

Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2007

Prepared by the Washington State Department of Retirement Systems

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Department of Retirement Systems Guiding Principles

The personal financial security of our members is a key part of the economic vitality of Washington State.

*

Long-term financial security provides the opportunity for individuals to reach their personal goals.

*

Lifetime financial security is more likely to be achieved when individuals have access to unbiased information and instruments that recognize the challenges of saving.

*

An informed, competent, self-confident staff provides outstanding services to plan members.

*

Appreciation for performance, mutual accountability for underperformance, and recognition for outstanding performance are the foundation of the employee/employer relationship.

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Introductory Section

Message from the Director



We know how important your financial security is to you. We're pleased to report that we've completed another year of successful administration of our members' retirement accounts, helping to build that financial security. Our entire staff dedicates themselves to making sure that each account is properly maintained throughout your career and at your retirement.

Ours is a big job that is growing each year. We now manage 15 retirement plans and a deferred compensation plan for more than 590,000 active, inactive (including both those who are vested and those who are not) and retired members. We issue nearly \$2.5 billion each year in retirement payments. Industry experts estimate that on average 75-80 percent of retirement payments are generated from investment returns, making our retirement system a significant economic driver for Washington State.

In addition to properly maintaining your account, our staff continues their dedication to outstanding personal service. Some indicators of that service are:

- Our administrative cost per member continues to be lower than peer pension systems with similar complexity.
- A trained, knowledgeable staff member answers phone calls within an average of 18 seconds, walk-in customers are met by staff in less than two minutes and requests for written pension estimates are filled in an average of less than four days.

If you have questions about this report or would like to request additional information, please call us toll-free at 1-800-547-6657. In the Olympia area, dial 664-7000. You may also write us at P.O. Box 48380, Olympia, WA 98504-8380 or visit our Web site at www.drs.wa.gov.

- We improved our benefit estimate letters based on member feedback – delivering complex information in plain language and a format easy to understand.
- We're continually updating and improving our education and outreach to keep up with the changes you're facing in your life. Our focus on living healthy to retire well has been positively received.

We hope the theme of growth that we have incorporated into this year's summary of financial information has meaning for you. We recognize that people continue to grow throughout their lives, both personally and financially. Our goal for the next year is to continue to grow our services in ways that will benefit you.

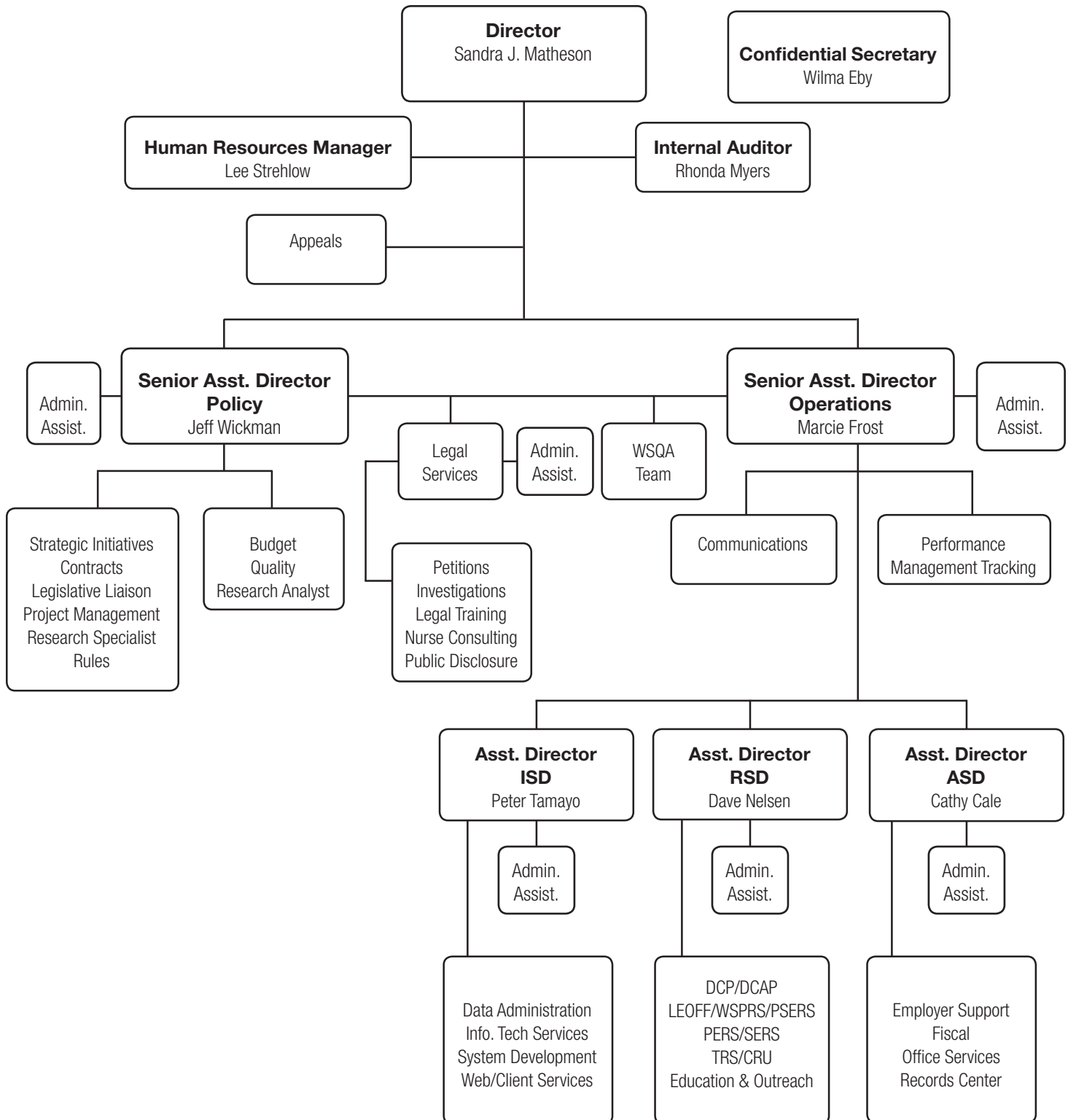
We are proud of the benefits the Washington state pension system provides to those in public service. We are committed to continuing to deliver outstanding service and look forward to serving you in 2008.

Sincerely,

Sandy Matheson
Director

Department of Retirement Systems' Organization

June 2007



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.drs.wa.gov

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: www1.leg.wa.gov/legislature

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: www1.leg.wa.gov/legislature

Select Committee On Pension Policy

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

The Select Committee on Pension Policy is composed of four members of the Senate, four members of the House of Representatives, four representatives of active state retirement system members, two representatives of retired members, four employer representatives and the directors of the Office of Financial Management and the Department of Retirement Systems.

Committee Membership (June 30, 2007)

Representative Barbara Bailey	Lois Clement - PERS Retiree
Representative Steve Conway (Chair)	Bob Keller - PERS Active
Representative Larry Crouse	Corky Mattingly - PERS Employers
Representative Bill Fromhold	Doug Miller - PERS Employers
Senator Janea Holmquist	Glenn Olson - PERS Employers
Senator Ed Murray	Pat Thompson - PERS Active
Senator Craig Pridemore	David Westberg - SERS Active
Senator Mark Schoesler (Vice Chair)	Elaine Banks - TRS Retiree
Sandra J. Matheson - Director, Department of Retirement Systems	Randy Davis - TRS Active
Victor Moore - Director, Office of Financial Management	Charles Cuzzetto - SERS and TRS Employers

Can be contacted through the State Actuary's office
 P.O. Box 40914, Olympia, WA 98504-0914
 Telephone: (360) 786-6140
 Web site: www1.leg.wa.gov/scpp

Pension Funding Council

Adopts economic assumptions for pension funding and member and employer pension contribution rates for LEOFF Plan 1, PERS, PSERS, SERS, TRS 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 Committee.

Council Membership

Sandra J. Matheson—Director, Department of Retirement Systems, Chairperson
 Victor Moore—Director, Office of Financial Management
 Representative Gary Alexander—Ranking minority member, Appropriations Committee
 Representative Helen Sommers—Chair, Appropriations Committee
 Senator Margarita Prentice—Chair, Ways and Means Committee
 Senator Joseph Zarelli—Ranking minority member, Ways and Means 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

Washington State Investment Board

Invests and accounts for pension funds. The Board consists of ten 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 LEOFF, PERS, SERS, and TRS; and a retired member of one of the seven systems.

Board Members (Voting Members, June 30, 2007)

Senator Lisa Brown

Michael J. Murphy
State Treasurer

Glenn Gorton
Representative of SERS

Mason Petit
Representative of PERS

George Masten
Representative of Retired Members

Judy Schurke
Director, Department of Labor and Industries

Sandra J. Matheson
Director, Department of Retirement Systems

David Scott
Representative of TRS

Patrick McElligott (Chair)
Representative of LEOFF

Representative Helen Sommers

(Nonvoting Members, June 30, 2007)

Charles A. Kaminski
Investment Professional

Robert S. Nakahara
Investment Professional

Jeffrey Seely
Investment Professional

John Magnuson
Investment Professional

David Nierenberg
Investment Professional

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

Telephone: (360) 956-4600

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 Select Committee on Pension Policy.

P.O. Box 40914, Olympia, WA 98504-0914

Telephone: (360) 786-6140

Web site: osa.leg.wa.gov

Employee Retirement Benefits Board

Provides recommendations to the Washington State Investment Board on self-directed investment options for defined contribution plans; determines the payment options available for Plan 3 members; ratifies 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.

Board Membership (June 30, 2007)

Board Chairperson

- Sandra J. Matheson—Director, Department of Retirement Systems

Representing experience in defined contribution plan administration:

- Al Symington (Vice-Chair)—Retired
- Jason Zenk—Investment Consultant, Marco Consulting

Representing Public Employees' Retirement System members:

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

Representing Teachers' Retirement System members:

- Nancy Baldwin—Retired
- Herbert Sargo—Science Teacher, Burlington-Edison School District
- Staci Vesneske—Executive Director, Human Resources, Spokane Public Schools

Representing School Employees' Retirement System members:

- Virginia Drummond—Personnel Report Technician, Tacoma School District
- Sheila Marcy—Retired
- Judi Owens—Head Secretary Maintenance Department, Central Valley School District

Representing Deferred Compensation Program Participants:

- Kathy Whitlock—Retired

Can be contacted through DRS. See information on page 5.

DRS Advisory Committee

Serves in an advisory role to the director of DRS on retirement administrative issues. The committee consists of members representing active and retired members of the retirement systems administered by DRS.

Committee Membership (June 30, 2007)

PERS

Doug Cochran
Active

John I. Payne
Active

Eva Jean Ann Shamley
Retired

Mary L. Sherman
Active

LEOFF

Detective Harry James
Active
(law enforcement officer)

Patrick McElligott
Active
(fire fighter)

Richard Warbrouck
Retired

TRS

Nancy Baldwin (Chair)
Retired

Todd Beese
Active
(teacher)

Darrell Heisler
Active
(administrator)

JRS

Judge Michael Heavey
Active

WSPRS

Captain Michael DePalma
Active

Can be contacted through DRS. See information on page 5.

Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

Policy-making board that studies pension issues, acts as fiduciary of LEOFF Plan 2, sets contribution rates and recommends pension policy to the Legislature for LEOFF Plan 2 members. The LEOFF Plan 2 Retirement Board consists of three active fire fighters, three active police officers, three employers and two legislators.

Committee Membership (June 30, 2007)

Kelly Fox, Chair
Fire Fighter Representative

Pat Hepler
Fire Fighter Representative

Mark Johnston
Fire Fighter Representative

Jeff Holy
Law Enforcement Representative

Ryan Martin
Law Enforcement Representative

Jack L. Simington, Vice Chair
Law Enforcement Representative

Greg Cuoio
Employer Representative

Clint Olson
Employer Representative

Glenn Olson
Employer Representative

Representative Geoff Simpson

Senator Linda Evans Parlette

P.O. Box 40918, Olympia, WA 98504-0918
(360) 586-2320
Web site: www.leoff.wa.gov

Letter of Transmittal



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

P.O. Box 48380 • Olympia, Washington 98504-8380

December 20, 2007

The Honorable Christine Gregoire, Governor
Members of the Sixtieth Legislature
Members of the Select 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, 2007. 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.

Peterson Sullivan PLLC, Certified Public Accountants, have issued an unqualified ("clean") opinion on DRS' basic financial statements for the year ended June 30, 2007. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Agency Description and History

As of June 30, 2007, DRS administered eight statewide public employee retirement systems, which were comprised of 12 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 fire fighters, and other employees of participating political subdivisions. As of June 30, 2007, there were 1,306 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 and the collection of contributions for the Judicial Retirement Account (JRA), 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 fire fighters' retirement systems were created.

1950s-1960s

Independent administration of individual retirement systems continued.

1960s-1970s

Local police and fire fighters' 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

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

1981

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

1987

The Joint Committee on Pension Policy was created.

1995

The 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

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

The Pension Funding Council was created.

1999

The 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

The WSPRS Plan 2 was created effective January 1, 2003.

2003

The LEOFF 2 Board was established effective July 1, 2003.

The Joint Committee on Pension Policy became the Select Committee on Pension Policy effective July 27, 2003.

2004

The Public Safety Employees' Retirement System (PSERS) was created effective July 1, 2006.

2006

DRS assumed responsibility for the collection of JRA contributions.

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 Note Disclosures for Defined Contribution 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.

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,

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.

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 \$47,775 million. The accrued liability is \$52,776 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$5,001 million. The ratio of assets to liabilities is 91 percent compared to 88 percent last year.¹ 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 are 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 Washington State Investment Board (WSIB) has sole authority and responsibility for the investment of all state and local pension fund assets. The enabling statute requires the WSIB to “. . . establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk.” The policies adopted by the WSIB 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 2007, the commingled trust fund (CTF) investments provided a 21.33 percent rate of return. The CTF annualized rate of return over the last three years was 16.97 percent and 13.99 percent over the last five years. The day-to-day management of pension fund assets is the responsibility of WSIB staff. Further investment information is included in the Investment Section of this report.

Departmental Initiatives

The department's activities are highlighted in the “Message from the Director” on page 3 of this Introductory Section.

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, 2006. This was the thirteenth 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.

¹ As dictated by GASB Statement No. 25, the ratios noted here are the result of calculating accrued liabilities utilizing the Entry Age method for non-standard valuation methods (such as the variation of the Frozen Initial Liability (FIL) method used by the Office of the State Actuary (OSA) for PERS Plan 1 and TRS Plan 1). When this Entry Age method is used, the liabilities are higher, and the ratios are lower, than those produced by the methods included in the valuation report published by OSA.

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.

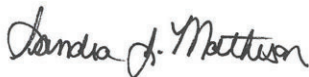
In October 2007, DRS also received the Public Pension Standards 2007 Award from the Public Pension Coordinating Council (PPCC). This was the third year that DRS achieved this peer-recognition award. The PPCC is a coalition of three national associations that serve public pension funds. It represents substantially all employees of state and local government in the United States. Eligibility for this award entails meeting the professional standards for plan design and administration set forth in the Public Pension Standards. These standards are intended to reflect minimum expectations for public retirement system management and administration.

Acknowledgments

This report was made possible by the staff of DRS based in part on information provided by the Office of Financial Management, the Office of the State Actuary, the Office of the State Treasurer and the Washington State Investment Board. Each member of these agencies has our sincere appreciation. The report will be provided to the Governor, the members of the Select Committee on Pension Policy, 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,



Sandra J. Matheson
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, 2006

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.



President

Executive Director



Public Pension Coordinating Council
Public Pension Standards
2007 Award

Presented to

Washington State Department of Retirement Systems

In recognition of meeting professional standards for
plan design and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

A handwritten signature in black ink, reading 'Alan H. Winkle'. The signature is written in a cursive style with a large, prominent 'A' and 'W'.

Alan H. Winkle
Program Administrator

2007 Washington State Legislative Actions

The 2007 Washington State Legislature passed 16 pension-related bills that were signed into law by Governor Gregoire. These bills are described below:

Multiple retirement systems

- Under Senate Bill 5175, a retiree who has been retired for at least one year will receive the annual uniform cost of living adjustment if he or she turns 66 years of age any time during the calendar year.
- Senate Bill 5014 changes the active and retired valuation report produced by the Office of the State Actuary to a fiscal year cycle that runs July 1 to June 30.
- House Bill 1264 adds LEOFF Plan 2 to the plans that are able to combine service under portability; removes the “maximum benefit rule” for dual members with specific types of service; and allows compensation that is reportable in all dual member systems (with the exception of the Washington State Patrol Retirement System) to be included in the calculation of benefits.
- House Bill 1266 standardizes the \$150,000 death benefit for all systems by expanding eligibility to include death from occupational disease or duty-related illness. It also changes the refund of contributions that the survivor of a PERS Plan 2 member is eligible to receive if the PERS Plan 2 member is killed in uniformed service to the United States.
- House Bill 1261 standardizes the temporary duty disability provisions for members of PERS, SERS, TRS, PSERS and LEOFF Plan 2 to allow up to 24 months of service credit to be purchased for each period of temporary duty disability.
- House Bill 2391 discontinues gain sharing for TRS and PERS Plan 1 retirees and PERS, TRS and SERS Plan 3 members after the January 2008 distribution. It also provides an additional cost of living adjustment for PERS and TRS Plan retirees in July 2009 and creates new alternative early retirement provisions for PERS, TRS and SERS Plan 2 and Plan 3 members.

Law Enforcement Officers’ and Fire Fighters’ Retirement System

- Legislation passed in 2003 and 2005 allowed Emergency Medical Technicians (EMTs) to join LEOFF Plan 2 and gave them the choice to transfer prior PERS service credit into the plan after a five year waiting period. House Bill 1680 creates an exception to the waiting period if the member retires due to disability, or dies.
- House Bill 1679 staggers the terms of employer representatives on the LEOFF 2 Board. It also creates two-year legislative terms and mandates that, after January 1, 2008, one member of the Board be a retired plan member.

Teachers’ Retirement System

- House Bill 1262 applies to TRS Plan 1. It prohibits prior re-employment agreements; requires employer documentation of the need and hiring process; and standardizes the waiting periods and lifetime limits to be consistent with those currently in place for PERS Plan 1 retirees.

Public Safety Employees’ Retirement System

- Senate Bill 5174 is a technical corrections bill that applies primarily to implementation of the new Public Safety Employees’ Retirement System.
- House Bill 1124 adds the Department of Natural Resources to the list of PSERS employers.

Washington State Patrol Retirement System

- House Bill 1260 changes the formula used to establish member and employer contribution rates.
- Senate Bill 5313 changes the mandatory retirement age from 60 to 65. It does not, however, apply to the Chief of the Washington State Patrol.
- House Bill 1417 reimburses the spouse and dependent children of a member killed in the course of employment for medical premiums paid to the Washington State Health Care Authority.

Judges' Retirement System/Judicial Retirement Account

- House Bill 1649 changes the formula used to calculate the amount judges will pay to purchase prior service credit to a higher multiplier provided under the new judicial benefit multiplier program.
- Senate Bill 5918 allows valid domestic relations orders and IRS levies to be applied to the funds of members participating in the Judicial Retirement Account. It also applies Washington's community property laws to certain distributions.

Financial Section

Independent Auditor's Report



PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

INDEPENDENT AUDITORS' REPORT

Ms. Sandra J. Matheson, Director
State of Washington Department of Retirement Systems
Olympia, Washington

We have audited the accompanying financial statements (including the individual fund financial statements) of the Washington State Department of Retirement Systems as of and for the year ended June 30, 2007. 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. The prior year summarized comparative information has been derived from the Washington State Department of Retirement Systems' June 30, 2006, financial statements and in our report dated November 9, 2006, we expressed an unqualified opinion on those financial statements.

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 2007 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, 2007, 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, 2007, 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 and the statement of changes in assets and liabilities – dependent care agency fund 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 30, 2007

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, 2007. Please read it in conjunction with the Letter of Transmittal beginning on page 10 and DRS' financial statements, which begin on page 27 of this report.

DRS posted strong results of operations for the year ending June 30, 2007 and its overall financial condition remained sound at fiscal year end.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2007:

- The combined plan net assets of all the pension funds administered by DRS increased by \$10,957.8 million during Fiscal Year 2007.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$14,593.9 million, representing an increase of 5%.
- Employer contributions totaled \$638.5 million and member contributions totaled \$774.6 million, representing increases of 81% and 21%, respectively, over the previous fiscal year.
- Net investment earnings (net appreciation in the fair value of investments, plus interest and dividend income, less investment expenses) grew \$3,788.1 million to \$11,945.4 million, representing a 46% increase over the last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$140.6 million bringing the total benefit payments to \$2,334.0 million. Refunds of contributions paid to former retirement system members upon termination of employment increased from \$257.9 million to \$305.4 million.
- Administrative expenses totaled \$27.7 million, an increase of \$1.7 million from last fiscal year.

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 27-30 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2007. The Statement of Changes in Plan Net Assets presented on pages 31-34 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2007.

DRS also administers a small governmental (special revenue) fund to account for the operations of the Dependent Care Assistance Program. The financial statements for this fund are presented on pages 35 and 36 of this report. These statements show the conversion of the fund's Balance Sheet (at June 30, 2007) and Statement of Revenues, Expenditures, and Changes in Fund Balance (for the year ending June 30, 2007), both of which use the current financial resources measurement focus and modified accrual basis of accounting, to the Statement of Net Assets and Statement of Activities, respectively, which use the economic resources measurement focus and accrual basis of accounting.

Notes to the Financial Statements

The notes to the financial statements presented on pages 37-72 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 73-74 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 75 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 76-77 accompany the two trend schedules and summarize the actuarial and economic methods and significant assumptions used for the most recent year.

Supporting Schedules and Other Financial Information

These schedules and the Statement of Changes in Assets and Liabilities--Dependent Care Agency Fund are presented on pages 78-81 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

(dollars in millions)

Net Assets	Fiscal Year 2007	Fiscal Year 2006	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled				
Investments	\$ 57.9	\$ 39.7	\$ 18.2	46%
Receivables	515.5	488.4	27.1	6%
Capital Assets, Net of Depreciation	0.6	0.5	0.1	20%
Investments, Noncurrent	75,176.0	63,474.0	11,702.0	18%
Other Assets	1.4	1.1	0.3	27%
Total Assets	<u>75,751.4</u>	<u>64,003.7</u>	<u>11,747.7</u>	<u>18%</u>
Liabilities				
Obligations Under Security Lending Agreements	5,737.1	5,660.6	76.5	1%
Other Short-Term Liabilities	953.8	240.6	713.2	296%
Long-Term Obligations	1.4	1.2	0.2	17%
Total Liabilities	<u>6,692.3</u>	<u>5,902.4</u>	<u>789.9</u>	<u>13%</u>
Total Net Assets	<u>\$69,059.1</u>	<u>\$58,101.3</u>	<u>\$10,957.8</u>	<u>19%</u>

Total trust fund assets as of June 30, 2007 were \$75,751.4 million and were mostly comprised of investments, contributions due from employers and cash. This was an increase of \$11,747.7 million or 18% over the last fiscal year. This increase was largely due to investment growth, as detailed below.

Investments grew \$11,702.0 million largely due to increases in three major investment categories: public equity investments, real estate investments, and private equity investments. Public equity investments grew \$5,850.2 million as a result of significant increases in market values, despite liquidating \$1,782.1 million of investments aimed at removing some of the profits from this asset class and rebalancing closer to its asset target of 46%. Real estate investments increased \$1,385.3 million due to new investments totaling \$2,030.6 million, a 25.2% increase in market values, less partner distributions of \$2,088.5 million. And lastly, private equity investments increased \$2,660.1 million as a result of draws from additional funding of existing investments, new investments of \$3,160.1 million, increases in market values of 29%, less partner distributions of \$3,159.1 million.

Total trust fund liabilities as of June 30, 2007 were \$6,692.3 million, representing a 13% or \$789.9 million increase over the previous year. Although, at \$5,737.1 million, obligations under security lending agreements made up the bulk of this category, the growth in total liabilities was largely due to a \$697.6 million increase from the previous fiscal year in short-term investment trades pending payable. This increase was directly related to the robust activity and growth of the Commingled Trust Fund (CTF) which grew by \$10.1 billion in Fiscal Year 2007. Increased trading resulted in increased cash balances which were equitized throughout the year by reinvesting and/or purchasing collateral for futures transactions. At the end of Fiscal Year 2007, short-term investment trades pending payable totaled \$853.1 million, mostly composed of large fixed income trades.

As a result of the factors listed above, total combined trust fund plan net assets at June 30, 2007 were \$69,059.1 million, representing an increase of \$10,957.8 million or 19% over the last fiscal year.

Analysis of Changes in Net Assets – Fiduciary Funds

(dollars in millions)

Changes in Net Assets	Fiscal Year 2007	Fiscal Year 2006	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$ 638.5	\$ 352.4	\$ 286.1	81%
Member Contributions	774.6	639.0	135.6	21%
State Contributions	47.8	38.6	9.2	24%
Participant Contributions	175.1	168.0	7.1	4%
Net Income from Investment Activities	11,945.4	8,157.3	3,788.1	46%
Net Income from Securities Lending Activities	15.6	13.1	2.5	19%
Charges For Services	26.8	27.2	(0.4)	(1%)
Transfers from Other Pension Plans	5.7	5.5	0.2	4%
Other Additions	1.1	2.0	(0.9)	(45%)
Total Additions	<u>13,630.6</u>	<u>9,403.1</u>	<u>4,227.5</u>	45%
Deductions				
Benefits	2,334.0	2,193.4	140.6	6%
Refunds of Contributions	305.4	257.9	47.5	18%
Transfers to Other Pension Plans	5.7	5.5	0.2	4%
Transfers to State General Fund	-	2.0	(2.0)	(100%)
Administrative Expenses	27.7	26.0	1.7	7%
Total Deductions	<u>2,672.8</u>	<u>2,484.8</u>	<u>188.0</u>	8%
Increase/(Decrease) in Net Assets	<u>10,957.8</u>	<u>6,918.3</u>	<u>4,039.5</u>	58%
Net Assets - Beginning of Year	<u>58,101.3</u>	<u>51,183.0</u>	<u>6,918.3</u>	14%
Net Assets - End of Year	<u>\$69,059.1</u>	<u>\$58,101.3</u>	<u>\$10,957.8</u>	19%

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 plan transfers) for Fiscal Year 2007 amounted to \$13,624.9 million, an increase of \$4,227.3 million or 45% from Fiscal Year 2006. This increase was primarily due to a \$3,788.1 million increase in net income from investment activities resulting from improved investment returns and significant unrealized gains. The other major increases in this category were the result of increased employer, member and state contributions, all due to higher required actuarial contribution rates, as follows:

- Employer contributions increased \$286.1 million or 81% reflecting the increased rates for the Public Employees' Retirement System (PERS) Plan 1, PERS Plan 2/3, the PERS Judicial Benefit Multiplier (JBM) Plan 1, PERS JBM Plan 2 and PERS JBM Plan 3, the School Employees' Retirement System (SERS) Plan 2/3, the Public Safety Employees' Retirement System (PSERS) Plan 2, the Teachers' Retirement System (TRS) Plan 1, TRS Plan 2/3, and the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2.
- Member contributions increased \$135.6 million or 21% and reflected the higher required rates of Plan 2 members of PERS, SERS, TRS and LEOFF, as well as the higher rates required of all participants of the new PERS and TRS JBM plans.
- State contributions also increased by \$9.2 million or 24% and reflected the increased 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 Washington 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 plan transfers) for Fiscal Year 2007 were \$2,667.1 million, an increase of \$187.8 million or 8% over Fiscal Year 2006. This was primarily due to an increase in benefits paid to retirees and beneficiaries, and to an increase in refunds of contributions to former members. Benefit payments increased \$140.6 million or 6% due to an increase in the number of retirees during the year, the annual cost of living adjustments that increased benefit payouts, and the higher salaries of those newly retired. In Fiscal Year 2007, there were 6,866 additional retirees representing an increase of 289 over the previous year's retirements. Refunds also grew 18% to \$305.4 million as system members leaving state employment increasingly opted to have their contributions returned.

**Analysis of Net Assets – Governmental Fund
Dependent Care Administrative Fund**
(dollars in thousands)

Net Assets	Fiscal Year 2007	Fiscal Year 2006	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$ 76	\$ 64	\$ 12	19%
Total Assets	<u>76</u>	<u>64</u>	<u>12</u>	19%
Liabilities				
Due to Other Agencies	2	1	1	100%
Accounts Payable & Accrued Liabilities	3	5	(2)	(40%)
Total Liabilities	<u>5</u>	<u>6</u>	<u>(1)</u>	(17%)
Total Net Assets	<u>\$ 71</u>	<u>\$ 58</u>	<u>\$ 13</u>	22%

The Dependent Care Administrative Fund's total assets as of June 30, 2007 were \$76,000, and were entirely comprised of cash. This was an increase of \$12,000 from last fiscal year.

The Dependent Care Administrative Fund's total liabilities as of June 30, 2007 were \$5,000 and were mostly comprised of accrued salaries and payments due to other agencies, representing a decrease of \$1,000 from the previous year.

**Analysis of Changes in Net Assets – Governmental Fund
Dependent Care Administrative Fund**

(dollars in thousands)

Changes in Net Assets	Fiscal Year 2007	Fiscal Year 2006	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues				
Charges For Services	\$ 158	\$ 171	\$ (13)	(8%)
Total Revenues	<u>158</u>	<u>171</u>	<u>(13)</u>	(8%)
Expenses				
Administrative Expenses	145	188	(43)	(23%)
Total Expenses	<u>145</u>	<u>188</u>	<u>(43)</u>	(23%)
Increase/Decrease in Net Assets	13	(17)	30	176%
Net Assets - Beginning of Year	<u>58</u>	<u>75</u>	<u>(17)</u>	(23%)
Net Assets - End of Year	<u>\$ 71</u>	<u>\$ 58</u>	<u>\$ 13</u>	22%

The Dependent Care Administrative Fund's revenues 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 fund revenues for Fiscal Year 2007 amounted to \$158,000, a decrease of \$13,000 or 8% from Fiscal Year 2006. This was due to the reduction, from 53% to 50%, of the percentage charged to participating employers in Fiscal Year 2007 from the previous year.

The only expenses of the Dependent Care Administrative Fund are for the cost of administering the Dependent Care Assistance Program. Administrative expenses for this fund

include personnel expenses, goods and services, travel, and other miscellaneous expenses. Administrative expenses for Fiscal Year 2007 totaled \$145,600, a decrease of \$43,000 or 23% from the prior fiscal year. This decrease was primarily due to reductions of \$40,000 in personnel expenses and \$2,000 in printing and reproduction costs.

CAPITAL ASSETS

DRS' investment in capital assets for its fiduciary activities includes furnishings, equipment and improvements other than buildings. As of June 30, 2007, total investment was \$2.8 million, with accumulated depreciation of \$2.2 million, leaving a net book value of \$0.6 million. This amount represents an increase of 20% from the previous year, resulting from additional investments in automobiles and computer equipment. Additional information on DRS' capital assets can be found in section H of Note 1 to the financial statements.

OTHER LONG-TERM OBLIGATIONS

At year-end, DRS had \$1.4 million in outstanding general long-term obligations, which represented an 18% increase from 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 J 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 and Agency Fund As of June 30, 2007 (page 1 of 4) (expressed in thousands)

	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	\$ 6,351	\$ 16,247	\$ 162	\$ 1,658	\$ 737
Receivables					
Due from Other Governments	5,656	33,002	3,585	5,662	4,836
Member Accounts Receivable (net of allowance)	557	125	-	-	-
Interest and Dividends	35,901	54,173	2,439	7,767	2,420
Investment Trades Pending Receivable - Short Term	30,879	46,974	2,117	6,723	2,097
Due from Pension Funds	2,779	757	9,140	2,563	8,041
Due from Other Washington State Agencies	2	2	-	-	-
Other Receivables - Short Term	1	1	-	-	-
Total Receivables	<u>75,775</u>	<u>135,034</u>	<u>17,281</u>	<u>22,715</u>	<u>17,394</u>
Capital Assets, net of accumulated depreciation	<u>129</u>	<u>141</u>	<u>-</u>	<u>13</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	12,632,792	19,217,662	866,282	2,750,428	857,798
Money Market Investments	12,359	25,322	1,141	6,215	1,938
Other Noncurrent Investments	663	720	545,217	111	257,597
Total Investments, Noncurrent	<u>12,645,814</u>	<u>19,243,704</u>	<u>1,412,640</u>	<u>2,756,754</u>	<u>1,117,333</u>
Other Assets	<u>318</u>	<u>350</u>	<u>-</u>	<u>32</u>	<u>-</u>
TOTAL ASSETS	<u>12,728,387</u>	<u>19,395,476</u>	<u>1,430,083</u>	<u>2,781,172</u>	<u>1,135,464</u>
LIABILITIES					
Obligations under Security Lending Agreements	1,034,654	1,573,598	70,891	225,210	70,198
Accounts Payable	7,406	10,718	530	1,499	535
Investment Trades Pending Payable - Short Term	153,844	234,036	10,550	33,495	10,446
Due to Other Governments	6,136	870	-	146	-
Due to Pension Funds	117	12,116	159	8,266	2,527
Due to Other Washington State Agencies	86	93	-	9	-
Deposits Payable - Short Term	2	1	-	-	-
Other Short-Term Liabilities	5	9	-	-	-
Other Long-Term Obligations	319	350	-	32	-
Accrued Salaries	141	152	-	14	-
Deferred Revenue	198	448	-	3	-
TOTAL LIABILITIES	<u>1,202,908</u>	<u>1,832,391</u>	<u>82,130</u>	<u>268,674</u>	<u>83,706</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 73.)	<u>\$11,525,479</u>	<u>\$17,563,085</u>	<u>\$ 1,347,953</u>	<u>\$ 2,512,498</u>	<u>\$ 1,051,758</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2007 (page 2 of 4) (expressed in thousands)

	Pension Trust					
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS						
Cash and Pooled Investments	\$ 408	\$ 7,469	\$ 9,368	\$ 2,428	\$ 2,015	\$ 2,914
Receivables						
Due from Other Governments	1,097	3,993	11,534	18,910	-	10,106
Member Accounts Receivable (net of allowance)	-	307	2	-	66	40
Interest and Dividends	39	30,368	19,153	7,189	19,927	15,985
Investment Trades Pending Receivable - Short Term	30	25,969	16,563	6,231	17,222	13,847
Due from Pension Funds	-	568	3,049	17,044	179	90
Due from Other Washington State Agencies	-	2	1	-	1	1
Other Receivables - Short Term	-	-	-	-	-	-
Total Receivables	<u>1,166</u>	<u>61,207</u>	<u>50,302</u>	<u>49,374</u>	<u>37,395</u>	<u>40,069</u>
Capital Assets, net of accumulated depreciation	-	111	65	-	65	33
Investments, Noncurrent						
Equity in CTF	12,098	10,624,232	6,775,965	2,549,208	7,045,602	5,665,143
Money Market Investments	1,604	54,319	15,264	5,743	213	14,135
Other Noncurrent Investments	21	642	529	1,608,171	168	119
Total Investments, Noncurrent	<u>13,723</u>	<u>10,679,193</u>	<u>6,791,758</u>	<u>4,163,122</u>	<u>7,045,983</u>	<u>5,679,397</u>
Other Assets	-	273	160	-	161	81
TOTAL ASSETS	<u>15,297</u>	<u>10,748,253</u>	<u>6,851,653</u>	<u>4,214,924</u>	<u>7,085,619</u>	<u>5,722,494</u>
LIABILITIES						
Obligations under Security Lending Agreements	1,011	870,236	555,133	208,613	576,838	463,772
Accounts Payable	7	6,076	3,789	1,591	4,269	3,180
Investment Trades Pending Payable - Short Term	147	129,384	82,519	31,045	85,803	68,991
Due to Other Governments	-	5,615	194	-	42	3
Due to Pension Funds	86	118	17,769	2,856	30	167
Due to Other Washington State Agencies	1	70	41	-	48	33
Deposits Payable - Short Term	-	-	-	-	-	-
Other Short-Term Liabilities	-	6	17	-	153	1
Other Long-Term Obligations	-	273	160	-	160	81
Accrued Salaries	-	118	68	-	69	35
Deferred Revenue	-	424	4	-	13	14
TOTAL LIABILITIES	<u>1,252</u>	<u>1,012,320</u>	<u>659,694</u>	<u>244,105</u>	<u>667,425</u>	<u>536,277</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS						
(Schedules of funding progress for pension benefits are presented beginning on page 73.)	<u>\$ 14,045</u>	<u>\$ 9,735,933</u>	<u>\$ 6,191,959</u>	<u>\$ 3,970,819</u>	<u>\$ 6,418,194</u>	<u>\$ 5,186,217</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2007 (page 3 of 4) (expressed in thousands)

	Pension Trust				
	WSPRS Plan 1/2	JRS	JUDGES	JRA Defined Contribution	Deferred Compensation
ASSETS					
Cash and Pooled Investments	\$ 954	\$ 113	\$ 3,989	\$ 7	\$ 2,426
Receivables					
Due from Other Governments	285	9	-	-	-
Member Accounts Receivable (net of allowance)	-	1	-	-	1,884
Interest and Dividends	2,989	6	16	-	8
Investment Trades Pending Receivable - Short Term	2,585	-	-	-	-
Due from Pension Funds	24	-	-	-	-
Due from Other Washington State Agencies	-	-	-	-	1
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>5,883</u>	<u>16</u>	<u>16</u>	<u>-</u>	<u>1,893</u>
Capital Assets, net of accumulated depreciation	<u>9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	1,057,469	-	-	-	-
Money Market Investments	512	453	-	-	-
Other Noncurrent Investments	56	14	206	20,324	2,547,547
Total Investments, Noncurrent	<u>1,058,037</u>	<u>467</u>	<u>206</u>	<u>20,324</u>	<u>2,547,547</u>
Other Assets	<u>21</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>1,064,904</u>	<u>596</u>	<u>4,211</u>	<u>20,331</u>	<u>2,551,866</u>
LIABILITIES					
Obligations under Security Lending Agreements	86,606	14	206	-	125
Accounts Payable	606	1	1	-	5
Investment Trades Pending Payable - Short Term	12,878	-	-	-	-
Due to Other Governments	172	34	2	-	-
Due to Pension Funds	10	-	-	-	14
Due to Other Washington State Agencies	5	-	-	-	11
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	8
Other Long-Term Obligations	21	-	-	-	-
Accrued Salaries	9	-	-	-	38
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>100,307</u>	<u>49</u>	<u>209</u>	<u>-</u>	<u>201</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 73.)	<u>\$ 964,597</u>	<u>\$ 547</u>	<u>\$ 4,002</u>	<u>\$ 20,331</u>	<u>\$ 2,551,665</u>

The accompanying notes are an integral part of this statement.

