



2001

COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

Washington State
Department of
Retirement Systems

Funds of the
State of Washington,
for the year ended
June 30, 2001.



2001

SUMMARY

ANNUAL

FINANCIAL

REPORT

Washington State
Department of
Retirement Systems

For the year ended
June 30, 2001

This year, 2001, marks the 25th anniversary of the Department of Retirement Systems (DRS). Through recent and historic events we have recovered, endured and thrived. Today DRS stands as a model retirement system – one of the most cost-effective, customer focused and financially secure in the nation.



John F. Charles, Director

We're also celebrating a new millennium, which brings with it the opportunities and challenges that would have been considered science fiction a quarter century ago. The recent explosion of Internet and information technologies has made it possible to conduct business at the speed of light. The capability to access that technology is within easy reach of nearly everyone across our beautiful state. And the increased capability has ushered in a heightening of customer expectations.

DRS is poised, ready and able to take full advantage of the opportunities and meet the challenges of the 21st century. We have assembled the finest group of employees to serve our customers' needs and shape the agency's future. We have a solid foundation to deliver state-of-the-art services to delight our customers in the coming years.

It is with great pride that I present you with this *2001 Summary Annual Financial Report*. This provides you with an overview of DRS and the retirement plans it administers, explains who makes decisions about your retirement plans and also provides you with the funding status of the plans. If you have questions, would like additional information, or a copy of the Department of Retirement Systems' *Comprehensive Annual Financial Report*, please contact the agency at P.O. Box 48380, Olympia WA 98504-8380. Or call toll-free at 1-800-547-6657. In the greater Olympia area, call 664-7000, or visit the DRS Web site at: www.wa.gov/DRS/drs.htm.

Sincerely,

John F. Charles
Director



DRS celebrates
25 years of service
in 2001.



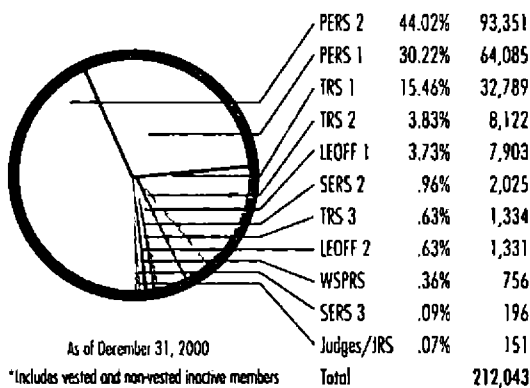
Washington state's retirement systems provide high quality, secure retirement plans to state and local government, and to education employees across the state.

The 12 statewide retirement plans managed by DRS serve almost 500,000 current, past and retired public employees from state and local governments, kindergarten through grade 12 and higher education systems, fire, law enforcement and judicial agencies.

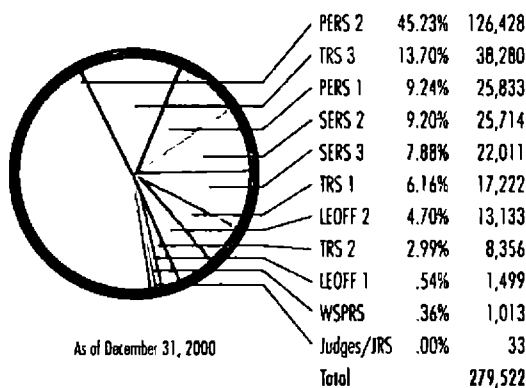
Active members, who currently work and pay contributions toward retirement, comprise 57 percent of the public pension participation. The remaining members are either retired or have separated from public service.

The charts below illustrate the number of active and inactive/retired employees participating in Washington state's retirement systems.

Inactive and Retired Members by System and Plan*



Active Members by System and Plan



The State Investment Board manages retirement fund assets with the statutory requirement to maximize investment returns at a prudent level of risk. The defined benefit retirement funds, collectively called the Commingled Trust Fund (CTF), decreased in value by \$3.7 billion during Fiscal Year 2001 to \$42.9 billion. The CTF investment return was a negative 5.96 percent for the fiscal year. This was the first year since 1984 that the retirement funds posted negative returns. Strong declines in worldwide equity markets contributed largely to the negative returns.

The table below shows the returns for the CTF on a total funds basis and by asset class.

CTF Investment Returns Performance as of June 30, 2001			
Percentage	1 YEAR	3 YEAR	5 YEAR
TOTAL FUND	-5.96	6.23	11.08
U.S. EQUITY	-14.48	4.29	13.34
NON-U.S. EQUITY	-21.58	1.89	2.36
FIXED INCOME	12.41	6.45	7.74
REAL ESTATE	13.31	11.10	17.43
PRIVATE EQUITY	-6.90	10.93	18.30
CASH	0.95	4.11	4.72

Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among the asset classes (e.g., stocks, fixed income and real estate).

Accordingly, the board sets specific long-term and year-end target asset mixes, and adopts tight ranges around the year-end targets to control the overall risk and return of the CTF. On a monthly basis, the board reviews the asset allocation in



Pension System Roles and Responsibilities

Organization	Responsibility	Membership and Contact Information
Department of Retirement Systems	Collects and accounts for employer and employee contributions; adopts pension contribution rates for PERS, TRS, SERS and LEOFF Plan 2 employees and Plan 2 and 3 employers; maintains retirement records; pays benefits; communicates pension information; and administers the Deferred Compensation and Dependent Care Programs.	The Governor appoints the director of DRS. P.O. Box 48380, Olympia WA 98504-8380 (360) 664-7000, in Olympia, or 1-800-547-6657 www.wa.gov/DRS/drs.htm
Legislative Fiscal Committees	Review and report on retirement bills to the full Legislature.	House Appropriations Committee Members Senate Ways and Means Committee Members House Appropriations Committee P.O. Box 40600, Olympia, WA 98504-0600 (360) 786-7573 or 1-800-562-6000 (Legislative Hotline) www.leg.wa.gov Senate Ways and Means Committee P.O. Box 40482, Olympia, WA 98504-0482 (360) 786-7715 or 1-800-562-6000 (Legislative Hotline) www.leg.wa.gov
Joint Committee on Pension Policy	Studies pension issues and retirement finances. Develops pension policies and recommends pension legislation.	A bipartisan standing legislative committee composed of eight senators and eight representatives. P.O. Box 40914, Olympia, WA 98504-0914 (360) 753-9144
Pension Funding Council	Adopts economic assumptions for pension funding and employer pension contribution rates for PERS and TRS Plan 1, LEOFF Plan 1 (state) and WSPRS.	Directors of DRS and Office of Financial Management, Chairs and Ranking Minority Members of the Senate Ways and Means Committee and House Appropriations Committees. Can be contacted through DRS.
Office of Financial Management	Advises the Governor on pension and funding policies and issues.	The Governor appoints the director of OFM. P.O. Box 43113, Olympia, WA 98504-3113 (360) 902-0555 www.ofm.wa.gov
State Investment Board	Invests and accounts for pension funds.	Director of DRS; director of Department of Labor and Industries; a state senator; a state representative; an active member of PERS and LEOFF, and a retired member of a state retirement system appointed by the Governor; and an active TRS member appointed by the superintendent of public instruction. P.O. Box 40916, Olympia WA 98504-0916 (360) 664-8900 www.wa.gov/SIB
Office of the State Actuary	Acts as an advisory agency to the Legislature and director of DRS. Performs actuarial studies and reports on retirement bills. Creates formulas used to compute benefit payment adjustments that are based on early retirement, cost of living or long-term survivor benefits.	State actuary appointed by the Joint Committee on Pension Policy. P.O. Box 40914, Olympia, WA 98504-0914 (360) 753-9144
Employee Retirement Benefits Board	Provides advice to the State Investment Board on self-directed investment options for Plan 3; determines the payment options available for Plan 3 members; approves administrative charges assessed to members who participate in self-directed investment options; and provides advice on investment options for the Deferred Compensation Program.	Nine active and retired representatives of TRS, PERS and SERS, and two investment professionals appointed by the Governor. The board is chaired by the DRS director. Can be contacted through DRS.
DRS Advisory Committee	Serves in an advisory role to the director of DRS on retirement administrative issues.	Twelve members representing active and retired members of the retirement systems administered by DRS. Can be contacted through DRS.

Department of Retirement Systems
PO Box 48380
Olympia WA 98504-8380

DRS participates in benchmarking analysis

For the past two years, DRS has participated in the most extensive, independently conducted public pension administration benchmarking study available. Results of the Fiscal Year 2000 study show that DRS' administrative costs were 48 percent lower than its peer systems, given complexity, volume, service levels and cost environment. The analysis was conducted by Cost Effectiveness Measurement Incorporated of Toronto, Canada.

Quality initiatives

In step with Governor Gary Locke's Quality Initiative, DRS successfully completed numerous projects to improve the quality of its customer service and to streamline its operations. DRS saved \$107,000 and 22,000 staff hours through its quality efforts during the past fiscal year. DRS was also the recipient of two Governor's Awards for Service and Quality Improvements.

Customer satisfaction

DRS continues to receive high marks from customers that participate in the agency's annual customer survey. On a scale of 5 to 1 – with 5 being "very satisfied" and 1 being "very dissatisfied" – 88.3 percent of members rated DRS a 4.0 or above for the services it provides.

Streamlining services

Based on customer feedback and a strategic plan that focused on enhancing customer services, DRS staff continued to streamline services.

During the past fiscal year, DRS reduced customer calls to voice mail by 90 percent – with only 12.19 percent going to voice mail. DRS customers continue to receive better direct access to knowledgeable staff who can answer their questions.

Walk-in customers who arrive at DRS without an appointment to see a retirement services analyst (RSA) receive prompt service. Customers wait less than five minutes to meet with an RSA for personal retirement counseling.

DRS reduced the average number of days to process retirement estimates to five days – compared to the prior average of 15 days.

Electronic Document Image Management System

DRS successfully implemented a new state-of-the-art imaging system to better serve its customers. The Electronic Document Image Management System is used by all DRS retirement services analysts (RSA) to instantly access account information and documents when serving members. RSAs can also send and receive faxes, import Windows documents into imaged files and perform advanced searches for member information. The new system also provides, for the first time, member file backup in the event of a disaster.

School Employees' Retirement System

DRS successfully implemented the School Employees' Retirement System (SERS) on September 1, 2000, for classified employees working for school districts and Educational Service Districts. SERS offers two plans. Plan 2 is a defined

benefit plan, and Plan 3 is both a defined benefit and defined contribution plan.

Public Employees' Retirement System Plan 3

DRS continued project work, which is on schedule and within budget, for the new Public Employees' Retirement System (PERS) Plan 3. Starting in 2002, both current and future members of PERS Plan 2 will have the opportunity to join PERS Plan 3. The new plan offers both a defined benefit and defined contribution component. Governor Gary Locke signed PERS Plan 3 into law in 2000.

Deferred Compensation Program

Thanks to a new record-keeping system implemented in July 2000 by the Deferred Compensation Program (DCP), participants can access their account information online and through the telephone 24 hours a day, seven days a week. DCP participants can request fund transfers, and change their deferral amount and how it is invested. During the last fiscal year, 70 percent of transactions were conducted electronically. DCP participants now have 11 different investment options, expanded from eight. Five of the funds have total administrative and management fees below 18.16 basis points.

DRS has enhanced its customer service center, making it even easier for you to get information about retirement and savings plans. To reach us, call 1-800-547-6657 or visit our Web site at www.wa.gov/DRS/drs.htm

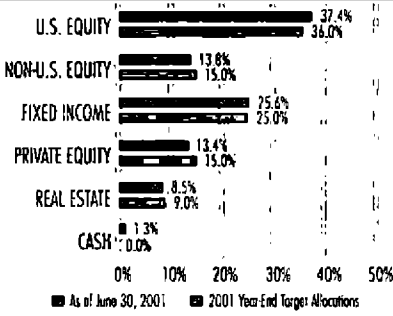
You can also schedule an in-person consultation with one of our retirement specialists in our Tumwater headquarters, located at 6835 Capitol Boulevard.



relation to the established ranges. The staff shifts assets whenever the allocation range for assets exceeds the approved range. The board reviews changes to the overall asset mix every three to four years.

The chart below shows the CTF's asset allocation as of June 30, 2001, and the 2001 year-end target allocations.

Current Asset Allocation and 2001 Year-End Target Allocations



The table below shows the retirement fund's 10 largest U.S. Equity Holdings as of June 30, 2001. The board purchases domestic stocks as part of an equity index portfolio and not as individual stock purchases.

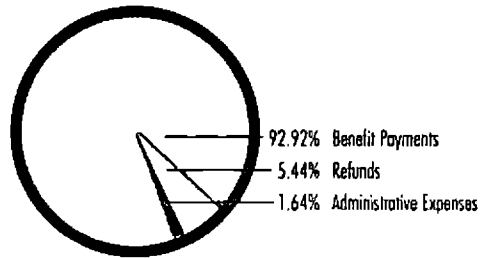
Largest Equity Holdings as of June 30, 2001

Name	Shares	Market Value
General Electric Co.	19,012,691	\$926,868,680
Microsoft Corp.	10,301,777	\$752,029,748
Exxon Corp.	6,603,350	\$576,802,597
Citigroup Inc.	9,625,102	\$508,590,401
Pfizer Inc.	12,083,330	\$483,937,379
ADL Time Warner Inc.	8,480,531	\$449,468,125
Wal-Mart Stores Inc.	8,557,800	\$417,620,648
American Int'l Group Inc.	4,461,773	\$383,712,443
Intel Corp.	12,872,241	\$376,513,036
Int'l Business Machines Corp.	3,325,570	\$375,789,437

Pension Trust Fund Revenues (dollars in millions)

	Fiscal Year 2001	Fiscal Year 2000	Increased (Decreased) Amount	Increased (Decreased) Percentage
Employer Contributions	\$559.9	\$593.6	\$(33.7)	(6)%
Member Contributions	467.1	420.0	47.1	11%
State General Fund	28.7	24.8	3.9	16%
Net Investment Income	(2,827.3)	5,456.8	(8,284.1)	(152)%
Charges for Services	25.8	21.0	4.8	23%
Miscellaneous	1.3	1.4	(0.1)	(7)%
Total	\$(1,744.5)	\$6,517.6	\$(8,262.1)	(127)%

Pension Trust Fund Expenses



Statement of Plan Net Assets

Pension Trust Funds and Other Benefit Funds by Plan

As of June 30, 2001 and 2000 (expressed in thousands)

	PERS Plan 1	PERS Plan 2	SERS Plan 2/3	SERS Plan 3 Defined Contribution
ASSETS				
Cash & Pooled Investments	\$7,528	\$2,785	\$715	\$250
Deposits - Certificates of Deposit	115,507	114,641	14,796	3,785
Investments, Noncurrent	10,532,620	10,464,875	1,340,945	501,657
Other	69,061	78,387	14,704	1,903
TOTAL ASSETS	10,724,716	10,660,688	1,371,160	507,595
TOTAL LIABILITIES	508,006	498,360	66,982	17,123
Net Assets Held in Trust for Pension and Other Benefits	\$10,216,710	\$10,162,328	\$1,304,178	\$490,472

This is a summary of the Comprehensive Annual Financial Report and is presented consistent with generally accepted accounting principles. The trust fund is presented using the flow of current financial resources measurement focus and the modified accrual basis of accounting. In the following respects: financial data for the dependent care special revenue fund is not included, only selected financial data is included.



Pension Trust Fund Revenues

The primary sources of revenue for the retirement trust funds include contributions from employers, active system members and net investment income. Total trust fund revenues for Fiscal Year 2001 amounted to a negative \$1,744.5 million, a decrease of \$8,262.1 million from Fiscal Year 2000. The reduction in revenues was due primarily to a decrease in net investment income - from a gain of \$5,456.8 million in Fiscal Year 2000 to a loss of \$2,827.3 million in Fiscal Year 2001. Fiscal Year 2001 member contributions and restorations totaled \$467.1 million, employer contributions totaled \$559.9 million, state General Fund contributions for the Law Enforcement Officers' and Fire Fighters' Plan 2, Judicial and Judges Retirement Systems totaled \$28.7 million, charges for services totaled \$25.8 million and other income totaled \$1.3 million. Revenue sources and their totals are listed to the left.

Pension Trust Fund Expenses

The retirement systems' primary trust fund expenses include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members and the cost of administering the retirement systems. Trust fund expenses for Fiscal Year 2001 totaled \$1,754.5 million, an increase of \$133 million over Fiscal Year 2000. Benefit payments to members including pension and annuity benefits totaled \$1,630.2 million. Refunds totaled \$95.5 million. Administrative expenses for Fiscal Year 2001, which includes the Offices of the State Actuary and Attorney General and DRS, totaled \$28.8 million. Expenses for the management of the trust funds are incurred by the State Investment Board and funded from earnings on investments. Trust fund expenses and their totals are listed to the left.

Funding

Valuations are performed for most DRS-administered retirement systems on a calendar year (January 1 - December 31) basis. Teachers' Retirement System valuations are performed on a fiscal year (July 1 - June 30) basis.

The actuarial value of assets available as of the latest actuarial date for all systems was \$44,959 million. The accrued liability is \$44,384 million. The net actuarial value of assets available for benefits exceeds the accrued liability by \$575 million.

Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent for all plans by the amortization dates applicable to each plan (June 30, 2024, or earlier) as required by the Revised Code of Washington, Chapter 41.45.

PENSION TRUST									EXPENDABLE TRUST	AGENCY	TOTALS	
TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2	WSPRS	IRS	JUDGES	JRA Defined Contribution	Deferred Compensation	Dependent Care	(memorandum only)	
											June 30, 2001	June 30, 2000
\$6,590	\$1,958	\$911	\$2,836	\$803	\$604	\$349	\$4,951	\$6	\$5,389	\$400	\$36,075	\$51,885
\$99,395	36,655	9,265	56,415	26,517	7,450	0	0	0	0	0	484,426	152,448
\$9,070,754	3,355,995	1,656,531	5,144,654	2,426,240	679,633	9,581	741	9,361	1,464,728	0	46,658,315	50,427,803
\$59,138	31,327	4,407	27,876	20,489	3,747	77	20	0	81	0	311,217	331,610
\$2,235,877	3,425,935	1,671,114	5,231,781	2,474,049	691,434	10,007	5,712	9,367	1,470,198	400	47,490,033	50,963,746
\$436,127	159,832	39,064	244,555	114,420	32,444	214	754	1	902	400	2,119,184	2,077,200
\$8,799,750	\$3,266,103	\$1,632,050	\$4,987,226	\$2,359,629	\$658,990	\$9,793	\$4,958	\$9,366	\$1,469,296	0	\$45,370,849	\$48,886,546

Accounting principles (GAAP). The pension trust funds are presented using the flow of economic resources measurement focus and the accrual basis of accounting. The expendable trust fund does not have a measurement focus and is presented using the modified accrual basis of accounting. However, this presentation differs from GAAP since other financial statements are included, and this report only contains abbreviated note disclosures.



Summary of Plan Provisions

A brief summary of retirement plans administered by DRS is provided below. For more details, refer to your member handbook or the DRS Web site at www.wa.gov/DRS/drs.htm

Plan	Membership Eligibility	Vesting	Service Retirement Eligibility	Benefit
PERS Plan 1 (Until 10/1/77)	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, classified employees of school districts, district/municipal court judges, and some employees of the Supreme, Appeals, and Superior Courts	After five years of eligible service	After 30 years of service, or at age 60 with 5 years of service, or at age 55 with 25 years of service	2% of average final compensation per year of service
PERS Plan 2 (On or after 10/1/77)	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, district/municipal court judges, and some employees of the Supreme, Appeals, and Superior Courts	Same as PERS Plan 1	At age 65 or older with 5 years of service or age 55 or older with 20 years of service actuarially reduced for each year under age 65, or age 55 or older with 30 years of service, benefit reduced 3% for each year under age 65	2% of average final compensation per year of service
TRS Plan 1 (Until 10/1/77)	All certificated public school employees	After five years of eligible service	After 30 years of service, or at age 60 with 5 years of service, or at age 55 with 25 years of service	2% of average final compensation per year of service
TRS Plan 2 (Between 10/1/77 and 6/30/96)	Same as TRS Plan 1	Same as TRS Plan 1	At age 65 or older with 5 years of service or age 55 or older with 20 years of service actuarially reduced for each year under age 65, or age 55 or older with 30 years of service, benefit reduced 3% for each year under age 65	2% of average final compensation per year of service
TRS Plan 3 (On or after 7/1/96)	Same as TRS Plan 1	Varies	At age 65 or older with 5 years of service or age 55 or older with 20 years of service actuarially reduced for each year under age 65, or age 55 or older with 30 years of service, benefit reduced 3% for each year under age 65	1% of average final compensation per year of service (defined benefit portion)*
SERS Plan 2 (On or after 9/1/00)	All classified employees of school districts and educational service districts	After five years of eligible service	At age 65 or older with 5 years of service or age 55 or older with 20 years of service actuarially reduced for each year under age 65, or age 55 or older with 30 years of service, benefit reduced 3% for each year under age 65	2% of average final compensation per year of service
SERS Plan 3 (On or after 9/1/00)	All classified employees of school districts or educational service districts hired on or after 9/1/00, or SERS 2 transfer members	Varies	Eligibility criteria for SERS Plan 3 defined benefit is the same as SERS Plan 2	1% of average final compensation per year of service (defined benefit portion)*
LEOFF Plan 1 (Until 10/1/77)	All full-time, fully compensated law enforcement officers and fire fighters	After five years of eligible service	At age 50 with 5 years of service	20 years of service, 2% of final average salary per year of service; 10-19, 1.5% final average salary per year of service; 5-9, 1% final average salary per year of service
LEOFF Plan 2 (On or after 10/1/77)	Same as LEOFF Plan 1	Same as LEOFF Plan 1	At age 53 with 5 years of service or a benefit at age 50 with 20 years of service reduced 3% for each year under age 65	2% of final average salary per year of service
WSPRS (On or after 8/1/47)	Commissioned employees of the Washington State Patrol	Same as LEOFF Plan 1	At age 55 or after 25 years of service	2% of average final salary per year of service
JRS (On or after 8/9/71 to 7/1/88 - New judges after 7/1/88 join PERS)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 15 years of service	At age 60	15+ years of service, 3.5% of average final compensation per year of service; 10-15, 3% of average final compensation per year of service
Judges (Until 8/9/71)	Same as JRS	After 12 years of service	At age 70 with 10 or more years or any age with 18 years of service	1/2 of the monthly salary

* TRS and SERS Plan 3 are defined benefit and defined contribution plans. Employers contribute to the defined benefit portion of the plan. Employee contributions are determined by the individual employee. Gain sharing payments are applied on even numbered years, when the four-year return on investments exceed 10 percent.

DRS publishes handbooks describing the rights and benefits for each system and plan, including disability and survivor benefits. The handbooks are provided to members by their employers. They are also available from DRS and are on the DRS Web site at www.wa.gov/DRS/drs.htm

For more information, contact DRS at 1-800-547-6657 or to receive this publication in an alternate format, call (360) 664-7097.



Washington State
Department of Retirement Systems
Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2001

Prepared by the Washington State Department of Retirement Systems

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Department of Retirement Systems Guiding Principles

1

We will treat our customers and each other with respect, fairness, honesty, and consistency.

2

We will communicate openly and considerately.

3

We will foster a climate in which innovation, initiative, and accountability are expected and supported.

4

We will work with our customers to improve our responsiveness in meeting their needs.

5

We will maximize the use of technology and emphasize user-friendly interface.

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Introductory Section

Message from the Director

I am pleased to present you with the 2001 *Comprehensive Annual Financial Report* for Washington state's retirement systems administered by the Department of Retirement Systems (DRS).

This year marks DRS' 25th anniversary of providing quality service to our customers – dedicated public employees who serve the citizens of Washington state. And DRS staff is poised to meet the challenges and opportunities of the new millennium.

We continue to use the Balanced Scorecard to focus on the long-term value of our activities to our customers. The performance measures of the scorecard identify how well we are accomplishing our mission. The scorecard integrates the work we have completed using strategic planning and quality principles. It is a tool DRS uses to achieve Governor Gary Locke's mandate to manage for meaningful results.

DRS staff continue to streamline business operations and offer first-class customer service. DRS has accomplished numerous initiatives and activities during 2001 – from implementing a new imaging workflow system that allows staff instant access to member account information and documents to serve customers, and offers disaster recovery backup – to a state-of-the-art record keeping system for the Deferred Compensation Program that lets participants conduct transactions over the phone and via the Internet 24 hours a day, seven days a week. DRS also continued its participation in an international pension administration benchmarking study.

DRS staff have pride in their achievements of the last year. In our customer lobby, we display seven consecutive Certificates of Achievement for Excellence in Financial Reporting awarded to DRS by the Government Finance Officers Association (GFOA) of the United States and Canada.

We also display the 2000 Popular Annual Financial Award. For the past two consecutive years, DRS earned this award from the GFOA for its *Summary Annual Financial Report*. The program awards the production of reports that make financial data more accessible to those who need less detailed information than what is found in this comprehensive financial report.



John F. Charles

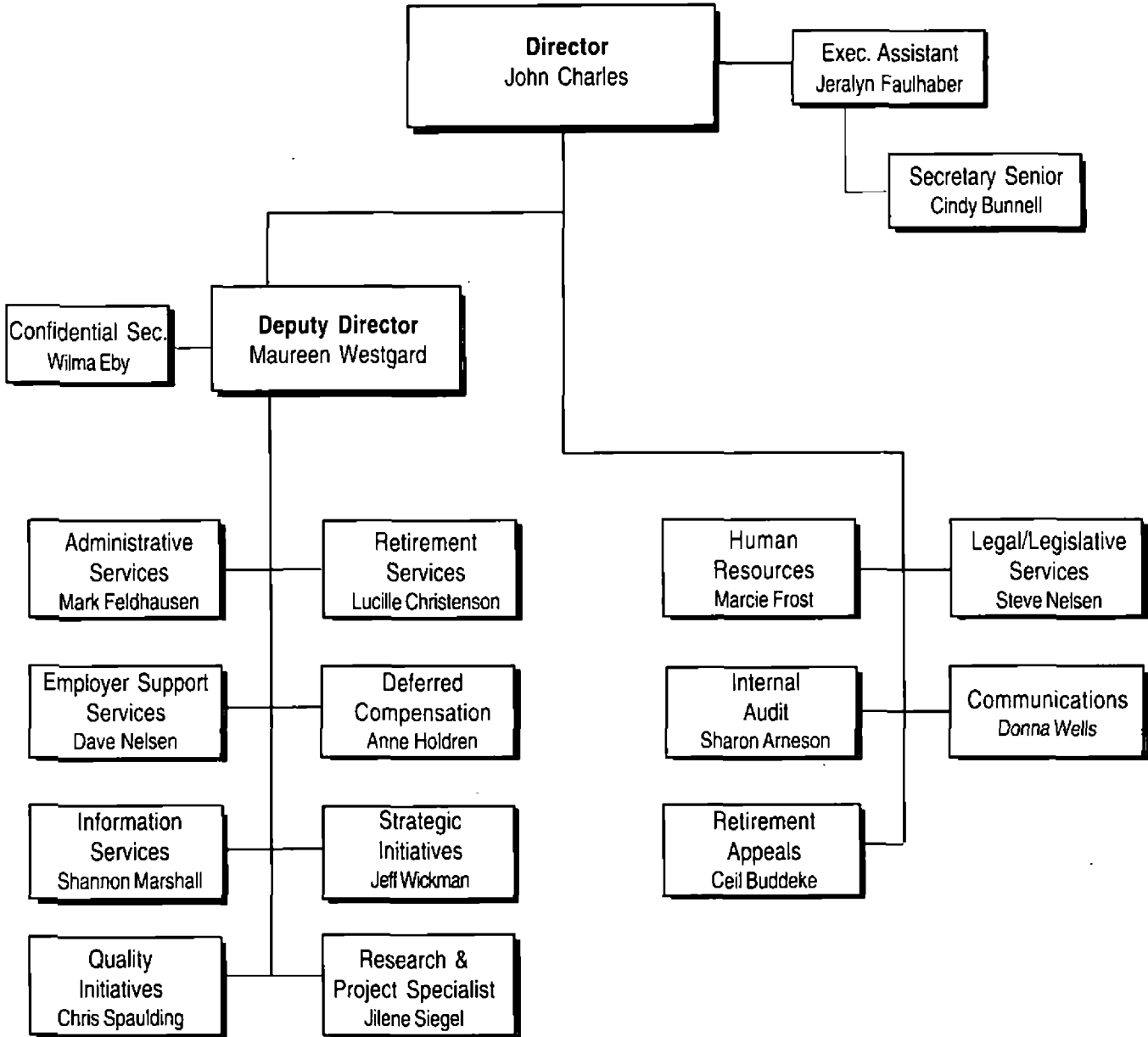
Not only do DRS employees make our larger initiatives a successful reality, but their hard work and energy also carries out the day-to-day activities of the agency. Our staff's accomplishments – large and small – define DRS as a first-class customer service organization.

The results of our annual customer surveys show that staff's efforts reach their mark – with consistently high customer satisfaction ratings. We take great pride in these results, and stand committed to the DRS vision, "Delighted customers, proud staff."

We look forward to serving you in 2002.

Department of Retirement Systems' Organization

June 2001



Pension System Roles and Responsibilities

Department of Retirement Systems (DRS)

Collects and accounts for employer and employee contributions; adopts pension contribution rates for PERS, TRS and LEOFF Plan 2 employees and Plan 2 and 3 employers; maintains retirement records; pays benefits; communicates pension information; provides investment education; and administers the Deferred Compensation and Dependent Care Assistance Programs.

The governor appoints the director of DRS.

P.O. Box 48380, Olympia, WA 98504-8380

Telephone: (360)664-7000, in Olympia, or toll-free at 1-800-547-6657

Web site: www.wa.gov/DRS/drs.htm

Legislative Fiscal Committees

Review and report on retirement bills to the full legislature.

The legislative fiscal committees are the House Appropriations Committee and the Senate Ways and Means Committee.

House Appropriations Committee

P.O. Box 40600, Olympia, WA 98504-0600

Telephone: (360)786-7573 or toll-free 1-800-562-6000

(Legislative Hotline)

Web site: www.leg.wa.gov

Senate Ways and Means Committee

P.O. Box 40482, Olympia, WA 98504-0482

Telephone: (360)786-7715 or toll-free 1-800-562-6000

(Legislative Hotline)

Web site: www.leg.wa.gov

Joint Committee On Pension Policy

Studies pension issues and retirement finances. Develops pension policies and recommends pension legislation.

The Joint Committee on Pension Policy is a bipartisan standing legislative committee composed of eight senators and eight representatives.

Committee Membership

(June 30, 2001)

Senators

Albert Bauer
 Rosa Franklin
 Karen Fraser
 Jim Honeyford
 Ken Jacobsen
 Jeanine Long
 Dino Rossi
 Shirley Winsley

Representatives

Gary Alexander, Co-Chair
 Don Carlson
 Steve Conway
 Jerome Delvin
 Mark Doumit
 Kathy Lambert
 Helen Sommers, Co-Chair
 Mike Stensen

P.O. Box 40914, Olympia, WA 98504-0914
 Telephone: (360) 753-9144

Pension Funding Council

Adopts economic assumptions for pension funding and employer pension contribution rates for PERS and TRS Plan 1, LEOFF Plan 1 (state) and WSPRS.

Membership consists of the directors of DRS and Office of Financial Management, and the Chairs and Ranking Minority Members of the Senate Ways and Means Committee and House Appropriations Committees.

Council Membership

John Charles—Director, Department of Retirement Systems, Chairperson
 Marty Brown—Director, Office of Financial Management
 Senator Lisa Brown—Chair, Ways and Means Committee
 Senator Dino Rossi—Ranking minority member, Ways and Means Committee
 Representative Barry Sehlin—Co-chair and ranking member, Appropriations Committee
 Representative Helen Sommers—Co-chair and ranking member, Appropriations Committee

Can be contacted through DRS. See information on preceding page.

Office of Financial Management

Advises the governor on pension and funding policies and issues.

The governor appoints the director of OFM.

P.O. Box 43113, Olympia, WA 98504-3113

Telephone: (360)902-0555

Web site: www.ofm.wa.gov

State Investment Board

Invests and accounts for pension funds. The Board consists of nine voting members.

Membership consists of the director of DRS; the state treasurer; director of Department of Labor and Industries; a state senator; a state representative; an active member of PERS, LEOFF and TRS; and a retired member of one of the seven systems.

Board Members

(Voting Members, June 30, 2001)

John F. Charles, Vice-Chair
Director, Department of Retirement Systems

Tom Morris
Representative of TRS

Patrick McElligott
Representative of LEOFF

Michael J. Murphy
State Treasurer

Gary Moore, Chair
Director, Department of Labor and Industries

Senator Sid Snyder

Representative Helen Sommers

Beverly Hermanson
Representative of PERS

George Masten
Representative of Retired Members

Board Members

(Nonvoting Members, June 30, 2001)

Robert S. Nakahara
Investment Professional

John Magnuson
Investment Professional

P.O. Box 40916, Olympia, WA 98504-0916

Telephone: (360)664-8900

Web site: www.sib.wa.gov

Jeffrey Hanna
Change Investment Professional

Paula Treneer
Investment Professional

Charles A. Kaminski, CFA
Investment Professional

Office of the State Actuary

Acts as an advisory agency to the legislature and director of DRS. Performs actuarial studies and reports on retirement bills. Creates formulas used to compute benefit payment adjustments that are based on early retirement, cost-of-living or long-term survivor benefits.

The State Actuary is appointed by the Joint Committee on Pension Policy.

P.O. Box 40914, Olympia, WA 98504-0914
Telephone: (360) 753-9144

Employee Retirement Benefits Board

Provides advice to the State Investment Board on self-directed investment options for defined contribution plans; determines the payment options available for Plan 3 members; approves administrative charges assessed to members who participate in self-directed investment options; and provides advice on investment options for the Deferred Compensation Program. Board members are appointed by the governor. As of June 30, 2001, the board members were:

Board Chairperson

- John F. Charles—*Director, Department of Retirement Systems*

Representing experience in defined contribution plan administration:

- Brian F. Barker—*Managing Director, Frank Russell Capital, Inc.*
- Al Symington (Vice-Chair)—*CEO, Pope Resources*

Representing Public Employees' Retirement System members:

- Dr. Robert Lenigan—*Psychologist/Program Coordinator,
Western State Hospital*
- Claude Burect—*DSHS/Fircrest School*
- Gloria Champeaux—*Retired*

Representing Teachers' Retirement System members:

- Alison Olzendam—*Middle School Principal, Mead School District*
- Herbert Sargo—*Science Teacher, Burlington-Edison School District*
- Nancy Baldwin—*Retired*

Representing School Employees' Retirement System members:

- Kathy Whitlock—*Purchasing Agent, Bethel School District*
- Virginia "Gini" Drummond—*Personnel Report Technician, Tacoma School District*
- Marian Harrison—*Retired*

Can be contacted through DRS. See information on page 11.

DRS Advisory Committee

Serves in an advisory role to the director of DRS on retirement administrative issues. Advisory Committee membership is distributed in the following manner:

The committee consists of 12 members representing active and retired members of the retirement systems administered by DRS.

Committee Membership

(June 30, 2001)

PERS

Thomas Curtis
Active

John I. Payne
Active

Mary L. Sherman
Active

Marian Harrison
Retired

LEOFF

Dick Hybak
Active
(law enforcement officer)

Patrick McElligott
Active
(firefighter)

Richard Warbrouck
Retired

TRS

Thomas F. Bettis
Active
(administrator)

Todd Beese
Active
(teacher)

Nancy Baldwin
Retired

WSPRS

Captain Lowell Porter
Active

JRS

Judge Donald Haley
Active

Can be contacted through DRS. See information on page 11.

Letter of Transmittal



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 48380 • Olympia, Washington 98504-8380

December 31, 2001

The Honorable Gary Locke
Governor, State of Washington

Representative Gary Alexander
Co-Chair, Joint Committee on Pension Policy

Representative Helen Sommers
Co-Chair, Joint Committee on Pension Policy

Lieutenant Governor Brad Owen
President, Washington State Senate

Representative Clyde Ballard
Co-Speaker, Washington State House of Representatives

Representative Frank Chopp
Co-Speaker, Washington State House of Representatives

We are pleased to present to you the Department of Retirement Systems' *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2001. This CAFR is designed to comply with the requirements of chapters 41.50.050(4) RCW, 41.50.780(9) RCW, and 41.04.630(2) RCW.

Responsibility for the accuracy of the data and the fairness and completeness of this presentation, including all disclosures, rests with the Department of Retirement Systems (DRS). To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to provide a fair representation of the financial position and results of the operations of the department.

This report consists of five sections:

- (1) The Introductory Section, which contains a message from the Director of DRS, this letter of transmittal, and information about the agency's administrative structure and operations;
- (2) The Financial Section, which contains the report of the

State Auditor, the financial statements, the notes to the financial statements, required supplementary information, and additional financial information;

- (3) The Investment Section, which contains the report of the State Investment Board, investment policies, results, associated fees and commissions, and additional investment information;
- (4) The Actuarial Section, which contains the report of the State Actuary, a summary of actuarial assumptions and methods, and actuarial schedules and data; and
- (5) The Statistical Section, which contains significant data pertaining to the retirement systems.

AGENCY DESCRIPTION AND HISTORY

DRS administers seven statewide public employee retirement systems, which are comprised of 10 defined benefit pension plans and two defined contribution plans. The purpose of DRS is to administer pension plan coverage for state employees, teachers and classified educational employees, law enforcement officers and firefighters, and other employ-

ees of participating political subdivisions. As of June 30, 2001, there were 1,264 covered employers participating in multiple systems and/or plans administered by DRS. The eligibility requirements and provisions of each plan can be found in Note 1 of the Notes to the Financial Statements. DRS also administers a deferred compensation program and a dependent care reimbursement program. Additionally, DRS is responsible for all accounting and reporting services for the Judicial Retirement Account (JRA), which is a defined contribution pension plan administered by the State of Washington Administrator for the Courts.

The Washington State Legislature created the Department of Retirement Systems in 1976 to administer the Public Employees' (PERS), Teachers' (TRS), Law Enforcement Officers' and Fire Fighters' (LEOFF), Washington State Patrol (WSPRS), and Judicial (JRS) retirement systems, and the Judges' Retirement Fund (Judges).

Significant events in DRS history are listed below:

1930s-1940s

The PERS, TRS, WSPRS, Judges and many local police and firefighters' retirement systems were created.

1950s-1960s

Independent administration of individual retirement systems continued.

1960s-1970s

Local police and firefighters' retirement systems were consolidated into LEOFF.

1976

The Department of Retirement Systems was created to administer state retirement systems. The Office of the State Actuary was created to provide pension cost estimates.

1977

PERS Plan 2, TRS Plan 2, and LEOFF Plan 2 were created.

1981

The State Investment Board was created to handle investment of all state trust funds.

1987

The Joint Committee on Pension Policy was created.

1995

TRS Plan 3 was created effective July 1, 1996.

1996

The state Deferred Compensation and Dependent Care programs were transferred to DRS. DRS assumed accounting and reporting responsibility for the JRA.

1998

School Employees' Retirement System (SERS) Plans 2 and 3 were created effective September 1, 2000. The Pension Funding Council was created.

1999

PERS Plan 3 was created effective March 1, 2002, for state and higher education employees, and effective September 1, 2002, for local government employees.

2001

WSPRS Plan 2 was created effective January 1, 2003.

ECONOMY AND REVENUE OUTLOOK

The following report is condensed from the Economy and Revenue Outlook section of the State of Washington's 2001 Comprehensive Annual Financial Report prepared by the Office of Financial Management.

