Required Supplementary Information

Budgetary Information

Budgetary Comparison Schedule

General Fund

For the Biennium Ended June 30, 2007
(expressed in thousands)

	General Fund			
	Original Budget 2005-07 Biennium	Final Budget 2005-07 Biennium	Actual 2005-07 Biennium	Variance with Final Budget
Budgetary fund balance, July 1	$ 869,659	$ 869,659	$ 869,659	$ -
Resources:				
Taxes	24,760,740	27,111,751	27,204,240	92,489
Licenses, permits, and fees	157,669	172,507	176,854	4,347
Other contracts and grants	246,203	245,208	245,675	467
Timber sales	6,485	5,625	5,570	(55)
Federal grants-in-aid	11,272,200	11,538,498	10,973,676	(564,822)
Charges for services	96,035	109,565	106,772	(2,793)
Interest income	85,659	167,023	178,238	11,215
Miscellaneous revenue	91,786	144,640	118,401	(26,239)
Escheated property	-	-	100,131	100,131
Transfers from other funds	427,316	422,988	372,719	(50,269)
Total Resources	38,013,752	40,787,464	40,351,935	(435,529)
Charges to appropriations:				
General government	2,687,901	4,141,389	4,114,086	27,303
Human services	18,937,160	19,119,125	18,735,785	383,340
Natural resources and recreation	582,257	658,106	591,892	66,214
Transportation	75,415	83,030	79,986	3,044
Education	15,270,796	15,555,602	15,472,116	83,486
Capital outlays	241,483	251,598	116,097	135,501
Transfers to other funds	119,429	131,683	467,486	(335,803)
Total Charges to appropriations	37,914,441	39,940,533	39,577,448	363,085
Excess available for appropriation Over (Under) charges to appropriations	99,311	846,931	774,487	(72,444)
Reconciling Items:				
Changes in reserves (net)	-	-	(19,649)	(19,649)
Entity adjustments (net)	-	-	25,672	25,672
Total Reconciling Items	-	-	6,023	6,023
Budgetary Fund Balance, June 30	$ 99,311	$ 846,931	$ 780,510	$ (66,421)

Budgetary Information

Budgetary Comparison Schedule

Budget to GAAP Reconciliation

General Fund

For the Biennium Ended June 30, 2007

(expressed in thousands)

	General Fund
Sources/inflows of resources	
Actual amounts (budgetary basis) "Total Resources" from the Budgetary Comparison Schedule	$ 40,351,935
Differences - budget to GAAP:	
The following items are inflows of budgetary resources but are not revenue for financial reporting purposes:	
Transfers from other funds	(372,719)
Budgetary fund balance at the beginning of the biennium	(869,659)
The following items are not inflows of budgetary resources but are revenue for financial reporting purposes:	
Noncash commodities and electronic food stamp benefits	1,339,073
Unanticipated receipts	36,777
Noncash revenues	201
Revenues collected for other governments	60,723
Biennium total revenues	40,546,331
Fiscal Year 2006 total revenues	(19,719,849)
Total revenues (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 20,826,482

Uses/outflows of resources	
Actual amounts (budgetary basis) "Total Charges to Appropriations" from the Budgetary Comparison Schedule.	$ 39,577,448
Differences - budget to GAAP:	
Budgeted expenditure transfers are recorded as expenditures in the budget statement but are recorded as other financing source (use) for financial reporting purposes.	(3,197,761)
The following items are outflows of budgetary resources but are not expenditures for financial reporting purposes.	
Transfers to other funds	(467,486)
Loan disbursements	(3,940)
The following items are not outflows of budgetary resources but are recorded as current expenditures for financial reporting purposes.	
Noncash commodities and electronic food stamp benefits	1,313,602
Expenditures related to unanticipated receipts	36,777
Capital lease acquisitions	22,698
Distributions to other governments	60,723
Biennium total expenditures	37,342,061
Fiscal Year 2006 total expenditures	(18,251,652)
Total expenditures (GAAP basis) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	$ 19,090,409

Budgetary Information

Notes to Required Supplementary Information

General Budgetary Policies and Procedures

The Governor is required to submit a budget to the state Legislature no later than December 20 of the year preceding odd-numbered year sessions of the Legislature. The budget is a proposal for expenditures in the ensuing biennial period based upon anticipated revenues from the sources and rates existing by law at the time of submission of the budget. The Governor may additionally submit, as an appendix to the budget, a proposal for expenditures in the ensuing biennium from revenue sources derived from proposed changes in existing statutes.

The appropriated budget and any necessary supplemental budgets are legally required to be adopted through the passage of appropriation bills by the Legislature and approved by the Governor. Operating appropriations are generally made at the fund/account and agency level; however, in a few cases, appropriations are made at the fund/account and agency/program level. Operating appropriations cover either the entire biennium or a single fiscal year within the biennium. Capital appropriations are biennial and are generally made at the fund/account, agency, and project level.

The legal level of budgetary control is at the fund/account, agency, and appropriation level, with administrative controls established at lower levels of detail in certain instances. The accompanying budgetary schedules are not presented at the legal level of budgetary control. This is due to the large number of appropriations within individual agencies that would make such a presentation in the accompanying financial schedules extremely cumbersome. Section 2400.121 of the GASB Codification of Governmental Accounting and Financial Reporting Standards provides for the preparation of a separate report in these extreme cases. For the state of Washington, a separate report has been prepared for the 2005-07 Biennium to illustrate legal budgetary compliance. Appropriated budget versus actual expenditures, and estimated versus actual revenues and other financing sources (uses) for appropriated funds at agency and appropriation level are presented in Report CAF1054 for governmental funds. A copy of this report is available at the Office of Financial Management, 6639 Capitol Boulevard, PO Box 43113, Olympia, Washington 98504-3113.

