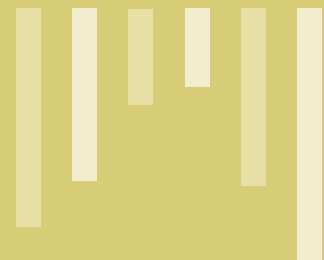


Comprehensive Annual

Financial Report

Washington State Department of
Retirement Systems

2006



Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2006

Prepared by the Washington State Department of Retirement Systems

Located at: 6835 Capitol Boulevard • Tumwater, Washington
Mailing address: P.O. Box 48380 • Olympia, Washington 98504-8380
Phone: 360-664-7000 in Olympia, or 1-800-547-6657
Web site: www.drs.wa.gov

DRS Annual Report contributors include:

Sandra J. Matheson	Director
Debra A. Ocheltree, CPA	Fiscal Manager
Ana Maria Malaier	Fiscal Analyst
Bradley King	Editor/Designer
Monette Jenney	Trust Accounting Manager
Brian Berghoff	Employer Relations Manager
Dawn Gothro	Communications Manager

Those contributing from other agencies include:

Office of the State Actuary	Matthew M. Smith Philip M. McCaulay Christine Steele
Washington State Investment Board	Steve Verschoor Sandy Machado Diana Will
Office of Financial Management	Suzanne Coit
Office of the Attorney General	Anne Hall

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.

Table of Contents

Introductory Section

Message from the Director.....	3
Department of Retirement Systems' Organization	4
Pension System Roles and Responsibilities.....	5
Letter of Transmittal	10
Government Finance Officers' Association Certificate of Achievement for Excellence in Financial Reporting	14
2006 Washington State Legislative Actions	15

Financial Section

Independent Auditor's Report.....	19
Management's Discussion and Analysis	20

Basic Financial Statements (BFS)

Statement of Plan Net Assets—Pension and Other Employee Benefit Trust Funds by Plan and Agency Fund	25
Statement of Changes in Plan Net Assets—Pension Trust Funds by Plan	29
Balance Sheet/Statement of Net Assets—Special Revenue Fund	33
Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities—Special Revenue Fund.....	34
Notes to the Financial Statements	
Note 1: Summary of Significant Accounting Policies and Plan Asset Matters.....	35
Note 2: General Description of the Retirement Systems	47

Required Supplementary Information

Schedules of Funding Progress.....	65
Schedule of Contributions from Employers and Other Contributing Entities.....	67
Notes to the Required Supplementary Information—Defined Benefit Pension Plans.....	68

Supporting Schedules

Schedule of Administrative Expenses.....	70
Schedule of Investment Expenses—Pension Trust Funds.....	71
Schedule of Payments to Consultants.....	72
Statement of Changes in Assets and Liabilities—Dependent Care Agency Fund.....	73

Investment Section

Report On Investment Activity	77
Summary of Investment Policies	79
Schedule of Investment Management Fees and Commissions	81
Schedule of Broker Equity Volume and Equity Commissions Paid	82
Summary of Investments Owned—Pension Trust Funds	86

Actuarial Section

State Actuary's Certification Letter.....	93
Summary of Plan Provisions.....	98
Summary of Actuarial Assumptions and Methods.....	99
Additional Actuarial Schedules	
Schedules of Active Member Valuation Data	109
Schedules of Retirees and Beneficiaries Added to and Removed from Rolls	113
Solvency Tests.....	117
Analyses of Selected Experience.....	121

Statistical Section

Schedules of Changes in Plan Net Assets	128
Distribution of Membership.....	138
Principal Participating Employers	140
Employers Covered by DRS-Administered Retirement Systems	146
Schedules of Benefit Recipients by Type of Benefit	157
Schedules of Average Benefit Payments to Service Retirees in Year of Retirement	163
Schedules of Benefit Expenses and Refunds by Type	174
Deferred Compensation Program (DCP) and Dependent Care Assistance Program (DCAP)	
Background.....	181
What is DCP?.....	181
What is DCAP?.....	181
Deferred Compensation Program Status Report	182
Deferred Compensation Program—Performance	183
Deferred Compensation Program—Net Investment Asset Growth	184
Deferred Compensation Program—Participation	184
Dependent Care Assistance Program—Participation Report.....	185

Introductory Section

Message from the Director



Every seven seconds, a person born in the baby boom generation turns 50. By 2014—less than a decade from now—these people will all be over the age of 50, with the first among them turning 68. And they will have a healthier and longer lifespan than that of any previous generation.

These facts and others have caught the attention of many, including the news media, who over the last year have been asking “Are we ready to retire?” The Department of Retirement Systems takes this question and your well-being seriously. It is the basis for continuous upgrades we will be making in our publications, website, one-on-one counseling, and planning seminars.

Our goal is to assist you in using your retirement benefits to create a life-long income stream. How are we approaching this? By partnering with our members and others to help plan changes in our services. Equally important, we will continue to maintain the cost-effectiveness and the personalized service you appreciate, as we look toward the future.

Here are a few of the highlights of our 2006 year:

- **Cost-effectiveness.** In 2006, our administrative cost per member again came in below that of peer pension systems with similar complexity.
- **Outstanding service.** Incoming phone calls reached a trained, knowledgeable staff member within 35 seconds, walk-in customers met with staff in less than four minutes and requests for written pension estimates were fulfilled in an average of less than 4 days.
- **Innovation.** We designed and launched a staff recruitment process that gives prospective employees an up-close look at the job requirements so that we know each member of our agency cares about you and can give you first-rate service.
- **Outreach.** We made presentations to public employee groups, as well as civic and news organizations, that increased awareness of the need to plan and prepare for a post-career life.

In 2006, we celebrated 30 years as an agency by continuing to deliver exceptional service to our members and value to the taxpayers of Washington. It was a time of looking back, but more importantly, ahead.

We look forward to providing you with outstanding and continuously improving services in 2007.

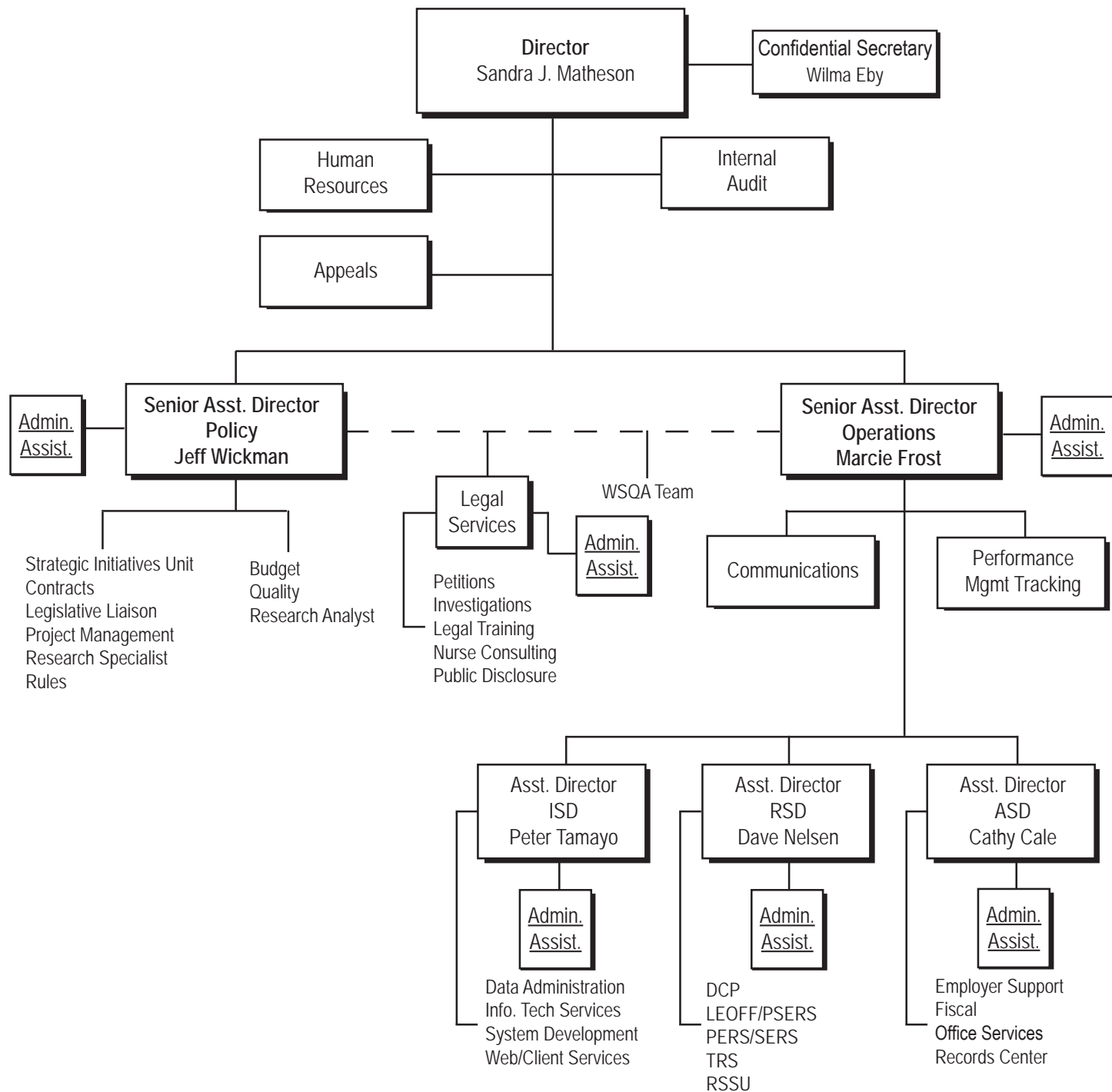
Sincerely,

Sandra J. Matheson
Director

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.

Department of Retirement Systems' Organization

December 2006



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, 2006)

Representative Barbara Bailey	Lois Clement - PERS Retiree
Representative Steve Conway	Bob Keller - PERS Active
Representative Larry Crouse	Corky Mattingly - PERS Employers
Representative Bill Fromhold (Vice Chair)	Doug Miller - PERS Employers
Senator Karen Fraser	Glenn Olson - PERS Employers
Senator Joyce Mulliken	Pat Thompson - PERS Active
Senator Craig Pridemore (Chair)	David Westberg - SERS Active
Senator Mark Schoesler	Elaine Banks - TRS Retiree
Sandra J. Matheson - Director, Department of Retirement Systems	Diane Rae - TRS Active
Victor Moore - Director, Office of Financial Management	Leland Goeke - 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 PERS, SERS, TRS, LEOFF Plan 1 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 PERS, SERS, LEOFF and TRS; and a retired member of one of the seven systems.

Board Members (Voting Members, June 30, 2006)

Senator Lisa Brown

Representative Helen Sommers

George Masten

Gary K. Weeks

Representative of Retired Members

Director, Department of Labor and Industries

Sandra J. Matheson

Vacant

Director, Department of Retirement Systems

Representative of PERS

Patrick McElligott (Chair)

Glenn Gorton

Representative of LEOFF

Representative of SERS

Michael J. Murphy

David Scott

State Treasurer

Representative of TRS

Board Members (Nonvoting Members, June 30, 2006)

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, 2006)

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, 2006)

PERS

Doug Cochran
Active

Eva Jean Ann Shamley
Retired

John I. Payne
Active

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)

WSPRS

Captain Michael DePalma
Active

JRS

Judge Michael Heavey
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, 2006)

Kelly Fox, Chair
Fire Fighter Representative

Pat Hepler
Fire Fighter Representative

Mark Johnston
Fire Fighter Representative

Jack L. Simington, Vice Chair
Law Enforcement Representative

Michael Edwards
Law Enforcement Representative

Jeff Holy
Law Enforcement Representative

Greg Cuoio
Employer Representative

Glenn Olson
Employer Representative

Clint Olson
Employer Representative

Senator Linda Evans Parlette

Representative Geoff Simpson

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, 2006

The Honorable Christine Gregoire, Governor
 Members of the Fifty-Ninth 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, 2006. 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, 2006. 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.

This report consists of five sections:

- (1) The Introductory Section, which contains a message from the Director of DRS, this letter of transmittal, which is designed to complement the Management's Discussion and Analysis with additional narrative, other data currently beyond the scope of Generally Accepted Accounting Principles (GAAP), and information about the agency's administrative structure and operations;
- (2) The Financial Section, which contains the report of the independent auditors, Management's Discussion and Analysis, the financial statements, the notes to the financial statements, required supplementary information, and additional financial information;
- (3) The Investment Section, which contains the report of the Washington State Investment Board (WSIB), investment policies, results, associated fees and commissions, and additional investment information;
- (4) The Actuarial Section, which contains the report of the State Actuary, a summary of actuarial assumptions and methods, and actuarial schedules and data; and
- (5) The Statistical Section, which contains significant data pertaining to the retirement systems.

Agency Description and History

As of June 30, 2006, DRS administered seven statewide public employee retirement systems, which were comprised of 11 defined benefit pension plans and three combination

defined benefit/defined contribution plans. Effective July 1, 2006, an additional system, the Public Safety Employees' Retirement System, comprised of a single defined benefit plan, was added.

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, 2006, there were 1,296 covered employers participating in multiple systems and/or plans administered by DRS. The eligibility requirements and provisions of each plan can be found in Note 2 of the Notes to the Financial Statements. DRS also administers a deferred compensation program and a dependent care reimbursement program. Additionally, DRS is responsible for all accounting and reporting services for the Judicial Retirement Account (JRA), which is a defined contribution pension plan administered by the State of Washington Administrative Office of the Courts.

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

Significant events in DRS history are listed below:

1930s-1940s

The PERS, TRS, WSPRS, Judges and many local police and 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 PERS Plan 2, TRS Plan 2, and LEOFF 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.

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.

In May 2004, the GASB issued Statement No. 44 (GASB 44), *Economic Condition Reporting: The Statistical Section*, which amended NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*. Effective for Fiscal Year 2006 reporting, DRS implemented the provisions of GASB 44. GASB 44 has no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result of this implementation, the information in the Statistical Section has been modified and expanded with the objective of increasing the information's usefulness and enhancing the CAFR reader's understanding.

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

Funding

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

The actuarial value of assets available as of the latest actuarial date for all systems was \$45,418 million. The accrued liability is \$51,391 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$5,973 million. The ratio of assets to liabilities is 88 percent compared to 91 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.

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.

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 2006, the commingled trust fund (CTF) investments provided a 16.69 percent rate of return. The CTF annualized rate of return over the last three years was 15.47 percent and 8.51 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, 2005. This was the twelfth consecutive year that DRS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

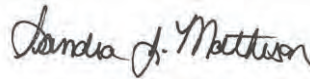
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report was made possible by the staff of DRS based in part on information provided by the Office of the State Actuary, the Office of Financial Management, 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, the members of the DRS Advisory Committee, and other interested parties.

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

Respectfully submitted,



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, 2005

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



President

Executive Director

2006 Washington State Legislative Actions

The 2006 Washington State Legislature passed 12 pension-related bills that were signed into law by Governor Gregoire. A breakdown of these bills follows:

Multiple retirement systems

- House Bill 2681 sets minimum contribution rates and establishes funding targets in PERS, PSERS, SERS and TRS.
- House Bill 2684 allows PERS, SERS and TRS Plans 3 members to vest (become eligible for a pension) after completing ten service credit years, or after completing five service credit years that include 12 service credit months after the age of 44.
- House Bill 2690 allows members of PERS, WSPRS, TRS, SERS, LEOFF and PSERS to purchase up to five years of additional service credit at the time of normal retirement. This service credit cannot be used to qualify for retirement and the cost for the purchase is the full actuarial value of the increase to the benefit.
- Senate Bill 6453 expands a 2004 bill to set a minimum benefit level for PERS Plan 1 and TRS Plan 1 retirees who have at least 20 years of service and have been retired for at least 25 years. It also adds an automatic 3% increase each year, beginning July 1, 2006.

Law Enforcement Officers' and Fire Fighters' Retirement System

- House Bill 2688 removes the benefit cap of 60% of final average salary for LEOFF Plan 1 members enrolled on or after February 19, 1974.
- House Bill 2932 guarantees LEOFF Plan 2 members who are severely disabled in the line of duty a benefit equal to 70% of their final average salary.
- House Bill 2933 extends a \$150,000 death benefit to LEOFF Plan 2 members who die from illness as a result of a job-related exposure.
- Under Senate Bill 6723, eligible surviving spouses and/or dependents of LEOFF Plan 2 members killed in the line of duty are reimbursed for the cost of ongoing health care insurance coverage by the LEOFF Plan 2 trust.

Teachers' Retirement System

- House Bill 2680 allows TRS Plan 2 and 3 members to purchase up to seven years of service credit for educational experience earned outside the state.

Public Employees' Retirement System

- House Bill 2691 allows judges in PERS to pay increased contributions to fund a retirement benefit with a 3.5% multiplier in Plan 1 and Plan 2. Plan 3 members will receive a 1.6% multiplier. Judges have the option of purchasing prior judicial service at the increased multiplier.

Public Safety Employees' Retirement System

- House Bill 2685 replaces the list of job titles eligible for membership with a list of specific duties and qualifications.

Washington State Patrol Retirement System

- House Bill 3137 concerns surviving spouses of disabled members. The benefit is determined by a new formula based on the last salary received while on disability, rather than the last salary received before becoming disabled.

Financial Section

Independent Auditor's Report



PETERSON SULLIVAN PLLC

CERTIFIED PUBLIC ACCOUNTANTS

601 UNION STREET, SUITE 2300
SEATTLE, WASHINGTON 98101

Tel 206.382.7777 • Fax 206.382.7700

<http://www.pscpa.com>

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, 2006. 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, 2005, financial statements and in our report dated November 17, 2005, 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 2006 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, 2006, 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, 2006, 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 9, 2006

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, 2006. Please read it in conjunction with the Letter of Transmittal beginning on page 10 and DRS' financial statements, which begin on page 25 of this report.

DRS posted strong results of operations for the year ending June 30, 2006 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, 2006:

- The combined plan net assets of all the pension funds administered by DRS increased by \$6,918.3 million during Fiscal Year 2006.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$13,934.5 million, representing an increase of 5%. Employee contributions increased by 23% and employer contributions increased by 92%.
- Net investment earnings (net appreciation in the fair value of investments, plus interest and dividend income, less investment expenses) increased by 40% compared to last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$115.1 million bringing the total benefit payments to \$2,193.4 million. Refunds of contributions paid to former retirement system members upon termination of employment increased from \$210.0 million to \$257.9 million.
- Administrative expenses totaled \$26.0 million, an increase of \$0.6 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 25-28 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2006. The Statement of Changes in Plan Net Assets presented on pages 29-32 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2006.

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 33 and 34 of this report. These statements show the conversion of the fund's Balance Sheet (at June 30, 2006) and Statement of Revenues, Expenditures, and Changes in Fund Balance (for the year ending June 30, 2006), 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 35-64 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 65-66 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 67 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 68-69 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 70-73 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 2006	Fiscal Year 2005	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$ 39.7	\$ 47.2	\$ (7.5)	(16%)
Receivables	488.4	265.3	223.1	84%
Capital Assets, Net of Depreciation	0.5	0.8	(0.3)	(38%)
Investments, Noncurrent	63,474.0	55,348.0	8,126.0	15%
Other Assets	1.1	1.1	-	0%
Total Assets	<u>64,003.7</u>	<u>55,662.4</u>	<u>8,341.3</u>	<u>15%</u>
Liabilities				
Obligations Under Security Lending Agreements	5,660.6	4,365.3	1,295.3	30%
Other Short-Term Liabilities	240.6	113.0	127.6	113%
Long-Term Obligations	1.2	1.1	0.1	9%
Total Liabilities	<u>5,902.4</u>	<u>4,479.4</u>	<u>1,423.0</u>	<u>32%</u>
Total Net Assets	<u>\$58,101.3</u>	<u>\$51,183.0</u>	<u>\$6,918.3</u>	<u>14%</u>

Total trust fund assets as of June 30, 2006 were \$64,003.7 million and were mostly comprised of investments and contributions due from employers. This was an increase of \$8,341.3 million or 15% over the last fiscal year. This increase was largely due to the improved returns resulting from the reallocation of investments from public equity to fixed income, private equity and real estate; as well as to the increases in general investment earnings and market values.

Total trust fund liabilities as of June 30, 2006 were \$5,902.4 million and were mostly comprised of obligations under securities lending. This was an increase of \$1,423.0 million or 32% over the prior fiscal year, and was primarily due to an increase in obligations under securities lending agreements, resulting from more favorable market conditions for this type of activity.

Total combined trust fund plan net assets as of June 30, 2006 were \$58,101.3 million, which was an increase of \$6,918.3 million or 14% over the last fiscal year.

Analysis of Changes in Net Assets – Fiduciary Funds*(dollars in millions)*

Changes in Net Assets	Fiscal Year 2006	Fiscal Year 2005	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$ 352.4	\$ 183.3	\$ 169.1	92%
Member Contributions	639.0	521.4	117.6	23%
State Contributions	38.6	27.8	10.8	39%
Participant Contributions	168.0	160.0	8.0	5%
Net Income from Investment Activities	8,157.3	5,840.3	2,317.0	40%
Net Income from Securities Lending Activities	13.1	1.4	11.7	836%
Charges For Services	27.2	25.7	1.5	6%
Transfers from Other Pension Plans	5.5	5.5	-	0%
Other Additions	2.0	2.6	(0.6)	(23%)
Total Additions	<u>9,403.1</u>	<u>6,768.0</u>	<u>2,635.1</u>	39%
Deductions				
Benefits	2,193.4	2,078.3	115.1	6%
Refunds of Contributions	257.9	210.0	47.9	23%
Transfers to Other Pension Plans	5.5	5.5	-	0%
Transfers to State General Fund	2.0	4.8	(2.8)	(58%)
Administrative Expenses	26.0	25.4	0.6	2%
Total Deductions	<u>2,484.8</u>	<u>2,324.0</u>	<u>160.8</u>	7%
Increase/(Decrease) in Net Assets	<u>6,918.3</u>	<u>4,444.0</u>	<u>2,474.3</u>	56%
Net Assets - Beginning of Year	<u>51,183.0</u>	<u>46,739.0</u>	<u>4,444.0</u>	10%
Net Assets - End of Year	<u>\$58,101.3</u>	<u>\$51,183.0</u>	<u>\$6,918.3</u>	14%

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 2006 amounted to \$9,397.6 million, an increase of \$2,635.1 million

or 39% from Fiscal Year 2005. This was primarily due to investment returns rising from 13.3% in 2005 to 16.7% in 2006.

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 2006 totaled \$2,479.3 million, an increase of \$160.8 million or 7% over Fiscal Year 2005. This was primarily due to an increase in benefits paid to retirees and beneficiaries, and in refunds of contributions to former members. Benefit payments increased by 6% and refunds increased by 23% as a result of an increase in the number of retirees. Administrative Expenses for Fiscal Year 2006 totaled approximately \$26.0 million, an increase of 2% from last fiscal year. The increase in expenses was due to increased administrative personnel costs.

Transfers from Other Pension Plans and Transfers to Other Pension Plans represent transfers among the various pension plans administered by DRS. Total plan transfers for Fiscal Year 2006 amounted to \$5.5 million, representing no change from the prior fiscal year.

Transfers to the State General Fund were \$2.0 million in Fiscal Year 2006. These operating budget transfers were authorized by ESHB 6386, Chapter 372, Laws of 2006, pursuant to RCW 43.135.035 (5).

Analysis of Net Assets – Governmental Fund

(dollars in thousands)

Net Assets	Fiscal Year 2006	Fiscal Year 2005	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$ 64	\$ 82	\$ (18)	(22%)
Total Assets	<u>64</u>	<u>82</u>	<u>(18)</u>	(22%)
Liabilities				
Due to Other Agencies	1	1	-	0%
Accounts Payable & Accrued Liabilities	5	6	(1)	(17%)
Total Liabilities	<u>6</u>	<u>7</u>	<u>(1)</u>	(14%)
Total Net Assets	<u>\$ 58</u>	<u>\$ 75</u>	<u>\$ (17)</u>	(23%)

Governmental fund total assets as of June 30, 2006 were \$64,000, and were entirely comprised of cash. This was a decrease of \$18,000 from last fiscal year.

Governmental fund total liabilities as of June 30, 2006 were \$6,000 and were mostly comprised of accrued salaries and administrative costs representing a decrease of \$1,000 from the previous year.

Analysis of Changes in Net Assets – Governmental Fund

(dollars in thousands)

Changes in Net Assets	Fiscal Year 2006	Fiscal Year 2005	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues				
Charges For Services	\$ 171	\$ 173	\$ (2)	(1%)
Total Revenues	<u>171</u>	<u>173</u>	<u>(2)</u>	(1%)
Expenses				
Administrative Expenses	188	181	7	4%
Total Expenses	<u>188</u>	<u>181</u>	<u>7</u>	4%
Increase/Decrease in Net Assets	(17)	(8)	(9)	(113%)
Net Assets - Beginning of Year	<u>75</u>	<u>83</u>	<u>(8)</u>	(10%)
Net Assets - End of Year	<u>\$ 58</u>	<u>\$ 75</u>	<u>\$ (17)</u>	(23%)

Governmental fund 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 governmental fund revenues for Fiscal Year 2006 amounted to \$171,000, a decrease of \$2,000 or 1% from Fiscal Year 2005. This was due to a decrease in the number of participating employees.

The only expenses of the governmental fund are for the cost of administering the program. Administrative expenses for this fund include personnel expenses, goods and services, travel, and other miscellaneous expenses. Administrative expenses for Fiscal Year 2006 totaled \$188,000, an increase of \$7,000 or 4% from the prior fiscal year. This was primarily due to an increase in personnel expenses.

CAPITAL ASSETS

DRS' investment in capital assets for its fiduciary activities as of June 30, 2006, was \$2.5 million, with accumulated depreciation of \$2.0 million, leaving a net book value of \$0.5 million. This amount represents a decrease of 37% from last year, which was mainly due to an increase in the disposal of computer equipment. This investment

in capital assets includes furnishings and equipment, and improvements other than buildings. Additional information on DRS' capital assets can be found in section H of Note 1 to the financial statements.

