |
|---|------------------------------|------------------|-------------------|--------------------------------|
| PASS-THROUGH GRANTS FUND | | | | |
| <i>Assets</i> | | | | |
| Cash | \$ - | \$ 8,462 | \$ 8,462 | \$ - |
| Total Assets | \$ - | \$ 8,462 | \$ 8,462 | \$ - |
| <i>Liabilities</i> | | | | |
| Accounts Payable | \$ - | \$ 8,462 | \$ 8,462 | \$ - |
| Total Liabilities | \$ - | \$ 8,462 | \$ 8,462 | \$ - |
| TOTALS - ALL AGENCY FUNDS | | | | |
| <i>Assets</i> | | | | |
| Cash and Equity in Pooled Investments | \$ 5,562 | \$ 3,295,337 | \$ 3,293,156 | \$ 7,743 |
| Accounts Receivable | 627 | 622 | 626 | 623 |
| Total Assets | \$ 6,189 | \$ 3,295,959 | \$ 3,293,782 | \$ 8,366 |
| <i>Liabilities</i> | | | | |
| Accounts Payable | \$ 284 | \$ 3,700,254 | \$ 3,700,531 | \$ 7 |
| Salaries, Benefits, and Payroll Taxes Payable | 1,167 | 113,344 | 113,006 | 1,505 |
| Deposits Payable | 4,579 | 8,431 | 6,156 | 6,854 |
| Claims/Judgments Payable | 159 | - | 159 | - |
| Total Liabilities | \$ 6,189 | \$ 3,822,029 | \$ 3,819,852 | \$ 8,366 |

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