



WASHINGTON STATE
DEPARTMENT OF
RETIREMENT
SYSTEMS

2002
COMPREHENSIVE
ANNUAL
FINANCIAL
REPORT

FUNDS OF THE
STATE OF WASHINGTON,
FOR THE YEAR ENDED
JUNE 30, 2002.

Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2002

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

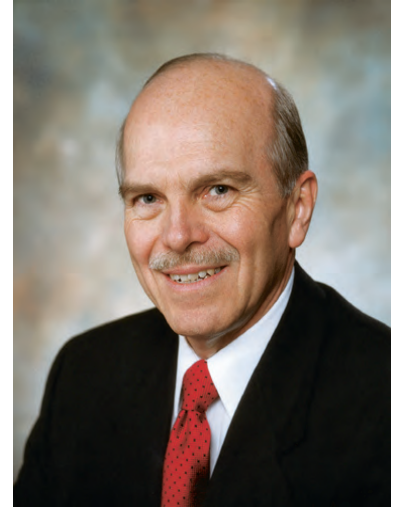
I am pleased to present the Department of Retirement Systems (DRS) 2002 Comprehensive Annual Financial Report. This report provides an overview of our services, retirement plan highlights and detailed funding and investment information. We take pride in assuring accurate, detailed accounting and the highest level of integrity regarding financial transactions.

The vision of DRS is “Delighted customers, Proud staff.” Our strategy is to continue to introduce advanced technologies designed to increase our capabilities to produce the results our customers expect and deserve. Our staff are proud of the services they provide.

Survey results and comments express how much our customers appreciate the enhancements we have implemented in recent years. At the same time, we are doing everything we can to operate as efficiently as possible, so all Washington citizens can be assured they're getting the best value for every dollar that goes into our operations. An external study of public retirement administrations confirmed that the pension administration is one of the most cost effective in the nation. Our costs are very low when balanced against the high levels of program complexity.

At DRS, we focus resources and activities on providing effective services now and in the future. With each new solution implemented, our ability to provide accurate and timely information improves. For example, members can register for a retirement seminar any time of the day or night using our online, automated E-forms or use the Online Retirement Benefit Estimator (ORBE) available on our Web site to calculate projected retirement benefits. Additionally, Web based programs for employers, such as the online Employer Audit Program and Member Status Verification, help to assure that DRS is receiving accurate information. Through energy and innovation, we are working hard to make our vision a successful reality.

If you have questions or would like additional information, 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. Our Web site is available 24 hours a day, seven days a week, and is located at www.wa.gov/drs.



John F. Charles

We look forward to serving our members in 2003.

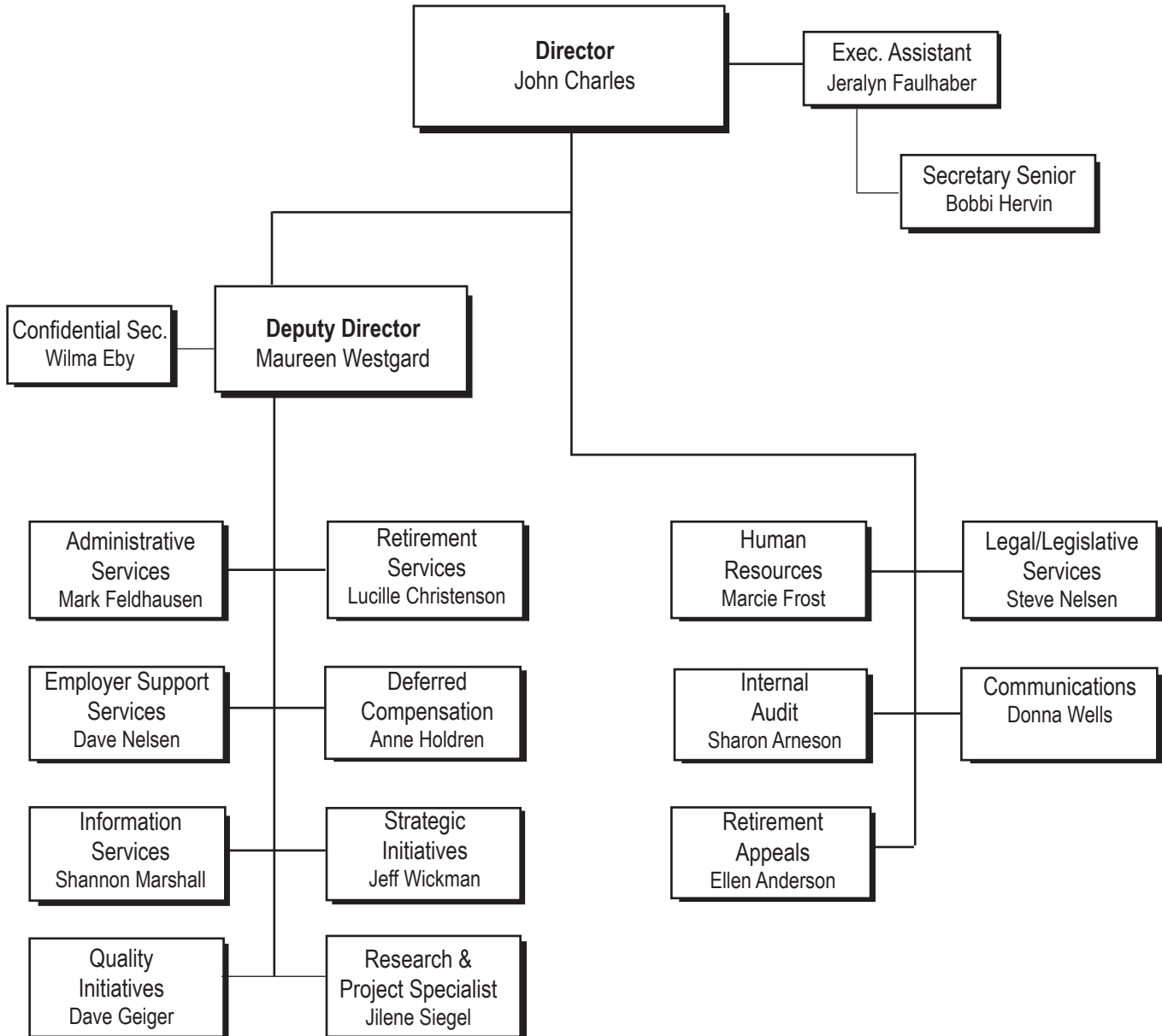
Sincerely,

A handwritten signature in black ink, appearing to read 'John F. Charles', written in a cursive style.

John F. Charles
Director

Department of Retirement Systems' Organization

June 2002



Pension System Roles and Responsibilities

Department of Retirement Systems (DRS)

Collects and accounts for employer and employee contributions; 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, 2002)

Senators

- Don Carlson (Chair)
- Harold Hochstatter
- Karen Fraser
- Harriet Spanel
- Ken Jacobsen
- Debbie Regala
- Linda Evans Parlette
- Shirley Winsley

Representatives

- Gary Alexander
- Glenn Anderson
- Steve Conway (Vice Chair)
- Jerome Delvin
- Mike Cooper
- Bill Fromhold
- Cheryl Pflug
- Geoff Simpson

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

Pension Funding Council

Adopts economic assumptions for pension funding and member and employer pension contribution rates for PERS, SERS, TRS, LEOFF 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; the 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, 2002)

John F. Charles (Chair)
Director, Department of Retirement Systems

Lee Ann Prielipp (Vice Chair)
Representative of TRS

Patrick McElligott
Representative of LEOFF

Michael J. Murphy
State Treasurer

Gary Moore
Director, Department of Labor and Industries

Senator Sid Snyder

Representative Helen Sommers

Vacant
Representative of PERS

George Masten
Representative of Retired Members

Board Members

(Nonvoting Members, June 30, 2002)

Robert S. Nakahara
Investment Professional

John Magnuson
Investment Professional

Jeffrey Hanna
Investment Professional

Jeffrey Seely
Investment Professional

Charles A. Kaminski
Investment Professional

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

Telephone: (360) 664-8900

Web site: www.sib.wa.gov

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 recommendations 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 recommendations on investment options for the Deferred Compensation Program. Board members are appointed by the governor. As of June 30, 2002, the board members were:

Board Chairperson

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

Representing experience in defined contribution plan administration:

- Kathy Grimm—Director of Client Services, Russell Investment Group
- Al Symington (Vice-Chair)—CEO, Pope Resources

Representing Public Employees' Retirement System members:

- Dr. Robert Lenigan—Psychologist/Program Coordinator,
Western State Hospital
- Claude Burfict—DSHS/Fircrest School
- Gene Otis—Retired

Representing Teachers' Retirement System members:

- Dr. 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:

- Judi Owens—Head Secretary Maintenance Department, Central Valley School District
- Virginia "Gini" Drummond—Personnel Report Technician, Tacoma School District
- Marian Harrison—Retired

Representing Deferred Compensation Program Participants:

- Kathy Whitlock—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, 2002)

PERS

Christopher Melly
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, 2002

The Honorable Gary Locke, Governor
Members of the Fifty-Eighth Legislature
Members of the Joint Committee on Pension Policy
 State of Washington
 Olympia, Washington 98504

We are pleased to present to you the Department of Retirement Systems' Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002. 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 management of 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 independent auditors, management's discussion and analysis, 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, as-

sociated 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 three combination defined benefit/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 employees of participating political subdivisions. As of June 30, 2002, there were 1,258 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 2 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 Administrative Office of 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 Judicial Retirement Account (JRA) defined contribution plan.

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.

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 (GASB). The basic financial statements are presented in accordance with guidelines established by GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans*, and other GASB statements as appropriate. Specific accounting treatments are detailed in the Notes to the Financial Statements found in the Financial Section of this report.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments* (GASB 34). In June 2001, the GASB issued Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus*, which amended certain provisions of GASB 34. Effective for Fiscal Year 2002 reporting, DRS implemented the provisions of GASB 34. GASB 34 had no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result of the implementation of GASB 34, the Management's Discussion and Analysis has been included as required supplementary information and precedes the financial statements.

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.

Additions To Pension Plan Net Assets

The primary sources of additions for the retirement trust funds include contributions from employers, active system members, the state, and investment earnings. The main sources of additions for the deferred compensation plan include participant contributions and investment earnings. Total additions to the retirement trust funds and the deferred compensation plan for Fiscal Year 2002 amounted to \$(2,092.6) million, a decrease of \$2,685.1 million from Fiscal Year 2001. The following schedule is a summary of the additions to the pension trust funds for the years ended June 30, 2002, and June 30, 2001.

(dollars in millions)		
Additions to Plan Net Assets	Fiscal Year 2002	Fiscal Year 2001
Retirement Contributions	\$ 695.5	\$1,069.7
Deferred Compensation Participant Contributions	119.0	107.2
Net Investment Income	(2,988.9)	(3,001.5)
Charges for Services	28.9	28.9
Transfers From Pension Plans	51.1	2,386.9
Other Additions	1.8	1.3
Total	\$(2,092.6)	\$ 592.5

The decrease in total pension trust fund additions resulted primarily from a decrease in transfers from other pension plans and a decrease in retirement contributions. The total amount of transfers from other pension plans was much higher last fis-

cal year due to the implementation of the School Employees' Retirement System. The decrease in retirement contributions was primarily due to lower required contribution rates. The increases and decreases between current year and prior year additions are discussed in more detail in the Management's Discussion and Analysis, which is presented on pages 30-34 in the Financial Section of this report.

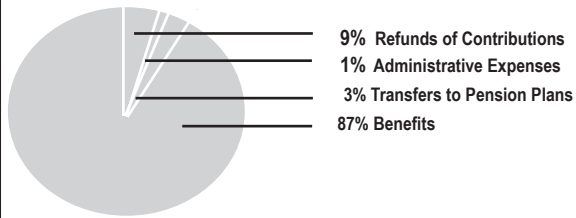
Deductions To Pension Plan Net Assets

The primary deductions for the retirement trust funds include the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system 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. The main deductions for the deferred compensation plan include refunds paid to plan participants and administrative expenses. Total deductions to the retirement trust funds and the deferred compensation plan for Fiscal Year 2002 totaled \$2,011.8 million, a decrease of \$2,188.4 million from Fiscal Year 2001. The following schedule is a summary of the deductions to the pension trust funds for the years ended June 30, 2002, and June 30, 2001.

(dollars in millions)		
Deductions to Plan Net Assets	Fiscal Year 2002	Fiscal Year 2001
Benefits	\$1,755.6	\$1,630.2
Refunds of Contributions	175.1	151.9
Transfers to Pension Plans	51.1	2,386.9
Administrative Expenses	30.0	31.2
Total	\$2,011.8	\$4,200.2

The decrease in total pension trust fund deductions resulted primarily from a decrease in transfers to other pension plans. The total amount of transfers to other pension plans was much higher last fiscal year due to the implementation of the School Employees' Retirement System. The increases and decreases between current year and prior year deductions are discussed in more detail in the Management's Discussion and Analysis, which is presented on pages 30-34 in the Financial Section of this report.

Fiscal Year 2002 Pension Trust Fund Deductions by Type



Funding

The goal of pension funding is to accumulate enough money during a member's working career to pay retirement benefits after the member retires. Measurements of funding status indicate how well a retirement plan is accomplishing that goal. There are two standard indicators of funding status: the funding ratio and the existence of an unfunded liability. Both measure the benefit obligations, or liabilities, of a plan against its assets. If the funding level is adequate, the ratio of total accumulated assets to total liabilities will be larger and more funds will be available for investment purposes. Also, an adequate funding level gives the participants assurance that their pension benefits are secure.

The actuarial value of assets available as of the latest actuarial date for all systems was \$45,053 million. The accrued liability is \$45,572 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$519 million. The ratio of assets to liabilities is 99 percent compared to 101 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. Valuations are performed for all DRS-administered retirement systems on a yearly (October 1 to September 30) basis. These calculations were prepared by the Office of the State Actuary and reflect the latest valuation results. Additional actuarial information is included in the Actuarial Section of this report.

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 2002, the commingled trust fund (CTF) investments provided a negative 6.40 percent rate of return. The CTF annualized rate of return over the last three years was 0.17 percent and 5.53 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.

Departmental Initiatives

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

Independent Audit

An audit of DRS' basic financial statements was conducted by Peterson Sullivan PLLC, independent auditors. The independent auditor's report on our 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, 2001. This was the eighth 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 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,

A handwritten signature in black ink, appearing to read 'John F. Charles', with a long horizontal flourish extending to the right.

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, 2001

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.



Imelda Aru
President

Jeffrey L. Esser
Executive Director

Overview of Agency Operations

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

PERS Plan 3 implementation well under way

The new Public Employees' Retirement System (PERS) Plan 3 officially went into effect on March 1, 2002. PERS Plan 3 combines the features of a defined benefit plan with those of a defined contribution plan. PERS members currently in Plan 2 must choose whether to transfer their contributions and service credit to Plan 3, or remain in Plan 2 with its defined benefit provisions. With almost 129,000 active PERS Plan 2 members, the opportunity to transfer is being offered in two phases. The transfer period for state workers and higher education employees is March 1 through August 31, 2002. Local government employees may transfer between September 1, 2002 and May 31, 2003. New PERS members will have 90 days from their first date of eligibility to decide which plan is right for them. DRS worked with employees, employers and labor organizations to design an extensive member education campaign. The PERS Plan 3 implementation is on schedule and within the project's established budget.

New transmittal option saves employers' time, increases accuracy

The new Web-Based Employer Transmittal (WBET) option allows employers to quickly and securely report member information and retirement contribution data to DRS over the Internet. Already, 487 employers have signed up to use this option. With special features that increase accuracy, WBET's popularity with employers is easy to understand.

Agency receives clean compliance audit

DRS takes its fiduciary responsibility very seriously. That diligence is evident in the results of a clean, 2001 audit completed by the State Auditor's Office. This was the agency's sixth consecutive annual audit without findings.

DRS returns funds to inactive members

The 2001 Legislature provided funding for DRS to conduct a special project to locate members with inactive accounts. The goal for the fiscal year ending June 30, 2002, was to contact 36,000 (45 percent) of the more than 80,000 members who are either not vested or are eligible to begin receiving

retirement benefits. The agency exceeded the goal by contacting approximately 38,000 (48 percent) of those inactive members. As a result of this project, 4,579 withdrawals were made worth almost \$11.5 million, and 109 members began receiving their retirement benefits. Procedures were also developed to notify members with inactive accounts when they become eligible to retire or reach 70.5 years of age, meeting the legal requirement for mandatory distribution.

Improved estimate letters are simple and comprehensive

DRS redesigned the benefit estimate letters to make them easier to read, while still providing all the details members need. The new format improves the appearance of the letters and clarifies important information. A focus group of retirement system members evaluated the new letters and found them to be straightforward and comprehensive.

Independent study verifies DRS' operational efficiency

Results of an external study reveal that DRS operates very efficiently compared to other public retirement agencies. The *Benefit Administration Benchmarking Analysis*, conducted by Cost Effectiveness Measurement (CEM) Inc., of Toronto, Ontario, evaluates the administrative costs of public retirement systems. When comparing the 30 United States organizations that participated, this year's study shows that DRS' administrative costs were 44 percent lower than the projected costs of its peer pension systems, given complexity, volume, service levels, special projects and cost environment. The study also identified DRS as the fourth most complex of the peer U.S. programs. This is DRS' third year participating in this study.

Agency fosters workforce diversity

DRS serves a diverse member base throughout Washington State and places a high value on maintaining a workforce that reflects that diversity. Through active recruiting strategies and programs aimed at retention of qualified staff, DRS strives to reflect the diversity of the State of Washington in its workforce.

DRS continues its focus on improving customer service

DRS staff respond to 96 percent of all routine correspondence within five days of receipt. In the Retirement Services Division, 96 percent of all incoming telephone calls are answered within 30 seconds. Recent implementation of a document imaging system provides rapid access to members' files, so many questions can be answered with a single telephone call. Responses to DRS' annual customer satisfaction survey show an average satisfaction rating of 4.55, out of a possible 5 points.

2002 Washington State Legislative Actions

The 2002 Washington State Legislature enacted the following significant changes in retirement law.

Survivor Benefits

The Joint Committee on Pension Policy (JCPP) recommended this legislation, which provides retirees from the Law Enforcement Officers and Fire Fighters' (LEOFF) Plan 1 and the Public Employees' Retirement System (PERS) Plan 3 with optional survivor benefits that are currently available in other retirement systems such as the ability to provide an actuarially reduced benefit to their spouse in the event of a post-retirement marriage. The bill also allows members and retirees from PERS, the Teachers' Retirement System (TRS), and the School Employees' Retirement System (SERS) to split their accounts into two accounts (one for the member and one for the ex-spouse) upon dissolution of their marriage.

Military Service Corrections

This legislation brings state law into alignment with the federal law definition of the Vietnam Era. The bill also removes prohibitions on military service credit in PERS and the Washington State Patrol Retirement System (WSPRS) for members who are also receiving military retirement benefits.

PERS Plan 3 Corrections

This legislation gave PERS Plan 2 members who transfer to PERS Plan 3 the opportunity to qualify for a transfer payment if they earn service credit in June, 2002 (for "Phase 1 employers," which included state and higher education employers), or during either June 2002 or February 2003 (for "Phase 2 employers," which included most local government employers).

Technical Corrections

This legislation corrects errors and oversights in statutes, such as incorrect cross-references to other statutes. In addition, this bill adds references to TRS Plan 3 and PERS Plan 3 to RCW 41.50.790 regarding benefit division orders.

Health Insurance - Local Government Retired and Disabled Employees

This legislation applies to PERS local government retired and disabled employees and their dependents. It gives them the right to participate in a health plan, provided that they are not covered under an insurance program administered by the State Health Care Authority. The bill goes into effect January 1, 2003, but local governments have until January 1, 2004, to implement the bill.

LEOFF Plan 2 Part-Time Leave of Absence

The Joint Committee on Pension Policy recommended this legislation, which allows law enforcement members to continue to earn service credit for part-time leaves of absence, up to a two-year maximum.

PERS Plan 2 CVEOs Transfer to State Patrol

Under this legislation, which was recommended by the Joint Committee on Pension Policy, Commercial Vehicle Enforcement Officers (CVEOs) who became commissioned officers in the Washington State Patrol after July 1, 2000, and prior to June 30, 2001, have the option of either remaining a member of PERS Plan 2 or make an irrevocable choice to transfer their CVEO credit to WSPRS. Those members who transfer service credit would have until December 31, 2010, or the date of retirement (whichever came first) to pay for the difference in employee and employer contributions, plus interest.

PERS Plan 1 Vested Inactive

The Joint Committee on Pension Policy recommended this legislation, which allows inactive members of PERS Plan 1 with at least 20 years of service, who separate after reaching age 50, to retire at age 60 without a reduction in benefits (the previous age was 65). The member must have separated from state service on or after January 1, 2002.

Port Employees

This legislation allows port employees to participate in a private pension plan without loss of their eligibility for PERS.

Financial Section

Independent Auditor's Report

PETERSON SULLIVAN PLLC

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Mr. John Charles, Director
Department of Retirement Systems
Olympia, Washington

We have audited the accompanying financial statements of the Washington State Department of Retirement Systems as of and for the year ended June 30, 2002. 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 audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Department of Retirement Systems as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the financial statements present 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, 2002, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying management discussion and analysis and required supplementary information listed in the accompanying table of contents is not a required part of the basic financial statements, but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted 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.

Peterson Sullivan PLLC
November 22, 2002

Management's Discussion and Analysis

This discussion and analysis of the Washington State Department of Retirement Systems (DRS) financial performance provides an overview of DRS' financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the Letter of Transmittal beginning on page 16 and DRS' financial statements, which begin on page 35 of this report.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2002:

- The combined plan net assets of all the pension funds administered by DRS decreased by \$4.1 billion during Fiscal Year 2002.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$12,029.9 million, representing an increase of 8%. Employee contributions decreased by 14% and employer contributions decreased by 53%.
- Net investment earnings (net depreciation in the fair value of investments, plus interest and dividend income, less investment expenses) increased by less than 1% compared to last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$125.4 million bringing the total benefit payments to \$1,755.6 million. Refunds of contributions paid to former retirement system members upon termination of employment increased from \$95.5 million to \$97.5 million.
- Administrative expenses totaled \$30.0 million, a decrease of 4% over last fiscal year. Project specific expenses, including the Public Employees' Retirement System (PERS) Plan 3 project, were incurred during Fiscal Year 2002.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the DRS basic financial statements, which consist of the following components: basic financial statements, notes to the financial statements, required supplementary information, and other supporting schedules.

Basic Financial Statements

The basic financial statements presented for the fiduciary funds are fund financial statements and include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The fiduciary funds include defined benefit and defined contribution pension trust funds, the deferred compensation program trust fund, and the dependent care assistance program agency fund. The Statement of Plan Net Assets presented on pages 35-38 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2002. The Statement of Changes in Plan Net Assets presented on pages 39-42 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2002.

The basic financial statements presented for the governmental fund include a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities. The governmental fund administered by DRS is a special revenue fund used to account for the administrative revenues and operating expenditures incurred in administering the dependent care assistance program. The Balance Sheet/Statement of Net Assets presented on page 43 has three separate columns: Balance Sheet, Adjustments, and Statement of Net Assets. The "Balance Sheet" column presents the assets, liabilities, and fund balance using the current financial resources measurement focus and the modified accrual basis of accounting. The "Statement of Net Assets" column presents the difference between assets and liabilities as net assets and uses the economic resources measurement focus and accrual basis of accounting. The "Adjustments" column displays the changes needed to adjust the Balance Sheet line items to the line items in the Statement of Net Assets. This statement reports the assets, liabilities and fund balance/net assets for the special revenue fund as of June 30, 2002. The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities presented on page 44 has three separate columns: Statement of Revenues, Expenditures and Changes in Fund Balance; Adjustments; and Statement of Activities. The "Statement of Revenues, Expenditures, and Changes in Fund Balance" column presents the inflows, outflows and balances of current financial resources

using the current financial resources measurement focus and the modified accrual basis of accounting. The “Statement of Activities” column is presented using the economic resources measurement focus and accrual basis of accounting. The “Adjustments” column displays the changes needed to adjust the Statement of Revenues, Expenditures and Changes in Fund Balance line items to the line items in the Statement of Activities. This statement reports the revenues, expenditures, and resulting fund balance/net assets for the special revenue fund for the fiscal year ending June 30, 2002.

Notes to the Financial Statements

The notes to the financial statements presented on pages 45-68 of this report are an integral part of the financial statements and include additional information not readily evident in the statements themselves. Note 1 provides a summary of significant accounting policies and plan asset matters including the reporting entity, measurement focus, basis of accounting, investments, reserves, capital assets, long-term liabilities, financial statement formatting, and any accounting and reporting changes. Note 2 provides a general description of DRS, plan descriptions, and funding policy.

Required Supplementary Information

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the plan’s ongoing plan perspective. The required supplementary information consists of two historical trend schedules and related notes. The Schedules of Funding Progress presented on pages 69-70 include historical trend information about the actuarially funded status of each plan from a long-term, ongoing plan perspective and the progress made in accumulating sufficient assets to pay benefits when due. The Schedule of Contributions from Employers and Other Contributing Entities presented on page 71 includes historical trend information about the annual required contributions of employers and the contributions made by employers in relation to this requirement. These schedules provide information that contributes to understanding the changes over time in the funded status of the plans. The Notes to the Required Supplementary Information presented on pages 72-73 accompanies the two trend sched-

ules and summarizes the actuarial and economic methods and significant assumptions used for the most recent year.

Other Supporting Schedules

These schedules are presented on pages 74-77 and they provide additional detailed information useful in evaluating the condition of the plans administered by DRS. These schedules include information on administrative expenses, investment expenses, payments to consultants, and other additional information.

FINANCIAL ANALYSIS OF DRS FUNDS

Analysis of Net Assets – Fiduciary Funds

Net Assets	<i>(dollars in millions)</i>			
	Fiscal Year 2002	Fiscal Year 2001	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$39.8	\$36.1	\$3.7	10%
Receivables	283.4	322.1	(38.7)	(12)%
Capital Assets, Net of Depreciation	1.5	1.9	(0.4)	(21)%
Investments, Noncurrent	44,093.3	47,142.7	(3,049.4)	(6)%
Other Assets	1.3	1.3	-	-
Total Assets	<u>44,419.3</u>	<u>47,504.1</u>	<u>(3,084.8)</u>	(6)%
Liabilities				
Obligations Under Security Lending Agreements	3,034.7	2,034.3	1,000.4	49%
Other Short-Term Liabilities	102.8	83.6	19.2	23%
Long-Term Obligations	1.3	1.3	-	-
Total Liabilities	<u>3,138.8</u>	<u>2,119.2</u>	<u>1,019.6</u>	48%
Total Net Assets	<u>\$41,280.5</u>	<u>\$45,384.9</u>	<u>\$(4,104.4)</u>	(9)%

Total trust fund assets as of June 30, 2002 were \$44,419.3 million and are mostly comprised of cash, investments, and contributions due from employers. This is a decline of \$3,084.8 million or 6% over the last fiscal year, and is primarily due to decreased investment earnings in the fixed income and private equity asset classes.

Total trust fund liabilities as of June 30, 2002 were \$3,138.8 million and are mostly comprised of obligations under securities lending, administrative costs, and other short-term liabilities. This is an increase of \$1,019.6 million or 48% over the last fiscal year, and is primarily due to an increase in

obligations under securities lending agreements.

Total combined trust fund plan net assets as of June 30, 2002 were \$41,280.5 million, which is a decline of \$4,104.4 million or 9% over the last fiscal year. Of this decline, \$3,049.4 million or 74% is attributable to a decrease in investment earnings in the fixed income and private equity asset classes.

