

Delaware Public Employees' Retirement System

- a component unit of the State of Delaware

32nd Comprehensive Annual Financial Report

*Presented by the Board of Pension Trustees
For the Fiscal Year Ended June 30, 2003*

*STATE EMPLOYEES' PENSION PLAN
SPECIAL PENSION PLAN
NEW STATE POLICE PENSION PLAN
JUDICIARY PENSION PLANS
COUNTY & MUNICIPAL POLICE/FIREFIGHTERS' PLAN
COUNTY & MUNICIPAL OTHER EMPLOYEES' PENSION PLAN
VOLUNTEER FIREMEN'S PENSION PLAN
DIAMOND STATE PORT CORPORATION PENSION PLAN
COUNTY & MUNICIPAL POLICE/FIREFIGHTERS' COLA FUND
POST-RETIREMENT INCREASE FUND
POST-RETIREMENT HEALTH INSURANCE PREMIUM FUND
DELAWARE LOCAL GOVERNMENT RETIREMENT INVESTMENT POOL
CLOSED STATE POLICE PENSION PLAN*

This Comprehensive Annual Financial Report has been
Prepared by the Office of Pensions

Mailing Address:

McArdle Building, Suite #1
860 Silver Lake Boulevard
Dover, Delaware 19904-2402

Telephone: (800) 722-7300

E-Mail Address: pensionoffice@state.de.us

WebSite: www.delawarepensions.com

Table of Contents

Introductory Section

Certificate of Achievement for Excellence in Financial Reporting	4
Letter of Transmittal	5
2003 Legislation Affecting Pensions	11
Board of Trustees and List of Consultants	12
Organizational Chart	13
Highlights of Board Activities	14

Financial Section

Auditor's Opinion	18
Management's Discussion and Analysis	20
Basic Financial Statements:	
Statement of Plan Net Assets	24
Statement of Changes in Plan Net Assets	26
Notes to Financial Statements (an integral part of the Basic Financial Statements)	28
Required Supplementary Information:	
Schedule 1 - Funding Progress	38
Schedule 2 - Employer Contributions	40
Schedule 3 - Notes to Trend Data	42
Supporting Schedules:	
Schedule 4 - Administrative Expenses	44
Schedule 5 - Investment Expenses	45
Statements for Delaware Local Government Investment Pool	46

Investment Section

Letter from Investment Committee Chair	51
Investment Activity	53
Investment Results	54
Asset Allocation	55
Investment Managers	57
Chart I - Calculated Returns	58
Chart II - Investment Performance Summary	58
Chart III & IV - Five and Ten Year System Performance	59
Investment Summary and Schedule of Investment Fees	60
Glossary	60
List of Largest Assets Held	61
Appendix A - Schedule of Broker Commissions	62
Appendix B - Broker Commission Summary	63

Actuarial Section

Actuary's Opinion	68
Summary of Actuarial Assumptions & Methods	70
Mortality Tables	71
Summary of Plan Provisions and Changes in Plan Provisions	71
Schedule of Active Member Valuation Data	72
Schedule of Retirees and Beneficiaries Added/Deleted from Rolls	74
Solvency Test	76
Analysis of Financial Experience	78

Statistical Section

Schedule of Additions by Source	80
Schedule of Deductions by Type	84
Schedule of Benefit Deductions by Type	88
Schedule of Retired Members by Type of Benefit	90
Schedule of Average Benefit Payment Amounts	92
Schedule of Participating Employers	98



Introductory Section

DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Delaware Public Employees' Retirement System

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.



President

Executive Director



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS

McArdle Building, Suite #1
860 Silver Lake Blvd.
Dover, DE 19904-2402

When Calling Long Distance
Toll Free Number 1-800-722-7300
E-Mail: pensionoffice@state.de.us

Telephone (302) 739-4208
Fax (302) 739-6129
www.delawarepensions.com

September 26, 2003

The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly

Dear Governor and Members of the General Assembly:

The Board of Pension Trustees for the Delaware Public Employees' Retirement System (System) is proud to present its 32nd Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2003.

This report provides comprehensive information on nine retirement plans [State Employees', Special, New State Police, Judiciary, County & Municipal Police/Firefighters', County & Municipal Other Employees', Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] plus four commingled pension funds [County & Municipal Police/Firefighters' COLA (COLA Fund), Post-Retirement Increase (PRI), Delaware Local Government Retirement Investment Pool (DELRIP), and State Employees' Post-Retirement Health Insurance Premium]. Responsibility for both the accuracy of the data and the completeness and fairness of presentation rests with the State Board of Pension Trustees (Board). To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the System's financial position and operational results for the fiscal year ended June 30, 2003.

The 2003 Financial Report is presented in five sections:

- Introductory Section -- contains this transmittal letter, organization charts, Board and Legislative highlights.

The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly
Page 2
September 26, 2003

- Financial Section -- provides the independent auditors' opinion, management's discussion and analysis, the System's financial statements, required supplementary information, and supporting schedules with additional information about the System's financial position at the Plan level.
- Investment Section -- details total System performance, investment policy, and investment activities.
- Actuarial Section -- outlines the actuarial assumptions and describes the funding basis, contributions, and funded ratios of each Plan.
- Statistical Section -- includes tables and graphs about each Plan's membership.

(A detailed Table of Contents may be found on page 2.)

The System was established on June 11, 1970, with the incorporation of the State Employees', Judiciary, Closed State Police, and Retired & Disabled Teachers Pension Plans. The State Employees' and the Judiciary Plans were changed to actuarial reserve funding shortly thereafter. The Closed State Police Pension Plan remains a pay-as-you-go plan. Fiscal Year 1994 was the last year the Retired & Disabled Teachers' Pension Plan had members entitled to benefits.

When calendar year 1971 ended, the four pension plans totaled \$14.7 million in assets with 2,766 pensioners. The State's contribution was 13.1% of payroll. At the end of Fiscal Year 2003, pensioners numbered 18,862; monies from nine plans, three post-retirement trusts and one investment pool were commingled in a total System of \$4.9 billion. The State's contribution rate for fiscal year 2003 was 2.99% of payroll. Benefit coverage varies by plan as shown on pages 28-32. In the major plans, benefit coverage has been regularly improved to maintain a very competitive position versus similar plans in other states, especially considering post-retirement health and spousal benefits. The funding status of each plan is detailed on pages 38-39.

Major Accomplishments

Disability Pension Review -- A comprehensive review of the disability pension provisions for the State Employees' Pension Plan was completed during FY2003. The study recognized deficiencies in the current structure including inadequate benefits for most employees, as well as concerns about the administration and monitoring of the current programs. A Request for Information (RFI) was issued as a result of the review, which closed on June 30, 2003. RFI responses should quote a variety of benefit plans which will be further analyzed to determine the best value for providing all employees an adequate disability benefit. The responses will be reviewed during Fiscal 2004 and forwarded with a recommendation to the Delaware State Legislature.



The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly
Page 3
September 26, 2003

Local Government Participation - Membership in the County & Municipal plans continues to grow. New members include Kent Conservation District and the towns of Camden, Cheswold, Ocean View, South Bethany, and Wyoming.

Improved Pension Benefits - Legislation passed effective July 1, 2002 re-defined final average compensation for the State Employees' Pension Plan by ensuring that the highest salary that is paid to an employee for all days worked will be used in the calculation.

Legislation granting a post-retirement increase to retired members of the State Employees', Special, New State Police, Judiciary, and the County & Municipal Police/Firefighter's Pension Plans was granted during FY2003. Effective September 1, 2003, this increase applies to all members who retired on or before June 30, 2001.

Technology Improvements - In April 2003, the Office of Pensions implemented a successful upgrade to PeopleSoft version 8 with the completion of the eCRIS (electronic Comprehensive Retirement Information System) project. The technology enhancements in this upgrade pave the way for future on-line services for members, thus making the system more accessible. Furthering the commitment to remain at the forefront of technology, the Office of Pensions will embark on an upgrade to PeopleSoft version 8.8 that is targeted for completion in mid-Fiscal Year 2004. Another technology achievement implemented in the Spring of 2003 was the migration of our local area network from Banyan to the state's Windows 2000 standard. This migration provides an improved platform for handling electronic communication and resources.

Certificate of Achievement - The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware Public Employees' Retirement System for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2002. In order to be awarded a Certificate of Achievement, a government unit 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. This is the seventh consecutive year that DPERS has received a Certificate of Achievement. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly
Page 4
September 26, 2003

Investments and Economic Climate

For Fiscal 2003, investments had a 3.1% rate of return. The System's total annualized rate of return over the last five and ten years was 3.5% and 9.3%, respectively. This performance placed the System 0.8% below the median public fund return of 3.9% for the fiscal year. For the five and ten year periods, System returns ranked in the top 25% of public funds.

System investments are managed to control the downside risk to which assets are exposed while maximizing long-term gain potential. This positions the System to limit the impact of adverse market conditions. The investment climate during this fiscal year remained difficult, as Iraq war worries and subdued economic activity led to generally weak stock markets. In recent months, signs of improving corporate profitability and of improved economic conditions have led to improved stock markets, although the lasting strength of the economic recovery remains unknown. The bond markets maintained strong performance throughout most of the fiscal year, with equities showing improvement in the last quarter of Fiscal 2003. For the fiscal year, the S&P 500 stock index returned 0.2% while the Lehman Aggregate bond index returned 13.1%. Investment strategy reflects return expectations that continue to be significantly more modest than those achieved during the period of the 1990's. For a further discussion of portfolio diversification and investment strategy, see the Investment Section beginning on page 49 of this report.

