

Taking our thinking to a new level

Sandy Matheson Director, DRS

2005

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Funds of the State of Washington for the year ended June 30, 2005

Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2005

Prepared by the Washington State Department of Retirement Systems

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Department of Retirement Systems Guiding Principles

1

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

2

We will communicate openly and considerately.

3

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

4

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

5

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

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Introductory Section

Message from the Director

Early this year, the governor asked me to lead the Department of Retirement Systems. I was thrilled to take on the challenge and pleased to work with dedicated, professional staff that take pride in what they do and the value they bring to the citizens of Washington.

In 2005 we continued to deliver outstanding day-to-day customer service and once again earned high marks for cost-effective, efficient pension administration. We added a new feature to our Web site that enables members to estimate benefits based on their actual account data. And we began to move our thinking to a new level, asking the question: How can we better help our members prepare and plan for retirement?

Retirement is changing. People are living longer than they did in past generations. Many will spend more time in retirement than they did in their working careers. They will need the financial resources to do so. Though an earned pension is a key part of retirement security, it is not intended to be the sole source of income.

Those nearing retirement may also need a more flexible workplace – one that offers options for continuing to work – both for financial and soul-sustaining reasons. Baby Boomers are already making it clear that some will be ready to leave the workforce when eligible for retirement, while others may not be ready for several years. The mistake would be in assuming one “shoe” fits everyone.

This year, we began reaching out to public sector employees, their employers and the community at large, engaging them in discussions about the changing nature of retirement. Now is the time to redefine traditional ideas to fit the needs of a changing demographic.

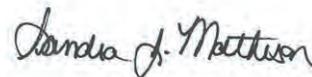
If you have questions about this report or would like to request additional information, please call us toll-free at 1-800-547-6657. In the Olympia area, dial 664-7000. You may also write us at P.O. Box 48380, Olympia, WA 98504-8380 or visit our Web site at www.drswa.gov.

No one has the answers, yet. But the only way we will arrive at those answers is to begin and actively participate in the discussions.

Though we’re looking closely at the future needs of our members, we’re also continuing to ensure we meet their current needs. We asked ourselves another question this year: What can we do to make the retirement process easier? Then we got to work on doing exactly that.

2005 has been a year of accomplishment, transition and change. We consider it a privilege to work with those who dedicate their careers to public service and look forward to serving them in 2006.

Sincerely,

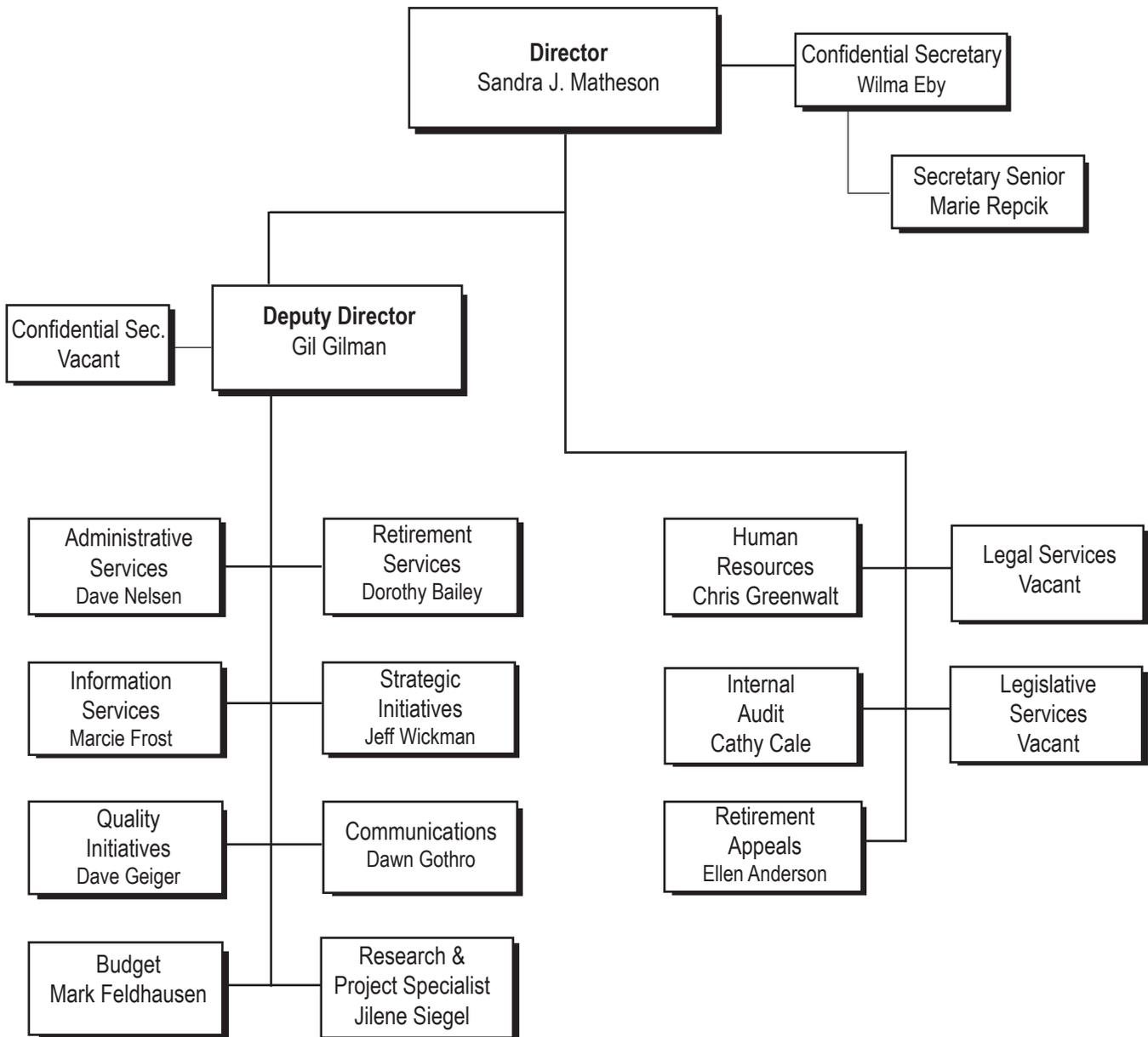


Sandra J. Matheson
Director



Department of Retirement Systems' Organization

June 2005



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: www.leg.wa.gov

Senate Ways and Means Committee
P.O. Box 40482, Olympia, WA 98504-0482
Telephone: (360) 786-7715 or toll-free 1-800-562-6000
(Legislative Hotline)
Web site: www.leg.wa.gov

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, 2005)

Representative Bill Fromhold (Chair)	Bob Keller - PERS Active
Senator Karen Fraser (Vice Chair)	Pat Thompson - PERS Active
Senator Joyce Mulliken	Lois Clement - PERS Retiree
Senator Craig Pridemore	Corky Mattingly - PERS Employers
Representative Steve Conway	Doug Miller - PERS Employers
Representative Larry Crouse	Glenn Olson - PERS Employers
Representative Toby Nixon	Diane Rae - TRS Active
Victor Moore - Director, Office of Financial Management	Elaine Banks - TRS Retiree
Sandra J. Matheson - Director, Department of Retirement Systems	David Westberg - SERS Active
	Leland Goeke - TRS and SERS Employers

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

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
 Senator Margarita Prentice—Chair, Ways and Means Committee
 Senator Joseph Zarelli—Ranking minority member, Ways and Means Committee
 Representative Gary Alexander—Ranking minority member, Appropriations Committee
 Representative Helen Sommers—Chair, Appropriations Committee

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

Office of Financial Management

Advises the governor on pension and funding policies and issues.

The governor appoints the director of OFM.

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

Telephone: (360) 902-0555

Web site: www.ofm.wa.gov

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, 2005)

George Masten (Chair)
Representative of Retired Members

Gary K. Weeks
Director, Department of Labor and Industries

Patrick McElligott (Vice Chair)
Representative of LEOFF

Michael J. Murphy
State Treasurer

Senator Lisa Brown

Deborah Brookman
Representative of PERS

Representative Helen Sommers

Glenn Gorton
Representative of SERS

Sandra J. Matheson
Director, Department of Retirement Systems

David Scott
Representative of TRS

Board Members (Nonvoting Members, June 30, 2005)

Jeffrey Hanna
Investment Professional

John Magnuson
Investment Professional

Jeffrey Seely
Investment Professional

Charles A. Kaminski
Investment Professional

Robert S. Nakahara
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; approves administrative charges assessed to members who participate in self-directed investment options; and provides recommendations on investment options for the Deferred Compensation Program. Board members are appointed by the governor.

Board membership
(June 30, 2005)

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

Representing Teachers' Retirement System members:

- Nancy Baldwin—Retired
- Dr. Alison Olzendam—Washington State University
- Herbert Sargo—Science Teacher, Burlington-Edison School District

Representing School Employees' Retirement System members:

- Virginia Drummond—Personnel Report Technician, Tacoma School District
- Marian Harrison—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 12 members representing active and retired members of the retirement systems administered by DRS. Advisory Committee membership is distributed in the following manner:

Committee Membership (June 30, 2005)

PERS

Doug Cochran
Active

Marian Harrison
Retired

John I. Payne
Active

Mary L. Sherman
Active

LEOFF

Dick Hybak
Active
(law enforcement officer)

Patrick McElligott
Active
(fire fighter)

Richard Warbrouck
Retired

TRS

Nancy Baldwin
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 fiduciaries 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, 2005)

Kelly Fox, Chair
Fire Fighter Representative

Pat Hepler
Fire Fighter Representative

Mark Johnson
Fire Fighter Representative

Jack L. Simington, Vice Chair
Law Enforcement Representative

Michael Edwards
Law Enforcement Representative

Doug Pendergrass
Law Enforcement Representative

Doug Cochran
Employer Representative

Maureen Morris
Employer Representative

David Moseley
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, 2005

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, 2005. This CAFR is designed to comply with the requirements of chapters 41.50.050(4) RCW, 41.50.780(9) RCW, and 41.04.630(2) RCW.

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

This report consists of five sections:

- (1) The Introductory Section, which contains a message from the Director of DRS, this letter of transmittal, 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

DRS administers seven statewide public employee retirement systems, which are comprised of 11 defined benefit pension plans and three combination defined benefit/defined contribution plans. The purpose of DRS is to administer pension plan coverage for state employees, teachers and classified educational employees, law enforcement officers and fire fighters, and other employees of participating political subdivisions. As of June 30, 2005, there were 1,277 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 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 March 2003, the GASB issued Statement No. 40 (GASB 40), Deposit and Investment Risk Disclosures, which amended and/or superseded certain provisions of GASB 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements, and Reverse Repurchase Agreements; GASB 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans; and GASB 28, Accounting and Financial Reporting for Securities Lending Transactions. Effective for Fiscal Year 2005 reporting, DRS implemented the provisions of GASB 40. GASB 40

has no monetary impact on the financial statements of DRS, but does require additional disclosure. As a result of this implementation, the deposit and investment information included in Note 1 to the financial statements has been modified and expanded. Deposit risk disclosures now more clearly address and disclose custodial credit risk. Investment risk disclosures now specifically address and display credit risk (including custodial credit risk and concentration of credit risk), interest rate risk and foreign currency risk.

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 \$44,138 million. The accrued liability is \$48,423 million. The accrued liability exceeds the net actuarial value of assets available for benefits by

\$4,285 million. The ratio of assets to liabilities is 91 percent compared to 93 percent last year. Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan (June 30, 2024, or earlier), as required by chapter 41.45 RCW. Valuations are performed for all DRS-administered retirement systems on a yearly (October 1 to September 30) basis. These calculations are prepared by the Office of the State Actuary and reflect the latest valuation results. Additional actuarial information is included in the Actuarial Section of this report.

Investments

The Washington State Investment Board (WSIB) has sole authority and responsibility for the investment of all state and local pension fund assets. The enabling statute requires the WSIB to “. . . establish investment policies and procedures designed exclusively to maximize return at a prudent level of risk.” The policies adopted by the WSIB include provisions for the setting of strategic asset allocation objectives, as well as strategies and return objectives for individual asset classes. A summary of the asset allocation can be found in the Investment Section of this report. For Fiscal Year 2005, the commingled trust fund (CTF) investments provided a 13.34 percent rate of return. The CTF annualized rate of return over the last three years was 10.71 percent and 3.63 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 Introductory Section of this report under the heading “Overview of Agency Operations.”

Independent Audit

An audit of DRS' basic financial statements was conducted by Peterson Sullivan PLLC, independent auditors. The independent auditor's report on our financial statements is included in the Financial Section of this report.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to DRS for its comprehensive annual financial report for the fiscal year ended June 30, 2004. This was the eleventh 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.

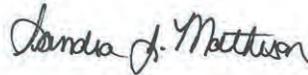
In November 2005, DRS also received the Public Pension Standards 2005 Award from the Public Pension Coordinating Council (PPCC). The PPCC is a coalition of three national associations, serving public pension funds, that represents substantially all employees of state and local government in the United States. Eligibility for this award entails meeting the professional standards for plan design and administration set forth in the Public Pension Standards. These standards are intended to reflect minimum expectations for public retirement system management and administration.

Acknowledgments

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

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.



Nancy L. Zielle

President

Jeffrey R. Emer

Executive Director



**Public Pension Coordinating Council
Public Pension Standards
2005 Award**

Presented to

Washington State Department of Retirement Systems

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

Presented by the Public Pension Coordinating Council, a confederation of

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

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

Alan H. Winkle
Program Administrator

Overview of Agency Operations

Key 2005 accomplishments are summarized below.

A national leader in cost-effectiveness

DRS once again took part in an independent study of public pension administrators, conducted by Cost Effectiveness Management, Inc.

For the second year in a row, the analysis showed our administrative cost (actual cost per member) to be 31 percent lower than the cost that would be expected, given the complexity of the plans we administer and the level of service we provide. The study measures the agency's operations against other large pension plans throughout the United States and abroad.

New Web site "a hit"

In January, we launched a new Web site, designed to make it easier for our customers to quickly find information specific to their plans. Among the popular new features – a search function; "quick clicks" to the DRS Web pages requested most often; and a "hot topics" section for timely news.

The site is a key source of information that includes member handbooks, forms, publications and helpful links to legislative bills. Our Web site averaged more than 70,000 hits a month in 2005.

Benefit estimator eases planning ahead

Mid-year, we launched a new online service that was based on suggestions we received from members. The service enables members to use actual account data, including service credit and earliest retirement date, to estimate their benefits at retirement.

The online estimator is so flexible – a member can also input other numbers to calculate the impact salary and service credit changes, as well as different survivor benefit options, would have on a retirement benefit.

Service with a smile, no waiting

Throughout the year, our staff receives many notes and calls, thanking them for friendly and knowledgeable service. We also make providing that service promptly a priority.

DRS staff takes pride in providing fast and friendly service. Over the year, DRS staff answered 92 percent of more than 169,000 phone calls within 30 seconds and retirement specialists met with more than 3,300 members within three minutes of their arrival at our offices. In addition, DRS staff responded to 92 percent of nearly 26,000 pieces of routine correspondence within five days.

2005 Washington State Legislative Actions

The 2005 Washington State Legislature enacted the following significant changes in retirement law.

Purchase of additional service credit in PERS Plans 2 and 3 or SERS Plans 2 and 3

This bill allows a member who applies for early retirement in PERS or SERS Plan 2 or 3 to purchase up to five years of additional service credit at the time of retirement. The cost of the service credit is actuarially equivalent to the resulting increase in the member's benefit. The purchase of additional service credit cannot be used to qualify a member for early retirement.

Public Safety Employees' Retirement System (PSERS) Plan 2

This bill created a new retirement system, effective in 2006, for public safety employees in specific job classes. Positions such as corrections, custody and probation officers, park rangers and liquor enforcement officers are eligible for membership in the Public Safety Employees' Retirement System (PSERS).

PSERS will provide a retirement benefit at age 65 with at least 5 years of service credit or at age 60 with at least 10 years of PSERS service credit. A benefit reduced for early retirement will also be an option at age 53 with at least 20 years of service credit.

Minimum monthly benefit for PERS Plan 1 and TRS Plan 1 Retirees

This bill establishes a minimum benefit for PERS Plan 1 and TRS Plan 1 members who have at least 25 years of service credit and have been retired at least 20 years.

The legislation identifies \$1,000 as the minimum benefit, however, any adjustments made at the time of retirement, such as a survivor benefit or annuity withdrawal, reduce that amount.

Asset Smoothing Corridor

This bill establishes a 30% asset-smoothing corridor for actuarial valuations used in the funding of the state retirement systems.

WSPRS and LEOFF Plan 2 Death Benefits

Two separate bills establish that beneficiaries of a WSPRS or LEOFF Plan 2 member killed in the course of employment will receive benefits without actuarial reduction for early retirement. The member must have had at least 10 years of service.

LEOFF Plan 2 Disability Benefits

This bill entitles qualifying LEOFF Plan 2 members, who leave employment because of a duty-related disability, to receive additional benefits and/or exempt their benefits from federal income tax.

Financial Section

Independent Auditor's Report



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Ms. Sandra J. Matheson
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, 2005. 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, 2004, financial statements and in our report dated November 19, 2004, 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 2005 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, 2005, 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, 2005, 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 17, 2005

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, 2005. Please read it in conjunction with the Letter of Transmittal beginning on page 10 and DRS' financial statements, which begin on page 27 of this report.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2005:

- The combined plan net assets of all the pension funds administered by DRS increased by \$4,444.0 million during Fiscal Year 2005.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$13,317.9 million, representing an increase of 4%. Employee contributions increased by 4% and employer contributions increased by 5%.
- Net investment earnings (net appreciation in the fair value of investments, plus interest and dividend income, less investment expenses) decreased by 9% compared to last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$137.8 million bringing the total benefit payments to \$2,078.3 million. Refunds of contributions paid to former retirement system members upon termination of employment increased from \$183.9 million to \$210.0 million.
- Administrative expenses totaled \$25.4 million, a decrease of \$0.1 million from last fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basic Financial Statements

The basic financial statements presented for the fiduciary funds are fund financial statements and include a Statement

of Plan Net Assets and a Statement of Changes in Plan Net Assets. The fiduciary funds include defined benefit and defined contribution pension trust funds, the deferred compensation program trust fund, and the dependent care assistance program agency fund. The Statement of Plan Net Assets presented on pages 27-30 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2005. The Statement of Changes in Plan Net Assets presented on pages 31-34 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2005.

The basic financial statements presented for the governmental fund include a Balance Sheet/Statement of Net Assets and a Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities. The governmental fund administered by DRS is a special revenue fund used to account for the administrative revenues and operating expenditures incurred in administering the dependent care assistance program. The Balance Sheet/Statement of Net Assets presented on page 35 has three separate columns: Balance Sheet, Adjustments, and Statement of Net Assets. The "Balance Sheet" column presents the assets, liabilities, and fund balance using the current financial resources measurement focus and the modified accrual basis of accounting. The "Statement of Net Assets" column presents the difference between assets and liabilities as net assets and uses the economic resources measurement focus and accrual basis of accounting. The "Adjustments" column displays the changes needed to adjust the Balance Sheet line items to the line items in the Statement of Net Assets. This statement reports the assets, liabilities and fund balance/net assets for the special revenue fund as of June 30, 2005. The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities presented on page 36 has three separate columns: Statement of Revenues, Expenditures and Changes in Fund Balance; Adjustments; and Statement of Activities. The "Statement of Revenues, Expenditures, and Changes in Fund Balance" column presents the inflows, outflows and balances of current financial resources using the current financial resources measurement focus and the modified accrual basis of accounting. The "Statement of Activities" column is presented using the economic resour-

es measurement focus and accrual basis of accounting. The “Adjustments” column displays the changes needed to adjust the Statement of Revenues, Expenditures and Changes in Fund Balance line items to the line items in the Statement of Activities. This statement reports the revenues, expenditures, and resulting fund balance/net assets for the special revenue fund for the fiscal year ending June 30, 2005.

Notes to the Financial Statements

The notes to the financial statements presented on pages 37-64 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

Net Assets	Fiscal Year 2005	<i>(dollars in millions)</i>		
		Fiscal Year 2004	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled				
Investments	\$47.2	\$47.9	\$(0.7)	(1%)
Receivables	265.3	269.7	(4.4)	(2%)
Capital Assets, Net of Depreciation	0.8	1.1	(0.3)	(27%)
Investments, Noncurrent	55,348.0	49,843.4	5,504.6	11%
Other Assets	1.1	1.2	(0.1)	(8%)
Total Assets	<u>55,662.4</u>	<u>50,163.3</u>	<u>5,499.1</u>	<u>11%</u>
Liabilities				
Obligations Under Security Lending Agreements	4,365.3	3,310.0	1,055.3	32%
Other Short-Term Liabilities	113.0	113.1	(0.1)	0%
Long-Term Obligations	1.1	1.2	(0.1)	(8%)
Total Liabilities	<u>4,479.4</u>	<u>3,424.3</u>	<u>1,055.1</u>	<u>31%</u>
Total Net Assets	<u>\$51,183.0</u>	<u>\$46,739.0</u>	<u>\$4,444.0</u>	<u>10%</u>

Total trust fund assets as of June 30, 2005 were \$55,662.4 million and were mostly comprised of investments and contributions due from employers. This was an increase of \$5,499.1 million or 11% over the last fiscal year, and was primarily due to increased investment earnings in the fixed income and public equity asset classes.

Total trust fund liabilities as of June 30, 2005 were \$4,479.4 million and were mostly comprised of obligations under securities lending. This was an increase of \$1,055.1 million or

31% over the last fiscal year, and was primarily due to an increase in obligations under securities lending agreements, resulting from increased market demand for these investment products.

Total combined trust fund plan net assets as of June 30, 2005 were \$51,183.0 million, which was an increase of \$4,444.0 million or 10% over the last fiscal year.

Analysis of Changes in Net Assets – Fiduciary Funds

Changes in Net Assets	<i>(dollars in millions)</i>			
	Fiscal Year 2005	Fiscal Year 2004	Increase (Decrease) Amount	Increase (Decrease) Percentage
Additions				
Employer Contributions	\$183.3	\$174.1	\$9.2	5%
Member Contributions	521.4	502.2	19.2	4%
State Contributions	27.8	26.7	1.1	4%
Participant Contributions	160.0	147.7	12.3	8%
Net Investment Income	5,840.3	6,429.1	(588.8)	(9%)
Net Income from Securities Lending Activities	1.4	0.6	0.8	133%
Charges For Services	25.7	28.7	(3.0)	(10%)
Transfers from Other Pension Plans	5.5	25.4	(19.9)	(78%)
Other Additions	2.6	2.9	(0.3)	(10%)
Total Additions	<u>6,768.0</u>	<u>7,337.4</u>	<u>(569.4)</u>	<u>(8%)</u>
Deductions				
Benefits	2,078.3	1,940.5	137.8	7%
Refunds of Contributions	210.0	183.9	26.1	14%
Transfers to Other Pension Plans	5.5	25.4	(19.9)	(78%)
Transfers to State General Fund	4.8	0.8	4.0	500%
Administrative Expenses	25.4	25.3	0.1	0%
Total Deductions	<u>2,324.0</u>	<u>2,175.9</u>	<u>148.1</u>	<u>7%</u>
Increase/(Decrease) in Net Assets	<u>\$4,444.0</u>	<u>\$5,161.5</u>	<u>\$(717.5)</u>	<u>(14%)</u>
Net Assets - Beginning of Year	<u>46,739.0</u>	<u>41,577.5</u>	<u>5,161.5</u>	<u>12%</u>
Net Assets - End of Year	<u>\$51,183.0</u>	<u>\$46,739.0</u>	<u>\$4,444.0</u>	<u>10%</u>

Additions to the retirement trust funds primarily consist of contributions from employers, active system members, the state, and investment earnings. Additions to the deferred compensation trust fund primarily consist of participant contributions and investment earnings. Total trust fund additions (excluding plan transfers) for Fiscal Year 2005 amounted to \$6,762.5 million, a decrease of \$549.5 million or 7.5% from Fiscal Year 2004. This was primarily due to investment returns falling from 16.2% in 2004 to 13.3% in 2005.

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 2005 totaled \$2,318.5 million, an increase of \$168.0 million or 8% over Fiscal Year 2004. This was primarily due to an increase in benefits paid to retirees and beneficiaries. Benefit payments increased by 7% as a result of an increase in the number of retirees. Administrative Expenses for Fiscal Year 2005 totaled approximately \$25.4 million, an increase of less than 1% from last fiscal year. The increase in expenses was due to increased data processing service costs.

Transfers from Other Pension Plans and Transfers to Other Pension Plans represent transfers between the various pension plans administered by DRS. Total plan transfers for Fiscal Year 2005 amounted to \$5.5 million, a decrease of \$19.9 million or 78% from last fiscal year. The transfers for this fiscal year were lower due to the implementation of PERS Plan 3 in Fiscal Year 2003. The PERS Plan 2 members that opted to transfer to PERS Plan 3 accounted for \$609.2 million of the total transfers during Fiscal Year 2003. These PERS Plan 3 transfers continue to level off with

each succeeding year since 2003. Fiscal Year 2005's activity was more representative of routine transfer activity.