Analysis of Changes in Net Assets – Fiduciary Funds

Changes in Net Assets	Fiscal Year 2002	<i>(dollars in millions)</i>		
		Fiscal Year 2001	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$261.6	\$559.9	(\$298.3)	(53)%
Member Contributions	412.1	481.1	(69.0)	(14)%
State Contributions	21.8	28.7	(6.9)	(24)%
Participant Contributions	119.0	107.2	11.8	11%
Net Investment Income	(2,992.2)	(2,998.2)	6.0	-
Net Securities Lending Income	3.3	(3.3)	6.6	200%
Charges For Services	28.9	28.9	-	-
Transfers from Other Pension Plans	51.1	2,386.9	(2,335.8)	(98)%
Other Additions	1.8	1.3	0.5	38%
Total Additions	<u>(2,092.6)</u>	<u>592.5</u>	<u>(2,685.1)</u>	<u>(453)%</u>
Deductions				
Benefits	1,755.6	1,630.2	125.4	8%
Refunds of Contributions	175.1	151.9	23.2	15%
Transfers to Other Pension Plans	51.1	2,386.9	(2,335.8)	(98)%
Administrative Expenses	30.0	31.2	(1.2)	(4)%
Total Deductions	<u>2,011.8</u>	<u>4,200.2</u>	<u>(2,188.4)</u>	<u>(52)%</u>
(Decrease)/Increase in Net Assets	<u><u>\$ (4,104.4)</u></u>	<u><u>\$ (3,607.7)</u></u>	<u><u>\$ (496.7)</u></u>	<u>(14)%</u>

Additions to the retirement trust funds primarily consist of contributions from employers, active system members, the state, and investment earnings. Additions to the deferred compensation trust fund primarily consist of participant contributions and investment earnings. Total trust fund additions (excluding transfers) for Fiscal Year 2002 amounted

to \$(2,143.7) million, a decrease of \$349.3 million or 19% from Fiscal Year 2001. This is primarily due to a decrease in employer, member, and state contributions. Employer contributions decreased approximately \$298.3 million or 53% because of lower required actuarial contribution rates for Public Employees' Retirement System (PERS) Plan 1, PERS Plan 2/3, School Employees' Retirement System (SERS) Plan 2/3, Teachers' Retirement System (TRS) Plan 1, TRS Plan 2/3, and Law Enforcement Officers' and Fire Fighters Retirement System (LEOFF) Plan 2. Member contributions decreased by approximately \$69.0 million or 14% due to lower required actuarial contribution rates for PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2, and Washington State Patrol Retirement System (WSPRS) Plan 1. State contributions decreased by approximately \$6.9 million or 24% due primarily to lower required actuarial contribution rates for the state for LEOFF Plan 2.

Deductions to the retirement trust funds primarily consist of the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system 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. Deductions to the deferred compensation trust fund primarily consist of refunds paid to plan participants and administrative expenses. Total trust fund deductions (excluding transfers) for Fiscal Year 2002 totaled \$1,960.7 million, an increase of \$147.4 million or 8% over Fiscal Year 2001. This is primarily due to an increase in both benefits paid to retirees and beneficiaries and refunds paid to system members. Benefit payments increased by approximately 8% as a result of an increase in the number of retirees, and refunds increased by approximately 15%. Administrative Expenses for Fiscal Year 2002 totaled approximately \$30.0 million, a decrease of 4% over last fiscal year. These expenses include both the normal administrative expenses of DRS incurred in administering the pension funds, as well as one-time expenses directly incurred by the PERS Plan 3 project.

Transfers from Other Pension Plans and Transfers to Other Pension Plans represent transfers between the various pension plans administered by DRS. Total transfers for Fiscal Year 2002 amounted to \$51.1 million, a decrease of \$2,335.8 million or 98% over last fiscal year. The transfers for last fiscal year were higher primarily due to the implementation of SERS. During Fiscal Year 2001 the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2, which involved a transfer of \$1,902.0 million from PERS Plan 2 to SERS Plan 2. Those SERS Plan 2 members then had the option to transfer to SERS Plan 3, which accounted for \$478 million of the total transfers during last fiscal year.

Analysis of Net Assets – Governmental Fund

Net Assets	Fiscal Year 2002	Fiscal Year 2001	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$87,236	\$84,897	\$2,339	3%
Receivables	16	-	16	-
Total Assets	<u>87,252</u>	<u>84,897</u>	<u>2,355</u>	3%
Liabilities				
Accounts Payable	251	263	(12)	(5)%
Due to Other Agencies	1,242	13,423	(12,181)	(91)%
Accrued Salaries	4,543	4,243	300	7%
Total Liabilities	<u>6,036</u>	<u>17,929</u>	<u>(11,893)</u>	(66)%
Total Net Assets	<u>\$81,216</u>	<u>\$66,968</u>	<u>\$14,248</u>	21%

Governmental fund total assets as of June 30, 2002 were \$87,252, and are almost entirely comprised of cash. This is an increase of \$2,355 or 3% over the last fiscal year primarily due to an increase in the amount of cash on hand at year end.

Governmental fund total liabilities as of June 30, 2002 were \$6,036 and are mostly comprised of accrued salaries and

administrative costs. Total liabilities decreased by \$11,893 or 66% over the last fiscal year primarily due to a decrease in the amount due to other Washington State agencies at year end.

Analysis of Changes in Net Assets – Governmental Fund

Changes in Net Assets	Fiscal Year 2002	Fiscal Year 2001	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues				
Charges For Services	\$186,527	\$167,489	\$19,038	11%
Other Revenues	2	-	2	-
Total Revenues	<u>186,529</u>	<u>167,489</u>	<u>19,040</u>	11%
Expenses				
Administrative Expenses	172,281	178,984	(6,703)	(4)%
Transfers				
Transfers to Pension Plans	-	10,887	(10,887)	(100)%
(Decrease)/ Increase in Net Assets	<u>\$14,248</u>	<u>\$(22,382)</u>	<u>\$36,630</u>	164%

Governmental fund revenues primarily consist of charges for services. DRS bills state agencies with participating employees a percentage of the payroll taxes saved by the agency and uses these amounts (charges for services) to operate the program. Total governmental fund revenues for Fiscal Year 2002 amounted to \$186,529, an increase of \$19,040 or 11% from Fiscal Year 2001. This is primarily due to an increase in the amount of charges for services.

The primary expenses for the governmental fund are for the cost of administering the program. Administrative expenses for this fund include personnel expenses, goods and services, travel, and other miscellaneous expenses. Administrative Expenses for Fiscal Year 2002 totaled \$172,281, a decrease of \$6,703 or 4% over last fiscal year. This is primarily due to a decrease in the amount of expenses for goods and services.

CAPITAL ASSETS

DRS' investment in capital assets for its fiduciary activities as of June 30, 2002, amounts to \$2.5 million, with accumulated depreciation of \$1 million, leaving a net book value of \$1.5 million. This amount represents a decrease of 21% over last year, which was mainly due to an increase in accumulated depreciation. This investment in capital assets includes furnishings and equipment, and improvements other than buildings. Additional information on DRS' capital assets can be found in section H of Note 1 to the financial statements.

LONG-TERM OBLIGATIONS

At year-end, DRS had \$1.3 million in outstanding general

long-term obligations, which is a less than 1% decrease over the prior year. These long-term obligations represent DRS' liability for accumulated annual and sick leave. Additional information on DRS' long-term debt obligations can be found in section I of Note 1 to the financial statements.

CONTACTING DRS' FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of DRS' finances. If you have questions about this report or need additional financial information, contact the Department of Retirement Systems' Administrative Services Division, P. O. Box 48380, Olympia, WA 98504-8380.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan As of June 30, 2002 (page 1 of 4)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
ASSETS					
Cash and Pooled Investments	\$ 3,529,771	\$ 3,124,663	\$ 32,187	\$ 5,151,201	\$ 624,003
Receivables					
Due from Other Governments	6,612,602	6,207,575	344,221	640,317	3,345,978
Member Accounts Receivable (Net of Allowance)	766,351	165,543	-	266,993	-
Interest and Dividends	38,183,778	40,141,708	34,637	5,212,881	1,400,901
Investment Trades Pending Receivable - Short Term	9,616,116	10,124,480	8,738	1,312,717	352,994
Due from Pension Funds	521,067	805,969	9,130,638	6,378,485	2,859,495
Due from Other Washington State Agencies	2,400	2,377	-	43	-
Other Receivables - Short Term	1,320	1,275	-	24	-
Other Receivables - Long Term	-	-	-	-	-
Total Receivables	<u>55,703,634</u>	<u>57,448,927</u>	<u>9,518,234</u>	<u>13,811,460</u>	<u>7,959,368</u>
Capital Assets, net of depreciation	<u>371,682</u>	<u>368,098</u>	<u>-</u>	<u>6,684</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	9,654,319,778	10,164,702,532	8,772,678	1,317,932,357	354,396,447
Money Market Investments	81,960	6,662,744	5,750	5,807,794	1,561,735
Other Noncurrent Investments	<u>1,126,786</u>	<u>602,822</u>	<u>11,403,044</u>	<u>1,079,485</u>	<u>142,109,809</u>
Total Investments, Noncurrent	<u>9,655,528,524</u>	<u>10,171,968,098</u>	<u>20,181,472</u>	<u>1,324,819,636</u>	<u>498,067,991</u>
General Long-Term Obligations	<u>313,698</u>	<u>310,672</u>	<u>-</u>	<u>5,641</u>	<u>-</u>
TOTAL ASSETS	<u>9,715,447,309</u>	<u>10,233,220,458</u>	<u>29,731,893</u>	<u>1,343,794,622</u>	<u>506,651,362</u>
LIABILITIES					
Obligations under Security Lending Agreements	701,216,156	737,681,351	635,843	96,609,294	25,686,617
Accounts Payable	8,030,061	3,524,446	235,325	405,620	151,698
Investment Trades Pending Payable - Short Term	7,326,419	7,713,736	6,657	1,000,146	268,942
Due to Other Governments	4,442,336	426,638	-	22,195	-
Due to Pension Funds	6,168,547	10,012,343	34,638	3,054,635	632,684
Due to Other Washington State Agencies	198,211	158,714	-	2,078	-
Deposits Payable - Short Term	2,300	700	-	-	-
Other Short-Term Liabilities	2,332	3,376	-	20	-
Other Long-Term Obligations	313,698	310,672	-	5,641	-
Accrued Salaries	152,484	149,233	-	2,673	-
Deferred Revenue	<u>269,865</u>	<u>450,517</u>	<u>-</u>	<u>4,082</u>	<u>-</u>
TOTAL LIABILITIES	<u>728,122,409</u>	<u>760,431,726</u>	<u>912,463</u>	<u>101,106,384</u>	<u>26,739,941</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 69.)	<u>\$ 8,987,324,900</u>	<u>\$ 9,472,788,732</u>	<u>\$ 28,819,430</u>	<u>\$ 1,242,688,238</u>	<u>\$ 479,911,421</u>

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2002 (page 2 of 4)

	Pension Trust				
	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS					
Cash and Pooled Investments	\$ 6,694,660	\$ 1,540,086	\$ 2,223,104	\$ 2,992,868	\$ 892,550
Receivables					
Due from Other Governments	4,320,348	727,533	12,703,169	-	4,387,202
Member Accounts Receivable (Net of Allowance)	544,365	986,802	-	56,417	55,409
Interest and Dividends	32,581,973	13,040,062	3,540,501	18,751,360	9,588,186
Investment Trades Pending Receivable - Short Term	8,203,057	3,286,874	892,741	4,723,282	2,417,519
Due from Pension Funds	450,130	4,490,950	9,538,929	256,032	97,268
Due from Other Washington State Agencies	2,073	947	-	1,179	448
Other Receivables - Short Term	1,140	521	-	649	246
Other Receivables - Long Term	-	-	-	-	-
Total Receivables	<u>46,103,086</u>	<u>22,533,689</u>	<u>26,675,340</u>	<u>23,788,919</u>	<u>16,546,278</u>
Capital Assets, net of depreciation	<u>321,082</u>	<u>146,712</u>	<u>-</u>	<u>182,630</u>	<u>69,382</u>
Investments, Noncurrent					
Equity in CTF	8,235,646,359	3,299,932,727	896,287,382	4,742,047,006	2,427,123,863
Money Market Investments	8,569,757	8,125,671	2,206,995	1,235,467	5,906,572
Other Noncurrent Investments	1,476,976	607,931	781,663,088	805,715	140,112
Total Investments, Noncurrent	<u>8,245,693,092</u>	<u>3,308,666,329</u>	<u>1,680,157,465</u>	<u>4,744,088,188</u>	<u>2,433,170,547</u>
General Long-Term Obligations	<u>270,991</u>	<u>123,824</u>	<u>-</u>	<u>154,138</u>	<u>58,558</u>
TOTAL ASSETS	<u>8,299,082,911</u>	<u>3,333,010,640</u>	<u>1,709,055,909</u>	<u>4,771,206,743</u>	<u>2,450,737,315</u>
LIABILITIES					
Obligations under Security Lending Agreements	598,694,039	239,923,000	64,962,816	344,678,443	176,122,251
Accounts Payable	6,404,795	1,096,565	316,756	2,957,975	788,679
Investment Trades Pending Payable - Short Term	6,249,824	2,504,235	680,170	3,598,620	1,841,883
Due to Other Governments	3,693,178	62,003	-	14,935	-
Due to Pension Funds	1,845,520	10,004,873	2,628,296	17,147	162,853
Due to Other Washington State Agencies	128,121	62,576	-	96,201	30,540
Deposits Payable - Short Term	-	261	-	-	-
Other Short-Term Liabilities	1,019	434	-	541	205
Other Long-Term Obligations	270,991	123,824	-	154,138	58,558
Accrued Salaries	130,530	59,454	-	74,200	27,948
Deferred Revenue	312,521	55,379	-	749	350
TOTAL LIABILITIES	<u>617,730,538</u>	<u>253,892,604</u>	<u>68,588,038</u>	<u>351,592,949</u>	<u>179,033,267</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 69.)	<u>\$ 7,681,352,373</u>	<u>\$ 3,079,118,036</u>	<u>\$ 1,640,467,871</u>	<u>\$ 4,419,613,794</u>	<u>\$ 2,271,704,048</u>

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2002 (page 3 of 4)

	Pension Trust				
	WSPRS Plan 1	JRS	Judges	JRA Defined Contribution	Deferred Compensation
ASSETS					
Cash and Pooled Investments	\$ 639,967	\$ 375,362	\$ 4,783,077	\$ 6,385	\$ 6,773,356
Receivables					
Due from Other Governments	53,850	18,226	712	-	-
Member Accounts Receivable (Net of Allowance)	100	6,685	-	-	41,607
Interest and Dividends	2,525,857	14,410	11,571	15	14,595
Investment Trades Pending Receivable - Short Term	636,481	-	-	-	-
Due from Pension Funds	31,990	364	219	-	-
Due from Other Washington State Agencies	148	2	1	-	437
Other Receivables - Short Term	81	1	-	-	-
Other Receivables - Long Term	-	-	-	-	-
Total Receivables	<u>3,248,507</u>	<u>39,688</u>	<u>12,503</u>	<u>15</u>	<u>56,639</u>
Capital Assets, net of depreciation	<u>22,819</u>	<u>259</u>	<u>156</u>	<u>-</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	639,009,719	-	-	-	-
Money Market Investments	403,808	8,165,504	-	-	-
Other Noncurrent Investments	117,193	77,683	878,978	9,306,440	1,352,998,297
Total Investments, Noncurrent	<u>639,530,720</u>	<u>8,243,187</u>	<u>878,978</u>	<u>9,306,440</u>	<u>1,352,998,297</u>
General Long-Term Obligations	<u>19,259</u>	<u>219</u>	<u>132</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>643,461,272</u>	<u>8,658,715</u>	<u>5,674,846</u>	<u>9,312,840</u>	<u>1,359,828,292</u>
LIABILITIES					
Obligations under Security Lending Agreements	46,453,749	77,924	879,123	1,182	1,090,408
Accounts Payable	438,202	115,489	8,703	-	18,475
Investment Trades Pending Payable - Short Term	484,928	-	-	-	-
Due to Other Governments	138,913	30,033	2,709	-	-
Due to Pension Funds	-	-	-	-	-
Due to Other Washington State Agencies	8,710	100	29	82	27,122
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	68	1	-	-	363,563
Other Long-Term Obligations	19,259	219	132	-	-
Accrued Salaries	9,128	104	62	-	33,766
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>47,552,957</u>	<u>223,870</u>	<u>890,758</u>	<u>1,264</u>	<u>1,533,334</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 69.)	<u>\$ 595,908,315</u>	<u>\$ 8,434,845</u>	<u>\$ 4,784,088</u>	<u>\$ 9,311,576</u>	<u>\$ 1,358,294,958</u>

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2002 (page 4 of 4)

	Agency Dependent Care	Totals	
		June 30, 2002	June 30, 2001
ASSETS			
Cash and Pooled Investments	\$ 462,393	\$ 39,845,633	\$ 36,075,357
Receivables			
Due from Other Governments	-	39,361,733	78,406,027
Member Accounts Receivable (Net of Allowance)	-	2,890,272	1,453,793
Interest and Dividends	-	165,042,435	204,962,015
Investment Trades Pending Receivable - Short Term	-	41,574,999	27,738,281
Due from Pension Funds	-	34,561,536	9,471,524
Due from Other Washington State Agencies	-	10,055	327
Other Receivables - Short Term	-	5,257	71,487
Other Receivables - Long Term	-	-	20,002
Total Receivables	-	283,446,287	322,123,456
Capital Assets, net of depreciation	-	1,489,504	1,856,138
Investments, Noncurrent			
Equity in CTF	-	41,740,170,848	44,644,607,671
Money Market Investments	-	48,733,757	64,168,737
Other Noncurrent Investments	-	2,304,394,359	2,433,963,948
Total Investments, Noncurrent	-	44,093,298,964	47,142,740,356
General Long-Term Obligations	-	1,257,132	1,261,402
TOTAL ASSETS	462,393	44,419,337,520	47,504,056,709
LIABILITIES			
Obligations under Security Lending Agreements	-	3,034,712,196	2,034,309,851
Accounts Payable	67	24,492,856	40,996,243
Investment Trades Pending Payable - Short Term	-	31,675,560	21,295,790
Due to Other Governments	-	8,832,940	8,681,854
Due to Pension Funds	-	34,561,536	9,471,524
Due to Other Washington State Agencies	-	712,484	1,043,575
Deposits Payable - Short Term	-	3,261	9,401
Other Short-Term Liabilities	462,326	833,885	429,475
Other Long-Term Obligations	-	1,257,132	1,261,402
Accrued Salaries	-	639,582	606,279
Deferred Revenue	-	1,093,463	1,078,079
TOTAL LIABILITIES	462,393	3,138,814,895	2,119,183,473
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS			
(Schedules of funding progress for pension benefits are presented beginning on page 69.)	\$ -	\$ 41,280,522,625	\$ 45,384,873,236

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2002 (page 1 of 4)

	Pension Trust				
	PERS Plan 1	PERS Plan 2/3	PERS Plan 3 Defined Contribution	SERS Plan 2/3	SERS Plan 3 Defined Contribution
ADDITIONS					
Retirement Contributions					
Employer	\$ 68,630,781	\$ 50,953,227	\$ -	\$ 11,312,441	\$ -
Plan Member	67,670,360	48,579,196	1,304,630	5,171,199	37,181,152
State	-	-	-	-	-
Plan Member Restorations	4,891,976	3,976,835	-	98,709	-
Total Retirement Contributions	141,193,117	103,509,258	1,304,630	16,582,349	37,181,152
Participant Contributions	-	-	-	-	-
Investment Income					
Net Appreciation (Depreciation) in Fair Value of Investments	(887,208,967)	(907,523,875)	(752,926)	(124,197,232)	(33,575,343)
Interest	172,649,966	175,123,950	69,632	24,544,880	5,856,319
Dividends	80,098,928	82,396,680	31,797	11,291,576	2,189,224
Less: Investment Expenses	(10,620,310)	(10,367,421)	(6,698)	(1,411,671)	(501,138)
Net Investment Income	(645,080,383)	(660,370,666)	(658,195)	(89,772,447)	(26,030,938)
Securities Lending Income					
Securities Lending Income	12,050,947	12,688,107	10,873	1,645,706	441,768
Less: Costs of Lending Securities	(11,277,587)	(11,884,033)	-	(1,953,513)	-
Net Securities Lending Income	773,360	804,074	10,873	(307,807)	441,768
Charges For Services	5,798,915	6,130,673	1,034,921	1,109,003	446,821
Transfers from Other Pension Plans	355,452	275,014	28,418,606	17,922,882	1,447,830
Transfers from Dependent Care Administrative Fund	-	-	-	-	-
Miscellaneous	176,440	186,496	-	33,742	-
TOTAL ADDITIONS	(496,783,099)	(549,465,151)	30,110,835	(54,432,278)	13,486,633
DEDUCTIONS					
Benefits	718,729,815	60,551,539	-	2,047,984	-
Refunds of Contributions	7,445,820	42,086,743	6,318	2,396,716	10,871,268
Annuity Payments	-	-	-	-	-
Transfers to Other Pension Plans	244,963	31,164,647	17,513	1,494,927	15,734,790
Administrative Expenses	6,181,098	6,270,538	1,267,574	1,117,582	175,000
TOTAL DEDUCTIONS	732,601,696	140,073,467	1,291,405	7,057,209	26,781,058
NET INCREASE (DECREASE)	(1,229,384,795)	(689,538,618)	28,819,430	(61,489,487)	(13,294,425)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1, As Restated	10,216,709,695	10,162,327,350	-	1,304,177,725	493,205,846
End of Year: June 30	\$ 8,987,324,900	\$ 9,472,788,732	\$ 28,819,430	\$ 1,242,688,238	\$ 479,911,421

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2002 (page 2 of 4)

	Pension Trust			
	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
ADDITIONS				
Retirement Contributions				
Employer	\$ 59,434,042	\$ 46,358,793	\$ -	\$ 97,781
Plan Member	50,179,834	5,433,722	144,186,865	75,648
State	-	-	-	-
Plan Member Restorations	1,654,908	169,987	-	24,447
Total Retirement Contributions	<u>111,268,784</u>	<u>51,962,502</u>	<u>144,186,865</u>	<u>197,876</u>
Participant Contributions	-	-	-	-
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	(755,812,675)	(309,313,324)	(147,991,237)	(433,823,447)
Interest	147,587,231	60,969,830	13,292,201	84,414,068
Dividends	68,238,517	28,146,152	5,445,003	39,228,329
Less: Investment Expenses	(9,038,138)	(3,475,263)	(1,952,384)	(5,170,524)
Net Investment Income	<u>(549,025,065)</u>	<u>(223,672,605)</u>	<u>(131,206,417)</u>	<u>(315,351,574)</u>
Securities Lending Income				
Securities Lending Income	10,280,096	4,122,551	1,115,356	5,919,232
Less: Costs of Lending Securities	(9,620,380)	(4,901,768)	-	(5,539,370)
Net Securities Lending Income	<u>659,716</u>	<u>(779,217)</u>	<u>1,115,356</u>	<u>379,862</u>
Charges For Services	4,956,189	3,034,292	306,250	2,851,660
Transfers from Other Pension Plans	252,737	369,066	1,539,099	163,362
Transfers from Dependent Care Administrative Fund	-	-	-	-
Miscellaneous	150,796	92,322	-	86,766
TOTAL ADDITIONS	<u>(431,736,843)</u>	<u>(168,993,640)</u>	<u>15,941,153</u>	<u>(311,672,048)</u>
DEDUCTIONS				
Benefits	568,130,442	8,668,822	-	252,625,386
Refunds of Contributions	2,312,601	4,510,463	18,395,065	92,384
Annuity Payments	110,878,457	-	-	-
Transfers to Other Pension Plans	207,104	1,704,114	243,545	134,756
Administrative Expenses	5,132,288	3,107,915	175,000	3,087,910
TOTAL DEDUCTIONS	<u>686,660,892</u>	<u>17,991,314</u>	<u>18,813,610</u>	<u>255,940,436</u>
NET INCREASE (DECREASE)	<u>(1,118,397,735)</u>	<u>(186,984,954)</u>	<u>(2,872,457)</u>	<u>(567,612,484)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1, As Restated	<u>8,799,750,108</u>	<u>3,266,102,990</u>	<u>1,643,340,328</u>	<u>4,987,226,278</u>
End of Year: June 30	<u>\$ 7,681,352,373</u>	<u>\$ 3,079,118,036</u>	<u>\$ 1,640,467,871</u>	<u>\$ 4,419,613,794</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 Year Ended June 30, 2002 (page 3 of 4)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1	JRS	JUDGES
ADDITIONS				
Retirement Contributions				
Employer	\$ 23,996,574	\$ 3	\$ 229,094	\$ 8,465
Plan Member	39,400,888	1,245,408	229,094	8,465
State	15,550,761	-	6,000,000	250,000
Plan Member Restorations	84,949	-	260	-
Total Retirement Contributions	79,033,172	1,245,411	6,458,448	266,930
Participant Contributions	-	-	-	-
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	(213,499,246)	(57,907,439)	(1,621)	(3,298)
Interest	41,221,748	11,235,735	254,354	231,837
Dividends	19,406,723	5,240,307	-	-
Less: Investment Expenses	(2,382,625)	(679,153)	(10,047)	(14,206)
Net Investment Income	(155,253,400)	(42,110,550)	242,686	214,333
Securities Lending Income				
Securities Lending Income	3,029,643	797,640	-	-
Less: Costs of Lending Securities	(2,835,218)	(746,452)	-	-
Net Securities Lending Income	194,425	51,188	-	-
Charges For Services	1,465,831	384,503	5,410	3,046
Transfers from Other Pension Plans	62,568	264,982	226	127
Transfers from Dependent Care				
Administrative Fund	-	-	-	-
Miscellaneous	44,599	11,699	165	93
TOTAL ADDITIONS	(74,452,805)	(40,152,767)	6,706,935	484,529
DEDUCTIONS				
Benefits	2,742,712	22,315,700	8,059,875	655,914
Refunds of Contributions	9,142,897	199,115	-	-
Annuity Payments	-	-	-	-
Transfers to Other Pension Plans	109,172	16,067	226	127
Administrative Expenses	1,477,268	398,141	5,410	3,046
TOTAL DEDUCTIONS	13,472,049	22,929,023	8,065,511	659,087
NET INCREASE (DECREASE)	(87,924,854)	(63,081,790)	(1,358,576)	(174,558)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1, As Restated	2,359,628,902	658,990,105	9,793,421	4,958,646
End of Year: June 30	\$ 2,271,704,048	\$ 595,908,315	\$ 8,434,845	\$ 4,784,088

The accompanying notes are an integral part of this statement.

Statement of Changes in Plan Net Assets
Pension Trust Funds by Plan
For the Year Ended June 30, 2002 (page 4 of 4)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30,2002	June 30, 2001
ADDITIONS				
Retirement Contributions				
Employer	\$ 531,570	\$ -	\$ 261,552,771	\$ 559,913,029
Plan Member	531,570	-	401,198,031	476,514,647
State	-	-	21,800,761	28,668,699
Plan Member Restorations	-	-	10,902,071	4,563,331
Total Retirement Contributions	<u>1,063,140</u>	<u>-</u>	<u>695,453,634</u>	<u>1,069,659,706</u>
Participant Contributions	<u>-</u>	<u>119,008,453</u>	<u>119,008,453</u>	<u>107,255,940</u>
Investment Income				
Net Appreciation (Depreciation) in Fair Value of Investments	(1,198,873)	(194,884,950)	(4,067,694,453)	(4,312,708,108)
Interest	201,425	26,980,499	764,633,675	914,354,053
Dividends	89,472	16,514,373	358,317,081	438,298,519
Less: Investment Expenses	(12)	(1,820,129)	(47,449,719)	(38,133,807)
Net Investment Income	<u>(907,988)</u>	<u>(153,210,207)</u>	<u>(2,992,193,416)</u>	<u>(2,998,189,343)</u>
Securities Lending Income				
Securities Lending Income	-	-	52,101,919	109,347,760
Less: Costs of Lending Securities	-	-	(48,758,321)	(112,624,967)
Net Securities Lending Income	<u>-</u>	<u>-</u>	<u>3,343,598</u>	<u>(3,277,207)</u>
Charges For Services	<u>-</u>	<u>1,408,600</u>	<u>28,936,114</u>	<u>28,869,784</u>
Transfers from Other Pension Plans	<u>-</u>	<u>-</u>	<u>51,071,951</u>	<u>2,386,890,902</u>
Transfers from Dependent Care	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,887</u>
Administrative Fund	-	-	-	10,887
Miscellaneous	<u>8,878</u>	<u>991,794</u>	<u>1,783,790</u>	<u>1,286,892</u>
TOTAL ADDITIONS	<u>164,030</u>	<u>(31,801,360)</u>	<u>(2,092,595,876)</u>	<u>592,507,561</u>
DEDUCTIONS				
Benefits	205,982	-	1,644,734,171	1,521,762,304
Refunds of Contributions	-	77,602,182	175,061,572	151,937,115
Annuity Payments	-	-	110,878,457	108,422,331
Transfers to Other Pension Plans	-	-	51,071,951	2,386,890,902
Administrative Expenses	12,080	1,597,734	30,008,584	31,231,354
TOTAL DEDUCTIONS	<u>218,062</u>	<u>79,199,916</u>	<u>2,011,754,735</u>	<u>4,200,244,006</u>
NET INCREASE (DECREASE)	<u>(54,032)</u>	<u>(111,001,276)</u>	<u>(4,104,350,611)</u>	<u>(3,607,736,445)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1, As Restated	<u>9,365,608</u>	<u>1,469,296,234</u>	<u>45,384,873,236</u>	<u>48,992,609,681</u>
End of Year: June 30	<u>\$ 9,311,576</u>	<u>\$ 1,358,294,958</u>	<u>\$ 41,280,522,625</u>	<u>\$ 45,384,873,236</u>

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2002

Dependent Care Administrative Fund			
	Balance Sheet	Adjustments	Statement of Net Assets
ASSETS			
Cash and Pooled Investments	\$ 87,236	\$ -	\$ 87,236
Other Receivables - Short Term	17	(1)	16
	87,253	(1)	87,252
TOTAL ASSETS			
<hr/>			
LIABILITIES			
Accounts Payable	251	-	251
Due to Other Washington State Agencies	1,242	-	1,242
Accrued Salaries	4,543	-	4,543
	6,036	-	6,036
TOTAL LIABILITIES			
<hr/>			
FUND BALANCE/NET ASSETS:			
Fund Balance:			
Unreserved, Reported in Special Revenue Funds	81,217	(81,217)	-
Total Fund Balance	81,217	(81,217)	-
	81,253		
TOTAL LIABILITIES AND FUND BALANCE			
Net Assets:			
Unrestricted		81,216	81,216
		(1)	81,216
TOTAL NET ASSETS			

The accompanying notes are an integral part of this statement.

**Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities
Special Revenue Fund
For the Year Ended June 30, 2002**

REVENUES	Dependent Care Administrative Fund		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Charges for Services	\$ 186,528	\$ (1)	\$ 186,527
Miscellaneous	<u>2</u>	<u>-</u>	<u>2</u>
TOTAL REVENUES	186,530	(1)	186,529
EXPENDITURES/EXPENSES			
Current:			
Personnel Services	124,207	-	124,207
Goods and Services	46,710	-	46,710
Miscellaneous	<u>1,364</u>	<u>-</u>	<u>1,364</u>
Total Expenditures/Expenses	<u>172,281</u>	<u>-</u>	<u>172,281</u>
TOTAL EXPENDITURES/EXPENSES	172,281	-	172,281
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	14,249	(14,249)	-
CHANGE IN NET ASSETS	-	14,248	14,248
FUND BALANCE/NET ASSETS:			
Beginning of Year: July 1	<u>66,968</u>	<u>-</u>	<u>66,968</u>
End of Year: June 30	<u>\$ 81,217</u>	<u>\$ (1)</u>	<u>\$ 81,216</u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2002

Note 1: 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 members of the public retirement systems together with their employers and 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. Basic Financial Statements

Separate financial statements are provided for the fiduciary funds and the governmental fund.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs. DRS' fiduciary funds include the retirement pension trust funds, the deferred compensation trust fund, and the dependent care assistance program agency fund. The statements presented for the fiduciary funds include a Statement of Plan Net Assets and a Statement of Changes in Plan Net Assets. The statements provide a separate column for each plan administered by DRS. The Statement of Plan Net Assets includes information about the assets, liabilities, and net assets for each plan. The Statement of Changes in Plan Net Assets includes information about the additions to, deductions from, and net increase (or decrease) for the year in net assets for each plan.

DRS' governmental fund is a special revenue fund used to account for the administrative revenues and operating expenditures incurred in administering the dependent care program. Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The statements presented for the special revenue fund include a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities. The statements for the special revenue fund are presented following the statements for the fiduciary funds because the fiduciary funds are the main focus of DRS. Since the special revenue fund is a minor administrative fund for DRS, showing this fund on a statement preceding the fiduciary fund statements would improperly put more focus on it.

The Balance Sheet/Statement of Net Assets for the special revenue fund has three separate columns: Balance Sheet, Adjustments, and Statement of Net Assets. The Balance Sheet column presents the assets, liabilities, and fund balance using the current financial resources measurement focus and the modified accrual basis of accounting. The Statement of Net Assets column presents the difference between assets and liabilities as net assets and uses the economic resources measurement focus and accrual basis of accounting. The Adjustments column contains the reconciliation between these two different basis of accounting.

The Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities for the special revenue fund has three separate columns: Statement of Revenues, Expenditures, and Changes in Fund Balance; Adjustments; and Statement of Activities. The Statement of Revenues, Expenditures, and Changes in Fund Balance column presents the inflows, outflows, and balances of current financial resources using the current financial resources measurement focus and the modified accrual basis of accounting. The Statement of Activities is presented using the economic resources measurement focus and accrual basis of accounting. The Adjustments column contains the reconciliation between these two different basis of accounting.

C. Measurement Focus and Basis of Accounting

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

The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

The deferred compensation plan is accounted for in a pension trust fund using the flow of economic resources measurement focus and the accrual basis of accounting. Participant contributions are recognized as revenues in the period in which the contributions are due. Refunds are recognized when due and payable in accordance with the terms of the plan. DRS maintains an administrative fund to account for the administrative revenues and operating expenditures incurred in administering the deferred compensation plan. 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.

D. Method Used to Value Investments

Investments are presented 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.

E. Allocation

DRS maintains an administrative fund to account for the administrative 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 capital assets fund to account for the capital assets incurred in administering the pension plans. These capital 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.

F. 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, 2002, the carrying amount of DRS' cash and pooled investments is \$39,383,240 for the pension trust funds, \$462,393 for the dependent care agency fund, and \$87,236 for the dependent care special revenue 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, 2002 or 2001. 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, 2002, the only derivative securities held directly by SIB were collateralized mortgage obligations of \$2.074 billion.

The fees paid by the SIB 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, 2002, total investment management fees were \$96,208,040. For a detailed disclosure, refer to the Schedule of Investment Management Fees and Commissions in the Investment Section of this report.

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 \$31.4 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 table on page 49 presents the carrying value and fair value of the investments by type, as well as deposits, as of June 30, 2002.

There were approximately \$627 million in repurchase agreements outstanding at June 30, 2002. 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, 2002 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 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, 2002.

Investments by Type on June 30, 2002-Pension Trust Funds

Investment Type	Carrying Value by GASB Categories*			Total Carrying Value	Total Fair Value
	1	2	3		
Asset Backed Securities	\$ 155,902,587	\$ -	\$ 352,517,291	\$ 508,419,878	\$ 508,419,878
Certificates of Deposit	-	-	1,007,652,639	1,007,652,639	1,007,652,639
Collateralized Mortgage Obligations	2,074,027,732	-	-	2,074,027,732	2,074,027,732
Commercial Paper	-	-	192,618,070	192,618,070	192,618,070
Corporate Bonds-Domestic	3,478,603,112	-	-	3,478,603,112	3,478,603,112
Corporate Bonds-Foreign	971,609,945	-	-	971,609,945	971,609,945
Corporate Stock-Foreign	2,077,920,923	-	-	2,077,920,923	2,077,920,923
Government Securities-Domestic	761,303,744	-	-	761,303,744	761,303,744
Government Securities-Foreign	131,112,520	-	-	131,112,520	131,112,520
Life	26,475	-	-	26,475	26,475
Municipal Bonds	15,438,535	-	-	15,438,535	15,438,535
Repurchase Agreements	7,004,562	-	619,961,045	626,965,607	626,965,607
Variable Rate Notes	-	-	819,748,707	819,748,707	819,748,707
Subtotal for GASB Categories	\$ 9,672,950,135	\$ -	\$2,992,497,752	12,665,447,887	12,665,447,887
Investment Type-Unclassified As to Risk					
Commingled Index Funds-Domestic				12,943,053,758	12,943,053,758
Commingled Index Funds-Foreign				3,242,998,994	3,242,998,994
Currencies				11,516,385	11,516,385
Guaranteed Investment Contracts				467,505,741	467,505,741
Money Market Funds				804,191,771	804,191,771
Mortgages				459,868,270	459,868,270
Mutual Funds				1,829,857,534	1,829,857,534
Private Equity				5,111,791,834	5,111,791,834
Real Estate				3,592,260,743	3,592,260,743
Subtotal Investment Types-Unclassified As to Risk				28,463,045,030	28,463,045,030
Securities on Loan-Domestic				2,525,422,198	2,525,422,198
Securities on Loan-Foreign				439,383,849	439,383,849
Total Investments-6/30/2002				\$44,093,298,964	\$44,093,298,964

* See text for definition of categories.

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, 2002, the DRS pension funds had the following unfunded investment commitments:

Private Equity Partnerships	\$5,743,628,706
Real Estate	917,494,776

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, 2002, were \$3,025,331,315 and \$2,964,806,047 respectively.

During Fiscal Year 2002, securities lending transactions could be terminated on demand by either the SIB or the borrower. The average term of overall loans was 49 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 162 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 2002, 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 2002 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 depositories. 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, 2002, 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 2002, 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.

G. Reserves

Member Reserves: The member reserves reflect the total liability for all contributions made by members. These reserves are increased by employee contributions and interest earnings and are decreased by contributions refunded and contributions transferred to the benefit reserves for current year retirees. The member reserves are considered fully funded.

Because the PERS Plan 3, SERS Plan 3 and TRS Plan 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 "PERS Plan 3—WSIB," "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). The "PERS Plan 3—SELF," "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, 2002 and 2001 are as follows:

	June 30, 2002	June 30, 2001
PERS Plan 1	\$1,642,675,506	\$1,678,659,981
PERS Plan 2/3	3,280,230,372	3,197,499,899
PERS Plan 3-WSIB	12,705,763	-
PERS Plan 3-SELF	16,346,320	-
SERS Plan 2/3	194,973,586	169,370,119
SERS Plan 3-WSIB	336,630,522	350,672,279
SERS Plan 3-SELF	143,324,649	142,849,138
TRS Plan 1	1,298,004,992	1,368,960,029
TRS Plan 2/3	361,538,710	348,451,733
TRS Plan 3-WSIB	852,005,852	824,526,936
TRS Plan 3-SELF	788,505,769	818,988,392
LEOFF Plan 1	128,930,276	142,667,910
LEOFF Plan 2	758,091,553	691,215,224
WSPRS Plan 1	52,430,387	50,732,585
JRS	5,449,063	5,313,407
Total Member Reserves	<u>\$9,871,843,320</u>	<u>\$9,789,907,632</u>

Benefit Reserves: The benefit reserves reflect the funded liability associated with all retired members of DRS administered systems. These reserves are increased by employer contributions, state contributions, investment earnings, and employee contributions which are attributable to current year retirees. These reserves are decreased by the amounts of pensions actually paid in the current year, interest payments transferred to the member reserves, and administrative expenses in support of the trust funds.

Benefit reserves as of June 30, 2002 and 2001 are as follows:

	June 30, 2002	June 30, 2001
PERS Plan 1	\$7,342,270,804	\$8,535,833,935
PERS Plan 2/3	6,190,218,636	6,962,662,936
SERS Plan 2/3	1,047,662,601	1,134,791,699
TRS Plan 1	6,381,290,304	7,428,875,038
TRS Plan 2/3	2,716,643,539	2,916,800,680
LEOFF Plan 1	4,289,514,579	4,843,477,111
LEOFF Plan 2	1,513,166,215	1,668,008,180
WSPRS Plan 1	543,331,820	608,122,839
JRS	2,981,247	4,474,023
Judges	4,746,564	4,917,917
Total Benefit Reserves	\$30,031,826,309	\$34,107,964,358

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.

H. Capital Assets

All capital assets with a unit cost (including ancillary costs) 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 capital assets are valued at cost where historical records exist. Donated capital 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.

Capital 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 5 to 50 years for buildings, and 3 to 50 years for furnishings and equipment, other improvements, and miscellaneous capital assets.

Following is a summary of changes in capital assets for Fiscal Year 2002:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
Improvements Other Than Buildings	\$ 509,403	\$ 12,710	\$ -	\$522,113
Furnishings & Equipment	1,946,495	30,053	(23,683)	1,952,865
Accumulated Depreciation	(599,760)	(431,653)	45,939	(985,474)
Total	\$ 1,856,138	\$ (388,890)	\$22,256	\$ 1,489,504

I. Long-Term Liabilities

Annual Leave: DRS employees accrue annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee’s anniversary date. The expense and accrued liability is recognized when the annual leave is earned. DRS’ liability for accumulated annual leave was \$932,498 as of June 30, 2002.

Sick Leave: Employees accrue sick leave at the rate of one day per month without limitation on the amount that can be accumulated. Sick leave is not vested; i.e., the department does not pay employees for unused sick leave upon termination except upon employee death or retirement, at which time DRS is liable for 25 percent of the employee’s accumulated sick leave. In addition, the department has a “sick leave buyout option” in which each January, employees who accumulate sick leave in excess of 60 days may redeem sick leave earned but not taken during the previous year at the

rate of one day's pay in exchange for each four days of sick leave. The expense and accrued liability is recognized when the sick leave is earned. DRS' liability for accumulated sick leave was \$324,634 as of June 30, 2002.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2002:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
Annual Leave	\$949,543	\$100,951	\$(117,996)	\$932,498
Sick Leave	311,859	587,567	(574,792)	324,634
Total	\$1,261,402	\$688,518	\$(692,788)	\$1,257,132

J. Financial Statement Formatting

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. The information for the prior year is presented for comparative purposes only. It is not intended to be a complete financial presentation.

K. Accounting and Reporting Changes

Changes Not Affecting Net Assets: During Fiscal Year 2002, DRS implemented several new accounting standards issued by the Governmental Accounting Standards Board (GASB):

- Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*
- Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*
- Statement No. 38, *Certain Financial Statement Note Disclosures*

Statement No. 34, as amended by Statement No. 37, establishes new financial reporting standards for state and local governments. Statement No. 34 had no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result of the implementation of Statement No. 34, the Management's Discussion and Analysis has been included as required supplementary information and precedes the financial statements.

Statement No. 38 requires certain note disclosures when Statement No. 34 is implemented.

Changes Affecting Net Assets: DRS recorded a prior period adjustment in the TRS Plan 3 and SERS Plan 3 trust funds. The adjustments to contributions, of \$11,290,622 and \$2,733,635 respectively, increase net assets at the beginning of the year by contributions receivable at the prior year-end. Had contributions receivable been recorded for Fiscal Year 2001, plan additions would have been increased by \$2,904,003 and \$2,733,635 for TRS Plan 3 and SERS Plan 3, respectively.

Net Assets Held in Trust for Pension and Other Benefits at June 30, 2001 have been restated as follows:

	Net Assets at July 1, 2001 As Previously Reported	Prior Period Adjustment	Net Assets As Restated July 1, 2001
TRS Plan 3	\$1,632,049,706	\$11,290,622	\$1,643,340,328
SERS Plan 3	\$ 490,472,211	\$ 2,733,635	\$ 493,205,846

Note 2: 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 three combination defined benefit/defined contribution plans as follows:

Public Employees' Retirement System (PERS)

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

School Employees' Retirement System (SERS)

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

Teachers' Retirement System (TRS)

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

- Plan 1—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 was funded by an employer rate of .23 percent of employee salaries for the period of July 1, 2001 through April 30, 2002. This employer rate decreased to .22 percent as of May 1, 2002. Administration of the WSPRS, JRS, and Judges' plans is funded by means of legislative appropriations.

Number of Participating Members

Plan	Retirees and Beneficiaries Receiving Benefits	Terminated Members Entitled to But Not Yet Receiving Benefits	Active Plan Members Vested	Active Plan Members Nonvested	Total
PERS Plan 1	53,538	3,310	22,226	1,755	80,829
PERS Plan 2	8,651	15,102	75,551	53,404	152,708
SERS Plan 2	191	929	12,719	11,344	25,183
SERS Plan 3	78	637	12,566	11,718	24,999
TRS Plan 1	32,195	1,995	13,594	377	48,161
TRS Plan 2	709	2,342	7,188	868	11,107
TRS Plan 3	203	1,730	15,772	28,421	46,126
LEOFF Plan 1	7,894	29	1,312	3	9,238
LEOFF Plan 2	184	303	9,582	4,003	14,072
WSPRS Plan 1	696	89	768	259	1,812
JRS	134	3	26	-	163
Judges	18	-	1	-	19
Total	<u>104,491</u>	<u>26,469</u>	<u>171,305</u>	<u>112,152</u>	<u>414,417</u>

The latest actuarial valuation date for all plans was September 30, 2001.

PERS Plan 3 became effective for state and higher education employees on March 1, 2002, therefore there were no PERS Plan 3 members as of the latest actuarial valuation date of September 30, 2001.

Source: Washington State Office of the State Actuary

Number of Participating Employers

Plan	State Agencies	School Districts	Counties/Municipalities	Other Political Subdivisions	Total
PERS Plan 1	156	248	216	255	875
PERS Plan 2	169	2	268	446	885
PERS Plan 3	118	-	-	-	118
SERS Plan 2	9	290	-	-	299
SERS Plan 3	10	287	-	-	297
TRS Plan 1	87	288	-	-	375
TRS Plan 2	40	267	-	-	307
TRS Plan 3	45	291	-	-	336
LEOFF Plan 1	-	-	113	26	139
LEOFF Plan 2	7	-	225	127	359
WSPRS Plan 1	1	-	-	-	1
JRS	3	-	-	-	3
Judges	1	-	-	-	1
Total	<u>646</u>	<u>1,673</u>	<u>822</u>	<u>854</u>	<u>3,995</u>

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2002 is 1,258.

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 three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3.

PERS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

PERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the PERS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2002, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in PERS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from PERS-covered employment.

Employees in PERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from PERS-covered employment.

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 52 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 1 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 service (AFC is based on the greatest compensation during any 24 eligible consecutive compensation months), capped at 60 percent.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. 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 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 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 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 Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of PERS Plan 3.

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 allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. 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 that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC.

Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3 the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

Legislation passed in the 2001 session provides a \$150,000 death benefit to the estate of an employee of schools, higher education and state agencies who dies in the line of service,

if found eligible by the Department of Labor and Industries. This legislation is effective for the period of July 1, 2001 through June 30, 2003.

Legislation passed in the 2002 session gives commercial vehicle enforcement officers (CVEO) who became commissioned officers in the Washington State Patrol after July 1, 2000, and prior to June 30, 2001, the option of either remaining a member of PERS Plan 2 or to make an irrevocable choice to transfer their CVEO credit to the Washington State Patrol Retirement System. Those members who transfer service credit would have until December 31, 2010, or the date of retirement (whichever came first) to pay for the difference in employee and employer contributions plus interest. There were no other material changes in PERS benefit provisions for the fiscal year ended June 30, 2002.

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 for membership purposes: Plan 2 is a defined benefit plan and Plan 3 is a combination defined benefit/defined contribution plan. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2. Those who joined on or after October 1, 1977 and by August 31, 2000 are SERS Plan 2 members unless they exercised an option to transfer their membership to Plan 3. SERS participants joining the system on or after September 1, 2000, and those who exercised their transfer option, are members of SERS Plan 3.

SERS is comprised of two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or

beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

SERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the SERS Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2002, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in SERS Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from SERS-covered employment. Employees in SERS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from SERS-covered employment.

Membership in the system includes all classified employees of school districts or educational service districts. SERS is comprised principally of non-state employees. SERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. 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 average final compensation (AFC) per year of 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 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest

compensation during any eligible consecutive 60-month period.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to September 1, 2000. Plan 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 Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of SERS Plan 3.

Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3 the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option.

Legislation passed in the 2001 session provides a \$150,000 death benefit to the estate of an employee of schools, higher education and state agencies who dies in the line of service, if found eligible by the Department of Labor and Industries. This legislation is effective for the period of July 1, 2001 through June 30, 2003. There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2002.

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 for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. TRS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3.

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this 2/3 defined benefit plan may legally be used to pay the defined benefits of any of the Plan 2 or Plan 3 members or beneficiaries, as defined by the terms of the plan. Therefore, Plan 2/3 is considered to be a single plan for accounting purposes.

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2002, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. Employees in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from TRS-covered employment.

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.

Plan 1 retirement benefits are vested after an employee completes 5 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 service (AFC is based on the greatest compensation during the highest of any consecutive two compensation contract years), capped at 60 percent.

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. 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 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 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. The defined benefit portion provides a benefit calculated at 1 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in TRS Plan 2 by July 1, 1996 and transferred to Plan 3. Plan 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 Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of TRS Plan 3.

Plan 1 provides death and duty disability benefits. 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.

Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3, the allowance amount is 1 percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member’s age is less than 65, and to reflect the choice of a survivor option.

Legislation passed in the 2001 session provides a \$150,000 death benefit to the estate of an employee of schools, higher education and state agencies who dies in the line of service, if found eligible by the Department of Labor and Industries. This legislation is effective for the period of July 1, 2001 through June 30, 2003. There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2002.

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 who joined on or after October 1, 1977 are Plan 2 members.

LEOFF defined benefit retirement benefits are financed from a combination of investment earnings, employer and employee contributions, and a special funding situation in which the state pays through state legislative appropriations. Employee contributions to the LEOFF Plan 1 and Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2002, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings thereon upon separation from LEOFF-covered employment.

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 benefit provisions are established in state statute and

may be amended only by the state Legislature.

Plan 1 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement 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 FAS
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. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of FAS. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 50 with 20 years of service, or at the age of 53 with five years of service, with an allowance of 2 percent of the FAS per year of service (FAS is based on the highest consecutive 60 months). Plan 2 retirements prior to the age of 53 are reduced 3 percent for each year that the benefit commences prior to age 53. 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 death and disability benefits. 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.

The Plan 1 disability 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.

Plan 2 provides non-duty disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the FAS for each year of service. Benefits are actuarially reduced for each year that the member's age is less than 53, and to reflect the choice of a survivor option.

There were no material changes in LEOFF benefit provisions for the fiscal year ended June 30, 2002.

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 participants who join the system by December 31, 2002 are Plan 1 members.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the WSPRS defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2002, 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 separation from WSPRS-covered employment.

WSPRS was established by the Legislature in 1947. Any commissioned employee of the Washington State Patrol is eligible to participate. 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. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service. The annual pension is 2 percent of average final salary (AFS) per year of service (AFS is based on the average of the two highest-paid years), capped at 75 percent.

Benefit provisions include death benefits; however, the system contains no disability benefits. Death benefits for members on active duty consist of the following: (1) If eligible spouse, 50 percent of the FAS, plus 5 percent of the 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 WSPRS members.

Legislation passed in the 2001 session created a Washington State Patrol Plan 2 for employees commissioned on or after January 1, 2003. Existing WSPRS members would 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.

Legislation passed in the 2002 session gives commercial vehicle enforcement officers (CVEO) who became commissioned officers in the Washington State Patrol after July 1, 2000, and prior to June 30, 2001, the option of either remaining a member of PERS Plan 2 or to make an irrevocable

choice to transfer their CVEO credit to the Washington State Patrol Retirement System. Those members who transfer service credit would have until December 31, 2010, or the date of retirement (whichever came first) to pay for the difference in employee and employer contributions plus interest. There were no other material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2002.

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. JRS retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

JRS members are eligible for retirement at the age of 60 with 15 years of service, or at the age of 60 after 12 years of service (if the member left office involuntarily) with at least 15 years after beginning judicial service.

The benefit per year of service calculated as a percent of average final compensation (AFC) is as follows:

Term of Service	Percent of AFC
15+	3.5%
10 - 14	3.0%

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. If the member is retired, the surviving spouse receives the greater of 50 percent of the member's retirement benefit or 25 percent of the AFC. For members with ten or more years of service, a disability benefit of 50 percent of AFC is provided.

There were no material changes in JRS benefit provisions for the fiscal year ended June 30, 2002.

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. Judges' retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

Judges' members are eligible for retirement at the age of 70 with ten years of service, or at any age with 18 years of service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. 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 in Judges' benefit provisions for the fiscal year ended June 30, 2002.

Pension benefit provisions have been established by chapter 2.12 RCW.

C. Funding Policy

PERS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age.

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 2002 were as follows:

PERS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
Employer Rates:			
State Agencies*	1.32%	1.32%	1.32% **
Local Governmental Units*	1.32%	1.32%	1.32% **
State Government Elected Officials*	1.87%	1.32%	1.32% **
Employee Rates:			
State Agencies	6.00%	0.65%	***
Local Governmental Units	6.00%	0.65%	***
State Government Elected Officials	7.50%	0.65%	***

*Includes an administrative expense rate of 0.22 percent.

**Plan 3 defined benefit portion only.

***Variable from 5% to 15% based on rate selected by the member.

SERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. SERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of SERS Plan 3 do not contribute to the defined benefit portion of SERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee's age.

The methods used to determine the 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 2002 were as follows:

SERS Actual Contribution Rates

	Plan 2	Plan 3
Employer Rates:		
State Agencies*	1.18%	1.18% **
Local Governmental Units*	1.18%	1.18% **
Employee Rates:		
State Agencies	0.35%	***
Local Governmental Units	0.35%	***

*Includes an administrative expense rate of 0.22 percent.
 ** Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.

TRS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. TRS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of TRS Plan 3 do not contribute to the defined benefit portion of TRS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age.

The methods used to determine the 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 2002 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Employer Rates*	1.27%	1.27%	1.27% **
Employee Rates:			
State Agencies	6.00%	0.15%	***
Local Governmental Units	6.00%	0.15%	***
State Government Elected Officials	7.50%	0.15%	***

*Includes an administrative expense rate of 0.22 percent.
 **Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.

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 2002 were as follows:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.22%	2.86%
Ports and Universities*	n/a	4.61%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	--	4.39%
Ports and Universities	n/a	4.39%
State of Washington Contributions	n/a	1.75%

*Includes an administrative expense rate of 0.22 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 2 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. For Fiscal Year 2002, the state contributed \$15,550,761 to LEOFF Plan 2

WSPRS: State statute (chapter 43.43 RCW) obligates employees to contribute at a fixed rate of 2 percent for Fiscal Year 2002. 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 2002 were as follows:

WSPRS Actual Contribution Rates	
Employer Rate	--
Employee Rate	2.00%

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 2002, the state contributed \$6,000,000.

Judges: Contributions made are based on rates set in 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 2002, the state contributed \$250,000.

D. Defined Contribution Plans

Public Employees' Retirement System Plan 3: The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include: 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. PERS participants who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants who joined the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. As of June 30, 2002, there are 118 participating employers in PERS Plan 3. See section B of Note 2 for PERS plan descriptions.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.40, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

There were no PERS Plan 3 members as of the latest actuarial valuation date of September 30, 2001.

PERS Plan 3 defined contribution 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, PERS Plan 3 investments are made in the same portfolio as that of the PERS 2/3 defined benefit plan.

For Fiscal Year 2002, employee contributions required and made were \$1,304,630, and plan refunds paid out were \$6,318.

School Employees' Retirement System Plan 3: The School Employees' Retirement System (SERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who were SERS Plan 2 members on or after September 1, 2000, and who elect to transfer. As of June 30, 2002, there are 297 participating employers in SERS Plan 3. See section B of Note 2 for SERS plan descriptions.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.35, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

Membership in SERS Plan 3 consisted of the following as of the latest actuarial valuation date of September 30, 2001:

Retirees and Beneficiaries Receiving Benefits	78
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	637
Active Plan Members Vested	12,566
Active Plan Members Nonvested	11,718
Total	24,999

SERS Plan 3 defined contribution 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, SERS Plan 3 investments are made in the same portfolio as that of the SERS 2/3 defined benefit plan.

For Fiscal Year 2002, employee contributions required and made were \$37,181,152, and plan refunds paid out were \$10,871,268.

Teachers' Retirement System Plan 3:

The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include certificated employees in grades K-12 in the public schools. TRS participants who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3. As of June 30, 2002, there are 336 participating employers in TRS Plan 3. See section B of Note 2 for TRS plan descriptions.

Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component, and member contributions finance a defined contribution component. As established by RCW 41.34, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of TRS Plan 3.

Membership in TRS Plan 3 consisted of the following as of

Retirees and Beneficiaries Receiving Benefits	203
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	1,730
Active Plan Members Vested	15,772
Active Plan Members Nonvested	28,421
Total	46,126

TRS Plan 3 defined contribution 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, TRS Plan 3 investments are made in the same portfolio as that of the TRS 2/3 defined benefit plan.

For Fiscal Year 2002, employee contributions required and made were \$144,186,865, and plan refunds paid out were \$18,395,065.

Judicial Retirement Account:

The Judicial Retirement Account (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 Administrative Office of 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, 2002, there were 180 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 nontransferable.

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.