OTHER LONG-TERM OBLIGATIONS

At year-end, DRS had \$1.2 million in outstanding general long-term obligations, which represented a 3% decrease 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, 2006 (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	\$ 3,834	\$ 9,358	\$ 222	\$ 1,673	\$ 761
Receivables					
Due from Other Governments	4,476	16,256	3,039	3,796	4,316
Member Accounts Receivable (Net of Allowance)	619	89	-	1	-
Interest and Dividends	31,767	43,680	1,907	6,248	1,926
Investment Trades Pending Receivable - Short Term	41,593	57,621	2,518	8,223	2,538
Due from Pension Funds	465	656	6,431	845	5,584
Due from Other Washington State Agencies	2	2	-	-	-
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>78,922</u>	<u>118,304</u>	<u>13,895</u>	<u>19,113</u>	<u>14,364</u>
Capital Assets, net of accumulated depreciation	<u>116</u>	<u>120</u>	<u>-</u>	<u>9</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	11,290,259	15,640,914	683,621	2,232,139	688,759
Money Market Investments	5,690	14,293	625	5,355	1,652
Other Noncurrent Investments	555	433	471,318	130	223,153
Total Investments, Noncurrent	<u>11,296,504</u>	<u>15,655,640</u>	<u>1,155,564</u>	<u>2,237,624</u>	<u>913,564</u>
Other Assets	<u>280</u>	<u>291</u>	<u>-</u>	<u>21</u>	<u>-</u>
TOTAL ASSETS	<u>11,379,656</u>	<u>15,783,713</u>	<u>1,169,681</u>	<u>2,258,440</u>	<u>928,689</u>
LIABILITIES					
Obligations under Security Lending Agreements	1,080,402	1,496,333	65,374	213,600	65,865
Accounts Payable	7,110	9,273	465	1,285	462
Investment Trades Pending Payable - Short Term	29,683	41,121	1,797	5,869	1,811
Due to Other Governments	6,217	823	-	127	-
Due to Pension Funds	151	7,336	158	5,781	810
Due to Other Washington State Agencies	97	97	-	7	-
Deposits Payable - Short Term	2	1	-	-	-
Other Short-Term Liabilities	-	-	-	-	-
Other Long-Term Obligations	280	291	-	21	-
Accrued Salaries	135	141	-	10	-
Deferred Revenue	126	209	-	2	-
TOTAL LIABILITIES	<u>1,124,203</u>	<u>1,555,625</u>	<u>67,794</u>	<u>226,702</u>	<u>68,948</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 65.)	<u>\$10,255,453</u>	<u>\$14,228,088</u>	<u>\$ 1,101,887</u>	<u>\$ 2,031,738</u>	<u>\$ 859,741</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, 2006 (page 2 of 4) (expressed in thousands)

	Pension Trust				
	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1	LEOFF Plan 2
ASSETS					
Cash and Pooled Investments	\$ 3,737	\$ 5,476	\$ 3,104	\$ 2,106	\$ 1,356
Receivables					
Due from Other Governments	3,744	7,139	16,778	-	8,466
Member Accounts Receivable (Net of Allowance)	251	7	-	54	39
Interest and Dividends	26,866	15,468	5,548	17,184	12,651
Investment Trades Pending Receivable - Short Term	35,210	20,361	7,314	22,575	16,669
Due from Pension Funds	400	3,626	15,034	246	113
Due from Other Washington State Agencies	2	1	-	1	1
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>66,473</u>	<u>46,602</u>	<u>44,674</u>	<u>40,060</u>	<u>37,939</u>
Capital Assets, net of accumulated depreciation	<u>99</u>	<u>53</u>	<u>-</u>	<u>58</u>	<u>27</u>
Investments, Noncurrent					
Equity in CTF	9,557,605	5,526,853	1,985,355	6,127,900	4,524,817
Money Market Investments	5,622	13,249	4,760	1,400	12,535
Other Noncurrent Investments	445	396	1,350,884	192	59
Total Investments, Noncurrent	<u>9,563,672</u>	<u>5,540,498</u>	<u>3,340,999</u>	<u>6,129,492</u>	<u>4,537,411</u>
Other Assets	<u>241</u>	<u>129</u>	<u>-</u>	<u>139</u>	<u>64</u>
TOTAL ASSETS	<u>9,634,222</u>	<u>5,592,758</u>	<u>3,388,777</u>	<u>6,171,855</u>	<u>4,576,797</u>
LIABILITIES					
Obligations under Security Lending Agreements	914,577	529,002	189,856	586,282	432,801
Accounts Payable	5,834	3,252	1,351	3,970	2,709
Investment Trades Pending Payable - Short Term	25,128	14,531	5,220	16,111	11,896
Due to Other Governments	5,515	158	-	42	-
Due to Pension Funds	107	15,483	3,403	9	185
Due to Other Washington State Agencies	69	33	-	39	20
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	-
Other Long-Term Obligations	241	129	-	139	64
Accrued Salaries	114	61	-	67	31
Deferred Revenue	294	76	-	-	17
TOTAL LIABILITIES	<u>951,879</u>	<u>562,725</u>	<u>199,830</u>	<u>606,659</u>	<u>447,723</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 65.)	<u>\$ 8,682,343</u>	<u>\$ 5,030,033</u>	<u>\$ 3,188,947</u>	<u>\$ 5,565,196</u>	<u>\$ 4,129,074</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, 2006 (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	\$ 529	\$ 29	\$ 4,085	\$ 7	\$ 2,820
Receivables					
Due from Other Governments	264	9	-	-	-
Member Accounts Receivable (Net of Allowance)	1	-	3	-	1,855
Interest and Dividends	2,521	3	14	-	9
Investment Trades Pending Receivable - Short Term	3,314	-	-	-	-
Due from Pension Funds	30	-	-	-	-
Due from Other Washington State Agencies	-	-	-	-	1
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>6,130</u>	<u>12</u>	<u>17</u>	<u>-</u>	<u>1,865</u>
Capital Assets, net of accumulated depreciation	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	899,585	-	-	-	-
Money Market Investments	1,054	-	-	-	-
Other Noncurrent Investments	37	10	226	17,120	2,184,988
Total Investments, Noncurrent	<u>900,676</u>	<u>10</u>	<u>226</u>	<u>17,120</u>	<u>2,184,988</u>
Other Assets	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>907,360</u>	<u>51</u>	<u>4,328</u>	<u>17,127</u>	<u>2,189,673</u>
LIABILITIES					
Obligations under Security Lending Agreements	86,074	10	226	-	155
Accounts Payable	550	1	2	-	3
Investment Trades Pending Payable - Short Term	2,365	-	-	-	-
Due to Other Governments	167	37	2	-	-
Due to Pension Funds	7	-	-	-	-
Due to Other Washington State Agencies	5	-	-	-	11
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	31
Other Long-Term Obligations	18	-	-	-	-
Accrued Salaries	9	-	-	-	33
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>89,195</u>	<u>48</u>	<u>230</u>	<u>-</u>	<u>233</u>
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS					
(Schedules of funding progress for pension benefits are presented beginning on page 65.)	<u>\$ 818,165</u>	<u>\$ 3</u>	<u>\$ 4,098</u>	<u>\$ 17,127</u>	<u>\$ 2,189,440</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, 2006 (page 4 of 4) (expressed in thousands)

		Totals	
	Agency Dependent Care	June 30, 2006	June 30,2005
ASSETS			
Cash and Pooled Investments	\$ 593	\$ 39,690	\$ 47,192
Receivables			
Due from Other Governments	-	68,283	48,391
Member Accounts Receivable (Net of Allowance)	-	2,919	1,867
Interest and Dividends	-	165,792	136,194
Investment Trades Pending Receivable - Short Term	-	217,936	50,861
Due from Pension Funds	-	33,430	28,000
Due from Other Washington State Agencies	-	10	12
Other Receivables - Short Term	-	-	3
Total Receivables	-	488,370	265,328
Capital Assets, net of accumulated depreciation	-	489	783
Investments, Noncurrent			
Equity in CTF	-	59,157,807	51,551,654
Money Market Investments	-	66,235	35,564
Other Noncurrent Investments	-	4,249,946	3,760,697
Total Investments, Noncurrent	-	63,473,988	55,347,915
Other Assets	-	1,183	1,146
TOTAL ASSETS	593	64,003,720	55,662,364
LIABILITIES			
Obligations under Security Lending Agreements	-	5,660,557	4,365,345
Accounts Payable	-	36,267	32,871
Investment Trades Pending Payable - Short Term	-	155,532	37,128
Due to Other Governments	-	13,088	12,421
Due to Pension Funds	-	33,430	28,000
Due to Other Washington State Agencies	-	378	481
Deposits Payable - Short Term	-	3	3
Other Short-Term Liabilities	593	624	557
Other Long-Term Obligations	-	1,183	1,145
Accrued Salaries	-	601	583
Deferred Revenue	-	724	847
TOTAL LIABILITIES	593	5,902,387	4,479,381
NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS			
(Schedules of funding progress for pension benefits are presented beginning on page 65.)	\$ -	\$58,101,333	\$51,182,983

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, 2006 (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	\$ 29,601	\$ 149,579	\$ -	\$ 30,419	\$ -
Plan Member	48,457	127,800	64,776	11,818	49,767
State	-	-	-	-	-
Plan Member Restorations	2,822	3,583	-	158	-
Total Retirement Contributions	<u>80,880</u>	<u>280,962</u>	<u>64,776</u>	<u>42,395</u>	<u>49,767</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	1,249,839	1,644,879	107,045	233,623	86,642
Interest	125,075	160,534	11,917	22,368	10,224
Dividends	165,310	220,613	9,518	31,386	9,617
Less: Investment Expense	(8,340)	(8,784)	(1,609)	(646)	(1,328)
Net Income from Investing Activities	<u>1,531,884</u>	<u>2,017,242</u>	<u>126,871</u>	<u>286,731</u>	<u>105,155</u>
<i>Securities Lending Activities:</i>					
Securities Lending Income	42,196	58,445	2,565	8,329	2,587
Less: Costs of Lending Securities	(39,698)	(54,985)	(2,413)	(7,836)	(2,434)
Net Income from Securities Lending Activities	<u>2,498</u>	<u>3,460</u>	<u>152</u>	<u>493</u>	<u>153</u>
Total Net Investment Income	<u>1,534,382</u>	<u>2,020,702</u>	<u>127,023</u>	<u>287,224</u>	<u>105,308</u>
Charges For Services	4,819	6,957	219	1,134	213
Transfers from Other Pension Plans	68	239	1,213	2,589	334
Miscellaneous	<u>78</u>	<u>115</u>	<u>-</u>	<u>21</u>	<u>-</u>
TOTAL ADDITIONS	<u>1,620,227</u>	<u>2,308,975</u>	<u>193,231</u>	<u>333,363</u>	<u>155,622</u>
DEDUCTIONS					
Benefits	929,423	121,096	-	13,500	-
Refunds of Contributions	6,553	26,476	35,539	2,477	24,946
Annuity Payments	-	-	-	-	-
Transfers to Other Pension Plans	-	3,747	239	331	121
Transfer to State General Fund	369	549	-	103	-
Administrative Expenses	4,754	6,599	220	1,069	212
TOTAL DEDUCTIONS	<u>941,099</u>	<u>158,467</u>	<u>35,998</u>	<u>17,480</u>	<u>25,279</u>
NET INCREASE (DECREASE)	<u>679,128</u>	<u>2,150,508</u>	<u>157,233</u>	<u>315,883</u>	<u>130,343</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>9,576,325</u>	<u>12,077,580</u>	<u>944,654</u>	<u>1,715,855</u>	<u>729,398</u>
End of Year: June 30	<u>\$10,255,453</u>	<u>\$14,228,088</u>	<u>\$ 1,101,887</u>	<u>\$ 2,031,738</u>	<u>\$ 859,741</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, 2006 (page 2 of 4)
(expressed in thousands)

	Pension Trust			
	TRS Plan 1	TRS Plan 2/3	TRS Plan 3 Defined Contribution	LEOFF Plan 1
ADDITIONS				
Retirement Contributions				
Employer	\$ 15,077	\$ 75,353	\$ -	\$ 70
Plan Member	33,790	8,990	195,910	61
State	-	-	-	-
Plan Member Restorations	4,797	166	-	81
Total Retirement Contributions	<u>53,664</u>	<u>84,509</u>	<u>195,910</u>	<u>212</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	1,052,524	579,465	320,531	666,522
Interest	105,458	55,217	27,831	66,134
Dividends	139,424	77,903	27,348	88,572
Less: Investment Expense	(6,947)	(1,311)	(4,535)	(4,241)
Net Income from Investing Activities	<u>1,290,459</u>	<u>711,274</u>	<u>371,175</u>	<u>816,987</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	35,720	20,637	7,438	22,902
Less: Costs of Lending Securities	(33,605)	(19,416)	(6,998)	(21,546)
Net Income from Securities Lending Activities	<u>2,115</u>	<u>1,221</u>	<u>440</u>	<u>1,356</u>
Total Net Investment Income	<u>1,292,574</u>	<u>712,495</u>	<u>371,615</u>	<u>818,343</u>
Charges For Services	4,079	3,157	639	2,613
Transfers from Other Pension Plans	78	261	619	102
Miscellaneous	<u>65</u>	<u>62</u>	<u>-</u>	<u>42</u>
TOTAL ADDITIONS	<u>1,350,460</u>	<u>800,484</u>	<u>568,783</u>	<u>821,312</u>
DEDUCTIONS				
Benefits	714,448	22,351	-	288,209
Refunds of Contributions	1,042	2,399	41,908	3
Annuity Payments	49,165	-	-	-
Transfers to Other Pension Plans	2	673	296	1
Transfer to State General Fund	312	290	-	200
Administrative Expenses	3,790	2,781	639	2,405
TOTAL DEDUCTIONS	<u>768,759</u>	<u>28,494</u>	<u>42,843</u>	<u>290,818</u>
NET INCREASE (DECREASE)	<u>581,701</u>	<u>771,990</u>	<u>525,940</u>	<u>530,494</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	8,100,642	4,258,043	2,663,007	5,034,702
End of Year: June 30	<u>\$ 8,682,343</u>	<u>\$ 5,030,033</u>	<u>\$ 3,188,947</u>	<u>\$ 5,565,196</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, 2006 (page 3 of 4)
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
ADDITIONS				
Retirement Contributions				
Employer	\$ 48,472	\$ 3,133	\$ 115	\$ -
Plan Member	79,780	3,134	115	-
State	31,666	-	6,601	300
Plan Member Restorations	2,304	19	-	-
Total Retirement Contributions	<u>162,222</u>	<u>6,286</u>	<u>6,831</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	469,212	96,783	1	3
Interest	46,145	9,574	63	154
Dividends	63,163	12,897	-	-
Less: Investment Expense	(3,382)	(598)	(3)	(18)
Net Income from Investing Activities	<u>575,138</u>	<u>118,656</u>	<u>61</u>	<u>139</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	16,911	3,362	-	-
Less: Costs of Lending Securities	(15,910)	(3,163)	-	-
Net Income from Securities Lending Activities	<u>1,001</u>	<u>199</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>576,139</u>	<u>118,855</u>	<u>61</u>	<u>139</u>
Charges For Services	1,938	384	-	2
Transfers from Other Pension Plans	1	8	-	-
Miscellaneous	<u>31</u>	<u>6</u>	<u>-</u>	<u>-</u>
TOTAL ADDITIONS	<u>740,331</u>	<u>125,539</u>	<u>6,892</u>	<u>441</u>
DEDUCTIONS				
Benefits	14,433	30,666	9,247	624
Refunds of Contributions	7,115	125	-	-
Annuity Payments	-	-	-	-
Transfers to Other Pension Plans	102	-	-	-
Transfer to State General Fund	148	29	-	-
Administrative Expenses	1,842	408	-	2
TOTAL DEDUCTIONS	<u>23,640</u>	<u>31,228</u>	<u>9,247</u>	<u>626</u>
NET INCREASE (DECREASE)	<u>716,691</u>	<u>94,311</u>	<u>(2,355)</u>	<u>(185)</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	<u>3,412,383</u>	<u>723,854</u>	<u>2,358</u>	<u>4,283</u>
End of Year: June 30	<u>\$ 4,129,074</u>	<u>\$ 818,165</u>	<u>\$ 3</u>	<u>\$ 4,098</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, 2006 (page 4 of 4)
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2006	June 30, 2005
ADDITIONS				
Retirement Contributions				
Employer	\$ 635	\$ -	\$ 352,454	\$ 183,346
Plan Member	635	-	625,033	507,249
State	-	-	38,567	27,761
Plan Member Restorations	-	-	13,930	14,124
Total Retirement Contributions	<u>1,270</u>	<u>-</u>	<u>1,029,984</u>	<u>732,480</u>
Participant Contributions	<u>-</u>	<u>168,000</u>	<u>168,000</u>	<u>160,029</u>
Investment Income				
<i>Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	1,207	158,739	6,667,015	4,716,327
Interest	231	30,078	671,003	574,223
Dividends	115	17,928	863,794	572,425
Less: Investment Expense	(21)	(2,724)	(44,487)	(22,635)
Net Income from Investing Activities	<u>1,532</u>	<u>204,021</u>	<u>8,157,325</u>	<u>5,840,340</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	-	-	221,092	91,774
Less: Costs of Lending Securities	-	-	(208,004)	(90,335)
Net Income from Securities Lending Activities	<u>-</u>	<u>-</u>	<u>13,088</u>	<u>1,439</u>
Total Net Investment Income	<u>1,532</u>	<u>204,021</u>	<u>8,170,413</u>	<u>5,841,779</u>
Charges For Services	-	1,079	27,233	25,687
Transfers from Other Pension Plans	-	-	5,512	5,469
Miscellaneous	<u>11</u>	<u>1,536</u>	<u>1,967</u>	<u>2,573</u>
TOTAL ADDITIONS	<u>2,813</u>	<u>374,636</u>	<u>9,403,109</u>	<u>6,768,017</u>
DEDUCTIONS				
Benefits	207	-	2,144,204	2,017,205
Refunds of Contributions	-	109,318	257,901	210,000
Annuity Payments	-	-	49,165	61,115
Transfers to Other Pension Plans	-	-	5,512	5,469
Transfer to State General Fund	-	-	2,000	4,750
Administrative Expenses	-	1,256	25,977	25,443
TOTAL DEDUCTIONS	<u>207</u>	<u>110,574</u>	<u>2,484,759</u>	<u>2,323,982</u>
NET INCREASE (DECREASE)	<u>2,606</u>	<u>264,062</u>	<u>6,918,350</u>	<u>4,444,035</u>
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	<u>14,521</u>	<u>1,925,378</u>	<u>51,182,983</u>	<u>46,738,948</u>
End of Year: June 30	<u>\$ 17,127</u>	<u>\$ 2,189,440</u>	<u>\$ 58,101,333</u>	<u>\$51,182,983</u>

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2006
(expressed in thousands)

Dependent Care Administrative Fund			
	Balance Sheet	Adjustments	Statement of Net Assets
ASSETS			
Cash and Pooled Investments	\$ 64	\$ -	\$ 64
TOTAL ASSETS	<u>64</u>	<u>-</u>	<u>64</u>
LIABILITIES			
Due to Other Washington State Agencies	1	-	1
Accrued Salaries	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL LIABILITIES	<u>6</u>	<u>-</u>	<u>6</u>
FUND BALANCE/NET ASSETS:			
Fund Balance:			
Unreserved, Reported in Special Revenue Funds	<u>58</u>	<u>(58)</u>	<u>-</u>
Total Fund Balance	<u>58</u>	<u>(58)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 64</u>		
Net Assets:			
Unrestricted		<u>-</u>	<u>-</u>
TOTAL NET ASSETS		<u>\$ (58)</u>	<u>\$ 58</u>
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, 2006
(expressed in thousands)

REVENUES	Dependent Care Administrative Fund		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Charges for Services	\$ 171	\$ -	\$ 171
TOTAL REVENUES	171	-	171
EXPENDITURES/EXPENSES			
Current:			
Personnel Services	130	-	130
Goods and Services	55	-	55
Miscellaneous	3	-	3
Total Expenditures/Expenses	188	-	188
TOTAL EXPENDITURES/EXPENSES	188	-	188
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17)	17	-
CHANGE IN NET ASSETS	-	(17)	(17)
FUND BALANCE/NET ASSETS:			
Beginning of Year: July 1	75	-	75
End of Year: June 30	\$ 58	\$ -	\$ 58

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2006

Note 1: Summary of Significant Accounting Policies and Plan Asset Matters

A. Reporting Entity

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

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

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

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

B. Basic Financial Statements

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

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

Statement of Plan Net Assets includes information about the assets, liabilities, and net assets for each plan. The Statement of Changes in Plan Net Assets includes information about the additions to, deductions from, and net increase (or decrease) 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 finan-

cial 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, banker's acceptances, and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Plan Net Assets as cash and pooled investments.

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, 2006, the carrying amount of DRS' cash and pooled investment deposits is \$39.1 million for the pension trust funds, \$0.6 million for the dependent care agency fund, and \$64,000 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; banker's acceptances; commercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; Washington State Housing Finance Commission (HFC) taxable municipal bonds up to a total of \$25.0 million, with a maximum of \$10.0 million per year; 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 2006.

Investments--Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of a fixed income 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, 2006 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 39, 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, 2006. 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, 2006, 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, 2006 are presented in the schedule on page 40.

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 3% of cost at the time of purchase or 6% of market value of the fund thereafter and that no high yield issues shall exceed 1% of cost or 2% of the market value of the fund. There was no concentration of credit risk exceeding these policy guidelines as of June 30, 2006. 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 2006.

Investment Maturities

(expressed in thousands)

Investment Type	Fair Value	Less than one year	1-5 years	5-10 years	More than 10 years	Effective Duration
Asset Backed Securities	\$ 1,713	\$ -	\$ 1,713	\$ -	\$ -	1.42
Commercial Mortgage Backed Securities	494,022	-	247,703	246,319	-	4.26
Corporate Bonds-Domestic	4,426,378	291,256	1,393,424	1,928,130	813,568	5.71
Government Securities-Domestic:						
U.S. Government Treasuries	1,124,125	10,980	176,526	421,271	515,348	9.32
Treasury Inflation Protected Securities	2,407,119	540,697	1,069,463	796,959	-	2.47
Government Securities-Foreign	89,503	-	59,085	30,418	-	3.47
Mortgages:						
Collateralized Mortgage Obligations	1,306,328	23,906	338,209	773,084	171,129	4.85
Pass Throughs	2,356,766	707	1,481,699	874,360	-	3.88
Non-Standard Mortgages	5,054	-	1,374	2,535	1,145	4.14
Repurchase Agreements	2,639	2,639	-	-	-	0.10
Variable Rate Notes	162,394	155,735	6,659	-	-	0.10
Commingled U.S. Enhanced Index Fund						
Asset Backed Securities	14,354	-	-	-	14,354	14.39
Collateralized Mortgage Obligations	86,383	-	-	-	86,383	14.72
Corporate Bonds-Domestic	145,726	3,479	97,012	8,094	37,141	5.64
Pass Throughs	74,914	-	-	-	74,914	18.42
Treasury Inflation Protected Securities	13,932	-	-	13,932	-	5.54
Variable Rate Notes	496,619	1,244	95,536	16,328	383,511	12.12
Securities Lending Portfolio:						
Commercial Paper	6,720	6,720	-	-	-	0.10
Certificates of Deposit	7,688	7,688	-	-	-	0.10
Variable Rate Notes	63,202	63,202	-	-	-	0.10
Repurchase Agreements	29,828	29,828	-	-	-	0.10
Subtotal for GASB Categories	13,315,407	\$ 1,138,081	\$ 4,968,403	\$ 5,111,430	\$ 2,097,493	
Investments Not Categorized						
Commingled Balanced Funds - Domestic	320,479					
Commingled Index Funds - Domestic	10,931,755					
Commingled Index Funds - Foreign	4,226,119					
Corporate Stock-Domestic	1,183,245					
Corporate Stock-Foreign	8,006,627					
Currencies	109,166					
Guaranteed Investment Contracts	701,407					
Life Annuity	37					
Money Market Funds	1,252,311					
Mutual Funds	3,225,246					
Private Equity	9,008,502					
Real Estate	5,643,972					
Subtotal for Investments Not Categorized	44,608,866					
Securities On Loan - Domestic	3,980,277					
Securities On Loan - Foreign	1,569,438					
Total Investments - 6/30/2006	\$ 63,473,988					

Quality Ratings
(Moody's Equivalent)
(expressed in thousands)

Investment Type	Fair Value	P-1	Aaa	Aa1	Aa2	Aa3	A1	A2	A3	Baa1 and below	Unrated
Asset Backed Securities	\$ 1,713	\$ -	\$ 1,713	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commercial Mortgage Backed Securities	494,022	-	469,869	-	-	-	-	-	-	-	24,153
Corporate Bonds-Domestic	4,426,378	-	495,537	171,129	174,599	603,651	628,989	265,954	302,850	1,339,747	443,922
Government Securities-Foreign	89,503	-	33,395	-	-	-	-	-	-	-	56,108
Mortgages:											
Collateralized Mortgage Obligations	1,306,328	-	1,271,892	-	-	-	-	-	-	-	34,436
Pass Throughs	2,356,766	-	2,337,037	-	-	-	-	-	-	-	19,729
Non-Standard Mortgages	5,054	-	2,670	-	-	-	-	-	-	-	2,384
Repurchase Agreements	2,639	-	-	-	-	-	-	-	-	-	2,639
Treasury Inflation Protected Securities	2,407,119	-	2,407,119	-	-	-	-	-	-	-	-
U.S. Government Treasuries	1,124,125	-	1,124,125	-	-	-	-	-	-	-	-
Variable Rate Notes	162,394	-	-	-	29,971	71,923	-	49,962	-	10,538	-
Commingled U.S. Enhanced Index Fund:											
Asset Backed Securities	14,354	-	14,354	-	-	-	-	-	-	-	-
Collateralized Mortgage Obligations	86,383	-	78,328	-	-	-	-	-	-	-	8,055
Corporate Bonds-Domestic	145,726	-	31,008	-	-	-	2,154	3,436	8,605	63,007	37,516
Pass Throughs	74,914	-	74,914	-	-	-	-	-	-	-	-
Treasury Inflation Protected Securities	13,932	-	13,932	-	-	-	-	-	-	-	-
Variable Rate Notes	496,619	-	342,522	-	4,246	19,948	6,215	8,456	28,718	44,397	42,117
Securities Lending Portfolio:											
Commercial Paper	6,720	6,720	-	-	-	-	-	-	-	-	-
Certificates of Deposit	7,688	7,688	-	-	-	-	-	-	-	-	-
Repurchase Agreements	29,828	29,828	-	-	-	-	-	-	-	-	-
Variable Rate Notes	63,202	-	-	-	-	-	63,202	-	-	-	-
Total	\$13,315,407	\$44,236	\$8,698,415	\$171,129	\$208,816	\$695,522	\$700,560	\$327,808	\$340,173	\$1,457,689	\$671,059

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, 2006, is presented in the schedule on page 41. 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 \$4,226.1 million invested in an international commingled equity index fund. Because these funds are commingled, they are not included in this schedule.

Foreign Currency Risk

(expressed in thousands)

Foreign Currency Denomination	Short Term	Investment Type				Total
		Fixed Income	Equity	Private Equity	Real Estate	
Australia - Dollar	\$6,769	\$-	\$312,810	\$-	\$-	\$319,579
Austria - Euro	-	-	70,960	-	-	70,960
Belgium - Euro	-	-	46,162	-	-	46,162
Brazil - Real	208	89,503	44,104	-	-	133,815
Britain - Pound	14,149	-	1,347,865	75,780	69,360	1,507,154
Canada - Dollar	145	-	287,269	-	15,930	303,344
China - Yuan	-	-	-	-	13,536	13,536
Denmark - Krone	944	-	29,145	-	-	30,089
E.M.U. - Euro	28,463	-	91,892	765,817	325,280	1,211,452
Finland - Euro	-	-	80,219	-	-	80,219
France - Euro	-	-	763,790	-	-	763,790
Germany - Euro	-	-	599,370	-	-	599,370
Greece - Euro	-	-	46,382	-	-	46,382
Hong Kong - Dollar	4,923	-	184,570	-	16,898	206,391
Hungary - Forint	-	-	9,063	-	-	9,063
Indonesia - Rupiah	75	-	2,073	-	-	2,148
Ireland - Euro	-	-	14,395	-	-	14,395
Italy - Euro	-	-	297,290	-	-	297,290
Japan - Yen	32,748	-	1,643,553	-	182,469	1,858,770
Lithuania - Litas	5	-	132	-	-	137
Luxembourg - Euro	-	-	3,174	-	-	3,174
Malaysia - Ringgit	-	-	6,429	-	-	6,429
Mexico - Peso	-	-	23,751	-	-	23,751
Netherlands - Euro	-	-	422,125	-	-	422,125
New Zealand - Dollar	30	-	13,600	-	-	13,630
Norway - Krone	12,643	-	148,936	-	-	161,579
Pakistan - Rupee	-	-	12,662	-	-	12,662
Philippines - Peso	14	-	1,254	-	-	1,268
Poland - Zloty	16	-	48,347	-	-	48,363
Portugal - Euro	-	-	9,555	-	-	9,555
Singapore - Dollar	467	-	75,756	8,631	-	84,854
South Africa - Rand	-	-	33,657	-	-	33,657
South Korea - Won	69	-	51,838	-	9,919	61,826
Spain - Euro	-	-	343,623	-	-	343,623
Sweden - Krona	5,760	-	188,461	57,129	-	251,350
Switzerland - Franc	1,776	-	452,213	-	-	453,989
Thailand- Baht	-	-	1,867	-	226	2,093
Turkey - Lira	-	-	22,360	-	-	22,360
Total	\$109,204	\$89,503	\$7,730,652	\$907,357	\$633,618	\$9,470,334

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.

