

WASHINGTON STATE DEPARTMENT
OF RETIREMENT SYSTEMS



2003

COMPREHENSIVE ANNUAL
FINANCIAL REPORT

FUNDS OF THE
STATE OF WASHINGTON
FOR THE YEAR ENDED
JUNE 30, 2003

Washington State Department of Retirement Systems

Funds of the State of Washington

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2003

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

It is my pleasure to present to you the 2003 Washington State Department of Retirement Systems (DRS) Comprehensive Annual Financial Report. Inside these pages, you will find detailed information on our funding and investments, as well as an overview of our retirement plans and services.

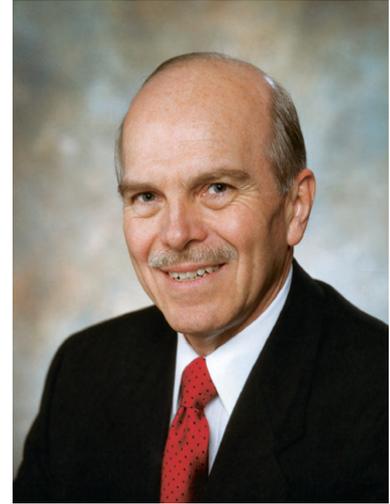
We take great pride in maintaining the highest level of integrity in our financial accounting and transactions and indeed, in all that we do. The plans we administer provide those who devote a career to public service with a defined benefit guaranteed to last a lifetime. In times often described as uncertain, countless numbers tell us how much they value that benefit in assuring their quality of life upon retirement.

Members also tell us, through surveys and informal feedback, that they appreciate our continuing focus on service enhancements designed to meet the changing needs of our customers. In 2003, we developed a pilot application that will allow members to access their account and benefit information online, twenty-four hours a day, seven days a week. In the coming months, we will move toward launch of that service.

We implemented electronic reporting this year for our employers, allowing them to save time and paper transmitting your information to us. As a result, the number of paper reports has dropped significantly, while electronic reporting is on the rise. The online Employer Audit program, which helps employers ensure they are correctly determining and reporting retirement eligibility, is proving to be a popular tool. And Member Status Verification, which enables electronic verification of information for newly hired employees, is saving employers valuable time.

Strategic Initiatives that make the most of changing technology are an integral part of our vision "Delighted customers, proud staff."

At the same time, we continue a vigorous focus on operating at maximum efficiency, assuring the citizens of Washington that every dollar is wisely used. Once again this year, an external study of public retirement systems confirmed that our pension administration operates as one of the most cost-effective in the nation.



John F. Charles

If you should have any questions 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 access our Web site at www.drs.wa.gov.

We look forward to serving our members in 2004.

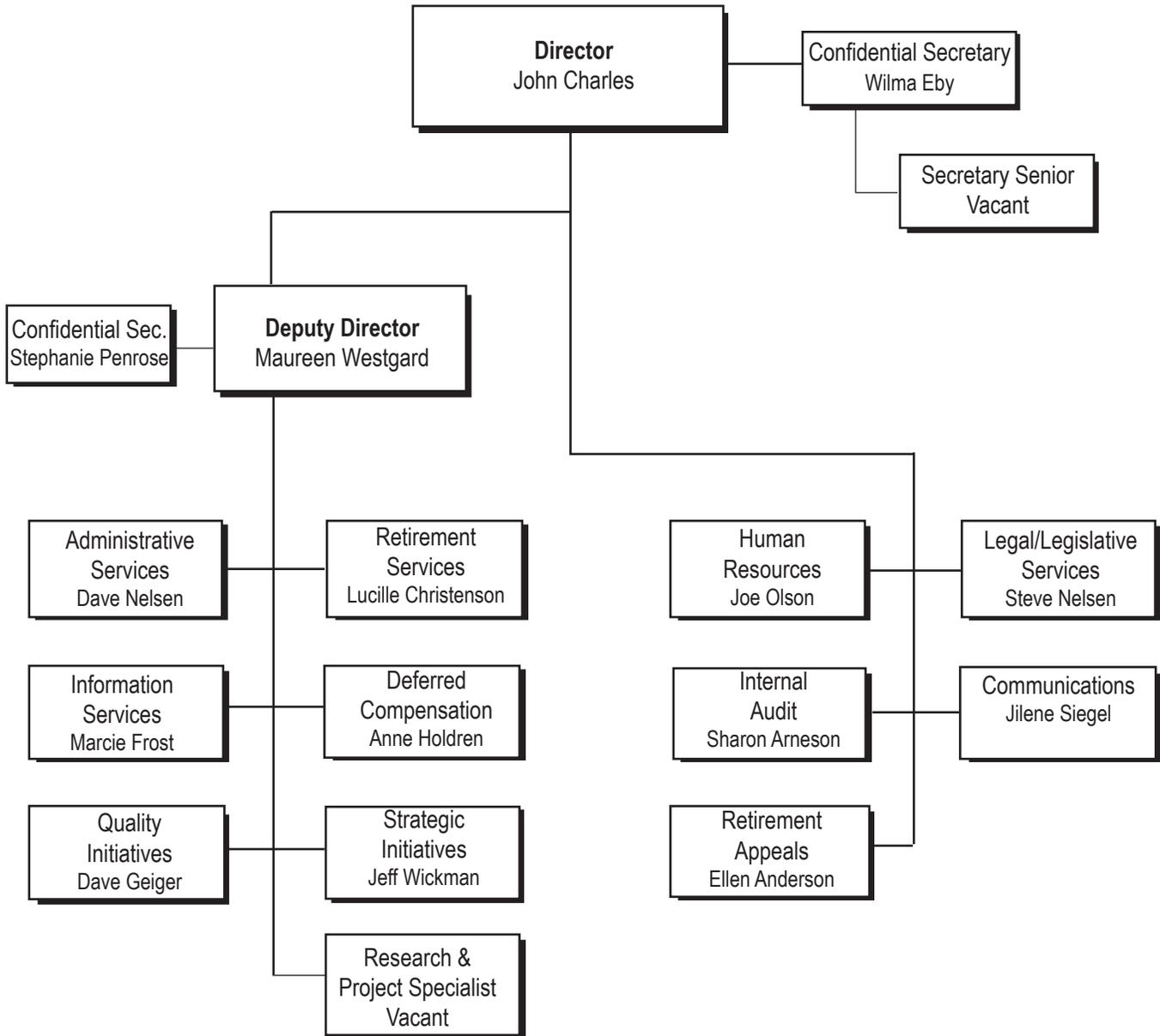
Sincerely,

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

John F. Charles
Director

Department of Retirement Systems' Organization

June 2003



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

Joint Committee On Pension Policy

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

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

Committee Membership

(June 30, 2003)

Senators

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

Representatives

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

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

Pension Funding Council

Adopts economic assumptions for pension funding and member and employer pension contribution rates for PERS, SERS, TRS, LEOFF and WSPRS.

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

Council Membership

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

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

Office of Financial Management

Advises the governor on pension and funding policies and issues.

The governor appoints the director of OFM.

P. O. Box 43113, Olympia, WA 98504-3113
 Telephone: (360) 902-0555
 Web site: www.ofm.wa.gov

State Investment Board

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

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

Board Members (Voting Members, June 30, 2003)

Deborah Brookman
 Representative of PERS

Michael J. Murphy
 State Treasurer

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

David Scott
 Representative of TRS

Glenn Gorton
 Representative of SERS

Representative Helen Sommers

George Masten
 Representative of Retired Members

Paul Trause
 Director, Department of Labor and Industries

Patrick McElligott
 Representative of LEOFF

Senator Joseph Zarelli

Board Members (Nonvoting Members, June 30, 2003)

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 Joint Committee on Pension Policy.

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

Telephone: (360) 753-9144

Employee Retirement Benefits Board

Provides recommendations to the State Investment Board on self-directed investment options for defined contribution plans; determines the payment options available for Plan 3 members; approves administrative charges assessed to members who participate in self-directed investment options; and provides recommendations on investment options for the Deferred Compensation Program. Board members are appointed by the governor. As of June 30, 2003, the board members were:

Board Chairperson

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

Representing experience in defined contribution plan administration:

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

Representing Public Employees' Retirement System members:

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

Representing Teachers' Retirement System members:

- Nancy Baldwin—Retired
- 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 11.

DRS Advisory Committee

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

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

Committee Membership

(June 30, 2003)

PERS

Marian Harrison
Retired

Christopher Melly
Active

John I. Payne
Active

Mary L. Sherman
Active

LEOFF

Dick Hybak
Active
(law enforcement officer)

Patrick McElligott
Active
(firefighter)

Richard Warbrouck
Retired

TRS

Nancy Baldwin
Retired

Todd Beese
Active
(teacher)

Darrell Heisler
Active
(administrator)

WSPRS

Captain William L. Hilton
Active

JRS

Judge Donald Haley
Active

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

Letter of Transmittal



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

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

December 31, 2003

The Honorable Gary Locke, 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, 2003. 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 and which presents a narrative introduction, overview and analysis of the financial statements, 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 firefighters, and other employees of participating political subdivisions. As of June 30, 2003, there were 1,258 covered employers participating in multiple systems and/or plans administered by DRS. The eligibility requirements and provisions of each plan can be found in Note 2 of the Notes to the Financial Statements. DRS also administers a deferred compensation program and a dependent care reimbursement program. Additionally, DRS is responsible for all accounting and reporting services for the Judicial Retirement Account (JRA), which is a defined contribution pension plan administered by the State of Washington Administrative Office of the Courts.

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

Significant events in DRS history are listed below:

1930s-1940s

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

1950s-1960s

Independent administration of individual retirement systems continued.

1960s-1970s

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

1976

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

1977

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

1981

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

1987

The Joint Committee on Pension Policy was created.

1995

TRS Plan 3 was created effective July 1, 1996.

1996

The state Deferred Compensation and Dependent Care programs were transferred to DRS. DRS assumed accounting and reporting responsibility for the Judicial Retirement Account (JRA) defined contribution plan.

1998

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

1999

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

2001

WSPRS Plan 2 was created effective January 1, 2003.

Accounting System and Internal Control

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

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

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

Additions To Pension Plan Net Assets

The primary sources of additions for the retirement trust funds include contributions from employers, active system members, the state, and investment earnings. The main sources of additions for the deferred compensation plan include participant contributions and investment earnings. Total additions to the retirement trust funds and the deferred compensation plan for Fiscal Year 2003 amounted to \$2,949.9 million, an increase of \$5,042.5 million from Fiscal Year 2002. The following schedule is a summary of the additions to the pension trust funds for the years ended June 30, 2003, and June 30, 2002.

| (dollars in millions) | | |
|---|------------------|--------------------|
| Additions to Plan Net Assets | Fiscal Year 2003 | Fiscal Year 2002 |
| Retirement Contributions | \$ 616.2 | \$ 695.5 |
| Deferred Compensation Participant Contributions | 135.9 | 119.0 |
| Net Investment Income | 1,554.0 | (2,988.9) |
| Charges for Services | 27.6 | 28.9 |
| Transfers From Pension Plans | 614.6 | 51.1 |
| Other Additions | 1.6 | 1.8 |
| Total | \$2,949.9 | \$(2,092.6) |

The increase in total pension trust fund additions resulted primarily from an increase in net investment income and from an increase in transfers from other pension plans. The increase in net investment income was the result of improved investment

market conditions and performance. The increase in transfers from other pension plans was largely due to the continued implementation of Plan 3 of the Public Employees’ Retirement System. The increases and decreases between current year and prior year additions are discussed in more detail in the Management’s Discussion and Analysis, which is presented on pages 28-32 in the Financial Section of this report.

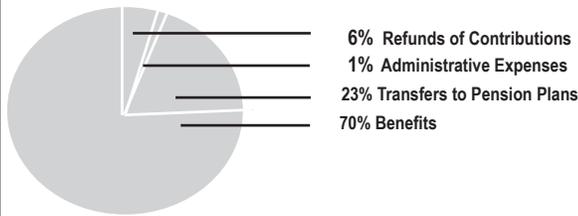
Deductions To Pension Plan Net Assets

The primary deductions for the retirement trust funds include the payment of benefits to retirees and beneficiaries, the refund of contributions to former retirement system members, and the cost of administering the retirement systems. Benefit payments to members include both pension and annuity benefits. Expenses for the management of trust funds are incurred by the State Investment Board and funded from earnings on investments. The main deductions for the deferred compensation plan include refunds paid to plan participants and administrative expenses. Total deductions to the retirement trust funds and the deferred compensation plan for Fiscal Year 2003 were \$2,652.9 million, an increase of \$641.1 million from Fiscal Year 2002. The following schedule is a summary of the deductions to the pension trust funds for the years ended June 30, 2003, and June 30, 2002.

| (dollars in millions) | | |
|-------------------------------|------------------|------------------|
| Deductions to Plan Net Assets | Fiscal Year 2003 | Fiscal Year 2002 |
| Benefits | \$1,855.4 | \$1,755.6 |
| Refunds of Contributions | 154.1 | 175.1 |
| Transfers to Pension Plans | 614.6 | 51.1 |
| Administrative Expenses | 28.8 | 30.0 |
| Total | \$2,652.9 | \$2,011.8 |

The increase in total pension trust fund deductions resulted primarily from an increase in transfers to other pension plans. The increase in transfers to other pension plans was largely due to the continued implementation of Plan 3 of the Public Employees’ Retirement System. The increases and decreases between current year and prior year deductions are discussed in more detail in the Management’s Discussion and Analysis, which is presented on pages 28-32 in the Financial Section of this report.

Fiscal Year 2003 Pension Trust Fund Deductions by Type



Funding

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

The actuarial value of assets available as of the latest actuarial date for all systems was \$44,586 million. The accrued liability is \$46,507 million. The accrued liability exceeds the net actuarial value of assets available for benefits by \$1,921 million. The ratio of assets to liabilities is 96 percent compared to 99 percent last year. Current contribution rates remain in keeping with the goal of attaining a funding ratio of 100 percent by the amortization dates applicable to each plan (June 30, 2024, or earlier), as required by chapter 41.45 RCW. Valuations are performed for all DRS-administered retirement systems on a yearly (October 1 to September 30) basis. These calculations were prepared by the Office of the State Actuary and reflect the latest valuation results. Additional actuarial information is included in the Actuarial Section of this report.

Investments

The 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 2003, the commingled trust fund (CTF) investments provided a 4.15 percent rate of return. The CTF annualized rate of return over the last three years was (2.35) percent and 3.17 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, 2002. This was the ninth 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 Achieve-

ment Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

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

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

John F. Charles
Director

Certificate of Achievement

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Washington State
Department of Retirement
Systems

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2002

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.



William Patrick Vasta

President

Jeffrey R. Emer

Executive Director

Overview of Agency Operations

Key 2003 accomplishments are summarized below.

Active efforts to reach inactive members

In 2001, more than 96,000 members in our system were categorized as inactive. DRS set a goal to reach 45 percent of the nearly 80,000 members who met criteria that included approaching the age when federal law mandates distribution from retirement accounts. By the end of June 2003, DRS had located 62 percent of those members, distributed more than \$19 million and initiated \$3.05 million in retirement benefits.

Decreased paper, increased efficiency

The Web-Based Employer Transmittal (WBET) service, launched in 2002, allows employers to securely submit member retirement contributions and information electronically.

In 2003, use of WBET grew substantially. As a result, the time to process employer reports dropped from nine to eleven days to just one day. And because of the software's ability to flag inconsistencies, reporting errors fell from 10 percent to .1 percent.

Fast, responsive service

Providing prompt, knowledgeable customer service is a top priority for the agency. Over the past fiscal year, DRS staff answered 94 percent of more than 220,000 phone calls within 30 seconds.

Members arriving without a counseling appointment were met by a retirement specialist in less than two minutes. Nearly 15,000 requested retirement estimates were completed in an average of less than four days. And staff responded to 90 percent of more than 25,000 pieces of routine correspondence within five days.

We are pleased to report that customers continue to give high ratings to DRS services, whether those services are provided in person, electronically or in written form. This year's survey of active members, retired members and Deferred Compensation Program participants showed an average satisfaction score of 4.47 on a five-point scale.

Nationally recognized cost-effectiveness

DRS once again participated in an independent study of public pension administrators, conducted by Cost Effectiveness Measurement (CEM) Inc.

This year's *Benefit Administration Benchmarking Analysis* showed DRS administrative costs (actual cost per member) to be 28 percent lower than our peer pension systems, given complexity and service levels.

Clean compliance audit

For the seventh consecutive year, the agency received a clean annual audit, without findings.

DRS processed more than \$600 million in retirement contributions in fiscal year 2003. The results of the audit, conducted by the State Auditor's Office, demonstrate our commitment to the highest level of fiduciary responsibility.

2003 Washington State Legislative Actions

The 2003 Washington State Legislature enacted the following significant changes in retirement law.

\$150,000 Death Benefit

This legislation provides a \$150,000 duty-related death benefit to survivors of PERS, SERS and TRS members who die as a result of injuries sustained in the course of employment.

Plan 3 Member Contribution Rates

Under this bill, members of PERS Plan 3, SERS Plan 3 and TRS Plan 3 are given an annual window for changing their member contribution rates. The Internal Revenue Service has previously given approval to an annual rate change window for TRS members. The Department of Retirement Systems (DRS) is awaiting approval of the annual window for PERS and SERS members.

Fallen Heroes' Survivor Benefit

Provides that pension payments to qualifying beneficiaries of public safety officers who die in the line of duty will not be subject to federal income tax.

Fish and Wildlife Enforcement Officers into LEOFF

This legislation moves fish and wildlife enforcement officers meeting eligibility requirements from PERS Plan 2 or PERS Plan 3 into LEOFF Plan 2, effective July 27, 2003. Service credit earned prior to the effective date remains in PERS. The bill did not affect employees who were members of PERS Plan 1.

EMTs into LEOFF

Allows firefighter Emergency Medical Technicians (EMTs) to transfer PERS Plan 1 or Plan 2 service credit to LEOFF Plan 2, if the EMT's job was relocated to a fire department from another department of a city, town, county or district.

Pension Policy Governance

Replaces the former Joint Committee on Pension Policy with a 20-member Select Committee on Pension Policy (SCPP) composed of elected officials, stakeholder representatives, employer representatives and the Directors of DRS and the Office of Financial Management.

Substitute School Employees

Allows substitute school employees of SERS to apply to DRS for service credit after the end of the school year during which the work was performed. The substitute will obtain service credit by paying the required employee contribution to the retirement system. The employer will pay the employer contribution upon notice from DRS that the substitute has made contributions.

TRS Plan 1 Extended School Year

Authorizes members of TRS Plan 1 to use extended school years for calculation of their earnable compensation.

Disability Board Membership

Clarifies that LEOFF Plan 2 members may serve on LEOFF Plan 1 disability boards, provided they are elected by LEOFF Plan 1 members and retirees subject to the jurisdiction of the board.

Death Benefits for PERS, SERS and TRS Members

This legislation gives beneficiaries of a member killed in the course of employment the right to receive retirement benefits without actuarial reduction. The legislation applies retroactively to include any members killed on or after July 1, 2001.

Implementation of Initiative 790

Initiative 790, passed by the people in November 2002, created a Board of Trustees to govern LEOFF Plan 2. This bill made statutory changes necessary for the Board to operate, such as authority to enter into contracts and interagency agreements.

Amendment of Initiative 790

This bill repealed a section of Initiative 790 that provided investment gains above the actuarially assumed rate of return would be used only to fund new benefits.

PERS Plan 1 Retire/Rehire

This bill provides additional limits on the number of hours that PERS Plan 1 retirees can work without affecting their pensions. The bill also lengthens the period of time an employee must be separated from work in order to qualify for higher post-retirement employment limits.

Plan 3 Defined Benefit Waiver Option

Under this legislation, a member of TRS Plan 3, SERS Plan 3 or PERS Plan 3 who has received a defined contribution distribution may make an irrevocable choice to waive all rights to receive defined benefit payments.

Financial Section

Independent Auditor's Report

PETERSON SULLIVAN PLLC

601 UNION STREET SUITE 2300 SEATTLE WA 98101 (206) 382-7777 FAX 382-7700

CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the accompanying financial statements of the Washington State Department of Retirement Systems as of and for the year ended June 30, 2003. The Department of Retirement Systems is a part of the State of Washington's primary government. These financial statements are the responsibility of the Department of Retirement Systems' management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington State Department of Retirement Systems as of June 30, 2003, 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, 2003, and the results of operations of such funds for the year then ended in conformity with accounting principles generally accepted in the United States.

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

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

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

Peterson Sullivan PLLC
November 18, 2003

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, 2003. Please read it in conjunction with the Letter of Transmittal beginning on page 16 and DRS' financial statements, which begin on page 33 of this report.

FINANCIAL HIGHLIGHTS

The following financial highlights occurred during the fiscal year ended June 30, 2003:

- The combined plan net assets of all the pension funds administered by DRS increased by \$297 million during Fiscal Year 2003.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$12,416.1 million, representing an increase of 8%. Employee contributions increased by 4% and employer contributions decreased by 37%.
- Net investment earnings (net depreciation in the fair value of investments, plus interest and dividend income, less investment expenses) increased by 152% compared to last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$99.8 million bringing the total benefit payments to \$1,855.4 million. Refunds of contributions paid to former retirement system members upon termination of employment decreased from \$97.5 million to \$85.7 million.
- Administrative expenses totaled \$28.8 million, a decrease of 4% over last fiscal year. Project specific expenses, including the Public Employees' Retirement System (PERS) Plan 3 project, were incurred during Fiscal Year 2003.

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 33-36 reports the assets, liabilities and resulting net assets available for pension and other benefits as of June 30, 2003. The Statement of Changes in Plan Net Assets presented on pages 37-40 reports the additions to, deductions from, and resulting net change in net assets for the fiscal year ending June 30, 2003.

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 41 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, 2003. The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities presented on page 42 has three separate columns: Statement of Revenues, Expenditures and Changes in Fund Balance; Adjustments; and Statement of Activities. The "Statement of Revenues, Expenditures, and Changes in Fund Balance" column presents the inflows, outflows and balances of current financial resources

using the current financial resources measurement focus and the modified accrual basis of accounting. The “Statement of Activities” column is presented using the economic resources measurement focus and accrual basis of accounting. The “Adjustments” column displays the changes needed to adjust the Statement of Revenues, Expenditures and Changes in Fund Balance line items to the line items in the Statement of Activities. This statement reports the revenues, expenditures, and resulting fund balance/net assets for the special revenue fund for the fiscal year ending June 30, 2003.

Notes to the Financial Statements

The notes to the financial statements presented on pages 43-66 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 67-68 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 69 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 70-71 accompany the two trend schedules and sum-

marize 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 72-75 and they provide additional detailed information useful in evaluating the condition of the plans administered by DRS. These schedules include information on administrative expenses, investment expenses, payments to consultants, and other additional information.

FINANCIAL ANALYSIS OF DRS FUNDS

Analysis of Net Assets – Fiduciary Funds

| Net Assets | <i>(dollars in millions)</i> | | | |
|---|------------------------------|-------------------|----------------------------|--------------------------------|
| | Fiscal Year 2003 | Fiscal Year 2002 | Increase (Decrease) Amount | Increase (Decrease) Percentage |
| Assets | | | | |
| Cash and Pooled Investments | \$37.1 | \$39.8 | \$(2.7) | (7%) |
| Receivables | 444.5 | 283.4 | 161.1 | 57% |
| Capital Assets, Net of Depreciation | 1.2 | 1.5 | (0.3) | (20%) |
| Investments, Noncurrent | 42,837.0 | 44,093.3 | (1,256.3) | (3%) |
| Other Assets | 1.3 | 1.3 | - | - |
| Total Assets | <u>43,321.1</u> | <u>44,419.3</u> | <u>(1,098.2)</u> | <u>(3%)</u> |
| Liabilities | | | | |
| Obligations Under Security Lending Agreements | 1,435.2 | 3,034.7 | (1,599.5) | (53%) |
| Other Short-Term Liabilities | 307.1 | 102.8 | 204.3 | 199% |
| Long-Term Obligations | 1.3 | 1.3 | - | - |
| Total Liabilities | <u>1,743.6</u> | <u>3,138.8</u> | <u>(1,395.2)</u> | <u>(45%)</u> |
| Total Net Assets | <u>\$41,577.5</u> | <u>\$41,280.5</u> | <u>\$297.0</u> | <u>1%</u> |

Total trust fund assets as of June 30, 2003 were \$43,321 million and are mostly comprised of cash, investments, and contributions due from employers. This is a decline of \$1,098.2 million or 3% over the last fiscal year, and is primarily due to decreased investment earnings in the fixed income and private equity asset classes.

Total trust fund liabilities as of June 30, 2003 were \$1,743.6 million and are mostly comprised of obligations under se-

curities lending, and other short-term liabilities. This is a decrease of \$1,395.2 million or 45% over the last fiscal year, and is primarily due to a decrease in obligations under securities lending agreements.

Total combined trust fund plan net assets as of June 30, 2003 were \$41,577.5 million, which is an increase of \$297 million or 1% over the last fiscal year.

Analysis of Changes in Net Assets – Fiduciary Funds

| Changes in Net Assets | <i>(dollars in millions)</i> | | | |
|--|------------------------------|--------------------|----------------------------|--------------------------------|
| | Fiscal Year 2003 | Fiscal Year 2002 | Increase (Decrease) Amount | Increase (Decrease) Percentage |
| Additions | | | | |
| Employer Contributions | \$166.0 | \$261.6 | (95.6) | (37%) |
| Member Contributions | 427.5 | 412.1 | 15.4 | 4% |
| State Contributions | 22.7 | 21.8 | .9 | 4% |
| Participant Contributions | 135.9 | 119.0 | 16.90 | 15% |
| Net Investment Income | 1,552.1 | (2,992.2) | 4,544.3 | 152% |
| Net Securities Lending Income | 1.9 | 3.3 | (1.4) | (43%) |
| Charges For Services | 27.6 | 28.9 | (1.3) | (5%) |
| Transfers from Other Pension Plans | 614.6 | 51.1 | 563.5 | 1,103% |
| Other Additions | 1.6 | 1.8 | (.2) | (12%) |
| Total Additions | <u>2,949.9</u> | <u>(2,092.6)</u> | <u>5,042.5</u> | <u>241%</u> |
| Deductions | | | | |
| Benefits Refunds of Contributions | 1,855.4 | 1,755.6 | 99.8 | 6% |
| Transfers to Other Pension Plans | 154.1 | 175.1 | (21.0) | (12%) |
| Administrative Expenses | 614.6 | 51.1 | 563.5 | 1,103% |
| | 28.8 | 30.0 | (1.2) | (4)% |
| Total Deductions | <u>2,652.9</u> | <u>2,011.8</u> | <u>641.1</u> | <u>32%</u> |
| (Decrease)/Increase in Net Assets | <u>\$297.0</u> | <u>\$(4,104.4)</u> | <u>\$4,401.4</u> | <u>108%</u> |

Additions to the retirement trust funds primarily consist of contributions from employers, active system members, the state, and investment earnings. Additions to the deferred compensation trust fund primarily consist of participant contributions and investment earnings. Total trust fund additions (excluding transfers) for Fiscal Year 2003 amounted

to \$2,335.3 million, an increase of \$4,479.0 million or 209% from Fiscal Year 2002. This is primarily due to an increase in net investment income.

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 transfers) for Fiscal Year 2003 totaled \$2,038.3 million, an increase of \$77.6 million or 4% over Fiscal Year 2002. This is primarily due to an increase in benefits paid to retirees and beneficiaries. Benefit payments increased by approximately 6% as a result of an increase in the number of retirees. Administrative Expenses for Fiscal Year 2003 totaled approximately \$28.8 million, a decrease of 4% over last fiscal year. These expenses include both the normal administrative expenses of DRS incurred in administering the pension funds, as well as one-time expenses directly incurred by the PERS Plan 3 project.

Transfers from Other Pension Plans and Transfers to Other Pension Plans represent transfers between the various pension plans administered by DRS. Total transfers for Fiscal Year 2003 amounted to \$614.6 million, an increase of \$563.5 million or 1,103% over last fiscal year. The transfers for this fiscal year were higher primarily due to the continued implementation of PERS Plan 3. 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.

Governmental fund total assets as of June 30, 2003 were \$87,236, and are almost entirely comprised of cash. This is a decrease of \$16 over the last fiscal year due to a decrease in the amount of cash on hand at year end, offset by an increase in receivables.

Governmental fund total liabilities as of June 30, 2003 were \$6,433 and are mostly comprised of accrued salaries and administrative costs. Total liabilities increased by \$397 or 7% over the last fiscal year primarily due to an increase in the amount of salaries accrued at year end.

Governmental fund revenues primarily consist of charges for services. DRS bills state agencies with participating employees a percentage of the payroll taxes saved by the agency and uses these amounts (charges for services) to operate the program. Total governmental fund revenues for Fiscal Year 2003 amounted to \$180,826, a decrease of \$5,703 or 3% from Fiscal Year 2002. This is primarily due to a decrease in the amount of charges for services.

Analysis of Net Assets – Governmental Fund

| Net Assets | Fiscal Year 2003 | Fiscal Year 2002 | Increase (Decrease) Amount | Increase (Decrease) Percentage |
|--------------------------|------------------------|------------------------|----------------------------------|--------------------------------------|
| Assets | | | | |
| Cash and Pooled | | | | |
| Investments | \$87,146 | \$87,236 | (90) | (1%) |
| Receivables | 90 | 16 | 74 | 463% |
| Total Assets | <u>87,236</u> | <u>87,252</u> | <u>(16)</u> | - |
| Liabilities | | | | |
| Accounts Payable | 241 | 251 | (10) | (4%) |
| Due to Other Agencies | 1,092 | 1,242 | (150) | (12%) |
| Accrued Salaries | 5,100 | 4,543 | 557 | 13% |
| Total Liabilities | <u>6,433</u> | <u>6,036</u> | <u>397</u> | <u>7%</u> |
| Total Net Assets | <u>\$80,803</u> | <u>\$81,216</u> | <u>\$(413)</u> | <u>(1%)</u> |

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 2003 totaled \$181,240, an increase of \$8,959 or 6% over last fiscal year. This is primarily due to a decrease in the amount of expenses for goods and services.

CAPITAL ASSETS

DRS' investment in capital assets for its fiduciary activities as of June 30, 2003, amounts to \$2.6 million, with

Analysis of Changes in Net Assets – Governmental Fund

| Changes in Net Assets | Fiscal Year 2003 | Fiscal Year 2002 | Increase (Decrease) Amount | Increase (Decrease) Percentage |
|---|------------------------|------------------------|----------------------------------|--------------------------------------|
| Revenues | | | | |
| Charges For Services | \$180,826 | \$186,527 | \$(5,701) | (3%) |
| Other Revenues | - | 2 | (2) | 100% |
| Total Revenues | <u>180,826</u> | <u>186,529</u> | <u>(5,703)</u> | <u>(3%)</u> |
| Expenses | | | | |
| Administrative Expenses | 181,240 | 172,281 | 8,959 | 6% |
| Transfers | | | | |
| Transfers to Pension Plans | - | - | - | - |
| (Decrease)/ Increase in Net Assets | <u>\$(414)</u> | <u>\$14,248</u> | <u>\$(14,662)</u> | <u>(103%)</u> |

accumulated depreciation of \$1.4 million, leaving a net book value of \$1.2 million. This amount represents a decrease of 20% over last year, which was mainly due to an increase in accumulated depreciation. This investment in capital assets includes furnishings and equipment, and improvements other than buildings. Additional information on DRS' capital assets can be found in section H of Note 1 to the financial statements.

LONG-TERM OBLIGATIONS

At year-end, DRS had \$1.3 million in outstanding general long-term obligations, which is a less than 1% decrease over the prior year. These long-term obligations represent DRS' liability for accumulated annual and sick leave. Additional information on DRS' long-term debt obligations can be found in section I of Note 1 to the financial statements.