Required Supplementary Information

Schedule of Funding Progress: PERS Plan 1

	(dollars in millions)					
	2001	2000	1999	1998	1997	1996
Actuarial Valuation Date	9/30/01	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96
Actuarial Value of Plan Assets	\$10,990	\$11,111	\$10,456	\$9,219	\$8,211	\$7,197
Actuarial Accrued Liability	\$12,088	\$11,695	\$11,636	\$11,227	\$10,817	\$10,339
Unfunded Actuarial Liability	\$1,098	\$584	\$1,180	\$2,008	\$2,606	\$3,142
Percentage Funded	91%	95%	90%	82%	76%	70%
Covered Payroll	\$1,085	\$1,132	\$1,184	\$1,233	\$1,271	\$1,308
Unfunded Actuarial Liability as a Percentage of Covered Payroll	101%	52%	100%	163%	205%	240%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2001	2000	1999	1998	1997	1996
Actuarial Valuation Date	9/30/01	6/30/00	6/30/99	6/30/98	6/30/97	6/30/96
Actuarial Value of Plan Assets	\$9,342	\$9,372	\$8,696	\$7,819	\$6,844	\$5,924
Actuarial Accrued Liability	\$9,895	\$9,566	\$9,529	\$9,354	\$9,044	\$8,796
Unfunded Actuarial Liability	\$553	\$194	\$833	\$1,535	\$2,200	\$2,872
Percentage Funded	94%	98%	91%	84%	76%	67%
Covered Payroll	\$800	\$957	\$984	\$1,046	\$1,083	\$1,128
Unfunded Actuarial Liability as a Percentage of Covered Payroll	69%	20%	85%	147%	203%	255%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

	(dollars in millions)					
	2001	2000	1999	1998	1997	1996
Actuarial Valuation Date	9/30/01	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96
Actuarial Value of Plan Assets	\$5,369	\$5,440	\$5,150	\$4,568	\$4,087	\$3,594
Actuarial Accrued Liability	\$4,153	\$4,002	\$4,125	\$3,906	\$3,767	\$4,006
Unfunded Actuarial Liability	\$(1,216)	\$(1,438)	\$(1,025)	\$(662)	\$(320)	\$412
Percentage Funded	129%	136%	125%	117%	108%	90%
Covered Payroll	\$87	\$95	\$106	\$117	\$128	\$137
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(1,398)%	(1,513)%	(966)%	(566)%	(250)%	301%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

	(dollars in millions)					
	2001	2000	1999	1998	1997	1996
Actuarial Valuation Date	9/30/01	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96
Actuarial Value of Plan Assets	\$10	\$10	\$9	\$8	\$5	\$4
Actuarial Accrued Liability	\$92	\$93	\$94	\$97	\$95	\$92
Unfunded Actuarial Liability	\$82	\$83	\$85	\$89	\$90	\$88
Percentage Funded	11%	11%	10%	8%	5%	4%
Covered Payroll	\$3	\$4	\$4	\$4	\$4	\$5
Unfunded Actuarial Liability as a Percentage of Covered Payroll	2,733%	2,075%	2,125%	2,225%	2,250%	1,760%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

	(dollars in millions)					
	2001	2000	1999	1998	1997	1996
Actuarial Valuation Date	9/30/01	12/31/00	12/31/99	12/31/98	12/31/97	12/31/96
Actuarial Value of Plan Assets	\$5	\$5	\$4	\$4	\$4	\$3
Actuarial Accrued Liability	\$6	\$6	\$6	\$7	\$7	\$7
Unfunded Actuarial Liability	\$1	\$1	\$2	\$3	\$3	\$4
Percentage Funded	83%	83%	67%	57%	57%	43%
Covered Payroll	\$0.1	\$0.1	\$0.1	\$0.1	\$0.2	\$0.4
Unfunded Actuarial Liability as a Percentage of Covered Payroll	1,000%	1,000%	2,000%	3,000%	1,500%	1,000%

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1: These plans use the aggregate actuarial cost method which does not separately amortize unfunded actuarial liabilities, therefore schedules of funding progress are not presented for these plans.

Schedule of Contributions from Employers and Other Contributing Entities

The following schedule covers the fiscal years ended 1997-2002.

	(dollars in millions)											
	Annual Required Contribution						Percentage Contributed					
	2002	2001	2000	1999	1998	1997	2002	2001	2000	1999	1998	1997
PERS Plan 1	\$ 164.3	\$ 118.8	\$ 199.2	\$ 237.6	\$ 287.2	\$ 355.0	42%	153%	101%	99%	79%	58%
PERS Plan 2/3	72.0	55.6	103.6	86.6	106.3	185.0	71%	207%	98%	275%	210%	121%
SERS Plan 2/3*	19.5	6.7	--	--	--	--	58%	297%	--	--	--	--
TRS Plan 1	119.8	90.6	176.1	209.7	269.7	338.0	50%	156%	104%	106%	78%	62%
TRS Plan 2/3	66.7	40.4	56.2	45.9	59.8	82.0	70%	172%	134%	218%	177%	126%
LEOFF Plan 1	--	--	6.3	6.9	7.5	75.2	n/a	n/a	100%	104%	101%	100%
LEOFF Plan 2	43.7	33.8	44.9	37.2	37.5	46.8	91%	155%	96%	152%	137%	99%
WSPRS Plan 1	--	--	--	--	--	0.5	n/a	n/a	n/a	n/a	n/a	1,360%
JRS	14.2	13.3	12.5	12.2	11.6	12.7	44%	55%	58%	72%	76%	54%
Judges	0.2	0.2	0.3	0.3	0.4	0.4	150%	400%	267%	267%	200%	200%

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

Source: Washington State Office of the State Actuary

Notes to the Required Supplementary Information Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2002

The information presented in the required supplementary schedules 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 2/3	SERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Valuation - Date	9/30/2001	9/30/2001	9/30/2001	9/30/2001	9/30/2001
Actuarial Cost Method	entry age	aggregate**	aggregate**	entry age	aggregate**
Amortization Method					
Funding	level %	n/a	n/a	level %	n/a
GASB	level \$	n/a	n/a	level \$	n/a
Remaining Amortization Period (Closed)	6/30/2024	n/a	n/a	6/30/2024	n/a
Asset Valuation Method	4-year smoothed fair value	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%	8.00%
Projected Salary Increases					
Salary Inflation at 4.5%, Plus the Merit Increases Described Below:					
Initial Salary Merit (Grades Down to 0%)	6.1%	6.1%	7.0%	6.2%	6.2%
Merit Period (Years of Service)	17 yrs	17 yrs	17 yrs	17 yrs	17 yrs
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*	3.50% CPI increase, maximum 3%

* 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. On 1/1/2002 it was \$0.00 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 $(\$1.08 + \$0.00) \times 1.03 = \$1.11$. On 7/1/2002 it is $(\$1.11 + \$0.00) \times 1.03 = \$1.14$.

** 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

LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1	Judicial	Judges
9/30/2001	9/30/2001	9/30/2001	9/30/2001	9/30/2001
entry age	aggregate**	aggregate**	entry age***	entry age***
level %	n/a	n/a	n/a	n/a
level \$	n/a	n/a	level \$	level \$
6/30/2024 4-year smoothed fair value	n/a 4-year smoothed fair value	n/a 4-year smoothed fair value	12/31/2008 market	12/31/2008 market
8.00%	8.00%	8.00%	8.00%	8.00%
11.7%	11.7%	6.0%	0.0%	0.0%
21 yrs	21 yrs	20 yrs	n/a	n/a
3.50% CPI increase	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%	3.50% 3.00%	3.50% none

Supporting Schedules

Schedule of Administrative Expenses
For the Year Ended June 30, 2002

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Dependent Care Administrative Special Revenue Fund	Totals	
				June 30, 2002	June 30, 2001
Current					
Personnel:					
Salaries and Wages	\$11,092,910	\$835,637	\$100,537	\$12,029,084	\$10,960,115
Employee Benefits	2,475,531	190,290	23,670	2,689,491	2,697,425
Personal Service Contracts	2,739,646	93,267	-	2,832,913	1,823,669
Total Personnel Expenses	<u>16,308,087</u>	<u>1,119,194</u>	<u>124,207</u>	<u>17,551,488</u>	<u>15,481,209</u>
Goods and Services:					
Supplies and Materials	55,974	3,838	429	60,241	66,476
Communications	550,726	33,439	2,007	586,172	873,717
Utilities	83,582	5,367	671	89,620	91,419
Rental and Leases	1,070,531	68,408	8,538	1,147,477	981,055
Repairs and Alterations	59,013	1,058	121	60,192	35,591
Printing and Reproduction	487,533	71,928	7,230	566,691	541,731
Employee Professional Development and Training	127,533	2,641	146	130,320	191,359
Subscriptions	24,492	7,283	365	32,140	29,321
Facilities and Services	272,259	59,535	5,160	336,954	326,035
Data Processing Services	2,111,196	34,163	14,573	2,159,932	2,695,178
Attorney General Services	228,642	69,419	3,156	301,217	171,239
Personnel Services	49,789	4,377	547	54,713	47,766
Medical Consultant Services	73,214	-	-	73,214	82,991
Insurance	80,931	7,100	887	88,918	134,084
Other Contractual Services	3,356,620	45,807	433	3,402,860	3,875,261
Vehicle Maintenance	12,555	2,441	192	15,188	6,947
Actuary Services	979,057	-	-	979,057	988,135
Pension Funding Council Services	-	-	-	-	54,575
Audit Services	170,276	14,969	1,871	187,116	154,444
Archives and Records Management	28,176	30,074	310	58,560	44,742
Legal Fees	863,661	-	-	863,661	1,335,146
Bad Debts Expense	-	-	-	-	15
Fraudulent Collections	101,732	-	-	101,732	96,010
OWMBE Services	1,491	131	16	1,638	1,946
Other Goods and Services	16,295	328	58	16,681	24,820
Total Goods and Services	<u>10,805,278</u>	<u>462,306</u>	<u>46,710</u>	<u>11,314,294</u>	<u>12,850,003</u>
Miscellaneous Expenses:					
Travel	76,927	15,444	1,357	93,728	130,975
Noncapitalized Equipment	192,321	790	7	193,118	1,804,490
Grants, Benefits, and Client Services	-	-	-	-	11,083
Total Miscellaneous Expenses	<u>269,248</u>	<u>16,234</u>	<u>1,364</u>	<u>286,846</u>	<u>1,946,548</u>
Total Current Expenses	<u>27,382,613</u>	<u>1,597,734</u>	<u>172,281</u>	<u>29,152,628</u>	<u>30,277,760</u>
Capital Outlays:					
Furnishings, Equipment and Software	30,053	-	-	30,053	515,998
Improvements Other than Buildings	12,710	-	-	12,710	16,820
Total Capital Outlays	<u>42,763</u>	<u>-</u>	<u>-</u>	<u>42,763</u>	<u>532,818</u>
Depreciation - Capital Assets	<u>985,474</u>	<u>-</u>	<u>-</u>	<u>985,474</u>	<u>599,760</u>
Total Administrative Expenses	<u>\$28,410,850</u>	<u>\$1,597,734</u>	<u>\$172,281</u>	<u>\$30,180,865</u>	<u>\$31,410,338</u>

**Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2002**

	Investment Management Expense
Public Equity Securities	
Passive Equity Managers	\$ 415,952
International Active Equity Managers	11,323,736
International Passive Equity Managers	2,122,114
Equity Commissions Paid	7,093,115
Total Public Equity Securities	<u>20,954,917</u>
Fixed Income Securities	
Commercial Mortgages	132,180
Total Fixed Income Securities	<u>132,180</u>
Alternative Investments	
Private Equity	15,336,126
Total Alternative Investments	<u>15,336,126</u>
Securities Lending	
Securities Lending Fees	7,337,144
Securities Lending Broker Rebates Paid	41,421,177
Total Securities Lending	<u>48,758,321</u>
Other Expenses	
Consultants and Advisors	1,772,773
Custodians	943,590
Legal Fees	207,731
PERS Plan 3 Management Fees	2,699
SERS Plan 3 Management Fees	227,874
TRS Plan 3 Management Fees	1,280,750
Deferred Compensation Management Fees	1,819,024
WSIB Operating Costs	4,699,376
OST Operating Costs	72,679
Total Other Expenses	<u>11,026,496</u>
Total Investment Expenses	<u>\$ 96,208,040</u>

**Schedule of Payments to Consultants
For the Year Ended June 30, 2002**

	Commission/Fee
Communications	
Arnerich Massena Associates	\$ 1,012,735
Daniels Brown Communications Inc.	12,500
Northwest Interpreters, Inc.	1,206
Total Communications	1,026,441
Computer/Technology	
Aetea Information Technology Inc.	158,736
Ajilon	159,418
Brewer Consulting Service	2,700
Daniels Consulting Co.	484,268
DHK Associates	10,710
Logical E-Business Solutions, Inc.	4,169
Lyons Commercial Data Inc.	1,595
Martin Analysis & Programming Inc.	363,173
Milestone Technology Inc.	72,760
Morningside	844,094
Secure Network Consultants	691
Sierra Systems	335,500
Smith McCann Computer Resources	139,575
Work Flow	255,870
Total Computer/Technology	2,833,259
Legal	
Chicoine & Hallett P.S.	769
Dixie Cattell & Associates	2,380
Ice Miller Legal & Business Advisors	31,831
Katz Sapper & Miller LLP	2,200
Lane Powell Sears Lubersky LLP	21,760
Total Legal	58,940
Management	
Cost Effective Measurement	25,000
LM Associates, Inc.	15,200
Professional Personnel Services	235,657
Transunion	51,070
William M. Mercer Inc.	70,999
Total Management	397,926
Recordkeeping	
ICMA Retirement Corporation	1,617,574
Total Recordkeeping	1,617,574
Total Payments to Consultants	\$ 5,934,140

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, 2002**

	Balance 07/01/01	Additions	Deductions	Balance 06/30/02
ASSETS				
Cash and Pooled Investments	<u>\$400,381</u>	<u>\$4,698,428</u>	<u>\$4,636,416</u>	<u>\$462,393</u>
Total Assets	<u><u>\$400,381</u></u>	<u><u>\$4,698,428</u></u>	<u><u>\$4,636,416</u></u>	<u><u>\$462,393</u></u>
LIABILITIES				
Accounts Payable	\$ -	\$4,626,128	\$4,626,061	\$ 67
Other Short-Term Liabilities	<u>400,381</u>	<u>4,698,428</u>	<u>4,636,483</u>	<u>462,326</u>
Total Liabilities	<u><u>\$400,381</u></u>	<u><u>\$9,324,556</u></u>	<u><u>\$9,262,544</u></u>	<u><u>\$462,393</u></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 SIB-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 \$3.93 billion during fiscal 2002 to \$38.97 billion. The CTF return was negative 6.40 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.

	Periods Ending 6/30/2002		
	1 Year	3 Year	5 Year
TOTAL FUND	(6.40)	0.17	5.53
TUCS Public Fund			
> \$1B Median	(6.17)	(0.60)	4.93
U.S. Equity	(16.88)	(7.66)	3.91
Wilshire 5000	(16.62)	(8.21)	3.57
Non-U.S. Equity	(7.41)	(3.67)	(1.78)
MSCI ACWI Free ex-U.S.	(8.17)	(6.16)	(1.70)
Fixed Income	6.56	7.70	7.34
Lehman Aggregate	8.63	8.11	7.57
Liquidity	1.90	1.77	3.29
90 Day T-Bills	2.63	4.58	4.82
Real Estate	9.83	11.55	11.21
NCREIF	5.60	9.56	11.74
Private Equity	(12.90)	4.36	8.87

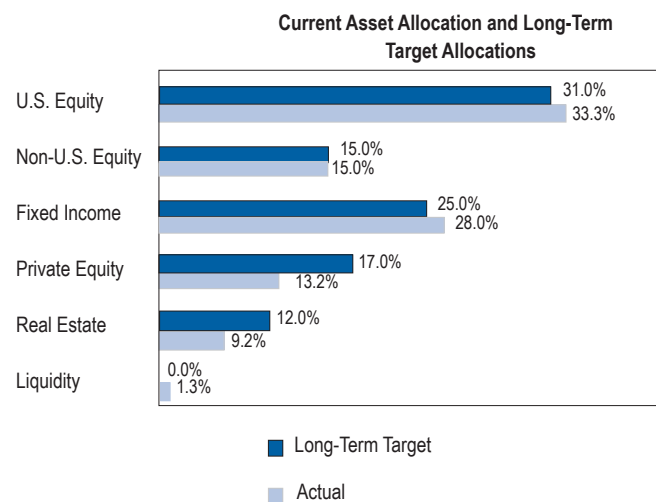
Performance information is compiled by the custodian, State Street Bank and Trust. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value using the Association for Investment Management and Research (AIMR) Standards.

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 SIB 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 SIB 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 SIB 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, 2002, as well as the long-term 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 5,800 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 6/30/2002

Microsoft Corp.	2.54%	Citigroup Inc.	1.71%
General Electric Co.	2.48%	American Int'l Group	1.53%
Exxon Mobil Corp.	2.38%	Johnson & Johnson	1.35%
Wal-Mart Store Inc.	2.10%	The Coca-Cola Co.	1.19%
Pfizer Inc.	1.87%	Int'l Business Machines	1.06%

Non-U.S. Equity

About 88 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.

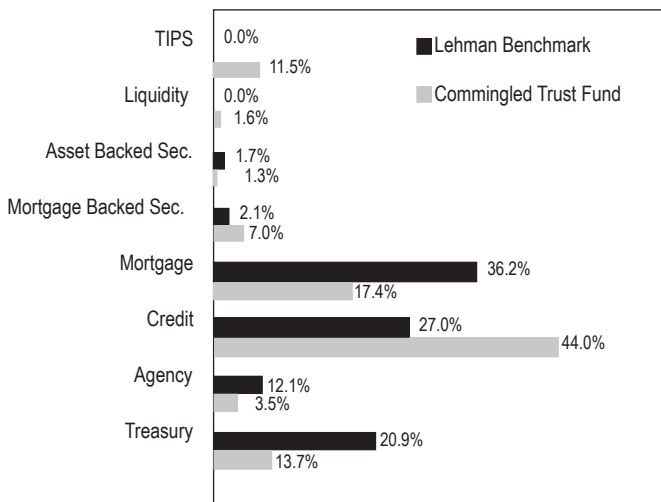
Retirement Fund's Ten Largest Exposures by Country as of 6/30/2002

United Kingdom	21.8%	Netherlands	4.9%
Japan	16.0%	Australia	4.5%
France	8.4%	Italy	3.1%
Switzerland	6.8%	Spain	3.1%
Germany	6.3%	Canada	3.0%
Invested in a total of 63 countries – 22 developed, 24 emerging, and 17 other*.			
*As defined by MSCI AWCI Free ex-U.S.			

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 8 percent longer than that of the Lehman Aggregate Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2002



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 10 to 12 years in life. They are expected to generate investment return well in excess of public equity securities. Approximately 13 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., which 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. The portfolio constraints are that no corporate fixed income issue shall exceed 3% of cost at the time of purchase or 6% of market value thereafter of the fund, and no high yield issues 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, treasury inflation protection securities, investment-grade credit bonds, high yield bonds, publicly traded mortgage-backed securities, commercial mortgage-backed securities, privately placed mortgages, private placements of corporate debt, asset-backed securities, convertible securities, non-dollar bonds, real estate mortgages, 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 finance (including leveraged, management and employee buyouts), distressed, international, and mezzanine investments. Private equity investments are made through limited partnership 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.

Real Estate Program

The SIB'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 SIB'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 SIB's long term return expectations for the asset class. The SIB's real estate partnerships typically invest in private real estate assets that are held for long term income and appreciation. Many of the SIB's investment partnerships do not involve co-investment with other financial entities, thereby providing the SIB 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 SIB'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, SIB partners invest at different points within the asset's capital structure and life cycle.

The SIB's current return objective for real estate 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, 2002**

	Assets Under Management	Total Fees and Commissions Expenses at 6/30/02
Public Equity Securities:		
Passive Equity Managers	\$ 12,943,053,758	\$ 415,952
International Active Equity Managers	253,146,864	11,323,736
International Passive Equity Managers	3,242,998,994	2,122,114
Equity Commissions Paid	4,086,300,864	7,093,115
Fixed Income Securities:		
Commercial Mortgages	459,868,270	132,180
Alternative Investments:		
Private Equity	5,358,000,358	15,336,126
Real Estate	3,516,391,306	-
Other Fees:		
Consultants and Advisors	-	1,772,773
Custodians	-	943,590
Legal Fees	-	207,731
Securities Lending Fees	-	7,337,144
Securities Lending Broker Rebates Paid	-	41,421,177
PERS Plan 3 Management Fees	11,403,044	2,699
SERS Plan 3 Management Fees	142,109,809	227,874
TRS Plan 3 Management Fees	781,663,088	1,280,750
Deferred Compensation Management Fees	1,352,908,598	1,819,024
WSIB Operating Costs	-	4,699,376
OST Operating Costs	-	72,679
Total	\$ 32,147,844,953	\$ 96,208,040

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2002 (page 1 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
ABD SECURITIES	\$ 5,564,075	470,985	\$ 13,864	\$ 0.03	\$ -	\$ -
ABG	9,293,672	474,576	27,620	0.06	-	-
ABN AMRO BANK NV	1,964,331	143,019,175	7,361	-	49,765,538	-
ABN AMRO SECURITIES	27,315,610	145,638,738	67,095	-	24,733,058	-
ACCIONES Y VALORES	138,970	42,091	488	0.01	-	-
ALEX. BROWN & SONS	14,573,306	439,564	1,953	-	-	-
ALPHA BROKERAGE AE	566,312	36,306	1,974	0.05	-	-
ALPHA MGMT	2,201,457	66,429	3,775	0.06	-	-
AMADON CORPORATION	3,884,120	208,362	8,655	0.04	-	-
ANDERSON & STRUDWICK, IND.	3,246,309	127,361	6,348	0.05	-	-
ARNHOLD	880,534	134,653	658	-	-	-
AUERBACH GRAYSON	6,508,436	2,293,806	16,845	0.01	-	-
AVALON RESEARCH GROUP	1,211,865	178,864	-	-	-	-
B-TRADE SERVICES LLC	1,941,021	63,536	2,832	0.04	-	-
BA SECURITIES INC	725,262	25,412	-	-	-	-
BANC OF AM SEC LLC	8,916,528	656,406	7,049	0.01	-	-
BANCBOSTON ROBERTSON STEPHENS	973,056	125,429	1,970	0.02	-	-
BANCO SANTANDER DE NEGOCIOS	1,409,272	535,817	4,918	0.01	-	-
BANK AM BELLEVUE ZURICH	1,318,075	12,777	2,792	0.22	-	-
BANK J.VONTOBEL	8,432,018	349,882	25,273	0.07	-	-
BANK JULIUS	412,460	10,443	824	0.08	-	-
BANK OF AMERICA	1,527,996	93,559	3,819	0.04	101,271,040	-
BANK OF IRELAND	68,019	202,701	-	-	-	-
BANK OF NEW YORK	62,227	46,081	-	-	-	-
BANQUE NATIONAL DE PARIS	426,782	57,442	977	0.02	-	-
BARCLAYS AMERICAN CORP	-	-	-	-	276,394,939	-
BARCLAYS BANK	69,820	5,894	-	-	398,308,408	-
BARCLAYS TRUST & BANKING CO	-	-	-	-	102,203	-
BARING SECURITIES	16,384,572	1,486,659	30,813	0.02	-	-
BARNARD JA	1,288,346	180,335	3,860	0.02	-	-
BBV SECURITIES INC	345,555	10,504	1,040	0.10	-	-
BEAR, STEARNS & CO.	45,142,640	6,086,206	93,099	0.02	244,403,632	-
BERNSTEIN SANFORD	2,417,083	920,126	6,995	0.01	-	-
BESTINVER S.A. S.V.B.	1,972,194	106,347	5,920	0.06	-	-
BHF SECURITIES	6,765,997	174,655	9,367	0.05	-	-
BLOOMBERG TRADEBOOK	3,410,689	405,854	3,407	0.01	-	-
BNP CAP	99,051	7,580	248	0.03	-	-
BNP PARIBA	603,403	21,943	1,508	0.07	-	-
BNP SECURITIES	2,458,458	157,294	5,619	0.04	-	-
BROCKHOUSE & COOPER	12,393,095	1,193,700	25,928	0.02	-	-
BROWN (ALEX) & SONS INC.	7,287,088	377,993	4,870	0.01	-	-
BROWN BROS. HARRIMAN	295,031	18,951	758	0.04	-	-
BSN SCIEDAD DEVALORES	1,893,097	161,359	4,721	0.03	-	-
BUNTING WARBURG INC	5,768,484	248,060	3,374	0.01	-	-
BURNS FRY & TIMMINS	1,193,665	47,378	2,168	0.05	-	-
C.S.F.B.	1,655,758	378,140	2,021	0.01	31,597,191	-
CABOTO	1,599,825	941,471	3,982	-	-	-
CANADIAN I	3,754,676	182,429	3,013	0.02	-	-
CANTOR FITZGERALD	4,058,403	126,474	5,201	0.04	-	-
CAPEL, JAMES	5,557,713	528,097	12,646	0.02	-	-
CARNEGIE FONDKOMMISSION	14,996,935	872,379	44,366	0.05	-	-

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2002 (page 2 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
CAZENOVE & CO.	21,022,081	4,717,478	47,736	0.01	-	-
CDC BOURSE	114,125	1,526	286	0.19	-	-
CDC MARCHE	388,754	5,685	969	0.17	-	-
CDC SECURITIES	950,728	17,660	2,403	0.14	-	-
CHARTERHOUSE TILNEY	265,732	39,385	533	0.01	-	-
CHASE MANHATTAN BANK	2,953,943	163,977	7,371	0.04	-	-
CHEUVREUX	770,971	68,191	2,119	0.03	-	-
CHEVEAUX,J. PARIS	28,223,160	1,116,772	66,533	0.06	-	-
CHEVREUX DE VIRIEU	1,730,916	70,119	4,567	0.07	-	-
CIBC WORL MARKETS CORP	20,354	1,197	-	-	-	-
CIBC/WOOD GUNDY	233,225	15,261	494	0.03	-	-
CITATION GROUP	4,882,976	315,486	11,830	0.04	-	-
CITIBANK	2,031,036	144,627	4,064	0.03	-	-
CL GLAZER INC.	1,423,810	80,293	3,602	0.04	-	-
COMMERZ SE	381,014	10,473	950	0.09	-	-
COMMERZBANK AG	18,695,224	1,907,953	39,803	0.02	-	-
COWEN & CO.	90,155	3,890	170	0.04	-	-
CREDIT AGR	10,129,022	484,385	25,342	0.05	-	-
CREDIT LYONNAISE	20,095,892	4,917,060	43,703	0.01	-	-
CREDIT SUISSE	5,287,678	381,615	15,202	0.04	-	-
CREDIT SUISSE FIRST BOSTON LTD	59,292,725	10,439,390	134,737	0.01	-	-
CS FIRST BOSTON	346,854	51,198	695	0.01	248,129,879	-
DAIN BOSWORTH INC	455,784	91,450	-	-	-	-
DAIWA SEC. AMERICA	27,817,625	1,180,431	55,112	0.05	-	-
DAVY STOCKBROKERS	1,103,098	94,269	2,759	0.03	-	-
DEUTCHE WESTMINSTER BANK	317,106	1,795	949	0.53	-	-
DEUTSCHE	4,909,752	188,813	14,698	0.08	97,663,545	-
DEUTSCHE BANK AG/LONDON	2,840,151	509,512	6,063	0.01	-	-
DEUTSCHE BANK CAPITAL	3,920,844	577,889	9,683	0.02	-	-
DEUTSCHE BANK GOVT SEC INC	82,838,517	11,717,329	182,332	0.02	-	-
DEUTSCHE BANK SECS	83,073,730	7,873,675	183,566	0.02	-	-
DEUTSCHE MORGAN GREINFELL	591,781	27,806	1,494	0.05	-	-
DEUTSCHE SECS	3,196,333	710,923	11,706	0.02	-	-
DMG AND PARTNERS SECURITIES	790,702	112,709	3,176	0.03	-	-
DRESDNER BANK	583,692	183,925	1,327	0.01	-	-
DRESDNER K	32,342,256	3,055,672	77,819	0.03	-	-
DRESDNER SEC (USA) INC	270,045	1,646	812	0.49	-	-
ECONO TRADING	897,506	30,621	384	0.01	-	-
ENSKILDA SECURITIES	2,472,290	52,365	6,196	0.12	-	-
EUROMOBILIARE	1,650,733	393,086	4,127	0.01	-	-
EXANE	11,005,301	633,381	30,645	0.05	-	-
EXECUTION SERVICES INC	18,528,010	1,325,347	33,595	0.03	-	-
FAULKNER DAWKINS AND SULLIVAN	439,587	37,287	1,096	0.03	-	-
FHLMC	-	-	-	-	141,664,905	-
FIRST BOSTON CORPORATION	192,228,109	100,701,336	429,886	-	-	-
FIRST MARATHON SEC., LTD	196,280	7,281	364	0.05	-	-
FIRST PACIFIC	827,718	250,037	3,273	0.01	-	-
FIRST UNION CAP MKTS	-	-	-	-	18,444,702	-
FLEMING (ROBERT) INC	6,800,119	511,480	13,228	0.03	-	-
FORTIS BAN	8,243,928	529,035	20,610	0.04	-	-
FORTIS INVESTMENT	59,061	2,194	148	0.07	-	-
FORTIS SEC	2,185,497	141,359	5,466	0.04	-	-

Broker Equity Volume and Equity Commissions Paid For the Year Ended June 30, 2002 (page 3 of 5)