Fiscal Year 2001 proved to be an average year for Washington State's economy. Employment grew by 2.3 percent, about the same as Fiscal Year 2000 but more than a percentage point below employment growth rates in Fiscal Years 1997 and 1998. Real personal income slumped significantly at a rate of 1.2 percent, a rate almost four percentage points below the growth rates recorded in the prior three fiscal years. Fiscal Year 2002 is expected to bring the first recession to the state in eighteen years. Wage and salary employment in Washington is forecast to decline in Washington in Fiscal Year 2002. General Fund-State revenues are expected to decline slightly in the 2001-03 Biennium compared to the 1999-2001 Biennium due mainly to the recession.

Economic Condition in Fiscal Year 2001

Washington's wage and salary employment grew at the rate of 2.3 percent in Fiscal Year 2001, slightly slower than the US

wage and salary employment growth rate of 2.5 percent. Washington's growth rate was similar to its wage and salary employment growth rate of Fiscal Year 2000, but significantly less than the 3.8 percent growth in Fiscal Year 1998 and 3.9 percent growth in Fiscal Year 1997. Despite the deceleration in employment growth, more than 37,000 new jobs were added in Washington State in Fiscal Year 2001.

Although the wage and salary employment growth rates of the state and nation moved to very similar levels during Fiscal Year 2001, personal income in Washington grew by only 3.7 percent compared to national growth of 6.6 percent. Real per capita income rose by 1.2 percent in Washington over the same period as compared to 4.0 percent for the nation as a whole.

Economic Outlook

The economic forecast for Washington State for Fiscal Years 2002 and 2003 reflects the recession most economists believe is currently in progress at both the state and national levels. According to the November 2001 forecast by the state Economic and Revenue Forecast Council (ERFC), growth in Washington's wage and salary employment is predicted to fall by 0.9 percent in Fiscal Year 2002, with practically no growth (+0.1 percent) in Fiscal Year 2003. Washington's employment performance is expected to be slightly below national employment growth for the next two fiscal years. National employment growth is forecast to fall by 0.4 percent in Fiscal Year 2002 and increase by 0.3 percent in Fiscal Year 2003.

Personal income growth in Washington State is also expected to grow more slowly than the national average for Fiscal Years 2002 and 2003. The ERFC economic forecast indicates that personal income in Washington will grow by only 1.8 percent in Fiscal Year 2002, slower than the 3.1 percent growth expected for US personal income. However, Washington personal income growth is predicted to rebound to 3.7 percent in Fiscal Year 2003. This compares favorably to the nationwide projection of 4.0 percent growth in personal income for Fiscal Year 2003.

General Fund-State Revenues

General Fund-State revenues for the 2001-03 Biennium are forecast to be \$21.2 billion, a decrease of 0.3 percent in nominal terms over the previous biennium. General Fund-State revenues adjusted for policy and inflation increased by 7.2 per-

cent in the 1999-2001 Biennium. The adjusted revenue growth rate for the 2001-03 Biennium is the slowest since the recession of 1981-83, when revenues (after adjustment for inflation and policy changes) declined by 7.2 percent.

Based on the November 2001 revenue forecast, appropriations adopted in the 2001-03 Biennial Budget would exceed available General Fund-State resources (General Fund-State revenues plus reserves) by \$747 million. The Emergency Reserve Fund, which contains revenues received by the state in excess of the Initiative 601 expenditure limit, is projected to have \$384.3 million by the end of the 2001-03 Biennium after all required money transfers and expenditures are made from that fund under current law.

FINANCIAL INFORMATION

Accounting System and Internal Control

This report has been prepared to conform with the principles of accounting and reporting established by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. Specific accounting treatments are detailed in the Notes to the Financial Statements found in the Financial Section of this report.

Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft, or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. In addition, budgetary controls are maintained by the Office of Financial Management and the Washington State Legislature.

Pension Trust Fund Revenues

The primary sources of revenue for the retirement trust funds include contributions from employers, active system members, the state General Fund, and investment earnings. Total trust fund revenues for fiscal year 2001 amounted to (\$1,744.5) million, a decrease of \$8,262.1 million from fiscal year 2000.

	(dollars in millions)			
	Fiscal Year 2001	Fiscal Year 2000	Increase (Decrease) Amount	Increase (Decrease) Percentage
Employer Contributions	\$559.9	\$593.6	\$(33.7)	(6)%
Member Contributions	467.1	420.0	47.1	11%
State General Fund	28.7	24.8	3.9	16%
Net Investment Income	(2,827.3)	5,456.8	(8,284.1)	(152)%
Charges for Services	25.8	21.0	4.8	23%
Miscellaneous	1.3	1.4	(0.1)	(7)%
Total	\$(1,744.5)	\$6,517.6	\$(8,262.1)	(127)%

The decrease in total pension trust fund revenues resulted primarily from a decrease in net investment income, which is attributable to the decline in the stock market and weakening economy over the past fiscal year. The increase of 23 percent in charges for services was primarily due to an increase in the administrative expense rate charged to employers. The 16 percent increase in state general fund contributions was due to an increase in the State of Washington contribution rate to LEOFF Plan 2, which is set by the Pension Funding Council. The increase in member contributions was due to higher member contribution rates.

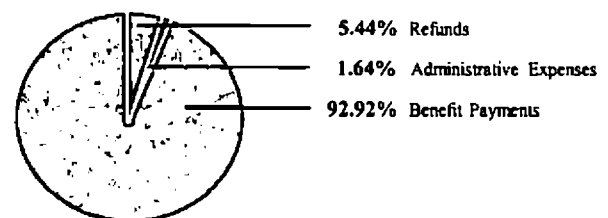
Pension Trust Fund Expenses

The primary trust fund expenses of the retirement systems include the payment of benefits to retirees and beneficiaries, the refund of contributions to former members, and the cost of administering the retirement systems. Benefit payments to members include both pension and annuity benefits. Expenses for the management of trust funds are incurred by the State Investment Board and funded from earnings on investments. Trust fund expenses for fiscal year 2001 totaled \$1,754.5 million, an increase of \$133.0 million over fiscal year 2000.

	(dollars in millions)			
	Fiscal Year 2001	Fiscal Year 2000	Increase (Decrease) Amount	Increase (Decrease) Percentage
Benefit Payments	\$1,630.2	\$1,495.5	\$134.7	9%
Refunds	95.5	103.0	(7.5)	(7)%
Administrative Expenses	28.8	23.0	5.8	25%
Total	\$1,754.5	\$1,621.5	\$133.0	8%

The increase in total pension trust fund expenses resulted primarily from an increase in administrative expenses due to the implementation of SERS and an electronic document imaging system.

Fiscal Year 2001 Pension Trust Fund Expenses by Type



Funding

Valuations are performed for most DRS-administered retirement systems on a calendar year (January 1 - December 31)

basis; however, TRS valuations are performed on a fiscal year (July 1 - June 30) basis.

The actuarial value of assets available as of the latest actuarial date for all systems was \$44,959 million. The accrued liability is \$44,384 million. The net actuarial value of assets available for benefits exceeds the accrued liability by \$575 million.

The ratio of assets to liabilities is 101 percent compared to 98 percent last year. Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan (June 30, 2024, or earlier), as required by chapter 41.45 RCW.

These calculations were prepared by the Office of the State Actuary and reflect the latest valuation results.

Investments

The State Investment Board (SIB) has sole authority and responsibility for the investment of all state and local pension fund assets. The enabling statute requires the SIB to “. . . establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk.” The policies adopted by the SIB include provisions for the setting of strategic asset allocation objectives, as well as strategies and return objectives for individual asset classes. A summary of the asset allocation can be found in the Investment Section of this report. For fiscal year 2001, the commingled trust fund (CTF) investments provided a (5.96) percent rate of return. The CTF annualized rate of return over the last three years was 6.23 percent and 11.08 percent over the last five years. The day-to-day management of pension fund assets is the responsibility of SIB staff. Further investment information is included in the Investment Section of this report.

OTHER INFORMATION

Departmental Initiatives

The department's activities are highlighted in the Introductory Section of this report under the heading "Overview of Agency Operations."

Independent Audit

Pursuant to chapter 43.09.310 RCW, an annual independent audit was performed. The Washington State Department of Retirement Systems was included in the scope of this audit. The Washington State Auditor's Office performed the audit, which in addition to meeting the requirements of state statutes, was also designed to meet the requirements of the Single Audit Act of 1984 and related Circular A-133. The auditor's report on our general purpose financial statements is included in the Financial Section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DRS for its comprehensive annual financial report for the fiscal year ended June 30, 2000. This was the seventh consecutive year that DRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report was made possible by the staff of DRS based in part on information provided by the Office of the State Actuary, the Office of Financial Management, and the State Investment Board. Each member of these agencies has our sincere appreciation for the contributions made in the preparation of this report. The report will be provided to the Governor, the members of the Joint Committee on Pension Policy, the members of the DRS State Advisory Committee, and other interested parties.

This report is intended to provide complete and reliable information that can be used to make management decisions, determine compliance with legal provisions, and evaluate responsible stewardship of DRS-administered retirement system funds.

Respectfully submitted,



John F. Charles,
Director

Certificate of Achievement

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Washington State
Department of Retirement
Systems

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2000

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.



Smith Bruce
President

Jeffrey L. Essler
Executive Director

Overview of Agency Operations

DRS' major initiatives and significant accomplishments of the past fiscal year are described below.

Public Employees' Retirement System (PERS) Plan 3 launches in 2002

PERS Plan 3 is the new benefit plan created by the legislature during the 2000 legislative session and added to the Public Employees' Retirement System. It comprises both a defined benefit component and a defined contribution component.

For state and higher education employees, PERS Plan 3 goes into effect March 1, 2002, and for local government employees, September 1, 2002.

The bill affects all current PERS Plan 2 members employed by state agencies, higher education and local government employees, and all new employees hired after the implementation dates of the bill.

The project is on time and within budget.

Agency successfully implements School Employees' Retirement System (SERS)

SERS was implemented on time and within budget. There are two plans offered under SERS: Plan 2 is an employer-financed defined benefit plan, and Plan 3 is a combined defined benefit/defined contribution plan (member- and employer-financed). Both plans are for classified school district and Educational Service District personnel.

During the fiscal year, DRS continued to educate and work with affected employees, employers and employee labor organizations regarding the options to transfer to SERS Plan 3. DRS signed one of the largest governmental procurements of its kind for third-party record-keeping.

Second Popular Annual Financial Report (PAFR) produced

DRS produced its second easy-to-read *Popular Annual Financial Report* that provides members with a concise view of the retirement programs and their investment and funding status. The report also explains the roles and responsi-

bilities of pension system's decision-makers. Copies of the report were sent to all employers in January for distribution to employees. DRS intends to continue producing a PAFR. For two consecutive years the report has been recognized by the Government Finance Officers Association with the Popular Annual Financial Report award.

DRS participates in international pension administration benchmarking study

For the past two years, DRS has participated in the most extensive, independently conducted public pension administration benchmarking study available. Results of the Fiscal Year 2000 study states that DRS' administrative costs were 48 percent lower than its peer pension systems, given complexity, volume, service levels and cost environment. Cost Effectiveness Measurement, Inc. (CEM) of Toronto, Canada conducted the benchmarking analysis of the cost effectiveness of DRS operations compared to 23 peer public retirement systems throughout the country and 11 pension administrators in other countries. CEM ranked DRS as the fourth most complex system.

State Auditor recognizes DRS

With the release of its 2000 audit report, the Department of Retirement Systems was recognized by State Auditor Brian Sonntag for its sound accounting practices. The audit was the fifth consecutive audit without findings.

Work on Electronic Document Imaging Management System continues to move forward

DRS has implemented phase one of its Electronic Document Imaging System (EDIMS) on time and within budget. EDIMS electronically stores, retrieves, and manages documents. This enables staff to:

- Improve quality and timeliness of customer services;
- Manage projected increases in customer volumes and services; and
- Provide for improved disaster recovery and security of documents through electronic storage.

EDIMS will also allow the agency to convert paper retirement files to electronic files for disaster-recovery purposes.

DRS provides faster service for walk-in customers

Customers who arrive at DRS' Tumwater building without an appointment to consult with a retirement services analyst (RSA) are receiving prompt service thanks to procedural changes and technical improvements. The changes allow reception unit staff to quickly notify an appropriate RSA and schedule an interview room.

DRS adds benefit estimators for every plan and online retirement seminar registration

DRS' online retirement benefit estimators enable retirement plan members to calculate and create a self-estimate of their retirement benefits via the agency's Web site. Estimators for all retirement plans went online by the end of September 2000. The agency also made it possible for members to register for its popular retirement planning seminars and workshops online.

Agency recruits and retains a fully diverse workforce

DRS continues to achieve its goal for a diverse workforce for all combined job groupings within the agency with the exception of persons with disabilities. The agency is expanding its efforts to meet this goal.

Deferred Compensation Program enhances services

The Deferred Compensation Program completed the July 2000 implementation of a new record-keeping system, which includes a number of new enhancements for participants:

- secure access to their personal account information online and through the telephone 24 hours a day, seven days a week;
- the ability to perform transactions such as transferring funds or changing deferral amounts over the phone or online; and
- access to up-to-date fund performance information.

2001 Washington State Legislative Actions

The 2001 Washington State Legislature enacted the following significant changes in retirement law.

Post-Retirement Employment

The legislation allows Teachers' Retirement System (TRS) Plan 1 retirees to work for 1,500 hours per fiscal year after they retire without reduction in their pension and Public Employees' Retirement System (PERS) Plan 1 retirees to work for 1,500 hours per calendar year after they retire without reduction in their pension. Additionally, retirees from TRS Plans 2/3, School Employees' Retirement System Plan 2/3, and PERS Plan 2 may work for 867 hours per year after they retire without reduction in their pension.

Employers will have to pay contributions if a Plan 1 retiree works more than 867 hours in a year.

Contribution Rates Reduced

Contribution rates for employers and members of several retirement plans have been reduced to reflect the strong performance of the trust funds and the increase to the long term assumed rate of investment return. The effect of both these items is that the retirement trust funds need to collect less from members and employers to fund the current benefit structure.

For employees: Public Employees' Retirement System (PERS) Plan 2 rate drops from 2.43% to 0.88% effective July 1, 2001.

School Employees' Retirement System (SERS) Plan 2 rate drops from 2.43% to 0.88% effective September 1, 2001.

Teachers' Retirement System (TRS) Plan 2 rate drops from 3.01% to 1.23% effective September 1, 2001.

Law Enforcement Officers and Fire Fighters (LEOFF) Plan 2 rate drops from 6.78% to 4.50% effective July 1, 2001.

For employers:

PERS Plans 1 and 2 rate drops from 4.44% to 1.54% effective July 1, 2001.

SERS Plan 2 and 3 rate drops from 4.44% to 1.54% effective September 1, 2001.

TRS all three plans rate drops from 7.10% to 2.75% effective September 1, 2001.

LEOFF Plan 2 employer rate drops from 4.07% to 2.70% and the state rate drops from 2.71% to 1.80% effective July 1, 2001.

(Note: The employer contribution rates do not reflect the .23% administrative rate.)

The legislation also makes changes to certain long-term economic assumptions used for valuing the retirement systems and calculating pension contribution rates. The bill adjusts the timing for adoption of contribution rates and long-term economic assumptions by the Pension Funding Council and reduces the number of votes required to make a change in assumptions from 5 to 4.

State Patrol Plan 2 Established

The Joint Committee on Pension Policy (JCPP) recommended a proposal for creating a State Patrol Plan 2 for employees commissioned after January 1, 2003, that would be similar to Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2. Under this proposal, existing State Patrol members receive an adjustment to their contribution rate and their COLA, and a change in how some overtime is considered as salary.

Current retirees, who retired before June 30, 2000, will receive the new COLA (CPI-based up to 3%) on July 1, 2001 and every year thereafter. A member who retired between July 1, 2000 and June 30, 2001 received a 2% COLA on July 1, 2001, and a new COLA (CPI-based up to 3%) on July 1, 2002 and every year after. A member who retires after July 1, 2001 will receive the 3% COLA on the next July 1, after being a retiree for one year.

The definition of "average final salary" for new members is changed from a two-year average to a five-year average. For existing members, the definition of "salary" is amended to prospectively exclude voluntary overtime. For new members, the definition is amended to exclude both voluntary overtime and cash-outs of annual leave and holiday leave.

Housing Authority Exclusions

Some employees of Housing Authorities, including trainers and trainees in Housing Authority resident training programs are excluded from Public Employees' Retirement System membership prospectively.

SERS Statutes Corrected

The Joint Committee on Pension Policy (JCPP) recommended this bill, which corrects SERS and Public Employees' Retirement System statutes.

Employee Retirement Benefits Board Composition and Duties

The JCPP recommended this legislation at the request of the Employee Retirement Benefits Board (ERBB) and the State Investment Board (SIB). It adds a deferred compensation participant to the ERBB to represent the Deferred Compensation Program. The bill also clarifies duties of the Department of Retirement Systems and the SIB with respect to record-keeping of Plan 3 defined contribution member accounts.

LEOFF 2 Disability Age Reduced

The Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 disability age was reduced from 55 to 53.

Funding for Teacher Bonuses

The state's operating budget provides funding for bonuses for teachers who attain certification by the National Board for Professional Teaching Standards. Teachers will be eligible to receive up to three bonuses. Each annual bonus will be paid as a lump sum payment and will not be included in the definition of "earnable compensation."

Medicare Subsidies

Under the state's operating budget, retired or disabled public employees and school district employees who are eligible for parts A and B of Medicare will receive a monthly subsidy of \$85.84 in 2002, and a monthly subsidy of \$102.55 in 2003.

Death Benefits

Under the state's operating budget, the estate of an employee of schools, higher education and state agencies—who dies in the line of service—will receive a \$150,000 death benefit if found eligible by the Department of Labor and Industries.



Financial Section

Independent Auditor's Report



Washington State Auditor Brian Sonntag

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December 3, 2001

Mr. John Charles, Director
Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380

Dear Mr. Charles:

We have audited the accompanying general-purpose financial statements of the Washington State Department of Retirement Systems as of and for the years ended June 30, 2001 and 2000. The Department of Retirement Systems is a part of the State of Washington's primary government. These financial statements are the responsibility of the Department of Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Washington State Department of Retirement Systems as of June 30, 2001 and 2000, and the results of its operations for the years then ended in conformity with generally accepted accounting principles. Also, in our opinion, the financial statements presented fairly, in all material respects, the financial position of each of the individual funds of the Washington State Department of Retirement Systems as of June 30, 2001 and 2000, and the results of operations of such funds for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The supporting schedules as listed in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the financial statements of the Washington State Department of Retirement Systems. Such information has been subject to the auditing procedures applied in the audit of the financial statements and in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds taken as a whole.

The introductory, actuarial, investment, and statistical sections of this report are not required parts of the financial statements, and we did not audit or apply limited procedures to such information and do not express any assurance on such information.

Sincerely,

BRIAN SONNTAG, CGFM
STATE AUDITOR

BS:JM:mc



Financial Statements

Statement of Plan Net Assets Pension Trust Funds and Other Benefit Funds by Plan As of June 30, 2001 and 2000

	Pension Trust				
	PERS Plan 1	PERS Plan 2	SERS Plan 2/3	SERS Plan 3 Defined Contribution	TRS Plan 1
ASSETS					
Cash and Pooled Investments	\$ 7,527,359	\$ 2,784,679	\$ 715,485	\$ 249,555	\$ 6,590,384
Receivables					
Due from Other Governments	7,768,278	21,599,106	4,640,977	--	9,666,493
Member Accounts Receivable (Net of Allowance)	850,989	114,029	352	--	366,556
Interest and Dividends	48,886,860	48,410,207	6,172,201	1,676,606	42,077,909
Investment Trades Pending Receivable - Short Term	6,613,953	6,564,331	837,114	226,879	5,691,339
Due from Pension Funds	4,133,142	923,716	3,049,845	--	654,426
Due from Judicial Retirement Account	--	--	--	--	--
Due from Dependent Care Administrative Fund	--	--	--	--	--
Due from Deferred Compensation Fund	--	--	--	--	--
Due from Other Washington State Agencies	58	57	--	--	50
Other Receivables - Short Term	2,773	2,732	11	--	2,398
Other Receivables - Long Term	20,002	--	--	--	--
Total Receivables	<u>68,276,055</u>	<u>77,614,178</u>	<u>14,700,500</u>	<u>1,903,485</u>	<u>58,459,171</u>
Fixed Assets, net of depreciation	467,244	460,207	1,842	--	403,982
Deposits - Certificates of Deposit	115,507,219	114,640,606	14,796,423	3,785,337	99,394,520
Investments, Noncurrent					
Equity in CTF	10,529,082,714	10,450,657,161	1,335,882,501	358,276,047	9,060,669,279
Money Market Investments	1,956,015	13,853,781	4,903,254	2,396,780	8,836,923
Other Noncurrent Investments	1,581,427	364,092	158,908	140,984,286	1,248,182
Total Investments, Noncurrent	<u>10,532,620,156</u>	<u>10,464,875,034</u>	<u>1,340,944,663</u>	<u>501,657,113</u>	<u>9,070,754,384</u>
General Long-Term Obligations	317,532	312,749	1,252	--	274,540
TOTAL ASSETS	<u>10,724,715,565</u>	<u>10,660,687,453</u>	<u>1,371,160,165</u>	<u>507,595,490</u>	<u>9,235,876,981</u>
LIABILITIES					
Obligations under Security Lending Agreements	484,653,418	480,380,588	61,532,402	16,633,524	417,277,766
Accounts Payable	12,130,462	7,205,926	1,090,809	315,571	9,936,612
Investment Trades Pending Payable - Short Term	5,077,797	5,039,700	642,686	174,184	4,369,469
Due to Other Governments	4,420,573	399,422	7,188	--	3,469,833
Due to Pension Funds	509,369	4,324,942	3,705,545	--	191,670
Due to Dependent Care Administrative Fund	--	--	--	--	--
Due to Deferred Compensation Fund	--	--	--	--	--
Due to Other Washington State Agencies	249,780	305,217	1,052	--	183,978
Deposits Payable - Short Term	2,106	699	--	--	--
Other Short-Term Liabilities	569	503	2	--	26,307
Other Long-Term Obligations	317,532	312,749	1,252	--	274,540
Accrued Salaries	144,107	139,988	551	--	123,281
Deferred Revenue	500,157	250,369	953	--	273,417
TOTAL LIABILITIES	<u>508,005,870</u>	<u>498,360,103</u>	<u>66,982,440</u>	<u>17,123,279</u>	<u>436,126,873</u>

NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS

(Schedules of funding progress for pension benefits are presented beginning on page 56.)

<u>\$10,216,709,695</u>	<u>\$10,162,327,350</u>	<u>\$1,304,177,725</u>	<u>\$490,472,211</u>	<u>\$8,799,750,108</u>
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The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension Trust Funds and Other Benefit Funds by Plan
As of June 30, 2001 and 2000 (continued)

	Pension Trust						
	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2	WSPRS	JRS	Judges
ASSETS							
Cash and Pooled Investments	\$ 1,957,696	\$ 910,943	\$ 2,836,326	\$ 803,024	\$ 603,701	\$ 349,352	\$ 4,951,269
Receivables							
Due from Other Governments	13,134,479	--	--	7,471,358	81,911	18,498	670
Member Accounts Receivable (Net of Allowance)	1,341	--	66,378	31,762	801	21,585	--
Interest and Dividends	15,541,426	3,880,981	23,879,440	11,210,088	3,150,812	36,102	18,795
Investment Trades Pending Receivable - Short Term	2,103,687	525,687	3,230,353	1,518,339	426,599	--	--
Due from Pension Funds	243,970	--	311,908	115,103	38,722	431	261
Due from Judicial Retirement Account	--	--	--	--	--	--	--
Due from Dependent Care Administrative Fund	--	--	--	--	--	--	--
Due from Deferred Compensation Fund	--	--	--	--	--	--	--
Due from Other Washington State Agencies	22	--	29	11	4	--	--
Other Receivables - Short Term	1,066	--	1,363	503	169	2	1
Other Receivables - Long Term	--	--	--	--	--	--	--
Total Receivables	<u>31,025,991</u>	<u>4,406,668</u>	<u>27,489,471</u>	<u>20,347,164</u>	<u>3,699,018</u>	<u>76,618</u>	<u>19,727</u>
Fixed Assets, net of depreciation	179,566	--	229,570	84,718	28,500	317	192
Deposits - Certificates of Deposit	36,654,878	9,264,969	56,415,449	26,516,526	7,450,196	--	--
Investments, Noncurrent							
Equity in CTF	3,349,405,231	836,977,704	5,142,581,577	2,417,511,768	679,137,566	--	--
Money Market Investments	6,235,754	6,030,205	1,383,429	8,646,968	408,379	9,517,249	--
Other Noncurrent Investments	353,779	813,522,933	689,141	80,968	86,833	63,649	741,446
Total Investments, Noncurrent	<u>3,355,994,764</u>	<u>1,656,530,842</u>	<u>5,144,654,147</u>	<u>2,426,239,704</u>	<u>679,632,778</u>	<u>9,580,898</u>	<u>741,446</u>
General Long-Term Obligations	122,030	--	156,012	57,573	19,368	215	131
TOTAL ASSETS	<u>3,425,934,925</u>	<u>1,671,113,422</u>	<u>5,231,780,975</u>	<u>2,474,048,709</u>	<u>691,433,561</u>	<u>10,007,400</u>	<u>5,712,765</u>
LIABILITIES							
Obligations under Security Lending Agreements	154,460,796	38,485,125	236,649,960	111,358,362	31,257,524	63,822	741,551
Accounts Payable	2,831,033	175,000	4,870,750	1,612,919	685,425	118,397	9,150
Investment trades Pending Payable - Short Term	1,615,085	403,591	2,480,072	1,165,689	327,517	--	--
Due to Other Governments	53,658	--	163,242	--	133,437	31,319	3,182
Due to Pension Funds	555,844	--	19,394	164,760	--	--	--
Due to Dependent Care Administrative Fund	--	--	--	--	--	--	--
Due to Deferred Compensation Fund	--	--	--	--	--	--	--
Due to Other Washington State Agencies	80,779	--	144,224	33,693	11,624	131	48
Deposits Payable - Short Term	6,596	--	--	--	--	--	--
Other Short-Term Liabilities	196	--	251	93	31	--	--
Other Long-Term Obligations	122,030	--	156,012	57,573	19,368	215	131
Accrued Salaries	54,609	--	70,043	5,593	8,530	95	57
Deferred Revenue	51,309	--	749	1,125	--	--	--
TOTAL LIABILITIES	<u>159,831,935</u>	<u>39,063,716</u>	<u>244,554,697</u>	<u>114,419,807</u>	<u>32,443,456</u>	<u>213,979</u>	<u>754,119</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS							
(Schedules of funding progress for pension benefits are presented beginning on page 56.)							
	<u>\$3,266,102,990</u>	<u>\$1,632,049,706</u>	<u>\$4,987,226,278</u>	<u>\$2,359,628,902</u>	<u>\$658,990,105</u>	<u>\$9,793,421</u>	<u>\$4,958,646</u>

The accompanying notes are an integral part of this statement.

**Statement of Plan Net Assets
Pension Trust Funds and Other Benefit Funds by Plan
As of June 30, 2001 and 2000 (concluded)**

	Pension Trust	Expendable	Agency	Totals	
	JRA Defined Contribution	Trust Deferred Compensation	Dependent Care	(Memorandum only)	
				June 30, 2001	June 30, 2000
ASSETS					
Cash and Pooled Investments	\$ 6,173	\$ 5,389,030	\$ 400,381	\$ 36,075,357	\$ 51,884,766
Receivables					
Due from Other Governments	--	--	--	64,381,770	54,234,700
Member Accounts Receivable (Net of Allowance)	--	--	--	1,453,793	1,301,840
Interest and Dividends	2	20,586	--	204,962,015	212,988,495
Investment Trades Pending Receivable - Short Term	--	--	--	27,738,281	44,715,767
Due from Pension Funds	--	--	--	9,471,524	15,230,688
Due from Judicial Retirement Account	--	--	--	--	681
Due from Dependent Care Administrative Fund	--	--	--	--	40
Due from Deferred Compensation Fund	--	--	--	--	1,382
Due from Other Washington State Agencies	--	96	--	327	91,833
Other Receivables - Short Term	--	60,469	--	71,487	10,557
Other Receivables - Long Term	--	--	--	20,002	259,320
Total Receivables	<u>2</u>	<u>81,151</u>	<u>--</u>	<u>308,099,199</u>	<u>328,835,303</u>
Fixed Assets, net of depreciation	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,856,138</u>	<u>1,638,393</u>
Deposits - Certificates of Deposit	<u>--</u>	<u>--</u>	<u>--</u>	<u>484,426,123</u>	<u>152,447,403</u>
Investments, Noncurrent					
Equity in CTF	--	--	--	44,160,181,548	48,066,573,069
Money Market Investments	--	--	--	64,168,737	46,587,782
Other Noncurrent Investments	<u>9,360,582</u>	<u>1,464,727,722</u>	<u>--</u>	<u>2,433,963,948</u>	<u>2,314,641,861</u>
Total Investments, Noncurrent	<u>9,360,582</u>	<u>1,464,727,722</u>	<u>--</u>	<u>46,658,314,233</u>	<u>50,427,802,712</u>
General Long-Term Obligations	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,261,402</u>	<u>1,137,494</u>
TOTAL ASSETS	<u>9,366,757</u>	<u>1,470,197,903</u>	<u>400,381</u>	<u>47,490,032,452</u>	<u>50,963,746,071</u>
LIABILITIES					
Obligations under Security Lending Agreements	1,067	813,946	--	2,034,309,851	1,841,432,673
Accounts Payable	--	14,189	--	40,996,243	40,147,996
Investment Trades Pending Payable - Short Term	--	--	--	21,295,790	169,280,223
Due to Other Governments	--	--	--	8,681,854	7,132,762
Due to Pension Funds	--	--	--	9,471,524	15,232,070
Due to Dependent Care Administrative Fund	--	--	--	--	214
Due to Deferred Compensation Fund	--	--	--	--	681
Due to Other Washington State Agencies	82	32,967	--	1,043,575	839,423
Deposits Payable - Short Term	--	--	--	9,401	6,596
Other Short-Term Liabilities	--	1,142	400,381	429,475	695,951
Other Long-Term Obligations	--	--	--	1,261,402	1,137,494
Accrued Salaries	--	39,425	--	606,279	524,187
Deferred Revenue	--	--	--	1,078,079	769,449
TOTAL LIABILITIES	<u>1,149</u>	<u>901,669</u>	<u>400,381</u>	<u>2,119,183,473</u>	<u>2,077,199,719</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 56.)	<u>\$9,365,608</u>	<u>\$1,469,296,234</u>	<u>\$ --</u>	<u>\$45,370,848,979</u>	<u>\$48,886,546,352</u>
The accompanying notes are an integral part of this statement.					

**Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Years Ended June 30, 2001 and 2000**

	Pension Trust				
	PERS Plan 1	PERS Plan 2	SERS Plan 2/3	SERS Plan 3 Defined Contribution	TRS Plan 1
ADDITIONS					
Retirement Contributions					
Employer	\$ 181,711,496	\$ 115,039,002	\$ 19,938,785	\$ --	\$141,351,229
Plan Member	70,265,800	116,564,445	14,168,004	13,726,895	55,897,775
General Fund	--	--	--	--	--
Plan Member Restorations	2,304,821	880,873	49,279	--	1,090,196
Total Retirement Contributions	<u>254,282,117</u>	<u>232,484,320</u>	<u>34,156,068</u>	<u>13,726,895</u>	<u>198,339,200</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(940,734,746)	(873,428,179)	(192,465,047)	368,673	(807,773,170)
Interest	212,178,091	208,701,550	30,327,483	51,227	183,029,668
Dividends	76,334,863	75,548,516	10,905,760	8,756	65,579,383
Securities Lending Income	26,073,028	25,877,410	3,339,943	854,450	22,435,966
Less Investment Expenses:					
Costs of Lending Securities	(26,854,449)	(26,652,969)	(4,320,102)	--	(23,108,383)
Other	(9,071,085)	(9,369,832)	(297,769)	(67,651)	(7,794,260)
Net Investment Income	<u>(662,074,298)</u>	<u>(599,323,504)</u>	<u>(152,509,732)</u>	<u>1,215,455</u>	<u>(567,630,796)</u>
Charges For Services					
Transfers from Other Pension Plans	6,017,663	5,983,724	1,055,536	--	5,183,932
Transfers from Dependent Care Administrative Fund	786,593	724,375	1,902,645,358	478,030,751	352,675
Transfers from Deferred Compensation Fund	2,537	2,522	445	--	2,185
Miscellaneous	141	140	25	--	121
	313,398	299,778	48,949	--	252,355
TOTAL ADDITIONS	<u>(400,671,849)</u>	<u>(359,828,645)</u>	<u>1,785,396,649</u>	<u>492,973,101</u>	<u>(363,500,328)</u>
DEDUCTIONS					
Benefits	669,876,611	50,797,924	284,949	--	524,251,579
Refunds of Contributions	8,466,090	48,311,241	1,397,241	2,167,738	2,761,775
Annuity Payments	--	--	--	--	108,422,331
Transfers to Other Pension Plans	407,920	1,903,537,477	478,438,605	17,581	348,460
Administrative Expenses	6,847,295	6,638,444	1,098,129	315,571	5,618,527
TOTAL DEDUCTIONS	<u>685,597,916</u>	<u>2,009,285,086</u>	<u>481,218,924</u>	<u>2,500,890</u>	<u>641,402,672</u>
NET INCREASE	<u>(1,086,269,765)</u>	<u>(2,369,113,731)</u>	<u>1,304,177,725</u>	<u>490,472,211</u>	<u>(1,004,903,000)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>11,302,979,460</u>	<u>12,531,441,081</u>	<u>--</u>	<u>--</u>	<u>9,804,653,108</u>
End of Year: June 30	<u>\$10,216,709,695</u>	<u>\$10,162,327,350</u>	<u>\$1,304,177,725</u>	<u>\$490,472,211</u>	<u>\$8,799,750,108</u>

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Years Ended June 30, 2001 and 2000 (continued)

	Pension Trust				
	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2	WSPRS
ADDITIONS					
Retirement Contributions					
Employer	\$ 69,579,331	\$ --	\$130,161	\$31,450,436	\$ 131
Plan Member	11,077,546	125,300,016	21,287	52,939,535	1,816,629
General Fund	--	--	--	20,918,699	--
Plan Member Restorations	164,810	--	25,107	46,113	2,117
Total Retirement Contributions	<u>80,821,687</u>	<u>125,300,016</u>	<u>176,555</u>	<u>105,354,783</u>	<u>1,818,877</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(281,114,696)	(164,380,143)	(460,832,913)	(207,748,200)	(60,311,188)
Interest	65,180,662	21,403,618	103,940,161	46,470,947	13,546,805
Dividends	22,929,656	6,531,415	37,374,738	16,949,317	4,897,509
Securities Lending Income	8,273,973	2,091,348	12,734,456	5,985,480	1,681,706
Less Investment Expenses:					
Costs of Lending Securities	(10,675,975)	--	(13,116,114)	(6,164,868)	(1,732,107)
Other	(2,415,260)	(2,103,315)	(4,473,208)	(1,757,606)	(569,611)
Net Investment Income	<u>(197,821,640)</u>	<u>(136,457,077)</u>	<u>(324,372,880)</u>	<u>(146,264,930)</u>	<u>(42,486,886)</u>
Charges For Services	2,864,855	--	2,936,458	1,388,778	388,093
Transfers from Other Pension Plans	294,201	3,454,564	254,014	95,315	251,855
Transfers from Dependent Care Administrative Fund	1,208	--	1,238	585	164
Transfers from Deferred Compensation Fund	67	--	69	33	9
Miscellaneous	138,425	--	143,078	64,655	18,049
TOTAL ADDITIONS	<u>(113,701,197)</u>	<u>(7,702,497)</u>	<u>(320,861,468)</u>	<u>(39,360,781)</u>	<u>(40,009,839)</u>
DEDUCTIONS					
Benefits	6,810,245	--	238,938,103	1,726,516	20,359,143
Refunds of Contributions	3,870,813	20,078,062	11,287	8,342,811	87,806
Annuity Payments	--	--	--	--	--
Transfers to Other Pension Plans	3,574,328	171,576	203,019	164,648	26,087
Administrative Expenses	3,052,504	175,000	3,218,176	1,450,414	409,945
TOTAL DEDUCTIONS	<u>17,307,890</u>	<u>20,424,638</u>	<u>242,370,585</u>	<u>11,684,389</u>	<u>20,882,981</u>
NET INCREASE	(131,009,087)	(28,127,135)	(563,232,053)	(51,045,170)	(60,892,820)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>3,397,112,077</u>	<u>1,660,176,841</u>	<u>5,550,458,331</u>	<u>2,410,674,072</u>	<u>719,882,925</u>
End of Year: June 30	<u>\$3,266,102,990</u>	<u>\$1,632,049,706</u>	<u>\$4,987,226,278</u>	<u>\$2,359,628,902</u>	<u>\$658,990,105</u>

The accompanying notes are an integral part of this statement.

**Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Years Ended June 30, 2001 and 2000 (concluded)**

	Pension Trust			Totals (Memorandum only)	
	JRS	Judges	JRA Defined Contribution	(Memorandum only)	
				June 30, 2001	June 30, 2000
ADDITIONS					
Retirement Contributions					
Employer	\$ 256,669	\$ 7,995	\$ 447,794	\$559,913,029	\$593,609,911
Plan Member	256,669	7,995	447,794	462,490,390	413,646,713
General Fund	7,000,000	750,000	--	28,668,699	24,843,093
Plan Member Restorations	15	--	--	4,563,331	6,358,694
Total Retirement Contributions	<u>7,513,353</u>	<u>765,990</u>	<u>895,588</u>	<u>1,055,635,449</u>	<u>1,038,458,411</u>
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	9,452	85,209	(1,358,190)	(3,989,683,138)	4,447,354,749
Interest	579,404	297,951	222,903	885,930,470	826,248,074
Dividends	--	--	678,429	317,738,342	205,961,895
Securities Lending Income	--	--	--	109,347,760	87,307,254
Less Investment Expenses:					
Costs of Lending Securities	--	--	--	(112,624,967)	(93,396,388)
Other	(12,879)	(48,468)	(2,332)	(37,983,276)	(16,626,945)
Net Investment Income	<u>575,977</u>	<u>334,692</u>	<u>(459,190)</u>	<u>(2,827,274,809)</u>	<u>5,456,848,639</u>
Charges For Services	5,661	3,210	--	25,827,910	20,958,816
Transfers from Other Pension Plans	380	216	--	2,386,890,297	79,691,355
Transfers from Dependent Care Administrative Fund	2	1	--	10,887	--
Transfers from Deferred Compensation Fund	--	--	--	605	--
Miscellaneous	263	149	1,532	1,280,631	1,378,033
TOTAL ADDITIONS	<u>8,095,636</u>	<u>1,104,258</u>	<u>437,930</u>	<u>642,370,970</u>	<u>6,597,335,254</u>
DEDUCTIONS					
Benefits	7,719,379	662,102	335,753	1,521,762,304	1,401,211,430
Refunds of Contributions	--	--	--	95,494,864	102,989,656
Annuity Payments	--	--	--	108,422,331	94,257,082
Transfers to Other Pension Plans	380	216	--	2,386,890,297	79,691,355
Administrative Expenses	5,258	3,337	11,058	28,843,658	23,049,701
TOTAL DEDUCTIONS	<u>7,725,017</u>	<u>665,655</u>	<u>346,811</u>	<u>4,141,413,454</u>	<u>1,701,199,224</u>
NET INCREASE	370,619	438,603	91,119	(3,499,042,484)	4,896,136,030
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>9,422,802</u>	<u>4,520,043</u>	<u>9,274,489</u>	<u>47,400,595,229</u>	<u>42,504,459,199</u>
End of Year: June 30	<u>\$9,793,421</u>	<u>\$4,958,646</u>	<u>\$9,365,608</u>	<u>\$43,901,552,745</u>	<u>\$47,400,595,229</u>

The accompanying notes are an integral part of this statement.