Legislative appropriations are strict legal limits on expenditures/expenses, and over-expenditures are prohibited. All appropriated and certain nonappropriated funds are further controlled by the executive branch through the allotment process. This process allocates the expenditure/expense plan into monthly allotments by program, source of funds, and object of expenditure. According to statute RCW 43.88.110(2), except under limited circumstances, the original allotments are approved by the Governor and may be revised on a quarterly basis and must be accompanied by an explanation of the reasons for significant changes. Because allotments are not the strict legal limit on expenditures/expenses, the budgetary schedules presented as required supplementary information (RSI) are shown on an appropriation versus actual comparison rather than an allotment versus actual comparison.

Proprietary funds typically earn revenues and incur expenses (i.e., depreciation or budgeted asset purchases) not covered by the allotment process. Budget estimates are generally made outside the allotment process according to prepared business plans. These proprietary fund business plan estimates are adjusted only at the beginning of each fiscal year.

Additional fiscal control is exercised through various means. OFM is authorized to make expenditure/expense allotments based on availability of unanticipated receipts, mainly federal government grant increases made during a fiscal year. State law does not preclude the over-expenditure of allotments, although RCW 43.88.110(3) requires that the Legislature be provided an explanation of major variances.

Operating encumbrances lapse at the end of the applicable appropriation. Capital outlay encumbrances lapse at the end of the biennium unless reappropriated by the Legislature in the ensuing biennium. Encumbrances outstanding against continuing appropriations at fiscal year end are reported as reservations of fund balance.

Budgetary Reporting versus GAAP Reporting

Governmental funds are budgeted materially in conformance with GAAP. However, the presentation in the accompanying budgetary schedules is different in certain respects from the corresponding Statements of Revenues, Expenditures, and Changes in Fund Balance (governmental operating statement). In the accompanying budgetary schedules, budget and actual expenditures are reported only for appropriated activities. Expenditures are classified based on whether the appropriation is from the operating or capital budget. Expenditures funded by operating budget appropriations are reported as current expenditures classified by the function of the agency receiving the appropriation. Expenditures funded by capital budget appropriations are reported as capital outlays.

However, in the governmental operating statements, all governmental funds are included and expenditures are

classified according to what was actually purchased. Capital outlays are fixed asset acquisitions such as land, buildings, and equipment. Debt service expenditures are principal and interest payments. Current expenditures are all other governmental fund expenditures classified based on the function of the agency making the expenditures.

Additionally, certain governmental activities are excluded from the budgetary schedules because they are not appropriated. These activities include: activities designated as nonappropriated by the Legislature, such as the Higher Education Special Revenue Fund, Higher Education Endowment Fund, Tobacco Settlement Securitization Bond Debt Service Fund, federal surplus food commodities, electronic food stamp benefits, capital leases, note proceeds, and resources collected and distributed to other governments.

Further, certain expenditures are appropriated as operating transfers. These transfers are reported as operating transfers on the budgetary schedules and as expenditures on the governmental operating statements. The factors contributing to the differences between the Budgetary Comparison Schedule and the Statement of Revenues, Expenditures, and Changes in Fund Balance are noted in the previous Budget to GAAP reconciliation.

Budgetary Fund Balance includes the following as reported on the Governmental Funds Balance Sheet: Unreserved, undesignated fund balance; and Reserved for encumbrances.

Pension Plan Information

Public Employees' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

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

Source: Washington State Office of the State Actuary

Teachers' Retirement System - Plan 1

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/2006	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001
Actuarial Value of Plan Assets	$ 8,275	$ 8,450	$ 8,728	$ 9,086	$ 9,365	$ 9,342
Actuarial Accrued Liability	10,359	10,894	10,401	10,325	10,235	9,895
Unfunded Actuarial Liability	2,084	2,444	1,673	1,239	869	553
Percentage Funded	80%	78%	84%	88%	91%	94%
Covered Payroll	478	546	616	692	741	800
Unfunded Actuarial Liability as a Percentage of Covered Payroll	436%	448%	272%	179%	117%	69%

Source: Washington State Office of the State Actuary

Pension Plan Information

Law Enforcement Officers' and Fire Fighters' Retirement System- Plan 1

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/2006	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001
Actuarial Value of Plan Assets	$ 5,018	$ 4,800	$ 4,666	$ 4,803	$ 5,095	$ 5,369
Actuarial Accrued Liability	4,309	4,243	4,266	4,275	4,259	4,153
Unfunded (Assets in Excess of)						
Actuarial Liability	(709)	(557)	(400)	(528)	(836)	(1,216)
Percentage Funded	116%	113%	109%	112%	120%	129%
Covered Payroll	48	56	64	71	80	87
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

Judicial Retirement System

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/2006	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001
Actuarial Value of Plan Assets	$ 0.3	$ 2	$ 4	$ 6	$ 8	$ 10
Actuarial Accrued Liability	88	89	89	91	92	92
Unfunded Actuarial Liability	88	87	85	85	84	82
Percentage Funded	0%	2%	4%	7%	9%	11%
Covered Payroll	1.4	1.7	2.4	2.6	3.0	3.0
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	6286%	5118%	3542%	3269%	2800%	2733%

Source: Washington State Office of the State Actuary

Pension Plan Information

Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001
Actuarial Value of Plan Assets	$ 140	$ 127	$ 120	$ 120	$ 124	$ 129
Actuarial Accrued Liability*	142	140	115	112	110	99
Unfunded (Assets in Excess of)						
Actuarial Liability	2	13	(5)	(8)	(14)	(30)
Percentage Funded	99%	91%	104%	107%	113%	130%
Covered Payroll**	N/A	N/A	N/A	N/A	N/A	N/A
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A

* Pension plan liability only - excludes relief benefits.