The System's investment activity is governed by the "prudent person rule," a fiduciary standard which applies to anyone with System authority. Fiduciaries must discharge their duties solely in the interest of System participants and beneficiaries and with the degree of diligence, care, and skill which prudent men and women would ordinarily exercise under similar circumstances.

The Board has established the investment policy shown on page 53. Investment constraints are outlined, including the appropriate degree of risk. Investment managers are hired to execute the investment policy. They have full discretion for investment decisions within statutory authority, Board policy, and their respective guidelines. A list of the investment managers under contract with the System as of June 30, 2003, may be found on page 57 of this report. A summary of the total System's asset allocation can be found on page 56.

Funding Status

A pension plan is well funded when it has sufficient assets invested to meet all expected future obligations to participants. The greater the level of funding, the larger the ratio of assets to actuarial accrued liability. It should be noted that six of the plans included in the System continue to be fully



The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly
Page 5
September 26, 2003

funded - this is quite an accomplishment given the recent economic conditions and market climate. Two of the remaining plans are not totally funded, but annual contributions are being made at the actuarially determined rates to reach full funding. The Closed State Police Pension Plan remains a pay-as-you-go plan. The Notes to Trend Data Schedule presented on page 42 provides detailed information on each plan's remaining amortization period. The actuarial method for calculating accrued liability for all plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll. A detailed discussion of funding method is provided in the Actuarial Section of this report on page 70.

Internal Control

System internal accounting controls are designed to provide reasonable assurance regarding the safekeeping of assets and the reliability of financial reporting. Control procedures and responsibilities are well documented both in writing and with graphic flowcharts. These are reviewed and updated annually.

The Audit Committee, a committee appointed by the Board, monitors operations and controls throughout the year. The System's basic financial statements are audited annually by both the Delaware Auditor of Accounts and the independent auditing firm of Ernst & Young LLP.

Professional Services

Professional consultants are appointed by the Board to perform services essential to the effective and efficient operation of the System. A joint opinion on the System's basic financial statements from the independent auditors, Ernst & Young LLP, and the State Auditor, as well as an opinion from the actuary, Milliman USA, are included in this report. Ashford Capital Management, Inc., serves as the investment advisor.

Acknowledgments

The preparation of this report reflects the combined efforts of the System staff under the direction of the Board of Trustees. Specific sections and overall editing include contributions from various Board committees and professional consultants.

C. Raeford Minix resigned effective September 30, 2002, after fourteen years as a Board and Investment Committee member, including five years as Chairman of the Board. We are indebted for his generous commitment of time and effort. The Investment Committee members will greatly miss his wisdom and insight that helped resolve many a disagreement.

The Honorable Ruth Ann Minner
and
Members of the 142nd General Assembly
Page 6
September 26, 2003

It is with deep regret that we report the death of Donald J. Hofmann. Mr. Hofmann was a dedicated member of the Board's Audit Committee for over 15 years. Don was a dedicated professional who effectively used his vast experience to improve not only the procedures and controls of the State Pension System but also the professionalism of those with whom he came in contact. He had a pragmatic, common sense approach and would thoughtfully probe and question issues. His dry humor, his desire to share his knowledge, but most of all his friendship, will be missed by all.

The Board would like to welcome Helen Foster Parson to the Board of Pension Trustees and Harold D. Smith II to the Audit Committee. Mrs. Parson fills the seat vacated by Keith Dorman whose term expired on June 30, 2002. Mr. Smith will complete the unexpired term of Donald Hofmann.

Congratulations to the Honorable Calvin L. Scott, Jr. who was appointed to the Superior Court on February 19, 2003. Prior to his appointment as Judge, Mr. Scott served as the Deputy Attorney General assigned to the Delaware Public Employees' Retirement System. His quick wit and professional expertise will be greatly missed by Board members and staff alike.

The Board thanks the many people who work so diligently to assure the successful operation and financial soundness of the Delaware Public Employees' Retirement System. These include the Pension Office staff; the State Personnel Director who provides administrative supervision to the Pension Office; other State support personnel; professional consultants; members of the Investment, Medical, and Audit Committees; and the Pension Advisory Council.

Respectfully submitted,



Ralph J. Adkins, Chairman
Board of Pension Trustees

2003 Legislation Affecting Pensions

- H. B. 12 with House Amendment 1
(74 Del. Laws, C43) This bill allows police officers covered under the County & Municipal Police/Firefighter pension plan to purchase previous police service at their expense.
- H. B. 87
(74 Del. Laws, C46) This bill allows a disability pensioner in the State Employees' Pension Plan who was employed as a police officer to earn up to their previous amount of salary without any reduction in their disability pension benefits.
- H. B. 110
(74 Del. Laws, C58) This bill allows teachers and administrators in the Jobs for Delaware Graduates program who become State employees to purchase such service at their expense.
- S. B. 21
(74 Del. Laws, C08) This bill allows Judges to purchase previous employment with the City of Wilmington Municipal Court. The second section removes the election date for participation in the Closed Judicial Plan that was ruled unconstitutional.
- S. B. 143*
 This bill protects the retirement benefits of those State employees who take military leave resulting from a Presidential determination to augment active forces. This assures that the employee will not realize a reduction in their salary during a period of time that might fall in their highest three years of earnings.
- S. B. 185
(74 Del. Laws, C183) This Act grants pension increases to retired State Employees', Special, retired Judges, retired "New" State Police and retired County & Municipal Police/Firefighters on September 1, 2003 for persons retired on or before June 30, 2001.

* *Pending Governor's signature.*

Board of Pension Trustees, Board Committees, & Professional Consultants

Board of Pension Trustees

Ralph J. Adkins, Chair
Chairman and Former CEO
Chesapeake Utilities Corporation

Robert W. Allen
President
Allen Petroleum

Jan M. King
Former Vice President and Treasurer
Hercules, Inc.

Nancy J. Shevock
Former Director
Delaware Transit Corporation

Helen Foster Parson, J.D.
Senior Managing Director
Economic Development Director
Metropolitan Wilmington Urban League

Ex-Officio Board Members

David W. Singleton
State Secretary of Finance

Lisa Blunt-Bradley
State Personnel Director

Executive Secretary to the Board
and Pension Administrator

David C. Craik

Legal Counsel

Marsha Kramarck, Esq.
Deputy Attorney General

Investment Committee

Elva B. Ferrari, Chair
Ralph J. Adkins
Jan M. King
A. Herbert Nehrling, Jr.
A. Dale Stratton

Audit Committee

Joel S. Poorman, Chair
Robert W. Allen
William Markell, Ed.D.
Harold D. Smith, II

Medical Committee

William D. Shellenberger, M.D., Chair
Vincent DelDuca, Jr., M.D.
Robert W. Frelick, M.D.
Albert Gelb, M.D.
John B. Kramer, M.D.
Charles S. Riegel, M.D.
Phyllis M. Smoyer, M.D.
Ignatius J. Tikellis, M.D.
Charles O. Webber, M.D.

Pension Advisory Council

James B. Testerman, Chair
Member, Delaware State Education Assoc.

Consulting Actuary

Milliman USA

Investment Advisor

Ashford Capital Management, Inc.

Auditors

Ernst & Young LLP
State Auditor of Accounts

Custodial Bank

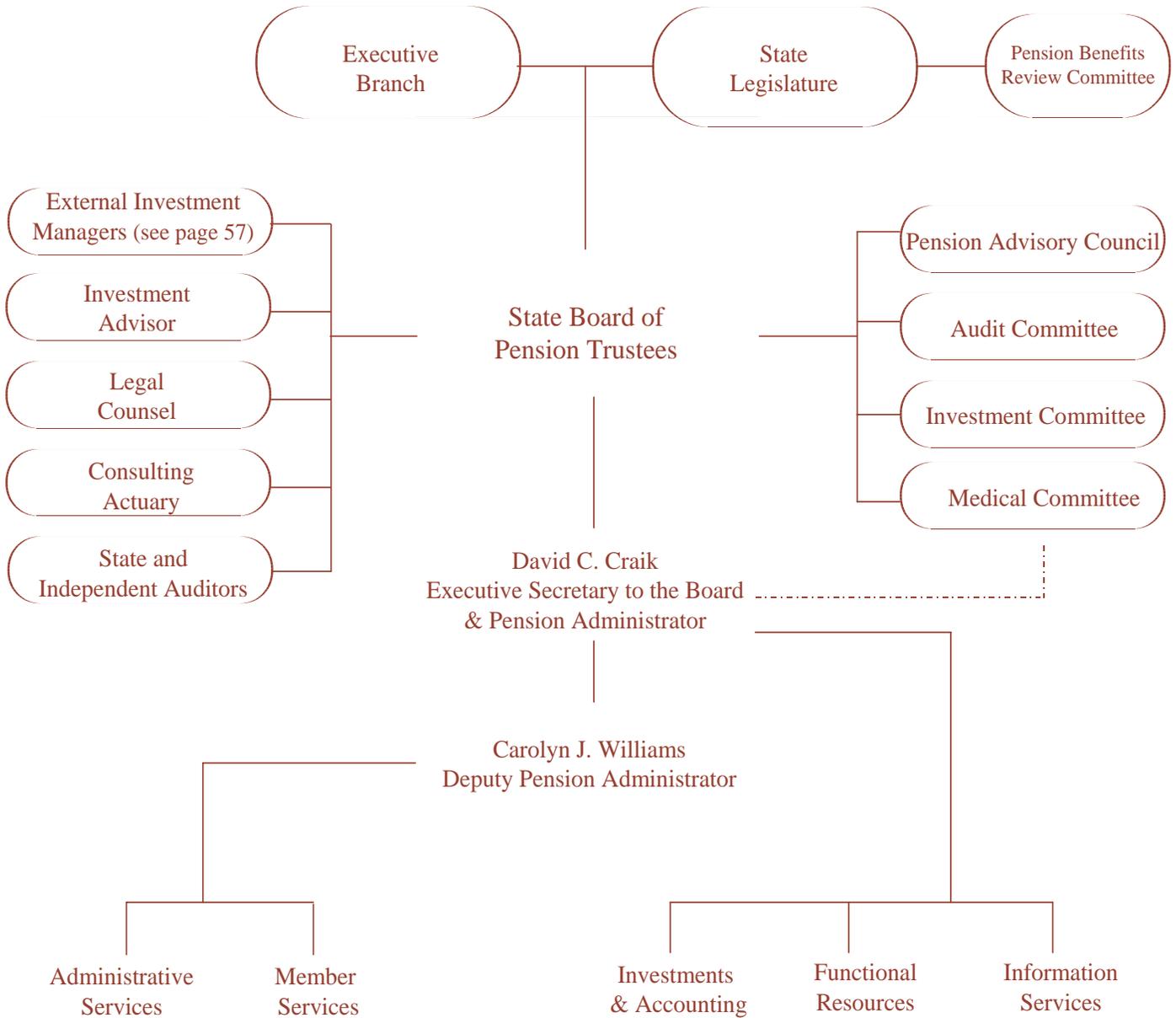
Mercantile-Safe Deposit & Trust Co.