Balance Sheet

Special Revenue Fund

As of June 30, 2001 and 2000

	Dependent Care Administrative Fund	
	Totals	
	June 30, 2001	June 30, 2000
ASSETS		
Cash and Pooled Investments	<u>\$84,897</u>	<u>\$101,539</u>
Receivables		
Other Receivables—Short-Term	--	1,201
Due from Pension Funds	--	202
Due from Deferred Compensation Fund	--	12
Due from Other Washington State Agencies	--	10
Total Receivables	<u>--</u>	<u>1,425</u>
TOTAL ASSETS	<u>84,897</u>	<u>102,964</u>
LIABILITIES		
Accounts Payable	263	364
Due to Pension Funds	--	40
Due to Other Washington State Agencies	13,423	8,960
Accrued Salaries	<u>4,243</u>	<u>4,250</u>
TOTAL LIABILITIES	<u>17,929</u>	<u>13,614</u>
FUND BALANCE	<u>66,968</u>	<u>89,350</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$84,897</u>	<u>\$102,964</u>

The accompanying notes are an integral part of this statement.

**Combined Statement of Revenues, Expenditures and Changes in
Fund Balance
Special Revenue Fund and Expendable Trust Fund
For the Years Ended June 30, 2001 and 2000**

	Special Revenue		Expendable Trust		Totals (Memorandum only)	
	Dependent Administrative	Care Fund	Deferred Compensation	Deferred Compensation	June 30, 2001	June 30, 2000
REVENUES						
Participant Contributions	\$	-	\$	107,255,940	\$ 107,255,940	\$ 100,680,142
Investment Income						
Net Appreciation (Depreciation) in Fair Value of Investments		--		(323,024,970)	(323,024,970)	(7,977,780)
Interest		--		28,423,583	28,423,583	24,171,969
Dividends		--		120,560,177	120,560,177	105,022,309
Less: Investment Expenses		--		(150,531)	(150,531)	(118,403)
Total Investment Income		--		(174,191,741)	(174,191,741)	121,098,095
Charges for Services		167,489		3,041,874	3,209,363	3,764,901
Miscellaneous Revenues		--		6,261	6,261	4,639
TOTAL REVENUES		167,489		(63,887,666)	(63,720,177)	225,547,777
EXPENDITURES						
Benefits Paid to Participants		--		56,442,251	56,442,251	52,075,745
Administrative Expenses		178,984		2,387,696	2,566,680	2,045,795
TOTAL EXPENDITURES		178,984		58,829,947	59,008,931	54,121,540
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES		(11,495)		(122,717,613)	(122,729,108)	171,426,237
OTHER FINANCING SOURCES (USES)						
Operating Transfers Out - To Pension Plans		(10,887)		(605)	(11,492)	--
TOTAL OTHER FINANCING SOURCES (USES)		(10,887)		(605)	(11,492)	--
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES		(22,382)		(122,718,218)	(122,740,600)	171,426,237
FUND BALANCES						
Beginning of Year: July 1, as restated		89,350		1,592,014,452	1,592,103,802	1,314,614,236
End of Year: June 30		\$ 66,968		\$1,469,296,234	\$1,469,363,202	\$1,486,040,473

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2001

Note 1: General Description of the Retirement Systems

A. General

The Department of Retirement Systems (DRS) administers seven retirement systems covering eligible employees of the state and local governments. The major systems are: the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS), the Teachers' Retirement System (TRS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), and the Washington State Patrol Retirement System (WSPRS). The other systems are: the Judicial Retirement System (JRS) and the Judges' Retirement Fund (Judges). The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems, and the Governor appoints the Director of DRS to manage the systems. Information pertinent to each system is provided later in this section.

As established in the Revised Code of Washington (RCW) chapter 41.50, DRS administers seven retirement systems comprising 10 defined benefit pension plans and two defined contribution plans as follows:

Public Employees' Retirement System (PERS)

- Plan 1—defined benefit
- Plan 2—defined benefit

School Employees' Retirement System (SERS)

- Plan 2/3—defined benefit
- Plan 3—defined contribution

Teachers' Retirement System (TRS)

- Plan 1—defined benefit
- Plan 2/3—defined benefit
- Plan 3—defined contribution

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

- Plan 1—defined benefit
- Plan 2—defined benefit

Washington State Patrol Retirement System (WSPRS)

- Defined benefit

Judicial Retirement System (JRS)

- Defined benefit

Judges' Retirement Fund (Judges)

- Defined benefit

Although some assets of the plans are commingled for investment purposes, each plan's assets may be used only for the payment of benefits to members of that plan in accordance with the terms of the plan.

Administration of the PERS, SERS, TRS, and LEOFF systems and plans is funded by an employer rate of .23 percent of employee salaries. Administration of the WSPRS, JRS, and Judges' plans is funded by means of legislative appropriations.

Number of Participating Members

	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to But Not Yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total
PERS 1	53,161	3,220	23,915	1,918	82,214
PERS 2	7,927	14,094	74,103	52,325	148,449
SERS 2	27	537	11,991	13,723	26,278
SERS 3	--	196	13,347	8,664	22,207
TRS 1	29,839	1,985	16,878	344	49,046
TRS 2	519	2,199	7,336	1,020	11,074
TRS 3	92	1,242	16,036	22,244	39,614
LEOFF 1	7,780	31	1,497	2	9,310
LEOFF 2	143	248	9,183	3,950	13,524
WSPRS	672	84	762	251	1,769
JRS	131	2	32	--	165
Judges	18	--	1	--	19
Total	100,309	23,838	175,081	104,441	403,669

The latest actuarial valuation date for all plans except for TRS was December 31, 2000. The latest actuarial valuation for TRS was performed on June 30, 2000.

Source: Washington State Office of the State Actuary.

Number of Participating Employers

	State Agencies	School Districts	Counties/ Municipalities	Other Political Subdivisions	Total
PERS 1	178	257	216	257	908
PERS 2	186	1	265	443	895
SERS 2	9	291	--	--	300
SERS 3	10	285	--	--	295
TRS 1	91	287	--	--	378
TRS 2	38	273	--	--	311
TRS 3	41	290	--	--	331
LEOFF 1	--	--	119	30	149
LEOFF 2	7	--	227	128	362
WSPRS	1	--	--	--	1
JRS	3	--	--	--	3
Judges	1	--	--	--	1
Total	565	1,684	827	858	3,934

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2001 is 1,264. For a listing of the covered employers, refer to the Statistical Section of this report.

B. Plan Descriptions

Public Employees' Retirement System (PERS): PERS is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. PERS participants who joined the system by September 30, 1977, are Plan 1 members. Those joining after September 30, 1977 are Plan 2 members. PERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to PERS accrue interest at a rate specified by DRS. During Fiscal Year 2001, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in PERS can elect to withdraw total employee contributions and interest thereon upon termination.

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs such as Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF); judges of district and municipal courts; and employees of local governments. TIAA/CREF is not administered by DRS. Approximately 51 percent of PERS salaries are accounted for by state employment. Retirement benefit provisions are established in state statute and may be amended only by the state Legislature. Retirement benefits are vested after an employee completes five years of eligible service.

Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation (AFC) per year of membership service (AFC is based on the greatest compensation during any 24 eligible consecutive compensation months), capped at 60 percent.

Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the AFC per year of membership service. (AFC is based on the greatest compensation during

any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies, otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The amount of the allowance is two-thirds of the AFC, not to exceed \$4,200 a year. The benefit is reduced by any worker's compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of membership service is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year by which the date of disablement precedes the disabled member's 55th birthday. The total benefit is limited to 60 percent of the AFC.

Legislation passed in the 2000 session provides a 3 percent early retirement factor from age 65 for PERS Plan 2 members, age 55 or older with 30 years of service. There were no other material changes in PERS benefit provisions for the fiscal year ended June 30, 2001.

Pension benefit provisions have been established by chapter 41.40 RCW.

School Employees' Retirement System (SERS): SERS is a cost-sharing, multiple-employer retirement system comprised of two separate plans: Plan 2/3 is a defined benefit plan and Plan 3 is a defined contribution plan. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2/3. Participants joining after September 1, 2000, and those exercising the transfer option, are members of both Plan 2/3 and Plan 3. SERS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the SERS defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year

2001, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in SERS can elect to withdraw total employee contributions and interest thereon upon termination.

The Legislature established SERS in 2000. Membership in the system includes all non-certified employees of school districts or educational service districts. Retirement benefit provisions are established in state statute and may be amended only by the state Legislature. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

Plan 2/3 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service. Plan 3 retirement benefits may be paid at age 55 with 10 years of service. Plan 2/3 benefits are calculated at 2 percent of the average final compensation (AFC) per year of service for members not enrolled in the Plan 3 Defined Contribution Plan (DC) and 1 percent of the AFC per year of service for members enrolled in Plan 3 DC. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2/3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies, otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

Pension benefit provisions have been established by chapter 41.35 RCW.

Teachers' Retirement System (TRS): TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans: Plans 1 and 2/3 are defined benefit plans and Plan 3 is a defined contribution plan. TRS participants who joined the system by September 30, 1977 are Plan 1 members. Those joining between October 1, 1977 and June 30, 1996 are Plan 2/3 members unless they exercise an option to transfer their membership to Plan 3. Those joining after June 30, 1996, and those exercising the transfer option, are members of both Plan 2/3 and Plan 3. TRS retirement benefits are financed from

a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2001, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS can elect to withdraw total employee contributions and interest earnings thereon upon termination.

TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated employee in grades K-12 in the public schools. TRS is comprised principally of non-state employees. TRS retirement benefit provisions are established in state statute and may be amended only by the state Legislature. Defined benefit plan benefits are vested after an employee completes five years of eligible service.

Teachers in Plan 1 are eligible to retire either after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The benefit is 2 percent of the average earnable compensation per year of service (average earnable compensation is based on the greatest compensation during the highest of any consecutive two compensation contract years).

The normal retirement age for TRS Plan 2/3 members is 65. However, members are eligible to retire at the age of 65 with five years of service, or at the age 55 with 20 years of service. Plan 3 retirement benefits may be paid at age 55 with 10 years of service. Plan 2/3 benefits are calculated at 2 percent of the AFC per year of service for members not enrolled in the Plan 3 Defined Contribution Plan (DC) and 1 percent of the AFC per year of service for members enrolled in the Plan 3 DC. (AFC is based on the average of the highest paid consecutive 60 month period.) Plan 2/3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies, otherwise an actuarial reduction will apply. Plan 1 and Plan 2/3 also provide a cost-of-living allowance indexed to the Seattle Consumer Price Index capped at 3 percent annually. Plan 2/3 retirements prior to age 65 are actuarially reduced.

Death and disability benefits are available in Plan 1. TRS Plan 1 members receive the following additional lump sum death

benefits: retired members—\$400 (if at least 10 years of membership service), active members—\$600. Members on temporary disability receive a temporary life annuity of \$180 per month payable up to two years. After five years of service, members on a disability retirement receive an allowance based on their salary and service to date of disability. Members enrolled in TRS prior to April 25, 1973, may elect a benefit based on the formula in effect at that time.

There were no material changes in TRS benefit provisions for the fiscal year ended June 30, 2001.

Pension benefit provisions have been established by chapters 41.32 and 41.34 RCW.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF): LEOFF is a cost-sharing multiple-employer retirement system comprised of two separate defined benefit plans. LEOFF participants who joined the system by September 30, 1977 are Plan 1 members. Those joining after September 30, 1977 are Plan 2 members. LEOFF retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays the remainder through state legislative appropriations. Employee contributions to LEOFF accrue interest at a rate specified by DRS. During Fiscal Year 2001, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF can elect to withdraw total employee contributions and interest earnings thereon upon termination.

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees. LEOFF retirement benefits are established in state statute and may be amended only by the state Legislature. Retirement benefits are vested after an employee completes five years of eligible service.

Plan 1 participants are eligible to retire with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of Final Average Salary
20+	2.0%
10 - 19	1.5%
5 - 9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months' salary within the last 10 years of service. Retirement benefits are fully indexed to the Seattle Consumer Price Index.

Plan 2 participants are eligible to retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service. Retirement benefits prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. The benefit is 2 percent of FAS per year of service. The FAS is based on the highest consecutive 60 months. Retirement benefits are indexed to the Seattle Consumer Price Index with a cap of 3 percent annually.

Significant death and disability benefits are provided by Plan 1. Death benefits for Plan 1 members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS. In addition, a duty death benefit of \$150,000 is provided to Plan 1 and Plan 2 members.

Plan 1 members are eligible for disability benefits after a six-month waiting period (during which the salary is paid by the employer). The allowance is 50 percent of the FAS plus 5 percent for each child up to a maximum of 60 percent. Upon recovery from disability before the age of 50, a member is restored to service with full credit for service while disabled. Upon recovery after the age of 50, the benefit continues as the greater of the member's disability allowance or service retirement allowance. These benefit provisions were established by statute.

For LEOFF 1, the employer and employee contribution rate was set to zero contingent on the plan remaining fully funded. For LEOFF 2, the age eligible for unreduced benefits was lowered from age 55 to age 53, and the actuarial reduction was replaced with a 3 percent reduction. The actuarial reduction still applies for death and disability benefits before early retirement eligibility. These changes are a result of legislation passed in the 2000 session.

Pension benefit provisions have been established by chapter 41.26 RCW.

Washington State Patrol Retirement System (WSPRS): WSPRS is a single-employer retirement system comprised of one defined benefit plan. WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to WSPRS accrue interest at a rate specified by DRS. During Fiscal Year 2001, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in WSPRS can elect to withdraw total employee contributions and interest earnings thereon upon termination.

WSPRS was established by the Legislature in 1947. Any commissioned employee of the Washington State Patrol is eligible to participate.

Members are eligible to retire at the age of 55 or after 25 years of service with a benefit of 2 percent of average final salary (AFS) per year of service. The benefit is capped at 75 percent of AFS. In addition, a 2 percent cost-of-living allowance is included.

WSPRS benefits are established in state statute and may be amended only by the state Legislature. Retirement benefits are vested after an employee completes five years of eligible service.

Benefit provisions include death benefits; however, the system contains no disability benefits. The death benefit for a spouse of a member on active duty consists of 50 percent of AFS and 5 percent of AFS for each surviving child, with a limitation on the combined allowance of 60 percent of AFS.

The death benefit also provides a uniform COLA after a member's death. In addition, a duty death benefit of \$150,000 is provided to WSPRS members.

The minimum retirement allowance for WSPRS members shall not be less than twenty dollars per month for each year of service, unless the member has elected to receive a reduced retirement allowance. The minimum benefit is indexed to the Uniform COLA. The retiree can optionally elect to pass on to their spouse the 2 percent COLA with an offset in the initial benefit to cover this cost.

The member's contribution rate was set to zero from July 1, 2000 to July 30, 2001. There were no other material changes made in WSPRS benefit provisions for the fiscal year ended June 30, 2001.

Pension benefit provisions have been established by chapter 43.43 RCW.

Judicial Retirement System (JRS): JRS is an agent multiple-employer retirement system comprised of a single defined benefit plan. JRS retirement benefits are financed on a pay-as-you-go basis from a combination of investment earnings, employer contributions, employee contributions, and a special funding situation in which the state pays the remaining contributions. JRS employees accrue no interest on contributions and may not elect to withdraw their contributions upon termination.

JRS was established by the Legislature in 1971. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts on or after August 9, 1971. The system was closed to new entrants on July 1, 1988, with new judges joining PERS Plan 2.

Benefit provisions are established in state statute and may be amended only by the state Legislature. Any member who involuntarily terminates with 12 or more years of credited service and 15 years after beginning judicial service, or voluntarily terminates with 15 or more years of credited service, is vested and shall receive retirement benefits upon attaining the age of 60. Retirement benefits are 3 percent of the AFC

for 10-15 years of service, and 3.5 percent for 15 or more years of service.

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires ten or more years of service. A monthly spousal benefit is provided which is equal to 50 percent of the benefit a member would have received if retired, or if greater, 25 percent of the AFC of the member. These benefits terminate with the death or remarriage of the recipient. *If the member is retired, a 50 percent allowance is provided to the surviving spouse who has been married to the judge at least three years at the time of death. Benefits terminate on remarriage. For members with ten or more years of service, a disability benefit of 50 percent of salary is provided.*

There were no material changes in JRS benefit provisions for the fiscal year ended June 30, 2001.

Pension benefit provisions have been established by chapter 2.10 RCW.

Judges' Retirement Fund: The Judges' Retirement Fund is an agent multiple-employer retirement system comprised of a single defined benefit plan. Retirement benefits are financed on a pay-as-you-go basis from a combination of employee contributions, employer contributions and a special funding situation in which the state pays the remaining contributions. Employees do not earn interest on their contributions, nor can they elect to withdraw their contributions upon termination.

The Judges' Retirement Fund was created by the Legislature on March 22, 1937, pursuant to RCW 2.12, to provide retirement benefits to judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. Subsequent legislation required that all judges first appointed or elected to office on or after August 9, 1971, enter the Judicial Retirement System.

Benefit provisions are established in statute and may be amended only by the state Legislature. Any member who has ten years of credited service and attains the age of 70 or

has served as a judge for an aggregate of 18 years, regardless of age, is vested and entitled to receive a retirement allowance upon leaving service. Any member who leaves eligible service after having served as a judge for an aggregate of 12 years is vested and eligible for a partial retirement allowance. With the exception of a partial retirement allowance, the member receives a benefit equal to one-half of the monthly salary being received as a judge at the time of retirement, or at the end of the term immediately prior to retirement if retirement occurs after the expiration of the member's term in office. A partial retirement allowance is based on the proportion of the member's 12 or more years of service in relation to 18 years of service. There were no material changes made in Judges' benefit provisions for the fiscal year ended June 30, 2001.

Pension benefit provisions have been established by chapter 2.12 RCW.

C. Funding Policy

During the 2000 session, the Legislature decided to adopt rates based on the 1998 valuation calculated in accordance with the Funding Policy effective May 2000. This replaced the rates adopted by the Pension Funding Council for the 1999-2001 biennium, as adjusted for legislation passed since they were adopted. The employee and employer LEOFF Plan 1 rate was set to zero, as long as the plan remains fully funded. The employee rate for WSPRS was set to 3 percent for July 1, 2000 to June 30, 2001.

PERS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature. The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

Required contribution rates (expressed as a percentage of

current-year covered payroll) at the close of Fiscal Year 2001 were as follows:

PERS Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
State Agencies*	4.67%	4.67%
Local Governmental Units*	4.67%	4.67%
State Government Elected Officials*	6.89%	4.67%
Employee Rates:		
State Agencies	6.00%	2.43%
Local Governmental Units	6.00%	2.43%
State Government Elected Officials	7.50%	2.43%

*Includes an administrative expense rate of 0.23 percent.

SERS: Each biennium, the state Pension Funding Council adopts Plan 2/3 employer and employee contribution rates. The employer and employee contribution rates for Plan 2/3 are developed by the Office of the State Actuary to fully fund Plan 2/3. All employers are required to contribute at the level established by the Legislature. SERS 3 defined contribution (DC) is a non-contributing plan for employers. Employees who participate in the DC portion of the SERS 3 plan do not contribute to the defined benefit (DB) portion of the SERS 2/3 plan.

The methods used to determine contribution requirements are established under state statute in accordance with chapters 41.35 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2001 were as follows:

SERS Actual Contribution Rates

	Plan 2/3
Employer Rates:	
State Agencies*	4.67%
Local Governmental Units*	4.67%
Employee Rates:	
State Agencies	2.43% **
Local Governmental Units	2.43% **

*Includes an administrative expense rate of 0.23 percent.

** Plans 2/3 DB portion only.

TRS: Each biennium the state Pension Funding Council adopts Plan 1 employer contribution rates and Plan 2/3 employer and employee contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent and do not vary from year to year. The employer and employee contribution rates for Plan 2/3 are developed by the Office of the State Actuary to fully fund Plan 2/3. All employers are required to contribute at the level established by the Legislature. TRS 3 DC is a non-contributing plan for employers. Employees who participate in the DC portion of the TRS 2/3 plan do not contribute to the DB portion of the TRS 2/3 plan.

The methods used to determine contribution requirements are established under state statute in accordance with chapters 41.32 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2001 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2/3
Employer Rates*		
	7.33%	7.33%
Employee Rates:		
State Agencies	6.00%	3.01%**
Local Governmental Units	6.00%	3.01%**
State Government Elected Officials	7.50%	3.01%**

*Includes an administrative expense rate of 0.23 percent.

** Plans 2/3 DB portion only.

LEOFF: Starting on July 1, 2000, Plan 1 employers and employees will contribute zero percent as long as the plan remains fully funded. Employer and employee contribution rates are developed by the Office of the State Actuary to fully fund the plan. Plan 2 employers and employees are required to pay at the level adopted by DRS in accordance with 41.45 RCW. All employers are required to contribute at the level required by state law.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year

2001 are presented below:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.23%	4.30%
Ports and Universities*	n/a	7.01%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	n/a	6.78%
Ports and Universities	n/a	6.78%
State of Washington Contributions	n/a	2.71%

*Includes an administrative expense rate of 0.23 percent.

The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 1 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute.

WSPRS: State statute (chapter 43.43 RCW) obligates employees to contribute at a fixed rate of 3 percent for fiscal year 2001. The laws of 2001 require the employee and state to each contribute 50 percent of the aggregate normal cost, but the employee rate must be at least 2 percent. Contribution rates for the employee and the state are adopted by the Pension Funding Council as per chapter 41.45 RCW. The employee and the state are required to contribute at the level required by state statute.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2001 were as follows:

WSPRS Actual Contribution Rates

Employer Rate	n/a
Employee Rate	3.00%

JRS: Contributions made are based on rates set in 2.10 RCW. By statute, employees are required to contribute 7.5 percent

with an equal amount contributed by the state. In addition, the state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2001, the state contributed \$7,000,000.

Judges: Contributions made are based on 2.12 RCW. By statute, employees are required to contribute 6.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the Judges' Retirement fund on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2001, the state contributed \$750,000.

D. Defined Contribution Plans

School Employees' Retirement System Plan 3 (SERS 3): The School Employees' Retirement System Plan 3 is a defined contribution (DC) plan administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who are SERS 2/3 members after September 1, 2000 who elect to transfer. As of June 30, 2001, there are 295 participating employees in SERS 3. See section B of Note 1 for SERS plan descriptions.

As established by RCW 41.35, employee contribution rates range from 5 percent to 15 percent of salaries based on age. There are no requirements for employer contributions.

Membership in SERS 3 consisted of the following at June 30, 2001:

Retirees and Beneficiaries Receiving Benefits	—
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	196
Active Plan Members Vested	13,347
Active Plan Members Nonvested	<u>8,664</u>
Total	22,207

SERS 3 DC retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses caused in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, Plan 3 investments are made in the same portfolio as that of the SERS 2/3 defined benefit plan.

For Fiscal Year 2001, employee contributions required and made were \$13,726,895, and plan refunds paid out were \$2,167,738.

Teachers' Retirement System Plan 3 (TRS 3):

The Teachers' Retirement System Plan 3 is a defined contribution (DC) plan administered by the state through DRS. Eligible employees include certificated employees in grades K-12 in the public schools hired on or after July 1, 1996, and those TRS 2/3 members who elect to transfer. As of June 30, 2001, there are 331 participating employers in TRS 3. See section B of Note 1 for TRS plan descriptions.

As established by RCW 41.34, employee contribution rates range from 5 percent to 15 percent of salaries based on age. There are no requirements for employer contributions.

Membership in TRS 3 consisted of the following at June 30, 2001:

Retirees and Beneficiaries Receiving Benefits	92
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	1,242
Active Plan Members Vested	16,036
Active Plan Members Nonvested	22,244
Total	39,614

TRS 3 DC retirement benefits are solely dependent upon the results of investment activities. Members may elect to self-direct the investment of their contributions as authorized by the Employee Retirement Benefits Board. Any expenses caused in conjunction with self-directed investments are to be paid by members. Absent a member's self-direction, Plan 3 investments are made in the same portfolio as that of the TRS

2/3 defined benefit plan.

For Fiscal Year 2001, employee contributions required and made were \$125,300,016, and plan refunds paid out were \$20,078,062.

Judicial Retirement Account (JRA):

JRA was established by the Legislature in 1988 to provide supplemental retirement benefits. It is a defined contribution plan administered by the state of Washington Administrator for the Courts, under the direction of the Board for Judicial Administration. Membership includes judges elected or appointed to the Supreme Court, Court of Appeals, and Superior Courts, and who are members of the PERS for their services as a judge. Vesting is full and immediate. At June 30, 2001, there were 179 active members and 11 inactive members in JRA. There are three participating employers in JRA.

Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, shall contribute an equal amount on a monthly basis. Contributions are collected by the Administrator for the Courts. The employer and employee obligations to contribute are established per RCW 2.14. Plan provisions and contribution requirements are established in state statute and may be amended only by the State Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. If a member dies, the amount of accumulated contributions standing to the member's credit at the time of the member's death shall be paid to such a person or persons having an insurable interest in the member's life, per written designation of the member.

The Administrator of JRA has entered an agreement with DRS for accounting and reporting services, and the State Investment Board (SIB) for investment services. DRS shall be responsible for all record keeping, accounting, and reporting of member accounts. The SIB shall have the full power to establish investment policy, develop participant investment options, and manage the investment funds from the JRA plan, consistent with the provisions of RCW 2.14.080 and RCW 43.84.150.

E. Deferred Compensation Plan

The state of Washington offers its employees and employees of those political subdivisions that elect to participate, a *deferred compensation plan pursuant to RCW 41.50.770*, in accordance with Internal Revenue Code section 457. Under the plan, eligible employees elect to defer a portion of their salary until future time periods. The deferred compensation is not available to employees until termination, retirement, disability, death or unforeseeable financial emergency. This deferred compensation plan is administered by DRS.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, shall be held in trust by the Washington State Investment Board (SIB), as set forth under RCW 43.33A.030, for the exclusive benefit of the state deferred compensation plan's participants and their beneficiaries. Neither the participant, nor the participant's beneficiary or beneficiaries, nor any other designee, has any right to commute, sell, assign, transfer, or otherwise convey the right to receive any payments under the plan. These payments and rights thereto are nonassignable and non-transferable.

Employees participating in the state deferred compensation plan administered by DRS shall self-direct the investment of the deferred portion of their income through the selection of investment options. These options are provided by the SIB after consultation with the employee retirement benefits board. The SIB has the full power to invest moneys in the state deferred compensation plan in accordance with RCW 43.84.150, 43.33A.140, and 41.50.770. Pursuant to RCW 41.50.770, no state board, commission, agency, or any officer, employee or member thereof is liable for any loss or deficiency resulting from participant investments selected, or from reasonable efforts to implement investment directions.

The deferred compensation plan offers a stable principal Savings Pool and eleven other diversified investment options. The investment options consist of the following:

- Calvert Social Investment Fund-Balanced Portfolio;
- Fidelity Equity-Income Fund;
- Fidelity Growth Company Fund;

- Fidelity Independence Fund;
- Fidelity Intermediate Bond Fund;
- Fidelity Overseas Fund;
- U.S. Stock Market Index Fund;
- Washington State Bond Fund;
- Washington State Long-Horizon Fund;
- Washington State Mid-Horizon Fund; and
- Washington State Short-Horizon Fund

More detailed information and discussion regarding investment strategies and an overview of investments in general can be obtained by contacting DRS.

F. Dependent Care Assistance Program

The state of Washington offers its employees a dependent care assistance program pursuant to RCW 41.04.600, in accordance with Internal Revenue Code Section 129. Under the program, eligible employees elect to reduce their taxable salary (before federal income and social security taxes) by amounts paid or incurred by the employer for dependent care assistance provided to the employee. This dependent care assistance program is administered by DRS.

Participation requires the employee to estimate the amount of dependent care expense he/she expects to incur during the plan year. The amount of salary reduction elected should not exceed those expenses. The reductions are taken in equal amounts each regular pay period and deposited into a dependent care account. Eligible expenses are charges for care of a qualifying person inside or outside the employee's home which enable the employee to work. If the eligible employee is married, the expenses must also occur while the employee's spouse is employed (or if the employee's spouse is a full-time student, on days the spouse attends school.) Qualifying persons are as follows:

- Children under age 13 who qualify as IRS dependents;
- Any other IRS dependent who is physically and/or mentally incapable of self-care; or
- A spouse who is physically or mentally incapable of self-care.

Every action taken by DRS in administering the dependent care assistance program shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties

imposed upon it. DRS shall be presumed to have exercised reasonable care, diligence, and prudence and to have acted impartially as to all persons interested unless the contrary be proved by clear and convincing affirmative evidence.

Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

A. Reporting Entity

The Department of Retirement Systems (DRS) is a part of the primary government of the state of Washington. The Governmental Accounting Standards Board has developed criteria relating to elements of financial accountability to be used to determine the reporting entity. Financial accountability is manifest when the primary government appoints a voting majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. An organization is fiscally dependent if it is unable to determine its budget without another government having the substantive authority to approve or modify that budget, or to set rates or charges without substantive approval by another government. Based on this criteria, DRS is considered part of the state of Washington financial reporting entity and is included in the state's comprehensive annual financial report as the administrator of the pension trust funds.

Copies of the State of Washington's Comprehensive Annual Financial Report may be obtained by writing to:

Washington State Office of Financial Management
300 Insurance Building
P.O. Box 43113
Olympia, WA 98504-3113

The state of Washington, through DRS, administers seven retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the School Employees' Retirement System, the Teachers' Retirement System, the Law Enforcement Officers' and Fire Fighters' Retirement System, the Washington State Patrol Retirement System, the Judicial Retirement System, and the Judges' Retirement Fund. The Director of DRS is appointed by the Governor. The state Legislature establishes laws pertaining to the creation and administration of all public retirement systems. The participants of the public retirement systems together with the state provide funding for all costs of the systems based upon actuarial valuations. The state establishes benefit levels and approves the actuarial assumptions used in determining contribution levels. Based upon these criteria, DRS views itself as part of the state of Washington's primary government.

B. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with generally accepted accounting principles (GAAP).

The pension trust funds are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which employee services are performed, investment income is recognized when earned, and expenses are recognized when the corresponding liabilities are incurred regardless of when payment is made.

The deferred compensation plan is accounted for in an expendable trust fund using the flow of current financial resources measurement focus and the modified accrual basis

of accounting. Revenues are recorded when they are both measurable and available to finance current expenditures of the fund. Revenue is considered available when it is collected during the current period or after the end of the period in time to pay current year-end liabilities. The administrative revenues and operating expenditures incurred in administering the deferred compensation plan are accounted for in a second expendable trust fund. Since these costs are incurred in the administration of the deferred compensation plan, they have been reported within the deferred compensation plan.

The dependent care assistance program is accounted for in two separate funds using the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available to finance current expenditures of the fund. The administrative revenues and operating expenditures incurred in administering the dependent care program are accounted for in the dependent care administrative fund classified as a special revenue fund using the flow of current financial resources measurement focus. The dependent care salary reduction plan is accounted for through an agency fund. Agency funds are custodial in nature and do not measure the results of operations or have a measurement focus.

C. Method Used to Value Investments

Investments are reported at fair value. The fair value of investments is based on published market prices and quotations from major investment brokers at current exchange rates, as available. Privately held mortgages have been valued at cost which approximates fair market value. The fair value of real estate investments has been estimated based on independent appraisals. Venture capital and leveraged buy out investments are determined by independent investment advisors based on an analysis of the audited financial statements of the underlying partnerships. The pension funds have no investments of any commercial or industrial organization whose market value exceeds five percent or more of each plan's net assets.

D. Allocation

DRS maintains an administrative fund to account for the ad-

ministrative additions and deductions incurred in administering the pension plans (excluding any fees incurred while protecting the pension plans). All additions received are based on a legislatively approved percent of employer contributions. These additions and deductions have been allocated to the pension plans based on asset balance.

DRS maintains a general fixed assets fund to account for the fixed assets incurred in administering the pension plans. These fixed assets have been allocated to the pension plans based on asset balance. DRS also maintains a general long-term obligation fund to account for accumulated compensated absences incurred in administering the pension plans. These general long-term obligations have also been allocated to the pension plans based on asset balance.

E. Deposits, Investments, and Securities Lending:

Deposits: DRS' deposits are managed by the Office of the State Treasurer (OST) and are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and by the Washington Public Deposit Protection Commission (PDPC). State law (chapter 43.84.080 RCW) specifies that whenever there is a fund or cash balance in the state treasury more than sufficient to meet the current expenditures properly payable therefrom, the OST may invest or reinvest such portion of such funds or balances as the OST deems expedient. Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, banker's acceptances, and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Plan Net Assets as cash and pooled investments.

Governmental Accounting Standards Board (GASB) Statement Number 3 requires governmental entities to categorize deposits for the purpose of giving an indication of the level of risk assumed by the entity at year end. The three categories of risk are:

- 1) Insured or collateralized with securities held by DRS or its agent in the name of DRS.
- 2) Collateralized with securities held by the pledging financial institutions trust department or agent in the name of DRS.
- 3) Uncollateralized or collateralized with securities held by the pledging financial institutions or by its trust department or agent, but not in the name of DRS.

As of June 30, 2001, the carrying amount of DRS' cash and pooled investments is \$30,285,946 for the pension trust funds, \$5,389,030 for the deferred compensation expendable trust fund, and \$400,381 for the dependent care agency fund, all of which represents category one risk.

Investments: The State Investment Board (SIB) has been authorized by statute as having the investment management responsibility for pension and deferred compensation funds. The SIB is authorized to invest as provided by statute (chapter 43.33A RCW) and SIB policy. The SIB is authorized and invests in the following: Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; banker's acceptances; commercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to: investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate, or other forms of private equity; asset backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions.

SIB is authorized to utilize various derivative financial instruments, including mortgage-backed securities, financial futures, forward contracts, interest rate and equity swaps, and options to manage its exposure to fluctuations in

interest and currency rates while increasing portfolio returns. Derivative transactions involve, to varying degrees, market and credit risk. SIB mitigates market risks arising from derivative transactions by requiring collateral in cash and investments to be maintained equal to the securities positions outstanding, and thereby prohibiting the use of leverage or speculation. Credit risks arising from derivative transactions are mitigated by selecting and monitoring creditworthy counterparties and collateral issuers.

Consistent with the SIB authority to invest in derivatives, international active equity managers may make limited investments in financial futures, forward contracts or other derivative securities to manage exposure to currency rate risk and equitize excess cash holdings. No such derivative securities were held as of June 30, 2001 or 2000. Domestic and foreign passive equity index fund managers may also utilize various derivative securities to manage exposure to risk and increase portfolio returns. Information on the extent of use, and holdings of derivative securities by passive equity index fund managers is unavailable. At June 30, 2001, the only derivative securities held directly by SIB were collateralized mortgage obligations of \$1.795 billion.

The fees paid by the SIB are reported in the Schedule of Fees and Commissions Paid. These fees are accounted for as a reduction of investment income to the trust funds. These fees include investment management fees and commissions, investment consultant fees, and legal fees. As of June 30, 2001, total investment management fees were \$150,608,243. For a detailed disclosure, refer to the Schedule of Investment Management Fees and Commissions.

Governmental Accounting Standard Board (GASB) Statement Number 3 requires governmental entities to categorize investments for the purpose of giving an indication of the levels of risk assumed by the entity at year end. The three categories of risk are:

- 1) Insured or registered, or securities held by DRS or its agent in the name of DRS.
- 2) Uninsured and unregistered with securities held by the counterparty's trust department or agent in the name of DRS.

3) Uninsured and unregistered with securities held by the counterparty, or its trust department or agent, but not in the name of DRS.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$34.8 billion in both carrying value and fair value. DRS' investments are classified in three categories of risk to give an indication of the level of risk assumed by DRS as of year end. The following table presents the carrying value and fair value of the investments by type, as well as deposits, as of June 30, 2001:

There were approximately \$361 million in repurchase agreements outstanding at June 30, 2001. Repurchase agreements are collateralized at 102 percent. The collateral is priced daily and held by DRS' agent in DRS' name. Repurchase agreements outstanding as of June 30, 2001 are typical of the level of activity during the year.

State law permits DRS to enter into reverse repurchase agreements, that is, a sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The market value of the securities underlying reverse repurchase agreements normally exceeds the

Investments and Deposits by Type - Pension and Expendable Trust Funds

Investment Type	Carrying Value by GASB Categories*			Total Carrying Value	Total Fair Value
	1	2	3		
Asset Backed Securities	\$353,240,068	\$ --	\$ 163,204,766	\$ 516,444,834	\$516,444,834
Collateralized Mortgage Obligations	1,794,505,534	--	--	1,794,505,534	1,794,505,534
Commercial Paper	--	--	82,544,773	82,544,773	82,544,773
Corporate Bonds-Domestic	4,331,846,395	--	59,787,900	4,391,634,295	4,391,634,295
Corporate Bonds-Foreign	1,380,450,707	--	--	1,380,450,707	1,380,450,707
Corporate Stock-Domestic	94,051	--	--	94,051	94,051
Corporate Stock-Foreign	1,950,334,729	--	--	1,950,334,729	1,950,334,729
Government Securities-Domestic	345,695,006	--	4,006,417	349,701,423	349,701,423
Government Securities-Foreign	169,669,593	--	--	169,669,593	169,669,593
Life	23,956	--	--	23,956	23,956
Municipal Bonds	24,270,405	--	--	24,270,405	24,270,405
Repurchase Agreements	6,183,438	--	354,702,592	360,886,030	360,886,030
Variable Rate Notes	--	--	845,822,195	845,822,195	845,822,195
Subtotal for GASB Categories	\$10,356,313,882	\$ --	\$1,510,068,643	11,866,382,525	11,866,382,525
Investment Type-Unclassified As to Risk					
Commingled Index Funds-Domestic				16,028,049,292	16,028,049,292
Commingled Index Funds-Foreign				3,244,612,151	3,244,612,151
Currencies				8,336,290	8,336,290
Guaranteed Investment Contracts				421,748,453	421,748,453
Money Market Funds				838,026,453	838,026,453
Mortgages				952,107,694	952,107,694
Mutual Funds				2,006,008,101	2,006,008,101
Private Equity				5,711,733,292	5,711,733,292
Real Estate Equity				3,616,218,138	3,616,218,138
Subtotal Investment Types-Unclassified As to Risk				32,826,839,864	32,826,839,864
Securities on Loan				1,965,091,844	1,965,091,844
Total Investments-6/30/2001				\$46,658,314,233	\$46,658,314,233
Deposit Type					
Certificates of Deposit	\$ --	\$ --	\$ 484,426,123	484,426,123	484,426,123
Total Deposits-6/30/2001				\$484,426,123	\$484,426,123
Total Investments and Deposits-6/30/2001				\$47,142,740,356	\$47,142,740,356

* See text for definition of categories.

cash received, providing the dealers margin against a decline in market value of the securities. If the dealers default on their obligations to resell these securities to the state or provide securities or cash of equal value, DRS would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There were no reverse repurchase agreements during the year and there were no liabilities outstanding as of June 30, 2001.