CONTACTING DRS' FINANCIAL MANAGEMENT

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

Financial Statements

Statement of Plan Net Assets Pension and Other Employee Benefit Trust Funds by Plan As of June 30, 2003 (page 1 of 4)

| | Pension Trust | | | | |
|--|-------------------------|-------------------------|--|-------------------------|--|
| | PERS Plan 1 | PERS Plan 2/3 | PERS Plan 3 Defined Contribution | SERS Plan 2/3 | SERS Plan 3 Defined Contribution |
| ASSETS | | | | | |
| Cash and Pooled Investments | \$ 7,781,912 | \$ 1,766,189 | \$ 341,873 | \$ 431,364 | \$ 696,975 |
| Receivables | | | | | |
| Due from Other Governments | 5,521,694 | 6,304,252 | 2,238,480 | 1,231,927 | 3,514,368 |
| Member Accounts Receivable (Net of Allowance) | 730,474 | 85,571 | - | 3,541 | - |
| Interest and Dividends | 24,809,002 | 27,017,989 | 389,705 | 3,728,043 | 1,006,987 |
| Investment Trades Pending Receivable - Short Term | 5,209,005 | 5,682,448 | 81,988 | 784,006 | 211,873 |
| Due from Pension Funds | 3,198,325 | 1,508,033 | 240,888,235 | 784,981 | 3,898,337 |
| Due from Other Washington State Agencies | 3,283 | 3,306 | - | 130 | - |
| Other Receivables - Short Term | 836 | 842 | - | 33 | - |
| Total Receivables | <u>39,472,619</u> | <u>40,602,441</u> | <u>243,598,408</u> | <u>6,532,661</u> | <u>8,631,565</u> |
| Capital Assets, net of depreciation | <u>305,408</u> | <u>307,603</u> | <u>-</u> | <u>12,075</u> | <u>-</u> |
| Investments, Noncurrent | | | | | |
| Equity in CTF | 8,934,474,443 | 9,746,522,517 | 140,624,677 | 1,344,725,047 | 363,404,044 |
| Money Market Investments | 1,060,562 | 8,260,091 | 119,178 | 3,109,908 | 840,435 |
| Other Noncurrent Investments | 1,453,297 | 154,272 | 304,250,577 | 159,238 | 164,211,627 |
| Total Investments, Noncurrent | <u>8,936,988,302</u> | <u>9,754,936,880</u> | <u>444,994,432</u> | <u>1,347,994,193</u> | <u>528,456,106</u> |
| Other Assets | <u>307,388</u> | <u>309,564</u> | <u>31</u> | <u>12,153</u> | <u>-</u> |
| TOTAL ASSETS | <u>8,984,855,629</u> | <u>9,797,922,677</u> | <u>688,934,744</u> | <u>1,354,982,446</u> | <u>537,784,646</u> |
| LIABILITIES | | | | | |
| Obligations under Security Lending Agreements | 320,895,360 | 348,610,940 | 5,024,256 | 48,212,838 | 12,983,745 |
| Accounts Payable | 7,056,080 | 2,376,782 | 201,643 | 298,935 | 117,941 |
| Investment Trades Pending Payable - Short Term | 1,538,196 | 1,678,003 | 24,210 | 231,514 | 62,565 |
| Due to Other Governments | 4,891,972 | 488,747 | - | 41,621 | - |
| Due to Pension Funds | 338,424 | 244,503,119 | 437,237 | 4,791,413 | 742,947 |
| Due to Deferred Compensation Fund | 37 | 37 | - | 2 | - |
| Due to Other Washington State Agencies | 190,702 | 176,768 | - | 9,673 | - |
| Deposits Payable - Short Term | 2,106 | 700 | - | - | - |
| Other Short-Term Liabilities | 468 | 579 | - | 18 | - |
| Other Long-Term Obligations | 307,387 | 309,596 | - | 12,153 | - |
| Accrued Salaries | 130,650 | 130,534 | - | 5,014 | - |
| Deferred Revenue | 268,820 | 371,945 | - | 81,680 | - |
| TOTAL LIABILITIES | <u>335,620,202</u> | <u>598,647,750</u> | <u>5,687,346</u> | <u>53,684,861</u> | <u>13,907,198</u> |
| NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS | | | | | |
| (Schedules of funding progress for pension benefits are presented beginning on page 67.) | <u>\$ 8,649,235,427</u> | <u>\$ 9,199,274,927</u> | <u>\$ 683,247,398</u> | <u>\$ 1,301,297,585</u> | <u>\$ 523,877,448</u> |

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2003 (page 2 of 4)

| | Pension Trust | | | | |
|--|-------------------------|-------------------------|---------------------------------------|-------------------------|-------------------------|
| | TRS Plan 1 | TRS Plan 2/3 | TRS Plan 3 Defined Contribution | LEOFF Plan 1 | LEOFF Plan 2 |
| ASSETS | | | | | |
| Cash and Pooled Investments | \$ 6,597,823 | \$ 1,382,441 | \$ 2,719,693 | \$ 2,816,604 | \$ 1,063,106 |
| Receivables | | | | | |
| Due from Other Governments | 4,010,273 | 2,118,272 | 11,117,440 | - | 4,350,452 |
| Member Accounts Receivable (Net of Allowance) | 391,526 | 8,322 | - | 67,752 | 42,516 |
| Interest and Dividends | 21,033,725 | 9,221,407 | 2,683,438 | 12,379,942 | 6,972,064 |
| Investment Trades Pending Receivable - Short Term | 4,417,340 | 1,939,112 | 564,559 | 2,600,892 | 1,466,364 |
| Due from Pension Funds | 1,841,258 | 3,510,195 | 10,472,887 | 523,267 | 209,858 |
| Due from Other Washington State Agencies | 2,830 | 1,364 | - | 1,616 | 648 |
| Other Receivables - Short Term | 720 | 347 | - | 411 | 165 |
| Total Receivables | <u>31,697,672</u> | <u>16,799,019</u> | <u>24,838,324</u> | <u>15,573,880</u> | <u>13,042,067</u> |
| Capital Assets, net of depreciation | <u>263,285</u> | <u>126,857</u> | <u>-</u> | <u>150,316</u> | <u>60,285</u> |
| Investments, Noncurrent | | | | | |
| Equity in CTF | 7,576,611,489 | 3,325,959,959 | 968,330,307 | 4,461,043,672 | 2,515,104,008 |
| Money Market Investments | 2,146,629 | 8,324,442 | 2,423,604 | 523,664 | 6,904,504 |
| Other Noncurrent Investments | 1,119,706 | 470,733 | 858,956,852 | 570,208 | 103,813 |
| Total Investments, Noncurrent | <u>7,579,877,824</u> | <u>3,334,755,134</u> | <u>1,829,710,763</u> | <u>4,462,137,544</u> | <u>2,522,112,325</u> |
| Other Assets | <u>264,991</u> | <u>127,679</u> | <u>-</u> | <u>151,290</u> | <u>60,676</u> |
| TOTAL ASSETS | <u>7,618,701,595</u> | <u>3,353,191,130</u> | <u>1,857,268,780</u> | <u>4,480,829,634</u> | <u>2,536,338,459</u> |
| LIABILITIES | | | | | |
| Obligations under Security Lending Agreements | 272,016,140 | 119,396,598 | 34,596,625 | 160,068,155 | 90,009,171 |
| Accounts Payable | 5,432,753 | 887,858 | 242,185 | 2,471,779 | 568,248 |
| Investment Trades Pending Payable - Short Term | 1,304,421 | 572,611 | 166,712 | 768,032 | 433,011 |
| Due to Other Governments | 4,172,795 | 75,493 | - | 37,288 | - |
| Due to Pension Funds | 332,591 | 12,342,664 | 3,068,593 | 24,556 | 321,208 |
| Due to Deferred Compensation Fund | 32 | 15 | - | 18 | 7 |
| Due to Other Washington State Agencies | 139,806 | 78,912 | - | 108,385 | 39,900 |
| Deposits Payable - Short Term | - | - | - | - | - |
| Other Short-Term Liabilities | 8,707 | 191 | - | 226 | 91 |
| Other Long-Term Obligations | 264,991 | 127,679 | - | 151,290 | 60,676 |
| Accrued Salaries | 111,415 | 53,839 | - | 64,643 | 25,249 |
| Deferred Revenue | 213,011 | 109,911 | - | 812 | 3,371 |
| TOTAL LIABILITIES | <u>283,996,662</u> | <u>133,645,771</u> | <u>38,074,115</u> | <u>163,695,184</u> | <u>91,460,932</u> |
| NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS | | | | | |
| (Schedules of funding progress for pension benefits are presented beginning on page 67.) | <u>\$ 7,334,704,933</u> | <u>\$ 3,219,545,359</u> | <u>\$ 1,819,194,665</u> | <u>\$ 4,317,134,450</u> | <u>\$ 2,444,877,527</u> |

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2003 (page 3 of 4)

| | Pension Trust | | | | |
|--|-----------------------|---------------------|---------------------|--------------------------------|--------------------------|
| | WSPRS Plan 1 | JRS | Judges | JRA Defined Contribution | Deferred Compensation |
| ASSETS | | | | | |
| Cash and Pooled Investments | \$ 594,927 | \$ 328,310 | \$ 4,512,829 | \$ 6,589 | \$ 5,392,319 |
| Receivables | | | | | |
| Due from Other Governments | 52,985 | 16,595 | - | - | - |
| Member Accounts Receivable (Net of Allowance) | 100 | 4,901 | 4,512 | - | 1,421,458 |
| Interest and Dividends | 1,706,395 | 7,842 | 10,523 | 13 | 11,701 |
| Investment Trades Pending Receivable - Short Term | 358,554 | - | - | - | - |
| Due from Pension Funds | 66,160 | 751 | 465 | - | 150 |
| Due from Other Washington State Agencies | 204 | 2 | 1 | - | 390 |
| Other Receivables - Short Term | 52 | 1 | - | - | - |
| Total Receivables | <u>2,184,450</u> | <u>30,092</u> | <u>15,501</u> | <u>13</u> | <u>1,433,699</u> |
| Capital Assets, net of depreciation | <u>19,005</u> | <u>216</u> | <u>134</u> | <u>-</u> | <u>-</u> |
| Investments, Noncurrent | | | | | |
| Equity in CTF | 614,991,705 | - | - | - | - |
| Money Market Investments | 703,141 | 6,482,716 | - | - | - |
| Other Noncurrent Investments | 77,167 | 52,145 | 620,417 | 10,634,892 | 1,461,526,637 |
| Total Investments, Noncurrent | <u>615,772,013</u> | <u>6,534,861</u> | <u>620,417</u> | <u>10,634,892</u> | <u>1,461,526,637</u> |
| Other Assets | <u>19,128</u> | <u>217</u> | <u>135</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>618,589,523</u> | <u>6,893,696</u> | <u>5,149,016</u> | <u>10,641,494</u> | <u>1,468,352,655</u> |
| LIABILITIES | | | | | |
| Obligations under Security Lending Agreements | 22,063,983 | 52,307 | 620,518 | 906 | 659,647 |
| Accounts Payable | 378,397 | 109,452 | 9,100 | - | 3,284 |
| Investment Trades Pending Payable - Short Term | 105,879 | - | - | - | - |
| Due to Other Governments | 146,359 | 29,227 | 3,316 | - | - |
| Due to Pension Funds | - | - | - | - | - |
| Due to Deferred Compensation Fund | 2 | - | - | - | - |
| Due to Other Washington State Agencies | 10,102 | 117 | 40 | 82 | 21,018 |
| Deposits Payable - Short Term | - | - | - | - | - |
| Other Short-Term Liabilities | 29 | - | - | - | 244,889 |
| Other Long-Term Obligations | 19,128 | 217 | 134 | - | - |
| Accrued Salaries | 8,040 | 90 | 55 | - | 40,007 |
| Deferred Revenue | - | - | - | - | - |
| TOTAL LIABILITIES | <u>22,731,919</u> | <u>191,410</u> | <u>633,163</u> | <u>988</u> | <u>968,845</u> |
| NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS | | | | | |
| (Schedules of funding progress for pension benefits are presented beginning on page 67.) | <u>\$ 595,857,604</u> | <u>\$ 6,702,286</u> | <u>\$ 4,515,853</u> | <u>\$ 10,640,506</u> | <u>\$ 1,467,383,810</u> |

The accompanying notes are an integral part of this statement.

Statement of Plan Net Assets
Pension and Other Employee Benefit Trust Funds by Plan
As of June 30, 2003 (page 4 of 4)

| | Agency Dependent Care | Totals | |
|--|-----------------------------|-------------------|-------------------|
| | | June 30, 2003 | June 30, 2002 |
| ASSETS | | | |
| Cash and Pooled Investments | \$ 613,756 | \$ 37,046,710 | \$ 39,845,633 |
| Receivables | | | |
| Due from Other Governments | - | 40,476,738 | 39,361,733 |
| Member Accounts Receivable (Net of Allowance) | - | 2,760,673 | 2,890,272 |
| Interest and Dividends | - | 110,978,776 | 165,042,435 |
| Investment Trades Pending Receivable - Short Term | - | 23,316,141 | 41,574,999 |
| Due from Pension Funds | - | 266,902,902 | 34,561,536 |
| Due from Other Washington State Agencies | - | 13,774 | 10,055 |
| Other Receivables - Short Term | - | 3,407 | 5,257 |
| Total Receivables | - | 444,452,411 | 283,446,287 |
| Capital Assets, net of depreciation | - | 1,245,184 | 1,489,504 |
| Investments, Noncurrent | | | |
| Equity in CTF | - | 39,991,791,868 | 41,740,170,848 |
| Money Market Investments | - | 40,898,874 | 48,733,757 |
| Other Noncurrent Investments | - | 2,804,361,581 | 2,304,394,359 |
| Total Investments, Noncurrent | - | 42,837,052,323 | 44,093,298,964 |
| Other Assets | - | 1,253,252 | 1,257,132 |
| TOTAL ASSETS | 613,756 | 43,321,049,880 | 44,419,337,520 |
| LIABILITIES | | | |
| Obligations under Security Lending Agreements | - | 1,435,211,189 | 3,034,712,196 |
| Accounts Payable | - | 20,154,437 | 24,492,856 |
| Investment Trades Pending Payable - Short Term | - | 6,885,154 | 31,675,560 |
| Due to Other Governments | - | 9,886,818 | 8,832,940 |
| Due to Pension Funds | - | 266,902,752 | 34,561,536 |
| Due to Deferred Compensation Fund | - | 150 | - |
| Due to Other Washington State Agencies | - | 775,505 | 712,484 |
| Deposits Payable - Short Term | - | 2,806 | 3,261 |
| Other Short-Term Liabilities | 613,756 | 868,954 | 833,885 |
| Other Long-Term Obligations | - | 1,253,251 | 1,257,132 |
| Accrued Salaries | - | 569,536 | 639,582 |
| Deferred Revenue | - | 1,049,550 | 1,093,463 |
| TOTAL LIABILITIES | 613,756 | 1,743,560,102 | 3,138,814,895 |
| NET ASSETS HELD IN TRUST FOR PENSION AND OTHER BENEFITS | | | |
| (Schedules of funding progress for pension benefits are presented beginning on page 67.) | \$ - | \$ 41,577,489,778 | \$ 41,280,522,625 |

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, 2003 (page 1 of 4)

| | Pension Trust | | | | |
|--|-------------------------|-------------------------|--|-------------------------|--|
| | PERS Plan 1 | PERS Plan 2/3 | PERS Plan 3 Defined Contribution | SERS Plan 2/3 | SERS Plan 3 Defined Contribution |
| ADDITIONS | | | | | |
| Retirement Contributions | | | | | |
| Employer | \$ 56,618,183 | \$ 38,287,504 | \$ - | \$ 6,153,596 | \$ - |
| Plan Member | 62,065,159 | 34,498,036 | 32,290,045 | 1,827,565 | 40,947,149 |
| State | - | - | - | - | - |
| Plan Member Restorations | 4,804,786 | 2,169,821 | - | 85,451 | - |
| Total Retirement Contributions | 123,488,128 | 74,955,361 | 32,290,045 | 8,066,612 | 40,947,149 |
| Participant Contributions | - | - | - | - | - |
| Investment Income | | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | | | | | |
| Interest | 115,168,343 | 148,963,356 | 12,131,846 | 23,911,789 | 7,301,828 |
| Dividends | 137,430,807 | 144,340,187 | 4,582,804 | 21,325,285 | 4,569,032 |
| Less: Investment Expenses | 76,680,934 | 81,534,514 | 2,314,410 | 11,849,123 | 2,295,804 |
| | (8,912,904) | (9,209,455) | (428,309) | (1,289,376) | (487,494) |
| Net Investment Income | 320,367,180 | 365,628,602 | 18,600,751 | 55,796,821 | 13,679,170 |
| Securities Lending Income | | | | | |
| Securities Lending Income | 11,204,985 | 12,221,722 | 178,037 | 1,682,310 | 459,905 |
| Less: Costs of Lending Securities | (10,785,338) | (11,935,367) | - | (2,061,985) | - |
| Net Securities Lending Income | 419,647 | 286,355 | 178,037 | (379,675) | 459,905 |
| Charges For Services | 5,383,028 | 6,139,473 | 2,027,281 | 1,132,064 | 173,658 |
| Transfers from Other Pension Plans | 486,538 | 601,538 | 609,242,966 | 1,969,831 | 272,783 |
| Miscellaneous | 80,600 | 90,965 | - | 16,767 | - |
| TOTAL ADDITIONS | 450,225,121 | 447,702,294 | 662,339,080 | 66,602,420 | 55,532,665 |
| DEDUCTIONS | | | | | |
| Benefits | 776,682,764 | 72,459,996 | - | 4,304,647 | - |
| Refunds of Contributions | 5,677,496 | 30,835,245 | 5,736,875 | 2,220,548 | 11,327,877 |
| Annuity Payments | - | - | - | - | - |
| Transfers to Other Pension Plans | 358,403 | 611,866,617 | 206,849 | 355,206 | 65,551 |
| Administrative Expenses | 5,595,931 | 6,054,241 | 1,967,388 | 1,112,672 | 173,210 |
| TOTAL DEDUCTIONS | 788,314,594 | 721,216,099 | 7,911,112 | 7,993,073 | 11,566,638 |
| NET INCREASE (DECREASE) | (338,089,473) | (273, 513,805) | 654,427,968 | 58,609,347 | 43,966,027 |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | | |
| Beginning of Year: July 1 | 8,987,324,900 | 9,472,788,732 | 28,819,430 | 1,242,688,238 | 479,911,421 |
| End of Year: June 30 | \$ 8,649,235,427 | \$ 9,199,274,927 | \$ 683,247,398 | \$ 1,301,297,585 | \$ 523,877,448 |

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, 2003 (page 2 of 4)

| | Pension Trust | | | |
|--|-------------------------|-------------------------|------------------------------------|-------------------------|
| | TRS Plan 1 | TRS Plan 2/3 | TRS Plan 3 Defined Contribution | LEOFF Plan 1 |
| ADDITIONS | | | | |
| Retirement Contributions | | | | |
| Employer | \$ 20,352,302 | \$ 18,225,463 | \$ - | \$ 61,983 |
| Plan Member | 46,790,030 | 633,348 | 155,537,471 | 39,635 |
| State | | | | |
| Plan Member Restorations | 1,795,083 | 297,919 | - | 38,497 |
| Total Retirement Contributions | <u>68,937,415</u> | <u>19,156,730</u> | <u>155,537,471</u> | <u>140,115</u> |
| Participant Contributions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Investment Income | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 100,949,237 | 59,092,639 | 24,195,801 | 60,416,184 |
| Interest | 116,400,387 | 52,214,436 | 12,067,823 | 67,916,996 |
| Dividends | 64,881,538 | 28,989,816 | 6,482,304 | 38,047,544 |
| Less: Investment Expenses | (7,529,809) | (3,148,602) | (1,942,702) | (4,370,446) |
| Net Investment Income | <u>274,701,353</u> | <u>137,148,289</u> | <u>40,803,226</u> | <u>162,010,278</u> |
| Securities Lending Income | | | | |
| Securities Lending Income | 9,502,049 | 4,162,577 | 1,223,017 | 5,594,725 |
| Less: Costs of Lending Securities | (9,146,181) | (5,183,895) | - | (5,385,193) |
| Net Securities Lending Income | <u>355,868</u> | <u>(1,021,318)</u> | <u>1,223,017</u> | <u>209,532</u> |
| Charges For Services | 4,564,503 | 3,116,447 | 173,658 | 2,684,563 |
| Transfers from Other Pension Plans | 333,006 | 428,763 | 731,387 | 167,560 |
| Miscellaneous | 72,919 | 46,158 | - | 39,762 |
| TOTAL ADDITIONS | <u>348,965,064</u> | <u>158,875,069</u> | <u>198,468,759</u> | <u>165,251,810</u> |
| DEDUCTIONS | | | | |
| Benefits | 606,756,576 | 10,861,452 | - | 264,617,709 |
| Refunds of Contributions | 1,521,363 | 3,537,254 | 19,331,004 | 158,026 |
| Annuity Payments | 82,496,892 | - | - | - |
| Transfers to Other Pension Plans | 282,470 | 955,868 | 237,751 | 166,218 |
| Administrative Expenses | 4,555,203 | 3,093,172 | 173,210 | 2,789,201 |
| TOTAL DEDUCTIONS | <u>695,612,504</u> | <u>18,447,746</u> | <u>19,741,965</u> | <u>267,731,154</u> |
| NET INCREASE (DECREASE) | <u>(346,647,440)</u> | <u>140,427,323</u> | <u>178,726,794</u> | <u>(102,479,344)</u> |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of Year: July 1 | <u>7,681,352,373</u> | <u>3,079,118,036</u> | <u>1,640,467,871</u> | <u>4,419,613,794</u> |
| End of Year: June 30 | <u>\$ 7,334,704,933</u> | <u>\$ 3,219,545,359</u> | <u>\$ 1,819,194,665</u> | <u>\$ 4,317,134,450</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, 2003 (page 3 of 4)**

| | Pension Trust | | | |
|--|-------------------------|-----------------------|---------------------|---------------------|
| | LEOFF Plan 2 | WSPRS Plan 1 | JRS | JUDGES |
| ADDITIONS | | | | |
| Retirement Contributions | | | | |
| Employer | \$ 25,582,678 | \$ (4) | \$ 214,806 | \$ 6,082 |
| Plan Member | 41,371,860 | 1,313,432 | 214,806 | 5,823 |
| State | 16,404,592 | - | 6,000,000 | 250,000 |
| Plan Member Restorations | 216,240 | 818 | 317 | 95 |
| Total Retirement Contributions | 83,575,370 | 1,314,246 | 6,429,929 | 262,000 |
| Participant Contributions | - | - | - | - |
| Investment Income | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 43,769,641 | 8,901,217 | (1,120) | (15,373) |
| Interest | 36,280,481 | 9,242,600 | 125,509 | 133,636 |
| Dividends | 20,670,122 | 5,198,354 | - | - |
| Less: Investment Expenses | (2,211,432) | (587,603) | (8,473) | (9,884) |
| Net Investment Income | 98,508,812 | 22,754,568 | 115,916 | 108,379 |
| Securities Lending Income | | | | |
| Securities Lending Income | 3,154,265 | 771,279 | - | - |
| Less: Costs of Lending Securities | (3,036,132) | (742,393) | - | - |
| Net Securities Lending Income | 118,133 | 28,886 | - | - |
| Charges For Services | 1,519,775 | 370,625 | 4,150 | 3,100 |
| Transfers from Other Pension Plans | 233,789 | 143,989 | 257 | 192 |
| Miscellaneous | 22,510 | 5,489 | 62 | 47 |
| TOTAL ADDITIONS | 183,978,389 | 24,617,803 | 6,550,314 | 373,718 |
| DEDUCTIONS | | | | |
| Benefits | 4,058,474 | 24,046,946 | 8,278,624 | 638,785 |
| Refunds of Contributions | 5,124,356 | 220,762 | - | - |
| Annuity Payments | - | - | - | - |
| Transfers to Other Pension Plans | 94,281 | 22,936 | 257 | 192 |
| Administrative Expenses | 1,527,799 | 377,870 | 3,992 | 2,976 |
| TOTAL DEDUCTIONS | 10,804,910 | 24,668,514 | 8,282,873 | 641,953 |
| NET INCREASE (DECREASE) | 173,173,479 | (50,711) | (1,732,559) | (268,235) |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of Year: July 1 | 2,271,704,048 | 595,908,315 | 8,434,845 | 4,784,088 |
| End of Year: June 30 | \$ 2,444,877,527 | \$ 595,857,604 | \$ 6,702,286 | \$ 4,515,853 |

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, 2003 (page 4 of 4)

| | Pension Trust | | Totals | |
|--|-----------------------------|--------------------------|--------------------------|--------------------------|
| | JRA Defined Contribution | Deferred Compensation | June 30, 2003 | June 30, 2002 |
| ADDITIONS | | | | |
| Retirement Contributions | | | | |
| Employer | \$ 556,433 | \$ - | \$ 166,059,026 | \$ 261,552,771 |
| Plan Member | 556,433 | - | 418,090,792 | 401,198,031 |
| State | - | - | 22,654,592 | 21,800,761 |
| Plan Member Restorations | - | - | 9,409,027 | 10,902,071 |
| Total Retirement Contributions | <u>1,112,866</u> | <u>-</u> | <u>616,213,437</u> | <u>695,453,634</u> |
| Participant Contributions | <u>-</u> | <u>135,900,870</u> | <u>135,900,870</u> | <u>119,008,453</u> |
| Investment Income | | | | |
| Net Appreciation (Depreciation) in Fair Value of Investments | 111,398 | 5,266,408 | 610,163,194 | (4,067,694,453) |
| Interest | 216,787 | 28,957,720 | 635,804,490 | 764,633,675 |
| Dividends | 60,228 | 9,052,512 | 348,057,203 | 358,317,081 |
| Less: Investment Expenses | (13) | (1,740,949) | (41,877,451) | (47,449,719) |
| Net Investment Income | <u>388,400</u> | <u>41,535,691</u> | <u>1,552,147,436</u> | <u>(2,992,193,416)</u> |
| Securities Lending Income | | | | |
| Securities Lending Income | - | - | 50,154,871 | 52,101,919 |
| Less: Costs of Lending Securities | - | - | (48,276,484) | (48,758,321) |
| Net Securities Lending Income | <u>-</u> | <u>-</u> | <u>1,878,387</u> | <u>3,343,598</u> |
| Charges For Services | <u>-</u> | <u>287,237</u> | <u>27,579,562</u> | <u>28,936,114</u> |
| Transfers from Other Pension Plans | <u>-</u> | <u>-</u> | <u>614,612,599</u> | <u>51,071,951</u> |
| Miscellaneous | <u>7,673</u> | <u>1,187,617</u> | <u>1,570,569</u> | <u>1,783,790</u> |
| TOTAL ADDITIONS | <u>1,508,939</u> | <u>178,911,415</u> | <u>2,949,902,860</u> | <u>(2,092,595,876)</u> |
| DEDUCTIONS | | | | |
| Benefits | 167,573 | - | 1,772,873,546 | 1,644,734,171 |
| Refunds of Contributions | - | 68,469,023 | 154,159,829 | 175,061,572 |
| Annuity Payments | - | - | 82,496,892 | 110,878,457 |
| Transfers to Other Pension Plans | - | - | 614,612,599 | 51,071,951 |
| Administrative Expenses | 12,436 | 1,353,540 | 28,792,841 | 30,008,584 |
| TOTAL DEDUCTIONS | <u>180,009</u> | <u>69,822,563</u> | <u>2,652,935,707</u> | <u>2,011,754,735</u> |
| NET INCREASE (DECREASE) | <u>1,328,930</u> | <u>109,088,852</u> | <u>296,967,153</u> | <u>(4,104,350,611)</u> |
| NET ASSETS HELD IN TRUST FOR PENSION BENEFITS | | | | |
| Beginning of Year: July 1 | <u>9,311,576</u> | <u>1,358,294,958</u> | <u>41,280,522,625</u> | <u>45,384,873,236</u> |
| End of Year: June 30 | <u>\$ 10,640,506</u> | <u>\$ 1,467,383,810</u> | <u>\$ 41,577,489,778</u> | <u>\$ 41,280,522,625</u> |

The accompanying notes are an integral part of this statement.

Balance Sheet/Statement of Net Assets
Special Revenue Fund
As of June 30, 2003

| Dependent Care Administrative Fund | | | |
|---|------------------|-------------|----------------------------|
| | Balance Sheet | Adjustments | Statement of Net Assets |
| ASSETS | | | |
| Cash and Pooled Investments | \$ 87,146 | \$ - | \$ 87,146 |
| Other Receivables - Short Term | 90 | - | 90 |
| TOTAL ASSETS | 87,236 | - | 87,236 |
| LIABILITIES | | | |
| Accounts Payable | 241 | - | 241 |
| Due to Other Washington State Agencies | 1,092 | - | 1,092 |
| Accrued Salaries | 5,100 | - | 5,100 |
| TOTAL LIABILITIES | 6,433 | - | 6,433 |
| FUND BALANCE/NET ASSETS: | | | |
| Fund Balance: | | | |
| Unreserved, Reported in Special Revenue Funds | 80,803 | (80,803) | - |
| Total Fund Balance | 80,803 | (80,803) | - |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 87,236 | | |
| Net Assets: | | | |
| Unrestricted | | 80,803 | 80,803 |
| TOTAL NET ASSETS | | \$ - | \$ 80,803 |

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, 2003**

| REVENUES | Dependent Care Administrative Fund | | |
|--|---|-------------|----------------------------|
| | Statement of Revenues, Expenditures and Changes in Fund Balance | Adjustments | Statement of Activities |
| Charges for Services | \$ 180,826 | \$ - | \$ 180,826 |
| TOTAL REVENUES | 180,826 | - | 180,826 |
| EXPENDITURES/EXPENSES | | | |
| Current: | | | |
| Personnel Services | 128,338 | - | 128,838 |
| Goods and Services | 51,262 | - | 51,262 |
| Miscellaneous | 1,640 | - | 1,640 |
| Total Expenditures/Expenses | <u>181,240</u> | <u>-</u> | <u>181,240</u> |
| TOTAL EXPENDITURES/EXPENSES | 181,240 | - | 181,240 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES | (414) | 414 | - |
| CHANGE IN NET ASSETS | - | (414) | (414) |
| FUND BALANCE/NET ASSETS: | | | |
| Beginning of Year: July 1 | 81,217 | - | 81,217 |
| End of Year: June 30 | <u>\$ 80,803</u> | <u>\$ -</u> | <u>\$ 80,803</u> |

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2003

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

A. Reporting Entity

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

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

The state of Washington, through DRS, administers seven retirement systems for public employees of the state and political subdivisions: the Public Employees' Retirement

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

B. Basic Financial Statements

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

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

E. Allocation

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

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

F. Deposits, Investments, and Securities Lending:

Deposits: DRS' deposits are managed by the Office of the State Treasurer (OST) and are entirely insured by the Federal Deposit Insurance Corporation (FDIC) and by the Washington Public Deposit Protection Commission (PDPC). State law (chapter 43.84.080 RCW) specifies that whenever there is a fund or cash balance in the state treasury more than sufficient to meet the current expenditures properly payable

therefrom, the OST may invest or reinvest such portion of such funds or balances as the OST deems expedient. Statute authorizes the OST to buy and sell the following types of instruments: U.S. Government and Agency securities, banker's acceptances, and certificates of deposit with qualified public depositories. Securities underlying repurchase and reverse repurchase agreements are limited to those stated above. DRS receives its proportionate share of investment earnings from surplus balances in the state treasury based upon its daily balance for the period. DRS' deposits are separately displayed on the Statement of Plan Net Assets as cash and pooled investments.

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

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

As of June 30, 2003, the carrying amount of DRS' cash and pooled investments is \$36,432,954 for the pension trust funds, \$613,756 for the dependent care agency fund, and \$87,146 for the dependent care special revenue fund, all of which represents category one risk.

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; com-

mercial paper; guaranteed investment contracts; U.S. Government and Agency (government sponsored corporations eligible for collateral purposes at the Federal Reserve) securities; non-dollar bonds; investment grade corporate bonds; non-investment grade corporate bonds; publicly traded mortgage-backed securities; privately placed mortgages; private placements of corporate debt; U.S. and foreign common stock; U.S. preferred stock; convertible securities; private equity including but not limited to: investment corporations, partnerships, and limited liability companies for venture capital, leveraged buy-outs, real estate, or other forms of private equity; asset backed securities; and derivative securities including futures, options, options on futures, forward contracts, and swap transactions.

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. 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, 2003 or 2002. 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, 2003, the only de-

rivative securities held directly by WSIB were collateralized mortgage obligations of \$1.644 billion.

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, 2003, total investment management fees were \$90,153,935. For a detailed disclosure, refer to the Schedule of Investment Management Fees and Commissions in the Investment Section of this report.

GASB Statement Number 3 requires governmental entities to categorize investments for the purpose of giving an indication of the levels of risk assumed by the entity at year end.

The three categories of risk are:

- 1) Insured or registered, or securities held by DRS or its agent in the name of DRS.
- 2) Uninsured and unregistered with securities held by the counterparty's trust department or agent in the name of DRS.
- 3) Uninsured and unregistered with securities held by the counterparty, or its trust department or agent, but not in the name of DRS.