Sub-Custodial Bank

State Street Bank & Trust Co.



Organizational Chart



MANAGEMENT TEAM

Administrative Services
 Member Services
 Investments & Accounting
 Functional Resources
 Information Services

Christy L. Ulmer, Office Manager
 Kimberly S. Vincent, Human Resource Manager
 Alice L. Simon, Pension Financial Manager
 W. Ray Johnson, Human Resource Manager
 John T. McCartney, SPO Information Systems Manager



Highlights of Board Activities

The Board of Pension Trustees (Board) -- comprised of five members appointed by the Governor and confirmed by the Senate, and two ex-officio members -- is responsible for the general administration of these pension plans:

- ♦ State Employees' Pension Plan.
- ♦ Special Pension Plan.
- ♦ New State Police Pension Plan.
- ♦ Judiciary Pension Plans (Closed and Revised).
- ♦ County & Municipal Police/Firefighters' Pension Plans.
- ♦ County & Municipal Other Employees' Pension Plan.
- ♦ Volunteer Firemen's Pension Plan.
- ♦ Diamond State Port Corporation Pension Plan.
- ♦ Closed State Police Pension Plan.

In addition to its general administrative responsibilities, the Board is responsible for these specific functions:

- ♦ Maintain and oversee the investment of the Delaware Public Employees' Retirement System.
- ♦ Appoint an independent actuary to perform annual actuarial valuations used as the basis for contributions to the Delaware Public Employees' Retirement System.
- ♦ Control and manage State pension payments.
- ♦ Hear appeals from State Pension Office decisions regarding eligibility for pension benefits.
- ♦ Adopt rules and regulations for the general administration of State pension plans.
- ♦ Prepare and publish an annual report to the Governor and General Assembly.
- ♦ Execute contracts with State agencies and others for assistance in pension plan administration and pension investment.
- ♦ Determine interest rates to be credited to members' contributions and rates to be charged on repayment of contributions previously withdrawn.

The day-to-day administration of these pension plans is performed by the State Pension Office, which also determines the eligibility of individual employees for pension benefits. The Pension Administrator reports to the State Personnel Director and also serves as Executive Secretary to the Board.

The Medical Committee of the Board is now comprised of nine medical doctors, all in private practice. It evaluates and makes recommendations concerning the medical condition of applicants for and recipients of disability pensions. The Medical Committee meets each month prior to the regular monthly meeting of the Board.

The four-person Audit Committee of the Board monitors operations and internal controls throughout the year to identify issues requiring Board and Pension Office action. They are responsible for interfacing with the Delaware Auditor of Accounts and the independent auditing firm to assure System compliance with generally accepted accounting practices and procedures.

Highlights of Board Activities *(continued)*

The Board retains the firm of Milliman USA to provide professional actuarial and consulting services. Such services include the preparation of comprehensive actuarial valuations and reports, analysis of the costs and other aspects of proposed changes in pension provisions, general consulting advice, and background information on other public pension plans.

The Department of Justice assigns a Deputy Attorney General to serve as legal advisor to the Board. The Deputy deals with legal questions involving interpretations and administration of pension laws, advises the Board in connection with appeals hearings, works with the Board on drafting legislation and regulations, and negotiates contracts.

The following retirement funds have been established under the custody of the Board of Pension Trustees for investment purposes only:

- ♦ County & Municipal Police/Firefighters' COLA Fund.
- ♦ Post-Retirement Increase Fund.
- ♦ Delaware Local Government Retirement Investment Pool.
- ♦ Post-Retirement Health Insurance Premium Fund.

The Investment Committee of the Board is currently comprised of five members. This Committee operates within the investment objectives established by the Board. The Committee establishes policies to meet these objectives and monitors these policies with the assistance of the Investment Advisor. The Committee also reviews prospective risk levels and rates of return of all classes of assets. Hence, the Committee assures investment diversification by selecting managers whose demonstrated performance reflects different management styles and asset class expertise. Most importantly, the Committee closely monitors the performance of all investment managers, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives. Further discussion of the Investment Committee's activities may be found in the Investment Section of this report beginning on page 51.

The Board retains Ashford Capital Management, Inc., as investment advisor for the System. Ashford Capital Management provides a variety of services to the System including investment manager and custody contract negotiations, investment manager searches, performance analysis/attribution, investment policy, and asset allocation recommendations. The firm is prohibited by contract terms from managing any of the System's assets. A list of investment managers under contract with the System as of June 30, 2003, may be found on page 57 of this report.

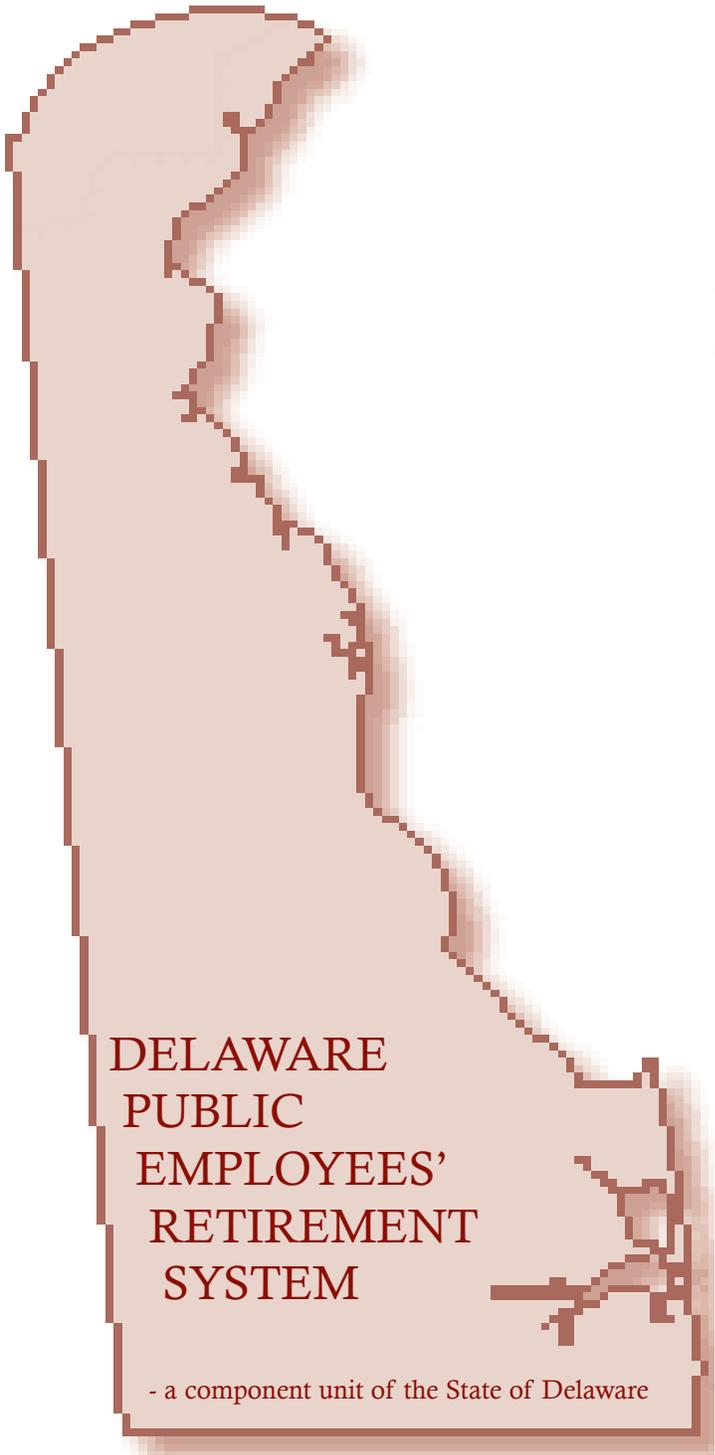
The major activities of the Board and its committees during the 12-month period July 2002 through June 2003 were:

- ♦ Held regular monthly meetings and met with representatives of investment management firms and custodian banks on a regular basis.
- ♦ Held hearings for individual plan members who appealed decisions of the Pension Office or questioned the Board's interpretation of State pension laws.
- ♦ Held hearings on the eligibility of individual employees for disability pension benefits.
- ♦ Participated in meetings with the Governor's staff, members of the General Assembly, officials of State agencies and school districts, the Pension Advisory Council, representatives of employee organizations, and other interested parties.