All U.S. and foreign fixed income and equity securities are available for lending. 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, 2006, the market value of securities on loan was \$5,657.2 million. The corresponding collateral held totalled \$5,549.7 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 2006, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The average term of overall loans was 32 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 weighted maturity of 312 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 2006, 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 2006 resulting from a default by either the borrowers or the securities lending agents.

OST—Statute authorizes the OST to buy and sell the following types of instruments: U.S. government and agency securities, banker's acceptances, commercial paper, and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above.

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

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, 2006, 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, 2006, the average life of both the loans and the investment of cash collateral received as collateral was three 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 insure the safety of the investment.

During Fiscal Year 2006, 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, 2006 or 2005. 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, 2006, the only derivative securities held directly by WSIB were collateralized mortgage obligations of \$1.393 billion.

Certain investment types in DRS’ portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$44.6 billion in both carrying value and fair value.

There were approximately \$32.5 million repurchase agreements outstanding at June 30, 2006. Repurchase agreements are collateralized at 102 percent. The collateral is priced daily and held by DRS’ agent in DRS’ name. Repurchase agreements outstanding as of June 30, 2006 are typical of the level of activity during the year.

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, 2006.

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, 2006, total investment management fees were \$252.5 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 stated amount. As of June 30, 2006, the DRS pension funds had the following unfunded investment commitments in millions of dollars:

Private Equity Partnerships	\$6,245.9
Real Estate	\$5,221.4

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, 2006 and 2005 are as follows:

	June 30, 2006 (expressed in thousands)	June 30, 2005
PERS Plan 1	\$1,370,735	1,457,906
PERS Plan 2/3	3,531,670	3,341,156
PERS Plan 3-WSIB	628,240	515,776
PERS Plan 3-SELF	473,647	428,878
SERS Plan 2/3	232,391	216,027
SERS Plan 3-WSIB	635,139	524,080
SERS Plan 3-SELF	224,601	205,318
TRS Plan 1	1,027,132	1,113,788
TRS Plan 2/3	405,773	392,290
TRS Plan 3-WSIB	1,829,793	1,468,496
TRS Plan 3-SELF	1,359,154	1,194,511
LEOFF Plan 1	85,326	94,633
LEOFF Plan 2	1,107,722	1,000,804
WSPRS Plan 1/2	54,185	51,563
JRS	3,652	4,098
Judges	-	-
Total Member Reserves	\$12,969,160	\$12,009,324

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, 2006 and 2005 are as follows:

	June 30, 2006 (expressed in thousands)	June 30, 2005
PERS Plan 1	\$8,881,202	\$8,115,143
PERS Plan 2/3	10,692,770	8,733,118
SERS Plan 2/3	1,799,083	1,499,628
TRS Plan 1	7,652,192	6,984,038
TRS Plan 2/3	4,622,651	3,864,322
LEOFF Plan 1	5,478,118	4,938,445
LEOFF Plan 2	3,020,542	2,410,864
WSPRS Plan 1/2	763,752	672,082
JRS	(3,651)	(1,741)
Judges	4,105	4,293
Total Benefit Reserves	\$42,910,764	\$37,220,192

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 2006:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
(expressed in thousands)				
Improvements Other Than Buildings	\$ 634	\$ -	\$ -	\$ 634
Furnishings & Equipment	2,197	41	(350)	1,888
Accumulated Depreciation	(2,047)	(330)	344	(2,033)
Total	\$ 784	\$ (289)	\$ (6)	\$ 489

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, 2006:

Operating Leases	
(expressed in thousands)	
By Fiscal Year:	
2007	\$1,336
2008	1,289
2009	713
Total Future Minimum Payments	\$3,338

The total operating lease rental expenditure for Fiscal Year 2006 was \$1.3 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 \$0.9 million as of June 30, 2006.

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 \$0.3 million as of June 30, 2006.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2006:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
(expressed in thousands)				
Annual Leave	\$ 838	\$ 891	\$ (870)	\$ 859
Sick Leave	308	131	(115)	324
Total	\$ 1,146	\$ 1,022	\$ (985)	\$ 1,183

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.

Transfers to the State General Fund are operating state budget transfers authorized by ESHB 6386, Chapter 372, Laws of 2006, pursuant to RCW 43.135.035(5).

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, TRS, and LEOFF systems and plans was funded by an employer rate of .19 percent of employee salaries. Administration of the WSPRS, 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 seven retirement systems comprising 11 defined benefit pension plans and three combination defined benefit/defined contribution plans as follows:

Public Employees' Retirement System (PERS)

Plan 1—defined benefit

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

School Employees' Retirement System (SERS)

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

Teachers' Retirement System (TRS)

Plan 1—defined benefit

Plan 2—defined benefit

Plan 3—defined benefit/defined contribution

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

Plan 1—defined benefit

Plan 2—defined benefit

Washington State Patrol Retirement System (WSPRS)

Plan 1—defined benefit

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	54,795	2,833	14,904	1,058	73,590
PERS Plan 2	13,471	17,941	80,769	37,631	149,812
PERS Plan 3	343	1,793	8,901	12,315	23,352
SERS Plan 2	1,426	3,073	16,828	2,559	23,886
SERS Plan 3	705	2,491	10,672	20,291	34,159
TRS Plan 1	35,264	1,328	8,397	195	45,184
TRS Plan 2	1,351	2,536	6,659	546	11,092
TRS Plan 3	706	3,158	21,132	30,341	55,337
LEOFF Plan 1	8,149	7	723	-	8,879
LEOFF Plan 2	574	570	11,625	3,543	16,312
WSPRS Plan 1	792	102	883	58	1,835
WSPRS Plan 2	-	-	1	80	81
JRS	131	2	13	-	146
Judges	16	-	-	-	16
Total	<u>117,723</u>	<u>35,834</u>	<u>181,507</u>	<u>108,617</u>	<u>443,681</u>

The latest actuarial valuation date for all plans was September 30, 2005.

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	155	251	201	221	828
PERS Plan 2	180	-	270	452	902
PERS Plan 3	159	-	185	243	587
SERS Plan 2	-	299	-	-	299
SERS Plan 3	-	301	-	-	301
TRS Plan 1	71	288	-	-	359
TRS Plan 2	21	275	-	-	296
TRS Plan 3	31	302	-	-	333
LEOFF Plan 1	-	-	85	17	102
LEOFF Plan 2	8	-	218	150	376
WSPRS Plan 1	1	-	-	-	1
WSPRS Plan 2	1	-	-	-	1
JRS	3	-	-	-	3
Judges	-	-	-	-	-
Total	<u>630</u>	<u>1,716</u>	<u>959</u>	<u>1,083</u>	<u>4,388</u>

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2006 is 1,296.

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 2006, 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 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. 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. 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.)

PERS Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the AFC per year of service. (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 D of Note 2 for a description of the defined contribution component of PERS Plan 3.

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.

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.

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.

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

Effective June 10, 2004:

- PERS Plan 1 members receive a minimum \$1,000 monthly benefit if they have at least 25 years of service and have been retired at least 20 years. The new minimum amount remains in effect until the original benefit calculation, plus annual cost of living increases, exceeds \$1,000. (SHB 2538, Chapter 85, Laws 2004)
- An asset smoothing corridor is established for actuarial valuations used in the funding of the state retirement systems. (SB 6249, Chapter 93, Laws 2004)

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)

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 2006, 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 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the average final compensation (AFC) per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. 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 re-

duction 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 D 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.

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 July 1, 2004:

- An asset smoothing corridor is established for actuarial valuations used in the funding of the state retirement systems. (SB 6249, Chapter 93, Laws 2004)

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)

There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2006.

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

Teachers' Retirement System (TRS): TRS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a 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 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.

TRS defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the TRS Plan 1 and 2 defined benefit plans accrue interest at a rate specified by DRS. During Fiscal Year 2006, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. 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 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation (AFC) per year of service (AFC is based on the greatest compensation during the highest of any consecutive two compensation contract years), capped at 60 percent.

TRS Plan 2 retirement benefits are vested after an employee completes five years of eligible service. Plan 2 members may retire at the age of 65 with five years of service, or at the age of 55 with 20 years of service, with an allowance of 2 percent of the AFC per year of service. (AFC is based on the greatest compensation during any eligible consecutive 60-month period.) Plan 2 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and a cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index), capped at 3 percent annually.

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. Retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of TRS Plan 3.

TRS Plan 1 provides death 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). 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 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.

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.

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

Effective June 10, 2004:

- TRS Plan 1 members receive a minimum \$1,000 monthly benefit if they have at least 25 years of service and have been retired at least 20 years. The new minimum amount remains in effect until the original benefit calculation, plus annual cost of living increases, exceeds \$1,000. (SHB 2538, Chapter 85, Laws 2004)

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 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)

There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2006.

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 2006, 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 retirement benefits are vested after an employee completes five years of eligible service. Plan 1 members are eligible for retirement with five years of service at the age of 50. The benefit per year of service calculated as a percent of final average salary (FAS) is as follows:

Term of Service	Percent of FAS
20+	2.0%
10 - 19	1.5%
5 - 9	1.0%

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive

24 months' salary within the last 10 years of service. If membership was established in LEOFF after February 18, 1974, the service retirement benefit is capped at 60 percent of FAS. A cost-of-living allowance is granted (indexed to the Seattle Consumer Price Index).

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

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 percent limitation of FAS. In addition, a duty death benefit of \$150,000 is provided to Plan 1 and Plan 2 members.

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 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.

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.

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 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)

There were no other material changes in LEOFF benefit provisions for the year ended June 30, 2006. 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 2006, the DRS-established rate on employee contributions was 5.5 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 retirement benefits are vested after an employee completes five years of eligible service. Members are eligible for retirement at the age of 55 with five years of service, or after 25 years of service. The annual pension is 2 percent of 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 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 is 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)

There were no other material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2006.

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 2006, 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, 2006.

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, 2006.

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 5 to 15 percent; two of the options are graduated rates dependent on the employee's age.

The methods used to determine the contribution requirements are established under state statute in accordance with chapters 41.40 and 41.45 RCW.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2006 were as follows:

PERS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
Employer Rates:			
State Agencies*	2.44%	2.44%	2.44% **
Local Governmental Units*	2.44%	2.44%	2.44% **
State Government Elected Officials*	3.57%	2.44%	2.44% **
Employee Rates:			
State Agencies	6.00%	2.25%	***
Local Governmental Units	6.00%	2.25%	***
State Government Elected Officials	7.50%	2.25%	***

*Includes an administrative expense rate of 0.19 percent.

**Plan 3 defined benefit portion only.

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

SERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. 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 2006 were as follows:

SERS Actual Contribution Rates

	Plan 2	Plan 3
Employer Rates:		
State Agencies*	2.94%	2.94% **
Local Governmental Units*	2.94%	2.94% **
Employee Rates:		
State Agencies	2.75%	***
Local Governmental Units	2.75%	***

*Includes an administrative expense rate of 0.19 percent.

** Plan 3 defined benefit portion only.

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

TRS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent 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. Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2006 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Employer Rates*	2.92%	2.92%	2.92% **
Employee Rates:			
State Agencies	6.00%	2.48%	***
Local Governmental Units	6.00%	2.48%	***
State Government Elected Officials	7.50%	2.48%	***

*Includes an administrative expense rate of 0.19 percent.

**Plan 3 defined benefit portion only.

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

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

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2006 were as follows:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.19%	4.39%
Ports and Universities*	n/a	7.18%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	--	6.99%
Ports and Universities	n/a	6.99%
State of Washington Contributions	n/a	2.79%
*Includes an administrative expense rate of 0.19 percent.		

The Legislature has the ability, by means of a special funding arrangement, to appropriate money from the state General Fund to supplement the current service liability and fund the prior service costs of Plans 1 and 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For Fiscal Year 2006, the state contributed \$31.7 million to LEOFF Plan 2.

WSPRS: Each biennium, the state Pension Funding Council adopts the employee and the state contribution rates. The 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 2006 were as follows:

WSPRS Actual Contribution Rates

	Plan 1	Plan 2
Employer Rate*	4.70%	4.70%
Employee Rate	4.51%	4.51%
* Includes an administrative expense rate of 0.19 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 2006, the state contributed \$6.6 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, 2006, 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 2006, the state contributed \$0.3 million.

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.

	2006	2005	2004
(amounts expressed in thousands)			
PERS Plan 1	\$ 35.0	\$ 20.7	\$ 28.3
PERS Plan 2/3	250.0	137.5	137.0
TRS Plan 1	1.0	0.5	0.6
Total	\$286.0	\$158.7	\$165.9

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 com-

mittees; 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, 2006, there are 587 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 41.40, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of PERS Plan 3.

Membership in PERS Plan 3 consisted of the following as of the latest actuarial valuation date of September 30, 2005:

Retirees and Beneficiaries Receiving Benefits	343
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	1,793
Active Plan Members Vested	8,901
Active Plan Members Nonvested	<u>12,315</u>
Total	23,352

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 2006, employee contributions were \$64.8 million, and plan refunds paid out were \$35.5 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 also members of SERS Plan 3. As of June 30, 2006, there are 301 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 41.35, employee contribution rates to the defined contribution component range from 5 percent to 15 percent of salaries based on member choice. There are currently no requirements for employer contributions to the defined contribution component of SERS Plan 3.

Membership in SERS Plan 3 consisted of the following as of the latest actuarial valuation date of September 30, 2005:

Retirees and Beneficiaries Receiving Benefits	705
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	2,491
Active Plan Members Vested	10,672
Active Plan Members Nonvested	<u>20,291</u>
Total	34,159

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 2006, employee contributions were \$49.8 million, and plan refunds paid out were \$24.9 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, 2006, 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, 2005:

Retirees and Beneficiaries Receiving Benefits	706
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	3,158
Active Plan Members Vested	21,132
Active Plan Members Nonvested	<u>30,341</u>
Total	55,337

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 2006, employee contributions required and made were \$195.9 million and plan refunds paid out were \$41.9 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, 2006, there were 200 active members and 17 inactive members in JRA. There are three participating employers in JRA.

Plan members are required to contribute 2.5 percent of covered salary. The state, as employer, shall contribute an equal amount on a monthly basis. Contributions are collected by the Administrative Office of the Courts. The employer and employee obligations to contribute are established per RCW 2.14. Plan provisions and contribution requirements

are established in state statute and may be amended only by the State Legislature.

A JRA member who separates from judicial service for any reason is entitled to receive a lump-sum distribution of the accumulated contributions. 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. DRS shall be responsible for all record keeping, accounting, and reporting of member accounts. The WSIB shall have the full power to establish investment policy, develop participant investment options, and manage the investment funds from the JRA plan, consistent with the provisions of RCW 2.14.080 and RCW 43.84.150.

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)					
	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00
Actuarial Value of Plan Assets	\$9,707	\$9,928	\$10,227	\$10,757	\$10,990	\$11,111
Actuarial Accrued Liability	\$13,704	\$12,855	\$12,692	\$12,560	\$12,088	\$11,695
Unfunded Actuarial Liability	\$3,997	\$2,927	\$2,465	\$1,803	\$1,098	\$584
Percentage Funded	71%	77%	81%	86%	91%	95%
Covered Payroll	\$786	\$863	\$945	\$1,023	\$1,085	\$1,132
Unfunded Actuarial Liability as a Percentage of Covered Payroll	509%	339%	261%	176%	101%	52%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01	6/30/00
Actuarial Value of Plan Assets	\$8,450	\$8,728	\$9,086	\$9,366	\$9,342	\$9,372
Actuarial Accrued Liability	\$10,894	\$10,401	\$10,325	\$10,235	\$9,895	\$9,566
Unfunded Actuarial Liability	\$2,444	\$1,673	\$1,239	\$869	\$553	\$194
Percentage Funded	78%	84%	88%	92%	94%	98%
Covered Payroll	\$546	\$616	\$692	\$741	\$800	\$957
Unfunded Actuarial Liability as a Percentage of Covered Payroll	448%	272%	179%	117%	69%	20%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

	(dollars in millions)					
	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00
Actuarial Value of Plan Assets	\$4,800	\$4,666	\$4,803	\$5,095	\$5,369	\$5,440
Actuarial Accrued Liability	\$4,243	\$4,266	\$4,275	\$4,259	\$4,153	\$4,002
Unfunded Actuarial Liability	\$(557)	\$(400)	\$(528)	\$(836)	\$(1,216)	\$(1,438)
Percentage Funded	113%	109%	112%	120%	129%	136%
Covered Payroll	\$56	\$64	\$71	\$80	\$87	\$95
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(995)%	(625)%	(744)%	(1,045)%	(1,398)%	(1,514)%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

	(dollars in millions)					
	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00
Actuarial Value of Plan Assets	\$2	\$4	\$6	\$8	\$10	\$10
Actuarial Accrued Liability	\$89	\$89	\$91	\$92	\$92	\$93
Unfunded Actuarial Liability	\$87	\$85	\$85	\$84	\$82	\$83
Percentage Funded	2%	4%	7%	9%	11%	11%
Covered Payroll	\$1.7	\$2.4	\$2.6	\$3.0	\$3.0	\$4.0
Unfunded Actuarial Liability as a Percentage of Covered Payroll	5,118%	3,542%	3,269%	2,800%	2,733%	2,075%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

	(dollars in millions)					
	2005	2004	2003	2002	2001	2000
Actuarial Valuation Date	9/30/05	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00
Actuarial Value of Plan Assets	\$4.2	\$4.4	\$4.5	\$4.7	\$4.9	\$4.7
Actuarial Accrued Liability	\$4.5	\$4.7	\$5.2	\$5.5	\$6.0	\$6.1
Unfunded Actuarial Liability	\$0.3	\$0.3	\$0.7	\$0.8	\$1.1	\$1.4
Percentage Funded	93%	94%	87%	85%	82%	77%
Covered Payroll	\$-	\$-	\$-	\$0.1	\$0.1	\$0.1
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	n/a	800%	1,100%	1,400%

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1/2: 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 2001-2006.

	(dollars in millions)											
	Annual Required Contribution*						Percentage Contributed					
	2006	2005	2004	2003	2002	2001	2006	2005	2004	2003	2002	2001
PERS Plan 1	\$ 438.5	\$ 340.3	\$ 295.1	\$ 228.9	\$ 164.3	\$ 118.8	7%	7%	8%	25%	42%	153%
PERS Plan 2/3	307.6	227.7	192.6	141.7	72.0	55.6	49%	33%	36%	27%	71%	207%
SERS Plan 2/3	81.4	64.0	52.3	44.2	19.5	6.7	37%	16%	17%	14%	58%	297%
TRS Plan 1	287.5	224.3	185.7	153.4	119.8	90.6	5%	4%	6%	13%	50%	156%
TRS Plan 2/3	166.4	117.4	96.2	79.5	66.7	40.4	45%	29%	31%	23%	70%	172%
LEOFF Plan 1	0.0	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	101.3	80.8	69.2	56.8	43.7	33.8	79%	67%	74%	74%	91%	155%
WSPRS Plan 1/2	6.1	3.4	2.6	0.0	0.0	0.0	48%	0%	0%	n/a	n/a	n/a
JRS	27.7	21.7	18.5	16.2	14.2	13.3	24%	29%	34%	38%	44%	55%
Judges	0.1	0.1	0.2	0.1	0.2	0.2	300%	500%	250%	300%	150%	400%

* 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 experience 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.

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, 2006

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	9/30/2005	9/30/2005	9/30/2005	9/30/2005	9/30/2005
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 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
Actuarial Assumptions:					
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases					
Salary Inflation at 4.5%, Plus the Merit Increases Described Below:					
Initial Salary Merit (Grades Down to 0%)	6.1%	6.1%	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 Gainsharing COLA ⁶	3.50% CPI increase, maximum 3%	n/a Uniform COLA ⁶ Gainsharing COLA ⁶	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%

N/A indicates data not applicable

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

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

³Pay As You Go basis for funding

⁴Level percent of payroll, including system growth.

⁵Asset 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					
Rate of Return	Smoothing Period	Annual Recognition	Rate of Return	Smoothing Period	Annual Recognition
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 69

Chart continued from page 68

LEOFF Plan 1	LEOFF Plan 2	WSPRS Plan 1/2	Judicial	Judges
9/30/2005	9/30/2005	9/30/2005	9/30/2005	9/30/2005
frozen initial liability ¹	aggregate ²	aggregate ²	entry age ³	entry age ³
level % ⁴	n/a	n/a	n/a	n/a
level \$	n/a	n/a	level \$	level \$
6/30/2024 8-year graded smoothed fair value ⁵	n/a 8-year graded smoothed fair value ⁵	n/a 8-year graded smoothed fair value ⁵	12/31/2008 market	12/31/2008 market
8.00%	8.00%	8.00%	8.00%	8.00%
11.7%	11.7%	6.0%	0.0%	0.0%
21 yrs	21 yrs	20 yrs	n/a	n/a
3.50%	3.50%	3.50%	3.50%	3.50%
CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	3.00%	none

⁶ The Uniform COLA and Gainsharing COLA

Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved. The Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%. 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, 2006
(expressed in thousands)

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Dependent Care Administrative Special Revenue Fund	Totals	
				June 30, 2006	June 30, 2005
Current					
Personnel:					
Salaries and Wages	\$ 10,716	\$ 702	\$ 101	\$ 11,519	\$ 11,331
Employee Benefits	2,935	195	29	3,159	2,827 ¹
Personal Service Contracts	1,190	5	-	1,195	1,065
Total Personnel Expenses	14,841	902	130	15,873	15,223
Goods and Services:					
Supplies and Materials	46	3	-	49	53
Communications	531	14	3	548	565
Utilities	115	10	1	126	106
Rental and Leases	1,207	102	13	1,322	1,276
Repairs and Alterations	323	5	1	329	117
Printing and Reproduction	350	32	14	396	347
Employee Professional Development and Training	135	4	1	140	134
Subscriptions	32	11	-	43	24
Facilities and Services	289	27	5	321	280
Data Processing Services	2,028	25	11	2,064	1,779
Attorney General Services	58	13	1	72	68
Personnel Services	61	5	1	67	79
Medical Consultant Services	78	-	-	78	74
Insurance	110	10	1	121	74
Other Contractual Services	1,031	40	-	1,071	1,573
Vehicle Maintenance	11	6	1	18	13
Actuary Services	1,243	-	-	1,243	1,170
Pension Funding Council Services	-	-	-	-	50
Audit Services	165	14	2	181	223
Archives and Records Management	43	4	-	47	49
Legal Fees	1,169	-	-	1,169	1,066
Bad Debts Expense	42	-	-	42	17
Fraudulent Collections	116	-	-	116	121
OWMBE Services	2	-	-	2	1
Other Goods and Services	44	-	-	44	34
Total Goods and Services	9,229	325	55	9,609	9,293
Miscellaneous Expenses:					
Travel	78	20	2	100	100
Noncapitalized Equipment	201	9	1	211	470
Total Miscellaneous Expenses	279	29	3	311	570
Total Current Expenses	24,349	1,256	188	25,793	25,086
Capital Outlays:					
Furnishings, Equipment and Software	42	-	-	42	113
Improvements Other than Buildings	-	-	-	-	80
Total Capital Outlays	42	-	-	42	193
Depreciation - Capital Assets	330	-	-	330	345
Total Administrative Expenses	\$ 24,721	\$ 1,256	\$ 188	\$ 26,165	\$ 25,624

¹ June 30, 2005 figure includes \$25 reclassified from Miscellaneous Expenses.

**Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2006
(expressed in thousands)**

	<u>Investment Management Expense</u>
Public Equity Securities	
U.S. Passive Equity Managers	\$ 2,414
International Active Equity Managers	10,564
International Passive Equity Managers	2,473
Publicly-Traded Securities Brokers	<u>9,912</u>
Total Public Equity Securities	<u>25,363</u>
Alternative Investments	
Private Equity	2,607
Real Estate	<u>423</u>
Total Alternative Investments	<u>3,030</u>
Securities Lending	
Securities Lending Fees	3,495
Securities Lending Broker Rebates Paid	<u>204,509</u>
Total Securities Lending	<u>208,004</u>
Other Expenses	
Consultants and Advisors	1,147
Custodians	1,551
Legal Fees	542
PERS Plan 3 Management Fees	559
SERS Plan 3 Management Fees	265
TRS Plan 3 Management Fees	1,585
Deferred Compensation Management Fees	2,724
WSIB Operating Costs	6,853
OST Operating Costs	107
Miscellaneous Fees	<u>761</u>
Total Other Expenses	<u>16,094</u>
Total Investment Expenses	<u><u>\$ 252,491</u></u>

Schedule of Payments to Consultants
For the Year Ended June 30, 2006
(expressed in thousands)

	<u>Commission/Fee</u>
Communications	
Rusty George Design	20
Total Communications	<u>20</u>
Computer/Technology	
Aetea Information Technology Inc.	181
Ajilon	38
Daniels Consulting	226
Martin Analysis and Programming, Inc.	298
Milestone Technology	92
Seitel Leeds & Associates, Inc.	1
Smith McCann Computer Resources, Inc.	116
Software AG Inc.	9
Total Computer/Technology	<u>961</u>
Legal	
Dixie Cattell & Associates	6
Foster Pepper & Shefelman PLLC	90
Ice Miller Legal & Business Advisors	76
Lane Powell Attorneys & Counselors	6
Navigant Consulting, Inc.	20
Total Legal	<u>198</u>
Management	
Cost Effective Measurement, Inc.	30
DHK Associates, Inc.	15
Mercer Investment Consulting, Inc.	4
Peterson Sullivan PLLC	50
Professional Personnel Services	26
Strategic Effectiveness Group LLC	5
Western Medical Consultants/WMCI Prime Evaluations	2
Total Management	<u>132</u>
Recordkeeping	
ICMA Retirement Corporation	1,071
Total Recordkeeping	<u>1,071</u>
Total Payments to Consultants	<u><u>\$ 2,382</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, 2006
 (expressed in thousands)

	Balance 07/01/05	Additions	Deductions	Balance 06/30/06
ASSETS				
Cash and Pooled Investments	\$ 547	\$ 4,243	\$ 4,197	\$ 593
Total Assets	<u>\$ 547</u>	<u>\$ 4,243</u>	<u>\$ 4,197</u>	<u>\$ 593</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 4,193	\$ 4,193	\$ -
Other Short-Term Liabilities	547	4,244	4,198	593
Total Liabilities	<u>\$ 547</u>	<u>\$ 8,437</u>	<u>\$ 8,391</u>	<u>\$ 593</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 \$6.4 billion during fiscal 2006 to \$53.8 billion. The CTF return was 16.69 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 6/30/2006

	1 Year	3 Year	5 Year
TOTAL FUND	16.69%	15.47%	8.51%
<i>Passive Benchmark</i>	<i>10.92%</i>	<i>12.57%</i>	<i>6.00%</i>
U.S. Equity	9.90%	13.05%	3.98%
<i>Dow Jones Wilshire 5000</i>	<i>9.92%</i>	<i>12.98%</i>	<i>4.02%</i>
International Equity	27.21%	24.92%	11.49%
<i>MSCI ACWI ex-U.S</i>	<i>28.40%</i>	<i>25.78%</i>	<i>11.85%</i>
Fixed Income	0.32%	2.92%	5.69%
<i>Lehman Universal</i>	<i>-0.26%</i>	<i>2.67%</i>	<i>5.39%</i>
Cash	4.16%	2.19%	2.01%
<i>90 Day T-Bills</i>	<i>3.98%</i>	<i>2.37%</i>	<i>2.25%</i>
Private Equity	39.48%	30.04%	13.24%
<i>S&P 500 + 500 bp (lagged one quarter)</i>	<i>16.73%</i>	<i>22.22%</i>	<i>8.97%</i>
Real Estate	24.30%	19.83%	17.22%
<i>NCREIF + 100 bp (lagged one quarter)</i>	<i>21.19%</i>	<i>16.07%</i>	<i>12.67%</i>

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, 2006, 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	24.06%	27.50%
U.S. Equity	24.26%	24.50%
International Equity	23.49%	23.00%
Private Equity	16.79%	15.50%
Real Estate	10.50%	9.50%
Liquidity	0.90%	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 a primarily passive management strategy that tracks the index.