**Covered Payroll is not presented because it is not applicable since this is a volunteer organization.

N/A indicates data not available.

Source: Washington State Office of the State Actuary

Judges' Retirement Fund

Schedule of Funding Progress

Valuation Years 2006 through 2001 (dollars in millions)

	2006	2005	2004	2003	2002	2001
Actuarial Valuation Date	9/30/2006	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001
Actuarial Value of Plan Assets	$ 4.1	$ 4.2	$ 4.4	$ 4.5	$ 4.7	$ 4.9
Actuarial Accrued Liability	4.0	4.5	4.7	5.2	5.5	6.0
Unfunded (Assets in Excess of)						
Actuarial Liability	(0.1)	0.3	0.3	0.7	0.8	1.1
Percentage Funded	103%	93%	94%	87%	85%	82%
Covered Payroll	-	-	-	-	0.1	0.1
Unfunded Actuarial Liability as a						
Percentage of Covered Payroll	N/A	N/A	N/A	N/A	0%	0%

N/A indicates data not available.

Source: Washington State Office of the State Actuary

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2007 through 2002
(expressed in millions)

	2007	2006	2005	2004	2003	2002
Public Employees' Retirement Plan System - Plan 1						
Employers' Annual Required Contribution	$ 397.3	$ 438.5	$ 340.3	$ 295.1	$ 228.9	$ 164.3
Employers' Actual Contribution	118.7	29.6	22.4	22.8	56.6	68.6
Percentage Contributed	30%	7%	7%	8%	25%	42%
Public Employees' Retirement Plan System - Plan 2/3						
Employers' Annual Required Contribution	$ 331.3	$ 307.6	$ 227.7	$ 192.6	$ 141.7	$ 72.0
Employers' Actual Contribution	242.5	149.6	74.7	69.4	38.2	51.0
Percentage Contributed	73%	49%	33%	36%	27%	71%
Teachers' Retirement System - Plan 1						
Employers' Annual Required Contribution	$ 249.8	$ 287.5	$ 224.3	$ 185.7	$ 153.4	$ 119.8
Employers' Actual Contribution	60.5	15.1	8.8	11.4	20.4	59.5
Percentage Contributed	24%	5%	4%	6%	13%	50%
Teachers' Retirement System - Plan 2/3						
Employers' Annual Required Contribution	$ 167.7	$ 166.4	$ 117.4	$ 96.2	$ 79.5	$ 66.7
Employers' Actual Contribution	102.2	75.4	33.8	29.9	18.2	46.4
Percentage Contributed	61%	45%	29%	31%	23%	70%
School Employees' Retirement System - Plan 2/3						
Employers' Annual Required Contribution	$ 71.5	$ 81.4	$ 64.0	$ 52.3	$ 44.2	$ 19.5
Employers' Actual Contribution	45.9	30.4	10.2	9.1	6.2	11.3
Percentage Contributed	64%	37%	16%	17%	14%	58%

Source: Washington State Office of the State Actuary

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

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2007 through 2002
(expressed in millions)

	2007	2006	2005	2004	2003	2002
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 1						
Employers' Annual Required Contribution	$ 0.1	$ -	$ -	$ -	$ -	$ -
Employers' Actual Contribution	0.1	0.1	-	-	0.1	0.1
Percentage Contributed	100%	N/A	N/A	N/A	N/A	N/A
State Annual Required Contribution	-	-	-	-	-	-
State Actual Contribution	-	-	-	-	-	-
Percentage Contributed	N/A	N/A	N/A	N/A	N/A	N/A
Law Enforcement Officers' and Fire Fighters' Retirement System - Plan 2						
Employers' Annual Required Contribution	$ 56.9	$ 60.8	$ 48.5	$ 41.5	$ 34.1	$ 26.2
Employers' Actual Contribution	58.2	48.5	32.8	30.8	25.6	24.0
Percentage Contributed	102%	80%	68%	74%	75%	92%
State Annual Required Contribution	38.0	40.5	32.3	27.7	22.7	17.5
State Actual Contribution	37.9	31.7	21.3	20.2	16.4	15.6
Percentage Contributed	100%	78%	66%	73%	72%	89%
Washington State Patrol Retirement System						
Employers' Annual Required Contribution	$ 5.3	$ 6.1	$ 3.4	$ 2.6	$ -	$ -
Employers' Actual Contribution	3.3	3.1	-	-	-	-
Percentage Contributed	62%	51%	0%	0%	N/A	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

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

Pension Plan Information

Schedules of Contributions from Employers and Other Contributing Entities

For the Fiscal Years Ended June 30, 2007 through 2002
(expressed in millions)

	2007	2006	2005	2004	2003	2002
Public Safety Employees' Retirement Plan System - Plan 2						
Employers' Annual Required Contribution	$ 7.1	-	-	-	-	-
Employers' Actual Contribution	6.6	-	-	-	-	-
Percentage Contributed	93%	N/A	N/A	N/A	N/A	N/A
Judicial Retirement System						
Employers' Annual Required Contribution	$ 37.3	$ 27.7	$ 21.7	$ 18.5	$ 16.2	$ 14.2
Employers' Actual Contribution	9.6	6.7	6.2	6.2	6.2	6.2
Percentage Contributed	26%	24%	29%	34%	38%	44%
Judges' Retirement Fund						
Employers' Annual Required Contribution	$ -	$ 0.1	$ 0.1	$ 0.2	$ 0.1	$ 0.2
Employers' Actual Contribution	0.3	0.3	0.5	0.5	0.3	0.3
Percentage Contributed	N/A	300%	500%	250%	300%	150%
Volunteer Fire Fighters' and Reserve Officers' Relief and Pension Fund						
Employers' Annual Required Contribution	$ 1.0	$ 1.0	$ 0.7	$ 0.8	$ 0.8	$ 0.8
Employers' Actual Contribution	1.0	1.0	0.7	0.8	0.8	0.8
Percentage Contributed	100%	100%	100%	100%	100%	100%
State Annual Required Contribution	2.0	3.6	1.8	1.5	0.7	-
State Actual Contribution	6.0	4.6	4.4	4.4	3.3	3.3
Percentage Contributed	300%	128%	244%	293%	471%	N/A

N/A indicates data not available.