(This page intentionally left blank.)

Financial Section



DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware



STATE OF DELAWARE
OFFICE OF AUDITOR OF ACCOUNTS

ERNST & YOUNG LLP

Report of Independent Auditors

State of Delaware
Board of Pension Trustees

We have audited the Statement of Plan Net Assets of the Delaware Public Employees' Retirement System (System) as of June 30, 2003, and the related Statement of Changes in Plan Net Assets for the year then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the System's June 30, 2002 financial statements and, in our report dated August 16, 2002, we expressed an unqualified opinion thereon.

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 status of the System at June 30, 2003, and the changes in its financial status for the year then ended, in conformity with accounting principles generally accepted in the United States.

The financial statements include summarized prior year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2002, from which such summarized information was derived.

Report of Independent Auditors
Page Two

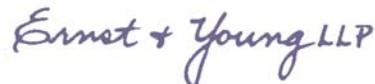
Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Management's Discussion and Analysis and schedules of funding progress, employer contributions, notes to trend data, and statements for the Delaware Local Government Investment Pool are presented in accordance with Governmental Accounting Standards. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supporting schedules of administrative expenses and investment expenses for the year ended June 30, 2003, on Schedules 4 and 5 are not a required part of the basic financial statements. Such supporting schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2003, and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory, investment, actuarial and statistical sections of this report and, therefore, express no opinion thereon.



Auditor of Accounts
Dover, Delaware



Ernst & Young LLP
Philadelphia, Pennsylvania

August 15, 2003

Management's Discussion and Analysis

This discussion and analysis of the Delaware Public Employees' Retirement System's (System) financial performance provides an overview of the System's financial activities for the fiscal year ended June 30, 2003. It is intended to be a narrative supplement to the System's financial statements, which begin on page 24 of this report.

Financial Highlights

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

- Plan net assets of all the pension funds administered by the System increased by \$23.0 million during the 2002-2003 fiscal year.
- The covered payroll requiring both employee and employer pension contributions reported during the year totaled \$1,435.5 million, representing an increase of 0.7%. Employee contributions increased by 6.8% and employer contributions increased by 8.1%.
- Net investment gains (net increase in fair value, plus investment earnings, less investment administrative expenses) increased by \$463.4 million compared to last fiscal year.
- Pension benefits paid to retirees and beneficiaries increased \$23.5 million bringing the total benefit payments to \$239.9 million. A net increase of 4.4% in the number of retirees and changes to the definition of final average compensation are responsible for the 10.9% increase in pension benefits. Refunds of contributions paid to former members upon termination of employment increased from \$2.7 million to \$3.0 million.
- Administrative expenses and other project specific expenses totaled \$5.2 million, an increase of 12.8% compared to last fiscal year. This increase is largely due to the eCRIS project expenses. (See Schedule 4 on page 44 for more details.)

Using this Financial Report

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect the System's ongoing plan perspective. This financial report consists of two financial statements and two required schedules of historical trend information. The Statement of Plan Net Assets and Statement of Changes in Plan Net Assets (pages 24-27) provide information about the activities of the nine individual pension plans administered and the four funds managed, as well as comparative summary information about these activities for the System as a whole.

The Schedule of Funding Progress (pages 38-39) includes 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 Employer Contributions (pages 40-41) presents 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.

Analysis of Net Assets

The System was created to provide retirement, survivor, and disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments as designated by the various plans, refunds of member contributions to terminated employees, and the cost of administering the System. Combined plan net assets increased by \$23.0 million over the last fiscal year. Looking at additions to and deductions from Plan net assets, this increase is attributable to investment income resulting from the sustained strength of the bond markets and the more recent improvement in the equity markets.

Net Assets

(Dollar values expressed in thousands)

Fiscal Years Ended June 30,	2003	2002	Increase/	Increase/
			(Decrease)	(Decrease)
			Amount	Percent
Cash and Investments at Fair Value	\$ 4,881,112	\$ 4,854,368	\$ 26,744	0.6%
Receivables	5,221	4,737	484	10.2%
Total Assets	\$ 4,886,333	4,859,105	27,228	0.6%
Total Accrued Liabilities	5,617	1,409	4,208	298.7%
Total Plan Net Assets:	\$ 4,880,716	\$ 4,857,696	\$ 23,020	0.5%

Changes in Net Assets

(Dollar values expressed in thousands)

Fiscal Years Ended June 30,	2003	2002	Increase/	Increase/
			(Decrease)	(Decrease)
			Amount	Percent
Additions:				
Employer Contributions	\$ 89,140	\$ 82,469	\$ 6,671	8.1%
Transfer of Contributions from PRI Fund	26,152	32,322	(6,170)	(19.1%)
Transfer of Assets from Outside the System	3,612	4,685	(1,073)	(22.9%)
Member Contributions	40,280	37,731	2,549	6.8%
Other Income	10	7	3	42.9%
Net Investment Gains/(Losses)	149,608	(313,816)	463,424	147.7%
Total Additions:	\$ 308,802	\$ (156,602)	\$ 465,404	297.2%
Deductions:				
Transfer of Contributions from PRI Fund	\$ 26,152	\$ 32,322	\$ (6,170)	(19.1%)
Transfer of Assets Outside the System	7,399	6,232	1,167	18.7%
Benefit Payments	239,859	216,353	23,506	10.9%
Refunded Contributions	2,973	2,698	275	10.2%
Group Life Payments	4,172	4,080	92	2.3%
Administrative Expenses:				
General Administrative Expenses	4,030	4,134	(104)	(2.5%)
Disability Pension Review	26	-	26	100.0%
eCRIS Project Expenses	1,171	478	693	145.0%
Office Relocation Expenses	-	22	(22)	(100.0%)
Total Administrative Expenses:	5,227	4,634	593	12.8%
Total Deductions:	\$ 285,782	\$ 266,319	\$ 19,463	7.3%
Increase/(Decrease) in Plan Net Assets:	\$ 23,020	\$ (422,921)	\$ 445,941	105.4%

Employer contributions increased approximately \$6.7 million because of higher required actuarial contribution rates and an increased number of member employers in the County & Municipal plans. Member contributions increased by approximately \$2.5 million due to an increase in the number of active employees primarily in the County & Municipal plans. Transfers from outside the system decreased by approximately 22.9% as a result of decreased contributions from the Delaware Local Government Pool participants. Transfers from the Post-Retirement Increase Fund were reduced by 19.1% since there was no increase effective during FY2003.

Transfers of Assets Outside the System include transfers from the County & Municipal Police/Firefighters' COLA Fund (COLA Fund) to individual participating entities, a reversion from the COLA Fund as required by statute, a transfer of funds from the Special Pension Plan, and a transfer from the Post Retiree Health Care Fund to the General Fund to cover retiree health expenses. Both the reversion from the COLA Fund and the transfer from the Special Pension Plan were transferred to the Closed State Police Plan. Benefit payments increased by approximately 10.9% as a result of a 4.4% increase in the number of retirees over FY2002 and legislative changes. Total administrative expenses (including general administrative, Disability Pension Review and eCRIS project) increased 12.8% to approximately \$5.2 million. This was due to an increase in special projects offset by a decrease in general administrative expenses. The decrease in general administrative expenses is due primarily to a decreased reliance on outside computer contractors.

Investments and Economic Climate

For Fiscal 2003, investments had a 3.1% rate of return. The System's total annualized rate of return over the last five and ten years was 3.5% and 9.3%, respectively. This performance placed the System in the third quartile for public fund returns for the fiscal year and in the top quartile of public funds for the five and ten year periods.

The investment climate during this fiscal year remained difficult, as Iraq war worries and subdued economic activity led to generally weak stock markets. In recent months, signs of improving corporate profitability and of improved economic conditions have led to improved stock markets, although the lasting strength of the economic recover remains in doubt. The bond markets maintained strong performance throughout most of the fiscal year, with equities showing improvement in the last quarter of Fiscal 2003. For the fiscal year, the S&P 500 stock index returned 0.2% while the Lehman Aggregate Bond Index returned 13.1%. Investment strategy reflects return expectations that continue to be significantly more modest than those achieved during the period of the 1990's. For a further discussion of portfolio diversification and investment strategy, see the Investment Section beginning on page 49 of this report.

System investments are managed to control the extent of downside risk to which assets are exposed while maximizing long-term gain potential. This positions the System to limit the impact of adverse market conditions. Portfolio diversification is an important element of investment risk control.

The investment activity of the System is governed by the “prudent person rule”. The prudent person rule establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the System. The prudent person rule states that fiduciaries shall discharge their duties solely in the interest of the System participants and beneficiaries and with the degree of diligence, care, and skill which a prudent person would ordinarily exercise under similar circumstances.

The prudent person rule permits the Board to establish an investment policy based upon certain investment criteria and allows for the delegation of investment authority to professional investment managers. Page 53 shows the System’s investment policy. Investment constraints are outlined, including the appropriate degree of risk. Investment managers are hired to execute the investment policy. They have full discretion for investment decisions within statutory authority, Board policy, and their respective guidelines. A list of the investment managers under contract with the System as of June 30, 2003, may be found on page 57 of this report. A summary of the total System’s asset allocation can be found on page 56.