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund As of June 30, 2007 (page 4 of 4) (expressed in thousands)

	Agency Dependent Care	Totals	
		June 30, 2007	June 30, 2006
ASSETS			
Cash and Pooled Investments	\$ 656	\$ 57,902	\$ 39,690
Receivables			
Due from Other Governments	-	98,675	68,283
Member Accounts Receivable (net of allowance)	-	2,982	2,919
Interest and Dividends	-	198,380	165,792
Investment Trades Pending Receivable - Short Term	-	171,237	217,936
Due from Pension Funds	1	44,235	33,430
Due from Other Washington State Agencies	-	10	10
Other Receivables - Short Term	-	2	-
Total Receivables	<u>1</u>	<u>515,521</u>	<u>488,370</u>
Capital Assets, net of accumulated depreciation	<u>-</u>	<u>566</u>	<u>489</u>
Investments, Noncurrent			
Equity in CTF	-	70,054,679	59,157,807
Money Market Investments	-	139,218	66,235
Other Noncurrent Investments	-	4,982,105	4,249,946
Total Investments, Noncurrent	<u>-</u>	<u>75,176,002</u>	<u>63,473,988</u>
Other Assets	<u>-</u>	<u>1,396</u>	<u>1,183</u>
TOTAL ASSETS	<u>657</u>	<u>75,751,387</u>	<u>64,003,720</u>
LIABILITIES			
Obligations under Security Lending Agreements	-	5,737,105	5,660,557
Accounts Payable	-	40,213	36,267
Investment Trades Pending Payable - Short Term	-	853,138	155,532
Due to Other Governments	-	13,214	13,088
Due to Pension Funds	-	44,235	33,430
Due to Other Washington State Agencies	-	397	378
Deposits Payable - Short Term	-	3	3
Other Short-Term Liabilities	657	856	624
Other Long-Term Obligations	-	1,396	1,183
Accrued Salaries	-	644	601
Deferred Revenue	-	1,104	724
TOTAL LIABILITIES	<u>657</u>	<u>6,692,305</u>	<u>5,902,387</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS			
(Schedules of funding progress for pension benefits are presented beginning on page 73.)	<u>\$ -</u>	<u>\$69,059,082</u>	<u>\$58,101,333</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, 2007 (page 1 of 4)
(expressed in thousands)

	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	\$ 118,660	\$ 242,544	\$ -	\$ 45,950	\$ -
Plan Member	44,775	207,144	71,712	17,371	54,175
State	-	-	-	-	-
Plan Member Restorations	4,910	4,527	-	112	-
Total Retirement Contributions	<u>168,345</u>	<u>454,215</u>	<u>71,712</u>	<u>63,433</u>	<u>54,175</u>
Participant Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income					
<i>Investing Activities:</i>					
Net Appreciation (Depreciation) in Fair Value of Investments	1,689,861	2,476,276	177,526	352,885	141,462
Interest	173,884	245,723	16,640	35,343	13,953
Dividends	229,610	339,257	15,165	48,369	15,106
Less: Investment Expense	(9,603)	(10,825)	(1,050)	(1,513)	(744)
Net Income from Investing Activities	<u>2,083,752</u>	<u>3,050,431</u>	<u>208,281</u>	<u>435,084</u>	<u>169,777</u>
Securities Lending Income:					
Securities Lending Income	58,793	89,416	4,055	12,782	4,011
Less: Costs of Lending Securities	(55,982)	(85,140)	(3,861)	(12,170)	(3,819)
Net Securities Lending Income	<u>2,811</u>	<u>4,276</u>	<u>194</u>	<u>612</u>	<u>192</u>
Total Net Investment Income	<u>2,086,563</u>	<u>3,054,707</u>	<u>208,475</u>	<u>435,696</u>	<u>169,969</u>
Charges For Services	4,548	7,207	231	1,171	225
Transfers from Other Pension Plans	519	292	1,572	1,998	239
Miscellaneous	<u>55</u>	<u>91</u>	<u>-</u>	<u>18</u>	<u>-</u>
TOTAL ADDITIONS	<u>2,260,030</u>	<u>3,516,512</u>	<u>281,990</u>	<u>502,316</u>	<u>224,608</u>
DEDUCTIONS					
Benefits	978,995	143,802	-	17,641	-
Refunds of Contributions	6,215	26,465	35,254	2,516	32,077
Annuity Payments	-	-	-	-	-
Transfers to Other Pension Plans	28	3,898	439	274	289
Transfer to Other State Fund	3	6	-	1	-
Administrative Expenses	4,763	7,344	231	1,124	225
TOTAL DEDUCTIONS	<u>990,004</u>	<u>181,515</u>	<u>35,924</u>	<u>21,556</u>	<u>32,591</u>
NET INCREASE (DECREASE)	1,270,026	3,334,997	246,066	480,760	192,017
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	10,255,453	14,228,088	1,101,887	2,031,738	859,741
End of Year: June 30	<u>\$11,525,479</u>	<u>\$17,563,085</u>	<u>\$ 1,347,953</u>	<u>\$ 2,512,498</u>	<u>\$ 1,051,758</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, 2007 (page 2 of 4)
(expressed in thousands)

	Pension Trust				
	PSERS Plan 2	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
ADDITIONS					
Retirement Contributions					
Employer	\$ 6,612	\$ 60,462	\$ 102,180	\$ -	\$ 56
Plan Member	6,664	29,995	12,227	213,878	50
State	-	-	-	-	-
Plan Member Restorations	-	4,659	667	-	547
Total Retirement Contributions	<u>13,276</u>	<u>95,116</u>	<u>115,074</u>	<u>213,878</u>	<u>653</u>
Participant Contributions	-	-	-	-	-
Investment Income					
<i>Investing Activities:</i>					
Net Appreciation (Depreciation) in Fair Value of Investments	595	1,427,296	873,319	548,119	934,448
Interest	102	147,193	87,348	40,428	94,559
Dividends	106	193,904	119,734	44,349	127,231
Less: Investment Expense	(3)	(8,278)	(3,773)	(2,970)	(5,014)
Net Income from Investing Activities	<u>800</u>	<u>1,760,115</u>	<u>1,076,628</u>	<u>629,926</u>	<u>1,151,224</u>
Securities Lending Income:					
Securities Lending Income	35	49,446	31,498	11,901	32,790
Less: Costs of Lending Securities	(22)	(47,081)	(29,992)	(11,332)	(31,222)
Net Securities Lending Income	<u>13</u>	<u>2,365</u>	<u>1,506</u>	<u>569</u>	<u>1,568</u>
Total Net Investment Income	<u>813</u>	<u>1,762,480</u>	<u>1,078,134</u>	<u>630,495</u>	<u>1,152,792</u>
Charges For Services	6	3,840	3,236	712	2,531
Transfers from Other Pension Plans	-	84	201	581	-
Miscellaneous	-	47	48	-	31
TOTAL ADDITIONS	<u>14,095</u>	<u>1,861,567</u>	<u>1,196,693</u>	<u>845,666</u>	<u>1,156,007</u>
DEDUCTIONS					
Benefits	-	751,243	28,534	-	300,452
Refunds of Contributions	23	1,878	2,726	62,810	11
Annuity Payments	-	51,101	-	18	-
Transfers to Other Pension Plans	-	-	437	254	-
Transfer to Other State Fund	-	3	3	-	2
Administrative Expenses	27	3,752	3,067	712	2,544
TOTAL DEDUCTIONS	<u>50</u>	<u>807,977</u>	<u>34,767</u>	<u>63,794</u>	<u>303,009</u>
NET INCREASE (DECREASE)	14,045	1,053,590	1,161,926	781,872	852,998
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	-	8,682,343	5,030,033	3,188,947	5,565,196
End of Year: June 30	<u>\$ 14,045</u>	<u>\$ 9,735,933</u>	<u>\$ 6,191,959</u>	<u>\$ 3,970,819</u>	<u>\$ 6,418,194</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, 2007 (page 3 of 4)
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
ADDITIONS				
Retirement Contributions				
Employer	\$ 58,191	\$ 3,278	\$ 111	\$ -
Plan Member	95,552	3,278	111	-
State	37,928	-	9,539	300
Plan Member Restorations	1,835	-	-	-
Total Retirement Contributions	<u>193,506</u>	<u>6,556</u>	<u>9,761</u>	<u>300</u>
Participant Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investment Income				
<i>Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	723,727	138,926	-	-
Interest	71,897	13,975	145	194
Dividends	99,270	18,960	-	-
Less: Investment Expense	(3,675)	(703)	(6)	(10)
Net Income from Investing Activities	<u>891,219</u>	<u>171,158</u>	<u>139</u>	<u>184</u>
Securities Lending Income:				
Securities Lending Income	26,366	4,921	-	-
Less: Costs of Lending Securities	(25,105)	(4,686)	-	-
Net Securities Lending Income	<u>1,261</u>	<u>235</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>892,480</u>	<u>171,393</u>	<u>139</u>	<u>184</u>
Charges For Services	2,045	380	-	2
Transfers from Other Pension Plans	-	163	-	-
Miscellaneous	25	5	-	-
TOTAL ADDITIONS	<u>1,088,056</u>	<u>178,497</u>	<u>9,900</u>	<u>486</u>
DEDUCTIONS				
Benefits	20,813	31,393	9,356	581
Refunds of Contributions	7,995	291	-	-
Annuity Payments	-	-	-	-
Transfers to Other Pension Plans	30	-	-	-
Transfer to Other State Fund	2	-	-	-
Administrative Expenses	2,073	381	-	1
TOTAL DEDUCTIONS	<u>30,913</u>	<u>32,065</u>	<u>9,356</u>	<u>582</u>
NET INCREASE (DECREASE)	1,057,143	146,432	544	(96)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	4,129,074	818,165	3	4,098
End of Year: June 30	<u>\$ 5,186,217</u>	<u>\$ 964,597</u>	<u>\$ 547</u>	<u>\$ 4,002</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, 2007 (page 4 of 4)
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2007	June 30, 2006
ADDITIONS				
Retirement Contributions				
Employer	\$ 427	\$ -	\$ 638,471	\$ 352,454
Plan Member	430	-	757,362	625,033
State	-	-	47,767	38,567
Plan Member Restorations	-	-	17,257	13,930
Total Retirement Contributions	<u>857</u>	<u>-</u>	<u>1,460,857</u>	<u>1,029,984</u>
Participant Contributions	<u>-</u>	<u>175,055</u>	<u>175,055</u>	<u>168,000</u>
Investment Income				
<i>Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	2,090	268,183	9,754,713	6,667,015
Interest	276	32,939	974,599	671,003
Dividends	111	16,252	1,267,424	863,794
Less: Investment Expense	(25)	(3,101)	(51,293)	(44,487)
Net Income from Investing Activities	<u>2,452</u>	<u>314,273</u>	<u>11,945,443</u>	<u>8,157,325</u>
Securities Lending Income:				
Securities Lending Income	-	-	326,014	221,092
Less: Costs of Lending Securities	-	-	(310,412)	(208,004)
Net Securities Lending Income	<u>-</u>	<u>-</u>	<u>15,602</u>	<u>13,088</u>
Total Net Investment Income	<u>2,452</u>	<u>314,273</u>	<u>11,961,045</u>	<u>8,170,413</u>
Charges For Services	-	689	26,823	27,233
Transfers from Other Pension Plans	-	-	5,649	5,512
Miscellaneous	<u>5</u>	<u>854</u>	<u>1,179</u>	<u>1,967</u>
TOTAL ADDITIONS	<u>3,314</u>	<u>490,871</u>	<u>13,630,608</u>	<u>9,403,109</u>
DEDUCTIONS				
Benefits	110	-	2,282,920	2,144,204
Refunds of Contributions	-	127,198	305,459	257,901
Annuity Payments	-	-	51,119	49,165
Transfers to Other Funds	-	-	5,649	5,512
Transfer to Other State Fund	-	3	23	2,000
Administrative Expenses	-	1,445	27,689	25,977
TOTAL DEDUCTIONS	<u>110</u>	<u>128,646</u>	<u>2,672,859</u>	<u>2,484,759</u>
NET INCREASE (DECREASE)	<u>3,204</u>	<u>362,225</u>	<u>10,957,749</u>	<u>6,918,350</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	<u>17,127</u>	<u>2,189,440</u>	<u>58,101,333</u>	<u>51,182,983</u>
End of Year: June 30	<u>\$ 20,331</u>	<u>\$ 2,551,665</u>	<u>\$ 69,059,082</u>	<u>\$ 58,101,333</u>

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2007
(expressed in thousands)

Dependent Care Administrative Fund			
	Balance Sheet	Adjustments	Statement of Net Assets
ASSETS			
Cash and Pooled Investments	\$ 76	\$ -	\$ 76
TOTAL ASSETS	76	-	76
LIABILITIES			
Accrued Salaries	3	-	3
Due to Other Washington State Agencies	2	-	2
TOTAL LIABILITIES	5	-	5
FUND BALANCE/NET ASSETS:			
Fund Balance:			
Unreserved, Reported in Special Revenue Funds	71	(71)	-
Total Fund Balance	71	(71)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 76		
Net Assets:			
Unrestricted		-	-
TOTAL NET ASSETS		\$ (71)	\$ 71

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, 2007
(expressed in thousands)

REVENUES	Dependent Care Administrative Fund		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Charges for Services	\$ 158	\$ -	\$ 158
TOTAL REVENUES	158	-	158
EXPENDITURES/EXPENSES			
Current:			
Personnel Services	91	-	91
Goods and Services	53	-	53
Miscellaneous	1	-	1
Total Expenditures/Expenses	145	-	145
TOTAL EXPENDITURES/EXPENSES	145	-	145
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13	(13)	-
CHANGE IN NET ASSETS	-	13	13
FUND BALANCE/NET ASSETS:			
Beginning of Year: July 1	58	-	58
End of Year: June 30	\$ 71	\$ -	\$ 71

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2007

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 eight retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement System, the School Employees' Retirement System, the Public Safety 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) in net assets for each plan for the year.

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 too much 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 bases 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 bases of accounting.

C. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with accounting principles generally accepted in the United States (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. The administrative revenues and operating expenditures incurred in administering the dependent care program are accounted for in the dependent care administrative fund. This fund is classified as a special revenue

fund using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recorded when they are both measurable and available to finance current expenditures of the fund. The dependent care salary reduction plan is classified as an agency fund and is accounted for using the accrual basis of accounting. 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 national security exchanges and security pricing services, or by the respective fund managers for securities that are not actively traded. Privately held mortgages are valued at cost which approximates fair market value. Certain pension trust fund investments, including real estate and private equity, are valued based on appraisals or by independent advisors. The pension funds have no investments of any commercial or industrial organization whose market value exceeds five percent 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 used 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). The PDPC constitutes a multiple financial institution collateral pool. Pledged securities under the PDPC collateral pool are held by the PDPC's agent in the name of the collateral pool. 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, bankers' 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.

Deposits--Custodial Credit Risk: Custodial credit risk is the risk that deposits may not be returned to a depositor in the event of the failure of a financial institution. The OST minimizes custodial credit risk by restrictions set forth in state law. Statutes restrict the OST to deposit funds in financial institutions that are physically located in Washington unless otherwise expressly permitted by statute and authorized by the PDPC. As of June 30, 2007, the carrying amount of DRS' cash and pooled investment deposits is \$57.2 million for the pension trust funds, \$0.7 million for the dependent care agency fund, and \$76,000 for the dependent care special revenue fund, all of which are insured or collateralized.

Investments: The Washington State Investment Board (WSIB) has been authorized by statute as having the investment management responsibility for pension and

deferred compensation funds. The WSIB is authorized to invest as provided by statute (chapter 43.33A RCW) and WSIB policy. The WSIB is authorized and invests in the following: U.S. Treasury Bills; discount notes; repurchase agreements; reverse repurchase agreements; bankers' 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.

There were no violations of these investment restrictions during Fiscal Year 2007.

Investments--Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The WSIB does not have a formal policy regarding interest rate risk.

Effective duration is the measure of a debt investment's exposure to fair value changes arising from changes in interest rates. Effective duration uses the present value of cash flows, weighted for those flows as a percentage of the investments' full price. Increases in prevailing interest rates generally translate into decreases in fair values of those investments. The WSIB's fixed income investments are to be actively managed to exceed the return of the Lehman Universal Index, with volatility as measured by duration to be similar to or less than the index. As of June 30, 2007 the funds' durations of the various fixed income classes were within the duration targets of the Lehman Universal Index.

The Pension Trust funds hold both U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the schedule on page 41, variable-rate securities are presented according to the length of time until the next reset date, rather than the stated maturity. The schedule provides information about the interest rate risks associated with the Pension Trust funds' investments as of June 30, 2007. The schedule also displays various asset classes held by maturity in years and effective durations. The investment types are presented consistent with their separately issued financial statements by investment type.

Investments--Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The WSIB does not have a formal policy regarding credit risk but mitigates said risk through active management and credit analysis. The Pension Trust funds' rated debt investments as of June 30, 2007, were rated by Moody's and/or an equivalent national rating organization. Credit ratings for the Pension Trust funds' rated debt investments as of June 30, 2007 are presented in the schedule on page 41. Investment types with multiple credit ratings are presented in the schedule on page 42.

Investments--Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The WSIB policy states that no corporate fixed income issue shall exceed three percent of cost at the time of purchase or six percent of market value of the fund thereafter and that no high yield issues shall exceed one percent of cost or two percent of the market value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2007. Additionally, no single investment (other than any issued or explicitly guaranteed by the U.S. government, or involving mutual funds or investment pools) comprised more than five percent of DRS' net investments at the end of Fiscal Year 2007.

Investment Maturities

(expressed in thousands)

Investment Type	Fair Value	Less than one year	1-5 years	6-10 years	More than 10 years	Effective Duration	Credit Rating
Asset Backed Securities	\$ 1,021	-	\$ 1,021	-	-	1.12	AAA
Mortgages:							
Collateralized Mortgage Obligations	1,854,798	-	423,636	877,690	553,472	5.85	AAA
Pass Throughs	2,312,451	925	1,139,575	1,171,951	-	4.21	AAA
Non-Standard Mortgages	3,274	-	-	2,259	1,015	5.07	AAA
Commercial Mortgage Backed Securities	576,319	-	295,651	280,668	-	4.81	Multiple
Corporate Bonds-Domestic	5,646,841	235,473	1,849,340	2,502,115	1,059,913	5.91	Multiple
Corporate Bonds-Foreign	269,956	-	37,254	100,856	131,846	7.38	Multiple
Government Securities-Domestic:							
U.S. Government Treasuries	1,074,323	-	326,057	623,538	124,728	5.90	AAA
Treasury Inflation Protected Securities	1,339,625	-	673,429	666,196	-	3.46	AAA
Enhanced Index Fund-Domestic							
Asset Backed Securities	40,551	-	-	-	40,551	14.53	Multiple
Collateralized Mortgage Obligations	101,916	-	-	-	101,916	14.73	Multiple
Pass Throughs	151,896	-	-	-	151,896	17.70	AAA
Commercial Mortgage Backed Securities	2,403	-	-	-	2,403	11.39	NR
Corporate Bonds-Domestic	128,868	-	95,791	5,518	27,559	5.13	Multiple
U.S. Government Agencies	2,185	-	2,185	-	-	1.14	AAA
U.S. Treasury Inflation Protected Securities	51,421	-	-	47,317	4,104	8.76	AAA
Variable Rate Notes	622,345	10,314	132,101	53,467	426,463	11.14	Multiple
	<u>\$14,180,193</u>	<u>\$ 246,712</u>	<u>\$ 4,976,040</u>	<u>\$ 6,331,575</u>	<u>\$ 2,625,866</u>		
Commingled Enhanced Equity Index Funds - Domestic	1,159,372						
Commingled Equity Index Funds - Domestic	11,342,468						
Commingled Index Funds - Foreign	5,427,999						
Enhanced Equity Index Funds - Domestic	1,404,421						
Corporate Stock - Foreign	9,762,125						
Innovation	42,925						
Money Market Funds	1,854,965						
Private Equity	11,668,637						
Real Estate	7,029,227						
Cash Overlay	495,997						
Currencies	92,689						
Repurchase Agreements	3,248						
Securities Lending Collateral Balances	91,664						
Defined Contribution Plans Assets:							
Horizon Funds	433,047						
Mutual Funds:							
Domestic Equity - Passive	1,463,752						
Non-U.S. Passive Developed	353,381						
Domestic Equity Active	1,201,395						
Non-U.S. Active Developed	169,143						
Washington State Bond Fund	297,128						
Guaranteed Investment Contracts	729,949						
Life Annuity	40						
Money Market Mutual Funds	330,896						
Repurchase Agreements	125						
Securities On Loan Domestic	3,723,535						
Securities On Loan Foreign	1,917,681						
Total Investments - 6/30/2007	<u>\$75,176,002</u>						

Investments with Multiple Credit Ratings

as of June 30, 2007

(expressed in thousands)

Investment Type	Fair Value	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1	Baa2	Baa3 and below
Commercial Mortgage Backed Securities	\$ 576,319	\$ 553,266	\$ 23,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Corporate Bonds-Domestic	5,646,841	838,810	154,800	483,047	828,223	479,342	442,572	503,234	489,953	628,184	798,676
Corporate Bonds-Foreign	269,956	56,475	-	-	-	37,254	-	-	36,657	-	139,570
Equity Enhanced Index Fund - Domestic Asset Backed Securities	40,551	17,774	-	-	-	-	-	-	-	-	22,777
Collateralized Mortgage Obligations	101,916	86,650	-	-	-	-	-	-	-	-	15,266
Pass Throughs	151,896	68,421	-	-	-	-	-	-	-	-	83,475
Corporate Bonds-Domestic	128,868	23,229	-	-	-	71	6,985	7,156	15,878	26,193	49,356
Variable Rate Notes	622,345	270,026	15,156	6,244	25,293	8,881	20,011	13,680	24,612	11,689	226,753
Total	\$7,538,692	\$1,914,651	\$ 193,009	\$489,291	\$853,516	\$525,548	\$469,568	\$524,070	\$567,100	\$ 666,066	\$1,335,873

Investments-Custodial Credit Risk: Custodial credit risk is the risk that, in the event of failure of the custodian, the WSIB would not be able to recover its investment securities or collateral securities that are in the possession of the custodian. The WSIB has no formal policy regarding custodial credit risk. However, as all of the retirement system assets are registered and held in the State of Washington's name, they are not subject to custodial credit risk.

Investments-Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The WSIB

does not have a formal policy to limit foreign currency risk. The WSIB manages its exposure to fair value loss by requiring its international securities investment managers to maintain diversified portfolios by sector and by issuer to limit foreign currency and security risk. DRS' exposure to foreign currency risk as of June 30, 2007, is presented in the schedule on page 43. The schedule provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The Pension Trust Funds also had \$5,428.0 million invested in an international commingled equity index fund. Because these funds are commingled, they are not included in this schedule.

Foreign Currency Risk
as of June 30, 2007
(expressed in thousands)

Foreign Currency Denomination	Short Term	Investment Type				Total
		Fixed Income	Equity	Private Equity	Real Estate	
Australia - Dollar	\$2,826	\$-	\$466,660	\$-	\$-	\$469,486
Brazil - Real	6	175,564	79,737	-	-	255,307
Britain - Pound	16,106	-	1,694,751	67,587	70,846	1,849,290
Canada - Dollar	5,282	-	370,481	-	572	376,335
China - Renmimbi	41	-	-	-	-	41
Denmark - Krone	2	-	47,629	-	-	47,631
E.M.U. - Euro	40,535	-	3,507,297	1,046,858	1,160,293	5,754,983
Egypt - Pound	136	-	10,514	-	-	10,650
Hong Kong - Dollar	983	-	283,566	-	-	284,549
Hungary - Forint	38	-	48,707	-	-	48,745
Indonesia - Rupiah	-	-	13,056	-	-	13,056
Israel - Shekel	-	-	5,205	-	-	5,205
Japan - Yen	28,694	-	1,514,177	-	1,906,738	3,449,609
Lithuania - Litas	138	-	-	-	-	138
Malaysia - Ringgit	498	-	14,530	-	-	15,028
Mexico - Peso	-	37,521	37,152	-	1,146	75,819
New Zealand - Dollar	15	-	23,287	-	-	23,302
Norway - Krone	38	-	126,331	-	-	126,369
Pakistan - Rupee	5	-	11,779	-	-	11,784
Philippines - Peso	30	-	226	-	-	256
Poland - Zloty	-	-	59,973	-	-	59,973
Singapore - Dollar	270	-	217,633	-	-	217,903
South Africa - Rand	1	-	40,676	-	-	40,677
South Korea - Won	141	-	53,180	-	2,203,876	2,257,197
Sweden - Krona	1,075	-	191,678	61,920	-	254,673
Switzerland - Franc	57	-	546,132	-	-	546,189
Taiwanese - Dollar	-	-	-	-	15,636	15,636
Thailand - Baht	44	-	2,191	-	-	2,235
Turkey - Lira	5	56,871	33,834	-	-	90,710
Sub-Total	96,966	269,956	9,400,382	1,176,365	5,359,107	16,302,776
Foreign Investments Denominated in US Dollars	(4,277)	-	361,743	-	289,239	646,705
Total Foreign Investments	\$92,689	\$269,956	\$9,762,125	\$1,176,365	\$5,648,346	\$16,949,481

Source: Washington State Investment Board

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

WSIB—State law and Board policy permit the WSIB to participate in securities lending transactions to augment investment income. The Board has entered into an agreement with State Street Corporation (SSC) to act as agent for the WSIB in securities lending transactions. As SSC is the custodian bank for the WSIB, it is a counterparty to these transactions. In accordance with GASB Statement No. 28, the WSIB reports securities lent (the underlying securities) as assets in the statement of net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are reported as assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of net assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities were loaned and collateralized by the WSIB'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, were 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.

Credit Risk: The WSIB mitigates credit risk in securities lending with a policy that strictly limits the types of collateral that may be used to secure these transactions.

Custodial Credit Risk: At June 30, 2007, the market value of securities on loan was \$5,633.9 million. The corresponding collateral held totalled \$5,732.9 million and was comprised of securities held in the WSIB's own Short-Term Investment Fund. As such, these securities are not subject to custodial credit risk.

During Fiscal Year 2007, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The weighted average maturity of overall loans was 28 days.

Cash collateral was invested by the WSIB's agents in securities issued or guaranteed by the U.S. government, the WSIB's short term investment pool (average final maturity of 220 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. SSC indemnified the WSIB 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. SSC'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 2007, 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 WSIB incurred no losses during Fiscal Year 2007 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, bankers' 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. On June 30, 2007, there were \$3.4 million repurchase agreements outstanding.

Credit Risk: The OST limits its credit risk with an investment policy that restricts the types of investments in which the OST can participate. Additionally, the OST investment policy requires that any securities on loan be made available by the lending agent for next day liquidity at the option of the OST. At June 30, 2007, 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. On June 30, 2007, the average life of both the loans and the investment of cash collateral received as collateral was two days.

Custodial Credit Risk: The OST investment policy requires that securities purchased be held by the master custodian, acting as an independent third party, in its safekeeping or trust department. Securities accepted as collateral for repurchase agreements are subject to additional restrictions. These restrictions are designed to limit the OST's exposure to risk and ensure the safety of the investment.

During Fiscal Year 2007, 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.

Derivatives: WSIB 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. The WSIB 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 WSIB 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, 2007 or 2006. 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, 2007, the only derivative securities held directly by WSIB were collateralized mortgage obligations of \$1.855 billion.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$61.0 billion in both carrying value and fair value.

State law permits WSIB 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, WSIB 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, 2007.

Management Fees: The fees paid by the WSIB 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, 2007, total investment management fees were \$361.7 million. For a detailed disclosure, refer to the Schedule of Investment Expenses in the Financial Section of this report.

Unfunded Commitments: The WSIB has entered into agreements that commit the DRS pension funds, upon request, to make additional investment purchases up to a predetermined amount. As of June 30, 2007, the DRS pension funds had the following unfunded investment commitments in millions of dollars:

Private Equity Partnerships	\$8,904.4
Real Estate	\$6,688.2

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, 2007 and 2006 are as follows:

	June 30, 2007	June 30, 2006
	(expressed in thousands)	
PERS Plan 1	\$1,272,393	\$1,370,735
PERS Plan 2/3	3,805,368	3,531,670
PERS Plan 3-WSIB	800,637	628,240
PERS Plan 3-SELF	547,316	473,647
SERS Plan 2/3	252,630	232,391
SERS Plan 3-WSIB	792,449	635,139
SERS Plan 3-SELF	259,309	224,601
PSERS Plan 2	6,745	-
TRS Plan 1	931,117	1,027,132
TRS Plan 2/3	423,345	405,773
TRS Plan 3-WSIB	2,353,772	1,829,793
TRS Plan 3-SELF	1,617,048	1,359,154
LEOFF Plan 1	72,945	85,326
LEOFF Plan 2	1,232,440	1,107,722
WSPRS Plan 1/2	57,393	54,185
JRS	3,971	3,652
Judges	-	-
Total Member Reserves	\$14,428,878	\$12,969,160

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, 2007 and 2006 are as follows:

	June 30, 2007	June 30, 2006
	(expressed in thousands)	
PERS Plan 1	\$10,249,161	\$8,881,202
PERS Plan 2/3	13,753,403	10,692,770
SERS Plan 2/3	2,259,475	1,799,083
PSERS Plan 2	7,300	-
TRS Plan 1	8,801,455	7,652,192
TRS Plan 2/3	5,766,651	4,622,651
LEOFF Plan 1	6,343,265	5,478,118
LEOFF Plan 2	3,952,783	3,020,542
WSPRS Plan 1/2	906,943	763,752
JRS	(3,425)	(3,651)
Judges	4,008	4,105
Total Benefit Reserves	<u>\$52,041,019</u>	<u>\$42,910,764</u>

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 2007:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
(expressed in thousands)				
Improvements Other Than Buildings	\$ 634	\$ -	\$ -	\$ 634
Furnishings & Equipment	1,888	292	(65)	2,115
Accumulated Depreciation	(2,033)	(215)	65	(2,183)
Total	<u>\$ 489</u>	<u>\$ 77</u>	<u>\$ -</u>	<u>\$ 566</u>

I. Leases

DRS leases land, office facilities, office and computer equipment. Lease terms vary. Leases are considered non-cancelable for financial reporting purposes. All DRS leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following schedule presents future minimum payments for operating leases as of June 30, 2007:

Operating Leases	
(expressed in thousands)	
By Fiscal Year:	
2008	\$1,732
2009	1,144
2010	196
Total Future Minimum Payments	<u>\$3,072</u>

The total operating lease rental expenditure for Fiscal Year 2007 was \$1.4 million.

J. Other Long-Term Obligations

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 \$1.0 million as of June 30, 2007.

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 \$0.4 million as of June 30, 2007.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2007:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
(expressed in thousands)				
Annual Leave	\$ 859	\$ 1,033	\$ (888)	\$ 1,004
Sick Leave	324	137	(69)	392
Total	<u>\$ 1,183</u>	<u>\$ 1,170</u>	<u>\$ (957)</u>	<u>\$ 1,396</u>

K. Transfers

Transfers to and from other pension plans, as reported in the financial statements, reflect routine transfers among the various trust funds resulting from plan membership changes and member-directed defined contribution plan selections.

L. Contingencies—Litigation

The state and its agencies are parties to legal proceedings that normally occur in governmental operations. There are pending legal actions involving the Department of Retirement Systems. For each pending action the Department of Retirement Systems has good defenses and will continue to vigorously defend each case.

M. Subsequent Events—Gain Sharing Distribution

Gain sharing distributions are made to Plan 1 retirees of PERS and TRS and to Plan 3 members of PERS, TRS and SERS in January of even-numbered years, if the Washington State Investment Board's earnings on pension fund assets average more than 10 percent annually over a four-year period. The gain sharing benefit represents one half of this excess return. Plan 1 retirees of PERS and TRS receive their gain sharing portion as a permanent increase in their monthly retirement benefit. Distributions to eligible Plan 3 members are deposited in their defined contribution accounts.

A gain sharing distribution will take place January 1, 2008. The Office of the State Actuary has calculated the Plan 1 Uniform COLA increase as \$0.35 or 35 cents. The Office

of the State Actuary has calculated the Plan 3 Gain Sharing Payment as \$270.69 per year of service. Total assets available for the gain sharing distribution to Plan 3 members is \$319.6 million.

N. Recent Related Legislation—Gain Sharing

In 2007 the Washington State Legislature passed a modified version of House Bill 2391, which removed the gain sharing distribution (if any) after January 1, 2008 and replaced it with the following:

For PERS and TRS Plan 1 retirees:

Beginning July 1, 2009, a cost of living adjustment of 40 cents per month, per year of service, minus the 2008 gain sharing increase to the COLA. The adjustment cannot decrease the annual amount of the COLA or exceed 20 cents per month, per year of service.

For PERS, TRS and SERS Plan 2 and Plan 3 members:

A member with 30 years of service who has reached age 62 will be able to retire with no reduction in benefit. Smaller early retirement factor reductions are taken for members who retire as early as age 55. These changes are effective July 1, 2008 for PERS Plan 2 and 3 members, and September 1, 2008 for TRS and SERS Plan 2 and 3 members. Any member who retires under the new reduction factors cannot return to work for a public employer, without forfeiting his or her pension, until age 65. That includes any work performed under a personal service contract, as a temporary or project employee, or under any other similar compensated relationship with a public employer.

Choice of Plan 3 Membership:

Newly hired (July 1, 2007 and after) TRS and SERS members will have 90 days to choose between Plan 2 and Plan 3.

If a court of law should decide the repeal of gain sharing is invalid, any member who qualifies for early retirement but has not yet received a benefit under the provisions of the new law will be subject to the reductions for early retirement that were in place before passage of the new law. Additionally, if the court reinstates gain sharing, any new SERS or TRS members hired after that action would no longer have a choice between Plan 2 and Plan 3 and would be mandated into Plan 3.

Note 2: General Description of the Retirement Systems

A. General

The Department of Retirement Systems (DRS) administers retirement systems covering eligible employees of the state and local governments. 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.

Administration of the PERS, SERS, PSERS, TRS, LEOFF and WSPRS systems and plans was funded by an employer rate of .18 percent of employee salaries. Administration of the JRS and Judges' plans was funded by means of legislative appropriations.

As established in the Revised Code of Washington (RCW) chapter 41.50, DRS administers eight retirement systems comprising 12 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

Public Safety Employees' Retirement System (PSERS)

Plan 2—defined benefit

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

Plan 2—defined benefit

Judicial Retirement System (JRS)

Defined benefit

Judges' Retirement Fund (Judges)

Defined benefit

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	54,834	2,675	13,245	968	71,722
PERS Plan 2	14,881	20,604	82,969	35,372	153,826
PERS Plan 3	486	2,331	9,001	13,472	25,290
SERS Plan 2	1,815	3,627	16,418	2,046	23,906
SERS Plan 3	943	3,267	13,924	18,430	36,564
PSERS Plan 2	-	-	-	2,073	2,073
TRS Plan 1	35,745	1,224	7,248	134	44,351
TRS Plan 2	1,574	2,542	6,505	478	11,099
TRS Plan 3	933	4,045	25,809	27,562	58,349
LEOFF Plan 1	8,172	5	595	1	8,773
LEOFF Plan 2	779	597	12,116	3,602	17,094
WSPRS Plan 1	808	110	896	10	1,824
WSPRS Plan 2	-	-	1	115	116
JRS	132	1	11	-	144
Judges	15	-	-	-	15
Total	121,117	41,028	188,738	104,263	455,146

The latest actuarial valuation date for all plans was September 30, 2006.

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	147	245	183	214	789
PERS Plan 2	175	-	271	464	910
PERS Plan 3	162	-	195	257	614
SERS Plan 2	-	292	-	-	292
SERS Plan 3	-	294	-	-	294
PSERS Plan 2	8	-	61	-	69
TRS Plan 1	67	286	-	-	353
TRS Plan 2	22	275	-	-	297
TRS Plan 3	30	303	-	-	333
LEOFF Plan 1	-	-	74	18	92
LEOFF Plan 2	7	-	219	153	379
WSPRS Plan 1	1	-	-	-	1
WSPRS Plan 2	1	-	-	-	1
JRS	3	-	-	-	3
Judges	-	-	-	-	-
Total	623	1,695	1,003	1,106	4,427

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2007 is 1,306.

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 defined benefit plan with a defined contribution component. 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 irrevocable 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 Plan 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 2007, 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.

PERS defined contribution benefits are financed from employee contributions and investment earnings. 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 participating in national higher education retirement programs; judges of district and municipal courts; and employees of local governments. Approximately 50 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.

PERS Plan 1 members are vested after the completion of 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 benefit is 2 percent of the average final compensation (AFC) per year of service, capped at 60 percent. (The AFC is based on the greatest compensation during any 24 eligible consecutive compensation months.) Plan 1 retirements from inactive status prior to the age of 65 may receive actuarially reduced benefits. The benefit is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, increased by 3 percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS 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 covered employment 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 and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, capped at 3 percent annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 2 members are vested after the completion of 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. (The 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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.

PERS 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. (The AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65, or at age 55 with 10 years of service. 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of PERS Plan 3.

PERS 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. 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 three percent annually.

Beneficiaries of a PERS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Beginning January 1, 2007 through December 31, 2007, judicial members of PERS may choose to participate in the Judicial Benefit Multiplier (JBM) Program (SHB 2691, Chapter 189, Laws 2006). Current justices or judges in PERS Plan 1 and 2 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of average final compensation. Judges in PERS Plan 3 can elect a 1.6% of pay per year of service benefit, capped at 37.5% of average final compensation.

Members who choose to participate will:

- Accrue service credit at the higher multiplier beginning with the date of their election
- Be subject to the benefit cap of 75% of AFC
- Stop contributing to the Judicial Retirement Account (JRA)
- Pay higher contributions
- Be given the option to increase the multiplier on past judicial service

Members who do not choose to participate will:

- Continue to accrue service credit at the regular multiplier (i.e., 1%, 2% or 3%)
- Continue to participate in JRA, if applicable
- Never be a participant in the JBM Program
- Continue to pay contributions at the regular PERS rate.

Justices and judges who are newly elected or appointed to judicial service and choose to become PERS members on or after January 1, 2007, or who have not previously opted into PERS membership, are required to participate in the JBM Program. Members required into the JBM program will:

- Return to prior PERS Plan if membership had previously been established
- Be mandated into Plan 2 and not have a Plan 3 transfer choice, if a new PERS member
- Accrue the higher multiplier for all judicial service
- Not contribute to JRA
- Not have the option to increase the multiplier for past judicial service.

The following changes to the PERS plans are the result of recent years' legislation:

Effective April 21, 2005:

- PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live. (SSB 5497, Chapter 131, Laws 2005)

Effective May 3, 2005:

- PERS Plan 1 members can receive credit for military service while actively serving in the military, if such credit makes them eligible to retire. (SHB 1938, Chapter 247, Laws 2005)

Effective July 24, 2005:

- PERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment. Should the member die during this active duty, the surviving spouse or eligible child(ren) of member may purchase service credit on behalf of the deceased member. (HB 1325, Chapter 64, Laws 2005)
- PERS members can purchase up to 24 months (previously 12 months) of service credit lost because of an on-the-job injury. (SB 5522, Chapter 363, Laws 2005)

Effective July 1, 2006:

- PERS Plan 2 and Plan 3 members who apply for early retirement may, at the time of retirement, purchase up to five years of additional service credit. The cost of the additional service credit is the actuarial equivalent value of the resulting increase in the member's benefit. (SSB 6251 - HB 2535, Chapter 172, Laws 2004).
- The minimum benefit established in 2004 for PERS Plan 1 retirees who have at least 25 years of service and have been retired 20 years or more is increased by 3 percent annually. The benefit of those PERS Plan 1 retirees, who have at least 20 years of service and have been retired 25 years or more, is also extended and likewise increased. (SB 6453, Chapter 244, Laws 2006).

- PERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

There were no other material changes in PERS benefit provisions for the fiscal year ended June 30, 2007.

PERS pension benefit provisions have been established by chapters 41.34 and 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 defined benefit plan with a defined contribution component. 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 Plan 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 2007, 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. SERS defined contribution benefits are financed from employee contributions and investment earnings. 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.

The Legislature created SERS in 1998 to be effective in 2000. Membership in the system includes classified employees of school districts or educational service districts. SERS is comprised principally of non-state-agency employees. SERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

SERS Plan 2 members are vested after the completion of 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. 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.

SERS 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.) Effective June 7, 2006, SERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 by September 1, 2000. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65. 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. The benefit is also actuarially reduced to reflect the choice of a survivor option. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section E of Note 2 for a description of the defined contribution component of SERS Plan 3.

SERS 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.

Beneficiaries of a SERS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a SERS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The following changes to the SERS plans are the result of recent years' legislation:

Effective April 21, 2005:

- SERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live. (SSB 5497, Chapter 131, Laws 2005)

Effective July 24, 2005:

- SERS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment. Should the member die during this active duty, the surviving spouse or eligible child(ren) of member may purchase service credit on behalf of the deceased member. (HB 1325, Chapter 64, Laws 2005)

Effective July 1, 2006:

- SERS Plan 2 and Plan 3 members who apply for early retirement may, at the time of retirement, purchase up to five years of additional service credit. The cost of said additional service credit is the actuarial equivalent value of the resulting increase in the member's benefit. (SSB 6251 - HB 2535, Chapter 172, Laws 2004).
- SERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2007.

SERS pension benefit provisions have been established by chapters 41.34 and 41.35 RCW.