Source: Washington State Office of the State Actuary

Pension Plan Information

Notes to the Required Supplementary Information
Defined Benefit Pension Plans

For the Fiscal Year Ended June 30, 2007

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

	PERS Plan 1	PERS Plan 2/3	TRS Plan 1	TRS Plan 2/3
Valuation Date	9/30/2006	9/30/2006	9/30/2006	9/30/2006
Actuarial Cost Method	frozen initial liability[1]	aggregate[2]	frozen initial liability[1]	aggregate[2]
Amortization Method				
Funding	level %[3]	n/a	level %[3]	n/a
GASB	level $	n/a	level $	n/a
Remaining amortization period (closed)	7/01/2007 - 6/30/2024	n/a	7/01/2007 - 6/30/2024	n/a
Asset valuation method	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]
Actuarial assumptions:				
Investment Rate of Return	8.00%	8.00%	8.00%	8.00%
Projected Salary Increases				
Salary Inflation at 4.5%, plus the merit increases described below:				
initial salary merit (grades down to 0%)	6.1%	6.1%	6.2%	6.2%
merit period (years of service)	17 yrs	17 yrs	17 yrs	17 yrs
Includes inflation at	3.50%	3.50%	3.50%	3.50%
Cost of living adjustments	Uniform COLA[5] Gainsharing COLA[5]	CPI increase, maximum 3%	Uniform COLA[5] Gainsharing COLA[5]	CPI increase, maximum 3%

N/A indicates data not applicable.

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

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

3 Level percent of payroll, including system growth.

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

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

The actuarial value of assets is subject to a 30% market value corridor, so it will lie between 70% and 130% of the market value of assets.

SERS Plan 2/3	LEOFF Plan 1	LEOFF Plan 2	PSERS Plan 2	VFFRPF
9/30/2006	9/30/2006	9/30/2006	9/30/2006	12/31/2006
aggregate[2]	frozen initial liability[1]	aggregate[2]	aggregate[2]	entry age
n/a	level %[3]	n/a	n/a	level $
n/a	level $	n/a	n/a	level $
n/a	7/01/2007 - 6/30/2024	n/a	n/a	1/1/2007 - 12/31/2017
8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	8-year graded smoothed fair value[4]	4-year smoothed fair value
8.00%	8.00%	8.00%	8.00%	7.00%
7.0%	11.7%	11.7%	6.1%	n/a
17 yrs	21 yrs	21 yrs	17 yrs	n/a
3.50%	3.50%	3.50%	3.50%	n/a
CPI increase, maximum 3%	CPI increase	CPI increase, maximum 3%	CPI increase, maximum 3%	none

5 The Uniform COLA and Gainsharing COLA

In a given year all PERS and TRS Plan 1 members who attain at least age 66 (by December 31) and who have been retired at least one year (by July 1) receive an increase in their monthly benefit on July 1 of the given year. This increase is called the Uniform COLA. If certain extraordinary investment gains are achieved, an additional gain-sharing COLA is paid on January 1 of even-numbered years. Each year the Uniform COLA amount equals the Uniform COLA amount from the pervious year plus any additional amount attribuatable to gain-sharing, all increased by 3%. The 2007 Legislature repealed gain-sharing effective January 2, 2008 - after the 2008 event.

Date	Prior Uniform COLA	+ Gainsharing COLA	X 1.03	= Uniform COLA
7/1/2002	$1.11	0.00		$1.14
7/1/2003	$1.14	0.00		$1.18
7/1/2004	$1.18	0.00		$1.21
7/1/2005	$1.21	0.00		$1.25
7/1/2006	$1.25	0.00		$1.29
7/1/2007	$1.29	0.00		$1.29

Information about Infrastructure Assets Reported Using the Modified Approach

Condition Assessment

The state's highway system is divided into three main categories: pavement, bridges and rest areas. Condition information about each as well as the state's emergency airfields follows.