Transfers to the State General Fund were \$4.8 million in Fiscal Year 2005 and \$0.8 million in the previous year. These operating budget transfers, totaling \$5.5 million, were authorized by ESHB 2459, Chapter 276, Laws of 2004, pursuant to RCW 43.135.035 (5).

Analysis of Net Assets – Governmental Fund

(dollars in thousands)				
Net Assets	Fiscal Year 2005	Fiscal Year 2004	Increase (Decrease) Amount	Increase (Decrease) Percentage
Assets				
Cash and Pooled Investments	\$82	\$90	\$(8)	(9%)
Total Assets	<u>82</u>	<u>90</u>	<u>\$(8)</u>	<u>(9%)</u>
Liabilities				
Due to Other Agencies	1	2	(1)	(50%)
Accounts Payable & Accrued Liabilities	6	5	1	20%
Total Liabilities	<u>7</u>	<u>7</u>	<u>-</u>	<u>0%</u>
Total Net Assets	<u>\$75</u>	<u>\$83</u>	<u>\$(8)</u>	<u>(10%)</u>

Governmental fund total assets as of June 30, 2005 were \$82,000, and were entirely comprised of cash. This was a decrease of \$8,000 from last fiscal year and was due to a decrease in the amount of cash on hand at year end.

Governmental fund total liabilities as of June 30, 2005 were \$7,000 and were mostly comprised of accrued salaries and administrative costs. There was no change in the amount of total liabilities from last fiscal year.

Analysis of Changes in Net Assets – Governmental Fund

(dollars in thousands)				
Changes in Net Assets	Fiscal Year 2005	Fiscal Year 2004	Increase (Decrease) Amount	Increase (Decrease) Percentage
Revenues				
Charges For Services	\$173	\$179	\$(6)	(3%)
Total Revenues	<u>173</u>	<u>179</u>	<u>\$(6)</u>	<u>(3%)</u>
Expenses				
Administrative Expenses	181	177	4	2%
Increase/Decrease in Net Assets	\$(8)	\$2	\$(10)	(500%)
Net Assets - Beginning of Year	83	81	2	2%
Net Assets - End of Year	<u>\$75</u>	<u>\$83</u>	<u>\$(8)</u>	<u>(10%)</u>

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 2005 amounted to \$173,000, a decrease of \$6,000 or 3% from Fiscal Year 2004. This was due to a decrease in the number of participating employees.

The only expenses for the governmental fund are for the cost of administering the program. Administrative expenses for this fund include personnel expenses, goods and services, travel, and other miscellaneous expenses. Administrative Expenses for Fiscal Year 2005 totaled \$181,000, an increase of \$4,000 or 2% from last 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, 2005, was \$2.8 million, with accumulated depreciation of \$2.0 million, leaving a net book value of \$0.8 million. This amount represents a decrease of 27% 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 \$1.1 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, 2005 (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	\$ 10,196	\$ 7,100	\$ 205	\$ 933	\$ 754
Receivables					
Due from Other Governments	3,935	8,042	3,168	1,167	4,137
Member Accounts Receivable (Net of Allowance)	559	70	-	2	-
Interest and Dividends	27,614	34,637	1,463	4,928	1,482
Investment Trades Pending Receivable - Short Term	10,289	12,966	548	1,843	555
Due from Pension Funds	431	609	4,350	852	4,455
Due from Other Washington State Agencies	3	3	-	-	-
Other Receivables - Short Term	1	1	-	-	-
Total Receivables	<u>42,832</u>	<u>56,328</u>	<u>9,529</u>	<u>8,792</u>	<u>10,629</u>
Capital Assets, net of depreciation	<u>189</u>	<u>190</u>	<u>-</u>	<u>12</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	10,428,624	13,142,000	555,289	1,867,697	562,020
Money Market Investments	445	4,292	181	3,142	945
Other Noncurrent Investments	1,605	718	427,283	238	204,028
Total Investments, Noncurrent	<u>10,430,674</u>	<u>13,147,010</u>	<u>982,753</u>	<u>1,871,077</u>	<u>766,993</u>
Other Assets	<u>277</u>	<u>278</u>	<u>-</u>	<u>17</u>	<u>-</u>
TOTAL ASSETS	<u>10,484,168</u>	<u>13,210,906</u>	<u>992,487</u>	<u>1,880,831</u>	<u>778,376</u>
LIABILITIES					
Obligations under Security Lending Agreements	883,480	1,111,928	46,932	158,123	47,502
Accounts Payable	10,085	5,297	325	699	246
Investment Trades Pending Payable - Short Term	7,511	9,465	400	1,345	405
Due to Other Governments	5,982	720	-	105	-
Due to Pension Funds	112	5,097	176	4,651	825
Due to Other Washington State Agencies	151	93	-	10	-
Deposits Payable - Short Term	2	1	-	-	-
Other Short-Term Liabilities	1	-	-	-	-
Other Long-Term Obligations	277	278	-	17	-
Accrued Salaries	134	133	-	9	-
Deferred Revenue	108	314	-	17	-
TOTAL LIABILITIES	<u>907,843</u>	<u>1,133,326</u>	<u>47,833</u>	<u>164,976</u>	<u>48,978</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>9,576,325</u>	\$ <u>12,077,580</u>	\$ <u>944,654</u>	\$ <u>1,715,855</u>	\$ <u>729,398</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, 2005 (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	\$ 8,571	\$ 1,724	\$ 3,029	\$ 3,343	\$ 1,820
Receivables					
Due from Other Governments	3,323	3,058	16,111	-	5,384
Member Accounts Receivable (Net of Allowance)	387	3	-	55	9
Interest and Dividends	23,340	12,227	4,149	14,491	9,762
Investment Trades Pending Receivable - Short Term	8,699	4,572	1,552	5,409	3,651
Due from Pension Funds	371	3,693	12,905	213	94
Due from Other Washington State Agencies	2	1	-	1	1
Other Receivables - Short Term	1	-	-	-	-
Total Receivables	<u>36,123</u>	<u>23,554</u>	<u>34,717</u>	<u>20,169</u>	<u>18,901</u>
Capital Assets, net of depreciation	<u>163</u>	<u>82</u>	<u>-</u>	<u>94</u>	<u>41</u>
Investments, Noncurrent					
Equity in CTF	8,817,460	4,634,422	1,573,234	5,482,122	3,700,914
Money Market Investments	4,016	9,078	3,082	351	7,915
Other Noncurrent Investments	1,235	503	1,187,162	530	184
Total Investments, Noncurrent	<u>8,822,711</u>	<u>4,644,003</u>	<u>2,763,478</u>	<u>5,483,003</u>	<u>3,709,013</u>
Other Assets	<u>238</u>	<u>121</u>	<u>-</u>	<u>137</u>	<u>60</u>
TOTAL ASSETS	<u>8,867,806</u>	<u>4,669,484</u>	<u>2,801,224</u>	<u>5,506,746</u>	<u>3,729,835</u>
LIABILITIES					
Obligations under Security Lending Agreements	746,872	392,399	132,968	464,100	313,081
Accounts Payable	7,844	1,925	611	3,693	1,433
Investment Trades Pending Payable - Short Term	6,350	3,338	1,133	3,948	2,666
Due to Other Governments	5,232	125	-	54	-
Due to Pension Funds	119	13,361	3,505	9	145
Due to Other Washington State Agencies	81	34	-	37	26
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	-
Other Long-Term Obligations	238	121	-	137	60
Accrued Salaries	113	57	-	66	29
Deferred Revenue	315	81	-	-	12
TOTAL LIABILITIES	<u>767,164</u>	<u>411,441</u>	<u>138,217</u>	<u>472,044</u>	<u>317,452</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>\$ 8,100,642</u>	<u>\$ 4,258,043</u>	<u>\$ 2,663,007</u>	<u>\$ 5,034,702</u>	<u>\$ 3,412,383</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, 2005 (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	\$ 859	\$ 493	\$ 4,285	\$ 7	\$ 3,326
Receivables					
Due from Other Governments	55	11	-	-	-
Member Accounts Receivable (Net of Allowance)	-	-	-	-	782
Interest and Dividends	2,081	6	8	-	6
Investment Trades Pending Receivable - Short Term	777	-	-	-	-
Due from Pension Funds	27	-	-	-	-
Due from Other Washington State Agencies	-	-	-	-	1
Other Receivables - Short Term	-	-	-	-	-
Total Receivables	<u>2,940</u>	<u>17</u>	<u>8</u>	<u>-</u>	<u>789</u>
Capital Assets, net of depreciation	<u>12</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments, Noncurrent					
Equity in CTF	787,872	-	-	-	-
Money Market Investments	116	2,001	-	-	-
Other Noncurrent Investments	109	80	648	14,515	1,921,859
Total Investments, Noncurrent	<u>788,097</u>	<u>2,081</u>	<u>648</u>	<u>14,515</u>	<u>1,921,859</u>
Other Assets	<u>18</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>791,926</u>	<u>2,591</u>	<u>4,941</u>	<u>14,522</u>	<u>1,925,974</u>
LIABILITIES					
Obligations under Security Lending Agreements	66,728	81	647	1	503
Accounts Payable	578	115	8	-	12
Investment Trades Pending Payable - Short Term	567	-	-	-	-
Due to Other Governments	163	37	3	-	-
Due to Pension Funds	-	-	-	-	-
Due to Other Washington State Agencies	11	-	-	-	38
Deposits Payable - Short Term	-	-	-	-	-
Other Short-Term Liabilities	-	-	-	-	9
Other Long-Term Obligations	17	-	-	-	-
Accrued Salaries	8	-	-	-	34
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>68,072</u>	<u>233</u>	<u>658</u>	<u>1</u>	<u>596</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>723,854</u>	\$ <u>2,358</u>	\$ <u>4,283</u>	\$ <u>14,521</u>	\$ <u>1,925,378</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, 2005 (page 4 of 4) (expressed in thousands)

	Agency Dependent Care	Totals	
		June 30, 2005	June 30, 2004
ASSETS			
Cash and Pooled Investments	\$ 547	\$ 47,192	\$ 47,951
Receivables			
Due from Other Governments	-	48,391	48,028
Member Accounts Receivable (Net of Allowance)	-	1,867	2,236
Interest and Dividends	-	136,194	126,731
Investment Trades Pending Receivable - Short Term	-	50,861	65,791
Due from Pension Funds	-	28,000	26,870
Due from Other Washington State Agencies	-	12	22
Other Receivables - Short Term	-	3	3
Total Receivables	-	<u>265,328</u>	<u>269,681</u>
Capital Assets, net of depreciation	-	<u>783</u>	<u>1,076</u>
Investments, Noncurrent			
Equity in CTF	-	51,551,654	46,390,724
Money Market Investments	-	35,564	44,356
Other Noncurrent Investments	-	3,760,697	3,408,358
Total Investments, Noncurrent	-	<u>55,347,915</u>	<u>49,843,438</u>
Other Assets	-	<u>1,146</u>	<u>1,181</u>
TOTAL ASSETS	<u>547</u>	<u>55,662,364</u>	<u>50,163,327</u>
LIABILITIES			
Obligations under Security Lending Agreements	-	4,365,345	3,310,074
Accounts Payable	-	32,871	21,622
Investment Trades Pending Payable - Short Term	-	37,128	51,177
Due to Other Governments	-	12,421	10,679
Due to Pension Funds	-	28,000	26,870
Due to Other Washington State Agencies	-	481	332
Deposits Payable - Short Term	-	3	3
Other Short-Term Liabilities	547	557	492
Other Long-Term Obligations	-	1,145	1,181
Accrued Salaries	-	583	550
Deferred Revenue	-	847	1,399
TOTAL LIABILITIES	<u>547</u>	<u>4,479,381</u>	<u>3,424,379</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>0</u>	\$ <u>51,182,983</u>	\$ <u>46,738,948</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, 2005 (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	\$ 22,360	\$ 74,720	\$ -	\$ 10,160	\$ -
Plan Member	52,246	63,806	59,029	4,166	46,738
State	-	-	-	-	-
Plan Member Restorations	5,004	3,403	-	259	-
Total Retirement Contributions	<u>79,610</u>	<u>141,929</u>	<u>59,029</u>	<u>14,585</u>	<u>46,738</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	940,878	1,144,775	70,343	163,113	57,716
Interest	112,703	135,443	6,693	20,198	5,913
Dividends	113,804	139,352	5,649	19,871	5,760
Less: Investment Expense	(3,879)	(3,827)	(815)	(524)	(438)
Net Income from Investing Activities	<u>1,163,506</u>	<u>1,415,743</u>	<u>81,870</u>	<u>202,658</u>	<u>68,951</u>
<i>Securities Lending Activities:</i>					
Securities Lending Income	18,565	23,395	989	3,323	1,003
Less: Costs of Lending Securities	(18,274)	(24,002)	-	(4,258)	-
Net Income from Securities Lending Activities	<u>291</u>	<u>(607)</u>	<u>989</u>	<u>(935)</u>	<u>1,003</u>
Total Net Investment Income	<u>1,163,797</u>	<u>1,415,136</u>	<u>82,859</u>	<u>201,723</u>	<u>69,954</u>
Charges For Services	4,995	6,139	500	1,044	175
Transfers from Other Pension Plans	242	254	1,337	1,959	290
Miscellaneous	49	67	-	13	-
TOTAL ADDITIONS	<u>1,248,693</u>	<u>1,563,525</u>	<u>143,725</u>	<u>219,324</u>	<u>117,157</u>
DEDUCTIONS					
Benefits	880,874	102,742	-	10,114	-
Refunds of Contributions	5,143	24,086	25,533	2,191	21,478
Annuity Payments	-	-	-	-	-
Transfers to Other Pension Plans	39	3,462	162	333	148
Transfer to State General Fund	927	1,256	-	235	-
Administrative Expenses	4,903	5,960	500	990	175
TOTAL DEDUCTIONS	<u>891,886</u>	<u>137,506</u>	<u>26,195</u>	<u>13,863</u>	<u>21,801</u>
NET INCREASE (DECREASE)	356,807	1,426,019	117,530	205,461	95,356
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS					
Beginning of Year: July 1	<u>9,219,518</u>	<u>10,651,561</u>	<u>827,124</u>	<u>1,510,394</u>	<u>634,042</u>
End of Year: June 30	<u>\$ 9,576,325</u>	<u>\$12,077,580</u>	<u>\$ 944,654</u>	<u>\$ 1,715,855</u>	<u>\$ 729,398</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, 2005 (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	\$ 8,793	\$ 33,767	\$ -	\$ 9
Plan Member	38,087	3,549	183,645	(2)
State	-	-	-	-
Plan Member Restorations	4,341	471	-	1
Total Retirement Contributions	<u>51,221</u>	<u>37,787</u>	<u>183,645</u>	<u>8</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	793,617	404,585	208,876	488,672
Interest	94,994	50,376	15,709	58,150
Dividends	95,949	49,317	15,967	59,226
Less: Investment Expense	(3,250)	(1,215)	(2,264)	(1,897)
Net Income from Investing Activities	<u>981,310</u>	<u>503,063</u>	<u>238,288</u>	<u>604,151</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	15,697	8,247	2,805	9,759
Less: Costs of Lending Securities	(15,451)	(10,878)	-	(9,606)
Net Income from Securities Lending Activities	<u>246</u>	<u>(2,631)</u>	<u>2,805</u>	<u>153</u>
Total Net Investment Income	<u>981,556</u>	<u>500,432</u>	<u>241,093</u>	<u>604,304</u>
Charges For Services	4,225	3,317	175	2,624
Transfers from Other Pension Plans	168	500	604	-
Miscellaneous	41	39	-	26
TOTAL ADDITIONS	<u>1,037,211</u>	<u>542,075</u>	<u>425,517</u>	<u>606,962</u>
DEDUCTIONS				
Benefits	680,003	17,118	-	279,957
Refunds of Contributions	1,180	3,110	35,582	5
Annuity Payments	61,115	-	-	-
Transfers to Other Pension Plans	33	618	634	39
Transfer to State General Fund	784	660	-	487
Administrative Expenses	3,894	3,027	175	2,455
TOTAL DEDUCTIONS	<u>747,009</u>	<u>24,533</u>	<u>36,391</u>	<u>282,943</u>
NET INCREASE (DECREASE)	290,202	517,542	389,126	324,019
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	7,810,440	3,740,501	2,273,881	4,710,683
End of Year: June 30	<u>\$ 8,100,642</u>	<u>\$ 4,258,043</u>	<u>\$ 2,663,007</u>	<u>\$ 5,034,702</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, 2005 (page 3 of 4)
(expressed in thousands)

	Pension Trust			
	LEOFF Plan 2	WSPRS Plan 1/2	JRS	Judges
ADDITIONS				
Retirement Contributions				
Employer	\$ 32,780	\$ -	\$ 155	\$ -
Plan Member	53,913	1,316	155	-
State	21,266	-	5,995	500
Plan Member Restorations	645	-	-	-
Total Retirement Contributions	<u>108,604</u>	<u>1,316</u>	<u>6,305</u>	<u>500</u>
Participant Contributions	-	-	-	-
Investment Income				
<i>Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	318,620	69,673	2	13
Interest	37,415	8,260	76	97
Dividends	38,851	8,455	-	-
Less: Investment Expense	(1,860)	(260)	(5)	(24)
Net Income from Investing Activities	<u>393,026</u>	<u>86,128</u>	<u>73</u>	<u>86</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	6,588	1,403	-	-
Less: Costs of Lending Securities	(6,485)	(1,381)	-	-
Net Income from Securities Lending Activities	<u>103</u>	<u>22</u>	<u>-</u>	<u>-</u>
Total Net Investment Income	<u>393,129</u>	<u>86,150</u>	<u>73</u>	<u>86</u>
Charges For Services	1,778	377	1	2
Transfers from Other Pension Plans	17	98	-	-
Miscellaneous	17	4	-	-
TOTAL ADDITIONS	<u>503,545</u>	<u>87,945</u>	<u>6,379</u>	<u>588</u>
DEDUCTIONS				
Benefits	8,978	27,606	8,761	641
Refunds of Contributions	7,765	173	-	13
Annuity Payments	-	-	-	-
Transfers to Other Pension Plans	1	-	-	-
Transfer to State General Fund	330	70	-	1
Administrative Expenses	1,659	358	1	2
TOTAL DEDUCTIONS	<u>18,733</u>	<u>28,207</u>	<u>8,762</u>	<u>657</u>
NET INCREASE (DECREASE)	484,812	59,738	(2,383)	(69)
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	2,927,571	664,116	4,741	4,352
End of Year: June 30	<u>\$ 3,412,383</u>	<u>\$ 723,854</u>	<u>\$ 2,358</u>	<u>\$ 4,283</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, 2005 (page 4 of 4)
(expressed in thousands)

	Pension Trust		Totals	
	JRA Defined Contribution	Deferred Compensation	June 30, 2005	June 30, 2004
ADDITIONS				
Retirement Contributions				
Employer	\$ 602	\$ -	\$ 183,346	\$ 174,090
Plan Member	601	-	507,249	490,343
State	-	-	27,761	26,688
Plan Member Restorations	-	-	14,124	11,897
Total Retirement Contributions	<u>1,203</u>	<u>-</u>	<u>732,480</u>	<u>703,018</u>
Participant Contributions	<u>-</u>	<u>160,029</u>	<u>160,029</u>	<u>147,660</u>
Investment Income				
<i>Investing Activities:</i>				
Net Appreciation (Depreciation) in Fair Value of Investments	437	55,007	4,716,327	5,440,683
Interest	215	27,981	574,223	557,928
Dividends	126	20,098	572,425	457,328
Less: Investment Expense	(18)	(2,359)	(22,635)	(26,815)
Net Income from Investing Activities	<u>760</u>	<u>100,727</u>	<u>5,840,340</u>	<u>6,429,124</u>
<i>Securities Lending Activities:</i>				
Securities Lending Income	-	-	91,774	31,894
Less: Costs of Lending Securities	-	-	(90,335)	(31,305)
Net Income from Securities Lending Activities	<u>-</u>	<u>-</u>	<u>1,439</u>	<u>589</u>
Total Net Investment Income	<u>760</u>	<u>100,727</u>	<u>5,841,779</u>	<u>6,429,713</u>
Charges For Services	-	335	25,687	28,714
Transfers from Other Pension Plans	-	-	5,469	25,418
Miscellaneous	15	2,302	2,573	2,874
TOTAL ADDITIONS	<u>1,978</u>	<u>263,393</u>	<u>6,768,017</u>	<u>7,337,397</u>
DEDUCTIONS				
Benefits	411	-	2,017,205	1,888,309
Refunds of Contributions	-	83,741	210,000	183,903
Annuity Payments	-	-	61,115	52,237
Transfers to Other Pension Plans	-	-	5,469	25,418
Transfer to State General Fund	-	-	4,750	750
Administrative Expenses	-	1,344	25,443	25,321
TOTAL DEDUCTIONS	<u>411</u>	<u>85,085</u>	<u>2,323,982</u>	<u>2,175,938</u>
NET INCREASE (DECREASE)	1,567	178,308	4,444,035	5,161,459
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS				
Beginning of Year: July 1	12,954	1,747,070	46,738,948	41,577,489
End of Year: June 30	<u>\$ 14,521</u>	<u>\$ 1,925,378</u>	<u>\$51,182,983</u>	<u>\$46,738,948</u>

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2005
(expressed in thousands)

Dependent Care Administrative Fund			
	Balance Sheet	Adjustments	Statement of Net Assets
ASSETS			
Cash and Pooled Investments	\$ <u>82</u>	\$ <u>-</u>	\$ <u>82</u>
TOTAL ASSETS	82	-	82
LIABILITIES			
Accounts Payable	1	-	1
Due to Other Washington State Agencies	1	-	1
Accrued Salaries	<u>5</u>	<u>-</u>	<u>5</u>
TOTAL LIABILITIES	7	-	7
FUND BALANCE/NET ASSETS:			
Fund Balance:			
Unreserved, Reported in Special Revenue Funds	<u>75</u>	<u>(75)</u>	<u>-</u>
Total Fund Balance	<u>75</u>	<u>(75)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>82</u>		
Net Assets:			
Unrestricted		<u>-</u>	<u>-</u>
TOTAL NET ASSETS		\$ <u>(75)</u>	\$ <u>75</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, 2005
(expressed in thousands)**

REVENUES	Dependent Care Administrative Fund		
	Statement of Revenues, Expenditures and Changes in Fund Balance	Adjustments	Statement of Activities
Charges for Services	\$ 173	\$ -	\$ 173
TOTAL REVENUES	173	-	173
EXPENDITURES/EXPENSES			
Current:			
Personnel Services	123	-	123
Goods and Services	53	-	53
Capital Outlays	3	-	3
Miscellaneous	<u>2</u>	<u>-</u>	<u>2</u>
Total Expenditures/Expenses	<u>181</u>	<u>-</u>	<u>181</u>
TOTAL EXPENDITURES/EXPENSES	181	-	181
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8)	8	-
CHANGE IN NET ASSETS	-	(8)	(8)
FUND BALANCE/NET ASSETS:			
Beginning of Year: July 1	<u>83</u>	<u>-</u>	<u>83</u>
End of Year: June 30	\$ <u><u>75</u></u>	\$ <u><u>-</u></u>	\$ <u><u>75</u></u>

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2005

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 financial resources using the current financial resources measurement focus and the modified accrual basis of accounting. The Statement of Activities is presented using the economic resources measurement focus and accrual basis of accounting. The Adjustments column contains the reconciliation between these two different bases of accounting.

C. Measurement Focus and Basis of Accounting

DRS' financial statements have been prepared in conformity with generally accepted accounting principles (GAAP). The retirement plans are accounted for in pension trust funds using the flow of economic resources measurement focus and the accrual basis of accounting. Plan member contributions

are recognized as revenues in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

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

The dependent care assistance program is accounted for in two separate funds. 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 have been 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 or more of each plan's net assets.

E. Allocation

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

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

F. Deposits, Investments, and Securities Lending

Reporting Changes: DRS implemented a new accounting standard issued by the Governmental Accounting Standards Board (GASB) for the fiscal year ended June 30, 2005. This new standard, Statement No. 40, Deposit and Investment Risk Disclosures (GASB 40), amended and/or superseded certain provisions of Statement No. 3, Deposits with Financial Institutions, Investments (including Repurchase Agreements) (GASB 3); Statement No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans (GASB 25); and Statement No. 28, Accounting and Financial Reporting For Securities Lending Transactions (GASB 28).

GASB 40 revised the existing requirements regarding disclosure of custodial credit risk required by GASB Statement No. 3 and established new requirements for disclosure regarding credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

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, 2005, the carrying amount of DRS' cash and pooled investment deposits is \$46.6 million for the pension trust funds, \$0.5 million for the dependent care agency fund, and \$82,000 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 2005.