Public Safety Employees' Retirement System (PSERS):

PSERS is a cost-sharing multiple-employer retirement system comprised of a single defined benefit plan, PSERS Plan 2. PSERS was created by the 2004 legislature and became effective July 1, 2006.

PSERS Plan 2 membership includes:

- full-time employees of a covered employer on or before July 1, 2006, who met at least one of the PSERS eligibility criteria, and elected membership during the election period of July 1, 2006 to September 30, 2006; and
- full-time employees, hired on or after July 1, 2006 by a covered employer, that meet at least one of the PSERS eligibility criteria.

A "covered employer" is one that participates in PSERS. Covered employers include:

- State of Washington agencies: Department of Corrections, Parks and Recreation Commission, Gambling Commission, Washington State Patrol, and Liquor Control Board;
- Washington state counties; and
- Washington state cities except for Seattle, Tacoma and Spokane.

To be eligible for PSERS, an employee must work on a full-time basis and:

- have completed a certified criminal justice training course with authority to arrest, conduct criminal investigations, enforce the criminal laws of Washington, and carry a firearm as part of the job; OR
- have primary responsibility to ensure the custody and security of incarcerated or probationary individuals; OR
- function as a limited authority Washington peace officer, as defined in RCW 10.93.020; OR
- have primary responsibility to supervise eligible members who meet the above criteria

PSERS defined benefit retirement benefits are financed from a combination of investment earnings and employer and em-

ployee contributions. PSERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

PSERS Plan 2 members are vested after completing five years of eligible service. PSERS Plan 2 members may retire at the age of 65 with five years of service, or at the age of 60 with at least 10 years of PSERS service credit, with an allowance of 2 percent of the average final compensation (AFC) per year of service. The AFC is the monthly average of the member's 60 consecutive highest-paid service credit months, excluding any severance pay such as lump-sum payments for deferred sick leave, vacation or annual leave. Plan 2 retirees prior to the age of 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3 percent per year reduction for each year between the age at retirement and age 60 applies. 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.

PSERS Plan 2 provides disability benefits. There is no minimum amount of service credit required for eligibility. Eligibility is based on the member being totally incapacitated for continued employment with a PSERS employer and leaving that employment as a result of the disability. The disability allowance is 2% of the average final compensation (AFC) for each year of service. AFC is based on the member's 60 consecutive highest creditable months of service. Service credit is the total years and months of service credit at the time the member separates from employment. Benefits are actuarially reduced for each year that the member's age is less than 60 (with 10 or more service credit years in PSERS), or less than 65 (with fewer than 10 service credit years).

Beneficiaries of a PSERS Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a PSERS member who dies as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The following changes to the PSERS plans are the result of recent years' legislation:

Effective July 1, 2006:

- PSERS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

PSERS pension benefit provisions have been established by chapter 41.37 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 defined benefit plan with a defined contribution component. 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 as-

sets of this Plan 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 Plan 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2007, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. TRS Plan 3 defined contribution benefits are financed from employee contributions and investment earnings. 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 public school employee working in an instructional, administrative or supervisory capacity. TRS is comprised principally of non-state-agency employees. TRS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

TRS Plan 1 members are vested after the completion of 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 two 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. A cost-of-living allowance is granted at age 66 based upon years of service times the COLA amount, increased by 3% annually. Plan 1 members may also elect to receive an additional COLA amount (indexed to the Seattle Consumer Price Index), capped at 3 percent annually. To offset the cost of this annual adjustment, the benefit is reduced.

TRS Plan 1 provides death, as well as, permanent and temporary disability benefits. TRS Plan 1 members receive the following additional lump sum death benefits: retired members-\$400 (if retired with ten years of full-time membership), \$400 (if inactive with ten years of membership), active members-\$600 (if employed full-time at time of death). TRS Plan 1 members on temporary disability receive a monthly payment of \$180 payable for up to two years, for the same occurrence. 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.

TRS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members may retire at the age of 65 with five 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.) TRS Plan 2 members that are at least 55 years of age and have 20 years of service credit 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.

TRS 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.) Effective June 7, 2006, TRS Plan 3 members are vested in the defined benefit portion of their plan after 10 years of service; or after five years of service if 12 months of that service are earned after age 44; or after five service credit years earned in TRS Plan 2 by July 1, 1996 and transferred to Plan 3. Plan 3 members are immediately vested in the defined contribution portion of their plan. Vested Plan 3 members are eligible to retire with full benefits at age 65. TRS Plan 3 members that are at least 55 years of age with

at least 10 years of service credit receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a three 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 E of Note 2 for a description of the defined contribution component of TRS Plan 3.

TRS 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.

Beneficiaries of a TRS Plan 2 or Plan 3 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a TRS member who dies in the line of service as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

Beginning January 1, 2007 through December 31, 2007, judicial members of TRS may choose to participate in the Judicial Benefit Multiplier (JBM) Program (SHB 2691, Chapter 189, Laws 2006). Current justices or judges in TRS Plan 1 may make a one-time irrevocable election to pay increased contributions that would fund a retirement benefit with a 3.5% multiplier. The benefit would be capped at 75% of average final compensation.

Members who choose to participate will:

- Accrue service credit at the higher multiplier beginning with the date of their election
- Be subject to the benefit cap of 75% of AFC

- Stop contributing to the Judicial Retirement Account (JRA)
- Pay higher contributions
- Be given the option to increase the multiplier on past judicial service

Members who do not choose to participate will:

- Continue to accrue service credit at the regular multiplier (i.e., 2%)
- Continue to participate in JRA, if applicable
- Never be a participant in the JBM Program
- Continue to pay contributions at the regular TRS rate.

Justices and judges who are newly elected or appointed to judicial service and choose to become TRS members on or after January 1, 2007, or who have not previously opted into TRS membership, are required to participate in the JBM Program. Members required into the JBM program will:

- Return to prior TRS Plan if membership had previously been established
- Accrue the higher multiplier for all judicial service
- Not contribute to JRA
- Not have the option to increase the multiplier for past judicial service.

The following changes to the TRS plans are the result of recent years' legislation:

Effective April 21, 2005:

- TRS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live. (SSB 5497, Chapter 131, Laws 2005)

Effective July 24, 2005:

- TRS Plan 1 members who are employed less than full time as psychologists, social workers, nurses, physical therapists, occupational therapists, speech language pathologists or audiologists can annualize their salaries when calculating their average final compensation. (HB 1321, Chapter 23, Laws 2005)
- TRS Plan 2 and Plan 3 members can purchase service credit for military service that interrupted employ-

ment, if they are disabled while on active duty and cannot return to employment. Should the member die during this active duty, the surviving spouse or eligible child(ren) of the member may purchase service credit on behalf of the deceased member. (HB 1325, Chapter 64, Laws 2005)

Effective July 1, 2006:

- The minimum benefit established in 2004 for TRS Plan 1 retirees who have at least 25 years of service and have been retired 20 years or more is increased by 3 percent annually. The benefit of those TRS Plan 1 retirees, who have at least 20 years of service and have been retired 25 years or more, is also extended and likewise increased. (SB 6453, Chapter 244, Laws 2006).
- TRS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

Effective January 1, 2007:

- Active TRS Plan 2 and Plan 3 members may make a one-time purchase of up to seven years of service credit for education experience earned in a state or federal public school outside the state of Washington. Completion of at least five years of service under TRS is required. (ESHB 2680, Chapter 257, Laws 2006).

There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2007.

TRS 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 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, with Department of Fish and Wildlife enforcement officers who were first included prospectively effective July 27, 2003, being an exception.

Effective July 1, 2003, the LEOFF Plan 2 Retirement Board was established by Initiative 790 to provide governance of LEOFF Plan 2. The Board's duties include adopting contribution rates and recommending policy changes to the Legislature for the LEOFF Plan 2 retirement plan. LEOFF retirement benefit provisions are established in state statute and may be amended by the state Legislature.

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 2007, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings upon separation from LEOFF-covered employment.

LEOFF Plan 1 members are vested after the completion of 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).

LEOFF 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 per-cent limitation of FAS.

The LEOFF 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.

LEOFF Plan 2 members are vested after the completion of 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 actuarially reduced for each year that the benefit commences prior to age 53 and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year 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.

LEOFF Plan 2 provides 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, unless the disability is duty-related, and to reflect the choice of a survivor option. If the member has at least 20 years of service and is age 50, the reduction is 3 percent for each year prior to age 53.

Members of LEOFF Plan 2 who leave service because of a line of duty disability are allowed to withdraw 150 percent of accumulated member contributions. This withdrawal benefit is not subject to federal income tax. Alternatively, members of LEOFF Plan 2 who leave service because of a line of duty disability may be eligible to receive a retirement allowance of at least 10 percent of final average salary and two percent per year of service beyond five years. The first 10 percent of the FAS is not subject to federal income tax.

Beneficiaries of a LEOFF Plan 2 member with 10 years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

In addition, a \$150,000 death benefit is provided to the estate (or duly designated nominee) of a LEOFF member who dies as a result of injuries sustained in the course of employment, if found eligible by the Department of Labor and Industries.

The following changes to the LEOFF plans are the result of recent years' legislation:

Effective July 24, 2005:

- LEOFF Plan 1 retirees can designate a spouse from a post-retirement marriage as a beneficiary, even if an ex-spouse is receiving a portion of the retiree's benefit under a court-approved property settlement. (HB 1329, Chapter 67, Laws 2005)
- The ex-spouse of a LEOFF Plan 1 retiree who receives a portion of the retiree's monthly pension under a court-ordered property settlement, can continue receiving that portion after the retiree dies. (HB 1319, Chapter 62, Laws 2005)

- LEOFF Plan 2 retirees may return to work in an eligible position covered by another retirement system, choose membership in that system and suspend their pension benefits, or not choose membership and continue receiving pension benefits without interruption. (HB 1270, Chapter 372, Laws 2005)
- LEOFF Plan 2 members can purchase credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment. Should the member die during this active duty, the surviving spouse or eligible child(ren) of member may purchase service credit on behalf of the deceased member. (HB 1325, Chapter 64, Laws 2005)
- Current members of PERS who are emergency medical technicians can elect to become members of LEOFF Plan 2. (SHB 1936, Chapter 459, Laws 2005)

Effective March 14, 2006:

- LEOFF Plan 2 members who are severely disabled in the line of duty and incapable of substantial gainful employment in any capacity in the future, can receive a catastrophic disability benefit from LEOFF Plan 2, equal to 70 percent of their final average salary subject to offsets for workers' compensation and Social Security disability benefits received. (HB 2932, Chapter 39, Laws 2006)

Effective June 7, 2006:

- Coverage is extended for the \$150,000 death benefit to LEOFF Plan 2 members who die from a duty-related illness such as an infectious disease or cancer, which results from a job-related exposure. (SHB 2933, Chapter 351, Laws 2006)
- Survivors of LEOFF Plan 2 members who are killed in the line of duty are reimbursed for the cost of on-going health care insurance coverage. (SB 6723, Chapter 345, Laws 2006)

Effective July 1, 2006:

- The benefit cap of 60% of a LEOFF Plan 1 member's final average salary is removed for a member enrolled on or after February 19, 1974. (SHB 2688, Chapter 350, Laws 2006).

- LEOFF Plan 2 members may purchase up to five years of additional service credit at retirement. (HB 1269, Chapter 21, Laws 2005).
- LEOFF Plan 1 members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

There were no other material changes in LEOFF benefit provisions for the year ended June 30, 2007.

LEOFF pension benefit provisions have been established by chapter 41.26 RCW.

Washington State Patrol Retirement System (WSPRS):

WSPRS is a single-employer defined benefit retirement system. WSPRS participants who joined the system by December 31, 2002 are Plan 1 members. Those who joined on or after January 1, 2003 are Plan 2 members. For financial reporting and investment purposes, however, both plans are accounted for in the same pension fund.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to WSPRS accrue interest at a rate specified by DRS. During Fiscal Year 2007, the DRS-established rate on employee contributions was 5.364 percent annually, compounded monthly. Employees in WSPRS can elect to withdraw total employee contributions and interest earnings 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.

WSPRS members are vested after the completion of 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 the average final salary (AFS) per year of service, capped at 75 percent. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

WSPRS benefit provisions include death benefits; however, the system provides no disability benefits. Disability benefits may be available from the Washington State Patrol (WSP). If disability benefits are received, the member may be eligible to acquire service credit for the period of disability. In addition, a duty death benefit of \$150,000 is provided to WSPRS members.

For WSPRS Plan 1 members, AFS is based on the average of the two highest-paid service credit years and excludes voluntary overtime. Death benefits for these members, if on active duty, consist of the following: (1) If eligible spouse, 50 percent of the AFS, plus 5 percent of the AFS for each surviving child, with a limitation on the combined allowances of 60 percent of the AFS; or (2) If no eligible spouse, 30 percent of AFS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of AFS.

For WSPRS Plan 2 members, AFS is based on the average of the five consecutive highest-paid service credit years and excludes both voluntary overtime and cash-outs of annual and holiday leave. At retirement, these members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits. Death benefits for these members, if on active duty, consist of the following: (1) If the member is single or has less than 10 years of service, the return of the member's accumulated contributions; or (2) If the member is married, has an eligible child, or has completed 10 years of service, a reduced benefit allowance reflecting a joint and 100 percent survivor option or 150 percent of the member's accumulated contributions, at the survivor's option.

Beneficiaries of a WSPRS Plan 2 member with 10 years of service who is killed in the course of employment receive

retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Director of the Department of Labor and Industries.

The following changes to the WSPRS plans are the result of recent years' legislation:

Effective July 24, 2005:

- WSPRS Plan 2 members can purchase credit for military service that interrupted employment, if they are disabled while on active duty and cannot return to employment. Should the member die during this active duty, the surviving spouse or eligible child(ren) of the member may purchase service credit on behalf of the deceased member. (HB 1325, Chapter 64, Laws 2005)

Effective June 7, 2006:

- Legislation clarifies how benefits are calculated for the surviving spouses of disabled State Patrol troopers. Survivor benefits for a WSPRS Plan 1 member who becomes disabled are the average monthly salary received by active members of the WSP during the two years prior to the death of the disabled member; five years for WSPRS Plan 2 members. (HB 3137, Chapter 94, Laws 2006)

Effective July 1, 2006:

- WSPRS members may purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement, and cannot be used to qualify for any retirement eligibility or benefit reductions based upon years of service. This credit is to be used exclusively to provide the member with a monthly annuity that is paid in addition to the member's retirement allowance. (HB 2690, Chapter 214, Laws 2006).

There were no other material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2007.

WSPRS 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 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.

During Fiscal Year 2007, the DRS-established rate on employee contributions was 5.5 percent, compounded quarterly. JRS employees who are vested in the plan may not elect to withdraw their contributions upon termination. However, any JRS member that left the system before July 1, 1988, or his/her spouse, who was ineligible to receive a benefit at that time, may apply and receive a refund of such contributions from DRS, if said contributions have not been already refunded via a sundry claims appropriation from 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, 2007.

JRS 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. There are currently no active members in this plan. Retirement benefits are financed on a pay-as-you-go basis from a combination of past employee and employer contributions, and a special funding situation in which the state contributes to the plan. Retirees did not earn interest on their contributions, nor could 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, 2007.

Judges' 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 for state agencies and local government unit employees, and at 7.5 percent for state government elected officials. 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. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from five to 15 percent; two of the options are graduated rates dependent on the employee's age.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program. These new higher rates are detailed below.

Required employer contribution rates:

- PERS employer of Supreme Court justices--PERS contribution rate plus 2.5% of pay.
- PERS employer of Court of Appeals and Superior Court judges--PERS contribution rate only (member pays the 2.5% difference, as detailed on page 66).

Required member contribution rates:

- PERS 1 Supreme Court justices--PERS 1 rate of 6.0% plus 3.76%.
- PERS 1 Court of Appeals and Superior Court judges--PERS 1 rate of 6.0% plus 3.76%, plus the 2.50% mentioned previously.
- PERS 2 Supreme Court justices -- 250% of the PERS 2 member contribution rate less 2.5% of pay.
- PERS 2 Court of Appeals and Superior Court judges -- 250% of the PERS 2 member contribution rate.
- PERS 3 Supreme Court justices, Court of Appeals and Superior Court judges--variable based on member's selection, subject to a 7.5% minimum.

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 2007 were as follows:

PERS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
<u>Members Not Participating in JBM:</u>			
Employer Rates:			
State Agencies*	5.46%	5.46%	5.46% **
Local Governmental Units*	5.46%	5.46%	5.46% **
State Government Elected Officials*	8.10%	5.46%	5.46% **
Employee Rates:			
State Agencies	6.00%	3.50%	***
Local Governmental Units	6.00%	3.50%	***
State Government Elected Officials	7.50%	3.50%	***
<u>Members Participating in JBM:</u>			
Employer Rates:			
State Agencies*	7.96%	7.96%	7.96% **
Local Governmental Units*	5.46%	5.46%	5.46% **
Employee Rates:			
State Agencies	9.76%	6.25%	7.50%****
Local Governmental Units	12.26%	8.75%	7.50%****

*Includes an administrative expense rate of 0.18 percent.
 **Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.
 **** Minimum rate.

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. Under SERS Plan 3, employer contributions finance the defined benefit portion of the plan, and member contributions finance the defined contribution portion. 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 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 2007 were as follows:

SERS Actual Contribution Rates		
	Plan 2	Plan 3
Employer Rates:		
State Agencies*	4.85%	4.85% **
Local Governmental Units*	4.85%	4.85% **
Employee Rates:		
State Agencies	3.79%	***
Local Governmental Units	3.79%	***

*Includes an administrative expense rate of 0.18 percent.
 ** Plan 3 defined benefit portion only.
 ***Variable from 5% to 15% based on rate selected by the member.

PSERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates. The employer and employee contribution rates for Plan 2 are developed by the Office of the State Actuary to fully fund Plan 2. All employers are required to contribute at the level established by the Legislature.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.37 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2007 were as follows:

PSERS Actual Contribution Rates

	Plan 2
Employer Rates:	
State Agencies*	8.53%
Local Governmental Units*	8.53%
Employee Rates:	
State Agencies	6.57%
Local Governmental Units	6.57%

*Includes an administrative expense rate of 0.18 percent.

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 for state agencies and local government unit employees, and at 7.5 percent for state elected officials. 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. Under TRS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. 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.

As a result of the implementation of the Judicial Benefit Multiplier (JBM) Program in January 2007, a second tier of employee rates was developed to fund the increased retirement benefits of those judges that participate in the program. The required employer contribution rate for a TRS employer of Supreme Court justices, court of appeals judges and superior court judges equals the TRS contribution rate. The required member contribution rate of TRS 1 Supreme Court justices, court of appeals judges and superior court judges is the TRS 1 rate of 6.0% plus 6.26%

of pay. These higher rates, along with investment earnings, are intended to fund the increased retirement benefits of those judges that participate in the JBM program.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2007 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Members Not Participating in JBM:			
Employer Rates*	4.74%	4.74%	4.74%**
Employee Rates:			
State Agencies	6.00%	3.01%	***
Local Governmental Units	6.00%	3.01%	***
State Government Elected Officials	7.50%	3.01%	***
Members Participating in JBM:			
Employer Rates*	4.74%	n/a	n/a
Employee Rates:			
State Agencies	12.26%	n/a	n/a

*Includes an administrative expense rate of 0.18 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 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 the LEOFF Plan 2 Retirement Board. 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 2007 were as follows:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.18%	4.90%
Ports and Universities*	n/a	8.03%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	--	7.85%
Ports and Universities	n/a	7.85%
State of Washington	n/a	3.13%

* Includes an administrative expense rate of 0.18 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 and the LEOFF Plan 2 Retirement Board. 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 2007, the state contributed \$37.9 million to LEOFF Plan 2.

WSPRS: Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates, subject to revision by the Legislature. The preliminary employee and the state contribution rates are developed by the Office of the State Actuary to fully fund the plan. State statute also requires employees to contribute at a rate of at least 2 percent.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 43.43 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2007 were as follows:

WSPRS Actual Contribution Rates		
	Plan 1	Plan 2
Employer Rate*	4.69%	4.69%
Employee Rate	4.51%	4.51%

* Includes an administrative expense rate of 0.18 percent.

JRS: Contributions made are based on rates set in chapter 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 2007, the state contributed \$9.5 million.

Judges: Contributions made are based on rates set in chapter 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. As of June 30, 2007, there are no active members remaining in the Judges Retirement Fund and member contributions are no longer collected. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2007, the state contributed \$300,000.

D. Employer Contributions Required and Paid

The following table presents DRS' required contributions to cost-sharing plans in accordance with the funding policy. All contributions required by the funding method were paid.

	2007	2006	2005
(amounts expressed in thousands)			
PERS Plan 1	\$ 60.4	\$ 35.0	\$ 20.7
PERS Plan 2/3	487.9	250.0	137.5
TRS Plan 1	-	1.0	0.5
Total	\$ 548.3	\$ 286.0	\$ 158.7

E. Defined Contribution Plans

Public Employees' Retirement System Plan 3: The Public Employees' Retirement System (PERS) Plan 3 is a defined benefit plan, with a defined contribution component, 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; 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

irrevocable 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, 2007, there are 614 participating employers in PERS Plan 3. See section B of Note 2 for PERS plan descriptions.

PERS 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 PERS Plan 3.

Membership in PERS Plan 3 consisted of the following as of the latest actuarial valuation date of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	486
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	2,331
Active Plan Members Vested	9,001
Active Plan Members Nonvested	<u>13,472</u>
Total	25,290

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 incurred 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 2007, employee contributions were \$71.7 million, and plan refunds paid out were \$35.3 million.

School Employees' Retirement System Plan 3: The School Employees' Retirement System (SERS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who joined PERS Plan 2 on or after October 1, 1977 and by August 31, 2000, and were transferred to SERS Plan 2 on September 1, 2000. Members transferred from PERS Plan 2 to SERS Plan 2 may exercise an option to transfer their membership to SERS Plan 3. SERS participants joining the system on or after September 1, 2000, are members of SERS Plan 3. As of June 30, 2007, there are 294 participating employers in SERS Plan 3. See section B of Note 2 for SERS plan descriptions.

SERS 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 SERS Plan 3.

Membership in SERS Plan 3 consisted of the following as of the latest actuarial valuation date of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	943
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	3,267
Active Plan Members Vested	13,924
Active Plan Members Nonvested	<u>18,430</u>
Total	36,564

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 incurred 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 2007, employee contributions were \$54.2 million, and plan refunds paid out were \$32.1 million.

Teachers’ Retirement System Plan 3: The Teachers’ Retirement System (TRS) Plan 3 is a defined benefit plan, with a defined contribution component, administered by the state through DRS. Eligibility for membership requires service as a certificated public school employee working in an instructional, administrative or supervisory capacity. 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, 2007, there are 333 participating employers in TRS Plan 3. See section B of Note 2 for TRS plan descriptions.

TRS 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 the latest actuarial valuation date of September 30, 2006:

Retirees and Beneficiaries Receiving Benefits	933
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	4,045
Active Plan Members Vested	25,809
Active Plan Members Nonvested	<u>27,562</u>
Total	58,349

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 incurred 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 2007, employee contributions required and made were \$213.9 million and plan refunds paid out were \$62.8 million.

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, 2007, there were 34 active members and 184 inactive members in JRA. There are three participating employers in JRA.

Beginning January 1, 2007 through December 31, 2007 any judicial members of the Public Employees’ Retirement System (PERS) and the Teachers’ Retirement System (TRS) eligible to participate in JRA may make a one-time irrevocable election to discontinue future contributions to JRA, in lieu of prospective contributions to the Judicial Benefit Multiplier Program (JBM). Beginning January 1, 2007 any newly elected or appointed Supreme Court Justice, Court of Appeals Judge or Superior Court Judge shall not participate in JRA and shall be enrolled in the Judicial Benefit Multiplier Program (SHB 2691, Chapter 189, Laws 2006). As of June 30, 2007, 167 JRA member judges have elected to enroll in JBM.

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. 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. The administrator of JRA may adopt rules establishing other payment options. 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 the member's estate, or such person or persons, trust or organization as the member has nominated by written designation.

The Administrator of JRA has entered into an agreement with DRS for accounting and reporting services, and the Washington State Investment Board (WSIB) for investment services. Under this agreement, DRS is responsible for all record keeping, accounting, and reporting of member accounts and the WSIB is granted 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. As of April 2006, DRS also became responsible for the collection of all JRA contributions.

F. 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 (WSIB), 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 WSIB after consultation with the Employee Retirement Benefits Board. The WSIB 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:

- Savings Pool
- Active U.S. Core Stock Fund
- Active U.S. Value Stock Fund
- Fidelity Growth Company Fund
- International Stock Fund
- U.S. Small Stock Index Fund
- U.S. Stock Market Index Fund
- Washington State Bond Fund
- Washington State Long-Horizon Fund
- Washington State Mid-Horizon Fund
- Washington State Short-Horizon Fund
- Washington State Social Balanced Fund

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

G. 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)					
	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01
Actuarial Value of Plan Assets	\$9,591	\$9,707	\$9,928	\$10,227	\$10,757	\$10,990
Actuarial Accrued Liability	\$13,129	\$13,704	\$12,855	\$12,692	\$12,560	\$12,088
Unfunded Actuarial Liability	\$3,538	\$3,997	\$2,927	\$2,465	\$1,803	\$1,098
Percentage Funded	73%	71%	77%	81%	86%	91%
Covered Payroll	\$725	\$786	\$863	\$945	\$1,023	\$1,085
Unfunded Actuarial Liability as a Percentage of Covered Payroll	488%	509%	339%	261%	176%	101%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01
Actuarial Value of Plan Assets	\$8,275	\$8,450	\$8,728	\$9,086	\$9,366	\$9,342
Actuarial Accrued Liability	\$10,359	\$10,894	\$10,401	\$10,325	\$10,235	\$9,895
Unfunded Actuarial Liability	\$2,084	\$2,444	\$1,673	\$1,239	\$869	\$553
Percentage Funded	80%	78%	84%	88%	92%	94%
Covered Payroll	\$478	\$546	\$616	\$692	\$741	\$800
Unfunded Actuarial Liability as a Percentage of Covered Payroll	436%	448%	272%	179%	117%	69%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

	(dollars in millions)					
	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01
Actuarial Value of Plan Assets	\$5,018	\$4,800	\$4,666	\$4,803	\$5,095	\$5,369
Actuarial Accrued Liability	\$4,309	\$4,243	\$4,266	\$4,275	\$4,259	\$4,153
Unfunded Actuarial Liability	\$(709)	\$(557)	\$(400)	\$(528)	\$(836)	\$(1,216)
Percentage Funded	116%	113%	109%	112%	120%	129%
Covered Payroll	\$48	\$56	\$64	\$71	\$80	\$87
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(1,475)%	(995)%	(625)%	(744)%	(1,045)%	(1,398)%

Note: Percentages are based on actual, not rounded amounts.

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

	(dollars in millions)					
	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01
Actuarial Value of Plan Assets	\$0.3	\$2	\$4	\$6	\$8	\$10
Actuarial Accrued Liability	\$88	\$89	\$89	\$91	\$92	\$92
Unfunded Actuarial Liability	\$88	\$87	\$85	\$85	\$84	\$82
Percentage Funded	0%	2%	4%	7%	9%	11%
Covered Payroll	\$1.4	\$1.7	\$2.4	\$2.6	\$3.0	\$3.0
Unfunded Actuarial Liability as a Percentage of Covered Payroll	6,071%	5,118%	3,542%	3,269%	2,800%	2,733%

Note: Percentages are based on actual, not rounded amounts.
Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

	(dollars in millions)					
	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/06	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01
Actuarial Value of Plan Assets	\$4.1	\$4.2	\$4.4	\$4.5	\$4.7	\$4.9
Actuarial Accrued Liability	\$4.0	\$4.5	\$4.7	\$5.2	\$5.5	\$6.0
Unfunded Actuarial Liability	\$(0.1)	\$0.3	\$0.3	\$0.7	\$0.8	\$1.1
Percentage Funded	103%	93%	94%	87%	85%	82%
Covered Payroll	\$-	\$-	\$-	\$-	\$0.1	\$0.1
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	n/a	800%	1,100%

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, PSERS Plan 2, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1/2: 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 2002-2007.

	(dollars in millions)											
	Annual Required Contribution*						Percentage Contributed					
	2007	2006	2005	2004	2003	2002	2007	2006	2005	2004	2003	2002
PERS Plan 1	\$ 397.3	\$ 438.5	\$ 340.3	\$ 295.1	\$ 228.9	\$ 164.3	30%	7%	7%	8%	25%	42%
PERS Plan 2/3	331.3	307.6	227.7	192.6	141.7	72.0	73%	49%	33%	36%	27%	71%
SERS Plan 2/3	71.5	81.4	64.0	52.3	44.2	19.5	64%	37%	16%	17%	14%	58%
TRS Plan 1	249.8	287.5	224.3	185.7	153.4	119.8	24%	5%	4%	6%	13%	50%
TRS Plan 2/3	167.7	166.4	117.4	96.2	79.5	66.7	61%	45%	29%	31%	23%	70%
PSERS Plan 2**	7.1	n/a	n/a	n/a	n/a	n/a	93%	n/a	n/a	n/a	n/a	n/a
LEOFF Plan 1	0.1	0.0	0.0	0.0	0.0	0.0	n/a	n/a	n/a	n/a	n/a	n/a
LEOFF Plan 2	94.9	101.3	80.8	69.2	56.8	43.7	101%	79%	67%	74%	74%	91%
WSPRS Plan 1/2	5.3	6.1	3.4	2.6	0.0	0.0	62%	48%	0%	0%	n/a	n/a
JRS	37.3	27.7	21.7	18.5	16.2	14.2	26%	24%	29%	34%	38%	44%
Judges	0.0	0.1	0.1	0.2	0.1	0.2	n/a	300%	500%	250%	300%	150%

* The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from the methods used to derive the actual contributions required by law. These differences include the use of different actuarial valuations (actual contributions may be based on an earlier valuation) and different actuarial cost methods. For these reasons, the actual contributions will not match the Annual Required Contributions.

** PSERS Plan 2 became effective on July 1, 2006.

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, 2007

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	TRS Plan 1	TRS Plan 2/3	SERS Plan 2/3
Valuation - Date	9/30/2006	9/30/2006	9/30/2006	9/30/2006	9/30/2006
Actuarial Cost Method	frozen initial liability ¹	aggregate ²	frozen initial liability ¹	aggregate ²	aggregate ²
Amortization Method					
Funding	level % ⁴	n/a	level % ⁴	n/a	n/a
GASB	level \$	n/a	level \$	n/a	n/a
Remaining Amortization Years (Closed)	17.75	n/a	17.75	n/a	n/a
Remaining Amortization Period (Closed)	6/30/2024	n/a	6/30/2024	n/a	n/a
Asset Valuation Method					
	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵
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%	6.2%	6.2%	7.0%
Merit Period (Years of Service)	17 yrs	17 yrs	17 yrs	17 yrs	17 yrs
Includes Inflation at Cost of Living Adjustments	n/a Uniform COLA ⁶	3.50% CPI increase, maximum 3%	n/a Uniform COLA ⁶	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%

N/A indicates data not applicable

¹ Based on a variation of the Frozen Initial Liability (FIL) cost method.

² The aggregate cost method does not identify or separately amortize unfunded actuarial accrued liabilities.

³ Pay As You Go basis for funding

⁴ Level percent of payroll, including system growth.

⁵ Asset Valuation Method - 8 year smoothed fair value - The actuarial value of assets is calculated under an adjusted market value method by starting with the market value of assets. For subsequent years, the actuarial value of assets is determined by adjusting the market value of assets to reflect the difference between the actual investment return and the expected investment return during each of the last eight years or, if fewer, the completed years since adoption, at the following rates per year (annual recognition):

Annual Gain/Loss					
<i>Rate of Return</i>	<i>Smoothing Period</i>	<i>Annual Recognition</i>	<i>Rate of Return</i>	<i>Smoothing Period</i>	<i>Annual Recognition</i>
15% and up	8 years	12.50%	6-7%	2 years	50.00%
14-15%	7 years	14.29%	5-6%	3 years	33.33%
13-14%	6 years	16.67%	4-5%	4 years	25.00%
12-13%	5 years	20.00%	3-4%	5 years	20.00%
11-12%	4 years	25.00%	2-3%	6 years	16.67%
10-11%	3 years	33.33%	1-2%	7 years	14.29%
9-10%	2 years	50.00%	1% and lower	8 years	12.50%
7-9%	1 year	100.00%			

Source: Washington State Office of the State Actuary

Chart continued on page 77

Chart continued from page 76

PSERS Plan 2	LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	Judicial	Judges
9/30/2006	9/30/2006	9/30/2006	9/30/2006	9/30/2006	9/30/2006
aggregate ²	frozen initial liability ¹	aggregate ²	aggregate ²	entry age ³	entry age ³
n/a	level % ⁴	n/a	n/a	n/a	n/a
n/a	level \$	n/a	n/a	level \$	level \$
n/a	17.75	n/a	n/a	2.25	2.25
n/a	6/30/2024	n/a	n/a	12/31/2008	12/31/2008
8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	8-year graded smoothed fair value ⁵	market	market
8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
6.1%	11.7%	11.7%	6.0%	0.0%	0.0%
17 yrs	21 yrs	21 yrs	20 yrs	n/a	n/a
3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
CPI increase, maximum 3%	CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	3.00%	none

⁶ The Uniform COLA

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Uniform COLA amount is calculated as the last unrounded Uniform COLA amount increased by 3%, rounded to the nearest penny. These are some historical monthly COLA amounts per year of service:

<u>Date</u>	<u>COLA Type</u>	<u>Amount</u>
7/1/2002	Uniform	\$1.14
7/1/2003	Uniform	\$1.18
7/1/2004	Uniform	\$1.21
7/1/2005	Uniform	\$1.25
7/1/2006	Uniform	\$1.29

Supporting Schedules

Schedule of Administrative Expenses
For the Year Ended June 30, 2007
(expressed in thousands)

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Dependent Care Administrative Special Revenue Fund	Totals	
				June 30, 2007	June 30, 2006
Current					
Personnel:					
Salaries and Wages	\$ 10,935	\$ 822	\$ 70	\$ 11,827	\$ 11,519
Employee Benefits	3,041	234	21	3,296	3,159
Personal Service Contracts	1,522	9	-	1,531	1,195
Total Personnel Expenses	<u>15,498</u>	<u>1,065</u>	<u>91</u>	<u>16,654</u>	<u>15,873</u>
Goods and Services:					
Supplies and Materials	49	5	-	54	49
Communications	566	10	3	579	548
Utilities	134	11	2	147	126
Rental and Leases	1,263	107	13	1,383	1,322
Repairs and Alterations	346	6	1	353	329
Printing and Reproduction	309	37	12	358	396
Employee Professional Development and Training	141	5	-	146	140
Subscriptions	15	7	-	22	43
Facilities and Services	306	23	5	334	321
Data Processing Services	2,147	29	12	2,188	2,064
Attorney General Services	46	8	-	54	72
Personnel Services	161	6	1	168	67
Medical Consultant Services	88	-	-	88	78
Insurance	110	10	1	121	121
Other Contractual Services	1,063	4	-	1,067	1,071
Vehicle Maintenance	9	6	-	15	18
Actuary Services	1,309	-	-	1,309	1,243
Pension Funding Council Services	102	-	-	102	-
Audit Services	188	17	2	207	181 ¹
Archives and Records Management	43	4	1	48	47
Legal Fees	1,282	-	-	1,282	1,169
Bad Debts Expense	49	-	-	49	42
Fraudulent Collections	112	-	-	112	116
OWMBE Services	2	-	-	2	2
Other Goods and Services	73	-	-	73	44
Total Goods and Services	<u>9,913</u>	<u>295</u>	<u>53</u>	<u>10,261</u>	<u>9,609</u>
Miscellaneous Expenses:					
Travel	70	25	1	96	100
Noncapitalized Equipment	306	9	-	315	211
Total Miscellaneous Expenses	<u>376</u>	<u>34</u>	<u>1</u>	<u>411</u>	<u>311</u>
Total Current Expenses	<u>25,787</u>	<u>1,394</u>	<u>145</u>	<u>27,326</u>	<u>25,793</u>
Capital Outlays:					
Furnishings, Equipment and Software	242	51	-	293	42
Total Capital Outlays	<u>242</u>	<u>51</u>	<u>-</u>	<u>293</u>	<u>42</u>
Depreciation - Capital Assets	<u>215</u>	<u>-</u>	<u>-</u>	<u>215</u>	<u>330</u>
Total Administrative Expenses	<u>\$ 26,244</u>	<u>\$ 1,445</u>	<u>\$ 145</u>	<u>\$ 27,834</u>	<u>\$ 26,165</u>

¹ June 30, 2006 figure includes \$50 reclassified from Miscellaneous Expenses.

Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2007
(expressed in thousands)

	Investment Management Expense
Public Equity Securities	
U.S. Active Equity Managers	\$ 356
U.S. Passive Equity Managers	682
International Active Equity Managers	5,036
International Passive Equity Managers	184
Equity Commissions Paid	9,974
Total Public Equity Securities	16,232
Alternative Investments	
Private Equity	17,016
Real Estate	3,428
Total Alternative Investments	20,444
Securities Lending	
Securities Lending Fees	4,202
Securities Lending Broker Rebates Paid	306,211
Total Securities Lending	310,413
Other Expenses	
Accounting	69
Consultants and Advisors	59
Custodians	1,453
Legal Fees	97
PERS Plan 3 Management Fees	623
SERS Plan 3 Management Fees	295
TRS Plan 3 Management Fees	1,806
Deferred Compensation Management Fees	3,101
WSIB Operating Costs	6,817
OST Operating Costs	197
Miscellaneous Fees	99
Total Other Expenses	14,616
Total Investment Expenses	\$ 361,705

Schedule of Payments to Consultants
For the Year Ended June 30, 2007
(expressed in thousands)

	<u>Commission/Fee</u>
Communications	
Daniels-Brown Communications	25
Total Communications	<u>25</u>
Computer/Technology	
Aetea Information Technology Inc.	353
Daniels Consulting	125
Martin Analysis and Programming, Inc.	306
Milestone Technology	67
Seitel Leeds & Associates, Inc.	50
Total Computer/Technology	<u>901</u>
Legal	
Dixie Cattell & Associates	1
Foster Pepper & Shefelman PLLC	208
Ice Miller Legal & Business Advisors	63
Lane Powell Sears & Lubersky LLP	7
Perkins Coie LLP	2
Total Legal	<u>281</u>
Management	
Cost Effective Measurement, Inc.	49
Oliver Consulting	102
Peterson Sullivan PLLC	67
Professional Personnel Services	151
The Segal Company	233
Total Management	<u>602</u>
Recordkeeping	
ICMA Retirement Corporation	1,168
Total Recordkeeping	<u>1,168</u>
Total Payments to Consultants	<u><u>\$ 2,977</u></u>

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, 2007
(expressed in thousands)

	Balance 07/01/06	Additions	Deductions	Balance 06/30/07
ASSETS				
Cash and Pooled Investments	\$ 593	\$ 4,431	\$ 4,368	\$ 656
Due From Other Funds	-	1	-	1
Total Assets	<u>\$ 593</u>	<u>\$ 4,432</u>	<u>\$ 4,368</u>	<u>\$ 657</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 4,307	\$ 4,307	\$ -
Accrued Liabilities	593	4,432	4,368	657
Other Short-Term Liabilities	-	1	1	-
Total Liabilities	<u>\$ 593</u>	<u>\$ 8,740</u>	<u>\$ 8,676</u>	<u>\$ 657</u>

Investment Section

Report On Investment Activity Prepared by the Washington State Investment Board

Overview

The Washington State Investment Board (WSIB) 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 WSIB-adopted investment policies for the various asset classes in which WSIB invests.