Certain investment types in DRS' portfolio cannot be categorized within the guidelines established by GASB Statement Number 3. These investments total approximately \$32.3 billion in both carrying value and fair value. DRS' investments are classified in three categories of risk to give an indication of the level of risk assumed by DRS as of year end. The table on page 47 presents the carrying value and fair value of the investments by type, as well as deposits, as of June 30, 2003.

There were approximately \$4.8 million repurchase agreements outstanding at June 30, 2003. 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, 2003 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, 2003.

Investments by Type on June 30, 2003-Pension Trust Funds

| Investment Type | Carrying Value by GASB Categories* | | | Total Carrying Value | Total Fair Value |
|--|------------------------------------|-------------|------------------------|-------------------------|-------------------------|
| | 1 | 2 | 3 | | |
| Asset Backed Securities | \$ 68,900,714 | \$ - | \$ 111,386,471 | \$ 180,287,185 | \$ 180,287,185 |
| Certificates of Deposit | - | - | 148,845,177 | 148,845,177 | 148,845,177 |
| Collateralized Mortgage Obligations | 1,643,721,800 | - | - | 1,643,721,800 | 1,643,721,800 |
| Corporate Bonds-Domestic | 2,763,403,291 | - | - | 2,763,403,291 | 2,763,403,291 |
| Corporate Bonds-Foreign | 1,313,141,742 | - | - | 1,313,141,742 | 1,313,141,742 |
| Corporate Stock-Foreign | 1,872,270,485 | - | - | 1,872,270,485 | 1,872,270,485 |
| Government Securities-Domestic | 1,266,752,763 | - | 63,927,379 | 1,330,680,142 | 1,330,680,142 |
| Government Securities-Foreign | 198,290,341 | - | - | 198,290,341 | 198,290,341 |
| Life | 29,082 | - | - | 29,082 | 29,082 |
| Municipal Bonds | 5,644,354 | - | - | 5,644,354 | 5,644,354 |
| Repurchase Agreements | 4,826,291 | - | - | 4,826,291 | 4,826,291 |
| Variable Rate Notes | - | - | 1,104,254,190 | 1,104,254,190 | 1,104,254,190 |
| Subtotal for GASB Categories | \$ 9,136,980,863 | \$ - | \$1,428,413,217 | 10,565,394,080 | 10,565,394,080 |
| Investment Type-Unclassified As to Risk | | | | | |
| Commingled Index Funds-Domestic | | | | 12,892,065,269 | 12,892,065,269 |
| Commingled Index Funds-Foreign | | | | 3,144,257,151 | 3,144,257,151 |
| Currencies | | | | 5,995,532 | 5,995,532 |
| Guaranteed Investment Contracts | | | | 544,146,794 | 544,146,794 |
| Money Market Funds | | | | 1,479,515,605 | 1,479,515,605 |
| Mortgages | | | | 1,405,601,609 | 1,405,601,609 |
| Mutual Funds | | | | 2,255,359,415 | 2,255,359,415 |
| Private Equity | | | | 5,569,727,086 | 5,569,727,086 |
| Real Estate | | | | 3,625,738,177 | 3,625,738,177 |
| Subtotal Investment Types-Unclassified As to Risk | | | | 30,922,406,638 | 30,922,406,638 |
| Securities on Loan-Domestic | | | | 834,061,045 | 834,061,045 |
| Securities on Loan-Foreign | | | | 515,190,560 | 515,190,560 |
| Total Investments-6/30/2003 | | | | \$42,837,052,323 | \$42,837,052,323 |

* See text for definition of categories.

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, 2003, the DRS pension funds had the following unfunded investment commitments:

| | |
|-----------------------------|-----------------|
| Private Equity Partnerships | \$5,178,999,138 |
| Real Estate | 888,551,588 |

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

Securities were loaned and collateralized by the 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. The collateral held and market value of securities on loan at June 30, 2003, were \$1,428,725,117 and \$1,349,251,605 respectively.

During Fiscal Year 2003, securities lending transactions could be terminated on demand by either the WSIB or the borrower. The average term of overall loans was 45 days.

Cash collateral was invested by the WSIB's agents in se-

curities issued or guaranteed by the U.S. government, the WSIB's short term investment pool (average weighted maturity of 358 days) or term loans. Because the securities lending agreements were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral. Non-cash collateral could not be pledged or sold absent borrower default. There are no restrictions on the amount of securities that can be lent.

Securities were lent with the agreement that they would be returned in the future for exchange of the collateral. State Street Bank and Trust indemnified the 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. State Street Bank and Trust's responsibilities included performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable federal regulations concerning securities lending.

During Fiscal Year 2003, 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 2003 resulting from a default by either the borrowers or the securities lending agents.

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

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

At June 30, 2003, OST has no credit risk exposure to borrowers because the amounts the OST owes borrowers exceeds the amounts that the borrowers owe the OST. The contract with the agent requires it to indemnify the OST if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities lent) or if the borrower fails to pay OST for income distributions by the securities' issuers while the securities are on loan.

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

During Fiscal Year 2003, there were no violations of legal or contractual provisions nor any losses resulting from a default by either the borrowers or the securities lending agent.

G. Reserves

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

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

Member reserves as of June 30, 2003 and 2002 are as follows:

| | June 30, 2003 | June 30, 2002 |
|------------------------------|-------------------------|------------------------|
| PERS Plan 1 | \$1,588,090,949 | \$1,642,675,506 |
| PERS Plan 2/3 | 3,104,651,417 | 3,280,230,372 |
| PERS Plan 3-WSIB | 347,685,055 | 12,705,763 |
| PERS Plan 3-SELF | 335,735,071 | 16,346,320 |
| SERS Plan 2/3 | 201,567,413 | 194,973,586 |
| SERS Plan 3-WSIB | 357,860,479 | 336,630,522 |
| SERS Plan 3-SELF | 166,060,271 | 143,324,649 |
| TRS Plan 1 | 1,234,664,565 | 1,298,004,992 |
| TRS Plan 2/3 | 370,197,554 | 361,538,710 |
| TRS Plan 3-WSIB | 954,107,079 | 852,005,852 |
| TRS Plan 3-SELF | 865,130,889 | 788,505,769 |
| LEOFF Plan 1 | 117,838,197 | 128,930,276 |
| LEOFF Plan 2 | 832,077,636 | 758,091,553 |
| WSPRS Plan 1 | 52,299,227 | 52,430,387 |
| JRS | 5,345,551 | 5,449,063 |
| Judges | 95 | - |
| Total Member Reserves | \$10,533,311,448 | \$9,871,843,320 |

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, 2003 and 2002 are as follows:

| | June 30, 2003 | June 30, 2002 |
|-------------------------------|-------------------------|-------------------------|
| PERS Plan 1 | \$7,058,454,262 | \$7,342,270,804 |
| PERS Plan 2/3 | 6,091,958,667 | 6,190,218,636 |
| SERS Plan 2/3 | 1,099,620,336 | 1,047,662,601 |
| TRS Plan 1 | 6,097,725,736 | 6,381,290,304 |
| TRS Plan 2/3 | 2,848,234,904 | 2,716,643,539 |
| LEOFF Plan 1 | 4,197,977,124 | 4,289,514,579 |
| LEOFF Plan 2 | 1,612,275,109 | 1,513,166,215 |
| WSPRS Plan 1 | 543,391,419 | 543,331,820 |
| JRS | 1,353,091 | 2,981,247 |
| Judges | 4,493,436 | 4,746,564 |
| Total Benefit Reserves | \$29,555,484,084 | \$30,031,826,309 |

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 2003:

| Assets | Beginning Balance | Acquisition/ Increase Depreciation | Disposal | Ending Balance |
|--------------------------------------|---------------------|--|-------------------|---------------------|
| Improvements Other Than Buildings | \$ 522,113 | \$ 9,238 | \$ - | \$531,351 |
| Furnishings & Equipment | 1,952,865 | 176,969 | (10,271) | 2,119,563 |
| Accumulated Depreciation | (985,474) | (425,363) | 5,107 | (1,405,730) |
| Total | \$ 1,489,504 | \$ (239,156) | \$ (5,164) | \$ 1,245,184 |

I. Long-Term Liabilities

Annual Leave: DRS employees accrue annual leave at a variable rate based on years of service. In general, accrued annual leave cannot exceed 30 days at the employee's anniversary date. The expense and accrued liability is recognized when the annual leave is earned. DRS' liability for accumulated annual leave was \$912,892 as of June 30, 2003.

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 \$340,359 as of June 30, 2003.

Following is a summary of changes in compensated absences for the fiduciary funds for Fiscal Year 2003:

| Compensated Absences | Beginning Balance | Additions | Deletions | Ending Balance |
|----------------------|--------------------|--------------------|--------------------|--------------------|
| Annual Leave | \$932,498 | \$1,006,900 | \$1,026,506 | \$912,892 |
| Sick Leave | 324,634 | 151,715 | 135,990 | 340,359 |
| Total | <u>\$1,257,132</u> | <u>\$1,158,615</u> | <u>\$1,162,496</u> | <u>\$1,253,251</u> |

J. Interfund Balances and Transfers

Interfund Balances: These balances resulted from the time lag between the dates that interfund transfers were accrued and when the liquidations occurred. All interfund balances are expected to be paid within one year from the date of the financial statements.

Interfund Transfers: Interfund transfers, as reported in the financial statements, reflect routine transfers between the various trust funds resulting from plan membership changes.

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 .22 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

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

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 | 54,006 | 3,280 | 20,167 | 1,570 | 79,023 |
| PERS Plan 2 | 9,741 | 15,674 | 68,372 | 48,567 | 142,354 |
| PERS Plan 3 | 9 | 198 | 10,455 | 5,054 | 15,716 |
| SERS Plan 2 | 437 | 1,397 | 13,535 | 9,335 | 24,704 |
| SERS Plan 3 | 185 | 1,148 | 12,025 | 14,896 | 28,254 |
| TRS Plan 1 | 33,148 | 1,822 | 12,096 | 360 | 47,426 |
| TRS Plan 2 | 823 | 2,487 | 7,005 | 804 | 11,119 |
| TRS Plan 3 | 283 | 2,151 | 17,154 | 28,644 | 48,232 |
| LEOFF Plan 1 | 7,987 | 22 | 1,146 | 1 | 9,156 |
| LEOFF Plan 2 | 244 | 376 | 10,076 | 3,935 | 14,631 |
| WSPRS Plan 1 | 718 | 95 | 780 | 255 | 1,848 |
| JRS | 131 | 3 | 24 | - | 158 |
| Judges | 18 | - | 1 | - | 19 |
| Total | 107,730 | 28,653 | 172,836 | 113,421 | 422,640 |

The latest actuarial valuation date for all plans was September 30, 2002.

WSPRS Plan 2 became effective on March 1, 2003, therefore there were no WSPRS Plan 2 members as of the latest valuation date of September 30, 2002.

Source: Washington State Office of the State Actuary

Number of Participating Employers

| Plan | State Agencies | School Districts | Counties/Municipalities | Other Political Subdivisions | Total |
|--------------|----------------|------------------|-------------------------|------------------------------|--------------|
| PERS Plan 1 | 156 | 253 | 209 | 252 | 870 |
| PERS Plan 2 | 168 | - | 269 | 440 | 877 |
| PERS Plan 3 | 141 | - | 159 | 204 | 504 |
| SERS Plan 2 | 9 | 290 | - | - | 299 |
| SERS Plan 3 | 10 | 288 | - | - | 298 |
| TRS Plan 1 | 86 | 284 | - | - | 370 |
| TRS Plan 2 | 38 | 270 | - | - | 308 |
| TRS Plan 3 | 44 | 291 | - | - | 335 |
| LEOFF Plan 1 | - | - | 104 | 25 | 129 |
| LEOFF Plan 2 | 7 | - | 224 | 128 | 359 |
| WSPRS Plan 1 | 1 | - | - | - | 1 |
| JRS | 3 | - | - | - | 3 |
| Judges | - | - | - | - | - |
| Total | 663 | 1,676 | 965 | 1,049 | 4,353 |

Employers can participate in multiple systems and/or plans. The actual total number of participating employers as of June 30, 2003 is 1,258.

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

B. Plan Descriptions

Public Employees' Retirement System (PERS): PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a combination defined benefit/defined contribution plan. PERS participants who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the 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 2003, 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. TIAA/CREF is not administered by DRS. Approximately 52 percent of PERS salaries are accounted for by state employment. PERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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

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. (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. (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 membership service is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2 percent of the AFC for each year of service reduced by 2 percent for each year that the member's age is less than 55. The total benefit is limited to 60 percent of the AFC.

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 2003 session provides a \$150,000 death benefit to the beneficiary 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. There were no other material changes in PERS benefit provisions for the fiscal year ended June 30, 2003.

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 2003, 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 all classified employees of school districts or educational service districts. SERS is comprised principally of non-state employees. SERS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

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 2003 session provides a \$150,000 death benefit to the beneficiary 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. There were no other material changes in SERS benefit provisions for the fiscal year ended June 30, 2003.

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 mem-

bers. 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 2003, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in TRS Plan 1 and 2 can elect to withdraw total employee contributions and interest thereon upon separation from TRS-covered employment. Employees in TRS Plan 3 can elect to withdraw total employee contributions adjusted by earnings and losses from the investment of those contributions upon separation from TRS-covered employment.

TRS was legislatively established in 1938. Eligibility for membership requires service as a certificated employee in grades K-12 in the public schools. TRS is comprised principally of non-state employees. TRS retirement benefit provisions are established in state statute and may be amended only by the State Legislature.

TRS Plan 1 retirement benefits are vested after an employee completes 5 years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The annual pension is 2 percent of the average final compensation (AFC) per year of service (AFC is based on the greatest compensation during the highest of any consecutive two compensation contract years), capped at 60 percent.

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 duty disability benefits. TRS Plan 1 members receive the following additional lump sum death benefits: retired members-\$400 (if at least 10 years of membership service), active members-\$600. Members on temporary disability receive a temporary life annuity of \$180 per month payable up to two years. After five years of service, members on a disability retirement receive an allowance based on their salary and service to date of disability. Members enrolled in TRS prior to April 25, 1973, may elect a benefit based on the formula in effect at that time.

Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 allowance amount is 2 percent of the AFC for each year of service. For Plan 3, the allowance amount is 1

percent of the AFC for each year of service. Benefits are actuarially reduced for each year that the member’s age is less than 65, and to reflect the choice of a survivor option.

Legislation passed in the 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. There were no other material changes in TRS benefit provisions for the fiscal year ended June 30, 2003.

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 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 2003, the DRS-established rate on employee contributions was 5.5 percent compounded quarterly. Employees in LEOFF Plan 1 and 2 can elect to withdraw total employee contributions and interest earnings thereon upon separation from LEOFF-covered employment.

LEOFF was established in 1970 by the Legislature. Membership includes all full-time, fully compensated, local law enforcement officers and firefighters. LEOFF membership is comprised primarily of non-state employees. LEOFF retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

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

Legislation passed in the 2003 session allows some members working as fire fighter emergency medical technicians (EMTs) to transfer service credit and contributions earned from PERS Plan 1 or Plan 2 to LEOFF Plan 2 if, while employed for a city, town, county or district, the EMT's job was relocated to a fire department from another city, town, county or district. Members electing to transfer EMT service credit are required to pay the difference between the contributions the employee paid to PERS Plan 1 or Plan 2 and the contributions that would have been paid by the employee had they been a member of LEOFF Plan 2, plus interest.

Other legislation passed in the 2003 session requires Department of Fish and Wildlife enforcement officers formerly in PERS Plan 2 or PERS Plan 3, to become members of LEOFF Plan 2, effective July 27, 2003. Service prior to the effective date will remain in PERS.

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

Washington State Patrol Retirement System (WSPRS): WSPRS is a single-employer retirement system comprised of two separate defined benefit plans. 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.

WSPRS retirement benefits are financed from a combination of investment earnings and employer and employee contributions. Employee contributions to the WSPRS Plan 1 and

Plan 2 defined benefit plan accrue interest at a rate specified by DRS. During Fiscal Year 2003, the DRS-established rate on employee contributions was 5.5 percent compounded annually and posted monthly. Employees in WSPRS Plan 1 and Plan 2 can elect to withdraw total employee contributions and interest earnings thereon upon separation from WSPRS-covered employment.

WSPRS was established by the Legislature in 1947. Legislation passed in the 2001 session created a Washington State Patrol Plan 2. 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. (For Plan 1 members, AFS is based on the average of the two highest-paid years and excludes voluntary overtime. For Plan 2 members, AFS is based on the average of the five highest-paid years and excludes both voluntary overtime and cash-outs of annual and holiday leave. At retirement, Plan 2 members also have the option of selecting an actuarially reduced benefit in order to provide for post-retirement survivor benefits). 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. 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 the FAS for each surviving child, with a limitation on the combined allowances of 60 percent of the FAS; or (2) If no eligible spouse, 30 percent of FAS for the first child plus 10 percent for each additional child, subject to a 60 percent limitation of FAS. Death benefits for active-duty

Plan 2 members 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. In addition, a duty death benefit of \$150,000 is provided to all WSPRS members.

There were no material changes in WSPRS benefit provisions for the fiscal year ended June 30, 2003. Pension benefit provisions have been established by chapter 43.43 RCW.

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

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

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

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

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

Death and disability benefits are also provided. Eligibility for death benefits while on active duty requires ten or more years of service. A monthly spousal benefit is provided which is equal to 50 percent of the benefit a member would have received if retired. If the member is retired, the surviving spouse receives the greater of 50 percent of the member’s retirement benefit or 25 percent of the AFC. For members with ten or more years of service, a disability benefit of 50 percent of AFC is provided.

There were no material changes in JRS benefit provisions for the fiscal year ended June 30, 2003.

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. Retirement benefits are financed on a pay-as-you-go basis from a combination of employee contributions, employer contributions, and a special funding situation in which the state pays the remaining contributions. Employees do not earn interest on their contributions, nor can they elect to withdraw their contributions upon termination.

The Judges’ Retirement Fund was created by the Legislature on March 22, 1937, pursuant to RCW 2.12, to provide retirement benefits to judges of the Supreme Court, Court of Appeals, or Superior Courts of the state of Washington. Subsequent legislation required that all judges first appointed or elected to office on or after August 9, 1971, enter the Judicial Retirement System. Judges’ retirement benefit provisions are established in state statute and may be amended only by the state Legislature.

Judges’ members are eligible for retirement at the age of

70 with ten years of service, or at any age with 18 years of service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. With the exception of a partial retirement allowance, the member receives a benefit equal to one-half of the monthly salary being received as a judge at the time of retirement, or at the end of the term immediately prior to retirement if retirement occurs after the expiration of the member's term in office. A partial retirement allowance is based on the proportion of the member's 12 or more years of service in relation to 18 years of service.

There were no material changes in Judges' benefit provisions for the fiscal year ended June 30, 2003.

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 2003 were as follows:

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

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

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

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

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2003 were as follows:

| SERS Actual Contribution Rates | | |
|---------------------------------------|--------|----------|
| | Plan 2 | Plan 3 |
| Employer Rates: | | |
| State Agencies* | 1.18% | 1.18% ** |
| Local Governmental Units* | 1.18% | 1.18% ** |
| Employee Rates: | | |
| State Agencies | 0.35% | *** |
| Local Governmental Units | 0.35% | *** |

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

TRS: Each biennium, the state Pension Funding Council adopts Plan 1 employer contribution rates, Plan 2 employer and employee contribution rates, and Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6 percent 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 2003 were as follows:

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

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

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

Required contribution rates (expressed as a percentage of current-year covered payroll) at the close of Fiscal Year 2003 were as follows:

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

*Includes an administrative expense rate of 0.22 percent.

The Legislature, by means of a special funding arrangement, appropriated money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the requirements of the Pension Funding Council. However, this special funding situation is not mandated by the state constitution and this funding requirement could be returned to the employers by a change of statute. For Fiscal Year 2003, the state contributed \$16,404,592 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 2003. 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 2003 were as follows:

WSPRS Actual Contribution Rates

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

There were no WSPRS Plan 2 members as of the latest actuarial valuation of September 30, 2002.

JRS: Contributions made are based on rates set in 2.10 RCW. By statute, employees are required to contribute 7.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the JRS on a pay-as-you-go basis. Each biennium, the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2003, the state contributed \$6,000,000.

Judges: Contributions made are based on rates set in 2.12 RCW. By statute, employees are required to contribute 6.5 percent with an equal amount contributed by the state. In addition, the state guarantees the solvency of the Judges' Retirement fund on a pay-as-you-go basis. Each biennium,

the Legislature, through biennial appropriations from the state General Fund, contributes amounts sufficient to meet benefit payment requirements. For Fiscal Year 2003, the state contributed \$250,000.

D. Defined Contribution Plans

Public Employees' Retirement System Plan 3: The Public Employees' Retirement System (PERS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include: elected officials; state employees; employees of the Supreme, Appeals, and Superior Courts (other than judges currently in a judicial retirement system); employees of legislative committees; community and technical colleges, college and university employees not in national higher education retirement programs such as Teachers' Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF); judges of district and municipal courts; and employees of local governments. PERS participants who joined on or after October 1, 1977 and by either, February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercise an option to transfer their membership to Plan 3. PERS participants who joined the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. As of June 30, 2003, there are 504 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, 2002:

| | |
|--|---------------|
| Retirees and Beneficiaries Receiving Benefits | 9 |
| Terminated Plan Members Entitled to but Not Yet Receiving Benefits | 198 |
| Active Plan Members Vested | 10,455 |
| Active Plan Members Nonvested | <u>5,054</u> |
| Total | 15,716 |

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

For Fiscal Year 2003, employee contributions were \$32,290,045, and plan refunds paid out were \$5,736,875.

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, 2003, there are 298 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, 2002:

| | |
|--|---------------|
| Retirees and Beneficiaries Receiving Benefits | 185 |
| Terminated Plan Members Entitled to but Not Yet Receiving Benefits | 1,148 |
| Active Plan Members Vested | 12,025 |
| Active Plan Members Nonvested | <u>14,896</u> |
| Total | 28,254 |

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

For Fiscal Year 2003, employee contributions were \$40,947,149, and plan refunds paid out were \$11,327,877.

Teachers’ Retirement System Plan 3: The Teachers’ Retirement System (TRS) Plan 3 is a combination defined benefit/defined contribution plan administered by the state through DRS. Eligible employees include certificated employees in grades K-12 in the public schools. TRS participants who joined on or after October 1, 1977 and by June 30, 1996 are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. TRS participants joining the system on or after July 1, 1996, and those who exercised their transfer option, are members of TRS Plan 3. As of June 30, 2003, there are 335 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, 2002:

| | |
|--|---------------|
| Retirees and Beneficiaries Receiving Benefits | 283 |
| Terminated Plan Members Entitled to but Not Yet Receiving Benefits | 2,151 |
| Active Plan Members Vested | 17,154 |
| Active Plan Members Nonvested | <u>28,644</u> |
| Total | 48,232 |

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

For Fiscal Year 2003, employee contributions required and made were \$155,537,471 and plan refunds paid out were \$19,331,004.

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 imme-

diate. At June 30, 2003, there were 184 active members and 13 inactive members in JRA. There are three participating employers in JRA.

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

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

The Administrator of JRA has entered an agreement with DRS for accounting and reporting services, and the 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.

E. Deferred Compensation Plan

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, shall be held in trust by the Washington State Investment Board (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
- Calvert Social Investment Fund-Balanced Portfolio
- Fidelity Equity-Income Fund
- Fidelity Growth Company Fund
- Fidelity Independence Fund
- Fidelity Overseas 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

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

F. Dependent Care Assistance Program

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

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

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

Every action taken by DRS in administering the dependent care assistance program shall be presumed to be a fair and reasonable exercise of the authority vested in or the duties imposed upon it. DRS shall be presumed to have exercised reasonable care, diligence, and prudence and to have acted impartially as to all persons interested unless the contrary be proved by clear and convincing affirmative evidence.

Required Supplementary Information

Schedule of Funding Progress: PERS Plan 1

| | (dollars in millions) | | | | | |
|---|-----------------------|----------|----------|----------|----------|----------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Actuarial Valuation Date | 9/30/02 | 9/30/01 | 12/31/00 | 12/31/99 | 12/31/98 | 12/31/97 |
| Actuarial Value of Plan Assets | \$10,757 | \$10,990 | \$11,111 | \$10,456 | \$9,219 | \$8,211 |
| Actuarial Accrued Liability | \$12,560 | \$12,088 | \$11,695 | \$11,636 | \$11,227 | \$10,817 |
| Unfunded Actuarial Liability | \$1,803 | \$1,098 | \$584 | \$1,180 | \$2,008 | \$2,606 |
| Percentage Funded | 86% | 91% | 95% | 90% | 82% | 76% |
| Covered Payroll | \$1,023 | \$1,085 | \$1,132 | \$1,184 | \$1,233 | \$1,271 |
| Unfunded Actuarial Liability as a Percentage of Covered Payroll | 176% | 101% | 52% | 100% | 163% | 205% |

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: TRS Plan 1

| | (dollars in millions) | | | | | |
|---|-----------------------|---------|---------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Actuarial Valuation Date | 9/30/02 | 9/30/01 | 6/30/00 | 6/30/99 | 6/30/98 | 6/30/97 |
| Actuarial Value of Plan Assets | \$9,366 | \$9,342 | \$9,372 | \$8,696 | \$7,819 | \$6,844 |
| Actuarial Accrued Liability | \$10,235 | \$9,895 | \$9,566 | \$9,529 | \$9,354 | \$9,044 |
| Unfunded Actuarial Liability | \$869 | \$553 | \$194 | \$833 | \$1,535 | \$2,200 |
| Percentage Funded | 92% | 94% | 98% | 91% | 84% | 76% |
| Covered Payroll | \$741 | \$800 | \$957 | \$984 | \$1,046 | \$1,083 |
| Unfunded Actuarial Liability as a Percentage of Covered Payroll | 117% | 69% | 20% | 85% | 147% | 203% |

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: LEOFF Plan 1

| | (dollars in millions) | | | | | |
|---|-----------------------|-----------|-----------|-----------|----------|----------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Actuarial Valuation Date | 9/30/02 | 9/30/01 | 12/31/00 | 12/31/99 | 12/31/98 | 12/31/97 |
| Actuarial Value of Plan Assets | \$5,095 | \$5,369 | \$5,440 | \$5,150 | \$4,568 | \$4,087 |
| Actuarial Accrued Liability | \$4,259 | \$4,153 | \$4,002 | \$4,125 | \$3,906 | \$3,767 |
| Unfunded Actuarial Liability | \$(836) | \$(1,216) | \$(1,438) | \$(1,025) | \$(662) | \$(320) |
| Percentage Funded | 120% | 129% | 136% | 125% | 117% | 108% |
| Covered Payroll | \$80 | \$87 | \$95 | \$106 | \$117 | \$128 |
| Unfunded Actuarial Liability as a Percentage of Covered Payroll | (1,045)% | (1,398)% | (1,513)% | (966)% | (566)% | (250)% |

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: JRS

| | (dollars in millions) | | | | | |
|--|-----------------------|---------|----------|----------|----------|----------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Actuarial Valuation Date | 9/30/02 | 9/30/01 | 12/31/00 | 12/31/99 | 12/31/98 | 12/31/97 |
| Actuarial Value of Plan Assets | \$8 | \$10 | \$10 | \$9 | \$8 | \$5 |
| Actuarial Accrued Liability | \$92 | \$92 | \$93 | \$94 | \$97 | \$95 |
| Unfunded Actuarial Liability | \$84 | \$82 | \$83 | \$85 | \$89 | \$90 |
| Percentage Funded | 9% | 11% | 11% | 10% | 8% | 5% |
| Covered Payroll | \$3 | \$3 | \$4 | \$4 | \$4 | \$4 |
| Unfunded Actuarial Liability as a Percentage of Covered Payroll | 2,800% | 2,733% | 2,075% | 2,125% | 2,225% | 2,250% |

Source: Washington State Office of the State Actuary

Schedule of Funding Progress: Judges

| | (dollars in millions) | | | | | |
|--|-----------------------|---------|----------|----------|----------|----------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Actuarial Valuation Date | 9/30/02 | 9/30/01 | 12/31/00 | 12/31/99 | 12/31/98 | 12/31/97 |
| Actuarial Value of Plan Assets | \$5 | \$5 | \$5 | \$4 | \$4 | \$4 |
| Actuarial Accrued Liability | \$6 | \$6 | \$6 | \$6 | \$7 | \$7 |
| Unfunded Actuarial Liability | \$1 | \$1 | \$1 | \$2 | \$3 | \$3 |
| Percentage Funded | 83% | 83% | 83% | 67% | 57% | 57% |
| Covered Payroll | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.1 | \$0.2 |
| Unfunded Actuarial Liability as a Percentage of Covered Payroll | 1,000% | 1,000% | 1,000% | 2,000% | 3,000% | 1,500% |

Source: Washington State Office of the State Actuary

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

Schedule of Contributions from Employers and Other Contributing Entities

The following schedule covers the fiscal years ended 1998-2003.

| | (dollars in millions) | | | | | | | | | | | |
|-----------------|-------------------------------|----------|----------|----------|----------|----------|------------------------|------|------|------|------|------|
| | Annual Required Contribution* | | | | | | Percentage Contributed | | | | | |
| | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 | 2003 | 2002 | 2001 | 2000 | 1999 | 1998 |
| PERS Plan 1 | \$ 228.9 | \$ 164.3 | \$ 118.8 | \$ 199.2 | \$ 237.6 | \$ 287.2 | 25% | 42% | 153% | 101% | 99% | 79% |
| PERS Plan 2/3 | 141.7 | 72.0 | 55.6 | 103.6 | 86.6 | 106.3 | 27% | 71% | 207% | 98% | 275% | 210% |
| SERS Plan 2/3** | 44.2 | 19.5 | 6.7 | -- | -- | -- | 14% | 58% | 297% | n/a | n/a | n/a |
| TRS Plan 1 | 153.4 | 119.8 | 90.6 | 176.1 | 209.7 | 269.7 | 13% | 50% | 156% | 104% | 106% | 78% |
| TRS Plan 2/3 | 79.5 | 66.7 | 40.4 | 56.2 | 45.9 | 59.8 | 23% | 70% | 172% | 134% | 218% | 177% |
| LEOFF Plan 1 | -- | -- | -- | 6.3 | 6.9 | 7.5 | n/a | n/a | n/a | 100% | 104% | 101% |
| LEOFF Plan 2 | 56.8 | 43.7 | 33.8 | 44.9 | 37.2 | 37.5 | 74% | 91% | 155% | 96% | 152% | 137% |
| WSPRS Plan 1 | -- | -- | -- | -- | -- | -- | n/a | n/a | n/a | n/a | n/a | n/a |
| JRS | 16.2 | 14.2 | 13.3 | 12.5 | 12.2 | 11.6 | 38% | 44% | 55% | 58% | 72% | 76% |
| Judges | 0.1 | 0.2 | 0.2 | 0.3 | 0.3 | 0.4 | 300% | 150% | 400% | 267% | 267% | 200% |

* The Annual Required Contribution (ARC) has gone down with market gains, changes in funding methods, and plan assumptions, and up with market losses and plan changes, as have the contributions required by law. The timing of these ups and downs for the ARC and for actual contributions is different because the ARC and actual contribution rates are determined from the results of different valuations. As a result, actual contributions lag behind the ARC for reporting purposes. There are additional differences between the ARC and those required in the statute, but this explains why the actual contributions, as a percentage of required, can be higher one year and lower the next.

** 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, 2003

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

| | PERS Plan 1 | PERS Plan 2/3 | SERS Plan 2/3 | TRS Plan 1 | TRS Plan 2/3 |
|--|---|---|---|---|---|
| Valuation - Date | 9/30/2002 | 9/30/2002 | 9/30/2002 | 9/30/2002 | 9/30/2002 |
| Actuarial Cost Method | entry age | aggregate** | aggregate** | entry age | aggregate** |
| Amortization Method | | | | | |
| Funding | level % | n/a | n/a | level % | n/a |
| GASB | level \$ | n/a | n/a | level \$ | n/a |
| Remaining Amortization Period (Closed) | 6/30/2024 | n/a | n/a | 6/30/2024 | n/a |
| Asset Valuation Method | 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% | 7.0% | 6.2% | 6.2% |
| Merit Period (Years of Service) | 17 yrs |
| Includes Inflation at Cost of Living Adjustments | | | | | |
| | n/a Uniform COLA* Gainsharing COLA* | 3.50% CPI increase, maximum 3% | 3.50% CPI increase, maximum 3% | n/a Uniform COLA* Gainsharing COLA* | 3.50% CPI increase, maximum 3% |

* Generally, all retirees over age 66 receive an increase in their monthly benefit at least once a year. The Uniform COLA increase is added every July. On 7/1/1999 it was \$0.77 per year of service. The Gainsharing COLA is added every even-numbered year if certain extraordinary investment gains are achieved. In 1998 it was \$0.11. On 1/1/2000 it was \$0.28 per year of service. On 1/1/2002 it was \$0.00 per year of service. The next Uniform COLA amount is calculated as the last Uniform COLA amount plus any Gainsharing COLA amount, all increased by 3%. On 7/1/2000 it is $(\$0.77 + \$0.28) \times 1.03 = \$1.08$. On 7/1/2001 it is $(\$1.08 + \$0.00) \times 1.03 = \$1.11$. On 7/1/2002 it is $(\$1.11 + \$0.00) \times 1.03 = \$1.14$. On 7/1/2003 it is $(\$1.14 + \$0.00) \times 1.03 = \$1.18$.