Retirement Fund's Ten Largest U.S. Equity Holdings as of 6/30/2006

Exxon Mobil Corp.	2.60%	Pfizer Inc.	1.23%
General Electric Corp.	2.27%	Johnson & Johnson	1.23%
Citigroup Inc.	1.69%	Procter and Gamble Co.	1.23%
Bank America Corp.	1.52%	J.P. Morgan Chase & Co.	1.02%
Microsoft Corp.	1.47%	Altria Group, Inc.	0.97%

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 6/30/2006

	CTF Weight	Index Weight		CTF Weight	Index Weight
Japan	19.17%	19.65%	Canada	4.41%	6.48%
United Kingdom	17.64%	19.36%	Australia	3.78%	4.23%
France	8.53%	7.89%	Spain	3.69%	3.06%
Germany	6.18%	5.57%	Netherlands	3.52%	2.64%
Switzerland	5.29%	5.47%	Italy	3.33%	3.04%
<i>The ten largest country exposures comprise 75.5% of the portfolio versus the index at 77.4%.</i>					

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 2.71 percent shorter than that of the Lehman Universal Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2006		
Investment Type	Lehman Universal	WSIB Fixed Income
Mortgage	29.90%	28.49%
U.S. Treasury	21.40%	8.83%
U.S. Credit	19.70%	27.89%
U.S. Agency	9.70%	0.00%
U.S. High Yield	6.10%	0.77%
Commercial Mtge. Backed Securities (CMBS)	3.80%	3.84%
144A	3.00%	6.11%
Eurodollar	2.60%	0.00%
Emerging Markets	2.00%	1.94%
Asset Backed Securities (ABS)	1.10%	0.01%
CMBS-Other	0.70%	0.00%
Cash	0.00%	3.24%
Treasury Inflation Protected Securities (TIPS)	0.00%	18.88%

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. Approximately 19.5 percent of this portfolio is invested in international private equity, primarily in Europe.

Real Estate

The Real Estate portfolio is invested in a diversified group of properties including office buildings, retail facilities, apartments, warehouses and specialty properties. The majority of these investments have been made in partnerships with operating management groups. The 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 77 percent passively

managed with the rest in an 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 to be actively managed to exceed the return of the Lehman Universal Index, with volatility similar to or less than the index. The portfolio constraints are that no corporate fixed income issue shall exceed 3% of cost at the time of purchase or 6% of market value thereafter of the fund, and no high yield issues shall exceed 1% of cost or 2% of market value of the fund.

Permissible fixed income market segments include: U.S. Treasuries and government agencies, Treasury Inflation Protection Securities, investment-grade credit bonds, high yield bonds, publicly traded mortgage-backed securities, commercial mortgage-backed securities, privately-placed mortgages, private placements of corporate debt, asset-backed securities, convertible securities, non-dollar bonds, real estate mortgages, and Washington State Housing Finance Commission (HFC) taxable municipal bonds up to a total of \$25 million with a maximum of \$10 million per year. Other fixed income segments and instruments may be added from time to time as they are developed or deemed appropriate.

Private Equity Investing

The WSIB can invest in any appropriate private equity investment opportunity which has the potential for returns su-

prior 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, 2006

(expressed in thousands)

	Assets Under Management*	Total Fees and Commissions Expenses at 6/30/06
Public Equity Securities:		
U.S. Passive Equity Managers	\$ 12,115,000	\$ 2,414
International Active Equity Managers	8,006,627	10,564
International Passive Equity Managers	4,226,119	2,473
Publicly-Traded Securities Brokers	7,683,176	9,912
Alternative Investments:		
Private Equity	9,008,502	2,607
Real Estate	5,643,972	423
Securities Lending:		
Securities Lending Broker Rebates Paid	-	3,495
Securities Lending Fees	-	204,509
Other Fees:		
Consultants and Advisors	-	1,147
Custodians	-	1,551
Legal Fees	-	542
PERS Plan 3 Management Fees	1,155,564	559
SERS Plan 3 Management Fees	913,564	265
TRS Plan 3 Management Fees	3,340,999	1,585
Deferred Compensation Management Fees	2,184,988	2,724
WSIB Operating Costs	-	6,853
OST Operating Costs	-	107
Miscellaneous Fees	-	761
Total	<u>\$ 54,278,511</u>	<u>\$ 252,491</u>

* 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, 2006 (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	\$ 13,199,104	1,316,581	\$ 41,439	\$ 0.03	\$ -	\$ -
ABG	3,811,063	2,508,238	15,897	0.01	-	-
ABN AMRO SECURITIES	70,280,300	43,075,735	175,972	0.00	39,910,192	-
AGORA	22,813,019	1,680,518	49,556	0.03	-	-
ALFA CAPITAL	1,669,212	154,935	6,587	0.04	-	-
ALFA BROKERAGE AE	480,928	24,642	1,157	0.05	-	-
AMADON CORPORATION	706,284	21,851	1,093	0.05	-	-
AUERBACH GRAYSON	99,972	35,154	398	0.01	-	-
BANCBOSTON ROBERTSON STEPHENS	37,024	50,144	77	0.00	-	-
BANCO BILBAO VISCAYA	276,800	338,154	2,913	0.01	-	-
BANCO PACT	712,768	883,113	14,133	0.02	-	-
BANCO SANTANDER DE NEGOCIOS	1,300,091	365,036	9,943	0.03	-	-
BANCO WARBURG	2,431,389	228,885	7,975	0.03	-	-
BANK OF AMERICA	-	-	-	-	800,785,120	-
BANK VONTOBEL	1,078,513	17,560	2,703	0.15	-	-
BANKCO ITUA SA	436,238	134,198	7,730	0.06	-	-
BANQUE NATIONALE DE PARIS	2,571,798	281,566	8,320	0.03	-	-
BARCLAYS TRUST & BANKING CO	-	-	-	-	396,602,498	-
BARING SECURITIES	16,936,472	24,543,084	87,938	0.00	-	-
BAYERISCHE HYPOVEREINSBANK	223,548	6,086	500	0.08	-	-
BAYERISCHE VEREINSBK	1,282,766	29,196	2,071	0.07	-	-
BBVA SECURITIES	987,393	50,919	1,979	0.04	-	-
BEAR, STEARNS & CO	99,675,223	24,585,212	179,012	0.01	374,461,662	-
BERENBERG BANK	134,261	1,696	336	0.20	-	-
BNP PARIBAS	5,954,725	33,757,578	226,441	0.01	-	-
BNP SECURITIES	1,498,109	6,737,838	10,673	0.00	74,831,610	-
BROCKHOUSE & COOPER	33,228,820	2,188,835	41,847	0.02	-	-
BROWN (ALEX) & SONS INC	648,758	51,983	2,599	0.05	130,049,378	-
BUNTING WARBURG INC	11,522,291	746,720	24,780	0.03	-	-
BURNS FRY & TIMMINS	3,368,921	122,125	2,676	0.02	-	-
CAIB SECURITIES	1,363,683	172,796	6,272	0.04	-	-
CAISSE DES DEPOTS SECURITIES	1,020,362	29,035	1,033	0.04	-	-
CANADIAN I	1,710,878	40,353	1,599	0.04	-	-
CANTOR FITZGERALD	45,453,910	2,812,062	50,895	0.02	35,609,475	-
CAPEL-CURE MYERS GILTS	2,231,839	512,746	6,963	0.01	-	-
CARNEGIE	8,462,618	6,560,311	32,222	0.00	-	-
CAZENOVE & CO	8,663,694	2,712,085	29,470	0.01	-	-
CENTRO INTERNATIONALE HANDELSBANK	1,173,278	21,243	2,342	0.11	-	-
CHARLES STANLEY	124,379	101,571	623	0.01	-	-
CHASE MANHATTAN BANK	5,313,703	1,494,833	18,390	0.01	57,369,148	-
CHEVREUX DE VIRIEU	58,629,844	3,611,565	131,741	0.04	-	-
CI NORDIC	3,352,300	342,271	3,501	0.01	-	-
CIBC WORLD MARKETS CORP	8,186,529	636,556	23,267	0.04	96,886,980	-
CIC SECURITIES	27,786	399	56	0.14	-	-
CITIBANK	1,993,057	183,986	6,015	0.03	-	-
CITIGROUP	174,307,876	53,738,215	292,491	0.01	386,629,985	-
C.L. GLAZER & COMPANY INC	3,145,637	3,092,042	18,026	0.01	-	-
COLLINS STEWART	977,061	30,783	2,221	0.07	-	-
COMMONWEALTH	175,835	10,901,651	21,920	0.00	-	-
COWEN & CO	11,014,146	548,318	11,346	0.02	-	-
CREDIT AGRIGOLE	1,441,238	66,458	2,849	0.04	-	-
CREDIT LYONNAIS	55,192,082	18,227,611	133,043	0.01	-	-
CREDIT SUISSE FIRST BOSTON	104,568,562	20,091,770	289,446	0.01	139,685,672	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2006 (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
DAIN BOSWORTH INC	\$ 139,691	1,601	\$ 209	\$ 0.13	\$ -	\$ -
DAIWA SEC AMERICA	21,888,579	1,537,004	71,880	0.05	-	-
DAVY STOCKBROKERS	589,842	55,874	1,483	0.03	-	-
DBS SECURITIES	803,751	734,647	2,817	0.00	-	-
DEUTSCHE BANK	96,925,472	19,648,098	282,733	0.01	283,164,207	-
DRESDNER BANK	1,286,498	128,985	7,676	0.06	-	-
ECONO TRADING	4,559,282	926,914	19,283	0.02	-	-
ENSKILDA SECURITIES	10,874,751	1,103,058	29,687	0.03	-	-
ERSTE BANK DER OESTERREICHISCH	491,320	20,914	2,581	0.12	-	-
ETRADE	107,113	8,980	150	0.02	-	-
EUROMOBILIARE	5,597,132	5,691,669	20,628	0.00	-	-
EXANE	10,388,781	400,423	41,488	0.10	-	-
EXECUTION SERVICES INC	936,423	126,715	807	0.01	-	-
FIRST ASSOCIATES	1,442,881	85,607	3,603	0.04	-	-
FIRST BOSTON CORPORATION	440,860,971	88,831,534	671,268	0.01	63,385,443	-
FIRST MARATHON SEC LTD	240,012	57,700	1,846	0.03	-	-
FIRST PACIFIC	13,198,157	2,874,477	14,761	0.01	-	-
FIRST UNION CAPITAL MARKETS	541,535	20,354	814	0.04	16,512,021	-
FORTIS BANK	452,418	3,392	907	0.27	-	-
FOX PITT KELTON INC	6,629,150	548,596	20,117	0.04	-	-
FRIEDMAN, BILLINGS & RAMSEY	1,143,587	78,823	2,365	0.03	-	-
FUJI SECURITIES	16,090,260	2,020,907	42,268	0.02	-	-
G-TRADE SE	45,647,079	13,859,541	69,301	0.01	-	-
G.K. GOH	171,940	198,952	386	0.00	-	-
GARANTIA DEGERLER	842,887	142,948	4,651	0.03	-	-
GENUITY CAPITAL MARKETS	1,050,883	31,928	1,315	0.04	-	-
GLOBAL EXECUTION NETWORK ASSOC	103,612	74,626	235	0.00	-	-
GOLDMAN SACHS & COMPANY	91,616,432	16,527,383	305,410	0.02	1,133,664,958	498,877
GOODBODY STOCKBROKERS	7,259,480	3,201,544	16,772	0.01	-	-
GOOGINS & BAST	2,970,224	14,368	1,486	0.10	-	-
GREENFIELD ARBITRAGE PARTNERS	-	-	-	-	36,657,511	-
GREENWICH CAPITAL MARKETS INC	-	-	-	-	24,943,870	-
GRIFFITHS MCBURNEY	1,639,672	234,273	8,279	0.04	-	-
HEDGING	1,654,697	111,150	4,398	0.04	-	-
HONG KONG + SHANGHAI BANKING CO	3,740,947	773,958	4,989	0.01	-	-
HSBC SECURITIES	10,012,996	1,493,201	27,517	0.02	162,377,422	-
ING BANK BRAZIL	9,727,645	1,425,953	35,076	0.02	-	-
ING SECURITIES	6,463,430	216,751	45,273	0.21	-	-
INSTINET	39,721,539	3,663,922	47,541	0.01	-	-
INTERDIN BOLSA SVD MADRID	734,926	17,760	736	0.04	-	-
INVESTEC SECURITIES	4,361,831	584,385	10,850	0.02	-	-
INVESTMENT TECHNOLOGY GRP INC	337,390,596	37,166,278	403,321	0.01	-	-
ITG INC	84,801,104	16,529,586	92,759	0.01	-	-
IXIS SECURITIES	12,485,957	322,586	37,802	0.12	-	-
J & E DAVY	1,381,359	363,702	5,957	0.02	-	-
J.B.WERE & SON	139,602	238,103	2,401	0.01	-	-
J.P. MORGAN SECURITIES INC	108,779,672	29,757,868	275,148	0.01	687,848,118	-
JAMES B McCREERY CO	-	-	-	-	137,718,555	-
JAMES CAPEL	324,290	39,810	1,393	0.03	-	-
JEFFERIES & CO	6,066,121	435,066	9,118	0.02	2,993,264	-
JOHN BERENBERG GOSSLER	1,482,715	147,069	11,935	0.08	-	-
JONES & ASSOCIATES	49,232,526	2,341,754	17,765	0.01	-	-

Schedule of Broker Equity Volume and Equity Commissions Paid For the Year Ended June 30, 2006 (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
JULIUS BAER	\$ 1,158,252	57,349	\$ 2,226	\$ 0.04	\$ -	\$ -
KB SECURITIES N V	1,440,355	11,564	3,015	0.26	-	-
KBC FINANCE	17,811,008	1,819,104	77,961	0.04	-	-
KEMPEN & CO	576,878	18,658	577	0.03	-	-
KEPLER EQUITIES	1,135,902	13,368	2,267	0.17	-	-
KLEINWORTH BENSON INC	72,329,053	19,287,897	53,970	0.00	-	-
KNIGHT SEC	12,210,229	715,082	2,319	0.00	-	-
KOOKMIN BANK	2,082,191	17,660	8,296	0.47	-	-
KYOBO SECURITIES	1,677,152	2,694	6,756	2.51	-	-
LEHMAN BROTHERS INC	198,975,497	19,099,101	342,229	0.02	784,398,798	-
LIQUIDNET	10,529,530	1,602,730	11,449	0.01	-	-
LOMBARD ODIER DARIER HENTSCH & CIE	1,373,551	37,017	4,108	0.11	-	-
LOOP CAPITAL	972,943	36,817	1,105	0.03	-	-
M M WARBURG	41,698	9,080	496	0.05	-	-
MACQUARIE EQUITIES	2,993,997	4,440,499	37,016	0.01	-	-
MALONEY & CO	4,470,985	171,284	3,617	0.02	-	-
MERRILL LYNCH	343,291,718	56,830,947	906,492	0.02	434,066,886	-
MERRILL LYNCH INTERNATIONAL	173,166,207	48,801,751	467,494	0.01	-	-
MITSUBISHI BANK	104,383	81	188	2.33	-	-
MIZUHO SECURITIES	232,491	31,577	1,413	0.04	-	-
MONARCH SECURITIES	-	-	-	-	23,391,901	-
MONTGOMERY SECURITIES	-	-	-	-	305,129,065	-
MORGAN STANLEY & CO	255,786,364	49,178,031	536,927	0.01	421,256,274	997,755
NATIONAL FINANCIAL	2,989,383	93,091	3,724	0.04	-	-
NBC LEVESQUE	5,593,656	193,764	6,785	0.04	-	-
NBG INTERNATIONAL	2,792,950	92,592	9,057	0.10	-	-
NCB STOCKBROKERS	255,542	7,583	303	0.04	-	-
NESBITT BURNS	5,463,466	767,772	24,704	0.03	-	-
NOMURA SECURITIES INTL	38,835,457	3,968,160	115,493	0.03	73,731,118	-
NORDIC PARTNERS INC	829,214	205,961	6,865	0.03	-	-
NUMIS SECURITIES	3,012,009	354,602	3,497	0.01	-	-
OCBC SECURITIES PTE LTD	396,950	255,126	1,187	0.00	-	-
OPPENHEIMER & CO	6,706,122	273,741	19,195	0.07	-	-
P & K	1,759,989	57,171	2,634	0.05	-	-
PENSON FINANCIAL SERVICES INC	5,650,215	635,173	12,845	0.02	-	-
PERSHING & COMPANY	47,131,551	89,584,788	655,929	0.01	-	-
PETERBROECK, VANCAMPENHOUT & CIE	974,147	17,458	1,944	0.11	-	-
PIONEER SECURITIES INC	-	-	-	-	20,069,884	-
PRUDENTIAL	1,893,497	155,350	4,661	0.03	-	-
R.W. PRESSPRICH & CO	-	-	-	-	43,235,934	-
RASHID HUSSAIN SECURITIES	999,567	311,699	3,977	0.01	-	-
RAYMOND JAMES & ASSOCIATES	2,752,190	693,493	10,707	0.02	-	-
RBC DOMINION SECURITIES	11,845,185	1,059,255	32,738	0.03	-	-
REDBURN PA	2,484,362	325,867	8,827	0.03	-	-
RENAISSANCE	1,712,649	308,418	18,592	0.06	-	-
REUBEN ALSTEAD & CO	-	-	-	-	17,273,655	-
ROYAL BANK OF CANADA	10,079,980	216,014	5,401	0.03	-	-
SALOMON BROTHERS	191,568,808	28,522,192	293,433	0.01	84,039,720	-
SALOMON, SMITH BARNEY	34,017,229	2,884,680	23,946	0.01	-	-
SAMSUNG SECURITIES CO LTD	2,839,524	47,902	13,661	0.29	-	-
SANFORD BERNSTEIN	17,942,503	2,695,635	64,322	0.02	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2006 (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
SANTANDER INVESTMENT SEC'S	\$ 141,512	\$ 19,257	620	\$ 0.03	\$ 38,014,458	\$ -
SCOTIA MCLEOD	16,369,184	729,614	26,990	0.04	-	-
SHINKO SECURITIES	175,198	4,739	246	0.05	-	-
SIS SEGAINTERSETTLE AG	1,103,403	62,801	9,170	0.15	-	-
SOCIETE GENERALE	239,010,655	31,390,609	314,536	0.01	-	-
SPROTT SECURITIES LTD	133,923	8,780	305	0.03	-	-
SSGA	51,988,265	3,323,349	73	0.00	-	-
STANDARD CHARTERED BANK	864,429	4,265,365	2,916	0.00	-	-
STATE ST BK & TRUST	2,970,120,735	136,893,835	396,206	0.00	-	7,459,221,554
SVENSKA HANDELSBANKEN	9,462,352	676,471	25,464	0.04	-	-
SWISS BANK	34,854,625	1,202,041	40,629	0.03	295,368,330	-
THINK EQUITY	18,982,466	955,204	15,090	0.02	-	-
TOKAI BANK	31,464	41,407	442	0.01	-	-
TOKYO MITSUBISHI INTL.	12,472,701	508,552	28,434	0.06	-	-
TORONTO DOMINION SECURITIES INC	2,251,868	192,367	6,635	0.03	-	-
UBS SECURITIES	405,971,622	40,662,906	321,149	0.01	261,200,579	-
UNITED SERVICES PLANNING ASSOC.	-	-	-	-	16,961,832	-
USCC/SANTANDER	2,068,873	125,019	5,654	0.05	-	-
WACHOVIA BANK	-	-	-	-	9,977,548	-
WALL ST PLANNING INC	-	-	-	-	-	52,481,902
WARBURG DILLON READ LLC	134,734,989	61,583,001	157,808	0.00	-	-
WATERHOUSE SECURITIES INC	13,463,172	1,228,935	34,316	0.03	-	-
WEEDEN & COMPANY	2,623,254	119,731	4,220	0.04	-	-
WERE STOCKBROKING LTD	1,010,761	40,048	2,017	0.05	-	-
WEST DEUTSCHE LANDESBANK	1,373,817	95,188	10,777	0.11	-	-
YORKTOWN SECURITIES INC	191,895	6,785	235	0.03	-	-
Total	\$ 7,683,175,547	1,144,732,761	\$ 9,911,941	\$ 0.01	\$ 7,910,203,071	\$ 7,513,200,088

Source: Washington State Investment Board

Summary of Investments Owned on June 30, 2006
Pension Trust Funds (page 1 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
INVESTMENTS		
ASSET BACKED SECURITIES		
CWABS INC	\$ 1,829	--
CWHEQ INC	9,453	0.02%
FNMA 95-W1 A7	1,713	--
MERRILL LYNCH MORTGAGE INVESTMENTS, INC.	3,072	0.01%
TOTAL ASSET BACKED SECURITIES	16,067	0.03%
COMMERCIAL MORTGAGE BACKED SECURITIES		
CITIGROUP/DEUTSCHE BANK COMMERCIAL	48,195	0.08%
GS MORTGAGE SECURITIES CORPORATION	38,969	0.06%
MORGAN STANLEY CAPITAL I	38,737	0.06%
CCMSC 1999-2 A2	25,941	0.04%
FUNBC 2001-C2 A2	25,825	0.04%
CSFB 2002-CKP1 A3	25,681	0.04%
CSFB 2001-CK6 A3	25,577	0.04%
JPMCC 2001-CIBC A3	25,375	0.04%
FUNB COMMERCIAL 2002-C1 A2	25,324	0.04%
BACM 2002-2 A3	24,153	0.04%
Others	190,245	0.30%
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES	494,022	0.78%
CORPORATE BONDS - DOMESTIC		
NEW BRUNSWICK, 3.59%, 10/23/2007	126,571	0.20%
CONOCOPHILLIPS AUSTRALIA FUNDING CO, 5.5%, 4/15/2013	80,498	0.13%
SANTANDER ISSUANCES, 5.91%, 6/20/2016	78,093	0.12%
NATIONAL AUSTRALIA BANK, 5.55%, 6/15/2011	72,052	0.12%
ABBOTT LABORATORIES, 5.88%, 5/15/2016	59,316	0.09%
BRITISH SKY BROADCASTING, 8.20%, 7/15/2009	52,921	0.08%
TESORO CORPORATION, 6.25%, 11/1/2012	52,133	0.08%
LOCKHEED MARTIN CORPORATION, 8.50%, 12/1/2029	51,456	0.08%
PETROLEO BRASILEIRO INTERNACIONALE, 9.75%, 7/6/2011	51,409	0.08%
US BANK NA, 6.30%, 7/15/2008	50,471	0.08%
Others	3,897,184	6.14%
TOTAL CORPORATE BONDS - DOMESTIC	4,572,104	7.20%
GOVERNMENT SECURITIES - DOMESTIC		
U.S. GOVERNMENT TREASURIES		
U.S. TREASURY BOND, 5.25%, 11/15/2028	223,516	0.35%
U.S. TREASURY BOND, 4.25%, 8/15/2015	186,752	0.29%
U.S. TREASURY BOND, 4.50%, 2/15/2036	147,652	0.23%
U.S. TREASURY BOND, 5.38%, 2/15/2031	144,184	0.23%
U.S. TREASURY BOND, 6.13%, 8/15/2007	100,675	0.16%
U.S. TREASURY BOND, 4.50%, 2/15/2016	94,937	0.15%
U.S. TREASURY BOND, 4.13%, 5/15/2015	92,658	0.15%
U.S. TREASURY NOTE, 5.63%, 5/15/2008	50,284	0.08%
U.S. TREASURY BOND, 4.25%, 11/15/2014	46,922	0.07%
U.S. TREASURY NOTE, 6.00%, 8/15/2009	25,566	0.04%
U.S. TREASURY NOTE, 7.00%, 7/15/2006	10,979	0.02%
TOTAL U.S. GOVERNMENT TREASURIES	1,124,125	1.77%

Summary of Investments Owned on June 30, 2006
Pension Trust Funds (page 2 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
GOVERNMENT SECURITIES - DOMESTIC		
TREASURY INFLATION PROTECTED SECURITIES		
U.S. TREASURY INFLATION INDEX, 3.63%, 1/15/2008	\$ 550,554	0.87%
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2007	540,697	0.85%
U.S. TREASURY INFLATION INDEX, 3.00%, 7/15/2012	267,924	0.42%
U.S. TREASURY INFLATION INDEX, 0.88%, 4/15/2010	233,227	0.37%
U.S. TREASURY INFLATION INDEX, 3.88%, 1/15/2009	222,209	0.35%
U.S. TREASURY INFLATION INDEX, 2.00%, 7/15/2014	205,383	0.32%
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2012	143,488	0.23%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2014	131,238	0.21%
U.S. TREASURY INFLATION INDEX, 4.25%, 1/15/2010	63,472	0.10%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2016	62,859	0.10%
TOTAL TREASURY INFLATION PROTECTED TREASURIES	2,421,051	3.82%
GOVERNMENT SECURITIES - FOREIGN		
EUROPEAN INVESTMENT BANK, 9/12/2008	33,395	0.05%
FEDERAL REPUBLIC OF BRAZIL, 12.50%, 1/15/2016	30,418	0.05%
CHASE INTERNATIONAL JERSEY, 7/1/2010	25,690	0.04%
TOTAL GOVERNMENT SECURITIES - FOREIGN	89,503	0.14%
MORTGAGES		
COLLATERALIZED MORTGAGE OBLIGATIONS		
FANNIE MAE, 5.5%, 3/25/2017	41,377	0.06%
FREDDIE MAC, 6.0%, 7/15/2035	37,901	0.06%
FANNIE MAE, 6.0%, 6/25/2035	37,674	0.06%
FNMA FHR 2003-70 BH, 4.5%, 10/25/2031	36,330	0.06%
RESIDENTIAL ACCREDIT LOANS, INC., 5.5%, 7/25/2035	33,547	0.05%
FANNIE MAE, 5.0%, 7/25/2035	31,567	0.05%
FREDDIE MAC, 5.0%, 1/15/2034	29,676	0.05%
FREDDIE MAC, 6.0%, 10/15/2034	29,437	0.05%
FREDDIE MAC, 6.0%, 7/15/2035	29,002	0.04%
FNR 2002-67 AN, 5.0%, 11/25/2017	28,588	0.04%
Others	1,057,612	1.67%
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	1,392,711	2.19%
PASS THROUGHs		
GNMA	98,620	0.16%
FREDDIE MAC, 5.5%, 12/1/2018	83,703	0.13%
FANNIE MAE, 5.5%, 7/1/2020	78,360	0.12%
FREDDIE MAC, 5.5%, 9/1/2034	71,565	0.11%
FREDDIE MAC, 6.0%, 10/1/2035	48,705	0.08%
FANNIE MAE, 5.0%, 1/1/2020	46,408	0.07%
FANNIE MAE, 5.0%, 2/1/2020	46,313	0.07%
FANNIE MAE, 5.5%, 1/1/2025	44,476	0.07%
FANNIE MAE, 4.5%, 5/1/2019	42,517	0.07%
FANNIE MAE, 6.0%, 4/1/2035	39,959	0.06%
Others	1,831,054	2.89%
TOTAL PASS THROUGHs	2,431,680	3.83%