The SIB has entered into agreements that commit the DRS pension funds, upon request, to make additional investment purchases up to a stated amount. As of June 30, 2001, the DRS pension funds had the following unfunded investment commitments:

Private Equity Partnerships	\$4,614,146,225
Real Estate	428,733,941

Securities Lending: Securities lending management responsibilities as authorized by statute are as follows:

SIB—State law and Board policy permit the SIB to participate in securities lending transactions. The Board has entered into an agreement with State Street Bank and Trust to act as agent for the SIB in securities lending transactions. As State Street Bank and Trust is the custodian bank for the SIB, it is a counterparty to securities lending transactions. Therefore, cash collateral reinvested by State Street Bank and Trust is reflected as Category 3 for custodial credit risk disclosure purposes.

Securities were loaned and collateralized by the SIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities were denominated in United States dollars, where securities whose primary trading market was located in the United States or were sovereign debt issued by foreign governments, the collateral requirement was 102 percent of the market value of the securities loaned. When the loaned securities were not denominated in United States dollars or were securities whose primary trading market was not located in the United States, the collateral requirement

was 105 percent of the market value of the loaned securities. The collateral held and market value of securities on loan at June 30, 2001, were \$2,027,108,466 and \$1,965,091,844 respectively.

During Fiscal Year 2001, securities lending transactions could be terminated on demand by either the SIB or the borrower. The average term of overall loans was 39 days.

Cash collateral was invested by the SIB's agents in securities issued or guaranteed by the U.S. government, the SIB's short term investment pool (average weighted maturity of 212 days) or term loans. Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Bank and Trust indemnified the SIB by agreeing to purchase replacement securities or return the cash collateral in the event a borrower failed to return the loaned securities or pay distributions thereon. State Street Bank and Trust's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During Fiscal Year 2001, there were no significant violations of legal or contractual provisions nor failures by any borrowers to return loaned securities or to pay distributions thereon. Further, the SIB incurred no losses during Fiscal Year 2001 resulting from a default by either the borrowers or the securities lending agents.

OST—Statute authorizes the OST to buy and sell the following types of instruments: U.S. government and agency securities, banker's acceptances, commercial paper, and certificates of deposit with qualified public de-

positories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

The OST has statutory authority to lend its securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The OST has contracted with a third party securities lending agent, The Bank of New York, to lend the OST's U.S. government and agency securities portfolio. The agent lends securities for collateral in the form of cash or other securities at 102 percent of the loaned securities value. The collateral for the loans is maintained at 102 percent.

At June 30, 2001, OST has no credit risk exposure to borrowers because the amounts the OST owes borrowers exceeds the amounts that the borrowers owe the OST. The contract with the agent requires it to indemnify the OST if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay OST for income distributions by the securities' issuers while the securities are on loan.

All securities loans can be terminated on demand by either the OST or the borrower. Cash collateral is invested in accordance with the investment guidelines approved by the OST. The OST cannot pledge or sell collateral securities received unless the borrower defaults. Generally, the maturity of the securities on loan is matched with the term of the investment of the cash collateral.

During Fiscal Year 2001, there were no violations of legal or contractual provisions nor any losses resulting from a default by either the borrowers or the securities lending agent.

F. Reserves

Member Reserve: The Member Reserve reflects the total liability for all contributions made by members. This reserve is increased by employee contributions and interest earnings and is decreased by contributions refunded and contributions transferred to the Benefit Reserve for current year retirees. The member reserves are considered fully funded.

Because the SERS 3 and TRS 3 defined contribution plans

each offer two separate investment programs to members, DRS is required to maintain two separate member reserves for each defined contribution plan. The "SERS Plan 3—WSIB" and "TRS Plan 3—WSIB" reserves account for members who participate in the investment programs offered by the Washington State Investment Board (WSIB), and the "SERS Plan 3—SELF" and "TRS Plan 3—SELF" reserves account for members who participate in the self directed investment offerings established by the Employee Retirement Benefits Board (ERBB).

Member Reserves as of June 30, 2001 and 2000 are as follows:

	June 30, 2001	June 30, 2000
PERS Plan 1	\$1,678,659,981	\$1,694,039,394
PERS Plan 2	3,197,499,899	2,687,462,505
SERS Plan 2/3	169,370,119	--
SERS Plan 3-WSIB	348,783,126	--
SERS Plan 3-SELF	142,004,656	--
TRS Plan 1	1,368,960,029	1,408,007,383
TRS Plan 2/3	348,451,733	331,426,874
TRS Plan 3-WSIB	818,264,723	818,631,503
TRS Plan 3-SELF	813,959,983	841,545,338
LEOFF Plan 1	142,667,910	157,862,527
LEOFF Plan 2	691,215,224	614,183,357
WSPRS	50,732,585	51,144,973
JRS	5,313,407	6,343,755
Total Member Reserves	<u>\$9,775,883,375</u>	<u>\$8,610,647,609</u>

Benefit Reserve: The Benefit Reserve reflects the total estimated liability associated with all retired members of DRS administered systems. This reserve is increased by employer contributions, general fund contributions, investment earnings, and employee contributions which are attributable to current year retirees. This reserve is decreased by the amounts of pensions actually paid in the current year, interest payments transferred to member reserve, and administrative expenses in support of the trust funds.

Benefit Reserves as of June 30, 2001 and 2000 are as follows:

	June 30, 2001	June 30, 2000
PERS Plan 1	\$8,535,833,935	\$9,606,919,122
PERS Plan 2	6,962,662,936	9,841,941,942
SERS Plan 2/3	1,134,791,699	--
TRS Plan 1	7,428,875,038	8,394,877,720
TRS Plan 2/3	2,916,800,680	3,064,908,063
LEOFF Plan 1	4,843,477,111	5,391,580,567
LEOFF Plan 2	1,668,008,180	1,796,120,794
WSPRS	608,122,839	668,612,273
JRS	4,474,023	3,082,554
Judges	4,917,917	4,564,548
Total Benefit Reserves	\$34,107,964,358	\$38,772,607,583

The funded status of each of the benefit reserves is the same as the funded status of each of the respective pension plans. The funded status of the pension plans is shown in the Solvency Test schedules in the Actuarial Section of this report.

G. Fixed Assets

All fixed assets with a unit cost of \$5,000 or greater are capitalized and reported in the accompanying financial statements. Capital leases with a net present value or fair market value, whichever is less, of \$10,000 or more are capitalized and also included in these financial statements. All purchased fixed assets are valued at cost where historical records exist. Donated fixed assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost and fair market value are derived by factoring price levels from the current period to the time of acquisition.

Fixed asset costs include the purchase price or construction cost, plus those costs necessary to place the asset in its intended location and condition for use. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Depreciation is calculated using the straight-line method with estimated useful lives of 50 years for buildings, and 5 to 50 years for furnishings and equipment, other improvements, and miscellaneous fixed assets.

Following is a summary of changes in the Fixed Assets for Fiscal Year 2001:

Assets	Beginning Balance	Net Change	Ending Balance
Improvements Other Than Buildings	\$492,583	\$ 16,820	\$ 509,403
Furnishings & Equipment	1,471,884	474,611	1,946,495
Accumulated Depreciation	(326,074)	(273,686)	(599,760)
Total	\$1,638,393	\$217,745	\$1,856,138

H. Financial Statement Formatting

The total columns on the accompanying Financial Statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. The data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Furthermore, this data is not comparable to a consolidation as interfund eliminations have not been made in the aggregation of this data.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

I. Accounting and Reporting Changes

Net Assets Held in Trust for Pension and Other Benefits at July 1, 2000, have been restated as follows:

	Net Assets At July 1, 2000 As Previously Reported	Prior Period Adjustments	Net Assets As Restated July 1, 2000
Deferred Compensation	\$1,485,951,123	\$106,063,329	\$1,592,014,452

Changes Affecting Net Assets: DRS recorded a prior period adjustment in the deferred compensation expendable trust fund. The adjustment to net appreciation (depreciation) in fair value of investments of \$106,063,329 increases beginning fund balance to the proper level.

Required Supplementary Information

Schedule of Funding Progress: PERS Plan 1

The following schedule covers the calendar years 2000-1995.

	(dollars in millions)					
	2000	1999	1998	1997	1996	1995
Actuarial Valuation Date	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96	12/31/95
Actuarial Value of Plan Assets	\$11,111	\$10,456	\$9,219	\$8,211	\$7,197	\$6,440
Actuarial Accrued Liability	\$11,695	\$11,636	\$11,227	\$10,817	\$10,339	\$9,918
Unfunded Actuarial Liability	\$584	\$1,180	\$2,008	\$2,606	\$3,142	\$3,478
Percentage Funded	95%	90%	82%	76%	70%	65%
Covered Payroll	\$1,132	\$1,184	\$1,233	\$1,271	\$1,308	\$1,324
Unfunded Actuarial Liability as a Percentage of Covered Payroll	52%	100%	163%	205%	240%	263%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

The following schedule covers the fiscal years ended 2000-1995.

	(dollars in millions)					
	2000	1999	1998	1997	1996	1995
Actuarial Valuation Date	6/30/00	6/30/99	6/30/98	6/30/97	6/30/96	6/30/95
Actuarial Value of Plan Assets	\$9,372	\$8,696	\$7,819	\$6,844	\$5,924	**
Actuarial Accrued Liability	\$9,566	\$9,529	\$9,354	\$9,044	\$8,796	**
Unfunded Actuarial Liability	\$194	\$833	\$1,535	\$2,200	\$2,872	**
Percentage Funded	98%	91%	84%	76%	67%	**
Covered Payroll	\$957	\$984	\$1,046	\$1,083	\$1,128	**
Unfunded Actuarial Liability as a Percentage of Covered Payroll	20%	85%	147%	203%	255%	**

** Data not available

Source: Washington State Office of the State Actuary

Note on PERS Plan 2, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2 and WSPRS: These plans use the aggregate actuarial cost method which does not identify or separately amortize unfunded actuarial liabilities, therefore schedules of funding progress are not presented for these plans.

Schedule of Funding Progress: LEOFF Plan 1

The following schedule covers the calendar years 2000-1995.

	(dollars in millions)					
	2000	1999	1998	1997	1996	1995
Actuarial Valuation Date	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96	12/31/95
Actuarial Value of Plan Assets	\$5,440	\$5,150	\$4,568	\$4,087	\$3,594	**
Actuarial Accrued Liability	\$4,002	\$4,125	\$3,906	\$3,767	\$4,006	**
Unfunded Actuarial Liability	\$(1,438)	\$(1,025)	\$(662)	\$(320)	\$412	**
Percentage Funded	136%	125%	117%	108%	90%	**
Covered Payroll	\$95	\$106	\$117	\$128	\$137	**
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(1,513)%	(966)%	(566)%	(250)%	301%	**

** Data not available

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

The following schedule covers the calendar years 2000-1995.

	(dollars in millions)					
	2000	1999	1998	1997	1996	1995
Actuarial Valuation Date	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96	12/31/95
Actuarial Value of Plan Assets	\$10	\$9	\$8	\$5	\$4	**
Actuarial Accrued Liability	\$93	\$94	\$97	\$95	\$92	**
Unfunded Actuarial Liability	\$83	\$85	\$89	\$90	\$88	**
Percentage Funded	11%	10%	8%	5%	4%	**
Covered Payroll	\$4	\$4	\$4	\$4	\$5	**
Unfunded Actuarial Liability as a Percentage of Covered Payroll	2,075%	2,125%	2,225%	2,250%	1,760%	**

**Data not available

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

The following schedule covers the calendar years 2000-1995.

	(dollars in millions)					
	2000	1999	1998	1997	1996	1995
Actuarial Valuation Date	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96	12/31/95
Actuarial Value of Plan Assets	\$5	\$4	\$4	\$4	\$3	**
Actuarial Accrued Liability	\$6	\$6	\$7	\$7	\$7	**
Unfunded Actuarial Liability	\$1	\$2	\$3	\$3	\$4	**
Percentage Funded	83%	67%	57%	57%	43%	**
Covered Payroll	\$0.1	\$0.1	\$0.1	\$0.2	\$0.4	**
Unfunded Actuarial Liability as a Percentage of Covered Payroll	1,000%	2,000%	3,000%	1,500%	1,000%	**

** Data not available

Source: Washington State Office of the State Actuary

Schedule of Contributions from Employers and Other Contributing Entities

The following schedule covers the fiscal years ended 2001-1996.

	(dollars in millions)											
	Annual Required Contribution						Percentage Contributed					
	2001	2000	1999	1998	1997	1996	2001	2000	1999	1998	1997	1996
PERS Plan 1	\$118.8	\$199.2	\$237.6	\$287.2	\$355.0	\$372.0	153%	101%	99%	79%	58%	54%
PERS Plan 2	55.6	103.6	86.6	106.3	185.0	195.0	207%	98%	275%	210%	121%	100%
SERS Plan 2/3*	6.7	--	--	--	--	--	297%	--	--	--	--	--
TRS Plan 1	90.6	176.1	209.7	269.7	338.0	355.0	156%	104%	106%	78%	62%	63%
TRS Plan 2/3	40.4	56.2	45.9	59.8	82.0	79.0	172%	134%	218%	177%	126%	100%
LEOFF Plan 1	(100.5)	(59.8)	(26.8)	4.4	75.2	**	--	(11)%	(209)%	1,318%	100%	**
LEOFF Plan 2	33.8	44.9	37.2	37.5	46.8	**	155%	96%	152%	137%	99%	**
WSPRS	(11.9)	(11.4)	(6.7)	3.9	0.5	**	--	--	(88)%	154%	1,360%	**
JRS	13.3	12.5	12.2	11.6	12.7	**	55%	58%	72%	76%	54%	**
Judges	0.2	0.3	0.3	0.4	0.4	**	400%	267%	267%	200%	200%	**

*SERS Plan 2/3 became effective on September 1, 2000.

**Data not available

Source: Washington State Office of the State Actuary

Notes to the Required Supplementary Information Defined Benefit Pension Plans For the Year Ended June 30, 2001

The information presented in the required supplementary information was determined as part of the actuarial valuations at the dates indicated below. Additional information as of the latest valuation follows.

	PERS Plan 1	PERS Plan 2	SERS Plan 2/3	TRS Plan 1
Valuation - date	12/31/00	12/31/00	12/31/00	6/30/00
Actuarial cost method	entry age	aggregate**	aggregate**	entry age
Amortization method				
Funding	level %	n/a	n/a	level %
GASB	level \$	n/a	n/a	level \$
Remaining amortization period (closed)	6/30/24	n/a	n/a	6/30/24
Asset valuation method	4-year smoothed fair value	4-year smoothed fair value	4-year smoothed fair value	4-year smoothed fair value
Actuarial assumptions				
Investment rate of return	8.00%	8.00%	8.00%	8.00%
Projected salary increases (5)	(1)	(1)	(1)	(2)
Includes inflation at Cost of Living Adjustments	3.50%* Uniform COLA* Gainsharing COLA*	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%	3.50%* Uniform COLA* Gainsharing COLA*

Significant Assumptions:

- (1) 4.7% for the first year grading to zero with 17 years of service
- (2) 5.0% for the first year grading to 1.5% with 15 years of service and .5% thereafter
- (3) 9.0% for the first year grading to .6% with 18 years of service and .5% thereafter
- (4) 6.0% followed by a non-monotonic decrease to zero after 7 years of service
- (5) 4.5% salary inflation

* Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Uniform COLA increase is added every July. On 7/1/1999 it was \$0.77 per year of service. The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved. In 1998 it was \$0.11. On 1/1/2000 it was \$0.28 per year of service. The next Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%. On 7/1/2000 it is $(\$0.77 + \$0.28) \times 1.03 = \$1.08$. On 7/1/2001 it is $(\$1.08 + \$0.00) \times 1.03 = \$1.11$.

** The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities.

*** "Pay As You Go" for funding

Source: Washington State Office of the State Actuary

TRS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2	WSPRS	Judicial	Judges
6/30/00	12/31/00	12/31/00	12/31/00	12/31/00	12/31/00
aggregate**	entry age	aggregate**	aggregate**	entry age***	entry age***
n/a	level %	n/a	n/a	n/a	n/a
n/a	level \$	n/a	n/a	level \$	level \$
n/a	6/30/24	n/a	n/a	12/31/08	12/31/08
4-year smoothed fair value	4-year smoothed fair value	4-year smoothed fair value	4-year smoothed fair value	market	market
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
(2)	(3)	(3)	(4)	4.50%	4.50%
3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
CPI increase, maximum 3%	CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	3.00%	none

Supporting Schedules

Schedule of Administrative Expenses
For the Years Ended June 30, 2001 and 2000

	Pension	Deferred	Dependent Care	Totals		
	Trust Funds	Compensation Expendable Trust	Administrative Revenue Fund	Special Fund	June 30, 2001	June 30, 2000
Current						
Personnel:						
Salaries and Wages	\$ 10,087,065	5,790,388	\$82,662		\$10,960,115	\$9,863,699
Employee Benefits	2,476,603	201,314	19,508		2,697,425	2,355,118
Personal Service Contracts	1,273,229	550,440	--		1,823,669	1,133,276
Total Personnel Expenses	13,836,897	1,542,142	102,170		15,481,209	13,352,093
Goods and Services:						
Supplies and Materials	61,136	4,878	462		66,476	51,328
Communications	843,911	28,861	945		873,717	565,944
Utilities	85,107	5,611	701		91,419	81,151
Rental and Leases	904,790	67,799	8,466		981,055	891,175
Repairs and Alterations	35,321	250	20		35,591	146,443
Printing and Reproduction	487,111	34,963	19,657		541,731	437,216
Employee Professional Development and Training	185,822	5,327	210		191,359	67,693
Subscriptions	23,584	5,225	512		29,321	9,999
Facilities and Services	248,222	67,708	10,105		326,035	360,170
Data Processing Services	2,313,910	364,589	16,679		2,695,178	2,544,598
Attorney General Services	129,534	35,110	6,595		171,239	167,886
Personnel Services	43,467	3,821	478		47,766	50,535
Medical Consultant Services	82,991	--	--		82,991	68,803
Insurance	131,304	2,471	309		134,084	30,804
Other Contractual Services	3,777,461	95,127	2,673		3,875,261	1,770,292
Vehicle Maintenance	5,578	1,272	97		6,947	3,858
Actuary Services	988,135	--	--		988,135	925,778
Pension Funding Council Services	54,575	--	--		54,575	9,970
Audit Services	140,545	12,355	1,544		154,444	145,970
Archives and Records Management	29,886	14,607	249		44,742	58,920
Legal Fees	1,335,146	--	--		1,335,146	1,464,073
Bad Debts Expense	15	--	--		15	--
Fraudulent Collections	96,010	--	--		96,010	96,223
OWMBE Services	1,771	155	20		1,946	1,946
Other Goods and Services	24,186	634	--		24,820	26,759
Total Goods and Services	12,029,518	750,763	69,722		12,850,003	9,977,534
Miscellaneous Expenses:						
Travel	110,222	19,027	1,726		130,975	92,936
Noncapitalized Equipment	1,761,430	41,501	1,559		1,804,490	423,062
Grants, Benefits, and Client Services	11,083	--	--		11,083	7,609
Total Miscellaneous Expenses	1,882,735	60,528	3,285		1,946,548	523,607
Total Current Expenses	27,749,150	2,353,433	175,177		30,277,760	23,853,234
Capital Outlays:						
Furnishings and Equipment	477,928	34,263	3,807		515,998	876,309
Improvements Other than Buildings	16,820	--	--		16,820	39,879
Total Capital Outlays	494,748	34,263	3,807		532,818	916,188
Depreciation - Fixed Assets	599,760	--	--		599,760	326,074
Total Administrative Expenses	\$28,843,658	\$2,387,696	\$178,984		\$31,410,338	\$25,095,496

Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2001

	Investment Management Expense
Public Equity Securities	
Passive Equity Managers	\$ 466,945
International Active Equity Managers	13,147,438
International Passive Equity Managers	303,066
Total Public Equity Securities	<u>13,917,449</u>
Fixed Income Securities	
Commercial Mortgages	1,001,319
Total Fixed Income Securities	<u>1,001,319</u>
Alternative Investments	
Private Equity	11,712,617
Total Alternative Investments	<u>11,712,617</u>
Other Expenses	
Consultants and Advisors	3,879,168
Custodians	961,174
Legal Fees	256,298
Securities Lending Fees	11,172,496
Securities Lending Broker Rebates Paid	101,452,471
WSIB Operating Costs	4,459,118
SERS 3 Management Fees	67,524
TRS Plan 3 Management Fees	1,420,756
OST Operating Costs	307,853
Total Other Expenses	<u>123,976,858</u>
Total Investment Expenses	<u>\$150,608,243</u>

**Schedule of Payments to Consultants
For the Year Ended June 30, 2001**

	Commission/Fee
Communications	
Daniels Brown Communications Inc.	\$ 14,047
Educational Technologies Inc.	258,705
Total Communications	272,752
 Computer/Technology	
Aetea Information Technology Inc.	46,600
Ajilon	271,240
Brewer Consulting Service	10,000
Daniels Consulting Co.	573,934
Martin Analysis & Programming Inc.	159,439
Milestone Technology Inc.	232,520
Northwest Management Consultants	128,728
Praxis Northwest, LLC	120,233
Programming and Consulting Services Inc.	73,088
Sierra Systems	137,438
Smith McCann Computer Resources	380,850
Total Computer/Technology	2,134,070
 Management	
Case Associates Inc.	8,560
Cost Effective Measurement	25,000
DHK Associates	8,965
William M. Mercer Inc.	113,519
Total Management	156,044
 Recordkeeping	
ICMA Retirement Corporation	690,359
Total Recordkeeping	690,359
Total Payments to Consultants	\$ 3,253,225

For fees paid to investment professionals, refer to the Investment section of this report.

Statement of Changes in Assets and Liabilities
Dependent Care Agency Fund
For the Year Ended June 30, 2001

	Balance 07/01/00	Additions	Deductions	Balance 06/30/01
ASSETS				
Cash and Pooled Investments	\$385,094	\$ 5,042,026	\$ 5,026,739	\$400,381
Total Assets	<u>\$385,094</u>	<u>\$ 5,042,026</u>	<u>\$ 5,026,739</u>	<u>\$400,381</u>
LIABILITIES				
Accounts Payable	\$ 208	\$ 5,019,463	\$ 5,019,671	\$ --
Other Short-Term Liabilities	384,886	5,042,026	5,026,531	400,381
Total Liabilities	<u>\$385,094</u>	<u>\$10,061,489</u>	<u>\$10,046,202</u>	<u>\$400,381</u>



Investment Section

Report On Investment Activity Prepared by the Washington State Investment Board

Overview

The State Investment Board (SIB) manages retirement fund assets to maximize return at a prudent level of risk (chapter 43.33A.110 RCW). Investment decisions are made within the framework of a Strategic Asset Allocation Policy, and a series of written Board-adopted investment policies for the various asset classes in which SIB invests.

The Retirement Funds, collectively called the Commingled Trust Fund (CTF), decreased in value by \$3.66 billion during fiscal 2001 to \$42.9 billion. The CTF return was (5.96) percent for the fiscal year.

Performance

The chart below shows the returns for the CTF on a total fund basis, as well as by asset class. Appropriate benchmark returns are provided for comparison purposes.

Performance as of 6/30/2001

	1 Year	3 Year	5 Year
TOTAL FUND	(5.96)	6.23	11.08
TUCS Public Fund			
> \$1B Median	(6.35)	4.67	10.26
U.S. Equity	(14.48)	4.29	13.34
Wilshire 5000	(15.32)	3.51	13.07
Non-U.S. Equity	(21.58)	1.89	2.36
MSCI ACWI Free Ex. U.S.	(23.81)	(0.48)	2.67
Fixed Income	12.41	6.45	7.74
Lehman Aggregate	11.23	6.25	7.48
Liquidity	0.95	4.11	4.72
90 Day T-Bills	5.89	5.34	5.40
Real Estate	13.31	11.10	17.43
NCREIF	11.15	11.85	12.74
Private Equity	(6.90)	10.93	18.30

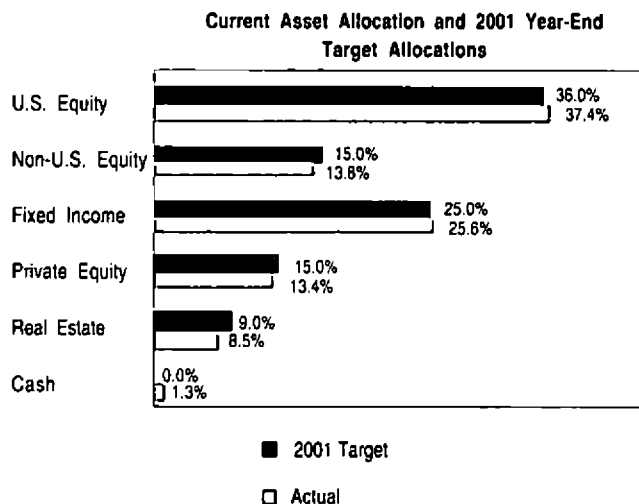
Performance information is compiled by the custodian, State Street Bank and Trust. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value using the Association for Investment Management and Research (AIMR) Standards.

Asset Allocation

Investment performance is a result of two primary factors: individual asset selection and the allocation of the portfolio among asset classes (e.g. stocks, fixed income, real estate). Studies suggest that more than 90 percent of investment performance can be explained by asset allocation decision.

Accordingly, the Board sets a specific long-term target asset mix and adopts tight ranges around those targets to control the overall risk and return of the CTF. On a daily basis, the Board reviews the asset allocation in relation to the established ranges. The staff shifts assets whenever the allocation range for an asset exceeds the approved range or when cash is needed elsewhere. The Board reviews changes to the overall asset mix every three to four years.

The chart below shows the CTF's asset allocation as of June 30, 2001, as well as the 2001 year-end target allocations.



U.S. Equity

The U.S. Equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the Wilshire 5000 Index. The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents more than 6,000 companies. The portfolio is managed externally using a passive management strategy, that closely tracks the index.

Retirement Fund's Ten Largest U.S. Equity Holdings as of 6/30/2001

General Electric Co.	3.5%	AOL Time Warner Inc.	1.7%
Microsoft Corp.	2.8%	Wal-Mart Stores Inc.	1.6%
Exxon Corp.	2.2%	American Intl Group	1.4%
Citigroup Inc.	1.9%	Intel Corp.	1.4%
Pfizer Inc.	1.8%	Intl Business Machines	1.4%

Non-U.S. Equity

About 90 percent of the non-U.S. equity portfolio is invested in the developed markets with the remaining portion invested in the emerging markets. Portfolios are managed by external managers employing a combination of both active and passive management strategies.

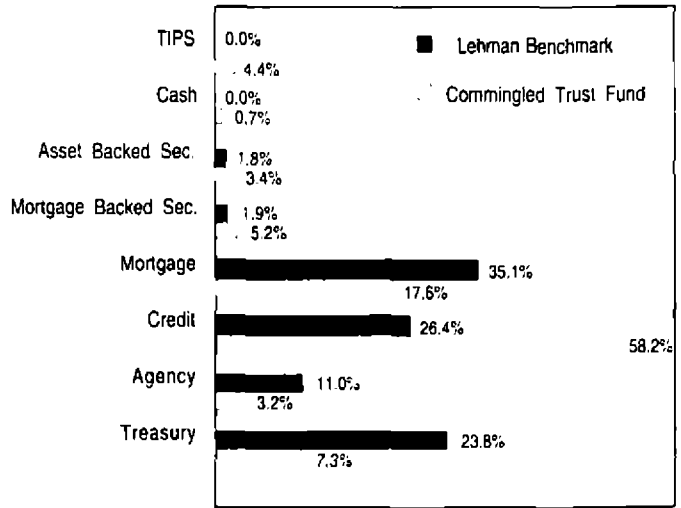
Retirement Fund's Ten Largest Country Holdings as of 6/30/2001

United Kingdom	21.8%	Netherlands	5.2%
Japan	15.6%	Australia	3.8%
France	8.0%	Italy	3.0%
Germany	6.4%	Canada	2.9%
Switzerland	5.5%	Spain	2.9%

Fixed Income

The Fixed Income portfolio is internally managed by SIB staff with the Lehman Aggregate Bond Index as the performance benchmark. The management strategy is primarily one of sector selection. The portfolio is structured to be over- or under-weighted relative to the index's major sectors: treasuries, agencies, corporates, mortgage backed securities and asset backed securities. The duration of the portfolio is slightly over four percent longer than that of the Lehman Aggregate Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2001



Private Equity

The private equity portfolio, originated in 1981, is primarily invested in partnerships that acquire or create ongoing businesses or operating companies. The SIB has investments in all stages of the business life cycle, from private start-up technology companies to large multinational public concerns. These are long-term investments, typically ten to twelve years in life. They are expected to generate investment return well in excess of public equity securities. Approximately 11 percent of this portfolio is invested in international private equity, primarily in Europe.

Real Estate

The Real Estate portfolio is invested in a diversified group of properties including office buildings, retail facilities, apartments, warehouses and specialty properties. The majority of these investments have been made in partnerships with operating management groups. The SIB invests in real estate both in the United States and internationally.

Portfolio Holdings

A complete list of portfolio holdings is available by contacting:

Washington State Investment Board
 2424 Heritage Court SW
 P.O. Box 40916
 Olympia WA 98504-0916

(360) 664-8900

Summary of Investment Policies

The State Investment Board (SIB) has been authorized by statute as having the investment management responsibility for the pension funds. The SIB manages retirement fund assets to maximize return at a prudent level of risk (RCW 43.33A.110).

Retirement Fund Asset Allocation

SIB establishes asset allocation targets that must be considered at all times when making investment decisions. The asset mix may deviate from the target. Deviations greater than predetermined acceptable levels require rebalancing back to the target. When an asset class exceeds its range, the goal of rebalancing will be to meet the target allocation within consideration of the other remaining asset classes.

Retirement funds are invested in the Commingled Trust Funds (CTF). The CTF's performance benchmark objective is to exceed the return of a policy benchmark consisting of public market indices weighted according to asset allocation targets. The asset allocation for the CTF is formally reviewed every three or four years. SIB reviews the asset allocation in relation to the established ranges on a monthly basis.

Public Market Equity

The Public Markets equity program seeks to:

- Achieve the highest return possible consistent with the desire to control asset volatility;
- Ensure protection for long-term liabilities, since shorter term liabilities are more suitably protected by lower volatility instruments such as fixed income securities; and
- Provide diversification to the SIB's overall investment program.

The public markets equity portion of the retirement fund includes strategies in the U.S., developed international, and emerging markets. Since the U.S. equity markets are generally efficient, the domestic equity portfolio is entirely (100 percent) passively managed. Over time, the domestic equity portfolio

should closely track the return of a broad U.S. market benchmark, such as the Wilshire 5000 Index. Non-U.S. markets are generally less efficient than the U.S. market; therefore, more active management will be included in the approach taken with international markets. The weightings of the elements of the developed markets and emerging markets of the non-U.S. equity program will be similar to the weightings of the MSCI All Country World Free ex. U.S. index (ASWI Free ex. U.S.). The ACWI Free ex. U.S. will also serve as the benchmark for the SIB's entire non-U.S. program.

Fixed Income

The SIB's fixed income investments are to be actively managed to exceed the return of the Lehman Aggregate Bond Index, with volatility similar to or less than the index. Below investment-grade securities can be used opportunistically to add value to the portfolio return. The portfolio constraints are that no corporate fixed income issue shall exceed 3% of cost or 6% of market value of the fund, and no high yield issuer shall exceed 1% of cost or 2% of market value of the fund.

Permissible fixed income market segments include: U.S. Treasuries and Government Agencies, Investment Grade Credit Bonds, High Yield Bonds, Publicly traded Mortgage Backed Securities, Privately Placed Mortgages, Private Placements of corporate debt, Asset Backed Securities, Convertible Securities, Non-Dollar Bonds; and, Washington State Housing Finance Commission (HFC) taxable municipal bonds up to a total of \$25 million with a maximum of \$10 million per year. Other fixed income segments and instruments may be added from time to time as they are developed or deemed appropriate.

Private Equity Investing

The SIB can invest in any appropriate private equity investment opportunity which has the potential for returns superior to traditional investment opportunities and which is not prohibited by the SIB's policies or by law. As previously indicated, these investment types are divided into venture capital

investments, corporate restructuring (including leveraged, management and employee buyouts), distressed debt, and special situation investments. Private equity investments can be made through either limited partnership or direct investment vehicles.

To meet the return and plan objectives, the private equity portfolio has diversified investments in companies in a variety of stages of growth. The portfolio also includes a broad cross-section of opportunities in different industries, and geographic regions. The private equity investment portfolio is also designed to seek a spectrum of investment and maturity dates.

Real Estate Program

The WSIB's real estate program is an externally managed pool of select partnership investments, intended to provide alternative portfolio characteristics when compared to traditional stock and bond investments. The majority of the WSIB's partnerships invest in institutional-quality real estate assets that are leased to third parties. The combination of income generated from bond-like lease payments, coupled with the hard asset qualities of commercial real estate, combine to generate returns that are expected to fall between the return expectations for fixed income and equities. The real estate portfolio is managed to deliver risk-adjusted returns that are consistent with the Board's long term return expectations for

the asset class. The WSIB's real estate partnerships typically invest in private real estate assets that are held for long term income and appreciation. Many of the WSIB's investment partnerships do not involve co-investment with other financial entities, thereby providing the WSIB with control provisions related to liquidation, acquisition, and ongoing operational decisions like annual capital expenditures.

Volatility within the real estate portfolio is minimized through a combination of factors. First, the majority of the WSIB's partners own commercial real estate assets in a private investment form which are not subject to public market volatility. Second, real estate capital is diversified among a host of partners with varying investment styles. Third, partnership assets are invested in numerous economic regions, including international markets, and in various property types. Fourth, WSIB partners invest at different points within the asset's capital structure and life cycle.

Each year the WSIB reviews market conditions and makes adjustments to its investment strategy. This strategy establishes funding and return objectives for the real estate program for the ensuing planning period. The current plan calls for a target benchmark of one to three percent above the NCREIF index.

