



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Judy Schurke, Director
The Workers' Compensation Program
of the State of Washington
Tumwater, Washington

We have audited the accompanying financial statements (including the individual fund financial statements) of the Workers' Compensation Program of the State of Washington as of and for the year ended June 30, 2007. The Workers' Compensation Program of the State of Washington is a part of the State of Washington's primary government. These financial statements are the responsibility of the management of the Workers' Compensation Program of the State of Washington. 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.

The financial statements referred to in the first paragraph present only the Workers' Compensation Program of the State of Washington and do not purport to, and do not, present fairly the financial position of the Washington State Department of Labor and Industries as of June 30, 2007, or the changes in its fund equity or cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Workers' Compensation Program of the State of Washington as of June 30, 2007, and the changes in fund equity and cash flows 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 Workers' Compensation Program of the State of Washington as of June 30, 2007, and the changes in fund equity and cash flows 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.

The introductory section of this report is not a required part 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.

/S/ PETERSON SULLIVAN PLLC

December 11, 2007