Summary of Investments Owned on June 30, 2006
Pension Trust Funds (page 3 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
NON-STANDARD MORTGAGES		
FNMA PL 073014 OLIVE TOWER APT, 9.02%, 6/1/2020	\$ 1,585	--
MISSION TOWERS, 7.5%, 6/1/2018	1,355	--
FHA PRJ-REILLY MORTGAGE GROUP #55, 7.43%, 3/1/2024	1,085	--
SUTTER VILLAGE, 7.5%, 2/2/2018	651	--
BURIEN HAUS, 7.5%, 12/1/2017	378	--
TOTAL NON-STANDARD MORTGAGES	5,054	0.01%
REPURCHASE AGREEMENTS		
BEAR STEARNS & CO. INC., 5.23%, 7/3/2006	1,590	--
MORGAN STANLEY & COMPANY, INC., 5.23%, 7/3/2006	1,049	--
TOTAL REPURCHASE AGREEMENTS	2,639	--
VARIABLE RATE NOTES		
CWALT INC., 4.81%-6.01%, 10/25/2034-2/25/2036	61,438	0.09%
INDYMAC MBS INC., 5.53%-5.72%, 11/25/2034-4/25/2046	51,249	0.08%
SLM CORPORATION, 5.22%, 5/11/2007	49,963	0.08%
WAMU MORTGAGE PASS THROUGH CERTIFICATES, 5.61%-5.72%, 10/25/2015-12/25/2045	36,474	0.06%
ABN AMRO BANK NV, 5.22%, 5/11/2007	34,939	0.05%
GOLDMAN SACHS, 5.60%, 3/30/2007	29,983	0.05%
HBOS TREASURY SERVICES, 5.12%, 1/12/2007	29,971	0.05%
CWABS INC., 5.57%-5.62%, 11/25/2035-2/25/2036	23,680	0.04%
CWMBB INC., 5.50%-5.62%, 3/25/2035-5/20/2046	23,637	0.04%
CSX CORPORATION, 5.43%, 8/3/2006	19,287	0.03%
Others	298,392	0.47%
TOTAL VARIABLE RATE NOTES	659,013	1.04%
COMMINGLED BALANCED FUNDS - DOMESTIC		
WASHINGTON STATE MID-HORIZON FUND	139,577	0.22%
WASHINGTON STATE LONG HORIZON FUND	139,353	0.22%
WASHINGTON STATE SHORT HORIZON FUND	41,549	0.07%
TOTAL COMMINGLED BALANCED FUNDS - DOMESTIC	320,479	0.51%
COMMINGLED INDEX FUNDS - DOMESTIC		
BGI US EQUITY MARKET FUND	9,960,696	15.69%
RUSSELL 3000 ALPHA TILTS FUND L	971,059	1.53%
TOTAL COMMINGLED INDEX FUNDS - DOMESTIC	10,931,755	17.22%
COMMINGLED INDEX FUNDS - FOREIGN		
MSCI EAFE SL	2,105,823	3.32%
WORLD EX US ALPHA TILTS	1,142,715	1.80%
GRANTHAM, MAYO & VAN OTTERLOO TRUST	328,546	0.52%
LAZARD FRERES CAPITAL MANAGEMENT	165,641	0.26%
JPMCB EMERGING MARKETS EQUITY	162,598	0.26%
PICTET GLOBAL EMERGING MKTS	160,094	0.25%
CAPITAL GUARDIAN GROWTH FUND	160,058	0.25%
FOREIGN & COLONIAL EMERGING MARKETS GROUP TRUST	644	--
TOTAL COMMINGLED INDEX FUNDS - FOREIGN	4,226,119	6.66%

Summary of Investments Owned on June 30, 2006
Pension Trust Funds (page 4 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
CORPORATE STOCK - DOMESTIC		
CANADA MSCI INDEX FUND	\$ 169,283	0.27%
EXXON MOBIL CORPORATION	31,371	0.05%
GENERAL ELECTRIC COMPANY	19,780	0.03%
WESTERN ASSET INVESTMENTS	19,047	0.03%
CITIGROUP INC.	18,925	0.03%
BANK AMERICA CORPORATION	17,865	0.03%
PROCTER & GAMBLE CO.	15,472	0.03%
PFIZER INC.	15,153	0.02%
MICROSOFT CORPORATION	14,151	0.02%
INTERNATIONAL BUSINESS MACHINES	12,708	0.02%
Others	849,490	1.34%
TOTAL CORPORATE STOCK - DOMESTIC	1,183,245	1.87%
CORPORATE STOCK - FOREIGN		
TOYOTA MOTOR CORPORATION	98,363	0.15%
BNP PARIBAS	97,643	0.15%
TOTAL SA GROUP	95,055	0.15%
HBOS, PLC	90,225	0.14%
ING GROEP NV	86,271	0.14%
TELEFONICA CA	81,004	0.13%
GLAXO SMITH KLINE	74,252	0.12%
BG GROUP	73,857	0.12%
ROYAL BANK OF SCOTLAND	71,793	0.11%
ROCHE HOLDINGS AG	71,590	0.11%
Others	7,166,574	11.29%
TOTAL CORPORATE STOCK - FOREIGN	8,006,627	12.61%
CURRENCIES		
JAPAN - YEN	32,747	0.05%
E.M.U. - EURO	28,463	0.05%
BRITAIN - POUND	14,149	0.02%
NORWAY - KRONE	12,643	0.02%
AUSTRALIA - DOLLAR	6,769	0.01%
SWEDEN - KRONA	5,760	0.01%
HONG KONG - DOLLAR	4,923	0.01%
SWITZERLAND - FRANC	1,777	--
DENMARK - KRONE	944	--
SINGAPORE - DOLLAR	467	--
Others	524	--
TOTAL CURRENCIES	109,166	0.17%
GUARANTEED INVESTMENT CONTRACTS		
SAVINGS POOL	701,407	1.11%
TOTAL GUARANTEED INVESTMENT CONTRACTS	701,407	1.11%
LIFE ANNUITY		
G.E. CAPITAL ASSURANCE	37	--
TOTAL LIFE ANNUITY	37	--

Summary of Investments Owned on June 30, 2006
Pension Trust Funds (page 5 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
MONEY MARKET FUNDS		
STATE STREET BANK & TRUST CO.	\$ 1,252,311	1.97%
TOTAL MONEY MARKET FUNDS	<u>1,252,311</u>	<u>1.97%</u>
MUTUAL FUNDS		
U.S. STOCK MARKET INDEX FUND	504,042	0.79%
U.S. ACTIVE VALUE FUND	415,415	0.65%
U.S. SMALL STOCK INDEX FUND	384,828	0.61%
U.S. LARGE STOCK INDEX FUND	360,228	0.57%
INTERNATIONAL STOCK INDEX FUND	347,278	0.55%
U.S. ACTIVE CORE FUND	320,990	0.51%
WASHINGTON STATE MONEY MARKET FUND	311,034	0.49%
FIDELITY GROWTH COMPANY FUND	264,842	0.42%
WASHINGTON STATE BOND FUND	263,611	0.41%
WASHINGTON STATE SOCIAL BALANCED FUND	52,978	0.08%
TOTAL MUTUAL FUNDS	<u>3,225,246</u>	<u>5.08%</u>
PRIVATE EQUITY		
KKR MILLENNIUM FUND	1,634,915	2.57%
KKR EUROPEAN FUND	380,665	0.60%
FORTRESS INVESTMENT FUND LLC	334,020	0.53%
WARBURG PINCUS PRIVATE EQUITY VIII	311,582	0.49%
MADISON DEARBORN CAPITAL PARTNERS IV LP	284,881	0.45%
WELSH CARSON ANDERSON STOWE IX	266,132	0.42%
KKR 1996 FUND	258,069	0.41%
WARBURG PINCUS PRIVATE EQUITY IX	196,611	0.31%
FORTRESS INVESTMENT FUND II	184,385	0.29%
FIRST RESERVE FUND X	168,836	0.26%
Others	4,988,406	7.86%
TOTAL PRIVATE EQUITY	<u>9,008,502</u>	<u>14.19%</u>
REAL ESTATE		
PRINCIPAL ENTERPRISE CAPITAL I	919,273	1.45%
HOMETOWN AMERICA, LLC	868,946	1.37%
CORPORATE PROPERTIES OF THE AMERICAS, LLC	432,172	0.68%
LONESTAR IV (US) LP	362,727	0.57%
FILLMORE STRATEGIC INVESTORS, LLC	349,214	0.55%
EUROPEAN INVESTMENT PROPERTIES LIMITED	336,649	0.53%
HAWTHORNE TIMBER LLC	334,791	0.53%
MSREF IV INTERNATIONAL	280,316	0.44%
PACTRUST PACIFIC REALTY ASSOCIATES, LP	273,368	0.43%
UNION SQUARE LP	262,465	0.41%
Others	1,224,051	1.93%
TOTAL REAL ESTATE	<u>5,643,972</u>	<u>8.89%</u>
SECURITIES LENDING PORTFOLIO		
SECURITIES LENDING COLLATERAL BALANCES	107,438	0.17%
TOTAL SECURITIES LENDING PORTFOLIO	<u>107,438</u>	<u>0.17%</u>
SECURITIES ON LOAN		
SECURITIES ON LOAN - DOMESTIC	3,980,277	6.27%
SECURITIES ON LOAN - FOREIGN	1,569,438	2.47%
TOTAL SECURITIES ON LOAN	<u>5,549,715</u>	<u>8.74%</u>
TOTAL INVESTMENTS	<u><u>\$ 63,473,988</u></u>	<u><u>100.00%</u></u>

Actuarial Section



WASHINGTON STATE LEGISLATURE
Office of the State Actuary

November 3, 2006

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; and
- (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 Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), the Washington State Patrol Retirement System (WSPRS), the Judicial Retirement System (JRA), and the Judges' Retirement System (Judges). The Public Safety Employees' Retirement System (PSERS) began admitting new members beginning July 1, 2006. Information for this new system has not been included here, but will be provided for the first time in next year's report. 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, 2005.

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 four years.

Ms. Sandra Matheson
November 3, 2006
Page 2

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 following assumption changes occurred with the 2005 actuarial valuation:

- Study of the post-retirement employment program for PERS Plan 1 and TRS Plan 1 members revealed a material liability increase associated with the program. Retirement rates for those plans were adjusted to reflect the increased costs.
- Prior to the 2005 actuarial valuation, mortality rates were “static” - they did not reflect improvement trends in life expectancies. This assumption was reviewed and found to be insufficient to capture increased liabilities due to this trend. Mortality assumptions were enhanced by projecting generational mortality improvements into the future. The resulting additional liabilities are reflected in the accounting disclosure process, but not in the funding process.

The material pension changes made during the 2005 legislative session that became effective during (and after) the 2005 Fiscal Year were disclosed in last year’s annual report.

Pension benefit legislation enacted during the 2006 legislative session is summarized below (chapter and law year references are provided parenthetically):

- 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 189, Laws of 2006).
- PERS Plan 1 and TRS Plan 1 members with at least twenty years of service who have been retired twenty-five years will receive a minimum benefit of \$1,000 per month (before reductions for the selection of optional payment forms). Both this minimum benefit and the minimum benefit established under Chapter 85, Laws of 2004 will be indexed at 3 percent per year. (Chapter 244, Laws of 2006).
- PERS Plan 3, TRS Plan 3, and SERS Plan 3 members will be vested after either completion of ten years of service or completion of five years of service with twelve months of that service occurring after the age of forty-four (Chapter 33, Laws of 2006).

Ms. Sandra Matheson
November 3, 2006
Page 3

- The 60 percent benefit cap was removed for LEOFF Plan 1 members hired after February 19, 1974 (Chapter 350, Laws of 2006).
- LEOFF Plan 2 members severely disabled in the line of duty will receive a benefit equal to 70 percent of their final average salary (Chapter 39, Laws of 2006).
- The \$150,000 duty-related death benefit for LEOFF Plan 2 was expanded to cover duty-related illnesses (Chapter 351, Laws of 2006).
- Survivors of LEOFF 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 345, Laws of 2006).
- Surviving spouses of WSPRS disabled members will have their benefits adjusted by basing the member's final average salary on the average salary of members with the same rank at the time of the member's death, rather than on the member's final average salary at the time of disablement (Chapter 94, Laws of 2006).

There were no other material pension benefit changes during the 2006 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. 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 target funding ratios and contribution rate floors for PERS, TRS, SERS, and PSERS (Chapter 365, Laws of 2006). These changes will become effective July 1, 2009.

The estimated value of future gain-sharing benefits is included in the liabilities for both accounting disclosure and funding purposes.

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.

Ms. Sandra Matheson
November 3, 2006
Page 4

Employer contributions to the PERS 1 and TRS 1 unfunded liability were suspended for the 2003-2005 biennium (Chapter 11, Laws of 2003, E1) and for the 2005-2007 biennium (Chapter 370, Laws of 2005). The amortization date, however, remains unchanged. During fiscal year 2006 the systems were funded according to this method and, if continued following resumption of contributions, the UAAL will be amortized as scheduled.

LEOFF 1 does not have a UAAL at this time.

PERS 2, TRS 2/3, SERS 2/3, LEOFF 2, and WSPRS use the aggregate funding method, which does not develop a UAAL. These systems are well 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 state plans. Although the Judicial System is poorly funded, the Judges' System is well funded, having built up assets from the past. It is expected that the state can continue to meet its obligations by funding on a pay-as-you-go basis because of the small size of the obligations in these two plans.

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.

The following schedules (or updates to them) were prepared by this office for inclusion in the 2006 Comprehensive Annual Financial Report:

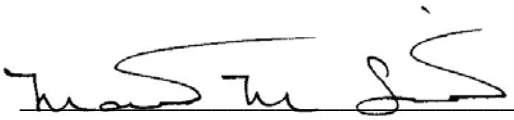
- Schedules of Funding Progress;
- Schedule of Employer Contributions;
- Summary of Actuarial Assumptions and Methods;
- Schedules of Active Member Valuation Data;
- Schedules of Retirees and Beneficiaries Added to and Removed from Rolls;
- Solvency Tests; and
- Analysis of Selected Experience.

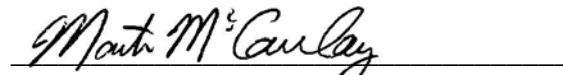
Ms. Sandra Matheson
November 3, 2006
Page 5

The actuarial assumptions and methods prescribed by the Legislature were used for reporting funding items. 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 actuarial valuation report. 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.

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

Respectfully submitted,


Matthew M. Smith, FCA, EA, MAAA
State Actuary


Martin McCaulay, FSA, EA, MAAA
Senior Pension 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, 2006, 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
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
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). The defined contribution portion depends on the member's contribution level and on investment performance.
SERS Plan 2 (On or after 9/1/00)	All classified employees of school districts or educational service districts	After five years of eligible service	At age 65 with 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.
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
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 = 1.5% FAS per year of service 5-9 = 1% 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 = 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). The latest actuarial valuation includes additional assumptions for subsequent events and law changes.

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. Beginning with the 2005 actuarial valuation, improvement trends in mortality are reflected into the future. Rates show generational improvement using 50% of Scale AA, published by the Society of Actuaries. The estimated value of this assumption change is included in the liabilities for accounting disclosure purposes, but not for funding purposes. Only healthy mortality rates for PERS, SERS, TRS, LEOFF and WSP are affected by this assumption change; disabled mortality continues to be based on the static RP-2000 table. 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 also applied to disabled mortality.

Class	Contributing Members and Members Retired from Service	Disabled Members
PERS	RP-2000 Combined Healthy Table, 50% Scale AA	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, 50% Scale AA; 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, 50% Scale AA; males set back two years; females set back two years	RP-2000 Combined Healthy Table; males set forward five years, minimum 3%; females set forward two years, minimum 1.75%
LEOFF	RP-2000 Combined Healthy Table, 50% Scale AA	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, 50% Scale AA	RP-2000 Combined Healthy Table; males set forward two years, minimum 0.5%; females set forward two years, minimum 0.5%
JRS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward six years, minimum 5%; females set forward six years, minimum 3.5%

4. Retirement (page 1 of 3): Probabilities of service retirement are illustrated in the following tables:

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

Age	Male	Female
50	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 3):

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
55	5%	3%	8%	5%
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%

LEOFF Plan 1 and Plan 2
Probabilities of Service Retirement
Among Members Eligible to Retire

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

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%

4. Retirement (page 3 of 3):

PERS Plan 1
Probabilities of Disablement

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

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

PERS Plan 2/3
Probabilities of Disablement

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

SERS Plan 2/3
Probabilities of Disablement

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

WSPRS Plan 1/2
Probabilities of Disablement

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

TRS Plan 1
Probabilities of Disablement

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

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

TRS Plan 2/3
Probabilities of Disablement

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

LEOFF Plan 1 and Plan 2
Probabilities of Disablement

Age	Plan 1 Rate	Plan 2 Rate	Plan 2 Rate	Plan 2
	Male & Female	Duty	Nonduty	Duty %*
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.

JRS
Probabilities of Disablement

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

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

General Employment Turnover
Probabilities of Termination

PERS Plan 1 and Plan 2/3			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%

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

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

Years of Service	Male	Female
0	9.65%	10.00%
1	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.

6. Future Salaries (page 1 of 2): The following tables indicate the scale of relative salary values used to estimate future salaries for valuation purposes. In addition to increases in salary due to promotions and longevity, there is an assumed 4.5 percent per annum rate of increase in the general salary level of the membership.

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

Years of Service	Percent Increase	Final Salary over Current Salary
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

6. 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	TRS	LEOFF	WSPRS	JRS
Annual Percent Increase	5.81%	5.44%	5.81%	5.81%	4.50%
Attributed to Growth in Active Group Size	1.25%	0.90%	1.25%	1.25%	0.00%
Attributed to the Effects of Inflation on Salaries	4.50%	4.50%	4.50%	4.50%	4.50%

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

- Members of PERS Plan 1 increase their Average Final Compensation by an average of up to 5 percent by cashing out sick leave or 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.

8. Change in Assumptions:

- The gain-sharing interest adjustments are updated annually for each plan 3 to reflect the current service in the plans 3 versus plans 2.
- LEOFF Plan 2 assumptions were modified to value the enhanced disability benefits.
- PERS Plan 1 and TRS Plan 1 retirement rates were increased to reflect the cost of the post-retirement employment program for those plans.
- Mortality rates include generational mortality improvements.

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

Disclosure (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, 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.

The value of future gain-sharing benefits for PERS, TRS and SERS were included for both funding and GASB purposes.

10. Change in Funding Policy:

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

11. Material Changes in Benefit Provisions and Contribution Rates:

The GASB disclosure contribution rates are based on the latest actuarial valuations as of September 30, 2005.

The funding (or actual) contribution rates in effect at the close of the fiscal year were based on the 2003 actuarial valuations in accordance with funding policy. The rates include appropriate adjustments for subsequent law changes.

The following laws enacted in 2006 had an immediate impact on the latest actuarial valuation contribution rates:

- \$1,000 minimum benefit (Chapter 244, Laws 2006)
- Plan 3 Vesting (Chapter 33, Laws 2006)
- LEOFF 1 Removal of 30-year service cap (Chapter 350, Laws 2006)
- LEOFF 2 Survivors line-of-duty death (Chapter 345, Laws 2006)
- LEOFF 2 Line-of-duty death: occupational illness (Chapter 351, Laws 2006)
- LEOFF 2 Catastrophic disability (Chapter 39, Laws 2006)
- WSP Disability survivors (Chapter 94, Laws 2006)

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
9/30/05	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%
12/31/00	25,833	1,132.2	43,827	4.2%

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
9/30/05	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%
12/31/00	126,428	4,964.2	39,265	19.1%

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
9/30/05	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*	-	-	-	-
12/31/00*	-	-	-	-

* 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
9/30/05	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)%
12/31/00	25,714	526.3	20,466	n/a

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

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: SERS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/05	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)%
12/31/00	22,011	485.8	22,073	n/a

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
9/30/05	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%
6/30/00	17,222	957.2	55,580	5.8%

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
9/30/05	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%
6/30/00	8,356	386.3	46,230	7.5%

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 3

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
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%
6/30/00	38,280	1,657.1	43,288	5.6%

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
9/30/05	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%
12/31/00	1,499	94.9	63,296	4.3%

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
9/30/05	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%
12/31/00	13,133	780.2	59,410	4.2%

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
9/30/05	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%
12/31/00	1,013	58.5	57,745	0.4%

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
9/30/05	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*	-	-	-	-
12/31/00*	-	-	-	-

* 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
9/30/05	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%
12/31/00	32	3.6	111,570	6.1%

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
9/30/05	-	\$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%
12/31/00	1	0.1	123,600	3.0%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	2,453	\$59,678,441	2,226	\$23,265,522	54,795	\$917,109,978	\$16,737	5.8%
09/30/04	2,508	61,107,155	2,312	22,315,395	54,568	867,079,469	15,890	6.4%
09/30/03	2,661	63,493,857	2,295	21,236,351	54,372	815,176,602	14,993	7.3%
09/30/02	2,783	62,818,651	2,315	20,053,126	54,006	759,744,392	14,068	7.8%
09/30/01	2,077	44,457,501	1,700	14,141,440	53,538	704,757,211	13,164	6.3%
12/31/00	2,831	59,251,651	2,185	17,226,292	53,161	663,195,163	12,475	9.0%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	1,667	\$17,489,923	302	\$2,004,746	13,471	\$112,808,257	\$8,374	18.2%
09/30/04	1,460	14,389,517	258	1,585,538	12,106	95,405,344	7,881	18.0%
09/30/03	1,403	12,591,831	240	1,365,574	10,904	80,863,349	7,416	19.3%
09/30/02	1,328	10,886,277	238	1,489,346	9,741	67,775,431	6,958	19.5%
09/30/01	855	6,840,039	131	707,695	8,651	56,726,796	6,557	15.3%
12/31/00	1,319	9,807,863	157	868,467	7,927	49,210,077	6,208	25.5%

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		
09/30/05	124	\$603,358	3	\$10,266	343	\$1,681,231	\$4,902	57.4%
09/30/04	140	660,151	4	17,401	222	1,068,252	4,812	154.7%
09/30/03	77	375,280	--	--	86	419,481	4,878	859.8%
09/30/02	9	43,707	--	--	9	43,707	4,856	n/a
09/30/01*	--	--	--	--	--	--	--	--
12/31/00*	--	--	--	--	--	--	--	--

*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		
09/30/05	345	\$2,373,320	16	\$83,179	1,426	\$9,452,517	\$6,629	34.4%
09/30/04	370	2,399,840	9	25,759	1,097	7,032,456	6,411	53.8%
09/30/03	307	1,968,085	8	45,290	736	4,573,302	6,214	76.5%
09/30/02	251	1,550,754	5	19,458	437	2,591,035	5,929	150.3%
09/30/01	165	884,752	1	1,873	191	1,035,001	5,419	583.5%
12/31/00	27	151,432	--	--	27	151,432	5,609	n/a

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	231	\$738,686	7	\$15,225	705	\$2,179,342	\$3,091	52.2%
09/30/04	177	570,787	2	3,717	481	1,432,100	2,977	68.6%
09/30/03	124	376,893	3	8,584	306	849,635	2,777	80.3%
09/30/02	109	272,549	2	3,471	185	471,143	2,547	137.8%
09/30/01	78	198,145	--	--	78	198,145	2,540	n/a
12/31/00*	--	--	--	--	--	--	--	--

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

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	1,599	\$43,037,533	959	\$13,226,439	35,264	\$704,678,752	\$19,983	5.8%
09/30/04	1,724	45,066,813	955	13,060,274	34,624	666,008,994	19,235	6.5%
09/30/03	1,667	41,501,938	960	11,973,348	33,855	625,084,100	18,464	6.5%
09/30/02	1,892	46,113,665	939	11,361,709	33,148	587,202,226	17,715	7.9%
09/30/01	3,524	81,519,141	1,168	13,045,875	32,195	544,358,707	16,908	17.5%
06/30/00	1,799	38,290,541	880	9,273,313	29,839	463,256,486	15,525	8.2%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	233	\$3,546,914	9	\$96,832	1,351	\$17,129,967	\$12,679	27.9%
09/30/04	183	2,463,176	13	105,183	1,127	13,398,162	11,888	23.9%
09/30/03	151	1,770,105	17	133,929	957	10,809,534	11,295	21.1%
09/30/02	120	1,493,131	6	50,461	823	8,927,586	10,848	22.8%
09/30/01	204	2,339,594	14	153,589	709	7,267,477	10,250	50.9%
06/30/00	126	1,299,148	5	32,227	519	4,814,556	9,277	38.9%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	172	\$1,203,187	7	\$17,172	706	\$4,070,809	\$5,766	44.0%
09/30/04	160	941,453	4	31,834	541	2,827,124	5,226	50.4%
09/30/03	105	578,041	3	9,313	385	1,879,859	4,883	47.3%
09/30/02	81	360,835	1	6,282	283	1,276,593	4,511	42.7%
09/30/01	113	527,667	2	6,706	203	894,795	4,408	150.8%
06/30/00	42	180,129	--	--	92	356,823	3,879	101.6%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	221	\$9,390,330	182	\$5,893,176	8,149	\$284,639,305	\$34,929	2.8%
09/30/04	252	9,912,303	196	6,146,955	8,110	277,017,151	34,157	2.5%
09/30/03	234	9,466,933	167	5,043,126	8,054	270,247,173	33,554	3.3%
09/30/02	259	9,948,573	166	4,995,289	7,987	261,664,183	32,761	5.4%
09/30/01	233	8,351,533	119	3,479,510	7,894	248,160,932	31,437	5.7%
12/31/00	325	11,645,461	168	4,566,907	7,780	234,869,646	30,189	6.1%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	151	\$3,758,745	9	\$103,594	574	\$11,487,120	\$20,012	49.2%
09/30/04	120	2,577,269	4	58,849	432	7,698,642	17,821	51.4%
09/30/03	77	1,551,039	5	33,065	316	5,083,630	16,087	46.2%
09/30/02	61	1,069,822	1	11,964	244	3,476,883	14,250	48.1%
09/30/01	44	747,153	3	20,400	184	2,347,816	12,760	48.6%
12/31/00	45	610,415	2	15,024	143	1,579,593	11,046	66.4%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	49	\$1,781,905	19	\$443,543	792	\$29,291,456	\$36,984	7.5%
09/30/04	40	1,426,848	13	273,255	762	27,245,683	35,755	7.1%
09/30/03	28	1,222,157	11	216,943	735	25,438,609	34,610	7.1%
09/30/02	35	1,156,113	13	194,199	718	23,743,788	33,069	7.4%
09/30/01	36	1,440,257	12	224,122	696	22,105,141	31,760	9.0%
12/31/00	37	1,367,942	12	105,489	672	20,271,907	30,167	8.6%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	8	\$631,467	4	\$217,950	131	\$9,163,352	\$69,949	7.5%
09/30/04	5	355,654	7	\$399,709	127	8,525,718	67,132	1.8%
09/30/03	6	367,945	8	415,446	129	8,373,681	64,912	1.4%
09/30/02	4	229,792	7	294,080	131	8,258,774	63,044	2.1%
09/30/01	6	411,383	3	126,097	134	8,090,219	60,375	6.6%
12/31/00	7	406,024	8	228,527	131	7,588,432	57,927	4.2%