**Schedule of Investment Management Fees and Commissions
For the Year Ended June 30, 2001**

	Assets Under Management	Total Fees and Commissions Expenses at 6/30/01
Public Equity Securities:		
Passive Equity Managers	\$16,028,049,235	\$466,945
International Active Equity Managers	2,097,483,785	13,147,438
International Passive Equity Managers	3,244,612,139	303,066
Fixed Income Securities:		
Commercial Mortgages	952,107,691	1,001,319
Alternative Investments:		
Private Equity	5,972,321,265	11,712,617
Real Estate	2,470,858,237	--
Other Fees:		
Consultants and Advisors	--	3,879,168
Custodians	--	961,174
Legal Fees	--	256,298
Securities Lending Fees	--	11,172,496
Securities Lending Broker Rebates Paid	--	101,452,471
WSIB Operating Costs	--	4,459,118
OST Operating Costs	--	307,853
SERS 3 Management Fees	140,984,286	67,524
TRS 3 Management Fees	<u>813,522,933</u>	<u>1,420,756</u>
Total	<u>\$31,719,939,571</u>	<u>\$150,608,243</u>

Source: Washington State Investment Board

Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
AB Asesores	\$ 6,864,272	492,108	\$ 40,940	\$0.08	\$ --	\$ --
ABD Securities	5,291,445	172,936	7,617	0.04	--	--
ABG	8,907,570	618,739	25,714	0.04	--	--
ABN Amro Bank NV	14,271,175	1,574,225	23,369	0.01	--	--
ABN Amro E	3,324,565	961,818	7,241	0.01	--	--
ABN Amro Securities	123,312,853	10,016,250	311,166	0.03	--	--
Acciones Y Valores	2,271,276	1,349,493	7,039	0.01	--	--
Ahorro Corporation Financiera	4,604,753	304,646	13,801	0.05	--	--
Alex Brown Realty Inc.	126,297	57,845	251	--	--	--
Alpha Management	92,986,158	4,470,832	175,316	0.04	--	--
Alpha Securities	686,887	18,750	744	0.04	--	--
Amandon Corporation	15,298,511	986,951	33,526	0.03	--	--
Arnhold	6,218,149	392,746	4,584	0.01	--	--
Auerbach Grayson	10,279,556	808,889	26,523	0.03	--	--
BA Securities Inc.	--	--	--	--	4,289,658	--
Banc of Am Securities L.L.C.	6,415,827	143,362	2,943	0.02	5,966,166	--
Bancoboston Robertson Stephens	50,892,327	1,244,473	4,352	--	--	--
Banco Bilbao Viscaya	3,592,066	230,880	9,302	0.04	--	--
Banco Comercial	308,924	30,518	924	0.03	--	--
Banco Santander de Negocios	59,079	24,434	206	0.01	--	--
Bank Al Jazira	719,710	1,247	1,507	1.21	--	--
Bank Am Bellevue Zurich	77,873	30	167	5.57	--	--
Bank America	--	--	--	--	10,399,052	--
Bank J. Vontobel	19,243,020	53,318	57,627	1.08	--	--
Bank Julius	26,069,204	337,950	62,189	0.18	--	--
Bank of America	7,189,009	334,917	961	--	73,849,575	--
Bank of New York	2,670,039	70,810	6,595	0.09	--	--
Banque Paribas	3,201,556	47,739	8,652	0.18	--	--
Barclays American Corporation	--	--	--	--	8,467,752	--
Barclays Bank	--	--	--	--	164,787,504	--
Barclays Capital Inc.	--	--	--	--	232,552,791	--
Baring Securities	16,357,125	2,690,232	33,958	0.01	--	--
Barnard JA	1,771,360	98,037	3,518	0.04	--	--
Bayer Hypo	470,862	9,571	1,127	0.12	--	--
BBV Interactivos SVB	973,068	54,254	2,913	0.05	--	--
BBV Securities Inc.	7,981,222	489,885	20,932	0.04	--	--
Bear, Stearns & Co.	48,518,864	3,058,785	92,316	0.03	938,547,603	--
Bernstein Sanford	9,495,158	486,983	15,252	0.03	--	--
Bestinver S.A. S.V.B	1,496,062	89,759	4,487	0.05	--	--
BHF Securities	4,995,564	319,842	7,008	0.02	--	--
BNP Securities	661,958	39,793	2,633	0.07	--	--
BNY ESI & Co. - Alpha Division	25,205,954	647,152	30,648	0.05	--	--
Bodell Overcash Anderson	473,607	11,070	554	0.05	--	--
Bridge Trading Co.	1,096,729	19,647	982	0.05	--	--
Brockhouse & Cooper	8,790,934	1,029,947	17,876	0.02	--	--
Brown (Alex) & Sons Inc.	5,610,185	237,662	11,698	0.05	--	--
Brown Brothers Hariman	910,083	30,119	1,807	0.06	--	--
BSN Sciedad Devalores	1,325,017	83,551	1,985	0.02	--	--

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001 (continued)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
Bunting Warburg Inc.	\$ 8,218,602	287,030	\$ 11,258	\$ 0.04	\$ --	\$ --
Bunting Warvurger Securities	9,461,809	533,468	28,648	0.05	--	--
Burns Fry & Timmins	8,266,887	264,473	12,676	0.05	--	--
C.S.F.B.	4,508,170	234,069	9,015	0.04	82,117,537	--
Caboto	7,731,272	1,939,594	19,329	0.01	--	--
Canadian I	13,642,158	484,308	18,200	0.04	--	--
Cantor Fitzgerald	9,558,069	611,495	1,504	--	--	--
Capel, James	3,353,752	109,047	3,362	0.03	--	--
Carnegie	19,324,939	819,979	60,295	0.07	--	--
Carnegie Fondkominion	6,921,056	460,065	20,763	0.05	--	--
Carroll McEntee & MCG	1,124,906	67,419	5,597	0.08	--	--
Cazenove & Co.	5,856,234	1,145,629	12,699	0.01	--	--
CCF Paris	1,025,884	13,663	2,558	0.19	--	--
Charterhouse Tilney	6,275,325	622,445	12,932	0.02	--	--
Chase Bank	--	--	--	--	5,889,825	--
Chase Manhattan Bank	--	--	--	--	27,837,781	--
Chase Securities Inc.	--	--	--	--	64,434,507	--
Cheuvreux	38,558,616	1,074,946	98,116	0.09	--	--
Chevreux de Virieu	671,087	22,540	1,734	0.08	--	--
Chicago Corporation	13,188,614	373,996	10,748	0.03	--	--
CIBC World Markets Corporation	4,143,302	158,066	6,576	0.04	--	--
CIBC/Wood Gundy	4,073,034	147,604	8,822	0.06	--	--
Citation Group	6,745,098	244,344	12,517	0.05	--	--
CL Glazer Inc.	3,444,880	3,720,414	9,797	--	--	--
Commerzbank AG	24,861,897	1,270,268	54,167	0.04	--	--
Concord Securities Group Inc.	493,553	47,373	1,237	0.03	--	--
Countrywide	--	--	--	--	64,498,349	--
County Natwest Securities Corporation U.S.	10,242,760	574,358	6,414	0.01	--	--
Cowen & Co.	18,662,389	557,191	6,707	0.01	--	--
Credit AGR	110,157	3,580	276	0.08	--	--
Credit Lyonnaise	38,612,405	4,888,103	89,961	0.02	--	--
Credit Suisse	14,515,006	1,135,292	41,200	0.04	--	--
Credit Suisse First Boston Ltd.	38,863,910	1,041,227	87,099	0.08	--	--
Creditanstalt Bank	1,071,401	24,900	2,638	0.11	--	--
CS First Boston	--	--	--	--	209,997,304	--
Daewoo Securities	352,991	1,027	936	0.91	--	--
Daiwa Securities America	49,309,590	4,992,699	98,569	0.02	--	--
Davy Stockbrokers	603,034	71,009	1,511	0.02	--	--
Den Danske	2,723,403	43,483	6,826	0.16	--	--
Deutsche	--	--	--	--	99,325,652	--
Deutsche Bank AG/London	9,408,214	283,210	31,999	0.11	--	--
Deutsche Bank Capital	10,108,176	1,584,173	22,260	0.01	--	--
Deutsche Bank Govt. Securities Inc.	104,197,147	8,550,579	229,810	0.03	--	--
Deutsche Bank Securities	79,344,521	9,899,091	154,667	0.02	--	--
Deutsche M	2,988,550	371,433	6,393	0.02	--	--
Deutsche Morgan Greinfell	3,700,772	193,481	14,701	0.08	--	--
Deutsche Securities	1,390,678	223,989	4,322	0.02	--	--
Donaldson Lufkin Jenrette	3,906,101	169,957	1,124	0.01	--	--
Dresdner Bank	1,466,941	205,090	2,937	0.01	--	--

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001 (continued)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
Dresdner K	\$69,979,554	7,372,566	\$ 161,288	\$0.02	\$ --	\$ --
Dresdner Securities (U.S.A) Inc.	112,124	598	338	0.56	--	--
Econo Trading	68,426	3,391	152	0.04	--	--
EIFB Paris	34,884	1,007	87	0.09	--	--
Enskilda Securities	4,309,574	160,370	11,998	0.07	--	--
Ernst & Co.	4,685,095	141,620	7,205	0.05	--	--
Euromobiliare	7,519,939	2,223,632	19,775	0.01	--	--
Exane	16,806,073	292,444	49,759	0.17	--	--
Execution Services Inc.	1,801,316	87,266	4,363	0.05	--	--
Factset Data	453,227	45,548	1,132	0.02	--	--
Fechlor	1,357,012	31,316	1,566	0.05	--	--
First Boston Corp.	199,170,333	13,272,728	382,580	0.03	13,786,546	--
First Ener	411,921	16,556	646	0.04	--	--
First Union Capital Markets	--	--	--	--	36,226,365	--
Fleming (Robert) Inc.	9,720,671	824,487	12,892	0.02	--	--
Fortis Ban	14,619,478	386,005	36,638	0.09	--	--
Fortis Investment	670,480	15,259	1,680	0.11	--	--
Fox Pitt Kelton Inc.	18,253,529	1,121,561	42,896	0.04	--	--
Frank Russell	503,659	13,145	1,256	0.10	--	--
G-Trade SE	19,335,664	1,185,737	19,328	0.02	--	--
General Motors Acceptance Corporation	--	--	--	--	8,654,627	--
Goepel McDermid	335,715	21,742	884	0.04	--	--
Goepel Shields & Partners	762,646	33,710	1,408	0.04	--	--
Goldman, Sachs & Co.	698,246,360	42,762,818	1,090,260	0.03	193,880,627	--
Goodbody Stockbrokers	209,237	18,650	414	0.02	--	--
Greenwich Capital	--	--	--	--	52,124,195	--
Griffiths McBurney	8,094,176	305,779	14,866	0.05	--	--
Hambrecht & Quist	13,939,585	433,536	179	--	--	--
HSBC Investment Bank PLC	564,235	1,944,082	1,684	--	21,661,225	--
HSBC Securities Inc.	106,103,819	16,493,068	242,373	0.01	--	--
IBJ International Ltd.	442,235	498,662	1,322	--	--	--
ING Bank Brazil	905,484	13,863	562	0.04	--	--
ING Baring	2,795,810	244,956	4,669	0.02	--	--
ING Securities	1,448,842	83,975	2,897	0.03	--	--
Instinet	25,294,109	1,412,330	39,626	0.03	--	--
Interbiliare Securities	20,100,582	2,746,678	60,189	0.02	--	--
Intermonte	29,690,294	4,627,450	86,106	0.02	--	--
Investment Technology Corporation	2,481,450	283,549	2,535	0.01	--	--
ITG - Posit	1,063,767	59,540	220	--	--	--
ITG Inc.	85,873	23,637	86	--	--	--
J Cheuvreux	201,716	6,383	603	0.09	--	--
J.B. Were & Son	13,755,527	4,103,753	54,453	0.01	--	--
J.P. Morgan & Co.	72,233,329	3,375,770	130,864	0.04	647,548,776	--
J.P. Morgan Securities Inc.	117,395,681	8,849,738	269,370	0.03	--	--
James Cape	6,056,075	1,406,006	13,871	0.01	--	--
Jardine Fleming	9,730,015	696,897	22,609	0.03	--	--
JCG Securities	791,121	335,101	3,152	0.01	--	--
Jefferies & Co.	5,363,828	245,056	5,427	0.02	--	--
JP Morgan Sterling Securities	1,738,434	80,673	4,237	0.05	--	--
Julius Baer	18,669,824	225,407	46,612	0.21	--	--

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001(continued)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
Kay Hian & Co.	\$1,868,043	1,184,820	\$ 5,610	\$--	\$ --	\$ --
Keijser	3,108,014	92,751	9,352	0.10	--	--
Kellner Dileo & Co.	184,449	2,593	460	0.18	--	--
Kempen & Co.	647,247	25,531	1,614	0.06	--	--
Kleinwort Benson Inc.	56,925,138	2,884,253	144,518	0.05	--	--
Kokusai	1,943,537	106,514	2,917	0.03	--	--
Latinvest	3,706,509	274,164	9,262	0.03	--	--
Lazard Brothers Capital Markets	635,085	10,971	1,584	0.14	--	--
Lazard Freres & Co.	249,773	43,284	1,736	0.04	--	--
Lehman Brothers Inc.	239,061,310	13,168,874	435,966	0.03	517,210,054	--
Lewco Securities Inc.	2,207,010	41,289	2,064	0.05	--	--
Lombard Odier & Cie	4,696,595	19,276	10,724	0.56	--	--
Lonsdale Securities Ltd.	624,224	41,189	2,730	0.07	--	--
Lorraine L. Blair Inc.	108,477,362	4,643,313	188,767	0.04	--	--
M L Stern Inc.	389,139	5,086	254	0.05	--	--
M M Warburg	665,091	14,848	1,592	0.11	--	--
Macquarie Equities	1,251,791	98,336	3,117	0.03	--	--
Maloney & Co.	2,169,371	86,199	4,332	0.05	--	--
Merrill-Performance Measure	195,521,907	11,052,863	294,741	0.03	--	--
Merrill Lynch International	39,252,159	8,820,501	91,249	0.01	--	--
Merrill Lynch, P F & S	467,222,665	33,293,289	961,314	0.03	134,024,587	--
Metzler SE	7,859,147	362,435	20,447	0.06	--	--
Midland	4,368	9,973	15	--	--	--
Mizuho	10,846,301	479,712	21,663	0.05	--	--
Montgomery Securities	7,632,442	180,818	2,952	0.02	--	--
Morgan J P & Co.	9,616,672	236,794	25,638	0.11	41,267,136	--
Morgan Stanley & Co.	378,307,683	29,799,142	761,180	0.03	478,513,877	--
Nationsbank Capital Markets	938,413	80,983	1,598	0.02	--	--
NBC International U.S.A. Limited	42,024	1,795	69	0.04	--	--
NBC Levesque	39,689	1,695	65	0.04	--	--
NCB Stockbrokers	3,554,556	261,189	7,112	0.03	--	--
NCB Trust	128,950	5,685	226	0.04	--	--
Nesbitt Burns	10,311,127	345,273	13,650	0.04	--	--
Neue Zurch	4,091,088	16,576	12,275	0.74	--	--
Nomura Agency PLC	1,092,258	16,655	552	0.03	--	--
Nomura Bank	1,741,801	140,434	3,472	0.02	--	--
Nomura Capital Services	201,535	498,662	603	--	--	--
Nomura Gilts Ltd.	172,384	15,957	344	0.02	--	--
Nomura International Trust Co.	73,942	180,515	221	--	--	--
Nomura Securities	363,140	74,999	646	0.01	--	--
Nomura Securities International	67,687,941	3,403,220	120,264	0.04	--	--
ODDO Finance	20,979,398	414,770	52,456	0.13	--	--
Oppenheim Cologne	363,397	239	1,086	4.54	--	--
Oppenheimer & Co.	9,023,278	246,064	14,493	0.06	--	--
Ord Minnet	3,580,227	1,182,925	17,948	0.02	--	--
Pagel Inc.	423,523	6,283	377	0.06	--	--
Painewebber	7,958,902	312,824	60	--	39,854,588	--
Panmure Gordon	443,820	9,564	1,111	0.12	--	--
Paribas Co.	3,863,701	1,399,344	8,030	0.01	--	--

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001 (continued)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions		Long-Term Volume Transacted	Short-Term Volume Transacted
			Commissions	Per Share		
Peel Hunt & Co. Ltd.	\$9,109,819	1,023,752	\$ 18,164	\$0.02	\$ --	\$ --
Pershing	9,334,231	280,766	17,284	0.06	--	--
Phillips Securities Inc.	51,220	1,247	128	0.10	--	--
Pictet & Co.	25,774,164	59,023	77,312	1.31	--	--
Pictet Overseas Inc.	3,049,820	1,507	9,114	6.05	--	--
Prudential Securities Inc.	2,131,975	51,961	3,118	0.06	--	--
Rabo Securities NV	9,089,020	247,635	22,703	0.09	--	--
RBC Dominion Securities	24,643,465	928,807	35,590	0.04	--	--
Robert Fleming	42,848,435	2,577,098	86,539	0.03	--	--
Robertson Colman & Stephens	1,854,789	43,473	2,174	0.05	--	--
Royal Bank of Canada	4,238,982	108,724	3,957	0.04	--	--
Salomon Brothers	262,600,327	29,185,401	535,104	0.02	373,744,418	--
Salomon, Smith Barney	24,960,559	879,719	25,693	0.03	188,938,538	--
Sanders Morris & Mundy Inc.	581,696	8,078	485	0.06	--	--
SBC Warburg	2,646,278	226,617	7,968	0.04	--	--
Scotia Capital Market	1,928,444	86,169	4,308	0.05	--	--
Scotia McLeod	194,652	7,181	464	0.06	--	--
SG Cowen Securities Corp.	20,655,216	1,288,717	46,556	0.04	--	--
SG Securities	525,956	9,973	1,317	0.13	--	--
SG Warburg	690,564	94,746	1,384	0.01	--	--
Shaw Data	38,750	698	97	0.14	--	--
Shearson Lehman Hutton International	1,377,951	1,965	4,147	2.11	--	--
Skandinaviska Enskilda	10,243,951	368,252	24,478	0.07	--	--
Societe General	7,287,530	149,289	20,277	0.14	--	--
Spear Leeds & Kellogg	9,743,894	531,642	1,209	--	--	--
Sprott Securities Ltd.	627,516	21,442	1,008	0.05	--	--
State Street Bank & Trust	184,249,475	5,810,038	--	--	--	22,690,390
Svenska Handelsbanken	3,774,014	340,436	11,329	0.03	--	--
Swiss Bank	62,741,083	3,508,183	86,783	0.02	--	--
Thamesway Securities	2,009,673	175,750	1,631	0.01	--	--
Thomas Weisel Partners	6,305,855	504,209	9	--	--	--
TIR Securities	2,150,809	40,791	2,442	0.06	--	--
Toronto Dominion Securities Inc.	2,663,773	152,092	5,296	0.03	--	--
Tsubasa SE	1,028,075	120	1,540	12.83	--	--
UBS Phillips & Drew Securities	360,279	34,906	532	0.02	--	--
UBS Securities	29,775,462	3,058,301	69,246	0.02	115,015,495	--
UBS-DB Corporation	41,010,051	2,885,635	92,244	0.03	--	--
US Trust	16,672,196	439,076	5,909	0.01	--	--
USCC/Santander	1,195,239	29,521	1,476	0.05	--	--
Vontobel	2,357,701	21,568	7,054	0.33	--	--
W.I. Carr	1,850,566	111,999	6,801	0.06	--	--
Wagner Stott & Co.	1,577,263	45,977	2,652	0.06	--	--
Warburg Dillon Read L.L.C.	102,260,214	9,429,485	226,305	0.02	149,474,787	--
Warburg S.G.	2,135,513	260,999	4,600	0.02	--	--
Warburg Securities	21,027	997	63	0.06	--	--
Waterhouse Securities Inc.	3,230,899	150,853	2,688	0.02	--	--

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2001 (concluded)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
Weeden & Company	\$3,134,846	77,392	\$ 1,951	\$0.03	\$ --	\$ --
Weiss	8,804,187	146,507	8,790	0.06	--	--
Were Stockbroking Ltd.	7,553,378	1,303,202	30,337	0.02	--	--
West Deutsche Landesbank	15,797,314	882,431	35,132	0.04	--	--
West LB Pamure Ltd.	2,937,933	36,203	7,331	0.20	--	--
West LB Securities	16,967,464	496,785	36,098	0.07	--	--
Wicar	2,768,867	169,645	8,824	0.05	--	--
Wood Gundy & Company	1,513,564	62,033	2,430	0.04	--	--
Wood Gundy, Inc.	342,290	8,577	348	0.04	--	--
Yamatane	693,890	19,946	1,039	0.05	--	--
Yorkton Securities Inc.	930,670	22,839	1,253	0.05	--	--
Zuricher Kantonalbank	835,149	1,346	2,496	1.85	--	--
Total	\$5,360,381,720	386,142,550	\$10,050,570	\$0.03	\$5,004,886,897	\$22,690,390

Source: Washington State Investment Board

Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds

Description	Total Market Value	Percent of Total Market Value
Currencies		
Britain-Pound	\$ 3,125,243	0.01%
E.M.U.-Euro	657,959	--%
Others	4,553,088	0.01%
Total Currencies	<u>8,336,290</u>	<u>0.02%</u>
Money Market Funds		
State Street Bank & Trust Co.	741,237,010	1.57%
Others	96,789,443	0.21%
Total Money Market Funds	<u>838,026,453</u>	<u>1.78%</u>
Government Securities-Domestic		
U.S.A. Treasury Note	212,391,763	0.45%
Others	137,309,660	0.29%
Total Government Securities-Domestic	<u>349,701,423</u>	<u>0.74%</u>
Government Securities-Foreign		
Mexican UTD STS	109,107,148	0.23%
Republic of Argentina	26,179,731	0.06%
Federal Republic of Brazil	17,802,217	0.04%
Republic of Argentina	16,580,497	0.03%
Total Government Securities-Foreign	<u>169,669,593</u>	<u>0.36%</u>
Pass Through Mortgages		
FNGT 2000-T5 B	60,983,095	0.13%
MSDWC 2001-T1 A4	24,920,651	0.05%
PNCMA 2000-C1 A2	15,818,815	0.03%
FHLMC Gold PL C00335	14,942,348	0.03%
GNMA PL 346878	12,308,446	0.03%
PNCMA 2000-C2 A2	10,363,880	0.02%
GNMA PL 364870	10,001,181	0.02%
FGC 90241	9,864,435	0.02%
GNMA PL 370890	8,286,796	0.02%
FGC 90247	8,266,832	0.02%
Others	187,968,070	0.40%
Total Pass Through Mortgages	<u>363,724,549</u>	<u>0.77%</u>
FHA Project/SBA Loans		
Beverly Finance Corp. 144A	10,662,182	0.02%
FHA Project-Reilly Mortgage Group #55	7,070,917	0.01%
GNMA 383716 Lowell Emerson Apt.	4,445,797	0.01%
Foxcroft Apartments	3,438,079	0.01%
Waters Edge Apartments	2,014,456	--%
Mission Towers	1,621,506	--%
The Cottages/Wildwood Apartments	935,053	--%
Sutter Village	800,663	--%
Auburn Villa	751,495	--%
Burien Haus	467,249	--%
Others	217,709	--%
Total FHA Project/SBA Loans	<u>32,425,106</u>	<u>0.05%</u>

**Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds (continued)**

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
FHA/VA Residential		
GNMA Pool 480120	\$ 5,800,809	0.01%
GNMA Pool 458902	5,247,680	0.01%
GNMA Pool 458909	4,108,484	0.01%
GNMA Pool 404208	3,609,566	0.01%
GNMA Pool 463999	3,314,213	0.01%
GNMA Pool 471729	3,285,515	0.01%
GNMA Pool 471774	3,257,077	0.01%
GNMA Pool 471802	2,732,119	--%
GNMA Pool 471803	2,238,020	--%
U.S. Mortgage	10,376	--%
Others	22,028	--%
Total FHA/VA Residential	33,625,887	0.07%
Conventional Commercial Loans		
One California Street Partners	19,014,640	0.04%
Four Points Partners L.L.C.	16,206,500	0.04%
American National Bank TR 60332	14,904,327	0.03%
Caplaco 22 & Diersbergs Macken	14,146,438	0.03%
Panos Properties L.L.C. I	12,401,459	0.03%
East 47th Business Center L.L.C.	11,731,956	0.03%
Panos Enterprises	11,337,994	0.02%
Fulcrum McKinney Plaza Ltd.	11,296,132	0.02%
Summit Reit	10,400,577	0.02%
Cole Taylor Trust #98-8092	10,356,195	0.02%
Others	236,294,339	0.50%
Total Conventional Commercial Loans	368,090,557	0.78%
Conventional Residential Mortgages		
FNMA Pool 252162	28,465,505	0.06%
FN 568468	21,978,879	0.05%
FNMA	21,941,950	0.05%
FNMA Pool 455600	15,185,185	0.03%
FN 568471	10,052,426	0.02%
FNMA	8,129,988	0.02%
FNMA Pool #571021	7,777,892	0.02%
FHLMC Gold 1998 PL C00650	7,063,519	0.01%
FNMA Pool 455819	4,140,501	0.01%
FNMA	3,960,015	0.01%
Others	13,044,019	0.03%
Total Conventional Residential Mortgages	141,739,879	0.31%
Real Estate Loans		
Marvin Garden Apartments	3,430,832	0.01%
Talisman Apts., DBSI Inc.	2,733,238	0.01%
Wilderness West Ltd.	1,560,549	0.01%
L & L Land/Portco	1,529,845	--%
Harbor Club Apartments	1,374,642	--%
Wendover Apartments	1,025,914	--%
Crystal & Sunset House	846,696	--%
Total Real Estate Loans	12,501,716	0.03%

**Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds (continued)**

Description	Total Market Value	Percent of Total Market Value
Collateralized Mortgage Obligations		
MSC 1999 FNV1 A2	\$ 49,524,539	0.11%
GECMS 99-15 L (A25)	48,416,546	0.10%
CCMSC 1999-2 A2	42,795,774	0.09%
SBM7 2000-C1 A2	41,980,545	0.09%
FHLMC 1671 G	41,529,877	0.09%
First Union Lehman Brothers 98-C2 A2	41,311,234	0.09%
Morgan Stanley Cap. I 98-HF1 A2	41,141,449	0.09%
RFMSI 98-S8	38,945,467	0.08%
Com. Mortgage Accept. Corp. 1999-C1 A2	38,176,403	0.08%
NSCOR 1998-33 A5	35,389,761	0.08%
Others	<u>1,375,293,939</u>	<u>2.92%</u>
Total Collateralized Mortgage Obligations	<u>1,794,505,534</u>	<u>3.82%</u>
Commercial Paper		
Commercial Paper	<u>82,544,773</u>	<u>0.18%</u>
Total Commercial Paper	<u>82,544,773</u>	<u>0.18%</u>
Asset Backed Securities		
PNBMT 1997-4 A	36,259,177	0.08%
Equicredit Home Equity 1997-2 A7 ABS	35,475,954	0.08%
Melris Master TR 1997-1 A	25,400,573	0.05%
CIT RV Trust 97-A A7 ABS	24,047,592	0.05%
Union Acceptance Corp. 2000-B CL B	20,444,128	0.04%
Homeq 2001-I AH2	20,045,680	0.04%
Lehman Home Equity Loan TR 98-3 A4 ABS	18,990,020	0.04%
NBCMT 93-2 A	17,354,989	0.04%
Dist Finl Svcs RV TR 99-1 A6	16,397,822	0.03%
CITRV 1999-A A5	15,462,307	0.03%
Others	<u>286,566,592</u>	<u>0.61%</u>
Total Asset Backed Securities	<u>516,444,834</u>	<u>1.09%</u>
Corporate Bonds-Domestic		
Albertson's Inc.	83,561,065	0.18%
Worldcom Inc.	81,261,886	0.17%
Williams Companies	76,820,208	0.16%
AT & T Corporation	76,465,201	0.16%
Deutsche Telecom Fin	65,769,220	0.14%
Goldman Sachs Group	56,128,297	0.12%
Lehman Brothers Holding	54,085,829	0.12%
GMAC	53,404,109	0.11%
Ford Motor Company	52,709,673	0.11%
Midland Bank PLC	52,455,349	0.11%
Others	<u>3,738,973,458</u>	<u>7.94%</u>
Total Corporate Bonds-Domestic	<u>4,391,634,295</u>	<u>9.32%</u>

Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds (continued)


Description	Total Market Value	Percent of Total Market Value
Corporate Bonds-Foreign		
Pemex Finance Ltd. 144A	\$ 53,296,249	0.11%
Telefonica Europe	51,795,387	0.11%
Norsk Hydro A/S	48,807,995	0.10%
Canadian National Railway Co.	46,181,046	0.10%
Kimberly-Clark de Mexico	45,396,253	0.10%
Brazil-C	45,286,691	0.10%
Quebec Province CDA	42,740,431	0.09%
Vodafone Airtouch	41,933,048	0.09%
Pemex Finance Ltd. 144A	39,454,601	0.08%
Potash Corp. Saskatchewan CDA	38,358,469	0.08%
Others	<u>927,200,537</u>	<u>1.97%</u>
Total Corporate Bonds-Foreign	<u>1,380,450,707</u>	<u>2.93%</u>
Variable Rate Notes		
Variable Rate Notes	<u>845,822,195</u>	<u>1.79%</u>
Total Variable Rate Notes	<u>845,822,195</u>	<u>1.79%</u>
Municipal Bonds		
WA State Housing Finance Commission 2000 3T	7,365,441	0.02%
WA State Housing Finance Commission 1997 4T	6,373,893	0.01%
WA State Housing Finance Commission 1998 4T	4,400,934	0.01%
WA State HSG Comm. 1999 1T	2,765,149	0.01%
WA State Housing Finance Commission	2,081,570	--%
WA State HSG-TXB 2000 4T	<u>1,283,418</u>	<u>--%</u>
Total Municipal Bonds	<u>24,270,405</u>	<u>0.05%</u>
Private Equity		
KKR 1996 Fund	859,164,602	1.83%
KKR 1987 Fund	632,933,975	1.34%
Warburg Pincus Equity Partners, L.P.	373,073,894	0.79%
Warburg Pincus Ventures	161,091,834	0.34%
Fortress Investment Fund L.L.C.	155,412,674	0.33%
Welsh Carson Anderson Stowe VIII	133,498,233	0.28%
OCM Opportunities Fund III, L.P.	130,382,377	0.28%
KKR 1983 Fund	124,653,538	0.26%
Joseph Littlejohn Levy Fund III	123,740,925	0.26%
WCAS Capital Partners III, L.P.	93,287,938	0.20%
Others	<u>2,924,493,302</u>	<u>6.21%</u>
Total Private Equity	<u>5,711,733,292</u>	<u>12.12%</u>
Repurchase Agreements		
Nomura Securities International Inc.	3,678,275	0.01%
Daiwa Securities America Inc.	1,350,737	--%
Paribas Corporation	1,154,426	--%
Others	<u>354,702,592</u>	<u>0.75%</u>
Total Repurchase Agreements	<u>360,886,030</u>	<u>0.76%</u>

Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds (continued)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
Real Estate Equity		
Olympia Properties L.L.C.	\$ 391,345,567	0.83%
Union Square L.P.	386,399,766	0.82%
Lowe Northwest Investment Properties L.L.C.	335,728,921	0.71%
Hawthorne Timber L.L.C.	322,031,659	0.68%
Pactrust/WISB-L.L.C.	307,741,183	0.65%
Pactrust Realty Associates L.P.	279,720,901	0.59%
Principal Enterprise Capital I	267,675,915	0.57%
Lonestar Fund III	229,514,629	0.49%
European Investment Properties Limited	172,030,154	0.37%
Lonestar Fund II	130,007,853	0.28%
Others	<u>794,021,590</u>	<u>1.68%</u>
Total Real Estate Equity	<u>3,616,218,138</u>	<u>7.67%</u>
Corporate Stock-Domestic		
Four Seasons Hotels Inc.	93,843	--%
Per Se Technologies	208	--%
Total Corporate Stock-Domestic	<u>94,051</u>	<u>--%</u>
Corporate Stock-Foreign		
Total SA SER B ORD	67,088,595	0.14%
Glaxo Smith Kline	58,771,588	0.12%
Ing Groep NV	44,039,345	0.09%
Shell Transportation & Trading	37,851,594	0.08%
Munchener Ruckvers	34,712,780	0.07%
Vodafone Group	32,889,420	0.07%
Soc Generale	32,584,255	0.07%
Allianz AG	30,317,169	0.07%
National Australian Bank	30,260,294	0.06%
Canon Inc.	28,164,114	0.06%
Others	1,553,655,575	3.30%
Total Corporate Stock-Foreign	<u>1,950,334,729</u>	<u>4.13%</u>
Commingled Index Funds-Domestic		
BGI U.S. Equity Market	16,022,189,536	33.99%
Short Horizon Fund	2,938,974	0.01%
Mid Horizon Fund	2,356,877	--%
Long Horizon Fund	563,905	--%
Total Commingled Index Funds-Domestic	<u>16,028,049,292</u>	<u>34.00%</u>

**Summary of Investments and Deposits Owned on June 30, 2001
Pension and Expendable Trust Funds (concluded)**

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
Commingled Index Funds-Foreign		
MSCI - EAFE Provisional Index SE	\$ 2,518,286,091	5.34%
Capital Guardian Growth Fund	138,439,050	0.29%
MSCI - Provisional Canada	134,942,421	0.29%
GMO TR	101,260,731	0.21%
Schroder Emerging	89,783,433	0.19%
Foreign Colonial Emerging Market Group TR	89,621,239	0.19%
Putnam International Small Cap. Trans. FD	43,002,162	0.09%
South Africa IFC	18,765,965	0.04%
Mexico Emerging Markets Index	16,704,945	0.04%
Brazil Emerging	13,275,674	0.03%
Others	80,530,440	0.17%
Total Commingled Index Funds-Foreign	<u>3,244,612,151</u>	<u>6.88%</u>
Securities on Loan		
Securities on Loan-Domestic	1,357,906,856	2.88%
Securities on Loan-Foreign	607,184,988	1.29%
Total Securities on Loan	<u>1,965,091,844</u>	<u>4.17%</u>
Guaranteed Investment Contracts		
Savings Pool	421,748,453	0.89%
Total Guaranteed Investment Contracts	<u>421,748,453</u>	<u>0.89%</u>
Life		
G.E. Capital Assurance	23,956	--%
Total Life	<u>23,956</u>	<u>--%</u>
Mutual Funds		
Fidelity Equity-Income Fund	353,776,633	0.75%
Fidelity Independence Fund	348,567,422	0.74%
U.S. Stock Market Index Fund	276,079,377	0.59%
U.S. Large Stock Index Fund	233,232,829	0.50%
Fidelity Growth Company Fund	198,769,661	0.42%
Washington State Money Market Fund	154,351,590	0.33%
Washington State Bond Fund	142,653,264	0.30%
U.S. Small Stock Index Fund	118,290,694	0.25%
International Stock Index Fund	85,803,976	0.18%
Calvert Social Investment Fund-Balanced Portfolio	32,595,697	0.07%
Others	61,886,958	0.13%
Total Mutual Funds	<u>2,006,008,101</u>	<u>4.26%</u>
Total Investments	<u>\$46,658,314,233</u>	<u>98.97%</u>
DEPOSITS		
Certificates of Deposit		
Certificates of Deposit	484,426,123	1.03%
Total Certificates of Deposit	<u>484,426,123</u>	<u>1.03%</u>
Total Deposits	<u>\$ 484,426,123</u>	<u>1.03%</u>
TOTAL INVESTMENTS AND DEPOSITS	<u>\$47,142,740,356</u>	<u>100.00%</u>



Actuarial Section

State Actuary's Certification Letter



WASHINGTON STATE LEGISLATURE
Office of the State Actuary

Gerald B. Allard, State Actuary

October 24, 2001

Mr. John Charles, Director
 Department of Retirement Systems
 P.O. Box 48380
 Olympia, Washington 98504-8380

Dear Mr. Charles:

The purpose of this letter is to:

- (1) Certify the actuarial adequacy of contributions being made to the pension plans administered by your department, the State of Washington, and participating political subdivisions;
- (2) Discuss the funding of these plans; and
- (3) Certify that our other submissions meet our portion of the GFOA certification standards for financial reporting.

The information in this letter pertains to the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), School Employees Retirement System (SERS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS), Judicial Retirement System (JRS), and Judges' Retirement System (Judges). The other pension plans the state contributes to are not administered by your agency.

Actuarial valuations are performed annually for all systems. The most recent valuation for these systems was December 31, 2000, with the exception of TRS, which was performed as of June 30, 2000.

The assumptions used in an actuarial valuation fall into two categories: economic and demographic. The economic assumptions were developed by the Pension Funding Council (in accordance with RCW 41.45.030 and 41.45.040) and adopted in 2000. They are scheduled to be reviewed every four years. These include salary increases, inflation, the investment earnings rate, and population growth. As explained below, the economic assumptions were changed by the legislature for the 2001-03 biennium. The demographic assumptions include such things as mortality, termination, and disability rates. These rates are derived by our office from studying the actual experience of these systems. These studies are reviewed annually and studied in depth every six years.

The material changes made during the 2000 Legislative Session that became effective during (and after) the 2000 Fiscal Year were disclosed in last year's annual report.

Legislation enacted during the 2001 Legislative Session provided:

- The number of hours a retiree can work before there is a suspension in their benefit was increased in PERS, TRS, and SERS.
- For LEOFF Plan 2, the age from which disability benefits are reduced was corrected from 55 to 53.
- For SERS Plan 2/3, a correction was made in the funding provisions.
- Effective July 1, 2001 WSP increased the cost-of-living allowance to 3 percent compounded annually and voluntary Department of Transportation (DOT) overtime was excluded from the definition of salary. Member contributions were reduced to the greater of 2 percent or the employer's rate. The funding method was changed to aggregate.
- The following changes were made for those commissioned in the WSPRS after January 1, 2003:
 1. Changing from a 2 year to a 5 year Average Final Salary (AFS).
 2. Excluding annual and holiday pay cash-outs.
 3. Changing military service to include only up to 5 years interruptive military service.
 4. Removing the post-retirement death benefit and allowing the member to select an actuarial equivalent benefit option at retirement.
 5. Changing the pre-retirement death benefit to return of the member's accumulated contributions for members who are single or have less than 10 years of service. For a married member or one with an eligible child to a reduced accrued benefit or 150 percent of the member's accumulated contributions at the survivor's option.

These changes will be reflected in valuations, which include members commissioned after January 1, 2003.

- The rates adopted by the Pension Funding Council for the 2001-03 biennium were replaced by those based on the 1999 valuation with the following assumptions and methods:
 1. An 8 percent investment return assumption was prescribed.
 2. A 4.5 percent salary inflation assumption was prescribed.
 3. The amortization of the PERS Plan 1 and TRS Plan 1 unfunded was extended to June 30, 2024. This amortization will no longer be reduced due to future "gain-sharing."
 4. A four-year asset smoothing technique is adopted for studies done after July 1, 2001, along with the above changes, subject to future modification by the Pension Funding Council.

All studies performed after July 1, 2001 are to be done using the above assumptions and methods.

In 1989, the state adopted the objective of amortizing its Unfunded Actuarial Accrued Liability by June 30, 2024, for PERS 1, TRS 1, and LEOFF 1. Benefit increases are funded over this same period. The funding method for these three plans is the entry age method. For PERS 1, TRS 1, and LEOFF 1, the normal cost was imputed from PERS 2, TRS 2/3, and LEOFF 2, respectively. The amortization calls for payments as a level percentage of pay. During 2000 the systems were funded according to this method and, if continued, the plans will be adequately funded.

PERS 2, TRS 2/3, SERS 2/3, LEOFF 2, and WSPRS use the aggregate funding method which does not develop an Unfunded Actuarial Accrued Liability. At present these systems are well funded.

The Judicial and Judges Systems are on a pay-as-you-go basis. Both systems are closed to new members and have very small liabilities compared to other state plans. Although they are poorly funded systems, it is expected that the state can continue to meet its obligations by funding on a pay-as-you-go basis because of the small size of these two plans.

In performing these valuations, we relied on unaudited employee data provided by your department. Both the Department of Retirement Systems and the Office of the State Actuary performed a series of edits to check the quality of the data. The data is sufficient and reliable for the purpose of annual valuations. Asset information came from three sources: the Department of Retirement Systems, the State Investment Board, and the Washington State Treasurer's report. Assets are adjusted by having gains and losses amortized over a four-year period: 25 percent per year.

The following schedules (or updates to them) were prepared by this office for inclusion in the 2001 Comprehensive Annual Financial Report:

- Schedules of Funding Progress
- Schedule of Contributions from Employers and Other Contributing Entities
- Summary of Actuarial Assumptions and Methods
- Schedules of Active Member Valuation Data
- Schedules of Retirees and Beneficiaries Added to and Removed from Rolls
- Solvency Tests
- Analysis of Selected Experience
- Schedules of Revenues by Source
- Schedules of Expenses by Type
- Schedules of Benefit Recipients by Type of Benefit
- Schedules of Average Benefit Payments to Service Retirees in Year of Retirement

The assumptions and methods established in statute are used for funding purposes. Disclosure items were provided in accordance with GASB 25 and GASB 27. The funding policy and reporting items are discussed in the Notes to the Required Supplementary Information, as well as in the section Funding Policy, both in the Financial Section of the CAFR.

Respectfully submitted,



Gerald B. Allard
State Actuary



Larry Risch
Deputy State Actuary

Summary of Plan Provisions

A narrative summary of retirement plans managed by DRS is provided in Footnote 1B in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2001, is provided below.

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
PERS Plan 1 (Until 10/1/77)	State employees, elected officials, employees of local governments, legislative committees, community/technical colleges, classified employees of school districts, district/municipal court judges, and some employees of the Supreme, Appeals, and Superior Courts	After five years of eligible service	After 30 years of service, or at age 60 with 5 years service, or at age 55 with 25 years of service	2% of average final compensation per year of service
PERS Plan 2 (On or after 10/1/77)	Same as PERS Plan 1, except classified employees of school districts and ESDs after 9/1/00	Same as PERS Plan 1	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of average final compensation per year of service
SERS Plan 2 (On or after 9/1/00)	All non-certified employees of school districts or educational service districts as of 9/1/00	After five years of eligible service	At age 65 or older with 5 years of service or age 55 or older with 20 years of service or actuarially reduced benefit if under age 65, or age 55 or older with 30 years of service	2% of average final compensation per year of service
SERS Plan 3 (On or after 9/1/00)	All non-certified employees of school districts or educational service districts on or after 9/1/00, or SERS 2 transfer members	Varies	At age 65, or an actuarially reduced benefit at age 55 with stipulated years of service (defined benefit portion)	1% of average final compensation per year of service (defined benefit portion)
TRS Plan 1 (Until 10/1/77)	All certificated public school employees	After five years of eligible service	After 30 years of service, or at age 60 with 5 years of service, or at age 55 with 25 years of service	2% of average final compensation per year of service
TRS Plan 2 (Between 10/1/77 and 6/30/96)	Same as TRS Plan 1	Same as TRS Plan 1	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of average final compensation per year of service
TRS Plan 3 (On or after 7/1/96)	Same as TRS Plan 1	Varies	At age 65, or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of average final compensation per year of service (defined benefit portion)
LEOFF Plan 1 (Until 10/1/77)	All full-time, fully compensated local law enforcement officers and fire fighters	After five years of eligible service	At age 50 with 5 years of service	20 years of service=2% of final average salary (FAS) per years of service 10-19=1.5% FAS per years of service 5-9=1% FAS per years of service
LEOFF Plan 2 (On or after 10/1/77)	Same as LEOFF Plan 1	Same as LEOFF Plan 1	At age 53 with 5 years of service or an actuarially reduced benefit at age 50 with 20 years of service	2% of FAS per year of service
WSPRS (On or after 8/1/47)	Commissioned employees of the Washington State Patrol	Same as LEOFF Plan 1	At age 55 or after 25 years of service	2% of average final salary per year of service
JRS (On or after 8/9/71 to 7/1/88-- New judges after 7/1/88 join PERS Plan 2)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	After 15 years of service	At age 60	15+ years of service=3.5% of average final compensation (AFC) per years of service 10-15=3% of AFC per years of service
Judges (Until 8/9/71)	Same as JRS	After 12 years of service	At age 70 or after 18 years of service	1/2 of the monthly salary

DRS publishes handbooks describing the rights and benefits for each system and plan, including disability and survivor benefits. These handbooks are provided to members by their employers. They are also available from DRS and are on the DRS Web site at www.wa.gov/DRS/drs.htm

Summary of Actuarial Assumptions and Methods

1. Actuarial Assumptions and Methods Selection:

Economic Assumptions and Methods: Developed in accordance with Washington State law and the Pension Funding Council and adopted in 2000.

2. Investment Return: 8.0% per annum

Demographic Assumptions and Methods: Derived by the Washington State Office of the State Actuary and are based on the 1989-1994 Experience Studies. In 2000, the retirement probabilities for PERS Plan 2, SERS Plan 2/3 and LEOFF Plan 2 were increased due to benefit improvements which allow longer service members to retire early with enhanced early retirement factors.