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
FOX PITT KELTON	12,243,445	587,862	28,698	0.05	-	-
FRANK RUSSELL	67,672,477	4,107,563	121,750	0.03	-	-
GEORGE ELKINS CO	43,085	1,396	46	0.03	-	-
GLOBAL EXECUTION NETWORK ASSOC	227,199	24,337	227	0.01	-	-
GOLDMAN, SACHS & CO.	339,498,361	32,906,459	732,326	0.02	584,312,067	-
GOODBODY STOCKBROKERS	2,914,833	213,050	5,824	0.03	-	-
GREENWICH CAPITAL	-	-	-	-	24,444,740	-
GRIFFITHS MCBURNEY	5,721,051	233,797	7,872	0.03	-	-
HANDELSBA	144,120	4,289	359	0.08	-	-
HOWARD WEIL	423,705	16,458	823	0.05	-	-
HSBC INVESTMENT BANK PLC	6,628,470	2,193,041	18,316	0.01	-	-
HSBC SECURITIES	82,838,751	14,983,764	177,003	0.01	-	-
IMPERIAL B	113,931	3,430	274	0.08	-	-
INDEPENDENT BROKER + DEALERS A	140,329	21,943	-	-	-	-
INDOSUEZ	582,522	22,941	1,163	0.05	-	-
INDOSUEZ WI CARR SECURITIES LTD	5,735,213	404,868	10,574	0.03	-	-
ING BARING	6,639,921	828,430	14,401	0.02	-	-
ING SECURITIES	2,426,420	109,615	4,040	0.04	-	-
INSTINET	14,611,495	1,234,968	27,675	0.02	-	-
INTERMOBILIARE SEC.	7,817,937	1,507,751	24,183	0.02	-	-
INTERMONTE	13,961,228	2,759,081	39,927	0.01	-	-
INVESTMENT TECHNOLOGY CORP	1,620,798	217,050	2,020	0.01	-	-
ITG - POSIT	936,087	152,407	934	0.01	-	-
ITG INC	2,118,005	227,912	2,738	0.01	-	-
ITGL	131,524	70,817	131	-	-	-
J CHEUVREAU	638,955	52,006	1,920	0.04	-	-
J P MORGAN & CO	55,418,297	2,737,500	128,934	0.05	1,089,506,146	-
J&E DAVY	4,682,383	283,668	7,692	0.03	-	-
J.B. WERE & SON	22,659,391	8,446,343	76,375	0.01	-	-
J.P. MORGAN SECURITIES INC	77,699,568	6,942,500	146,359	0.02	-	-
JAMES CAPE	10,364,219	715,478	27,755	0.04	-	-
JEFFERIES & CO	345,015	22,143	886	0.04	-	-
JP MORGAN STERLING SECS	1,665,790	124,678	833	0.01	-	-
JULIUS BAER	10,100,931	925,911	25,412	0.03	-	-
KELLNER DILEO & CO	19,860	3,591	50	0.01	-	-
KLEINWORTH BENSON INC	7,555,641	1,721,029	18,552	0.01	-	-
KNIGHT SEC	501,028	112,301	3,278	0.03	-	-
KOKUSAI	497,333	4,987	745	0.15	-	-
LATINVEST	2,420,845	172,455	6,037	0.04	-	-
LEHMAN BROTHERS	121,235,956	7,486,667	250,603	0.03	862,577,270	-
LOMBARD ODIER + CIE	932,722	27,165	1,863	0.07	-	-
LORRAINE L BLAIR INC	57,379,016	4,632,651	113,444	0.02	-	-
MACQUARIE EQUITIES	4,426,026	546,989	12,633	0.02	-	-
MALONEY & CO	2,891,585	216,616	6,258	0.03	-	-
MCDONALD & COMPANY	4,672	12,967	519	0.04	18,863,388	-
MERRIL-PERFORMANCE MEASURE	92,930,184	4,648,318	170,785	0.04	-	-
MERRILL LYNCH INTERNATIONAL	42,152,790	6,227,012	108,210	0.02	-	-
MERRILL LYNCH, P F & S	246,766,091	30,074,593	577,696	0.02	179,272,905	-
METZLER SE	3,361,433	232,899	8,418	0.04	-	-
MIDLAND	348,417	292,149	923	-	-	-

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2002 (page 4 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
MIZUHO	9,486,967	292,755	13,263	0.05	-	-
MONTGOMERY SECURITIES	14,790,632	633,085	18,300	0.03	-	-
MORGAN GRENFELL	1,060,207	560,554	3,184	0.01	-	-
MORGAN J P & CO	422,390	81,290	715	0.01	-	-
MORGAN STANLEY & CO.	365,410,629	31,354,416	673,555	0.02	550,320,867	-
NATIONAL BANK OF CANADA	358,817	10,772	408	0.04	-	-
NATIONS BANK	1,780,716	117,397	3,912	0.03	-	-
NBC INTERNATIONAL USA LIMITED	221,492	24,736	955	0.04	-	-
NCB STOCKBROKERS	3,291,814	314,389	6,232	0.02	-	-
NESBITT BURNS	2,108,311	131,960	4,507	0.03	-	-
NEW ZURICH	7,463,715	121,007	22,292	0.18	-	-
NOMURA AGENCY PLC	275,003	3,391	466	0.14	-	-
NOMURA BANK	1,045,760	26,831	2,046	0.08	-	-
NOMURA SECURITIES INTL	42,903,549	1,898,996	78,661	0.04	-	-
NORTHERN TRUST CO	357,025	140,936	-	-	-	-
NORTHERN TRUST INTERNATIONAL B	453,414	11,670	-	-	-	-
NSI SECURITIES INC	275,221	18,951	232	0.01	-	-
ODDO DESACHE' PARIS	18,790	1,496	47	0.03	-	-
ODDO FINANCE	5,737,160	167,767	14,367	0.09	-	-
OPPENHEIMER & CO.	4,098,404	244,370	4,338	0.02	-	-
PANMURE GORDON	8,523,344	562,558	22,320	0.04	-	-
PARIBAS CO	14,442,718	1,321,191	37,206	0.03	-	-
PEEL HUNT & CO LTD	1,586,585	205,270	3,170	0.02	-	-
PERSHING	405,869	25,235	1,009	0.04	-	-
RABO SECURITIES NV	5,752,871	182,529	14,383	0.08	-	-
RAYMOND JAMES & ASSOCIATES	1,086,989	29,125	1,456	0.05	-	-
RBC DOMINION SECURITIES	12,915,754	473,727	9,458	0.02	-	-
ROBERT FLEMING	149,526	12,967	298	0.02	-	-
ROBERTSON STEPHENS	6,907,236	257,017	-	-	-	-
ROYAL BANK OF CANADA	148,505	6,683	255	0.04	-	-
ROYAL TRUST CO OF CANADA	2,446,373	419,318	-	-	-	-
SALOMON BROTHERS	228,516,705	29,474,809	451,345	0.02	369,620,015	-
SALOMON, SMITH BARNEY	15,647,064	726,173	25,472	0.04	550,878,376	-
SANFORD BERNSTEIN	8,097,628	662,142	19,244	0.03	-	-
SANTANDER INVESTMENT SEC'S.	1,428,663	114,782	3,563	0.03	3,909,911	-
SBC WARBURG	4,478,279	968,099	13,424	0.01	-	-
SCOTIA MCLEOD	65,048	2,095	70	0.03	-	-
SEGA SYSTEMS	1,404,432	17,854	4,226	0.24	-	-
SG COWEN SECURITIES CORP	19,330	16,956	-	-	-	-
SG SECURITIES	7,187,233	269,006	17,405	0.06	-	-
SHEARSON LEHAMN BROS., INC.	222,451	29,424	-	-	-	-
SIMMONS & COMPANY	57,234	2,394	120	0.05	-	-
SKANDINAVISKA ENSKILDA	7,613,823	640,467	19,020	0.03	-	-
SMITH BARNEY & COMPANY	766,620	44,025	-	-	-	-
SOCIETE FI	203,874	14,163	613	0.04	-	-
SOCIETE GENERAL	25,777,691	2,779,118	32,326	0.01	-	-
SOUNDVIEW	2,677,825	293,243	11,730	0.04	-	-
SPEAR LEEDS & KELLOGG	13,680,378	738,832	6,749	0.01	-	-
SSANGYONG INVESTMENTS	17,088,615	400,746	4,449	0.01	-	-
SSGA	626,881,666	5,885,016	3,721	-	-	-
STATE ST BK & TRUST	-	-	-	-	-	1,607,271,366

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2002 (page 5 of 5)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
STATE STREET BROKERAGE SERVICE	74,024	4,987	147	0.03	-	-
SVENSKA HANDELSBANKEN	1,917,413	81,839	4,794	0.06	-	-
SWISS BANK	57,965,417	3,863,198	104,031	0.03	-	-
THAMESWAY SECS	49,539	12,248	102	0.01	-	-
THOMAS C BOWLES & CO	1,040,595	44,386	1,775	0.04	-	-
THOMAS WEISEL PARTNERS	2,329,292	288,117	4,908	0.02	-	-
TIR SECURITIES	4,640,224	248,060	9,634	0.04	-	-
TOKYO MITSUBISHI INTL.	958,649	95,753	1,913	0.02	-	-
TORONTO DOMINION SEC INC	70,000	7,381	186	0.03	-	-
U.S. CLEARING	828,680	32,017	1,601	0.05	-	-
UBS SECURITIES	75,626,148	7,313,550	166,910	0.02	434,140,000	-
UBS WARBURG	1,987,075	419,177	3,672	0.01	505,705,479	-
UBS-DB CORPORATION	39,734,542	3,511,552	70,337	0.02	-	-
UNIBANK	1,432,130	363,662	3,571	0.01	-	-
UOB SECURITIES PTE LTD	978,802	704,183	2,926	-	-	-
UOB KAY HIAN OVERSEAS LTD	47,211	38,900	141	-	-	-
UOB KAY HIAN PTE LTD	208,358	172,555	623	-	-	-
USCC/SANTANDER	286,975	23,440	-	-	-	-
VONTOBEL	1,505,845	31,045	4,329	0.14	-	-
WACHOVIA BANK	-	-	-	-	86,045,082	-
WAGNER STOTT & CO.	2,352,069	209,958	2,126	0.01	-	-
WARBURG DILLON READ LLC	97,015,339	8,132,582	184,209	0.02	-	-
WARBURG S.G.	127,769	209	307	1.47	-	-
WATERHOUSE SECURITIES INC	1,229,188	48,575	754	0.02	-	-
WEISS	363,655	11,271	564	0.05	-	-
WEST DEUTSCHE LANDESBANK	37,261,270	2,521,305	41,367	0.02	-	-
WEST LB PAMURE LTD	2,686,118	105,428	6,436	0.06	-	-
WEST LB SECURITIES	4,023,571	181,133	9,988	0.06	-	-
WILSHIRE/SPRING	2,490,667	6,001	-	-	-	-
YAMATANE	420,437	28,925	630	0.02	-	-
YORKTON SECURITIES INC	124,557	7,780	253	0.03	-	-
YORKTOWN SECURITIES INC	1,190,143	39,897	1,248	0.03	-	-
Total	\$4,075,784,323	716,623,189	\$ 7,093,115	\$ 0.01	\$6,892,075,286	\$1,607,271,366

Source: Washington State Investment Board

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 1 of 6)

Description	Total Market Value	Percent of Total Market Value
INVESTMENTS		
Currencies		
E.M.U.-Euro	\$ 4,678,596	0.01%
Britain-Pound	2,633,649	0.01%
Australia-Dollar	1,167,877	--
New Zealand-Dollar	1,075,524	--
Japan-Yen	979,699	--
United States-Dollar	717,944	--
Switzerland-Franc	128,635	--
Singapore-Dollar	97,207	--
Canada-Dollar	28,992	--
Sweden-Krona	5,375	--
Others	2,887	--
Total Currencies	11,516,385	0.02%
Money Market Funds		
State Street Bank & Trust Co.	722,632,486	1.64%
Others	81,559,285	0.18%
Total Money Market Funds	804,191,771	1.82%
Government Securities-Domestic		
Treasury Inflation IX N/B	329,251,102	0.75%
Treasury Inflation IX N/B	203,049,831	0.46%
U.S.A. Treasury Bond	202,252,141	0.46%
Others	26,750,670	0.06%
Total Government Securities-Domestic	761,303,744	1.73%
Government Securities-Foreign		
Federal Republic of Brazil	32,915,071	0.07%
Republic of Italy	29,973,484	0.07%
Mexican United States	27,927,939	0.06%
Republic of Argentina	17,454,962	0.04%
Federal Republic of Brazil	12,368,087	0.03%
Others	10,472,977	0.02%
Total Government Securities-Foreign	131,112,520	0.29%
Pass Through Mortgages		
FNGT 2000-T5 B	64,542,518	0.15%
MSDWC 2001-T1 A4	26,653,620	0.06%
FNMA Pool 252348	19,787,274	0.04%
PNCMA 2000-C1 A2	16,746,287	0.04%
FNMA Dwarf PL 324308	13,158,431	0.03%
PNCMA 2000-C2 A2	11,026,158	0.03%
GNMA PL 346878	10,606,696	0.02%
FHLMC Gold PL C00335	10,463,544	0.02%
GNMA PL 364870	8,036,879	0.02%
FGC 90241	7,491,535	0.02%
Others	118,016,756	0.27%
Total Pass Through Mortgages	306,529,698	0.70%

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 2 of 6)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
FHA Project/SBA Loans		
Beverly Finance Corp. 144A	\$ 10,682,935	0.02%
FHA Project-Reilly Mortgage Group #55	7,151,973	0.02%
GNMA 383716 Lowell Emerson Apt.	4,493,928	0.01%
Foxcroft Apartments	3,338,732	0.01%
Mission Towers	1,572,583	--
Sutter Village	778,187	--
Auburn Villa	725,200	--
Burien Haus	453,821	--
Terrace Manor	124,580	--
Total FHA Project/SBA Loans	<u>29,321,939</u>	<u>0.06%</u>
FHA/VA Residential		
GNMA Pool 458902	3,563,811	0.01%
GNMA Pool 480120	2,768,476	0.01%
GNMA Pool 458909	2,515,158	0.01%
GNMA Pool 404208	2,504,216	0.01%
GNMA Pool 463999	2,444,363	0.01%
GNMA Pool 471774	2,127,079	--
GNMA Pool 471802	2,054,085	--
GNMA Pool 471729	1,900,497	--
GNMA Pool 471803	1,618,312	--
Executive House	1,715	--
Others	1,740	--
Total FHA/VA Residential	<u>21,499,452</u>	<u>0.05%</u>
Conventional Residential Mortgages		
FNMA Pool 252162	22,970,959	0.05%
FNMA	20,834,780	0.05%
FNMA Pool 568468	16,652,575	0.04%
FNMA Pool 455600	12,253,534	0.03%
FNMA	6,610,208	0.01%
FNMA Pool 571021	6,083,017	0.01%
FNMA Pool 568471	4,922,727	0.01%
FHLMC Gold 1998 PL C00650	4,851,741	0.01%
FNMA	3,993,776	0.01%
FNMA Pool 455819	3,258,709	0.01%
Others	85,155	--
Total Conventional Residential Mortgages	<u>102,517,181</u>	<u>0.23%</u>

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 3 of 6)

Description	Total Market Value	Percent of Total Market Value
Collateralized Mortgage Obligations		
Morgan Stanley Cap. 1999 FNV1 A2	\$ 52,587,197	0.12%
GECMS 99-15 L (A25)	51,102,144	0.12%
CCMSC 1999-2 A2	45,459,018	0.10%
SBM7 2000-C1 A2	44,468,515	0.10%
First Union Lehman Brothers 1998-C2 A2	43,857,946	0.10%
Morgan Stanley Cap. I 1998-HF1 A2	43,524,439	0.10%
FHLMC 1671 G	42,816,943	0.10%
Residential Fdg. Mortgage Sec. 1998-S8	41,393,195	0.09%
Com. Mortgage Acpt. Corp. 1999-C1 A2	40,534,315	0.09%
NSCOR 1998-33 A5	38,103,120	0.09%
Others	<u>1,630,180,900</u>	<u>3.70%</u>
Total Collateralized Mortgage Obligations	<u>2,074,027,732</u>	<u>4.71%</u>
Commercial Paper		
Commercial Paper	<u>192,618,070</u>	<u>0.44%</u>
Total Commercial Paper	<u>192,618,070</u>	<u>0.44%</u>
Asset Backed Securities		
CIT RV Trust 1997-AA7 ABS	25,456,653	0.06%
Homeq 2001-I AH2	20,266,479	0.05%
Funbc 2001-C3 A3	19,319,337	0.04%
NBCMT 1993-2 A	17,787,551	0.04%
Standard Credit Card 1995-9A ABS	16,065,996	0.04%
Standard Credit Card Master Trust	13,147,357	0.03%
Centex Home EQ LN TR 2000-B A6	12,352,134	0.03%
Centex Home EQ LN TR 1998-2 A5 ABS	11,278,129	0.03%
FNMA 1995-W1 A7	9,907,905	0.02%
Centex Home EQ LN TR 1998-1 A4 ABS	9,709,145	0.02%
Others	<u>353,129,192</u>	<u>0.80%</u>
Total Asset Backed Securities	<u>508,419,878</u>	<u>1.16%</u>
Corporate Bonds-Domestic		
Albertson's Inc.	77,073,157	0.17%
General Motors Acceptance Corp.	54,437,087	0.12%
U.S. Bank NA	52,588,841	0.12%
Pemex Project	52,364,886	0.12%
Washington Mutual Inc.	50,751,729	0.12%
Vale Overseas	46,895,435	0.11%
Household Finance Corp.	46,302,262	0.11%
Utilicorp United	45,422,458	0.10%
General Motors Acceptance Corp.	43,527,057	0.10%
Deutsche Telecom Financial	43,366,031	0.10%
Others	<u>2,965,874,169</u>	<u>6.73%</u>
Total Corporate Bonds-Domestic	<u>3,478,603,112</u>	<u>7.90%</u>

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 4 of 6)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
Corporate Bonds-Foreign		
Pemex Finance Ltd. 144A	\$ 47,493,437	0.11%
Petro Bras Intl.	44,704,651	0.10%
Quebec Province CDA	43,542,349	0.10%
European Investment Bank	40,172,273	0.09%
YPF Sociedad Anonima	39,621,297	0.09%
CIA Brasil De Bebidas	38,542,197	0.09%
Pemex Finance Ltd. 144A	38,312,245	0.09%
CIA Brasil De Bebidas	37,403,490	0.08%
Canadian National Railway Co.	37,382,929	0.08%
Royal Bank Scotland PLC	36,209,820	0.08%
Others	<u>568,225,257</u>	<u>1.29%</u>
Total Corporate Bonds-Foreign	<u>971,609,945</u>	<u>2.20%</u>
Variable Rate Notes		
Variable Rate Notes	<u>819,748,707</u>	<u>1.86%</u>
Total Variable Rate Notes	<u>819,748,707</u>	<u>1.86%</u>
Municipal Bonds		
WA State Housing Finance Commission 1997 4T	5,616,604	0.01%
WA State Housing Finance Commission 1998 4T	4,125,577	0.01%
WA State Housing Finance Commission 1999 1T	2,702,999	0.01%
WA State Housing Finance Commission	1,672,868	--
WA State Housing Finance -TXB 2000 4T	<u>1,320,487</u>	<u>--</u>
Total Municipal Bonds	<u>15,438,535</u>	<u>0.03%</u>
Private Equity		
KKR 1996 Fund	783,944,320	1.78%
KKR 1987 Fund	302,620,529	0.69%
Warburg Pincus Equity Partners, LP	295,096,287	0.67%
Fortress Investment Fund LLC	159,871,877	0.36%
Joseph Littlejohn Levy Fund III	125,538,420	0.28%
OCM Opportunities Fund III, LP	124,182,926	0.28%
Warburg Pincus Ventures	122,151,660	0.28%
Welsh Carson Anderson Stowe VIII	104,710,057	0.24%
Cinven Second Fund	88,524,095	0.20%
Welsh Carson Anderson Capital Partners III, LP	87,637,969	0.20%
Others	<u>2,917,513,694</u>	<u>6.62%</u>
Total Private Equity	<u>5,111,791,834</u>	<u>11.60%</u>

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 5 of 6)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
Real Estate		
Principal Enterprise Capital I	\$ 425,951,389	0.97%
Union Square LP	392,495,918	0.89%
Olympia Properties LLC	381,319,842	0.86%
Lowe Northwest Investment Properties LLC	313,198,830	0.71%
Campbell	305,494,174	0.69%
Pactrust Realty Associates LP	295,552,253	0.67%
Lonestar Fund III	286,699,033	0.65%
European Investment Properties Limited	198,181,300	0.45%
Pactrust/WISB-LLC	184,698,783	0.42%
MSREF III Intl. TE	106,315,309	0.24%
Others	702,353,912	1.59%
Total Real Estate	3,592,260,743	8.14%
Corporate Stock-Foreign		
Total SA SER B ORD	71,440,472	0.16%
Canon Inc.	40,691,139	0.09%
Glaxo Smith Kline	39,050,939	0.09%
Ing Groep NV	37,712,044	0.09%
Nestle SA	36,910,900	0.08%
Munchener Ruckvers	34,340,240	0.08%
National Australian Bank	33,491,797	0.08%
Novartis AG	31,799,534	0.07%
Soc Generale	31,218,378	0.07%
Lloyds TSB Group	29,150,858	0.07%
Others	1,692,114,622	3.83%
Total Corporate Stock-Foreign	2,077,920,923	4.71%
Commingled Index Funds-Domestic		
BGI US Equity Market	12,937,365,882	29.34%
Short Horizon Fund	2,934,571	0.01%
Mid Horizon Fund	2,248,213	--
Long Horizon Fund	505,092	--
Total Commingled Index Funds-Domestic	12,943,053,758	29.35%
Commingled Index Funds-Foreign		
MSCI EAFE SL	2,527,773,866	5.73%
Canada MSCI Index Fund	137,085,684	0.31%
Capital Guardian Growth Fund	130,637,017	0.30%
GMO TR	113,193,599	0.26%
Foreign Colonial Emerging Market Group TR	90,718,318	0.21%
Schroder Emerging	86,464,233	0.20%
Putnam International Small Cap. Trans. FD	42,332,694	0.09%
South Africa IFC	17,473,151	0.04%
Korea Emerging Markets	15,163,364	0.03%
Mexico Emerging Markets Index	15,013,239	0.03%
Others	67,143,829	0.15%
Total Commingled Index Funds-Foreign	3,242,998,994	7.35%

Summary of Investments Owned on June 30, 2002
Pension Trust Funds (page 6 of 6)

Description	Total Market Value	Percent of Total Market Value
Repurchase Agreements		
Morgan Stanley & Company Inc.	\$ 3,559,100	0.01%
Goldman Sachs & Co.	2,392,681	0.01%
Bear Stearns	1,052,781	--
Others	<u>619,961,045</u>	<u>1.41%</u>
Total Repurchase Agreements	<u>626,965,607</u>	<u>1.43%</u>
Securities on Loan		
Securities on Loan-Domestic	2,525,422,198	5.72%
Securities on Loan-Foreign	<u>439,383,849</u>	<u>1.00%</u>
Total Securities on Loan	<u>2,964,806,047</u>	<u>6.72%</u>
Guaranteed Investment Contracts		
Savings Pool	<u>467,505,741</u>	<u>1.06%</u>
Total Guaranteed Investment Contracts	<u>467,505,741</u>	<u>1.06%</u>
Life		
G.E. Capital Assurance	<u>26,475</u>	<u>--</u>
Total Life	<u>26,475</u>	<u>--</u>
Mutual Funds		
Fidelity Equity-Income Fund	319,296,252	0.72%
Fidelity Independence Fund	277,121,148	0.63%
U.S. Stock Market Index Fund	248,984,998	0.56%
U.S. Large Stock Index Fund	202,379,593	0.46%
Washington State Bond Fund	176,686,337	0.40%
Fidelity Growth Company Fund	137,398,532	0.31%
U.S. Small Stock Index Fund	121,093,395	0.27%
Washington State Money Market Fund	111,359,303	0.26%
International Stock Index Fund	86,260,883	0.20%
Washington State Short-Horizon Fund	65,362,618	0.15%
Others	<u>83,914,475</u>	<u>0.19%</u>
Total Mutual Funds	<u>1,829,857,534</u>	<u>4.15%</u>
Certificates of Deposit		
Certificates of Deposit	<u>1,007,652,639</u>	<u>2.29%</u>
Total Certificates of Deposit	<u>1,007,652,639</u>	<u>2.29%</u>
TOTAL INVESTMENTS	\$ <u>44,093,298,964</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 31, 2002

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 September 30, 2001.

The assumptions used in an actuarial valuation fall into two categories: economic and demographic. The economic assumptions were set in statute as of July 1, 2001. They are scheduled to be reviewed every four years by the Pension Funding Council. These include salary increases, inflation, the investment earnings rate, and population growth. The demographic assumptions include such things as retirement, 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 legislature adopted the new demographic assumptions effective April 1, 2002 based on our 1995-2000 Experience Study.

The material changes made during the 2001 Legislative Session that became effective during (and after) the 2001 Fiscal Year were disclosed in last year's annual report.

Legislation enacted during the 2002 Legislative Session provided:

- PERS 1 members who are at least age 50 and have at least 20 years of service and separate from service on or after January 1, 2002 to commence their retirement benefit at age 60 without reduction.
- PERS Plan 1 or WSPRS members to receive additional prior military service credit in a limited number of situations.
- Permits members and their ex-spouses to elect to receive a divided benefit.

There were no other material changes during the 2002 Session.

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 2/3, TRS 2/3, and LEOFF 2, respectively. The amortization calls for payments as a level percentage of pay. During 2001 the systems were funded according to this method and, if continued, the plans will be adequately funded.

PERS 2/3, 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.

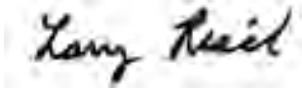
In performing these valuations, we relied on unaudited employee data provided by your department. Both the Department of Retirement Systems and the Office of the State Actuary performed a series of edits to check the quality of the data. The data is sufficient and reliable for the purpose of annual valuations. 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% per year.

The following schedules (or updates to them) were prepared by this office for inclusion in the 2002 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

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,

A handwritten signature in black ink that reads "Larry Risch". The signature is written in a cursive style and is enclosed within a rectangular border.

Larry Risch
Deputy State Actuary

Summary of Plan Provisions

A narrative summary of retirement plans managed by DRS is provided in Section B of Note 2 in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2002, is provided below.

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
PERS Plan 1 (By 9/30/77)	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 (AFC) per year of service
PERS Plan 2 (On or after 10/1/77 and by either 2/28/02 or 8/31/02)	Same as PERS Plan 1, except classified employees of school districts	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 AFC per year of service
PERS Plan 3 (On or after either 3/1/02 or 9/1/02)	Same as PERS Plan 2	Varies	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)
SERS Plan 2 (On or after 9/1/00)	All classified employees of school districts or educational service districts	After five years of eligible service	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service
SERS Plan 3 (On or after 9/1/00)	All classified employees of school districts or educational service districts on or after 9/1/00, or SERS 2 transfer members	Varies	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)
TRS Plan 1 (By 9/30/77)	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 AFC per year of service
TRS Plan 2 (On or after 10/1/77 and by 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 AFC per year of service
TRS Plan 3 (On or after 7/1/96)	Same as TRS Plan 1	Varies	At age 65 with 5 years of service, or an actuarially reduced benefit at age 55 with 20 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion)
LEOFF Plan 1 (By 9/30/77)	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 year of service 10-19 = 1.5% FAS per year of service 5-9 = 1% FAS 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 an actuarially reduced benefit at age 50 with 20 years of service	2% of FAS per year of service
WSPRS Plan 1 (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 and by 7/1/88— New judges on or 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 AFC per year of service 10-15 = 3% of AFC per year of service
Judges (By 8/8/71)	Same as JRS	After 12 years of service	At age 70 with 10 years of service or any age with 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.

Demographic Assumptions and Methods: Derived by the Washington State Office of the State Actuary and are based on the 1995-2000 Experience Studies (adopted April 1, 2002).

2. Investment Return: 8.0% per annum

3. Mortality Tables:

Mortality rates are based on the RP-2000 Combined Healthy Table published by the Society of Actuaries. These rates are adjusted to better reflect expected mortality for the particular group. Rates are adjusted by an age set back or set forward. A minimum rate is also applied to disabled mortality.