Source: Washington State Office of the State Actuary

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

Year Ended	<u>Added to Rolls</u>		<u>Removed from Rolls</u>		<u>Rolls-End of Year</u>		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/05	1	\$16,763	1	\$7,011	16	\$635,336	\$39,709	1.6%
09/30/04	1	39,168	2	111,861	16	625,584	39,099	(10.4)%
09/30/03	2	94,021	3	20,715	17	698,277	41,075	11.7%
09/30/02	1	37,131	1	74,261	18	624,971	34,721	(5.6%)
09/30/01	--	--	--	--	18	662,102	36,783	--
12/31/00	--	--	--	--	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
9/30/05	\$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%
12/31/00	1,685.8	6,795.8	3,213.2	11,694.8	11,110.6	100%	100%	82%

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate 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
9/30/05	\$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%
12/31/00	2,416.0	1,095.6	7,237.0	10,748.6	10,748.6	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate 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
9/30/05	\$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%
12/31/00	353.4	3.2	1,495.9	1,852.5	1,852.5	100%	100%	100%

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	Total (1+2+3) Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
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%
6/30/00	1,408.0	5,140.0	3,017.7	9,565.7	9,372.0	100%	100%	94%

Source: Washington State Office of the State Actuary

Solvency Test: TRS Plan 2/3

(dollars in millions)

Accrued Liabilities (Aggregate Cost Method):					Portion of Accrued Liabilities Covered by Assets			
Valuation Date	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability	Total (1+2+3) Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
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%
6/30/00	331.4	183.2	2,735.1	3,249.7	3,249.7	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	Total (1+2+3) Accrued Liability	Valuation Assets	(1) Active Members Contributions	(2) Inactive Members Liability	(3) Excess Accrued Liability
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%
12/31/00	154.2	3,299.3	548.9	4,002.4	5,439.6	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 2

(dollars in millions)

Accrued Liabilities (Aggregate 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
9/30/05	\$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%
12/31/00	650.3	55.2	1,753.8	2,459.3	2,459.3	100%	100%	100%

Source: Washington State Office of the State Actuary

Solvency Test: WSPRS Plan 1/2

(dollars in millions)

Accrued Liabilities (Aggregate 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
9/30/05	\$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%
12/31/00	51.7	270.2	390.1	712.0	712.0	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
9/30/05	\$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%
12/31/00	5.8	72.8	14.5	93.1	9.9	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
9/30/0	\$ --	\$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%
12/31/00	--	5.3	0.7	6.0	4.7	100%	89%	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 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)						
Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	(\$163.9)	(\$321.7)	(\$679.7)	(\$702.2)	(\$422.3)	\$86.2
Salary Gains	63.3	106.7	90.8	(14.7)	(16.8)	(38.8)
Termination of Employment	5.4	17.3	16.4	8.5	13.2	12.7
Return to Work from Terminated Status	(25.1)	(17.8)	(16.6)	(15.5)	(35.2)	(49.1)
Gain (or Loss) During Year from Selected Experience	(\$120.3)	(\$215.5)	(\$589.1)	(\$723.9)	(\$461.1)	\$11.0

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)						
Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	(\$112.4)	(\$295.7)	(\$802.9)	(\$680.5)	(\$430.8)	\$45.9
Salary Gains	178.4	326.9	245.5	(12.1)	(21.3)	(76.3)
Termination of Employment	57.9	41.8	41.5	4.2	33.1	41.0
Return to Work from Terminated Status	(87.9)	(82.5)	(77.9)	(65.8)	(71.8)	(72.4)
Gain (or Loss) During Year from Selected Experience	\$36.0	(\$9.5)	(\$593.8)	(\$754.2)	(\$490.8)	(\$61.8)

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: SERS Plan 2/3
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)						
Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	(\$18.7)	(\$45.1)	(\$101.4)	(\$107.2)	(\$52.6)	\$16.0
Salary Gains	25.4	59.3	5.8	(0.3)	11.3	13.9
Termination of Employment	9.8	25.6	32.0	6.9	4.8	4.0
Return to Work from Terminated Status	(13.8)	(13.3)	(9.5)	(18.0)	(18.9)	(23.3)
Gain (or Loss) During Year from Selected Experience	\$2.7	\$26.5	(\$73.1)	(\$118.6)	(\$55.4)	\$10.6

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 1
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	(\$260.0)	(\$400.6)	(\$405.9)	(\$409.1)	(\$300.3)	\$496.3
Salary Gains	59.1	102.6	(2.1)	13.3	49.4	(70.2)
Termination of Employment	2.6	10.8	14.9	6.0	6.5	5.5
Return to Work from Terminated Status	(19.4)	(13.7)	(12.1)	(13.8)	(21.8)	(19.1)
Gain (or Loss) During Year from Selected Experience	(\$217.7)	(\$300.9)	(\$405.2)	(\$403.6)	(\$266.2)	\$412.5

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	(\$79.0)	(\$146.2)	(\$160.1)	(\$159.7)	(\$118.1)	\$164.0
Salary Gains	62.0	148.7	1.1	32.7	65.2	(50.8)
Termination of Employment	33.7	79.6	78.5	15.3	5.9	10.1
Return to Work from Terminated Status	(47.5)	(44.3)	(46.7)	(20.6)	(36.4)	(30.6)
Gain (or Loss) During Year from Selected Experience	(\$30.8)	\$37.8	(\$127.2)	(\$132.3)	(\$83.4)	\$92.7

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	\$54.0	(\$236.5)	(\$422.1)	(\$513.7)	(\$205.1)	\$44.3
Salary Gains	10.5	13.7	17.9	9.4	24.7	16.9
Termination of Employment	(1.6)	0.0	0.0	0.5	0.6	0.5
Return to Work from Terminated Status	(1.0)	(3.3)	(2.4)	(0.5)	(0.5)	(1.1)
Gain (or Loss) During Year from Selected Experience	\$61.9	(\$226.1)	(\$406.6)	(\$504.3)	(\$180.3)	\$60.6

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	\$39.4	(\$108.3)	(\$198.6)	(\$246.2)	(\$99.5)	\$9.1
Salary Gains	28.0	101.9	113.9	28.8	39.9	(0.3)
Termination of Employment	4.0	31.7	20.9	0.9	1.1	1.1
Return to Work from Terminated Status	(0.3)	(0.0)	(21.3)	(2.0)	(2.0)	(2.1)
Gain (or Loss) During Year from Selected Experience	\$71.1	\$25.3	(\$85.1)	(\$218.5)	(\$60.5)	\$7.8

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS Plan 1
Selected Gains and Losses During Years Ended 2000 to 2005
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2005	2004	2003	2002	2001	2000
Investment Gains	\$8.0	(\$31.0)	(\$55.6)	(\$68.1)	(\$27.3)	\$5.0
Salary Gains	2.3	23.8	11.2	6.9	4.1	3.7
Termination of Employment	1.4	(0.6)	(0.9)	0.3	0.1	0.2
Return to Work from Terminated Status	(0.5)	(0.7)	(0.7)	(0.2)	(0.1)	(0.1)
Gain (or Loss) During Year from Selected Experience	\$11.2	(\$8.5)	(\$46.0)	(\$61.1)	(\$23.2)	\$8.8

Source: Washington State Office of the State Actuary

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>	128
Demographic Information <i>These schedules contain demographic and historical information regarding membership and employer participation in the pension plans offered by DRS.</i>	138
Operating Information <i>These schedules contain detailed payment information to enhance the reader's understanding of the benefit services provided by DRS.</i>	157
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>	181

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)

	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 48,457	\$ 52,246	\$ 57,196	\$ 62,065	\$ 67,670	\$ 70,266	\$ 73,260	\$ 74,706	\$ 77,855	\$ 79,172
Employer Contributions	29,601	22,360	22,789	56,618	68,631	181,712	200,135	234,076	226,084	206,454
Transfers	68	242	310	487	355	789	663	1,295	446	160
Investment Income ¹	1,534,382	1,163,797	1,319,155	320,787	(644,307)	(662,074)	1,319,575	1,107,105	1,358,977	1,394,286
Miscellaneous ²	7,719	10,048	10,147	10,268	10,868	8,636	8,122	7,549	7,322	2,435
Total Additions	1,620,227	1,248,693	1,409,597	450,225	(496,783)	(400,671)	1,601,755	1,424,731	1,670,684	1,682,507
Deductions from Plan Net Assets by Type:										
Benefits	929,423	880,874	828,765	776,683	718,730	669,877	617,114	571,410	532,366	498,710
Administrative Expenses	4,754	4,903	4,917	5,596	6,181	6,847	5,811	5,742	4,268	477
Refunds	6,553	5,143	5,628	5,678	7,446	8,466	8,807	8,620	10,358	9,619
Transfers	369	966	4	358	245	408	252	97	142	33
Total Deductions	941,099	891,886	839,314	788,315	732,602	685,598	631,984	585,869	547,134	508,839
Total Changes in Plan Net Assets	\$ 679,128	\$ 356,807	\$ 570,283	\$ (338,090)	\$ (1,229,385)	\$ (1,086,269)	\$ 969,771	\$ 838,862	\$ 1,123,550	\$ 1,173,668
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	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	7,195,456
End 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	\$ 8,369,124
Employer Contributions: % of Covered Payroll	3.6%	2.5%	2.3%	5.4%	6.1%	15.7%	16.6%	18.9%	17.5%	15.7%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$1,632 of administrative expenses previously reported in DRS's General Fund and +\$40 in fixed assets costs previously reported in the General Fixed Assets Account Group.

Schedule of Changes in Plan Net Assets: PERS Plan 2/3

(dollars in thousands)

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 127,800	\$ 63,806	\$ 60,953	\$ 34,498	\$ 48,579	\$ 116,564	\$ 102,549	\$ 237,048	\$ 223,798	\$ 223,913
Employer Contributions	149,579	74,720	69,377	38,287	50,953	115,039	101,869	237,706	222,771	224,417
Transfers	239	254	251	602	275	727	443	493	254	35
Investment Income ¹	2,020,702	1,415,136	1,453,909	365,915	(659,567)	(599,323)	1,438,869	1,163,733	1,305,246	1,251,886
Miscellaneous ²	10,655	9,609	9,749	8,400	10,295	7,164	7,538	6,303	5,431	1,142
Total Additions	2,308,975	1,563,525	1,594,239	447,702	(549,465)	(359,829)	1,651,268	1,645,283	1,757,500	1,701,393
Deductions from Plan Net Assets by Type:										
Benefits	121,096	102,742	86,174	72,460	60,551	50,798	40,976	32,400	25,375	19,961
Administrative Expenses	6,599	5,960	5,779	6,054	6,270	6,638	5,989	5,814	3,963	51
Refunds	26,476	24,086	27,082	30,835	42,087	48,311	59,394	53,206	51,110	42,745
Transfers	4,296	4,718	22,918	611,867	31,165	1,903,538	1,192	707	1,640	657
Total Deductions	158,467	137,506	141,953	721,216	140,073	2,009,285	107,551	92,127	82,088	63,414
Total Changes in Plan Net Assets	\$ 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	\$ 1,637,979
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	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	6,119,516
End 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	\$ 7,757,495
Employer Contributions: % of Covered Payroll	2.6%	1.4%	1.9%	0.7%	0.9%	2.2%	1.8%	4.7%	4.7%	5.1%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$1,621 of administrative expenses previously reported in DRS's General Fund and +\$40 in fixed assets costs previously reported in the General Fixed Assets Account Group.

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

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 11,818	\$ 4,166	\$ 3,501	\$ 1,828	\$ 5,171	\$ 14,168	**	**	**	**
Employer Contributions	30,419	10,160	9,076	6,154	11,312	19,939	**	**	**	**
Transfers	2,589	1,959	1,631	1,970	17,923	1,902,646	**	**	**	**
Investment Income ¹	287,224	201,723	203,668	55,417	(90,080)	(152,510)	**	**	**	**
Miscellaneous ²	1,313	1,316	1,562	1,234	1,241	1,154	**	**	**	**
Total Additions	333,363	219,324	219,438	66,603	(54,433)	1,785,397	**	**	**	**
Deductions from Plan Net Assets by Type:										
Benefits	13,500	10,114	6,692	4,305	2,048	285	**	**	**	**
Administrative Expenses	1,069	990	1,080	1,113	1,117	1,098	**	**	**	**
Refunds	2,477	2,191	2,025	2,220	2,397	1,397	**	**	**	**
Transfers	434	568	545	355	1,495	478,439	**	**	**	**
Total Deductions	17,480	13,863	10,342	7,993	7,057	481,219	**	**	**	**
Total Changes in Plan Net Assets	\$ 315,883	\$ 205,461	\$ 209,096	\$ 58,610	\$ (61,490)	\$ 1,304,178	**	**	**	**
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	1,715,855	1,510,394	1,301,298	1,242,688	1,304,178	-	**	**	**	**
End of Year	\$ 2,031,738	\$ 1,715,855	\$ 1,510,394	\$ 1,301,298	\$ 1,242,688	\$ 1,304,178	**	**	**	**
Employer Contributions: % of Covered Payroll	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)

	6/30/06	6/30/05	6/30/04	6/30/03	6/30/02	6/30/01	6/30/00	6/30/99	6/30/98	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 33,790	\$ 38,087	\$ 42,706	\$ 46,790	\$ 50,180	\$ 55,898	\$ 57,538	\$ 59,238	\$ 62,885	\$ 65,179
Employer Contributions	15,077	8,793	11,385	20,352	59,434	141,351	182,982	222,516	211,584	210,207
Transfers	78	168	147	333	253	355	397	211	109	95
Investment Income ¹	1,292,574	981,556	1,112,120	275,057	(548,365)	(567,631)	1,142,019	962,321	1,182,699	1,214,649
Miscellaneous ²	8,941	8,607	7,338	6,433	6,761	6,527	6,165	5,723	5,796	1,550
Total Additions	1,350,460	1,037,211	1,173,696	348,965	(431,737)	(363,500)	1,389,101	1,250,009	1,463,073	1,491,680
Deductions from Plan Net Assets by Type:										
Benefits	763,613	741,118	692,243	689,254	679,009	632,674	579,261	532,933	494,531	438,277
Administrative Expenses	3,790	3,894	3,926	4,555	5,132	5,619	4,673	4,761	3,635	125
Refunds	1,042	1,180	1,792	1,521	2,313	2,762	2,188	2,755	2,682	2,307
Transfers	314	817	-	283	207	348	199	94	77	9
Total Deductions	768,759	747,009	697,961	695,613	686,661	641,403	586,321	540,543	500,925	440,718
Total Changes in Plan Net Assets	\$ 581,701	\$ 290,202	\$ 475,735	\$ (346,648)	\$ (1,118,398)	\$ (1,004,903)	\$ 802,780	\$ 709,466	\$ 962,148	\$ 1,050,962
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	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	6,277,837
End of Year	\$ 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	\$ 7,328,799
Employer Contributions: % of Covered Payroll	2.3%	1.2%	1.4%	2.4%	6.7%	15.6%	19.1%	22.6%	20.2%	19.4%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$1,425 of administrative expenses previously reported in DRS's General Fund and +\$35 in fixed assets costs previously reported in the General Fixed Assets Account Group.

Schedule of Changes in Plan Net Assets: TRS Plan 2/3

(dollars in thousands)

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 8,990	\$ 3,549	\$ 3,108	\$ 633	\$ 5,433	\$ 11,078	\$ 12,744	\$ 22,097	\$ 47,214	\$ 89,584
Employer Contributions	75,353	33,767	29,921	18,225	46,359	69,579	75,311	100,190	105,554	102,758
Transfers	261	500	439	429	369	296	140	1,288	596	19
Investment Income ¹	712,495	500,432	503,551	136,127	(224,452)	(197,822)	390,190	322,142	352,798	472,449
Miscellaneous ²	3,385	3,827	4,154	3,461	3,297	3,168	2,533	2,171	2,044	356
Total Additions	800,484	542,075	541,173	158,875	(168,994)	(113,701)	480,918	447,888	508,206	665,166
Deductions from Plan Net Assets by Type:										
Benefits	22,351	17,118	13,416	10,862	8,669	6,810	4,943	3,529	2,455	1,673
Administrative Expenses	2,781	3,027	2,940	3,093	3,108	3,053	2,433	2,158	1,540	9
Refunds	2,399	3,110	2,858	3,537	4,510	3,871	4,964	5,632	7,398	6,701
Transfers	963	1,278	1,003	956	1,704	3,574	77,351	152,597	710,331	28,343
Total Deductions	28,494	24,533	20,217	18,448	17,991	17,308	89,691	163,916	721,724	36,726
Total Changes in Plan Net Assets	\$ 771,990	\$ 517,542	\$ 520,956	\$ 140,427	\$ (186,985)	\$ (131,009)	\$ 391,227	\$ 283,972	\$ (213,518)	\$ 628,440
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	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	2,306,638
End 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	\$ 2,935,078
Employer Contributions: % of Covered Payroll	17.8%	8.0%	1.1%	0.7%	1.9%	3.2%	3.9%	5.7%	6.5%	7.0%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$631 of administrative expenses previously reported in DRS's General Fund and +\$40 in fixed assets costs previously reported in the General Fixed Assets Account Group; and to reflect a \$(293) appraised adjustment recorded by WSIB as an allocation from the TRS 2/3 to the TRS 3 D/C plan.

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

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 61	\$ (2)	\$ -	\$ 40	\$ 76	\$ 21	\$ 6,300	\$ 7,099	\$ 7,547	\$ 8,178
Employer Contributions	70	9	1	62	98	130	6,303	7,196	7,567	8,190
State Contributions	-	-	-	-	-	-	-	48,793	50,358	66,747
Transfers	102	-	-	167	163	256	117	376	121	68
Investment Income ¹	818,343	604,304	665,380	162,220	(314,972)	(324,373)	649,734	548,669	677,331	694,588
Miscellaneous ²	2,736	2,651	2,896	2,762	2,963	3,105	2,640	2,393	3,076	7
Total Additions	821,312	606,962	668,277	165,251	(311,672)	(320,861)	665,094	614,526	746,000	777,778
Deductions from Plan Net Assets by Type:										
Benefits	288,209	279,957	272,118	264,618	252,625	238,938	225,175	211,949	197,887	184,060
Administrative Expenses	2,405	2,455	2,450	2,789	3,088	3,218	2,612	2,655	2,080	57
Refunds	3	5	133	158	92	12	82	102	153	2
Transfers	201	526	27	166	135	203	372	1,983	413	-
Total Deductions	290,818	282,943	274,728	267,731	255,940	242,371	228,241	216,689	200,533	184,119
Total Changes in Plan Net Assets	\$ 530,494	\$ 324,019	\$ 393,549	\$ (102,480)	\$ (567,612)	\$ (563,232)	\$ 436,853	\$ 397,837	\$ 545,467	\$ 593,659
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	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	3,575,812
End 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	\$ 4,169,471
Employer Contributions: % of Covered Payroll	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	6.0%	6.3%	6.0%	6.1%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$810 of administrative expenses previously reported in DRS's General Fund and +\$20 in fixed assets costs previously reported in the General Fixed Assets Account Group.

Schedule of Changes in Plan Net Assets: LEOFF Plan 2

(dollars in thousands)

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 79,760	\$ 53,913	\$ 50,698	\$ 41,372	\$ 39,401	\$ 52,939	\$ 43,729	\$ 56,680	\$ 51,425	\$ 46,925
Employer Contributions	48,472	32,780	30,773	25,583	23,997	31,450	26,214	34,310	31,084	28,511
State Contributions	31,666	21,266	20,193	16,404	15,551	20,919	17,093	22,210	20,109	17,702
Transfers	1	17	-	234	62	96	54	72	138	169
Investment Income ¹	576,139	393,129	391,911	98,627	(155,059)	(146,265)	273,831	218,027	238,881	225,540
Miscellaneous ²	4,273	2,440	2,371	1,759	1,595	1,500	1,259	1,068	995	660
Total Additions	<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>	<u>319,507</u>
Deductions from Plan Net Assets by Type:										
Benefits	14,433	8,978	6,043	4,059	2,743	1,726	929	800	581	376
Administrative Expenses	1,842	1,659	1,490	1,528	1,477	1,450	1,092	1,042	726	3
Refunds	7,115	7,765	5,720	5,124	9,143	8,343	11,054	10,192	7,048	4,937
Transfers	250	331	-	94	109	165	135	399	58	-
Total Deductions	<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>	<u>5,316</u>
Total Changes in Plan Net Assets	\$ 716,691	\$ 484,812	\$ 482,693	\$ 173,174	\$ (87,925)	\$ (51,045)	\$ 348,970	\$ 319,934	\$ 334,219	\$ 314,191
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	3,412,383	2,927,571	2,444,878	2,271,704	2,359,629	2,410,674	2,061,704	1,741,770	1,407,551	1,093,053
End 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>\$ 1,407,244</u>
Employer Contributions: % of Covered Payroll	4.2%	3.1%	3.1%	2.7%	2.7%	3.9%	3.5%	5.1%	5.1%	5.1%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$299 of administrative expenses previously reported in DRS's General Fund and +\$8 in fixed assets costs previously reported in the General Fixed Assets Account Group.

Schedule of Changes in Plan Net Assets: WSPRS Plan 1/2

(dollars in thousands)

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 3,134	\$ 1,316	\$ 1,322	\$ 1,314	\$ 1,245	\$ 1,817	\$ 4,050	\$ 3,756	\$ 3,569	\$ 3,273
Employer Contributions	3,133	-	1	-	-	-	15	5,935	5,953	6,843
Transfers	8	98	121	144	265	252	403	650	207	201
Investment Income ¹	118,855	86,150	92,736	22,783	(42,059)	(42,487)	83,669	69,603	83,672	84,569
Miscellaneous ²	409	381	452	377	396	408	430	296	285	-
Total Additions	125,539	87,945	94,632	24,618	(40,153)	(40,010)	88,567	80,240	93,686	94,886
Deductions from Plan Net Assets by Type:										
Benefits	30,666	27,606	25,724	24,047	22,316	20,359	18,787	17,147	15,659	14,440
Administrative Expenses	408	358	347	378	398	410	324	327	244	3
Refunds	125	173	303	220	199	88	317	173	374	132
Transfers	29	70	-	23	16	26	15	6	5	-
Total Deductions	31,228	28,207	26,374	24,668	22,929	20,883	19,443	17,653	16,282	14,575
Total Changes in Plan Net Assets	\$ 94,311	\$ 59,738	\$ 68,258	\$ (50)	\$ (63,082)	\$ (60,893)	\$ 69,124	\$ 62,587	\$ 77,404	\$ 80,311
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	723,854	664,116	595,858	595,908	658,990	719,883	650,759	588,172	510,768	430,353
End of Year	\$ 818,165	\$ 723,854	\$ 664,116	\$ 595,858	\$ 595,908	\$ 658,990	\$ 719,883	\$ 650,759	\$ 588,172	\$ 510,664
Employer Contributions: % of Covered Payroll	4.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	11.1%	11.7%	14.6%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$101 of administrative expenses previously reported in DRS's General Fund and +\$3 in fixed assets costs previously reported in the General Fixed Assets Account Group.

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

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ 115	\$ 155	\$ 196	\$ 215	\$ 229	\$ 257	\$ 306	\$ 307	\$ 316	\$ 359
Employer Contributions	115	155	197	215	229	257	306	306	316	359
State Contributions	6,601	5,995	5,995	6,000	6,000	7,000	7,000	8,500	8,500	6,500
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	61	73	54	116	243	576	503	369	282	207
Miscellaneous ²	-	1	3	4	6	5	5	4	4	-
Total Additions	6,892	6,379	6,445	6,550	6,707	8,095	8,120	9,486	9,418	7,425
Deductions from Plan Net Assets by Type:										
Benefits	9,247	8,761	8,404	8,279	8,060	7,719	7,331	7,368	7,217	6,652
Administrative Expenses	-	1	2	4	5	5	5	4	3	-
Refunds	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	1	-	-	-	-
Total Deductions	9,247	8,762	8,406	8,283	8,065	7,725	7,336	7,372	7,220	6,652
Total Changes in Plan Net Assets	\$ (2,355)	\$ (2,383)	\$ (1,961)	\$ (1,733)	\$ (1,358)	\$ 370	\$ 784	\$ 2,114	\$ 2,198	\$ 773
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	2,358	4,741	6,702	8,435	9,793	9,423	8,639	6,525	4,327	3,553
End of Year	3	2,358	4,741	6,702	8,435	9,793	9,423	8,639	6,525	4,326
Employer Contributions: % of Covered Payroll	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.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$1 of administrative expenses previously reported in DRS's General Fund.

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

	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	6/30/97
Additions to Plan Net Assets by Source:										
Employee Contributions	\$ -	\$ -	\$ -	\$ 6	\$ 8	\$ 8	\$ 8	\$ 8	\$ 11	\$ 21
Employer Contributions	-	-	-	6	9	8	8	8	11	21
State Contributions	300	500	500	250	250	750	750	750	750	800
Transfers	-	-	-	-	-	-	-	-	-	-
Investment Income ¹	139	86	20	109	214	335	190	180	198	177
Miscellaneous ²	2	2	3	3	3	4	2	1	2	-
Total Additions	441	588	523	374	484	1,105	958	947	972	1,019
Deductions from Plan Net Assets by Type:										
Benefits	624	641	685	639	656	662	662	665	631	515
Administrative Expenses	2	2	2	3	3	4	2	2	2	-
Refunds	-	13	-	-	-	-	-	-	-	-
Transfers	-	1	-	-	-	-	-	-	-	-
Total Deductions	626	657	687	642	659	666	664	667	633	515
Total Changes in Plan Net Assets	\$ (185)	\$ (69)	\$ (164)	\$ (268)	\$ (175)	\$ 439	\$ 294	\$ 280	\$ 339	\$ 504
Net Assets Held in Trust for Pension Benefits:										
Beginning of Year	4,283	4,352	4,516	4,784	4,959	4,520	4,226	3,946	3,607	3,102
End of Year	\$ 4,098	\$ 4,283	\$ 4,352	\$ 4,516	\$ 4,784	\$ 4,959	\$ 4,520	\$ 4,226	\$ 3,946	\$ 3,606
Employer Contributions: % of Covered Payroll	n/a	n/a	n/a	n/a	n/a	6.5%	6.5%	6.5%	6.5%	6.5%

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

²Miscellaneous additions include restorations of employee contributions.

* Net assets at 7/1/97 were restated to reflect the following reclassifications of expenses/costs incurred in the administration of this pension plan: +\$1 of administrative expenses previously reported in DRS's General Fund.