3. Mortality Tables:

Class	Contributing Members and Members Retired from Service	Disabled Members
PERS/SERS	1994 Uninsured Pensioner Mortality Table (UP94)	Greater of UP94 and 5.75% for males and 3.25% for females.
TRS	UP94, males set back three years, females set back one year	Greater of UP94, males set back three years, females set back one year, and 2.5% for males and 2% for females.
LEOFF	UP94 set forward one year	UP94 set forward two years with a minimum of .5%
WSPRS	UP94 set forward one year	N.A.
JRS	UP94	Greater of UP94 and 5.75% for males and 3.25% for females

4. Retirement: Probabilities of service retirement are illustrated in the following tables:

PERS Plan 1—Probabilities of Service Retirement Among Members Eligible to Retire

Age	Male	Female
51	60%	32%
52-53	48%	32%
54	48%	43%
55	33%	33%
56	25%	28%
57-58	25%	28%
59	39%	60%
60	19%	25%
61	26%	19%
62	45%	35%
63	31%	23%
64	38%	33%
65	55%	51%
66-69	33%	31%
70	100%	100%

Immediate retirement is assumed for every member attaining the age of 70.

PERS Plan 2 and SERS Plan 2/3—Probabilities of Service Retirement Among Members Eligible to Retire

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
55	2%	5%	6%	7%
56	2%	5%	4%	6%
57	3%	6%	5%	6%
58	3%	6%	5%	8%
59	3%	8%	5%	10%
60	4%	10%	7%	11%
61	6%	10%	10%	15%
62	46%	62%	59%	70%
63	30%	26%	30%	31%
64	40%	40%	47%	46%
65	64%	64%	40%	50%
66	50%	40%	50%	33%
67-69	50%	40%	67%	50%
70	100%	100%	100%	100%

Immediate retirement is assumed for every member attaining the age of 70.

TRS Plan 1—Probabilities of Service Retirement Among Members Eligible to Retire

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
49-53	20%	25%	40%	30%
54-55	25%	20%	40%	30%
56-58	20%	25%	45%	30%
59	25%	25%	45%	30%
60	20%	20%	45%	30%
61	20%	20%	60%	35%
62	40%	35%	60%	55%
63-64	35%	30%	60%	50%
65	60%	50%	90%	90%
66-69	30%	30%	90%	90%
70	100%	100%	100%	100%

Immediate retirement is assumed for every member attaining the age of 70.

TRS Plan 2/3—Probabilities of Service Retirement Among Members Eligible to Retire

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
55	2%	5%	6%	7%
56	2%	5%	4%	6%
57	3%	6%	4%	7%
58	3%	6%	5%	9%
59	3%	8%	5%	9%
60	4%	10%	6%	12%
61	6%	10%	10%	17%
62	45%	60%	48%	59%
63	30%	25%	35%	30%
64	40%	40%	36%	43%
65	67%	70%	57%	75%
66	50%	40%	50%	50%
67-69	50%	40%	67%	50%
70	100%	100%	100%	100%

Immediate retirement is assumed for every member attaining the age of 70.

4. Retirement (continued):

**LEOFF—Probabilities
of Service Retirement Among
Members Eligible to Retire**

Age	Plan 1 Rate	Plan 2 Rate
50	14%	7%
51	5%	9%
52	10%	12%
53	15%	59%
54	15%	45%
55	15%	47%
56	10%	33%
57	10%	33%
58	10%	50%
59	20%	50%
60	20%	50%
61	40%	50%
62	40%	50%
63	25%	50%
64	25%	50%
65	100%	100%

Immediate retirement is assumed for every member attaining the age of 65.

**WSPRS—Probabilities
of Service Retirement Among
Members Eligible to Retire**

Age	Rate
45-50	45%
51-55	40%
56-59	35%
60+	100%

Immediate retirement is assumed for every member attaining the age of 60.

**JRS—Probabilities
of Service Retirement Among
Members Eligible to Retire**

Age	Rate
60	1%
61	1%
62	14%
63	14%
64	18%
65	30%
66	33%
67	18%
68	18%
69	18%
70	22%
71	22%
72	22%
73	22%
74	22%
75	100%

Immediate retirement is assumed for every member attaining the age of 75.

4. Retirement (concluded):

**PERS Plan 1
Probabilities of Disablement**

Age	Male	Female
20	.0011%	.0011%
25	.0041%	.0042%
30	.0123%	.0126%
35	.0310%	.0319%
40	.0690%	.0710%
45	.1399%	.1438%
50	.2361%	.2704%
55	.4655%	.4787%
60*	.3905%	.3905%
64	N.A.	N.A.

* Plan 1 we assume no disabilities for ages 60+.

**PERS Plan 2 and SERS Plan 2/3
Probabilities of Disablement**

Age	Male	Female
20	.0191%	.0151%
25	.0191%	.0151%
30	.0191%	.0151%
35	.0217%	.0284%
40	.0571%	.0475%
45	.1285%	.1105%
50	.4614%	.2441%
55	.8908%	.5485%
60	.6479%	.5485%
64	1.0940%	1.0940%

**TRS Plan 1 and Plan 2/3
Probabilities of Disablement**

Age	Rate
20	.0010%
25	.0068%
30	.0140%
35	.0240%
40	.0320%
45	.0705%
50	.1220%
55	.2500%
59	.3272%

**LEOFF Plan 1 and Plan 2
Probabilities of Disablement**

Age	Plan 1 Rate	Plan 2 Rate
20	.10%	.01%
25	.10%	.01%
30	.80%	.01%
35	1.49%	.02%
40	2.18%	.04%
45	3.93%	.07%
50	6.82%	.25%
55	9.62%	--
60	11.32%	--

**WSPRS
Probabilities of Disablement**

The assumed rate of disability is 0.2% at all ages.

JRS—Probabilities of Disablement

A 1 percent rate of disability is assumed at all ages after ten years of service.

5. Other Terminations of Employment: Probabilities of termination are illustrated in the following tables.

**General Employment Turnover
Probabilities of Termination in the Next Year**

PERS Plan 1 and Plan 2 and SERS Plan 2/3			TRS Plan 1 and Plan 2/3		
Years of Service	Male	Female	Years of Service	Male	Female
0	22.62%	18.18%	0	7.50%	7.00%
1	14.60%	13.95%	1	7.50%	7.00%
2	9.75%	11.32%	2	6.00%	6.00%
3	6.30%	7.69%	3	5.10%	5.30%
4	5.12%	6.76%	4	4.50%	4.80%
5	4.40%	5.83%	5	3.90%	4.20%
6	4.16%	4.88%	6	3.40%	3.90%
7	3.68%	4.64%	7	2.90%	3.40%
8	3.54%	4.54%	8	2.50%	3.00%
9	3.39%	4.40%	9	2.10%	2.50%
10	3.20%	3.92%	10	1.90%	2.20%
11	2.96%	3.68%	11	1.80%	2.00%
12	2.47%	3.20%	12	1.60%	1.65%
13	2.22%	2.96%	13	1.40%	1.49%
14	1.98%	2.22%	14	1.24%	1.31%
15	1.73%	2.22%	15	1.10%	1.20%
16	1.24%	1.98%	16	1.00%	1.10%
17	.90%	1.73%	17	.90%	1.01%
18	.80%	1.64%	18	.80%	.95%
19	.70%	1.29%	19	.70%	.90%
20	.60%	1.14%	20	.65%	.82%
21	.50%	1.00%	21	.60%	.78%
22	.40%	.75%	22	.60%	.71%
23	.30%	.55%	23	.60%	.69%
24	.25%	.50%	24	.60%	.65%
25+	.25%	.40%	25+	.60%	.62%

5. Other Terminations of Employment (concluded):

**LEOFF Plan 1 and Plan 2—
General Employment Turnover
Probabilities of Termination**

Years of Service	Turnover Rate
0	10.43%
1	4.88%
2	2.47%
3	2.27%
4	1.98%
5	1.88%
6	1.78%
7	1.69%
8	1.59%
9	1.49%
10	1.39%
11	1.29%
12	1.00%
13	.70%
14	.50%
15 +	.30%

**WSPRS—Other Rates of Termination
Probabilities of Termination**

Age	Probability
20	2.66%
21	2.47%
22	2.27%
23	2.08%
24	1.88%
25	1.69%
26	1.49%
27	1.29%
28	1.09%
29	1.09%
30	1.00%
31	1.00%
32	1.00%
33	.90%
34	.90%
35	.90%
36	.80%
37	.80%
38	.80%
39	.80%
40	.70%
41	.70%
42	.70%
43	.60%

**JRS—Other Rates of Termination
Probabilities of Termination**

A 2 percent rate of termination is assumed for the first ten years of service.

6. Future Salaries: The following tables indicate the scale of relative salary values used to estimate future salaries for valuation purposes. In addition to increases in salary due to promotions and longevity, there is an assumed 4.5 percent per annum rate of increase in the general salary level of the membership.

**PERS Plan 1 and Plan 2 and
SERS Plan 2/3 Merit Salary Increases**

Years of Service	Percent Increase	Multiple of Entry Salary
1	4.7%	1.047
2	3.8%	1.087
3	3.0%	1.119
4	2.5%	1.147
5	1.9%	1.169
6	1.4%	1.186
7	1.0%	1.197
8	.7%	1.206
9	.5%	1.212
10	.5%	1.218
11	.4%	1.223
12	.4%	1.228
13	.3%	1.231
14	.2%	1.234
15	.2%	1.236
16	.2%	1.239
17+	--	1.239

**TRS Plan 1 and Plan 2/3
Merit Salary Increases**

Years of Service	Percent Increase	Multiple of Entry Salary
1	5.0%	1.050
2	4.5%	1.097
3	4.2%	1.143
4	3.8%	1.187
5	3.6%	1.230
6	3.5%	1.273
7	3.3%	1.315
8	3.2%	1.357
9	3.1%	1.399
10	3.0%	1.441
11	3.0%	1.484
12	3.0%	1.528
13	3.0%	1.574
14	2.5%	1.614
15	1.5%	1.638
16 +	.5%	--

**LEOFF Plan 1 and Plan 2
Merit Salary Increases**

Years of Service	Percent Increase	Multiple of Entry Salary
1	9.0%	1.090
2	7.0%	1.166
3	5.0%	1.225
4	4.0%	1.274
5	2.5%	1.305
6	2.0%	1.332
7	1.5%	1.352
8	1.4%	1.370
9	1.3%	1.388
10	1.2%	1.405
11	1.1%	1.420
12	1.0%	1.435
13	1.0%	1.449
14	.9%	1.462
15	.8%	1.474
16	.7%	1.484
17	.6%	1.493
18 +	.5%	--

**WSPRS
Merit Salary Increases**

Years of Service	Percent Increase	Multiple of Entry Salary
1	6.0%	1.060
2	6.0%	1.124
3	5.0%	1.180
4	5.0%	1.239
5	4.5%	1.295
6	3.0%	1.333
7+	--	1.333

6. Future Salaries (concluded):

JRS—Future Salaries

General salary levels are assumed to increase 4.5% per year.

Relative Salary Values

	PERS/SERS	TRS	LEOFF	WSPRS	JRS
Annual Percent Increase	5.81%	5.44%	5.81%	5.81%	5.81%
Attributed to Growth in Active Group Size	1.25%	.90%	1.25%	1.25%	1.25%
Attributed to the Effects of Inflation on Salaries	4.50%	4.50%	4.50%	4.50%	4.50%

7. Other Specific Assumptions that Have a Material Impact on Valuation Results:

- Members of the WSPRS with 25 years of service receive up to 5 years of service credit for their military service. It is assumed that members have 3 years of military service.
- Members of PERS Plan 1 increase their Average Final Compensation up to 6 percent by cashing out sick leave or vacation pay, or by increasing overtime.
- Members of TRS Plan 1 increase their Average Final Compensation up to 2 percent by cashing out sick leave or vacation pay, or by increasing overtime.
- LEOFF Plan 1 post-retirement increases are assumed to be 3.5 percent each year.
- Other assumptions include the recognition of service earned in another plan (portability), the probability of a vested terminated member not withdrawing their contributions from the plan, and the probability of being married. More details of these and other assumptions can be found in the last experience study (1989-1994).

8. Change in Assumptions:

The interest rate increased from 7.5 percent to 8 percent and the salary inflation rate increased from 4 percent to 4.5 percent. The retirement rates were changed for PERS Plan 2, SERS Plan 2/3, TRS Plan 2/3 and LEOFF Plan 2.

9. Actuarial Cost Method:

Valuation assets are at market value with gains/losses recognized evenly over a four-year period. Gains and losses already recognized are still amortized over the previous three-year schedule at 50 percent, 30 percent, and 20 percent. JRS and Judges use the market value of assets for valuation assets.

PERS Plan 1, TRS Plan 1, LEOFF Plan 1, JRS, and Judges:

Funding: A variation of the Entry Age Actuarial Cost Method is used. The contribution toward the UAAL has been developed in the valuation as a level percentage of expected future covered payrolls which will amortize the UAAL over the period to June 30, 2024. While the LEOFF Plan 1 UAAL is fully funded no contributions are required. JRS and Judges are funded on a pay-as-you-go basis.

Disclosure: The funding method described on the previous page for PERS Plan 1, TRS Plan 1, and LEOFF Plan 1 is not an acceptable method for the GASB Statement Number 25 disclosures. In order to meet GASB Statement Number 25 requirements, the Entry Age cost method has been used for these plans. The UAAL is amortized as a level dollar amount over the applicable amortization period. For PERS, TRS and LEOFF the end of the amortization period is June 30, 2024. For JRS and Judges, the end of the amortization period is December 31, 2008.

PERS Plan 2, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2, and WSPRS:

The Aggregate Actuarial Cost Method is used to calculate the contribution rates. Under this method the unfunded actuarial present value of fully projected benefits is amortized over the projected earnings of the active group. The entire contribution is normal cost, and no UAAL exists. All gains and losses are amortized over future salaries of current active members.

10. Change in Actuarial Cost Method:

Valuation assets recognizes new gains/losses over a four-year period instead of a three-year period.

The Plan 1 UAAL amortization period for PERS and TRS was reset to June 30, 2024 and will not be reduced for future "gain-sharing."

The WSPRS funding method was changed from Entry Age to Aggregate. Employees pay the greater of 2 percent or the employer rate.

11. Material Changes in Benefit Provisions and Contribution Rates:

The WSPRS COLA (cost of living adjustment) was changed from the 2 percent simple interest formula to a 3 percent compound interest formula.

Effective January 1, 2003 the current WSPRS plan will be closed and new members will participate in a new plan.

The contribution rates implemented in 2001 were based on the 1999 actuarial valuations but with the new 8 percent interest and 4.5 percent salary assumptions.

Additional Actuarial Schedules

Schedule of Active Member Valuation Data: PERS Plan 1

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	25,833	\$1,132.2	\$43,827	4.2%
12/31/99	28,168	1,184.3	42,045	3.6%
12/31/98	30,374	1,233.2	40,601	3.4%
12/31/97	32,361	1,271.0	39,276	2.8%
12/31/96	34,210	1,307.5	38,220	4.0%
12/31/95	36,027	1,324.4	36,760	3.3%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PERS Plan 2

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	126,428	\$4,964.2	\$39,265	19.1%
12/31/99	168,214	5,546.2	32,971	3.8%
12/31/98	161,476	5,131.4	31,778	1.9%
12/31/97	154,079	4,807.1	31,199	2.7%
12/31/96	148,400	4,510.0	30,391	3.3%
12/31/95	142,806	4,200.9	29,417	3.2%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: SERS Plan 2

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	25,714	\$526.3	\$20,466	n/a
12/31/99*	--	--	--	--
12/31/98*	--	--	--	--
12/31/97*	--	--	--	--
12/31/96*	--	--	--	--
12/31/95*	--	--	--	--

*SERS Plan 2 became effective on September 1, 2000.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: SERS Plan 3

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	22,011	\$485.8	\$22,073	n/a
12/31/99*	--	--	--	--
12/31/98*	--	--	--	--
12/31/97*	--	--	--	--
12/31/96*	--	--	--	--
12/31/95*	--	--	--	--

*SERS Plan 3 became effective on September 1, 2000.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 1

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/00	17,222	\$957.2	\$55,580	5.8%
6/30/99	18,737	984.4	52,540	1.3%
6/30/98	20,165	1,046.4	51,891	3.6%
6/30/97	21,628	1,083.4	50,093	0.9%
6/30/96	22,716	1,127.6	49,637	4.4%
6/30/95	23,843	1,133.1	47,525	1.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 2

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
6/30/00	8,356	\$386.3	\$46,230	7.5%
6/30/99	8,663	372.7	43,022	2.2%
6/30/98	9,058	381.3	42,090	4.1%
6/30/97	33,499	1,354.6	40,437	3.5%
6/30/96	36,709	1,434.4	39,075	5.7%
6/30/95	35,260	1,304.0	36,981	2.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 3

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase In Average Pay
6/30/00	38,280	\$1,657.1	\$43,288	5.6%
6/30/99	35,284	1,445.9	40,979	0.7%
6/30/98	32,605	1,326.8	40,694	19.2%
6/30/97	5,688	194.2	34,145	n/a
6/30/96*	--	--	--	--
6/30/95*	--	--	--	--

* TRS Plan 3 became effective on July 1, 1996.

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: LEOFF Plan 1

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase In Average Pay
12/31/00	1,499	\$94.9	\$63,296	4.3%
12/31/99	1,743	105.8	60,683	3.1%
12/31/98	1,986	116.9	58,841	6.3%
12/31/97	2,313	128.0	55,347	4.4%
12/31/96	2,593	137.5	53,034	3.2%
12/31/95	2,926	150.4	51,385	4.2%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: LEOFF Plan 2

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase In Average Pay
12/31/00	13,133	\$780.2	\$59,410	4.2%
12/31/99	12,713	725.0	57,031	4.3%
12/31/98	11,870	649.3	54,700	5.5%
12/31/97	11,401	591.1	51,846	4.3%
12/31/96	10,827	538.2	49,706	4.4%
12/31/95	10,199	485.4	47,595	4.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: WSPRS

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	1,013	\$58.5	\$57,745	0.4%
12/31/99	968	55.7	57,496	4.8%
12/31/98	929	50.9	54,842	5.0%
12/31/97	927	48.4	52,235	7.9%
12/31/96	917	44.4	48,427	5.3%
12/31/95	901	41.4	46,001	4.9%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: JRS

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	32	\$3.6	\$111,570	6.1%
12/31/99	38	4.0	105,196	2.2%
12/31/98	40	4.1	102,935	1.4%
12/31/97	41	4.2	101,537	0.9%
12/31/96	52	5.2	100,582	1.7%
12/31/95	56	5.5	98,892	0.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: Judges

Valuation Date	Active Members	Annual Payroll In Millions	Average Annual Pay	Annualized % Increase in Average Pay
12/31/00	1	\$0.1	\$123,600	3.0%
12/31/99	1	0.1	120,000	7.1%
12/31/98	1	0.1	112,078	7.3%
12/31/97	2	0.2	104,448	1.3%
12/31/96	4	0.4	103,090	..
12/31/95	4	0.4	103,090	2.5%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	2,831	\$59,251,651	2,185	\$17,226,292	53,161	\$663,195,163	\$12,475	9.0%
1999	2,680	52,982,694	2,113	16,128,342	52,515	608,698,282	11,591	7.7%
1998	2,481	44,980,199	2,131	15,415,477	51,948	565,036,942	10,877	7.2%
1997	2,403	40,095,945	1,988	13,490,739	51,598	526,918,776	10,212	6.7%
1996	2,243	34,130,942	1,875	11,941,809	51,183	493,813,584	9,648	5.7%
1995	2,200	31,240,296	2,003	11,444,704	50,815	467,091,480	9,192	7.0%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	1,319	\$9,807,863	157	\$868,467	7,927	\$49,210,077	\$6,208	25.5%
1999	1,198	8,229,229	118	549,264	6,765	39,204,885	5,795	27.3%
1998	1,020	6,637,345	108	483,716	5,685	30,786,831	5,415	28.2%
1997	847	4,877,618	99	401,791	4,773	24,017,736	5,032	26.5%
1996	834	4,262,647	91	314,901	4,025	18,981,900	4,716	29.2%
1995	728	3,823,124	113	358,626	3,282	14,690,232	4,476	35.4%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS Plan 2/3

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase In Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	27	\$151,432	--	\$--	27	\$151,432	\$5,609	n/a
1999*	--	--	--	--	--	--	--	--
1998*	--	--	--	--	--	--	--	--
1997*	--	--	--	--	--	--	--	--
1996*	--	--	--	--	--	--	--	--
1995*	--	--	--	--	--	--	--	--

*SERS Plan 2/3 became effective on September 1, 2000.

Source: Washington State Office of the State Actuary

Note on SERS Plan 3: There were no retirees or beneficiaries for SERS Plan 3 as of the latest valuation date of 12/31/00, therefore a schedule of retirees and beneficiaries added to and removed from rolls is not presented for this plan.

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase In Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	1,799	\$38,290,541	880	\$9,273,313	29,839	\$463,256,486	\$15,525	8.2%
1999	1,677	34,602,902	898	8,961,508	28,920	427,968,688	14,798	7.6%
1998	1,632	33,153,335	823	7,977,486	28,141	397,649,379	14,131	7.7%
1997	1,338	25,214,610	857	7,766,022	27,332	369,309,984	13,512	6.0%
1996	1,315	23,952,090	812	6,700,503	26,851	348,311,172	12,972	6.6%
1995	1,260	24,403,921	775	6,790,080	26,348	326,609,808	12,396	6.1%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 2/3

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	126	\$1,299,148	5	\$32,227	519	\$4,814,556	\$9,277	38.9%
1999	90	902,554	4	24,541	398	3,466,085	8,709	37.8%
1998	83	731,178	2	12,944	312	2,515,288	8,062	43.0%
1997	67	601,901	3	12,705	231	1,758,948	7,614	53.8%
1996	50	365,682	1	3,592	167	1,143,985	6,850	46.4%
1995	28	207,790	3	4,625	118	781,400	6,622	39.2%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS Plan 3

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	42	\$180,129	--	\$--	92	\$356,823	\$3,879	101.6%
1999	40	145,317	--	--	50	176,974	3,539	475.8%
1998	6	19,834	--	--	10	30,735	3,074	181.9%
1997	4	10,901	--	--	4	10,901	2,725	n/a
1996*	--	--	--	--	--	--	--	--
1995*	--	--	--	--	--	--	--	--

*TRS Plan 3 became effective on July 1, 1996.

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 1

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	325	\$11,645,461	168	\$4,566,907	7,780	\$234,869,646	\$30,189	6.1%
1999	348	11,397,460	159	4,062,564	7,623	221,408,074	29,045	6.0%
1998	381	12,231,130	127	3,366,345	7,434	208,973,849	28,111	7.5%
1997	369	10,897,621	133	3,162,560	7,180	194,464,923	27,084	7.3%
1996	406	11,954,666	125	2,748,280	6,944	181,155,072	26,088	8.0%
1995	367	8,881,337	107	2,257,130	6,663	167,667,732	25,164	8.4%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: LEOFF Plan 2

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	45	\$610,415	2	\$15,024	143	\$1,579,593	\$11,046	66.4%
1999	23	271,079	3	31,542	100	949,552	9,496	38.6%
1998	13	158,887	--	--	80	685,058	8,563	31.5%
1997	18	161,985	--	--	67	521,062	7,777	50.6%
1996	8	30,227	--	--	48	346,029	7,209	26.9%
1995	7	63,755	--	1,070	40	272,651	6,816	34.4%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: WSPRS

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	37	\$1,367,942	12	\$105,489	672	\$20,271,907	\$30,167	8.6%
1999	49	1,507,418	14	231,872	647	18,670,760	28,857	9.2%
1998	38	1,304,229	6	104,581	612	17,097,410	27,937	9.5%
1997	31	1,023,035	11	123,327	580	15,608,236	26,916	8.3%
1996	47	1,453,525	15	135,720	560	14,407,680	25,728	12.5%
1995	55	1,620,436	9	87,347	528	12,805,056	24,252	15.5%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: JRS

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	7	\$406,024	8	\$228,527	131	\$7,588,432	\$57,927	4.2%
1999	7	252,731	9	464,254	132	7,284,962	55,189	(0.7)%
1998	6	200,878	7	275,335	134	7,336,530	54,750	1.5%
1997	14	865,194	3	172,291	135	7,227,765	53,539	13.8%
1996	3	166,392	3	**	124	6,350,000	51,210	1.8%
1995	9	638,712	1	**	124	6,235,000	50,282	12.4%

** Data not available.

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: Judges

Year Ended	Added to Rolls		Removed from Rolls		Rolls—End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
2000	--	\$--	--	\$--	18	\$662,102	\$36,783	--
1999	--	--	1	5,427	18	662,102	36,783	(0.8)%
1998	1	74,261	--	--	19	667,529	35,133	12.5%
1997	2	152,597	1	3,361	18	593,262	32,959	33.8%
1996	--	--	1	**	17	443,496	26,088	(2.2)%
1995	--	--	1	**	18	453,600	25,200	(1.9)%

** Data not available.

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 1

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
12/31/00	\$1,685.8	\$6,795.8	\$3,213.2	\$11,694.8	\$11,110.6	100%	100%	82%
12/31/99	1,581.0	6,453.8	3,601.2	11,636.0	10,455.5	100%	100%	67%
12/31/98	1,712.9	5,922.7	3,591.5	11,227.1	9,218.8	100%	100%	44%
12/31/97	1,683.4	5,615.2	3,518.6	10,817.2	8,210.6	100%	100%	26%
12/31/96	1,642.0	4,998.7	3,698.2	10,338.9	7,197.0	100%	100%	15%
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

The Entry Age Actuarial Cost Method was used for this plan.

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 2

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
12/31/00	\$2,416.0	\$1,095.6	\$7,237.0	\$10,748.6	\$10,748.6	100%	100%	100%
12/31/99	2,294.8	968.9	8,107.3	11,371.0	11,371.0	100%	100%	100%
12/31/98	2,392.9	774.0	6,339.0	9,505.9	9,505.9	100%	100%	100%
12/31/97	2,117.1	541.5	5,260.3	7,918.9	7,918.9	100%	100%	100%
12/31/96	1,849.3	437.6	4,119.9	6,406.8	6,406.8	100%	100%	100%
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	Aggregate Accrued Liabilities for:				Valuation Assets	(1)	(2)	(3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability				
12/31/00	\$353.4	\$3.2	\$1,495.9	\$1,852.5	\$1,852.5	100%	100%	100%
12/31/99*
12/31/98*
12/31/97*
12/31/96*
12/31/95*

*SERS Plan 2/3 became effective on September 1, 2000.

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 1

(dollars in millions)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	Aggregate Accrued Liabilities for:				Valuation Assets	(1)	(2)	(3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability				
6/30/00	\$1,408.0	\$5,140.0	\$3,017.7	\$9,565.7	\$9,372.0	100%	100%	94%
6/30/99	1,384.1	4,917.0	3,227.9	9,529.0	8,696.1	100%	100%	74%
6/30/98	1,466.0	4,506.0	3,382.0	9,354.0	7,819.3	100%	100%	55%
6/30/97	1,466.3	3,903.6	3,673.8	9,043.7	6,843.6	100%	100%	40%
6/30/96	1,489.7	3,800.5	3,505.9	8,796.0	5,924.0	100%	100%	18%
6/30/95

**Data not available.

The Entry Age Actuarial Cost Method was used for this plan.

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 2/3

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
6/30/00	\$331.4	\$183.2	\$2,735.1	\$3,249.7	\$3,249.7	100%	100%	100%
6/30/99	238.5	156.4	2,512.9	2,907.8	2,907.8	100%	100%	100%
6/30/98	108.1	125.2	2,333.8	2,567.1	2,567.1	100%	100%	100%
6/30/97	834.3	106.0	1,776.2	2,716.5	2,716.5	100%	100%	100%
6/30/96	739.9	87.8	1,357.4	2,185.0	2,185.0	100%	100%	100%
6/30/95	**	**	**	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 1

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
12/31/00	\$154.2	\$3,299.3	\$548.9	\$4,002.4	\$5,439.6	100%	100%	100%
12/31/99	165.6	3,313.5	646.2	4,125.3	5,149.7	100%	100%	100%
12/31/98	178.0	3,036.5	691.2	3,905.7	4,567.5	100%	100%	100%
12/31/97	188.0	2,836.6	742.1	3,766.7	4,087.1	100%	100%	100%
12/31/96	193.4	2,899.2	913.1	4,005.7	3,593.7	100%	100%	55%
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

The Entry Age Actuarial Cost Method was used for this plan.

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 2

(dollars in millions)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	Aggregate Accrued Liabilities for:			(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)					
12/31/00	\$650.3	\$55.2	\$1,753.8	\$2,459.3	\$2,459.3	100%	100%	100%
12/31/99	568.8	38.7	1,555.4	2,162.9	2,162.9	100%	100%	100%
12/31/98	511.5	33.3	1,227.2	1,772.0	1,772.0	100%	100%	100%
12/31/97	437.7	18.8	993.1	1,449.6	1,449.6	100%	100%	100%
12/31/96	371.5	14.3	770.8	1,156.6	1,156.6	100%	100%	100%
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Solvency Test: WSPRS

(dollars in millions)					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	Aggregate Accrued Liabilities for:			(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)					
12/31/00	\$51.7	\$270.2	\$390.1	\$712.0	\$712.0	100%	100%	100%
12/31/99	46.3	230.1	161.1	437.5	662.2	100%	100%	100%
12/31/98	47.3	211.5	152.1	410.9	576.1	100%	100%	100%
12/31/97	44.6	190.7	143.4	378.7	505.4	100%	100%	100%
12/31/96	41.6	169.6	140.0	351.2	434.8	100%	100%	100%
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Solvency Test: JRS

(dollars in millions)								
Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
12/31/00	\$5.8	\$72.8	\$14.5	\$93.1	\$9.9	100%	6%	--
12/31/99	6.2	70.6	17.3	94.1	9.1	100%	4%	--
12/31/98	6.1	72.6	17.5	96.2	7.6	100%	2%	--
12/31/97	5.8	72.3	16.9	95.0	5.4	93%	--	--
12/31/96	6.9	63.3	22.1	92.3	4.1	59%	--	--
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Source: Washington State Office of the State Actuary

Solvency Test: Judges

(dollars in millions)								
Valuation Date	Aggregate Accrued Liabilities for:				Portion of Accrued Liabilities Covered by Assets			
	(1) Active Member Contributions	(2) Retirees and Beneficiaries	(3) Active Members (Employer Financed Portion)	(1+2+3) Accrued Liability	Valuation Assets	(1)	(2)	(3)
12/31/00	\$--	\$5.3	\$0.7	\$6.0	\$4.7	100%	89%	--
12/31/99	--	5.7	0.8	6.5	4.4	100%	77%	--
12/31/98	--	5.8	0.7	6.5	4.1	100%	70%	--
12/31/97	--	5.3	1.5	6.8	3.8	100%	72%	--
12/31/96	2.8	3.7	0.1	6.6	3.4	100%	16%	--
12/31/95	**	**	**	**	**	**	**	**

**Data not available.

This is a relatively small fund administered by DRS which is funded on a pay-as-you-go basis.

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PERS Plan 1

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$86.2	\$856.5	\$644.4	\$712.8	\$490.5	\$385.7
Salary Gains	(38.8)	15.6	26.7	126.7	56.0	116.3
Termination of Employment	12.7	8.4	7.1	1.4	0.7	5.0
Return to Work from Terminated Status	(49.1)	(53.1)	(57.0)	(53.5)	(57.2)	(21.2)
Gain (or Loss) During Year from Selected Experience	\$11.0	\$827.4	\$621.2	\$787.4	\$490.0	\$485.8

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PERS Plan 2

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$45.9	\$886.7	\$602.8	\$636.2	\$387.0	\$285.0
Salary Gains	(76.3)	30.1	47.1	229.5	92.6	370.5
Termination of Employment	41.0	38.4	31.5	30.1	14.0	18.0
Return to Work from Terminated Status	(72.4)	(95.4)	(95.0)	(115.7)	(114.1)	(71.0)
Gain (or Loss) During Year from Selected Experience	(\$61.8)	\$859.8	\$586.4	\$780.1	\$379.5	\$602.5

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: SERS Plan 2/3*

**Selected Gains and Losses During Years Ended 1995 to 2000
Resulting from Difference Between Assumed Experience and Actual Experience**

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$16.0	\$--	\$--	\$--	\$--	\$--
Salary Gains	13.9	--	--	--	--	--
Termination of Employment	4.0	--	--	--	--	--
Return to Work from Terminated Status	(23.3)	--	--	--	--	--
Gain (or Loss) During Year from Selected Experience	\$10.6	\$--	\$--	\$--	\$--	\$--

*SERS Plan 2/3 became effective September 1, 2000
Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 1

**Selected Gains and Losses During Years Ended 1995 to 2000
Resulting from Difference Between Assumed Experience and Actual Experience**

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$496.3	\$552.7	\$689.8	\$646.6	\$362.8	\$36.9
Salary Gains	(70.2)	184.3	34.8	230.9	31.2	189.9
Termination of Employment	5.5	2.8	2.7	0.1	(6.0)	(12.3)
Return to Work from Terminated Status	(19.1)	(20.6)	(15.8)	(19.2)	(15.9)	(26.9)
Gain (or loss) During Year from Selected Experience	\$412.5	\$719.2	\$711.5	\$858.4	\$372.1	\$187.6

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$164.0	\$187.7	\$234.3	\$202.5	\$124.9	\$14.8
Salary Gains	(50.8)	107.5	18.6	186.3	23.8	134.4
Termination of Employment	10.1	7.7	5.2	10.7	1.0	--
Return to Work from Terminated Status	(30.6)	(25.4)	(13.0)	(26.3)	(20.4)	(20.2)
Gain (or Loss) During Year from Selected Experience	\$92.7	\$277.5	\$245.1	\$373.2	\$129.3	\$129.0

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

Type of Activity	(dollars in millions)					
	2000	1999	\$ Gain (or Loss) For Year			
			1998	1997	1996	1995
Investment Gains	\$44.3	\$427.3	\$321.3	\$343.9	\$254.2	\$186.0
Salary Gains	16.9	0.6	0.2	8.6	11.2	3.9
Termination of Employment	0.5	0.1	0.7	--	--	(0.3)
Return to Work from Terminated Status	(1.1)	(1.5)	(0.2)	(0.2)	--	--
Gain (or Loss) During Year from Selected Experience	\$60.6	\$426.5	\$322.0	\$352.3	\$265.4	\$189.6

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)						
Type of Activity	2000	1999	\$ Gain (or Loss) For Year			1995
			1998	1997	1996	
Investment Gains	\$9.1	\$165.4	\$109.9	\$110.4	\$71.8	\$48.8
Salary Gains	(0.3)	2.0	(25.0)	18.6	20.4	5.7
Termination of Employment	1.1	0.4	0.9	--	--	--
Return to Work from Terminated Status	(2.1)	(4.4)	(2.3)	(2.4)	(2.6)	--
Gain (or Loss) During Year from Selected Experience	\$7.8	\$163.4	\$83.5	\$126.6	\$89.6	\$54.5


Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS

Selected Gains and Losses During Years Ended 1995 to 2000 Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)						
Type of Activity	2000	1999	\$ Gain (or Loss) For Year			1995
			1998	1997	1996	
Investment Gains	\$5.0	\$53.5	\$39.6	\$43.1	\$29.4	\$22.3
Salary Gains	3.7	(6.2)	(6.9)	(6.4)	(6.6)	2.1
Termination of Employment	0.2	0.1	0.1	0.1	0.2	(0.2)
Return to Work from Terminated Status	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)	--
Gain (or Loss) During Year from Selected Experience	\$8.8	\$47.3	\$32.7	\$36.5	\$22.9	\$24.2

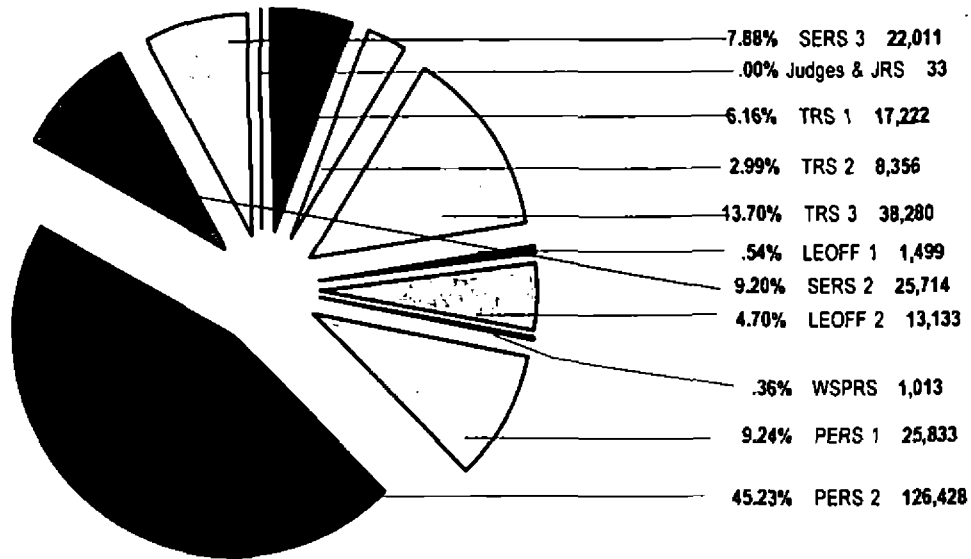
Source: Washington State Office of the State Actuary



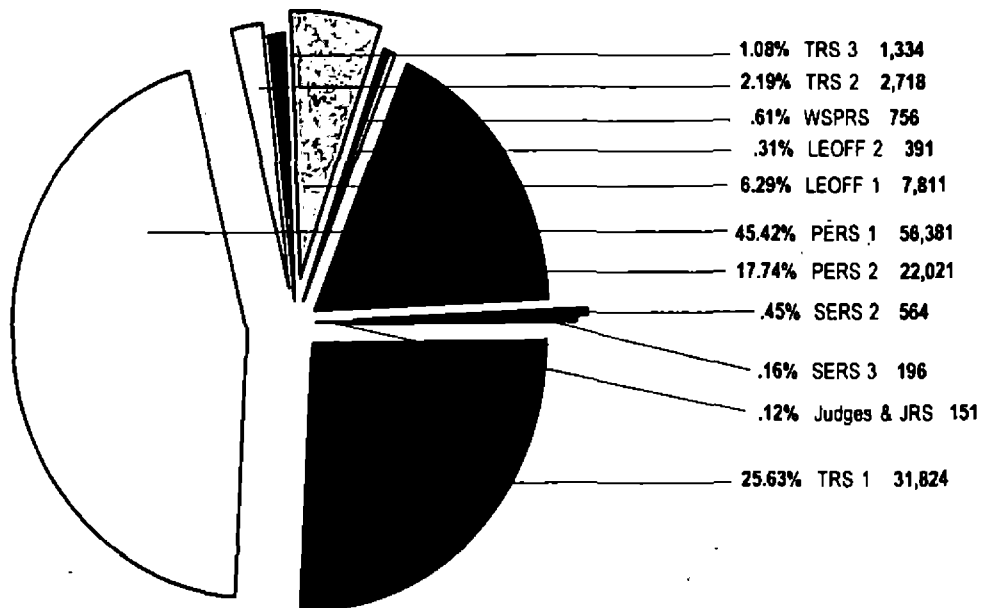
Statistical Section

Distribution of Membership For the Year Ended December 31, 2000

Active Members by System and Plan



Inactive and Retired Members by System and Plan



Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: PERS

The following schedule covers the calendar years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains, and unrealized gains and losses. Miscellaneous revenues include restorations of employee contributions.