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. 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, 2005 the funds' durations of the various fixed income classes were within the duration targets of the Lehman Universal Index.

The Pension Trust funds hold both U.S. agencies and corporate debt variable-rate securities, most of which reset periodically to the market interest rate. Because these securities frequently reprice to prevailing market rates, interest rate risk is substantially reduced at each periodic reset date. In the schedule on page 41, variable-rate securities are presented according to the length of time until the next reset date, rather than the stated maturity. The schedule provides information about the interest rate risks associated with the Pension Trust funds' investments as of June 30, 2005. 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 Pension Trust funds' rated debt investments as of June 30, 2005, 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, 2005 are presented in the schedule on page 42.

Investments--Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The WSIB policy states that no corporate fixed income issue shall exceed 3% of cost at the time of purchase or 6% of market value of the fund thereafter and that no high yield issues 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, 2005. 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 2005.

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.

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	\$ 29,898	\$ 27,372	\$ 2,526	\$ -	\$ -	0.6
Certificates of Deposit - <i>Securities Lending</i>	11,947	11,947	-	-	-	0.1
Collateralized Mortgage Backed Securities	404,561	-	176,955	227,606	-	4.1
Corporate Bonds-Domestic	4,025,760	434,379	1,477,856	1,431,158	682,367	5.4
Corporate Stock-Foreign	4,967,248	-	-	-	-	n/a
Government Securities-Domestic:						
U.S. Government Treasuries	784,328	-	224,161	135,061	425,106	9.6
Treasury Inflation Protected Securities	2,370,935	-	1,615,081	755,854	-	2.9
Mortgages:						
Collateralized Mortgage Obligations	971,681	95,322	417,142	362,923	96,294	3.3
Pass Throughs	2,532,160	-	2,257,674	274,486	-	2.6
Non-Standard Mortgages	5,327	-	1,415	3,912	-	4.3
Repurchase Agreements - <i>Securities Lending</i>	50,297	50,297	-	-	-	0.1
Variable Rate Notes	333,887	70,200	263,687	-	-	0.2
Variable Rate Notes - <i>Securities Lending</i>	51,747	51,747	-	-	-	0.1
Subtotal for GASB Categories	<u>16,539,776</u>	<u>\$ 741,264</u>	<u>\$ 6,436,497</u>	<u>\$ 3,191,000</u>	<u>\$ 1,203,767</u>	
Investments Not Categorized						
Commingled Index Funds - Domestic	15,534,720					
Commingled Index Funds - Foreign	2,665,034					
Commingled Balanced Funds - Domestic	255,689					
Currencies	27,340					
Guaranteed Investment Contracts	653,019					
Life Annuity	35					
Money Market Funds	1,574,220					
Mutual Funds	2,552,852					
Private Equity	6,882,920					
Real Estate	4,412,896					
Subtotal for Investments Not Categorized	<u>34,558,725</u>					
Securities On Loan - Domestic	3,417,172					
Securities On Loan - Foreign	832,242					
Total Investments - 6/30/2005	<u>\$ 55,347,915</u>					

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	\$ 29,898	\$ -	\$ 29,898	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of Deposit - <i>Securities Lending</i>	11,947	11,947	-	-	-	-	-	-	-	-	-
Collateralized Mortgage Backed Securities	404,561	-	381,785	22,776	-	-	-	-	-	-	-
Corporate Bonds-Domestic	4,025,760	-	404,565	21,350	201,341	416,369	493,182	258,328	248,635	1,981,990	-
Corporate Stock-Foreign	4,967,248	-	-	-	-	-	-	-	-	-	4,967,248
Government Securities-Domestic:											
U.S. Government Treasuries	784,328	-	784,328	-	-	-	-	-	-	-	-
Treasury Inflation Protected Securities	2,370,935	-	2,370,935	-	-	-	-	-	-	-	-
Mortgages:											
Collateralized Mortgage Obligations	971,681	-	971,681	-	-	-	-	-	-	-	-
Pass Throughs	2,532,160	-	2,532,160	-	-	-	-	-	-	-	-
Non-Standard Mortgages	5,327	-	5,327	-	-	-	-	-	-	-	-
Repurchase Agreements - <i>Securities Lending</i>	50,297	43,942	6,355	-	-	-	-	-	-	-	-
Variable Rate Notes	333,887	-	-	-	69,964	114,552	26,925	50,021	29,846	42,579	-
Variable Rate Notes - <i>Securities Lending</i>	51,747	-	51,747	-	-	-	-	-	-	-	-
	<u>\$16,539,776</u>	<u>\$55,889</u>	<u>\$7,538,781</u>	<u>\$44,126</u>	<u>\$271,305</u>	<u>\$530,921</u>	<u>\$520,107</u>	<u>\$308,349</u>	<u>\$278,481</u>	<u>\$2,024,569</u>	<u>\$4,967,248</u>

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. Risk of loss arises from

changes in currency exchange rates. DRS' exposure to foreign currency risk as of June 30, 2005, is presented in the schedule on page 43. The schedule provides information on deposits and investments held in various foreign currencies, which are stated in U.S. dollars. The Pension Trust Funds also had \$2,665.0 million invested in an international commingled equity index fund. As such, these currency denominations are not presented in this schedule.

Foreign Currency Risk

(expressed in thousands)

Foreign Currency Denomination	Investment Type				Total
	Currencies & Money Market Funds	Equity	Private Equity	Real Estate	
Australia - Dollar	\$885	\$228,325	\$-	\$-	\$229,210
Austria - Schilling	-	60,753	-	-	60,753
Belgium - Franc	-	68,895	-	-	68,895
Brazil - Real	12	42,863	-	-	42,875
Britain - Pound	6,442	873,611	103,267	55,410	1,038,730
Bulgaria - Lev	8	-	-	-	8
Canada - Dollar	763	181,127	14,428	9,137	205,455
Chinese - Yuan	-	-	-	1,827	1,827
Czech - Kroner	-	-	-	258	258
Denmark - Krone	816	32,068	-	-	32,884
E.M.U. - Euro	11,475	64,252	546,324	209,015	831,066
Egypt - Pound	-	3,896	-	-	3,896
Finland - Markka	-	61,274	-	-	61,274
France - Franc	-	472,995	984	-	473,979
Germany - Mark	-	336,276	-	-	336,276
Greece - Drachma	-	23,490	-	-	23,490
Hong Kong - Dollar	718	101,532	-	13,607	115,857
Hungary - Forint	-	13,193	-	2,578	15,771
Indonesia - Rupiah	35	6,916	-	-	6,951
Ireland - Punt	-	5,955	-	-	5,955
Italy - Lira	-	168,822	-	-	168,822
Japan - Yen	3,821	887,927	-	221,683	1,113,431
Korean - Won	-	-	-	7,434	7,434
Lithuania - Litas	-	194	-	-	194
Malaysia - Ringgit	-	2,210	-	-	2,210
Mexico - Peso	(22)	21,250	-	89,773	111,001
Netherland - Guilder	-	253,360	-	-	253,360
New Zealand - Dollar	16	18,668	-	-	18,684
Norway - Krone	211	127,053	-	-	127,264
Pakistan - Rupee	1	13,896	-	-	13,897
Philippines - Peso	21	1,341	-	-	1,362
Poland - Zloty	-	27,738	-	1,031	28,769
Portugal - Escudo	-	4,610	-	-	4,610
Singapore - Dollar	558	35,829	-	-	36,387
South Africa - Rand	-	20,005	-	-	20,005
South Korea - Won	1	31,866	-	-	31,867
Spain - Peseta	-	229,182	-	-	229,182
Sweden - Krona	414	153,895	91,926	-	246,235
Switzerland - Franc	1,163	224,641	-	-	225,804
Taiwan - Dollar	-	-	-	2,492	2,492
Thai - Baht	-	-	-	281	281
Turkey - Lira	2	26,216	-	-	26,218
Total	\$27,340	\$4,826,124	\$756,929	\$614,526	\$6,224,919

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 Bank and Trust (SSB) to act as agent for the WSIB in securities lending transactions. As SSB is the custodian bank for the WSIB, it is a counterparty to securities lending transactions. In accordance with GASB Statement No. 28, the WSIB reports securities lent (the underlying securities) as assets in the statement of net assets. Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets. Securities received as collateral are reported as assets if the WSIB has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of net assets. Securities lending transactions collateralized by securities that the WSIB does not have the ability to pledge or sell unless the borrower defaults are not reported as assets and liabilities.

Securities were loaned and collateralized by the WSIB's agent with cash and U.S. government securities (exclusive of mortgage backed securities and letters of credit), and irrevocable letters of credit. When the loaned securities were denominated in United States dollars, were securities whose primary trading market was located in the United States or were sovereign debt issued by foreign governments, the collateral requirement was 102 percent of the market value of the securities loaned. When the loaned securities were not denominated in United States dollars or were securities whose primary trading market was not located in the United States, the collateral requirement was 105 percent of the market value of the loaned securities.

Custodial Credit Risk: At June 30, 2005, the market value of securities on loan was \$4,249.4 million. The corresponding collateral held totalled \$4,357.1 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 2005, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The average term of overall loans was 26 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 266 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. SSB 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. SSB'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 2005, 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 2005 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 lend-

ing 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, 2005, 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, 2005, the average life of both the loans and the investment of cash collateral received as collateral was one day.

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 2005, 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, 2005 or 2004. 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, 2005, the only derivative securities held directly by WSIB were collateralized mortgage obligations of \$971.7 million.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$34.6 billion in both carrying value and fair value.

There were approximately \$50.3 million repurchase agreements outstanding at June 30, 2005. 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, 2005 are typical of the level of activity during the year.

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

on their obligations to resell these securities to the state or provide securities or cash of equal value, DRS would suffer an economic loss equal to the difference between the market value plus accrued interest of the underlying securities and the agreement obligation, including accrued interest. There were no reverse repurchase agreements during the year and there were no liabilities outstanding as of June 30, 2005.

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, 2005, total investment management fees were \$113.0 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, 2005, the DRS pension funds had the following unfunded investment commitments in millions of dollars:

Private Equity Partnerships	\$5,036.2
Real Estate	\$826.0

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, 2005 and 2004 are as follows:

	June 30, 2005	June 30, 2004
	(expressed in thousands)	
PERS Plan 1	\$1,457,906	\$1,523,446
PERS Plan 2/3	3,341,156	3,215,444
PERS Plan 3-WSIB	515,776	430,570
PERS Plan 3-SELF	428,878	396,554
SERS Plan 2/3	216,027	208,607
SERS Plan 3-WSIB	524,080	443,001
SERS Plan 3-SELF	205,318	191,041
TRS Plan 1	1,113,788	1,181,814
TRS Plan 2/3	392,290	381,773
TRS Plan 3-WSIB	1,468,496	1,203,920
TRS Plan 3-SELF	1,194,511	1,069,962
LEOFF Plan 1	94,633	106,753
LEOFF Plan 2	1,000,804	915,700
WSPRS Plan 1/2	51,563	52,410
JRS	4,098	5,131
Judges	-	-
Total Member Reserves	\$12,009,324	\$11,326,126

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, 2005 and 2004 are as follows:

	June 30, 2005 (expressed in thousands)	June 30, 2004
PERS Plan 1	\$8,115,143	\$7,692,486
PERS Plan 2/3	8,733,118	7,432,224
SERS Plan 2/3	1,499,628	1,301,460
TRS Plan 1	6,984,038	6,625,545
TRS Plan 2/3	3,864,322	3,357,008
LEOFF Plan 1	4,938,445	4,602,142
LEOFF Plan 2	2,410,864	2,011,038
WSPRS Plan 1/2	672,082	611,474
JRS	(1,741)	(389)
Judges	4,293	4,375
Total Benefit Reserves	\$37,220,192	\$33,637,363

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 2005:

Assets	Beginning Balance	Acquisition/ Increase Depreciation	Disposal	Ending Balance
(expressed in thousands)				
Improvements Other Than Buildings	\$ 554	\$ 611	\$(531)	\$ 634
Furnishings & Equipment	2,224	113	(140)	2,197
Accumulated Depreciation	(1,702)	(469)	124	(2,047)
Total	\$ 1,076	\$ 255	\$ (547)	\$ 784

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, 2005:

Operating Leases (expressed in thousands)	
By Fiscal Year:	
2006	\$1,255
2007	1,270
2008	1,227
2009	698
Total Future Minimum Payments	\$4,450

The total operating lease rental expenditure for Fiscal Year 2005 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 \$0.8 million as of June 30, 2005.

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, 2005.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2005:

Compensated Absences	Beginning Balance	Additions	Deletions	Ending Balance
<i>(expressed in thousands)</i>				
Annual Leave	\$855	\$971	\$988	\$838
Sick Leave	326	146	164	308
Total	<u>\$1,181</u>	<u>\$1,117</u>	<u>\$1,152</u>	<u>\$1,146</u>

K. Transfers

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

Transfers to the State General Fund are operating state budget transfers authorized by ESHB 2459, Chapter 276, Laws of 2004, pursuant to RCW 43.135.035(5). The transfer made in Fiscal Year 2004 has been re-classified to conform with Fiscal Year 2005 presentation.

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	54,568	2,993	16,605	1,224	75,390
PERS Plan 2	12,106	16,754	76,987	41,585	147,432
PERS Plan 3	222	1,284	9,447	10,408	21,361
SERS Plan 2	1,097	2,428	15,880	4,544	23,949
SERS Plan 3	481	2,035	11,060	18,370	31,946
TRS Plan 1	34,624	1,475	9,617	245	45,961
TRS Plan 2	1,127	2,510	6,835	635	11,107
TRS Plan 3	541	2,761	19,979	29,323	52,604
LEOFF Plan 1	8,110	7	848	-	8,965
LEOFF Plan 2	432	521	11,231	3,523	15,707
WSPRS Plan 1	762	100	855	142	1,859
WSPRS Plan 2	-	-	-	60	60
JRS	127	2	19	-	148
Judges	16	-	-	-	16
Total	114,213	32,870	179,363	110,059	436,505

The latest actuarial valuation date for all plans was September 30, 2004.

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	153	241	202	230	826
PERS Plan 2	167	-	270	454	891
PERS Plan 3	148	-	183	233	564
SERS Plan 2	9	289	-	-	298
SERS Plan 3	10	289	-	-	299
TRS Plan 1	81	281	-	-	362
TRS Plan 2	33	270	-	-	303
TRS Plan 3	40	292	-	-	332
LEOFF Plan 1	-	-	91	20	111
LEOFF Plan 2	8	-	220	141	369
WSPRS Plan 1	1	-	-	-	1
WSPRS Plan 2	1	-	-	-	1
JRS	3	-	-	-	3
Judges	-	-	-	-	-
Total	654	1,662	966	1,078	4,360

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2005 is 1,277.

For a listing of the covered employers, refer to the Statistical Section of this report.

B. Plan Descriptions

Public Employees' Retirement System (PERS): PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the 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 2005, 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 in national higher education retirement programs such as Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF); judges of district and municipal courts; and employees of local governments. The higher education retirement plans are not administered by DRS. Approximately 51 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. 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. 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.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of PERS Plan 3.

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.

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.

Legislation passed in the 2004 session, effective July 1, 2004, provides a \$1,000 minimum monthly benefit to PERS Plan 1 members and establishes an asset smoothing corridor for actuarial valuations used in the funding of the state retirement systems.

Legislation passed in the 2005 session, effective April 21, 2005, allows PERS 2/3 members to opt out of plan membership if deemed to be terminally ill, with less than five years to live; and, effective May 3, 2005, allows PERS Plan 1 members to receive credit for military service while actively serving in the military, if such credit makes them eligible to retire.

PERS pension benefit provisions have been established by chapter 41.40 RCW.

School Employees' Retirement System (SERS): SERS is a cost-sharing multiple-employer retirement system comprised of two separate plans for membership purposes: Plan 2 is a defined benefit plan and Plan 3 is a combination defined benefit/defined contribution plan. As of September 1, 2000, the membership of classified school employees in PERS Plan 2 was transferred to SERS Plan 2. Those who joined on or after October 1, 1977 and by August 31, 2000 are SERS Plan 2 members unless they exercised an option to transfer their membership to Plan 3. SERS participants joining the system on or after September 1, 2000, and those who exercised their transfer option, are members of SERS Plan 3.

SERS is comprised of two separate plans for accounting purposes: Plan 2/3 and Plan 3. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this 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 2005, 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.

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. 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.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years

including 12 months that were earned after age 54; or five service credit years earned in PERS Plan 2 prior to September 1, 2000. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of SERS Plan 3.

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.

Legislation passed in the 2004 session, effective July 1, 2004, establishes an asset smoothing corridor for actuarial valuations used in the funding of the state retirement systems.

Legislation passed in the 2005 session, effective April 21, 2005, allows SERS members to opt out of plan membership if deemed to be terminally ill, with less than five years to live.

There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2005.

SERS pension benefit provisions have been established by chapter 41.35 RCW.

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

TRS is comprised of three separate plans for accounting purposes: Plan 1, Plan 2/3, and Plan 3. Plan 1 accounts for the defined benefits of Plan 1 members. Plan 2/3 accounts for the defined benefits of Plan 2 members and the defined benefit portion of benefits for Plan 3 members. Plan 3 accounts for the defined contribution portion of benefits for Plan 3 members. Although members can only be a member of either Plan 2 or Plan 3, the defined benefit portions of Plan 2 and Plan 3 are accounted for in the same pension trust fund. All assets of this 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 2005, 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 fi-

nal 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.) Plan 3 members become eligible for retirement if they have: at least ten years of service; or five years including 12 months that were earned after age 54; or five service credit years earned in TRS Plan 2 by July 1, 1996 and transferred to Plan 3. Plan 3 retirements prior to the age of 65 receive reduced benefits. If retirement is at age 55 or older with at least 30 years of service, a 3 percent per year reduction applies; otherwise an actuarial reduction will apply. There is no cap on years of service credit; and Plan 3 provides the same cost-of-living allowance as Plan 2. See section D of Note 2 for a description of the defined contribution component of TRS Plan 3.

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.

Legislation passed in the 2003 session provides a \$150,000 death benefit to the estate of an employee of schools, higher education and state agencies who dies in the line of service, if found eligible by the Department of Labor and Industries.

Legislation passed in 2004, effective July 1, 2004, established a \$1,000 minimum monthly benefit for TRS 1 members who have at least 25 years of service and who 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.

Legislation passed in 2005, effective April 21, 2005, allows TRS 2/3 members to opt out of plan membership if deemed to be terminally ill, with less than five years to live.

There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2005.

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 2005, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings 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. 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, 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 line-duty disability benefit applies to all LEOFF Plan 2 members disabled in the line of duty on or after January 1, 2001.

Legislation passed in the 2005 session, effective May 13, 2005, removed the actuarial reduction for the difference between age 53 and the age at retirement, if the disability was incurred in the line of duty.

There were no other material changes in LEOFF benefit provisions for the year ended June 30, 2005.

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 2005, 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), capped at 75 percent, per year of service. 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. 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.

There were no material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2005.

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 2005, 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, 2005.

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 his 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, 2005.

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. PERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of PERS Plan 3 do not contribute to the defined benefit portion of PERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated rates dependent on the employee’s age.

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

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2005 were as follows:

PERS Actual Contribution Rates			
	Plan 1	Plan 2	Plan 3
Employer Rates:			
State Agencies*	1.38%	1.38%	1.38% **
Local Governmental Units*	1.38%	1.38%	1.38% **
State Government Elected Officials*	1.98%	1.38%	1.38% **
Employee Rates:			
State Agencies	6.00%	1.18%	***
Local Governmental Units	6.00%	1.18%	***
State Government Elected Officials	7.50%	1.18%	***

*Includes an administrative expense rate of 0.19 percent.
 **Plan 3 defined benefit portion only.

SERS: Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 employer contribution rates. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. SERS Plan 3 defined contribution is a non-contributing plan for employers. Employees who participate in the defined contribution portion of SERS Plan 3 do not contribute to the defined benefit portion of SERS Plan 3. The Employee Retirement Benefits Board sets Plan 3 employee contribution rates. Six rate options are available ranging from 5 to 15 percent; two of the options are graduated 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 2005 were as follows:

SERS Actual Contribution Rates		
	Plan 2	Plan 3
Employer Rates:		
State Agencies*	1.04%	1.04% **
Local Governmental Units*	1.04%	1.04% **
Employee Rates:		
State Agencies	0.85%	***
Local Governmental Units	0.85%	***

*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 2005 were as follows:

TRS Actual Contribution Rates

	Plan 1	Plan 2	Plan 3
Employer Rates*	1.37%	1.37%	1.37% **
Employee Rates:			
State Agencies	6.00%	0.87%	***
Local Governmental Units	6.00%	0.87%	***
State Government Elected Officials	7.50%	0.87%	***

*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 2 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 2005 were as follows:

LEOFF Actual Contribution Rates

	Plan 1	Plan 2
Employer Rates:		
Cities, Counties, Fire Districts, etc.*	0.19%	3.25%
Ports and Universities*	n/a	5.28%
Employee Rates:		
Cities, Counties, Fire Districts, etc.	--	5.09%
Ports and Universities	n/a	5.09%
State of Washington Contributions	n/a	2.03%

*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 2005, the state contributed \$21.3 million to LEOFF Plan 2.

WSPRS: State statute (chapter 43.43 RCW) obligates employees to contribute at a fixed rate of 2 percent for Fiscal Year 2005. Contribution rates for the employee and the state are adopted by the Pension Funding Council as per chapter 41.45 RCW. The employee and the state are required to contribute at the level required by state statute.

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2005 were as follows:

WSPRS Actual Contribution Rates

	Plan 1	Plan 2
Employer Rate	--	--
Employee Rate	2.00%	2.00%

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 2005, the state contributed \$6.0 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, 2005, 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 2005, the state contributed \$0.5 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.

	2005	2004	2003
(amounts expressed in thousands)			
PERS Plan 1	\$ 20.7	\$ 28.3	\$ 26.9
PERS Plan 2/3	137.5	137.0	133.1
TRS Plan 1	<u>0.5</u>	<u>0.6</u>	<u>0.5</u>
Total	\$ 158.7	\$ 165.9	\$ 160.5

E. Defined Contribution Plans

Public Employees' Retirement System Plan 3: The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs such as Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF); judges of district and municipal courts; and employees of local governments. PERS participants who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants who joined the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the 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, 2005, there are 564 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, 2004:

Retirees and Beneficiaries Receiving Benefits	222
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	1,284
Active Plan Members Vested	9,447
Active Plan Members Nonvested	<u>10,408</u>
Total	21,361

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 2005, employee contributions were \$59.0 million, and plan refunds paid out were \$25.5 million.

School Employees' Retirement System Plan 3: The School Employees' Retirement System (SERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include classified employees of school districts and educational service districts who 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, 2005, there are 299 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, 2004:

Retirees and Beneficiaries Receiving Benefits	481
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	2,035
Active Plan Members Vested	11,060
Active Plan Members Nonvested	<u>18,370</u>
Total	31,946

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 2005, employee contributions were \$46.7 million, and plan refunds paid out were \$21.5 million.