The Retirement Funds, collectively called the Commingled Trust Fund (CTF), increased in value by \$10.1 billion during fiscal 2007 to \$63.9 billion. The CTF return was 21.33 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 6/30/2007		
	1 Year	3 Year	5 Year
TOTAL FUND	21.33%	16.97%	13.99%
<i>Passive Benchmark</i>	19.03%	13.04%	11.91%
U.S. Equity	20.27%	12.69%	11.95%
<i>Dow Jones Wilshire 5000</i>	20.46%	12.74%	11.96%
International Equity	30.74%	25.17%	19.46%
<i>MSCI ACWI ex-U.S</i>	30.15%	25.03%	19.93%
Fixed Income	6.61%	4.61%	5.70%
<i>Lehman Universal</i>	6.62%	4.54%	5.17%
Cash	5.17%	3.64%	2.55%
<i>90 Day T-Bills</i>	5.21%	3.77%	2.76%
Private Equity	28.97%	30.23%	20.46%
<i>S&P 500 + 500 bp (lagged one quarter)</i>	16.83%	15.06%	11.27%
Real Estate	25.20%	25.02%	19.37%
<i>NCREIF + 100 bp (lagged one quarter)</i>	17.59%	18.42%	14.73%
Innovation	n/a	n/a	n/a
<i>Lehman Tips + 300bp</i>	n/a	n/a	n/a

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.

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 WSIB 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 WSIB 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 WSIB 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, 2007, as well as the long-term target allocations.

Current Asset Allocation and Long-Term Target Allocations		
Asset Type	Current Allocation	Long-Term Target
Fixed Income	23.45%	25.00%
U.S. Equity	23.27%	23.00%
International Equity	23.81%	23.00%
Private Equity	18.30%	17.00%
Real Estate	11.02%	12.00%
Cash	0.08%	0.00%
Innovation	0.07%	0.00%

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 Dow Jones Wilshire 5000 Index. The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents approximately 5,000 companies. The portfolio is managed externally using primarily passive management strategies that track the index. The remainder is invested in active enhanced strategies.

Retirement Fund's Ten Largest U.S. Equity Holdings as of 6/30/2007

Exxon Mobil Corp.	2.91%	Bank America Corp.	1.47%
General Electric Co.	2.18%	Pfizer Inc.	1.20%
Microsoft Corp.	1.58%	Procter & Gamble Co.	1.18%
Citigroup Inc.	1.55%	Johnson & Johnson	1.13%
AT&T inc.	1.50%	Chevron Corp.	1.11%

Non-U.S. Equity

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

Retirement Fund's Ten Largest Exposures by Country as of 6/30/2007

	CTF Weight	Index Weight		CTF Weight	Index Weight
United Kingdom	17.17%	17.95%	Canada	4.45%	6.14%
Japan	14.70%	16.44%	Australia	4.43%	4.80%
France	9.35%	8.06%	Netherlands	3.16%	2.72%
Germany	7.38%	6.52%	Italy	3.03%	2.93%
Switzerland	5.07%	5.13%	Spain	2.96%	3.12%

The ten largest country exposures comprise 71.7% of the portfolio versus the index at 73.8%.

Fixed Income

The Fixed Income portfolio is internally managed by WSIB staff with the Lehman Universal 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 sectors: primarily treasuries, agencies, credit, mortgage backed securities and asset backed securities. The duration of the portfolio is 8.14 percent longer than that of the Lehman Universal Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2007		
Investment Type	Lehman Universal	WSIB Fixed Income
Mortgage	32.50%	30.40%
U.S. Treasury	19.80%	7.90%
U.S. Credit	19.00%	31.40%
U.S. Agency	9.30%	0.00%
U.S. High Yield	6.00%	1.10%
Commercial Mtge. Backed Securities (CMBS)	4.50%	4.20%
144A	2.90%	7.30%
Eurodollar	2.50%	0.90%
Emerging Markets	2.10%	3.00%
Asset Backed Securities (ABS)	0.80%	0.00%
CMBS-Other	0.60%	0.00%
Cash	0.00%	4.00%
Treasury Inflation Protected Securities (TIPS)	0.00%	9.80%

Private Equity

The private equity portfolio, originated in 1981, is primarily invested in partnerships that acquire or create ongoing businesses or operating companies. The WSIB 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 returns well in excess of public equity securities. At the portfolio company level, approximately 39.0 percent is invested in private equity outside the United States.

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 WSIB 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
2100 Evergreen Park Drive SW
P.O. Box 40916
Olympia WA 98504-0916
(360) 956-4600

Summary of Investment Policies

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

Retirement Fund Asset Allocation

WSIB 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. WSIB reviews the asset allocation in relation to the established ranges periodically.

Public Markets 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 WSIB'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 75 percent

passively managed with the rest in an active enhanced index strategy. Over time, the domestic equity portfolio should track the return of a broad U.S. market benchmark, the Dow Jones 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 ex. U.S. Index which serves as the benchmark for the WSIB's entire non-U.S. program.

Fixed Income

The WSIB's fixed income investments are actively managed with the goal of exceeding the return of the Lehman Universal Index over the long term. The major permissible investments include U.S. Treasuries and government agencies, Treasury Inflation Protection Securities (TIPS), mortgage-backed securities, asset-backed securities, and credit bonds, both investment grade in quality and below investment grade.

The portfolio is constrained by policy from investing more than one percent of the portfolio's par holdings in any single issuer with a quality rating below investment grade, and from having a duration (the sensitivity of the portfolio's market value to changes in the level of interest rates) that is more than 20% different than the duration of the Universal Index. In addition, the major sector allocations are limited to the following ranges:

U.S. Treasuries and Government Agencies	10 - 45%
Credit Bonds	10 - 60%
Asset-Backed Securities	0 - 10%
Commercial Mortgage-Backed Securities	0 - 10%
Mortgage-Backed Securities	5 - 45%
Below Investment Grade Credit Bonds	0 - 15%

Private Equity Investing

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

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

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

The WSIB'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, 2007

(expressed in thousands)

	Assets Under Management*	Total Fees and Commissions Expenses at 6/30/07
Public Equity Securities:		
U.S. Active Equity Managers	\$ 3,665,378	\$ 356
U.S. Passive Equity Managers	11,342,468	682
International Active Equity Managers	9,762,126	5,036
International Passive Equity Managers	5,427,999	184
Equity Commissions Paid	-	9,974
Alternative Investments:		
Private Equity	11,668,637	17,016
Real Estate	7,072,152	3,428
Securities Lending:		
Securities Lending Broker Rebates Paid	-	306,211
Securities Lending Fees	-	4,202
Other Fees:		
Accounting	-	69
Consultants and Advisors	-	59
Custodians	-	1,453
Legal Fees	-	97
PERS Plan 3 Management Fees	-	623
SERS Plan 3 Management Fees	-	295
TRS Plan 3 Management Fees	-	1,806
Deferred Compensation Management Fees	-	3,101
Miscellaneous Fees	-	99
OST Operating Costs	-	197
WSIB Operating Costs	-	6,817
Total	\$ 48,938,760	\$ 361,705

* This schedule excludes those assets managed by the Washington State Investment Board.

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2007 (page 1 of 4)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
ABD SECURITIES	\$ 22,946,534	940,422	\$ 82,129	\$ 0.09	\$ -	\$ -
ABG SECURITIES	4,411,034	2,483,586	23,852	0.01	-	-
ABN AMRO BANK IV	38,098,633	8,270,949	118,143	0.01	71,487,653	-
AGORA FINANCIAL	6,143,371	751,349	18,645	0.02	-	-
ALFA CAPITAL	208,832	36,558	624	0.02	-	-
ALFA BROKERAGE AE	5,813,436	187,268	5,804	0.03	-	-
AMADON CORPORATION	209,034	4,499	225	0.05	-	-
AS HANSAPA	125,388	7,131	1,011	0.14	-	-
B-TRADE SERVICES, LLC	434,164	7,299	146	0.02	-	-
BANCBOSTON ROBERTSON STEPHENS	14,771,222	3,007,622	27,856	0.01	-	-
BANCO BILBAO VISCAYA	8,925,424	913,432	15,858	0.02	-	-
BANCO ITUA SA	3,001,823	336,342	14,313	0.04	-	-
BANCO PACT	2,278,022	121,679	6,440	0.05	-	-
BANCO SANTANDER DE NEGOCIOS	3,860,925	1,035,059	31,356	0.03	-	-
BANCO AM BELLEVUE ZURICH	1,298,944	10,153	1,557	0.15	-	-
BANK AUSTRIA	348,725	7,399	524	0.07	-	-
BANK JULIUS	115,566	902	139	0.15	-	-
BANK OF AMERICA	-	-	-	-	605,686,177	-
BANK VONTOBEL	5,569,742	247,957	13,889	0.06	-	-
BANQUE NATIONALE DE PARIS	19,057,865	422,619	28,141	0.07	-	-
BANQUE PARIBAS	787,104	18,835	1,577	0.08	-	-
BARCLAYS BANK	-	-	-	-	75,786,911	-
BARCLAYS CAPITAL INC	-	-	-	-	116,590,636	-
BARCLAYS TRUST & BANKING CO	-	-	-	-	77,486,617	-
BARING SECURITIES	22,971,550	4,351,630	46,863	0.01	-	-
BARNARD, JA	275,417	13,098	552	0.04	-	-
BEAR, STEARNS & COMPANY	286,444,327	39,085,507	348,796	0.01	351,528,307	-
BNP PARIBAS	18,347,883	7,865,288	59,795	0.01	-	-
BNP SECURITIES	-	-	-	-	104,981,869	-
BROCKHOUSE & COOPER	48,850,305	3,181,297	56,052	0.02	-	-
BROWN BROS. HARRIMAN	3,307,809	78,386	3,135	0.04	-	-
BROWN, ALEX & SONS INC	395,356	18,597	744	0.04	37,996,744	-
BUNTING WARBURG INC	13,525,146	1,134,204	37,295	0.03	-	-
C.L. GLAZER & COMPANY INCORPORATED	6,580,989	13,198,521	46,147	0.00	-	-
CAIB SECURITIES	2,891,353	216,959	16,641	0.08	-	-
CAISSE DES DEPOTS SECURITIES	505,883	46,592	1,624	0.03	-	-
CANACCORD CAPITAL CORP	2,184,640	159,073	5,655	0.04	-	-
CANTOR FITZGERALD & COMPANY	31,345,098	3,809,498	46,666	0.01	-	-
CARNEGIE CORPORATION	9,854,962	1,940,383	38,192	0.02	-	-
CAZENOVE & COMPANY	15,485,184	9,347,040	51,643	0.01	-	-
CENTROSIM	2,434,915	80,292	4,860	0.06	-	-
CHARLES STANLEY	4,426,997	6,206,828	12,003	0.00	-	-
CHASE MANHATTAN BANK	4,487,226	1,874,746	29,599	0.02	27,437,110	-
CHASE SECURITIES INC	-	-	-	-	946	-
CHEVREUX DE VIRIEU	22,545,096	739,952	75,111	0.10	-	-
CI NORDIC	8,951,346	363,997	10,729	0.03	-	-
CIBC WORLD MARKETS CORP	6,716,739	412,929	16,743	0.04	100,022,725	-
CITATION GROUP	1,097,084	73,587	2,208	0.03	-	-
CITIBANK	1,548,825	74,542	5,347	0.07	-	-
CITIGROUP	160,989,121	44,034,929	270,834	0.01	1,365,161,387	-
CLSA SINGAPORE	450,219	386,933	3,929	0.01	-	-
COMMERZBANK, AG	280,140	3,244	561	0.17	-	-
COWEN & COMPANY	26,705,655	595,231	17,919	0.03	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2007 (page 2 of 4)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
CREDIT AGRIGOLE	\$ 7,736,563	812,956	\$ 12,562	\$ 0.02	\$ -	\$ -
CREDIT LYONNAIS	90,602,752	30,002,251	184,348	0.01	-	-
CREDIT SUISSE FIRST BOSTON	199,297,449	16,442,664	274,882	0.02	218,022,200	-
DAIN BOSWORTH INC	-	-	-	-	299,948	55,290,451
DAIN RAUSCHER	-	-	-	-	40,992,920	-
DAIWA SECURITIES GROUP	14,461,926	904,240	29,756	0.03	-	-
DBS SECURITIES	5,652,024	4,499,722	35,386	0.01	-	-
DEN DANSKE	449,321	12,598	665	0.05	-	-
DEN NORSKE BANK	1,147,712	9,516	2,291	0.24	-	-
DEUTSCHE SECURITIES	96,921,679	14,578,900	250,310	0.02	560,303,230	-
DEVELOPMENT SECURITIES CORP	242,766	4,099	82	0.02	-	-
DRESDNER BANK	603,296	26,931	292	0.01	-	-
ECONO TRADING	1,394,580	81,586	1,713	0.02	-	-
ENSKILDA SECURITIES	10,443,261	1,537,311	52,328	0.03	-	-
ERSTE BANK DER OESTERREICHISCH	358,235	26,769	1,304	0.05	-	-
ETRADE	436,810	19,497	476	0.02	-	-
EUROCLEAR	1,291,846	14,350	646	0.05	-	-
EUROMOBILIARE	8,323,311	909,500	30,854	0.03	-	-
EUROZ SECURITIES	243,986	83,707	487	0.01	-	-
EXANE	4,115,414	240,316	32,401	0.13	-	-
EXECUTION SERVICES INC	11,726,709	761,868	10,120	0.01	-	-
FIDENTIS	3,997,026	79,086	4,802	0.06	-	-
FIRST ASSOCIATES	6,614,365	151,274	6,622	0.04	-	-
FIRST BOSTON CORPORATION	316,861,275	64,135,495	532,905	0.01	65,266,256	-
FIRST MARATHON SEC., LTD	66,551	5,399	173	0.03	-	-
FIRST PACIFIC	3,414,704	1,093,251	19,090	0.02	-	-
FIRST UNION CAPITAL MARKETS	-	-	-	-	4,549,214	-
FOX-PITT KELTON INC	6,045,366	978,269	18,825	0.02	-	-
FRIEDMAN, BILLINGS & RAMSEY	13,408,217	289,450	8,684	0.03	-	-
FUJI SECURITIES	4,110,948	552,484	16,649	0.03	-	-
G-TRADE SERVICES	156,641	34,123	555	0.02	-	-
GOLDMAN SACHS & COMPANY	120,679,850	22,368,568	268,031	0.01	2,353,380,051	2,499,568
GOODBODY STOCKBROKERS	3,272,762	1,342,668	21,912	0.02	-	-
GREENFIELD ARBITRAGE PARTNERS	-	-	-	-	145,428,341	-
GREENLINE INVESTOR SERVICES INC	2,140,510	28,695	286	0.01	-	-
GREENWICH CAPITAL MARKETS INC	-	-	-	-	152,740,651	-
GRIFFITHS MCBURNEY	2,951,471	322,944	12,148	0.04	-	-
GUZMAN & COMPANY	2,376,332	225,160	6,755	0.03	-	-
HONG KONG + SHANGHAI BANKING CO	9,051,525	1,748,566	19,054	0.01	-	-
HSBC INVESTMENT BANK, PLC	2,341,761	212,463	7,475	0.04	-	-
HSBC SECURITIES INC	6,129,701	1,071,094	22,511	0.02	651,824,688	-
ING BANK BRAZIL	8,067,762	693,382	29,090	0.04	-	-
ING BARING SECURITIES	6,002,311	295,651	26,884	0.09	-	-
INSTINET	168,253,633	11,034,502	337,092	0.03	-	-
INTERMONTE	3,508,402	304,347	15,235	0.05	-	-
INVESTEC SECURITIES	253,322	6,899	508	0.07	-	-
INVESTMENT TECHNOLOGY GRP INC	601,062,225	40,421,838	561,019	0.01	-	-
ISI GROUP	6,378,891	503,613	15,108	0.03	-	-
ITG INCORPORATED	29,133,674	5,818,868	42,823	0.01	-	-
IXIS SECURITIES	2,885,318	229,531	19,359	0.08	-	-
J & E DAVY	648,798	60,989	3,157	0.05	-	-
J.B. WERE & SON	1,818,734	339,716	2,732	0.01	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2007 (page 3 of 4)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
J.P. MORGAN SECURITIES INC	\$ 202,067,056	41,133,843	\$ 451,506	\$ 0.01	\$ 896,268,156	\$ -
JAMES B. McCREERY COMPANY	-	-	-	-	45,192,193	-
JEFFERIES & COMPANY	6,612,120	443,453	21,192	0.05	209,964	-
JOHN BERENBERG GOSSLER	9,645,773	338,242	27,643	0.08	-	-
JONES & ASSOCIATES	81,196,955	2,088,068	19,247	0.01	-	-
JULIUS BAER	11,740,584	718,123	23,857	0.03	-	-
KAS ASSOCIATES	40,645	5,099	726	0.14	-	-
KB SECURITIES, N V	708,181	7,095	1,223	0.17	-	-
KBC FINANCE	24,658,126	3,498,460	96,379	0.03	-	-
KEB SMITH BARNEY SECURITIES	1,154,105	39,663	4,166	0.11	-	-
KEEFE BRUYETTE & WOOD	5,388,496	1,008,821	21,980	0.02	-	-
KEMPEN & COMPANY	2,057,974	77,687	4,648	0.06	-	-
KEPLER EQUITIES	1,677,612	116,791	9,883	0.08	-	-
KES SINARMAS SECURITIES	769,893	7,520,701	3,001	0.00	-	-
KIM ENGINEERING SECURITIES	1,751,469	2,190,122	7,793	0.00	-	-
KLEINWORTH BENSON INC	19,061,093	2,102,045	42,583	0.02	-	-
KNIGHT SECURITIES	9,788,208	919,617	9,428	0.01	-	-
LAZARD BROS CAPITAL MARKETS	1,947,293	150,877	5,580	0.04	-	-
LEHMAN BROTHERS INC	268,923,483	27,737,234	384,728	0.01	1,990,004,134	-
LEHMAN GOVT SECURITIES	-	-	-	-	5,429,062	-
LIQUIDNET	18,187,666	896,433	18,805	0.02	-	-
M. M. WARBURG	5,619,545	83,791	9,456	0.11	-	-
MABON NUGENT & COMPANY	306,062	64,889	743	0.01	-	-
MACQUARIE EQUITIES	25,830,737	2,438,125	50,782	0.02	-	-
MAINFIRST	1,317,389	9,943	1,652	0.17	-	-
MALONEY & COMPANY	1,585,272	52,441	1,913	0.04	-	-
MERRILL LYNCH INTERNATIONAL	81,604,727	15,983,643	186,718	0.01	-	-
MERRILL LYNCH PIERCE	220,471,075	17,361,936	396,894	0.02	888,880,925	-
MONTGOMERY SECURITIES	11,770,250	858,372	18,312	0.02	430,587,276	-
MORGAN STANLEY & COMPANY	790,685,496	90,861,557	902,569	0.01	7,964,158,233	14,197,548
NATIONAL FINANCIAL	314,138	8,699	183	0.02	-	-
NBC LEVESQUE	2,656,039	146,475	5,408	0.04	-	-
NBG INTERNATIONAL	4,294,493	120,879	14,063	0.12	-	-
NCB STOCKBROKERS	233,069	28,995	467	0.02	-	-
NEONET SECURITIES	3,140,862	553,998	1,138	0.00	-	-
NESBITT BURNS	2,895,562	444,023	15,905	0.04	-	-
NOMURA BANK	-	-	-	-	55,990,330	-
NOMURA SECURITIES INTL	226,468,553	28,415,774	210,773	0.01	-	-
NORDIC PARTNERS INC	625,659	349,988	4,587	0.01	-	-
NUMIS SECURITIES	-	97,783	741	0.01	-	-
NZB	-	24,566	8,957	0.36	-	-
ODDO SECURITIES	889,259	38,593	2,229	0.06	-	-
OKOBANK OSUUSPANKIN	661,459	490,515	4,200	0.01	-	-
OPPENHEIMER & COMPANY	7,263,435	510,398	32,393	0.06	-	-
P & K	325,143	9,598	490	0.05	-	-
PARETO FUNDS & SECURITIES, LTD	79,279	17,556	158	0.01	-	-
PARIBAS COMPANY	3,568,965	567,761	6,128	0.01	-	-
PENSON FINANCIAL SERVICES INC	4,756,808	401,531	6,116	0.02	-	-
PERSHING & COMPANY	180,475,488	19,247,679	547,569	0.03	-	-
PETERBROECK, VAN CAMPENHOUT & CIE	630,643	41,798	4,223	0.10	-	-
PETERS & COMPANY	1,230,345	29,895	1,073	0.04	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2007 (page 4 of 4)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
PIONEER SECURITIES INC	\$ -	-	\$ -	\$ -	127,848,093	\$ 999,827
PULSE TRADING	514,464	15,597	234	0.02	-	-
R.W. PRESSPRICH & COMPANY	-	-	-	-	911,527	-
RABOBANK NETHERLAND	-	9,698	867	0.09	-	-
RAYMOND JAMES & ASSOCIATES	1,570,241	52,791	2,020	0.04	-	-
RBC DOMINION SECURITIES	8,780,457	768,329	22,074	0.03	-	-
REDBURN PARTNERS	687,231	48,192	745	0.02	-	-
RENAISSANCE	6,982,662	338,814	18,731	0.06	-	-
REUBEN ALSTEAD & COMPANY	-	-	-	-	15,457,330	-
ROYAL BANK OF CANADA	4,110,576	78,586	2,102	0.03	-	-
SALOMON BROTHERS	208,637,912	28,559,530	400,909	0.01	98,997,902	-
SALOMON, SMITH BARNEY	33,702,127	559,475	1,339	0.00	-	-
SAMSUNG SECURITIES CO. LTD	2,266,480	293,829	14,359	0.05	-	-
SANFORD BERNSTEIN	39,015,048	2,075,136	90,682	0.04	-	-
SANTANDER INVESTMENT SECURITIES	3,018,744	131,577	6,025	0.05	86,984,977	-
SCOTIA CAPITAL MARKET	4,952,256	236,335	8,114	0.03	29,994,820	-
SCOTIA MCLEOD	15,553,051	711,577	28,731	0.04	-	-
SIS SEGAINTERSETTLE, AG	611,941	23,888	4,467	0.19	-	-
SKANDINAVISKA ENSKILDA	444,892	20,611	2,025	0.10	-	-
SOCIETE GENERALE	286,977,674	39,941,990	360,316	0.01	-	-
SPROTT SECURITIES LTD	321,705	34,794	1,202	0.03	-	-
ST. JOHN'S CAPITAL	2,656,892	35,710	1,329	0.04	-	-
STATE STREET BANK & TRUST	377,634,463	10,996,069	2,043	0.00	-	6,582,214,849
SVENSKA HANDELSBANKEN	5,585,411	509,618	14,018	0.03	-	-
SWISS BANK	6,358,131	1,305,404	33,093	0.03	424,592,367	-
T.E. SLANKER	-	-	-	-	8,598,515	-
THINK EQUITY	237,734	27,045	-	-	-	-
THOMAS WEISEL PARTNERS	29,878,576	2,090,761	12,546	0.01	-	-
TOKYO MITSUBISHI INTL.	5,437,598	381,252	10,161	0.03	-	-
TORONTO DOMINION SECURITIES INC	13,939,976	507,340	18,249	0.04	-	-
UBS SECURITIES	426,751,441	44,436,970	526,641	0.01	244,957,693	-
UBS WARBURG	20,608,777	1,216,788	23,837	0.02	-	-
UNITED SERVICES PLANNING ASSOC.	-	-	-	-	28,935,003	-
USCC/SANTANDER	1,183,506	36,094	1,805	0.05	-	-
WALL STREET PLANNING INC	-	-	-	-	-	53,090,831
WARBURG DILLON READ, LLC	127,077,225	28,195,119	178,452	0.01	-	-
WATERHOUSE SECURITIES INC	12,850,010	864,309	30,376	0.04	-	-
WEEDEN & COMPANY	3,462,813	364,994	10,950	0.03	-	-
WEST DEUTSCHE LANDESBANK	2,189,600	62,854	8,290	0.13	-	-
WHITE CAP	204,896	5,299	159	0.03	-	-
WITTOW & COMPANY INC	718,478	5,232	359	0.07	-	-
YORKTOWN SECURITIES INC	1,599,648	110,681	3,904	0.04	-	-
Total	\$ 6,532,685,888	818,727,312	\$ 9,973,621	\$ 0.01	\$ 20,470,973,081	\$ 6,708,293,074

Source: Washington State Investment Board

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 1 of 6)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
CURRENCIES		
E.M.U. - EURO	\$ 37,762	0.05%
JAPAN - YEN	28,694	0.04%
BRITAIN - POUND	16,106	0.02%
CANADA - DOLLAR	5,282	0.01%
AUSTRALIA - DOLLAR	2,826	-
SWEDEN - KRONA	1,075	-
HONG KONG - DOLLAR	983	-
MALAYSIA - RINGGIT	498	-
SINGAPORE - DOLLAR	270	-
SOUTH KOREA - WON	141	-
Others	557	-
TOTAL CURRENCIES	<u>94,194</u>	<u>0.13%</u>
ASSET BACKED SECURITIES		
RAAC 5.61% 5/25/2046	8,064	0.01%
BAYVIEW FINANCIAL ASSET TRUST, 5.77%, 3/25/2035	7,059	0.01%
CWMBS INC, 5.37%, 1/20/2036	6,164	0.01%
AMERICAN HOME MORTGAGE INVESTMENT TRUST, 5.74%, 12/25/2036	6,042	0.01%
NEW YORK MORTGAGE TRUST, 5.65%, 8/25/2035	5,298	0.01%
AMERICAN HOME MORTGAGE INVESTMENT TRUST, 5.08%, 9/25/2035	3,327	-
MERRILL LYNCH MORTGAGE INVESTMENT INC, 5.67%, 5/25/2046	2,157	-
BAYVIEW FINANCIAL ASSET TRUST, 6.82%, 3/25/2035	1,611	-
FNMA 95-W1 A7, 8.20%, 4/25/2025	1,021	-
CWABS INC, 4.80%, 5/25/2032	829	-
TOTAL ASSET BACKED SECURITIES	<u>41,572</u>	<u>0.06%</u>
COLLATERALIZED MORTGAGE OBLIGATIONS		
FANNIE MAE, 6.00%, 6/25/2035	70,599	0.09%
GNMA, 5.50%, 10/20/2030	48,317	0.06%
FANNIE MAE, 5.50%, 3/25/2017	38,711	0.05%
FREDDIE MAC, 6.00%, 7/15/2035	37,986	0.05%
FNMA FHR 2003-70 BH, 4.50%, 10/25/2031	37,246	0.05%
FREDDIE MAC, 6.00%, 6/15/2035	36,827	0.05%
FANNIE MAE, 6.00%, 9/25/2036	36,277	0.05%
FREDDIE MAC, 5.50%, 2/15/2037	35,977	0.05%
FREDDIE MAC, 5.50%, 1/15/2036	35,163	0.05%
RESIDENTIAL ACCREDITED LOANS INC, 5.50%, 7/25/2035	34,474	0.05%
Others	1,545,147	2.06%
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	<u>\$1,956,724</u>	<u>2.60%</u>

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 2 of 6)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
PASS THROUGHGS		
FNMA TBA JUL 30 SINGLE FAMILY, 6.00%, 12/1/2099	\$ 311,449	0.41%
FNMA, 5.00%, 12/1/2099	208,461	0.28%
GNMA, 6.00%, 5/20/2036	90,340	0.12%
FANNIE MAE, 5.50%, 8/1/2021	73,997	0.10%
FREDDIE MAC, 5.50%, 12/1/2018	68,914	0.09%
FANNIE MAE, 5.50%, 7/1/2020	64,699	0.09%
FREDDIE MAC, 5.50%, 9/1/2034	63,977	0.09%
FANNIE MAE, 5.50%, 1/1/2022	47,290	0.06%
GNMA, 5.50%, 4/15/2036	46,468	0.06%
FANNIE MAE, 5.50%, 12/1/2036	46,348	0.06%
Others	1,868,319	2.49%
TOTAL PASS THROUGHGS	2,890,262	3.85%
NON-STANDARD MORTGAGES		
MISSION TOWERS, 7.50%, 6/1/2018	1,283	-
FHA PRJ-REILLY MTG GRP #55, 7.43%, 3/1/2024	1,021	-
SUTTER VILLAGE, 7.50%, 2/2/2018	614	-
BURIEN HAUS, 7.50%, 12/1/2017	356	-
TOTAL NON-STANDARD MORTGAGES	3,274	-
COMMERCIAL MORTGAGE-BACKED SECURITIES		
CITIGROUP/DEUTSCHE BANK COMMERCIAL LOANS, 5.36%, 1/15/2046	48,467	0.06%
MERRILL LYNCH/COUNTRYWIDE COMMERCIAL LOANS, 5.38%, 1/12/2017	48,006	0.06%
CITIGROUP/DEUTSCHE BANK COMMERCIAL LOANS, 5.32%, 1/11/2017	43,062	0.06%
GS MORTGAGE SECURITIES CORP, 5.55%, 4/10/2038	39,134	0.05%
MORGAN STANLEY CAPITAL I, 5.39%, 3/12/2016	38,951	0.05%
BEAR STEARNS COMMERCIAL MORTGAGE, 5.54%, 9/11/2041	34,153	0.05%
CITIGROUP COMMERCIAL MORTGAGE, 5.43%, 10/15/2049	28,957	0.04%
FUNBC 2001-C2 A2, 6.66%, 1/12/2043	25,725	0.03%
CSFB 2002-CKP1 A3, 6.44%, 12/15/2035	25,666	0.03%
CSFB 2001-CK6 A3, 6.39%, 10/15/2011	25,568	0.03%
Others	221,036	0.29%
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES	578,725	0.77%
CORPORATE BONDS - DOMESTIC		
NEW BRUNSWICK, 3.50%, 10/23/2007	99,407	0.13%
IFFIM, 5.00%, 11/14/2011	89,163	0.12%
CANADIAN NATIONAL RAILWAY, 6.71%, 7/15/2036	83,445	0.11%
NATIONAL AUSTRALIA BANK, 5.55%, 6/15/2011	72,726	0.10%
BANK OF ENGLAND, EURO NOTE, 4.63%, 3/22/2010	70,061	0.09%
SANTANDER ISSUANCES, 5.91%, 6/20/2016	69,838	0.09%
CONOCOPHIL AU, 5.50%, 4/15/2013	61,316	0.08%
ABBOTT LABORATORIES, 5.88%, 5/15/2016	59,843	0.08%
NEXEN INC, 6.40%, 5/15/2037	59,340	0.08%
PETROBRAS INTERNATIONAL FINANCE CORP, 6.13%, 10/6/2016	58,673	0.08%
Others	5,051,923	6.72%
TOTAL CORPORATE BONDS - DOMESTIC	5,775,735	7.68%

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 3 of 6)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
CORPORATE BONDS - FOREIGN		
INTERNATIONAL BANK OF RECONSTRUCTION & DEVELOPMENT, 13.63%, 5/9/2017	\$ 56,871	0.08%
FEDERATIVE REPUBLIC OF BRAZIL, 10.25%, 1/10/2028	51,920	0.07%
FEDERATIVE REPUBLIC OF BRAZIL, 12.50%, 1/5/2016	43,417	0.06%
FEDERATIVE REPUBLIC OF BRAZIL, 12.50%, 1/5/2022	41,998	0.06%
CHASE INTERNATIONAL JERSEY,--, 7/1/2010	38,230	0.05%
AMERICA MOVIL SA DE CV, 8.46%, 12/18/2036	37,521	0.05%
TOTAL CORPORATE BONDS - FOREIGN	<u>269,957</u>	<u>0.36%</u>
U.S. GOVERNMENT TREASURIES		
U.S.TREASURY NOTE, 4.75%, 2/20/2009	199,027	0.26%
U.S.TREASURY BOND, 4.25%, 8/15/2015	189,362	0.25%
U.S.TREASURY BOND, 5.25%, 11/15/2028	125,742	0.17%
U.S.TREASURY BOND, 5.13%, 5/15/2016	100,343	0.13%
U.S.TREASURY NOTE, 5.13%, 6/30/2008	99,885	0.13%
U.S.TREASURY BOND, 4.63%, 2/15/2017	96,661	0.13%
U.S.TREASURY BOND, 4.50%, 2/15/2016	96,175	0.13%
U.S.TREASURY BOND, 4.13%, 5/15/2015	94,026	0.13%
U.S.TREASURY BOND, 4.25%, 11/15/2014	47,610	0.06%
U.S.TREASURY NOTE, 6.00%, 8/15/2009	25,498	0.03%
TOTAL U.S. GOVERNMENT TREASURIES	<u>1,074,329</u>	<u>1.43%</u>
U.S. GOVERNMENT AGENCIES		
FHLM CORP, 4.88%, 9/12/2008	2,185	-
TOTAL U.S. GOVERNMENT AGENCIES	<u>2,185</u>	<u>-</u>
TREASURY INFLATION PROTECTED SECURITIES		
U.S. TREASURY INFLATION INDEX, 3.00%, 7/15/2012	258,015	0.34%
U.S. TREASURY INFLATION INDEX, 0.88%, 4/15/2010	240,927	0.32%
U.S. TREASURY INFLATION INDEX, 3.88%, 1/15/2009	223,584	0.30%
U.S. TREASURY INFLATION INDEX, 2.00%, 7/15/2014	210,117	0.28%
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2012	145,087	0.19%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2014	134,114	0.18%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2016	64,158	0.09%
U.S. TREASURY INFLATION INDEX, 4.25%, 1/15/2010	63,629	0.08%
U.S. TREASURY INFLATION INDEX, 2.38%, 1/15/2017	37,626	0.05%
U.S. TREASURY INFLATION INDEX, 2.50%, 7/15/2016	8,187	0.01%
Others	5,609	0.01%
TOTAL TREASURY INFLATION PROTECTED SECURITIES	<u>1,391,053</u>	<u>1.85%</u>

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 4 of 6)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
VARIABLE RATE NOTES		
FORD MOTOR CREDIT CO, 8.02%, 1/13/2012	\$ 18,838	0.03%
BEAR STEARNS ALTERNATIVE ASSET TRUST 2007 1, 5.48%, 1/25/2047	14,069	0.02%
CWABS INC, 5.57%, 11/25/2035	13,176	0.02%
FORD MOTOR CREDIT CO, 9.81%, 4/15/2012	12,153	0.02%
LEHMAN XS TRUST, 5.44%, 9/25/2046	11,873	0.02%
CITIGROUP MORTGAGE LOAN TRUST, 5.72%, 11/25/2046	11,104	0.01%
THORNBURG MORTGAGE SECURITIES TRUST, 5.49%, 1/25/2036	10,873	0.01%
CWABS INC, 5.62%, 2/25/2036	10,463	0.01%
CWALT INC, 6.01%, 2/25/2036	9,744	0.01%
BEAR STEARNS MORTGAGE FUNDING TRUST, 5.58%, 12/25/2035	9,430	0.01%
Others	500,625	0.67%
TOTAL VARIABLE RATE NOTES	622,348	0.83%
CORPORATE STOCK - DOMESTIC		
EXXON MOBIL CORP	38,183	0.05%
WESTERN ASSET INVESTMENTS	26,835	0.04%
GENERAL ELECTRIC CO	23,037	0.03%
CITIGROUP INC	22,800	0.03%
MICROSOFT CORP	22,064	0.03%
WESTERN ASSET OPPORTUNITY LOCAL MARKET DEBT SECURITIES	21,862	0.03%
BANK AMERICA CORP	20,380	0.03%
JOHNSON & JOHNSON	17,727	0.02%
PFIZER INC	17,710	0.02%
CISCO SYSTEMS INC	16,991	0.02%
Others	1,011,928	1.35%
TOTAL CORPORATE STOCK - DOMESTIC	1,239,517	1.65%
CORPORATE STOCK - FOREIGN		
TOTAL SA (SOUTH AMERICA)	134,953	0.18%
ROYAL BANK OF SCOTLAND	120,046	0.16%
HBOS	101,374	0.13%
ROYAL DUTCH SHELL	93,368	0.12%
ING GROEP NV	82,056	0.11%
NOVARTIS AG	73,823	0.10%
BP AMOCO	69,235	0.09%
VODAFONE GROUP	69,157	0.09%
TELEFONICA CA	68,607	0.09%
BANCO SANTANDER CENTRAL HISPANO	68,544	0.09%
Others	8,879,251	11.81%
TOTAL CORPORATE STOCK - FOREIGN	9,760,414	12.98%
COMMINGLED INDEX FUNDS - DOMESTIC		
BGI US EQUITY MARKET FUND	10,915,627	14.52%
RUSSELL 3000 ALPHA TILTS FUND L	1,159,377	1.54%
BGI STRUCTURED SOLUTIONS	426,895	0.57%
TOTAL COMMINGLED INDEX FUNDS - DOMESTIC	12,501,899	16.63%

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 5 of 6)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
COMMINGLED INDEX FUNDS - FOREIGN		
MSCI EAFE SL	\$ 2,299,303	3.06%
WORLD EX US ALPHA TILTS	1,353,472	1.80%
GMO TRUST	481,140	0.64%
CAPITAL GUARDIAN GROWTH FUND	280,212	0.37%
LAZARD FRERES CAPITAL MANAGEMENT	278,378	0.37%
JPMCB EMERGING MARKETS EQUITY	274,822	0.37%
PICTET GLOBAL EMERGING MARKETS	264,193	0.35%
CANADA MSCI INDEX FUND	181,096	0.24%
GMO EMERGING MARKET ILLIQUID	15,409	0.02%
TOTAL COMMINGLED INDEX FUNDS - FOREIGN	<u>5,428,025</u>	<u>7.22%</u>
MONEY MARKET FUNDS		
STATE STREET BANK & TRUST CO	2,041,951	2.72%
FNMA DISC NOTE	53,138	0.07%
U.S.A. TREASURY BILL	3,939	0.01%
TOTAL MONEY MARKET FUNDS	<u>2,099,028</u>	<u>2.79%</u>
PRIVATE EQUITY		
KKR MILLENNIUM FUND	1,661,613	2.21%
WARBURG PINCUS PRIVATE EQUITY IX	473,914	0.63%
KKR EUROPEAN FUND	421,036	0.56%
MADISON DEARBORN CAPITAL PARTNERS IV LP	417,136	0.55%
FORTRESS INVESTMENT FUND LLC	394,698	0.53%
WARBURG PINCUS PRIVATE EQUITY VIII	386,206	0.51%
KKR EUROPEAN FUND II, LP	380,357	0.51%
WELSH CARSON ANDERSON STOWE IX	262,402	0.35%
FORTRESS INVESTMENT FUND III	260,842	0.35%
KKR 1996 FUND	242,118	0.32%
Others	6,759,276	8.99%
TOTAL PRIVATE EQUITY	<u>11,659,598</u>	<u>15.51%</u>
REAL ESTATE		
HOMETOWN AMERICA, LLC	975,828	1.30%
PRINCIPAL ENTERPRISE CAPITAL I	763,947	1.02%
FILLMORE STRATEGIC INVESTORS LLC	733,760	0.98%
CORPORATE PROPERTIES OF THE AMERICAS LLC	494,384	0.66%
EUROPEAN INVESTMENT PROPERTY LIMITED	484,521	0.64%
GMS REALTY, LLC	373,850	0.50%
MSREF V INTERNATIONAL LP	373,003	0.50%
LONESTAR IV (US) LP	368,754	0.49%
UNION SQUARE LP	322,476	0.43%
EVERGREEN REAL ESTATE PARTNERS	264,663	0.35%
Others	1,916,993	2.55%
TOTAL REAL ESTATE	<u>7,072,179</u>	<u>9.41%</u>

Summary of Investments Owned on June 30, 2007
Pension Trust Funds (page 6 of 6)
(expressed in thousands)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
GUARANTEED INVESTMENT CONTRACTS		
SAVINGS POOL	\$ 729,949	0.97%
TOTAL GUARANTEED INVESTMENT CONTRACTS	<u>729,949</u>	<u>0.97%</u>
HORIZON FUNDS		
LONG HORIZON	196,845	0.26%
MID HORIZON	180,609	0.24%
SHORT HORIZON	55,593	0.07%
TOTAL HORIZON FUNDS	<u>433,047</u>	<u>0.58%</u>
LIFE ANNUITY		
G.E. CAPITAL ASSURANCE	40	-
TOTAL LIFE ANNUITY	<u>40</u>	<u>-</u>
MONEY MARKET FUNDS		
STATE STREET BANK & TRUST CO	330,896	0.44%
TOAL MONEY MARKET FUNDS	<u>330,896</u>	<u>0.44%</u>
MUTUAL FUNDS		
U.S. STOCK MARKET INDEX	608,424	0.81%
U.S. ACTIVE VALUE	503,799	0.67%
U.S. LARGE STOCK INDEX	432,313	0.58%
U.S. SMALL CAP STOCK INDEX	423,015	0.56%
U.S. ACTIVE CORE	355,385	0.47%
INTERNATIONAL STOCK INDEX FUND	353,381	0.47%
WASHINGTON STATE BOND FUND	297,128	0.40%
GROWTH COMPANY FUND	281,564	0.37%
INTERNATIONAL STOCK FUND	169,143	0.22%
U.S. SOCIAL BALANCED FUND	60,647	0.08%
TOTAL MUTUAL FUNDS	<u>3,484,799</u>	<u>4.64%</u>
REPURCHASE AGREEMENTS		
MORGAN STANLEY & COMPANY INC, 5.35%, 7/02/07	1,653	-
DEUTSCHE BANK, 5.30%, 7/02/07	917	-
GOLDMAN SACHS & CO, 5.30%, 7/02/07	803	-
TOTAL REPURCHASE AGREEMENTS	<u>3,373</u>	<u>-</u>
SECURITIES LENDING PORTFOLIO		
SECURITIES LENDING COLLATERAL BALANCES	91,664	0.12%
TOTAL SECURITIES LENDING PORTFOLIO	<u>91,664</u>	<u>0.12%</u>
SECURITIES ON LOAN		
SECURITIES ON LOAN - DOMESTIC	3,723,535	4.95%
SECURITIES ON LOAN - FOREIGN	1,917,681	2.55%
TOTAL SECURITIES ON LOAN	<u>5,641,216</u>	<u>7.50%</u>
TOTAL INVESTMENTS	<u><u>\$75,176,002</u></u>	<u><u>100.00%</u></u>

Note: Percentage totals may not agree due to rounding.