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

*** "Pay As You Go" for funding.

**** 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 |
| 16% and up | 8 years | 12.50% | 7-8% | 1 year | 100.00% |
| 15-16% | 7 years | 14.29% | 6-7% | 2 years | 50.00% |
| 14-15% | 6 years | 16.67% | 5-6% | 3 years | 33.33% |
| 13-14% | 5 years | 20.00% | 4-5% | 4 years | 25.00% |
| 12-13% | 4 years | 25.00% | 3-4% | 5 years | 20.00% |
| 11-12% | 3 years | 33.33% | 2-3% | 6 years | 16.67% |
| 10-11% | 2 years | 50.00% | 1-2% | 7 years | 14.29% |
| 9-10% | 1 year | 100.00% | 1% and lower | 8 years | 12.50% |
| 8-9% | 0 years | 100.00% | | | |

Source: Washington State Office of the State Actuary

| LEOFF Plan 1 | LEOFF Plan 2 | WSPRS Plan 1 | Judicial | Judges |
|--|--|--|----------------------|----------------------|
| 9/30/2002 | 9/30/2002 | 9/30/2002 | 9/30/2002 | 9/30/2002 |
| 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% CPI increase | 3.50% CPI increase, maximum 3% | 3.50% CPI increase, maximum 3% | 3.50% 3.00% | 3.50% none |

Supporting Schedules

Schedule of Administrative Expenses
For the Year Ended June 30, 2003

| | Retirement Pension Trust Funds | Deferred Compensation Pension Trust Fund | Dependent Care Administrative Special Revenue Fund | Totals | |
|--|--------------------------------------|---|--|---------------------|---------------------|
| | | | | June 30, 2003 | June 30, 2002 |
| Current | | | | | |
| Personnel: | | | | | |
| Salaries and Wages | \$11,088,725 | \$800,775 | \$102,576 | \$11,992,076 | \$12,029,084 |
| Employee Benefits | 2,513,632 | 187,532 | 25,287 | 2,726,451 | 2,689,491 |
| Personal Service Contracts | 2,441,387 | 19,046 | 475 | 2,460,908 | 2,832,913 |
| Total Personnel Expenses | <u>16,043,744</u> | <u>1,007,353</u> | <u>128,338</u> | <u>17,179,435</u> | <u>17,551,488</u> |
| Goods and Services: | | | | | |
| Supplies and Materials | 59,929 | 3,012 | 347 | 63,288 | 60,241 |
| Communications | 621,288 | 16,262 | 2,073 | 639,623 | 586,172 |
| Utilities | 88,779 | 5,874 | 734 | 95,387 | 89,620 |
| Rental and Leases | 1,088,993 | 69,429 | 8,645 | 1,167,067 | 1,147,477 |
| Repairs and Alterations | 116,496 | 1,294 | 48 | 117,838 | 60,192 |
| Printing and Reproduction | 534,742 | 30,826 | 14,721 | 580,289 | 566,691 |
| Employee Professional Development and Training | 125,629 | 2,649 | 94 | 128,372 | 130,320 |
| Subscriptions | 25,261 | 4,406 | 360 | 30,027 | 32,140 |
| Facilities and Services | 260,587 | 46,432 | 5,067 | 312,086 | 336,954 |
| Data Processing Services | 2,084,892 | 29,746 | 12,820 | 2,127,458 | 2,159,932 |
| Attorney General Services | 69,032 | 12,735 | 2,118 | 83,885 | 301,217 |
| Personnel Services | 54,780 | 4,816 | 602 | 60,198 | 54,713 |
| Medical Consultant Services | 78,847 | - | - | 78,847 | 73,214 |
| Insurance | 82,767 | 7,276 | 910 | 90,953 | 88,918 |
| Other Contractual Services | 2,856,770 | 42,901 | 775 | 2,900,446 | 3,402,860 |
| Vehicle Maintenance | 6,471 | 2,686 | 224 | 9,381 | 15,188 |
| Actuary Services | 955,222 | - | - | 955,222 | 979,057 |
| Pension Funding Council Services | 38,500 | - | - | 38,500 | - |
| Audit Services | 123,571 | 10,863 | 1,358 | 135,792 | 187,116 |
| Archives and Records Management | 31,783 | 12,560 | 349 | 44,692 | 58,560 |
| Legal Fees | 944,631 | - | - | 944,631 | 863,661 |
| Bad Debts Expense | 70,804 | - | - | 70,804 | - |
| Fraudulent Collections | 101,973 | - | - | 101,973 | 101,732 |
| OWMBE Services | 1,491 | 131 | 16 | 1,638 | 1,638 |
| Other Goods and Services | 28,708 | 1,700 | 1 | 30,409 | 16,681 |
| Total Goods and Services | <u>10,451,946</u> | <u>305,598</u> | <u>51,262</u> | <u>10,808,806</u> | <u>11,314,294</u> |
| Miscellaneous Expenses: | | | | | |
| Travel | 86,236 | 13,899 | 1,478 | 101,613 | 93,728 |
| Noncapitalized Equipment | 275,808 | 1,793 | 162 | 277,763 | 193,118 |
| Grants, Benefits, and Client Services | - | - | - | - | - |
| Total Miscellaneous Expenses | <u>362,044</u> | <u>15,692</u> | <u>1,640</u> | <u>379,376</u> | <u>286,846</u> |
| Total Current Expenses | <u>26,857,734</u> | <u>1,328,643</u> | <u>181,240</u> | <u>28,367,617</u> | <u>29,152,628</u> |
| Capital Outlays: | | | | | |
| Furnishings, Equipment and Software | 152,072 | 24,897 | - | 176,969 | 30,053 |
| Improvements Other than Buildings | 9,238 | - | - | 9,238 | 12,710 |
| Total Capital Outlays | <u>161,310</u> | <u>24,897</u> | <u>-</u> | <u>186,207</u> | <u>42,763</u> |
| Depreciation - Capital Assets | <u>420,257</u> | <u>-</u> | <u>-</u> | <u>420,257</u> | <u>985,474</u> |
| Total Administrative Expenses | <u>\$27,439,301</u> | <u>\$1,353,540</u> | <u>\$181,240</u> | <u>\$28,974,081</u> | <u>\$30,180,865</u> |

**Schedule of Investment Expenses
Pension Trust Funds
For the Year Ended June 30, 2003**

| | Investment Management Expense |
|--|--|
| Public Equity Securities | |
| Passive Equity Managers | \$ 449,988 |
| International Active Equity Managers | 4,645,932 |
| Equity Commissions Paid | 4,802,321 |
| Total Public Equity Securities | <u>9,898,241</u> |
| Alternative Investments | |
| Private Equity | 19,320,187 |
| Total Alternative Investments | <u>19,320,187</u> |
| Securities Lending | |
| Securities Lending Fees | 5,923,407 |
| Securities Lending Broker Rebates Paid | 42,353,077 |
| Total Securities Lending | <u>48,276,484</u> |
| Other Expenses | |
| Consultants and Advisors | 2,143,450 |
| Custodians | 1,178,939 |
| Legal Fees | 179,546 |
| PERS Plan 3 Management Fees | 167,023 |
| SERS Plan 3 Management Fees | 237,978 |
| TRS Plan 3 Management Fees | 1,239,318 |
| Deferred Compensation Management Fees | 1,739,848 |
| WSIB Operating Costs | 5,720,858 |
| OST Operating Costs | 52,063 |
| Total Other Expenses | <u>12,659,023</u> |
| Total Investment Expenses | <u>\$ 90,153,935</u> |

Source: Washington State Investment Board

**Schedule of Payments to Consultants
For the Year Ended June 30, 2003**

| | Commission/Fee |
|---|-----------------------|
| Communications | |
| Community Service Center for the Deaf and Hard of Hearing/Interpreter | \$ 900 |
| Daniels-Brown Communications | 14,740 |
| Total Communications | 15,640 |
| Computer/Technology | |
| Aetea Information Technology Inc. | 155,425 |
| Ajilon | 164,135 |
| Daniels Consulting | 605,805 |
| HarborPort Corporation | 28,776 |
| Logical Networks, Inc. | 39,129 |
| Lyons Commercial Data Inc. | 3,391 |
| Martin Analysis and Programming, Inc. | 316,419 |
| Milestone Technology | 138,635 |
| Morningside | 868,818 |
| Netdesk Corp. | 22,440 |
| Seitel Leeds & Associates, Inc. | 27,529 |
| Smith McCann Computer Resources, Inc. | 140,212 |
| Workflow Systems LLC | 105,962 |
| Total Computer/Technology | 2,616,676 |
| Legal | |
| Dixie Cattell & Associates | 2,032 |
| Ice Miller Legal & Business Advisors | 16,116 |
| Lane Powell Sears Lubersky LLP | 9,729 |
| Total Legal | 27,877 |
| Management | |
| Cost Effective Measurement | 25,000 |
| LM & Associates, Inc. | 33,000 |
| Milliman USA | 38,500 |
| Peterson Sullivan PLLC | 47,500 |
| Professional Personnel Services | 91,316 |
| Transunion | 554 |
| William M. Mercer, Inc. | 28,663 |
| Total Management | 264,533 |
| Recordkeeping | |
| ICMA Retirement Corporation | 2,313,808 |
| Total Recordkeeping | 2,313,808 |
| Total Payments to Consultants | \$ 5,238,534 |

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, 2003**

| | Balance 07/01/02 | Additions | Deductions | Balance 06/30/03 |
|------------------------------|---------------------|--------------------|--------------------|---------------------|
| ASSETS | | | | |
| Cash and Pooled Investments | <u>\$462,393</u> | <u>\$4,742,356</u> | <u>\$4,590,993</u> | <u>\$613,756</u> |
| Total Assets | <u>\$462,393</u> | <u>\$4,742,356</u> | <u>\$4,590,993</u> | <u>\$613,756</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 67 | \$4,579,714 | \$4,579,781 | \$ - |
| Other Short-Term Liabilities | <u>462,326</u> | <u>4,742,356</u> | <u>4,590,926</u> | <u>613,756</u> |
| Total Liabilities | <u>\$462,393</u> | <u>\$9,322,070</u> | <u>\$9,170,707</u> | <u>\$613,756</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), decreased in value by almost \$200 million during fiscal 2003 to \$38.77 billion. The CTF return was 4.15 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 6/30/2003

| | 1 Year | 3 Year | 5 Year |
|------------------------------|---------------|----------------|---------------|
| TOTAL FUND | 4.15% | -2.85% | 3.17% |
| <i>MAP Benchmark</i> | 3.67 | -5.24 | 1.16 |
| U.S. Equity | 1.18% | -10.40% | -0.94% |
| <i>Wilshire 5000</i> | 1.29 | -10.57 | -1.30 |
| Non-U.S. Equity | -4.56% | -11.51% | -1.33% |
| <i>MSCI ACWI Free ex-U.S</i> | -4.19 | -12.48 | -2.81 |
| Fixed Income | 13.53% | 10.79% | 7.85% |
| <i>Lehman Universal</i> | 11.51 | 9.99 | 7.43 |
| Cash | 1.48% | 1.84% | 3.37% |
| <i>90 Day T-Bills</i> | 1.53 | 3.34 | 4.02 |
| Private Equity | -3.39% | -7.91% | 2.75% |
| <i>S&P 500 + 400 bp</i> | 4.26 | -7.20 | 2.39 |
| Real Estate | 11.33% | 11.48% | 10.89% |
| <i>NCREIF + 100 bp</i> | 8.64 | 9.21 | 10.79 |

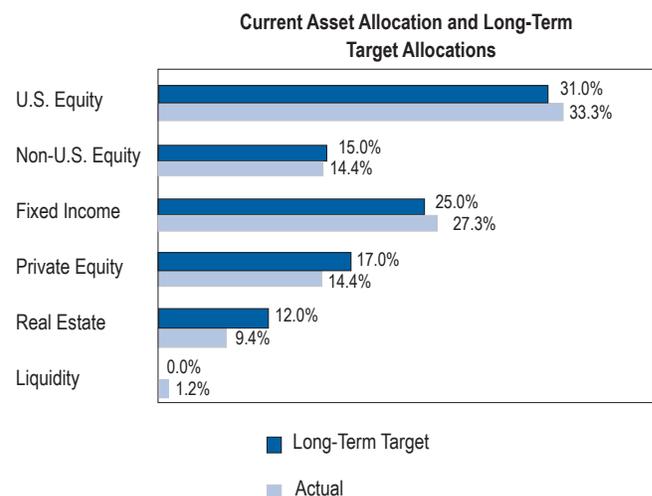
Performance information is compiled by the custodian, State Street Bank and Trust. Performance numbers are reported net of management fees, and are prepared using a time-weighted rate of return based on the current market value using the Association for Investment Management and Research (AIMR) Standards.

Asset Allocation

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

Accordingly, the 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, 2003, as well as the long-term target allocations.



U.S. Equity

The U.S. Equity portfolio is structured to capture the returns of the broad U.S. equity market as measured by the Wilshire 5000 Index. The index is comprised of all U.S. domiciled common equities for which pricing information is readily available, and currently represents more than 5,400 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 6/30/2003

| | | | |
|------------------------|-------|-------------------------|-------|
| General Electric Corp. | 2.51% | Citigroup Inc. | 1.93% |
| Microsoft Corp. | 2.41% | Johnson & Johnson | 1.35% |
| Pfizer Inc. | 2.36% | American Int'l Group | 1.26% |
| Exxon Mobil Corp. | 2.10% | Int'l Business Machines | 1.25% |
| Wal-Mart Stores Inc. | 2.06% | Merck & Company Inc. | 1.19% |

Non-U.S. Equity

About 87 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 6/30/2003

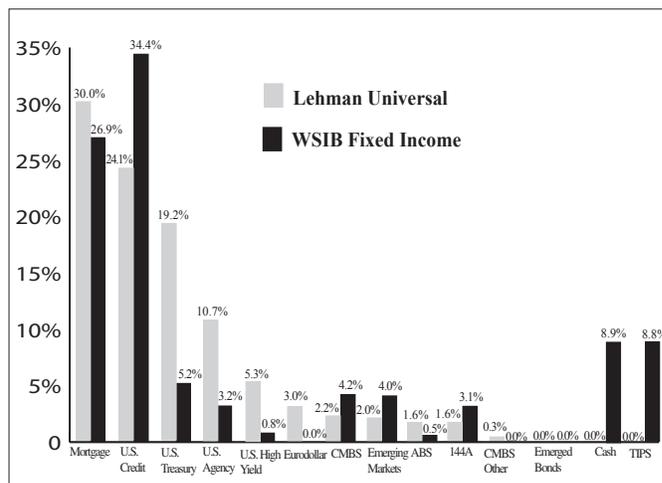
| | CTF Weight | Index Weight | | CTF Weight | Index Weight |
|----------------|------------|--------------|-------------|------------|--------------|
| United Kingdom | 21.6% | 23.3% | Australia | 5.1% | 4.4% |
| Japan | 14.3% | 17.5% | Netherlands | 4.4% | 4.4% |
| France | 7.9% | 8.4% | Canada | 4.2% | 5.5% |
| Switzerland | 6.7% | 6.5% | Spain | 4.1% | 3.3% |
| Germany | 5.3% | 5.5% | Italy | 3.0% | 3.3% |

The ten largest country exposures comprise 76.6 percent of the portfolio versus the index at 82.1 percent.

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 4 percent shorter than that of the Lehman Universal Index.

Retirement Fund's Fixed Income Sector Distribution as of 6/30/2003



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

Real Estate

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

Public Market Equity

The Public Markets equity program seeks to:

- Achieve the highest return possible consistent with the desire to control asset volatility;
- Ensure protection for long-term liabilities, since shorter term liabilities are more suitably protected by lower volatility instruments such as fixed income securities; and
- Provide diversification to the 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, such as the Wilshire 5000 Index. Non-U.S. markets are generally less efficient than the U.S. market; therefore, more active management will be included in the approach taken with international markets. The weightings of the elements of the developed markets and emerging markets of the non-U.S. equity program will be similar to the weightings of the MSCI All Country World Free ex. U.S., which 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 taxable municipal bonds up to a total of \$25 million with a maximum of \$10 million per year. Other fixed income segments and instruments may be added from time to time as they are developed or deemed appropriate.

Private Equity Investing

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

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

portfolio is managed to deliver risk-adjusted returns that are consistent with the WSIB'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, 2003**

| | Assets Under Management* | Total Fees and Commissions Expenses at 6/30/03 |
|--|--------------------------------|---|
| Public Equity Securities: | | |
| Passive Equity Managers | \$ 12,892,065,269 | \$ 449,988 |
| International Active Equity Managers | 1,872,270,485 | 4,645,932 |
| International Passive Equity Managers | 3,144,257,151 | - |
| Equity Commissions Paid | 2,360,652,741 | 4,802,321 |
| Fixed Income Securities: | | |
| Commercial Mortgages | - | - |
| Alternative Investments: | | |
| Private Equity | 5,569,727,086 | 19,320,187 |
| Real Estate | 3,625,738,177 | - |
| Other Fees: | | |
| Consultants and Advisors | - | 2,143,450 |
| Custodians | - | 1,178,939 |
| Legal Fees | - | 179,546 |
| Securities Lending Fees | - | 5,923,407 |
| Securities Lending Broker Rebates Paid | - | 42,353,077 |
| PERS Plan 3 Management Fees | 444,994,432 | 167,023 |
| SERS Plan 3 Management Fees | 528,456,106 | 237,978 |
| TRS Plan 3 Management Fees | 1,829,710,763 | 1,239,318 |
| Deferred Compensation Management Fees | 1,461,482,248 | 1,739,848 |
| WSIB Operating Costs | - | 5,720,858 |
| OST Operating Costs | - | 52,063 |
| Total | \$ 33,729,354,458 | \$ 90,153,935 |

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

**Broker Equity Volume and Equity Commissions Paid
For the Year Ended June 30, 2003 (page 1 of 5)**

| Dealer | Equity | | | | Fixed Income | |
|-----------------------------|-------------------|-------------------------|-------------|-----------------------|-----------------------------|------------------------------|
| | Volume Transacted | Number of Shares Traded | Commissions | Commissions Per Share | Long-Term Volume Transacted | Short-Term Volume Transacted |
| ABD SECURITIES | \$ 2,152,253 | 47,828 | \$ 6,185 | \$ 0.13 | \$ - | \$ - |
| ABG | 3,209,400 | 528,616 | 8,034 | 0.02 | - | - |
| ABN AMRO BANK NV | 4,638,790 | 1,473,062 | 10,281 | 0.01 | - | - |
| ABN AMRO E | 430,558 | 42,593 | 1,010 | 0.02 | 104,737,749 | - |
| ABN AMRO SECURITIES | 41,622,933 | 3,091,554 | 81,477 | 0.03 | 22,942,555 | - |
| AKROS SECURITIES | 914,101 | 51,571 | 2,291 | 0.02 | - | - |
| ALPHA MANAGEMENT INC | 187,154 | 4,589 | 229 | 0.05 | - | - |
| AMADON CORPORATION | 1,352,424 | 58,254 | 3,382 | 0.06 | - | - |
| ANDERSON & STRUDWICK, IND. | 1,955,902 | 103,640 | 2,219 | 0.02 | - | - |
| ANZ | - | - | - | - | 7,231,892 | - |
| AUERBACH GRAYSON | 1,171,495 | 101,664 | 2,711 | 0.03 | - | - |
| B-TRADE SERVICES LLC | 3,247,582 | 196,508 | 7,074 | 0.04 | - | - |
| BANC OF AM SEC LLC | 1,506,423 | 99,451 | 3,118 | 0.03 | - | - |
| BANCO ATLANTICO S.A. | 7,537 | 798 | 19 | 0.02 | - | - |
| BANCO BILBAO VISCAYA | 9,246,288 | 470,422 | 18,484 | 0.04 | - | - |
| BANCO SANTANDER DE NEGOCIOS | 4,744,143 | 879,917 | 12,752 | 0.01 | - | - |
| BANK AM BELLEVUE ZURICH | 337,788 | 8,928 | 708 | 0.08 | - | - |
| BANK J.VONTOBEL | 7,586,427 | 354,811 | 22,730 | 0.06 | - | - |
| BANK JULIUS | 5,253,435 | 1,080,051 | 10,581 | 0.01 | - | - |
| BANK OF AMERICA | 3,236,417 | 574,090 | 5,904 | 0.01 | 252,652,388 | - |
| BANK OF NY SECURITIES INC | 148,290 | 11,072 | 375 | 0.03 | - | - |
| BANK ONE CAPITAL | - | - | - | - | 65,835,157 | - |
| BANK VONTOBEL | 7,937,206 | 194,413 | 23,827 | 0.12 | - | - |
| BANQUE NATIONAL DE PARIS | 8,348,669 | 953,551 | 15,047 | 0.02 | - | - |
| BANQUE PARIBAS | 334,458 | 22,344 | 834 | 0.04 | - | - |
| BARCLAYS AMERICAN CORP | - | - | - | - | 209,475,498 | - |
| BARCLAYS BANK | - | - | - | - | 781,642,859 | - |
| BARING SECURITIES | 17,869,452 | 491,098 | 26,476 | 0.05 | - | - |
| BBVA SECURITIES | 1,061,826 | 138,054 | 2,648 | 0.02 | - | - |
| BEAR, STEARNS & CO. | 61,704,700 | 6,768,908 | 139,149 | 0.02 | 726,296,492 | - |
| BERNSTEIN SANFORD | 2,999,994 | 305,011 | 6,724 | 0.02 | - | - |
| BESTINVER S.A. S.V.B. | 823,747 | 66,434 | 2,198 | 0.03 | - | - |
| BHF SECURITIES | 18,259,496 | 2,191,671 | 35,623 | 0.02 | - | - |
| BLOOMBERG TRADEBOOK | 6,426,731 | 772,525 | 6,421 | 0.01 | - | - |
| BNP PARIBA | 3,054,721 | 934,303,715 | 9,717 | 0.07 | 29,925,071 | - |
| BNP SECURITIES | 5,565,323 | 649,274 | 15,281 | 0.02 | - | - |
| BROADCORT CAPITAL | 44,259 | 1,696 | 85 | 0.05 | - | - |
| BROCKHOUSE & COOPER | 11,295,691 | 1,151,087 | 25,733 | 0.02 | - | - |
| BROWN (ALEX) & SONS INC. | 4,304,658 | 151,022 | 6,879 | 0.05 | - | - |
| BROWN BROS. HARRIMAN | 281,830 | 6,185 | 309 | 0.05 | - | - |
| BSN SCIEDAD DEVALORES | 3,995,014 | 451,161 | 9,963 | 0.02 | - | - |
| BUNTING WARBURG INC | 5,044,018 | 170,963 | 6,024 | 0.04 | - | - |
| BUNTING WARVURGER SEC | 2,854,434 | 192,119 | 7,982 | 0.04 | - | - |
| BURNS FRY & TIMMINS | 1,101,415 | 54,164 | 2,167 | 0.04 | - | - |
| C.S.F.B. | 1,456,209 | 418,973 | 3,349 | 0.01 | - | - |
| CABOTO | 743,868 | 318,004 | 1,859 | 0.01 | - | - |
| CAIB SECURITIES | 459,865 | 225,254,988 | 2,320 | 0.00 | - | - |
| CANADIAN I | 3,247,439 | 157,070 | 6,121 | 0.04 | - | - |
| CANTOR FITZGERALD | 18,578,843 | 545,335 | 2,119 | 0.00 | - | - |
| CARNEGIE | 5,378,748 | 273,874 | 13,204 | 0.05 | - | - |
| CASTOCK CORPORATION | 226,331 | 6,883 | 230 | 0.03 | - | - |
| CAZENOVE & CO. | 36,078,509 | 8,256,493 | 78,558 | 0.01 | - | - |
| CDC SECURITIES | 388,930 | 9,623 | 804 | 0.08 | - | - |

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

| Dealer | Equity | | | | Fixed Income | |
|--------------------------------|-------------------|-------------------------|-------------|-----------------------|-----------------------------|------------------------------|
| | Volume Transacted | Number of Shares Traded | Commissions | Commissions Per Share | Long-Term Volume Transacted | Short-Term Volume Transacted |
| CHASE MANHATTAN BANK | \$ 7,838,829 | 2,347,497 | \$ 15,886 | \$ 0.01 | \$ - | \$ - |
| CHEVREUX DE VIRIEU | 17,313,946 | 1,555,816 | 40,341 | 0.03 | - | - |
| CIBC WORL MARKETS CORP | 2,328,065 | 133,189 | 4,217 | 0.03 | - | - |
| CIBC/WOOD GUNDY | 1,142,165 | 27,930 | 1,397 | 0.05 | - | - |
| CISCO OF AMERICA INC | 455,281 | 13,267 | 624 | 0.05 | - | - |
| CITATION GROUP | 1,955,749 | 106,932 | 4,084 | 0.04 | - | - |
| CITIBANK | 84,293 | 10,075 | 134 | 0.01 | - | - |
| CITIGROUP | 2,109,168 | 247,727 | 5,280 | 0.02 | 34,912,583 | - |
| COLLINS STEWART | 588,892 | 55,461 | 1,180 | 0.02 | - | - |
| COMMERZBANK AG | 10,639,420 | 613,013 | 24,246 | 0.04 | - | - |
| CREDIT AGR | 119,904 | 19,770 | 299 | 0.02 | - | - |
| CREDIT LYONNAIS | 10,100,900 | 876,159 | 27,044 | 0.03 | - | - |
| CREDIT SUISSE | 3,361,554 | 540,933 | 7,433 | 0.01 | - | - |
| CREDIT SUISSE FIRST BOSTON LTD | 68,666,522 | 9,364,968 | 137,160 | 0.01 | 174,562,915 | - |
| DAIWA BANK LTD | 484,947 | 12,968 | 968 | 0.07 | - | - |
| DAIWA SEC. AMERICA | 15,375,763 | 649,690 | 27,725 | 0.04 | - | - |
| DAVY STOCKBROKERS | 224,464 | 17,357 | 544 | 0.03 | - | - |
| DEUTSCHE BANK | 6,805,533 | 1,690,236 | 14,130 | 0.01 | 495,309,803 | - |
| DEUTSCHE BANK AG/LONDON | 12,879,587 | 3,839,187 | 38,180 | 0.01 | - | - |
| DEUTSCHE BANK CAPITAL | 61,435 | 33,217 | 123 | 0.00 | - | - |
| DEUTSCHE BANK GOVT SEC INC | 38,717,059 | 7,406,385 | 84,022 | 0.01 | - | - |
| DEUTSCHE BANK SECS | 80,908,634 | 8,605,740 | 153,881 | 0.02 | - | - |
| DEUTSCHE MORGAN GREINFELL | 3,037,723 | 1,011,336 | 8,818 | 0.01 | - | - |
| DEUTSCHE SECS | 1,217,010 | 285,255 | 2,286 | 0.01 | - | - |
| DRESDNER BANK | 581,828 | 4,190 | 1,740 | 0.42 | - | - |
| DRESDNER K | 7,281,285 | 603,933 | 19,112 | 0.03 | - | - |
| DRESDNER SEC (USA) INC | 2,111,443 | 92,121 | 6,122 | 0.07 | - | - |
| ECONO TRADING | 1,406,940 | 37,706 | 1,885 | 0.05 | - | - |
| ENSKILDA SECURITIES | 2,056,321 | 104,818 | 4,812 | 0.05 | - | - |
| EUROMOBILIARE | 8,536,167 | 2,463,631 | 21,359 | 0.01 | - | - |
| EXANE | 8,784,188 | 404,188 | 22,200 | 0.05 | - | - |
| EXECUTION SERVICES INC | 11,972,365 | 1,202,389 | 25,214 | 0.02 | - | - |
| FHLMC | - | - | - | - | 96,043,375 | - |
| FIRST BOSTON CORPORATION | 80,199,235 | 9,758,679 | 164,262 | 0.02 | - | - |
| FIRST MARATHON SEC., LTD | 1,178,985 | 48,778 | 2,147 | 0.04 | - | - |
| FIRST PACIFIC | 1,798,057 | 378,053 | 6,294 | 0.02 | - | - |
| FIRST TENN BANK, NA | - | - | - | - | 17,955,043 | - |
| FORTIS BAN | 12,302,278 | 711,841 | 28,714 | 0.04 | - | - |
| FORTIS SEC | 680,809 | 37,717 | 1,706 | 0.05 | - | - |
| FOX PITT KELTON INC | 26,197,685 | 3,416,721 | 62,190 | 0.02 | - | - |
| FRANK RUSSELL | 44,732,141 | 5,877,160 | 91,954 | 0.02 | - | - |
| FUJI SECURITIES | 82,043 | 109,032 | 7,498 | 0.07 | - | - |
| G-TRADE SE | 1,022,933 | 147,431 | 1,835 | 0.01 | - | - |
| GBM INTERNATIONAL INC. TEXAS | 648,673 | 321,994 | 1,952 | 0.01 | - | - |
| GENERATED PAYDOWN | - | - | - | - | 429,125,520 | - |
| GOLDMAN, SACHS & CO. | 196,477,287 | 20,397,940 | 392,859 | 0.02 | 2,616,823,246 | - |
| GOODBODY STOCKBROKERS | 1,001,900 | 81,510 | 1,864 | 0.02 | - | - |
| GRIFFITHS MCBURNEY | 3,241,023 | 140,149 | 5,096 | 0.04 | - | - |
| HSBC INVESTMENT BANK PLC | 26,094,506 | 4,637,206 | 71,304 | 0.02 | - | - |
| HSBC SECURITIES INC | 36,322,323 | 5,687,826 | 83,264 | 0.01 | 87,780,209 | - |
| HYPO VEREI | 32,936 | 1,995 | 82 | 0.04 | - | - |
| ING BANK BRAZIL | 140,273 | 10,973 | 350 | 0.03 | - | - |