Distribution of Membership

For the Years Ended September 30, 1996-2005

Active Members by System and Plan:

Plan		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
PERS 1	Percent	5.50%	6.16%	6.89%	7.59%	8.46%	9.24%	10.26%	11.31%	12.36%	13.34%
	Individuals	15,962	17,829	19,740	21,737	23,981	25,833	28,168	30,374	32,361	34,204
	Avg. Age	57	56	55	55	54	54	53	52	52	51
PERS 2	Percent	40.81%	40.97%	40.93%	40.85%	45.50%	45.23%	61.27%	60.14%	58.82%	57.87%
	Individuals	118,400	118,572	117,262	116,939	128,955	126,428	168,214	161,476	154,079	148,399
	Avg. Age	46	45	45	44	43	43	43	43	43	42
PERS 3	Percent	7.31%	6.86%	6.12%	5.42%	-	-	-	-	-	-
	Individuals	21,216	19,855	17,548	15,509	-	-	-	-	-	-
	Avg. Age	42	42	42	43	-	-	-	-	-	-
SERS 2	Percent	6.68%	7.06%	7.51%	7.99%	8.49%	9.20%	-	-	-	-
	Individuals	19,387	20,424	21,504	22,870	24,063	25,714	-	-	-	-
	Avg. Age	50	49	48	47	47	46	-	-	-	-
SERS 3	Percent	10.67%	10.17%	9.67%	9.40%	8.57%	7.87%	-	-	-	-
	Individuals	30,963	29,430	27,710	26,921	24,284	22,011	-	-	-	-
	Avg. Age	46	46	46	45	45	45	-	-	-	-
TRS 1	Percent	2.96%	3.41%	3.90%	4.35%	4.93%	6.16%	6.83%	7.51%	8.26%	8.86%
	Individuals	8,592	9,862	11,175	12,456	13,971	17,222	18,737	20,165	21,628	22,716
	Avg. Age	57	56	55	55	54	53	53	52	52	51
TRS 2	Percent	2.48%	2.58%	2.67%	2.73%	2.84%	2.99%	3.16%	3.37%	12.79%	14.32%
	Individuals	7,205	7,470	7,637	7,809	8,056	8,356	8,663	9,058	33,499	36,709
	Avg. Age	51	50	49	49	48	47	46	45	41	40
TRS 3	Percent	17.74%	17.03%	16.50%	16.00%	15.59%	13.70%	12.85%	12.14%	2.17%	*
	Individuals	51,473	49,302	47,263	45,798	44,193	38,280	35,284	32,605	5,688	*
	Avg. Age	42	42	41	41	40	40	40	39	36	*
LEOFF 1	Percent	0.25%	0.29%	0.35%	0.40%	0.46%	0.54%	0.64%	0.74%	0.88%	1.01%
	Individuals	723	848	991	1,147	1,315	1,499	1,743	1,986	2,313	2,593
	Avg. Age	56	55	54	53	52	52	51	51	50	49
LEOFF 2	Percent	5.23%	5.10%	5.08%	4.90%	4.79%	4.70%	4.63%	4.42%	4.35%	4.22%
	Individuals	15,168	14,754	14,560	14,011	13,585	13,133	12,713	11,870	11,401	10,827
	Avg. Age	41	40	40	39	39	38	38	37	37	36
WSPRS 1	Percent	0.33%	0.34%	0.36%	0.36%	0.36%	0.36%	0.35%	0.35%	0.35%	0.36%
	Individuals	941	997	1,045	1,035	1,027	1,013	968	929	927	917
	Avg. Age	40	39	39	38	38	38	38	39	38	38
WSPRS 2	Percent	0.03%	0.02%	0.01%	-	-	-	-	-	-	-
	Individuals	81	60	34	-	-	-	-	-	-	-
	Avg. Age	30	29	29	-	-	-	-	-	-	-
JRS	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%
	Individuals	13	19	21	24	26	32	38	40	41	52
	Avg. Age	65	63	63	61	61	61	60	59	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	4
	Avg. Age	n/a	n/a	n/a	76	75	74	73	72	69	66
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	290,124	289,422	286,490	286,257	283,457	279,522	274,529	268,504	261,939	256,421

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, 1996-2005

Inactive Members by System and Plan:

Plan		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
PERS 1	Percent	37.53%	39.14%	40.64%	42.00%	43.41%	45.42%	46.97%	48.61%	50.16%	51.58%
	Individuals	57,628	57,561	57,514	57,286	56,848	56,381	55,810	55,200	54,816	54,480
	Avg. Age	72	72	72	72	72	72	72	72	72	72
PERS 2	Percent	20.46%	19.62%	19.08%	18.64%	18.14%	17.74%	16.50%	14.68%	13.02%	11.29%
	Individuals	31,412	28,860	26,993	25,415	23,753	22,021	19,603	16,666	14,228	11,921
	Avg. Age	59	59	58	57	57	57	56	56	55	55
PERS 3	Percent	1.39%	1.02%	0.61%	0.15%	-	-	-	-	-	-
	Individuals	2,136	1,506	856	207	-	-	-	-	-	-
	Avg. Age	50	49	48	46	-	-	-	-	-	-
SERS 2	Percent	2.93%	2.40%	1.86%	1.35%	0.85%	0.45%	-	-	-	-
	Individuals	4,499	3,525	2,638	1,834	1,120	564	-	-	-	-
	Avg. Age	56	55	54	53	52	49	-	-	-	-
SERS 3	Percent	2.08%	1.71%	1.38%	0.98%	0.55%	0.16%	-	-	-	-
	Individuals	3,196	2,516	1,954	1,333	715	196	-	-	-	-
	Avg. Age	55	54	53	52	51	49	-	-	-	-
TRS 1	Percent	23.83%	24.54%	25.09%	25.64%	26.11%	25.63%	26.09%	26.66%	26.98%	27.54%
	Individuals	36,592	36,099	35,504	34,970	34,190	31,824	31,005	30,280	29,493	29,088
	Avg. Age	70	70	70	70	70	70	70	70	70	70
TRS 2	Percent	2.53%	2.47%	2.44%	2.43%	2.33%	2.19%	2.17%	2.23%	2.26%	2.03%
	Individuals	3,887	3,637	3,450	3,310	3,051	2,718	2,578	2,534	2,467	2,145
	Avg. Age	57	56	54	53	52	50	49	47	46	45
TRS 3	Percent	2.52%	2.24%	1.98%	1.78%	1.48%	1.08%	0.81%	0.21%	0.02%	-
	Individuals	3,864	3,302	2,803	2,434	1,933	1,334	969	238	21	-
	Avg. Age	53	52	50	49	48	45	44	42	47	-
LEOFF 1	Percent	5.31%	5.52%	5.70%	5.87%	6.05%	6.29%	6.45%	6.60%	6.61%	6.63%
	Individuals	8,156	8,117	8,068	8,009	7,923	7,811	7,663	7,495	7,225	6,999
	Avg. Age	67	66	65	65	64	64	63	63	62	62
LEOFF 2	Percent	0.74%	0.65%	0.53%	0.45%	0.37%	0.31%	0.27%	0.26%	0.20%	0.18%
	Individuals	1,144	953	755	620	487	391	316	300	220	190
	Avg. Age	52	51	51	50	50	50	50	48	49	48
WSPRS 1	Percent	0.58%	0.59%	0.59%	0.60%	0.60%	0.61%	0.61%	0.61%	0.61%	0.61%
	Individuals	894	862	828	813	785	756	729	694	667	647
	Avg. Age	63	63	63	63	62	62	62	62	62	61
JRS	Percent	0.09%	0.09%	0.09%	0.10%	0.10%	0.11%	0.11%	0.12%	0.12%	0.12%
	Individuals	133	129	132	134	137	133	133	135	137	124
	Avg. Age	77	76	76	76	75	75	76	75	74	75
Judges	Percent	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.02%	0.02%	0.02%	0.02%
	Individuals	16	16	17	18	18	18	18	19	18	17
	Avg. Age	78	78	78	80	79	78	77	77	76	77
Totals	Percent	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
	Individuals	153,557	147,083	141,512	136,383	130,960	124,147	118,824	113,561	109,292	105,611

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Dept. of Social & Health Services	1,247	1	8.1%	Dept. of Social & Health Services	2,794	1	8.7%
University of Washington	1,010	2	6.6%	University of Washington	2,005	2	6.2%
Dept. of Transportation	497	3	3.2%	Dept. of Transportation	1,172	3	3.6%
King County	424	4	2.8%	King County	1,115	4	3.5%
KC Metro	399	5	2.6%	KC Metro	867	5	2.7%
Dept. of Employment Security	372	6	2.4%	Dept. of Employment Security	839	6	2.6%
Dept. of Labor & Industries	275	7	1.8%	Dept. of Labor & Industries	592	7	1.8%
Seattle SD 001	237	8	1.6%	Dept. of Fish & Wildlife	473	8	1.5%
Washington State University	199	9	1.3%	Seattle SD 001	467	9	1.5%
Ferries WA St.	184	10	1.2%	Washington State University	467	10	1.5%
All other*	10,479		68.4%	All other	21,299		66.4%
Total (828 employers)	15,323		100.0%	Total (930 employers)	32,090		100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	148	3,811
School Districts	250	2,851
Counties/Municipalities	199	2,473
Other Political Subdivisions	221	1,344
Total	818	10,479

**1997 calendar year statistics

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	11,389	1	9.2%	University of Washington	9,794	1	8.4%
Dept. of Social & Health Services	8,572	2	7.0%	Dept. of Social & Health Services	7,505	2	6.4%
King County	4,831	3	3.9%	King County	4,949	3	4.2%
Dept. of Transportation	4,444	4	3.6%	Dept. of Transportation	3,578	4	3.0%
KC Metro	4,330	5	3.5%	KC Metro	3,577	5	3.0%
Corrections SW Region	2,620	6	2.1%	Dept. of Labor & Industries	1,964	6	1.7%
Pierce County	2,557	7	2.1%	Washington State University	1,956	7	1.7%
Snohomish County	2,273	8	1.9%	Pierce County	1,954	8	1.7%
Dept. of Labor & Industries	2,127	9	1.7%	Snohomish County	1,741	9	1.5%
Corrections NW Region	2,060	10	1.7%	Western State Hospital	1,616	10	1.4%
All other*	78,108		63.3%	All other	78,396		67.0%
Total (902 employers)	123,311		100.0%	Total (1,147 employers)	117,030	***	100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	174	33,939
School Districts	-	-
Counties/Municipalities	266	25,930
Other Political Subdivisions	452	18,239
Total	892	78,108

**August 31, 1997 statistics

***1997 statistics do not include SERS 2 employees who were PERS 2 members in 1997.

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
University of Washington	3,180	1	14.1%				
Dept. of Social & Health Services	1,431	2	6.3%				
Dept. of Transportation	952	3	4.2%				
King County	681	4	3.0%				
Washington State University	631	5	2.8%				
KC Metro	535	6	2.4%				
Corrections SW Region	399	7	1.8%				
Dept. of Ecology	397	8	1.8%				
Dept. of Natural Resources	344	9	1.5%				
Dept. of Fish & Wildlife	341	10	1.5%				
All other*	13,654		60.6%				
Total (587 employers)	22,545		100.0%				

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	151	6,599
School Districts	-	-
Counties/Municipalities	183	4,367
Other Political Subdivisions	243	2,688
Total	577	13,654

**PERS 3 was not available in 1997.

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	1,015	1	5.2%	Seattle SD 001	1,278	1	3.9%
Tacoma SD 010	739	2	3.8%	Spokane Public Schools	972	2	3.0%
Kent SD 415	544	3	2.8%	Tacoma SD 010	890	3	2.7%
Spokane Public Schools	528	4	2.7%	Vancouver SD 037	837	4	2.6%
Vancouver SD 037	504	5	2.6%	Kent SD 415	784	5	2.4%
Highline SD 401	446	6	2.3%	Highline SD 401	701	6	2.2%
Federal Way SD 210	390	7	2.0%	Edmonds SD 015	685	7	2.1%
Edmonds SD 015	369	8	1.9%	Evergreen SD 114	666	8	2.1%
Lake Washington SD 414	350	9	1.8%	Lake Washington SD 414	659	9	2.0%
Northshore SD 417	336	10	1.7%	Federal Way SD 210	643	10	2.0%
All other*	14,300		73.2%	All other	24,342		75.0%
Total (299 employers)	19,521		100.0%	Total (556 employers)	32,457	***	100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	289	14,300
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	289	14,300

**August 31, 1997 statistics

***SERS 2 was not available in 1997. This total represents those SERS 2 employees who were PERS 2 members in 1997.

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Kent SD 415	1,072	1	3.2%				
Seattle SD 001	1,020	2	3.1%				
Evergreen SD 114	843	3	2.5%				
Spokane Public Schools	840	4	2.5%				
Vancouver SD 037	744	5	2.2%				
Tacoma SD 010	718	6	2.2%				
Lake Washington SD 414	685	7	2.1%				
Federal Way SD 210	669	8	2.0%				
Northshore SD 417	667	9	2.0%				
Edmonds SD 015	657	10	2.0%				
All other*	25,285		76.2%				
Total (301 employers)	33,200		100.0%				

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	1	1
School Districts	290	25,284
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	291	25,285

**SERS 3 was not available in 1997.

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	493	1	5.4%	Seattle SD 001	1,257	1	6.1%
Tacoma SD 010	354	2	3.9%	Tacoma SD 010	856	2	4.2%
Spokane Public Schools	260	3	2.8%	Spokane Public Schools	646	3	3.1%
Northshore SD 417	226	4	2.5%	Northshore SD 417	482	4	2.4%
Lake Washington SD 414	206	5	2.3%	Kent SD 415	474	5	2.3%
Vancouver SD 037	188	6	2.1%	Vancouver SD 037	463	6	2.3%
Kent SD 415	174	7	1.9%	Lake Washington SD 414	440	7	2.1%
Evergreen SD 114	173	8	1.9%	Edmonds SD 015	429	8	2.1%
Puyallup SD 003	153	9	1.7%	Bellevue SD 405	409	9	2.0%
Yakima SD 007	142	10	1.6%	Evergreen SD 114	376	10	1.8%
All other*	6,712		73.9%	All other	14,699		71.6%
Total (359 employers)	9,081		100.0%	Total (380 employers)	20,531	***	100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	71	694
School Districts	278	6,018
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	349	6,712

**1997 calendar year statistics

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	567	1	7.7%	Seattle SD 001	1,564	1	4.9%
Tacoma SD 010	368	2	5.0%	Tacoma SD 010	1,061	2	3.3%
Spokane Public Schools	278	3	3.8%	Spokane Public Schools	1,036	3	3.3%
Kent SD 415	178	4	2.4%	Lake Washington SD 414	782	4	2.5%
Edmonds SD 015	145	5	2.0%	Evergreen SD 114	703	5	2.2%
Vancouver SD 037	142	6	1.9%	Edmonds SD 015	666	6	2.1%
Highline SD 401	142	7	1.9%	Kent SD 415	649	7	2.1%
Federal Way SD 210	140	8	1.9%	Vancouver SD 037	644	8	2.0%
Lake Washington SD 414	136	9	1.9%	Puyallup SD 003	643	9	2.0%
Bethel SD 403	136	10	1.9%	Everett SD 002	603	10	1.9%
All other*	5,122		69.6%	All other	23,347		73.7%
Total (296 employers)	7,354		100.0%	Total (338 employers)	31,698		100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	21	48
School Districts	265	5,074
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	286	5,122

**1997 calendar year statistics

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
Seattle SD 001	2,456	1	4.6%	Kent SD 415	402	1	4.5%
Spokane Public Schools	1,693	2	3.2%	Federal Way SD 210	291	2	3.3%
Kent SD 415	1,644	3	3.1%	Seattle SD 001	279	3	3.1%
Tacoma SD 010	1,499	4	2.8%	Lake Washington SD 414	270	4	3.0%
Evergreen SD 114	1,440	5	2.7%	Edmonds SD 015	246	5	2.8%
Federal Way SD 210	1,254	6	2.4%	Spokane Public Schools	235	6	2.6%
Lake Washington SD 414	1,253	7	2.3%	Evergreen SD 114	197	7	2.2%
Vancouver SD 037	1,156	8	2.2%	Northshore SD 417	193	8	2.2%
Edmonds SD 015	1,126	9	2.1%	Mukilteo SD 006	182	9	2.1%
Puyallup SD 003	1,088	10	2.0%	Auburn SD 408	167	10	1.9%
All other*	38,652		72.6%	All other	6,424		72.3%
Total (333 employers)	53,261		100.0%	Total (281 employers)	8,886	***	100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	31	136
School Districts	292	38,516
Counties/Municipalities	-	-
Other Political Subdivisions	-	-
Total	323	38,652

**1997 calendar year statistics

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	145	1	22.7%	City of Seattle	470	1	21.0%
City of Tacoma	45	2	7.0%	City of Tacoma	196	2	8.8%
City of Spokane	44	3	6.9%	City of Spokane	188	3	8.4%
City of Bellevue	27	4	4.2%	King County	89	4	4.0%
City of Bellingham	27	5	4.2%	City of Bellevue	66	5	2.9%
City of Everett	21	6	3.3%	City of Bellingham	64	6	2.9%
King County	17	7	2.7%	City of Vancouver	54	7	2.4%
Pierce County FPD 02	14	8	2.2%	City of Everett	53	8	2.4%
Spokane County	13	9	2.0%	City of Yakima	46	9	2.0%
City of Kent	12	10	1.9%	Pierce County	38	10	1.7%
All other*	274		42.9%	All other	972		43.5%
Total (102 employers)	639		100.0%	Total (175 employers)	2,236		100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	-	-
School Districts	-	-
Counties/Municipalities	75	223
Other Political Subdivisions	17	51
Total	92	274

**1997 calendar year statistics

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

2006				1997**			
Employer	Covered Employees	Rank	Percentage of Total Plan	Employer	Covered Employees	Rank	Percentage of Total Plan
City of Seattle	2,154	1	13.7%	City of Seattle	1,684	1	14.8%
City of Tacoma	740	2	4.7%	City of Tacoma	599	2	5.3%
City of Spokane	733	3	4.7%	King County	503	3	4.4%
City of Bellevue	520	4	3.3%	City of Spokane	404	4	3.5%
City of Bellingham	368	5	2.3%	City of Everett	281	5	2.5%
City of Everett	341	6	2.2%	City of Bellevue	268	6	2.4%
King County	329	7	2.1%	Pierce County	251	7	2.2%
Pierce County FPD 02	307	8	1.9%	City of Vancouver	228	8	2.0%
Spokane County	260	9	1.7%	City of Kent	206	9	1.8%
City of Kent	251	10	1.6%	Snohomish County	164	10	1.4%
All other*	9,711		61.8%	All other	6,799		59.7%
Total (376 employers)	15,714		100.0%	Total (345 employers)	11,387	***	100.0%

*In 2006, "all other" consisted of:

Type	Number	Employees
State Agencies	8	207
School Districts	-	-
Counties/Municipalities	209	6,589
Other Political Subdivisions	149	2,915
Total	366	9,711

**1997 calendar statistics

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

2006				1997*			
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	31	1	75.6%
Court of Appeals	3	2	27.3%	Court of Appeals	6	2	14.6%
Supreme Court	1	3	9.1%	Supreme Court	4	3	9.8%
Total (3 employers)	<u>11</u>		<u>100.0%</u>	Total (3 employers)	<u>41</u>		<u>100.0%</u>
				*1997 calendar year statistics			

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (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 Ecology
 Dept. of Employment Security
 Dept. of Financial Institutions
 Dept. of Fish & Wildlife
 Dept. of General Administration
 Dept. of Health
 Dept. of Info. 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
 Personnel Appeals Board
 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 Bd.
 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, 2006 (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
Legislative Transportation
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 3 of 11)

School Districts (continued)

Grand Coulee Dam	Loon Lake	North Thurston
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
	North River	Quillayute

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 4 of 11)

School Districts (continued)

Quinault Lake
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 5 of 11)

Community Colleges, Technical Colleges (continued)

Clover Park Technical College
Columbia Basin Community College
Community College District 12
Community College of Spokane
Edmonds Community College
Everett Community College
Grays Harbor College
Green River Community College
Highline Community College
Lake Washington Technical College
Lower Columbia Community College
Olympic College
Peninsula College
Pierce College
Renton Technical College
Seattle Community College
Shoreline Community College
Skagit Valley College
South Puget Sound Community College
Tacoma Community College
Walla Walla Community College
Wenatchee Valley College
Whatcom Community College
Walla Walla Community College
Wenatchee Valley College
Whatcom Community College
Yakima Valley College

Universities

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

Cities & Towns

Aberdeen
Airway Heights
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 City (Town of)
Coulee Dam (Town of)
Coupeville (Town of)
Creston (Town of)
Cusick (Town of)
Darrington (Town of)
Davenport
Dayton
Deer Park
Des Moines
Dupont
Duvall
East Wenatchee
Eatonville (Town of)
Edgewood
Edmonds
Electric City (Town of)
Ellensburg
Elma
Elmer City (Town of)
Entiat
Enumclaw
Ephrata
Everett
Everson
Federal Way
Ferndale
Fife
Fircrest
Forks
Friday Harbor (Town of)

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 6 of 11)

Cities & Towns (continued)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 7 of 11)

Cities & Towns (continued)

South Bend
South Cle Elum (Town of)
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, 2006 (page 8 of 11)

Conservation Districts (continued)

Snohomish
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 1, 3, 5, 6, 9-13
Columbia Co. FPD 03
Cowlitz Co. FPDs 1, 2, 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
Grays Harbor FPDs 02 & 05
Island Co. FPDs 1 & 3
Jefferson Co. FPDs 1-5
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 03
Lewis Co. FPD 2, 3, 6, 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 2-4
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
Stevens Co. FPD 1
Thurston Co. FPDs 1, 3, 5, 6, 8, 9, 11-13
Vashon Island Fire & Rescue
Walla Walla Co. FPDs 4 & 5
Whatcom Co. FPDs 2, 4, 7, 8 & 14
Woodinville Fire-Life Safety Dist.
Yakima Co. FPDs 4, 5 & 12
Yelm Fire Dist.

Public Health

Asotin Co. Health Dist.
Benton-Franklin Health Dist.
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 East 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.
Kelso
Kennewick
King Co.
Kitsap Co. Consolidated
Kittitas Co.
Longview
Mason Co.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (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

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
Drainage Improvement Dist. 8
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
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.
Three Rivers Reg. Wastewater Plant

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 10 of 11)

Irrigation, Sewer & Water Districts (continued)

Terrace Heights Sewer Dist.
Trentwood Irrigation Dist. 3
Val Vue 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
Grays Harbor
Ilwaco
Kalama
Kennewick
Kingston

Klickitat
Longview
Mattawa
Moses Lake
Olympia
Orcas
Othello
Pasco
Peninsula
Port Angeles
Port Townsend
Ridgefield
Royal Slope
Seattle
Shelton
Skagit Co.
Skamania Co.
Sunnyside
Tacoma
Vancouver
Wahkiakum Co.
Walla Walla
Warden
Whitman Co.
Willapa Harbor
Woodland

Public Utility Districts

Asotin Co. PUD 1
Benton Co. PUD 1
Chelan Co. PUD 1
Clallam Co. PUD 1
Clark Co. PUD
Cowlitz Co. PUD
Douglas Co. PUD 1
Energy Northwest
Ferry Co. PUD 1
Franklin Co. Public Works

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2006 (page 11 of 11)

Public Utility Districts (continued)

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
Inlandboatmen's Union of the Pacific
International Organization of Masters, Mates-Pilots
King County Directors Assn.
King County Assn. of Suburban Cities
Public School Employees of WA
WA Assn. of County Officials
WA Federation of State Employees
WA Public Employees Assn.
WA 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
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.

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

Lynnwood Public Facilities
Dist. Public Stadium Auth.
Spokane Public Facility Dist

Other Government Entities

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

Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended September 30, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100**	181	137	30	7	7	157	20	3	1
101-200	1,340	918	-	105	317	884	317	136	3
201-300	2,544	1,796	5	174	569	1,677	573	288	6
301-400	2,856	2,038	41	155	622	1,870	665	317	4
401-500	2,968	2,149	2	155	662	1,905	635	415	13
501-600	3,045	2,288	1	134	622	1,972	591	465	17
601-700	2,892	2,188	2	135	567	1,845	571	460	16
701-800	2,798	2,134	4	127	533	1,759	534	487	18
801-900	2,774	2,211	1	119	443	1,751	514	483	26
901-1,000	2,662	2,215	4	88	355	1,730	515	402	15
Over 1,000	30,735	28,730	5	400	1,600	19,443	5,182	5,046	1,064
Totals	54,795	46,804	95	1,599	6,297	34,993	10,117	8,502	1,183

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	356	146	-	176	34	236	104	10	6
101-200	1,273	834	-	317	122	876	325	54	18
201-300	1,412	1,019	-	244	149	939	367	77	29
301-400	1,381	1,052	-	194	135	927	337	78	39
401-500	1,298	1,050	-	147	101	855	316	92	35
501-600	1,157	981	-	87	89	763	278	86	30
601-700	1,063	931	-	65	67	713	234	71	45
701-800	949	858	-	45	46	640	190	78	41
801-900	847	778	-	42	27	565	156	93	33
901-1,000	754	704	-	28	22	518	116	82	38
Over 1,000	2,981	2,885	-	40	56	2,029	428	378	146
Totals	13,471	11,238	-	1,385	848	9,061	2,851	1,099	460

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	5	1	-	3	1	4	1	-	-
101-200	61	41	-	8	12	31	25	5	-
201-300	75	66	-	6	3	49	17	6	3
301-400	65	58	-	6	1	42	12	9	2
401-500	45	38	-	5	2	33	5	7	-
501-600	27	25	-	-	2	21	5	1	-
601-700	26	25	-	-	1	17	3	2	4
701-800	11	11	-	-	-	7	3	-	1
801-900	11	11	-	-	-	9	1	-	1
901-1,000	5	5	-	-	-	5	-	-	-
Over 1,000	12	12	-	-	-	10	-	2	-
Totals	343	293	-	28	22	228	72	32	11

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

Source: Washington State Office of the State Actuary

Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2
For the Year Ended September 30, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	40	12	-	23	5	19	19	1	1
101-200	183	139	-	33	11	135	39	6	3
201-300	202	163	-	26	13	146	43	8	5
301-400	183	162	-	13	8	131	39	6	7
401-500	162	144	-	13	5	128	26	7	1
501-600	138	125	-	9	4	108	15	13	2
601-700	111	108	-	2	1	87	16	7	1
701-800	97	95	-	2	-	82	8	5	2
801-900	65	62	-	2	1	48	11	4	2
901-1,000	61	59	-	-	2	41	8	8	4
Over 1,000	184	180	-	2	2	133	21	24	6
Totals	1,426	1,249	-	125	52	1,058	245	89	34

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	46	40	-	5	1	34	9	1	2
101-200	276	243	-	19	14	206	59	7	4
201-300	186	175	-	6	5	144	31	8	3
301-400	95	91	-	3	1	65	22	5	3
401-500	51	49	-	2	-	42	5	2	2
501-600	15	14	-	1	-	13	2	-	-
601-700	19	18	-	1	-	16	-	2	1
701-800	9	9	-	-	-	7	1	1	-
801-900	2	2	-	-	-	2	-	-	-
901-1,000	2	2	-	-	-	2	-	-	-
Over 1,000	4	4	-	-	-	3	-	1	-
Totals	705	647	-	37	21	534	129	27	15

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	56	54	-	-	2	42	11	3	-
101-200	350	303	8	-	39	243	82	20	5
201-300	614	520	25	-	69	444	132	36	2
301-400	674	532	37	-	105	444	173	52	5
401-500	663	495	47	-	121	421	157	81	4
501-600	758	549	47	-	162	470	144	140	4
601-700	880	604	43	-	233	500	175	200	5
701-800	935	638	41	-	256	502	199	230	4
801-900	931	643	48	-	240	469	204	252	6
901-1,000	1,197	950	57	-	190	744	235	213	5
Over 1,000	28,206	26,681	447	-	1,078	17,859	5,377	4,112	858
Totals	35,264	31,969	800	-	2,495	22,138	6,889	5,339	898