Teachers' Retirement System Plan 3: The Teachers' Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligibility for membership requires service as a cer-

tificated 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, 2005, there are 332 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, 2004:

Retirees and Beneficiaries Receiving Benefits	541
Terminated Plan Members Entitled to but Not Yet Receiving Benefits	2,761
Active Plan Members Vested	19,979
Active Plan Members Nonvested	<u>29,323</u>
Total	52,604

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 2005, employee contributions required and made were \$183.6 million and plan refunds paid out were \$35.6 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, 2005, there were 197 active members and 15 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 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
- Fidelity Equity-Income Fund
- Fidelity Growth Company Fund
- Fidelity Independence 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)					
	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00	12/31/99
Actuarial Value of Plan Assets	\$9,928	\$10,227	\$10,757	\$10,990	\$11,111	\$10,456
Actuarial Accrued Liability	\$12,855	\$12,692	\$12,560	\$12,088	\$11,695	\$11,636
Unfunded Actuarial Liability	\$2,927	\$2,465	\$1,803	\$1,098	\$584	\$1,180
Percentage Funded	77%	81%	86%	91%	95%	90%
Covered Payroll	\$863	\$945	\$1,023	\$1,085	\$1,132	\$1,184
Unfunded Actuarial Liability as a Percentage of Covered Payroll	339%	261%	176%	101%	52%	100%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

	(dollars in millions)					
	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/04	9/30/03	9/30/02	9/30/01	6/30/00	6/30/99
Actuarial Value of Plan Assets	\$8,728	\$9,086	\$9,366	\$9,342	\$9,372	\$8,696
Actuarial Accrued Liability	\$10,401	\$10,325	\$10,235	\$9,895	\$9,566	\$9,529
Unfunded Actuarial Liability	\$1,673	\$1,239	\$869	\$553	\$194	\$833
Percentage Funded	84%	88%	92%	94%	98%	91%
Covered Payroll	\$616	\$692	\$741	\$800	\$957	\$984
Unfunded Actuarial Liability as a Percentage of Covered Payroll	272%	179%	117%	69%	20%	85%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

	(dollars in millions)					
	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00	12/31/99
Actuarial Value of Plan Assets	\$4,666	\$4,803	\$5,095	\$5,369	\$5,440	\$5,150
Actuarial Accrued Liability	\$4,266	\$4,275	\$4,259	\$4,153	\$4,002	\$4,125
Unfunded Actuarial Liability	\$(400)	\$(528)	\$(836)	\$(1,216)	\$(1,438)	\$(1,025)
Percentage Funded	109%	112%	120%	129%	136%	125%
Covered Payroll	\$64	\$71	\$80	\$87	\$95	\$106
Unfunded Actuarial Liability as a Percentage of Covered Payroll	(625)%	(744)%	(1,045)%	(1,398)%	(1,514)%	(967)%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

	(dollars in millions)					
	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00	12/31/99
Actuarial Value of Plan Assets	\$4	\$6	\$8	\$10	\$10	\$9
Actuarial Accrued Liability	\$89	\$91	\$92	\$92	\$93	\$94
Unfunded Actuarial Liability	\$85	\$85	\$84	\$82	\$83	\$85
Percentage Funded	4%	7%	9%	11%	11%	10%
Covered Payroll	\$2.4	\$2.6	\$3.0	\$3.0	\$4.0	\$4.0
Unfunded Actuarial Liability as a Percentage of Covered Payroll	3,542%	3,269%	2,800%	2,733%	2,075%	2,125%

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

	(dollars in millions)					
	2004	2003	2002	2001	2000	1999
Actuarial Valuation Date	9/30/04	9/30/03	9/30/02	9/30/01	12/31/00	12/31/99
Actuarial Value of Plan Assets	\$4.4	\$4.5	\$4.7	\$4.9	\$4.7	\$4.4
Actuarial Accrued Liability	\$4.7	\$5.2	\$5.5	\$6.0	\$6.1	\$6.4
Unfunded Actuarial Liability	\$0.3	\$0.7	\$0.8	\$1.1	\$1.4	\$2.0
Percentage Funded	94%	87%	85%	82%	77%	69%
Covered Payroll	\$-	\$-	\$0.1	\$0.1	\$0.1	\$0.1
Unfunded Actuarial Liability as a Percentage of Covered Payroll	n/a	n/a	800%	1,100%	1,400%	2,000%

Source: Washington State Office of the State Actuary

Note on PERS Plan 2/3, SERS Plan 2/3, TRS Plan 2/3, LEOFF Plan 2, and WSPRS Plan 1/2: 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 2000-2005.

	(dollars in millions)											
	Annual Required Contribution*						Percentage Contributed					
	2005	2004	2003	2002	2001	2000	2005	2004	2003	2002	2001	2000
PERS Plan 1	\$ 340.3	\$ 295.1	\$ 228.9	\$ 164.3	\$ 118.8	\$ 199.2	7%	8%	25%	42%	153%	101%
PERS Plan 2/3	227.7	192.6	141.7	72.0	55.6	103.6	33%	36%	27%	71%	207%	98%
SERS Plan 2/3**	64.0	52.3	44.2	19.5	6.7	n/a	16%	17%	14%	58%	297%	n/a
TRS Plan 1	224.3	185.7	153.4	119.8	90.6	176.1	4%	6%	13%	50%	156%	104%
TRS Plan 2/3	117.4	96.2	79.5	66.7	40.4	56.2	29%	31%	23%	70%	172%	134%
LEOFF Plan 1	0.0	0.0	0.0	0.0	0.0	6.3	n/a	n/a	n/a	n/a	n/a	100%
LEOFF Plan 2	80.8	69.2	56.8	43.7	33.8	44.9	67%	74%	74%	91%	155%	96%
WSPRS Plan 1/2	3.4	2.6	0.0	0.0	0.0	0.0	0%	0%	n/a	n/a	n/a	n/a
JRS	21.7	18.5	16.2	14.2	13.3	12.5	29%	34%	38%	44%	55%	58%
Judges	0.1	0.2	0.1	0.2	0.2	0.3	500%	250%	300%	150%	400%	267%

* The Annual Required Contribution (ARC) changes each year with the experience of the plans. Factors influencing the experience include changes in funding methods, assumptions, plan provisions, and economic and demographic gains and losses. The methods used to derive the ARC for this accounting disclosure are different from those 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.

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

Source: Washington State Office of the State Actuary

Notes to the Required Supplementary Information Defined Benefit Pension Plans For the Fiscal Year Ended June 30, 2005

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	9/30/2004	9/30/2004	9/30/2004	9/30/2004	9/30/2004
Actuarial Cost Method	entry age	aggregate***	entry age	aggregate***	aggregate***
Amortization Method					
Funding	level %	n/a	level %	n/a	n/a
GASB	level \$	n/a	level \$	n/a	n/a
Remaining Amortization Period (Closed)	7/1/2007-6/30/2024	n/a	9/1/2007-6/30/2024	n/a	n/a
Asset Valuation Method	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*	8-year graded smoothed fair value*
Actuarial Assumptions:					
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases					
Salary Inflation at 4.5%, Plus the Merit Increases Described Below:					
Initial Salary Merit (Grades Down to 0%)	6.1%	6.1%	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** Gainsharing COLA**	3.50% CPI increase, maximum 3%	n/a Uniform COLA** Gainsharing COLA**	3.50% CPI increase, maximum 3%	3.50% CPI increase, maximum 3%

N/A indicates data not applicable

* Asset Valuation Method - 8 year smoothed fair value

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

Annual Gain/Loss					
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
9/30/2004	9/30/2004	9/30/2004	9/30/2004	9/30/2004
entry age	aggregate***	aggregate***	entry age****	entry age****
level %	n/a	n/a	n/a	n/a
level \$	n/a	n/a	level \$	level \$
6/30/2024 8-year graded smoothed fair value*	n/a 8-year graded smoothed fair value*	n/a 8-year graded smoothed fair value*	12/31/2008 market	12/31/2008 market
8.00%	8.00%	8.00%	8.00%	8.00%
11.7%	11.7%	6.0%	0.0%	0.0%
21 yrs	21 yrs	20 yrs	n/a	n/a
3.50%	3.50%	3.50%	3.50%	3.50%
CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	3.00%	none

** 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 Uniform COLA is added every July. The next Uniform COLA is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%.

On 7/1/2000, it was $(\$0.77 + \$0.28) \times 1.03 = \$1.08$

On 7/1/2001, it was $(\$1.08 + \$0.00) \times 1.03 = \$1.11$

On 7/1/2002, it was $(\$1.11 + \$0.00) \times 1.03 = \$1.14$

On 7/1/2003, it was $(\$1.14 + \$0.00) \times 1.03 = \$1.18$

On 7/1/2004, it was $(\$1.18 + \$0.00) \times 1.03 = \$1.21$

On 7/1/2005, it was $(\$1.21 + \$0.00) \times 1.03 = \$1.25$

The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved.

On 1/1/2000, it was \$0.28 per year of service.

On 1/1/2002 and 1/1/2004, no Gainsharing COLA was added.

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

**** The entry age method uses pay-as-you-go as the basis for funding JRS and Judges.

Supporting Schedules

Schedule of Administrative Expenses
For the Year Ended June 30, 2005
(expressed in thousands)

	Retirement Pension Trust Funds	Deferred Compensation Pension Trust Fund	Dependent Care Administrative Special Revenue Fund	Totals	
				June 30, 2005	June 30, 2004
Current					
Personnel:					
Salaries and Wages	\$10,497	\$737	\$97	\$11,331	\$11,351
Employee Benefits	2,577	199	26	2,802	2,654
Personal Service Contracts	1,039	26	-	1,065	1,148
Total Personnel Expenses	<u>14,113</u>	<u>962</u>	<u>123</u>	<u>15,198</u>	<u>15,153</u>
Goods and Services:					
Supplies and Materials	50	3	-	53	53
Communications	551	12	2	565	521
Utilities	97	8	1	106	98
Rental and Leases	1,166	98	12	1,276	1,218
Repairs and Alterations	115	2	-	117	113
Printing and Reproduction	313	22	12	347	296
Employee Professional Development and Training	131	3	-	134	116
Subscriptions	19	5	-	24	23
Facilities and Services	247	28	5	280	305
Data Processing Services	1,744	23	12	1,779	1,376
Attorney General Services	50	16	2	68	81
Personnel Services	72	6	1	79	51
Medical Consultant Services	74	-	-	74	59
Insurance	67	6	1	74	96
Other Contractual Services	1,500	72	1	1,573	2,352
Vehicle Maintenance	8	4	1	13	13
Actuary Services	1,170	-	-	1,170	1,142
Pension Funding Council Services	50	-	-	50	-
Audit Services	203	18	2	223	223
Archives and Records Management	44	4	1	49	49
Legal Fees	1,066	-	-	1,066	865
Bad Debts Expense	17	-	-	17	5
Fraudulent Collections	121	-	-	121	106
OWMBE Services	1	-	-	1	1
Other Goods and Services	32	2	-	34	30
Total Goods and Services	<u>8,908</u>	<u>332</u>	<u>53</u>	<u>9,293</u>	<u>9,192</u>
Miscellaneous Expenses:					
Travel	81	17	2	100	123
Noncapitalized Equipment	459	11	-	470	440
Grants, Benefits and Client Services	25	-	-	25	-
Total Miscellaneous Expenses	<u>565</u>	<u>28</u>	<u>2</u>	<u>595</u>	<u>563</u>
Total Current Expenses	<u>23,586</u>	<u>1,322</u>	<u>178</u>	<u>25,086</u>	<u>24,908</u>
Capital Outlays:					
Furnishings, Equipment and Software	95	16	2	113	271
Improvements Other than Buildings	73	6	1	80	23
Total Capital Outlays	<u>168</u>	<u>22</u>	<u>3</u>	<u>193</u>	<u>294</u>
Depreciation - Capital Assets	<u>345</u>	<u>-</u>	<u>-</u>	<u>345</u>	<u>296</u>
Total Administrative Expenses	<u>\$24,099</u>	<u>\$1,344</u>	<u>\$181</u>	<u>\$25,624</u>	<u>\$25,498</u>

**Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2005
(expressed in thousands)**

	Investment Management Expense
Public Equity Securities	
Passive Equity Managers	\$ 242
International Active Equity Managers	6,629
International Passive Equity Managers	396
Equity Commissions Paid	7,290
Total Public Equity Securities	<u>14,557</u>
Alternative Investments	
Private Equity	<u>800</u>
Total Alternative Investments	<u>800</u>
Securities Lending	
Securities Lending Fees	8,177
Securities Lending Broker Rebates Paid	82,158
Total Securities Lending	<u>90,335</u>
Other Expenses	
Consultants and Advisors	863
Custodians	926
Legal Fees	166
PERS Plan 3 Management Fees	660
SERS Plan 3 Management Fees	1,874
TRS Plan 3 Management Fees	287
Deferred Compensation Management Fees	2,358
Miscellaneous Fees	25
OST Operating Costs	119
Total Other Expenses	<u>7,278</u>
Total Investment Expenses	<u>\$ 112,970</u>

**Schedule of Payments to Consultants
For the Year Ended June 30, 2005
(expressed in thousands)**

	Commission/Fee
Communications	
Daniels Brown Communications	\$ 3
JayRay	7
Rusty George Design	30
Total Communications	40
Computer/Technology	
Aetea Information Technology Inc.	166
Ajilon	150
Daniels Consulting	273
eiStream Viewstar, Inc.	205
ImageSource, Inc.	1
Logicalis, Inc.	27
Martin Analysis and Programming, Inc.	271
Milestone Technology	123
Precision Business Technologies, Inc.	13
Seitel Leeds & Associates, Inc.	3
Smith McCann Computer Resources, Inc.	141
Total Computer/Technology	1,373
Legal	
Dixie Cattell & Associates	7
Foster Pepper & Shefelman	113
Kathy Baros Freidt	1
Ice Miller Legal & Business Advisors	30
Lane Powell Sears Lubersky LLP	17
Total Legal	168
Management	
Basic Medical Training	1
Cost Effective Measurement, Inc.	25
Mercer Investment Consulting, Inc.	36
Milliman	50
Peterson Sullivan PLLC	49
Professional Personnel Services	96
Seattle Bookings	1
Total Management	258
Recordkeeping	
ICMA Retirement Corporation	850
Total Recordkeeping	850
Total Payments to Consultants	\$ 2,689

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, 2005
(expressed in thousands)

	Balance 07/01/04	Additions	Deductions	Balance 06/30/05
ASSETS				
Cash and Pooled Investments	\$ 474	\$ 4,507	\$ 4,434	\$ 547
Total Assets	<u>\$ 474</u>	<u>\$ 4,507</u>	<u>\$ 4,434</u>	<u>\$ 547</u>
LIABILITIES				
Accounts Payable	\$ -	\$ 4,429	\$ 4,429	\$ -
Other Short-Term Liabilities	474	4,507	4,434	547
Total Liabilities	<u>\$ 474</u>	<u>\$ 8,936</u>	<u>\$ 8,863</u>	<u>\$ 547</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 \$4.1 billion during fiscal 2005 to \$47.5 billion. The CTF return was 13.34 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 6/30/2005		
	1 Year	3 Year	5 Year
TOTAL FUND	13.34%	10.71%	3.63%
<i>MAP Benchmark 2</i>	9.41%	9.95%	1.64%
U.S. Equity	8.27%	9.98%	-1.11%
<i>Dow Jones Wilshire 5000</i>	8.22%	9.95%	-1.26%
Non-U.S. Equity	17.91%	13.52%	1.21%
<i>MSCI ACWI ex-U.S</i>	16.95%	14.08%	0.76%
Fixed Income	7.03%	7.25%	8.12%
<i>Lehman Universal</i>	7.42%	6.56%	7.62%
Cash	2.11%	1.54%	1.73%
<i>90 Day T-Bills</i>	2.15%	1.55%	2.62%
Private Equity	27.01%	11.54%	2.55%
<i>S&P 500 + 500 bp (lagged one quarter)</i>	11.69%	7.75%	1.84%
Real Estate	22.17%	14.96%	13.45%
<i>NCREIF + 100 bp (lagged one quarter)</i>	16.55%	11.74%	11.15%

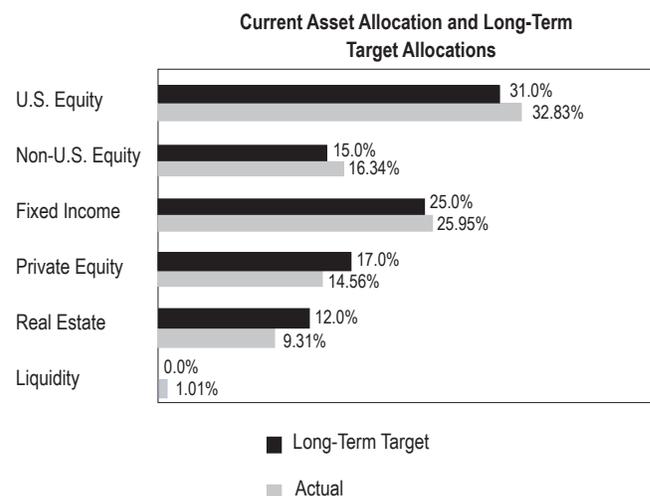
Performance information is compiled by the custodian, State Street Bank and Trust. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value using the Association for Investment Management and Research (AIMR) Calculation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

Asset Allocation

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

Accordingly, the 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, 2005, as well as the long-term target allocations.



U.S. Equity

The U.S. Equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the 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 passive management strategy, that closely tracks the index.

Retirement Fund's Ten Largest U.S. Equity Holdings as of 6/30/2005

Exxon Mobil Corp.	2.75%	Johnson & Johnson	1.43%
General Electric Corp.	2.72%	Bank of America Corp.	1.36%
Microsoft Corp.	1.79%	Intel Corporation	1.23%
Citigroup Inc.	1.77%	American Int'l Group, Inc.	0.99%
Pfizer Inc.	1.54%	Altria Group, Inc.	0.98%

Non-U.S. Equity

Over 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 6/30/2005

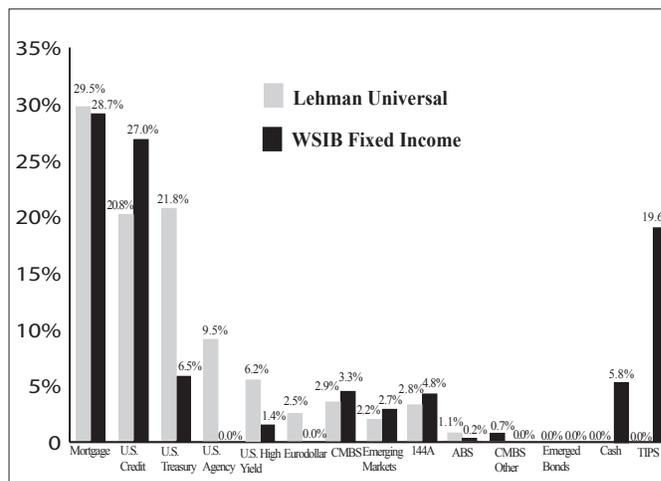
	CTF Weight	Index Weight		CTF Weight	Index Weight
United Kingdom	18.37%	20.55%	Australia	4.42%	4.49%
Japan	17.19%	17.91%	Netherlands	4.41%	4.03%
France	8.64%	7.86%	Canada	4.35%	5.99%
Germany	6.14%	5.61%	Spain	4.00%	3.24%
Switzerland	4.77%	5.55%	Italy	3.26%	3.25%

The ten largest country exposures comprise 75.5% of the portfolio versus the index at 78.5%.

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 7.46 percent shorter than that of the Lehman Universal Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2005



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 return well in excess of public equity securities. Approximately 21.9 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 entirely

(100 percent) passively managed. Over time, the domestic equity portfolio should closely 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 Universe 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 superior to traditional investment opportunities and which is not

prohibited by the WSIB's policies or by law. As previously indicated, these investment types are divided into venture capital investments, corporate finance (including leveraged, management and employee buyouts), distressed, international, and mezzanine investments. Private equity investments are made through limited partnership vehicles.

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

Real Estate Program

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

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

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

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, 2005

(expressed in thousands)

	Assets Under Management*	Total Fees and Commissions Expenses at 6/30/05
Public Equity Securities:		
Passive Equity Managers	\$ 15,534,720	\$ 242
International Active Equity Managers	4,967,248	6,629
International Passive Equity Managers	2,665,034	396
Equity Commissions Paid	3,718,888	7,290
Alternative Investments:		
Private Equity	6,882,920	800
Real Estate	4,412,896	-
Other Fees:		
Consultants and Advisors	-	863
Custodians	-	926
Legal Fees	-	166
Securities Lending Fees	-	8,177
Securities Lending Broker Rebates Paid	-	82,158
PERS Plan 3 Management Fees	982,753	660
SERS Plan 3 Management Fees	766,993	1,874
TRS Plan 3 Management Fees	2,763,478	287
Deferred Compensation Management Fees	1,921,859	2,358
Miscellaneous Fees	-	25
OST Operating Costs	-	119
Total	\$ 44,616,789	\$ 112,970

* 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, 2005 (page 1 of 3)**

Dealer	Equity			Fixed Income		
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
ABD SECURITIES	\$ 2,661,456	220,377	\$ 7,490	\$ 0.03	\$ -	\$ -
ABG	4,609,865	894,992	35,256	0.04	-	-
ABN AMRO SECURITIES	45,655,579	12,199,139	167,967	0.01	49,385,007	-
AGORA	738,738	251,215	7,966	0.03	-	-
ALFA CAPITAL	346,483	114,538	2,794	0.02	-	-
AMADON CORPORATION	1,950,667	249,220	9,363	0.04	-	-
ANDISA SECURITIES	609,930	730,000	1,835	0.00	-	-
AUERBACH GRAYSON	2,848,721	737,660	2,694	0.00	-	-
BANCO PACT	705,834	56,668	3,105	0.05	-	-
BANCO SANTANDER DE NEGOCIOS	4,972,551	1,199,187	25,281	0.02	-	-
BANIF SECURITIES	523,110	266,080	1,574	0.01	-	-
BANK AUSTRIA	-	105,554	3,592	0.03	-	-
BANK JULIUS	-	296	320	1.08	-	-
BANK OF AMERICA	-	-	-	-	977,925,477	-
BANK OF NY SECURITIES INC	17,125	5,088	102	0.02	-	-
BANK VONTOBEL	2,003,577	42,202	10,092	0.24	-	-
BANQUE NATIONALE DE PARIS	781,890	170,802	5,478	0.03	-	-
BARCLAYS TRUST & BANKING CO	-	-	-	-	673,431,908	-
BARING SECURITIES	18,222,205	8,792,624	28,706	0.00	-	-
BAYERISCHE VEREINSBK	394,285	19,854	1,740	0.09	-	-
BBVA SECURITIES	70,128	14,915	428	0.03	-	-
BEAR, STEARNS & CO	36,224,292	18,079,661	105,908	0.01	261,704,565	-
BERENBERG BANK	298,384	20,752	4,254	0.21	-	-
BMO NESBITT BURNS INTERNATIONAL	290,912	35,916	1,215	0.03	-	-
BNP SECURITIES	357,624	1,127,193	2,577	0.00	45,893,137	-
BROCKHOUSE & COOPER	13,988,512	745,436	22,129	0.03	-	-
BROWN (ALEX) & SONS INC	20,222,709	712,832	10,715	0.02	-	-
BUNTING WARBURG INC	17,387,633	1,406,724	46,147	0.03	-	-
CAIB SECURITIES	5,615,112	34,193,129	40,479	0.00	-	-
CANACCORD CAPITAL CORP	839,524	115,232	3,666	0.03	-	-
CANADIAN I	4,268,654	170,603	2,563	0.02	-	-
CANTOR FITZGERALD	16,184,889	1,543,490	20,764	0.01	-	-
CARNEGIE	3,944,190	1,660,258	42,338	0.03	-	-
CAZENOVE & CO	263,359	164,732	2,907	0.02	-	-
CDC SECURITIES	2,073,035	60,004	9,634	0.16	-	-
CHARLES STANLEY	1,751,769	963,638	5,402	0.01	-	-
CHEVREUX DE VIRIEU	18,638,198	4,050,121	88,517	0.02	-	-
CI NORDIC	1,703,365	328,248	5,694	0.02	-	-
CIBC WORLD MARKETS CORP	3,684,277	646,495	16,539	0.03	31,925,661	-
CITIBANK	382,253	128,900	804	0.01	-	-
CITIGROUP	49,404,890	11,004,241	62,827	0.01	588,629,371	-
CLSA SINGAPORE	819,452	34,112	1,642	0.05	-	-
COLLINS STEWART	2,572,475	521,976	5,565	0.01	-	-
COMMERZBANK AG	96,502	16,860	541	0.03	-	-
CREDIT AGRIGOLE	1,084,185	191,003	4,242	0.02	-	-
CREDIT LYONNAIS	62,628,785	78,077,256	250,966	0.00	712,419	-
CREDIT SUISSE FIRST BOSTON LTD	114,279,556	133,861,178	260,067	0.00	60,361,448	-
DAIWA SEC AMERICA	15,254,113	1,649,178	35,347	0.02	-	-
DBS SECURITIES	1,532,796	4,543,421	9,315	0.00	-	-
DEUTSCHE WESTMINSTER BANK	194,779,435	218,322,036	559,936	0.00	61,073,867	-
DRESDNER BANK	43,362,916	8,047,129	10,419	0.00	-	-
ECONO TRADING	2,907,122	131,803	4,218	0.03	-	-
ENSKILDA SECURITIES	2,963,028	440,942	18,648	0.04	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2005 (page 2 of 3)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
EUROMOBILIARE	\$ 1,158,921	218,733	\$ 6,018	\$ 0.03	\$ -	\$ -
EVOLUTION	145,247	5,587	218	0.04	-	-
EXANE	275,332	145,598	12,364	0.08	-	-
EXECUTION SERVICES INC	184,997	282,343	2,335	0.01	-	-
FIRST BOSTON CORPORATION	116,885,891	50,402,118	266,683	0.01	225,103,844	-
FIRST MARATHON SEC LTD	280,069	21,051	674	0.03	-	-
FIRST PACIFIC	2,330,972	833,974	12,419	0.01	-	-
FOX PITT KELTON INC	2,131,870	467,112	21,147	0.05	-	-
FUJI SECURITIES	7,261,623	862,996	12,508	0.01	-	-
G-TRADE SE	6,508,495	4,032,133	14,223	0.00	-	-
GLOBAL EXECUTION NETWORK ASSOC	1,513,670	647,445	1,911	0.00	-	-
GLOBAL SECURITIES	357,314	210,454	1,255	0.01	-	-
GOLDMAN SACHS & COMPANY	485,115,932	116,178,018	678,856	0.01	235,451,748	-
GOOD MORNING	1,409,050	3,392	6,344	1.87	-	-
GRIFFITHS MCBURNEY	6,054,994	330,830	12,057	0.04	-	-
HOARE GOVETT	65,702,285	6,991,454,493	132,123	0.00	-	-
HSBC INVESTMENT BANK PLC	2,202,397	150,749	10,406	0.07	-	-
HSBC SECURITIES INC	5,477,126	1,925,784	35,463	0.02	33,921,015	-
ING BANK BRAZIL	1,778,744	534,732	31,135	0.06	-	-
ING BARING SECURITIES	5,880,465	522,210	51,205	0.10	2,430,241,161	-
INSTINET	41,617,339	10,069,091	71,384	0.01	-	-
INTERMOBILIARE SEC	10,538	16,162	868	0.05	-	-
INVESTMENT TECHNOLOGY GRP INC	151,713,892	24,507,553	254,488	0.01	-	-
ITG INC	31,534,051	6,541,714	35,800	0.01	-	-
IXIS SECURITIES	324,967	80,126	9,709	0.12	-	-
J & E DAVY	283,794	221,185	3,450	0.02	-	-
J.B.WERE & SON	1,831,377	717,436	5,451	0.01	-	-
J.P. MORGAN SECURITIES INC	60,351,826	15,864,037	269,868	0.02	514,801,280	-
JEFFRIES & CO	20,776,748	1,869,918	12,450	0.01	-	-
JOHN BERENBERG GOSSLER	83,845	21,949	3,003	0.14	-	-
JULIUS BAER	86,327	15,578	1,613	0.10	-	-
KB SECURITIES N V	17,791	14,367	35	0.00	-	-
KBC FINANCE	1,449,774	542,739	24,560	0.05	-	-
KLEINWORTH BENSON INC	72,361,415	13,957,525	111,363	0.01	-	-
KNIGHT SEC	24,159,001	2,110,874	11,008	0.01	-	-
LEHMAN BROTHERS INC	117,484,831	13,974,347	267,048	0.02	277,041,981	-
M M WARBURG	748,934	17,559	1,287	0.07	-	-
MACQUARIE EQUITIES	4,085,370	2,700,474	31,492	0.01	-	-
MAINFIRST	209,740	11,174	975	0.09	-	-
MALONEY & CO	11,105,557	492,688	7,038	0.01	-	-
MERITA BANK LTD	4,944,996	282,343	14,880	0.05	-	-
MERRILL LYNCH, P F & S	338,086,738	320,707,425	1,401,327	0.00	310,850,694	-
MONTGOMERY SECURITIES	915,611	64,450	1,555	0.02	-	-
MORGAN STANLEY & CO	65,829,210	20,180,441	242,260	0.01	246,426,194	-
NATIONAL A	525,103	45,324	4,064	0.09	-	-
NBG INTERNATIONAL	1,170,199	161,594	11,987	0.07	-	-
NCB STOCKBROKERS	3,070,223	279,449	4,361	0.02	-	-
NESBITT BURNS	6,460,531	570,272	19,583	0.03	-	-
NEUBERGER & BERMAN	625,343	63,452	1,904	0.03	-	-
NOMURA SECURITIES INTL	20,318,993	23,500,381	116,859	0.00	110,856,724	-
NUMIS SECURITIES	302,930	20,652	303	0.01	-	-
OPPENHEIMER & CO	2,878,866	169,629	6,046	0.04	-	-