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

| Dealer | Equity | | | | Fixed Income | |
|-----------------------------|-------------------|-------------------------|-------------|-----------------------|-----------------------------|------------------------------|
| | Volume Transacted | Number of Shares Traded | Commissions | Commissions Per Share | Long-Term Volume Transacted | Short-Term Volume Transacted |
| ING BARING | \$ 3,783,395 | 981,782 | \$ 10,507 | \$ 0.01 | \$ - | \$ - |
| ING SECURITIES | 1,353,494 | 68,828 | 2,777 | 0.04 | - | - |
| INSTINET | 17,428,848 | 6,481,006 | 36,771 | 0.01 | - | - |
| INTERMOBILIARE SEC | 5,483,600 | 1,149,910 | 14,580 | 0.01 | - | - |
| INTERMONTE | 17,577,387 | 3,908,339 | 36,279 | 0.01 | - | - |
| INVESTMENT TECHNOLOGY CORP | 4,368,044 | 852,944 | 5,330 | 0.01 | - | - |
| ITG - POSIT | 680,805 | 94,264 | 687 | 0.01 | - | - |
| ITG INC | 2,366,162 | 490,073 | 2,363 | 0.00 | - | - |
| ITGL | 334,710 | 42,494 | 5,749 | 0.14 | - | - |
| J CHEUVREAU | 537,318 | 32,818 | 1,260 | 0.04 | - | - |
| J P MORGAN & CO | 69,213,082 | 4,447,441 | 142,345 | 0.03 | 1,280,921,666 | - |
| J&E DAVY | 2,014,661 | 159,829 | 3,858 | 0.02 | - | - |
| J.B. WERE & SON | 19,058,972 | 4,279,161 | 60,488 | 0.01 | - | - |
| J.P. MORGAN SECURITIES INC | 34,033,632 | 4,047,591 | 74,098 | 0.02 | - | - |
| JAMES CAPE | 13,412,091 | 1,554,500 | 25,299 | 0.02 | - | - |
| JEFFERIES & CO | 1,243,280 | 71,750 | 1,848 | 0.03 | - | - |
| JP MORGAN STERLING SECS | 3,023,102 | 412,006 | 3,722 | 0.01 | - | - |
| JULIUS BAER | 8,252,373 | 1,723,205 | 20,658 | 0.01 | - | - |
| KAY HIAN + CO | 51,154 | 50,673 | 154 | 0.00 | - | - |
| KBC FINANCE | 1,340,883 | 320,198 | 2,014 | 0.01 | - | - |
| KLEINWORTH BENSON INC | 11,164,748 | 1,383,680 | 25,574 | 0.02 | - | - |
| KNIGHT SEC | 9,139,825 | 1,223,079 | 2,034 | 0.00 | - | - |
| LATINVEST | 4,130,096 | 520,197 | 9,912 | 0.02 | - | - |
| LEGG MASON | 1,659,441 | 65,636 | 2,816 | 0.04 | - | - |
| LEHMAN BROTHERS INC | 96,913,137 | 12,888,494 | 199,386 | 0.02 | 989,087,433 | - |
| LG SECURITIES | 294,717 | 2,394 | 1,028 | 0.43 | - | - |
| LOMBARD ODIER + CIE | 1,775,686 | 35,611 | 3,544 | 0.10 | - | - |
| MACQUARIE EQUITIES | 8,956,650 | 1,533,773 | 26,698 | 0.02 | - | - |
| MALONEY & CO | 3,787,529 | 430,722 | 14,079 | 0.03 | - | - |
| MEESPIERSON | 222,228 | 14,564 | 557 | 0.04 | - | - |
| MERRIL-PERFORMANCE MEASURE | 43,199,720 | 3,922,900 | 87,121 | 0.02 | - | - |
| MERRILL LYNCH INTERNATIONAL | 38,473,626 | 4,769,768 | 63,524 | 0.01 | - | - |
| MERRILL LYNCH, P F & S | 147,838,673 | 14,062,801 | 317,352 | 0.02 | 374,556,626 | - |
| MIZUHO | 2,326,133 | 218,952 | 2,855 | 0.01 | - | - |
| MONTGOMERY SECURITIES | 4,692,663 | 265,036 | 8,002 | 0.03 | - | - |
| MORGAN GRENFELL LTD | 1,829,600 | 202,393 | 5,481 | 0.03 | - | - |
| MORGAN J P & CO | 191,527 | 8,579 | 417 | 0.05 | - | - |
| MORGAN STANLEY & CO. | 176,593,157 | 22,401,750 | 348,325 | 0.02 | 1,471,156,155 | - |
| NATIONAL BANK OF CANADA | 1,085,450 | 47,880 | 1,460 | 0.03 | - | - |
| NCB STOCKBROKERS | 10,817,869 | 1,025,339 | 21,097 | 0.02 | - | - |
| NESBITT BURNS | 1,902,318 | 67,232 | 2,312 | 0.03 | - | - |
| NESBITT THOMSON SEC | 643,164 | 38,304 | 1,506 | 0.04 | - | - |
| NEW ZURICH | 4,705,631 | 71,754 | 12,724 | 0.18 | - | - |
| NOMURA AGENCY PLC | 409,254 | 12,968 | 820 | 0.06 | - | - |
| NOMURA SECURITIES INTL | 27,133,116 | 943,219 | 26,970 | 0.03 | - | - |
| NORDEA | 277,674 | 81,995 | 696 | 0.01 | - | - |
| ODDO FINANCE | 10,956,989 | 610,183 | 23,946 | 0.04 | - | - |
| ODDO SECURITIES | 36,158 | 2,893 | 90 | 0.03 | - | - |
| OPPENHEIMER & CO. | 2,876,025 | 70,922 | 3,364 | 0.05 | - | - |
| PAINWEBBER J&C | 188,541 | 4,888 | 244 | 0.05 | - | - |
| PARIBAS CO | 3,346,054 | 448,188 | 8,823 | 0.02 | - | - |
| PAYUP | - | - | - | - | 290,525 | - |

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

| Dealer | Equity | | | | Fixed Income | |
|--------------------------------|-------------------|-------------------------|-------------|-----------------------|-----------------------------|------------------------------|
| | Volume Transacted | Number of Shares Traded | Commissions | Commissions Per Share | Long-Term Volume Transacted | Short-Term Volume Transacted |
| PEEL HUNT & CO LTD | \$ 605,310 | 74,613 | \$ 1,202 | \$0.02 | \$ - | \$ - |
| PENSION | 788,396 | 5,786 | 90 | 0.02 | - | - |
| PENSION FINANCIAL SERVICES INC | 126,710 | 998 | 50 | 0.05 | - | - |
| PEREIRE TOD LTD | 822,949 | 16,559 | 1,700 | 0.10 | - | - |
| PERSHING | 12,984,734 | 847,313 | 19,448 | 0.02 | - | - |
| PICTET & CO | 3,792,031 | 114,254 | 7,752 | 0.07 | - | - |
| PRUDENTIAL SECURITIES INC | 244,172 | 6,683 | 334 | 0.05 | - | - |
| RABO SECURITIES NV | 3,585,656 | 209,176 | 7,933 | 0.04 | - | - |
| RBC DOMINION SECURITIES | 11,619,529 | 490,328 | 10,617 | 0.02 | - | - |
| RBC-DOMINION | 1,719,053 | 57,282 | 2,558 | 0.04 | - | - |
| SALOMON BROTHERS | 117,810,190 | 15,759,671 | 223,692 | 0.01 | 261,889,810 | - |
| SALOMON, SMITH BARNEY | 10,712,217 | 1,030,104 | 13,612 | 0.01 | 970,573,739 | - |
| SAMSUNG SECURITIES CO LTD | 2,197,118 | 9,386 | 7,023 | 0.75 | - | - |
| SANFORD BERNSTEIN | 4,589,195 | 330,074 | 11,398 | 0.03 | - | - |
| SANTANDER INVESTMENT SEC'S. | 1,810,917 | 133,366 | 4,522 | 0.03 | 24,937,559 | - |
| SBC WARBURG | 28,414 | 7,781 | 56 | 0.01 | - | - |
| SCOTIA CAPITAL MARKET | 73,326 | 6,883 | 245 | 0.04 | - | - |
| SCOTIA MCLEOD | 131,792 | 9,377 | 328 | 0.03 | - | - |
| SG COWEN SECURITIES CORP | 1,561,402 | 197,446 | 4,330 | 0.02 | - | - |
| SG SECURITIES | 5,769,323 | 3,405,735 | 14,893 | 0.00 | - | - |
| SG WARBURG | 11,255 | 1,197 | 22 | 0.02 | - | - |
| SOCIETE GENERAL | 14,259,714 | 1,313,154 | 35,010 | 0.03 | - | - |
| SOUNDVIEW | 95,207 | 1,596 | 80 | 0.05 | - | - |
| SOUTHCOAST CAPITAL CORP | 1,527,932 | 69,526 | 3,016 | 0.04 | - | - |
| SPEAR LEEDS & KELLOGG | 807,511 | 21,945 | 1,097 | 0.05 | - | - |
| SSANGYONG INVESTMENTS | 2,987,867 | 24,209 | 10,466 | 0.43 | - | - |
| SSGA INTERNAL CONTRIBUTION | 15,444,613 | 593,101 | 9,596 | 0.02 | - | - |
| STATE ST BK & TRUST | - | - | - | - | - | 1,037,239,627 |
| SVENSKA HANDELSBANKEN | 3,691,562 | 346,911 | 7,759 | 0.02 | - | - |
| SWISS BANK | 25,648,531 | 1,519,731 | 49,590 | 0.03 | - | - |
| THAMESWAY SECS | 1,039,801 | 295,598 | 2,065 | 0.01 | - | - |
| TIR SECURITIES | 3,457,510 | 237,206 | 10,447 | 0.04 | - | - |
| TOKAI BK | 793,135 | 29,127 | 1,189 | 0.04 | - | - |
| TOKYO MITSUBISHI INTL. | 3,252,241 | 85,786 | 4,878 | 0.06 | - | - |
| TORONTO DOMINION SEC INC | 135,465 | 14,065 | 480 | 0.03 | - | - |
| U.S. BANK | - | - | - | - | 1,235,790 | - |
| UBS SECURITIES | 103,832,354 | 12,284,670 | 189,693 | 0.02 | 90,361,256 | - |
| UBS WARBURG | 5,537,777 | 441,537 | 6,751 | 0.02 | 524,419,665 | - |
| UBS-DB CORPORATION | 8,657,159 | 755,604 | 21,250 | 0.03 | - | - |
| UNIBANK | 347,621 | 112,917 | 871 | 0.01 | - | - |
| UOB SECURITIES PTE LTD | 610,262 | 203,590 | 1,826 | 0.01 | - | - |
| UOB KAY HIAN PTE LTD | 2,217,150 | 3,059,837 | 6,654 | 0.00 | - | - |
| USCC/SANTANDER | 3,036,997 | 126,882 | 5,492 | 0.04 | - | - |
| VONTOBEL | 549,343 | 998 | 715 | 0.72 | - | - |
| WAGNER STOTT & CO. | 6,955,876 | 403,988 | 14,212 | 0.04 | - | - |
| WARBURG DILLON READ LLC | 48,817,764 | 10,725,733 | 96,814 | 0.01 | - | - |
| WARBURG S.G. | 2,821,520 | 230,671 | 5,798 | 0.03 | - | - |
| WARBURG SECURITIES | 894,907 | 62,070 | 1,927 | 0.03 | - | - |
| WEEDEN & COMPANY | 78,902 | 2,394 | 120 | 0.03 | - | - |
| WEISS | 2,326,660 | 95,860 | 4,029 | 0.04 | - | - |
| WEST DEUTSCHE LANDESBANK | 4,818,830 | 166,603 | 10,458 | 0.06 | - | - |

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

| Dealer | Equity | | | | Fixed Income | |
|---------------------|------------------------|-------------------------|--------------------|-----------------------|-----------------------------|------------------------------|
| | Volume Transacted | Number of Shares Traded | Commissions | Commissions Per Share | Long-Term Volume Transacted | Short-Term Volume Transacted |
| WEST LB PAMURE LTD | \$ 2,212,003 | 170,049 | \$ 4,995 | \$ 0.03 | \$ - | \$ - |
| WEST LB SECURITIES | 4,340,562 | 311,700 | 10,453 | 0.03 | - | - |
| WILLIAMS CAP GROWTH | 233,859 | 11,172 | 559 | 0.05 | - | - |
| YAMATANE | 843,709 | 23,761 | 1,264 | 0.05 | - | - |
| ZURICH SECURITIES | 154,125 | 3,960 | 386 | 0.10 | - | - |
| Total | \$2,360,652,741 | 1,444,603,015 | \$4,802,321 | \$ 0.00 | \$12,142,682,579 | \$1,037,239,627 |

Source: Washington State Investment Board

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 1 of 6)

| <u>Description</u> | <u>Total Market Value</u> | <u>Percent of Total Market Value</u> |
|---|---------------------------|--------------------------------------|
| INVESTMENTS | | |
| Currencies | | |
| E.M.U.-Euro | \$ 2,560,017 | 0.01% |
| Japan-Yen | 1,382,482 | -- |
| Australia-Dollar | 621,343 | -- |
| Britain-Pound | 597,526 | -- |
| Canada-Dollar | 560,402 | -- |
| Switzerland-Franc | 158,113 | -- |
| Denmark-Krone | 50,672 | -- |
| Hong-Kong-Dollar | 25,044 | -- |
| Singapore-Dollar | 16,959 | -- |
| United States-Dollar | 11,645 | -- |
| Others | 11,329 | -- |
| Total Currencies | <u>5,995,532</u> | <u>0.01%</u> |
| Money Market Funds | | |
| State Street Bank & Trust Co. | 1,438,040,515 | 3.36% |
| Others | 41,475,090 | 0.10% |
| Total Money Market Funds | <u>1,479,515,605</u> | <u>3.45%</u> |
| Government Securities-Domestic | | |
| Treasury Inflation IX N/B | 247,737,770 | 0.58% |
| Treasury Inflation IX N/B | 223,929,424 | 0.52% |
| Treasury Inflation IX N/B | 141,345,442 | 0.33% |
| Treasury Inflation IX N/B | 137,877,934 | 0.32% |
| U.S. Treasury Bond | 115,396,060 | 0.27% |
| U.S. Treasury Note | 114,371,624 | 0.27% |
| Treasury Inflation IX N/B | 106,458,390 | 0.25% |
| U.S. Treasury Note | 101,091,879 | 0.24% |
| U.S. Treasury Note | 94,648,213 | 0.22% |
| Others | 47,823,406 | 0.11% |
| Total Government Securities-Domestic | <u>1,330,680,142</u> | <u>3.11%</u> |
| Government Securities-Foreign | | |
| Federal Republic of Brazil | 51,870,124 | 0.12% |
| Mexican United States | 34,974,927 | 0.08% |
| Republic of Italy | 32,189,972 | 0.08% |
| Republic of Korea | 32,088,473 | 0.07% |
| Federal Republic of Brazil | 20,648,299 | 0.05% |
| Republic of Argentina | 17,541,025 | 0.04% |
| Republic of Argentina | 8,977,521 | 0.02% |
| Total Government Securities-Foreign | <u>198,290,341</u> | <u>0.46%</u> |

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 2 of 6)

| <u>Description</u> | <u>Total Market Value</u> | <u>Percent of Total Market Value</u> |
|-------------------------------------|---------------------------|--------------------------------------|
| Pass Through Mortgages | | |
| FHLM FGE 01343 | \$ 75,072,425 | 0.18% |
| FNMA FN704519 | 62,115,772 | 0.15% |
| FGE 96536 | 51,369,701 | 0.12% |
| FHLMC FGE 01322 | 49,817,884 | 0.12% |
| FNMA FN677298 | 48,723,549 | 0.11% |
| FNCI 254590 | 47,950,828 | 0.11% |
| FGE 01281 | 47,944,680 | 0.11% |
| FGE 93919 | 47,806,508 | 0.11% |
| FGE 93579 | 46,337,487 | 0.11% |
| FNMA FN681335 | 46,148,828 | 0.11% |
| Others | 801,586,202 | 1.87% |
| Total Pass Through Mortgages | <u>1,324,873,864</u> | <u>3.09%</u> |
| FHA Project/SBA Loans | | |
| Beverly Finance Corp. 144A | 10,708,426 | 0.02% |
| FHA PRJ-Reilly Mortgage Group #55 | 6,971,434 | 0.02% |
| GNMA 383716 Lowell Emerson Apt. | 4,339,497 | 0.01% |
| Madison Towers | 1,519,798 | -- |
| Sutter Village | 750,349 | -- |
| Auburn Villa | 693,469 | -- |
| Burien Haus | 437,240 | -- |
| Terrace Manor | 32,321 | -- |
| Total FHA Project/SBA Loans | <u>25,452,534</u> | <u>0.06%</u> |
| FHA/VA Residential | | |
| GNMA Pool 458902 | 1,932,590 | -- |
| GNMA Pool 463999 | 1,441,670 | -- |
| GNMA Pool 480120 | 1,273,767 | -- |
| GNMA Pool 404208 | 1,114,846 | -- |
| GNMA Pool 471882 | 1,083,217 | -- |
| GNMA Pool 471803 | 1,040,506 | -- |
| GNMA Pool 458909 | 962,461 | -- |
| GNMA Pool 471774 | 893,525 | -- |
| GNMA Pool 471729 | 868,979 | -- |
| Executive House | 1,624 | -- |
| Total FHA/VA Residential | <u>10,613,185</u> | <u>0.02%</u> |

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 3 of 6)

| Description | Total Market Value | Percent of Total Market Value |
|--|----------------------|-------------------------------|
| Conventional Residential Mortgages | | |
| FNMA Pool 252162 | \$ 10,720,211 | 0.03% |
| FNMA | 7,085,187 | 0.02% |
| FNMA Pool 455600 | 6,027,589 | 0.01% |
| FNMA Pool 568468 | 5,075,623 | 0.03% |
| FNMA | 3,967,456 | 0.01% |
| FNMA | 2,654,653 | 0.01% |
| FHLMC Gold 1998 PL C00650 | 1,994,066 | -- |
| FNMA Pool #571021 | 1,970,773 | -- |
| FNMA FN568471 | 1,678,024 | -- |
| FNMA Pool 455819 | 1,177,353 | 0.01% |
| Others | 2,311,091 | -- |
| Total Conventional Residential Mortgages | 44,662,026 | 0.10% |
| Collateralized Mortgage Obligations | | |
| GECMS 99-15 L (A25) | 50,535,804 | 0.12% |
| FHLMC 1671 G | 41,946,694 | 0.10% |
| FNR 2002-67 AN | 31,062,185 | 0.07% |
| FNMA 1996-1 A | 30,855,166 | 0.07% |
| NSCOR 1998-33 A5 | 30,586,017 | 0.07% |
| FHR 2510 AJ | 30,304,581 | 0.07% |
| FHR 2419 DE | 30,256,046 | 0.07% |
| FNR 1999-19 VB | 30,255,662 | 0.07% |
| CCMSC 1999-2 A2 | 29,844,373 | 0.07% |
| FUNBC 2001-C2 A2 | 29,290,261 | 0.07% |
| Others | 1,308,785,011 | 3.06% |
| Total Collateralized Mortgage Obligations | 1,643,721,800 | 3.84% |
| Asset Backed Securities | | |
| FUNBC 2001-C3 A3 | 21,310,613 | 0.05% |
| NBCMT 1993-2 A | 17,382,106 | 0.04% |
| Standard Credit Card 1995-9A ABS | 16,546,673 | 0.04% |
| Standard Credit Card Master Trust | 13,661,322 | 0.03% |
| Others | 111,386,471 | 0.26% |
| Total Asset Backed Securities | 180,287,185 | 0.42% |
| Corporate Bonds-Domestic | | |
| U.S. Bank NA | 57,713,000 | 0.13% |
| Version NJ | 52,512,352 | 0.12% |
| Vale Overseas | 49,831,532 | 0.12% |
| American Honda Finance | 48,467,464 | 0.11% |
| BNI | 46,904,103 | 0.11% |
| Midamerican Funding | 45,594,982 | 0.11% |
| HSBC Americas INC | 45,085,145 | 0.11% |
| International Bank of Reconstruction and Development | 42,844,179 | 0.10% |
| Chevron Texaco Cap. Co. | 41,479,758 | 0.10% |
| Norfolk Southern Corp. | 41,448,793 | 0.10% |
| Others | 2,291,521,983 | 5.35% |
| Total Corporate Bonds-Domestic | 2,763,403,291 | 6.45% |

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 4 of 6)

| <u>Description</u> | <u>Total Market Value</u> | <u>Percent of Total Market Value</u> |
|---|---------------------------|--------------------------------------|
| Corporate Bonds-Foreign | | |
| Petro Bras Intl. | \$ 59,251,641 | 0.14% |
| CIA Brasil De Bebidas | 55,361,382 | 0.13% |
| Manitoba Province | 53,215,018 | 0.12% |
| Export Development CDA | 48,083,710 | 0.11% |
| Nordic Investment Bank | 47,958,499 | 0.11% |
| Quebec Province CDA | 43,224,424 | 0.10% |
| Pemex Finance Ltd. 144A | 42,245,272 | 0.10% |
| European Investment Bank | 42,038,737 | 0.10% |
| Royal Bank Scotland PLC | 40,590,432 | 0.09% |
| Gruma SA de CV | 39,701,430 | 0.09% |
| Others | 841,471,197 | 1.96% |
| Total Corporate Bonds-Foreign | <u>1,313,141,742</u> | <u>3.07%</u> |
| Variable Rate Notes | | |
| Variable Rate Notes | 1,104,254,190 | 2.58% |
| Total Variable Rate Notes | <u>1,104,254,190</u> | <u>2.58%</u> |
| Municipal Bonds | | |
| WA State Housing Finance Commission 1998 4T | 3,401,289 | 0.01% |
| WA State Housing Finance Commission 1999 1T | 2,243,065 | 0.01% |
| Total Municipal Bonds | <u>5,644,354</u> | <u>0.01%</u> |
| Private Equity | | |
| KKR 1996 Fund | 715,900,817 | 1.67% |
| Warburg Pincus Equity Partners, LP | 287,942,177 | 0.67% |
| KKR 1997 Fund | 275,196,576 | 0.64% |
| Joseph Littlejohn Levy Fund III | 165,916,076 | 0.39% |
| Welsh Carlson Anderson Stowe IX | 148,989,306 | 0.35% |
| Fortress Investment Fund LLC | 148,075,114 | 0.35% |
| KKR European Fund | 141,199,685 | 0.33% |
| OCM Opportunities Fund IV L.P. | 118,116,993 | 0.28% |
| Welsh Carlson Anderson Stowe VIII | 94,785,557 | 0.22% |
| WCAS Capital Partners III, LP | 93,982,474 | 0.22% |
| Others | 3,379,622,311 | 7.89% |
| Total Private Equity | <u>5,569,727,086</u> | <u>13.00%</u> |
| Real Estate | | |
| Principal Enterprise Capital I | 536,843,796 | 1.25% |
| Olympia Properties LLC | 360,542,652 | 0.84% |
| Hawthorne Timber LLC | 298,963,234 | 0.70% |
| Lonestar Fund III | 289,540,433 | 0.68% |
| Pactrust Realty Associates LP | 256,378,903 | 0.60% |
| Low North West Investment Properties LLC | 255,903,132 | 0.60% |
| Hometown America, LLC | 232,298,786 | 0.54% |
| Union Square LP | 187,105,383 | 0.44% |
| European Investment Properties Limited | 177,767,253 | 0.41% |
| MSREF IV International TE | 162,346,321 | 0.38% |
| Others | 868,048,284 | 2.03% |
| Total Real Estate | <u>3,625,738,177</u> | <u>8.46%</u> |

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 5 of 6)

| Description | Total Market Value | Percent of Total Market Value |
|--|-----------------------|-------------------------------|
| Corporate Stock-Foreign | | |
| Total SA SER B ORD | \$ 62,005,331 | 0.14% |
| Glaxo Smith Kline | 47,981,971 | 0.11% |
| Telefonica CA | 45,845,802 | 0.11% |
| Canon Inc. | 45,809,811 | 0.11% |
| Novartis AG | 45,218,556 | 0.11% |
| Royal Dutch Pete Co. | 38,886,376 | 0.09% |
| Nestle SA | 35,853,899 | 0.08% |
| Vodafone Group | 34,677,454 | 0.08% |
| HBOS | 33,115,435 | 0.08% |
| UBS AG | 28,186,994 | 0.07% |
| Others | 1,454,688,856 | 3.40% |
| Total Corporate Stock-Foreign | 1,872,270,485 | 4.37% |
| Commingled Index Funds-Domestic | | |
| BGI US Equity Market | 12,890,877,846 | 30.09% |
| Short Horizon Fund | 1,187,423 | -- |
| Total Commingled Index Funds-Domestic | 12,892,065,269 | 30.10% |
| Commingled Index Funds-Foreign | | |
| MSCI EAFE SL | 2,375,889,661 | 5.55% |
| Canada MSCI Index Fund | 153,027,092 | 0.36% |
| Capital Guardian Growth Fund | 139,980,753 | 0.33% |
| GMO TR | 121,331,662 | 0.28% |
| Foreign Colonial Emerging Market Group TR | 95,907,503 | 0.22% |
| Schroder Emerging | 90,211,636 | 0.21% |
| Putnam International Small Cap. Trans. FD | 37,880,731 | 0.09% |
| South Africa IFC | 21,665,855 | 0.05% |
| Mexico Emerging Markets Index | 15,677,768 | 0.04% |
| Korea Emerging Markets | 14,209,484 | 0.03% |
| Others | 78,475,006 | 0.18% |
| Total Commingled Index Funds-Foreign | 3,144,257,151 | 7.34% |
| Repurchase Agreements | | |
| Goldman Sachs & Co. Inc. | 3,485,190 | 0.01% |
| Morgan Stanley & Company Inc. | 729,848 | -- |
| Bear Stearns | 611,253 | -- |
| Total Repurchase Agreements | 4,826,291 | 0.01% |
| Securities on Loan | | |
| Securities on Loan-Domestic | 834,061,045 | 1.95% |
| Securities on Loan-Foreign | 515,190,560 | 1.20% |
| Total Securities on Loan | 1,349,251,605 | 3.15% |
| Guaranteed Investment Contracts | | |
| Savings Pool | 544,146,794 | 1.27% |
| Total Guaranteed Investment Contracts | 544,146,794 | 1.27% |

Summary of Investments Owned on June 30, 2003
Pension Trust Funds (page 6 of 6)

| <u>Description</u> | <u>Total Market Value</u> | <u>Percent of Total Market Value</u> |
|--------------------------------------|---------------------------------|--------------------------------------|
| Life | | |
| G.E. Capital Assurance | \$ 29,082 | -- |
| Total Life | <u>29,082</u> | <u>--</u> |
| Mutual Funds | | |
| Washington State Money Market Fund | 312,788,835 | 0.73% |
| Washington State Bond Fund | 297,025,885 | 0.69% |
| Fidelity Equity-Income Fund | 291,023,496 | 0.68% |
| U.S. Stock Market Index | 289,519,170 | 0.68% |
| Fidelity Independence Fund | 267,049,705 | 0.62% |
| U.S. Large Stock Index Fund | 238,384,148 | 0.56% |
| Fidelity Growth Company Fund | 153,974,013 | 0.36% |
| U.S. Small Stock Index Fund | 144,546,477 | 0.34% |
| International Stock Index Fund | 83,681,578 | 0.20% |
| Washington State Mid-Horizon Fund | 58,155,761 | 0.14% |
| Others | 119,210,347 | 0.28% |
| Total Mutual Funds | <u>2,255,359,415</u> | <u>5.26%</u> |
| Certificates of Deposit | | |
| Certificates of Deposit | 148,845,177 | 0.35% |
| Total Certificates of Deposit | <u>148,845,177</u> | <u>0.35%</u> |
| TOTAL INVESTMENTS | \$ <u>42,837,052,323</u> | <u>100.00%</u> |

Actuarial Section



WASHINGTON STATE LEGISLATURE
Office of the State Actuary

November 12, 2003

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

Dear Mr. Charles:

The purpose of this letter is to:

- (1) Certify the actuarial adequacy of contributions being made to the pension plans administered by your department, the State of Washington, and participating political subdivisions;
- (2) Discuss the funding of these plans; and
- (3) Certify that our other submissions meet 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, 2002.

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.

The material pension changes made during the 2002 Legislative Session that became effective during (and after) the 2002 Fiscal Year were disclosed in last year's annual report.

Pension legislation enacted during the 2003 Legislative Session is summarized below (chapter and law year references are provided parenthetically):

- The method used to determine the actuarial value of assets was changed from a 4 year smoothing to a graded 1 to 8 year smoothing method, depending on the size of annual investment gain or loss. (Chapter 11, Laws of 2003, E1)
- Employer contributions to the PERS 1 and TRS 1 unfunded liability will be suspended for the 2003-2005 biennium. The amortization date, however, remains unchanged. (Chapter 11, Laws of 2003, E1)
- Fish and Wildlife Enforcement Officers in PERS 2 were made members of LEOFF 2, prospectively. (Chapter 388, Laws of 2003)
- Emergency Medical Technician's (EMT's) in LEOFF 2 who had prior EMT service in PERS 1 and PERS 2 were permitted to transfer their past service into LEOFF 2. (Chapter 293, Laws of 2003)
- No actuarial early retirement reduction is applied to survivor benefits, if death occurs in the course of employment, for the PERS, TRS and SERS Retirement Systems. (Chapter 155, Laws of 2003)

There were no other material pension changes during the 2003 Session.

In 1989, the Legislature adopted the objective of amortizing the Unfunded Actuarial Accrued Liability (UAAL) for PERS 1, TRS 1, 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 entry age method where the normal cost is imputed from PERS 2/3, TRS 2/3, and LEOFF 2, respectively. The amortization calls for payments as a level percentage of system payroll. During fiscal year 2003 the systems were funded according to this method and, if continued, the UAAL will be amortized as scheduled.

LEOFF 1 does not have a UAAL at this time.

PERS 2, TRS 2/3, SERS 2/3, LEOFF 2 and 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 they are poorly funded systems, it is expected that the state can continue to meet its obligations by funding on a pay-as-you-go basis because of the small size of the obligations in these two plans.

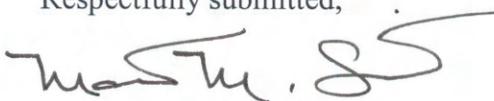
In performing these valuations, we relied on unaudited member and beneficiary data provided by your department. Both the Department of Retirement Systems and the Office of the State Actuary performed a series of edits to check the quality of the data. In our opinion, the data is sufficient and reliable 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 2003 Comprehensive Annual Financial Report:

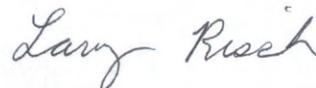
- Schedules of Funding Progress
- Schedule of Employer Contributions
- Summary of Actuarial Assumptions and Methods
- Schedules of Active Member Valuation Data
- Schedules of Retirees and Beneficiaries Added to and Removed from Rolls
- Solvency Tests
- Analysis of Selected Experience

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

Respectfully submitted,



Matthew M. Smith
State Actuary



Larry Risch
Deputy State Actuary

Summary of Plan Provisions

A narrative summary of retirement plans managed by DRS is provided in Section B of Note 2 in the Financial Section of this CAFR. A tabular summary of key plan provisions as of June 30, 2003, 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) |
| 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) |
| TRS Plan 1 (By 9/30/77) | All certificated public school employees | 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 | 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 | 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) |
| 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) | 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).

2. Investment Return: 8.0% per annum

3. Mortality Tables:

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

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

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

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

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

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

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

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

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

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

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

4. Retirement (page 2 of 3):

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

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

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

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

LEOFF
Probabilities of Service Retirement
Among Members Eligible to Retire

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

JRS
Probabilities of Service Retirement
Among Members Eligible to Retire

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

4. Retirement (page 3 of 3):

**PERS Plan 1
Probabilities of Disablement**

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

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

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

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

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

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

**WSPRS
Probabilities of Disablement**

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

**TRS Plan 1
Probabilities of Disablement**

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

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

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

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

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

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

JRS-Probabilities of Disablement

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Future Salaries (page 2 of 2):

**WSPRS Plan 1
Merit Salary Increases**

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

**JRS
Future Salaries**

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

Relative Salary Values

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

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

- Members of PERS Plan 1 increase their Average Final Compensation by an average of up to 5 percent by cashing out sick leave or 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 their contributions from the plan, the probability of being married, military service, single life annuity refund on death, and beneficiary age. More details of these and other assumptions can be found in the latest experience study (1995-2000).

8. Change in Assumptions:

None.

9. Actuarial Cost Method:

Valuation assets are at market value with gains/losses recognized on a graded scale over an eight-year period. JRS and Judges use the market value of assets for valuation assets.

10. Change in Actuarial Cost Method:

The method used to determine the actuarial value of assets was changed from a 4-year smoothing to an 8-year graded smoothing.

11. Material Changes in Benefit Provisions and Contribution Rates:

The asset method change did not affect contribution rates until after the 2002-2003 fiscal year. This change is reflected in the GASB numbers.

The extension of the \$150,000 death benefit affected the SERS employer and employee rate by .01%. The LEOFF Plan 2 rate increased by .01% for the state, .01% for the employer and .02% for the employee due to the inclusion of Fish and Wildlife officers. These increases are reflected in the GASB numbers but do not affect contribution rates until the following biennium.