Historical Trends

Accounting standards require that the statement of plan net assets states asset values at fair value and includes only benefits and refunds due plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the pension funds is provided in the Schedule of Funding Progress (pages 38-39). The asset value stated in the Schedule of Funding Progress is the actuarial value of assets as determined by calculating the ratio of market value to book value of assets over a five-year period. The actuarial assumptions used in the most recent valuation are identified by plan on Schedule 3 - Notes to Trend Data (page 42).

Annual required contributions of employers and contributions made by employers in relation to the required contributions are provided in the Schedule of Employer Contributions (pages 40-41). This schedule indicates that employers are meeting their responsibilities to provide resources to the plans.

Funding Status

A pension plan is well funded when it has sufficient assets invested to meet all expected future obligations to participants. The greater the level of funding, the larger the ratio of assets to actuarial accrued liability. It should be noted that six of the plans included in the System continue to be fully funded - this is quite an accomplishment given the recent economic conditions and market climate. Two of the remaining plans are not totally funded, but annual contributions are being made at the actuarially determined rates to reach full funding. The Closed State Police Pension Plan remains a pay-as-you-go plan. The Notes to Trend Data Schedule presented on page 42 provides detailed information on each plan’s remaining amortization period. The actuarial method for calculating accrued liability for all plans is Entry Age Normal with the objective of maintaining employer contributions approximately level as a percent of member payroll. A detailed discussion of funding method is provided in the Actuarial Section of this report on page 70.

STATEMENT OF PLAN NET ASSETS

as of June 30, 2003 with Comparative Totals for June 30, 2002

(Expressed in thousands)

	State Employees' Plan	Special Plan	New State Police Plan	Judiciary Plans	County & Municipal Police and Firefighters' Plan	County & Municipal Other Employees' Plan
ASSETS:						
Cash	\$ 439	-	2	6	7	2
Receivables:						
Employer Contributions	2,219	-	124	48	148	14
Member Contributions	1,629	-	89	8	74	11
Total Receivables:	\$ 3,848	-	213	56	222	25
Investments at Fair Value:						
Domestic Fixed Income	887,579	169	20,665	5,347	6,951	612
Domestic Equities	1,139,181	217	26,523	6,862	8,922	786
Pooled Equity & Fixed Income	1,628,580	311	37,918	9,810	12,755	1,124
Managed Futures	98,612	19	2,296	594	772	68
Private Investments	434,972	83	10,127	2,620	3,407	300
Short Term Investments	111,723	28	2,829	657	1,405	90
Foreign Equities	345,500	66	8,044	2082	2,706	238
Total Investments:	\$ 4,646,147	893	108,402	27,972	36,918	3,218
TOTAL ASSETS:	\$ 4,650,434	893	108,617	28,034	37,147	3,245
LIABILITIES:						
Transfer of Assets Outside the System	-	-	-	-	-	-
Benefits Payable	685	-	3	-	42	2
Accrued Administrative Expenses	241	-	3	1	3	1
TOTAL LIABILITIES:	\$ 926	-	6	1	45	3
NET ASSETS HELD IN TRUST FOR PENSION						
BENEFITS:	\$ 4,649,508	893	108,611	28,033	37,102	3,242

(A Schedule of Funding Progress for each plan is presented on pages 38-39.)

The notes to the financial statements are an integral part of this Statement.

Volunteer Firemen's Plan	Diamond State Corporation Plan	County & Municipal Police and Firefighters' COLA Fund	Post-Retirement Increase Fund	Delaware Local Gov't Retirement Investment Pool	Post-Retirement Health Insurance Premium Fund	Closed State Police Plan	Totals as of June 30,	
							2003	2002
4	1	-	6	-	-	6	\$ 473	\$ 1,009
-	25	-	802	-	15	-	3,395	2,924
-	13	-	-	-	-	2	1,826	1,813
-	38	-	802	-	15	2	\$ 5,221	\$ 4,737
1,673	1,233	962	1,494	2,023	2,527	-	931,235	981,328
2,147	1,582	1,234	1,917	2,596	3,244	-	1,195,211	1,220,326
3,069	2,262	1,765	2,740	3,711	4,637	-	1,708,682	1,735,275
186	137	107	166	224	281	-	103,462	-
820	604	471	732	991	1,239	-	456,366	481,688
197	175	2,344	427	250	696	2,369	123,190	86,850
651	480	374	581	787	984	-	362,493	347,892
8,743	6,473	7,257	8,057	10,582	13,608	2,369	\$ 4,880,639	\$ 4,853,359
8,747	6,512	7,257	8,865	10,582	13,623	2,377	\$ 4,886,333	\$ 4,859,105
-	-	895	-	-	3,735	-	4,630	-
2	-	-	-	-	-	-	734	759
-	1	-	-	-	-	3	253	650
2	1	895	-	-	3,735	3	\$ 5,617	\$ 1,409
8,745	6,511	6,362	8,865	10,582	9,888	2,374	\$ 4,880,716	\$ 4,857,696

STATEMENT OF CHANGES IN PLAN NET ASSETS

for the fiscal year ended June 30, 2003 with Comparative Totals for June 30, 2002

(Expressed in thousands)

	State Employees' Plan	Special Plan	New State Police Plan	Judiciary Plans	County & Municipal Police and Firefighters' Plan	County & Municipal Other Employees' Plan
ADDITIONS:						
<u>Contributions:</u>						
Employer Contributions	\$ 40,175	-	2,786	1,342	2,931	248
Transfer of Contributions from PRI Fund	25,878	-	30	244	-	-
Transfer of Assets from Outside the System	-	-	-	-	-	-
Member Contributions	35,130	-	2,337	563	1,546	259
Other	-	-	10	-	-	-
Total Contributions:	\$ 101,183	-	5,163	2,149	4,477	507
<u>Investments:</u>						
Investment Earnings	115,884	22	2,698	698	908	80
Net Increase/(Decrease) in Fair Value	39,077	18	1,278	302	567	48
	\$ 154,961	40	3,976	1,000	1,475	128
Less Investment Mgr./Advisor/Custody Fees	(12,918)	(3)	(301)	(77)	(101)	(9)
Less Investment Administrative Expenses	(213)	-	(5)	(1)	(2)	-
Total Net Investment Earnings:	\$ 141,830	37	3,670	922	1,372	119
TOTAL ADDITIONS:	\$ 243,013	37	8,833	3,071	5,849	626
DEDUCTIONS:						
Transfer of Contributions from PRI Fund	-	-	-	-	-	-
Transfer of Assets Outside the System	-	750	-	-	-	-
Benefits Payments	217,126	121	689	1,971	244	52
Refunds of Contributions to Members	2,653	-	102	-	105	41
Group Life Payments	4,060	35	-	-	-	-
Administrative Expenses	5,227	-	-	-	-	-
Allocation of Administrative Expenses	(273)	3	62	10	67	26
TOTAL DEDUCTIONS:	\$ 228,793	909	853	1,981	416	119
NET INCREASE/(DECREASE):	\$ 14,220	(872)	7,980	1,090	5,433	507
NET ASSETS HELD IN TRUST FOR PENSION						
BENEFITS BEGINNING OF YEAR:	\$ 4,635,288	1,765	100,631	26,943	31,669	2,735
NET ASSETS HELD IN TRUST FOR PENSION						
BENEFITS END OF YEAR:	\$ 4,649,508	893	108,611	28,033	37,102	3,242

The notes to the financial statements are an integral part of this Statement.



Volunteer Firemen's Plan	Diamond State Port Corporation Plan	County & Municipal Police and Firefighters' COLA Fund	Post-Retirement Increase Fund	Delaware Local Gov't Retirement Investment Pool	Post-Retirement Health Insurance Premium Fund	Closed State Police Plan	Totals for Fiscal years ended June 30,	
							2003	2002
667	333	-	18,124	-	4,689	17,845	\$ 89,140	\$ 82,469
-	-	-	-	-	-	-	26,152	32,322
-	-	2,072	-	783	-	757	3,612	4,685
210	170	-	-	-	-	65	40,280	37,731
-	-	-	-	-	-	-	10	7
877	503	2,072	18,124	783	4,689	18,667	\$ 159,194	\$ 157,214
218	161	125	195	264	330	63	121,646	148,262
102	73	65	(290)	153	346	-	41,739	(448,446)
320	234	190	(95)	417	676	63	\$ 163,385	\$ (300,184)
(24)	(18)	(14)	(22)	(30)	(37)	-	(13,554)	(13,400)
(1)	-	-	-	-	(1)	-	(223)	(232)
295	216	176	(117)	387	638	63	\$ 149,608	\$ (313,816)
1,172	719	2,248	18,007	1,170	5,327	18,730	\$ 308,802	\$ (156,602)
-	-	-	26,152	-	-	-	26,152	32,322
-	-	2,914	-	-	3,735	-	7,399	6,232
1,057	170	-	-	-	-	18,429	239,859	216,353
48	24	-	-	-	-	-	2,973	2,698
-	-	-	-	-	-	77	4,172	4,080
-	-	-	-	-	-	-	5,227	4,634
18	28	-	-	-	-	59	-	-
1,123	222	2,914	26,152	-	3,735	18,565	\$ 285,782	\$ 266,319
49	497	(666)	(8,145)	1,170	1,592	165	\$ 23,020	\$ (422,921)
8,696	6,014	7,028	17,010	9,412	8,296	2,209	\$ 4,857,696	\$ 5,280,617
8,745	6,511	6,362	8,865	10,582	9,888	2,374	\$ 4,880,716	\$ 4,857,696

1. Plan Descriptions and Contribution Information

The State of Delaware General Assembly enacted legislation to provide for the following State-sponsored pension plans:

- ◆ State Employees' Pension Plan.
- ◆ Special Pension Plan.
- ◆ New State Police Pension Plan.
- ◆ Judiciary Pension Plans (Closed and Revised).
- ◆ County & Municipal Police/Firefighters' Pension Plan.
- ◆ County & Municipal Other Employees' Pension Plan.
- ◆ Volunteer Firemen's Pension Plan.
- ◆ Diamond State Port Corporation Pension Plan.
- ◆ Closed State Police Pension Plan.