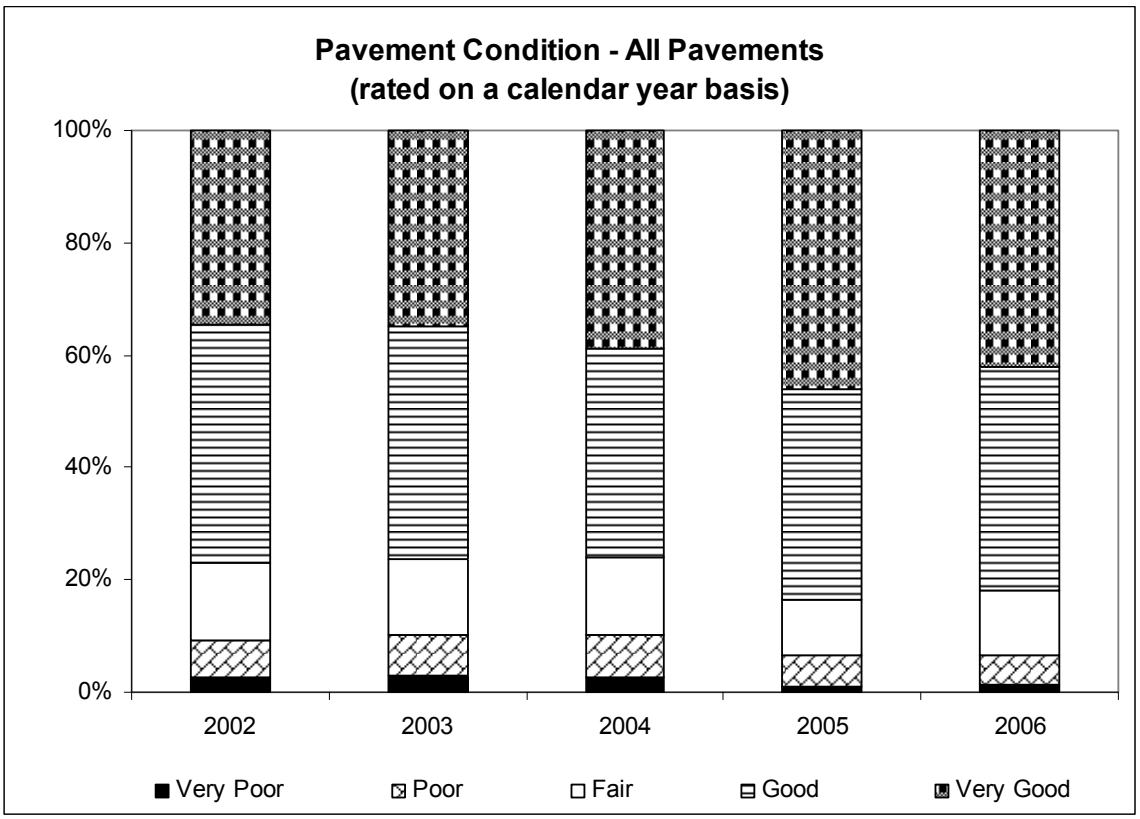
Pavement Condition

The Washington State Department of Transportation (WSDOT) owns and maintains 20,173 lane miles of highway, including ramps, collectors and special use lanes. Special use lanes include High Occupancy Vehicle (HOV), climbing, chain-up, holding, slow vehicle turnout, two-way turn, weaving/speed change, bicycle, transit, truck climbing shoulder, turn and acceleration lanes. Special use and ramp/collector lane miles make up 1,784 of the total lane miles.

WSDOT has been rating pavement condition since 1969. Pavement rated in *good* condition is smooth and has few defects. Pavement in *poor* condition is characterized by cracking, patching, roughness and rutting. Pavement condition is rated using three factors: Pavement Structural Condition (PSC), International Roughness Index (IRI), and Rutting.

In 1993 the Legislature required WSDOT to rehabilitate pavements at the Lowest Life Cycle Cost (LLCC), which has been determined to occur at a PSC range between 40 and 60, or when triggers for roughness or rutting are met. The trend over the last five years has shown that the percentage of pavements in poor or very poor condition has remained fairly stable at 9 to 10 percent with a slight improvement to 7 percent in 2005 and 6 percent in 2006. WSDOT uses LLCC analysis to manage its pavement preservation program. The principles behind LLCC are basic – if rehabilitation is done too early, pavement life is wasted; if rehabilitation is done too late, very costly repair work may be required, especially if the underlying structure is compromised. WSDOT continually looks for ways to best strike the balance between these two basic principles.

While the goal for pavements is zero miles in 'poor' condition, marginally good pavements may deteriorate into poor condition during the lag time between assessment and actual rehabilitation. As a result, a small percentage of marginally good pavements will move into the 'poor' condition category for any given assessment period.



The Department of Transportation manages state highways targeting the LLCC per the Pavement Management System due date. While the department has a long-term goal of no pavements in poor condition (a pavement condition index less than 40, on a 100 point scale), the current policy is to maintain 90 percent of all highway pavement types at a pavement condition index of 40 or better with no more than 10 percent of its highways at a pavement condition below 40. The most recent assessment found that state highways were within the prescribed parameters with only 7 percent of all pavement types with a pavement condition index below 40.

WSDOT uses the following scale for Pavement Structural Condition (PSC):

Category	PSC Range	Description
Very Good	80 – 100	Little or no distress. Example: Flexible pavement with 5% of wheel track length having "hairline" severity alligator cracking will have a PSC of 80.
Good	60 - 80	Early stage deterioration. Example: Flexible pavement with 15% of wheel track length having "hairline" alligator cracking will have a PSC of 70.
Fair	40 - 60	This is the threshold value for rehabilitation. Example: Flexible pavement with 25% of wheel track length having "hairline" alligator cracking will have a PSC of 50.
Poor	20 - 40	Structural deterioration. Example: Flexible pavement with 25% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 30.
Very Poor	0 - 20	Advanced structural deterioration. Example: Flexible pavement with 40% of wheel track length having "medium (spalled)" severity alligator cracking will have a PSC of 10. May require extensive repair and thicker overlays.

The PSC is a measure based on distresses such as cracking and patching, which are related to the pavement's ability to carry loads. Pavements develop structural deficiencies due to truck traffic and cold weather. WSDOT attempts to program rehabilitation for pavement segments when they are projected to reach a PSC of 50. A PSC of 50 can occur due to various amounts and severity of distress. For rigid pavements (such as Portland cement concrete), a PSC of 50 represents 50 percent of the concrete slabs exhibiting joint faulting with a severity of 1/8 to 1/4 inch (faulting is the elevation difference at slab joints and results in a rough ride – particularly in large trucks). Further, a PSC of 50 can also be obtained if 25 percent of concrete slabs exhibit two to three cracks per panel.

The International Roughness Index (IRI) uses a scale in inches per mile. WSDOT considers pavements with a ride performance measure of greater than 220 inches per mile to be in poor condition. For example, new asphalt overlays typically have ride values below 75 inches per mile, which is very smooth.