Actuarial Section

State Actuary's Certification Letter



Office of the State Actuary

"Securing tomorrow's pensions today."

October 19, 2007

Sandra J. Matheson, Director
Department of Retirement Systems
PO Box 48380
Olympia, Washington 98504-8380

Dear Sandy:

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.
- (3) Certify that our other submissions meet the Government Finance Officers Association certification standards for actuarial reporting.

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

The Office of the State Actuary performs annual actuarial valuations for all systems listed above. The most recent valuation date for these systems was September 30, 2006.

The assumptions used in our actuarial valuation fall into two categories: economic and demographic. The economic assumptions were prescribed by the Legislature as of July 1, 2001, and include salary increases, inflation, the investment earnings rate, and population growth. The Pension Funding Council is scheduled to review these assumptions every two years. 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 demographic assumptions effective April 1, 2002, based on our 1995-2000 Experience Study. Demographic assumptions may change when new benefit provisions are enacted or when assumptions are found to be out-of-date or inappropriate.

The material pension changes made during the 2006 legislative session that became effective during (and after) the 2006 Fiscal Year were disclosed in last year's annual report.

Pension benefit legislation enacted during the 2007 legislative session is summarized below (chapter and law year references are provided parenthetically):

- The "base salary" of eligible dual members will now include previously excluded forms of payment that are reportable (for contribution purposes) in each of a dual member's retirement systems. The "maximum benefit rule" is lifted for dual members who have (a) less than 15 years of service in one capped plan; and (b) service in one uncapped plan. LEOFF 2 is added to the list of plans that are able to combine service under portability to receive indexing of the term-vested benefit for members with at least twenty years of service. (Chapter 207, Laws of 2007).
- Judges who are members of PERS Plans 1, 2, and 3 or TRS Plan 1 may elect to have their benefit multipliers increased through a combination of increased contribution rates, lump sum payments, and redirected JRA contributions, where applicable (Chapter 123, Laws of 2007).
- PERS 1 and TRS 1 Uniform COLA eligibility requirements include all retirees who have been retired at least one year and will have attained age 66 by December 31 of the calendar year in which the increase is given (Chapter 89, Laws of 2007).
- Gain-sharing is repealed effective January 2, 2008, for Plans 1 and 3 of PERS, TRS, and SERS. Plans 2 and 3 members with at least 30 years of service will receive improved early retirement reduction factors. New entrants in TRS and SERS will have the choice to become members of Plan 2 or Plan 3. Plan 1 members will receive an additional increase in the Uniform COLA amount (Chapter 491, Laws of 2007).
- The TRS 1 post-retirement employment program was amended to be more consistent with the PERS 1 program (Chapter 50, Laws of 2007).



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- The \$150,000 duty-related death benefit for LEOFF Plan 2 was expanded to cover more duty-related illnesses (Chapter 490, Laws of 2007).
- Surviving spouses of WSPRS Plan 2 members killed in the line of duty are provided continued health care coverage through the Public Employees' Benefits Board and reimbursed for the premiums paid for those benefits (Chapter 488, Laws of 2007).
- WSPRS mandatory retirement age was increased from age 60 to age 65 (Chapter 87, Laws of 2007).
- WSPRS member contribution rates will be no more than 7 percent of pay plus half the cost of any future benefit improvements (Chapter 300, Laws of 2007).

There were no other material pension benefit changes during the 2007 session.

Pension funding legislation was adopted during the 2005 Legislative session (Chapter 370, Laws of 2005), which created a short-term change in funding policy. The policy is to adopt annual contribution rates over a four-year "phase-in" period from 2005-2009, to suspend payments on the Plan 1 Unfunded Actuarial Accrued Liability (UAAL) in PERS and TRS during the 2005-2007 biennium and to delay recognition of the cost of future gain-sharing benefits until the 2007-2009 biennium. Legislation adopted during the 2007 Legislative session (Chapter 491, Laws of 2007) repealed gain-sharing after the 2008 event. Additional legislation adopted a phase-in period to smooth the Plan 1 UAAL contribution rate increases from 2006-2009 (Chapter 56, Laws of 2006).

Legislation for 2006 also provided for contribution rate floors for PERS, TRS, and SERS (Chapter 365, Laws of 2006). These minimum contribution rates will become effective July 1, 2009, for PERS and September 1, 2009, for TRS, and SERS.

In 1989, the Legislature adopted the objective of amortizing the UAAL for PERS 1, TRS 1, and LEOFF 1 by June 30, 2024. Subsequent benefit increases are funded over this same period. The funding method for these three plans is based on a variation of the Frozen Initial Liability (FIL) cost method, where the normal cost is imputed from PERS 2/3, TRS 2/3, and LEOFF 2, respectively. The amortization calls for payments as a level percentage of system payroll. During fiscal year 2007 the systems were funded according to this method and, if continued in the future, the UAAL will be amortized as scheduled.

LEOFF 1 does not have a UAAL at this time.



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PERS 2, TRS 2/3, SERS 2/3, PSERS 2, LEOFF 2, and WSPRS use the aggregate funding method, which does not develop a UAAL. These systems are fully funded at this time.

The Judicial and Judges' Systems are funded on a pay-as-you-go basis. Both systems are closed to new members and have very small liabilities when compared to other Washington State plans. It is expected that the state can meet the current and future obligations of these two plans by continuing the current funding policy.

In performing these valuations, we relied on unaudited member and beneficiary 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. In our opinion, the data is sufficient and reliable for the purpose of annual valuations. Unaudited asset and financial information was provided from three sources: the Department of Retirement Systems, the Washington State Investment Board, and the Washington State Treasurer's Report. We have relied on all information provided as complete and accurate. Please see the Actuarial Certification in the 2006 Actuarial Valuation Report (AVR) for additional information concerning the most recent funding valuation.

The following schedules (or updates to them) were prepared by this office for inclusion in the 2007 Comprehensive Annual Financial Report:

- Schedules of Funding Progress.
- Schedule of Employer Contributions.
- 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 actuarial assumptions and methods prescribed by the Legislature were used for reporting funding items and are disclosed in the 2006 AVR. Governmental Accounting Standards Board (GASB) disclosure items were provided in accordance with GASB statements 25 and 27. As a result, disclosure items may not match comparable funding items disclosed in our most recent AVR. The funding policy and reporting items are discussed in the Financial Section of the Comprehensive Annual Financial Report under Notes to the Required Supplementary Information, as well as in the section Funding Policy.



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The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Matthew M. Smith". The signature is written in a cursive style and is positioned below the text "Respectfully submitted,".

Matthew M. Smith, FCA, EA, MAAA
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, 2007, 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 five years service, or at age 55 with 25 years of service	2% of average final compensation (AFC) per year of service JBM Participants: 3.5% of AFC per year of service
PERS Plan 2 (On or after 10/1/77)	Same as PERS Plan 1, except classified school district employees; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	After five years of eligible service	At age 65 with five years of service, or an actuarially reduced benefit at age 55 with 20 years of service	2% of AFC per year of service JBM Participants: 3.5% of AFC per year of service
PERS Plan 3 (Varies by employer)	Same as PERS Plan 2; new employees hired on or after 3/1/02 at state agencies and higher education, or on or after 9/1/02 at all other employers, must choose Plan 2 or Plan 3	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). JBM Participants: 1.6% of AFC per year of service The defined contribution portion depends on the member's contribution level and on investment performance.
SERS Plan 2 (By 8/31/00)	All classified employees of school districts or educational service districts who were originally hired as PERS Plan 2 members between 10/1/77 and 8/31/00 and were transferred to SERS as of 8/31/00, but who did not choose SERS Plan 3 at transfer date.	After five years of eligible service	At age 65 with five 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	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). The defined contribution portion depends on the member's contribution level and on investment performance.
PSERS Plan 2 (On or after 7/1/06)	All full-time public safety officers at select state agencies, counties and cities, except Seattle, Spokane and Tacoma	After five years of eligible service	At age 65 with five years of service, at age 60 with 10 years of service, or at age 53 with 20 years of service reduced three percent for each year under age 60.	2% of AFC per year of service
TRS Plan 1 (By 9/30/77)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	Any age with 30 years of service, or at age 60 with five years of service or at age 55 with 25 years of service	2% of AFC per year of service JBM Participants: 3.5% of AFC per year of service

Chart continued on page 109

Chart continued from page 108

Plan	Membership Eligibility	Vesting	Retirement Eligibility	Benefit
TRS Plan 2 (On or after 10/1/77 and by 6/30/96)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	After five years of eligible service	At age 65 with five 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)	All certificated public school employees who work in an instructional, administrative or supervisory capacity	Varies	At age 65 if vested or an actuarially reduced benefit at age 55 with 10 years of service (defined benefit portion)	1% of AFC per year of service (defined benefit portion). The defined contribution portion depends on the member's contribution level and on investment performance.
LEOFF Plan 1 (By 9/30/77)	All full-time, fully compensated law enforcement officers and fire fighters	After five years of eligible service	At age 50 with five years of service	20 years of service = 2% of final average salary (FAS) per year of service 10-19 years of service = 1.5% of FAS per year of service 5-9 years of service = 1% of FAS per year of service
LEOFF Plan 2 (On or after 10/1/77)	All full-time, fully compensated law enforcement officers and fire fighters	After five years of eligible service	At age 53 with five years of service or a benefit at age 50 with 20 years of service reduced 3% for each year under age 53	2% of FAS per year of service
WSPRS Plan 1 (On or after 8/1/47 and by 12/31/02)	Commissioned employees of the Washington State Patrol	After five years of eligible service	At age 55 or after 25 years of service	2% of average final salary per year of service
WSPRS Plan 2 (On or after 1/1/03)	Commissioned employees of the Washington State Patrol	After five years of eligible service	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 6/30/88 - New judges on or after 7/1/88 join PERS Plan 2 or 3)	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 10-14 years of service = 3% of AFC per year of service
Judges (By 8/8/71)	Judges elected or appointed to the Supreme Court, the Court of Appeals and Superior Courts	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.drs.wa.gov.

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 based on the 1995-2000 Experience Studies (adopted April 1, 2002). Additional assumptions for subsequent events and law changes can be found in the latest actuarial valuation report.

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. Mortality rates are adjusted by an age set back or set forward to better reflect expected mortality for the particular group. In addition, a minimum rate is 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%
PSERS	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%
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 2): 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	66%	41%
51	59%	44%
52	54%	38%
53	54%	34%
54	54%	54%
55	23%	27%
56	23%	19%
57	23%	18%
58	23%	23%
59	22%	38%
60	22%	18%
61	22%	22%
62	41%	38%
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
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%

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 Not Equal to 30 Years		Service Equal to 30 Years	
	Male	Female	Male	Female
50	27%	22%	43%	32%
51	27%	22%	43%	33%
52	28%	22%	44%	33%
53	28%	22%	44%	33%
54	28%	22%	44%	33%
55	28%	22%	44%	33%
56	22%	22%	39%	33%
57	22%	22%	38%	33%
58	22%	22%	43%	33%
59	21%	27%	48%	32%
60	21%	27%	48%	32%
61	21%	21%	64%	38%
62	48%	38%	64%	59%
63	30%	25%	60%	50%
64	25%	20%	60%	50%
65	45%	45%	90%	90%
66	45%	35%	90%	90%
67	35%	30%	90%	90%
68	30%	35%	90%	90%
69	30%	25%	90%	90%
70	100%	100%	100%	100%

4. Retirement (page 2 of 2):

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
	55	5%	3%	8%
56	5%	5%	8%	8%
57	5%	10%	8%	15%
58	5%	10%	8%	15%
59	5%	10%	8%	15%
60	20%	15%	30%	23%
61	40%	20%	60%	30%
62	30%	30%	45%	45%
63	30%	30%	45%	45%
64	60%	50%	90%	75%
65	50%	50%	50%	50%
66	50%	30%	50%	30%
67	50%	25%	50%	25%
68	50%	25%	50%	25%
69	50%	40%	50%	40%
70	100%	100%	100%	100%

**PSERS Probabilities
of Service Retirement Among
Members Eligible to Retire**

Age	Male	Female
53	3%	3%
54	3%	3%
55	3%	3%
56	8%	8%
57	8%	8%
58	15%	11%
59	16%	12%
60	30%	36%
61	26%	26%
62	36%	36%
63	50%	50%
64	89%	89%
65	46%	31%
66	30%	30%
67	22%	26%
68	22%	26%
69	26%	22%
70	100%	100%

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

Age	Plan 1 Rate		Plan 2 Rate
	Service Greater Than or Equal to 30 Years		Plan 2 Rate
	Service Less Than 30 Years	Service Greater Than or Equal to 30 Years	
50	8%	15%	9%
51	6%	14%	9%
52	7%	16%	9%
53	7%	16%	16%
54	9%	19%	19%
55	14%	24%	24%
56	14%	25%	25%
57	14%	26%	25%
58	21%	33%	33%
59	21%	33%	33%
60	23%	35%	33%
61	28%	40%	37%
62	28%	40%	37%
63	28%	40%	37%
64	40%	52%	48%
65	100%	100%	100%

**WSPRS Plan 1/2
Probabilities of Service Retirement
Among Members Eligible to Retire**

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

5. Disablement:

**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+.

**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+.

**PERS Plan 2/3, PSERS Plan 2
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%

**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%

**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%

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

Age	Plan 1	Plan 2	Plan 2	Plan 2
	Rate	Rate	Rate	Duty %*
	Male & Female	Duty	Nonduty	
20	0.10%	0.1010%	0.0022%	95.00%
25	0.10%	0.1137%	0.0022%	92.47%
30	0.80%	0.1280%	0.0033%	90.00%
35	1.49%	0.1778%	0.0044%	87.46%
40	2.35%	0.2470%	0.0088%	85.00%
45	4.24%	0.3360%	0.0153%	80.00%
50	7.34%	1.1760%	0.0547%	75.00%
55	10.35%	2.8910%	0.0951%	70.00%
60	12.17%	2.8910%	0.0951%	70.00%

* Percent of LEOFF Plan 2 disabilities assumed to be line-of-duty related.

**WSPRS Plan 1/2
Probabilities of Disablement**

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

**JRS
Probabilities of Disablement**

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

**General Employment Turnover
Probabilities of Termination**

PERS Plan 1, Plan 2/3 and PSERS Plan 2			SERS Plan 2/3		
Years of Service	Male	Female	Years of Service	Male	Female
0	25.90%	26.39%	0	25.90%	19.45%
1	15.46%	16.72%	1	16.09%	12.87%
2	10.20%	11.72%	2	11.54%	10.07%
3	7.69%	9.25%	3	10.07%	7.60%
4	6.39%	7.69%	4	8.52%	6.58%
5	5.31%	6.53%	5	7.28%	5.97%
6	4.35%	5.87%	6	6.06%	5.31%
7	4.07%	5.31%	7	5.59%	5.21%
8	3.73%	4.69%	8	4.93%	4.83%
9	3.54%	4.11%	9	4.64%	4.64%
10	3.25%	3.87%	10	4.26%	4.50%
11	3.10%	3.54%	11	4.02%	4.45%
12	3.05%	3.15%	12	3.83%	4.40%
13	2.86%	3.10%	13	3.73%	4.40%
14	2.76%	3.00%	14	3.25%	4.21%
15	2.66%	2.86%	15	2.96%	4.26%
16	2.37%	2.62%	16	2.66%	3.78%
17	2.13%	2.27%	17	2.42%	3.44%
18	1.83%	1.98%	18	2.03%	3.10%
19	1.49%	1.73%	19	1.59%	2.62%
20	1.14%	1.44%	20	1.24%	2.03%
21	0.95%	1.14%	21	1.14%	1.59%
22	0.75%	0.95%	22	0.85%	1.29%
23	0.60%	0.80%	23	0.65%	0.85%
24	0.55%	0.55%	24	0.65%	0.75%
25	0.50%	0.45%	25	0.50%	0.75%
26+	0.40%	0.40%	26+	0.50%	0.75%

6. 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	9.65%	10.00%
2	6.00%	7.00%
3	4.00%	5.50%
4	4.00%	4.50%
5	3.50%	4.00%
6	3.00%	3.50%
7	2.20%	3.00%
8	2.10%	2.60%
9	2.00%	2.00%
10	1.90%	1.95%
11	1.80%	1.90%
12	1.80%	1.70%
13	1.00%	1.40%
14	1.00%	1.40%
15	1.00%	1.40%
16	1.00%	1.40%
17	0.95%	1.10%
18	0.90%	0.90%
19	0.80%	0.90%
20	0.70%	0.90%
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 1/2
General Employment Turnover
Probabilities of Termination**

Years of Service	Probability
0-4	2.43%
5-9	1.38%
10-14	0.87%
15-19	0.64%
20-24	0.19%
25+	0.00%

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

Years of Service	Plan 1	Plan 2
0	10.43%	10.33%
1	4.69%	4.59%
2	2.37%	2.27%
3	2.08%	1.98%
4	1.98%	1.88%
5	1.94%	1.84%
6	1.94%	1.84%
7	1.94%	1.84%
8	1.67%	1.57%
9	1.67%	1.57%
10	1.67%	1.57%
11	1.42%	1.32%
12	1.42%	1.32%
13	1.42%	1.32%
14-16	0.99%	0.89%
17-28	0.70%	0.60%
29+	0.00%	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.

7. 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, Plan 2/3 and PSERS Plan 2
Merit Salary Increases**

Years of Service	Percent Increase	Final Salary over Current Salary
0	5.4%	1.344
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
0	0.0%	1.476
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
0	0.0%	1.280
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
0	11.7%	2.022
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

8. Future Salaries (page 2 of 2):

**WSPRS Plan 1/2
Merit Salary Increases**

Years of Service	Percent Increase	Final Salary over Current Salary
0	6.0%	1.779
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/ PSERS	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%

9. 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 annual leave 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 annual leave pay, or by increasing overtime.
- LEOFF Plan 1 post-retirement cost-of-living 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 annual leave pay, or by increasing overtime.
- LEOFF Plan 2 members are assumed to disable due to duty-related injury or illness at a rate which varies with age. For more information, contact the Office of the State Actuary.
- Other assumptions include the recognition of service earned in another plan (portability), the probability of a vested terminated member not withdrawing his or her contributions from the plan, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details on these and other assumptions can be obtained from the Office of the State Actuary.

10. Change in Assumptions:

- LEOFF Plan 2 assumptions were modified to value the enhanced disability benefits.
- LEOFF Plan 1 retirement rates were increased at all ages for members with at least 30 years of service to reflect the removal of the 60% benefit cap for that plan. Further, we assumed that members with at least 30 years of service would retire instead of disabling.

11. Actuarial Cost Method:

Valuation assets are at market value with gains and losses recognized on a graded scale over an eight-year period. Additionally, the actuarial value of assets may not exceed 130%, nor drop below 70%, of the market value of assets. 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 (Actual Contributions): A variation of the Frozen Initial Liability (FIL) Cost Method is used for PERS and TRS plans 1. 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. No contributions are required when the LEOFF Plan 1 UAAL is fully funded. JRS and Judges are funded on a pay-as-you-go basis.

Disclosure (Annual Required Contributions): The funding method described in the previous paragraph 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, PSERS Plan 2, LEOFF Plan 2, and WSPRS Plan 1/2:

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.

12. Change in Funding Policy:

Pension funding legislation in 2006 adopted annual UAAL contribution rates over a three-year “phase in” period from 2006-09.

13. Material Changes in Benefit Provisions and Contribution Rates:

The GASB disclosure contribution rates are based on the latest actuarial valuations as of September 30, 2006.

The funding (or actual) contribution rates in effect at the close of the fiscal year were based on the 2005 actuarial valuations in accordance with funding policy. The rates include appropriate adjustments for subsequent law changes.

The following laws enacted in 2007 had an immediate impact on the latest actuarial valuation contribution rates:

- Dual membership (Chapter 207, Laws of 2007)
- Judges benefit multiplier (Chapter 123, Laws of 2007)
- Plan 1 Age 66 Uniform COLA (Chapter 89, Laws of 2007)
- Repeal gain-sharing after 2008 event, replace with increased Plan 1 Uniform COLA, improved Plan 2/3 ERFs, and Plan Choice (Chapter 491, Laws of 2007)
- TRS 1 post-retirement employment (Chapter 50, Laws of 2007)
- LEOFF 2 line-of-duty disability and/or death: occupational illness (Chapter 490, Laws of 2007)
- WSP survivors PEBB reimbursement (Chapter 488, Laws of 2007)
- WSP retirement age (Chapter 87, Laws of 2007)
- WSP maximum member contribution rate (Chapter 300, Laws of 2007)

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
9/30/06	14,213	\$725.5	\$51,042	3.6%
9/30/05	15,962	786.1	49,248	1.8%
9/30/04	17,829	862.6	48,383	1.1%
9/30/03	19,740	945.1	47,876	1.7%
9/30/02	21,737	1,023.4	47,080	4.1%
9/30/01	23,981	1,084.6	45,226	3.2%

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
9/30/06	118,341	\$5,726.6	\$48,391	4.3%
9/30/05	118,400	5,493.7	46,399	3.0%
9/30/04	118,572	5,340.3	45,038	2.7%
9/30/03	117,262	5,142.5	43,855	3.5%
9/30/02	116,939	4,952.6	42,352	4.0%
9/30/01	128,955	5,249.4	40,707	3.7%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PERS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/06	22,473	\$1,043.9	\$46,452	3.6%
9/30/05	21,216	950.8	44,817	1.1%
9/30/04	19,855	880.3	44,335	(1.1%)
9/30/03	17,548	786.6	44,823	(1.8%)
9/30/02	15,509	707.8	45,638	n/a
9/30/01*	-	-	-	-

* PERS Plan 3 became effective on March 1, 2002.

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
9/30/06	18,464	\$469.5	\$25,426	3.8%
9/30/05	19,387	474.9	24,494	3.8%
9/30/04	20,424	482.1	23,604	2.8%
9/30/03	21,504	493.9	22,967	6.4%
9/30/02	22,870	493.8	21,593	6.9%
9/30/01	24,063	485.9	20,193	(1.3%)

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
9/30/06	32,354	\$773.4	\$23,905	1.9%
9/30/05	30,963	726.5	23,462	0.6%
9/30/04	29,430	686.2	23,315	1.1%
9/30/03	27,710	638.7	23,051	4.8%
9/30/02	26,921	591.9	21,988	3.1%
9/30/01	24,284	517.8	21,324	(3.4)%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PSERS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/06*	2,073	\$103.1	\$49,714	n/a
9/30/05	-	-	-	-
9/30/04	-	-	-	-
9/30/03	-	-	-	-
9/30/02	-	-	-	-
9/30/01	-	-	-	-

* PSERS Plan 2 became effective on July 1, 2006.

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
9/30/06	7,382	\$478.3	\$64,796	2.0%
9/30/05	8,592	545.9	63,531	1.7%
9/30/04	9,862	616.1	62,470	0.8%
9/30/03	11,175	692.3	61,954	4.1%
9/30/02	12,456	741.1	59,496	3.9%
9/30/01	13,971	799.7	57,243	3.0%

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
9/30/06	6,983	\$413.1	\$59,164	3.1%
9/30/05	7,205	413.4	57,379	3.3%
9/30/04	7,470	414.9	55,540	2.2%
9/30/03	7,637	414.9	54,333	6.3%
9/30/02	7,809	399.2	51,123	5.3%
9/30/01	8,056	391.2	48,563	5.0%

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
9/30/06	53,371	\$2,812.0	\$52,689	2.5%
9/30/05	51,473	2,645.0	51,386	2.9%
9/30/04	49,302	2,463.0	49,958	2.3%
9/30/03	47,263	2,308.1	48,836	5.3%
9/30/02	45,798	2,123.6	46,369	4.6%
9/30/01	44,193	1,958.3	44,312	2.4%

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
9/30/06	596	\$48.1	\$80,630	4.5%
9/30/05	723	55.8	77,139	2.5%
9/30/04	848	63.8	75,222	4.6%
9/30/03	991	71.3	71,924	3.2%
9/30/02	1,147	79.9	69,667	5.6%
9/30/01	1,315	86.7	65,959	4.2%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: LEOFF Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/06	15,718	\$1,172.0	\$74,562	3.5%
9/30/05	15,168	1,092.3	72,015	4.2%
9/30/04	14,754	1,019.5	69,098	4.1%
9/30/03	14,560	966.6	66,388	3.2%
9/30/02	14,011	901.6	64,347	5.2%
9/30/01	13,585	830.6	61,139	2.9%

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
9/30/06	906	\$63.1	\$69,606	6.7%
9/30/05	941	61.4	65,254	5.2%
9/30/04	997	61.9	62,042	0.3%
9/30/03	1,045	64.6	61,848	2.4%
9/30/02	1,035	62.5	60,422	3.1%
9/30/01	1,027	60.2	58,633	1.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: WSPRS Plan 2

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/06	116	\$6.1	\$52,278	8.3%
9/30/05	81	3.9	48,250	9.1%
9/30/04	60	2.7	44,206	7.8%
9/30/03	34	1.4	41,018	n/a
9/30/02*	-	-	-	-
9/30/01*	-	-	-	-

* WSPRS Plan 2 became effective on January 1, 2003.
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
9/30/06	11	\$1.4	\$131,436	3.0%
9/30/05	13	1.7	127,647	2.3%
9/30/04	19	2.4	124,801	0.1%
9/30/03	21	2.6	124,636	2.4%
9/30/02	24	2.9	121,741	6.3%
9/30/01	26	3.0	114,475	2.6%

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
9/30/06	-	\$0.0	\$-	n/a
9/30/05	-	0.0	-	n/a
9/30/04	-	0.0	-	n/a
9/30/03	-	0.0	-	n/a
9/30/02	1	0.1	134,584	2.3%
9/30/01	1	0.1	131,558	6.4%

Source: Washington State Office of the State Actuary

Note for all schedules: Averages are based on actual, not rounded amounts.

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		
9/30/06	2,345	\$58,991,956	2,306	\$25,314,598	54,834	\$966,044,139	\$17,618	5.3%
9/30/05	2,453	59,678,441	2,226	23,265,522	54,795	917,109,978	16,737	5.8%
9/30/04	2,508	61,107,155	2,312	22,315,395	54,568	867,079,469	15,890	6.4%
9/30/03	2,661	63,493,857	2,295	21,236,351	54,372	815,176,602	14,993	7.3%
9/30/02	2,783	62,818,651	2,315	20,053,126	54,006	759,744,392	14,068	7.8%
9/30/01	2,077	44,457,501	1,700	14,141,440	53,538	704,757,211	13,164	6.3%

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		
9/30/06	1,753	\$19,273,543	343	\$2,418,970	14,881	\$132,989,872	\$8,937	17.9%
9/30/05	1,667	17,489,923	302	2,004,746	13,471	112,808,257	8,374	18.2%
9/30/04	1,460	14,389,517	258	1,585,538	12,106	95,405,344	7,881	18.0%
9/30/03	1,403	12,591,831	240	1,365,574	10,904	80,863,349	7,416	19.3%
9/30/02	1,328	10,886,277	238	1,489,346	9,741	67,775,431	6,958	19.5%
9/30/01	855	6,840,039	131	707,695	8,651	56,726,796	6,557	15.3%

Source: Washington State Office of the State Actuary

Schedule of Retirees and Beneficiaries Added to and Removed from Rolls: PERS 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		
9/30/06	149	\$788,987	6	\$28,021	486	\$2,490,907	\$5,125	48.2%
9/30/05	124	603,358	3	10,266	343	1,681,231	4,902	57.4%
9/30/04	140	660,151	4	17,401	222	1,068,252	4,812	154.7%
9/30/03	77	375,280	--	--	86	419,481	4,878	859.8%
9/30/02	9	43,707	--	--	9	43,707	4,856	n/a
9/30/01*	--	--	--	--	--	--	--	--

*PERS Plan 3 became effective on March 1, 2002.

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		
9/30/06	410	\$2,890,809	21	\$120,279	1,815	\$12,492,085	\$6,883	32.2%
9/30/05	345	2,373,320	16	83,179	1,426	9,452,517	6,629	34.4%
9/30/04	370	2,399,840	9	25,759	1,097	7,032,456	6,411	53.8%
9/30/03	307	1,968,085	8	45,290	736	4,573,302	6,214	76.5%
9/30/02	251	1,550,754	5	19,458	437	2,591,035	5,929	150.3%
9/30/01	165	884,752	1	1,873	191	1,035,001	5,419	583.5%

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		
9/30/06	246	\$830,604	8	\$24,025	943	\$3,040,090	\$3,224	39.5%
9/30/05	231	738,686	7	15,225	705	2,179,342	3,091	52.2%
9/30/04	177	570,787	2	3,717	481	1,432,100	2,977	68.6%
9/30/03	124	376,893	3	8,584	306	849,635	2,777	80.3%
9/30/02	109	272,549	2	3,471	185	471,143	2,547	137.8%
9/30/01	78	198,145	--	--	78	198,145	2,540	n/a

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		
9/30/06	1,522	\$41,976,669	1,041	\$15,570,734	35,745	\$740,789,520	\$20,724	5.1%
9/30/05	1,599	43,037,533	959	13,226,439	35,264	704,678,752	19,983	5.8%
9/30/04	1,724	45,066,813	955	13,060,274	34,624	666,008,994	19,235	6.5%
9/30/03	1,667	41,501,938	960	11,973,348	33,855	625,084,100	18,464	6.5%
9/30/02	1,892	46,113,665	939	11,361,709	33,148	587,202,226	17,715	7.9%
9/30/01	3,524	81,519,141	1,168	13,045,875	32,195	544,358,707	16,908	17.5%

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		
9/30/06	239	\$3,646,802	16	\$140,601	1,574	\$21,157,013	\$13,442	23.5%
9/30/05	233	3,546,914	9	96,832	1,351	17,129,967	12,679	27.9%
9/30/04	183	2,463,176	13	105,183	1,127	13,398,162	11,888	23.9%
9/30/03	151	1,770,105	17	133,929	957	10,809,534	11,295	21.1%
9/30/02	120	1,493,131	6	50,461	823	8,927,586	10,848	22.8%
9/30/01	204	2,339,594	14	153,589	709	7,267,477	10,250	50.9%

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		
9/30/06	233	\$1,707,380	6	\$34,323	933	\$5,863,113	\$6,284	44.0%
9/30/05	172	1,203,187	7	17,172	706	4,070,809	5,766	44.0%
9/30/04	160	941,453	4	31,834	541	2,827,124	5,226	50.4%
9/30/03	105	578,041	3	9,313	385	1,879,859	4,883	47.3%
9/30/02	81	360,835	1	6,282	283	1,276,593	4,511	42.7%
9/30/01	113	527,667	2	6,706	203	894,795	4,408	150.8%

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		
9/30/06	229	\$10,517,551	206	\$6,565,445	8,172	\$296,662,837	\$36,302	4.2%
9/30/05	221	9,390,330	182	5,893,176	8,149	284,639,305	34,929	2.8%
9/30/04	252	9,912,303	196	6,146,955	8,110	277,017,151	34,157	2.5%
9/30/03	234	9,466,933	167	5,043,126	8,054	270,247,173	33,554	3.3%
9/30/02	259	9,948,573	166	4,995,289	7,987	261,664,183	32,761	5.4%
9/30/01	233	8,351,533	119	3,479,510	7,894	248,160,932	31,437	5.7%

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		
9/30/06	211	\$5,655,854	6	\$89,270	779	\$17,388,315	\$22,321	51.4%
9/30/05	151	3,758,745	9	103,594	574	11,487,120	20,012	49.2%
9/30/04	120	2,577,269	4	58,849	432	7,698,642	17,821	51.4%
9/30/03	77	1,551,039	5	33,065	316	5,083,630	16,087	46.2%
9/30/02	61	1,069,822	1	11,964	244	3,476,883	14,250	48.1%
9/30/01	44	747,153	3	20,400	184	2,347,816	12,760	48.6%

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		
9/30/06	28	\$1,101,085	12	\$321,334	808	\$31,134,976	\$38,533	6.3%
9/30/05	49	1,781,905	19	443,543	792	29,291,456	36,984	7.5%
9/30/04	40	1,426,848	13	273,255	762	27,245,683	35,755	7.1%
9/30/03	28	1,222,157	11	216,943	735	25,438,609	34,610	7.1%
9/30/02	35	1,156,113	13	194,199	718	23,743,788	33,069	7.4%
9/30/01	36	1,440,257	12	224,122	696	22,105,141	31,760	9.0%

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		
9/30/06	6	\$385,845	5	\$376,793	132	\$9,434,152	\$71,471	3.0%
9/30/05	8	631,467	4	217,950	131	9,163,352	69,949	7.5%
9/30/04	5	355,654	7	399,709	127	8,525,718	67,132	1.8%
9/30/03	6	367,945	8	415,446	129	8,373,681	64,912	1.4%
9/30/02	4	229,792	7	294,080	131	8,258,774	63,044	2.1%
9/30/01	6	411,383	3	126,097	134	8,090,219	60,375	6.6%

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		
9/30/06	1	\$18,033	2	\$75,234	15	\$578,135	\$38,542	(9.0)%
9/30/05	1	16,763	1	7,011	16	635,336	39,709	1.6%
9/30/04	1	39,168	2	111,861	16	625,584	39,099	(10.4)%
9/30/03	2	94,021	3	20,715	17	698,277	41,075	11.7%
9/30/02	1	37,131	1	74,261	18	624,971	34,721	(5.6)%
9/30/01	--	--	--	--	18	662,102	36,783	--

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$1,186.4	\$9,473.0	\$2,470.1	\$13,129.4	\$9,591.0	100%	89%	0%
9/30/05	1,271.5	9,455.7	2,976.5	13,703.7	9,706.9	100%	89%	0%
9/30/04	1,343.2	8,827.4	2,684.9	12,855.5	9,928.2	100%	97%	0%
9/30/03	1,411.3	8,327.8	2,952.8	12,691.9	10,227.3	100%	100%	17%
9/30/02	1,462.7	7,848.9	3,248.8	12,560.4	10,756.8	100%	100%	44%
9/30/01	1,515.9	7,231.7	3,340.8	12,088.4	10,989.9	100%	100%	67%

Note: Totals may not agree due to rounding.

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$2,294.7	\$2,470.0	\$8,764.2	\$13,528.9	\$13,528.9	100%	100%	100%
9/30/05	2,154.9	2,131.4	7,987.7	12,274.0	12,274.0	100%	100%	100%
9/30/04	2,055.1	1,816.0	7,560.0	11,431.1	11,431.1	100%	100%	100%
9/30/03	1,962.7	1,582.3	7,297.3	10,842.3	10,842.3	100%	100%	100%
9/30/02	1,891.8	1,386.2	7,422.8	10,700.8	10,700.8	100%	100%	100%
9/30/01	2,118.5	1,217.6	7,695.5	11,031.6	11,031.6	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$188.7	\$350.1	\$1,395.5	\$1,934.3	\$1,934.3	100%	100%	100%
9/30/05	178.2	288.1	1,281.1	1,747.4	1,747.4	100%	100%	100%
9/30/04	175.1	216.4	1,238.5	1,630.0	1,630.0	100%	100%	100%
9/30/03	173.8	150.0	1,222.2	1,546.0	1,546.0	100%	100%	100%
9/30/02	174.5	97.4	1,247.1	1,519.0	1,519.0	100%	100%	100%
9/30/01	171.9	49.6	1,250.2	1,471.7	1,471.7	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: PSERS Plan 2*

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$0.6	\$0.0	\$0.5	\$1.1	\$1.1	100%	100%	100%
9/30/05	-	-	-	-	-	-	-	-
9/30/04	-	-	-	-	-	-	-	-
9/30/03	-	-	-	-	-	-	-	-
9/30/02	-	-	-	-	-	-	-	-
9/30/01	-	-	-	-	-	-	-	-

* PSERS Plan 2 became effective July 1, 2006

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$839.3	\$7,831.8	\$1,687.5	\$10,358.6	\$8,275.5	100%	95%	0%
9/30/05	915.5	7,848.6	2,129.9	10,894.0	8,449.7	100%	96%	0%
9/30/04	985.0	7,345.6	2,070.7	10,401.3	8,728.3	100%	100%	19%
9/30/03	1,049.5	6,934.0	2,341.6	10,325.1	9,085.9	100%	100%	47%
9/30/02	1,091.2	6,627.2	2,516.6	10,235.0	9,365.9	100%	100%	65%
9/30/01	1,173.8	6,120.5	2,600.6	9,894.9	9,341.8	100%	100%	79%

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 2/3

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$285.5	\$653.4	\$3,896.4	\$4,835.3	\$4,835.3	100%	100%	100%
9/30/05	275.8	548.4	3,587.0	4,411.2	4,411.2	100%	100%	100%
9/30/04	272.2	442.2	3,423.7	4,138.1	4,138.1	100%	100%	100%
9/30/03	264.5	364.5	3,320.0	3,949.0	3,949.0	100%	100%	100%
9/30/02	259.3	314.3	3,226.6	3,800.2	3,800.2	100%	100%	100%
9/30/01	259.0	254.0	3,034.2	3,547.2	3,547.2	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 1

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$80.7	\$3,826.1	\$402.1	\$4,309.0	\$5,017.8	100%	100%	100%
9/30/05	92.8	3,763.8	386.7	4,243.3	4,799.9	100%	100%	100%
9/30/04	103.6	3,757.7	404.7	4,266.0	4,665.9	100%	100%	100%
9/30/03	115.2	3,718.5	441.2	4,274.9	4,803.3	100%	100%	100%
9/30/02	126.6	3,648.3	484.1	4,259.0	5,095.0	100%	100%	100%
9/30/01	138.3	3,505.0	509.7	4,153.0	5,368.9	100%	100%	100%

Note: Totals may not agree due to rounding.
Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 2

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$1,087.8	\$355.6	\$2,400.3	\$3,843.8	\$3,843.8	100%	100%	100%
9/30/05	980.4	264.7	2,084.0	3,329.1	3,329.1	100%	100%	100%
9/30/04	896.4	192.7	1,858.2	2,947.3	2,947.3	100%	100%	100%
9/30/03	820.0	137.2	1,783.2	2,740.4	2,740.4	100%	100%	100%
9/30/02	750.8	99.9	1,795.3	2,646.0	2,646.0	100%	100%	100%
9/30/01	686.8	72.1	1,816.7	2,575.6	2,575.6	100%	100%	100%

Note: Totals may not agree due to rounding.
Source: Washington State Office of the State Actuary

Solvency Test: WSPRS Plan 1/2

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$48.7	\$413.3	\$281.5	\$743.5	\$743.5	100%	100%	100%
9/30/05	46.2	392.9	255.0	694.1	694.1	100%	100%	100%
9/30/04	47.0	356.6	256.4	660.0	660.0	100%	100%	100%
9/30/03	47.4	335.4	281.2	664.0	664.0	100%	100%	100%
9/30/02	46.9	313.2	328.9	689.0	689.0	100%	100%	100%
9/30/01	46.7	294.8	370.3	711.8	711.8	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: JRS

(dollars in millions)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$3.5	\$78.7	\$5.8	\$88.0	\$0.3	7%	0%	0%
9/30/05	3.8	78.7	6.9	89.4	1.7	46%	0%	0%
9/30/04	4.9	73.9	10.2	89.0	4.3	88%	0%	0%
9/30/03	4.9	74.5	11.4	90.8	6.3	100%	2%	0%
9/30/02	5.1	74.4	12.7	92.2	8.1	100%	4%	0%
9/30/01	5.0	74.1	12.4	91.5	9.6	100%	6%	0%

Note: Percentages are based on actual, not rounded totals.