With the exception of the Diamond State Port Corporation Pension Plan, the General Assembly is responsible for setting benefits and contributions and amending plan provisions. The Board of Directors for the Diamond State Port Corporation is responsible for setting benefits and contributions and amending their plan provisions.

As of June 30, 2003, employee membership data related to each of the Plans was as follows:

Plan	Retirees & Beneficiaries Currently Receiving Benefits	Terminated Employees Entitled to Benefits But Not Yet Receiving Them	Active Participants	Total Membership	Total Participating Employers
State Employees'	16,964	950	31,877	49,791	7
Special	34	-	-	34	N/A
New State Police	24	9	579	612	1
Judiciary	39	-	51	90	1
County & Municipal Police/Firefighters'	15	13	562	590	15
County & Municipal Other Employees'	14	1	203	218	16
Volunteer Firemen's	1,197	10	4,933	6,140	61
Diamond State Port Corporation	19	1	261	281	1
Closed State Police	556	-	32	588	1
Total:	18,862	984	38,498	58,344	103

State Employees' Pension Plan

Plan Description and Eligibility: The State Employees' Pension Plan is a cost-sharing multiple employer defined benefit plan that covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

Service Benefits: Final average monthly compensation multiplied by 2.0% and multiplied by years of credited service prior to January 1 1997, plus final average compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension or is active with at least 5 years of credited service, eligible survivor receives 50% (or 75% with 3% reduction of benefit) of the benefit the employee would have received at age 62.

Contributions:
Employer - determined by Board of Pension Trustees.
Employee - 3% of earnings in excess of \$6,000.

Death Benefit: \$7,000 per member.

Special Pension Plan

Plan Description and Eligibility: The Special Pension Plan is a cost-sharing multiple employer defined benefit plan that covers benefits granted to certain retirees or groups of retirees through legislation passed by the General Assembly.

Service Benefits: Defined by special legislation.

Vesting: Not applicable.

Retirement: Not applicable.

Disability Benefits: Not applicable.

Survivor Benefits: Same as State Employees' Plan.

Contributions: Employer contributions are actuarially determined and fully funded in advance by the General Assembly.

Death Benefit: \$7,000 per member.

New State Police Pension Plan

Plan Description and Eligibility: The New State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed on or after July 1, 1980.

Service Benefits: 2.5% of final average monthly compensation multiplied by years of credited service up to 20 years, plus 3.5% of final average monthly compensation multiplied by years of service in excess of 20 years. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 10 years of credited service.

Retirement: Age 62 with 10 years of credited service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits:

Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Partial Disability - calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

Ordinary - Same as Service Benefits.

Survivor Benefits: If employee is receiving a pension, the eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of compensation.

Contributions:
Employer - determined by Board of Pension Trustees.
Employee - 7% of compensation.

Death Benefit: \$7,000 per member.



Judiciary Pension Plans (Closed and Revised)

Plan Description and Eligibility:

The Closed Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed before July 1, 1980.

The Revised Judiciary Pension Plan is a single-employer defined benefit plan that covers members of State Judiciary appointed on or after July 1, 1980 or members appointed before July 1, 1980 who accept the provisions of this Plan.

Assets of one plan can be used to satisfy the liabilities of the other plan.

Service Benefits:

Closed - 3% of final average compensation multiplied by years of credited service, subject to maximum and minimum limitations.

Revised - 1/24th of final average monthly compensation multiplied by years of service up to 12 years, plus 1/48th of final average monthly compensation, multiplied by years of service from 13 to 24 years, subject to maximum limitations.

For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 12 years of credited service.

Retirement:

Closed - Age 65 with 12 years of credited service, or any age with 24 years of credited service.

Revised - Age 62 with 12 years of credited service, or any age with 24 years of credited service.

Disability Benefits: Same as Service Benefits.

Survivor Benefits:

Closed - If employee is receiving a pension, then eligible survivor receives 2/3 of pension; if employee is active with 12 years of credited service, then eligible survivor receives 2/3 of pension the employee would have been eligible to receive.

Revised - If employee is receiving a pension, then eligible survivor receives 1/2 of pension (2/3 with 3% reduction); if employee is active, eligible survivor receives 2/3 of pension the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Employee -

Closed - \$500 per year for the first 25 years of service.

Revised - 3% of earnings that exceed \$6,000 per year, plus 2% of earnings that exceed the Social Security Wage Base for the first 24 years of service.

Death Benefit: Not applicable.

County & Municipal Police/Firefighters' Pension Plan

Plan Description and Eligibility: County & Municipal Police/Firefighters' Pension Plan, both FICA and Non-FICA, are cost-sharing multiple employer defined benefit plans that cover police officers/firefighters employed by a county or municipality of the State which has become part of the Plan.

Service Benefits: 1/40th of final average monthly compensation multiplied by years of credited service, subject to limitations. For this plan, final average monthly compensation is the monthly average of the highest three consecutive years of compensation.

Vesting: 10 years of credited service.

Retirement: Age 62 with 10 years of service; age plus credited service (but not less than 10 years) equals 75; or 20 years of credited service.

Disability Benefits:

Duty - Total Disability - 75% of final average compensation plus 10% for each dependent not to exceed 25% for all dependents.

Partial Disability - calculated the same as Service Benefits, subject to minimum 50% of final average compensation.

Ordinary - Same as Service Benefits.

Survivor Benefits: If employee is receiving a pension, then eligible survivor receives 50% of pension; if employee is active, eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions:

Employer -determined by Board of Pension Trustees.

Employee - FICA covered - 5% of compensation.

Non-FICA covered - 7% of compensation.

Death Benefit: Not applicable.



County & Municipal Other Employees' Pension Plan

Plan Description and Eligibility: County & Municipal Other Employees' Pension Plan is a cost-sharing multiple employer defined benefit plan that covers employees of counties or municipalities which have become part of the Plan.

Service Benefits: 1/60th of final average monthly compensation multiplied by years of credited service, subject to maximum limitations. For this plan, final average monthly compensation is the monthly average of the highest five years of compensation.

Vesting: 5 years of credited service.

Retirement: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service.

Survivor Benefits: If employee is receiving a pension or is active with at least 5 years of credited service, then eligible survivor receives 50% of pension the employee would have received at age 62.

Contributions:
Employer - determined by Board of Pension Trustees.

Employee - 3% of earnings in excess of \$6,000, plus 2% of earnings that exceed the Social Security Wage Base.

Death Benefit: Not applicable.

Volunteer Firemen's Pension Plan

Plan Description and Eligibility: The Volunteer Firemen's Pension Plan is a cost-sharing multiple employer defined benefit plan which covers all actively participating volunteers of fire departments, ladies auxiliaries, or ambulance organizations within the State of Delaware.

Service Benefits: \$5 multiplied by years of credited service (not to exceed 25 years) per month.

Vesting: 10 years of credited service.

Retirement: Age 60 with 10 years credited service.

Disability Benefits: Not applicable.

Survivor Benefits: Not applicable.

Contributions:
Employer - determined by Board of Pension Trustees.

Volunteer Member - \$60 per member per calendar year.

Death Benefit: Not applicable.

Diamond State Port Corporation Pension Plan

Plan Description and Eligibility: The Diamond State Port Corporation Pension Plan is a single-employer defined benefit plan which covers all employees of the Diamond State Port Corporation.

Service Benefits: 1.75% of final average monthly compensation multiplied by the years of credited service (not to exceed 30 years). For this plan, final average monthly compensation is the monthly average of the highest consecutive five years of compensation within the last ten years of employment.

Vesting: 5 years of credited service.

Retirement: Age 65 with 5 years of credited service; or age (not less than 55 years) plus credited service equals 90.

Disability Benefits: Same as Service Benefits. Employee must have 15 years of credited service.

Survivor Benefits: If employee is receiving a pension or is active with at least 15 years of credited service, then eligible survivor receives 50% of pension the employee would have received at age 65.

Contributions:
Employer - determined by Board of Pension Trustees.

Employee - 2% of compensation.

Death Benefit: Not applicable.

Closed State Police Pension Plan

Plan Description and Eligibility: The Closed State Police Pension Plan is a single-employer defined benefit plan that covers all State police officers appointed before July 1, 1980.

Service Benefits: 50% of monthly salary.

Vesting/Retirement:
20 years of credited service or age 55.

Disability Benefits: Duty - 75% of monthly salary.
Ordinary - Same as Service Benefits.

Survivor Benefits: If employee is active or is receiving a service or service-related disability pension, the eligible survivor receives 75% of pension; if employee is receiving a non-service related disability pension, eligible survivor receives 50% of pension.

Contributions:

Employer - The Closed State Police Plan is funded on a pay-as-you-go basis.

Employee - 5% of salary with 20 years or less of credited service; 2% of salary with over 20 years credited service.

Death Benefit: \$7,000 per member.