Rutting is measured in millimeters: a pavement with more than 12 millimeters of rutting is considered in poor condition. The three indices (PSC, IRI, and Rutting) are combined to rate a section of pavement, which is assigned the lowest category of any of the three ratings.

The following table shows the combined explanatory categories and the ratings for each index.

Category	PSC	IRI	Rutting
Very Good	100 – 80	< 95	< 4
Good	80 – 60	95 – 170	4 – 8
Fair	60 – 40	170 – 220	8 – 12
Poor	40 – 20	220 – 320	12 – 16
Very Poor	0 – 20	> 320	> 16

Since 1999, WSDOT has used an automated pavement distress survey procedure. In the automated survey, high-resolution video images are collected at highway speed and these video images are then rated on special workstations at 3-6 mph speed. This change has also resulted in a more detailed classification and recording of various distresses that are rated.

Pavement condition surveys are generally conducted in the fall of each year and analyzed during the winter and spring, with the previous year's results available in July each year. In 2006, WSDOT rated pavement condition on 17,896 of the 20,173 lane miles of highway. The chart on the following page shows recent pavement condition ratings for the State Highway System, using the combination of the three indices described above.

Percentage of Pavement in Fair or Better Condition	2006*	2005*	2004*	2003*	2002*
Statewide - Chip Seals	94%	91%	86%	86%	89%
Statewide - Asphalt	91%	95%	92%	91%	91%
Statewide - Concrete	93%	91%	85%	93%	92%
Statewide - All Pavements	94%	93%	90%	90%	91%

Percentage of Pavement in Poor or Very Poor Condition	2006*	2005*	2004*	2003*	2002*
Statewide - Chip Seals	6%	9%	14%	14%	11%
Statewide - Asphalt	9%	5%	8%	9%	9%
Statewide - Concrete	7%	9%	15%	7%	8%
Statewide - All Pavements	6%	7%	10%	10%	9%

* Calendar year data. Assessments are typically made in the summer and fall of each year, and processed during the winter and spring, with final results released in July. Years indicated are when the physical assessment was done in the summer and fall.

Note: The All Pavements percentages are calculated from total database averages, not a statistical average of the three pavement type percentages. Numbers are rounded to full percentage points. IRI or rutting is not used for sections identified as under construction in rating distress.

More information about pavement management at the Department of Transportation may be obtained at:
http://www.wsdot.wa.gov/biz/mats/pavement/

Bridge Condition

During Fiscal Year 2007 there were 3,110 state-owned vehicular structures over 20 feet in length with a total area of 44,232,755 square feet. In addition to bridges, the 3,110 structures include 89 culverts and 31 ferry terminal structures (while ferry terminals are included in a depreciable asset category, they are included here with bridge condition information since they are evaluated by the WSDOT Bridge Office on a periodic basis). All bridges are inspected on a two to four year interval, with no more than 10 percent of the bridges inspected less than every three years. Divers inspect underwater bridge components at least once every five years in accordance with Federal Highway Administration requirements. Special emphasis is given to the ongoing inspection and maintenance of major bridges representing a significant public investment due to size, complexity or strategic location. Information related to public bridges is maintained in the Washington State Bridge Inventory System (WSBIS). This system is used to develop preservation strategies and comprehensive recommendations for maintenance and construction, and for reporting to the Federal Highway Administration (FHWA).

WSDOT's policy is to maintain 95 percent of its bridges at a structural condition of at least fair, meaning that all primary structural elements are sound. The most recent assessment found that state-owned bridges were within the prescribed parameters with 97.4 percent having a condition rating of fair or better and only 2.6 percent of bridges having a condition rating of poor. Bridges rated as poor may have structural deficiencies that restrict the weight and type of traffic allowed. No bridges that are currently rated as poor are unsafe for public travel. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges at June 30, 2007.

WSDOT's Bridge Seismic Retrofit Program prioritizes state bridges for seismic retrofit, and performs these retrofits as funding permits. Retrofit priorities are based on seismic risk of a site, structural detail deficiencies, and route importance. The Seismic Retrofit Program includes 921 bridges that have been classified as needing retrofitting. From 1991 to the end of June 2007, WSDOT has fully or partially retrofitted 360 bridges. Of those, 210 are completely retrofitted, 150 are partially retrofitted. There are also 26 bridges under contract to be retrofitted.

The following condition rating data is based on the structural sufficiency standards established in the FHWA "Recording and Coding Guide for the Structural Inventory and Appraisal of the Nation's Bridges." This structural rating relates to the evaluation of bridge superstructure, deck, substructure, structural adequacy and waterway adequacy. Three categories of condition were established in relation to the FHWA criteria as follows:

Category	National Bridge Inventory Code	Description
Good	6, 7, or 8	A range from no problems noted to some minor deterioration of structural elements.
Fair	5	All primary structural elements are sound but may have deficiencies such as minor section loss, deterioration, cracking, spalling or scour.
Poor	4 or less	Advanced deficiencies such as section loss, deterioration, cracking, spalling, scour or seriously affected primary structural components.

Note: Bridges rated in poor condition may be restricted for the weight and type of traffic allowed.