Class	Contributing Members and Members Retired from Service	Disabled Members
PERS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward six years, minimum 5%; females set forward six years, minimum 3.5%
SERS	RP-2000 Combined Healthy Table; males unadjusted; females set back two years	RP-2000 Combined Healthy Table; males set forward five years, minimum 3%; females set forward two years, minimum 3%
TRS	RP-2000 Combined Healthy Table; males set back two years; females set back two years	RP-2000 Combined Healthy Table; males set forward five years, minimum 3%; females set forward two years, minimum 1.75%
LEOFF	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward two years, minimum 0.5%; females set forward two years, minimum 0.5%
WSPRS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward two years, minimum 0.5%; females set forward two years, minimum 0.5%
JRS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward six years, minimum 5%; females set forward six years, minimum 3.5%

4. Retirement (page 1 of 3): 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
50	64%	40%
51	57%	43%
52	52%	37%
53	52%	33%
54	52%	52%
55	22%	26%
56	22%	18%
57	22%	18%
58	22%	22%
59	22%	37%
60	22%	18%
61	22%	22%
62	40%	37%
63	26%	26%
64	30%	26%
65	49%	46%
66-69	30%	26%
70	100%	100%

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
54	2%	2%	4%	4%
55	5%	5%	7%	7%
56	5%	5%	7%	7%
57	5%	5%	7%	7%
58	10%	5%	14%	7%
59	10%	5%	14%	7%
60	14%	14%	21%	21%
61	14%	18%	21%	27%
62	33%	30%	50%	45%
63	26%	26%	39%	39%
64	79%	82%	90%	90%
65	52%	49%	52%	49%
66	30%	30%	30%	30%
67	22%	26%	22%	26%
68	22%	26%	22%	26%
69	100%	100%	100%	100%

PERS 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	5%	5%	7%	7%
56	5%	5%	7%	7%
57	5%	5%	7%	7%
58	10%	5%	14%	7%
59	10%	5%	14%	7%
60	14%	14%	21%	21%
61	14%	18%	21%	27%
62	33%	30%	50%	45%
63	26%	26%	39%	39%
64	79%	82%	90%	90%
65	52%	49%	52%	49%
66	30%	30%	30%	30%
67	22%	26%	22%	26%
68	22%	26%	22%	26%
69	26%	22%	26%	22%
70	100%	100%	100%	100%

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
54	25%	20%	40%	30%
55	20%	20%	35%	30%
56	20%	20%	35%	30%
57	20%	20%	40%	30%
58	20%	25%	45%	30%
59	20%	25%	45%	30%
60	20%	20%	60%	35%
61	45%	35%	60%	55%
62	30%	25%	60%	50%
63	25%	20%	60%	50%
64	45%	45%	90%	90%
65	45%	35%	90%	90%
66	35%	30%	90%	90%
67	30%	35%	90%	90%
68	30%	25%	90%	90%
69	100%	100%	100%	100%

4. Retirement (page 2 of 3):

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
54	5%	3%	8%	5%
55	5%	5%	8%	8%
56	5%	10%	8%	15%
57	5%	10%	8%	15%
58	5%	10%	8%	15%
59	20%	15%	30%	23%
60	40%	20%	60%	30%
61	30%	30%	45%	45%
62	30%	30%	45%	45%
63	60%	50%	90%	75%
64	50%	50%	50%	50%
65	50%	30%	50%	30%
66	50%	25%	50%	25%
67	50%	25%	50%	25%
68	50%	40%	50%	40%
69	100%	100%	100%	100%

WSPRS Plan 1
Probabilities of Service Retirement
Among Members Eligible to Retire

Age	Rate
45-50	31%
51-55	23%
56-59	28%
60+	100%

LEOFF
Probabilities of Service Retirement
Among Members Eligible to Retire

Age	Plan 1 Rate	Plan 2 Rate
50	9%	10%
51	7%	10%
52	8%	10%
53	8%	16%
54	10%	19%
55	16%	24%
56	16%	25%
57	16%	25%
58	23%	33%
59	23%	33%
60	23%	33%
61	28%	37%
62	28%	37%
63	28%	37%
64	40%	48%
65	100%	100%

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%

4. Retirement (page 3 of 3):

**PERS Plan 1
Probabilities of Disablement**

Age	Male	Female
20	0.0000%	0.0000%
25	0.0000%	0.0000%
30	0.0000%	0.0000%
35	0.0310%	0.0319%
40	0.0762%	0.0710%
45	0.1481%	0.1431%
50	0.2542%	0.3023%
55	0.8240%	0.6411%
60*	1.1701%	0.6502%
64	1.1701%	0.5495%

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

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

Age	Male	Female
20	0.0000%	0.0000%
25	0.0052%	0.0000%
30	0.0115%	0.0056%
35	0.0156%	0.0194%
40	0.0235%	0.0275%
45	0.0476%	0.0467%
50	0.0922%	0.1003%
55	0.2630%	0.2782%
60	0.7603%	0.7681%
64	1.0244%	1.0271%

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

Age	Male	Female
20	0.0000%	0.0000%
25	0.0000%	0.0000%
30	0.0000%	0.0048%
35	0.0081%	0.0176%
40	0.0258%	0.0164%
45	0.0568%	0.0201%
50	0.1102%	0.0738%
55	0.3428%	0.2876%
60	0.9292%	0.5589%
64	1.2272%	0.6589%

**WSPRS
Probabilities of Disablement**

The assumed rate of disability is 0.1% at all ages.

**TRS Plan 1
Probabilities of Disablement**

Age	Male	Female
20	0.0013%	0.0014%
25	0.0091%	0.0092%
30	0.0187%	0.0190%
35	0.0321%	0.0326%
40	0.0428%	0.0434%
45	0.0944%	0.0957%
50	0.1634%	0.1656%
55	0.3347%	0.3393%
60*	0.4686%	0.4750%
64	0.7213%	0.7311%

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

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

Age	Male	Female
20	0.0003%	0.0003%
25	0.0024%	0.0019%
30	0.0048%	0.0040%
35	0.0083%	0.0068%
40	0.0111%	0.0091%
45	0.0244%	0.0201%
50	0.0422%	0.0347%
55	0.0866%	0.0712%
60	0.1212%	0.0997%
64	0.1865%	0.1534%

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

Age	Plan 1 Rate	Plan 2 Rate
20	0.10%	0.00%
25	0.10%	0.00%
30	0.80%	0.00%
35	1.48%	0.00%
40	2.35%	0.01%
45	4.24%	0.02%
50	7.34%	0.05%
55	10.35%	0.10%
60	12.17%	0.10%

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 (page 1 of 2): Probabilities of termination are illustrated in the following tables.

**PERS Plan 1 and Plan 2/3
General Employment Turnover
Probabilities of Termination**

Years of Service	Male	Female
0	25.90%	26.39%
1	15.46%	16.72%
2	10.20%	11.72%
3	7.69%	9.25%
4	6.39%	7.69%
5	5.31%	6.53%
6	4.35%	5.87%
7	4.07%	5.31%
8	3.73%	4.69%
9	3.54%	4.11%
10	3.25%	3.87%
11	3.10%	3.54%
12	3.05%	3.15%
13	2.86%	3.10%
14	2.76%	3.00%
15	2.66%	2.86%
16	2.37%	2.62%
17	2.13%	2.27%
18	1.83%	1.98%
19	1.49%	1.73%
20	1.14%	1.44%
21	0.95%	1.14%
22	0.75%	0.95%
23	0.60%	0.80%
24	0.55%	0.55%
25	0.50%	0.45%
26+	0.40%	0.40%

**SERS Plan 2/3
General Employment Turnover
Probabilities of Termination**

Years of Service	Male	Female
0	25.90%	19.45%
1	16.09%	12.87%
2	11.54%	10.07%
3	10.07%	7.60%
4	8.52%	6.58%
5	7.28%	5.97%
6	6.06%	5.31%
7	5.59%	5.21%
8	4.93%	4.83%
9	4.64%	4.64%
10	4.26%	4.50%
11	4.02%	4.45%
12	3.83%	4.40%
13	3.73%	4.40%
14	3.25%	4.21%
15	2.96%	4.26%
16	2.66%	3.78%
17	2.42%	3.44%
18	2.03%	3.10%
19	1.59%	2.62%
20	1.24%	2.03%
21	1.14%	1.59%
22	0.85%	1.29%
23	0.65%	0.85%
24	0.65%	0.75%
25	0.50%	0.75%
26+	0.50%	0.75%

5. Other Terminations of Employment (page 2 of 2):

**TRS Plan1 and Plan 2/3
General Employment Turnover
Probabilities of Termination**

Years of Service	Male	Female
0	9.65%	10.00%
1	6.00%	7.00%
2	4.00%	5.50%
3	4.00%	4.50%
4	3.50%	4.00%
5	3.00%	3.50%
6	2.20%	3.00%
7	2.10%	2.60%
8	2.00%	2.00%
9	1.90%	1.95%
10	1.80%	1.90%
11	1.80%	1.70%
12	1.00%	1.40%
13	1.00%	1.40%
14	1.00%	1.40%
15	1.00%	1.40%
16	0.95%	1.10%
17	0.90%	0.90%
18	0.80%	0.90%
19	0.70%	0.90%
20	0.50%	0.50%
21	0.50%	0.50%
22	0.50%	0.50%
23	0.50%	0.50%
24	0.50%	0.50%
25	0.50%	0.50%
26+	0.50%	0.50%

**WSPRS Plan 1
General Employment Turnover
Probabilities of Termination**

Years of Service	Probability
0-4	2.4%
5-9	1.4%
10-14	0.9%
15-19	0.6%
20-25	0.2%
25+	0.0%

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

Years of Service	Turnover Rate
0	10.43%
1	4.69%
2	2.37%
3	2.08%
4	1.98%
5	1.94%
6	1.94%
7	1.94%
8	1.67%
9	1.67%
10	1.67%
11	1.42%
12	1.42%
13	1.42%
14-16	0.99%
17-28	0.70%
29+	0.00%

**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 (page 1 of 2): 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 2/3
Merit Salary Increases**

Years of Service	Percent Increase	Final Salary over Current Salary
1	6.1%	1.275
2	4.8%	1.201
3	3.8%	1.146
4	2.9%	1.104
5	2.1%	1.073
6	1.3%	1.051
7	1.0%	1.038
8	0.8%	1.027
9	0.6%	1.019
10	0.4%	1.013
11	0.3%	1.009
12	0.2%	1.006
13	0.1%	1.004
14	0.1%	1.003
15	0.1%	1.002
16	0.1%	1.001
17+	0.0%	1.000

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

Years of Service	Percent Increase	Final Salary over Current Salary
1	6.2%	1.476
2	4.4%	1.390
3	4.2%	1.331
4	3.5%	1.278
5	3.1%	1.235
6	2.7%	1.197
7	2.6%	1.166
8	2.3%	1.136
9	2.1%	1.111
10	1.9%	1.088
11	1.7%	1.068
12	1.6%	1.050
13	1.4%	1.033
14	0.9%	1.019
15	0.8%	1.010
16	0.2%	1.002
17+	0.0%	1.000

**SERS Plan 2/3
Merit Salary Increases**

Years of Service	Percent Increase	Final Salary over Current Salary
1	7.0%	1.280
2	3.9%	1.196
3	2.8%	1.151
4	2.3%	1.120
5	2.2%	1.095
6	1.5%	1.071
7	1.2%	1.055
8	1.0%	1.043
9	0.8%	1.032
10	0.7%	1.024
11	0.7%	1.017
12	0.3%	1.010
13	0.3%	1.007
14	0.2%	1.004
15	0.1%	1.002
16	0.1%	1.001
17+	0.0%	1.000

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

Years of Service	Percent Increase	Final Salary over Current Salary
1	11.7%	1.810
2	8.1%	1.621
3	6.6%	1.499
4	4.5%	1.406
5	3.2%	1.346
6	2.5%	1.304
7	2.2%	1.272
8	2.0%	1.245
9	2.0%	1.221
10	2.0%	1.197
11	1.9%	1.173
12	1.8%	1.151
13	1.7%	1.131
14	1.6%	1.112
15	1.6%	1.095
16	1.6%	1.077
17	1.6%	1.060
18	1.6%	1.044
19	1.4%	1.027
20	1.3%	1.013
21+	0.0%	1.000

6. Future Salaries (page 2 of 2):

**WSPRS Plan 1
Merit Salary Increases**

Years of Service	Percent Increase	Final Salary over Current Salary
1	6.0%	1.678
2	6.0%	1.583
3	6.0%	1.493
4	6.0%	1.409
5	6.0%	1.329
6	6.0%	1.254
7	1.3%	1.183
8	1.3%	1.168
9	1.3%	1.153
10	1.3%	1.138
11	1.3%	1.123
12	1.3%	1.109
13	1.3%	1.095
14	1.3%	1.081
15	1.3%	1.067
16	1.3%	1.053
17	1.3%	1.040
18	1.3%	1.026
19	1.3%	1.013
20	0.0%	1.000
21+	0.0%	1.000

**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%	4.50%
Attributed to Growth in Active Group Size	1.25%	0.90%	1.25%	1.25%	0.00%
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 PERS Plan 1 increase their Average Final Compensation by an average of up to 5 percent by cashing out sick leave or vacation pay, or by increasing overtime.
- Members of TRS Plan 1 increase their Average Final Compensation by an average of up to 1 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.
- Members of WSPRS Plan 1 increase their Average Final Compensation by an average of up to 7.5 percent by cashing out sick leave or vacation pay, or by increasing overtime.
- 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, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details of these and other assumptions can be found in the latest experience study (1995-2000).

8. Change in Assumptions:

Demographic assumptions are updated to reflect the latest experience study (1995-2000) and the new September 30 valuation date.

9. Actuarial Cost Method:

Valuation assets are at market value with gains/losses recognized evenly over a four-year period. 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 2/3, 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:

None.

11. Material Changes in Benefit Provisions and Contribution Rates:

The contribution rates implemented in 2002 were based on the 2000 actuarial valuations but with the new demographic 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
9/30/01	23,981	\$1,084.6	\$45,226	3.2%
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%

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
9/30/01	128,955	\$5,249.4	\$40,707	3.7%
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%

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
9/30/01	24,063	\$485.9	\$20,193	(1.3)%
12/31/00	25,714	526.3	20,466	n/a
12/31/99*	--	--	--	--
12/31/98*	--	--	--	--
12/31/97*	--	--	--	--
12/31/96*	--	--	--	--

* 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
9/30/01	24,284	\$517.8	\$21,324	(3.4)%
12/31/00	22,011	485.8	22,073	n/a
12/31/99*	--	--	--	--
12/31/98*	--	--	--	--
12/31/97*	--	--	--	--
12/31/96*	--	--	--	--

* 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
9/30/01	13,971	\$ 799.7	\$57,243	3.0%
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%

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
9/30/01	8,056	\$ 391.2	\$48,563	5.0%
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%

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
9/30/01	44,193	\$1,958.3	\$44,312	2.4%
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*	--	--	--	--

* 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
9/30/01	1,315	\$86.7	\$65,959	4.2%
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%

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
9/30/01	13,585	\$830.6	\$61,139	2.9%
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%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: WSPRS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/01	1,027	\$60.2	\$58,633	1.5%
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%

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
9/30/01	26	\$3.0	\$114,475	2.6%
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%

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
9/30/01	1	\$0.1	\$131,558	6.4%
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	--

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		
09/30/01	2,077	\$44,457,501	1,700	\$14,141,440	53,538	\$704,757,211	\$13,164	6.3%
12/31/00	2,831	59,251,651	2,185	17,226,292	53,161	663,195,163	12,475	9.0%
12/31/99	2,680	52,982,694	2,113	16,128,342	52,515	608,698,282	11,591	7.7%
12/31/98	2,481	44,980,199	2,131	15,415,477	51,948	565,036,942	10,877	7.2%
12/31/97	2,403	40,095,945	1,988	13,490,739	51,598	526,918,776	10,212	6.7%
12/31/96	2,243	34,130,942	1,875	11,941,809	51,183	493,813,584	9,648	5.7%

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		
09/30/01	855	\$6,840,039	131	\$707,695	8,651	\$56,726,796	\$6,557	15.3%
12/31/00	1,319	9,807,863	157	868,467	7,927	49,210,077	6,208	25.5%
12/31/99	1,198	8,229,229	118	549,264	6,765	39,204,885	5,795	27.3%
12/31/98	1,020	6,637,345	108	483,716	5,685	30,786,831	5,415	28.2%
12/31/97	847	4,877,618	99	401,791	4,773	24,017,736	5,032	26.5%
12/31/96	834	4,262,647	91	314,901	4,025	18,981,900	4,716	29.2%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS 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		
09/30/01	165	\$884,752	1	\$1,873	191	\$1,035,001	\$5,419	583.5%
12/31/00	27	151,432	--	--	27	151,432	5,609	n/a
12/31/99*	--	--	--	--	--	--	--	--
12/31/98*	--	--	--	--	--	--	--	--
12/31/97*	--	--	--	--	--	--	--	--
12/31/96*	--	--	--	--	--	--	--	--

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

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: SERS 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		
09/30/01	78	\$198,145	--	\$--	78	\$198,145	\$2,540	n/a
12/31/00	--	--	--	--	--	--	--	--
12/31/99*	--	--	--	--	--	--	--	--
12/31/98*	--	--	--	--	--	--	--	--
12/31/97*	--	--	--	--	--	--	--	--
12/31/96*	--	--	--	--	--	--	--	--

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

Source: Washington State Office of the State Actuary

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		
09/30/01	3,524	\$81,519,141	1,168	\$13,045,875	32,195	\$544,358,707	\$16,908	17.5%
06/30/00	1,799	38,290,541	880	9,273,313	29,839	463,256,486	15,525	8.2%
06/30/99	1,677	34,602,902	898	8,961,508	28,920	427,968,688	14,798	7.6%
06/30/98	1,632	33,153,335	823	7,977,486	28,141	397,649,379	14,131	7.7%
06/30/97	1,338	25,214,610	857	7,766,022	27,332	369,309,984	13,512	6.0%
06/30/96	1,315	23,952,090	812	6,700,503	26,851	348,311,172	12,972	6.6%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: TRS 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		
09/30/01	204	\$2,339,594	14	\$153,589	709	\$7,267,477	\$10,250	50.9%
06/30/00	126	1,299,148	5	32,227	519	4,814,556	9,277	38.9%
06/30/99	90	902,554	4	24,541	398	3,466,085	8,709	37.8%
06/30/98	83	731,178	2	12,944	312	2,515,288	8,062	43.0%
06/30/97	67	601,901	3	12,705	231	1,758,948	7,614	53.8%
06/30/96	50	365,682	1	3,592	167	1,143,985	6,850	46.4%

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		
09/30/01	113	\$527,667	2	\$6,706	203	\$894,795	\$4,408	150.8%
06/30/00	42	180,129	--	--	92	356,823	3,879	101.6%
06/30/99	40	145,317	--	--	50	176,974	3,539	475.8%
06/30/98	6	19,834	--	--	10	30,735	3,074	181.9%
06/30/97	4	10,901	--	--	4	10,901	2,725	n/a
06/30/96*	--	--	--	--	--	--	--	--

*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		
09/30/01	233	\$8,351,533	119	\$3,479,510	7,894	\$248,160,932	\$31,437	5.7%
12/31/00	325	11,645,461	168	4,566,907	7,780	234,869,646	30,189	6.1%
12/31/99	348	11,397,460	159	4,062,564	7,623	221,408,074	29,045	6.0%
12/31/98	381	12,231,130	127	3,366,345	7,434	208,973,849	28,111	7.5%
12/31/97	369	10,897,621	133	3,162,560	7,180	194,464,923	27,084	7.3%
12/31/96	406	11,954,666	125	2,748,280	6,944	181,155,072	26,088	8.0%

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		
09/30/01	44	\$747,153	3	\$20,400	184	\$2,347,816	\$12,760	48.6%
12/31/00	45	610,415	2	15,024	143	1,579,593	11,046	66.4%
12/31/99	23	271,079	3	31,542	100	949,552	9,496	38.6%
12/31/98	13	158,887	--	--	80	685,058	8,563	31.5%
12/31/97	18	161,985	--	--	67	521,062	7,777	50.6%
12/31/96	8	30,227	--	--	48	346,029	7,209	26.9%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: WSPRS 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		
09/30/01	36	\$1,440,257	12	\$224,122	696	\$22,105,141	\$31,760	9.0%
12/31/00	37	1,367,942	12	105,489	672	20,271,907	30,167	8.6%
12/31/99	49	1,507,418	14	231,872	647	18,670,760	28,857	9.2%
12/31/98	38	1,304,229	6	104,581	612	17,097,410	27,937	9.5%
12/31/97	31	1,023,035	11	123,327	580	15,608,236	26,916	8.3%
12/31/96	47	1,453,525	15	135,720	560	14,407,680	25,728	12.5%

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		
09/30/01	6	\$411,383	3	\$126,097	134	\$8,090,219	\$60,375	6.6%
12/31/00	7	406,024	8	228,527	131	7,588,432	57,927	4.2%
12/31/99	7	252,731	9	464,254	132	7,284,962	55,189	(0.7)%
12/31/98	6	200,878	7	275,335	134	7,336,530	54,750	1.5%
12/31/97	14	865,194	3	172,291	135	7,227,765	53,539	13.8%
12/31/96	3	166,392	3	**	124	6,350,000	51,210	1.8%

** 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		
09/30/01	--	\$ --	--	\$ --	18	\$662,102	\$36,783	--
12/31/00	--	--	--	--	18	662,102	36,783	--
12/31/99	--	--	1	5,427	18	662,102	36,783	(0.8)%
12/31/98	1	74,261	--	--	19	667,529	35,133	12.5%
12/31/97	2	152,597	1	3,361	18	593,262	32,959	33.8%
12/31/96	--	--	1	**	17	443,496	26,088	(2.2)%

** 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:				Valuation Assets	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		(1)	(2)	(3)
9/30/01	\$1,515.9	\$7,231.7	\$3,340.8	\$12,088.4	\$10,989.9	100%	100%	67%
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%

The Entry Age Actuarial Cost Method was used for this plan.
Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 2/3

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Valuation Assets	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		(1)	(2)	(3)
9/30/01	\$2,118.5	\$1,217.6	\$7,695.5	\$11,031.6	\$11,031.6	100%	100%	100%
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%

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)

Valuation Date	Aggregate Accrued Liabilities for:				Valuation Assets	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		(1)	(2)	(3)
9/30/01	\$171.9	\$49.6	\$1,250.2	\$1,471.7	\$1,471.7	100%	100%	100%
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*	--	--	--	--	--	--	--	--

* 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)

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)
9/30/01	\$1,173.8	\$6,120.5	\$2,600.6	\$9,894.9	\$9,341.8	100%	100%	77%
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%

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)
9/30/01	\$259.0	\$254.0	\$3,034.2	\$3,547.2	\$3,547.2	100%	100%	100%
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%

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)
9/30/01	\$138.3	\$3,505.0	\$509.7	\$4,153.0	\$5,368.9	100%	100%	100%
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%

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)

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)
9/30/01	\$686.8	\$72.1	\$1,816.7	\$2,575.6	\$2,575.6	100%	100%	100%
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%

Source: Washington State Office of the State Actuary

Solvency Test: WSPRS 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)
9/30/01	\$46.7	\$294.8	\$370.3	\$711.8	\$711.8	100%	100%	100%
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%	188%
12/31/96	41.6	169.6	140.0	351.2	434.8	100%	100%	160%

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)
9/30/01	\$5.0	\$74.1	\$12.4	\$91.5	\$9.6	100%	6%	--
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%	--	--

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)
9/30/01	\$ --	\$5.3	\$0.8	\$6.1	\$4.9	100%	92%	--
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%	--

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 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$422.3)	\$86.2	\$856.5	\$644.4	\$712.8	\$490.5
Salary Gains	(16.8)	(38.8)	15.6	26.7	126.7	56.0
Termination of Employment	13.2	12.7	8.4	7.1	1.4	0.7
Return to Work from Terminated Status	(35.2)	(49.1)	(53.1)	(57.0)	(53.5)	(57.2)
Gain (or Loss) During Year from Selected Experience	(\$461.1)	\$11.0	\$827.4	\$621.2	\$787.4	\$490.0

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$430.8)	\$45.9	\$886.7	\$602.8	\$636.2	\$387.0
Salary Gains	(21.3)	(76.3)	30.1	47.1	229.5	92.6
Termination of Employment	33.1	41.0	38.4	31.5	30.1	14.0
Return to Work from Terminated Status	(71.8)	(72.4)	(95.4)	(95.0)	(115.7)	(114.1)
Gain (or Loss) During Year from Selected Experience	(\$490.8)	(\$61.8)	\$859.8	\$586.4	\$780.1	\$379.5

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: SERS Plan 2/3*
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$52.6)	\$16.0	\$ --	\$ --	\$ --	\$ --
Salary Gains	11.3	13.9	--	--	--	--
Termination of Employment	4.8	4.0	--	--	--	--
Return to Work from Terminated Status	(18.9)	(23.3)	--	--	--	--
Gain (or Loss) During Year from Selected Experience	(\$55.4)	\$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 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$300.3)	\$496.3	\$552.7	\$689.8	\$646.6	\$362.8
Salary Gains	49.4	(70.2)	184.3	34.8	230.9	31.2
Termination of Employment	6.5	5.5	2.8	2.7	0.1	(6.0)
Return to Work from Terminated Status	(21.8)	(19.1)	(20.6)	(15.8)	(19.2)	(15.9)
Gain (or Loss) During Year from Selected Experience	(\$266.2)	\$412.5	\$719.2	\$711.5	\$858.4	\$372.1

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$118.1)	\$164.0	\$187.7	\$234.3	\$202.5	\$124.9
Salary Gains	65.2	(50.8)	107.5	18.6	186.3	23.8
Termination of Employment	5.9	10.1	7.7	5.2	10.7	1.0
Return to Work from Terminated Status	(36.4)	(30.6)	(25.4)	(13.0)	(26.3)	(20.4)
Gain (or Loss) During Year from Selected Experience	(\$83.4)	\$92.7	\$277.5	\$245.1	\$373.2	\$129.3

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$205.1)	\$44.3	\$427.3	\$321.3	\$343.9	\$254.2
Salary Gains	24.7	16.9	0.6	0.2	8.6	11.2
Termination of Employment	0.6	0.5	0.1	0.7	--	--
Return to Work from Terminated Status	(0.5)	(1.1)	(1.5)	(0.2)	(0.2)	--
Gain (or Loss) During Year from Selected Experience	(\$180.3)	\$60.6	\$426.5	\$322.0	\$352.3	\$265.4

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$99.5)	\$9.1	\$165.4	\$109.9	\$110.4	\$71.8
Salary Gains	39.9	(0.3)	2.0	(25.0)	18.6	20.4
Termination of Employment	1.1	1.1	0.4	0.9	--	--
Return to Work from Terminated Status	(2.0)	(2.1)	(4.4)	(2.3)	(2.4)	(2.6)
Gain (or Loss) During Year from Selected Experience	(\$60.5)	\$7.8	\$163.4	\$83.5	\$126.6	\$89.6

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS Plan 1
Selected Gains and Losses During Years Ended 1996 to 2001
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

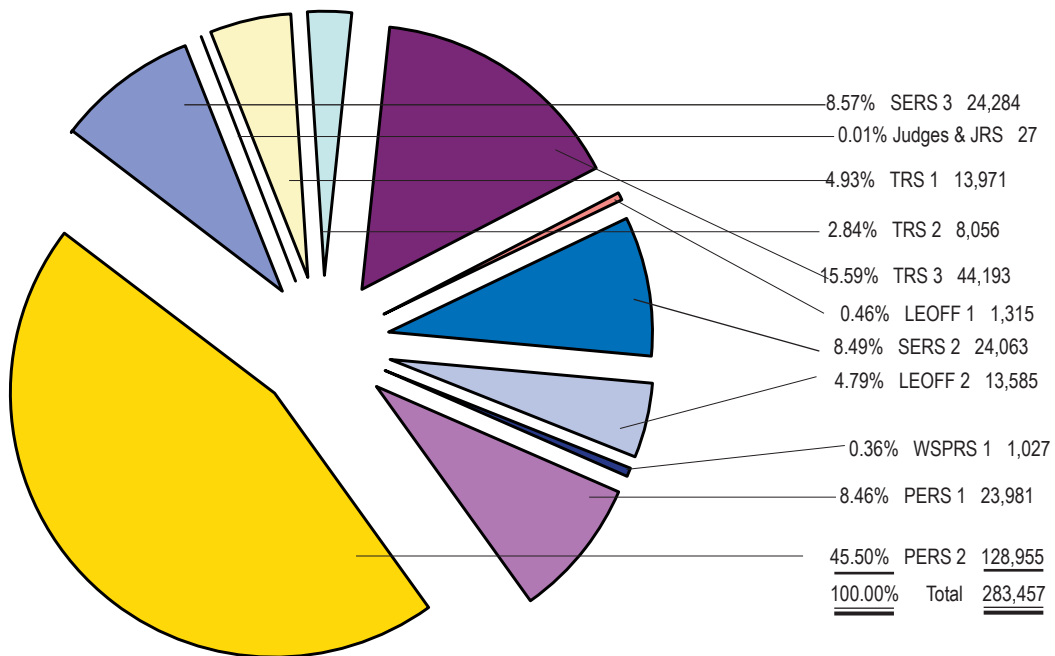
Type of Activity	\$ Gain (or Loss) For Year					
	2001	2000	1999	1998	1997	1996
Investment Gains	(\$27.3)	\$5.0	\$53.5	\$39.6	\$43.1	\$29.4
Salary Gains	4.1	3.7	(6.2)	(6.9)	(6.4)	(6.6)
Termination of Employment	0.1	0.2	0.1	0.1	0.1	0.2
Return to Work from Terminated Status	(0.1)	(0.1)	(0.1)	(0.1)	(0.3)	(0.1)
Gain (or Loss) During Year from Selected Experience	(\$23.2)	\$8.8	\$47.3	\$32.7	\$36.5	\$22.9