**Schedule of Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2005 (page 3 of 3)**

Dealer	Equity				Fixed Income	
	Volume Transacted	Number of Shares Traded	Commissions	Commissions Per Share	Long-Term Volume Transacted	Short-Term Volume Transacted
P & K	\$ 2,253,734	125,208	\$ 3,393	\$ 0.03	\$ -	\$ -
PERSHING & COMPANY	27,433,875	16,050,427	56,490	0.00	-	-
UBS PHILLIPS & DREW SEC	3,357,017	6,286,671	4,235	0.00	-	-
RAYMOND JAMES & ASSOCIATES	12,603,808	1,934,128,180	48,404	0.00	-	-
RBC DOMINION SECURITIES	6,081,529	838,221	20,558	0.02	-	-
REDBURN PA	2,674,343	506,521	6,432	0.01	-	-
SALOMON BROTHERS	171,554,118	22,673,949	249,762	0.01	-	-
SANFORD BERNSTEIN	8,893,573	1,004,538	33,516	0.03	-	-
SANTANDER INVESTMENT SEC'S	111,323	178,484	10,156	0.06	80,811,829	-
SCOTIA CAPITAL MARKET	2,023,126	63,851	2,573	0.04	-	-
SCOTIA MCLEOD	2,543,886	130,097	4,196	0.03	-	-
SHINKO SECURITIES	424,957	1,426	320	0.22	-	-
SIS SEGAINTERSETTLE AG	2,095,056	43,561	5,595	0.13	-	-
SMITH BARNEY & COMPANY	600,073	35,080	2,215	0.06	-	-
SOCIETE GENERAL	115,645,781	14,861,172	227,129	0.02	-	-
SPEAR, LEEDS & KELLOGG	350,506	10,176	102	0.01	-	-
SSANGYONG INVESTMENTS	5,261,182	95,677	22,216	0.23	-	-
STATE ST BK & TRUST	580,107,983	12,392,050	175	0.00	9,324,661	2,156,182,728
SVENSKA HANDELSBANKEN	7,423,247	1,079,213	35,024	0.03	-	-
SWISS BANK	68,856,692	1,654,503	46,482	0.03	-	-
THINK EQUITY	4,687,191	649,389	4,502	0.01	-	-
THOMAS WEISEL PARTNERS	23,794,395	1,528,211	7,109	0.00	-	-
TOKAI BANK	394,320	39,121	999	0.03	-	-
TOKYO MITSUBISHI INTL.	419,714	57,822	2,167	0.04	-	-
TORONTO DOMINION SEC INC	3,984,337	193,749	5,761	0.03	-	-
UBS SECURITIES	186,110,841	39,106,779	148,321	0.00	608,415,014	-
USCC/SANTANDER	360,771	69,139	3,457	0.05	-	-
WARBURG DILLON READ LLC	52,753,229	18,704,177	105,185	0.01	-	-
WATERHOUSE SECURITIES INC	92,456	57,067	995	0.02	-	-
YORKTOWN SECURITIES INC	1,057,318	75,624	3,054	0.04	-	-
Total	\$3,718,887,725	10,250,726,653	\$7,289,654	\$0.01	\$7,834,289,005	\$2,156,182,728

Source: Washington State Investment Board

Summary of Investments Owned on June 30, 2005
Pension Trust Funds (page 1 of 5)
 (expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
INVESTMENTS		
ASSET BACKED SECURITIES		
STANDARD CREDIT CARD 1995-9A ABS, 6.55%, 10/7/2007	\$ 15,087	0.03%
STANDARD CREDIT CARD MASTER TRUST, 7.25%, 4/7/2006	12,294	0.02%
FNMA 95-W1 A7, 8.20%, 4/25/2005	2,517	--
TOTAL ASSET BACKED SECURITIES	<u>29,898</u>	<u>0.05%</u>
CERTIFICATES OF DEPOSIT		
CERTIFICATES OF DEPOSIT	11,947	0.02%
TOTAL CERTIFICATES OF DEPOSIT	<u>11,947</u>	<u>0.02%</u>
COMMERCIAL MORTGAGE BACKED SECURITIES		
CCMSC 1999-2 A2, 7.20%, 1/15/2032	27,682	0.05%
FUNBC 2001-C2 A2, 6.66%, 1/12/2043	27,682	0.05%
CSFB 2002-CKP1 A3, 6.44%, 12/15/2035	27,681	0.05%
CSFB 2001-CK6 A3, 6.39%, 10/15/2011	27,506	0.05%
FUNB COMMERCIAL 2002-C1 A2, 6.14%, 2/12/2034	27,265	0.05%
JPMCC 2001-CIBC A3, 6.26%, 3/15/2033	27,121	0.05%
FIRST UNION LEHMAN BROS. 98-C2 A2, 6.56%, 11/18/2035	26,098	0.05%
BACM 2002-2 A3, 5.12%, 7/11/2043	25,877	0.05%
DLJCM 1999-CG2 A1B, 7.30%, 6/10/2009	24,759	0.04%
MSDWC 2000-1345 A2, 7.46%, 9/30/2010	22,792	0.04%
Others	140,098	0.25%
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES	<u>404,561</u>	<u>0.73%</u>
CORPORATE BONDS - DOMESTIC		
BRITISH SKY BROADCASTING, 8.20%, 7/15/2009	56,586	0.10%
PETROLEO BRASILEIRO INTERNACIONALE, 9.75%, 7/16/2011	53,201	0.10%
CIA BRASILEIRA DE BEBIDAS, 10.50%, 12/15/2011	53,026	0.10%
US BANK NA, 6.30%, 7/15/2008	52,816	0.09%
PROVINCE OF QUEBEC, 4.60%, 5/26/2015	52,439	0.09%
PROVINCE OF MANITOBA, 2.75%, 1/17/2006	51,630	0.09%
WELLS FARGO & COMPANY, 4.75%, 2/9/2015	50,521	0.09%
DIAMOND OFFSHORE, 4.88%, 7/1/2015	50,044	0.09%
INTERNATIONAL FINANCE CORP, 3.75%, 6/30/2009	49,861	0.09%
AMERICAN HONDA FINANCE, 2.88%, 4/3/2006	47,585	0.09%
Others	3,508,051	6.34%
TOTAL CORPORATE BONDS - DOMESTIC	<u>4,025,760</u>	<u>7.27%</u>
CORPORATE STOCK - FOREIGN		
ROYAL DUTCH PETROLEUM	84,778	0.15%
BNP PARIBAS	73,789	0.13%
TOTAL SA GROUP	62,391	0.11%
E ON AG	61,164	0.11%
ING GROUP NV	59,052	0.11%
LLOYDS TSB GROUP	50,338	0.09%
GLAXO SMITH KLINE	50,335	0.09%
SHELL TRANSPORTATION AND TRADING	49,364	0.09%
SOCIETE GENERALE	49,004	0.09%
BP AMOCO	48,813	0.09%
Others	4,378,220	7.91%
TOTAL CORPORATE STOCK - FOREIGN	<u>4,967,248</u>	<u>8.97%</u>

Summary of Investments Owned on June 30, 2005
Pension Trust Funds (page 2 of 5)
(expressed in thousands)

Description	Total Market Value	Percent of Total Market Value
GOVERNMENT SECURITIES - DOMESTIC		
U.S. GOVERNMENT TREASURIES		
U.S. TREASURY BOND, 5.38%, 2/15/2031	\$ 226,124	0.41%
U.S. TREASURY BOND, 5.25%, 11/15/2028	199,503	0.36%
U.S. TREASURY BOND, 6.13%, 8/15/2007	104,784	0.19%
U.S. TREASURY BOND, 4.25%, 11/15/2014	102,113	0.18%
U.S. TREASURY NOTE, 6.00%, 8/15/2009	54,198	0.10%
U.S. TREASURY NOTE, 5.63%, 5/15/2008	52,516	0.10%
U.S. TREASURY BOND, 13.88%, 5/15/2011	33,734	0.06%
U.S. TREASURY NOTE, 7.00%, 7/15/2006	11,356	0.02%
TOTAL U.S. GOVERNMENT TREASURIES	<u>784,328</u>	<u>1.42%</u>
TREASURY INFLATION PROTECTED SECURITIES		
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2007	569,139	1.03%
U.S. TREASURY INFLATION INDEX, 3.63%, 1/15/2008	553,349	1.00%
U.S. TREASURY INFLATION INDEX, 3.00%, 7/15/2012	261,744	0.47%
U.S. TREASURY INFLATION INDEX, 3.88%, 1/15/2009	225,460	0.41%
U.S. TREASURY INFLATION INDEX, 2.00%, 7/15/2014	212,273	0.38%
U.S. TREASURY INFLATION INDEX, 0.88%, 4/15/2010	200,904	0.36%
U.S. TREASURY INFLATION INDEX, 3.38%, 1/15/2012	147,805	0.27%
U.S. TREASURY INFLATION INDEX, 2.00%, 1/15/2014	135,323	0.24%
U.S. TREASURY INFLATION INDEX, 4.25%, 1/15/2010	64,938	0.12%
TOTAL TREASURY INFLATION PROTECTED SECURITIES	<u>2,370,935</u>	<u>4.28%</u>
COLLATERALIZED MORTGAGE OBLIGATIONS		
FNMA FHR 2003-70 BH, 4.5%, 10/25/2031	38,736	0.07%
FREDDIE MAC, 5.0%, 1/15/2034	32,087	0.06%
FNR 2002-67 AN, 5.0%, 11/25/2017	30,470	0.06%
FHR 2510 AJ, 5.0%, 10/15/2017	29,701	0.05%
FNR 2003-67 TJ, 4.75%, 7/15/2018	29,530	0.05%
FHR 2419 DE, 5.5%, 7/15/2017	29,280	0.05%
FANNIE MAE, 4.5%, 1/25/2030	29,084	0.05%
FHR 2416 PE, 6.0%, 10/15/2021	25,586	0.05%
FNR 2002-71 KM, 5.0%, 11/25/2017	25,454	0.05%
FANNIE MAE, 5.0%, 7/25/2033	25,065	0.05%
Others	676,688	1.22%
TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS	<u>971,681</u>	<u>1.76%</u>
PASS THROUGH		
FREDDIE MAC, 5.5%, 12/1/2018	109,552	0.20%
FREDDIE MAC, 5.5%, 9/1/2034	89,371	0.16%
FANNIE MAE, 5.0%, 2/1/2020	56,712	0.10%
FANNIE MAE, 5.0%, 1/1/2020	56,093	0.10%
FANNIE MAE, 5.5%, 1/1/2025	55,082	0.10%
FANNIE MAE, 4.5%, 5/1/2019	52,395	0.09%
FREDDIE MAC, 5.0%, 2/1/2020	48,404	0.09%
FHLM FGE 01343, 5.0%, 4/1/2018	47,378	0.09%
FREDDIE MAC, 5.5%, 11/1/2034	47,293	0.08%
FANNIE MAE, 5.0%, 8/1/2034	46,084	0.08%
Others	1,923,796	3.48%
TOTAL PASS THROUGH	<u>2,532,160</u>	<u>4.57%</u>

Summary of Investments Owned on June 30, 2005
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	\$ 1,636	--
MISSION TOWERS, 7.5%, 6/1/2018	1,439	--
FHA PRJ-REILLY MORTGAGE GROUP #55, 7.43%, 3/1/2024	1,156	--
SUTTER VILLAGE, 7.5%, 2/2/2018	693	--
BURIEN HAUS, 7.5%, 12/1/2017	403	--
TOTAL NON-STANDARD MORTGAGES	<u>5,327</u>	<u>0.01%</u>
REPURCHASE AGREEMENTS		
BEAR STEARNS & CO. INC., 3.38%, 7/1/2005	407	--
GOLDMAN SACHS & CO., 3.35%, 7/1/2005	1,502	--
MORGAN STANLEY & COMPANY INC., 3.35%, 7/1/2005	1,885	--
UBS SECURITIES LLC, 3.39%, 7/1/2005	2,560	--
Others	43,942	0.08%
TOTAL REPURCHASE AGREEMENTS	<u>50,296</u>	<u>0.09%</u>
VARIABLE RATE NOTES		
SLM CORP, 3.28%, 1/25/2007	49,917	0.09%
MERRILL LYNCH, 3.49%, 12/22/2005	49,916	0.09%
ABN AMRO BANK NV, 3.31%, 5/11/2007	34,949	0.06%
JOHN DEERE CAPITAL CORP, 3.56%, 6/28/2006	29,955	0.06%
HBOS TREASURY SERVICES, 3.21%, 1/12/2007	29,947	0.05%
GOLDMAN SACHS, 3.59%, 3/30/2007	29,924	0.05%
DORAL FINANCIAL CORP., 3.97%, 7/20/2007	23,120	0.04%
HBOS TREASURY SERVICES, 3.16%, 1/12/2006	19,960	0.04%
HSBC BANK USA, 3.42%, 12/14/2006	19,948	0.04%
BRANCH BANKING & TRUST, 3.42%, 6/4/2007	19,946	0.04%
Others	78,052	0.14%
TOTAL VARIABLE RATE NOTES	<u>385,634</u>	<u>0.70%</u>
COMMINGLED INDEX FUNDS - DOMESTIC		
BGI US EQUITY MKT FUND	15,534,720	28.07%
TOTAL COMMINGLED INDEX FUNDS - DOMESTIC	<u>15,534,720</u>	<u>28.07%</u>
COMMINGLED INDEX FUNDS - FOREIGN		
MSCI EAFE SL	1,418,310	2.56%
WORLD EX US ALPHA TILTS	706,165	1.28%
GRANTHAM, MAYO & VAN OTTERLOO TRUST	238,413	0.44%
CANADA MSCI INDEX FUND	101,448	0.18%
FOREIGN COLONIAL EMERGING MARKETS GROUP TRUST	100,867	0.18%
CAPITAL GUARDIAN GROWTH FUND	99,831	0.18%
TOTAL COMMINGLED INDEX FUNDS - FOREIGN	<u>2,665,034</u>	<u>4.82%</u>
COMMINGLED BALANCED FUNDS - DOMESTIC		
WASHINGTON STATE MID-HORIZON FUND	114,430	0.21%
WASHINGTON STATE LONG HORIZON FUND	104,459	0.19%
WASHINGTON STATE SHORT HORIZON FUND	36,800	0.06%
TOTAL COMMINGLED BALANCED FUNDS - DOMESTIC	<u>255,689</u>	<u>0.46%</u>

Summary of Investments Owned on June 30, 2005
Pension Trust Funds (page 4 of 5)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
CURRENCIES		
E.M.U. - EURO	\$ 11,466	0.02%
GREAT BRITAIN - POUND	6,442	0.01%
JAPAN - YEN	3,821	0.01%
SWITZERLAND - FRANC	1,163	--
AUSTRALIA - DOLLAR	885	--
DENMARK - KRONE	816	--
CANADA - DOLLAR	763	--
HONG KONG - DOLLAR	718	--
SINGAPORE - DOLLAR	559	--
SWEDEN - KRONA	414	--
Others	293	--
TOTAL CURRENCIES	<u>27,340</u>	<u>0.05%</u>
GUARANTEED INVESTMENT CONTRACTS		
SAVINGS POOL	653,020	1.18%
TOTAL GUARANTEED INVESTMENT CONTRACTS	<u>653,020</u>	<u>1.18%</u>
LIFE ANNUITY		
G.E. CAPITAL ASSURANCE	35	--
TOTAL LIFE ANNUITY	<u>35</u>	<u>--</u>
MONEY MARKET FUNDS		
STATE STREET BANK & TRUST CO.	1,281,471	2.32%
TOTAL MONEY MARKET FUNDS	<u>1,281,471</u>	<u>2.32%</u>
MUTUAL FUNDS		
U.S. STOCK MARKET INDEX FUND	453,022	0.82%
FIDELITY EQUITY-INCOME FUND	387,609	0.70%
U.S. LARGE STOCK INDEX FUND	337,615	0.61%
U.S. SMALL STOCK INDEX FUND	307,489	0.55%
FIDELITY INDEPENDENCE FUND	300,832	0.54%
WASHINGTON STATE MONEY MARKET FUND	292,189	0.53%
WASHINGTON STATE BOND FUND	270,880	0.49%
INTERNATIONAL STOCK INDEX FUND	224,733	0.41%
FIDELITY GROWTH COMPANY FUND	220,157	0.40%
SOCIAL BALANCED FUND	50,515	0.09%
Others	560	--
TOTAL MUTUAL FUNDS	<u>2,845,601</u>	<u>5.14%</u>
PRIVATE EQUITY		
KKR MILLENIUM FUND	793,504	1.43%
KKR 1996 FUND	361,101	0.65%
KKR EUROPEAN FUND	332,551	0.60%
WARBURG PINCUS PRIVATE EQUITY VIII	226,202	0.41%
FORTRESS INVESTMENT FUND LLC	204,668	0.37%
WELSH CARSON ANDERSON STOWE IX	199,817	0.36%
WARBURG PINCUS EQUITY PARTNERS LP	198,719	0.36%
MADISON DEARBORN CAPITAL PARTNERS IV LP	141,336	0.26%
FIRST RESERVE FUND IX LP	121,775	0.22%
MENLO VENTURE IX, L.P.	110,150	0.20%
Others	4,193,097	7.58%
TOTAL PRIVATE EQUITY	<u>6,882,920</u>	<u>12.44%</u>

Summary of Investments Owned on June 30, 2005
Pension Trust Funds (page 5 of 5)

<u>Description</u>	<u>Total Market Value</u>	<u>Percent of Total Market Value</u>
REAL ESTATE		
PRINCIPAL ENTERPRISE CAPITAL I	\$ 749,131	1.35%
HOMETOWN AMERICA, LLC	683,840	1.24%
MSREF IV INTERNATIONAL	366,965	0.66%
LONESTAR IV (US) LP	344,808	0.62%
HAWTHORNE TIMBER LLC	279,019	0.50%
EUROPEAN INVESTMENT PROPERTIES LIMITED	257,790	0.47%
PACTRUST REALTY ASSOCIATES LP	253,780	0.46%
LONESTAR FUND III	249,694	0.45%
UNION SQUARE LP	219,145	0.40%
OLYMPIA PROPERTIES LLC	200,711	0.36%
Others	<u>808,013</u>	<u>1.46%</u>
TOTAL REAL ESTATE	<u>4,412,896</u>	<u>7.97%</u>
SECURITIES ON LOAN		
SECURITIES ON LOAN - DOMESTIC	3,417,172	6.18%
SECURITIES ON LOAN - FOREIGN	<u>832,242</u>	<u>1.50%</u>
TOTAL SECURITIES ON LOAN	<u>4,249,414</u>	<u>7.68%</u>
TOTAL INVESTMENTS	\$ <u>55,347,915</u>	<u>100.00%</u>

Actuarial Section

State Actuary's Certification Letter



WASHINGTON STATE LEGISLATURE
Office of the State Actuary

November 7, 2005

Sandra J. Matheson, Director
Department of Retirement Systems
P.O. 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 GFOA certification standards for actuarial reporting.

The information in this letter pertains to the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), School Employees' Retirement System (SERS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS), Judicial Retirement System (JRS), and Judges' Retirement System (Judges). The state contributes to other pension plans which 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, 2004.

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. 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.

Ms. Matheson
November 7, 2005
Page 2

The material pension changes made during the 2004 Legislative Session that became effective during (and after) the 2004 Fiscal Year were disclosed in last year's annual report.

Pension benefit legislation enacted during the 2005 Legislative Session is summarized below (chapter and law year references are provided parenthetically):

- PERS, TRS, and SERS Plan 2/3 members may opt out of plan membership if deemed to be terminally ill with less than five years to live (Chapter 131, Laws of 2005).
- The PERS Plan 1 Veterans definition was expanded to include conflicts in the Persian Gulf and Afghanistan (Chapter 255, Laws of 2005).
- Emergency Medical Technicians (EMT) in PERS may transfer into LEOFF Plan 2 and have the option of transferring their past service (Chapter 459, Laws of 2005).
- The TRS Plan 1 certified Educational Staff Associates (ESA) benefit formula was improved by annualizing salaries when calculating average final compensation so part-time ESAs may receive proportionate retirement benefits (Chapter 23, Laws of 2005).
- LEOFF Plan 1 ex-spouse benefits were enhanced by allowing continuance after the death of the member (Chapter 62, Laws of 2005).
- LEOFF Plan 2 disability benefits were enhanced by removing the actuarial reduction for commencement prior to normal retirement (Chapter 451, Laws of 2005).

There were no other material pension benefit changes during the 2005 Session.

Pension funding legislation was adopted during the 2005 legislative session (Chapter 370, Laws of 2005), which creates 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 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.

The estimated value of future gain-sharing benefits is included in the liabilities for accounting disclosure purposes, but not for funding purposes.

In 1989, the Legislature adopted the objective of amortizing the Unfunded Actuarial Accrued Liability (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 a modified aggregate 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. 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 2005 the systems were funded according to this method and, if continued following resumption of contributions, the UAAL will be amortized as scheduled.

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LEOFF 1 does not have a UAAL at this time.

PERS 2, TRS 2/3, SERS 2/3, LEOFF 2, and WSP 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 State Investment Board, and the Washington State Treasurer's Report.

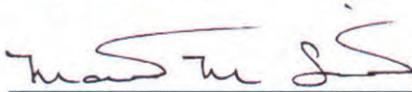
The following schedules (or updates to them) were prepared by this office for inclusion in the 2005 Comprehensive Annual Financial Report:

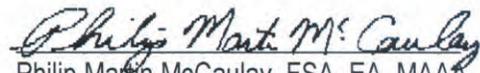
- Schedules of Funding Progress
- Schedule of Employer Contributions
- Summary of Actuarial Assumptions and Methods
- Schedules of Active Member Valuation Data
- Schedules of Retirees and Beneficiaries Added to and Removed from Rolls
- Solvency Tests
- Analysis of Selected Experience

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The actuarial assumptions and methods prescribed by the Legislature were used for reporting funding items. 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 CAFR under Notes to the Required Supplementary Information, as well as in the section Funding Policy.