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)

Accrued Liabilities (Entry Age Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	(1+2+3) Total Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
9/30/06	\$ --	\$4.0	\$--	\$4.0	\$4.1	n/a	100%	n/a
9/30/05	--	4.5	--	4.5	4.2	n/a	93%	n/a
9/30/04	--	4.7	--	4.7	4.4	n/a	93%	n/a
9/30/03	--	5.2	--	5.2	4.5	n/a	87%	n/a
9/30/02	--	4.7	0.8	5.5	4.7	100%	100%	0%
9/30/01	--	5.3	0.8	6.1	4.9	100%	92%	0%

Note: Percentages are based on actual, not rounded totals.

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 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$5.6	\$(163.9)	\$(321.7)	\$(679.7)	\$(702.2)	\$(422.3)
Salary Gains	(7.6)	63.3	106.7	90.8	(14.7)	(16.8)
Termination of Employment	6.1	5.4	17.3	16.4	8.5	13.2
Return to Work from Terminated Status	(25.1)	(25.1)	(17.8)	(16.6)	(15.5)	(35.2)
Gain (or Loss) During Year from Selected Experience	\$(21.0)	\$(120.3)	\$(215.5)	\$(589.1)	\$(723.9)	\$(461.1)

*Actuarial value of assets
 Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$97.0	\$(112.4)	\$(295.7)	\$(802.9)	\$(680.5)	\$(430.8)
Salary Gains	12.1	178.4	326.9	245.5	(12.1)	(21.3)
Termination of Employment	155.5	57.9	41.8	41.5	4.2	33.1
Return to Work from Terminated Status	(92.6)	(87.9)	(82.5)	(77.9)	(65.8)	(71.8)
Gain (or Loss) During Year from Selected Experience	\$172.0	\$36.0	\$(9.5)	\$(593.8)	\$(754.2)	\$(490.8)

*Actuarial value of assets
 Source: Washington State Office of the State Actuary

Analysis of Selected Experience: SERS Plan 2/3
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$11.3	\$(18.7)	\$(45.1)	\$(101.4)	\$(107.2)	\$(52.6)
Salary Gains	23.8	25.4	59.3	5.8	(0.3)	11.3
Termination of Employment	11.7	9.8	25.6	32.0	6.9	4.8
Return to Work from Terminated Status	(27.1)	(13.8)	(13.3)	(9.5)	(18.0)	(18.9)
Gain (or Loss) During Year from Selected Experience	\$19.7	\$2.7	\$26.5	\$(73.1)	\$(118.6)	\$(55.4)

*Actuarial value of assets
 Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 1
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$(111.7)	\$(260.0)	\$(400.6)	\$(405.9)	\$(409.1)	\$(300.3)
Salary Gains	45.6	59.1	102.6	(2.1)	13.3	49.4
Termination of Employment	0.8	2.6	10.8	14.9	6.0	6.5
Return to Work from Terminated Status	(22.9)	(19.4)	(13.7)	(12.1)	(13.8)	(21.8)
Gain (or Loss) During Year from Selected Experience	\$(88.2)	\$(217.7)	\$(300.9)	\$(405.2)	\$(403.6)	\$(266.2)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$(1.7)	\$(79.0)	\$(146.2)	\$(160.1)	\$(159.7)	\$(118.1)
Salary Gains	70.1	62.0	148.7	1.1	32.7	65.2
Termination of Employment	33.6	33.7	79.6	78.5	15.3	5.9
Return to Work from Terminated Status	(43.1)	(47.5)	(44.3)	(46.7)	(20.6)	(36.4)
Gain (or Loss) During Year from Selected Experience	\$58.9	\$(30.8)	\$37.8	\$(127.2)	\$(132.3)	\$(83.4)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$134.2	\$54.0	\$(236.5)	\$(422.1)	\$(513.7)	\$(205.1)
Salary Gains	2.3	10.5	13.7	17.9	9.4	24.7
Termination of Employment	(0.7)	(1.6)	0.0	0.0	0.5	0.6
Return to Work from Terminated Status	(0.0)	(1.0)	(3.3)	(2.4)	(0.5)	(0.5)
Gain (or Loss) During Year from Selected Experience	\$135.8	\$61.9	\$(226.1)	\$(406.6)	\$(504.3)	\$(180.3)

*Actuarial value of assets

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$95.2	\$39.4	\$(108.3)	\$(198.6)	\$(246.2)	\$(99.5)
Salary Gains	48.3	28.0	101.9	113.9	28.8	39.9
Termination of Employment	5.2	4.0	31.7	20.9	0.9	1.1
Return to Work from Terminated Status	(25.8)	(0.3)	(0.0)	(21.3)	(2.0)	(2.0)
Gain (or Loss) During Year from Selected Experience	<u>\$122.9</u>	<u>\$71.1</u>	<u>\$25.3</u>	<u>\$(85.1)</u>	<u>\$(218.5)</u>	<u>\$(60.5)</u>

*Actuarial value of assets
Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: WSPRS Plan 1/2
Selected Gains and Losses During Years Ended 2001 to 2006
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2006	2005	2004	2003	2002	2001
Investment Gains*	\$19.6	\$8.0	\$(31.0)	\$(55.6)	\$(68.1)	\$(27.3)
Salary Gains	(1.9)	2.3	23.8	11.2	6.9	4.1
Termination of Employment	1.2	1.4	(0.6)	(0.9)	0.3	0.1
Return to Work from Terminated Status	(0.7)	(0.5)	(0.7)	(0.7)	(0.2)	(0.1)
Gain (or Loss) During Year from Selected Experience	<u>\$18.2</u>	<u>\$11.2</u>	<u>\$(8.5)</u>	<u>\$(46.0)</u>	<u>\$(61.1)</u>	<u>\$(23.2)</u>

*Actuarial value of assets
Source: Washington State Office of the State Actuary

Note: PSERS Plan 2 became effective July 1, 2006. Since the plan has only one year of plan experience, no Gain/Loss data is available at June 30, 2007.

Statistical Section

Statistical Section

This part of the Department of Retirement System’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about DRS’ overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how DRS’ financial performance and well-being have changed over time.</i>	138
Demographic Information <i>These schedules contain demographic and historical information regarding membership and employer participation in the pension plans offered by DRS.</i>	149
Operating Information <i>These schedules contain detailed payment information to enhance the reader’s understanding of the benefit services provided by DRS.</i>	168
Deferred Compensation and Dependent Care Assistance Programs Information <i>These schedules contain comprehensive information to enhance the reader’s understanding of these optional programs.</i>	192

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule of Changes in Plan Net Assets: PERS Plan 1
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 44,775	\$ 48,457	\$ 52,246	\$ 57,196	\$ 62,065	\$ 67,670	\$ 70,266	\$ 73,260	\$ 74,706	\$ 77,855
Employer Contributions	118,660	29,601	22,360	22,789	56,618	68,631	181,712	200,135	234,076	226,084
Transfers	519	68	242	310	487	355	789	663	1,295	446
Investment Income ¹	2,086,563	1,534,382	1,163,797	1,319,155	320,787	(644,307)	(662,074)	1,319,575	1,107,105	1,358,977
Miscellaneous ²	9,513	7,719	10,048	10,147	10,268	10,868	8,636	8,122	7,549	7,322
<i>Total Additions</i>	<u>2,260,030</u>	<u>1,620,227</u>	<u>1,248,693</u>	<u>1,409,597</u>	<u>450,225</u>	<u>(496,783)</u>	<u>(400,671)</u>	<u>1,601,755</u>	<u>1,424,731</u>	<u>1,670,684</u>
Deductions from Plan Net Assets by Type:										
Benefits	978,995	929,423	880,874	828,765	776,683	718,730	669,877	617,114	571,410	532,366
Administrative Expenses	4,763	4,754	4,903	4,917	5,596	6,181	6,847	5,811	5,742	4,268
Refunds	6,215	6,553	5,143	5,628	5,678	7,446	8,466	8,807	8,620	10,358
Transfers	31	369	966	4	358	245	408	252	97	142
<i>Total Deductions</i>	<u>990,004</u>	<u>941,099</u>	<u>891,886</u>	<u>839,314</u>	<u>788,315</u>	<u>732,602</u>	<u>685,598</u>	<u>631,984</u>	<u>585,869</u>	<u>547,134</u>
Total Changes in Plan Net Assets	\$ 1,270,026	\$ 679,128	\$ 356,807	\$ 570,283	\$ (338,090)	\$ (1,229,385)	\$ (1,086,269)	\$ 969,771	\$ 838,862	\$ 1,123,550
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	10,255,453	9,576,325	9,219,518	8,649,235	8,987,325	10,216,710	11,302,979	10,333,208	9,494,346	8,370,796
End of Year	<u>\$ 11,525,479</u>	<u>\$ 10,255,453</u>	<u>\$ 9,576,325</u>	<u>\$ 9,219,518</u>	<u>\$ 8,649,235</u>	<u>\$ 8,987,325</u>	<u>\$ 10,216,710</u>	<u>\$ 11,302,979</u>	<u>\$ 10,333,208</u>	<u>\$ 9,494,346</u>
<i>Employer Contributions: % of Covered Payroll</i>	15.6%	3.6%	2.5%	2.3%	5.4%	6.1%	15.7%	16.6%	18.9%	17.5%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: PERS Plan 2/3
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 207,144	\$ 127,800	\$ 63,806	\$ 60,953	\$ 34,498	\$ 48,579	\$ 116,564	\$ 102,549	\$ 237,048	\$ 223,798
Employer Contributions	242,544	149,579	74,720	69,377	38,287	50,953	115,039	101,869	237,706	222,771
Transfers	292	239	254	251	602	275	727	443	493	254
Investment Income ¹	3,054,707	2,020,702	1,415,136	1,453,909	365,915	(659,567)	(599,323)	1,438,869	1,163,733	1,305,246
Miscellaneous ²	11,825	10,655	9,609	9,749	8,400	10,295	7,164	7,538	6,303	5,431
<i>Total Additions</i>	<u>3,516,512</u>	<u>2,308,975</u>	<u>1,563,525</u>	<u>1,594,239</u>	<u>447,702</u>	<u>(549,465)</u>	<u>(359,829)</u>	<u>1,651,268</u>	<u>1,645,283</u>	<u>1,757,500</u>
Deductions from Plan Net Assets by Type:										
Benefits	143,802	121,096	102,742	86,174	72,460	60,551	50,798	40,976	32,400	25,375
Administrative Expenses	7,344	6,599	5,960	5,779	6,054	6,270	6,638	5,989	5,814	3,963
Refunds	26,465	26,476	24,086	27,082	30,835	42,087	48,311	59,394	53,206	51,110
Transfers	3,904	4,296	4,718	22,918	611,867	31,165	1,903,538	1,192	707	1,640
<i>Total Deductions</i>	<u>181,515</u>	<u>158,467</u>	<u>137,506</u>	<u>141,953</u>	<u>721,216</u>	<u>140,073</u>	<u>2,009,285</u>	<u>107,551</u>	<u>92,127</u>	<u>82,088</u>
Total Changes in Plan Net Assets	\$ 3,334,997	\$ 2,150,508	\$ 1,426,019	\$ 1,452,286	\$ (273,514)	\$ (689,538)	\$ (2,369,114)	\$ 1,543,717	\$ 1,553,156	\$ 1,675,412
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	14,228,088	12,077,580	10,651,561	9,199,275	9,472,789	10,162,327	12,531,441	10,987,724	9,434,568	7,759,156
End of Year	<u>\$ 17,563,085</u>	<u>\$ 14,228,088</u>	<u>\$ 12,077,580</u>	<u>\$ 10,651,561</u>	<u>\$ 9,199,275</u>	<u>\$ 9,472,789</u>	<u>\$ 10,162,327</u>	<u>\$ 12,531,441</u>	<u>\$ 10,987,724</u>	<u>\$ 9,434,568</u>
<i>Employer Contributions: % of Covered Payroll</i>	4.1%	2.6%	1.4%	1.9%	0.7%	0.9%	2.2%	1.8%	4.7%	4.7%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.
²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: SERS Plan 2/3
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 17,371	\$ 11,818	\$ 4,166	\$ 3,501	\$ 1,828	\$ 5,171	\$ 14,168	**	**	**
Employer Contributions	45,950	30,419	10,160	9,076	6,154	11,312	19,939	**	**	**
Transfers	1,998	2,589	1,959	1,631	1,970	17,923	1,902,646	**	**	**
Investment Income ¹	435,696	287,224	201,723	203,668	55,417	(90,080)	(152,510)	**	**	**
Miscellaneous ²	1,301	1,313	1,316	1,562	1,234	1,241	1,154	**	**	**
<i>Total Additions</i>	<u>502,316</u>	<u>333,363</u>	<u>219,324</u>	<u>219,438</u>	<u>66,603</u>	<u>(54,433)</u>	<u>1,785,397</u>	<u>**</u>	<u>**</u>	<u>**</u>
Deductions from Plan Net Assets by Type:										
Benefits	17,641	13,500	10,114	6,692	4,305	2,048	285	**	**	**
Administrative Expenses	1,124	1,069	990	1,080	1,113	1,117	1,098	**	**	**
Refunds	2,516	2,477	2,191	2,025	2,220	2,397	1,397	**	**	**
Transfers	275	434	568	545	355	1,495	478,439	**	**	**
<i>Total Deductions</i>	<u>21,556</u>	<u>17,480</u>	<u>13,863</u>	<u>10,342</u>	<u>7,993</u>	<u>7,057</u>	<u>481,219</u>	<u>**</u>	<u>**</u>	<u>**</u>
Total Changes in Plan Net Assets	\$ 480,760	\$ 315,883	\$ 205,461	\$ 209,096	\$ 58,610	\$ (61,490)	\$ 1,304,178	**	**	**
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	2,031,738	1,715,855	1,510,394	1,301,298	1,242,688	1,304,178	-	**	**	**
End of Year	<u>\$ 2,512,498</u>	<u>\$ 2,031,738</u>	<u>\$ 1,715,855</u>	<u>\$ 1,510,394</u>	<u>\$ 1,301,298</u>	<u>\$ 1,242,688</u>	<u>\$ 1,304,178</u>	<u>**</u>	<u>**</u>	<u>**</u>
<i>Employer Contributions: % of Covered Payroll</i>	9.2%	6.1%	2.0%	0.8%	0.5%	1.1%	2.4%			

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.
²Miscellaneous additions include restorations of employee contributions.
 ** SERS Plan 2/3 became effective September 1, 2000.

Schedule of Changes in Plan Net Assets: TRS Plan 1
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 29,995	\$ 33,790	\$ 38,087	\$ 42,706	\$ 46,790	\$ 50,180	\$ 55,898	\$ 57,538	\$ 59,238	\$ 62,885
Employer Contributions	60,462	15,077	8,793	11,385	20,352	59,434	141,351	182,982	222,516	211,584
Transfers	84	78	168	147	333	253	355	397	211	109
Investment Income ¹	1,762,480	1,292,574	981,556	1,112,120	275,057	(548,365)	(567,631)	1,142,019	962,321	1,182,699
Miscellaneous ²	8,546	8,941	8,607	7,338	6,433	6,761	6,527	6,165	5,723	5,796
Total Additions	1,861,567	1,350,460	1,037,211	1,173,696	348,965	(431,737)	(363,500)	1,389,101	1,250,009	1,463,073
Deductions from Plan Net Assets by Type:										
Benefits	802,344	763,613	741,118	692,243	689,254	679,009	632,674	579,261	532,933	494,531
Administrative Expenses	3,752	3,790	3,894	3,926	4,555	5,132	5,619	4,673	4,761	3,635
Refunds	1,878	1,042	1,180	1,792	1,521	2,313	2,762	2,188	2,755	2,682
Transfers	3	314	817	-	283	207	348	199	94	77
Total Deductions	807,977	768,759	747,009	697,961	695,613	686,661	641,403	586,321	540,543	500,925
Total Changes in Plan Net Assets	\$ 1,053,590	\$ 581,701	\$ 290,202	\$ 475,735	\$ (346,648)	\$ (1,118,398)	\$ (1,004,903)	\$ 802,780	\$ 709,466	\$ 962,148
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	8,682,343	8,100,642	7,810,440	7,334,705	7,681,352	8,799,750	9,804,653	9,001,873	8,292,407	7,330,259
End of Year	\$ 9,735,933	\$ 8,682,343	\$ 8,100,642	\$ 7,810,440	\$ 7,334,704	\$ 7,681,352	\$ 8,799,750	\$ 9,804,653	\$ 9,001,873	\$ 8,292,407
<i>Employer Contributions: % of Covered Payroll</i>	10.3%	2.3%	1.2%	1.4%	2.4%	6.7%	15.6%	19.1%	22.6%	20.2%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: TRS Plan 2/3
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 12,227	\$ 8,990	\$ 3,549	\$ 3,108	\$ 633	\$ 5,433	\$ 11,078	\$ 12,744	\$ 22,097	\$ 47,214
Employer Contributions	102,180	75,353	33,767	29,921	18,225	46,359	69,579	75,311	100,190	105,554
Transfers	201	261	500	439	429	369	296	140	1,288	596
Investment Income ¹	1,078,134	742,495	500,432	503,551	136,127	(224,452)	(197,822)	390,190	322,142	352,798
Miscellaneous ²	3,951	3,385	3,827	4,154	3,461	3,297	3,168	2,533	2,171	2,044
<i>Total Additions</i>	<u>1,196,693</u>	<u>800,484</u>	<u>542,075</u>	<u>541,173</u>	<u>158,875</u>	<u>(168,994)</u>	<u>(113,701)</u>	<u>480,918</u>	<u>447,888</u>	<u>508,206</u>
Deductions from Plan Net Assets by Type:										
Benefits	28,534	22,351	17,118	13,416	10,862	8,669	6,810	4,943	3,529	2,455
Administrative Expenses	3,067	2,781	3,027	2,940	3,093	3,108	3,053	2,433	2,158	1,540
Refunds	2,726	2,399	3,110	2,858	3,537	4,510	3,871	4,964	5,632	7,398
Transfers	440	963	1,278	1,003	956	1,704	3,574	77,351	152,597	710,331
<i>Total Deductions</i>	<u>34,767</u>	<u>28,494</u>	<u>24,533</u>	<u>20,217</u>	<u>18,448</u>	<u>17,991</u>	<u>17,308</u>	<u>89,691</u>	<u>163,916</u>	<u>721,724</u>
Total Changes in Plan Net Assets	\$ 1,161,926	\$ 771,990	\$ 517,542	\$ 520,956	\$ 140,427	\$ (186,985)	\$ (131,009)	\$ 391,227	\$ 283,972	\$ (213,518)
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	5,030,033	4,258,043	3,740,501	3,219,545	3,079,118	3,266,103	3,397,112	3,005,885	2,721,913	2,935,431
End of Year	<u>\$ 6,191,959</u>	<u>\$ 5,030,033</u>	<u>\$ 4,258,043</u>	<u>\$ 3,740,501</u>	<u>\$ 3,219,545</u>	<u>\$ 3,079,118</u>	<u>\$ 3,266,103</u>	<u>\$ 3,397,112</u>	<u>\$ 3,005,885</u>	<u>\$ 2,721,913</u>
<i>Employer Contributions: % of Covered Payroll</i>	23.7%	17.8%	8.0%	1.1%	0.7%	1.9%	3.2%	3.9%	5.7%	6.5%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: PSERS Plan 2
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 6,664	**	**	**	**	**	**	**	**	**
Employer Contributions	6,612	**	**	**	**	**	**	**	**	**
State Contributions	-	**	**	**	**	**	**	**	**	**
Transfers	-	**	**	**	**	**	**	**	**	**
Investment Income ¹	813	**	**	**	**	**	**	**	**	**
Miscellaneous ²	6	**	**	**	**	**	**	**	**	**
<i>Total Additions</i>	<u>14,095</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>
Deductions from Plan Net Assets by Type:										
Benefits	-	**	**	**	**	**	**	**	**	**
Administrative Expenses	27	**	**	**	**	**	**	**	**	**
Refunds	23	**	**	**	**	**	**	**	**	**
Transfers	-	**	**	**	**	**	**	**	**	**
<i>Total Deductions</i>	<u>50</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>
Total Changes in Plan Net Assets	\$ 14,045	**	**	**	**	**	**	**	**	**
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	-	**	**	**	**	**	**	**	**	**
End of Year	<u>\$ 14,045</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>	<u>**</u>
<i>Employer Contributions: % of Covered Payroll</i>	6.5%	**	**	**	**	**	**	**	**	**

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

** PSERS Plan 2 became effective July 1, 2006.

Schedule of Changes in Plan Net Assets: LEOFF Plan 1
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 50	\$ 61	\$ (2)	\$ -	\$ 40	\$ 76	\$ 21	\$ 6,300	\$ 7,099	\$ 7,547
Employer Contributions	56	70	9	1	62	98	130	6,303	7,196	7,567
State Contributions	-	-	-	-	-	-	-	-	48,793	50,358
Transfers	-	102	-	-	167	163	256	117	376	121
Investment Income ¹	1,152,792	818,343	604,304	665,380	162,220	(314,972)	(324,373)	649,734	548,669	677,331
Miscellaneous ²	3,109	2,736	2,651	2,896	2,762	2,963	3,105	2,640	2,393	3,076
Total Additions	1,156,007	821,312	606,962	669,277	165,251	(311,672)	(320,861)	665,094	614,526	746,000
Deductions from Plan Net Assets by Type:										
Benefits	300,452	288,209	279,957	272,118	264,618	252,625	238,938	225,175	211,949	197,887
Administrative Expenses	2,544	2,405	2,455	2,450	2,789	3,088	3,218	2,612	2,655	2,080
Refunds	11	3	5	133	158	92	12	82	102	153
Transfers	2	201	526	27	166	135	203	372	1,983	413
Total Deductions	303,009	290,818	282,943	274,728	267,731	255,940	242,371	228,241	216,689	200,533
Total Changes in Plan Net Assets	\$ 852,998	\$ 530,494	\$ 324,019	\$ 393,549	\$ (102,480)	\$ (567,612)	\$ (563,232)	\$ 436,853	\$ 397,837	\$ 545,467
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	5,565,196	5,034,702	4,710,683	4,317,134	4,419,614	4,987,226	5,550,458	5,113,605	4,715,768	4,170,301
End of Year	\$ 6,418,194	\$ 5,565,196	\$ 5,034,702	\$ 4,710,683	\$ 4,317,134	\$ 4,419,614	\$ 4,987,226	\$ 5,550,458	\$ 5,113,605	\$ 4,715,768
<i>Employer Contributions: % of Covered Payroll</i>	0.1%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	6.0%	6.3%	6.0%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.
²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: LEOFF Plan 2
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 95,552	\$ 79,780	\$ 53,913	\$ 50,698	\$ 41,372	\$ 39,401	\$ 52,939	\$ 43,729	\$ 56,680	\$ 51,425
Employer Contributions	58,191	48,472	32,780	30,773	25,583	23,997	31,450	26,214	34,310	31,084
State Contributions	37,928	31,666	21,266	20,193	16,404	15,551	20,919	17,093	22,210	20,109
Transfers	-	1	17	-	234	62	96	54	72	138
Investment Income ¹	892,480	576,139	393,129	391,911	98,627	(155,059)	(146,265)	273,831	218,027	238,881
Miscellaneous ²	3,905	4,273	2,440	2,371	1,759	1,595	1,500	1,259	1,068	995
<i>Total Additions</i>	<u>1,088,056</u>	<u>740,331</u>	<u>503,545</u>	<u>495,946</u>	<u>183,979</u>	<u>(74,453)</u>	<u>(39,361)</u>	<u>362,180</u>	<u>332,367</u>	<u>342,632</u>
Deductions from Plan Net Assets by Type:										
Benefits	20,813	14,433	8,978	6,043	4,059	2,743	1,726	929	800	581
Administrative Expenses	2,073	1,842	1,659	1,490	1,528	1,477	1,450	1,092	1,042	726
Refunds	7,995	7,115	7,765	5,720	5,124	9,143	8,343	11,054	10,192	7,048
Transfers	32	250	331	-	94	109	165	135	399	58
<i>Total Deductions</i>	<u>30,913</u>	<u>23,640</u>	<u>18,733</u>	<u>13,253</u>	<u>10,805</u>	<u>13,472</u>	<u>11,684</u>	<u>13,210</u>	<u>12,433</u>	<u>8,413</u>
Total Changes in Plan Net Assets	\$ 1,057,143	\$ 716,691	\$ 484,812	\$ 482,693	\$ 173,174	\$ (87,925)	\$ (51,045)	\$ 348,970	\$ 319,934	\$ 334,219
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	<u>4,129,074</u>	<u>3,412,383</u>	<u>2,927,571</u>	<u>2,444,878</u>	<u>2,271,704</u>	<u>2,359,629</u>	<u>2,410,674</u>	<u>2,061,704</u>	<u>1,741,770</u>	<u>1,407,551</u>
End of Year	\$ 5,186,217	\$ 4,129,074	\$ 3,412,383	\$ 2,927,571	\$ 2,444,878	\$ 2,271,704	\$ 2,359,629	\$ 2,410,674	\$ 2,061,704	\$ 1,741,770
<i>Employer Contributions: % of Covered Payroll</i>	4.8%	4.2%	3.1%	3.1%	2.7%	2.7%	3.9%	3.5%	5.1%	5.1%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: WSPRS Plan 1/2
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 3,278	\$ 3,134	\$ 1,316	\$ 1,322	\$ 1,314	\$ 1,245	\$ 1,817	\$ 4,050	\$ 3,756	\$ 3,569
Employer Contributions	3,278	3,133	-	1	-	-	-	15	5,935	5,953
Transfers	163	8	98	121	144	265	252	403	650	207
Investment Income ¹	171,393	118,855	86,150	92,736	22,783	(42,059)	(42,487)	83,669	69,603	83,672
Miscellaneous ²	385	409	381	452	377	396	408	430	296	285
<i>Total Additions</i>	<u>178,497</u>	<u>125,539</u>	<u>87,945</u>	<u>94,632</u>	<u>24,618</u>	<u>(40,153)</u>	<u>(40,010)</u>	<u>88,567</u>	<u>80,240</u>	<u>93,686</u>
Deductions from Plan Net Assets by Type:										
Benefits	31,393	30,666	27,606	25,724	24,047	22,316	20,359	18,787	17,147	15,659
Administrative Expenses	381	408	358	347	378	398	410	324	327	244
Refunds	291	125	173	303	220	199	88	317	173	374
Transfers	-	29	70	-	23	16	26	15	6	5
<i>Total Deductions</i>	<u>32,065</u>	<u>31,228</u>	<u>28,207</u>	<u>26,374</u>	<u>24,668</u>	<u>22,929</u>	<u>20,883</u>	<u>19,443</u>	<u>17,653</u>	<u>16,282</u>
Total Changes in Plan Net Assets	\$ 146,432	\$ 94,311	\$ 59,738	\$ 68,258	\$ (50)	\$ (63,082)	\$ (60,893)	\$ 69,124	\$ 62,587	\$ 77,404
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	818,165	723,854	664,116	595,858	595,908	658,990	719,883	650,759	588,172	510,768
End of Year	<u>\$ 964,597</u>	<u>\$ 818,165</u>	<u>\$ 723,854</u>	<u>\$ 664,116</u>	<u>\$ 595,858</u>	<u>\$ 595,908</u>	<u>\$ 658,990</u>	<u>\$ 719,883</u>	<u>\$ 650,759</u>	<u>\$ 588,172</u>
<i>Employer Contributions: % of Covered Payroll</i>	4.5%	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	11.7%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.
²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: JRS
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 111	\$ 115	\$ 155	\$ 196	\$ 215	\$ 229	\$ 257	\$ 306	\$ 307	\$ 316
Employer Contributions	111	115	155	197	215	229	257	306	306	316
State Contributions	9,539	6,601	5,995	5,995	6,000	6,000	7,000	7,000	8,500	8,500
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	139	61	73	54	116	243	576	503	369	282
Miscellaneous ²	-	-	1	3	4	6	5	5	4	4
<i>Total Additions</i>	<u>9,900</u>	<u>6,892</u>	<u>6,379</u>	<u>6,445</u>	<u>6,550</u>	<u>6,707</u>	<u>8,095</u>	<u>8,120</u>	<u>9,486</u>	<u>9,418</u>
Deductions from Plan Net Assets by Type:										
Benefits	9,356	9,247	8,761	8,404	8,279	8,060	7,719	7,331	7,368	7,217
Administrative Expenses	-	-	1	2	4	5	5	5	4	3
Refunds	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	1	-	-	-
<i>Total Deductions</i>	<u>9,356</u>	<u>9,247</u>	<u>8,762</u>	<u>8,406</u>	<u>8,283</u>	<u>8,065</u>	<u>7,725</u>	<u>7,336</u>	<u>7,372</u>	<u>7,220</u>
Total Changes in Plan Net Assets	\$ 544	\$ (2,355)	\$ (2,383)	\$ (1,961)	\$ (1,733)	\$ (1,358)	\$ 370	\$ 784	\$ 2,114	\$ 2,198
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	3	2,358	4,741	6,702	8,435	9,793	9,423	8,639	6,525	4,327
End of Year	<u><u>547</u></u>	<u><u>3</u></u>	<u><u>2,358</u></u>	<u><u>4,741</u></u>	<u><u>6,702</u></u>	<u><u>8,435</u></u>	<u><u>9,793</u></u>	<u><u>9,423</u></u>	<u><u>8,639</u></u>	<u><u>6,525</u></u>
<i>Employer Contributions: % of Covered Payroll</i>	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Schedule of Changes in Plan Net Assets: JUDGES
(dollars in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ -	\$ -	\$ -	\$ -	\$ 6	\$ 8	\$ 8	\$ 8	\$ 8	\$ 11
Employer Contributions	-	-	-	-	6	9	8	8	8	11
State Contributions	300	300	500	500	250	250	750	750	750	750
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	184	139	86	20	109	214	335	190	180	198
Miscellaneous ²	2	2	2	3	3	3	4	2	1	2
Total Additions	486	441	588	523	374	484	1,105	958	947	972
Deductions from Plan Net Assets by Type:										
Benefits	581	624	641	685	639	656	662	662	665	631
Administrative Expenses	1	2	2	2	3	3	4	2	2	2
Refunds	-	-	13	-	-	-	-	-	-	-
Transfers	-	-	1	-	-	-	-	-	-	-
Total Deductions	582	626	657	687	642	659	666	664	667	633
Total Changes in Plan Net Assets	\$ (96)	\$ (185)	\$ (69)	\$ (164)	\$ (268)	\$ (175)	\$ 439	\$ 294	\$ 280	\$ 339
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	4,098	4,283	4,352	4,516	4,784	4,959	4,520	4,226	3,946	3,607
End of Year	\$ 4,002	\$ 4,098	\$ 4,283	\$ 4,352	\$ 4,516	\$ 4,784	\$ 4,959	\$ 4,520	\$ 4,226	\$ 3,946
<i>Employer Contributions: % of Covered Payroll</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>	<i>6.5%</i>

¹Investment income reflects dividends, interest, realized capital gains and unrealized gains and losses.

²Miscellaneous additions include restorations of employee contributions.

Distribution of Membership
For the Years Ended September 30, 1997-2006

Active Members by System and Plan:

Plan		2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
PERS 1	Percent	4.85%	5.50%	6.16%	6.89%	7.59%	8.46%	9.24%	10.26%	11.31%	12.36%
	Individuals	14,213	15,962	17,829	19,740	21,737	23,981	25,833	28,168	30,374	32,361
	Avg. Age	57	57	56	55	55	54	54	53	52	52
PERS 2	Percent	40.39%	40.81%	40.97%	40.93%	40.85%	45.50%	45.23%	61.27%	60.14%	58.82%
	Individuals	118,341	118,400	118,572	117,262	116,939	128,955	126,428	168,214	161,476	154,079
	Avg. Age	46	46	45	45	44	43	43	43	43	43
PERS 3	Percent	7.67%	7.31%	6.86%	6.12%	5.42%	-	-	-	-	-
	Individuals	22,473	21,216	19,855	17,548	15,509	-	-	-	-	-
	Avg. Age	42	42	42	42	43	-	-	-	-	-
SERS 2	Percent	6.30%	6.68%	7.06%	7.51%	7.99%	8.49%	9.20%	-	-	-
	Individuals	18,464	19,387	20,424	21,504	22,870	24,063	25,714	-	-	-
	Avg. Age	51	50	49	48	47	47	46	-	-	-
SERS 3	Percent	11.04%	10.67%	10.17%	9.67%	9.40%	8.57%	7.87%	-	-	-
	Individuals	32,354	30,963	29,430	27,710	26,921	24,284	22,011	-	-	-
	Avg. Age	47	46	46	46	45	45	45	-	-	-
PSERS 2	Percent	0.71%	-	-	-	-	-	-	-	-	-
	Individuals	2,073	-	-	-	-	-	-	-	-	-
	Avg. Age	39	-	-	-	-	-	-	-	-	-
TRS 1	Percent	2.52%	2.96%	3.41%	3.90%	4.35%	4.93%	6.16%	6.83%	7.51%	8.26%
	Individuals	7,382	8,592	9,862	11,175	12,456	13,971	17,222	18,737	20,165	21,628
	Avg. Age	58	57	56	55	55	54	53	53	52	52
TRS 2	Percent	2.38%	2.48%	2.58%	2.67%	2.73%	2.84%	2.99%	3.16%	3.37%	12.79%
	Individuals	6,983	7,205	7,470	7,637	7,809	8,056	8,356	8,663	9,058	33,499
	Avg. Age	51	51	50	49	49	48	47	46	45	41
TRS 3	Percent	18.22%	17.74%	17.03%	16.50%	16.00%	15.59%	13.70%	12.85%	12.14%	2.17%
	Individuals	53,371	51,473	49,302	47,263	45,798	44,193	38,280	35,284	32,605	5,688
	Avg. Age	42	42	42	41	41	40	40	40	39	36
LEOFF 1	Percent	0.20%	0.25%	0.29%	0.35%	0.40%	0.46%	0.54%	0.64%	0.74%	0.88%
	Individuals	596	723	848	991	1,147	1,315	1,499	1,743	1,986	2,313
	Avg. Age	56	56	55	54	53	52	52	51	51	50
LEOFF 2	Percent	5.37%	5.23%	5.10%	5.08%	4.90%	4.79%	4.70%	4.63%	4.42%	4.35%
	Individuals	15,718	15,168	14,754	14,560	14,011	13,585	13,133	12,713	11,870	11,401
	Avg. Age	41	41	40	40	39	39	38	38	37	37
WSPRS 1	Percent	0.31%	0.33%	0.34%	0.36%	0.36%	0.36%	0.36%	0.35%	0.35%	0.35%
	Individuals	906	941	997	1,045	1,035	1,027	1,013	968	929	927
	Avg. Age	41	40	39	39	38	38	38	38	39	38
WSPRS 2	Percent	0.04%	0.03%	0.02%	0.01%	-	-	-	-	-	-
	Individuals	116	81	60	34	-	-	-	-	-	-
	Avg. Age	30	30	29	29	-	-	-	-	-	-
JRS	Percent	0.00%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%
	Individuals	11	13	19	21	24	26	32	38	40	41
	Avg. Age	66	65	63	63	61	61	61	60	59	59
Judges	Percent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	Individuals	-	-	-	-	1	1	1	1	1	2
	Avg. Age	n/a	n/a	n/a	n/a	76	75	74	73	72	69
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	293,001	290,124	289,422	286,490	286,257	283,457	279,522	274,529	268,504	261,939

Source: Washington State Office of the State Actuary
 Figures are as of the latest valuation date for each year.

Distribution of Membership
For the Years Ended September 30, 1997-2006

Inactive and Retired Members by System and Plan:

Plan		2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
PERS 1	Percent	35.47%	37.53%	39.14%	40.64%	42.00%	43.41%	45.42%	46.97%	48.61%	50.16%
	Individuals	57,509	57,628	57,561	57,514	57,286	56,848	56,381	55,810	55,200	54,816
	Avg. Age	73	72	72	72	72	72	72	72	72	72
PERS 2	Percent	21.88%	20.46%	19.62%	19.08%	18.64%	18.14%	17.74%	16.50%	14.68%	13.02%
	Individuals	35,485	31,412	28,860	26,993	25,415	23,753	22,021	19,603	16,666	14,228
	Avg. Age	59	59	59	58	57	57	57	56	56	55
PERS 3	Percent	1.74%	1.39%	1.02%	0.61%	0.15%	-	-	-	-	-
	Individuals	2,817	2,136	1,506	856	207	-	-	-	-	-
	Avg. Age	51	50	49	48	46	-	-	-	-	-
SERS 2	Percent	3.36%	2.93%	2.40%	1.86%	1.35%	0.85%	0.45%	-	-	-
	Individuals	5,442	4,499	3,525	2,638	1,834	1,120	564	-	-	-
	Avg. Age	56	56	55	54	53	52	49	-	-	-
SERS 3	Percent	2.60%	2.08%	1.71%	1.38%	0.98%	0.55%	0.16%	-	-	-
	Individuals	4,210	3,196	2,516	1,954	1,333	715	196	-	-	-
	Avg. Age	56	55	54	53	52	51	49	-	-	-
TRS 1	Percent	22.80%	23.83%	24.54%	25.09%	25.64%	26.11%	25.63%	26.09%	26.66%	26.98%
	Individuals	36,969	36,592	36,099	35,504	34,970	34,190	31,824	31,005	30,280	29,493
	Avg. Age	71	70	70	70	70	70	70	70	70	70
TRS 2	Percent	2.54%	2.53%	2.47%	2.44%	2.43%	2.33%	2.19%	2.17%	2.23%	2.26%
	Individuals	4,116	3,887	3,637	3,450	3,310	3,051	2,718	2,578	2,534	2,467
	Avg. Age	58	57	56	54	53	52	50	49	47	46
TRS 3	Percent	3.07%	2.52%	2.24%	1.98%	1.78%	1.48%	1.08%	0.81%	0.21%	0.02%
	Individuals	4,978	3,864	3,302	2,803	2,434	1,933	1,334	969	238	21
	Avg. Age	54	53	52	50	49	48	45	44	42	47
LEOFF 1	Percent	5.04%	5.31%	5.52%	5.70%	5.87%	6.05%	6.29%	6.45%	6.60%	6.61%
	Individuals	8,177	8,156	8,117	8,068	8,009	7,923	7,811	7,663	7,495	7,225
	Avg. Age	67	67	66	65	65	64	64	63	63	62
LEOFF 2	Percent	0.85%	0.74%	0.65%	0.53%	0.45%	0.37%	0.31%	0.27%	0.26%	0.20%
	Individuals	1,376	1,144	953	755	620	487	391	316	300	220
	Avg. Age	52	52	51	51	50	50	50	50	48	49
WSPRS 1	Percent	0.56%	0.58%	0.59%	0.59%	0.60%	0.60%	0.61%	0.61%	0.61%	0.61%
	Individuals	918	894	862	828	813	785	756	729	694	667
	Avg. Age	64	63	63	63	63	62	62	62	62	62
JRS	Percent	0.08%	0.09%	0.09%	0.09%	0.10%	0.10%	0.11%	0.11%	0.12%	0.12%
	Individuals	133	133	129	132	134	137	133	133	135	137
	Avg. Age	77	77	76	76	76	75	75	76	75	74
Judges	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
	Individuals	15	16	16	17	18	18	18	18	19	18
	Avg. Age	79	78	78	78	80	79	78	77	77	76
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	162,145	153,557	147,083	141,512	136,383	130,960	124,147	118,824	113,561	109,292

Source: Washington State Office of the State Actuary
 Figures are as of the latest valuation date for each year.