Source: Washington State Office of the State Actuary

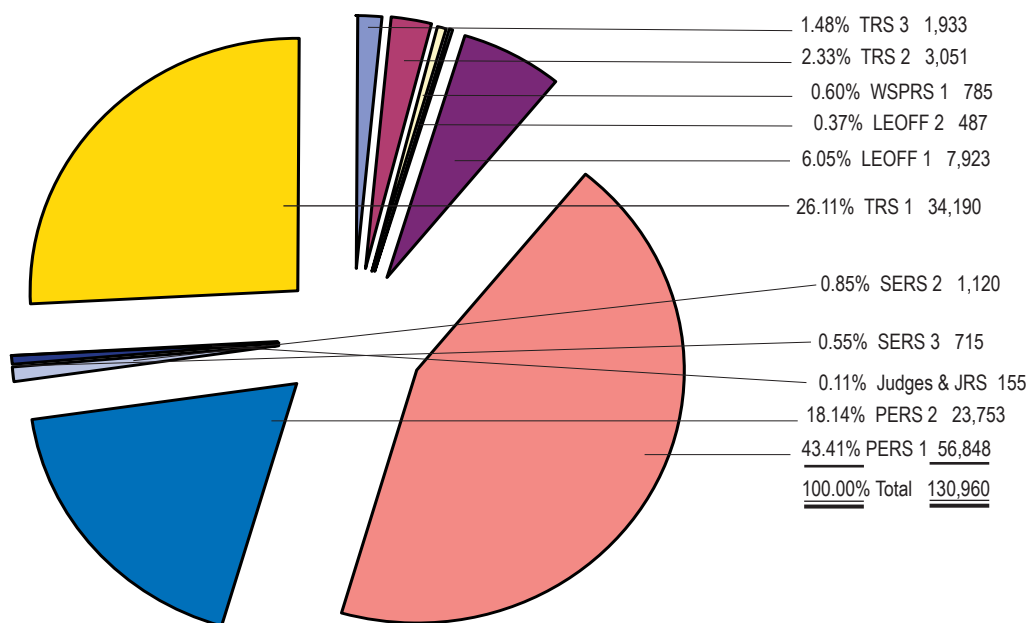
Statistical Section

Distribution of Membership For the Year Ended September 30, 2001

Active Members by System and Plan



Inactive and Retired Members by System and Plan



Source: Washington State Office of the State Actuary

Schedule of Additions to Plan Net Assets by Source: PERS Plan 1

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$67,670,360	\$68,630,781	6.1%	\$355,452	(\$633,439,692)	(\$496,783,099)
06/30/01	70,265,800	181,711,496	15.7%	789,271	(653,438,416)	(400,671,849)
06/30/00	73,260,192	200,134,724	16.6%	662,595	1,327,697,335	1,601,754,846
06/30/99	74,705,899	234,076,725	18.9%	1,295,059	1,114,653,807	1,424,731,490
06/30/98	77,854,983	226,084,001	17.5%	445,650	1,366,298,843	1,670,683,477
06/30/97	79,171,817	206,453,797	15.7%	259,995	1,401,630,381	1,687,515,990

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: PERS Plan 1

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$718,729,815	\$6,181,098	\$7,445,820	\$244,963	\$732,601,696
06/30/01	669,876,611	6,847,295	8,466,090	407,920	685,597,916
06/30/00	617,113,823	5,810,359	8,807,032	252,305	631,983,519
06/30/99	571,409,916	5,742,295	8,620,128	96,840	585,869,179
06/30/98	532,366,425	4,267,552	10,357,923	142,060	547,133,960
06/30/97	498,709,631	4,763,822	9,619,613	132,101	513,225,167

Schedule of Additions to Plan Net Assets by Source: PERS Plan 2/3

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$48,579,196	\$50,953,227	0.9%	\$275,014	(\$649,272,588)	(\$549,465,151)
06/30/01	116,564,445	115,039,002	2.2%	727,037	(592,159,129)	(359,828,645)
06/30/00	102,548,799	101,868,914	1.8%	442,973	1,446,407,476	1,651,268,162
06/30/99	237,048,152	237,705,695	4.7%	493,440	1,170,035,475	1,645,282,762
06/30/98	223,798,116	222,770,918	4.7%	254,181	1,310,676,495	1,757,499,710
06/30/97	223,913,016	224,416,665	5.1%	127,148	1,257,572,591	1,706,029,420

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: PERS Plan 2/3

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$60,551,539	\$6,270,538	\$42,086,743	\$31,164,647	\$140,073,467
06/30/01	50,797,924	6,638,444	48,311,241	1,903,537,477	2,009,285,086
06/30/00	40,976,131	5,988,778	59,393,819	1,192,224	107,550,952
06/30/99	32,400,058	5,813,774	53,206,024	706,758	92,126,614
06/30/98	25,374,706	3,963,504	51,109,821	1,639,705	82,087,736
06/30/97	19,960,990	4,019,959	42,745,123	748,607	67,474,679

Schedule of Additions to Plan Net Assets by Source: SERS Plan 2/3

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions:		Investment Income/ Miscellaneous*	Total Additions
			% of covered payroll	Transfers		
06/30/02	\$5,171,199	\$11,312,441	1.1%	\$17,922,882	(\$88,838,800)	(\$54,432,278)
06/30/01	14,168,004	19,938,785	2.4%	1,902,645,828	(151,355,968)	1,785,396,649
06/30/00	**	**	**	**	**	**
06/30/99	**	**	**	**	**	**
06/30/98	**	**	**	**	**	**
06/30/97	**	**	**	**	**	**

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

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

Schedule of Deductions from Plan Net Assets by Type: SERS Plan 2/3

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/01	284,949	1,098,129	1,397,241	478,438,605	481,218,924
06/30/00	**	**	**	**	**
06/30/99	**	**	**	**	**
06/30/98	**	**	**	**	**
06/30/97	**	**	**	**	**

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

Schedule of Additions to Plan Net Assets by Source: TRS Plan 1

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions:		Investment Income/ Miscellaneous*	Total Additions
			% of covered payroll	Transfers		
06/30/02	\$50,179,834	\$59,434,042	6.7%	\$252,737	(\$541,603,456)	(\$431,736,843)
06/30/01	55,897,775	141,351,229	15.6%	354,981	(561,104,313)	(363,500,328)
06/30/00	57,537,688	182,982,330	19.1%	396,732	1,148,184,403	1,389,101,153
06/30/99	59,237,699	222,516,027	22.6%	211,153	968,044,713	1,250,009,592
06/30/98	62,885,083	211,583,909	20.2%	108,775	1,188,494,701	1,463,072,468
06/30/97	65,179,452	210,206,771	19.4%	182,145	1,220,496,826	1,496,065,194

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: TRS Plan 1

Year Ended	Benefits*	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/01	632,673,910	5,618,527	2,761,775	348,460	641,402,672
06/30/00	579,260,658	4,673,537	2,187,820	199,419	586,321,434
06/30/99	532,933,243	4,760,454	2,755,423	93,672	540,542,792
06/30/98	494,531,012	3,635,421	2,682,319	76,468	500,925,220
06/30/97	438,276,574	3,878,035	2,307,456	96,233	444,558,298

* Benefits include withdrawn annuities at retirement.

Schedule of Additions to Plan Net Assets by Source: TRS Plan 2/3

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$5,433,722	\$46,358,793	1.9%	\$369,066	(\$221,155,221)	(\$168,993,640)
06/30/01	11,077,546	69,579,331	3.2%	295,476	(194,653,550)	(113,701,197)
06/30/00	12,744,146	75,311,038	3.9%	139,609	392,723,307	480,918,100
06/30/99	22,096,538	100,189,726	5.7%	1,288,148	324,313,433	447,887,845
06/30/98	47,214,360	105,553,561	6.5%	596,276	354,842,022	508,206,219
06/30/97	89,583,859	102,758,256	7.0%	54,101	474,546,339	666,942,555

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: TRS Plan 2/3

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$8,668,822	\$3,107,915	\$4,510,463	\$1,704,114	\$17,991,314
06/30/01	6,810,245	3,052,504	3,870,813	3,574,328	17,307,890
06/30/00	4,943,378	2,432,721	4,964,230	77,350,714	89,691,043
06/30/99	3,529,269	2,157,968	5,631,919	152,597,227	163,916,383
06/30/98	2,454,740	1,540,200	7,397,755	710,331,122	721,723,817
06/30/97	1,673,219	1,529,754	6,701,070	28,378,508	38,282,551

Schedule of Additions to Plan Net Assets by Source: LEOFF Plan 1

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State Contributions	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$75,648	\$97,781	0.1%	\$ -	\$163,362	(\$312,008,839)	(\$311,672,048)
06/30/01	21,287	130,161	0.1%	-	255,321	(321,268,237)	(320,861,468)
06/30/00	6,299,691	6,302,777	6.0%	-	117,226	652,374,467	665,094,161
06/30/99	7,099,209	7,195,563	6.3%	48,793,478	376,034	551,062,078	614,526,362
06/30/98	7,547,057	7,566,542	6.0%	50,358,280	120,694	680,407,239	745,999,812
06/30/97	8,177,679	8,190,404	6.1%	66,746,617	117,103	697,041,910	780,273,713

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: LEOFF Plan 1

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$252,625,386	\$3,087,910	\$92,384	\$134,756	\$255,940,436
06/30/01	238,938,103	3,218,176	11,287	203,019	242,370,585
06/30/00	225,175,096	2,612,035	82,474	371,674	228,241,279
06/30/99	211,949,501	2,654,545	101,947	1,982,672	216,688,665
06/30/98	197,887,426	2,079,952	152,802	412,707	200,532,887
06/30/97	184,059,751	2,193,246	2,545	49,434	186,304,976

Schedule of Additions to Plan Net Assets by Source: LEOFF Plan 2

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions:		Transfers	Investment Income/Miscellaneous*	Total Additions
			% of covered payroll	State Contributions			
06/30/02	\$39,400,888	\$23,996,574	2.7%	\$15,550,761	\$62,568	(\$153,463,596)	(\$74,452,805)
06/30/01	52,939,535	31,450,436	3.9%	20,918,699	95,933	(144,765,384)	(39,360,781)
06/30/00	43,729,087	26,214,154	3.5%	17,093,093	53,965	275,090,284	362,180,583
06/30/99	56,679,959	34,310,347	5.1%	22,209,747	72,076	219,094,828	332,366,957
06/30/98	51,425,376	31,084,315	5.1%	20,108,676	138,310	239,874,995	342,631,672
06/30/97	46,924,816	28,511,373	5.1%	17,702,072	185,314	227,024,656	320,348,231

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: LEOFF Plan 2

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$2,742,712	\$1,477,268	\$9,142,897	\$109,172	\$13,472,049
06/30/01	1,726,516	1,450,414	8,342,811	164,648	11,684,389
06/30/00	929,020	1,091,542	11,054,429	135,224	13,210,215
06/30/99	800,328	1,042,437	10,191,581	398,803	12,433,149
06/30/98	580,457	725,563	7,048,236	58,299	8,412,555
06/30/97	376,475	722,924	4,936,888	16,655	6,052,942

Schedule of Additions to Plan Net Assets by Source: WSPRS Plan 1

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions:		Investment Income/Miscellaneous*	Total Additions
			% of covered payroll	Transfers		
06/30/02	\$1,245,408	\$3	- %	\$264,982	(\$41,663,160)	(\$40,152,767)
06/30/01	1,816,629	131	- %	252,028	(42,078,627)	(40,009,839)
06/30/00	4,049,650	15,506	- %	403,277	84,098,787	88,567,220
06/30/99	3,755,380	5,935,137	11.1%	649,910	69,898,804	80,239,231
06/30/98	3,568,680	5,953,214	11.7%	206,932	83,957,975	93,686,801
06/30/97	3,273,087	6,843,227	14.6%	206,991	84,868,555	95,191,860

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: WSPRS Plan 1

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$22,315,700	\$398,141	\$199,115	\$16,067	\$22,929,023
06/30/01	20,359,143	409,945	87,806	26,087	20,882,981
06/30/00	18,787,500	323,706	317,140	14,642	19,442,988
06/30/99	17,146,839	327,502	172,613	6,054	17,653,008
06/30/98	15,658,636	243,771	374,354	5,423	16,282,184
06/30/97	14,440,247	265,037	131,580	6,051	14,842,915

Schedule of Additions to Plan Net Assets by Source: JRS

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State Contributions	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$229,094	\$229,094	7.5%	\$6,000,000	\$226	\$248,521	\$6,706,935
06/30/01	256,669	256,669	7.5%	7,000,000	382	581,916	8,095,636
06/30/00	306,115	306,078	7.5%	7,000,000	192	507,127	8,119,512
06/30/99	306,629	306,664	7.5%	8,500,000	81	373,027	9,486,401
06/30/98	316,228	316,228	7.5%	8,500,000	62	285,055	9,417,573
06/30/97	358,789	358,789	7.5%	6,500,000	51	209,428	7,427,057

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: JRS

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$8,059,875	\$5,410	\$ -	\$226	\$8,065,511
06/30/01	7,719,379	5,258	-	380	7,725,017
06/30/00	7,330,624	4,878	-	192	7,335,694
06/30/99	7,367,726	4,363	-	81	7,372,170
06/30/98	7,216,710	2,756	-	61	7,219,527
06/30/97	6,651,954	2,205	-	51	6,654,210

Schedule of Additions to Plan Net Assets by Source: Judges

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State Contributions	Transfers	Investment Income/ Miscellaneous*	Total Additions
06/30/02	\$8,465	\$8,465	6.5%	\$250,000	\$127	\$217,472	\$484,529
06/30/01	7,995	7,995	6.5%	750,000	217	338,051	1,104,258
06/30/00	7,714	7,714	6.5%	750,000	93	192,868	958,389
06/30/99	7,589	7,589	6.5%	750,000	40	181,741	946,959
06/30/98	10,784	10,784	6.5%	750,000	36	200,406	972,010
06/30/97	21,219	21,219	6.5%	800,000	49	179,326	1,021,813

* Investment earnings reflect dividends, interest, realized capital gains and unrealized gains and losses. Miscellaneous additions include restorations of employee contributions.

Schedule of Deductions from Plan Net Assets by Type: Judges

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/02	\$655,914	\$3,046	\$ -	\$127	\$659,087
06/30/01	662,102	3,337	-	216	665,655
06/30/00	662,102	2,056	-	93	664,251
06/30/99	664,933	2,145	-	40	667,118
06/30/98	630,733	1,640	-	36	632,409
06/30/97	515,407	2,121	-	49	517,577

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	227	131	36	12	48	165	22	39	1
101-200	2,634	1,834	-	197	603	1,739	624	270	1
201-300	3,857	2,767	9	224	857	2,546	874	432	5
301-400	4,096	3,029	55	214	798	2,743	857	490	6
401-500	3,841	2,935	-	172	734	2,559	735	539	8
501-600	3,755	2,942	5	158	650	2,475	708	559	13
601-700	3,424	2,730	2	142	550	2,219	631	563	11
701-800	3,133	2,611	4	114	404	2,036	573	510	14
801-900	2,764	2,352	4	95	313	1,777	536	437	14
901-1,000	2,525	2,175	3	72	275	1,579	506	426	14
Over 1,000	<u>23,282</u>	<u>21,997</u>	<u>4</u>	<u>324</u>	<u>957</u>	<u>14,770</u>	<u>3,745</u>	<u>4,178</u>	<u>589</u>
Totals	<u>53,538</u>	<u>45,503</u>	<u>122</u>	<u>1,724</u>	<u>6,189</u>	<u>34,608</u>	<u>9,811</u>	<u>8,443</u>	<u>676</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 September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	312	131	-	159	22	214	89	8	1
101-200	1,077	735	-	264	78	759	266	36	16
201-300	1,195	887	-	212	96	810	292	67	26
301-400	1,129	932	-	131	66	787	255	64	23
401-500	1,010	882	-	87	41	696	225	76	13
501-600	820	735	-	47	38	545	181	66	28
601-700	726	658	-	38	30	514	134	54	24
701-800	576	538	-	23	15	390	104	58	24
801-900	460	441	-	14	5	328	71	46	15
901-1,000	364	344	-	14	6	263	49	42	10
Over 1,000	<u>982</u>	<u>965</u>	<u>-</u>	<u>8</u>	<u>9</u>	<u>692</u>	<u>107</u>	<u>136</u>	<u>47</u>
Totals	<u>8,651</u>	<u>7,248</u>	<u>-</u>	<u>997</u>	<u>406</u>	<u>5,998</u>	<u>1,773</u>	<u>653</u>	<u>227</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
For the Year Ended September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	13	7	-	6	-	6	7	-	-
101-200	30	23	-	7	-	24	5	1	-
201-300	30	25	-	2	3	24	6	-	-
301-400	28	26	-	2	-	20	6	1	1
401-500	21	19	-	2	-	15	5	1	-
501-600	22	21	-	1	-	19	1	2	-
601-700	17	17	-	-	-	14	1	2	-
701-800	6	6	-	-	-	5	1	-	-
801-900	5	5	-	-	-	4	-	1	-
901-1,000	7	7	-	-	-	4	1	1	1
Over 1,000	12	12	-	-	-	8	1	3	-
Totals	191	168	-	20	3	143	34	12	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: SERS Plan 3
For the Year Ended September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	8	8	-	-	-	3	3	1	1
101-200	43	41	-	2	-	36	4	2	1
201-300	15	14	-	1	-	14	1	-	-
301-400	4	4	-	-	-	3	-	1	-
401-500	3	3	-	-	-	2	-	1	-
501-600	3	2	-	1	-	2	-	1	-
601-700	1	1	-	-	-	1	-	-	-
701-800	1	1	-	-	-	1	-	-	-
801-900	-	-	-	-	-	-	-	-	-
901-1,000	-	-	-	-	-	-	-	-	-
Over 1,000	-	-	-	-	-	-	-	-	-
Totals	78	74	-	4	-	62	8	6	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: TRS Plan 1
For the Year Ended September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	52	52	-	-	-	37	11	4	-
101-200	507	433	18	-	56	366	116	22	3
201-300	754	619	40	-	95	535	160	56	3
301-400	828	644	49	-	135	547	193	84	4
401-500	876	655	58	-	163	579	164	132	1
501-600	1,056	767	62	-	227	676	179	200	1
601-700	1,127	808	47	-	272	637	224	263	3
701-800	1,256	954	55	-	247	753	235	267	1
801-900	1,369	1,103	66	-	200	855	274	238	2
901-1,000	1,467	1,228	59	-	180	888	321	257	1
Over 1,000	22,903	21,861	380	-	662	14,948	3,994	3,463	498
Totals	32,195	29,124	834	-	2,237	20,821	5,871	4,986	517

* 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
For the Year Ended September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	8	4	-	4	-	8	-	-	-
101-200	21	13	-	6	2	10	10	1	-
201-300	46	34	-	8	4	31	14	1	-
301-400	54	42	-	8	4	36	15	3	-
401-500	61	50	-	5	6	40	16	4	1
501-600	58	49	-	4	5	39	16	3	-
601-700	59	50	-	6	3	36	14	6	3
701-800	49	41	-	5	3	33	12	3	1
801-900	57	56	-	-	1	44	6	6	1
901-1,000	44	43	-	-	1	25	14	2	3
Over 1,000	252	247	-	3	2	189	33	20	10
Totals	709	629	-	49	31	491	150	49	19

* 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 September 30, 2001**

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	38	23	-	6	9	24	13	-	1
201-300	48	38	-	3	7	33	10	4	1
301-400	45	45	-	-	-	39	3	2	1
401-500	28	28	-	-	-	27	1	-	-
501-600	18	17	-	1	-	16	1	-	1
601-700	7	7	-	-	-	6	-	1	-
701-800	10	10	-	-	-	9	-	-	1
801-900	6	6	-	-	-	5	1	-	-
901-1,000	-	-	-	-	-	-	-	-	-
Over 1,000	2	2	-	-	-	1	1	-	-
Totals	203	176	-	11	16	161	30	7	5

* 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 September 30, 2001**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	6	6	-	-	-	-	-	-	-
101-200	13	10	-	-	3	-	-	-	-
201-300	13	8	-	-	5	-	-	-	-
301-400	11	10	-	-	1	-	-	-	-
401-500	19	18	-	-	1	-	-	-	-
501-600	23	17	-	-	6	-	-	-	-
601-700	21	19	-	-	2	-	-	-	-
701-800	22	15	-	-	7	-	-	-	-
801-900	20	17	-	-	3	-	-	-	-
901-1,000	24	14	1	-	9	-	-	-	-
Over 1,000	7,722	2,335	3,684	628	1,075	-	-	-	-
Totals	7,894	2,469	3,685	628	1,112	-	-	-	-

* 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 September 30, 2001**

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	-	-	5	-	4	1	-	-
201-300	10	6	-	1	3	3	5	2	-
301-400	8	5	-	3	-	6	2	-	-
401-500	10	9	-	-	1	5	2	1	2
501-600	14	13	-	-	1	9	4	-	1
601-700	15	14	-	1	-	8	5	2	-
701-800	15	12	-	2	1	10	3	1	1
801-900	7	6	-	1	-	5	1	1	-
901-1,000	15	13	-	2	-	9	4	2	-
Over 1,000	83	79	-	3	1	54	19	6	4
Totals	184	158	-	19	7	115	46	15	8

* 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 Plan 1
For the Year Ended September 30, 2001**

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	-	-	-	-	-	-	-
101-200	3	1	-	-	2	-	-	-	-
201-300	1	-	-	-	1	-	-	-	-
301-400	2	2	-	-	-	-	-	-	-
401-500	5	1	-	-	4	-	-	-	-
501-600	13	-	-	-	13	-	-	-	-
601-700	21	2	-	-	19	-	-	-	-
701-800	6	2	-	-	4	-	-	-	-
801-900	13	2	-	-	11	-	-	-	-
901-1,000	8	3	-	-	5	-	-	-	-
Over 1,000	623	576	-	-	47	-	-	-	-
Totals	696	590	-	-	106	-	-	-	-

* 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 1/1/96 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
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$307.83	\$678.34	\$1,100.55	\$1,552.78	\$2,314.61	\$2,595.25
Average Final Salary (Monthly)*	\$3,458.70	\$2,774.76	\$3,303.24	\$3,331.65	\$4,174.12	\$4,535.78
Number of Active Retirees	109	104	87	301	755	394
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 1/1/96 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 Retirees	344	279	300	150	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$337.87	\$684.28	\$979.64	\$1,182.54	\$1,005.31	\$-
Average Final Salary (Monthly)*	\$2,437.56	\$2,861.20	\$3,144.89	\$3,409.91	\$3,361.68	\$-
Number of Active Retirees	220	198	169	122	1	-

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
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	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$194.00	\$405.98	\$607.23	\$800.16	\$-	\$-
Average Final Salary (Monthly)*	\$1,436.54	\$1,653.89	\$1,772.23	\$2,140.37	\$-	\$-
Number of Active Retirees	40	38	35	31	-	-

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: SERS Plan 3

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
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*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$155.58	\$178.65	\$201.73	\$325.92	\$-	\$-
Average Final Salary (Monthly)*	\$2,150.78	\$1,883.80	\$1,972.90	\$2,372.24	\$-	\$-
Number of Active Retirees	10	24	28	12	-	-

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 7/1/95 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
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$274.13	\$733.44	\$1,134.70	\$1,688.10	\$2,180.01	\$2,207.91
Average Final Salary (Monthly)*	\$2,785.27	\$3,264.23	\$4,152.92	\$4,541.32	\$4,896.71	\$4,936.26
Number of Active Retirees	98	118	122	374	1,526	1,040

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
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	-	-
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$502.96	\$944.22	\$1,246.40	\$1,497.10	\$-	\$-
Average Final Salary (Monthly)*	\$3,386.67	\$3,859.24	\$4,071.52	\$4,098.62	\$-	\$-
Number of Active Retirees	55	44	50	36	-	-

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 7/1/95 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	-	-
Period 7/1/00 to 9/30/01						
Average Monthly Benefit*	\$248.98	\$343.19	\$479.65	\$571.69	\$-	\$-
Average Final Salary (Monthly)*	\$4,040.17	\$4,098.63	\$4,240.39	\$4,429.45	\$-	\$-
Number of Active Retirees	15	37	28	20	-	-

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 1/1/96 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	\$4,787.24	\$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
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$345.68	\$894.28	\$1,579.67	\$2,816.73	\$3,109.33	\$3,584.16
Average Final Salary (Monthly)*	\$2,610.67	\$2,696.79	\$4,023.37	\$5,434.91	\$5,763.09	\$5,837.19
Number of Active Retirees	2	2	6	39	87	49

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 1/1/96 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	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$626.16	\$943.10	\$1,885.84	\$2,066.47	\$-	\$-
Average Final Salary (Monthly)*	\$4,995.09	\$4,004.33	\$5,212.68	\$5,146.12	\$-	\$-
Number of Active Retirees	8	8	12	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: WSPRS Plan 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
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
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,024.21	\$3,604.37	\$4,322.36
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$4,264.99	\$6,348.08	\$6,362.57
Number of Active Retirees	-	-	-	2	12	15

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 Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$656,113,101	\$635,006,306	\$588,661,726	\$540,638,028	\$501,899,255	\$469,902,806
Disability	14,505,478	14,197,523	13,254,891	12,963,388	12,268,861	11,595,409
Survivor	48,111,236	45,945,786	43,556,137	40,689,134	37,813,989	35,325,412
Refunds						
Separations	5,422,099	5,799,413	7,407,080	7,322,181	8,065,645	8,695,678
Death	2,023,721	1,485,572	1,413,327	1,612,098	1,662,739	1,440,494
Total	<u>\$726,175,635</u>	<u>\$702,434,600</u>	<u>\$654,293,161</u>	<u>\$603,224,829</u>	<u>\$561,710,489</u>	<u>\$526,959,799</u>

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 54,064,585	\$ 49,589,167	\$ 40,969,180	\$ 32,220,213	\$ 25,281,883	\$ 19,886,084
Disability	4,310,386	3,957,988	3,506,957	3,075,923	2,356,661	2,003,114
Survivor	2,176,568	1,863,087	1,526,714	1,130,096	910,346	674,144
Refunds						
Separations	38,626,502	36,945,084	53,784,644	52,743,701	50,454,850	44,678,192
Death	3,460,241	2,702,340	3,570,486	3,171,457	2,925,061	2,734,389
Total	<u>\$102,638,282</u>	<u>\$ 95,057,666</u>	<u>\$103,357,981</u>	<u>\$ 92,341,390</u>	<u>\$ 81,928,801</u>	<u>\$ 69,975,923</u>

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	6,318	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$ 6,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* PERS Plan 3 became effective March 1, 2002.

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 1,646,148	\$ 930,617	\$ 27,022	\$ -	\$ -	\$ -
Disability	354,825	130,933	3,455	-	-	-
Survivor	47,011	14,778	764	-	-	-
Refunds						
Separations	2,090,111	2,327,769	608,101	-	-	-
Death	306,605	259,428	16,283	-	-	-
Total	<u>\$ 4,444,700</u>	<u>\$ 3,663,525</u>	<u>\$ 655,625</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 Years Ended 1997-2002

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	10,498,483	8,780,956	-	-	-	-
Death	372,785	-	-	-	-	-
Total	<u>\$10,871,268</u>	<u>\$8,780,956</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 Years Ended 1997-2002

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$644,217,571	\$521,534,172	\$481,936,136	\$446,676,299	\$414,944,309	\$456,654,448
Disability	10,691,557	10,336,975	9,929,908	9,492,828	9,337,526	8,660,972
Survivor	24,099,771	23,058,142	21,297,268	19,558,247	18,194,834	16,919,668
Refunds						
Separations	2,312,601	1,305,437	1,478,102	1,944,684	1,767,726	1,616,815
Death	-	788,427	1,209,659	482,674	985,881	976,898
Total	<u>\$681,321,500</u>	<u>\$557,023,153</u>	<u>\$515,851,073</u>	<u>\$478,154,732</u>	<u>\$445,230,276</u>	<u>\$484,828,801</u>

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Years Ended 1997-2002

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 7,876,133	\$ 6,998,869	\$ 5,367,594	\$ 3,740,029	\$ 2,652,770	\$ 1,844,256
Disability	436,515	476,896	333,461	282,209	188,852	152,853
Survivor	356,174	304,761	262,307	191,534	132,691	59,487
Refunds						
Separations	4,220,154	3,177,764	9,064,640	4,805,273	5,816,060	6,860,059
Death	290,309	449,041	1,087,462	344,344	228,372	496,484
Total	<u>\$ 13,179,285</u>	<u>\$ 11,407,331</u>	<u>\$ 16,115,464</u>	<u>\$ 9,363,389</u>	<u>\$ 9,018,745</u>	<u>\$ 9,413,139</u>

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3*
For the Years Ended 1997-2002

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	17,374,648	18,222,837	19,356,326	12,876,540	5,867,278	428,875
Death	1,020,417	1,194,324	457,847	852,292	645,236	29,961
Total	<u>\$ 18,395,065</u>	<u>\$ 19,417,161</u>	<u>\$ 19,814,173</u>	<u>\$ 13,728,832</u>	<u>\$ 6,512,514</u>	<u>\$ 458,836</u>

* TRS Plan 3 became effective July 1, 1996.