Respectfully submitted,


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


Philip 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, 2005, 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 (deferred 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 are 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. These 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	RP-2000 Combined Healthy Table; males set forward six years, minimum 5%; females set forward six years, minimum 3.5%
SERS	RP-2000 Combined Healthy Table; males unadjusted; females set back two years	RP-2000 Combined Healthy Table; males set forward five years, minimum 3%; females set forward two years, minimum 3%
TRS	RP-2000 Combined Healthy Table; males set back two years; females set back two years	RP-2000 Combined Healthy Table; males set forward five years, minimum 3%; females set forward two years, minimum 1.75%
LEOFF	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward two years, minimum 0.5%; females set forward two years, minimum 0.5%
WSPRS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward two years, minimum 0.5%; females set forward two years, minimum 0.5%
JRS	RP-2000 Combined Healthy Table	RP-2000 Combined Healthy Table; males set forward six years, minimum 5%; females set forward six years, minimum 3.5%

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

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

Age	Male	Female
50	64%	40%
51	57%	43%
52	52%	37%
53	52%	33%
54	52%	52%
55	22%	26%
56	22%	18%
57	22%	18%
58	22%	22%
59	22%	37%
60	22%	18%
61	22%	22%
62	40%	37%
63	26%	26%
64	30%	26%
65	49%	46%
66-69	30%	26%
70	100%	100%

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
54	2%	2%	4%	4%
55	5%	5%	7%	7%
56	5%	5%	7%	7%
57	5%	5%	7%	7%
58	10%	5%	14%	7%
59	10%	5%	14%	7%
60	14%	14%	21%	21%
61	14%	18%	21%	27%
62	33%	30%	50%	45%
63	26%	26%	39%	39%
64	79%	82%	90%	90%
65	52%	49%	52%	49%
66	30%	30%	30%	30%
67	22%	26%	22%	26%
68	22%	26%	22%	26%
69	100%	100%	100%	100%

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
55	5%	5%	7%	7%
56	5%	5%	7%	7%
57	5%	5%	7%	7%
58	10%	5%	14%	7%
59	10%	5%	14%	7%
60	14%	14%	21%	21%
61	14%	18%	21%	27%
62	33%	30%	50%	45%
63	26%	26%	39%	39%
64	79%	82%	90%	90%
65	52%	49%	52%	49%
66	30%	30%	30%	30%
67	22%	26%	22%	26%
68	22%	26%	22%	26%
69	26%	22%	26%	22%
70	100%	100%	100%	100%

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
54	25%	20%	40%	30%
55	20%	20%	35%	30%
56	20%	20%	35%	30%
57	20%	20%	40%	30%
58	20%	25%	45%	30%
59	20%	25%	45%	30%
60	20%	20%	60%	35%
61	45%	35%	60%	55%
62	30%	25%	60%	50%
63	25%	20%	60%	50%
64	45%	45%	90%	90%
65	45%	35%	90%	90%
66	35%	30%	90%	90%
67	30%	35%	90%	90%
68	30%	25%	90%	90%
69	100%	100%	100%	100%

4. Retirement (page 2 of 3):

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

Age	Service Less Than 30 Years		Service Greater Than or Equal to 30 Years	
	Male	Female	Male	Female
54	5%	3%	8%	5%
55	5%	5%	8%	8%
56	5%	10%	8%	15%
57	5%	10%	8%	15%
58	5%	10%	8%	15%
59	20%	15%	30%	23%
60	40%	20%	60%	30%
61	30%	30%	45%	45%
62	30%	30%	45%	45%
63	60%	50%	90%	75%
64	50%	50%	50%	50%
65	50%	30%	50%	30%
66	50%	25%	50%	25%
67	50%	25%	50%	25%
68	50%	40%	50%	40%
69	100%	100%	100%	100%

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

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

LEOFF
Probabilities of Service Retirement
Among Members Eligible to Retire

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

JRS
Probabilities of Service Retirement
Among Members Eligible to Retire

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

4. Retirement (page 3 of 3):

**PERS Plan 1
Probabilities of Disablement**

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

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

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

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

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

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

**WSPRS 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
	Male & Female	Duty	Nonduty
20	0.10%	0.09%	0.00%
25	0.10%	0.09%	0.00%
30	0.80%	0.09%	0.00%
35	1.49%	0.09%	0.00%
40	2.35%	0.09%	0.01%
45	4.24%	0.09%	0.02%
50	7.34%	0.09%	0.05%
55	10.35%	0.09%	0.10%
60	12.17%	0.09%	0.10%

JRS-Probabilities of Disablement

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

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

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

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

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

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

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

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

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

**WSPRS Plan 1/2
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%	10.34%
1	4.69%	4.60%
2	2.37%	2.28%
3	2.08%	1.99%
4	1.98%	1.89%
5	1.94%	1.85%
6	1.94%	1.85%
7	1.94%	1.85%
8	1.67%	1.58%
9	1.67%	1.58%
10	1.67%	1.58%
11	1.42%	1.33%
12	1.42%	1.33%
13	1.42%	1.33%
14-16	0.99%	0.90%
17-28	0.70%	0.61%
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
1	6.1%	1.275
2	4.8%	1.201
3	3.8%	1.146
4	2.9%	1.104
5	2.1%	1.073
6	1.3%	1.051
7	1.0%	1.038
8	0.8%	1.027
9	0.6%	1.019
10	0.4%	1.013
11	0.3%	1.009
12	0.2%	1.006
13	0.1%	1.004
14	0.1%	1.003
15	0.1%	1.002
16	0.1%	1.001
17+	0.0%	1.000

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

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

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

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

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

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

6. Future Salaries (page 2 of 2):

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

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

**JRS
Future Salaries**

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

Relative Salary Values

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

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

- Members of PERS Plan 1 increase their Average Final Compensation by an average of up to 5 percent by cashing out sick leave or 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 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.
- 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 were updated 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.
- LEOFF Plan 2 and WSPRS duty death assumptions were modified to be a flat rate of 0.02% per year.

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 Aggregate 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 excluded for funding purposes, but included for GASB purposes.

10. Change in Funding Policy:

Pension funding legislation adopted in 2005:

- Delayed recognition of gain-sharing benefits for PERS, TRS and SERS for funding purposes until 2007.
- Suspended Plan 1 UAAL contributions for the 2005-07 biennium.
- Adopted annual contribution rates over a four-year “phase in” period from 2005-09.

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, 2004.

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 2005 had an immediate impact on the latest actuarial valuation contribution rates:

- All plans of PERS, TRS, SERS Pension Funding (Chapter 370, Laws of 2005)
- PERS Plan 1 Veterans (Chapter 255, Laws of 2005)
- PERS Plan 1 EMTs into LEOFF Plan 2 (Chapter 459, Laws of 2005)
- TRS Plan 1 part-time ESAs (Chapter 23, Laws of 2005)
- LEOFF Plan 1 Ex-spouse survivor benefit (Chapter 62, Laws of 2005)
- LEOFF Plan 2 Disability (Chapter 451, Laws of 2005)

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
9/30/04	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%
12/31/99	28,168	1,184.3	42,045	3.6%

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
9/30/04	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%
12/31/99	168,214	5,546.2	32,971	3.8%

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
9/30/04	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*	--	--	--	--
12/31/99*	--	--	--	--

* 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
9/30/04	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
12/31/99*	--	--	--	--

* 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
9/30/04	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
12/31/99*	--	--	--	--

* SERS Plan 3 became effective on September 1, 2000

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 1

Valuation Date	Active Members	Annual Payroll in Millions	Average Annual Pay	Annualized % Increase in Average Pay
9/30/04	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%
6/30/99	18,737	984.4	52,540	1.3%

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
9/30/04	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%
6/30/99	8,663	372.7	43,022	2.2%

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
9/30/04	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%
6/30/99	35,284	1,445.9	40,979	0.7%

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
9/30/04	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%
12/31/99	1,743	105.8	60,683	3.1%

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
9/30/04	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%
12/31/99	12,713	725.0	57,031	4.3%

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
9/30/04	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%
12/31/99	968	55.7	57,496	4.8%

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
9/30/04	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*	-	-	-	-
12/31/99*	-	-	-	-

* 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
9/30/04	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%
12/31/99	38	4.0	105,196	2.2%

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
9/30/04	-	\$0.0	\$0	n/a
9/30/03	-	0.0	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%
12/31/99	1	0.1	120,000	7.1%

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		
09/30/04	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%
12/31/99	2,680	52,982,694	2,113	16,128,342	52,515	608,698,282	11,591	7.7%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/04	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%
12/31/99	1,198	8,229,229	118	549,264	6,765	39,204,885	5,795	27.3%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
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*	--	--	--	--	--	--	--	--
12/31/99*	--	--	--	--	--	--	--	--

*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		
09/30/04	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
12/31/99*	--	--	--	--	--	--	--	--

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

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/04	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*	--	--	--	--	--	--	--	--
12/31/99*	--	--	--	--	--	--	--	--

*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		
09/30/04	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%
06/30/99	1,677	34,602,902	898	8,961,508	28,920	427,968,688	14,798	7.6%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/04	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%
06/30/99	90	902,554	4	24,541	398	3,466,085	8,709	37.8%

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		
09/30/04	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%
06/30/99	40	145,317	--	--	50	176,974	3,539	475.8%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
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%
12/31/99	348	11,397,460	159	4,062,564	7,623	221,408,074	29,045	6.0%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
09/30/04	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%
12/31/99	23	271,079	3	31,542	100	949,552	9,496	38.6%

Source: Washington State Office of the State Actuary

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

Year Ended	Added to Rolls		Removed from Rolls		Rolls-End of Year		Average Annual Allowance	Percentage Increase in Annual Allowance
	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances		
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%
12/31/99	49	1,507,418	14	231,872	647	18,670,760	28,857	9.2%

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		
09/30/04	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%
12/31/99	7	252,731	9	464,254	132	7,284,962	55,189	(0.7)%

Source: Washington State Office of the State Actuary

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

Year Ended	Number	Annual Allowances	Number	Annual Allowances	Number	Annual Allowances	Average Annual Allowance	Percentage Increase in Annual Allowance
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	--
12/31/99	--	--	1	5,427	18	662,102	36,783	(0.8)%

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
9/30/04	\$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%
12/31/99	1,581.0	6,453.8	3,601.2	11,636.0	10,455.5	100%	100%	67%

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
9/30/04	\$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%
12/31/99	2,294.8	968.9	8,107.3	11,371.0	11,371.0	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
9/30/04	\$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%
12/31/99*	--	--	--	--	--	--	--	--

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

Solvency Test: TRS Plan 1

(dollars in millions)

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
9/30/04	\$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%
6/30/99	1,384.1	4,917.0	3,227.9	9,529.0	8,696.1	100%	100%	74%

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
9/30/04	\$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%
6/30/99	238.5	156.4	2,512.9	2,907.8	2,907.8	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
9/30/04	\$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%
12/31/99	165.6	3,313.5	646.2	4,125.3	5,149.7	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
9/30/04	\$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%
12/31/99	568.8	38.7	1,555.4	2,162.9	2,162.9	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
9/30/04	\$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%
12/31/99	46.3	230.1	161.1	437.5	662.2	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
9/30/04	\$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%
12/31/99	6.2	70.6	17.3	94.1	9.1	100%	4%	0%

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
9/30/04	\$ --	\$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%
12/31/99	--	5.7	0.8	6.5	4.4	100%	77%	0%

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 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$321.7)	(\$679.7)	(\$702.2)	(\$422.3)	\$86.2	\$856.5
Salary Gains	106.7	90.8	(14.7)	(16.8)	(38.8)	15.6
Termination of Employment	17.3	16.4	8.5	13.2	12.7	8.4
Return to Work from Terminated Status	(17.8)	(16.6)	(15.5)	(35.2)	(49.1)	(53.1)
Gain (or Loss) During Year from Selected Experience	(\$215.5)	(\$589.1)	(\$723.9)	(\$461.1)	\$11.0	\$827.4

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$295.7)	(\$802.9)	(\$680.5)	(\$430.8)	\$45.9	\$886.7
Salary Gains	326.9	245.5	(12.1)	(21.3)	(76.3)	30.1
Termination of Employment	41.8	41.5	4.2	33.1	41.0	38.4
Return to Work from Terminated Status	(82.5)	(77.9)	(65.8)	(71.8)	(72.4)	(95.4)
Gain (or Loss) During Year from Selected Experience	(\$9.5)	(\$593.8)	(\$754.2)	(\$490.8)	(\$61.8)	\$859.8

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: SERS Plan 2/3*
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$45.1)	(\$101.4)	(\$107.2)	(\$52.6)	\$16.0	\$ --
Salary Gains	59.3	5.8	(0.3)	11.3	13.9	--
Termination of Employment	25.6	32.0	6.9	4.8	4.0	--
Return to Work from Terminated Status	(13.3)	(9.5)	(18.0)	(18.9)	(23.3)	--
Gain (or Loss) During Year from Selected Experience	\$26.5	(\$73.1)	(\$118.6)	(\$55.4)	\$10.6	\$ --

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

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 1
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$400.6)	(\$405.9)	(\$409.1)	(\$300.3)	\$496.3	\$552.7
Salary Gains	102.6	(2.1)	13.3	49.4	(70.2)	184.3
Termination of Employment	10.8	14.9	6.0	6.5	5.5	2.8
Return to Work from Terminated Status	(13.7)	(12.1)	(13.8)	(21.8)	(19.1)	(20.6)
Gain (or Loss) During Year from Selected Experience	(\$300.9)	(\$405.2)	(\$403.6)	(\$266.2)	\$412.5	\$719.2

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$146.2)	(\$160.1)	(\$159.7)	(\$118.1)	\$164.0	\$187.7
Salary Gains	148.7	1.1	32.7	65.2	(50.8)	107.5
Termination of Employment	79.6	78.5	15.3	5.9	10.1	7.7
Return to Work from Terminated Status	(44.3)	(46.7)	(20.6)	(36.4)	(30.6)	(25.4)
Gain (or Loss) During Year from Selected Experience	\$37.8	(\$127.2)	(\$132.3)	(\$83.4)	\$92.7	\$277.5

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$236.5)	(\$422.1)	(\$513.7)	(\$205.1)	\$44.3	\$427.3
Salary Gains	13.7	17.9	9.4	24.7	16.9	0.6
Termination of Employment	0.0	0.0	0.5	0.6	0.5	0.1
Return to Work from Terminated Status	(3.3)	(2.4)	(0.5)	(0.5)	(1.1)	(1.5)
Gain (or Loss) During Year from Selected Experience	(\$226.1)	(\$406.6)	(\$504.3)	(\$180.3)	\$60.6	\$426.5

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$108.3)	(\$198.6)	(\$246.2)	(\$99.5)	\$9.1	\$165.4
Salary Gains	101.9	113.9	28.8	39.9	(0.3)	2.0
Termination of Employment	31.7	20.9	0.9	1.1	1.1	0.4
Return to Work from Terminated Status	(0.0)	(21.3)	(2.0)	(2.0)	(2.1)	(4.4)
Gain (or Loss) During Year from Selected Experience	<u>\$25.3</u>	<u>(\$85.1)</u>	<u>(\$218.5)</u>	<u>(\$60.5)</u>	<u>\$7.8</u>	<u>\$163.4</u>

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS Plan 1
Selected Gains and Losses During Years Ended 1999 to 2004
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

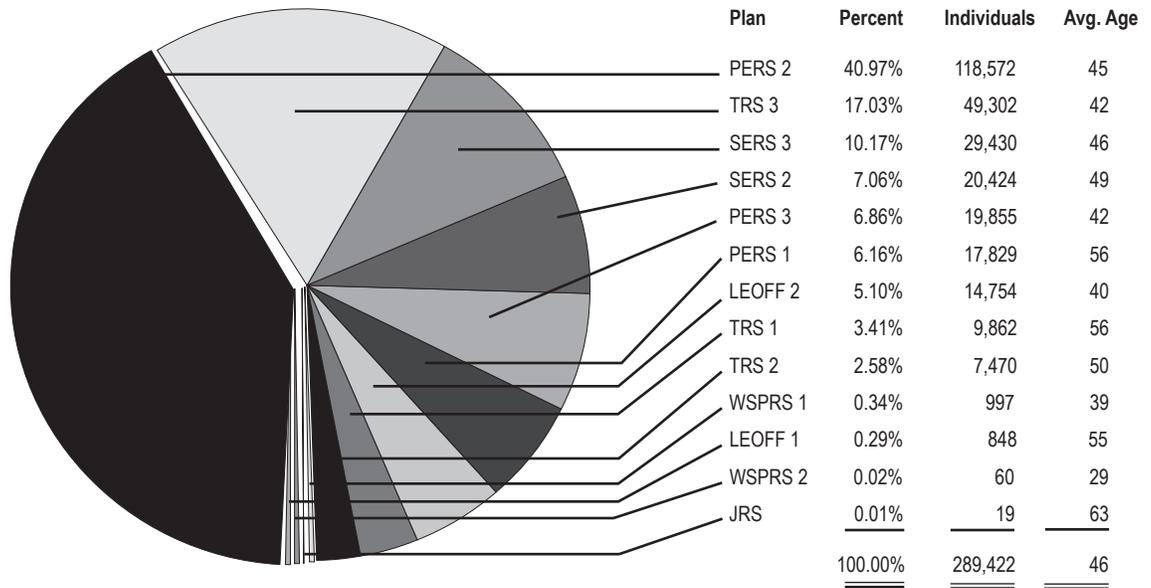
Type of Activity	\$ Gain (or Loss) For Year					
	2004	2003	2002	2001	2000	1999
Investment Gains	(\$31.0)	(\$55.6)	(\$68.1)	(\$27.3)	\$5.0	\$53.5
Salary Gains	23.8	11.2	6.9	4.1	3.7	(6.2)
Termination of Employment	(0.6)	(0.9)	0.3	0.1	0.2	0.1
Return to Work from Terminated Status	(0.7)	(0.7)	(0.2)	(0.1)	(0.1)	(0.1)
Gain (or Loss) During Year from Selected Experience	<u>(\$8.5)</u>	<u>(\$46.0)</u>	<u>(\$61.1)</u>	<u>(\$23.2)</u>	<u>\$8.8</u>	<u>\$47.3</u>

Source: Washington State Office of the State Actuary

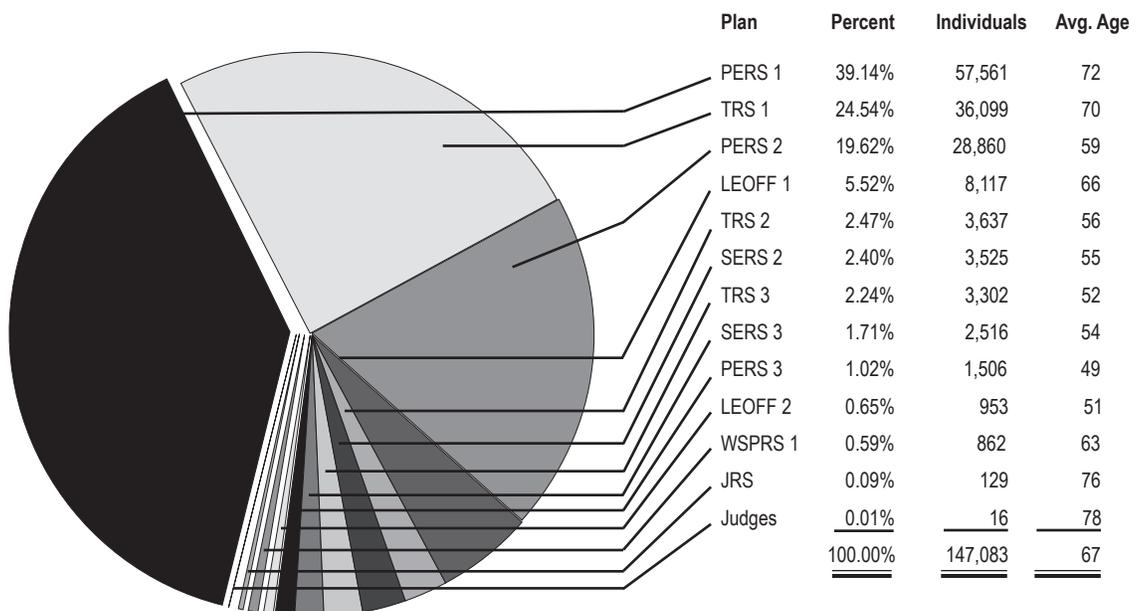
Statistical Section

Distribution of Membership For the Year Ended September 30, 2004

Active Members by System and Plan



Inactive and Retired Members by System and Plan



There were no active Judges' members, and no inactive or retired WSPRS Plan 2 members as of the latest valuation date of September 30, 2004.

Source: Washington State Office of the State Actuary

Schedule of Additions to Plan Net Assets by Source: PERS Plan 1
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$52,246	\$22,360	2.5%	\$242	\$1,173,845	\$1,248,693
06/30/04	57,196	22,789	2.3%	310	1,329,302	1,409,597
06/30/03	62,065	56,618	5.4%	487	331,055	450,225
06/30/02	67,670	68,631	6.1%	355	(633,439)	(496,783)
06/30/01	70,266	181,711	15.7%	789	(653,438)	(400,672)
06/30/00	73,260	200,135	16.6%	663	1,327,697	1,601,755

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

Schedule of Deductions from Plan Net Assets by Type: PERS Plan 1
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$880,874	\$4,903	\$5,143	\$966	\$891,886
06/30/04	828,765	4,917	5,628	4	839,314
06/30/03	776,683	5,596	5,678	358	788,315
06/30/02	718,730	6,181	7,446	245	732,602
06/30/01	669,877	6,847	8,466	408	685,598
06/30/00	617,114	5,811	8,807	252	631,984

Schedule of Additions to Plan Net Assets by Source: PERS Plan 2/3
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$63,806	\$74,720	1.4%	\$254	\$1,424,745	\$1,563,525
06/30/04	60,953	69,377	1.9%	251	1,463,658	1,594,239
06/30/03	34,498	38,287	0.7%	602	374,315	447,702
06/30/02	48,579	50,953	0.9%	275	(649,272)	(549,465)
06/30/01	116,564	115,039	2.2%	727	(592,159)	(359,829)
06/30/00	102,549	101,869	1.8%	443	1,446,407	1,651,268

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

Schedule of Deductions from Plan Net Assets by Type: PERS Plan 2/3
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$102,742	\$5,960	\$24,086	\$4,718	\$137,506
06/30/04	86,174	5,779	27,082	22,918	141,953
06/30/03	72,460	6,054	30,835	611,867	721,216
06/30/02	60,551	6,270	42,087	31,165	140,073
06/30/01	50,798	6,638	48,311	1,903,538	2,009,285
06/30/00	40,976	5,989	59,394	1,192	107,551

Schedule of Additions to Plan Net Assets by Source: SERS Plan 2/3
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$4,166	\$10,160	2.0%	\$1,959	\$203,039	\$219,324
06/30/04	3,501	9,076	0.8%	1,631	205,230	\$219,438
06/30/03	1,827	6,154	0.5%	1,970	56,651	66,602
06/30/02	5,171	11,313	1.1%	17,923	(88,839)	(54,432)
06/30/01	14,168	19,939	2.4%	1,902,646	(151,356)	1,785,397
06/30/00	**	**	**	**	**	**

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

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

Schedule of Deductions from Plan Net Assets by Type: SERS Plan 2/3
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$10,114	\$990	\$2,191	\$568	\$13,863
06/30/04	6,692	1,080	2,025	545	10,342
06/30/03	4,305	1,113	2,220	355	7,993
06/30/02	2,048	1,117	2,397	1,495	7,057
06/30/01	285	1,098	1,397	478,439	481,219
06/30/00	**	**	**	**	**

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

Schedule of Additions to Plan Net Assets by Source: TRS Plan 1
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$38,087	\$8,793	1.2%	\$168	\$990,163	\$1,037,211
06/30/04	42,706	11,385	1.4%	147	1,119,458	1,173,696
06/30/03	46,790	20,352	2.4%	333	281,490	348,965
06/30/02	50,180	59,434	6.7%	253	(541,604)	(431,737)
06/30/01	55,898	141,351	15.6%	355	(561,104)	(363,500)
06/30/00	57,538	182,982	19.1%	397	1,148,184	1,389,101

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

Schedule of Deductions from Plan Net Assets by Type: TRS Plan 1
(dollars in thousands)

Year Ended	Benefits*	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$741,118	\$3,894	\$1,180	\$817	\$747,009
06/30/04	692,243	3,926	1,792	-	697,961
06/30/03	689,254	4,555	1,521	283	695,613
06/30/02	679,009	5,132	2,313	207	686,661
06/30/01	632,674	5,619	2,762	348	641,403
06/30/00	579,261	4,673	2,188	199	586,321

* Benefits include withdrawn annuities at retirement.