2. Fund Descriptions and Contributions

County & Municipal Police & Firefighters' COLA Fund

During 1990, the State of Delaware passed legislation which established a mechanism for funding post-retirement increases granted by employers who participate in the County & Municipal Police/Firefighters' Pension Plans. This mechanism allows the State to appropriate funds to a separate COLA Fund managed by the Board of Pension Trustees (Board). The funds are generated by a 0.25% tax on the value of insurance premiums written within the State. The proceeds of the tax are transferred to the State and local governments on a per member basis. The portion of the tax payable relating to the State Police is re-directed into the COLA Fund. When a participating employer grants a post-retirement increase, funds are transferred from the COLA Fund to the employer. The participating employer must provide funds to match the State's contribution.

Post-Retirement Increase Fund

During 1993, the State of Delaware passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to employees retired under the State Employees' Plan, the New State Police Plan, and the Judiciary Plans (Closed and Revised) beginning in fiscal 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate Post-Retirement Increase Fund managed by the Board. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this Post-Retirement Increase Fund on a monthly basis based on a five-year actuarial funding schedule to the appropriate pension plan from which the additional benefits are disbursed.

Investment Trust Fund

In June 1996, the State of Delaware passed legislation which established the Delaware Local Government Retirement Investment Pool (DELRIP) in the custody of the Board to allow local governments within the State of Delaware the option to pool their pension assets with the System. The DELRIP is an external investment pool that allows local governments to maximize their rate of return and reduce administrative expenses related to the investment of funds. Participation in the pool is totally voluntary. There were three participating entities in DELRIP as of June 30, 2003 which comprise the pool in its entirety. Statements of net assets and changes in net assets may be found in the Supporting Schedules section of this report in accordance with GASB Statement 31 (pages 46-47). No separate comprehensive annual report is issued for this Pool.

DELRIP is subject to the oversight of the System's Investment Committee and not subject to the regulatory oversight of the Securities and Exchange Commission (SEC). The System has not provided or obtained any legal binding guarantees during the year to support the value of shares. The fair value of the shares in the pool is determined in the same manner as the value of the Master Trust shares (see page 34). Since this pool is a portion of the total System, the same accounting and investment policies described in the following financial footnotes apply.

Post-Retirement Health Insurance Premium Fund

In June 2000, the State of Delaware passed legislation which established a mechanism for funding the State's retiree health care costs for covered employees in the State Employees' Pension Plan. The mechanism allows the State to appropriate employer contributions to a separate fund managed by the Board. These funds will be used to pay the State's cost for health care premiums. Funding levels are set annually by the Delaware State Legislature as a part of the budget process. Funding began in July 2001 in the amount of 0.65% of payroll. Funding for FY2003 was 0.37% of payroll. Funding during FY2004 has been suspended.

3. Summary of Significant Accounting Policies

Reporting Entity

The management of all the Plans and Funds in the System is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex-officio members. The daily operation of the System is the responsibility of the Office of Pensions. Although the assets of the Plans/Funds are commingled for investment purposes, each Plan's/Fund's assets may be used only for the payment of benefits to the members of that Plan/Fund in accordance with the terms of that Plan/Fund.

Although separate financial statements are presented for the System as a whole, the System is also considered a component unit of the State of Delaware financial reporting entity.

Basis of Accounting

The financial statements are presented on the accrual basis. 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/Fund.

The accompanying financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States.

Investments

All of the investment assets of the Plans and Funds, with the exception of the Closed State Police Pension Plan, are pooled and invested in a common Master Trust. Each of the Plans/Funds described herein have equity in the Master Trust based on funds contributed and earnings allocated.

Investments are presented at fair value. Fair values are determined by quoted market prices based on national exchanges when available. Venture capital and other limited partnership values are determined based on appraised values which approximate fair value.

Administrative Expenses

Expenses for the administration of the System are budgeted and approved by the Board and are paid from investment earnings.

4. Deposits and Investments

For the year ended June 30, 2003, the System adopted Statement No. 40 of the Governmental Accounting Standards Board "Deposit and Investment Risk Disclosures." Adoption of this standard has no material impact on the System's financial statements.

Investment Policy

There are no State statutes setting forth allowable investments for the System. The investment decisions are dictated by the internal investment policy established by the Board as outlined below:

- maintain a minimum of 20% - 25% of total assets of the System in fixed income investments such as bonds and cash equivalents (assets with maturity of less than one year);
- conduct an ongoing review of prospective risk levels and rates of return available from all classes of assets eligible for investment;
- employ a diversity of investment managers with demonstrated skills in managing funds through different styles of management with expertise in particular kinds of assets such as stocks, bonds, real estate, mortgages, venture capital, money market instruments, or combinations thereof; and
- closely monitor the performance of all investment managers not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives.

For the year ended June 30, 2003, the System has operated in all material respects in accordance with these policies.

Investments

The following is a listing of directly held bonds and short term investments and related maturity schedule.

Investment Type	Investment Maturities (in Years)							More than 30
	Fair Value	Less than 1	1 - 4.9	5 - 9.9	10 - 19.9	20 - 30		
Financial Services	\$ 68,974	\$ 2,457	11,965	27,912	8,510	17,643	487	
Foreign Government	57,195	2,436	22,830	14,236	14,621	3,072	-	
Industrials	315,670	298	54,419	186,531	24,308	48,787	1,327	
Other Bonds/Bond Mutual Funds	153,503	2,357	51,792	32,588	12,099	39,886	14,781	
Other	1,394	-	-	-	-	1,394	-	
Tax Anticipation Notes	901	-	-	901	-	-	-	
Telephone	45,639	-	12,905	14,567	5,490	12,677	-	
Transportation	6,813	1,455	1,044	2,147	440	1,727	-	
U. S. Treasury Notes & Bonds	99,194	-	66,292	7,511	21,449	3,942	-	
U. S. Agencies	165,766	5,569	33,555	14,412	26,913	33,394	51,923	
Utilities	30,090	-	7,132	9,828	3,711	9,419	-	
World Bank	13,864	-	9,329	2,665	302	1,568	-	
Certificates of Deposit	15,050	15,050	-	-	-	-	-	
Commercial Paper & Notes	141,005	141,005	-	-	-	-	-	
Total:	\$ 1,115,058	\$ 170,627	271,263	313,298	117,843	173,509	68,518	

Interest Rate Risk

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The System's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The System has no investment policy that would further limit its investment choices. As of June 30, 2003, the System's fixed income investments had the following risk characteristics:

Moody's Ratings or Comparable	Percent of Total Fund	Market Value (expressed in thousands)	Callable Amount (expressed in thousands)	Callable Dates
AAA to A	11.4%	\$ 554,438	\$ 9,697	through August 2009
BBB to B	7.8%	379,725	210,702	through July 2008
CCC to C	0.6%	31,421	20,177	through June 2007
Less than C	0.1%	2,734	-	-
Not Rated	3.0%	146,740	6,220	through June 2008
Total:	22.8%	\$ 1,115,058	\$ 246,796	

Custodial Credit Risk

The bank balance and carrying amount of the System's deposits totaled \$473,000 as of June 30, 2003. The System's cash represents pooled deposits held by the State Treasurer's Office, which are uninsured and uncollateralized.

Investments in Excess of 5% of Net Assets Held in Trust for Pension Benefits

The following managers have investments at fair value in excess of 5% of the System's net assets held in trust for pension benefits as of June 30, 2003:

	Fair Value
	<i>(Expressed in thousands)</i>
Mellon Capital Asset Allocation Fund	\$ 1,044,553
Mellon Capital Global Asset Allocation Fund	664,009
Lincoln Capital	382,095
T. Rowe Price High Yield Bonds	296,542
Loomis Sayles	252,598

Management Fees

The System has paid \$12.7 million and \$12.3 million in management fees to the venture capital limited partnerships for the year ended June 30, 2003 and 2002, respectively. These fees are netted against investment income.

Investment Commitments

The System has made commitments to invest up to an additional \$197.5 million in venture capital limited partnerships in varying amounts as of June 30, 2003, to be drawn down as called over a period of years.

Risk Management

Risks of loss to which the System is exposed, other than routine investment losses, are covered by the System. Fixed assets used by the System are considered to be the property of the State of Delaware and at net depreciated value total approximately \$475,000. Risk of loss relative to worker's compensation, self-insurance, theft, torts, and other similar risks, is assumed by the State of Delaware.

Foreign Investments/Forward Exchange Contracts

Foreign investments pertain to investments in foreign equity securities, bonds issued by foreign entities and foreign short-term investments and money market funds.

In conjunction with certain of these investments, the System has entered into forward exchange contracts to sell or purchase certain foreign currencies at specified rates at stated dates. At June 30, 2003, the System had no directly held open forward exchange contracts.

Derivatives

Derivatives are instruments (securities or contracts) whose value is dependent on such things as stock or bond prices, interest rate levels, or currency exchange rates. In June 1994, the Board adopted a formal written policy on the use of derivatives which is reviewed periodically. Only a few selected managers are permitted to use derivatives. In every case, the types of derivatives used and limits on their use are stated in the manager's contract and are monitored on an ongoing basis; so-called "exotic" derivatives and leverage are never used as appropriate investment vehicles. Managers authorized to use derivatives do so to reduce foreign exchange risk and minimize transaction costs. Managers may also use derivatives as part of an overall strategy to enhance returns.