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 30,374 | 1,233.2 | 40,601 | 3.4% |
| 12/31/97 | 32,361 | 1,271.0 | 39,276 | 2.8% |

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 161,476 | 5,131.4 | 31,778 | 1.9% |
| 12/31/97 | 154,079 | 4,807.1 | 31,199 | 2.7% |

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: PERS Plan 3

| Valuation Date | Active Members | Annual Payroll in Millions | Average Annual Pay | Annualized % Increase in Average Pay |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 15,509 | \$707.8 | \$45,638 | n/a |
| 9/30/01* | -- | -- | -- | -- |
| 12/31/00* | -- | -- | -- | -- |
| 12/31/99* | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- |

* 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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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* | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- |

* 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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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* | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- |

* 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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 6/30/98 | 20,165 | 1,046.4 | 51,891 | 3.6% |
| 6/30/97 | 21,628 | 1,083.4 | 50,093 | 0.9% |

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 6/30/98 | 9,058 | 381.3 | 42,090 | 4.1% |
| 6/30/97 | 33,499 | 1,354.6 | 40,437 | 3.5% |

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: TRS Plan 3

| Valuation Date | Active Members | Annual Payroll in Millions | Average Annual Pay | Annualized % Increase in Average Pay |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 6/30/98 | 32,605 | 1,326.8 | 40,694 | 19.2% |
| 6/30/97 | 5,688 | 194.2 | 34,145 | n/a |

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 1,986 | 116.9 | 58,841 | 6.3% |
| 12/31/97 | 2,313 | 128.0 | 55,347 | 4.4% |

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 11,870 | 649.3 | 54,700 | 5.5% |
| 12/31/97 | 11,401 | 591.1 | 51,846 | 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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 929 | 50.9 | 54,842 | 5.0% |
| 12/31/97 | 927 | 48.4 | 52,235 | 7.9% |

Source: Washington State Office of the State Actuary

Schedule of Active Member Valuation Data: JRS

| Valuation Date | Active Members | Annual Payroll in Millions | Average Annual Pay | Annualized % Increase in Average Pay |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 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% |
| 12/31/98 | 40 | 4.1 | 102,935 | 1.4% |
| 12/31/97 | 41 | 4.2 | 101,537 | 0.9% |

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 |
|----------------|----------------|----------------------------|--------------------|--------------------------------------|
| 9/30/02 | 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% |
| 12/31/98 | 1 | 0.1 | 112,078 | 7.3% |
| 12/31/97 | 2 | 0.2 | 104,448 | 1.3% |

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 | | |
| 09/30/02 | 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% |
| 12/31/98 | 2,481 | 44,980,199 | 2,131 | 15,415,477 | 51,948 | 565,036,942 | 10,877 | 7.2% |
| 12/31/97 | 2,403 | 40,095,945 | 1,988 | 13,490,739 | 51,598 | 526,918,776 | 10,212 | 6.7% |

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 | | |
| 09/30/02 | 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% |
| 12/31/98 | 1,020 | 6,637,345 | 108 | 483,716 | 5,685 | 30,786,831 | 5,415 | 28.2% |
| 12/31/97 | 847 | 4,877,618 | 99 | 401,791 | 4,773 | 24,017,736 | 5,032 | 26.5% |

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 | | |
| 09/30/02 | 9 | \$43,707 | 0 | \$0 | 9 | \$43,707 | \$4,856 | n/a |
| 09/30/01 | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/00* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/99* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- | -- | -- | -- | -- |

*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 | | |
| 09/30/02 | 251 | \$1,550,754 | 5 | \$19,972 | 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* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- | -- | -- | -- | -- |

*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 | | |
| 09/30/02 | 109 | \$272,549 | 2 | \$3,534 | 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* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- | -- | -- | -- | -- |

*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 | | |
| 09/30/02 | 1,892 | \$46,113,665 | 939 | \$10,686,359 | 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% |
| 06/30/98 | 1,632 | 33,153,335 | 823 | 7,977,486 | 28,141 | 397,649,379 | 14,131 | 7.7% |
| 06/30/97 | 1,338 | 25,214,610 | 857 | 7,766,022 | 27,332 | 369,309,984 | 13,512 | 6.0% |

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 | | |
| 09/30/02 | 120 | \$1,493,131 | 6 | \$51,866 | 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% |
| 06/30/98 | 83 | 731,178 | 2 | 12,944 | 312 | 2,515,288 | 8,062 | 43.0% |
| 06/30/97 | 67 | 601,901 | 3 | 12,705 | 231 | 1,758,948 | 7,614 | 53.8% |

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 | | |
| 09/30/02 | 81 | \$360,835 | 1 | \$0 | 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% |
| 06/30/98 | 6 | 19,834 | -- | -- | 10 | 30,735 | 3,074 | 181.9% |
| 06/30/97 | 4 | 10,901 | -- | -- | 4 | 10,901 | 2,725 | n/a |

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 | | |
| 09/30/02 | 259 | \$9,948,573 | 166 | \$5,052,296 | 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% |
| 12/31/98 | 381 | 12,231,130 | 127 | 3,366,345 | 7,434 | 208,973,849 | 28,111 | 7.5% |
| 12/31/97 | 369 | 10,897,621 | 133 | 3,162,560 | 7,180 | 194,464,923 | 27,084 | 7.3% |

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 | | |
| 09/30/02 | 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% |
| 12/31/98 | 13 | 158,887 | -- | -- | 80 | 685,058 | 8,563 | 31.5% |
| 12/31/97 | 18 | 161,985 | -- | -- | 67 | 521,062 | 7,777 | 50.6% |

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 | | |
| 09/30/02 | 35 | \$1,156,113 | 13 | \$163,008 | 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% |
| 12/31/98 | 38 | 1,304,229 | 6 | 104,581 | 612 | 17,097,410 | 27,937 | 9.5% |
| 12/31/97 | 31 | 1,023,035 | 11 | 123,327 | 580 | 15,608,236 | 26,916 | 8.3% |

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 | | |
| 09/30/02 | 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)% |
| 12/31/98 | 6 | 200,878 | 7 | 275,335 | 134 | 7,336,530 | 54,750 | 1.5% |
| 12/31/97 | 14 | 865,194 | 3 | 172,291 | 135 | 7,227,765 | 53,539 | 13.8% |

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 |
|------------|--------|-------------------|--------|-------------------|--------|-------------------|--------------------------|---|
| 09/30/02 | 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)% |
| 12/31/98 | 1 | 74,261 | -- | -- | 19 | 667,529 | 35,133 | 12.5% |
| 12/31/97 | 2 | 152,597 | 1 | 3,361 | 18 | 593,262 | 32,959 | 33.8% |

Source: Washington State Office of the State Actuary

Solvency Test: PERS Plan 1

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|--------------------------------|--|---------------------------|------------------|--|------|-----|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 12/31/98 | 1,712.9 | 5,922.7 | 3,591.5 | 11,227.1 | 9,218.8 | 100% | 100% | 44% |
| 12/31/97 | 1,683.4 | 5,615.2 | 3,518.6 | 10,817.2 | 8,210.6 | 100% | 100% | 26% |

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

Solvency Test: PERS Plan 2/3

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|--------------------------------|--|---------------------------|------------------|--|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 12/31/98 | 2,392.9 | 774.0 | 6,339.0 | 9,505.9 | 9,505.9 | 100% | 100% | 100% |
| 12/31/97 | 2,117.1 | 541.5 | 5,260.3 | 7,918.9 | 7,918.9 | 100% | 100% | 100% |

Source: Washington State Office of the State Actuary

Solvency Test: SERS Plan 2/3

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|--------------------------------|--|---------------------------|------------------|--|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/98* | -- | -- | -- | -- | -- | -- | -- | -- |
| 12/31/97* | -- | -- | -- | -- | -- | -- | -- | -- |

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

Solvency Test: TRS Plan 1

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|------------------|--|------|-----|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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% | 77% |
| 6/30/00 | 1,408.0 | 5,140.0 | 3,017.7 | 9,565.7 | 9,372.0 | 100% | 100% | 94% |
| 6/30/99 | 1,384.1 | 4,917.0 | 3,227.9 | 9,529.0 | 8,696.1 | 100% | 100% | 74% |
| 6/30/98 | 1,466.0 | 4,506.0 | 3,382.0 | 9,354.0 | 7,819.3 | 100% | 100% | 55% |
| 6/30/97 | 1,466.3 | 3,903.6 | 3,673.8 | 9,043.7 | 6,843.6 | 100% | 100% | 40% |

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

Solvency Test: TRS Plan 2/3

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|------------------|--|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 6/30/98 | 108.1 | 125.2 | 2,333.8 | 2,567.1 | 2,567.1 | 100% | 100% | 100% |
| 6/30/97 | 834.3 | 106.0 | 1,776.2 | 2,716.5 | 2,716.5 | 100% | 100% | 100% |

Source: Washington State Office of the State Actuary

Solvency Test: LEOFF Plan 1

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Valuation Assets | Portion of Accrued Liabilities Covered by Assets | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|------------------|--|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 12/31/98 | 178.0 | 3,036.5 | 691.2 | 3,905.7 | 4,567.5 | 100% | 100% | 100% |
| 12/31/97 | 188.0 | 2,836.6 | 742.1 | 3,766.7 | 4,087.1 | 100% | 100% | 100% |

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

Solvency Test: LEOFF Plan 2

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Portion of Accrued Liabilities Covered by Assets | | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|--|------|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | Valuation Assets | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 12/31/98 | 511.5 | 33.3 | 1,227.2 | 1,772.0 | 1,772.0 | 100% | 100% | 100% |
| 12/31/97 | 437.7 | 18.8 | 993.1 | 1,449.6 | 1,449.6 | 100% | 100% | 100% |

Source: Washington State Office of the State Actuary

Solvency Test: WSPRS Plan 1

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Portion of Accrued Liabilities Covered by Assets | | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|--|------|------|------|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | Valuation Assets | (1) | (2) | (3) |
| 9/30/02 | \$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% |
| 12/31/98 | 47.3 | 211.5 | 152.1 | 410.9 | 576.1 | 100% | 100% | 100% |
| 12/31/97 | 44.6 | 190.7 | 143.4 | 378.7 | 505.4 | 100% | 100% | 188% |

Source: Washington State Office of the State Actuary

Solvency Test: JRS

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Portion of Accrued Liabilities Covered by Assets | | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|--|------|-----|-----|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | Valuation Assets | (1) | (2) | (3) |
| 9/30/02 | \$5.1 | \$74.4 | \$12.7 | \$92.2 | \$8.1 | 100% | 4% | -- |
| 9/30/01 | 5.0 | 74.1 | 12.4 | 91.5 | 9.6 | 100% | 6% | -- |
| 12/31/00 | 5.8 | 72.8 | 14.5 | 93.1 | 9.9 | 100% | 6% | -- |
| 12/31/99 | 6.2 | 70.6 | 17.3 | 94.1 | 9.1 | 100% | 4% | -- |
| 12/31/98 | 6.1 | 72.6 | 17.5 | 96.2 | 7.6 | 100% | 2% | -- |
| 12/31/97 | 5.8 | 72.3 | 16.9 | 95.0 | 5.4 | 93% | -- | -- |

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

Source: Washington State Office of the State Actuary

Solvency Test: Judges

(dollars in millions)

| Valuation Date | Aggregate Accrued Liabilities for: | | | | Portion of Accrued Liabilities Covered by Assets | | | |
|----------------|------------------------------------|-----------------------------------|---|------------------------------|--|------|------|-----|
| | (1) Active Member Contributions | (2) Retirees and Beneficiaries | (3) Active Members (Employer Financed Portion) | (1+2+3) Accrued Liability | Valuation Assets | (1) | (2) | (3) |
| 9/30/02 | \$ -- | \$4.7 | \$0.8 | \$5.5 | \$4.7 | 100% | 100% | -- |
| 9/30/01 | -- | 5.3 | 0.8 | 6.1 | 4.9 | 100% | 92% | -- |
| 12/31/00 | -- | 5.3 | 0.7 | 6.0 | 4.7 | 100% | 89% | -- |
| 12/31/99 | -- | 5.7 | 0.8 | 6.5 | 4.4 | 100% | 77% | -- |
| 12/31/98 | -- | 5.8 | 0.7 | 6.5 | 4.1 | 100% | 70% | -- |
| 12/31/97 | -- | 5.3 | 1.5 | 6.8 | 3.8 | 100% | 72% | -- |

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 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|-----------|--------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$702.2) | (\$422.3) | \$86.2 | \$856.5 | \$644.4 | \$712.8 |
| Salary Gains | (14.7) | (16.8) | (38.8) | 15.6 | 26.7 | 126.7 |
| Termination of Employment | 8.5 | 13.2 | 12.7 | 8.4 | 7.1 | 1.4 |
| Return to Work from Terminated Status | (15.5) | (35.2) | (49.1) | (53.1) | (57.0) | (53.5) |
| Gain (or Loss) During Year from Selected Experience | (\$723.9) | (\$461.1) | \$11.0 | \$827.4 | \$621.2 | \$787.4 |

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: PERS Plan 2/3
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|-----------|----------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$680.5) | (\$430.8) | \$45.9 | \$886.7 | \$602.8 | \$636.2 |
| Salary Gains | (12.1) | (21.3) | (76.3) | 30.1 | 47.1 | 229.5 |
| Termination of Employment | 4.2 | 33.1 | 41.0 | 38.4 | 31.5 | 30.1 |
| Return to Work from Terminated Status | (65.8) | (71.8) | (72.4) | (95.4) | (95.0) | (115.7) |
| Gain (or Loss) During Year from Selected Experience | (\$754.2) | (\$490.8) | (\$61.8) | \$859.8 | \$586.4 | \$780.1 |

Source: Washington State Office of the State Actuary

**Analysis of Selected Experience: SERS Plan 2/3*
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience**

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|----------|--------|-------|-------|-------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$107.2) | (\$52.6) | \$16.0 | \$ -- | \$ -- | \$ -- |
| Salary Gains | (0.3) | 11.3 | 13.9 | -- | -- | -- |
| Termination of Employment | 6.9 | 4.8 | 4.0 | -- | -- | -- |
| Return to Work from Terminated Status | (18.0) | (18.9) | (23.3) | -- | -- | -- |
| Gain (or Loss) During Year from Selected Experience | (\$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 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|-----------|---------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$409.1) | (\$300.3) | \$496.3 | \$552.7 | \$689.8 | \$646.6 |
| Salary Gains | 13.3 | 49.4 | (70.2) | 184.3 | 34.8 | 230.9 |
| Termination of Employment | 6.0 | 6.5 | 5.5 | 2.8 | 2.7 | 0.1 |
| Return to Work from Terminated Status | (13.8) | (21.8) | (19.1) | (20.6) | (15.8) | (19.2) |
| Gain (or Loss) During Year from Selected Experience | (\$403.6) | (\$266.2) | \$412.5 | \$719.2 | \$711.5 | \$858.4 |

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: TRS Plan 2/3
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|-----------|---------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$159.7) | (\$118.1) | \$164.0 | \$187.7 | \$234.3 | \$202.5 |
| Salary Gains | 32.7 | 65.2 | (50.8) | 107.5 | 18.6 | 186.3 |
| Termination of Employment | 15.3 | 5.9 | 10.1 | 7.7 | 5.2 | 10.7 |
| Return to Work from Terminated Status | (20.6) | (36.4) | (30.6) | (25.4) | (13.0) | (26.3) |
| Gain (or Loss) During Year from Selected Experience | (\$132.3) | (\$83.4) | \$92.7 | \$277.5 | \$245.1 | \$373.2 |

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 1
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|-----------|--------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$513.7) | (\$205.1) | \$44.3 | \$427.3 | \$321.3 | \$343.9 |
| Salary Gains | 9.4 | 24.7 | 16.9 | 0.6 | 0.2 | 8.6 |
| Termination of Employment | 0.5 | 0.6 | 0.5 | 0.1 | 0.7 | -- |
| Return to Work from Terminated Status | (0.5) | (0.5) | (1.1) | (1.5) | (0.2) | (0.2) |
| Gain (or Loss) During Year from Selected Experience | (\$504.3) | (\$180.3) | \$60.6 | \$426.5 | \$322.0 | \$352.3 |

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: LEOFF Plan 2
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|----------|-------|---------|---------|---------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$246.2) | (\$99.5) | \$9.1 | \$165.4 | \$109.9 | \$110.4 |
| Salary Gains | 28.8 | 39.9 | (0.3) | 2.0 | (25.0) | 18.6 |
| Termination of Employment | 0.9 | 1.1 | 1.1 | 0.4 | 0.9 | -- |
| Return to Work from Terminated Status | (2.0) | (2.0) | (2.1) | (4.4) | (2.3) | (2.4) |
| Gain (or Loss) During Year from Selected Experience | (\$218.5) | (\$60.5) | \$7.8 | \$163.4 | \$83.5 | \$126.6 |

Source: Washington State Office of the State Actuary

Analysis of Selected Experience: WSPRS Plan 1
Selected Gains and Losses During Years Ended 1997 to 2002
Resulting from Difference Between Assumed Experience and Actual Experience

(dollars in millions)

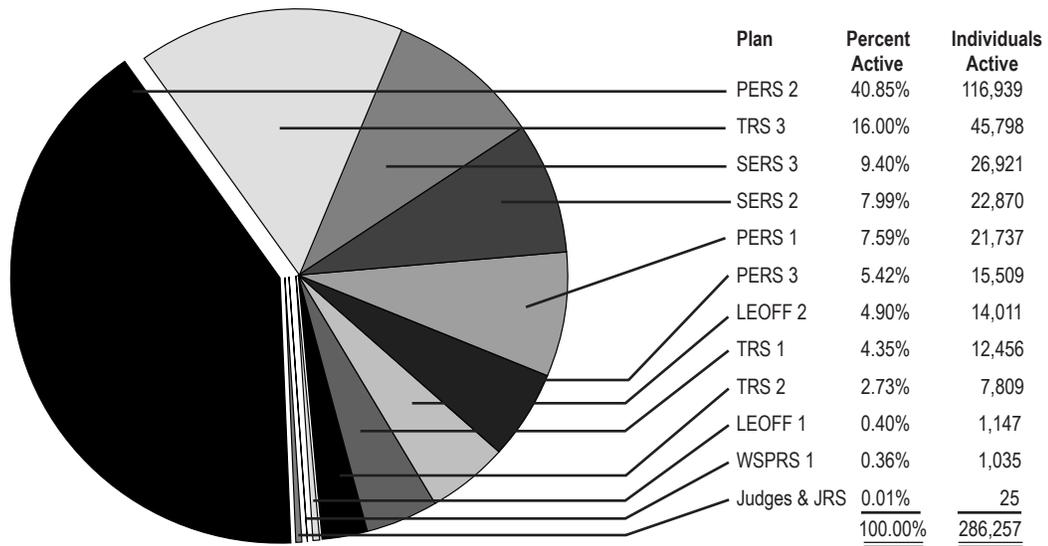
| Type of Activity | \$ Gain (or Loss) For Year | | | | | |
|---|----------------------------|----------|-------|--------|--------|--------|
| | 2002 | 2001 | 2000 | 1999 | 1998 | 1997 |
| Investment Gains | (\$68.1) | (\$27.3) | \$5.0 | \$53.5 | \$39.6 | \$43.1 |
| Salary Gains | 6.9 | 4.1 | 3.7 | (6.2) | (6.9) | (6.4) |
| Termination of Employment | 0.3 | 0.1 | 0.2 | 0.1 | 0.1 | 0.1 |
| Return to Work from Terminated Status | (0.2) | (0.1) | (0.1) | (0.1) | (0.1) | (0.3) |
| Gain (or Loss) During Year from Selected Experience | (\$61.1) | (\$23.2) | \$8.8 | \$47.3 | \$32.7 | \$36.5 |

Source: Washington State Office of the State Actuary

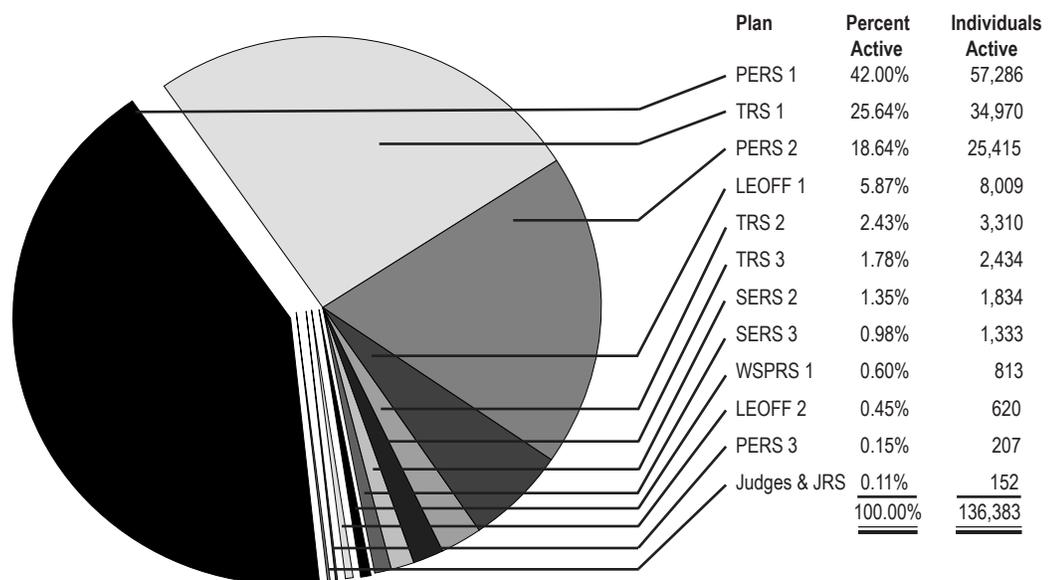
Statistical Section

Distribution of Membership For the Year Ended September 30, 2002

Active Members by System and Plan



Inactive and Retired Members by System and Plan



Source: Washington State Office of the State Actuary

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$62,065,159 | \$56,618,183 | 5.4% | \$486,538 | \$331,055,241 | \$450,225,121 |
| 06/30/02 | 67,670,360 | 68,630,781 | 6.1% | 355,452 | (633,439,692) | (496,783,099) |
| 06/30/01 | 70,265,800 | 181,711,496 | 15.7% | 789,271 | (653,438,416) | (400,671,849) |
| 06/30/00 | 73,260,192 | 200,134,724 | 16.6% | 662,595 | 1,327,697,335 | 1,601,754,846 |
| 06/30/99 | 74,705,899 | 234,076,725 | 18.9% | 1,295,059 | 1,114,653,807 | 1,424,731,490 |
| 06/30/98 | 77,854,983 | 226,084,001 | 17.5% | 445,650 | 1,366,298,843 | 1,670,683,477 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|---------------|-------------------------|-------------|-----------|------------------|
| 06/30/03 | \$776,682,764 | \$5,595,931 | \$5,677,496 | \$358,403 | \$788,314,594 |
| 06/30/02 | 718,729,815 | 6,181,098 | 7,445,820 | 244,963 | 732,601,696 |
| 06/30/01 | 669,876,611 | 6,847,295 | 8,466,090 | 407,920 | 685,597,916 |
| 06/30/00 | 617,113,823 | 5,810,359 | 8,807,032 | 252,305 | 631,983,519 |
| 06/30/99 | 571,409,916 | 5,742,295 | 8,620,128 | 96,840 | 585,869,179 |
| 06/30/98 | 532,366,425 | 4,267,552 | 10,357,923 | 142,060 | 547,133,960 |

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$34,498,036 | \$38,287,504 | 0.7% | \$601,538 | \$374,315,216 | \$447,702,294 |
| 06/30/02 | 48,579,196 | 50,953,227 | 0.9% | 275,014 | (649,272,588) | (549,465,151) |
| 06/30/01 | 116,564,445 | 115,039,002 | 2.2% | 727,037 | (592,159,129) | (359,828,645) |
| 06/30/00 | 102,548,799 | 101,868,914 | 1.8% | 442,973 | 1,446,407,476 | 1,651,268,162 |
| 06/30/99 | 237,048,152 | 237,705,695 | 4.7% | 493,440 | 1,170,035,475 | 1,645,282,762 |
| 06/30/98 | 223,798,116 | 222,770,918 | 4.7% | 254,181 | 1,310,676,495 | 1,757,499,710 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|--------------|-------------------------|--------------|---------------|------------------|
| 06/30/03 | \$72,459,996 | \$6,054,241 | \$30,835,245 | \$611,866,617 | \$721,216,099 |
| 06/30/02 | 60,551,539 | 6,270,538 | 42,086,743 | 31,164,647 | 140,073,467 |
| 06/30/01 | 50,797,924 | 6,638,444 | 48,311,241 | 1,903,537,477 | 2,009,285,086 |
| 06/30/00 | 40,976,131 | 5,988,778 | 59,393,819 | 1,192,224 | 107,550,952 |
| 06/30/99 | 32,400,058 | 5,813,774 | 53,206,024 | 706,758 | 92,126,614 |
| 06/30/98 | 25,374,706 | 3,963,504 | 51,109,821 | 1,639,705 | 82,087,736 |

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | Transfers | Investment Income/Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|---------------|----------------------------------|-----------------|
| 06/30/03 | \$1,827,565 | \$6,153,596 | 0.5% | \$1,969,831 | \$56,651,428 | \$66,602,420 |
| 06/30/02 | 5,171,199 | 11,312,441 | 1.1% | 17,922,882 | (88,838,800) | (54,432,278) |
| 06/30/01 | 14,168,004 | 19,938,785 | 2.4% | 1,902,645,828 | (151,355,968) | 1,785,396,649 |
| 06/30/00 | ** | ** | ** | ** | ** | ** |
| 06/30/99 | ** | ** | ** | ** | ** | ** |
| 06/30/98 | ** | ** | ** | ** | ** | ** |

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

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|-------------|-------------------------|-------------|-------------|------------------|
| 06/30/03 | \$4,304,647 | \$1,112,672 | \$2,220,548 | \$355,206 | \$7,993,073 |
| 06/30/02 | 2,047,984 | 1,117,582 | 2,396,716 | 1,494,927 | 7,057,209 |
| 06/30/01 | 284,949 | 1,098,129 | 1,397,241 | 478,438,605 | 481,218,924 |
| 06/30/00 | ** | ** | ** | ** | ** |
| 06/30/99 | ** | ** | ** | ** | ** |
| 06/30/98 | ** | ** | ** | ** | ** |

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

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | Transfers | Investment Income/Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|-----------|----------------------------------|-----------------|
| 06/30/03 | \$46,790,030 | \$20,352,302 | 2.4% | \$333,006 | \$281,489,726 | \$348,965,064 |
| 06/30/02 | 50,179,834 | 59,434,042 | 6.7% | 252,737 | (541,603,456) | (431,736,843) |
| 06/30/01 | 55,897,775 | 141,351,229 | 15.6% | 354,981 | (561,104,313) | (363,500,328) |
| 06/30/00 | 57,537,688 | 182,982,330 | 19.1% | 396,732 | 1,148,184,403 | 1,389,101,153 |
| 06/30/99 | 59,237,699 | 222,516,027 | 22.6% | 211,153 | 968,044,713 | 1,250,009,592 |
| 06/30/98 | 62,885,083 | 211,583,909 | 20.2% | 108,775 | 1,188,494,701 | 1,463,072,468 |

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

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

| Year Ended | Benefits* | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|---------------|-------------------------|-------------|-----------|------------------|
| 06/30/03 | \$689,253,468 | \$4,555,203 | \$1,521,363 | \$282,470 | \$695,612,504 |
| 06/30/02 | 679,008,899 | 5,132,288 | 2,312,601 | 207,104 | 686,660,892 |
| 06/30/01 | 632,673,910 | 5,618,527 | 2,761,775 | 348,460 | 641,402,672 |
| 06/30/00 | 579,260,658 | 4,673,537 | 2,187,820 | 199,419 | 586,321,434 |
| 06/30/99 | 532,933,243 | 4,760,454 | 2,755,423 | 93,672 | 540,542,792 |
| 06/30/98 | 494,531,012 | 3,635,421 | 2,682,319 | 76,468 | 500,925,220 |

* Benefits include withdrawn annuities at retirement.

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$633,348 | \$18,225,463 | 0.7% | \$428,763 | \$139,587,495 | \$158,875,069 |
| 06/30/02 | 5,433,722 | 46,358,793 | 1.9% | 369,066 | (221,155,221) | (168,993,640) |
| 06/30/01 | 11,077,546 | 69,579,331 | 3.2% | 295,476 | (194,653,550) | (113,701,197) |
| 06/30/00 | 12,744,146 | 75,311,038 | 3.9% | 139,609 | 392,723,307 | 480,918,100 |
| 06/30/99 | 22,096,538 | 100,189,726 | 5.7% | 1,288,148 | 324,313,433 | 447,887,845 |
| 06/30/98 | 47,214,360 | 105,553,561 | 6.5% | 596,276 | 354,842,022 | 508,206,219 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|--------------|-------------------------|-------------|-------------|------------------|
| 06/30/03 | \$10,861,452 | \$3,093,172 | \$3,537,254 | \$955,868 | \$18,447,746 |
| 06/30/02 | 8,668,822 | 3,107,915 | 4,510,463 | 1,704,114 | 17,991,314 |
| 06/30/01 | 6,810,245 | 3,052,504 | 3,870,813 | 3,574,328 | 17,307,890 |
| 06/30/00 | 4,943,378 | 2,432,721 | 4,964,230 | 77,350,714 | 89,691,043 |
| 06/30/99 | 3,529,269 | 2,157,968 | 5,631,919 | 152,597,227 | 163,916,383 |
| 06/30/98 | 2,454,740 | 1,540,200 | 7,397,755 | 710,331,122 | 721,723,817 |

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | State Contributions | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|---------------------|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$39,635 | \$61,983 | 0.1% | \$ - | \$167,560 | \$164,982,632 | \$165,251,810 |
| 06/30/02 | 75,648 | 97,781 | 0.1% | - | 163,362 | (312,008,839) | (311,672,048) |
| 06/30/01 | 21,287 | 130,161 | 6.0% | - | 255,321 | (321,268,237) | (320,861,468) |
| 06/30/00 | 6,299,691 | 6,302,777 | 6.3% | - | 117,226 | 652,374,467 | 665,094,161 |
| 06/30/99 | 7,099,209 | 7,195,563 | 6.0% | 48,793,478 | 376,034 | 551,062,078 | 614,526,362 |
| 06/30/98 | 7,547,057 | 7,566,542 | 6.1% | 50,358,280 | 120,694 | 680,407,239 | 745,999,812 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|---------------|-------------------------|-----------|-----------|------------------|
| 06/30/03 | \$264,617,709 | \$2,789,201 | \$158,026 | \$166,218 | \$267,731,154 |
| 06/30/02 | 252,625,386 | 3,087,910 | 92,384 | 134,756 | 255,940,436 |
| 06/30/01 | 238,938,103 | 3,218,176 | 11,287 | 203,019 | 242,370,585 |
| 06/30/00 | 225,175,096 | 2,612,035 | 82,474 | 371,674 | 228,241,279 |
| 06/30/99 | 211,949,501 | 2,654,545 | 101,947 | 1,982,672 | 216,688,665 |
| 06/30/98 | 197,887,426 | 2,079,952 | 152,802 | 412,707 | 200,532,887 |

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: | | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|-------------------------|---------------------|-----------|--------------------------------------|-----------------|
| | | | % of covered payroll | State Contributions | | | |
| 06/30/03 | \$ 41,371,860 | \$25,582,678 | 2.7% | \$16,404,592 | \$233,789 | \$100,385,470 | \$183,978,389 |
| 06/30/02 | 39,400,888 | 23,996,574 | 2.7% | 15,550,761 | 62,568 | (153,463,596) | (74,452,805) |
| 06/30/01 | 52,939,535 | 31,450,436 | 3.9% | 20,918,699 | 95,933 | (144,765,384) | (39,360,781) |
| 06/30/00 | 43,729,087 | 26,214,154 | 3.5% | 17,093,093 | 53,965 | 275,090,284 | 362,180,583 |
| 06/30/99 | 56,679,959 | 34,310,347 | 5.1% | 22,209,747 | 72,076 | 219,094,828 | 332,366,957 |
| 06/30/98 | 51,425,376 | 31,084,315 | 5.1% | 20,108,676 | 138,310 | 239,874,995 | 342,631,672 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|-------------|-------------------------|-------------|-----------|------------------|
| 06/30/03 | \$4,058,474 | \$1,527,799 | \$5,124,356 | \$94,281 | \$10,804,910 |
| 06/30/02 | 2,742,712 | 1,477,268 | 9,142,897 | 109,172 | 13,472,049 |
| 06/30/01 | 1,726,516 | 1,450,414 | 8,342,811 | 164,648 | 11,684,389 |
| 06/30/00 | 929,020 | 1,091,542 | 11,054,429 | 135,224 | 13,210,215 |
| 06/30/99 | 800,328 | 1,042,437 | 10,191,581 | 398,803 | 12,433,149 |
| 06/30/98 | 580,457 | 725,563 | 7,048,236 | 58,299 | 8,412,555 |

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

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: | | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|-------------------------|-----------|--------------------------------------|-----------------|
| | | | % of covered payroll | Transfers | | |
| 06/30/03 | \$1,313,432 | (\$4) | - % | \$143,989 | \$23,160,386 | \$24,617,803 |
| 06/30/02 | 1,245,408 | 3 | - % | 264,982 | (41,663,160) | (40,152,767) |
| 06/30/01 | 1,816,629 | 131 | - % | 252,028 | (42,078,627) | (40,009,839) |
| 06/30/00 | 4,049,650 | 15,506 | - % | 403,277 | 84,098,787 | 88,567,220 |
| 06/30/99 | 3,755,380 | 5,935,137 | 11.1% | 649,910 | 69,898,804 | 80,239,231 |
| 06/30/98 | 3,568,680 | 5,953,214 | 11.7% | 206,932 | 83,957,975 | 93,686,801 |