**Principal Participating Employers by Plan: PERS 1
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Dept. of Social & Health Services	1,077	1	8.1%	Dept. of Social & Health Services	2,675	1	8.8%
University of Washington	914	2	6.9%	University of Washington	1,922	2	6.3%
Dept. of Transportation	440	3	3.3%	Dept. of Transportation	1,058	3	3.5%
King County	364	4	2.7%	King County	1,038	4	3.4%
KC Metro	354	5	2.6%	KC Metro	812	5	2.7%
Dept. of Employment Security	324	6	2.4%	Dept. of Employment Security	785	6	2.6%
Dept. of Labor & Industries	250	7	1.9%	Dept. of Labor & Industries	568	7	1.9%
Seattle SD 001	211	8	1.6%	Washington State University	442	8	1.5%
WA State Ferries	162	9	1.2%	Dept. of Fish & Wildlife	441	9	1.5%
Dept. of Fish & Wildlife	162	10	1.2%	Seattle SD 001	440	10	1.4%
All other*	9,103		68.1%	All other	20,083		66.4%
Total (789 employers)	13,361		100.0%	Total (921 employers)	30,264		100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	140	3,230
School Districts	244	2,562
Counties/Municipalities	182	2,139
Other Political Subdivisions	213	1,172
Total	779	9,103

**1998 calendar year statistics

**Principal Participating Employers by Plan: PERS 2
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	11,186	1	9.0%	University of Washington	10,945	1	8.9%
Dept. of Social & Health Services	8,719	2	7.1%	Dept. of Social & Health Services	8,324	2	6.8%
King County	4,610	3	3.7%	King County	5,356	3	4.4%
Dept. of Transportation	4,610	4	3.7%	Dept. of Transportation	3,784	4	3.1%
KC Metro	4,406	5	3.6%	KC Metro	3,758	5	3.1%
Pierce County	2,442	6	2.0%	Washington State University	2,174	6	1.8%
Corrections SW Region	2,372	7	1.9%	Pierce County	2,038	7	1.7%
Snohomish County	2,195	8	1.8%	Dept. of Labor & Industries	2,025	8	1.6%
Dept. of Labor & Industries	2,159	9	1.7%	Snohomish County	1,886	9	1.5%
Western State Hospital	1,856	10	1.5%	Western State Hospital	1,776	10	1.4%
All other*	79,163		64.0%	All other	80,469		65.7%
Total (910 employers)	123,718		100.0%	Total (1,157 employers)	122,535	***	100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	169	34,337
School Districts	-	-
Counties/Municipalities	268	26,067
Other Political Subdivisions	463	18,759
Total	900	79,163

**August 31, 1998 statistics

***1998 statistics do not include SERS 2 employees who were PERS 2 members in 1998.

**Principal Participating Employers by Plan: PERS 3
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	3,198	1	13.4%				
Dept. of Social & Health Services	1,581	2	6.6%				
Dept. of Transportation	1,019	3	4.3%				
Washington State University	685	4	2.9%				
King County	674	5	2.8%				
KC Metro	583	6	2.5%				
Dept. of Ecology	438	7	1.8%				
Dept. of Fish & Wildlife	364	8	1.5%				
Corrections SW Region	363	9	1.5%				
Dept. of Natural Resources	363	10	1.5%				
All other*	14,586		61.2%				
Total (614 employers)	23,854		100.0%				

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	154	6,918
School Districts	-	-
Counties/Municipalities	194	4,725
Other Political Subdivisions	256	2,943
Total	604	14,586

**PERS 3 was not available in 1998.

**Principal Participating Employers by Plan: SERS 2
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	950	1	5.1%	Seattle SD 001	1,443	1	3.8%
Tacoma SD 010	711	2	3.9%	Spokane Public Schools	1,107	2	3.0%
Spokane Public Schools	498	3	2.7%	Tacoma SD 010	1,037	3	2.7%
Vancouver SD 037	466	4	2.5%	Kent SD 415	957	4	2.5%
Kent SD 415	454	5	2.5%	Vancouver SD 037	945	5	2.4%
Highline SD 401	435	6	2.4%	Edmonds SD 015	813	6	2.1%
Edmonds SD 015	359	7	1.9%	Highline SD 401	810	7	2.1%
Federal Way SD 210	352	8	1.9%	Evergreen SD 114	805	8	2.1%
Lake Washington SD 414	317	9	1.7%	Lake Washington SD 414	781	9	2.1%
Northshore SD 417	308	10	1.7%	Federal Way SD 210	708	10	1.9%
All other*	13,609		73.7%	All other*	28,616		75.3%
Total (300 employers)	18,459		100.0%	Total (563 employers)	38,022	***	100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	290	13,609
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	290	13,609

**August 31, 1998 statistics

***SERS 2 was not available in 1998. This total represents those SERS 2 employees who were PERS 2 members in 1998.

**Principal Participating Employers by Plan: SERS 3
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,066	1	3.1%				
Kent SD 415	1,038	2	3.0%				
Spokane Public Schools	886	3	2.6%				
Evergreen SD 114	859	4	2.5%				
Tacoma SD 010	748	5	2.2%				
Lake Washington SD 414	740	6	2.1%				
Vancouver SD 037	738	7	2.1%				
Federal Way SD 210	687	8	2.0%				
Northshore SD 417	678	9	2.0%				
Edmonds SD 015	674	10	2.0%				
All other*	26,312		76.4%				
Total (304 employers)	34,426		100.0%				

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	1	1
School Districts	293	26,311
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	294	26,312

**SERS 3 was not available in 1998.

**Principal Participating Employers by Plan: PSERS 2
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Corrections NW Region	468	1	17.1%				
Corrections SW Region	301	2	11.0%				
King County	245	3	8.9%				
Corrections SE Region	238	4	8.7%				
Pierce County	148	5	5.4%				
Parks & Recreation Commission	141	6	5.1%				
Snohomish County	112	7	4.1%				
Corrections NE Region	98	8	3.6%				
Thurston County	88	9	3.2%				
Spokane County	87	10	3.2%				
All other*	814		29.7%				
Total (69 employers)	2,740		100.0%				

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	3	75
School Districts	-	-
Counties/Municipalities	56	739
Other Political Subdivisions	-	-
Total	59	814

**PSERS 2 was not available in 1998.

**Principal Participating Employers by Plan: TRS 1
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	382	1	5.1%	Seattle SD 001	1,136	1	5.9%
Tacoma SD 010	305	2	4.1%	Tacoma SD 010	787	2	4.1%
Spokane Public Schools	222	3	2.9%	Spokane Public Schools	604	3	3.2%
Northshore SD 417	200	4	2.7%	Northshore SD 417	455	4	2.4%
Lake Washington SD 414	175	5	2.3%	Kent SD 415	443	5	2.3%
Vancouver SD 037	155	6	2.1%	Vancouver SD 037	433	6	2.3%
Evergreen SD 114	151	7	2.0%	Lake Washington SD 414	407	7	2.1%
Kent SD 415	148	8	2.0%	Edmonds SD 015	386	8	2.0%
Puyallup SD 003	130	9	1.7%	Evergreen SD 114	364	9	1.9%
Yakima SD 007	124	10	1.7%	Bellevue SD 405	360	10	1.9%
All other*	5,491		73.4%	All other	13,765		71.9%
Total (353 employers)	7,483		100.0%	Total (380 employers)	19,140		100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	67	339
School Districts	276	5,152
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	343	5,491

**August 31, 1998 statistics

**Principal Participating Employers by Plan: TRS 2
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	549	1	7.7%	Seattle SD 001	747	1	7.9%
Tacoma SD 010	346	2	4.9%	Tacoma SD 010	475	2	5.1%
Spokane Public Schools	266	3	3.8%	Spokane Public Schools	334	3	3.6%
Kent SD 415	151	4	2.1%	Kent SD 415	225	4	2.4%
Federal Way SD 210	137	5	1.9%	Highline SD 401	209	5	2.2%
Edmonds SD 015	136	6	1.9%	Edmonds SD 015	204	6	2.2%
Bethel SD 403	135	7	1.9%	Lake Washington SD 414	202	7	2.1%
Highline SD 401	135	8	1.9%	Bethel SD 403	191	8	2.0%
Vancouver SD 037	135	9	1.9%	Issaquah SD 411	178	9	1.9%
Lake Washington SD 414	133	10	1.9%	Bellevue SD 405	172	10	1.8%
All other*	4,983		70.1%	All other	6,468		68.8%
Total (297 employers)	7,106		100.0%	Total (311 employers)	9,405	***	100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	22	50
School Districts	265	4,933
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	287	4,983

**August 31, 1998 statistics

**Principal Participating Employers by Plan: TRS 3
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	2,582	1	4.7%	Seattle SD 001	1,229	1	3.7%
Spokane Public Schools	1,773	2	3.2%	Spokane Public Schools	1,024	2	3.0%
Kent SD 415	1,553	3	2.8%	Kent SD 415	914	3	2.7%
Tacoma SD 010	1,551	4	2.8%	Lake Washington SD 414	889	4	2.6%
Evergreen SD 114	1,507	5	2.7%	Tacoma SD 010	865	5	2.6%
Lake Washington SD 414	1,302	6	2.4%	Edmonds SD 015	759	6	2.3%
Federal Way SD 210	1,270	7	2.3%	Evergreen SD 114	741	7	2.2%
Edmonds SD 015	1,185	8	2.2%	Northshore SD 417	723	8	2.1%
Vancouver SD 037	1,170	9	2.1%	Puyallup SD 003	697	9	2.1%
Puyallup SD 003	1,144	10	2.1%	Federal Way SD 210	695	10	2.1%
All other*	40,056		72.7%	All other	25,076		74.6%
Total (333 employers)	55,093		100.0%	Total (325 employers)	33,612		100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	30	141
School Districts	293	39,915
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	323	40,056

**August 31, 1998 statistics

**Principal Participating Employers by Plan: LEOFF 1
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	129	1	24.6%	City of Seattle	402	1	20.5%
City of Tacoma	39	2	7.4%	City of Tacoma	173	2	8.8%
City of Spokane	36	3	6.9%	City of Spokane	169	3	8.6%
City of Bellevue	23	4	4.4%	King County	73	4	3.7%
City of Bellingham	20	5	3.8%	City of Bellingham	59	5	3.0%
City of Everett	17	6	3.3%	City of Bellevue	58	6	3.0%
King County	13	7	2.5%	City of Vancouver	47	7	2.4%
Pierce County FPD 02	12	8	2.3%	City of Everett	44	8	2.3%
City of Renton	11	9	2.1%	City of Yakima	42	9	2.2%
City of Olympia	10	10	1.9%	Spokane County	34	10	1.7%
All other*	214		40.8%	All other	857		43.8%
Total (92 employers)	524		100.0%	Total (162 employers)	1,958	***	100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	-	-
Counties/Municipalities	65	171
Other Political Subdivisions	17	43
Total	82	214

**1998 calendar year statistics

**Principal Participating Employers by Plan: LEOFF 2
Current Year and Nine Years Prior**

2007				1998**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,174	1	13.4%	City of Seattle	1,742	1	14.6%
City of Tacoma	743	2	4.6%	City of Tacoma	601	2	5.1%
King County	738	3	4.6%	King County	542	3	4.6%
City of Spokane	526	4	3.2%	City of Spokane	429	4	3.6%
City of Vancouver	373	5	2.3%	City of Everett	291	5	2.4%
City of Bellevue	344	6	2.1%	City of Bellevue	275	6	2.3%
City of Everett	333	7	2.1%	Pierce County	270	7	2.3%
Pierce County	318	8	2.0%	City of Vancouver	251	8	2.1%
City of Kent	267	9	1.6%	City of Kent	219	9	1.8%
Snohomish County	257	10	1.6%	Snohomish County	188	10	1.6%
All other*	10,139		62.5%	All other	7,098		59.6%
Total (379 employers)	16,212		100.0%	Total (346 employers)	11,906	***	100.0%

*In 2007, "all other" consisted of:

Type	Number	Employees
State Agencies	7	212
School Districts	-	-
Counties/Municipalities	209	6,669
Other Political Subdivisions	153	3,258
Total	369	10,139

**1998 calendar year statistics

**Principal Participating Employers by Plan: JRS
Current Year and Nine Years Prior**

2007				1998*			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Administrative Office of the Courts	7	1	63.6%	Administrative Office of the Courts	29	1	74.4%
Court of Appeals	3	2	27.3%	Court of Appeals	6	2	15.4%
Supreme Court	1	3	9.1%	Supreme Court	4	3	10.2%
Total (3 employers)	11		100.0%	Total (3 employers)	39		100.0%

*1997 calendar year statistics

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 1 of 11)

State Agencies

Administrative Office of the Courts
 Archaeology-Historic Preservation
 Board for Volunteer Firefighters
 Board of Industrial Insurance Appeals
 Board of Tax Appeals
 Child Study & Treatment Ctr.
 Civil Legal Aide
 Consolidated Support Services
 County Road Administration Board
 Court of Appeals
 Dept. of Agriculture
 Dept. of Community, Trade & Economic
 Development
 Dept. of Corrections:
 Corrections Northeast Region
 Corrections Northwest Region
 Corrections Southeast Region
 Corrections Southwest Region
 Dept. of Early Learning
 Dept. of Ecology
 Dept. of Employment Security
 Dept. of Financial Institutions
 Dept. of Fish & Wildlife
 Dept. of General Administration
 Dept. of Health
 Dept. of Information Services
 Dept. of Labor & Industries
 Dept. of Licensing
 Dept. of Natural Resources
 Dept. of Personnel
 Dept. of Printing
 Dept. of Retirement Systems
 Dept. of Revenue
 Dept. of Services for the Blind
 Dept. of Social & Health Services (9)
 Dept. of Transportation
 Dept. of Veterans' Affairs
 Eastern State Hospital

Eastern WA State Historical Society
 Echo Glen Children's Ctr.
 Economic Development Finance Auth.
 Environmental Hearings Office
 Fircrest School
 Frances H. Morgan Ctr.
 Governor's Office of Indian Affairs
 Green Hill School
 Health Care Facilities Authority
 Higher Education Coordinating Board
 Home Care Quality Authority
 House of Representatives
 Human Resource Info. System Division
 Indeterminate Sentence Review Board
 Interagency Committee for Outdoor
 Recreation
 Joint Legislative Audit & Review
 Committee
 Joint Legislative Systems Committee
 Joint Transportation Committee
 Lakeland Village
 Law Library
 LEAP Committee
 LEOFF Plan 2 Retirement Board
 Liquor Control Board
 Maple Lane School
 Military Dept.
 Naselle Youth Camp
 Office of Administrative Hearings
 Office of Financial Mgmt.
 Office of Minority & Women's
 Business Enterprises
 Office of Public Defense
 Office of the Attorney General
 Office of the Forecast Council
 Office of the Governor
 Office of the Insurance Commissioner
 Office of the Lieutenant Governor
 Office of the Secretary of State

Office of the State Actuary
 Office of the State Auditor
 Office of the State Treasurer
 Rainier School
 Senate
 Soldiers Home of WA State
 Special Commitment Ctr.
 State Board for Community &
 Technical Colleges
 State Board of Accountancy
 State of WA Caseload Forecast Council
 Statute Law Committee
 Superintendent of Public Instruction
 Supreme Court
 Transportation Improvement Board
 Veterans Home - Spokane
 WA Pollution Liability Insurance Agency
 WA State Bar Assn.
 WA State Ferries
 WA State Health Care Auth.
 WA State Historical Society
 WA State Investment Board
 WA State Patrol
 WA State School Directors' Assn.
 WA State School for the Blind
 WA State School for the Deaf
 WA Veterans' Home
 Western State Hospital
 Western WA Growth Mgmt Hearings Board
 Workforce Training & Education
 Coordinating Board
 Yakima Valley School

State Commissions

African American Affairs
 Apple
 Arts
 Asian American Affairs
 Barley

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 2 of 11)

State Commissions (continued)

Beef
Columbia River Gorge
Conservation
Criminal Justice Training
Dairy Products
Fruit
Fryer
Gambling
Hispanic Affairs
Hop
Horse Racing
Housing Finance
Human Rights
Judicial Conduct
Lottery
Marine Employees
Parks & Recreation
Potato
Public Disclosure
Public Employment Relations
Puget Sound Pilotage
Salaries for Elected Officials
Sentencing Guidelines
Traffic Safety
Tree Fruit Research
Utilities & Transportation
Wheat
Wine

School Districts

Aberdeen
Adna
Almira
Anacortes
Arlington
Asotin Anatone
Auburn
Bainbridge Island

Battle Ground
Bellevue
Bellingham
Benge
Bethel
Bickleton
Blaine
Boistfort
Bremerton
Brewster
Bridgeport
Brinnon
Burlington-Edison
Camas
Cape Flattery
Carbonado Historical
Cascade
Cashmere
Castle Rock
Centerville
Central Kitsap
Central Valley
Centralia
Chehalis
Cheney
Chewelah
Chimacum
Clarkston
Cle Elum-Roslyn
Clover Park
Colfax
College Place
Colton
Columbia (Stevens Co.)
Columbia (Walla Walla Co.)
Colville
Concrete
Conway
Cosmopolis

Coulee
Coupeville
Crescent
Creston
Curlew
Cusick
Damman
Darrington
Davenport
Dayton
Deer Park
Dieringer
Dixie
East Valley (Spokane Co.)
East Valley (Yakima Co.)
Eastmont
Easton
Eatonville
Edmonds
Ellensburg
Elma
Endicott
Entiat
Enumclaw
Ephrata
Evaline
Everett
Evergreen (Clark Co.)
Evergreen (Stevens Co.)
Federal Way
Ferndale
Fife
Finley
Franklin Pierce
Freeman
Garfield
Glenwood
Goldendale
Grand Coulee Dam

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 3 of 11)

School Districts (continued)

Grandview	Lopez	Northport
Granger	Lyle	Northshore
Granite Falls	Lynden	Oak Harbor
Grapeview	Mabton	Oakesdale
Great Northern	Mansfield	Oakville
Green Mountain	Manson	Ocean Beach
Griffin	Mary M. Knight	Ocosta
Harrington	Mary Walker	Odessa
Highland	Marysville	Okanogan
Highline	McCleary	Olympia
Hockinson	Mead	Omak
Hood Canal	Medical Lake	Onalaska
Hoquiam	Mercer Island	Onion Creek
Inchelium	Meridian	Orcas Island
Index	Methow Valley	Orchard Prairie
Issaquah	Mill A	Orient
Kahlotus	Monroe	Orondo
Kalama	Montesano	Oroville
Keller	Morton	Orting
Kelso	Moses Lake	Othello
Kennewick	Mossyrock	Palisades
Kent	Mount Adams	Palouse
Kettle Falls	Mount Baker	Pasco
Kiona-Benton City	Mount Pleasant	Pateros
Kittitas	Mount Vernon	Paterson
Klickitat	Mukilteo	Pe Ell
La Center	Naches Valley	Peninsula
La Conner	Napavine	Pioneer
LaCrosse	Naselle-Grays River Valley	Pomeroy
Lake Chelan	Nespelem	Port Angeles
Lake Stevens	Newport	Port Townsend
Lake Washington	Nine Mile Falls	Prescott
Lakewood	Nooksack Valley	Prosser
Lamont	North Beach	Pullman
Liberty	North Franklin	Puyallup
Lind	North Kitsap	Queets-Clearwater
Longview	North Mason	Quilcene
Loon Lake	North River	Quillayute
	North Thurston	Quinault Lake

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 4 of 11)

School Districts (continued)

Quincy
Rainier
Raymond
Reardan-Edwall
Renton
Republic
Richland
Ridgefield
Ritzville
Riverside
Riverview
Rochester
Roosevelt
Rosalia
Royal
Saint John
San Juan Island
Satsop
Seattle
Sedro Woolley
Selah
Selkirk
Sequim
Shaw Island
Shelton
Shoreline
Skamania
Skykomish
Snohomish
Snoqualmie Valley
Soap Lake
South Bend
South Kitsap
South Whidbey
Southside
Spokane Public Schools
Sprague
Stanwood-Camano

Star
Starbuck
Stehekin
Steilacoom Historical
Steptoe
Stevenson-Carson
Sultan
Summit
Sumner
Sunnyside
Tacoma
Taholah
Tahoma
Tekoa
Tenino
Thorp
Toledo
Tonasket
Toppenish
Touchet
Toutle Lake
Trout Lake
Tukwila
Tumwater
Union Gap
University Place
Vader
Valley
Vancouver
Vashon Island
Wahkiakum
Wahluke
Waitsburg
Walla Walla
Wapato
Warden Jr. Consolidated
Washougal
Washtucna
Waterville

Wellpinit
Wenatchee
West Valley (Spokane Co.)
West Valley (Yakima Co.)
White Pass
White River
White Salmon
Wilbur
Willapa Valley
Wilson Creek
Winlock
Wishkah Valley
Wishram
Woodland
Yakima
Yelm
Zillah

Educational Service Districts

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

Community Colleges, Technical Colleges

Bates Technical College
Bellevue Community College
Bellingham Technical College
Big Bend Community College
Cascadia Community College
Clark Community College
Clover Park Technical College

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 5 of 11)

Community Colleges, Technical Colleges (continued)

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
Evergreen State College
University of Washington
Washington State University
Western Washington University

Cities & Towns

Aberdeen
Airway Heights
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)
Carnation
Cashmere
Castle Rock
Cathlamet (Town of)
Centralia
Chehalis
Chelan
Cheney
Chewelah
Clarkston
Cle Elum

Clyde Hill
Colfax
College Place
Colton (Town of)
Colville
Concrete (Town of)
Connell
Cosmopolis
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
Federal Way
Ferdale
Fife
Fircrest
Forks
Friday Harbor (Town of)
Garfield (Town of)

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 6 of 11)

Cities & Towns (continued)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 7 of 11)

Cities & Towns (continued)

Spangle (Town of)
Spokane
Spokane Valley
Sprague
Springdale (Town of)
Stanwood
Steilacoom (Town of)
Stevenson
Sultan
Sumas
Sumner
Sunnyside
Tacoma
Tekoa
Tenino
Tieton
Toledo
Tonasket
Toppenish
Tukwila
Tumwater
Twisp (Town of)
Union Gap
Uniontown (Town of)
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 Clean Air Auth.
Olympic Region Clean Air Agency
Puget Sound Clean Air Agency
SW Clean Air Agency
Spokane Co. Air Pollution
Yakima Regional Clean Air Auth.

Area Agencies on Aging

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

Conservation Districts

Clallam
Columbia
Cowlitz
King
Kittitas
Pacific

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 8 of 11)

Conservation Districts (continued)

Snohomish
Spokane Co.
Stevens Co.
Thurston
Wahkiakum

Fire Protection Districts

Adams Co. FPD 5
Asotin Co. FPD 1
Bainbridge Island Fire Dept.
Benton Co. FPDs 1, 2, 4 & 6
Central Kitsap Fire & Rescue
Central Whidbey Island Fire & Rescue
Chelan Co. FPDs 1, 3, 5, 7 & 9
Clallam Co. FPDs 2 & 3
Clark Co. FPDs 3, 5, 6, 9-13
Columbia Co. FPD 03
Cowlitz Co. FPDs 1-3, 5 & 6
Cowlitz-Skamania Co. FPD 07
Douglas Co. FPD 2
Douglas-Okanogan Co. FPD 15
Franklin Co. FPD 3
Grant Co. FPDs 3, 4, 5, 8 & 10
Grays Harbor FPDs 2 & 5
Island Co. FPDs 1 & 3
Jefferson Co. FPDs 1-4
King Co. FPDs 2, 10, 14, 16, 20, 25, 27, 34, 37, 40, 43-45 & 50
Kitsap Co. FPD 18
Kittitas Co. FPD 2
Klickitat Co. FPD 3
Lewis Co. FPDs 2, 3, 8, 10, 12 & 14
Marysville Fire Dist. 12
Mason Co. FPDs 2-6 & 13
North Highline Fire Dist.
North Kitsap Fire & Rescue
North Olympia Fire Dept.
North Whatcom Fire & Rescue
North Whidbey Fire & Rescue

Okanogan Co. FPD 6
Pacific Co. FPD 1
Pend Oreille FPDs 2, 3, & 4
Pierce Co. FPDs 2, 3, 5, 6, 8, 10, 13, 14, 16-18, 21-23 & 27
Prosser FPD 3
San Juan Co. FPDs 2-5
Shoreline Fire Dept.
Skagit Co. FPD 8
Snohomish Co. FPDs 1, 3-5, 7, 8, 14, 15, 17-19, 22, 26 & 28
South King Fire and Rescue
South Kitsap Fire and Rescue
South Pierce Fire & Rescue 15
Spokane Co. FPDs 1, 3, 4, 8-10 & 13
Stevens Co. FPD 1
Thurston Co. FPDs 1, 3, 5, 6, 8, 9, 11-13
Valley Regional Fire Authority
Vashon Island Fire & Rescue
Walla Walla Co. FPDs 4 & 5
Whatcom Co. FPDs 1, 2, 4, 7, 8, 14 & 17
Woodinville Fire-Life Safety Dist.
Yakima Co. FPDs 4, 5 & 12
Yelm Fire Dist.

Public Health

Asotin Co. Health Dist.
Benton-Franklin Health Dist.
Chelan-Douglas Health Dist.
Garfield Co. Health Dist.
Grant Co. Health Dist.
Greater Columbia Behavioral Health
King Co. Public Health Dept.
Kitsap Co. Health Dist.
North Central WA Regional Support Network
North Sound Mental Health Administration
Snohomish Health Dist.
Spokane Regional Health Dist.
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 Center
North Country Emergency Medical Service
RIVERCOM
San Juan Is. Emergency Medical Services
Skagit 911 (SECOM)
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.
Joint Republic Ferry Co.
Kelso
Kennewick
King Co.
Kitsap Co. Consolidated
Kittitas Co.
Longview
Mason Co.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 9 of 11)

Housing Authorities (continued)

Othello
Pasco/Franklin Co.
Pierce Co.
Renton
Richland
Seattle
Skagit Co.
Snohomish Co.
Spokane
Tacoma
Thurston Co.
Vancouver
Walla Walla
Walla Walla Co.

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.
Chinook Water Dist.
Clark Regional Wastewater 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.
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.
Evergreen Water-Sewer Dist. 19
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.
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. 20, 45, 49, 54, 90,
111, 119 & 125
Kiona Irrigation Dist.
Kittitas Reclamation Dist.
Lake Chelan Reclamation Dist.
Lake Forest Park Water Dist.
Lake Stevens Sewer 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
Moses Lake Irrigation & Rehabilitation Dist.
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
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.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 10 of 11)

Irrigation, Sewer & Water Districts (continued)

Terrace Heights Sewer Dist.
 Three Rivers Reg. Wastewater Plant
 Trentwood Irrigation Dist. 3
 Valley View Sewer Dist.
 Valley Water Dist.
 Vera Irrigation Dist. 15
 Water District 19
 Wenatchee Reclamation Dist.
 Whatcom Co. Water Dist. 2, 7 & 10
 Whitestone Reclamation Dist.
 Whitworth Water Dist. 2
 Willapa Valley Water Dist.
 Woodinville Water Dist.
 Yakima-Tieton Irrigation Dist.

Weed Control Districts

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

Mosquito Districts

Adams Co. Mosquito Dist.
 Benton Co. Mosquito Control Dist.
 Columbia Mosquito Control Dist.
 Franklin Co. 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
 Upper Skagit Library Dist.
 Walla Walla Co. Rural Library
 Whatcom Co. Public Library
 Whitman Co. Rural Library
 Yakima Valley Regional Library

Ports

Allyn
 Anacortes
 Bellingham
 Benton
 Bremerton
 Brownsville
 Camas-Washougal
 Centralia
 Chelan Co.
 Clarkston
 Douglas Co.
 Edmonds
 Ephrata
 Everett
 Friday Harbor
 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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2007 (page 11 of 11)

Public Utility Districts (continued)

Ferry Co. PUD 1
Franklin Co. Public Works
Franklin Co. PUD 1
Grand Coulee Project Hydroelectric
Authority
Grant Co. Public Works
Grant Co. PUD 2
Grays Harbor Co. PUD 1
Jefferson Co. PUD 1
Kitsap Co. PUD 1
Kittitas Co. PUD 1
Klickitat Co. PUD 1
Lewis Co. PUD 1
Mason Co. PUDs 1 & 3
Okanogan Co. PUD 1
Pacific Co. PUD 2
Pend Oreille Co. PUD 1
Skagit Co. PUD 1
Skamania Co. PUD 1
Snohomish Co. PUD 1
Stevens Co. PUD
Thurston 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.
Clallam Transit System
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
Inlandboatmens' Union of the Pacific
International Organization of Masters,
Mates-Pilots
King County Assn. of Suburban Cities
King County Directors Assn.
Public School Employees of WA
WA Assn. of County Officials
WA Federation of State Employees
WA Public Employees Assn.
WA State Assn. of Counties
WA State Council of County-City
Employees

Airports, Airport Boards

Centralia-Chehalis Airport Board
Snohomish Co. Airport
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
South Central Workforce Council

Thurston Regional Planning Council
Whatcom Council of Governments

Parks & Recreation Districts

Eastmont Metropolitan Park Dist.
Fidalgo Pool & Fitness Ctr.
Metropolitan Park Dist. of Tacoma
Peninsula Metropolitan Park Dist.
San Juan Island Park & Recreation Dist.
Si View Metropolitan Park Dist.
South Whidbey Parks & Recreation Dist.

Development Authorities/ Districts

Cultural Development Auth. of King Co.
Grays Harbor Public Development Auth.
Tricounty Economic Development Dist.

Cemetery Districts

Clark Co. Cemetery Dist. 4
Cowlitz Co. Cemetery Dist. 1 & 2
Pend Oreille Co. Cemetery Dist. 1
Skagit Co. Cemetery Dist 2

Road Departments

Chelan Co. Roads
Lincoln Co. Highway Dept.

Public Facility Districts

Edmonds Public Facilities Dist.
Lynnwood Public Facilities
Public Stadium Auth. 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
Cooperative

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100**	187	144	30	7	6	161	22	2	2
101-200	1,094	753	-	84	257	724	257	111	2
201-300	2,268	1,608	3	157	500	1,500	516	242	10
301-400	2,602	1,834	39	153	576	1,692	616	290	4
401-500	2,750	1,985	1	141	623	1,765	591	383	11
501-600	2,786	2,092	1	131	562	1,820	542	404	20
601-700	2,722	2,021	2	117	582	1,682	566	457	17
701-800	2,611	1,934	2	112	563	1,588	553	449	21
801-900	2,586	2,011	2	116	457	1,583	509	470	24
901-1,000	2,380	1,907	4	94	375	1,465	494	401	20
Over 1,000	<u>32,848</u>	<u>30,668</u>	<u>6</u>	<u>416</u>	<u>1,758</u>	<u>20,847</u>	<u>5,561</u>	<u>5,258</u>	<u>1,182</u>
Totals	<u>54,834</u>	<u>46,957</u>	<u>90</u>	<u>1,528</u>	<u>6,259</u>	<u>34,827</u>	<u>10,227</u>	<u>8,467</u>	<u>1,313</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.
** Includes L&I holdoffs.

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, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	365	160	-	173	32	239	109	12	5
101-200	1,301	849	-	328	124	898	332	53	18
201-300	1,438	1,030	-	250	158	947	375	87	29
301-400	1,449	1,087	-	207	155	955	379	76	39
401-500	1,358	1,088	-	159	111	884	331	102	41
501-600	1,209	1,006	-	101	102	799	306	74	30
601-700	1,154	1,005	-	75	74	748	258	97	51
701-800	1,030	911	-	65	54	694	222	77	37
801-900	939	854	-	48	37	622	188	83	46
901-1,000	869	807	-	32	30	586	156	97	30
Over 1,000	<u>3,769</u>	<u>3,644</u>	<u>-</u>	<u>48</u>	<u>77</u>	<u>2,545</u>	<u>544</u>	<u>484</u>	<u>196</u>
Totals	<u>14,881</u>	<u>12,441</u>	<u>-</u>	<u>1,486</u>	<u>954</u>	<u>9,917</u>	<u>3,200</u>	<u>1,242</u>	<u>522</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 3
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	6	1	-	4	1	5	1	-	-
101-200	76	45	-	17	14	36	35	4	1
201-300	107	93	-	8	6	71	24	8	4
301-400	98	90	-	7	1	60	21	11	6
401-500	63	58	-	3	2	45	10	8	-
501-600	37	33	-	2	2	29	6	2	-
601-700	35	33	-	-	2	26	4	1	4
701-800	21	21	-	-	-	14	4	2	1
801-900	11	11	-	-	-	9	1	-	1
901-1,000	9	9	-	-	-	9	-	-	-
Over 1,000	<u>23</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>4</u>	<u>5</u>	<u>-</u>
Totals	<u>486</u>	<u>417</u>	<u>-</u>	<u>41</u>	<u>28</u>	<u>318</u>	<u>110</u>	<u>41</u>	<u>17</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, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	40	12	-	23	5	19	19	1	1
101-200	222	170	-	38	14	157	56	5	4
201-300	260	214	-	29	17	185	58	10	7
301-400	227	200	-	17	10	161	46	13	7
401-500	189	170	-	15	4	146	35	6	2
501-600	186	170	-	8	8	138	30	14	4
601-700	153	147	-	3	3	121	20	10	2
701-800	125	123	-	2	-	97	14	12	2
801-900	87	85	-	1	1	66	13	6	2
901-1,000	78	74	-	1	3	53	13	9	3
Over 1,000	<u>248</u>	<u>243</u>	<u>-</u>	<u>2</u>	<u>3</u>	<u>179</u>	<u>29</u>	<u>30</u>	<u>10</u>
Totals	<u>1,815</u>	<u>1,608</u>	<u>-</u>	<u>139</u>	<u>68</u>	<u>1,322</u>	<u>333</u>	<u>116</u>	<u>44</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 3
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	56	45	-	9	2	38	14	2	2
101-200	343	299	-	24	20	247	79	11	6
201-300	262	247	-	8	7	205	46	8	3
301-400	123	117	-	4	2	83	28	6	6
401-500	83	80	-	3	-	65	9	4	5
501-600	24	23	-	1	-	20	2	2	-
601-700	27	26	-	1	-	23	1	2	1
701-800	12	12	-	-	-	8	2	2	-
801-900	4	4	-	-	-	4	-	-	-
901-1,000	3	3	-	-	-	3	-	-	-
Over 1,000	<u>6</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5</u>	<u>-</u>	<u>1</u>	<u>-</u>
Totals	<u>943</u>	<u>862</u>	<u>-</u>	<u>50</u>	<u>31</u>	<u>701</u>	<u>181</u>	<u>38</u>	<u>23</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: TRS Plan 1
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	48	46	-	-	2	39	7	2	-
101-200	314	275	-	8	31	218	70	22	4
201-300	598	511	-	23	64	431	131	33	3
301-400	616	482	-	31	103	402	158	52	4
401-500	665	506	-	42	117	423	155	82	5
501-600	689	482	-	48	159	416	147	121	5
601-700	766	530	-	45	191	450	145	166	5
701-800	823	534	-	32	257	402	194	222	5
801-900	846	570	-	41	235	415	202	224	5
901-1,000	956	692	-	41	223	507	210	232	7
Over 1,000	<u>29,424</u>	<u>27,799</u>	<u>-</u>	<u>473</u>	<u>1,152</u>	<u>18,555</u>	<u>5,673</u>	<u>4,235</u>	<u>961</u>
Totals	<u>35,745</u>	<u>32,427</u>	<u>-</u>	<u>784</u>	<u>2,534</u>	<u>22,258</u>	<u>7,092</u>	<u>5,391</u>	<u>1,004</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: TRS Plan 2
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	21	14	-	5	2	13	7	1	-
101-200	34	21	-	11	2	22	10	1	1
201-300	66	50	-	11	5	47	18	1	-
301-400	83	66	-	11	6	57	21	4	1
401-500	87	73	-	9	5	67	13	4	3
501-600	81	65	-	7	9	47	29	3	2
601-700	97	83	-	7	7	62	26	6	3
701-800	104	84	-	10	10	58	36	7	3
801-900	78	67	-	5	6	52	21	2	3
901-1,000	105	100	-	2	3	82	11	8	4
Over 1,000	<u>818</u>	<u>803</u>	<u>-</u>	<u>8</u>	<u>7</u>	<u>593</u>	<u>121</u>	<u>68</u>	<u>36</u>
Totals	<u><u>1,574</u></u>	<u><u>1,426</u></u>	<u><u>-</u></u>	<u><u>86</u></u>	<u><u>62</u></u>	<u><u>1,100</u></u>	<u><u>313</u></u>	<u><u>105</u></u>	<u><u>56</u></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: TRS Plan 3
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	16	4	-	7	5	7	7	2	-
101-200	96	58	-	15	23	54	38	2	2
201-300	152	122	-	9	21	94	46	10	2
301-400	131	121	-	5	5	106	18	3	4
401-500	122	115	-	3	4	104	14	2	2
501-600	113	110	-	2	1	91	12	6	4
601-700	76	73	-	-	3	59	12	5	-
701-800	55	55	-	-	-	39	7	8	1
801-900	48	47	-	-	1	29	10	6	3
901-1,000	38	37	-	-	1	26	8	1	3
Over 1,000	<u>86</u>	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>11</u>	<u>5</u>	<u>5</u>
Totals	<u><u>933</u></u>	<u><u>828</u></u>	<u><u>-</u></u>	<u><u>41</u></u>	<u><u>64</u></u>	<u><u>674</u></u>	<u><u>183</u></u>	<u><u>50</u></u>	<u><u>26</u></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: LEOFF Plan 1
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2**	3**	4**
\$ 0-100	5	5	-	-	-	5	-	-	-
101-200	7	7	-	-	-	7	-	-	-
201-300	9	5	-	-	4	8	1	-	-
301-400	5	5	-	-	-	5	-	-	-
401-500	14	12	-	-	2	14	-	-	-
501-600	19	15	-	-	4	18	1	-	-
601-700	17	14	-	-	3	15	2	-	-
701-800	22	18	-	-	4	20	1	1	-
801-900	16	10	-	-	6	16	-	-	-
901-1,000	18	14	-	-	4	16	2	-	-
Over 1,000	<u>8,040</u>	<u>2,603</u>	<u>3,586</u>	<u>552</u>	<u>1,299</u>	<u>7,516</u>	<u>424</u>	<u>42</u>	<u>58</u>
Totals	<u>8,172</u>	<u>2,708</u>	<u>3,586</u>	<u>552</u>	<u>1,326</u>	<u>7,640</u>	<u>431</u>	<u>43</u>	<u>58</u>

* 1 - Standard option "A", 100% joint and survivor, with additional benefits to eligible children, 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.
** Joint and survivor options are available for post-retirement marriages.