Condition Rating of Washington State Department of Transportation's Bridges

Percentage of Bridges in Fair or Better Condition					
Bridge Type	**2007**	**2006**	**2005**	**2004**	**2003**
Reinforced Concrete (1,289 bridges in FY 2007)	98.3%	98.6%	98.6%	98.0%	98.0%
Prestressed Concrete (1,320 bridges in FY2007)	99.3%	99.4%	99.5%	99.5%	99.5%
Steel (360 bridges* in FY 2007)	94.7%	94.1%	94.3%	93.0%	93.0%
Timber (61 bridges in FY 2007)	66.3%	68.1%	69.2%	70.0%	69.0%
Statewide - All Bridges (3,030 out of 3,110 bridges in FY 2007)	97.4%	97.5%	97.6%	97.4%	97.0%

Percentage of Bridges in Poor Condition					
Bridge Type	**2007**	**2006**	**2005**	**2004**	**2003**
Reinforced Concrete (18 bridges in FY 2007)	1.7%	1.4%	1.4%	2.0%	2.0%
Prestressed Concrete (9 bridges in FY 2007)	0.7%	0.7%	0.5%	0.5%	0.5%
Steel (20 bridges* in FY 2007)	5.3%	5.9%	5.7%	6.5%	7.0%
Timber (31 bridges in FY 2007)	33.7%	31.9%	30.8%	30.0%	3.1%
Statewide - All Bridges (82 out of 3,110 bridges in FY 2007)	2.6%	2.5%	2.4%	2.6%	3.0%

*The steel bridge ratings for Fiscal Year 2007 include 29 ferry terminal structures rated as fair or better and two ferry terminal structures rated as poor.

Note: Bridges rated as poor may have structural deficiencies that restricted the weight and type of traffic allowed. WSDOT currently has 13 posted bridges and 152 restricted bridges. Posted bridges have signs posted which inform of legal weight limits. Restricted bridges are those where overweight permits will not be issued for travel by overweight vehicles. Refer to http://www.wsdot.wa.gov/commercialvehicle/bridgelist.cfm. for more information. Any bridges determined to be unsafe are closed to traffic. WSDOT had no closed bridges as of June 30, 2007.

Additional information regarding the Department of Transportation's bridge inspection program may be obtained at: http://www.wsdot.wa.gov/eesc/bridge/index.cfm

Safety Rest Area Condition

The Washington State Department of Transportation (WSDOT) owns, operates, and maintains 42 developed safety rest area (SRA) facilities. Within these facilities, the department manages the following assets: 83 buildings, 566 acres, 29 on-site public drinking water systems, 36 on-site sewage pre-treatment/treatment systems, and 19 recreational vehicle sanitary disposal facilities.

In 2005 WSDOT performed the second round of SRA building and site condition assessments to determine the facility deficiencies. This biennial process, which began in 2003, helps prioritize renovation and replacement projects. Sites and buildings are divided into functional components that are assessed with a numerical rating of 1 to 5 based on guideline criteria (1 meets current standards, 5 is poor). In addition, a weighting multiplier is applied based on the criticality of the individual component. For instance, a safety deficiency adds a weighting multiplier of 10 while a department image deficiency has a weighting multiplier of two. The combined total building and site ratings are used to determine each facility's overall condition, and fall into one of five categories. WSDOT has conducted the 2007 condition assessment but the information is not yet available.

WSDOT SRA condition assessment rating parameters are not based on other state or national guidelines for safety rest areas. The model used is based on the capital facility program software already in use, with minor modifications to the rating parameters to better match the unique needs of SRA facilities.

The SRA Program goal is to have no more than 5 percent of the facilities rated Poor.

	2003	2005
Percentage of facilities in Fair or Good condition	95%	95%
Percentage of facilities in Poor condition	5%	5%

Category	Definition	Number of Safety Rest Areas in Category
Good Condition	Facility is new construction and/or meets current standards.	11
Fair-High Condition	Facility meets current standards and/or is in adequate condition with minimal component deficiencies.	2
Fair-Mid Condition	Facility is functional, and in adequate condition with minor component deficiencies.	9
Fair-Low Condition	Facility has multiple system deficiencies.	18
Poor	Facility is at or beyond its service life, with multiple major deficiencies.	2

Emergency Air Field Condition

The Washington State Department of Transportation (WSDOT), through its Aviation Division is authorized by RCW 47.68.100 to acquire and maintain airports.

Under this authority, WSDOT owns eight emergency airfields and leases several others. Most of the airfields are located near or adjacent to state highways and range in character from paved to gravel or turf. The primary purpose for the airports is to provide emergency facilities in remote locations. They serve as landing sites for medical evacuations, forest firefighting operations, and search and rescue. In addition, they allow access to local communities and recreation areas. Two airfields are in operational condition 12 months of the year, with five operational from June to October each year. One is only available for emergency search and rescue use. In accordance with WSDOT policy, maintenance is done on each airfield annually to keep it at its existing condition of use. Each airfield is inspected a minimum of three times per year.

The definitions below form the rating criteria for the current airfield condition ratings that follow.

Category	Definition
General Use Community Airport	An airport with a paved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
Limited Use Community Airport	An airport with an unpaved runway capable of handling aircraft with a maximum gross certificated takeoff weight of 12,500 pounds.
General Recreational Use Airport	An airport with a turf (unpaved) runway near access to recreational opportunities with capacity for aircraft less than 12,500 pounds.
Limited Search and Rescue Forward Operating Location	An airport with a landing pad only capable of accommodating rotorcraft.