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

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

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|--------------|-------------------------|-----------|-----------|------------------|
| 06/30/03 | \$24,046,946 | \$377,870 | \$220,762 | \$22,936 | \$24,668,514 |
| 06/30/02 | 22,315,700 | 398,141 | 199,115 | 16,067 | 22,929,023 |
| 06/30/01 | 20,359,143 | 409,945 | 87,806 | 26,087 | 20,882,981 |
| 06/30/00 | 18,787,500 | 323,706 | 317,140 | 14,642 | 19,442,988 |
| 06/30/99 | 17,146,839 | 327,502 | 172,613 | 6,054 | 17,653,008 |
| 06/30/98 | 15,658,636 | 243,771 | 374,354 | 5,423 | 16,282,184 |

Schedule of Additions to Plan Net Assets by Source: JRS

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | State Contributions | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|---------------------|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$214,806 | \$214,806 | 7.5% | \$6,000,000 | \$257 | \$120,445 | \$6,550,314 |
| 06/30/02 | 229,094 | 229,094 | 7.5% | 6,000,000 | 226 | 248,521 | 6,706,935 |
| 06/30/01 | 256,669 | 256,669 | 7.5% | 7,000,000 | 382 | 581,916 | 8,095,636 |
| 06/30/00 | 306,115 | 306,078 | 7.5% | 7,000,000 | 192 | 507,127 | 8,119,512 |
| 06/30/99 | 306,629 | 306,664 | 7.5% | 8,500,000 | 81 | 373,027 | 9,486,401 |
| 06/30/98 | 316,228 | 316,228 | 7.5% | 8,500,000 | 62 | 285,055 | 9,417,573 |

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

Schedule of Deductions from Plan Net Assets by Type: JRS

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|-------------|-------------------------|---------|-----------|------------------|
| 06/30/03 | \$8,278,624 | \$3,992 | \$0 | \$257 | \$8,282,873 |
| 06/30/02 | 8,059,875 | 5,410 | - | 226 | 8,065,511 |
| 06/30/01 | 7,719,379 | 5,258 | - | 380 | 7,725,017 |
| 06/30/00 | 7,330,624 | 4,878 | - | 192 | 7,335,694 |
| 06/30/99 | 7,367,726 | 4,363 | - | 81 | 7,372,170 |
| 06/30/98 | 7,216,710 | 2,756 | - | 61 | 7,219,527 |

Schedule of Additions to Plan Net Assets by Source: Judges

| Year Ended | Employee Contributions | Employer Contributions: Amount | Employer Contributions: % of covered payroll | State Contributions | Transfers | Investment Income/ Miscellaneous* | Total Additions |
|------------|------------------------|--------------------------------|--|---------------------|-----------|-----------------------------------|-----------------|
| 06/30/03 | \$5,823 | \$6,082 | ** | \$250,000 | \$192 | \$111,621 | \$373,718 |
| 06/30/02 | 8,465 | 8,465 | ** | 250,000 | 127 | 217,472 | 484,529 |
| 06/30/01 | 7,995 | 7,995 | 6.5% | 750,000 | 217 | 338,051 | 1,104,258 |
| 06/30/00 | 7,714 | 7,714 | 6.5% | 750,000 | 93 | 192,868 | 958,389 |
| 06/30/99 | 7,589 | 7,589 | 6.5% | 750,000 | 40 | 181,741 | 946,959 |
| 06/30/98 | 10,784 | 10,784 | 6.5% | 750,000 | 36 | 200,406 | 972,010 |

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

Schedule of Deductions from Plan Net Assets by Type: Judges

| Year Ended | Benefits | Administrative Expenses | Refunds | Transfers | Total Deductions |
|------------|-----------|-------------------------|---------|-----------|------------------|
| 06/30/03 | \$638,785 | \$2,976 | \$0 | \$192 | \$641,953 |
| 06/30/02 | 655,914 | 3,046 | - | 127 | 659,087 |
| 06/30/01 | 662,102 | 3,337 | - | 216 | 665,655 |
| 06/30/00 | 662,102 | 2,056 | - | 93 | 664,251 |
| 06/30/99 | 664,933 | 2,145 | - | 40 | 667,118 |
| 06/30/98 | 630,733 | 1,640 | - | 36 | 632,409 |

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 1
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|--------------|--------------|------------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 0-100 | 197 | 118 | 32 | 11 | 36 | 148 | 22 | 26 | 1 |
| 101-200 | 2,256 | 1,563 | - | 170 | 523 | 1,494 | 526 | 234 | 2 |
| 201-300 | 3,504 | 2,507 | 8 | 216 | 773 | 2,307 | 807 | 384 | 6 |
| 301-400 | 3,799 | 2,767 | 58 | 190 | 784 | 2,522 | 819 | 452 | 6 |
| 401-500 | 3,614 | 2,721 | - | 182 | 711 | 2,392 | 713 | 500 | 9 |
| 501-600 | 3,589 | 2,769 | 2 | 152 | 666 | 2,354 | 686 | 534 | 15 |
| 601-700 | 3,248 | 2,555 | 3 | 132 | 558 | 2,092 | 603 | 542 | 11 |
| 701-800 | 3,211 | 2,617 | 4 | 129 | 461 | 2,080 | 595 | 520 | 16 |
| 801-900 | 2,743 | 2,314 | 4 | 95 | 330 | 1,765 | 519 | 445 | 14 |
| 901-1,000 | 2,513 | 2,135 | 2 | 84 | 292 | 1,574 | 512 | 406 | 21 |
| Over 1,000 | <u>25,332</u> | <u>23,871</u> | <u>4</u> | <u>339</u> | <u>1,118</u> | <u>16,133</u> | <u>4,031</u> | <u>4,447</u> | <u>721</u> |
| Totals | <u>54,006</u> | <u>45,937</u> | <u>117</u> | <u>1,700</u> | <u>6,252</u> | <u>34,861</u> | <u>9,833</u> | <u>8,490</u> | <u>822</u> |

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

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

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 2
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|--------------|------------|------------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 319 | 130 | - | 162 | 27 | 218 | 91 | 8 | 2 |
| 101-200 | 1,130 | 771 | - | 281 | 78 | 804 | 270 | 38 | 18 |
| 201-300 | 1,267 | 929 | - | 219 | 119 | 847 | 322 | 66 | 32 |
| 301-400 | 1,199 | 973 | - | 144 | 82 | 829 | 275 | 69 | 26 |
| 401-500 | 1,080 | 922 | - | 102 | 56 | 746 | 243 | 76 | 15 |
| 501-600 | 915 | 807 | - | 59 | 49 | 606 | 209 | 73 | 27 |
| 601-700 | 817 | 725 | - | 50 | 42 | 567 | 161 | 59 | 30 |
| 701-800 | 671 | 620 | - | 26 | 25 | 460 | 118 | 60 | 33 |
| 801-900 | 557 | 532 | - | 17 | 8 | 386 | 92 | 65 | 14 |
| 901-1,000 | 467 | 446 | - | 13 | 8 | 333 | 64 | 57 | 13 |
| Over 1,000 | <u>1,319</u> | <u>1,289</u> | <u>-</u> | <u>13</u> | <u>17</u> | <u>926</u> | <u>158</u> | <u>173</u> | <u>62</u> |
| Totals | <u>9,741</u> | <u>8,144</u> | <u>-</u> | <u>1,086</u> | <u>511</u> | <u>6,722</u> | <u>2,003</u> | <u>744</u> | <u>272</u> |

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

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

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: PERS Plan 3
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|----------|----------|----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 0-100 | - | - | - | - | - | - | - | - | - |
| 101-200 | 2 | 2 | - | - | - | 1 | 1 | - | - |
| 201-300 | 2 | 2 | - | - | - | 2 | - | - | - |
| 301-400 | 2 | 2 | - | - | - | 2 | - | - | - |
| 401-500 | 1 | 1 | - | - | - | 1 | - | - | - |
| 501-600 | 1 | 1 | - | - | - | 1 | - | - | - |
| 601-700 | - | - | - | - | - | - | - | - | - |
| 701-800 | - | - | - | - | - | - | - | - | - |
| 801-900 | - | - | - | - | - | - | - | - | - |
| 901-1,000 | - | - | - | - | - | - | - | - | - |
| Over 1,000 | 1 | 1 | - | - | - | 1 | - | - | - |
| Totals | 9 | 9 | - | - | - | 8 | 1 | - | - |

* 1 - Retiree's lifetime, 2 - Beneficiary receives same monthly benefit for life, 3 - Beneficiary receives half the monthly benefit for life,
4 - Beneficiary receives two-thirds the monthly benefit for life.
Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: SERS Plan 2
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|-----------|-----------|----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 15 | 4 | - | 11 | - | 8 | 7 | - | - |
| 101-200 | 71 | 51 | - | 16 | 4 | 54 | 13 | 3 | 1 |
| 201-300 | 60 | 45 | - | 9 | 6 | 40 | 18 | 1 | 1 |
| 301-400 | 62 | 55 | - | 4 | 3 | 46 | 13 | 1 | 2 |
| 401-500 | 53 | 48 | - | 5 | - | 43 | 6 | 3 | 1 |
| 501-600 | 41 | 38 | - | 1 | 2 | 29 | 7 | 5 | - |
| 601-700 | 36 | 36 | - | - | - | 28 | 3 | 5 | - |
| 701-800 | 25 | 24 | - | 1 | - | 21 | 2 | 2 | - |
| 801-900 | 20 | 18 | - | 2 | - | 16 | 2 | 1 | 1 |
| 901-1,000 | 19 | 19 | - | - | - | 16 | 1 | 1 | 1 |
| Over 1,000 | 35 | 35 | - | - | - | 25 | 5 | 4 | 1 |
| Totals | 437 | 373 | - | 49 | 15 | 326 | 77 | 26 | 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: SERS Plan 3
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|-----------|----------|----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 27 | 24 | - | 2 | 1 | 19 | 6 | 1 | 1 |
| 101-200 | 85 | 76 | - | 5 | 4 | 70 | 10 | 3 | 2 |
| 201-300 | 44 | 42 | - | 2 | - | 39 | 5 | - | - |
| 301-400 | 14 | 14 | - | - | - | 10 | 2 | 1 | 1 |
| 401-500 | 5 | 5 | - | - | - | 3 | 1 | 1 | - |
| 501-600 | 5 | 4 | - | 1 | - | 3 | - | 2 | - |
| 601-700 | 2 | 2 | - | - | - | 2 | - | - | - |
| 701-800 | 2 | 2 | - | - | - | 2 | - | - | - |
| 801-900 | - | - | - | - | - | - | - | - | - |
| 901-1,000 | - | - | - | - | - | - | - | - | - |
| Over 1,000 | 1 | 1 | - | - | - | 1 | - | - | - |
| Totals | 185 | 170 | - | 10 | 5 | 149 | 24 | 8 | 4 |

* 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, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|--------------|--------------|------------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 58 | 58 | - | - | - | 42 | 12 | 4 | - |
| 101-200 | 480 | 414 | 13 | - | 53 | 349 | 103 | 25 | 3 |
| 201-300 | 710 | 588 | 37 | - | 85 | 499 | 159 | 49 | 3 |
| 301-400 | 781 | 615 | 39 | - | 127 | 517 | 183 | 77 | 4 |
| 401-500 | 796 | 582 | 55 | - | 159 | 518 | 163 | 114 | 1 |
| 501-600 | 983 | 712 | 61 | - | 210 | 631 | 168 | 183 | 1 |
| 601-700 | 1,040 | 743 | 47 | - | 250 | 582 | 220 | 233 | 5 |
| 701-800 | 1,190 | 872 | 56 | - | 262 | 689 | 229 | 271 | 1 |
| 801-900 | 1,245 | 972 | 59 | - | 214 | 775 | 239 | 227 | 4 |
| 901-1,000 | 1,363 | 1,118 | 60 | - | 185 | 804 | 296 | 261 | 2 |
| Over 1,000 | 24,502 | 23,350 | 399 | - | 753 | 15,924 | 4,351 | 3,652 | 575 |
| Totals | 33,148 | 30,024 | 826 | - | 2,298 | 21,330 | 6,123 | 5,096 | 599 |

* 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, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|------------|-----------|-----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 10 | 4 | - | 6 | - | 8 | 2 | - | - |
| 101-200 | 23 | 15 | - | 6 | 2 | 12 | 10 | 1 | - |
| 201-300 | 49 | 36 | - | 10 | 3 | 34 | 14 | 1 | - |
| 301-400 | 61 | 48 | - | 7 | 6 | 37 | 19 | 4 | 1 |
| 401-500 | 60 | 48 | - | 6 | 6 | 40 | 15 | 4 | 1 |
| 501-600 | 63 | 53 | - | 4 | 6 | 44 | 17 | 2 | - |
| 601-700 | 65 | 56 | - | 8 | 1 | 42 | 14 | 7 | 2 |
| 701-800 | 57 | 47 | - | 5 | 5 | 35 | 17 | 3 | 2 |
| 801-900 | 62 | 59 | - | 1 | 2 | 49 | 7 | 4 | 2 |
| 901-1,000 | 52 | 50 | - | 1 | 1 | 30 | 15 | 5 | 2 |
| Over 1,000 | 321 | 315 | - | 4 | 2 | 240 | 42 | 26 | 13 |
| Totals | 823 | 731 | - | 58 | 34 | 571 | 172 | 57 | 23 |

* 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, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|-----------|----------|----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 3 | - | - | 3 | - | 1 | 2 | - | - |
| 101-200 | 52 | 30 | - | 11 | 11 | 33 | 16 | 2 | 1 |
| 201-300 | 63 | 49 | - | 5 | 9 | 43 | 15 | 4 | 1 |
| 301-400 | 63 | 63 | - | - | - | 56 | 4 | 1 | 2 |
| 401-500 | 39 | 39 | - | - | - | 36 | 2 | 1 | - |
| 501-600 | 25 | 24 | - | 1 | - | 22 | 2 | - | 1 |
| 601-700 | 10 | 10 | - | - | - | 9 | - | 1 | - |
| 701-800 | 13 | 13 | - | - | - | 12 | - | - | 1 |
| 801-900 | 10 | 10 | - | - | - | 8 | 1 | - | 1 |
| 901-1,000 | 3 | 3 | - | - | - | 3 | - | - | - |
| Over 1,000 | 2 | 2 | - | - | - | 1 | 1 | - | - |
| Totals | 283 | 243 | - | 20 | 20 | 224 | 43 | 9 | 7 |

* 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, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|--|--|--|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | | | | |
| \$ 1-100 | 5 | 5 | - | - | - | | | | |
| 101-200 | 9 | 8 | - | - | 1 | | | | |
| 201-300 | 14 | 8 | - | - | 6 | | | | |
| 301-400 | 11 | 10 | - | - | 1 | | | | |
| 401-500 | 16 | 15 | - | - | 1 | | | | |
| 501-600 | 18 | 15 | - | - | 3 | | | | |
| 601-700 | 26 | 19 | - | - | 7 | | | | |
| 701-800 | 24 | 18 | - | - | 6 | | | | |
| 801-900 | 21 | 16 | - | - | 5 | | | | |
| 901-1,000 | 20 | 11 | 1 | - | 8 | | | | |
| Over 1,000 | 7,823 | 2,391 | 3,696 | 612 | 1,124 | | | | |
| Totals | 7,987 | 2,516 | 3,697 | 612 | 1,162 | | | | |

* All beneficiaries receive basic monthly benefit for life.

Source: Washington State Office of the State Actuary

**Schedule of Benefit Recipients by Type of Benefit: LEOFF Plan 2
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|-----------|-----------|-----------|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | 1 | 2 | 3 | 4 |
| \$ 1-100 | 2 | 1 | - | 1 | - | 2 | - | - | - |
| 101-200 | 5 | - | - | 5 | - | 4 | 1 | - | - |
| 201-300 | 8 | 6 | - | 1 | 1 | 3 | 4 | 1 | - |
| 301-400 | 10 | 5 | - | 3 | 2 | 6 | 3 | 1 | - |
| 401-500 | 13 | 10 | - | 2 | 1 | 8 | 3 | 1 | 1 |
| 501-600 | 14 | 13 | - | - | 1 | 7 | 4 | 1 | 2 |
| 601-700 | 19 | 16 | - | 2 | 1 | 13 | 5 | 1 | - |
| 701-800 | 16 | 15 | - | - | 1 | 11 | 3 | 2 | - |
| 801-900 | 9 | 7 | - | 2 | - | 7 | 1 | - | 1 |
| 901-1,000 | 12 | 9 | - | 2 | 1 | 8 | 2 | 1 | 1 |
| Over 1,000 | 136 | 123 | - | 8 | 5 | 83 | 32 | 13 | 8 |
| Totals | 244 | 205 | - | 26 | 13 | 152 | 58 | 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: WSPRS Plan 1
For the Year Ended September 30, 2002**

| Monthly Benefit Amount | Number of Retirees | Retirement Type | | | | Option Selected* | | | |
|------------------------|--------------------|-----------------|-----------------|--------------------|------------------|------------------|--|--|--|
| | | Service | Duty Disability | Nonduty Disability | Survivor Payment | | | | |
| \$ 1-100 | - | - | - | - | - | | | | |
| 101-200 | 3 | 2 | - | - | 1 | | | | |
| 201-300 | 2 | - | - | - | 2 | | | | |
| 301-400 | 2 | 2 | - | - | - | | | | |
| 401-500 | 6 | 1 | - | - | 5 | | | | |
| 501-600 | 13 | 1 | - | - | 12 | | | | |
| 601-700 | 18 | 1 | - | - | 17 | | | | |
| 701-800 | 9 | 2 | - | - | 7 | | | | |
| 801-900 | 10 | - | - | - | 10 | | | | |
| 901-1,000 | 8 | 1 | - | - | 7 | | | | |
| Over 1,000 | 647 | 596 | - | - | 51 | | | | |
| Totals | 718 | 606 | - | - | 112 | | | | |

* All beneficiaries receive basic monthly benefit for life.

Source: Washington State Office of the State Actuary

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

| Retirement Effective Dates | Years of Credited Service | | | | | |
|----------------------------------|---------------------------|------------|------------|------------|------------|------------|
| | 5-10 | 11-15 | 16-20 | 21-25 | 26-30 | 31+ |
| Period 1/1/97 to 12/31/97 | | | | | | |
| Average Monthly Benefit* | \$346.69 | \$746.05 | \$996.51 | \$1,340.66 | \$2,118.35 | \$2,302.41 |
| Average Final Salary (Monthly)* | \$2,350.85 | \$2,976.55 | \$2,795.33 | \$3,044.70 | \$3,873.34 | \$4,099.10 |
| Number of Active Retirees | 57 | 88 | 202 | 449 | 634 | 332 |
| Period 1/1/98 to 12/31/98 | | | | | | |
| Average Monthly Benefit* | \$355.35 | \$677.53 | \$1,006.77 | \$1,338.49 | \$2,106.62 | \$2,385.54 |
| Average Final Salary (Monthly)* | \$2,356.44 | \$2,583.30 | \$3,009.49 | \$3,027.76 | \$3,822.24 | \$4,247.70 |
| Number of Active Retirees | 46 | 72 | 95 | 482 | 756 | 347 |
| Period 1/1/99 to 12/31/99 | | | | | | |
| Average Monthly Benefit* | \$404.00 | \$747.37 | \$1,093.49 | \$1,428.98 | \$2,253.87 | \$2,440.78 |
| Average Final Salary (Monthly)* | \$2,848.46 | \$2,951.93 | \$3,163.59 | \$3,145.52 | \$4,067.96 | \$4,331.37 |
| Number of Active Retirees | 50 | 71 | 127 | 492 | 858 | 426 |
| Period 1/1/00 to 12/31/00 | | | | | | |
| Average Monthly Benefit* | \$334.45 | \$631.61 | \$1,048.38 | \$1,515.01 | \$2,317.25 | \$2,532.19 |
| Average Final Salary (Monthly)* | \$3,085.45 | \$2,661.97 | \$3,146.53 | \$3,283.62 | \$4,192.22 | \$4,448.62 |
| Number of Active Retirees | 121 | 131 | 138 | 505 | 973 | 479 |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$307.83 | \$678.34 | \$1,100.55 | \$1,552.78 | \$2,314.61 | \$2,595.25 |
| Average Final Salary (Monthly)* | \$3,458.70 | \$2,774.76 | \$3,303.24 | \$3,331.65 | \$4,174.12 | \$4,535.78 |
| Number of Active Retirees | 109 | 104 | 87 | 301 | 755 | 394 |
| 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 |

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

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 1/1/97 to 12/31/97** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/98 to 12/31/98** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/99 to 12/31/99** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/00 to 12/31/00** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/01 to 9/30/01** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| 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 | - | - |

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 1/1/97 to 12/31/97** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/98 to 12/31/98** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/99 to 12/31/99** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/00 to 12/31/00 | | | | | | |
| Average Monthly Benefit* | \$215.88 | \$520.57 | \$577.60 | \$790.56 | \$- | \$- |
| Average Final Salary (Monthly)* | \$1,467.89 | \$1,905.60 | \$1,859.92 | \$2,565.72 | \$- | \$- |
| Number of Active Retirees | 6 | 7 | 10 | 2 | - | - |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$194.00 | \$405.98 | \$607.23 | \$800.16 | \$- | \$- |
| Average Final Salary (Monthly)* | \$1,436.54 | \$1,653.89 | \$1,772.23 | \$2,140.37 | \$- | \$- |
| Number of Active Retirees | 40 | 38 | 35 | 31 | - | - |
| 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 | - | - |

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 1/1/97 to 12/31/97** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/98 to 12/31/98** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/99 to 12/31/99** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/00 to 12/31/00** | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$- | \$- | \$- |
| Number of Active Retirees | - | - | - | - | - | - |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$155.58 | \$178.65 | \$201.73 | \$325.92 | \$- | \$- |
| Average Final Salary (Monthly)* | \$2,150.78 | \$1,883.80 | \$1,972.90 | \$2,372.24 | \$- | \$- |
| Number of Active Retirees | 10 | 24 | 28 | 12 | - | - |
| 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 | - | - |

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited)

** SERS became effective September 1, 2002.

Source: Washington State Office of the State Actuary

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

| Retirement Effective Dates | Years of Credited Service | | | | | |
|----------------------------------|---------------------------|------------|------------|------------|------------|------------|
| | 5-10 | 11-15 | 16-20 | 21-25 | 26-30 | 31+ |
| Period 7/1/96 to 6/30/97 | | | | | | |
| Average Monthly Benefit* | \$454.00 | \$818.59 | \$1,112.25 | \$1,554.79 | \$1,932.17 | \$1,931.94 |
| Average Final Salary (Monthly)* | \$3,284.20 | \$3,458.99 | \$3,844.95 | \$4,168.73 | \$4,277.16 | \$4,347.15 |
| Number of Active Retirees | 13 | 9 | 55 | 159 | 493 | 316 |
| Period 7/1/97 to 6/30/98 | | | | | | |
| Average Monthly Benefit* | \$439.30 | \$787.27 | \$1,115.08 | \$1,533.71 | \$1,985.26 | \$2,014.68 |
| Average Final Salary (Monthly)* | \$3,075.22 | \$3,403.57 | \$3,854.23 | \$4,175.42 | \$4,405.69 | \$4,541.03 |
| Number of Active Retirees | 14 | 26 | 48 | 160 | 654 | 448 |
| Period 7/1/98 to 6/30/99 | | | | | | |
| Average Monthly Benefit* | \$396.88 | \$715.87 | \$1,159.08 | \$1,503.29 | \$2,005.94 | \$2,038.77 |
| Average Final Salary (Monthly)* | \$3,403.67 | \$3,482.60 | \$3,890.87 | \$4,261.02 | \$4,481.23 | \$4,600.30 |
| Number of Active Retirees | 11 | 23 | 44 | 192 | 700 | 407 |
| Period 7/1/99 to 6/30/00 | | | | | | |
| Average Monthly Benefit* | \$295.10 | \$588.36 | \$1,088.95 | \$1,575.42 | \$2,072.88 | \$2,083.78 |
| Average Final Salary (Monthly)* | \$3,033.65 | \$2,818.93 | \$3,783.64 | \$4,294.24 | \$4,614.38 | \$4,724.18 |
| Number of Active Retirees | 61 | 58 | 64 | 188 | 814 | 418 |
| Period 7/1/00 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$274.13 | \$733.44 | \$1,134.70 | \$1,688.10 | \$2,180.01 | \$2,207.91 |
| Average Final Salary (Monthly)* | \$2,785.27 | \$3,264.23 | \$4,152.92 | \$4,541.32 | \$4,896.71 | \$4,936.26 |
| Number of Active Retirees | 98 | 118 | 122 | 374 | 1,526 | 1,040 |
| 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 |

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

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

| Retirement Effective Dates | Years of Credited Service | | | | | |
|-----------------------------------|---------------------------|------------|------------|------------|-------|-----|
| | 5-10 | 11-15 | 16-20 | 21-25 | 26-30 | 31+ |
| Period 7/1/96 to 6/30/97 | | | | | | |
| Average Monthly Benefit* | \$462.84 | \$806.31 | \$1,213.18 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,213.65 | \$3,659.73 | \$3,667.85 | \$- | \$- | \$- |
| Number of Active Retirees | 9 | 14 | 20 | - | - | - |
| Period 7/1/97 to 6/30/98 | | | | | | |
| Average Monthly Benefit* | \$420.47 | \$913.02 | \$1,252.09 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,521.53 | \$3,802.50 | \$3,964.16 | \$- | \$- | \$- |
| Number of Active Retirees | 17 | 13 | 19 | - | - | - |
| Period 7/1/98 to 6/30/99 | | | | | | |
| Average Monthly Benefit* | \$465.45 | \$956.60 | \$1,342.24 | \$875.44 | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,432.16 | \$3,759.73 | \$4,317.44 | \$3,516.92 | \$- | \$- |
| Number of Active Retirees | 16 | 13 | 28 | 2 | - | - |
| Period 7/1/99 to 6/30/00 | | | | | | |
| Average Monthly Benefit* | \$477.49 | \$806.42 | \$1,340.51 | \$1,368.88 | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,292.52 | \$3,519.21 | \$4,130.82 | \$3,985.34 | \$- | \$- |
| Number of Active Retirees | 37 | 30 | 32 | 11 | - | - |
| Period 7/1/00 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$502.96 | \$944.22 | \$1,246.40 | \$1,497.10 | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,386.67 | \$3,859.24 | \$4,071.52 | \$4,098.62 | \$- | \$- |
| Number of Active Retirees | 55 | 44 | 50 | 36 | - | - |
| Period 10/01/01 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 | - | - |

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

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

| Retirement Effective Dates | Years of Credited Service | | | | | |
|----------------------------------|---------------------------|------------|------------|------------|-------|-----|
| | 5-10 | 11-15 | 16-20 | 21-25 | 26-30 | 31+ |
| Period 7/1/96 to 6/30/97 | | | | | | |
| Average Monthly Benefit* | \$167.84 | \$224.66 | \$- | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,356.84 | \$4,008.12 | \$- | \$- | \$- | \$- |
| Number of Active Retirees | 1 | 2 | - | - | - | - |
| Period 7/1/97 to 6/30/98 | | | | | | |
| Average Monthly Benefit* | \$143.82 | \$274.92 | \$416.11 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$5,722.32 | \$3,739.84 | \$4,121.50 | \$- | \$- | \$- |
| Number of Active Retirees | 1 | 2 | 2 | - | - | - |
| Period 7/1/98 to 6/30/99 | | | | | | |
| Average Monthly Benefit* | \$204.33 | \$274.94 | \$444.58 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$4,630.42 | \$3,676.21 | \$4,108.33 | \$- | \$- | \$- |
| Number of Active Retirees | 2 | 13 | 15 | - | - | - |
| Period 7/1/99 to 6/30/00 | | | | | | |
| Average Monthly Benefit* | \$129.91 | \$284.85 | \$527.43 | \$431.09 | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,245.45 | \$3,850.47 | \$4,450.93 | \$4,342.86 | \$- | \$- |
| Number of Active Retirees | 3 | 19 | 14 | 2 | - | - |
| Period 7/1/00 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$248.98 | \$343.19 | \$479.65 | \$571.69 | \$- | \$- |
| Average Final Salary (Monthly)* | \$4,040.17 | \$4,098.63 | \$4,240.39 | \$4,429.45 | \$- | \$- |
| Number of Active Retirees | 15 | 37 | 28 | 20 | - | - |
| 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 | - | - |

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 1/1/97 to 12/31/97 | | | | | | |
| Average Monthly Benefit* | \$- | \$1,273.10 | \$- | \$1,980.77 | \$2,777.63 | \$3,345.52 |
| Average Final Salary (Monthly)* | \$- | \$7,024.00 | \$- | \$4,141.15 | \$4,909.48 | \$5,057.89 |
| Number of Active Retirees | - | 1 | - | 24 | 69 | 25 |
| Period 1/1/98 to 12/31/98 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$1,409.20 | \$2,317.78 | \$2,893.12 | \$3,822.23 |
| Average Final Salary (Monthly)* | \$- | \$- | \$3,523.00 | \$4,787.24 | \$5,192.90 | \$5,838.70 |
| Number of Active Retirees | - | - | 2 | 16 | 77 | 30 |
| Period 1/1/99 to 12/31/99 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$2,433.96 | \$2,953.55 | \$3,753.25 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$5,047.65 | \$5,205.80 | \$5,754.30 |
| Number of Active Retirees | - | - | - | 17 | 71 | 31 |
| Period 1/1/00 to 12/31/00 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$1,650.47 | \$2,689.59 | \$3,032.38 | \$3,750.90 |
| Average Final Salary (Monthly)* | \$- | \$- | \$3,990.61 | \$5,121.64 | \$5,608.80 | \$6,132.45 |
| Number of Active Retirees | - | - | 3 | 48 | 141 | 60 |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$345.68 | \$894.28 | \$1,579.67 | \$2,816.73 | \$3,109.33 | \$3,584.16 |
| Average Final Salary (Monthly)* | \$2,610.67 | \$2,696.79 | \$4,023.37 | \$5,434.91 | \$5,763.09 | \$5,837.19 |
| Number of Active Retirees | 2 | 2 | 6 | 39 | 87 | 49 |
| 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 |

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 1/1/97 to 12/31/97 | | | | | | |
| Average Monthly Benefit* | \$438.29 | \$892.34 | \$1,404.05 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,174.33 | \$3,574.31 | \$4,286.18 | \$- | \$- | \$- |
| Number of Active Retirees | 6 | 4 | 4 | - | - | - |
| Period 1/1/98 to 12/31/98 | | | | | | |
| Average Monthly Benefit* | \$470.21 | \$904.73 | \$1,422.44 | \$- | \$- | \$- |
| Average Final Salary (Monthly)* | \$3,210.43 | \$4,021.01 | \$4,803.66 | \$- | \$- | \$- |
| Number of Active Retirees | 4 | 1 | 6 | - | - | - |
| Period 1/1/99 to 12/31/99 | | | | | | |
| Average Monthly Benefit* | \$570.78 | \$854.44 | \$1,475.41 | \$2,577.73 | \$- | \$- |
| Average Final Salary (Monthly)* | \$4,065.54 | \$3,620.92 | \$4,020.36 | \$6,211.40 | \$- | \$- |
| Number of Active Retirees | 6 | 6 | 6 | 1 | - | - |
| Period 1/1/00 to 12/31/00 | | | | | | |
| Average Monthly Benefit* | \$650.73 | \$1,027.96 | \$1,346.56 | \$1,976.68 | \$- | \$- |
| Average Final Salary (Monthly)* | \$5,539.05 | \$3,806.93 | \$4,218.39 | \$5,245.36 | \$- | \$- |
| Number of Active Retirees | 7 | 10 | 13 | 5 | - | - |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$626.16 | \$943.10 | \$1,885.84 | \$2,066.47 | \$- | \$- |
| Average Final Salary (Monthly)* | \$4,995.09 | \$4,004.33 | \$5,212.68 | \$5,146.12 | \$- | \$- |
| Number of Active Retirees | 8 | 8 | 12 | 11 | - | - |
| 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 | - | - |

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 1/1/97 to 12/31/97 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$2,481.13 | \$3,040.10 | \$3,310.53 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$4,925.17 | \$5,392.84 | \$5,022.66 |
| Number of Active Retirees | - | - | - | 11 | 13 | 8 |
| Period 1/1/98 to 12/31/98 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$2,661.26 | \$3,028.54 | \$4,001.54 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$5,261.77 | \$5,416.48 | \$5,838.87 |
| Number of Active Retirees | - | - | - | 7 | 18 | 8 |
| Period 1/1/99 to 12/31/99 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$2,861.87 | \$3,186.29 | \$3,197.98 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$5,633.93 | \$5,578.02 | \$4,817.43 |
| Number of Active Retirees | - | - | - | 7 | 21 | 7 |
| Period 1/1/00 to 12/31/00 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$3,211.61 | \$3,277.30 | \$3,488.65 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$6,332.66 | \$5,870.93 | \$5,447.32 |
| Number of Active Retirees | - | - | - | 7 | 21 | 6 |
| Period 1/1/01 to 9/30/01 | | | | | | |
| Average Monthly Benefit* | \$- | \$- | \$- | \$2,024.21 | \$3,604.37 | \$4,322.36 |
| Average Final Salary (Monthly)* | \$- | \$- | \$- | \$4,264.99 | \$6,348.08 | \$6,362.57 |
| Number of Active Retirees | - | - | - | 2 | 12 | 15 |
| 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 |

Retirees with missing or invalid data elements were excluded.