Schedule of Additions to Plan Net Assets by Source: TRS Plan 2/3
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$3,549	\$33,767	8.0%	\$500	\$504,259	\$542,075
06/30/04	3,108	29,921	1.1%	439	507,705	541,173
06/30/03	633	18,225	0.7%	429	139,588	158,875
06/30/02	5,433	46,359	1.9%	369	(221,155)	(168,994)
06/30/01	11,078	69,579	3.2%	296	(194,654)	(113,701)
06/30/00	12,744	75,311	3.9%	140	392,723	480,918

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

Schedule of Deductions from Plan Net Assets by Type: TRS Plan 2/3
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$17,118	\$3,027	\$3,110	\$1,278	\$24,533
06/30/04	13,416	2,940	2,858	1,003	20,217
06/30/03	10,862	3,093	3,537	956	18,448
06/30/02	8,669	3,108	4,510	1,704	17,991
06/30/01	6,810	3,053	3,871	3,574	17,308
06/30/00	4,943	2,433	4,964	77,351	89,691

Schedule of Additions to Plan Net Assets by Source: LEOFF Plan 1
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$(2)	\$9	-%	\$-	\$-	\$606,955	\$606,962
06/30/04	-	1	-%	-	-	668,276	668,277
06/30/03	40	62	0.1%	-	168	164,983	165,253
06/30/02	76	98	0.1%	-	163	(312,009)	(311,672)
06/30/01	21	130	0.1%	-	256	(321,268)	(320,861)
06/30/00	6,300	6,303	6.0%	-	117	652,374	665,094

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

Schedule of Deductions from Plan Net Assets by Type: LEOFF Plan 1
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$279,957	\$2,455	\$5	\$526	\$282,943
06/30/04	272,118	2,450	133	27	274,728
06/30/03	264,618	2,789	158	166	267,731
06/30/02	252,625	3,088	92	135	255,940
06/30/01	238,938	3,218	12	203	242,371
06/30/00	225,175	2,612	82	372	228,241

Schedule of Additions to Plan Net Assets by Source: LEOFF Plan 2
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$53,913	\$32,780	3.1%	\$21,266	\$17	\$395,569	\$503,545
06/30/04	50,698	30,773	3.1%	20,193	-	394,282	495,946
06/30/03	41,372	25,583	2.7%	16,404	234	100,385	183,978
06/30/02	39,401	23,997	2.7%	15,551	62	(153,464)	(74,453)
06/30/01	52,939	31,450	3.9%	20,919	96	(144,765)	(39,361)
06/30/00	43,729	26,214	3.5%	17,093	54	275,091	362,181

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

Schedule of Deductions from Plan Net Assets by Type: LEOFF Plan 2
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$8,978	\$1,659	\$7,765	\$331	\$18,733
06/30/04	6,043	1,490	5,720	-	13,253
06/30/03	4,059	1,528	5,124	94	10,805
06/30/02	2,743	1,477	9,143	109	13,472
06/30/01	1,726	1,450	8,343	165	11,684
06/30/00	929	1,092	11,054	135	13,210

Schedule of Additions to Plan Net Assets by Source: WSPRS Plan 1/2
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$1,316	\$-	-%	\$98	\$86,531	\$87,945
06/30/04	1,322	1	-%	121	93,188	94,632
06/30/03	1,314	-	-%	144	23,160	24,618
06/30/02	1,245	-	-%	265	(41,663)	(40,153)
06/30/01	1,817	-	-%	252	(42,079)	(40,010)
06/30/00	4,050	15	-%	403	84,099	88,567

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

Schedule of Deductions from Plan Net Assets by Type: WSPRS Plan 1/2
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$27,606	\$358	\$173	\$70	\$28,207
06/30/04	25,724	347	303	-	26,374
06/30/03	24,047	378	221	23	24,669
06/30/02	22,316	398	199	16	22,929
06/30/01	20,359	410	88	26	20,883
06/30/00	18,787	324	317	15	19,443

Schedule of Additions to Plan Net Assets by Source: JRS
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$155	\$155	7.5%	\$5,995	\$-	\$74	\$6,379
06/30/04	196	197	7.5%	5,995	-	57	6,445
06/30/03	215	215	7.5%	6,000	-	120	6,550
06/30/02	229	229	7.5%	6,000	-	249	6,707
06/30/01	257	257	7.5%	7,000	-	582	8,096
06/30/00	306	306	7.5%	7,000	-	507	8,119

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

Schedule of Deductions from Plan Net Assets by Type: JRS
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$8,761	\$1	\$-	\$-	\$8,762
06/30/04	8,404	2	-	-	8,406
06/30/03	8,279	4	-	-	8,283
06/30/02	8,060	6	-	-	8,066
06/30/01	7,719	5	-	1	7,725
06/30/00	7,331	5	-	-	7,336

Schedule of Additions to Plan Net Assets by Source: Judges
(dollars in thousands)

Year Ended	Employee Contributions	Employer Contributions: Amount	Employer Contributions: % of covered payroll	State	Transfers	Investment Income Miscellaneous*	Total Additions
06/30/05	\$-	\$-	**	\$500	\$-	\$88	\$588
06/30/04	-	-	**	500	-	23	523
06/30/03	6	6	**	250	-	112	374
06/30/02	8	8	**	250	-	218	484
06/30/01	8	8	6.5%	750	-	338	1,104
06/30/00	8	8	6.5%	750	-	192	958

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

** Data not available.

Schedule of Deductions from Plan Net Assets by Type: Judges
(dollars in thousands)

Year Ended	Benefits	Administrative Expenses	Refunds	Transfers	Total Deductions
06/30/05	\$641	\$2	\$13	\$1	\$657
06/30/04	685	2	-	-	687
06/30/03	639	3	-	-	642
06/30/02	656	3	-	-	659
06/30/01	662	4	-	-	666
06/30/00	662	2	-	-	664

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended September 30, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100**	176	128	27	8	13	150	17	8	1
101-200	1,597	1,095	-	121	381	1,054	374	167	2
201-300	2,835	2,011	7	190	627	1,865	653	311	6
301-400	3,183	2,305	50	163	665	2,124	693	360	6
401-500	3,187	2,334	1	160	692	2,052	672	453	10
501-600	3,215	2,431	2	146	636	2,106	615	478	16
601-700	3,013	2,318	2	131	562	1,949	562	489	13
701-800	2,914	2,253	4	129	528	1,817	564	513	20
801-900	2,774	2,259	2	108	405	1,761	532	463	18
901-1,000	2,663	2,239	3	83	338	1,722	522	397	22
Over 1,000	29,011	27,199	5	390	1,417	18,454	4,797	4,825	935
Totals	54,568	46,572	103	1,629	6,264	35,054	10,001	8,464	1,049

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	337	134	-	174	29	225	98	9	5
101-200	1,233	819	-	309	105	861	308	46	18
201-300	1,370	989	-	238	143	909	353	78	30
301-400	1,318	1,017	-	179	122	892	317	74	35
401-500	1,219	1,013	-	131	75	813	289	86	31
501-600	1,054	910	-	76	68	700	251	76	27
601-700	999	882	-	57	60	681	207	70	41
701-800	843	766	-	38	39	571	168	68	36
801-900	760	707	-	34	19	508	143	81	28
901-1,000	634	597	-	19	18	438	97	72	27
Over 1,000	2,339	2,268	-	30	41	1,620	325	285	109
Totals	12,106	10,102	-	1,285	719	8,218	2,556	945	387

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 0-100	3	-	-	2	1	2	1	-	-
101-200	38	27	-	5	6	21	15	2	-
201-300	51	45	-	3	3	33	10	6	2
301-400	40	36	-	4	-	27	6	6	1
401-500	30	24	-	4	2	21	3	6	-
501-600	23	21	-	-	2	16	6	1	-
601-700	15	15	-	-	-	10	2	1	2
701-800	7	7	-	-	-	5	1	-	1
801-900	4	4	-	-	-	4	-	-	-
901-1,000	2	2	-	-	-	2	-	-	-
Over 1,000	9	9	-	-	-	8	-	1	-
Totals	222	190	-	18	14	149	44	23	6

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	37	14	-	19	4	18	16	2	1
101-200	145	109	-	25	11	105	33	5	2
201-300	169	137	-	22	10	124	33	7	5
301-400	133	119	-	9	5	96	29	2	6
401-500	123	110	-	10	3	96	22	4	1
501-600	108	99	-	5	4	82	11	13	2
601-700	83	82	-	1	-	72	6	5	-
701-800	68	67	-	1	-	57	6	4	1
801-900	56	55	-	1	-	42	9	4	1
901-1,000	46	45	-	-	1	32	6	6	2
Over 1,000	129	125	-	2	2	94	16	15	4
Totals	1,097	962	-	95	40	818	187	67	25

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	43	39	-	4	-	32	8	2	1
101-200	198	177	-	11	10	147	41	7	3
201-300	120	113	-	5	2	95	21	1	3
301-400	56	54	-	1	1	40	12	4	-
401-500	28	27	-	1	-	23	2	2	1
501-600	11	11	-	-	-	10	1	-	-
601-700	13	12	-	1	-	11	-	2	-
701-800	6	6	-	-	-	6	-	-	-
801-900	2	2	-	-	-	2	-	-	-
901-1,000	1	1	-	-	-	1	-	-	-
Over 1,000	3	3	-	-	-	2	-	1	-
Totals	481	445	-	23	13	369	85	19	8

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

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: TRS Plan 1
For the Year Ended September 30, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	58	56	-	-	2	44	11	3	-
101-200	407	354	8	-	45	291	92	21	3
201-300	630	524	31	-	75	451	139	38	2
301-400	717	570	37	-	110	469	181	60	7
401-500	708	518	51	-	139	452	159	95	2
501-600	819	596	50	-	173	510	151	155	3
601-700	945	665	41	-	239	534	187	219	5
701-800	948	646	46	-	256	510	205	229	4
801-900	994	696	51	-	247	511	219	258	6
901-1,000	1,344	1,111	52	-	181	856	270	213	5
Over 1,000	27,054	25,630	441	-	983	17,294	5,037	3,955	768
Totals	34,624	31,366	808	-	2,450	21,922	6,651	5,246	805

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	22	12	-	9	1	14	6	1	1
101-200	31	20	-	10	1	20	10	1	-
201-300	52	36	-	11	5	37	15	-	-
301-400	74	63	-	4	7	49	20	4	1
401-500	66	53	-	8	5	46	13	5	2
501-600	72	60	-	6	6	50	19	2	1
601-700	86	71	-	9	6	53	22	8	3
701-800	73	60	-	5	8	43	25	3	2
801-900	73	67	-	2	4	56	12	3	2
901-1,000	69	68	-	1	-	51	10	6	2
Over 1,000	509	499	-	6	4	365	84	35	25
Totals	1,127	1,009	-	71	47	784	236	68	39

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	9	3	-	6	-	5	3	1	-
101-200	82	49	-	12	21	48	28	4	2
201-300	103	83	-	7	13	65	30	6	2
301-400	97	91	-	4	2	84	10	1	2
401-500	80	78	-	-	2	67	10	1	2
501-600	55	54	-	1	-	47	4	3	1
601-700	27	26	-	-	1	23	3	1	-
701-800	34	34	-	-	-	25	4	3	2
801-900	18	18	-	-	-	15	2	-	1
901-1,000	15	15	-	-	-	13	1	1	-
Over 1,000	21	21	-	-	-	18	2	-	1
Totals	541	472	-	30	39	410	97	21	13

* 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, 2004**

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	14	9	-	-	5	13	1	-	-
301-400	8	7	-	-	1	8	-	-	-
401-500	19	17	-	-	2	19	-	-	-
501-600	13	12	-	-	1	12	1	-	-
601-700	23	16	-	-	7	22	1	-	-
701-800	26	17	-	-	9	25	1	-	-
801-900	21	16	-	-	5	21	-	-	-
901-1,000	20	14	-	-	6	17	3	-	-
Over 1,000	7,954	2,492	3,682	585	1,195	7,540	338	33	43
Totals	8,110	2,612	3,682	585	1,231	7,689	345	33	43

* 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, 2004**

Monthly Benefit Amount	Number of Retirees	Retirement Type				Option Selected*			
		Service	Duty Disability	Nonduty Disability	Survivor Payment	1	2	3	4
\$ 1-100	2	1	-	1	-	2	-	-	-
101-200	3	-	-	3	-	2	1	-	-
201-300	10	7	-	2	1	6	3	1	-
301-400	7	2	-	3	2	4	2	1	-
401-500	18	14	-	3	1	10	7	1	-
501-600	23	21	-	1	1	9	8	3	3
601-700	19	14	-	4	1	13	6	-	-
701-800	26	24	-	1	1	15	9	2	-
801-900	17	12	-	3	2	11	4	1	1
901-1,000	16	13	-	2	1	8	4	2	2
Over 1,000	291	263	-	19	9	154	83	29	25
Totals	432	371	-	42	19	234	127	40	31

* 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, 2004**

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	2	-	-	-	2	2	-
501-600	9	2	-	-	7	8	1
601-700	19	2	-	-	17	18	1
701-800	10	1	-	-	9	10	-
801-900	8	-	-	-	8	8	-
901-1,000	11	1	-	-	10	10	1
Over 1,000	697	637	-	-	60	605	92
Totals	<u>762</u>	<u>646</u>	<u>-</u>	<u>-</u>	<u>116</u>	<u>667</u>	<u>95</u>

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

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$404.00	\$747.37	\$1,093.49	\$1,428.98	\$2,253.87	\$2,440.78
Average Final Salary (Monthly)*	\$2,848.46	\$2,951.93	\$3,163.59	\$3,145.52	\$4,067.96	\$4,331.37
Number of Active Retirees	50	71	127	492	858	426
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$334.45	\$631.61	\$1,048.38	\$1,515.01	\$2,317.25	\$2,532.19
Average Final Salary (Monthly)*	\$3,085.45	\$2,661.97	\$3,146.53	\$3,283.62	\$4,192.22	\$4,448.62
Number of Active Retirees	121	131	138	505	973	479
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$307.83	\$678.34	\$1,100.55	\$1,552.78	\$2,314.61	\$2,595.25
Average Final Salary (Monthly)*	\$3,458.70	\$2,774.76	\$3,303.24	\$3,331.65	\$4,174.12	\$4,535.78
Number of Active Retirees	109	104	87	301	755	394
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 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 10/1/03 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

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$322.89	\$667.16	\$858.96	\$1,007.80	\$-	\$-
Average Final Salary (Monthly)*	\$2,254.63	\$2,722.44	\$2,708.99	\$3,010.29	\$-	\$-
Number of Active Retirees	217	190	255	84	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$320.99	\$686.13	\$923.82	\$972.29	\$-	\$-
Average Final Salary (Monthly)*	\$2,348.25	\$2,824.36	\$2,928.27	\$2,908.84	\$-	\$-
Number of Active Retirees	344	279	300	150	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$337.87	\$684.28	\$979.64	\$1,182.54	\$1,005.31	\$-
Average Final Salary (Monthly)*	\$2,437.56	\$2,861.20	\$3,144.89	\$3,409.91	\$3,361.68	\$-
Number of Active Retirees	220	198	169	122	1	-
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 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 10/1/03 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

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 1/1/99 to 12/31/99**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/00 to 12/31/00**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/01 to 9/30/01**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
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	-	-
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 10/1/03 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

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

** PERS 3 became effective March 1, 2002

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$215.88	\$520.57	\$577.60	\$790.56	\$-	\$-
Average Final Salary (Monthly)*	\$1,467.89	\$1,905.60	\$1,859.92	\$2,565.72	\$-	\$-
Number of Active Retirees	6	7	10	2	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$194.00	\$405.98	\$607.23	\$800.16	\$-	\$-
Average Final Salary (Monthly)*	\$1,436.54	\$1,653.89	\$1,772.23	\$2,140.37	\$-	\$-
Number of Active Retirees	40	38	35	31	-	-
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 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 10/1/03 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	-

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

** SERS became effective September 1, 2000

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/00 to 12/31/00**						
Average Monthly Benefit*	\$-	\$-	\$-	\$-	\$-	\$-
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$-	\$-	\$-
Number of Active Retirees	-	-	-	-	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$155.58	\$178.65	\$201.73	\$325.92	\$-	\$-
Average Final Salary (Monthly)*	\$2,150.78	\$1,883.80	\$1,972.90	\$2,372.24	\$-	\$-
Number of Active Retirees	10	24	28	12	-	-
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 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 10/1/03 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	-

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

** SERS became effective September 1, 2000

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
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 1/1/00 to 12/31/00						
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 1/1/01 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 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 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 10/1/03 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

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 1/1/99 to 12/31/99						
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 1/1/00 to 12/31/00						
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 1/1/01 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 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 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 10/1/03 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	-

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 1/1/99 to 12/31/99						
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 1/1/00 to 12/31/00						
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 1/1/01 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 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 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 10/1/03 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	-

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 1

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,433.96	\$2,953.55	\$3,753.25
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$5,047.65	\$5,205.80	\$5,754.30
Number of Active Retirees	-	-	-	17	71	31
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$-	\$-	\$1,650.47	\$2,689.59	\$3,032.38	\$3,750.90
Average Final Salary (Monthly)*	\$-	\$-	\$3,990.61	\$5,121.64	\$5,608.80	\$6,132.45
Number of Active Retirees	-	-	3	48	141	60
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$345.68	\$894.28	\$1,579.67	\$2,816.73	\$3,109.33	\$3,584.16
Average Final Salary (Monthly)*	\$2,610.67	\$2,696.79	\$4,023.37	\$5,434.91	\$5,763.09	\$5,837.19
Number of Active Retirees	2	2	6	39	87	49
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 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 10/1/03 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

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$570.78	\$854.44	\$1,475.41	\$2,577.73	\$-	\$-
Average Final Salary (Monthly)*	\$4,065.54	\$3,620.92	\$4,020.36	\$6,211.40	\$-	\$-
Number of Active Retirees	6	6	6	1	-	-
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$650.73	\$1,027.96	\$1,346.56	\$1,976.68	\$-	\$-
Average Final Salary (Monthly)*	\$5,539.05	\$3,806.93	\$4,218.39	\$5,245.36	\$-	\$-
Number of Active Retirees	7	10	13	5	-	-
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$626.16	\$943.10	\$1,885.84	\$2,066.47	\$-	\$-
Average Final Salary (Monthly)*	\$4,995.09	\$4,004.33	\$5,212.68	\$5,146.12	\$-	\$-
Number of Active Retirees	8	8	12	11	-	-
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 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 10/1/03 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	-

Retirees with missing or invalid data elements were excluded.
 * At retirement (may not be audited).

Source: Washington State Office of the State Actuary

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

Retirement Effective Dates	Years of Credited Service					
	5-10	11-15	16-20	21-25	26-30	31+
Period 1/1/99 to 12/31/99						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,861.87	\$3,186.29	\$3,197.98
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$5,633.93	\$5,578.02	\$4,817.43
Number of Active Retirees	-	-	-	7	21	7
Period 1/1/00 to 12/31/00						
Average Monthly Benefit*	\$-	\$-	\$-	\$3,211.61	\$3,277.30	\$3,488.65
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$6,332.66	\$5,870.93	\$5,447.32
Number of Active Retirees	-	-	-	7	21	6
Period 1/1/01 to 9/30/01						
Average Monthly Benefit*	\$-	\$-	\$-	\$2,024.21	\$3,604.37	\$4,322.36
Average Final Salary (Monthly)*	\$-	\$-	\$-	\$4,264.99	\$6,348.08	\$6,362.57
Number of Active Retirees	-	-	-	2	12	15
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 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 10/1/03 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

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 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 809,658	\$ 760,454	\$ 710,565	\$ 656,113	\$ 635,006	\$ 588,662
Disability	15,159	14,970	15,210	14,506	14,198	13,255
Survivor	56,057	53,341	50,908	48,111	45,946	43,556
Refunds						
Separations	4,093	4,309	4,224	5,422	5,799	7,407
Death	1,050	1,319	1,453	2,024	1,486	1,413
Total	<u>\$ 886,017</u>	<u>\$ 834,393</u>	<u>\$ 782,360</u>	<u>\$ 726,176</u>	<u>\$ 702,435</u>	<u>\$ 654,293</u>

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 92,401	\$ 77,193	\$ 64,733	\$ 54,065	\$ 49,589	\$ 40,969
Disability	5,969	5,456	4,920	4,310	3,958	3,507
Survivor	4,372	3,525	2,807	2,177	1,863	1,527
Refunds						
Separations	20,515	23,729	27,645	38,626	36,945	53,785
Death	3,571	3,353	3,190	3,460	2,703	3,570
Total	<u>\$ 126,828</u>	<u>\$ 113,256</u>	<u>\$ 103,295</u>	<u>\$ 102,638</u>	<u>\$ 95,058</u>	<u>\$ 103,358</u>

Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	24,563	25,601	5,515	-	-	-
Death	970	980	222	-	-	-
Total	<u>\$ 25,533</u>	<u>\$ 26,581</u>	<u>\$ 5,737</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

* PERS Plan 3 became effective March 1, 2002.

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 9,167	\$ 5,902	\$ 3,647	\$ 1,646	\$ 931	\$ 27
Disability	664	568	442	355	131	4
Survivor	283	222	216	47	15	1
Refunds						
Separations	1,970	1,855	1,972	2,090	2,328	608
Death	221	170	248	307	259	16
Total	<u>\$ 12,305</u>	<u>\$ 8,717</u>	<u>\$ 6,525</u>	<u>\$ 4,445</u>	<u>\$ 3,664</u>	<u>\$ 656</u>

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

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3*
For the Years Ended 2000-2005
(expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	20,777	11,731	10,528	10,498	8,781	-
Death	701	633	800	373	-	-
Total	<u>\$ 21,478</u>	<u>\$ 12,364</u>	<u>\$ 11,328</u>	<u>\$ 10,871</u>	<u>\$ 8,781</u>	<u>\$ -</u>

* SERS Plan 3 became effective September 1, 2000

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1
For the Years Ended 2000-2005
(expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 700,288	\$ 653,560	\$ 652,419	\$ 644,218	\$ 521,534	\$ 481,936
Disability	11,325	11,129	10,916	10,691	10,337	9,930
Survivor	29,505	27,554	25,919	24,100	23,058	21,297
Refunds						
Separations	878	1,792	1,521	2,313	1,306	1,478
Death	302	-	-	-	788	1,210
Total	<u>\$ 742,298</u>	<u>\$ 694,035</u>	<u>\$ 690,775</u>	<u>\$ 681,322</u>	<u>\$ 557,023</u>	<u>\$ 515,851</u>

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Years Ended 2000-2005
(expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 15,953	\$ 12,389	\$ 9,988	\$ 7,876	\$ 6,999	\$ 5,368
Disability	616	521	406	437	477	333
Survivor	549	506	467	356	304	262
Refunds						
Separations	2,611	2,432	3,082	4,220	3,178	9,065
Death	499	426	456	290	449	1,087
Total	<u>\$ 20,228</u>	<u>\$ 16,274</u>	<u>\$ 14,399</u>	<u>\$ 13,179</u>	<u>\$ 11,407</u>	<u>\$ 16,115</u>

Schedule of Benefit Expenses and Refunds by Type: TRS 3*
For the Years Ended 2000-2005
(expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability	-	-	-	-	-	-
Survivor	-	-	-	-	-	-
Refunds						
Separations	33,660	23,911	18,611	17,375	18,223	19,356
Death	1,922	2,021	720	1,020	1,194	458
Total	<u>\$ 35,582</u>	<u>\$ 25,932</u>	<u>\$ 19,331</u>	<u>\$ 18,395</u>	<u>\$ 19,417</u>	<u>\$ 19,814</u>

* TRS Plan 3 became effective July 1, 1996.