	(dollars in millions)					Total Revenues
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous	
2000	\$177.2	\$291.6	4.8%	\$(1,901.6)	\$207.6	\$(1,225.2)
1999	247.2	394.1	5.9%	1.6	3,601.6	4,244.5
1998	305.2	460.1	7.2%	0.8	2,406.9	3,173.0
1997	303.9	440.1	7.3%	**	2,488.8	3,232.8
1996	297.6	417.0	7.3%	**	1,897.5	2,612.1
1995	282.0	396.0	7.2%	**	2,395.0	3,073.0

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: PERS

The following schedule covers the calendar years ended December 31, 1995-2000.

	(dollars in millions)				Total Expenses
	Benefits	Administrative Fees	Refunds	Transfers	
2000	\$689.4	\$1.3	\$66.3	\$0.7	\$757.7
1999	626.0	1.1	64.3	0.6	692.0
1998	572.4	0.5	62.9	1.2	637.0
1997	537.5	1.4	56.7	**	595.6
1996	501.3	5.0	51.9	**	558.2
1995	472.0	3.0	48.0	**	523.0

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: SERS

The following schedule covers the fiscal years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains, and unrealized gains and losses. Miscellaneous revenues include restorations of employee contributions. SERS became effective September 1, 2000.

	(dollars in millions)					Total Revenues
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous	
2000	\$7.0	\$7.6	0.7%	\$1,902.0	(\$103.7)	\$1,812.9
1999	**	**	**	**	**	**
1998	**	**	**	**	**	**
1997	**	**	**	**	**	**
1996	**	**	**	**	**	**
1995	**	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: SERS

The following schedule covers the fiscal years ended December 31, 1995-2000. SERS became effective September 1, 2000.

	(dollars in millions)				Total Expenses
	Benefits	Administrative Fees	Refunds	Transfers	
2000	\$--	\$--	\$0.4	\$22.9	\$23.3
1999	**	**	**	**	**
1998	**	**	**	**	**
1997	**	**	**	**	**
1996	**	**	**	**	**
1995	**	**	**	**	**

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: TRS

The following schedule covers the calendar years ended June 30, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains, and unrealized gains and losses. Data for 2001 are not yet available. Miscellaneous revenues include restorations of employee contributions.

(dollars in millions)						
	Employee Contributions	Employer Contributions: Amount*	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous	Total Revenues
2000	\$70.3	\$258.3	8.6%	\$0.5	\$1,540.9	\$1,870.0
1999	81.3	322.7	11.5%	1.5	1,292.4	1,697.9
1998	110.1	317.1	11.5%	0.7	1,625.0	2,052.9
1997	154.8	313.0	11.7%	**	1,689.0	2,156.8
1996	156.0	305.5	12.0%	**	1,280.9	1,742.4
1995	148.0	304.0	12.5%	**	1,006.0	1,458.0

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: TRS

The following schedule covers the calendar years ended June 30, 1995-2000. Data for 2001 are not yet available. Benefits include withdrawn annuities at retirement.

(dollars in millions)					
	Benefits	Administrative Fees	Refunds	Transfers	Total Expenses
2000	\$584.2	\$7.1	\$7.2	\$77.5	\$676.0
1999	536.5	6.9	8.4	152.7	704.5
1998	497.0	5.2	10.1	792.1	1,304.4
1997	439.9	0.2	9.0	28.3	477.4
1996	410.3	1.0	9.2	**	420.5
1995	384.0	2.0	7.0	**	393.0

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: LEOFF

The following schedule covers the calendar years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains, and unrealized gains and losses. Miscellaneous revenues include restorations of employee contributions.

	(dollars in millions)					Total Revenues
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous	
2000	\$49.7	\$49.7	5.7%	\$0.1	\$35.0	\$134.5
1999	56.9	81.6	9.8%	0.2	1,211.2	1,349.9
1998	61.8	109.6	14.3%	0.2	821.7	993.3
1997	57.0	116.1	15.8%	**	861.5	1,034.6
1996	52.4	122.0	17.7%	**	680.5	854.9
1995	50.0	119.0	18.7%	**	847.0	1,016.0

*The employer contributions amount for LEOFF includes State General Fund contributions.

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: LEOFF

The following schedule covers the calendar years ended December 31, 1995-2000.

	(dollars in millions)				Total Expenses
	Benefits	Administrative Fees	Refunds	Transfers	
2000	\$233.3	\$0.1	\$11.2	\$0.1	\$244.7
1999	218.0	0.1	10.3	2.3	230.7
1998	205.0	0.1	8.4	0.8	214.3
1997	191.1	--	6.1	**	197.2
1996	177.6	1.1	4.6	**	183.3
1995	164.0	1.0	3.0	**	168.0

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: WSPRS

The following schedule covers the calendar years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains, and unrealized gains and losses. Miscellaneous revenues include restorations of employee contributions.

	(dollars in thousands)					Total Revenues
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/Miscellaneous	
2000	\$2,902	\$4	--	\$223	\$3,234	\$6,363
1999	3,918	2,940	5.3%	787	109,689	117,334
1998	3,665	5,792	11.4%	430	74,942	84,829
1997	3,449	6,609	13.0%	**	79,124	89,182
1996	3,189	6,655	15.0%	**	61,655	71,499
1995	3,021	6,703	16.2%	**	79,114	88,838

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: WSPRS

The following schedule covers the calendar years ended December 31, 1995-2000.

	(dollars in thousands)				Total Expenses
	Benefits	Administrative Fees	Refunds	Transfers	
2000	\$19,539	\$--	\$206	\$--	\$19,745
1999	17,792	1	244	--	18,037
1998	16,074	--	412	--	16,486
1997	15,043	--	19	**	15,233
1996	14,107	87	181	**	14,375
1995	12,089	49	59	**	12,197

**Data not available.

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: JRS

The following schedule covers the calendar years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains and unrealized capital gains and losses. Miscellaneous revenues include restorations of employee contributions.

(dollars in thousands)							
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	General Fund/ Transfer from PERS	Transfers	Investment Income/ Miscellaneous	Total Revenues
2000	\$293	\$293	8.2%	\$7,000	\$--	\$587	\$8,173
1999	308	308	7.7%	7,750	--	353	8,719
1998	286	286	6.9%	8,500	--	398	9,470
1997	354	354	8.4%	7,500	--	213	8,421
1996	398	398	7.6%	6,500	--	177	7,473
1995	440	440	7.9%	5,475	--	125	6,480

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: JRS

The following schedule covers the calendar years ended December 31, 1995-2000.

(dollars in thousands)					
	Benefits	Administrative Fees	Refunds	Transfers	Total Expenses
2000	\$7,425	\$1	\$--	\$--	\$7,426
1999	7,225	--	--	--	7,225
1998	7,212	--	--	--	7,212
1997	7,074	--	--	--	7,074
1996	6,325	--	--	--	6,325
1995	5,978	1	--	--	5,979

Source: Washington State Office of the State Actuary

Schedule of Revenues by Source: Judges

The following schedule covers the calendar years ended December 31, 1995-2000. Investment earnings reflect dividends, interest, realized capital gains and unrealized capital gains and losses. Miscellaneous revenues include restorations of employee contributions.

(dollars in thousands)							
	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	General Fund Contribution	Transfers	Investment Income/ Miscellaneous	Total Revenues
2000	\$8	\$8	6.4%	\$750	\$--	\$268	\$1,034
1999	8	8	6.5%	750	--	150	916
1998	8	8	6.5%	750	--	210	976
1997	15	15	6.5%	775	--	185	990
1996	26	26	6.3%	800	--	160	1,012
1995	26	26	6.3%	725	--	125	902

Source: Washington State Office of the State Actuary

Schedule of Expenses by Type: Judges

The following schedule covers the calendar years ended December 31, 1995-2000.

(dollars in thousands)					
	Benefits	Administrative Fees	Refunds	Transfers	Total Expenses
2000	\$662	\$--	\$--	\$--	\$662
1999	654	--	--	--	654
1998	656	--	--	--	656
1997	593	--	--	--	593
1996	449	--	--	--	449
1995	454	--	--	--	454

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	269	154	34	17	64	189	32	48	--
101-200	3,050	2,134	--	215	701	2,005	728	316	1
201-300	4,179	3,026	10	235	908	2,773	931	469	6
301-400	4,299	3,203	55	221	820	2,876	889	528	6
401-500	4,050	3,103	1	172	774	2,693	786	565	6
501-600	3,867	3,043	4	170	650	2,550	707	595	15
601-700	3,427	2,779	4	136	508	2,234	639	545	9
701-800	3,134	2,644	4	111	375	2,024	583	514	13
801-900	2,743	2,330	6	83	324	1,723	560	449	11
901-1,000	2,506	2,189	3	73	241	1,581	484	425	16
Over 1,000	<u>21,637</u>	<u>20,480</u>	<u>2</u>	<u>295</u>	<u>860</u>	<u>13,644</u>	<u>3,498</u>	<u>4,000</u>	<u>495</u>
Totals	<u>53,161</u>	<u>45,085</u>	<u>123</u>	<u>1,728</u>	<u>6,225</u>	<u>34,292</u>	<u>9,837</u>	<u>8,454</u>	<u>578</u>

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life, 4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 2
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	312	140	--	149	23	215	89	8	--
101-200	1,052	722	--	254	76	736	260	39	17
201-300	1,151	868	--	191	92	780	279	69	23
301-400	1,093	906	--	123	64	755	254	64	20
401-500	957	843	--	75	39	654	214	75	14
501-600	770	695	--	41	34	518	165	62	25
601-700	625	562	--	36	27	440	116	48	21
701-800	530	497	--	21	12	366	92	56	16
801-900	394	378	--	13	3	287	55	41	11
901-1,000	295	279	--	12	4	217	34	35	9
Over 1,000	<u>748</u>	<u>735</u>	<u>--</u>	<u>6</u>	<u>7</u>	<u>522</u>	<u>83</u>	<u>107</u>	<u>36</u>
Totals	<u>7,927</u>	<u>6,625</u>	<u>--</u>	<u>921</u>	<u>381</u>	<u>5,490</u>	<u>1,641</u>	<u>604</u>	<u>192</u>

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life, 4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2/3
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	1	--	--	1	--	1	--	--	--
101-200	4	4	--	--	--	3	1	--	--
201-300	3	2	--	--	1	2	1	--	--
301-400	5	5	--	--	--	4	1	--	--
401-500	2	2	--	--	--	1	1	--	--
501-600	4	4	--	--	--	3	--	1	--
601-700	4	4	--	--	--	4	--	--	--
701-800	1	1	--	--	--	1	--	--	--
801-900	1	1	--	--	--	1	--	--	--
901-1,000	1	1	--	--	--	--	--	--	1
Over 1,000	1	1	--	--	--	1	--	--	--
Totals	27	25	--	1	1	21	4	1	1

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life, 4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 1
For the Year Ended June 30, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	55	55	--	--	--	40	12	3	--
101-200	596	503	19	--	74	427	136	30	3
201-300	830	669	47	--	114	582	179	68	1
301-400	941	723	59	--	159	627	199	112	3
401-500	1,010	745	72	--	193	674	174	162	--
501-600	1,195	863	54	--	278	733	208	254	--
601-700	1,287	973	56	--	258	770	249	266	2
701-800	1,386	1,117	54	--	215	882	255	248	1
801-900	1,497	1,243	68	--	186	929	322	246	--
901-1,000	1,617	1,411	62	--	144	1,011	323	281	2
Over 1,000	19,425	18,555	329	--	541	12,733	3,313	3,046	333
Totals	29,839	26,857	820	--	2,162	19,408	5,370	4,716	345

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life, 4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 2/3
For the Year Ended June 30, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	8	5	--	3	--	6	1	1	--
101-200	12	6	--	4	2	7	5	--	--
201-300	46	33	--	7	6	29	16	1	--
301-400	49	40	--	6	3	33	11	4	1
401-500	45	38	--	2	5	27	17	1	--
501-600	53	45	--	5	3	34	12	6	1
601-700	44	36	--	5	3	26	13	4	1
701-800	52	45	--	4	3	39	10	3	--
801-900	28	28	--	--	--	22	4	1	1
901-1,000	25	23	--	1	1	14	7	2	2
Over 1,000	157	153	--	3	1	119	18	15	5
Totals	519	452	--	40	27	356	114	38	11

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life.
4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 3
For the Year Ended June 30, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	3	--	--	1	2	1	2	--	--
101-200	21	15	--	2	4	11	8	1	1
201-300	28	23	--	2	3	23	3	2	--
301-400	18	18	--	--	--	17	1	--	--
401-500	9	9	--	--	--	8	--	--	1
501-600	3	3	--	--	--	3	--	--	--
601-700	4	4	--	--	--	3	--	1	--
701-800	4	4	--	--	--	4	--	--	--
801-900	2	2	--	--	--	1	1	--	--
901-1,000	--	--	--	--	--	--	--	--	--
Over 1,000	--	--	--	--	--	--	--	--	--
Totals	92	78	--	5	9	71	15	4	2

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life.
4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 1
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected*	
		Service	Duty Disability	Nonduty Disability	Survivor Payment	
\$ 1-100	7	7	--	--	--	--
101-200	13	9	--	--	4	
201-300	12	9	--	--	3	
301-400	13	12	--	--	1	
401-500	18	16	--	--	2	
501-600	28	20	--	--	8	
601-700	24	20	--	--	4	
701-800	22	17	--	--	5	
801-900	23	14	--	--	9	
901-1,000	25	16	1	1	7	
Over 1,000	<u>7,595</u>	<u>2,266</u>	<u>3,648</u>	<u>628</u>	<u>1,053</u>	
Totals	<u>7,780</u>	<u>2,406</u>	<u>3,649</u>	<u>629</u>	<u>1,096</u>	

*All beneficiaries receive basic monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 2
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected*				
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	2	1	--	1	--	2	--	--	--
101-200	5	1	--	4	--	4	1	--	--
201-300	9	5	--	1	3	2	5	2	--
301-400	8	5	--	3	--	6	1	1	--
401-500	10	10	--	--	--	5	3	--	2
501-600	14	13	--	1	--	9	4	1	--
601-700	11	11	--	--	--	6	5	--	--
701-800	12	9	--	2	1	9	2	--	1
801-900	6	5	--	1	--	4	1	1	--
901-1,000	10	9	--	1	--	6	3	1	--
Over 1,000	<u>56</u>	<u>52</u>	<u>--</u>	<u>3</u>	<u>1</u>	<u>36</u>	<u>15</u>	<u>5</u>	<u>--</u>
Totals	<u>143</u>	<u>121</u>	<u>--</u>	<u>17</u>	<u>5</u>	<u>89</u>	<u>40</u>	<u>11</u>	<u>3</u>

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life.

4 - Beneficiary receives two-thirds the monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: WSPRS
For the Year Ended December 31, 2000**

Monthly Benefit Amount	Number of Retirees	Retirement Type			Option Selected*
		Service	Duty Disability	Nonduty Disability	
\$ 1-100	1	1	--	--	--
101-200	3	1	--	--	2
201-300	2	1	--	--	1
301-400	1	1	--	--	--
401-500	9	1	--	--	8
501-600	18	1	--	--	17
601-700	15	3	--	--	12
701-800	6	--	--	--	6
801-900	15	3	--	--	12
901-1,000	7	2	--	--	5
Over 1,000	<u>595</u>	<u>554</u>	--	--	<u>41</u>
Totals	<u><u>672</u></u>	<u><u>568</u></u>	--	--	<u><u>104</u></u>

*All beneficiaries receive basic monthly benefit for life.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95						
Average Monthly Benefit*	\$316.36	\$707.24	\$955.45	\$1,267.01	\$1,930.64	\$2,215.81
Average Final Salary (Monthly)*	\$2,204.62	\$2,737.81	\$2,653.19	\$2,874.35	\$3,517.46	\$3,927.26
Number of Active Retirees	47	90	293	405	492	255
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$340.15	\$648.76	\$937.46	\$1,244.56	\$1,993.22	\$2,252.94
Average Final Salary (Monthly)*	\$2,506.73	\$2,663.26	\$2,633.09	\$2,856.72	\$3,650.88	\$3,987.32
Number of Active Retirees	64	79	237	424	546	256
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$346.69	\$746.05	\$996.51	\$1,340.66	\$2,118.35	\$2,302.41
Average Final Salary (Monthly)*	\$2,350.85	\$2,976.55	\$2,795.33	\$3,044.70	\$3,873.34	\$4,099.10
Number of Active Retirees	57	88	202	449	634	332
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$355.35	\$677.53	\$1,006.77	\$1,338.49	\$2,106.62	\$2,385.54
Average Final Salary (Monthly)*	\$2,356.44	\$2,583.30	\$3,009.49	\$3,027.76	\$3,822.24	\$4,247.70
Number of Active Retirees	46	72	95	482	756	347
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$404.00	\$747.37	\$1,093.49	\$1,428.98	\$2,253.87	\$2,440.78
Average Final Salary (Monthly)*	\$2,848.46	\$2,951.93	\$3,163.59	\$3,145.52	\$4,067.96	\$4,331.37
Number of Active Retirees	50	71	127	492	858	426
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$334.45	\$631.61	\$1,048.38	\$1,515.01	\$2,317.25	\$2,532.19
Average Final Salary (Monthly)*	\$3,085.45	\$2,661.97	\$3,146.53	\$3,283.62	\$4,192.22	\$4,448.62
Number of Active Retirees	121	131	138	505	973	479

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: PERS Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95						
Average Monthly Benefit*	\$363.97	\$603.52	\$764.42	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$2,325.24	\$2,668.57	\$2,435.57	\$--	\$--	\$--
Number of Active Retirees	232	175	78	--	--	--
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$310.35	\$590.22	\$791.71	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$2,228.70	\$2,422.85	\$2,487.87	\$--	\$--	\$--
Number of Active Retirees	206	167	114	--	--	--
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$323.80	\$592.68	\$864.48	\$1,093.46	\$--	\$--
Average Final Salary (Monthly)*	\$2,254.43	\$2,474.57	\$2,708.26	\$2,633.58	\$--	\$--
Number of Active Retirees	188	185	150	2	--	--
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$304.00	\$623.27	\$902.60	\$986.82	\$--	\$--
Average Final Salary (Monthly)*	\$2,295.58	\$2,601.21	\$2,812.72	\$3,193.26	\$--	\$--
Number of Active Retirees	188	206	220	14	--	--
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$322.89	\$667.16	\$858.96	\$1,007.80	\$--	\$--
Average Final Salary (Monthly)*	\$2,254.63	\$2,722.44	\$2,708.99	\$3,010.29	\$--	\$--
Number of Active Retirees	217	190	255	84	--	--
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$320.99	\$686.13	\$923.82	\$972.29	\$--	\$--
Average Final Salary (Monthly)*	\$2,348.25	\$2,824.36	\$2,928.27	\$2,908.84	\$--	\$--
Number of Active Reurees	344	279	300	150	--	--

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: SERS Plan 2/3

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 1/1/96 to 12/31/96**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 1/1/97 to 12/31/97**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 1/1/98 to 12/31/98**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 1/1/99 to 12/31/99**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$215.88	\$520.57	\$577.60	\$790.56	\$--	\$--
Average Final Salary (Monthly)*	\$1,467.89	\$1,905.60	\$1,859.92	\$2,565.72	\$--	\$--
Number of Active Retirees	6	7	10	2	--	--

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

**SERS became effective September 1, 2000.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/94 to 6/30/95						
Average Monthly Benefit*	\$575.50	\$794.89	\$1,098.73	\$1,514.54	\$1,920.92	\$2,019.39
Average Final Salary (Monthly)*	\$4,216.49	\$3,497.65	\$3,641.23	\$3,972.66	\$4,129.60	\$4,306.28
Number of Active Retirees	6	22	44	158	411	340
Period 7/1/95 to 6/30/96						
Average Monthly Benefit*	\$290.01	\$899.42	\$1,083.91	\$1,452.41	\$1,903.84	\$1,948.73
Average Final Salary (Monthly)*	\$2,398.60	\$3,899.29	\$3,729.16	\$3,909.42	\$4,168.59	\$4,293.22
Number of Active Retirees	11	11	49	151	426	348
Period 7/1/96 to 6/30/97						
Average Monthly Benefit*	\$454.00	\$818.59	\$1,112.25	\$1,554.79	\$1,932.17	\$1,931.94
Average Final Salary (Monthly)*	\$3,284.20	\$3,458.99	\$3,844.95	\$4,168.73	\$4,277.16	\$4,347.15
Number of Active Retirees	13	9	55	159	493	316
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$439.30	\$787.27	\$1,115.08	\$1,533.71	\$1,985.26	\$2,014.68
Average Final Salary (Monthly)*	\$3,075.22	\$3,403.57	\$3,854.23	\$4,175.42	\$4,405.69	\$4,541.03
Number of Active Retirees	14	26	48	160	654	448
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$396.88	\$715.87	\$1,159.08	\$1,503.29	\$2,005.94	\$2,038.77
Average Final Salary (Monthly)*	\$3,403.67	\$3,482.60	\$3,890.87	\$4,261.02	\$4,481.23	\$4,600.30
Number of Active Retirees	11	23	44	192	700	407
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$295.10	\$588.36	\$1,088.95	\$1,575.42	\$2,072.88	\$2,083.78
Average Final Salary (Monthly)*	\$3,033.65	\$2,818.93	\$3,783.64	\$4,294.24	\$4,614.38	\$4,724.18
Number of Active Retirees	61	58	64	188	814	418

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 2/3

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/94 to 6/30/95						
Average Monthly Benefit*	\$239.19	\$826.79	\$1,291.36	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$2,341.92	\$3,368.75	\$3,743.08	\$--	\$--	\$--
Number of Active Retirees	1	1	1	--	--	--
Period 7/1/95 to 6/30/96						
Average Monthly Benefit*	\$461.38	\$808.72	\$951.74	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,199.26	\$3,367.37	\$3,476.82	\$--	\$--	\$--
Number of Active Retirees	8	10	8	--	--	--
Period 7/1/96 to 6/30/97						
Average Monthly Benefit*	\$462.84	\$806.31	\$1,213.18	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,213.65	\$3,659.73	\$3,667.85	\$--	\$--	\$--
Number of Active Retirees	9	14	20	--	--	--
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$420.47	\$913.02	\$1,252.09	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,521.53	\$3,802.50	\$3,964.16	\$--	\$--	\$--
Number of Active Retirees	17	13	19	--	--	--
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$465.45	\$956.60	\$1,342.24	\$875.44	\$--	\$--
Average Final Salary (Monthly)*	\$3,432.16	\$3,759.73	\$4,317.44	\$3,516.92	\$--	\$--
Number of Active Retirees	16	13	28	2	--	--
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$477.49	\$806.42	\$1,340.51	\$1,368.88	\$--	\$--
Average Final Salary (Monthly)*	\$3,292.52	\$3,519.21	\$4,130.82	\$3,985.34	\$--	\$--
Number of Active Retirees	37	30	32	11	--	--

Retirees with missing or invalid data elements were excluded.
 * At retirement (may not be audited).
 Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: TRS Plan 3

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 7/1/94 to 6/30/95**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 7/1/95 to 6/30/96**						
Average Monthly Benefit*	\$--	\$--	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$--	\$--	\$--
Number of Active Retirees	--	--	--	--	--	--
Period 7/1/96 to 6/30/97						
Average Monthly Benefit*	\$167.84	\$224.66	\$--	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,356.84	\$4,008.12	\$--	\$--	\$--	\$--
Number of Active Retirees	1	2	--	--	--	--
Period 7/1/97 to 6/30/98						
Average Monthly Benefit*	\$143.82	\$274.92	\$416.11	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$5,722.32	\$3,739.84	\$4,121.50	\$--	\$--	\$--
Number of Active Retirees	1	2	2	--	--	--
Period 7/1/98 to 6/30/99						
Average Monthly Benefit*	\$204.33	\$274.94	\$444.58	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$4,630.42	\$3,676.21	\$4,108.33	\$--	\$--	\$--
Number of Active Retirees	2	13	15	--	--	--
Period 7/1/99 to 6/30/00						
Average Monthly Benefit*	\$129.91	\$284.85	\$527.43	\$431.09	\$--	\$--
Average Final Salary (Monthly)*	\$3,245.45	\$3,850.47	\$4,450.93	\$4,342.86	\$--	\$--
Number of Active Retirees	3	19	14	2	--	--

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

**TRS Plan 3 became effective July 1, 1996.

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95						
Average Monthly Benefit*	\$2,372.88	\$--	\$1,999.16	\$2,248.13	\$2,487.52	\$3,156.77
Average Final Salary (Monthly)*	\$4,147.00	\$--	\$3,828.80	\$4,357.90	\$4,679.51	\$5,062.89
Number of Active Retirees	2	--	39	99	121	30
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$232.15	\$499.64	\$--	\$2,454.75	\$2,657.11	\$3,700.13
Average Final Salary (Monthly)*	\$2,555.84	\$2,647.10	\$--	\$5,117.72	\$4,777.76	\$5,493.48
Number of Active Retirees	1	1	--	17	64	27
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$--	\$1,273.10	\$--	\$1,980.77	\$2,777.63	\$3,345.52
Average Final Salary (Monthly)*	\$--	\$7,024.00	\$--	\$4,141.15	\$4,909.48	\$5,057.89
Number of Active Retirees	--	1	--	24	69	25
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$--	\$--	\$1,409.20	\$2,317.78	\$2,893.12	\$3,822.23
Average Final Salary (Monthly)*	\$--	\$--	\$3,523.00	\$4,767.24	\$5,192.90	\$5,838.70
Number of Active Retirees	--	--	2	16	77	30
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,433.96	\$2,953.55	\$3,753.25
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$5,047.65	\$5,205.80	\$5,754.30
Number of Active Retirees	--	--	--	17	71	31
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$--	\$--	\$1,650.47	\$2,689.59	\$3,032.38	\$3,750.90
Average Final Salary (Monthly)*	\$--	\$--	\$3,990.61	\$5,121.64	\$5,608.80	\$6,132.45
Number of Active Retirees	--	--	3	48	141	60

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: LEOFF Plan 2

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95						
Average Monthly Benefit*	\$490.61	\$880.17	\$1,200.59	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,087.21	\$3,635.50	\$3,638.15	\$--	\$--	\$--
Number of Active Retirees	3	3	1	--	--	--
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$228.29	\$682.52	\$1,936.44	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$2,889.75	\$2,846.26	\$5,989.05	\$--	\$--	\$--
Number of Active Retirees	1	4	1	--	--	--
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$438.29	\$892.34	\$1,404.05	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,174.33	\$3,574.31	\$4,286.18	\$--	\$--	\$--
Number of Active Retirees	6	4	4	--	--	--
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$470.21	\$904.73	\$1,422.44	\$--	\$--	\$--
Average Final Salary (Monthly)*	\$3,210.43	\$4,021.01	\$4,803.66	\$--	\$--	\$--
Number of Active Retirees	4	1	6	--	--	--
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$570.78	\$854.44	\$1,475.41	\$2,577.73	\$--	\$--
Average Final Salary (Monthly)*	\$4,065.54	\$3,620.92	\$4,020.36	\$6,211.40	\$--	\$--
Number of Active Retirees	6	6	6	1	--	--
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$650.73	\$1,027.96	\$1,346.56	\$1,976.68	\$--	\$--
Average Final Salary (Monthly)*	\$5,539.05	\$3,806.93	\$4,218.39	\$5,245.36	\$--	\$--
Number of Active Retirees	7	10	13	5	--	--

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Average Benefit Payments to Service Retirees in Year of Retirement: WSPRS

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/95 to 12/31/95						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,229.25	\$2,629.38	\$3,055.68
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$4,388.11	\$4,633.86	\$4,629.71
Number of Active Retirees	--	--	--	3	31	14
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,024.56	\$2,714.73	\$3,369.21
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$4,037.76	\$4,783.30	\$5,317.22
Number of Active Retirees	--	--	--	11	21	11
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,481.13	\$3,040.10	\$3,310.53
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$4,925.17	\$5,392.84	\$5,022.66
Number of Active Retirees	--	--	--	11	13	8
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,661.26	\$3,028.54	\$4,001.54
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$5,261.77	\$5,416.48	\$5,838.87
Number of Active Retirees	--	--	--	7	18	8
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$--	\$--	\$--	\$2,861.87	\$3,186.29	\$3,197.98
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$5,633.93	\$5,578.02	\$4,817.43
Number of Active Retirees	--	--	--	7	21	7
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$--	\$--	\$--	\$3,211.61	\$3,277.30	\$3,488.65
Average Final Salary (Monthly)*	\$--	\$--	\$--	\$6,332.66	\$5,870.93	\$5,447.32
Number of Active Retirees	--	--	--	7	21	6

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 588,661,726	\$ 540,638,028	\$ 501,899,255	\$ 469,902,806	\$ 441,983,750	\$ 413,778,428
Disability	13,254,891	12,963,388	12,268,861	11,595,409	11,371,595	10,466,521
Survivor	43,556,137	40,689,134	37,813,989	35,325,412	32,523,257	31,452,514
Refunds						
Separations	7,407,080	7,322,181	8,065,645	8,695,678	8,293,252	7,577,906
Death	1,413,327	1,612,098	1,662,739	1,440,494	1,498,352	1,583,978
Total	<u>\$ 654,293,161</u>	<u>\$ 603,224,829</u>	<u>\$ 561,710,489</u>	<u>\$ 526,959,799</u>	<u>\$ 495,670,206</u>	<u>\$ 464,859,347</u>

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 40,969,180	\$ 32,220,213	\$ 25,281,883	\$ 19,886,084	\$ 15,734,429	\$ 12,992,809
Disability	3,506,957	3,075,923	2,356,661	2,003,114	1,795,347	983,194
Survivor	1,526,714	1,130,096	910,346	674,144	455,841	5,277
Refunds						
Separations	53,784,644	52,743,701	50,454,850	44,678,192	39,577,545	36,499,707
Death	3,570,486	3,171,457	2,925,061	2,734,389	2,180,523	2,101,732
Total	<u>\$103,357,981</u>	<u>\$ 92,341,390</u>	<u>\$ 81,928,601</u>	<u>\$ 69,975,923</u>	<u>\$ 59,743,685</u>	<u>\$ 52,582,719</u>

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 27,022	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	3,455	-	-	-	-	-
Survivor	764	-	-	-	-	-
Refunds						
Separations	608,101	-	-	-	-	-
Death	16,283	-	-	-	-	-
Total	<u>\$ 655,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* SERS Plan 2/3 became effective September 1, 2000.

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3*
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	-	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* SERS Plan 3 became effective September 1, 2000.

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$481,936,136	\$446,676,299	\$414,944,309	\$456,654,448	\$403,929,942	\$331,578,612
Disability	9,929,908	9,492,828	9,337,526	8,660,972	8,037,490	7,341,027
Survivor	21,297,268	19,558,247	18,194,834	16,919,668	15,641,818	14,615,789
Refunds						
Separations	1,478,102	1,944,684	1,767,726	1,616,815	1,661,924	45,953,760
Death	1,209,659	482,674	985,881	976,898	812,224	848,178
Total	<u>\$515,851,073</u>	<u>\$478,154,732</u>	<u>\$445,230,276</u>	<u>\$484,828,801</u>	<u>\$430,083,398</u>	<u>\$400,337,366</u>

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 5,367,594	\$ 3,740,029	\$ 2,652,770	\$ 1,844,256	\$ 1,269,537	\$ 843,345
Disability	333,461	282,209	188,852	152,853	139,943	43,181
Survivor	262,307	191,534	132,691	59,487	45,265	2,816
Refunds						
Separations	9,064,640	4,805,273	5,816,060	6,860,059	6,283,932	5,265,648
Death	1,087,462	344,344	228,372	496,484	753,822	302,219
Total	<u>\$ 16,115,464</u>	<u>\$ 9,363,389</u>	<u>\$ 9,018,745</u>	<u>\$ 9,413,139</u>	<u>\$ 8,492,499</u>	<u>\$ 6,457,209</u>

**Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3*
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	19,356,326	12,876,540	5,867,278	428,875	143,829	-
Death	457,847	852,292	645,236	29,961	-	-
Total	<u>\$ 19,814,173</u>	<u>\$ 13,728,832</u>	<u>\$ 6,512,514</u>	<u>\$ 458,836</u>	<u>\$ 143,829</u>	<u>\$ -</u>

* TRS Plan 3 became effective July 1, 1996.

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 77,262,220	\$ 71,668,527	\$ 66,691,196	\$ 60,922,364	\$ 56,304,456	\$ 51,986,200
Disability	125,339,799	119,272,522	113,248,129	106,421,790	99,312,512	92,338,121
Survivor	29,709,496	27,593,509	25,496,922	23,752,712	21,812,521	19,882,544
Refunds						
Separations	11,985	79,588	175,241	1,129	48,617	21,979
Death	72,832	-	-	-	-	60,796
Total	<u>\$232,396,332</u>	<u>\$218,614,146</u>	<u>\$205,611,488</u>	<u>\$191,097,995</u>	<u>\$177,478,106</u>	<u>\$164,289,640</u>

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 1,198,855	\$ 795,152	\$ 627,052	\$ 424,232	\$ 292,241	\$ 208,477
Disability	77,399	41,496	45,301	44,323	28,196	28,072
Survivor	23,558	9,095	8,830	6,761	5,275	-
Refunds						
Separations	10,570,565	9,428,493	7,827,932	5,736,687	4,398,130	3,509,030
Death	578,737	885,263	418,782	332,574	204,903	447,550
Total	<u>\$ 12,449,114</u>	<u>\$ 11,159,499</u>	<u>\$ 8,927,897</u>	<u>\$ 6,544,577</u>	<u>\$ 4,928,745</u>	<u>\$ 4,193,129</u>

**Schedule of Benefit Expenses and Refunds by Type: WSPRS
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 18,286,024	\$ 16,780,074	\$ 15,261,417	\$ 14,004,083	\$ 12,809,469	\$ 11,100,273
Disability	-	-	-	-	-	-
Survivor	1,292,016	1,205,714	1,092,476	1,062,684	1,014,711	992,567
Refunds						
Separations	173,455	243,660	412,210	189,690	91,506	59,085
Death	32,462	-	-	-	89,671	-
Total	<u>\$ 19,783,957</u>	<u>\$ 18,229,448</u>	<u>\$ 16,766,103</u>	<u>\$ 15,256,457</u>	<u>\$ 14,005,357</u>	<u>\$ 12,151,925</u>

**Schedule of Benefit Expenses and Refunds by Type: JRS
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 6,247,270	\$ 6,183,383	\$ 6,331,097	\$ 6,103,460	\$ 5,484,347	\$ 5,724,965
Disability	54,600	13,650	17,410	34,313	33,314	32,345
Survivor	1,173,186	1,135,379	1,004,456	949,220	793,284	676,112
Refunds						
Separations	-	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$ 7,475,056</u>	<u>\$ 7,332,412</u>	<u>\$ 7,352,963</u>	<u>\$ 7,086,993</u>	<u>\$ 6,310,945</u>	<u>\$ 6,433,422</u>

**Schedule of Benefit Expenses and Refunds by Type: Judges
For the Calendar Years 1995-2000**

	2000	1999	1998	1997	1996	1995
Benefit Expenses						
Service	\$ 621,653	\$ 621,653	\$ 621,653	\$ 542,470	\$ 394,795	\$..
Disability	-	-	-	-	-	..
Survivor	40,449	41,485	46,460	47,890	52,646	..
Refunds						
Separations	-	-	-	-	-	..
Death	-	-	-	-	-	..
Total	<u>\$ 662,102</u>	<u>\$ 663,138</u>	<u>\$ 668,113</u>	<u>\$ 590,360</u>	<u>\$ 447,441</u>	<u>\$..</u>

**Data not available.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001

State Agencies

Board for Volunteer Firefighters	Dept. of General Administration	Military Dept.
Board of Economic Development	Dept. of Health	Mission Creek Youth Forest Camp
Board of Industrial Insurance Appeals	Dept. of Info. Services	Naselle Youth Camp
Board of Tax Appeals	Dept. of Labor & Industries	Office of Administrative Hearings
Child Study & Treatment Ctr.	Dept. of Licensing	Office of Financial Mgmt.
Consolidated Support Services	Dept. of Natural Resources	Office of Minority & Women's Business Enterprises
County Road Administration Board	Dept. of Personnel	Office of Public Defense
Court of Appeals	Dept. of Printing	Office of the Administrator for the Courts
Dept. of Agriculture	Dept. of Retirement Systems	Office of the Attorney General
Dept. of Community, Trade & Economic Development	Dept. of Revenue	Office of the Forecast Council
Dept. of Corrections:	Dept. of Services for the Blind	Office of the Governor
<i>Ahtanum View Correction Complex</i>	Dept. of Social & Health Services	Office of the Insurance Commissioner
<i>Airway Heights Correction Ctr.</i>	Dept. of Transportation	Office of the Lieutenant Governor
<i>Cedar Creek Correction Ctr.</i>	Dept. of Veterans' Affairs	Office of the Secretary of State
<i>Clallam Bay Correction Ctr.</i>	Eastern State Hospital	Office of the State Actuary
<i>Correctional Industries</i>	Eastern WA State Historical Society	Office of the State Auditor
<i>Coyote Ridge Correction Ctr.</i>	Echo Glen Children's Ctr.	Office of the State Treasurer
<i>Headquarters</i>	Economic Development Finance Auth.	Personnel Appeals Board
<i>Larch Correction Ctr.</i>	Environmental Hearings Office	Rainier School
<i>McNeil Island Correction Ctr.</i>	Fircrest School	Senate
<i>NE Region</i>	Frances H. Morgan Ctr.	Soldiers Home of WA State
<i>NW Region Correction Ctr.</i>	Governor's Office of Indian Affairs	Special Commitment Ctr.
<i>Olympic Correction Ctr.</i>	Green Hill School	State Board for Community & Technical Colleges
<i>Pine Lodge Prerelease</i>	Growth Mgmt. Hearings Boards	State Board of Accountancy
<i>SE Region Correction Ctr.</i>	Health Care Facilities Auth.	State Investment Board
<i>Stafford Creek Correction Ctr.</i>	Higher Education Coordinating Board	State Library
<i>SW Region Correction Ctr.</i>	House of Representatives	State of WA Caseload Forecast Council
<i>Tacoma Prerelease</i>	Human Resource Info. System Division	Statute Law Committee
<i>WA Correction Ctr.</i>	Indeterminate Sentence Review Board	Students Book Corporation
<i>WA Corrections Ctr. for Women</i>	Interagency Committee for Outdoor Recreation	Superintendent of Public Instruction
<i>WA State Penitentiary</i>	Joint Legislative Audit & Review Committee	Superior Court
<i>WA State Reformatory</i>	Joint Legislative Systems Committee	Supreme Court
<i>West Central Region</i>	Lakeland Village	Transportation Improvement Board
Dept. of Ecology	Law Library	WA Pollution Liability Insurance Agency
Dept. of Employment Security	Leap Committee	WA State Bar Assn.
Dept. of Financial Institutions	Liquor Control Board	WA State Ferries
Dept. of Fish & Wildlife	Maple Lane School	WA State Health Care Auth.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

State Agencies (continued)

WA State Historical Society
WA State Patrol
WA State School Directors' Assn.
WA State School for the Blind
WA State School for the Deaf
WA Veterans' Home
Western State Hospital
Workforce Training & Education
 Coordinating Board
Yakima Valley School

State Commissions

African American Affairs
Apple
Arts
Asian American Affairs
Barley
Beef
Columbia River Gorge
Conservation
Criminal Justice Training
Dairy Products
Fruit
Fryer
Gambling
Hispanic Affairs
Hop
Horse Racing
Housing Finance
Human Rights
Judicial Conduct
Legislative Transportation
Lottery
Marine Employees'
Parks & Recreation
Potato
Public Disclosure

Public Employment Relations
Puget Sound Pilotage
Redistricting
Sentencing Guidelines
Traffic Safety
Tree Fruit Research
Utilities & Transportation
Wheat

School Districts

Aberdeen
Adna
Almira
Anacortes
Arlington
Asotin Anatone
Auburn
Bainbridge Island
Battle Ground
Bellevue
Bellingham
Benge
Bethel
Bickleton
Blaine
Boistfort
Bremerton
Brewster
Bridgeport
Brinnon
Burlington-Edison
Camas
Cape Flattery
Carbonado
Cascade
Cashmere
Castle Rock
Centerville

Central Kitsap
Central Valley
Centralia
Chehalis
Cheney
Chewelah
Chimacum
Clarkston
Cle Elum-Roslyn
Clover Park
Collax
College Place
Colton
Columbia (Stevens Co.)
Columbia (Walla Walla Co.)
Colville
Concrete
Conway
Cosmopolis
Coulee
Coupeville
Crescent
Creston
Curlew
Cusick
Damman
Darrington
Davenport
Dayton
Deer Park
Dieringer
Dixie
East Valley (Spokane Co.)
East Valley (Yakima Co.)
Eastmont
Easton
Eatonville
Edmonds

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

School Districts (continued)

Ellensburg	Kalama	Montesano
Elma	Keller	Morton
Endicott	Kelso	Moses Lake
Entiat	Kennewick	Mossyrock
Enumclaw	Kent	Mount Adams
Ephrata	Kettle Falls	Mount Baker
Evaline	Kiona-Benton City	Mount Pleasant
Everett	Kittitas	Mount Vernon
Evergreen (Clark Co.)	Klickitat	Mukilteo
Evergreen (Stevens Co.)	La Center	Naches Valley
Federal Way	La Conner	Napavine
Ferndale	LaCrosse	Naselle-Grays River Valley
File	Lake Chelan	Nespelem
Finley	Lake Stevens	Newport
Franklin Pierce	Lake Washington	Nine Mile Falls
Freeman	Lakewood	Nooksack Valley
Garfield Co.	Lamont	North Beach
Glenwood	Liberty	North Franklin
Goldendale	Lind	North Kitsap
Grand Coulee Dam	Longview	North Mason
Grandview	Loon Lake	North River
Granger	Lopez	North Thurston
Granite Falls	Lyle	Northport
Grapeview	Lynden	Northshore
Great Northern	Mabton	Oak Harbor
Green Mountain	Mansfield	Oakesdale
Griffin	Manson	Oakville
Harrington	Mary M. Knight	Ocean Beach
Highland	Mary Walker	Ocoستا
Highline	Marysville	Odessa
Hockinson	McCleary	Okanogan
Hood Canal	Mead	Olympia
Hoquiam	Medical Lake	Omak
Inchelium	Mercer Island	Onalaska
Index	Meridian	Onion Creek
Issaquah	Methow Valley	Orcas Island
Kahlotus	Mill A	Orchard Prairie
	Monroe	Orient

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

School Districts (continued)

Orondo	Rosalia	Tahoma
Oroville	Royal	Tekoa
Orting	Saint John	Tenino
Othello	San Juan Island	Thorp
Palisades	Satsop	Toledo
Palouse	Seattle	Tonasket
Pasco	Sedro Woolley	Toppenish
Pateros	Selah	Touchet
Paterson	Selkirk	Toutle Lake
Pe Ell	Sequim	Trout Lake
Peninsula	Shaw Island	Tukwila
Pioneer	Shelton	Tumwater
Pomeroy	Shoreline	Union Gap
Port Angeles	Skamania	University Place
Port Townsend	Skykomish	Vader
Prescott	Snohomish	Valley
Prosser	Snoqualmie Valley	Vancouver
Pullman	Soap Lake	Vashon Island
Puyallup	South Bend	Wahkiakum
Queets-Clearwater	South Kitsap	Wahluke
Quilcene	South Whidbey	Waitsburg
Quillayute	Southside	Walla Walla
Quinault Lake	Spokane	Wapato
Quincy	Sprague	Warden
Rainier	Stanwood	Washougal
Raymond	Star	Washtucna
Reardan	Starbuck	Waterville
Renton	Stehekin	Wellpinit
Republic	Steilacoom	Wenatchee
Richland	Steptoe	West Valley (Spokane Co.)
Ridgefield	Stevenson-Carson	West Valley (Yakima Co.)
Ritzville	Sultan	White Pass
Riverside	Summit	White River
Riverview	Sumner	White Salmon
Rochester	Sunnyside	Wilbur
Roosevelt	Tacoma	Willapa Valley
	Taholah	Wilson Creek

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

School Districts (continued)

Winlock
 Wishkah Valley
 Wishram
 Woodland
 Yakima
 Yelm
 Zillah

Educational Service Districts

E.S.D. 101
 E.S.D. 105
 E.S.D. 112
 E.S.D. 113
 E.S.D. 123
 E.S.D. 189
 North Central WA E.S.D.
 Olympic E.S.D.
 Puget Sound E.S.D.