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	23	15	-	7	1	14	7	1	1
101-200	30	18	-	10	2	19	10	1	-
201-300	62	48	-	9	5	44	17	1	-
301-400	78	63	-	7	8	52	21	4	1
401-500	77	64	-	9	4	56	12	5	4
501-600	71	60	-	5	6	46	22	2	1
601-700	96	80	-	8	8	59	27	7	3
701-800	85	70	-	6	9	50	29	3	3
801-900	80	72	-	3	5	59	15	5	1
901-1,000	85	82	-	1	2	65	11	6	3
Over 1,000	664	651	-	7	6	480	105	48	31
Totals	1,351	1,223	-	72	56	944	276	83	48

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	12	3	-	6	3	5	5	2	-
101-200	93	56	-	13	24	53	34	4	2
201-300	128	106	-	8	14	85	33	8	2
301-400	103	95	-	5	3	86	12	2	3
401-500	108	103	-	3	2	92	11	1	4
501-600	67	66	-	1	-	58	4	3	2
601-700	50	48	-	-	2	37	8	5	-
701-800	39	39	-	-	-	29	4	4	2
801-900	34	33	-	-	1	22	7	4	1
901-1,000	27	27	-	-	-	20	6	1	-
Over 1,000	45	45	-	-	-	34	6	3	2
Totals	706	621	-	36	49	521	130	37	18

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2**	3**	4**
\$ 1-100	5	5	-	-	-	5	-	-	-
101-200	7	7	-	-	-	7	-	-	-
201-300	10	6	-	-	4	9	1	-	-
301-400	8	8	-	-	-	8	-	-	-
401-500	16	13	-	-	3	16	-	-	-
501-600	16	13	-	-	3	15	1	-	-
601-700	22	17	-	-	5	21	1	-	-
701-800	24	16	-	-	8	24	-	-	-
801-900	20	15	-	-	5	20	-	-	-
901-1,000	18	14	-	-	4	16	2	-	-
Over 1,000	8,003	2,553	3,628	569	1,253	7,545	375	35	48
Totals	8,149	2,667	3,628	569	1,285	7,686	380	35	48

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	3	2	-	1	-	2	-	1	-
101-200	3	-	-	3	-	2	1	-	-
201-300	12	7	2	2	1	8	3	1	-
301-400	12	4	4	2	2	7	4	1	-
401-500	22	17	2	3	-	11	9	2	-
501-600	22	19	-	1	2	9	9	1	3
601-700	22	18	2	1	1	13	7	2	-
701-800	28	24	1	1	2	13	12	2	1
801-900	18	12	1	3	2	12	4	1	1
901-1,000	15	13	-	1	1	8	4	1	2
Over 1,000	417	370	18	12	17	214	121	42	40
Totals	574	486	30	30	28	299	174	54	47

* 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, 2005

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*	
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2
\$ 1-100	-	-	-	-	-	-	-
101-200	2	2	-	-	-	2	-
201-300	2	-	-	-	2	2	-
301-400	2	1	-	-	1	2	-
401-500	-	-	-	-	-	-	-
501-600	9	1	-	-	8	8	1
601-700	13	2	-	-	11	12	1
701-800	13	1	-	-	12	13	-
801-900	7	-	-	-	7	7	-
901-1,000	10	1	-	-	9	9	1
Over 1,000	734	665	-	-	69	608	126
Totals	792	673	-	-	119	663	129

* 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 10/1/04 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
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$340.15	\$648.76	\$937.46	\$1,244.56	\$1,993.22	\$2,252.94
Average Final Salary (Monthly)*	\$2,506.73	\$2,663.26	\$2,633.09	\$2,856.72	\$3,650.88	\$3,987.32
Number of Active Retirees	64	79	237	424	546	256

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 10/1/04 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 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$337.87	\$684.28	\$979.64	\$1,182.54	\$1,005.31	\$-
Average Final Salary (Monthly)*	\$2,437.56	\$2,861.20	\$3,144.89	\$3,409.91	\$3,361.68	\$-
Number of Active Retirees	220	198	169	122	1	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$320.99	\$686.13	\$923.82	\$972.29	\$-	\$-
Average Final Salary (Monthly)*	\$2,348.25	\$2,824.36	\$2,928.27	\$2,908.84	\$-	\$-
Number of Active Retirees	344	279	300	150	-	-
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$322.89	\$667.16	\$858.96	\$1,007.80	\$-	\$-
Average Final Salary (Monthly)*	\$2,254.63	\$2,722.44	\$2,708.99	\$3,010.29	\$-	\$-
Number of Active Retirees	217	190	255	84	-	-
Period 1/1/98 to 12/31/98						
Average Monthly Benefit*	\$304.00	\$623.27	\$902.60	\$986.82	\$-	\$-
Average Final Salary (Monthly)*	\$2,295.58	\$2,601.21	\$2,812.72	\$3,193.26	\$-	\$-
Number of Active Retirees	188	206	220	14	-	-
Period 1/1/97 to 12/31/97						
Average Monthly Benefit*	\$323.80	\$592.68	\$864.48	\$1,093.46	\$-	\$-
Average Final Salary (Monthly)*	\$2,254.43	\$2,474.57	\$2,708.26	\$2,633.58	\$-	\$-
Number of Active Retirees	188	185	150	2	-	-
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$310.35	\$590.22	\$791.71	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$2,228.70	\$2,422.85	\$2,487.87	\$-	\$-	\$-
Number of Active Retirees	206	167	114	-	-	-

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 10/1/04 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 10/1/04 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 10/1/04 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 1/1/01 to 9/30/01						
Average Monthly Benefit**	\$155.58	\$178.65	\$201.73	\$325.92	\$-	\$-
Average Final Salary (Monthly)**	\$2,150.78	\$1,883.80	\$1,972.90	\$2,372.24	\$-	\$-
Number of Active Retirees	10	24	28	12	-	-

Retirees with missing or invalid data elements were excluded.

* 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 10/1/04 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
Period 7/1/95 to 6/30/96						
Average Monthly Benefit*	\$290.01	\$899.42	\$1,083.91	\$1,452.41	\$1,903.84	\$1,948.73
Average Final Salary (Monthly)*	\$2,398.60	\$3,899.29	\$3,279.16	\$3,909.42	\$4,168.59	\$4,293.22
Number of Active Retirees	11	11	49	151	426	348

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 10/1/04 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	-	-	-
Period 7/1/95 to 6/30/96						
Average Monthly Benefit*	\$461.38	\$808.72	\$951.74	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$3,199.26	\$3,367.37	\$3,476.82	\$-	\$-	\$-
Number of Active Retirees	8	10	8	-	-	-

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 10/1/04 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 10/1/04 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
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$232.15	\$499.64	\$-	\$2,454.75	\$2,657.11	\$3,700.13
Average Final Salary (Monthly)*	\$2,555.84	\$2,647.10	\$-	\$5,117.72	\$4,777.76	\$5,493.48
Number of Active Retirees	1	1	-	17	64	27

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 10/1/04 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	-	-	-
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$228.29	\$682.52	\$1,936.44	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$2,889.75	\$2,846.26	\$5,989.05	\$-	\$-	\$-
Number of Active Retirees	1	4	1	-	-	-

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 10/1/04 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
Period 1/1/96 to 12/31/96						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,024.56	\$2,714.73	\$3,369.21
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$4,037.76	\$4,783.30	\$5,317.22
Number of Active Retirees	-	-	-	11	21	11

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 854,882	\$ 809,658	\$ 760,454	\$ 710,565	\$ 656,113	\$ 635,006	\$ 588,662	\$ 540,638	\$ 501,899	\$ 469,903
Disability	15,171	15,159	14,970	15,210	14,506	14,198	13,255	12,964	12,269	11,595
Survivor	59,370	56,057	53,341	50,908	48,111	45,946	43,556	40,689	37,814	35,325
Refunds										
Separations	4,796	4,093	4,309	4,224	5,422	5,799	7,407	7,322	8,065	8,696
Death	1,757	1,050	1,319	1,453	2,024	1,486	1,413	1,612	1,663	1,441
Total	\$ 935,976	\$ 886,017	\$ 834,393	\$ 782,360	\$ 726,176	\$ 702,435	\$ 654,293	\$ 603,225	\$ 561,710	\$ 526,960

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 109,007	\$ 92,401	\$ 77,193	\$ 64,733	\$ 54,065	\$ 49,589	\$ 40,969	\$ 32,220	\$ 25,282	\$ 19,886
Disability	6,871	5,969	5,456	4,920	4,310	3,958	3,507	3,076	2,357	2,003
Survivor	5,218	4,372	3,525	2,807	2,177	1,863	1,527	1,130	910	674
Refunds										
Separations	22,378	20,515	23,729	27,645	38,626	36,945	53,785	52,744	50,455	44,678
Death	4,098	3,571	3,353	3,190	3,460	2,703	3,570	3,171	2,925	2,734
Total	\$ 147,572	\$ 126,828	\$ 113,256	\$ 103,295	\$ 102,638	\$ 95,058	\$ 103,358	\$ 92,341	\$ 81,929	\$ 69,975

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	34,854	24,563	25,601	5,515	-	-	-	-	-	-
Death	685	970	980	222	-	-	-	-	-	-
Total	\$ 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 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 12,352	\$ 9,167	\$ 5,902	\$ 3,647	\$ 1,646	\$ 931	\$ 27	\$ -	\$ -	\$ -
Disability	736	664	568	442	355	131	4	-	-	-
Survivor	412	283	222	216	47	15	1	-	-	-
Refunds										
Separations	1,970	1,970	1,855	1,972	2,090	2,328	608	-	-	-
Death	507	221	170	248	307	259	16	-	-	-
Total	\$ 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 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	24,104	20,777	11,731	10,528	10,498	8,371	-	-	-	-
Death	842	701	633	800	373	-	-	-	-	-
Total	\$ 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: TRS Plan 1
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 671,756	\$ 700,288	\$ 653,560	\$ 652,419	\$ 644,218	\$ 521,534	\$ 481,936	\$ 446,676	\$ 414,944	\$ 456,654
Disability	11,379	11,325	11,129	10,916	10,691	10,337	9,930	9,493	9,337	8,661
Survivor	31,313	29,505	27,554	25,919	24,100	23,058	21,297	19,558	18,195	16,920
Refunds										
Separations	714	878	1,792	1,521	2,313	1,306	1,478	1,945	1,768	1,617
Death	328	302	-	-	-	788	1,210	483	986	977
Total	\$ 715,490	\$ 742,298	\$ 694,035	\$ 690,775	\$ 681,322	\$ 557,023	\$ 515,851	\$ 478,155	\$ 445,230	\$ 484,829

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 20,716	\$ 15,953	\$ 12,389	\$ 9,988	\$ 7,876	\$ 6,999	\$ 5,368	\$ 3,740	\$ 2,653	\$ 1,844
Disability	796	616	521	406	437	477	333	282	189	153
Survivor	839	549	506	467	356	304	262	192	133	60
Refunds										
Separations	2,023	2,611	2,432	3,082	4,220	3,178	9,065	4,805	5,816	6,860
Death	376	499	426	456	290	449	1,087	344	228	496
Total	\$ 24,750	\$ 20,228	\$ 16,274	\$ 14,399	\$ 13,179	\$ 11,407	\$ 16,115	\$ 9,363	\$ 9,019	\$ 9,413

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3*
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	-	-	-	-	-	-	-	-	-	-
Refunds										
Separations	40,397	33,660	23,911	18,611	17,375	18,223	19,356	12,877	5,868	429
Death	1,511	1,922	2,021	720	1,020	1,194	458	852	645	30
Total	\$ 41,908	\$ 35,582	\$ 25,932	\$ 19,331	\$ 18,395	\$ 19,417	\$ 19,814	\$ 13,729	\$ 6,513	\$ 459

* TRS Plan 3 became effective July 1, 1996.

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 105,527	\$ 100,529	\$ 95,318	\$ 89,457	\$ 83,586	\$ 82,789	\$ 77,262	\$ 71,669	\$ 66,691	\$ 60,922
Disability	140,552	139,928	139,544	139,236	135,537	131,427	125,340	119,272	113,248	106,422
Survivor	42,130	39,500	37,256	35,925	33,502	31,911	29,709	27,593	25,497	23,753
Refunds										
Separations	3	5	4	153	6	3	12	80	175	1
Death	-	-	129	5	87	94	73	-	-	-
Total	\$ 288,212	\$ 279,962	\$ 272,251	\$ 264,776	\$ 252,718	\$ 246,224	\$ 232,396	\$ 218,614	\$ 205,611	\$ 191,098

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 11,801	\$ 7,672	\$ 5,338	\$ 3,596	\$ 2,481	\$ 2,073	\$ 1,199	\$ 795	\$ 627	\$ 424
Disability	2,139	967	498	319	200	145	77	42	45	44
Survivor	493	339	207	144	61	41	23	9	9	7
Refunds										
Separations	6,238	7,117	5,367	4,810	8,554	7,357	10,571	9,428	7,828	5,737
Death	877	648	353	314	590	234	579	885	419	333
Total	\$ 21,548	\$ 16,743	\$ 11,763	\$ 9,183	\$ 11,886	\$ 9,850	\$ 12,449	\$ 11,159	\$ 8,928	\$ 6,545

Schedule of Benefit Expenses and Refunds by Type: WSPRS
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 27,619	\$ 25,796	\$ 24,111	\$ 22,536	\$ 20,874	\$ 20,066	\$ 18,286	\$ 16,780	\$ 15,261	\$ 14,004
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	3,047	1,810	1,613	1,511	1,442	1,355	1,292	1,206	1,093	1,062
Refunds										
Separations	125	173	303	221	199	124	173	243	412	190
Death	-	-	-	-	-	-	33	-	-	-
Total	\$ 30,791	\$ 27,779	\$ 26,027	\$ 24,268	\$ 22,515	\$ 21,545	\$ 19,784	\$ 18,229	\$ 16,766	\$ 15,256

Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 7,732	\$ 7,333	\$ 7,076	\$ 6,966	\$ 6,769	\$ 6,768	\$ 6,247	\$ 6,183	\$ 6,331	\$ 6,104
Disability	-	-	-	34	56	55	55	14	17	34
Survivor	1,515	1,428	1,328	1,279	1,235	1,228	1,173	1,135	1,005	949
Refunds										
Separations	-	-	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	\$ 9,247	\$ 8,761	\$ 8,404	\$ 8,279	\$ 8,060	\$ 8,051	\$ 7,475	\$ 7,332	\$ 7,353	\$ 7,087

Schedule of Benefit Expenses and Refunds by Type: Judges
For the Years Ended 1997-2006
(expressed in thousands)

	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	12/31/97
Benefit Expenses										
Service	\$ 497	\$ 521	\$ 597	\$ 567	\$ 603	\$ 622	\$ 622	\$ 622	\$ 622	\$ 542
Disability	-	-	-	-	-	-	-	-	-	-
Survivor	127	120	88	72	53	40	40	41	46	48
Refunds										
Separations	-	13	-	-	-	-	-	-	-	-
Death	-	-	-	-	-	-	-	-	-	-
Total	<u>\$ 624</u>	<u>\$ 654</u>	<u>\$ 685</u>	<u>\$ 639</u>	<u>\$ 656</u>	<u>\$ 662</u>	<u>\$ 662</u>	<u>\$ 663</u>	<u>\$ 668</u>	<u>\$ 590</u>

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, 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	June 30, 1997
	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance	Plan Balance
	%	%	%	%	%	%	%	%	%	%
Savings Pool	\$696,006	\$648,046	\$571,790	\$539,970	\$463,982	\$418,606	\$384,809	\$376,038	\$343,199	\$330,740
Active U.S. Core Stock Fund ¹	31.86	33.74	32.84	36.95	34.30	28.60	24.18	28.66	31.49	37.67
Active U.S. Value Stock Fund ²	14.56	-	-	-	-	-	-	-	-	-
Calvert Social Investment Fund - Balanced Portfolio	412,711	-	-	-	-	-	-	-	-	-
Fidelity Equity-Income Fund	-	-	-	30.619	29.556	32,442	32,547	31,332	27,930	21,368
Fidelity Growth Company Fund	12.02	11.38	12.05	10.48	10.10	13.51	16.37	8.18	5.88	4.68
Fidelity Independence Fund ³	-	298,141	293,937	264,735	275,006	346,223	488,730	319,185	241,117	179,044
Fidelity Intermediate Bond Fund	-	-	-	-	-	-	24,084	26,022	21,288	17,674
Fidelity Overseas Fund	-	-	40,802	19,788	20,534	22,550	29,182	15,160	13,808	9,105
International Stock Fund ⁴	95,487	51,946	-	-	-	-	-	-	-	-
U.S. Small Stock Index Fund ⁵	75,769	46,398	33,788	4,620	-	-	-	-	-	-
U.S. Stock Market Fund ⁶	119,714	101,902	84,955	57,304	48,248	48,561	47,408	33,555	-	-
Washington State Bond Fund ⁷	72,714	74,565	70,776	85,999	52,445	41,005	-	-	-	-
Washington State Long-Horizon Fund ⁸	35,668	20,823	12,745	4,785	3,046	1,660	-	-	-	-
Washington State Mid-Horizon Fund ⁸	38,058	23,593	14,528	6,395	3,379	1,741	-	-	-	-
Washington State Short-Horizon Fund ⁸	15,218	11,053	7,548	4,491	2,018	1,104	-	-	-	-
Washington State Social Balanced Fund ⁹	42,519	40,750	37,079	-	-	-	-	-	-	-
TOTAL	\$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	\$878,078
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

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, 2006

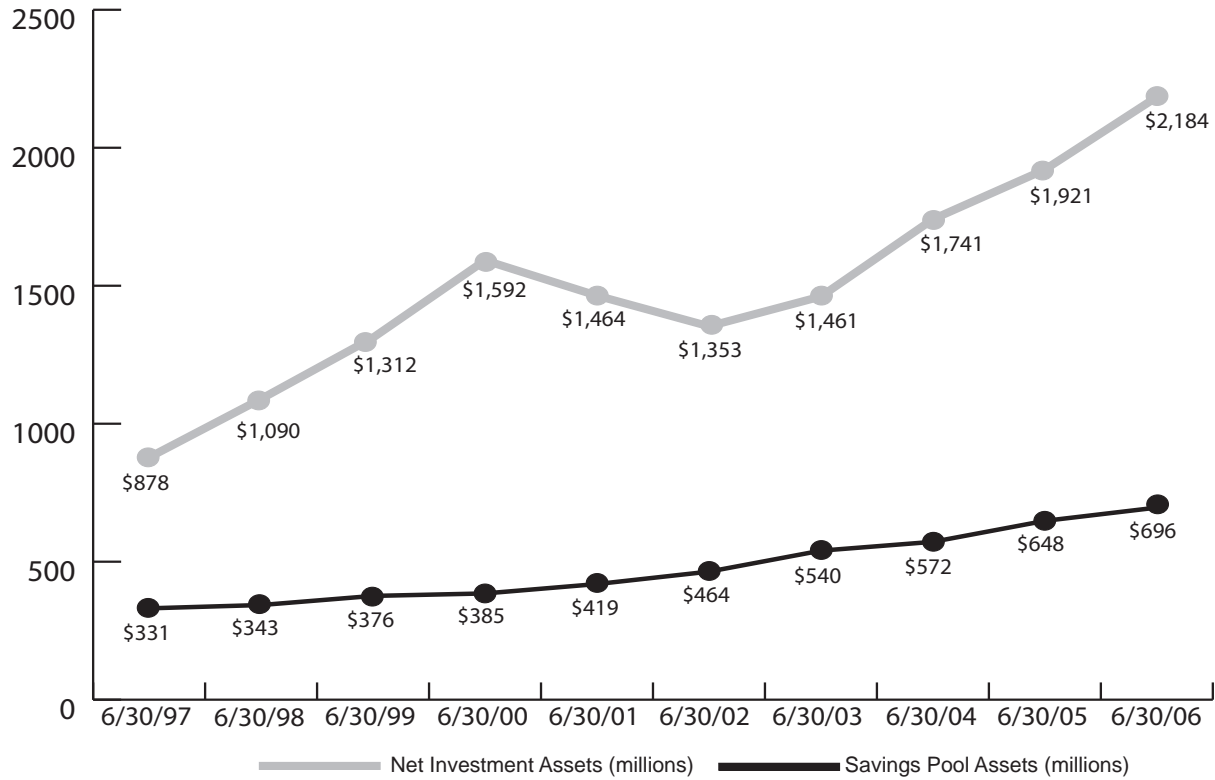
Fund Name	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
<i>Benchmark</i>					
Savings Pool	1.12%	4.54%	4.83%	5.30%	5.98%
Active U.S. Core Stock Fund	(1.04)%	**	**	**	**
<i>S&P 500</i>	(1.44)%	8.63%	11.22%	2.49%	8.32%
Active U.S. Value Stock Fund	1.58%	**	**	**	**
<i>Russell 1000 Value Index</i>	0.59%	12.08%	15.69%	6.89%	10.85%
Fidelity Growth Company Fund	(5.75)%	14.76%	15.06%	1.81%	9.26%
<i>Russell 3000 Growth</i>	(4.22)%	6.84%	8.96%	(0.43)%	5.24%
International Stock Fund	0.67%	27.72%	**	**	**
<i>MSCI EAFE</i>	0.70%	26.56%	23.94%	10.02%	6.39%
U.S. Small Stock Index Fund	(5.13)%	14.58%	18.73%	8.51%	**
<i>Russell 2000 Index</i>	(5.02)%	14.58%	18.70%	8.50%	9.05%
U.S. Stock Market Index Fund	(1.96)%	9.96%	13.04%	3.99%	8.70%
<i>Wilshire 5000 Index</i>	(1.96)%	9.92%	12.98%	4.02%	8.45%
Washington State Bond Fund	0.18%	0.01%	1.81%	5.07%	**
<i>Lehman Intermediate Credit Index</i>	0.06%	(0.61)%	1.83%	5.27%	6.25%
Washington State Long-Horizon Fund	(0.83)%	11.54%	13.17%	5.70%	**
<i>Long-Horizon Custom Benchmark</i> ²	(0.88)%	11.39%	13.20%	6.01%	7.97%
Washington State Mid-Horizon Fund	(0.44)%	7.91%	9.55%	5.74%	**
<i>Mid-Horizon Custom Benchmark</i> ²	(0.52)%	7.59%	9.58%	6.03%	7.59%
Washington State Short-Horizon Fund	0.16%	5.50%	6.23%	4.85%	**
<i>Short-Horizon Custom Benchmark</i> ²	0.11%	5.28%	6.33%	5.12%	6.49%
Washington State Social Balanced Fund	(1.32)%	3.64%	22.76%	**	**
<i>Social Balanced Custom Benchmark</i> ²	(0.82)%	4.35%	22.86%	**	**

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

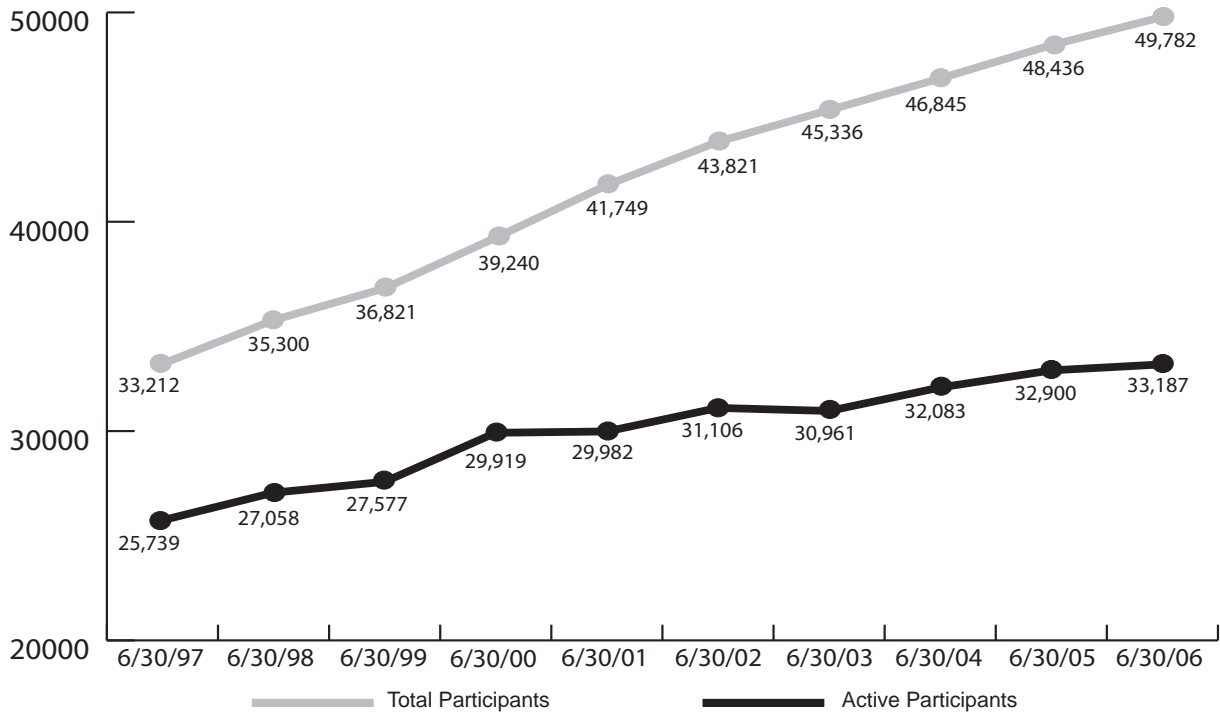
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. 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, 1997-2006



Deferred Compensation Program Participation For the Years Ended June 30, 1997-2006



Dependent Care Assistance Program Participation Report For the Years Ended December 31, 1996-2005 (dollars in thousands)

	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	End of 1996
Total Participants	1,166	1,189	1,224	1,215	1,270	1,344	1,379	1,514	1,485	1,425
Increase (Decrease) Over Prior Year	(23)	(35)	9	(55)	(74)	(35)	(135)	29	60	81
Percentage Change Over Prior Year	(1.93%)	(2.86%)	0.74%	(4.33%)	(5.51%)	(2.54%)	(8.92%)	1.95%	4.21%	6.00%
Estimated Benefits to State										
Taxable Wage Base	\$ 90.0	\$ 87.9	\$ 87.0	\$ 84.9	\$ 80.4	\$ 76.2	\$ 72.6	\$ 68.4	\$ 65.4	\$ 62.7
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	\$ 4,324	\$ 4,473	\$ 4,714	\$ 4,635	\$ 4,801	\$ 5,150	\$ 5,138	\$ 5,741	\$ 5,598	\$ 5,442
OASDI & Medicare Savings ¹	\$ 338	\$ 337	\$ 338	\$ 337	\$ 346	\$ 366	\$ 374	\$ 402	\$ 395	\$ 384
Earnings ¹	15	8	12	19	27	28	25	30	28	25
Forfeitures ^{1 & 2}	5	5	5	11	10	6	10	10	9	10
Estimated Gross Benefit to State	358	350	355	367	383	400	409	442	432	419
Expenditures ³	183	180	163	186	160	174	153	194	192	188
Benefit to State	\$ 175	\$ 170	\$ 192	\$ 181	\$ 223	\$ 226	\$ 256	\$ 248	\$ 240	\$ 231

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 48 percent of the savings.