* At retirement (may not be audited).

Source: Washington State Office of the State Actuary

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 1
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 710,564,850 | \$656,113,101 | \$635,006,306 | \$588,661,726 | \$540,638,028 | \$501,899,255 |
| Disability | 15,209,570 | 14,505,478 | 14,197,523 | 13,254,891 | 12,963,388 | 12,268,861 |
| Survivor | 50,908,344 | 48,111,236 | 45,945,786 | 43,556,137 | 40,689,134 | 37,813,989 |
| Refunds | | | | | | |
| Separations | 4,224,483 | 5,422,099 | 5,799,413 | 7,407,080 | 7,322,181 | 8,065,645 |
| Death | 1,453,013 | 2,023,721 | 1,485,572 | 1,413,327 | 1,612,098 | 1,662,739 |
| Total | <u>\$ 782,360,260</u> | <u>\$726,175,635</u> | <u>\$702,434,600</u> | <u>\$654,293,161</u> | <u>\$603,224,829</u> | <u>\$561,710,489</u> |

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 2/3
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 64,732,806 | \$ 54,064,585 | \$ 49,589,167 | \$ 40,969,180 | \$ 32,220,213 | \$ 25,281,883 |
| Disability | 4,919,722 | 4,310,386 | 3,957,988 | 3,506,957 | 3,075,923 | 2,356,661 |
| Survivor | 2,807,468 | 2,176,568 | 1,863,087 | 1,526,714 | 1,130,096 | 910,346 |
| Refunds | | | | | | |
| Separations | 27,644,814 | 38,626,502 | 36,945,084 | 53,784,644 | 52,743,701 | 50,454,850 |
| Death | 3,190,431 | 3,460,241 | 2,702,340 | 3,570,486 | 3,171,457 | 2,925,061 |
| Total | <u>\$ 103,295,241</u> | <u>\$102,638,282</u> | <u>\$ 95,057,666</u> | <u>\$103,357,981</u> | <u>\$ 92,341,390</u> | <u>\$ 81,928,801</u> |

**Schedule of Benefit Expenses and Refunds by Type: PERS Plan 3*
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|---------------------|-----------------|-------------|-------------|-------------|-------------|
| Benefit Expenses | | | | | | |
| Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability | - | - | - | - | - | - |
| Survivor | - | - | - | - | - | - |
| Refunds | | | | | | |
| Separations | 5,514,745 | 6,318 | - | - | - | - |
| Death | 222,130 | - | - | - | - | - |
| Total | <u>\$ 5,736,875</u> | <u>\$ 6,318</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

* PERS Plan 3 became effective March 1, 2002.

**Schedule of Benefit Expenses and Refunds by Type: SERS Plan 2/3*
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|---------------------|---------------------|---------------------|-------------------|-------------|-------------|
| Benefit Expenses | | | | | | |
| Service | \$ 3,646,834 | \$ 1,646,148 | \$ 930,617 | \$ 27,022 | \$ - | \$ - |
| Disability | 442,054 | 354,825 | 130,933 | 3,455 | - | - |
| Survivor | 215,759 | 47,011 | 14,778 | 764 | - | - |
| Refunds | | | | | | |
| Separations | 1,971,988 | 2,090,111 | 2,327,769 | 608,101 | - | - |
| Death | 248,560 | 306,605 | 259,428 | 16,283 | - | - |
| Total | <u>\$ 6,525,195</u> | <u>\$ 4,444,700</u> | <u>\$ 3,663,525</u> | <u>\$ 655,625</u> | <u>\$ -</u> | <u>\$ -</u> |

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

Schedule of Benefit Expenses and Refunds by Type: SERS Plan 3*
For the Years Ended 1998-2003

| | 06/30/03 | 6/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|----------------------|----------------------|---------------------|-------------|-------------|-------------|
| Benefit Expenses | | | | | | |
| Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability | - | - | - | - | - | - |
| Survivor | - | - | - | - | - | - |
| Refunds | | | | | | |
| Separations | 10,528,177 | 10,498,483 | 8,780,956 | - | - | - |
| Death | 799,700 | 372,785 | - | - | - | - |
| Total | \$ 11,327,877 | \$ 10,871,268 | \$ 8,780,956 | \$ - | \$ - | \$ - |

* SERS Plan 3 became effective September 1, 2000.

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 1
For the Years Ended 1998-2003

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Benefit Expenses | | | | | | |
| Service | \$652,418,744 | \$644,217,571 | \$521,534,172 | \$481,936,136 | \$446,676,299 | \$414,944,309 |
| Disability | 10,915,713 | 10,691,557 | 10,336,975 | 9,929,908 | 9,492,828 | 9,337,526 |
| Survivor | 25,919,011 | 24,099,771 | 23,058,142 | 21,297,268 | 19,558,247 | 18,194,834 |
| Refunds | | | | | | |
| Separations | 1,521,363 | 2,312,601 | 1,305,437 | 1,478,102 | 1,944,684 | 1,767,726 |
| Death | - | - | 788,427 | 1,209,659 | 482,674 | 985,881 |
| Total | \$690,774,831 | \$681,321,500 | \$557,023,153 | \$515,851,073 | \$478,154,732 | \$445,230,276 |

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 2/3
For the Years Ended 1998-2003

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 9,987,978 | \$ 7,876,133 | \$ 6,998,869 | \$ 5,367,594 | \$ 3,740,029 | \$ 2,652,770 |
| Disability | 406,238 | 436,515 | 476,896 | 333,461 | 282,209 | 188,852 |
| Survivor | 467,236 | 356,174 | 304,761 | 262,307 | 191,534 | 132,691 |
| Refunds | | | | | | |
| Separations | 3,082,084 | 4,220,154 | 3,177,764 | 9,064,640 | 4,805,273 | 5,816,060 |
| Death | 455,170 | 290,309 | 449,041 | 1,087,462 | 344,344 | 228,372 |
| Total | \$ 14,398,706 | \$ 13,179,285 | \$ 11,407,331 | \$ 16,115,464 | \$ 9,363,389 | \$ 9,018,745 |

Schedule of Benefit Expenses and Refunds by Type: TRS Plan 3*
For the Years Ended 1998-2003

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| Benefit Expenses | | | | | | |
| Service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Disability | - | - | - | - | - | - |
| Survivor | - | - | - | - | - | - |
| Refunds | | | | | | |
| Separations | 18,611,481 | 17,374,648 | 18,222,837 | 19,356,326 | 12,876,540 | 5,867,278 |
| Death | 719,523 | 1,020,417 | 1,194,324 | 457,847 | 852,292 | 645,236 |
| Total | \$ 19,331,004 | \$ 18,395,065 | \$ 19,417,161 | \$ 19,814,173 | \$ 13,728,832 | \$ 6,512,514 |

* TRS Plan 3 became effective July 1, 1996.

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 1
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 89,457,163 | \$ 83,586,369 | \$ 82,789,979 | \$ 77,262,220 | \$ 71,668,527 | \$ 66,691,196 |
| Disability | 139,235,534 | 135,537,306 | 131,426,754 | 125,339,799 | 119,272,522 | 113,248,129 |
| Survivor | 35,925,012 | 33,501,711 | 31,910,719 | 29,709,496 | 27,593,509 | 25,496,922 |
| Refunds | | | | | | |
| Separations | 152,808 | 5,696 | 3,170 | 11,985 | 79,588 | 175,241 |
| Death | 5,218 | 86,688 | 93,655 | 72,832 | - | - |
| Total | <u>\$ 264,775,735</u> | <u>\$252,717,770</u> | <u>\$246,224,277</u> | <u>\$232,396,332</u> | <u>\$218,614,146</u> | <u>\$205,611,488</u> |

**Schedule of Benefit Expenses and Refunds by Type: LEOFF Plan 2
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|---------------------|----------------------|---------------------|----------------------|----------------------|---------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 3,596,219 | \$ 2,481,291 | \$ 2,073,175 | \$ 1,198,855 | \$ 795,152 | \$ 627,052 |
| Disability | 318,663 | 200,317 | 145,137 | 77,399 | 41,496 | 45,301 |
| Survivor | 143,592 | 61,104 | 41,305 | 23,558 | 9,095 | 8,830 |
| Refunds | | | | | | |
| Separations | 4,810,097 | 8,553,441 | 7,356,574 | 10,570,565 | 9,428,493 | 7,827,932 |
| Death | 314,259 | 589,456 | 233,695 | 578,737 | 885,263 | 418,782 |
| Total | <u>\$ 9,182,830</u> | <u>\$ 11,885,609</u> | <u>\$ 9,849,886</u> | <u>\$ 12,449,114</u> | <u>\$ 11,159,499</u> | <u>\$ 8,927,897</u> |

**Schedule of Benefit Expenses and Refunds by Type: WSPRS Plan 1
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 22,535,793 | \$ 20,874,239 | \$ 20,065,857 | \$ 18,286,024 | \$ 16,780,074 | \$ 15,261,417 |
| Disability | - | - | - | - | - | - |
| Survivor | 1,511,153 | 1,441,461 | 1,355,139 | 1,292,016 | 1,205,714 | 1,092,476 |
| Refunds | | | | | | |
| Separations | 220,762 | 199,115 | 124,335 | 173,455 | 243,660 | 412,210 |
| Death | - | - | - | 32,462 | - | - |
| Total | <u>\$ 24,267,708</u> | <u>\$ 22,514,815</u> | <u>\$ 21,545,331</u> | <u>\$ 19,783,957</u> | <u>\$ 18,229,448</u> | <u>\$ 16,766,103</u> |

**Schedule of Benefit Expenses and Refunds by Type: JRS
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 6,966,328 | \$ 6,768,758 | \$ 6,767,567 | \$ 6,247,270 | \$ 6,183,383 | \$ 6,331,097 |
| Disability | 33,790 | 56,238 | 55,419 | 54,600 | 13,650 | 17,410 |
| Survivor | 1,278,506 | 1,234,879 | 1,227,844 | 1,173,186 | 1,135,379 | 1,004,456 |
| Refunds | | | | | | |
| Separations | - | - | - | - | - | - |
| Death | - | - | - | - | - | - |
| Total | <u>\$ 8,278,624</u> | <u>\$ 8,059,875</u> | <u>\$ 8,050,830</u> | <u>\$ 7,475,056</u> | <u>\$ 7,332,412</u> | <u>\$ 7,352,963</u> |

**Schedule of Benefit Expenses and Refunds by Type: JUDGES
For the Years Ended 1998-2003**

| | 06/30/03 | 06/30/02 | 12/31/01 | 12/31/00 | 12/31/99 | 12/31/98 |
|-------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Benefit Expenses | | | | | | |
| Service | \$ 566,540 | \$ 603,088 | \$ 621,653 | \$ 621,653 | \$ 621,653 | \$ 621,653 |
| Disability | - | - | - | - | - | - |
| Survivor | 72,245 | 52,826 | 40,449 | 40,449 | 41,485 | 46,460 |
| Refunds | | | | | | |
| Separations | - | - | - | - | - | - |
| Death | - | - | - | - | - | - |
| Total | <u>\$ 638,785</u> | <u>\$ 655,914</u> | <u>\$ 662,102</u> | <u>\$ 662,102</u> | <u>\$ 663,138</u> | <u>\$ 668,113</u> |

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 1 of 11)

State Agencies

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (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, 2003 (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, 2003 (page 4 of 11)

School Districts (continued)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (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)
Garfield (Town of)
George
Gig Harbor
Goldendale

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 6 of 11)

Cities & Towns (continued)

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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 7 of 11)

Cities & Towns (continued)

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

Woodland
Woodway (Town of)
Yacolt (Town of)
Yakima
Yarrow Point (Town of)
Yelm
Zillah

Counties

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

Snohomish
Spokane
Stevens
Thurston
Wahkiakum
Walla Walla
Whatcom
Whitman
Yakima

Air Quality Authorities

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

Area Agencies on Aging

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

Conservation Districts

Clallam
Columbia
Cowlitz
King
Kittitas
Pacific
Snohomish
Stevens Co.
Thurston
Wahkiakum

Fire Protection Districts

Adams Co. FPD 5
Asotin Co. FPD 1

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 8 of 11)

Fire Protection Districts (continued)

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
Clallam Co. FPDs 2 & 3
Clark Co. FPDs 1, 3, 5, 6, 9, 11, 12 & 13
Cowlitz Co. FPDs 2 & 5
Douglas Co. FPD 2
Federal Way Fire Dept.
Franklin Co. FPD 3
Grant Co. FPDs 3, 4, 5 & 8
Island Co. FPDs 1-3
Jefferson Co. FPDs 1-4 & 6
King Co. FPDs 2, 10, 14, 16, 20, 25-27, 34, 37, 40, 43-45 & 50
Kitsap Co. FPDs 7 & 18
Kittitas Co. FPD 2
Lewis Co. FPD 6, 10 & 12
Marysville Fire Dist. 12
Mason Co. FPDs 2-6 & 13
North Highline Fire Dist.
North Kitsap Fire & Rescue
North Whatcom Fire & Rescue
Okanogan Co. FPD 5 & 6
Pacific Co. FPD 1
Pend Oreille FPD 4
Pierce Co. FPDs 1-3, 5, 6, 8, 10, 12-14, 16, 17, 21, 22 & 27
Prosser FPD 3
San Juan Co. FPDs 2-4
Shoreline Fire Dept.
Skagit Co. FPD 8
Snohomish Co. FPDs 1, 3-5, 7, 8, 14, 15, 17, 18, 26 & 28
South Pierce Fire & Rescue 15
Spokane Co. FPDs 1, 3, 4 & 8-10

Stevens Co. FPD 1
Thurston Co. FPDs 1, 3, 5, 6, 8, 9, 11 & 13
Vashon Island Fire & Rescue
Walla Walla Co. FPDs 4 & 5
Whatcom Co. FPDs 2, 4, 7, 8 & 14
Woodinville Fire-Life Safety Dist.
Yakima Co. FPDs 4, 5 & 12
Yelm Fire Dist.

Public Health

Asotin Co. Health Dist.
Benton-Franklin Health Dist.
Bremerton-Kitsap Co. Health Dist.
Chelan-Douglas Health Dist.
Garfield Co. Health Dist.
Grant Co. Health Dist.
Greater Columbia Behavioral Health
King Co. Public Health Dept.
North Central WA Regional Support 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
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.
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 9 of 11)

Insurance Authorities (continued)

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.
Fall City Water Dist.
Franklin Co. Irrigation Dist. 1
Gardena Farms Dist. 13

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

Point Roberts Water Dist. 4
Quincy-Columbia Basin Irrigation Dist.
Ronald Wastewater Dist.
Roza Irrigation Dist.
Samish Water Dist.
Sammamish Plateau Water & Sewer Dist.
Selah-Moxee Irrigation Dist.
Shoreline Water Dist.
Silverdale Water Dist. 16
Silverlake Water Dist.
Skyway Water & Sewer Dist.
Snoqualmie Pass Utility Dist.
Soos Creek Water & Sewer Dist.
South Columbia Basin Irrigation Dist.
South King Co. Regional Water Assn.
SW Suburban Sewer Dist.
Stemilt Irrigation Dist.
Stevens Pass Sewer Dist.
Sunland Water Dist.
Sunnyside Valley Irrigation Dist.
Terrace Heights Sewer Dist.
Trentwood Irrigation Dist. 3
Val Vue Sewer Dist.
Valley Water Dist.
Vera Irrigation Dist. 15
Wenatchee Reclamation Dist.
Whatcom Co. Water Dist. 7 & 10
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

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 10 of 11)

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
Grays Harbor Co. PUD 1
Jefferson Co. PUD 1
Kitsap Co. PUD 1
Kittitas Co. PUD 1
Klickitat Co. PUD 1
Lewis Co. PUD 1
Mason Co. PUDs 1 & 3
Okanogan Co. PUD 1
Pacific Co. PUD 2
Pend Oreille Co. PUD 1
Skagit Co. PUD 1
Skamania Co. PUD 1
Snohomish Co. PUD 1
Wahkiakum Co. PUD 1
Wells Hydroelectric Project

Transit Authorities, Transportation Districts

Benton-Franklin P.T.B.A.
Central Puget Sound Transit Auth.
Chelan-Douglas P.T.B.A.
Clark Co. P.T.B.A.
Community Transit

Employers Covered by DRS-Administered Retirement Systems as of June 30, 2003 (page 11 of 11)

Transit Authorities, Transportation Districts (continued)

Grays Harbor Transportation Auth.
Intercity Transit
Island Transit
Jefferson Transit Auth.
King County Metro
Kitsap Transit
Lewis P.T.B.A.
Mason Co. Transportation Auth.
Pacific Transit System
Pierce Co. P.T.B.A.
Spokane Regional Transportation Council
Valley Transit
Whatcom Transportation Auth.

Associations, Unions

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

Airports, Airport Boards

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

Councils

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

Parks & Recreation Districts

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

Development Authorities/ Districts

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

Cemetery Districts

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

Road Departments

Chelan Co. Roads
Lincoln Co. Highway Dept.

Public Facility Districts

Public Stadium Auth.
South Snohomish Co. Public Facility Dist.
Spokane Public Facility Dist.

Other Government Entities

Pierce Co. Law Enforcement Support
Agency
Snohomish Co. Police Staff Auxiliary
Tacoma-Pierce Co. Employment &
Training Consortium
WA School Information Processing
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 (for TDD call 1-360-586-5450).

Contact DCAP by email: katieb@drs.wa.gov

Mailing Address:

Department of Retirement Systems
Dependent Care Assistance Program
PO Box 40931
Olympia, WA 98504-0931

Deferred Compensation Program Status Report

| FUNDING MEDIA | June 30, 2003 | | June 30, 2002 | | June 30, 2001 | | June 30, 2000 | | June 30, 1999 | |
|--|------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|------------------------|---------------|
| | Plan Balance | % |
| Savings Pool | \$539,970,060 | 36.95 | \$463,982,011 | 34.30 | \$418,605,751 | 28.60 | \$384,809,628 | 24.18 | \$376,038,281 | 28.66 |
| U.S. Small Stock Index Fund ¹ | 4,620,257 | 0.32 | -- | -- | -- | -- | -- | -- | -- | -- |
| U.S. Stock Market Index Fund ² | 57,303,538 | 3.92 | 48,248,334 | 3.57 | 48,561,493 | 3.32 | 47,407,678 | 2.98 | 33,554,597 | 2.56 |
| Washington State Bond Fund ³ | 85,998,942 | 5.89 | 52,444,774 | 3.88 | 41,005,249 | 2.80 | -- | -- | -- | -- |
| Washington State Long-Horizon Fund ⁴ | 4,785,219 | 0.33 | 3,045,720 | 0.22 | 1,659,573 | 0.11 | -- | -- | -- | -- |
| Washington State Mid-Horizon Fund ⁴ | 6,394,676 | 0.44 | 3,378,534 | 0.25 | 1,741,081 | 0.12 | -- | -- | -- | -- |
| Washington State Short-Horizon Fund ⁴ | 4,490,731 | 0.31 | 2,018,192 | 0.15 | 1,103,767 | 0.07 | -- | -- | -- | -- |
| Fidelity Equity-Income Fund | 289,313,540 | 19.80 | 317,668,346 | 23.49 | 352,111,226 | 24.06 | 324,212,940 | 20.37 | 403,299,524 | 30.74 |
| Fidelity Growth Company Fund | 153,105,265 | 10.48 | 136,675,054 | 10.10 | 197,718,365 | 13.51 | 260,554,365 | 16.37 | 107,354,490 | 8.18 |
| Fidelity Independence Fund ⁵ | 264,734,874 | 18.12 | 275,006,278 | 20.33 | 346,223,485 | 23.65 | 488,729,911 | 30.71 | 319,185,398 | 24.33 |
| Fidelity Intermediate Bond Fund | -- | -- | -- | -- | -- | -- | 24,082,469 | 1.51 | 26,022,037 | 1.98 |
| Fidelity Overseas Fund | 19,787,942 | 1.35 | 20,534,235 | 1.52 | 22,549,550 | 1.54 | 29,182,365 | 1.83 | 15,159,797 | 1.16 |
| Calvert Social Investment Fund - Balanced Portfolio ⁶ | 30,619,239 | 2.09 | 29,556,152 | 2.19 | 32,441,932 | 2.22 | 32,547,573 | 2.05 | 31,332,219 | 2.39 |
| TOTAL | \$1,461,124,283 | 100.00 | \$1,352,557,630 | 100.00 | \$1,463,721,472 | 100.00 | \$1,591,526,929 | 100.00 | \$1,311,946,343 | 100.00 |

¹ This investment option was added in October 2002.

² This investment option was added in July 1998.

³ This fund replaced the Fidelity Intermediate Bond Fund as of September 1, 2000.

⁴ These investment options were added on September 1, 2000.

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

⁶ The Calvert Social Investment Fund Managed Growth Portfolio was renamed Calvert Social Investment Fund - Balanced Portfolio effective in late 1998.

Deferred Compensation Program Performance— Periods Ending June 30, 2003

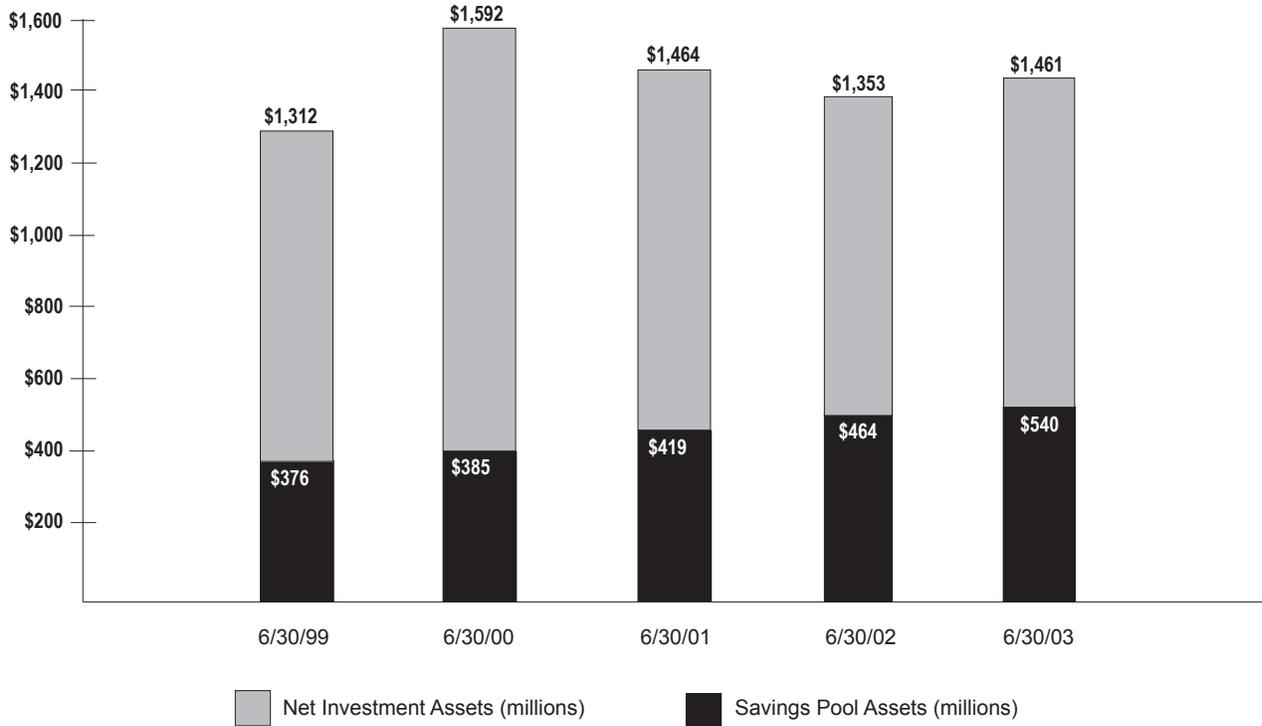
| Fund Name | 3 Month Return | Performance History ¹ Average Annual Total Returns | | | |
|--|-------------------|--|-----------------|----------------|--------------|
| | | 1 Year | 3 Year | 5 Year | 10 Year |
| <i>Benchmark</i> | | | | | |
| Savings Pool | 1.34% | 5.75% | 6.22% | 6.38% | 6.64% |
| U.S. Small Stock Index Fund | 22.92% | (1.88)% | (3.30)% | 0.82% | ** |
| <i>Russell 2000 Index</i> | 23.42% | (1.64)% | (3.30)% | 0.97% | 8.24% |
| U.S. Stock Market Index Fund | 16.65% | 1.16% | (10.36)% | (0.91)% | 9.68% |
| <i>Wilshire 5000 Index</i> | 16.50% | 1.27% | (10.59)% | (1.31)% | 9.53% |
| Washington State Bond Fund | 3.91% | 12.82% | ** | ** | ** |
| <i>Lehman Intermediate Credit Index</i> | 4.02% | 13.73% | 11.08% | 8.04% | 7.46% |
| Washington State Long-Horizon Fund | 14.31% | 1.62% | ** | ** | ** |
| <i>Long-Horizon Custom Benchmark</i> ² | 14.59% | 2.78% | (6.65)% | 0.45% | 7.99% |
| Washington State Mid-Horizon Fund | 10.84% | 5.43% | ** | ** | ** |
| <i>Mid-Horizon Custom Benchmark</i> ² | 11.12% | 6.59% | (0.95)% | 3.11% | 7.93% |
| Washington State Short-Horizon Fund | 6.64% | 5.89% | ** | ** | ** |
| <i>Short-Horizon Custom Benchmark</i> ² | 6.86% | 6.84% | 2.66% | 4.54% | 7.05% |
| Fidelity Equity-Income Fund | 17.91% | (2.19)% | (1.11)% | 0.45% | 9.86% |
| <i>Russell 3000 Value</i> | 17.65% | (1.23)% | 0.57% | 1.29% | 10.66% |
| Fidelity Growth Company Fund | 19.31% | 5.67% | (20.22)% | 2.00% | 9.93% |
| <i>Russell 3000 Growth</i> | 14.92% | 2.79% | (21.19)% | (5.00)% | 7.88% |
| Fidelity Independence Fund | 16.92% | 2.85% | (15.62)% | 2.21% | 9.52% |
| <i>Russell 3000</i> | 16.24% | 0.77% | (10.47)% | (1.13)% | 9.71% |
| Fidelity Overseas Fund | 23.13% | (8.87)% | (15.16)% | (4.14)% | 4.27% |
| <i>MSCI EAFE</i> | 19.27% | (6.46)% | (13.52)% | (4.00)% | 2.78% |
| Calvert Social Investment Fund - Balanced Portfolio | 10.00% | 3.51% | 4.75% | ** | ** |

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

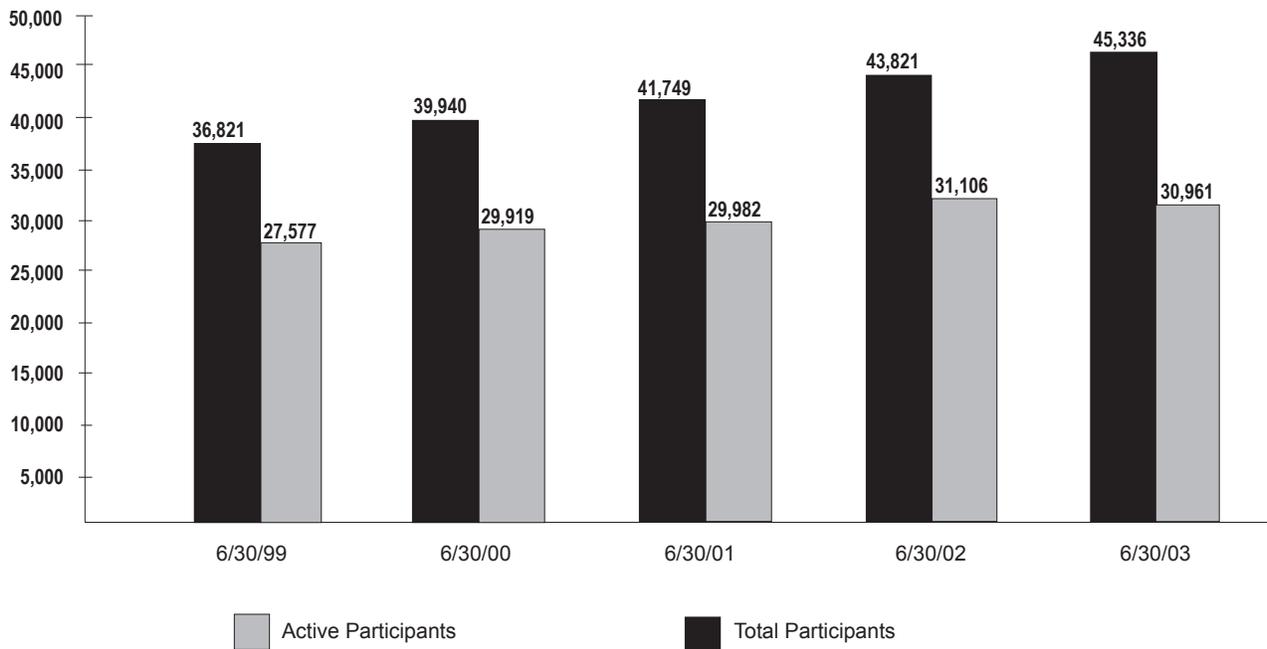
¹ Historic performance is not necessarily indicative of actual future investment performance, which could differ substantially. Total return assumes that an investment is made at the beginning of the period and redeemed at the end of the period after reinvestment of any dividends and capital gains distributions. 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, 1999-2003



Deferred Compensation Program Participation For the Years Ended June 30, 1999-2003



**Dependent Care Assistance Program
Participation Report
For the Years Ended December 31, 1998-2002**

| | End of 2002 | End of 2001 | End of 2000 | End of 1999 | End of 1998 |
|-------------------------------------|------------------------------------|------------------|------------------|------------------|------------------|
| Total Participants | 1,215 | 1,270 | 1,344 | 1,379 | 1,514 |
| Increase (Decrease) Over Prior Year | (55) | (74) | (35) | (135) | 29 |
| Percentage Change Over Prior Year | (4.33)% | (5.51)% | (2.54)% | (8.92)% | 1.95% |
| | Estimated Benefits to State | | | | |
| | End of 2002 | End of 2001 | End of 2000 | End of 1999 | End of 1998 |
| Taxable Wage Base | \$84,900 | \$80,400 | \$76,200 | \$72,600 | \$68,400 |
| FICA & Medicare Rate | 7.65 | 7.65 | 7.65 | 7.65 | 7.65 |
| Salary Reductions | \$4,635,460 | \$4,801,483 | \$5,149,738 | \$5,138,053 | \$5,741,080 |
| OASDI & Medicare Savings | \$337,696 | \$346,081 | \$366,309 | \$374,047 | \$402,004 |
| Earnings ¹ | \$18,757 | 27,070 | 28,450 | 24,669 | 30,252 |
| Forfeitures ^{1&2} | \$11,211 | 10,100 | 6,216 | 9,968 | 10,114 |
| Estimated Gross Benefit to State | 367,664 | 383,251 | 400,975 | 408,684 | 442,370 |
| Expenditures ³ | 186,384 | 160,044 | 174,240 | 152,866 | 193,599 |
| Benefit to State | <u>\$181,280</u> | <u>\$223,207</u> | <u>\$226,735</u> | <u>\$255,818</u> | <u>\$248,771</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.