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 100,529	\$ 95,318	\$ 89,457	\$ 83,586	\$ 82,789	\$ 77,262
Disability	139,928	139,544	139,236	135,537	131,427	125,340
Survivor	39,500	37,256	35,925	33,502	31,911	29,709
Refunds						
Separations	5	4	153	6	3	12
Death	-	129	5	87	94	73
Total	<u>\$ 279,962</u>	<u>\$ 272,251</u>	<u>\$ 264,776</u>	<u>\$ 252,718</u>	<u>\$ 246,224</u>	<u>\$ 232,396</u>

Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 7,672	\$ 5,338	\$ 3,596	\$ 2,481	\$ 2,073	\$ 1,199
Disability	967	498	319	200	145	77
Survivor	339	207	144	61	41	23
Refunds						
Separations	7,117	5,367	4,810	8,554	7,357	10,571
Death	648	353	314	590	234	579
Total	<u>\$ 16,743</u>	<u>\$ 11,763</u>	<u>\$ 9,183</u>	<u>\$ 11,886</u>	<u>\$ 9,850</u>	<u>\$ 12,449</u>

Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 1
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 25,796	\$ 24,111	\$ 22,536	\$ 20,874	\$ 20,066	\$ 18,286
Disability	-	-	-	-	-	-
Survivor	1,810	1,613	1,511	1,442	1,355	1,292
Refunds						
Separations	173	303	221	199	124	173
Death	-	-	-	-	-	33
Total	<u>\$ 27,779</u>	<u>\$ 26,027</u>	<u>\$ 24,268</u>	<u>\$ 22,515</u>	<u>\$ 21,545</u>	<u>\$ 19,784</u>

Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 2000-2005
 (expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 7,333	\$ 7,076	\$ 6,966	\$ 6,769	\$ 6,768	\$ 6,247
Disability	-	-	34	56	55	55
Survivor	1,428	1,328	1,279	1,235	1,228	1,173
Refunds						
Separations	-	-	-	-	-	-
Death	-	-	-	-	-	-
Total	<u>\$ 8,761</u>	<u>\$ 8,404</u>	<u>\$ 8,279</u>	<u>\$ 8,060</u>	<u>\$ 8,051</u>	<u>\$ 7,475</u>

Schedule of Benefit Expenses and Refunds by Type: JUDGES
For the Years Ended 2000-2005
(expressed in thousands)

	06/30/05	06/30/04	06/30/03	6/30/02	12/31/01	12/31/00
Benefit Expenses						
Service	\$ 521	\$ 597	\$ 567	\$ 603	\$ 622	\$ 622
Disability	-	-	-	-	-	-
Survivor	120	88	72	53	40	40
Refunds						
Separations	13	-	-	-	-	-
Death	-	-	-	-	-	-
Total	\$ <u>654</u>	\$ <u>685</u>	\$ <u>639</u>	\$ <u>656</u>	\$ <u>662</u>	\$ <u>662</u>

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 1 of 11)

State Agencies

Administrative Office of the Courts	Economic Development Finance Auth.	Personnel Appeals Board
Board for Volunteer Firefighters	Environmental Hearings Office	Rainier School
Board of Industrial Insurance Appeals	Fircrest School	Senate
Board of Tax Appeals	Frances H. Morgan Ctr.	Soldiers Home of WA State
Child Study & Treatment Ctr.	Governor's Office of Indian Affairs	Special Commitment Ctr.
Consolidated Support Services	Green Hill School	State Board for Community & Technical Colleges
County Road Administration Board	Health Care Facilities Authority	State Board of Accountancy
Court of Appeals	Higher Education Coordinating Board	State of WA Caseload Forecast Council
Dept. of Agriculture	Home Care Quality Authority	Statute Law Committee
Dept. of Community, Trade & Economic Development	House of Representatives	Superintendent of Public Instruction
Dept. of Corrections:	Human Resource Info. System Division	Supreme Court
<i>Corrections Northeast Region</i>	Indeterminate Sentence Review Board	Transportation Improvement Board
<i>Corrections Northwest Region</i>	Interagency Committee for Outdoor Recreation	Veterans Home - Spokane
<i>Corrections Southeast Region</i>	Joint Legislative Audit & Review Committee	WA Pollution Liability Insurance Agency
<i>Corrections Southwest Region</i>	Joint Legislative Systems Committee	WA State Bar Assn.
<i>Corrections West Central Region</i>	Lakeland Village	WA State Ferries
Dept. of Ecology	Law Library	WA State Health Care Auth.
Dept. of Employment Security	Leap Committee	WA State Historical Society
Dept. of Financial Institutions	LEOFF Retirement Plan 2 Board	WA State Investment Board
Dept. of Fish & Wildlife	Liquor Control Board	WA State Patrol
Dept. of General Administration	Liquor Control Board	WA State School Directors' Assn.
Dept. of Health	Maple Lane School	WA State School for the Blind
Dept. of Info. Services	Military Dept.	WA State School for the Deaf
Dept. of Labor & Industries	Naselle Youth Camp	WA Veterans' Home
Dept. of Licensing	Office of Administrative Hearings	Western Washington Growth Mgmt. Hearings Board
Dept. of Natural Resources	Office of Financial Mgmt.	Western State Hospital
Dept. of Personnel	Office of Minority & Women's Business Enterprises	Workforce Training & Education Coordinating Board
Dept. of Printing	Office of Public Defense	Yakima Valley School
Dept. of Retirement Systems	Office of the Attorney General	
Dept. of Revenue	Office of the Forecast Council	
Dept. of Services for the Blind	Office of the Governor	State Commissions
Dept. of Social & Health Services	Office of the Insurance Commissioner	African American Affairs
Dept. of Transportation	Office of the Lieutenant Governor	Apple
Dept. of Veterans' Affairs	Office of the Secretary of State	Arts
Eastern State Hospital	Office of the State Actuary	Asian American Affairs
Eastern WA State Historical Society	Office of the State Auditor	Barley
Echo Glen Children's Ctr.	Office of the State Treasurer	Beef

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 2 of 11)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 3 of 11)

School Districts (continued)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 4 of 11)

School Districts (continued)

Quincy	Star
Rainier	Starbuck
Raymond	Stehekin
Reardan-Edwall	Steilacoom Historical
Renton	Steptoe
Republic	Stevenson-Carson
Richland	Sultan
Ridgefield	Summit
Ritzville	Sumner
Riverside	Sunnyside
Riverview	Tacoma
Rochester	Taholah
Roosevelt	Tahoma
Rosalia	Tekoa
Royal	Tenino
Saint John	Thorp
San Juan Island	Toledo
Satsop	Tonasket
Seattle	Toppenish
Sedro Woolley	Touchet
Selah	Toutle Lake
Selkirk	Trout Lake
Sequim	Tukwila
Shaw Island	Tumwater
Shelton	Union Gap
Shoreline	University Place
Skamania	Vader
Skykomish	Valley
Snohomish	Vancouver
Snoqualmie Valley	Vashon Island
Soap Lake	Wahkiakum
South Bend	Wahluke
South Kitsap	Waitsburg
South Whidbey	Walla Walla
Southside	Wapato
Spokane	Warden Jr. Consolidated
Sprague	Washougal
Stanwood-Camano	Washtucna
	Waterville

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

Educational Service Districts

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

Community Colleges, Technical Colleges

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 5 of 11)

Community Colleges, Technical Colleges (continued)

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

Universities

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 7 of 11)

Cities & Towns (continued)

South Cle Elum (Town of)	White Salmon (Town of)
Spangle (Town of)	Wilbur (Town of)
Spokane	Winlock
Spokane Valley	Winthrop (Town of)
Sprague	Woodinville
Springdale (Town of)	Woodland
Stanwood	Woodway (Town of)
Steilacoom (Town of)	Yacolt (Town of)
Stevenson	Yakima
Sultan	Yarrow Point (Town of)
Sumas	Yelm
Sumner	Zillah
Sunnyside	
Tacoma	Counties
Tekoa	Adams
Tenino	Asotin
Tieton	Benton
Toledo	Chelan
Tonasket	Clallam
Toppenish	Clark
Tukwila	Columbia
Tumwater	Cowlitz
Twisp (Town of)	Douglas
Union Gap	Ferry
Uniontown (Town of)	Franklin
University Place	Garfield
Vader	Grant
Vancouver	Grays Harbor
Waitsburg	Island
Walla Walla	Jefferson
Wapato	King
Warden	Kitsap
Washougal	Kittitas
Washtucna (Town of)	Klickitat
Waterville (Town of)	Lewis
Wenatchee	Lincoln
West Richland	Mason
Westport	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 Aging
Olympic Area Agency on Aging

Conservation Districts

Clallam
Columbia
Cowlitz
King
Kittitas
Pacific
Snohomish
Stevens Co.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 8 of 11)

Conservation Districts (continued)

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, 11, 12 & 13
Columbia Co. FPD 03
Cowlitz Co. FPDs 2 & 5
Cowlitz-Skamania Co. FPD 07
Douglas Co. FPD 2
Douglas-Okanogan Co. FPD 15
Federal Way Fire Dept.
Franklin Co. FPD 3
Grant Co. FPDs 3, 4, 5 & 8
Grays Harbor FPDs 02 & 05
Island Co. FPDs 1-3
Jefferson Co. FPDs 1-6
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 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
Okanogan Co. FPD 6

Pacific Co. FPD 1
Pend Oreille FPDs 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 3 & 4
Shoreline Fire Dept.
Skagit Co. FPD 8
Snohomish Co. FPDs 1, 3-5, 7, 8, 14, 15,
17-19, 26 & 28
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 Ctr.
North Country Emergency Medical Service
RIVERCOM
San Juan Co. 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, 2005 (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.
Clinton Water Dist.
Coal Creek Utility Dist.
Coalition for Clean Water

Columbia Irrigation Dist.
Consolidated Diking Improvement
Dist. 1 & 2
Consolidated Irrigation Dist. 19
Covington Water Dist.
Cowlitz Sewer Board
Cross Valley Water Dist.
Diamond Lake Water & Sewer Dist.
Douglas Co. Sewer Dist. 1
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.
Hazel Dell Sewer Dist.
Highland Irrigation Dist.
Highline Water Dist.
Holmes Harbor Sewer Dist.
Icicle Irrigation Dist.
Irvin Water Dist. 6
Karcher Creek Sewer Dist.
Kennewick Irrigation Dist.
King Co. Water Dist. 19, 20, 45, 49, 54, 90,
111, 119 & 125
Kiona Irrigation Dist.
Kittitas Reclamation Dist.
Lake Chelan Reclamation Dist.
Lake Forest Park Water Dist.
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.
Terrace Heights Sewer Dist.

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2005 (page 10 of 11)

Irrigation, Sewer & Water Districts (continued)

Trentwood Irrigation Dist. 3
Val Vue Sewer Dist.
Valley Water Dist.
Vera Irrigation Dist. 15
Wenatchee Reclamation Dist.
Whatcom Co. Water Dist. 7 & 10
Whitestone Reclamation Dist
Whitworth Water Dist. 2
Willapa Valley Water Dist.
Woodinville Water Dist.
Yakima-Tieton Irrigation Dist.

Weed Control Districts

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

Mosquito Districts

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

Libraries, Library Districts

Fort Vancouver Regional Library
King Co. Law Library
King Co. Public Library
Kitsap Regional Library
La Conner Regional Library
Lopez Island Library Dist.
Mid-Columbia Regional Library
North Central Regional Library
North Olympic Library System
Orcas Island Library Dist.

Pend Oreille Library
Pierce Co. Law Library
Pierce Co. Rural Library Dist.
San Juan Island Co. Library
Sno-Isle Regional Library
Spokane Co. Law Library
Spokane Co. Library Dist.
Stevens Co. Rural Library
Timberland Regional Library
Upper Skagit Library Dist.
Walla Walla Co. Rural Library
Whatcom Co. Public Library
Whitman Co. Rural Library
Yakima Valley Regional Library

Ports

Anacortes
Bellingham
Benton
Bremerton
Brownsville
Camas-Washougal
Centralia
Chelan Co.
Clarkston
Douglas Co.
Edmonds
Ephrata
Everett
Grays Harbor
Ilwaco
Kalama
Kennewick
Kingston
Klickitat
Longview
Mattawa
Moses Lake

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

Public Utility Districts

Asotin Co. PUD 1
Benton Co. PUD 1
Chelan Co. PUD 1
Clallam Co. PUD 1
Clark Co. PUD
Cowlitz Co. PUD
Douglas Co. PUD 1
Energy Northwest
Ferry Co. PUD 1
Franklin Co. Public Works
Franklin Co. PUD 1
Grand Coulee Project Hydroelectric
Auth.
Grant Co. Public Works
Grant Co. PUD 2

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

Public Utility Districts (continued)

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

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, 2005		June 30, 2004		June 30, 2003		June 30, 2002		June 30, 2001	
	Plan Balance	%								
Savings Pool	\$648,046	33.74	\$571,790	32.84	\$539,970	36.95	\$463,982	34.30	\$418,606	28.60
U.S. Small Stock Index Fund ¹	46,398	2.42	33,788	1.94	4,620	0.32	--	--	--	--
U.S. Stock Market Index Fund ²	101,902	5.30	84,955	4.88	57,304	3.92	48,248	3.57	48,561	3.32
Washington State Bond Fund	74,565	3.88	70,776	4.07	85,999	5.89	52,445	3.88	41,005	2.80
Washington State Long-Horizon Fund ³	20,823	1.08	12,745	0.73	4,785	0.33	3,046	0.23	1,660	0.11
Washington State Mid-Horizon Fund ³	23,593	1.23	14,528	0.83	6,395	0.44	3,379	0.25	1,741	0.12
Washington State Short-Horizon Fund ³	11,053	0.58	7,548	0.43	4,491	0.31	2,018	0.15	1,104	0.07
Washington State Social Balanced Fund ⁴	40,750	2.12	37,079	2.13	--	--	--	--	--	--
Fidelity Equity-Income Fund	385,152	20.05	363,619	20.88	289,313	19.80	317,669	23.49	352,111	24.06
Fidelity Growth Company Fund	218,618	11.38	209,736	12.05	153,105	10.48	136,675	10.10	197,718	13.51
Fidelity Independence Fund ⁵	298,141	15.52	293,937	16.88	264,735	18.12	275,006	20.33	346,223	23.65
Fidelity Overseas Fund	--	--	40,802	2.34	19,788	1.35	20,534	1.52	22,550	1.54
Calvert Social Investment Fund - Balanced Portfolio	--	--	--	--	30,619	2.09	29,556	2.18	32,442	2.22
International Stock Fund ⁶	51,946	2.70	--	--	--	--	--	--	--	--
TOTAL	<u>\$1,920,987</u>	<u>100.00</u>	<u>\$1,741,303</u>	<u>100.00</u>	<u>\$1,461,124</u>	<u>100.00</u>	<u>\$1,352,558</u>	<u>100.00</u>	<u>\$1,463,721</u>	<u>100.00</u>

¹ This investment option was added in October 2002.

² This investment option was added in July 1998.

³ These investment options were added on September 1, 2000.

⁴ This fund replaced the Calvert Social Investment Fund-Balanced Portfolio as of July 1, 2003.

⁵ The Fidelity Retirement Growth Fund was renamed Fidelity Independence Fund effective January 27, 2001.

⁶ This fund replaced the Fidelity Overseas Fund as of April 1, 2005.

Deferred Compensation Program Performance— Periods Ending June 30, 2005

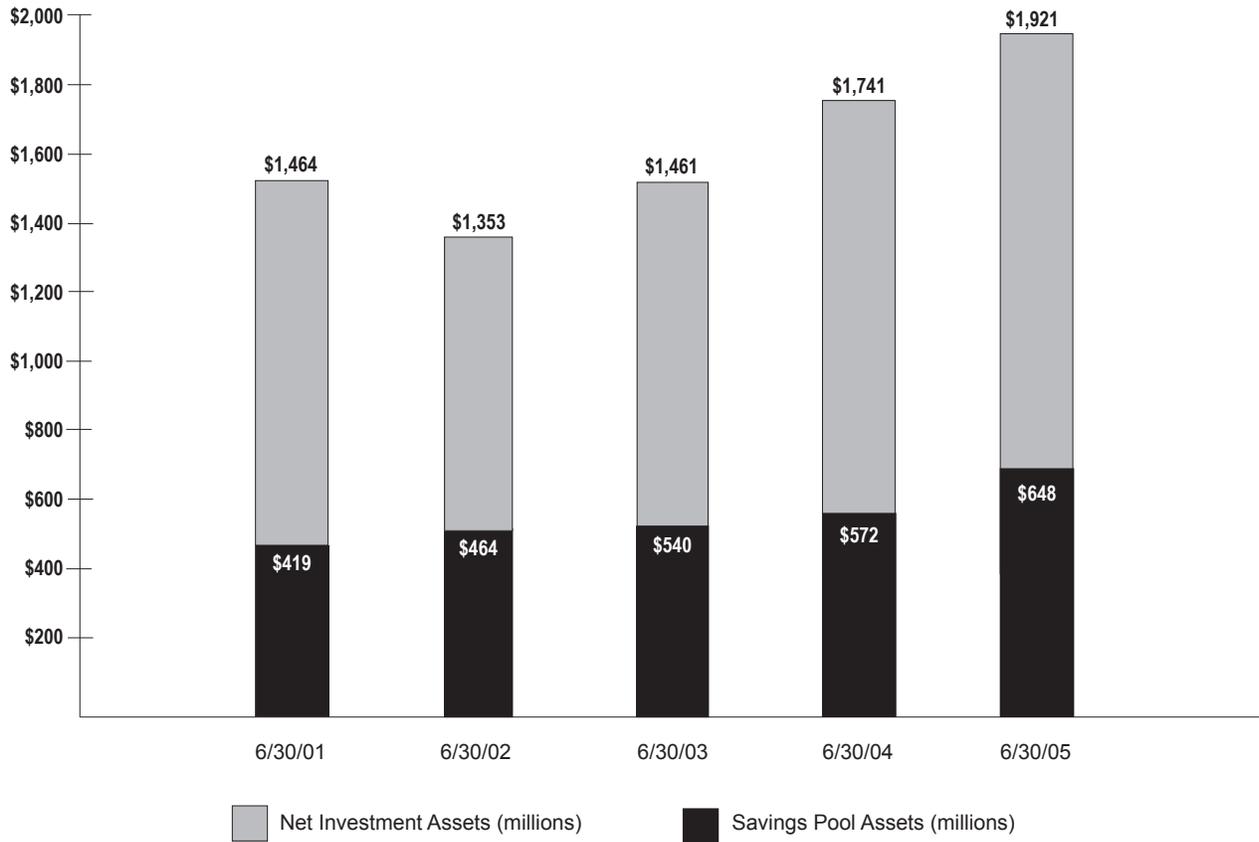
Fund Name	3 Month Return	Performance History ¹ Average Annual Total Returns			
		1 Year	3 Year	5 Year	10 Year
<i>Benchmark</i>					
Savings Pool	1.11%	4.68%	5.24%	5.72%	6.21%
U.S. Small Stock Index Fund	4.31%	9.45%	12.75%	5.72%	**
<i>Russell 2000 Index</i>	4.32%	9.45%	12.81%	5.71%	9.90%
U.S. Stock Market Index Fund	2.34%	8.28%	9.93%	(1.11)%	10.12%
<i>Wilshire 5000 Index</i>	2.32%	8.21%	9.94%	(1.27)%	9.96%
Washington State Bond Fund	2.53%	5.43%	5.98%	**	**
<i>Lehman Intermediate Credit Index</i>	2.76%	5.79%	6.51%	7.81%	6.87%
Washington State Long-Horizon Fund	1.75%	9.12%	9.71%	**	**
<i>Long-Horizon Custom Benchmark²</i>	1.72%	9.11%	10.21%	1.15%	8.69%
Washington State Mid-Horizon Fund	1.96%	8.03%	8.70%	**	**
<i>Mid-Horizon Custom Benchmark²</i>	2.04%	8.15%	9.24%	3.51%	8.24%
Washington State Short-Horizon Fund	1.74%	6.07%	6.36%	**	**
<i>Short-Horizon Custom Benchmark²</i>	1.84%	6.30%	6.85%	4.32%	6.97%
Washington State Social Balanced Fund	0.47%	4.62%	**	**	**
<i>Social Balanced Custom Benchmark²</i>	2.12%	6.64%	**	**	**
Fidelity Equity-Income Fund	0.53%	6.18%	8.10%	4.55%	10.15%
<i>Russell 3000 Value</i>	1.96%	14.09%	11.24%	7.23%	12.10%
Fidelity Growth Company Fund	5.60%	5.87%	11.94%	(7.58)%	10.11%
<i>Russell 3000 Growth</i>	2.55%	1.90%	7.56%	(9.93)%	7.13%
Fidelity Independence Fund	1.85%	5.93%	8.24%	(5.82)%	9.30%
<i>Russell 3000</i>	2.24%	8.05%	9.46%	(1.35)%	10.05%
International Stock Fund	(0.72)%	**	**	**	**
<i>MSCI EAFE</i>	(1.01)%	13.65%	12.06%	(0.55)%	5.22%

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

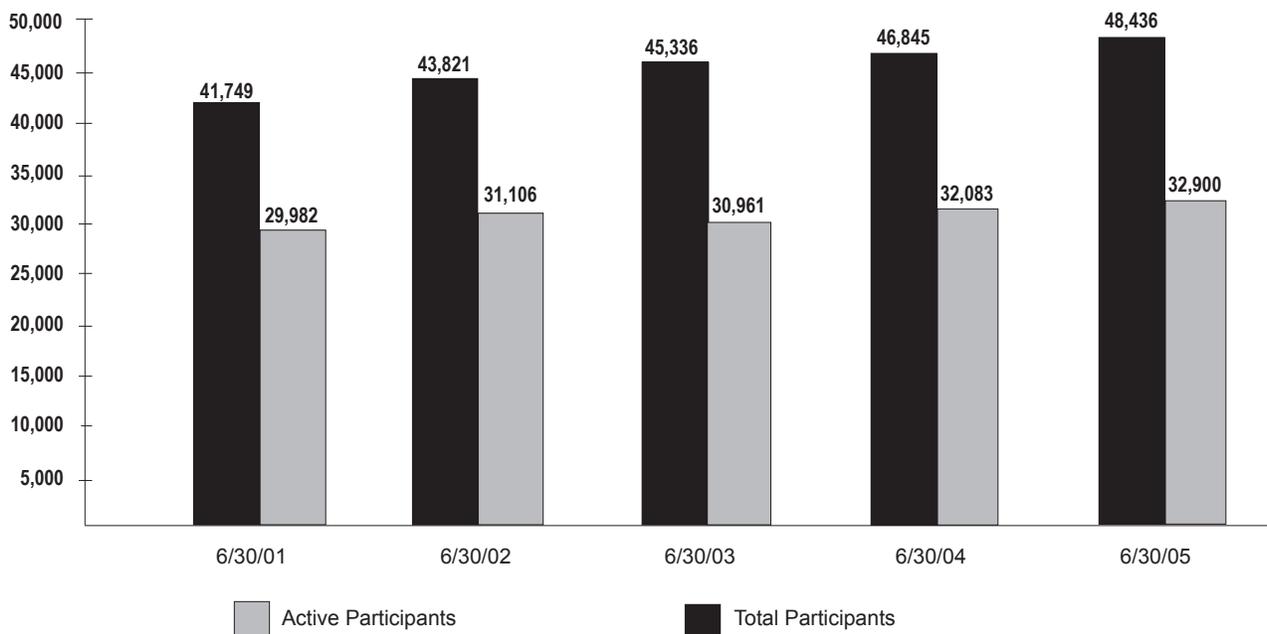
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. 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, 2001-2005



Deferred Compensation Program Participation For the Years Ended June 30, 2001-2005



**Dependent Care Assistance Program
Participation Report
For the Years Ended December 31, 2000-2004
(dollars in thousands)**

	End of 2004	End of 2003	End of 2002	End of 2001	End of 2000
Total Participants	1,189	1,224	1,215	1,270	1,344
Increase (Decrease) Over Prior Year	(35)	9	(55)	(74)	(35)
Percentage Change Over Prior Year	(2.86)%	0.74%	(4.33)%	(5.51)%	(2.54)%
	Estimated Benefits to State				
	End of 2004	End of 2003	End of 2002	End of 2001	End of 2000
Taxable Wage Base	\$87.9	\$87.0	\$84.9	\$80.4	\$76.2
FICA Rate & Medicare Rate	7.65%	7.65%	7.65%	7.65%	7.65%
Salary Reductions	\$4,473	\$4,714	\$4,635	\$4,801	\$5,150
OASDI & Medicare Savings	\$337	\$338	\$337	\$346	\$366
Earnings ¹	8	12	19	27	28
Forfeitures ^{1&2}	5	5	11	10	6
Estimated Gross Benefit to State	350	355	367	383	400
Expenditures ³	180	163	186	160	174
Benefit to State	<u>\$170</u>	<u>\$192</u>	<u>\$181</u>	<u>\$223</u>	<u>\$226</u>

¹ Revenues associated with the Dependent Care Salary Reduction Program flow initially to various state agencies in the form of employer OASDI and Medicare tax savings, the State Treasurer in the form of interest, and to the dependent care administrative fund in the form of forfeitures. The figures for OASDI estimated tax savings are after removal of salary reductions deemed to occur above the taxable wage base.

² The agency attempts to avoid forfeitures. Forfeiture is required under federal law when a participant sets aside a greater amount than s/he incurs and is able to have reimbursed by the program. The number and amount of forfeitures are determined as of March 31, the annual deadline for submitting claims for reimbursement of expenses.

³ Effective July 1, 1993, by legislative direction, the Committee for Deferred Compensation (now DRS) bills state agencies with participating employees a percentage of the payroll taxes saved by the agency and uses these amounts to operate the program. Previously, agencies were permitted to retain all of these payroll tax savings. Now they retain approximately 49 percent of the savings.