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 83,586,369	\$ 82,789,979	\$ 77,262,220	\$ 71,668,527	\$ 66,691,196	\$ 60,922,364
Disability	135,537,306	131,426,754	125,339,799	119,272,522	113,248,129	106,421,790
Survivor	33,501,711	31,910,719	29,709,496	27,593,509	25,496,922	23,752,712
Refunds						
Separations	5,696	3,170	11,985	79,588	175,241	1,129
Death	86,688	93,655	72,832	-	-	-
Total	<u>\$252,717,770</u>	<u>\$246,224,277</u>	<u>\$232,396,332</u>	<u>\$218,614,146</u>	<u>\$205,611,488</u>	<u>\$191,097,995</u>

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 2,481,291	\$ 2,073,175	\$ 1,198,855	\$ 795,152	\$ 627,052	\$ 424,232
Disability	200,317	145,137	77,399	41,496	45,301	44,323
Survivor	61,104	41,305	23,558	9,095	8,830	6,761
Refunds						
Separations	8,553,441	7,356,574	10,570,565	9,428,493	7,827,932	5,736,687
Death	589,456	233,695	578,737	885,263	418,782	332,574
Total	<u>\$ 11,885,609</u>	<u>\$ 9,849,886</u>	<u>\$ 12,449,114</u>	<u>\$ 11,159,499</u>	<u>\$ 8,927,897</u>	<u>\$ 6,544,577</u>

**Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 1
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 20,874,239	\$ 20,065,857	\$ 18,286,024	\$ 16,780,074	\$ 15,261,417	\$ 14,004,083
Disability	-	-	-	-	-	-
Survivor	1,441,461	1,355,139	1,292,016	1,205,714	1,092,476	1,062,684
Refunds						
Separations	199,115	124,335	173,455	243,660	412,210	189,690
Death	-	-	32,462	-	-	-
Total	<u>\$ 22,514,815</u>	<u>\$ 21,545,331</u>	<u>\$ 19,783,957</u>	<u>\$ 18,229,448</u>	<u>\$ 16,766,103</u>	<u>\$ 15,256,457</u>

**Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$ 6,768,758	\$ 6,767,567	\$ 6,247,270	\$ 6,183,383	\$ 6,331,097	\$ 6,103,460
Disability	56,238	55,419	54,600	13,650	17,410	34,313
Survivor	1,234,879	1,227,844	1,173,186	1,135,379	1,004,456	949,220
Refunds						
Separations	-	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$ 8,059,875</u>	<u>\$ 8,050,830</u>	<u>\$ 7,475,056</u>	<u>\$ 7,332,412</u>	<u>\$ 7,352,963</u>	<u>\$ 7,086,993</u>

**Schedule of Benefit Expenses and Refunds by Type: JUDGES
For the Years Ended 1997-2002**

	06/30/02	12/31/01	12/31/00	12/31/99	12/31/98	12/31/97
Benefit Expenses						
Service	\$603,088	\$621,653	\$621,653	\$621,653	\$621,653	\$542,470
Disability	-	-	-	-	-	-
Survivor	52,826	40,449	40,449	41,485	46,460	47,890
Refunds						
Separations	-	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$655,914</u>	<u>\$662,102</u>	<u>\$662,102</u>	<u>\$663,138</u>	<u>\$668,113</u>	<u>\$590,360</u>

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 1 of 11)

State Agencies

Administrative Office of the Courts	Economic Development Finance Auth.	Personnel Appeals Board
Board for Volunteer Firefighters	Environmental Hearings Office	Rainier School
Board of Industrial Insurance Appeals	Fircrest School	Senate
Board of Tax Appeals	Frances H. Morgan Ctr.	Soldiers Home of WA State
Child Study & Treatment Ctr.	Governor's Office of Indian Affairs	Special Commitment Ctr.
Consolidated Support Services	Green Hill School	State Board for Community & Technical Colleges
County Road Administration Board	Growth Mgmt. Hearings Boards	State Board of Accountancy
Court of Appeals	Health Care Facility Board	State Investment Board
Dept. of Agriculture	Higher Education Coordinating Board	State Library
Dept. of Community, Trade & Economic Development	House of Representatives	State of WA Caseload Forecast Council
Dept. of Corrections:	Human Resource Info. System Division	Statute Law Committee
<i>Airway Heights Correction Ctr.</i>	Indeterminate Sentence Review Board	Students Book Corporation
<i>McNeil Island Correction Ctr.</i>	Interagency Committee for Outdoor Recreation	Superintendent of Public Instruction
<i>WA Correction Ctr.</i>	Joint Legislative Audit & Review Committee	Superior Court
<i>WA State Penitentiary</i>	Joint Legislative Systems Committee	Supreme Court
<i>WA State Reformatory</i>	Lakeland Village	Transportation Improvement Board
Dept. of Ecology	Law Library	Veterans Home - Spokane
Dept. of Employment Security	Leap Committee	WA Pollution Liability Insurance Agency
Dept. of Financial Institutions	Liquor Control Board	WA State Bar Assn.
Dept. of Fish & Wildlife	Maple Lane School	WA State Ferries
Dept. of General Administration	Military Dept.	WA State Health Care Auth.
Dept. of Health	Mission Creek Youth Forest Camp	WA State Historical Society
Dept. of Info. Services	Naselle Youth Camp	WA State Patrol
Dept. of Labor & Industries	Office of Administrative Hearings	WA State School Directors' Assn.
Dept. of Licensing	Office of Financial Mgmt.	WA State School for the Blind
Dept. of Natural Resources	Office of Minority & Women's Business Enterprises	WA State School for the Deaf
Dept. of Personnel	Office of Public Defense	WA Veterans' Home
Dept. of Printing	Office of the Attorney General	Western State Hospital
Dept. of Retirement Systems	Office of the Forecast Council	Workforce Training & Education Coordinating Board
Dept. of Revenue	Office of the Governor	Yakima Valley School
Dept. of Services for the Blind	Office of the Insurance Commissioner	
Dept. of Social & Health Services	Office of the Lieutenant Governor	State Commissions
Dept. of Transportation	Office of the Secretary of State	African American Affairs
Dept. of Veterans' Affairs	Office of the State Actuary	Apple
Eastern State Hospital	Office of the State Auditor	Arts
Eastern WA State Historical Society	Office of the State Treasurer	Asian American Affairs
Echo Glen Children's Ctr.		Barley

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 2 of 11)

State Commissions (continued)	Battle Ground	Coulee
Beef	Bellevue	Coupeville
Columbia River Gorge	Bellingham	Crescent
Conservation	Benge	Creston
Criminal Justice Training	Bethel	Curlew
Dairy Products	Bickleton	Cusick
Fruit	Blaine	Damman
Fryer	Boistfort	Darrington
Gambling	Bremerton	Davenport
Hispanic Affairs	Brewster	Dayton
Hop	Bridgeport	Deer Park
Horse Racing	Brinnon	Dieringer
Housing Finance	Burlington-Edison	Dixie
Human Rights	Camas	East Valley (Spokane Co.)
Judicial Conduct	Cape Flattery	East Valley (Yakima Co.)
Legislative Transportation	Carbonado	Eastmont
Lottery	Cascade	Easton
Marine Employees'	Cashmere	Eatonville
Parks & Recreation	Castle Rock	Edmonds
Potato	Centerville	Ellensburg
Public Disclosure	Central Kitsap	Elma
Public Employment Relations	Central Valley	Endicott
Puget Sound Pilotage	Centralia	Entiat
Sentencing Guidelines	Chehalis	Enumclaw
Traffic Safety	Cheney	Ephrata
Tree Fruit Research	Chewelah	Evaline
Utilities & Transportation	Chimacum	Everett
WA State Redistricting	Clarkston	Evergreen (Clark Co.)
Wheat	Cle Elum-Roslyn	Evergreen (Stevens Co.)
	Clover Park	Federal Way
School Districts	Colfax	Ferndale
Aberdeen	College Place	Fife
Adna	Colton	Finley
Almira	Columbia (Stevens Co.)	Franklin Pierce
Anacortes	Columbia (Walla Walla Co.)	Freeman
Arlington	Colville	Garfield Co.
Asotin Anatone	Concrete	Glenwood
Auburn	Conway	Goldendale
Bainbridge Island	Cosmopolis	Grand Coulee Dam

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 3 of 11)

School Districts (continued)

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	Ocosta
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
Kalama	Monroe	Orient
Keller	Montesano	Orondo
Kelso	Morton	Oroville
Kennewick	Moses Lake	Orting
Kent	Mossyrock	Othello
Kettle Falls	Mount Adams	Palisades
Kiona-Benton City	Mount Baker	Palouse
Kittitas	Mount Pleasant	Pasco
Klickitat	Mount Vernon	Pateros
La Center	Mukilteo	Paterson
La Conner	Naches Valley	Pe Ell
LaCrosse	Napavine	Peninsula
Lake Chelan	Naselle-Grays River Valley	Pioneer
Lake Stevens	Nespelem	Pomeroy
Lake Washington	Newport	Port Angeles
Lakewood	Nine Mile Falls	Port Townsend
Lamont	Nooksack Valley	Prescott
Liberty	North Beach	Prosser
Lind	North Franklin	Pullman
Longview	North Kitsap	Puyallup
	North Mason	Queets-Clearwater

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 4 of 11)

School Districts (continued)

Quilcene	Southside	Wapato
Quillayute	Spokane	Warden
Quinault Lake	Sprague	Washougal
Quincy	Stanwood	Washtucna
Rainier	Star	Waterville
Raymond	Starbuck	Wellpinit
Reardan-Edwall	Stehekin	Wenatchee
Renton	Steilacoom Historical	West Valley (Spokane Co.)
Republic	Steptoe	West Valley (Yakima Co.)
Richland	Stevenson-Carson	White Pass
Ridgefield	Sultan	White River
Ritzville	Summit	White Salmon
Riverside	Sumner	Wilbur
Riverview	Sunnyside	Willapa Valley
Rochester	Tacoma	Wilson Creek
Roosevelt	Taholah	Winlock
Rosalia	Tahoma	Wishkah Valley
Royal	Tekoa	Wishram
Saint John	Tenino	Woodland
San Juan Island	Thorp	Yakima
Satsop	Toledo	Yelm
Seattle	Tonasket	Zillah
Sedro Woolley	Toppenish	
Selah	Touchet	Educational
Selkirk	Toutle Lake	Service Districts
Sequim	Trout Lake	E.S.D. 101
Shaw Island	Tukwila	E.S.D. 105
Shelton	Tumwater	E.S.D. 112
Shoreline	Union Gap	E.S.D. 113
Skamania	University Place	E.S.D. 123
Skykomish	Vader	E.S.D. 189
Snohomish	Valley	North Central WA E.S.D.
Snoqualmie Valley	Vancouver	Olympic E.S.D.
Soap Lake	Vashon Island	Puget Sound E.S.D.
South Bend	Wahkiakum	
South Kitsap	Wahluke	
South Whidbey	Waitsburg	Community Colleges,
	Walla Walla	Technical Colleges
		Bates Technical College

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 5 of 11)

Community Colleges, Technical Colleges (continued)

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
 Beaux Arts Village
 Bellevue
 Bellingham
 Benton City
 Bingen
 Black Diamond
 Blaine
 Bonney Lake
 Bothell
 Bremerton
 Brewster
 Bridgeport (Town of)
 Brier
 Buckley
 Burien
 Burlington
 Camas
 Carbonado (Town of)
 Camation
 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)
 Coulee Dam (Town of)
 Coupeville (Town of)
 Creston (Town of)
 Cusick (Town of)
 Darrington (Town of)
 Davenport
 Dayton
 Deer Park
 Des Moines
 Dupont
 Duvall
 East Wenatchee
 Eatonville (Town of)
 Edgewood
 Edmonds
 Electric City (Town of)
 Ellensburg
 Elma
 Elmer City (Town of)
 Entiat
 Enumclaw
 Ephrata
 Everett
 Everson

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 6 of 11)

Cities & Towns (continued)

Federal Way	Lynnwood	Omak
Ferndale	Mabton	Oroville
Fife	Mansfield (Town of)	Orting
Fircrest	Maple Valley	Othello
Forks	Marysville	Pacific
Friday Harbor (Town of)	Mattawa (Town of)	Palouse
George	McCleary	Pasco
Gig Harbor	Medical Lake	Pateros
Goldendale	Medina	Pe Ell (Town of)
Grand Coulee	Mercer Island	Port Angeles
Grandview	Metaline Falls (Town of)	Port Orchard
Granger (Town of)	Mill Creek	Port Townsend
Granite Falls (Town of)	Millwood (Town of)	Poulsbo
Harrington (Town of)	Milton	Prosser
Hoquiam	Monroe	Pullman
Hunts Point (Town of)	Montesano	Puyallup
Ilwaco	Morton	Quincy
Issaquah	Moses Lake	Rainier
Kalama	Mossyrock	Raymond
Kelso	Mount Vernon	Reardan (Town of)
Kenmore	Mountlake Terrace	Redmond
Kennewick	Moxee	Renton
Kent	Mukilteo	Republic
Kettle Falls	Naches (Town of)	Richland
Kirkland	Napavine	Ridgefield
Kittitas	Newcastle	Ritzville
La Center	Newport	Rosalia (Town of)
La Conner (Town of)	Nooksack	Roslyn
Lacey	Normandy Park	Roy
Lake Forest Park	North Bend	Royal City
Lake Stevens	North Bonneville	Ruston (Town of)
Langley	Northport (Town of)	Sammamish
Leavenworth	Oak Harbor	Seatac
Liberty Lake	Oakesdale (Town of)	Seattle
Lind (Town of)	Oakville	Sedro Woolley
Long Beach	Ocean Shores	Selah
Longview	Odessa (Town of)	Sequim
Lynden	Okanogan	Shelton
	Olympia	Shoreline

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 7 of 11)

Cities & Towns (continued)

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
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
Pacific
Snohomish

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 8 of 11)

Conservation Districts (continued)

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, 5 & 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, 10, 14, 16, 20, 25-27, 34,
37, 40, 43-45 & 50
Kitsap Co. FPDs 7, 12 & 18
Kittitas Co. FPD 2
Lewis Co. FPD 6, 10 & 12
Marysville Fire Dist. 12
Mason Co. FPDs 2-6 & 13
North Highline Fire Dist.
North Kitsap Fire & Rescue
North Whatcom Fire & Rescue
Okanogan Co. FPD 5
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 2-4

Shoreline Fire Dept.
Skagit Co. FPD 8
Snohomish Co. FPDs 1, 3-5, 7, 8, 10, 14,
15, 17, 18, 20, 26 & 28
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
Vashon Island Fire & Rescue
Walla Walla Co. FPDs 4 & 5
West Thurston Fire & Life Safety
Whatcom Co. FPDs 2, 4, 7, 8 & 14
Woodinville Fire-Life Safety Dist.
Yakima Co. FPDs 4, 5 & 12
Yelm Fire Dist.

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 Net-
work
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.
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 9 of 11)

Housing Authorities (continued)

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.
Belfair Water Dist.
Benton Irrigation Dist.
Birch Bay Water & Sewer Dist.
Brewster Flat Irrigation 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.
Franklin Co. Irrigation Dist. 1
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
Karcher Creek Sewer Dist.
Kennewick Irrigation Dist.
King Co. Water Dist. 19, 20, 45, 49, 54, 90,
111, 119 & 125
Kiona Irrigation Dist.
Kittitas Reclamation Dist.
Lake Chelan Reclamation Dist.
Lake Forest Park Water Dist.
Lakehaven Sewer Dist.
Lakehaven Utility Dist.
Lakewood Water Dist.
Loon Lake Sewer Dist. 4
LOTT Alliance
Malaga Water Dist.
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.
Pasadena Park Irrigation Dist. 17
Peshastin Irrigation Dist.
Point Roberts Water Dist. 4
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
Silverlake 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.
Stemilt 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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 10 of 11)

Irrigation, Sewer & Water Districts (continued)

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.
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. Public Works
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2002 (page 11 of 11)

Public Utility Districts (continued)

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.

Cemetery Districts

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

Road Departments

Chelan Co. Roads
Lincoln Co. Highway Dept.

Public Facility Districts

Public Stadium Auth.
South Snohomish Co. Public Facility Dist.
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, 2002		June 30, 2001		June 30, 2000		June 30, 1999		June 30, 1998	
	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%	Plan Balance	%
Savings Pool	\$463,982,011	34.30	\$418,605,751	28.60	\$384,809,628	24.18	\$376,038,281	28.66	\$343,199,190	31.49
U.S. Stock Market Index Fund ¹	48,248,334	3.57	48,561,493	3.32	47,407,678	2.98	33,554,597	2.56	--	--
Washington State Bond Fund ²	52,444,774	3.88	41,005,249	2.80	--	--	--	--	--	--
Washington State Long-Horizon Fund ³	3,045,720	0.22	1,659,573	0.11	--	--	--	--	--	--
Washington State Mid-Horizon Fund ³	3,378,534	0.25	1,741,081	0.12	--	--	--	--	--	--
Washington State Short-Horizon Fund ³	2,018,192	0.15	1,103,767	0.07	--	--	--	--	--	--
Fidelity Equity-Income Fund	317,668,346	23.49	352,111,226	24.06	324,212,940	20.37	403,299,524	30.74	378,380,410	34.72
Fidelity Growth Company Fund	136,675,054	10.10	197,718,365	13.51	260,554,365	16.37	107,354,490	8.18	64,104,019	5.88
Fidelity Independence Fund ⁴	275,006,278	20.33	346,223,485	23.65	488,729,911	30.71	319,185,398	24.33	241,117,147	22.13
Fidelity Intermediate Bond Fund	--	--	--	--	24,082,469	1.51	26,022,037	1.98	21,287,931	1.95
Fidelity Overseas Fund	20,534,235	1.52	22,549,550	1.54	29,182,365	1.83	15,159,797	1.16	13,808,251	1.27
Calvert Social Investment Fund - Balanced Portfolio ⁵	<u>29,556,152</u>	<u>2.19</u>	<u>32,441,932</u>	<u>2.22</u>	<u>32,547,573</u>	<u>2.05</u>	<u>31,332,219</u>	<u>2.39</u>	<u>27,929,775</u>	<u>2.56</u>
TOTAL	<u>\$1,352,557,630</u>	<u>100.00</u>	<u>\$1,463,721,472</u>	<u>100.00</u>	<u>\$1,591,526,929</u>	<u>100.00</u>	<u>\$1,311,946,343</u>	<u>100.00</u>	<u>\$1,089,826,723</u>	<u>100.00</u>

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, 2002

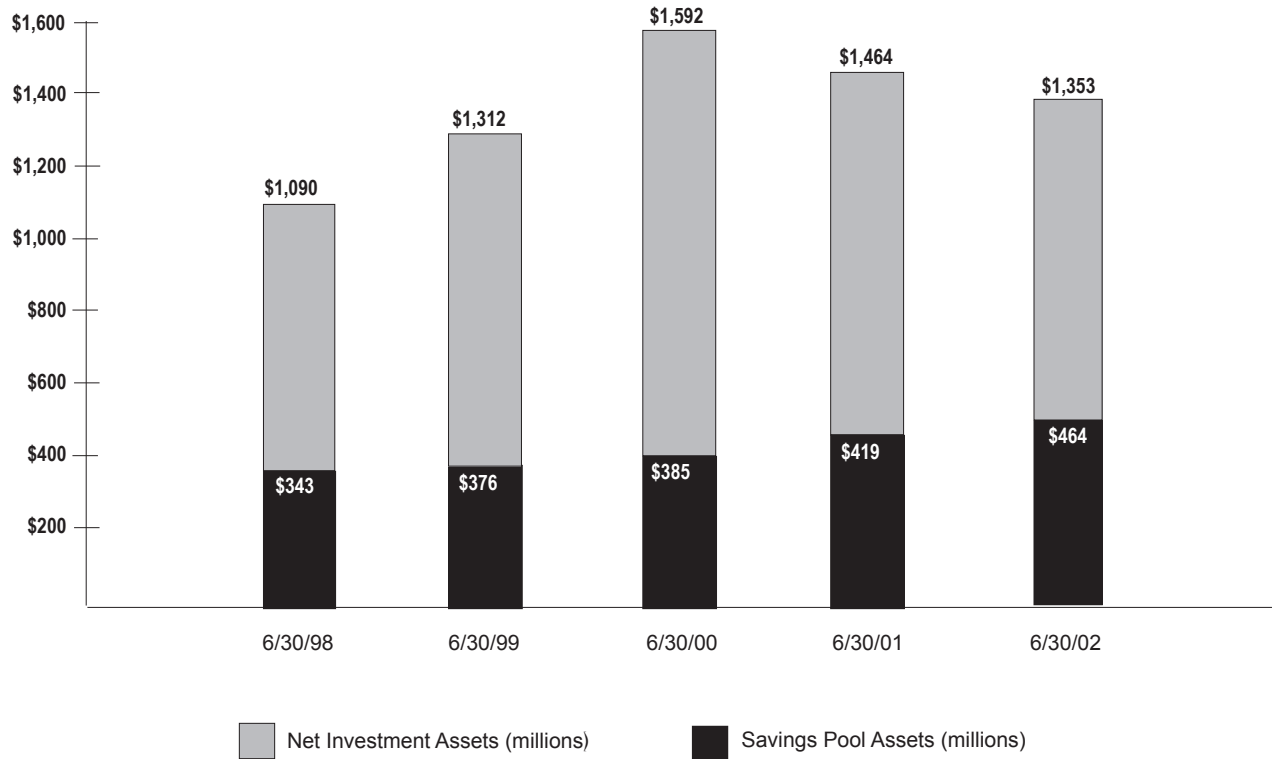
Fund Name	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
<i>Benchmark</i>					
Savings Pool	1.49%	6.27%	6.49%	6.58%	6.84%
U.S. Stock Market Index Fund <i>Wilshire 5000 Index</i>	(12.65)% (12.61)%	(16.76)% (16.62)%	(7.64)% (8.23)%	3.95% 3.56%	11.17% 11.04%
Washington State Bond Fund <i>Lehman Intermediate Credit Index</i>	2.01% 3.17%	7.55% 7.65%	** 7.71%	** 7.14%	** 7.32%
Washington State Long-Horizon Fund <i>Long-Horizon Custom Benchmark</i> ²	(7.46)% (7.25)%	(10.44)% (10.19)%	** (4.47)%	** 3.55%	** 9.37%
Washington State Mid-Horizon Fund <i>Mid-Horizon Custom Benchmark</i> ²	(4.31)% (3.81)%	(4.62)% (4.45)%	** (0.44)%	** 4.87%	** 8.78%
Washington State Short-Horizon Fund <i>Short-Horizon Custom Benchmark</i> ²	(1.61)% (1.12)%	(0.16)% (0.06)%	** 2.69%	** 5.47%	** 7.52%
Fidelity Equity-Income Fund <i>Russell 3000 Value</i>	(9.80)% (8.03)%	(10.18)% (7.75)%	(3.00)% (1.92)%	5.19% 6.67%	12.25% 13.08%
Fidelity Growth Company Fund <i>Russell 3000 Growth</i>	(19.65)% (18.47)%	(32.04)% (26.39)%	(7.64)% (15.69)%	4.81% (0.50)%	12.03% 8.59%
Fidelity Independence Fund <i>Russell 3000</i>	(13.99)% (13.09)%	(18.49)% (17.24)%	(4.74)% (7.92)%	6.99% 3.85%	11.43% 11.27%
Fidelity Overseas Fund <i>MSCI EAFE</i>	(4.14)% (2.12)%	(11.93)% (9.50)%	(5.50)% (6.78)%	(0.34)% (1.55)%	5.37% 5.40%
Calvert Social Investment Fund - Balanced Portfolio	(6.47)%	(11.42)%	(4.00)%	**	**

**Data not available. These funds have not been in existence long enough to have performance history for these periods.

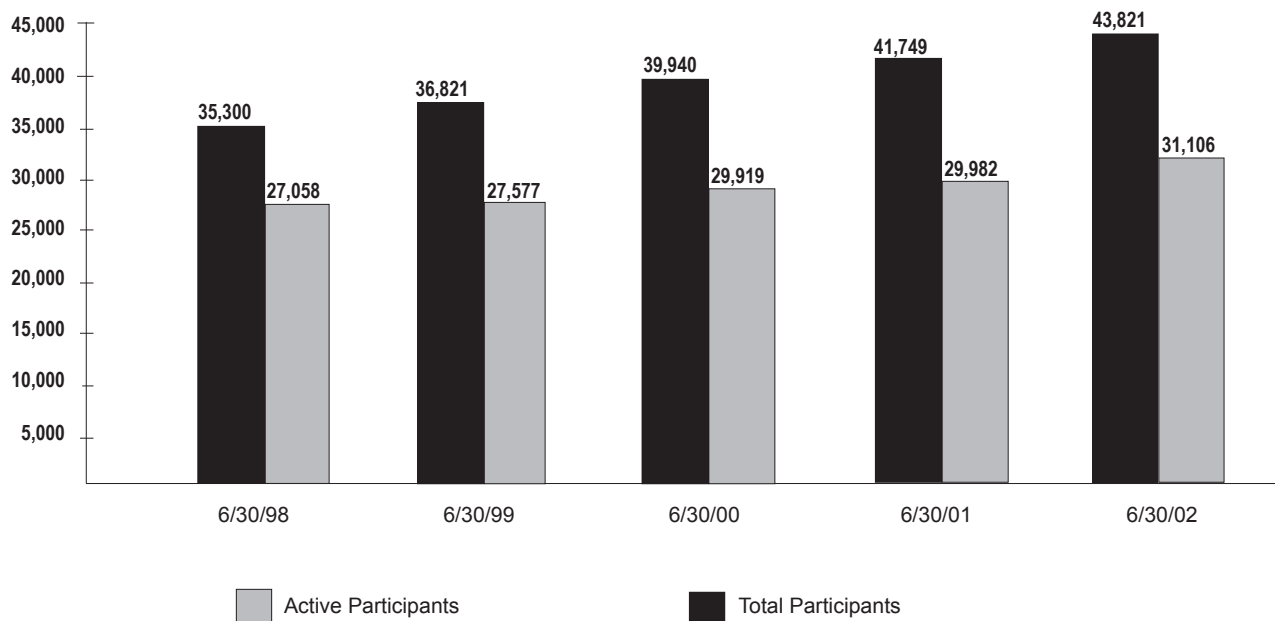
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. 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 the Years Ended June 30, 1998-2002



Deferred Compensation Program Participation For the Years Ended June 30, 1998-2002



**Dependent Care Assistance Program
Participation Report
For the Years Ended December 31, 1997-2001**

	End of 2001	End of 2000	End of 1999	End of 1998	End of 1997
Total Participants	1,270	1,344	1,379	1,514	1,485
Increase (Decrease) Over Prior Year	(74)	(35)	(135)	29	60
Percentage Change Over Prior Year	(5.51)%	(2.54)%	(8.92)%	1.95%	4.21%
	Estimated Benefits to State				
	End of 2001	End of 2000	End of 1999	End of 1998	End of 1997
Taxable Wage Base	\$80,400	\$76,200	\$72,600	\$68,400	\$65,400
FICA & Medicare Rate	7.65	7.65	7.65	7.65	7.65
Salary Reductions	\$4,801,483	\$5,149,738	\$5,138,053	\$5,741,080	\$5,597,604
OASDI & Medicare Savings	\$346,081	\$366,309	\$374,047	\$402,004	\$395,286
Earnings ¹	27,070	28,450	24,669	30,252	27,506
Forfeitures ^{1&2}	10,100	6,216	9,968	10,114	8,907
Estimated Gross Benefit to State	<u>383,251</u>	<u>400,975</u>	<u>408,684</u>	<u>442,370</u>	<u>431,699</u>
Expenditures ³	<u>160,044</u>	<u>174,240</u>	<u>152,866</u>	<u>193,599</u>	<u>191,595</u>
Benefit to State	<u>\$223,207</u>	<u>\$226,735</u>	<u>\$255,818</u>	<u>\$248,771</u>	<u>\$240,104</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. Previously, agencies were permitted to retain all of these payroll tax savings. Now they retain approximately 49 percent of the savings.