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, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	4	3	-	1	-	2	1	1	-
101-200	6	3	-	3	-	4	2	-	-
201-300	11	5	2	2	2	7	2	2	-
301-400	14	7	4	1	2	7	5	2	-
401-500	26	19	2	5	-	13	10	3	-
501-600	23	19	1	1	2	10	8	1	4
601-700	24	18	2	1	3	12	9	3	-
701-800	32	26	4	1	1	18	12	1	1
801-900	23	18	2	1	2	14	6	2	1
901-1,000	14	10	1	1	2	11	2	-	1
Over 1,000	<u>602</u>	<u>520</u>	<u>48</u>	<u>12</u>	<u>22</u>	<u>302</u>	<u>178</u>	<u>61</u>	<u>61</u>
Totals	<u>779</u>	<u>648</u>	<u>66</u>	<u>29</u>	<u>36</u>	<u>400</u>	<u>235</u>	<u>76</u>	<u>68</u>

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

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: WSPRS Plan 1
For the Year Ended September 30, 2006**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*	
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2
\$ 0-100	-	-	-	-	-	-	-
101-200	2	2	-	-	-	2	-
201-300	1	-	-	-	1	1	-
301-400	-	-	-	-	-	-	-
401-500	-	-	-	-	-	-	-
501-600	4	-	-	-	4	4	-
601-700	9	2	-	-	7	7	2
701-800	15	1	-	-	14	15	-
801-900	5	1	-	-	4	5	-
901-1,000	13	1	-	-	12	12	1
Over 1,000	<u>759</u>	<u>680</u>	<u>-</u>	<u>-</u>	<u>79</u>	<u>615</u>	<u>144</u>
Totals	<u><u>808</u></u>	<u><u>687</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>121</u></u>	<u><u>661</u></u>	<u><u>147</u></u>

* 1 - Standard option "A", 100% joint and survivor, with initial pension equal to the lesser of 50% AFC and 100% member's accrued benefit,
2 - Option "B", 100% joint and survivor, with initial pension being the actuarial equivalent of the single life annuity.

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 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$393.64	\$855.83	\$1,297.98	\$1,792.25	\$2,753.99	\$2,916.86
Average Final Salary (Monthly)*	\$3,495.56	\$3,576.91	\$3,776.29	\$4,016.80	\$4,933.84	\$5,003.15
Number of Active Retirees	150	104	171	173	770	587
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$409.58	\$855.17	\$1,203.75	\$1,726.20	\$2,692.95	\$2,810.89
Average Final Salary (Monthly)*	\$3,688.81	\$3,350.51	\$3,557.55	\$3,814.38	\$4,836.00	\$4,832.86
Number of Active Retirees	142	122	144	193	834	586
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$347.11	\$793.25	\$1,190.84	\$1,893.20	\$2,638.10	\$2,890.47
Average Final Salary (Monthly)*	\$3,282.37	\$3,213.42	\$3,449.66	\$4,190.20	\$4,724.51	\$5,001.17
Number of Active Retirees	136	108	166	215	891	543
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$352.67	\$745.84	\$1,216.41	\$1,696.38	\$2,672.02	\$2,902.88
Average Final Salary (Monthly)*	\$3,143.11	\$3,052.16	\$3,572.79	\$3,686.95	\$4,815.61	\$4,995.48
Number of Active Retirees	138	118	157	243	988	504
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$307.42	\$725.55	\$1,095.01	\$1,718.64	\$2,489.82	\$2,707.39
Average Final Salary (Monthly)*	\$3,341.89	\$2,928.81	\$3,286.45	\$3,704.50	\$4,498.05	\$4,728.35
Number of Active Retirees	117	110	155	361	1,010	511
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
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 1/1/99 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 1/1/98 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 1/1/97 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

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 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$381.31	\$840.64	\$1,153.19	\$1,443.59	\$1,861.25	\$-
Average Final Salary (Monthly)*	\$3,096.35	\$3,495.45	\$3,599.48	\$4,014.82	\$4,159.12	\$-
Number of Active Retirees	397	289	318	308	130	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$371.37	\$815.79	\$1,182.15	\$1,441.42	\$1,778.30	\$2,157.26
Average Final Salary (Monthly)*	\$3,005.28	\$3,321.68	\$3,659.92	\$3,939.40	\$4,158.20	\$5,347.53
Number of Active Retirees	352	346	317	262	81	1
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$357.19	\$796.20	\$1,105.47	\$1,413.09	\$1,641.65	\$3,148.28
Average Final Salary (Monthly)*	\$2,790.65	\$3,311.56	\$3,463.09	\$3,809.36	\$3,766.28	\$5,874.68
Number of Active Retirees	309	316	289	243	32	2
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$339.47	\$743.37	\$1,081.58	\$1,281.20	\$1,301.54	\$2,733.22
Average Final Salary (Monthly)*	\$2,553.67	\$3,028.09	\$3,360.33	\$3,497.56	\$2,957.96	\$4,853.02
Number of Active Retirees	298	319	297	201	10	1
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$330.72	\$683.82	\$1,029.00	\$1,201.49	\$-	\$-
Average Final Salary (Monthly)*	\$2,394.70	\$2,829.33	\$3,212.41	\$3,521.90	\$-	\$-
Number of Active Retirees	313	300	267	182	-	-
Period 11/01 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	-
Period 11/00 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 11/99 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 11/98 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 11/97 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	-	-

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 3*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$250.54	\$330.93	\$430.38	\$781.75	\$848.25	\$-
Average Final Salary (Monthly)**	\$4,241.98	\$3,707.32	\$4,000.23	\$4,518.98	\$4,933.97	\$-
Number of Active Retirees	12	34	51	21	10	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$285.06	\$297.72	\$483.21	\$675.71	\$1,070.36	\$-
Average Final Salary (Monthly)**	\$3,613.75	\$3,779.45	\$4,041.78	\$4,262.63	\$5,475.22	\$-
Number of Active Retirees	14	35	36	18	2	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$251.18	\$275.34	\$466.69	\$604.86	\$601.39	\$1,078.98
Average Final Salary (Monthly)**	\$3,795.68	\$3,559.40	\$3,829.15	\$4,127.26	\$3,584.08	\$4,515.84
Number of Active Retirees	4	46	38	24	1	1
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$196.52	\$274.26	\$487.31	\$600.85	\$-	\$-
Average Final Salary (Monthly)**	\$3,629.00	\$3,898.30	\$3,868.59	\$4,409.49	\$-	\$-
Number of Active Retirees	2	24	30	14	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$-	\$297.95	\$367.83	\$673.48	\$-	\$-
Average Final Salary (Monthly)**	\$-	\$4,619.45	\$3,071.63	\$3,766.71	\$-	\$-
Number of Active Retirees	-	4	3	2	-	-

Retirees with missing or invalid data elements were excluded.

* PERS 3 became effective March 1, 2002

** 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 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$227.30	\$481.10	\$700.31	\$807.10	\$1,220.00	\$-
Average Final Salary (Monthly)**	\$1,624.78	\$1,907.18	\$2,240.95	\$2,255.18	\$3,008.47	\$-
Number of Active Retirees	84	84	93	81	32	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$231.01	\$446.11	\$677.70	\$808.30	\$1,134.52	\$-
Average Final Salary (Monthly)**	\$1,747.89	\$1,799.64	\$2,082.32	\$2,173.51	\$2,455.74	\$-
Number of Active Retirees	62	67	58	91	23	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$236.39	\$417.64	\$830.21	\$789.63	\$1,092.79	\$-
Average Final Salary (Monthly)**	\$1,576.56	\$1,693.92	\$2,522.60	\$2,095.77	\$2,611.95	\$-
Number of Active Retirees	86	69	60	97	11	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$211.05	\$452.92	\$669.60	\$798.53	\$1,215.34	\$-
Average Final Salary (Monthly)**	\$1,396.53	\$1,818.45	\$2,039.61	\$2,148.25	\$2,652.12	\$-
Number of Active Retirees	63	61	64	81	4	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$240.96	\$415.32	\$730.68	\$829.12	\$-	\$-
Average Final Salary (Monthly)**	\$1,534.65	\$1,697.54	\$2,185.84	\$2,177.96	\$-	\$-
Number of Active Retirees	45	54	60	49	-	-
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	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit**	\$215.88	\$520.57	\$577.60	\$790.56	\$-	\$-
Average Final Salary (Monthly)**	\$1,467.89	\$1,905.60	\$1,859.92	\$2,565.72	\$-	\$-
Number of Active Retirees	6	7	10	2	-	-

Retirees with missing or invalid data elements were excluded.

* SERS became effective September 1, 2000

** 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 3*

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$158.83	\$209.91	\$294.67	\$345.13	\$533.98	\$-
Average Final Salary (Monthly)**	\$2,050.86	\$2,042.36	\$2,119.57	\$2,091.65	\$2,833.81	\$-
Number of Active Retirees	18	56	74	57	16	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$170.25	\$223.05	\$255.66	\$372.45	\$411.51	\$-
Average Final Salary (Monthly)**	\$2,422.04	\$2,030.62	\$1,944.44	\$2,217.29	\$2,113.99	\$-
Number of Active Retirees	11	52	88	46	10	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$164.16	\$178.43	\$260.42	\$418.11	\$455.03	\$-
Average Final Salary (Monthly)**	\$2,235.27	\$1,796.28	\$1,911.45	\$2,453.85	\$2,722.73	\$-
Number of Active Retirees	12	44	66	40	3	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$163.96	\$203.20	\$280.10	\$363.17	\$586.34	\$-
Average Final Salary (Monthly)**	\$2,396.04	\$2,116.34	\$2,046.41	\$2,213.72	\$2,291.93	\$-
Number of Active Retirees	17	34	40	23	1	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$107.15	\$170.83	\$255.17	\$397.87	\$-	\$-
Average Final Salary (Monthly)**	\$1,460.85	\$1,916.83	\$1,919.31	\$2,326.24	\$-	\$-
Number of Active Retirees	13	41	31	12	-	-
Period 11/1/01 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.

* SERS became effective September 1, 2000

** 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 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$367.34	\$1,011.54	\$1,519.99	\$2,017.00	\$2,817.52	\$2,880.89
Average Final Salary (Monthly)*	\$2,936.42	\$4,174.56	\$4,765.76	\$5,018.16	\$5,632.88	\$5,640.67
Number of Active Retirees	61	58	100	157	486	465
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$389.23	\$870.30	\$1,416.79	\$2,105.47	\$2,726.57	\$2,727.08
Average Final Salary (Monthly)*	\$3,167.27	\$3,608.64	\$4,393.83	\$4,973.52	\$5,501.61	\$5,466.36
Number of Active Retirees	62	72	117	153	551	484
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$356.95	\$875.67	\$1,363.14	\$1,925.47	\$2,657.77	\$2,777.56
Average Final Salary (Monthly)*	\$2,662.53	\$3,897.99	\$4,303.80	\$4,830.72	\$5,458.75	\$5,633.93
Number of Active Retirees	55	86	127	176	632	441
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$328.49	\$866.35	\$1,289.24	\$1,843.72	\$2,623.39	\$2,662.54
Average Final Salary (Monthly)*	\$2,814.56	\$3,588.64	\$4,100.72	\$4,601.64	\$5,352.38	\$5,360.55
Number of Active Retirees	92	93	95	156	665	358
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$254.31	\$803.93	\$1,157.14	\$1,861.65	\$2,396.72	\$2,473.71
Average Final Salary (Monthly)*	\$2,597.54	\$3,432.41	\$4,037.84	\$4,841.25	\$5,162.29	\$5,246.20
Number of Active Retirees	79	66	83	229	770	483
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
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 7/1/98 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 7/1/97 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 7/1/96 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

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 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$515.76	\$1,042.26	\$1,516.39	\$1,875.65	\$2,282.00	\$-
Average Final Salary (Monthly)*	\$3,562.09	\$4,270.10	\$4,672.24	\$4,924.09	\$4,870.42	\$-
Number of Active Retirees	47	49	48	53	18	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$512.93	\$1,041.49	\$1,465.30	\$1,971.26	\$2,102.62	\$-
Average Final Salary (Monthly)*	\$3,572.31	\$4,406.34	\$4,563.44	\$5,059.40	\$4,870.05	\$-
Number of Active Retirees	51	49	57	47	15	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$415.43	\$952.94	\$1,417.11	\$1,996.13	\$1,917.24	\$-
Average Final Salary (Monthly)*	\$3,309.83	\$3,949.77	\$4,525.46	\$4,927.74	\$4,654.53	\$-
Number of Active Retirees	39	43	37	34	8	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$440.63	\$927.24	\$1,316.90	\$1,744.68	\$-	\$-
Average Final Salary (Monthly)*	\$3,377.29	\$4,076.97	\$4,256.03	\$4,673.16	\$-	\$-
Number of Active Retirees	38	40	33	25	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$498.47	\$920.61	\$1,350.13	\$1,710.86	\$-	\$-
Average Final Salary (Monthly)*	\$3,408.04	\$3,873.98	\$4,265.37	\$4,362.12	\$-	\$-
Number of Active Retirees	33	25	21	30	-	-
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	-	-
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 7/1/98 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 7/1/97 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 7/1/96 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	-	-	-

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 10/1/05 to 9/30/06						
Average Monthly Benefit**	\$297.95	\$448.22	\$666.82	\$869.07	\$1,101.94	\$-
Average Final Salary (Monthly)**	\$4,392.04	\$4,659.35	\$4,950.00	\$5,187.16	\$5,239.94	\$-
Number of Active Retirees	32	45	73	41	20	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit**	\$234.33	\$447.08	\$690.49	\$959.64	\$985.06	\$-
Average Final Salary (Monthly)**	\$3,873.88	\$4,905.43	\$4,783.98	\$5,249.36	\$4,894.49	\$-
Number of Active Retirees	31	42	31	44	5	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit**	\$226.49	\$370.52	\$577.81	\$880.22	\$932.39	\$-
Average Final Salary (Monthly)**	\$3,739.73	\$4,166.11	\$4,685.49	\$4,953.13	\$4,994.64	\$-
Number of Active Retirees	27	34	43	27	7	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit**	\$215.81	\$376.46	\$545.68	\$730.52	\$-	\$-
Average Final Salary (Monthly)**	\$3,948.35	\$4,622.77	\$4,386.17	\$4,580.21	\$-	\$-
Number of Active Retirees	17	25	31	21	-	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit**	\$220.32	\$343.01	\$485.97	\$558.34	\$-	\$-
Average Final Salary (Monthly)**	\$3,727.15	\$4,114.94	\$4,282.65	\$4,355.04	\$-	\$-
Number of Active Retirees	9	27	16	16	-	-
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	-	-
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 7/1/98 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 7/1/97 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 7/1/96 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	-	-	-	-

Retirees with missing or invalid data elements were excluded.

* TRS Plan 3 became effective July 1, 1996.

** 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 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$3,627.67	\$-	\$-	\$3,307.40	\$3,999.96	\$4,870.88
Average Final Salary (Monthly)*	\$6,595.75	\$-	\$-	\$6,549.30	\$7,104.56	\$7,484.82
Number of Active Retirees	1	-	-	1	47	80
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$-	\$770.99	\$3,204.91	\$2,402.75	\$3,702.10	\$4,478.06
Average Final Salary (Monthly)*	\$-	\$2,796.81	\$6,409.82	\$5,085.81	\$6,565.39	\$6,917.86
Number of Active Retirees	-	1	1	2	45	76
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$2,572.50	\$1,219.55	\$1,648.30	\$2,950.79	\$3,428.97	\$4,325.06
Average Final Salary (Monthly)*	\$5,145.00	\$3,222.11	\$4,381.50	\$5,839.05	\$6,314.70	\$6,624.47
Number of Active Retirees	1	2	2	6	71	66
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$2,025.18	\$2,222.50	\$790.85	\$2,759.90	\$3,608.96	\$3,963.91
Average Final Salary (Monthly)*	\$4,050.36	\$4,445.00	\$2,747.33	\$5,517.10	\$6,558.24	\$6,465.99
Number of Active Retirees	2	1	1	10	89	60
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$-	\$-	\$2,331.10	\$2,988.91	\$3,274.02	\$3,885.10
Average Final Salary (Monthly)*	\$-	\$-	\$5,080.50	\$6,074.97	\$6,046.00	\$6,405.84
Number of Active Retirees	-	-	2	20	95	56
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
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 1/1/99 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 1/1/98 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 1/1/97 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

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 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$603.71	\$1,133.58	\$1,965.38	\$2,733.20	\$3,186.75	\$-
Average Final Salary (Monthly)*	\$4,482.80	\$4,740.11	\$5,532.82	\$6,249.84	\$6,319.38	\$-
Number of Active Retirees	16	19	24	65	41	-
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$691.80	\$1,256.62	\$1,922.51	\$2,575.48	\$2,965.91	\$-
Average Final Salary (Monthly)*	\$4,885.48	\$5,170.23	\$5,657.35	\$5,805.46	\$6,128.98	\$-
Number of Active Retirees	15	12	18	45	30	-
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$801.24	\$1,298.02	\$1,819.42	\$2,342.40	\$3,069.32	\$-
Average Final Salary (Monthly)*	\$5,595.05	\$5,158.93	\$5,350.85	\$5,471.12	\$6,524.11	\$-
Number of Active Retirees	18	12	31	36	7	-
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$669.51	\$988.59	\$1,809.39	\$2,396.28	\$1,704.94	\$-
Average Final Salary (Monthly)*	\$4,892.20	\$4,219.61	\$5,132.09	\$5,531.87	\$3,602.73	\$-
Number of Active Retirees	12	9	18	26	1	-
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$634.41	\$1,202.59	\$1,637.57	\$2,313.58	\$-	\$-
Average Final Salary (Monthly)*	\$3,952.56	\$4,737.99	\$4,821.85	\$5,533.30	\$-	\$-
Number of Active Retirees	8	9	14	14	-	-
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	-	-
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 1/1/99 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 1/1/98 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 1/1/97 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	-	-	-

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 10/1/05 to 9/30/06						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$3,488.08	\$3,996.14
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$6,559.78	\$6,112.68
Number of Active Retirees	-	-	-	-	15	7
Period 10/1/04 to 9/30/05						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,235.65	\$3,459.02	\$3,777.55
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,646.16	\$6,515.54	\$5,821.81
Number of Active Retirees	-	-	-	11	17	9
Period 10/1/03 to 9/30/04						
Average Monthly Benefit*	\$928.66	\$1,025.81	\$1,499.18	\$3,407.73	\$3,868.03	\$4,105.68
Average Final Salary (Monthly)*	\$7,410.04	\$3,907.07	\$3,871.44	\$6,922.32	\$6,944.49	\$6,321.05
Number of Active Retirees	1	2	1	7	9	10
Period 10/1/02 to 9/30/03						
Average Monthly Benefit*	\$-	\$-	\$1,100.95	\$3,502.58	\$3,708.64	\$4,234.55
Average Final Salary (Monthly)*	\$-	\$-	\$2,861.31	\$7,149.96	\$6,584.12	\$6,437.39
Number of Active Retirees	-	-	1	3	10	11
Period 10/1/01 to 9/30/02						
Average Monthly Benefit*	\$-	\$562.42	\$2,534.99	\$3,475.76	\$3,691.11	\$3,722.77
Average Final Salary (Monthly)*	\$-	\$2,502.73	\$6,208.20	\$7,146.99	\$6,784.48	\$5,449.78
Number of Active Retirees	-	1	1	7	9	7
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
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 1/1/99 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 1/1/98 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 1/1/97 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

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 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 901,730	\$ 854,882	\$ 809,658	\$ 760,454	\$ 710,565	\$ 656,113	\$ 635,006	\$ 588,662	\$ 540,638	\$ 501,899
Disability	14,950	15,171	15,159	14,970	15,210	14,506	14,198	13,255	12,964	12,269
Survivor	62,315	59,370	56,057	53,341	50,908	48,111	45,946	43,556	40,689	37,814
Refunds										
Separations	4,194	4,796	4,093	4,309	4,224	5,422	5,799	7,407	7,322	8,065
Death	2,021	1,757	1,050	1,319	1,453	2,024	1,486	1,413	1,612	1,663
Total	\$ 985,210	\$ 935,976	\$ 886,017	\$ 834,393	\$ 782,360	\$ 726,176	\$ 702,435	\$ 654,293	\$ 603,225	\$ 561,710

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 129,890	\$ 109,007	\$ 92,401	\$ 77,193	\$ 64,733	\$ 54,065	\$ 49,589	\$ 40,969	\$ 32,220	\$ 25,282
Disability	7,669	6,871	5,969	5,456	4,920	4,310	3,958	3,507	3,076	2,357
Survivor	6,243	5,218	4,372	3,525	2,807	2,177	1,863	1,527	1,130	910
Refunds										
Separations	21,866	22,378	20,515	23,729	27,645	38,626	36,945	53,785	52,744	50,455
Death	4,599	4,098	3,571	3,353	3,190	3,460	2,703	3,570	3,171	2,925
Total	\$ 170,267	\$ 147,572	\$ 126,828	\$ 113,256	\$ 103,295	\$ 102,638	\$ 95,058	\$ 103,358	\$ 92,341	\$ 81,929

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	33,724	34,854	24,563	25,601	5,515	-	-	-	-	-
Death	1,530	685	970	980	222	-	-	-	-	-
Total	\$ 35,254	\$ 35,539	\$ 25,533	\$ 26,581	\$ 5,737	\$ -	\$ -	\$ -	\$ -	\$ -

* PERS Plan 3 became effective March 1, 2002.

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 16,230	\$ 12,352	\$ 9,167	\$ 5,902	\$ 3,647	\$ 1,646	\$ 931	\$ 27	\$ -	\$ -
Disability	781	736	664	568	442	355	131	4	-	-
Survivor	630	412	283	222	216	47	15	1	-	-
Refunds										
Separations	2,148	1,970	1,970	1,855	1,972	2,090	2,328	608	-	-
Death	368	507	221	170	248	307	259	16	-	-
Total	\$ 20,157	\$ 15,977	\$ 12,305	\$ 8,717	\$ 6,525	\$ 4,445	\$ 3,664	\$ 656	\$ -	\$ -

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

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3*
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	30,539	24,104	20,777	11,731	10,528	10,498	8,371	-	-	-
Death	1,538	842	701	633	800	373	-	-	-	-
Total	\$ 32,077	\$ 24,946	\$ 21,478	\$ 12,364	\$ 11,328	\$ 10,871	\$ 8,371	\$ -	\$ -	\$ -

* SERS Plan 3 became effective September 1, 2000.

Schedule of Benefit Expenses and Refunds by Type: PSERS Plan 2*
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	22	-	-	-	-	-	-	-	-	-
Death	1	-	-	-	-	-	-	-	-	-
Total	\$ 23	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

* PSERS Plan 2 became effective July 1, 2006.

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service ¹	\$ 757,896	\$ 720,921	\$ 700,288	\$ 653,560	\$ 652,419	\$ 644,218	\$ 521,534	\$ 481,936	\$ 446,676	\$ 414,944
Disability	11,301	11,379	11,325	11,129	10,916	10,691	10,337	9,930	9,493	9,337
Survivor	33,147	31,313	29,505	27,554	25,919	24,100	23,058	21,297	19,558	18,195
Refunds										
Separations	841	714	878	1,792	1,521	2,313	1,306	1,478	1,945	1,768
Death	1,037	328	302	-	-	-	788	1,210	483	986
Total	\$ 804,222	\$ 764,655	\$ 742,298	\$ 694,035	\$ 690,775	\$ 681,322	\$ 557,023	\$ 515,851	\$ 478,155	\$ 445,230

¹6/30/06 service amount adjusted to include \$49,165 in annuity payments.

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 26,770	\$ 20,716	\$ 15,953	\$ 12,389	\$ 9,988	\$ 7,876	\$ 6,999	\$ 5,368	\$ 3,740	\$ 2,653
Disability	732	796	616	521	406	437	477	333	282	189
Survivor	1,032	839	549	506	467	356	304	262	192	133
Refunds										
Separations	2,284	2,023	2,611	2,432	3,082	4,220	3,178	9,065	4,805	5,816
Death	442	376	499	426	456	290	449	1,087	344	228
Total	\$ 31,260	\$ 24,750	\$ 20,228	\$ 16,274	\$ 14,399	\$ 13,179	\$ 11,407	\$ 16,115	\$ 9,363	\$ 9,019

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 18	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	59,658	40,397	33,660	23,911	18,611	17,375	18,223	19,356	12,877	5,868
Death	3,152	1,511	1,922	2,021	720	1,020	1,194	458	852	645
Total	\$ 62,828	\$ 41,908	\$ 35,582	\$ 25,932	\$ 19,331	\$ 18,395	\$ 19,417	\$ 19,814	\$ 13,729	\$ 6,513

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 112,073	\$ 105,527	\$ 100,529	\$ 95,318	\$ 89,457	\$ 83,586	\$ 82,789	\$ 77,262	\$ 71,669	\$ 66,691
Disability	143,468	140,552	139,928	139,544	139,236	135,537	131,427	125,340	119,272	113,248
Survivor	44,911	42,130	39,500	37,256	35,925	33,502	31,911	29,709	27,593	25,497
Refunds										
Separations	1	3	5	4	153	6	3	12	80	175
Death	10	-	-	129	5	87	94	73	-	-
Total	\$ 300,463	\$ 288,212	\$ 279,962	\$ 272,251	\$ 264,776	\$ 252,718	\$ 246,224	\$ 232,396	\$ 218,614	\$ 205,611

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 16,889	\$ 11,801	\$ 7,672	\$ 5,338	\$ 3,596	\$ 2,481	\$ 2,073	\$ 1,199	\$ 795	\$ 627
Disability	3,204	2,139	967	498	319	200	145	77	42	45
Survivor	720	493	339	207	144	61	41	23	9	9
Refunds										
Separations	7,557	6,238	7,117	5,367	4,810	8,554	7,357	10,571	9,428	7,828
Death	438	877	648	353	314	590	234	579	885	419
Total	\$ 28,808	\$ 21,548	\$ 16,743	\$ 11,763	\$ 9,183	\$ 11,886	\$ 9,850	\$ 12,449	\$ 11,159	\$ 8,928

Schedule of Benefit Expenses and Refunds by Type: WSPRS 1/2
For the Years Ended 1998-2007
 (expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 29,048	\$ 27,619	\$ 25,796	\$ 24,111	\$ 22,536	\$ 20,874	\$ 20,066	\$ 18,286	\$ 16,780	\$ 15,261
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	2,345	3,047	1,810	1,613	1,511	1,442	1,355	1,292	1,206	1,093
Refunds										
Separations	291	125	173	303	221	199	124	173	243	412
Death	-	-	-	-	-	-	-	33	-	-
Total	\$ 31,684	\$ 30,791	\$ 27,779	\$ 26,027	\$ 24,268	\$ 22,515	\$ 21,545	\$ 19,784	\$ 18,229	\$ 16,766

**Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 1998-2007**
(expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 7,696	\$ 7,732	\$ 7,333	\$ 7,076	\$ 6,966	\$ 6,769	\$ 6,768	\$ 6,247	\$ 6,183	\$ 6,331
Disability	-	-	-	-	34	56	55	55	14	17
Survivor	1,660	1,515	1,428	1,328	1,279	1,235	1,228	1,173	1,135	1,005
Refunds										
Separations	-	-	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	\$ 9,356	\$ 9,247	\$ 8,761	\$ 8,404	\$ 8,279	\$ 8,060	\$ 8,051	\$ 7,475	\$ 7,332	\$ 7,353

Schedule of Benefit Expenses and Refunds by Type: Judges
For the Years Ended 1998-2007
(expressed in thousands)

	6/30/07	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	12/31/01	12/31/00	12/31/99	12/31/98
Benefit Expenses										
Service	\$ 483	\$ 497	\$ 521	\$ 597	\$ 567	\$ 603	\$ 622	\$ 622	\$ 622	\$ 622
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	98	127	120	88	72	53	40	40	41	46
Refunds										
Separations	-	-	13	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	\$ 581	\$ 624	\$ 654	\$ 685	\$ 639	\$ 656	\$ 662	\$ 662	\$ 663	\$ 668

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 Administrative Office of 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.

Contact DCAP by email: katiej@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

(dollars in thousands)

	June 30, 2007	June 30, 2006	June 30, 2005	June 30, 2004	June 30, 2003	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	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance
	%	%	%	%	%	%	%	%	%	%
Savings Pool	\$723,624	\$696,006	\$648,046	\$571,790	\$533,970	\$463,982	\$418,606	\$384,809	\$376,038	\$343,199
Active U.S. Core Stock Fund ¹	28.41	31.86	33.74	32.84	36.95	34.30	28.60	24.18	28.66	31.49
Active U.S. Value Stock Fund ²	13.82	14.56	-	-	-	-	-	-	-	-
Calvert Social Investment Fund - Balanced Portfolio	19.65	18.89	-	-	30.619	2.18	32.442	2.22	31.332	2.39
Fidelity Equity-Income Fund	-	-	20.05	20.88	19.80	23.49	24.06	20.37	403,300	30.74
Fidelity Growth Company Fund	10.97	12.02	11.38	12.05	10.48	10.10	13.51	16.37	107,354	8.18
Fidelity Independence Fund ³	-	-	15.52	16.88	18.12	20.33	23.65	30.71	319,185	24.33
Fidelity Intermediate Bond Fund	-	-	-	-	-	-	-	24,084	26,022	1.98
Fidelity Overseas Fund	-	-	-	2.34	1.35	1.52	1.54	1.83	15,160	1.16
International Stock Fund ⁴	6.58	4.37	2.70	40,802	19,788	20,534	22,550	29,182	15,160	1.16
U.S. Small Stock Index Fund ⁵	3.45	3.47	2.42	33,788	4,620	-	-	-	-	-
U.S. Stock Market Index Fund ⁶	5.97	5.48	5.30	84,955	57,304	48,248	48,561	47,408	33,555	2.56
Washington State Bond Fund ⁷	3.42	3.33	3.88	70,776	85,999	52,445	41,005	-	-	-
Washington State Long-Horizon Fund ⁸	2.46	1.63	1.08	12,745	4,785	3,046	1,660	-	-	-
Washington State Mid-Horizon Fund ⁸	2.40	1.74	1.23	14,528	6,395	3,379	1,741	-	-	-
Washington State Short-Horizon Fund ⁸	0.98	0.70	0.58	7,548	4,491	2,018	1,104	-	-	-
Washington State Social Balanced Fund ⁸	1.89	1.95	2.12	37,079	-	-	-	-	-	-
TOTAL	\$2,547,267	\$2,184,454	\$1,920,987	\$1,741,303	\$1,461,124	\$1,352,558	\$1,463,721	\$1,591,527	\$1,311,946	\$1,089,827

¹ This fund replaced the Fidelity Independence Fund as of January 1, 2006.
² This fund replaced the Fidelity Equity-Income Fund as of January 1, 2006.
³ The Fidelity Retirement Growth Fund was renamed the Fidelity Independence Fund effective January 27, 2001.
⁴ This fund replaced the Fidelity Overseas Fund as of April 1, 2005.
⁵ This investment option was added in October 2002.
⁶ This investment option was added in July 1998.
⁷ This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.
⁸ These investment options were added on September 1, 2000.
⁹ This fund replaced the Calvert Social Investment Fund-Balanced Portfolio as of July 1, 2003.

**Deferred Compensation Program
Performance – Periods Ending June 30, 2007**

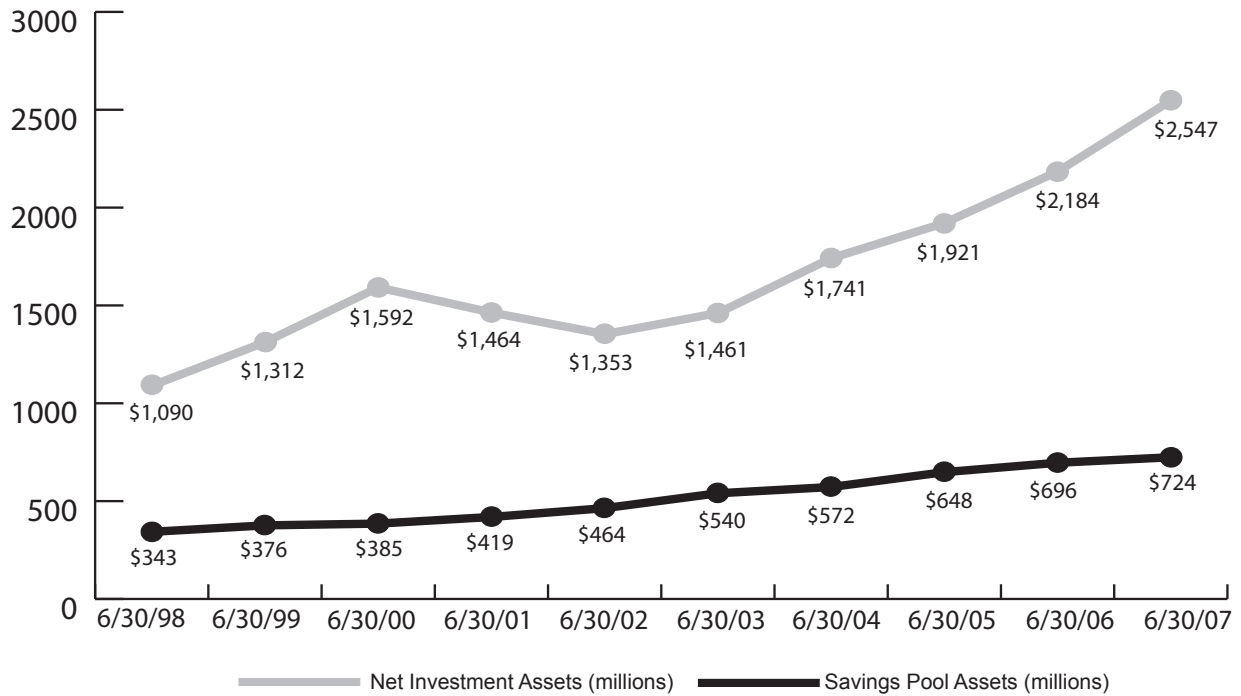
Fund Name <i>Benchmark</i>	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
Savings Pool	1.17%	4.72%	4.65%	4.99%	5.78%
Active U.S. Core Stock Fund <i>S&P 500</i>	5.05%	17.34%	**	**	**
	6.28%	20.59%	11.68%	10.71%	7.13%
Active U.S. Value Stock Fund <i>Russell 1000 Value Index</i>	5.65%	21.97%	**	**	**
	4.93%	21.87%	15.93%	13.31%	**
Fidelity Growth Company Fund <i>Russell 3000 Growth</i>	9.34%	18.62%	12.95%	13.81%	9.21%
	6.84%	18.84%	8.97%	9.58%	4.42%
International Stock Fund <i>MSCI EAFE</i>	6.70%	27.95%	**	**	**
	6.40%	27.00%	22.24%	17.73%	7.66%
U.S. Small Stock Index Fund <i>Russell 2000 Index</i>	4.46%	16.38%	13.43%	13.83%	**
	4.41%	16.43%	13.45%	13.88%	9.06%
U.S. Stock Market Index Fund <i>Wilshire 5000 Index</i>	6.07%	20.35%	12.74%	11.95%	7.88%
	6.07%	20.46%	12.74%	11.96%	7.68%
Washington State Bond Fund <i>Lehman Intermediate Credit Index</i>	(0.23)%	5.98%	3.77%	4.76%	**
	(0.40)%	6.34%	3.79%	5.01%	6.07%
Washington State Long-Horizon Fund <i>Long-Horizon Custom Benchmark</i> ²	4.93%	18.99%	13.14%	11.87%	**
	4.86%	19.09%	13.12%	12.17%	7.77%
Washington State Mid-Horizon Fund <i>Mid-Horizon Custom Benchmark</i> ²	3.24%	14.74%	10.18%	9.72%	**
	3.14%	14.93%	10.18%	10.02%	7.41%
Washington State Short-Horizon Fund <i>Short-Horizon Custom Benchmark</i> ²	2.02%	10.56%	7.35%	7.02%	**
	1.94%	10.79%	7.43%	7.31%	6.38%
Washington State Social Balanced Fund <i>Social Balanced Custom Benchmark</i> ²	3.84%	11.10%	6.41%	**	**
	3.21%	13.94%	8.24%	8.09%	6.97%

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

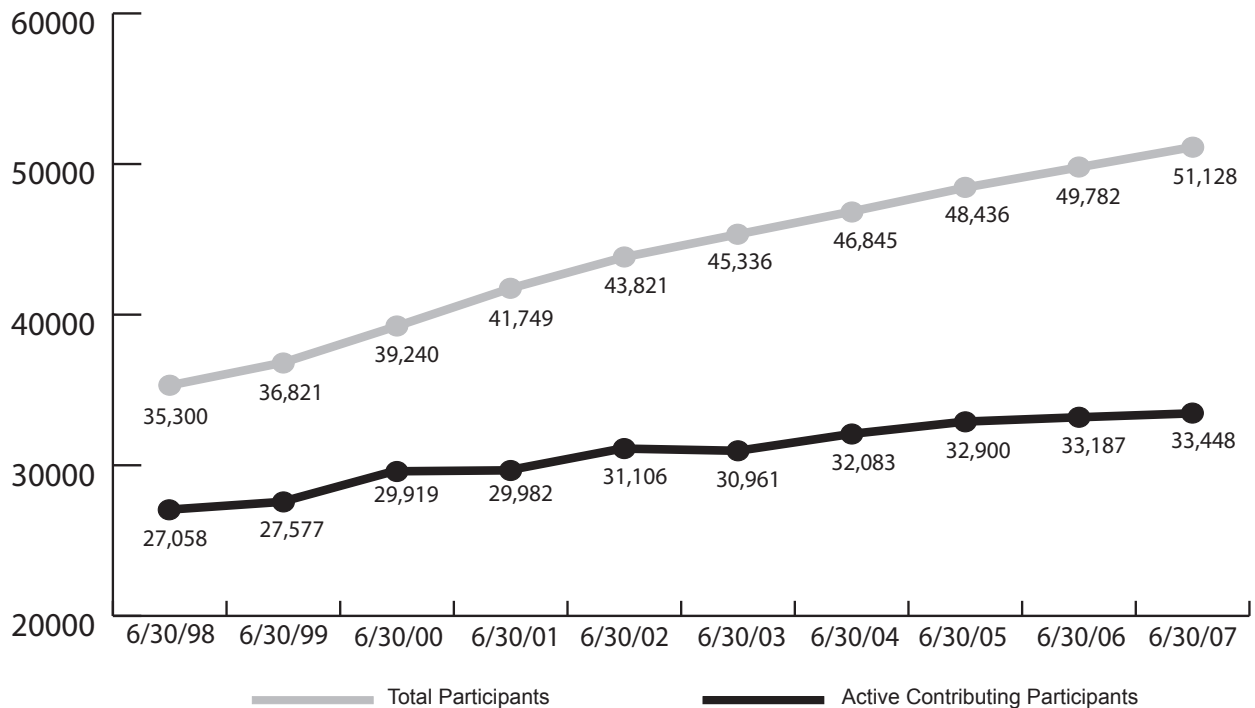
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. 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, 1998-2007



Deferred Compensation Program Participation For the Years Ended June 30, 1998-2007



**Dependent Care Assistance Program
Participation Report
For the Years Ended December 31, 1997-2006**
(dollars in thousands)

	End of 2006	End of 2005	End of 2004	End of 2003	End of 2002	End of 2001	End of 2000	End of 1999	End of 1998	End of 1997
Total Participants	1,137	1,166	1,189	1,224	1,215	1,270	1,344	1,379	1,514	1,485
Increase (Decrease) Over Prior Year	(29)	(23)	(35)	9	(55)	(74)	(35)	(135)	29	60
Percentage Change Over Prior Year	(2.49%)	(1.93%)	(2.86%)	0.74%	(4.33%)	(5.51%)	(2.54%)	(8.92%)	1.95%	4.21%
Estimated Benefits to State										
Taxable Wage Base	\$ 94.2	\$ 90.0	\$ 87.9	\$ 87.0	\$ 84.9	\$ 80.4	\$ 76.2	\$ 72.6	\$ 68.4	\$ 65.4
FICA & Medicare Rate	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%	7.65%
Salary Reductions	\$ 4,177	\$ 4,324	\$ 4,473	\$ 4,714	\$ 4,635	\$ 4,801	\$ 5,150	\$ 5,138	\$ 5,741	\$ 5,598
OASDI & Medicare Savings ¹	\$ 312	\$ 338	\$ 337	\$ 338	\$ 337	\$ 346	\$ 366	\$ 374	\$ 402	\$ 395
Earnings ¹	26	15	8	12	19	27	28	25	30	28
Forfeitures ^{1 & 2}	7	5	5	5	11	10	6	10	10	9
Estimated Gross Benefit to State	345	358	350	355	367	383	400	409	442	432
Expenditures ³	165	183	180	163	186	160	174	153	194	192
Benefit to State	\$ 180	\$ 175	\$ 170	\$ 192	\$ 181	\$ 223	\$ 226	\$ 256	\$ 248	\$ 240

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 50 percent of the savings.