Condition Rating of Washington State Emergency Airfields

	Number of Airports
Owned airports:	
Acceptable for general use as a community airport	1
Acceptable for limited use as a community airport	1
Acceptable for general recreation use	5
Limited search and rescue forward operating location	1
Total owned airports	8

	2007	2006	2005	2004	2003
Percentage of airports acceptable for general recreational use or better	88%	88%	88%	88%	88%
Percentage of airports not acceptable for general recreational use or better	12%	12%	12%	12%	12%

Note: One airport is open only as a limited search and rescue operating location and is expected to remain in that status. For pictures of specific airfields, refer to the Department of Transportation's website at:

http://www.wsdot.wa.gov/Aviation/airports/

Information about Infrastructure Assets Reported Using the Modified Approach

Comparison of Budgeted-to-Actual Preservation and Maintenance

For the Fiscal Years Ended June 30, 2003 through 2007
(expressed in thousands)

	2003			2004		
Highway System						
Pavement	Budget	Actual	Variance	Budget	Actual	Variance
Preservation	$ 119,160	$ 123,883	$ (4,723)	$ 116,902	$ 107,229	$ 9,673
Maintenance	22,796	24,123	(1,327)	21,254	18,064	3,190
Total	$ 141,956	$ 148,006	$ (6,050)	$ 138,156	$ 125,293	$ 12,863
Bridges						
Preservation	$ 22,460	$ 23,988	$ (1,528)	$ 30,637	$ 24,780	$ 5,857
Maintenance	11,222	12,853	(1,631)	11,292	11,267	25
Total	$ 33,682	$ 36,841	$ (3,159)	$ 41,929	$ 36,047	$ 5,882
Rest Areas						
Preservation	$ 390	$ 386	$ 4	$ 331	$ 222	$ 109
Maintenance	4,744	4,688	56	4,268	4,833	(565)
Total	$ 5,134	$ 5,074	$ 60	$ 4,599	$ 5,055	$ (456)
Emergency Air Fields						
Preservation & Maint.	$ 70	$ 58	$ 12	$ 70	$ 71	$ (1)

In addition to increasing and improving the state highway system, WSDOT places a high priority on preserving and maintaining the current highway system. WSDOT breaks out preservation and maintenance into two separate functions. Preservation can be described as projects that maintain the structural integrity of the existing highway system including roadway pavements, safety features, bridges, and other structures/facilities. The Maintenance function handles the day-to-day needs that occur such as guardrail replacement, patching pot holes, installing signs, vegetation control, etc.

In 1996 WSDOT embarked on an initiative to use outcome based performance measures for evaluating the effectiveness of the Maintenance Program. The Maintenance Accountability Process (MAP) is a comprehensive planning, measuring and managing process that provides a means for communicating the impacts of policy and budget decisions on program service delivery. WSDOT uses it to identify investment choices and affects of those choices in communicating with the legislature and other stakeholders. The MAP measures and communicates the outcomes of 34 distinct highway maintenance activities. Maintenance results are measured via field condition surveys and reported as Level of Service (LOS) ratings, which range from A to F. LOS targets are defined in terms of the condition of various highway features (i.e. percent of guardrail on the highway system that is damaged) and are set commensurate with the level of funding provided for the WSDOT highway maintenance program. More information about MAP may be obtained at: http://www.wsdot.wa.gov/maintenance/mgmt/accountability.htm.

Notes: Numbers for the Pavement and Bridges budget amounts are calculated based on biennial plans as shown in the WSDOT *Monthly Financial* Report for subprograms P1 (Roadway Preservation), P2 (Structures Preservation), and M2 (Roadway, Bridge & Tunnel Maintenance). For Fiscal Year 2007, the annual budget was calculated as half the biennial amount. This results in the biennial budget being distributed 50 percent in each fiscal year in anticipation of an even spending pattern. The spending pattern for subprogram P2, Bridges, was not approximately 50 percent in each year.

*For Fiscal Year 2006, the Bridge Preservation budget has been restated to reflect the approximately one-third, two-thirds expenditure pattern for Fiscal Year 2006 and Fiscal Year 2007 respectively.

2005			2006			2007		
Budget	Actual	Variance	Budget*	Actual	Variance	Budget	Actual	Variance
$ 118,055	$ 122,868	$ (4,813)	$ 108,409	$ 130,340	$ (21,931)	$ 111,195	$ 99,416	$ 11,779
20,657	18,715	1,942	19,219	18,586	633	19,152	16,255	2,897
$ 138,712	$ 141,583	$ (2,871)	$ 127,628	$ 148,926	$ (21,298)	$ 130,347	$ 115,671	$ 14,676
$ 16,768	$ 14,332	$ 2,436	$ 8,434	$ 20,338	$ (11,904)	$ 21,055	$ 20,138	$ 917
11,159	11,151	8	11,552	11,820	(268)	11,553	11,051	502
$ 27,927	$ 25,483	$ 2,444	$ 19,986	$ 32,158	$ (12,172)	$ 32,608	$ 31,189	$ 1,419
$ 381	$ 333	$ 48	$ 188	$ 129	$ 59	$ 188	$ 173	$ 15
4,268	5,527	(1,259)	5,021	5,187	(166)	5,056	5,359	(303)
$ 4,649	$ 5,860	$ (1,211)	$ 5,209	$ 5,316	$ (107)	$ 5,244	$ 5,532	$ (288)
$ 108	$ 129	$ (21)	$ 83	$ 67	$ 16	$ 83	$ 200	$ (117)

The Preservation budgeted and actual amounts were adjusted for capitalized infrastructure and equipment in Fiscal Year 2006.

The Emergency Airfields (program F3, State Airport Construction and Maintenance) budget amount came from the same sources as for pavements and bridges described above but is only one-fourth of the biennial total because the budget is split evenly between state owned and leased airports.

The Rest Areas Maintenance budget is based on the biennial plan as shown in the WSDOT *Monthly Financial Report* for subprogram M2 under maintenance group "Rest Area Maintenance". For Fiscal Year 2007, the annual budget was calculated as half the biennial amount. The Rest Areas Preservation budget is part of the P3 subprogram and consists of programmed rest area preservation projects of a non-capitalized nature. For Fiscal Years 2003 through 2005, the budget amounts are based on biennial plans as shown in the WSDOT *Monthly Financial Report* for subprogram P3 (Other Preservation), the annual budgets were calculated as half of the biennial amount times the percentage of non-capitalized rest area costs to the total costs in subprogram P3. Fiscal Year 2006's budget amount was provided by the rest area program manager.

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