Community Colleges, Technical Colleges

Bates Technical College
 Bellevue Community College
 Bellingham Technical College
 Big Bend Community College
 Cascadia Community College
 Clark Community College
 Clover Park Technical College
 Columbia Basin Community College
 Community College District 12
 Community College of Spokane
 Edmonds Community College
 Everett Community College
 Grays Harbor College
 Green River Community College

Highline Community College
 Lake Washington Technical College
 Lower Columbia Community College
 Olympic College
 Peninsula College
 Pierce College
 Renton Technical College
 Seattle Community College
 Shoreline Community College
 Skagit Valley College
 South Puget Sound Community College
 Tacoma Community College
 Walla Walla Community College
 Wenatchee Valley College
 Whatcom Community College
 Yakima Valley College

Universities

Central Washington University
 Eastern Washington University
 The Evergreen State College
 University of Washington
 Washington State University
 Western Washington University

Cities & Towns

Aberdeen
 Airway Heights
 Albion (Town of)
 Algona
 Anacortes
 Arlington
 Asotin
 Auburn
 Bainbridge Island
 Battle Ground

Bellevue
 Bellingham
 Benton City
 Bingen
 Black Diamond
 Blaine
 Bonney Lake
 Bothell
 Bremerton
 Brewster
 Bridgeport (Town of)
 Brier
 Buckley
 Burien
 Burlington
 Camas
 Carbonado (Town of)
 Carnation
 Cashmere
 Castle Rock
 Cathlamet (Town of)
 Centralia
 Chehalis
 Chelan
 Cheney
 Chewelah
 Clarkston
 Cle Elum
 Clyde Hill (Town of)
 Colfax
 College Place
 Colton (Town of)
 Colville
 Concrete (Town of)
 Connell
 Cosmopolis
 Coulee City (Town of)

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Cities & Towns (continued)

Coulee Dam (Town of)	Harrington (Town of)	Monroe
Coupeville (Town of)	Hoquiam	Montesano
Creston (Town of)	Hunts Point (Town of)	Morton
Cusick (Town of)	Illwaco	Moses Lake
Darrington (Town of)	Issaquah	Mossyrock
Davenport	Kalama	Mount Vernon
Dayton	Kelso	Mountlake Terrace
Deer Park	Kenmore	Moxee
Des Moines	Kennewick	Mukilteo
Dupont	Kent	Naches (Town of)
Duvall	Kettle Falls	Napavine
East Wenatchee	Kirkland	Newcastle
Eatonville (Town of)	Kittitas	Newport
Edgewood	La Center	Nooksack
Edmonds	La Conner (Town of)	Normandy Park
Electric City (Town of)	Lacey	North Bend
Ellensburg	Lake Forest Park	North Bonneville
Elma	Lake Stevens	Northport (Town of)
Elmer City (Town of)	Langley	Oak Harbor
Ertiat	Leavenworth	Oakesdale (Town of)
Enumclaw	Lind (Town of)	Oakville
Ephrata	Long Beach	Ocean Shores
Everett	Longview	Odessa (Town of)
Everson	Lynden	Okanogan
Federal Way	Lynnwood	Olympia
Ferndale	Mabton	Omak
Fife	Mansfield (Town of)	Oroville
Fircrest	Maple Valley	Orting
Forks	Marysville	Othello
Friday Harbor (Town of)	Mattawa (Town of)	Pacific
George	McCleary	Palouse
Gig Harbor	Medical Lake	Pasco
Goldendale	Medina	Pateros
Grand Coulee	Mercer Island	Pe Ell (Town of)
Grandview	Metaline Falls (Town of)	Port Angeles
Granger (Town of)	Mill Creek	Port Orchard
Granite Falls (Town of)	Millwood (Town of)	Port Townsend
	Milton	Poulsbo

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Cities & Towns (continued)

Prosser
 Pullman
 Puyallup
 Quincy
 Rainier (Town of)
 Raymond
 Reardan (Town of)
 Redmond
 Renton
 Republic
 Richland
 Ridgefield
 Ritzville
 Rosalia (Town of)
 Roslyn
 Roy
 Royal City
 Ruston (Town of)
 Sammamish
 Seatac
 Seattle
 Sedro Woolley
 Selah
 Sequim
 Shelton
 Shoreline
 Skykomish (Town of)
 Snohomish
 Snoqualmie
 Soap Lake
 South Bend
 South Cle Elum (Town of)
 Spangle (Town of)
 Spokane
 Sprague
 Springdale (Town of)
 Stanwood

Steilacoom (Town of)
 Stevenson
 Sultan (Town of)
 Sumas
 Sumner
 Sunnyside
 Tacoma
 Tekoa
 Tenino
 Tieton (Town of)
 Toledo
 Tonasket
 Toppenish
 Tukwila
 Tumwater
 Twisp (Town of)
 Union Gap
 University Place
 Vader
 Vancouver
 Waitsburg
 Walla Walla
 Wapato
 Warden
 Washougal
 Washtucna (Town of)
 Waterville (Town of)
 Wenatchee
 West Richland
 Westport
 White Salmon (Town of)
 Wilbur (Town of)
 Winlock
 Winthrop (Town of)
 Woodinville
 Woodland
 Woodway (Town of)
 Yacolt (Town of)

Yakima
 Yarrow Point (Town of)
 Yelm
 Zillah

Counties

Adams
 Asotin
 Benton
 Chelan
 Clallam
 Clark
 Columbia
 Cowlitz
 Douglas
 Ferry
 Franklin
 Garfield
 Grant
 Grays Harbor
 Island
 Jefferson
 King
 Kitsap
 Kittitas
 Klickitat
 Lewis
 Lincoln
 Mason
 Okanogan
 Pacific
 Pend Oreille
 Pierce
 San Juan
 Skagit
 Skamania
 Snohomish
 Spokane

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Counties (continued)

Stevens
Thurston
Wahkiakum
Walla Walla
Whatcom
Whitman
Yakima

Air Quality Authorities

Benton Clean Air Auth.
NW Air Pollution Auth.
Olympic Air Pollution Control
Puget Sound Clean Air Agency
SW Air Pollution Auth.
Spokane Co. Air Pollution

Area Agencies on Aging

Aging & Adult Care of Central WA
Aging & Long-Term Care of Eastern WA
Lewis, Mason, Thurston Area Agency on Aging
Olympic Area Agency on Aging

Conservation Districts

Clallam
Columbia
Cowlitz
King
Snohomish
Stevens Co.
Thurston
Wahkiakum

Fire Protection Districts

Adams Co. FPD 5
Asotin Co. FPD 1
Bainbridge Island Fire Dept.

Benton Co. FPDs 1-4 & 6
Central Kitsap Fire & Rescue
Central Whidbey Island Fire & Rescue
Chelan Co. FPDs 1, 3 & 7
Clallam Co. FPDs 2 & 3
Clark Co. FPDs 1, 3, 5, 6, 9, 11 & 12
Cowlitz Co. FPDs 2 & 5
Douglas Co. FPD 2
Federal Way Fire Dept.
Franklin Co. FPD 3
Grant Co. FPDs 3, 5 & 8
Island Co. FPDs 1-3
Jefferson Co. FPDs 1-4 & 6
King Co. FPDs 2, 4, 10, 16, 20, 25-27, 34, 37, 40, 43-45 & 50
Kitsap Co. FPDs 7, 12 & 18
Kittitas Co. FPD 2
Lewis Co. FPD 12
Marysville Fire Dist. 12
Mason Co. FPDs 2-6 & 13
North Highline Fire Dist.
North Kitsap Fire & Rescue
Pacific Co. FPD 1
Pend Oreille FPD 4
Pierce Co. FPDs 1-3, 5, 6, 8, 10, 12, 14, 16, 21-23 & 27
San Juan Co. FPDs 2 & 3
Skagit Co. FPD 8
Snohomish Co. FPDs 1, 3-5, 7, 8, 10, 14, 15, 17, 18, 20 & 26
South Pierce Fire & Rescue 15
Spokane Co. FPDs 1, 3, 4 & 8-10
Stevens Co. FPD 1
Thurston Co. FPDs 1-3, 5, 6, 8, 9, 11, 13 & 14
Vashon Island Fire & Rescue
Walla Walla Co. FPDs 4 & 5
West Thurston Fire & Life Safety

Whatcom Co. FPDs 2-5, 7, 8, 13 & 14
Woodinville Fire-Life Safety Dist.
Yakima Co. FPDs 4, 5 & 12

Public Health

Asotin Co. Health Dist.
Benton-Franklin Health Dist.
Bremerton-Kitsap Co. Health Dist.
Chelan-Douglas Health Dist.
Garfield Co. Health Dist.
Grant Co. Health Dist.
Greater Columbia Behavioral Health
King Co. Public Health Dept.
North Central WA Regional Support Network
North Sound Regional Support Network
Snohomish Health Dist.
SW WA Health Dist.
Spokane Regional Health Dist.
Tacoma-Pierce Co. Health Dept.
Yakima Co. Health Dist.

Emergency Service & Communication Districts

Chelan Co. Emergency Mgmt.
Emergency Services Coordinating Agency
Franklin Co. Emergency Mgmt.
Grays Harbor Communications
Island Co. Emergency Services Communication Ctr.
KITTCOM
Multi Agency Communications Ctr.
North Country Emergency Medical Service
San Juan Co. Emergency Medical Services
Skagit 911 (SECOM)
Skamania Co. Emergency Mgmt.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Emergency Service & Communication Districts (continued)

Snocom Medic-7
 Snohomish Co. Emergency Radio System
 South Beach Ambulance Service
 Valley Communication Ctr.

Housing Authorities

Anacortes
 Asotin Co.
 Bellingham
 Bremerton
 Clallam Co.
 Everett
 Grant Co.
 Grays Harbor Co.
 Island Co.
 Jefferson Co.
 Kelso
 Kennewick
 King Co.
 Kitsap Co. Consolidated
 Kittitas Co.
 Longview
 Mason Co.
 Othello
 Pasco
 Pierce Co.
 Renton
 Richland
 Seattle
 Skagit Co.
 Spokane
 Tacoma
 Thurston Co.
 Vancouver
 Walla Walla

Insurance Authorities

Transit Insurance Pool of WA
 WA Cities Insurance Auth.
 WA Counties Risk Pool
 WA Governmental Entity Pool
 Water & Sewer Insurance Pool

Irrigation, Sewer & Water Districts

Agnew Irrigation Dist.
 Ahtanum Irrigation Dist.
 Alderwood Water Dist.
 Annapolis Water Dist.
 Beacon Hill Sewer Dist.
 Benton Irrigation Dist.
 Birch Bay Water & Sewer Dist.
 Brewster Flat Irrigation Dist.
 Bryn Mawr-Lakeridge Sewer Dist.
 Cascade Irrigation Dist.
 Cedar River Water & Sewer Dist.
 Clinton Water Dist.
 Coal Creek Utility Dist.
 Coalition for Clean Water
 Columbia Irrigation Dist.
 Consolidated Diking Improvement Dist. 1 & 2
 Consolidated Irrigation Dist. 19
 Covington Water Dist.
 Cowlitz Sewer Board
 Cross Valley Water Dist.
 Diamond Lake Water & Sewer Dist.
 Douglas Co. Sewer Dist. 1
 East Columbia Basin Irrigation Dist.
 East Spokane Water Dist.
 East Wenatchee Water Dist.
 Fall City Water Dist.
 Gardena Farms Dist. 13
 Glacier Water Dist.

Grays Harbor Co. Water Dist. 1
 Greater Wenatchee Irrigation Dist.
 Hazel Dell Sewer Dist.
 Highland Irrigation Dist.
 Highline Water Dist.
 Holmes Harbor Sewer Dist.
 Icicle Irrigation Dist.
 Irvin Water Dist. 6
 Kennewick Irrigation Dist.
 King Co. Water Dist. 19, 20, 45, 49, 54, 83, 90, 111, 119 & 125
 Kiona Irrigation Dist.
 Kitsap Co. Sewer Dist. 5
 Kittitas Reclamation Dist.
 Lake Chelan Reclamation Dist.
 Lakehaven Sewer Dist.
 Lakehaven Utility Dist.
 Lakewood Water Dist.
 Loon Lake Sewer Dist. 4
 Manchester Water Dist.
 Midway Sewer Dist.
 Moab Irrigation Dist. 20
 Model Irrigation Dist. 18
 Mukilteo Water Dist.
 Naches-Selah Irrigation Dist.
 NE Sammamish Sewer & Water Dist.
 North Perry Ave. Water Dist.
 North Spokane Irrigation Dist. 8
 Northshore Utility Dist.
 Okanogan Irrigation Dist.
 Olympic View Water Dist.
 Olympus Terrace Sewer Dist.
 Orchard Ave. Irrigation Dist.
 Oroville-Tonasket Irrigation Dist.
 Outlook Irrigation Dist.
 Pasadena Park Irrigation Dist. 17
 Peshastin Irrigation Dist.
 Point Roberts Water Dist. 4

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Irrigation, Sewer & Water Districts (continued)

Quincy-Columbia Basin Irrigation Dist.
 Ronald Wastewater Dist.
 Roza Irrigation Dist.
 Samish Water Dist.
 Sammamish Plateau Water & Sewer Dist.
 Selah-Moxee Irrigation Dist.
 Shoreline Water Dist.
 Silverdale Water Dist. 16
 Silvertake Water Dist.
 Skyway Water & Sewer Dist.
 Snoqualmie Pass Utility Dist.
 Soos Creek Water & Sewer Dist.
 South Columbia Basin Irrigation Dist.
 South King Co. Regional Water Assn.
 SW Suburban Sewer Dist.
 Sternilt Irrigation Dist.
 Stevens Pass Sewer Dist.
 Sunland Water Dist.
 Sunnyside Valley Irrigation Dist.
 Terrace Heights Sewer Dist.
 Trentwood Irrigation Dist. 3
 Val Vue Sewer Dist.
 Valley Water Dist.
 Vera Irrigation Dist. 15
 Wenatchee Reclamation Dist.
 Whatcom Co. Water Dist. 7 & 10
 Whitestone Reclamation Dist.
 Whitworth Water Dist. 2
 Willapa Valley Water Dist.
 Woodinville Water Dist.
 Yakima-Tieton Irrigation Dist.

Weed Control Districts

Ferry Co. Weed Board

Grant Co. Noxious Weed Board
 Grant Co. Weed Dist. 1 & 3
 Pierce Co. Noxious Weed Board
 Spokane Co. Noxious Weed Control Board

Mosquito Districts

Adams Co. Mosquito Dist.
 Benton Co. Mosquito Control Dist.
 Columbia Mosquito Control Dist.
 Yakima Co. Mosquito Control

Libraries, Library Districts

Fort Vancouver Regional Library
 King Co. Law Library
 King Co. Public Library
 Kitsap Regional Library
 La Conner Regional Library
 Lopez Island Library Dist.
 Mid-Columbia Regional Library
 North Central Regional Library
 North Olympic Library System
 Orcas Island Library Dist.
 Pend Oreille Library
 Pierce Co. Law Library
 Pierce Co. Rural Library Dist.
 San Juan Island Co. Library
 Sno-Isle Regional Library
 Spokane Co. Law Library
 Spokane Co. Library Dist.
 Stevens Co. Rural Library
 Timberland Regional Library
 Walla Walla Co. Rural Library
 Whatcom Co. Public Library
 Whitman Co. Rural Library
 Yakima Valley Regional Library

Ports

Anacortes
 Bellingham
 Benton
 Bremerton
 Brownsville
 Camas-Washougal
 Centralia
 Chelan Co.
 Clarkston
 Douglas Co.
 Edmonds
 Ephrata
 Everett
 Grays Harbor
 Ilwaco
 Kalama
 Kennewick
 Kingston
 Klickitat
 Longview
 Mattawa
 Moses Lake
 Olympia
 Orcas
 Othello
 Pasco
 Peninsula
 Port Angeles
 Port Townsend
 Ridgefield
 Royal Slope
 Seattle
 Shelton
 Skagit Co.
 Skamania Co.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (continued)

Ports (continued)

Sunnyside
Tacoma
Vancouver
Wahkiakum Co.
Walla Walla
Warden
Whitman Co.
Willapa Harbor
Woodland

Public Utility Districts

Asotin Co. PUD 1
Benton Co. PUD 1
Chelan Co. PUD 1
Clallam Co. PUD 1
Clark Co. PUD
Cowlitz Co. PUD
Douglas Co. PUD 1
Energy Northwest
Ferry Co. PUD 1
Franklin Co. PUD 1
Grand Coulee Project Hydroelectric
Auth.
Grant Co. Public Works
Grant Co. PUD 2
Grays Harbor Co. PUD 1
Jefferson Co. PUD 1
Kitsap Co. PUD 1
Kittitas Co. PUD 1
Klickitat Co. PUD 1
Lewis Co. PUD 1
Mason Co. PUDs 1 & 3
Okanogan Co. PUD 1
Pacific Co. PUD 2
Pend Oreille Co. PUD 1
Skagit Co. PUD 1

Skamania Co. PUD 1
Snohomish Co. PUD 1
Wahkiakum Co. PUD 1
Wells Hydroelectric Project

Transit Authorities, Transportation Districts

Benton-Franklin P.T.B.A.
Central Puget Sound Transit Auth.
Chelan-Douglas P.T.B.A.
Clark Co. P.T.B.A.
Community Transit
Grays Harbor Transportation Auth.
Intercity Transit
Island Transit
Jefferson Transit Auth.
King County Metro
Kitsap Transit
Lewis P.T.B.A.
Mason Co. Transportation Auth.
Pacific Transit System
Pierce Co. P.T.B.A.
Spokane Regional Transportation
Council
Valley Transit
Whatcom Transportation Auth.

Associations, Unions

Assn. of Washington Cities
Inland Boatmans Union
International Organization of Masters,
Mates-Pilots
King County Directors Assn.
King County Assn. of Suburban Cities
Public School Employees of WA
WA Assn. of County Officials
WA Federation of State Employees

WA Public Employees Assn.
WA Public Ports Assn.
WA State Assn. of Counties
WA State Council of County-City
Employees

Airports, Airport Boards

Centralia-Chehalis Airport Board
Snohomish Co. Airport
Spokane Airport Board
Spokane International Airport
Walla Walla Regional Airport
Yakima Air Terminal

Councils

Cowlitz-Wahkiakum Council of
Governments
Grays Harbor Council of Governments
Northwest Regional Council
Pacific Council of Governments
Puget Sound Regional Council
Skagit Council of Governments
Thurston Regional Planning Council
Whatcom Council of Governments

Parks & Recreation Districts

East County Park & Recreation Dist.
Fidalgo Pool & Fitness Ctr.
Metropolitan Park Dist. of Tacoma
San Juan Island Park & Recreation Dist.

Development Authorities/ Districts

Central Puget Sound Economic Development
Dist.
Grays Harbor Public Development Auth.
Southwest WA Public Development Auth.
Tricounty Economic Development Dist.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2001 (concluded)

Cemetery Districts

Cowlitz Co. Cemetery Dist. 1 & 2
Pend Oreille Co. Cemetery Dist. 1
Skagit Co. Cemetery 2

Road Departments

Chelan Co. Roads
Franklin Co. Road Dept.
Lincoln Co. Highway Dept.

Public Facility Districts

Public Stadium Auth.
Spokane Public Facility Dist.

Other Government Entities

Pierce Co. Law Enforcement Support
Agency
Snohomish Co. Police Staff Auxiliary
Tacoma-Pierce Co. Employment &
Training Consortium
WA School Information Processing
Coop

Deferred Compensation Program and Dependent Care Assistance Program

Background

In 1981, the Washington State legislature established the Deferred Compensation Program (DCP) and created the Committee for Deferred Compensation (CDC) as the governing body. From 1981 to 1984, the Committee contracted with the National Plan Coordinators Inc. to provide administrative and marketing services. In 1985, the Committee took over responsibility for administering the program, and assumed marketing responsibility in 1986.

In 1988, the Committee initiated the Dependent Care Assistance Program (DCAP) for state employees. In 1989, the Committee began managing investments for the Judicial Retirement Account (JRA) as a result of an agreement with the Office of the Administrator for the Courts. In 1995, the state legislature decided to transfer administrative responsibility for the program to DRS. The merger of DCP and DRS took effect on July 1, 1996.

What is DCP?

The program is a voluntary retirement savings plan established for employees of the state and other political subdivisions, elected and appointed state officials, members of the state legislature, and some judges. The program meets the requirements of Section 457 of the Internal Revenue Code.

The intent of the program is to provide additional income to participants upon retirement. By deferring part of their income, participants can reduce their taxable income each year. Participants can choose to invest in a number of different investment options, from a low-risk savings pool to higher-risk stock funds. The investments made each month grow tax

free until they are withdrawn. The program provides participants with a means to easily save money and help supplement their other retirement income.

For more information about DCP, call the DCP Information Line at 1-888-327-5596 (for TDD call 1-877-847-6041). Representatives are available Monday through Friday, 8:00 AM to 5:00 PM Pacific Time except on holidays observed by the New York Stock Exchange.

Contact DCP by email: dcpinfo@drs.wa.gov

Mailing Address:

Department of Retirement Systems
Deferred Compensation Program
PO Box 40931
Olympia, WA 98504-0931

What is DCAP?

The program allows eligible employees to set aside a portion of their income, before federal and social security taxes, for reimbursement of child or elderly care expenses. The program meets the requirements of Section 129 of the Internal Revenue Code.

For more information about DCAP, call 1-800-423-1524 (for TDD call 1-360-586-5450).

Contact DCAP by email: debbiem@drs.wa.gov

Mailing Address:

Department of Retirement Systems
Dependent Care Assistance Program
PO Box 40931
Olympia, WA 98504-0931

Deferred Compensation Program Status Report

FUNDING MEDIA	June 30, 2001		June 30, 2000		June 30, 1999		June 30, 1998		Dec. 31, 1997	
	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
Savings Pool	\$ 418,605,751	28.60	\$ 384,809,628	24.18	\$ 376,038,281	28.66	\$343,199,190	31.49	\$330,739,960	37.67
U.S. Stock Market Index Fund ¹	48,561,493	3.32	47,407,678	2.98	33,554,597	2.56	--	--	--	--
Washington State Bond Fund ²	41,005,249	2.80	--	--	--	--	--	--	--	--
Washington State Long-Horizon Fund ³	1,659,573	0.11	--	--	--	--	--	--	--	--
Washington State Mid-Horizon Fund ³	1,741,081	0.12	--	--	--	--	--	--	--	--
Washington State Short-Horizon Fund ³	1,103,767	0.07	--	--	--	--	--	--	--	--
Fidelity Equity-Income Fund	352,111,226	24.06	324,212,940	20.37	403,299,524	30.74	378,380,410	34.72	279,010,494	31.78
Fidelity Growth Company Fund	197,718,365	13.51	260,554,365	16.37	107,354,490	8.18	64,104,019	5.88	41,135,983	4.68
Fidelity Independence Fund ⁴	346,223,485	23.65	488,729,911	30.71	319,185,398	24.33	241,117,147	22.13	179,044,468	20.39
Fidelity Intermediate Bond Fund	--	--	24,082,469	1.51	26,022,037	1.98	21,287,931	1.95	17,673,846	2.01
Fidelity Overseas Fund	22,549,550	1.54	29,182,365	1.83	15,159,797	1.16	13,808,251	1.27	9,105,196	1.04
Calvert Social Investment Fund - Balanced Portfolio ⁵	32,441,932	2.22	32,547,573	2.05	31,332,219	2.39	27,929,775	2.56	21,368,086	2.43
TOTAL	\$1,463,721,472	100.00	\$1,591,526,929	100.00	\$1,311,946,343	100.00	\$1,089,826,723	100.00	\$878,078,033	100.00

¹ This investment option was added in July 1998.

² This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.

³ These investment options were added on September 1, 2000.

⁴ The Fidelity Retirement Growth Fund was renamed Fidelity Independence Fund effective January 27, 2001.

⁵ The Calvert Social Investment Fund Managed Growth Portfolio was renamed Calvert Social Investment Fund - Balanced Portfolio effective in late 1998.

**Deferred Compensation Program
Performance— Periods Ending June 30, 2001**

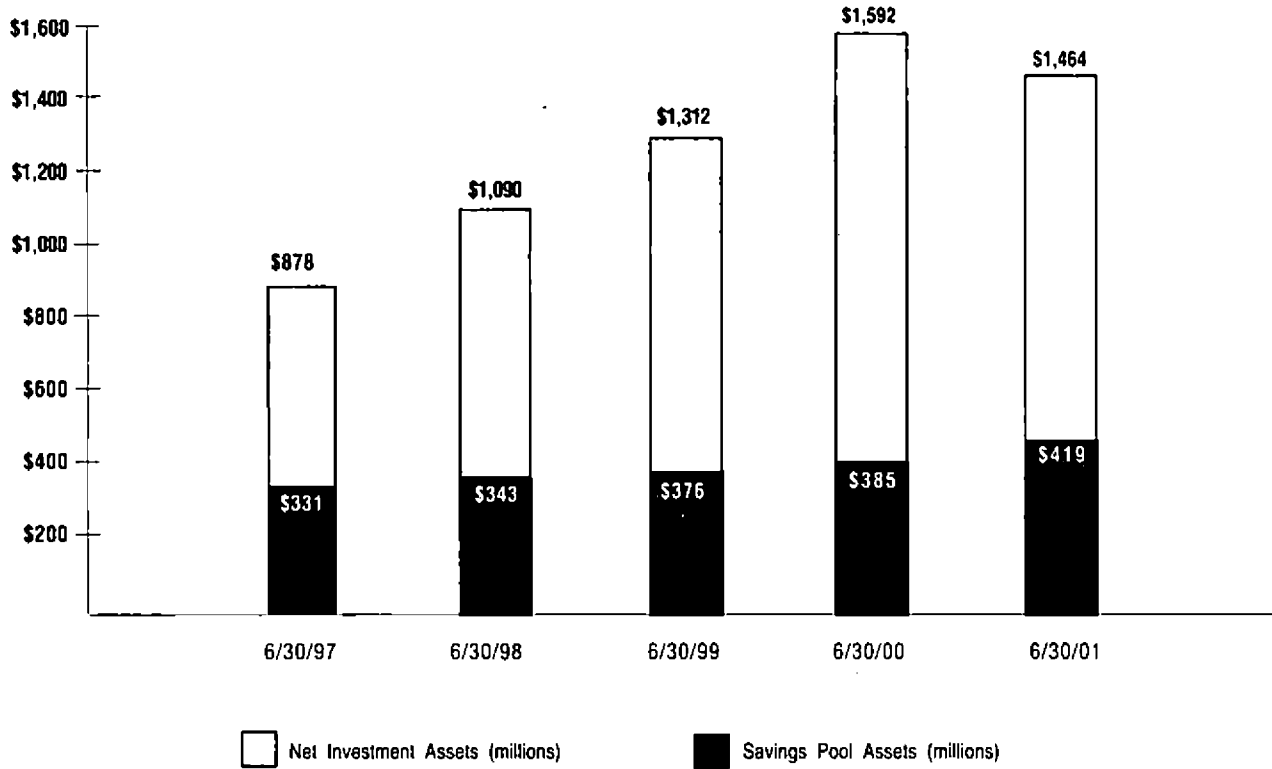
Fund Name <i>Benchmark</i>	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
Savings Pool	1.60%	6.64%	6.62%	6.66%	7.05%
U.S. Stock Market Index Fund <i>Wilshire 5000 Index</i>	7.43% 7.48%	(14.47)% (15.32)%	4.30% 3.51%	13.63% 13.07%	14.76% 14.57%
Washington State Bond Fund <i>Lehman Intermediate Credit Index</i>	0.74% 1.01%	** 11.93%	** 6.34%	** 7.23%	** 7.97%
Washington State Long-Horizon Fund <i>Long-Horizon Custom Benchmark²</i>	4.41% 4.39%	** (11.89)%	** 3.47%	** 9.98%	** 11.70%
Washington State Mid-Horizon Fund <i>Mid-Horizon Custom Benchmark²</i>	3.11% 3.25%	** (4.60)%	** 4.60%	** 9.16%	** 10.51%
Washington State Short-Horizon Fund <i>Short-Horizon Custom Benchmark²</i>	2.05% 2.14%	** 1.33%	** 5.35%	** 7.88%	** 8.61%
Fidelity Equity-Income Fund <i>Russell 3000 Value</i>	5.25% 5.35%	10.07% 11.64%	5.19% 5.37%	13.33% 14.71%	15.45% 15.72%
Fidelity Growth Company Fund <i>Russell 3000 Growth</i>	12.01% 9.14%	(29.27)% (35.30)%	15.41% 0.75%	17.26% 11.24%	17.71% 13.38%
Fidelity Independence Fund <i>Russell 3000</i>	7.46% 6.88%	(28.33)% (13.93)%	9.98% 4.25%	15.00% 13.76%	16.38% 14.97%
Fidelity Overseas Fund <i>MSCI EAFE</i>	0.00% (1.05)%	(23.91)% (23.60)%	0.28% (1.24)%	6.45% 2.89%	8.37% 6.38%
Calvert Social Investment Fund - Balanced Portfolio	4.71%	(5.77)%	**	**	**

** Data not available.

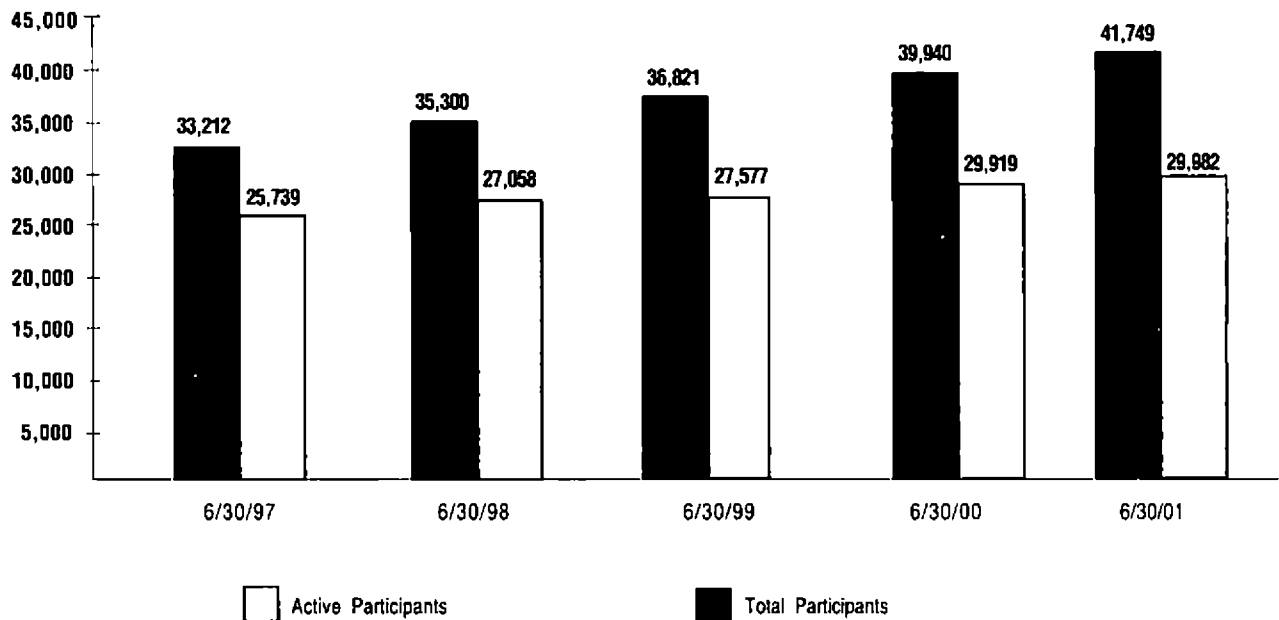
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the contributions to your individual account. All returns are calculated in U.S. dollars.

² Estimated returns the portfolio would have earned using the return data from the various components.

**Deferred Compensation Program
Net Investment Asset Growth
for Fiscal Years Ended June 30, 1997-2001**



**Deferred Compensation Program
Participation
for Fiscal Years Ended June 30, 1997-2001**



**Dependent Care Assistance Program
Participation Report
for Calendar Years Ended December 31, 1996-2000**

	End of 2000	End of 1999	End of 1998	End of 1997	End of 1996
Total Participants	1,344	1,379	1,514	1,485	1,425
Increase (Decrease) Over Prior Year	(35)	(135)	29	60	81
Percentage Change Over Prior Year	(3)%	(9)%	2%	4%	6%

Estimated Benefits to State

	End of 2000	End of 1999	End of 1998	End of 1997	End of 1996
Taxable Wage Base	\$ 76,200	\$ 72,600	\$ 68,400	\$ 65,400	\$ 62,700
FICA & Medicare Rate	7.65	7.65	7.65	7.65	7.65
Salary Reductions	\$5,149,738	\$5,138,053	\$5,741,080	\$5,597,604	\$5,441,802
OASDI & Medicare Savings	\$366,309	\$374,047	\$ 402,004	\$ 395,286	\$ 383,591
Earnings ¹	28,450	24,669	30,252	27,506	25,438
Forfeitures ^{1 & 2}	6,216	9,968	10,114	8,907	10,293
Estimated Gross Benefit to State	<u>400,975</u>	<u>408,684</u>	<u>442,370</u>	<u>431,699</u>	<u>419,322</u>
Expenditures ³	<u>174,240</u>	<u>152,866</u>	<u>193,599</u>	<u>191,595</u>	<u>188,034</u>
Benefit to State ⁴	<u>\$ 226,735</u>	<u>\$ 255,818</u>	<u>\$ 248,771</u>	<u>\$ 240,104</u>	<u>\$ 231,288</u>

¹ Revenues associated with the Dependent Care Salary Reduction Program flow initially to various state agencies in the form of employer OASDI and Medicare tax savings, the State Treasurer in the form of interest, and to the dependent care administrative fund in the form of forfeitures. The figures for OASDI estimated tax savings are after removal of salary reductions deemed to occur above the taxable wage base.

² The agency attempts to avoid forfeitures. Forfeiture is required under federal law when a participant sets aside a greater amount than s/he incurs and is able to have reimbursed by the program. The number and amount of forfeitures are determined as of March 31, the annual deadline for submitting claims for reimbursement of expenses.

³ Effective July 1, 1993, by legislative direction, the Committee for Deferred Compensation (now DRS) bills state agencies with participating employees a percentage of the payroll taxes saved by the agency and uses these amounts to operate the program. The 1996 expenditures include data processing and other costs related to shifting to the new billing system. Previously, agencies were permitted to retain all of these payroll tax savings. Now they retain approximately 56 percent of the savings.

⁴ 1996 expenditures do not reflect a \$10,000 return from the Department of Information Systems in January 1997, progress payments on a mainframe to a personal computer conversion program which was abandoned by mutual agreement, and include one-time expenditures related to the 1996 merger of CDC and DRS.