The following lists principal categories of derivatives and their uses during the year:

Category	Purpose
Foreign exchange forward contracts	Hedge currency risk of investments denominated in foreign currencies
Exchange traded equity futures	Reduce transaction costs; hedge equity market risk; enhance return
Exchange traded fixed income futures	Reduce transaction costs; control portfolio duration; enhance return
Exchange traded options	Enhance return; reduce transaction costs
Asset backed securities	Enhance return

Generally, derivatives are subject both to market risk and to counterparty risk. The derivatives utilized by the System typically have no greater market risk than their physical counterparts, and in many cases are offset by exposures elsewhere in the portfolio (for example, a short S&P 500 futures contract partially hedging a long position in S&P 500 securities). Counterparty risk, the risk that the "other party" to a contract will default, is managed by utilization of exchange traded futures and options where practical (in which case the futures exchange is the counterparty and guarantees performance) and by careful screening of counterparties where use of exchange traded products is impractical or uneconomical.

Derivative securities are priced and accounted for at their fair value. For exchange traded securities such as futures and options, closing prices from the securities exchanges are used. For fixed income derivatives such as collateralized mortgage obligations (CMO), commercial pricing services (where available) or bid-side prices from a broker/dealer are used. Foreign exchange forward contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

The Board believes that it is unlikely that any of the derivatives used by managers of the System could have a material adverse effect on its financial condition.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule 1 -- Schedule of Funding Progress

(Dollar values expressed in thousands)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6)
							UAAL as a % of Covered Payroll (3)/(5)
State Employees**	6/30/2003	\$ 5,125,442	\$ 4,794,944	\$ (330,498)	106.9%	\$ 1,355,800	(24.4%)
	6/30/2002	4,956,156	4,521,732	(434,424)	109.6%	1,351,112	(32.2%)
	6/30/2001	4,759,031	4,232,244	(526,787)	112.4%	1,270,632	(41.5%)
	6/30/2000	4,409,079	3,769,596	(639,483)	117.0%	1,198,626	(53.4%)
	6/30/1999	3,888,852	3,350,127	(538,725)	116.1%	1,125,857	(47.9%)
	6/30/1998	3,440,272	3,135,665	(304,607)	109.7%	1,070,052	(28.5%)
Special	6/30/2003	\$ 1,009	\$ 768	\$ (241)	131.4%	N/A	N/A
	6/30/2002	1,832	742	(1,090)	246.9%	N/A	N/A
	6/30/2001	1,866	993	(873)	187.9%	N/A	N/A
	6/30/2000	1,834	834	(1,000)	219.9%	N/A	N/A
	6/30/1999	1,720	826	(894)	208.2%	N/A	N/A
	6/30/1998	1,652	899	(753)	183.8%	N/A	N/A
New State Police*	6/30/2003	\$ 120,457	\$ 106,272	\$ (14,185)	113.3%	\$ 31,778	(44.6%)
	6/30/2002	109,615	91,928	(17,687)	119.2%	30,281	(58.4%)
	6/30/2001	99,138	80,040	(19,098)	123.9%	27,624	(69.1%)
	6/30/2000	86,810	68,367	(18,443)	127.0%	25,558	(72.2%)
	6/30/1999	72,425	54,713	(17,712)	132.4%	23,518	(75.3%)
	6/30/1998	60,191	47,078	(13,113)	127.9%	21,462	(61.1%)
Judiciary*	6/30/2003	\$ 30,961	\$ 31,646	\$ 685	97.8%	\$ 6,112	11.2%
	6/30/2002	29,049	30,122	1,073	96.4%	7,329	14.6%
	6/30/2001	27,231	29,635	2,404	91.9%	6,371	37.7%
	6/30/2000	24,884	28,108	3,224	88.5%	5,794	55.6%
	6/30/1999	21,256	25,402	4,146	83.7%	5,673	73.1%
	6/30/1998	18,429	24,175	5,746	76.2%	5,118	112.3%
County & Municipal Police/Firefighters'	6/30/2003	\$ 41,228	\$ 36,698	\$ (4,530)	112.3%	\$ 24,128	(18.8%)
	6/30/2002	35,053	30,344	(4,709)	115.5%	21,342	(22.1%)
	6/30/2001	29,389	29,465	76	99.5%	19,605	1.1%
	6/30/2000	23,496	23,582	86	99.3%	18,011	1.4%
	6/30/1999	17,272	17,697	425	96.0%	15,230	8.6%
	6/30/1998	12,842	12,868	26	99.7%	11,712	0.6%

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule 1 -- Schedule of Funding Progress (continued)

(Dollar values expressed in thousands)

Plan	Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Unfunded AAL (UAAL) (2) - (1)	(4) Funded Ratios (1)/(2)	(5) Annualized Covered Payroll	(6)
							UAAL as a % of Covered Payroll (3)/(5)
County & Municipal Other Employees'	6/30/2003	\$ 3,602	\$ 3,332	\$ (270)	108.1%	\$ 6,209	(4.3%)
	6/30/2002	3,033	2,816	(217)	107.7%	2,545	(8.5%)
	6/30/2001	2,794	2,962	168	94.3%	2,292	7.3%
	6/30/2000	2,410	2,604	194	92.5%	2,004	9.7%
	6/30/1999	1,783	2,272	489	78.5%	1,706	28.7%
	6/30/1998	1,419	1,552	133	91.4%	1,385	9.6%
Diamond State Port Authority	6/30/2003	\$ 7,328	\$ 7,056	\$ (272)	103.9%	\$ 8,636	(3.1%)
	6/30/2002	6,675	6,617	(58)	100.9%	9,354	(0.6%)
	6/30/2001	6,044	5,618	(426)	107.6%	8,788	(4.8%)
	6/30/2000	5,188	5,222	34	99.3%	7,715	0.4%
	6/30/1999	4,171	4,951	780	84.2%	7,637	10.2%
	6/30/1998	3,310	4,368	1,058	75.8%	6,731	15.7%
Closed State Police+	6/30/2003	\$ 2,322	\$ 318,250	\$ 315,928	0.7%	\$ 2,869	11,011.8%
	6/30/2002	2,036	318,687	316,651	0.6%	3,105	10,198.1%
	6/30/2001	1,749	306,194	304,445	0.6%	3,247	9,376.2%
	6/30/2000	1,468	302,795	301,327	0.5%	3,888	7,750.2%
	6/30/1999	1,164	304,438	303,274	0.4%	4,930	6,151.6%
	6/30/1998	832	308,564	307,732	0.3%	5,466	5,629.9%
Volunteer Firemen's	6/30/2003	\$ 9,644	\$ 15,619	\$ 5,975	61.7%	4,933	\$ 1,211
	6/30/2002	9,333	14,940	5,607	62.5%	4,856	1,155
	6/30/2001	9,022	13,837	4,815	65.2%	4,769	1,010
	6/30/2000	8,412	13,703	5,291	61.4%	4,579	1,155
	6/30/1999	7,447	13,077	5,630	56.9%	4,706	1,196
	6/30/1998	6,637	12,491	5,854	53.1%	4,651	1,259

* Excludes liability and amortization payments due to ad hoc benefit adjustments. This liability is funded from the Post-Retirement Increase Fund and is funded over five years.

+ The Closed State Police Pension Plan is a pay-as-you-go pension plan.

++ Not expressed in thousands.

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule 2 -- Schedule of Employer Contributions

(Dollar values expressed in thousands)

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
State Employees**	6/30/2003	\$ 40,175	100.0%
	6/30/2002	18,148	100.0%
	6/30/2001	20,542	100.0%
	6/30/2000	43,433	100.0%
	6/30/1999	52,338	100.0%
	6/30/1998	57,049	100.0%
Special	6/30/2003	\$ -	N/A
	6/30/2002	-	N/A
	6/30/2001	-	N/A
	6/30/2000	-	N/A
	6/30/1999	-	N/A
	6/30/1998	-	N/A
New State Police*	6/30/2003	\$ 2,786	100.0%
	6/30/2002	2,476	100.0%
	6/30/2001	2,480	100.0%
	6/30/2000	2,585	100.0%
	6/30/1999	2,624	100.0%
	6/30/1998	2,546	100.0%
Judiciary*	6/30/2003	\$ 1,342	100.0%
	6/30/2002	1,399	100.0%
	6/30/2001	1,333	100.0%
	6/30/2000	1,666	100.0%
	6/30/1999	1,327	100.0%
	6/30/1998	1,273	100.0%
County & Municipal Police/Firefighters'	6/30/2003	\$ 2,931	100.0%
	6/30/2002	2,779	100.0%
	6/30/2001	2,664	100.0%
	6/30/2000	2,771	100.0%
	6/30/1999	2,025	100.0%
	6/30/1998	1,651	100.0%

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule 2 -- Schedule of Employer Contributions (continued)*(Dollar values expressed in thousands)*

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
County & Municipal Other Employees'	6/30/2003	\$ 248	100.0%
	6/30/2002	92	100.0%
	6/30/2001	165	100.0%
	6/30/2000	352	100.0%
	6/30/1999	158	100.0%
	6/30/1998	82	100.0%
Volunteer Firemen's	6/30/2003	\$ 667	100.0%
	6/30/2002	586	100.0%
	6/30/2001	618	100.0%
	6/30/2000	645	100.0%
	6/30/1999	660	100.0%
	6/30/1998	689	100.0%
Diamond State Port Corporation	6/30/2003	\$ 333	100.0%
	6/30/2002	341	100.0%
	6/30/2001	386	100.0%
	6/30/2000	389	100.0%
	6/30/1999	407	100.0%
	6/30/1998	384	100.0%
Closed State Police	6/30/2003	\$ 27,654	68.0%
	6/30/2002	27,831	64.0%
	6/30/2001	27,709	62.0%
	6/30/2000	28,208	57.5%
	6/30/1999	28,716	54.5%
	6/30/1998	28,420	53.0%

** Totals do not include Post-Retirement Increase Fund Contributions.*

REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

Schedule 3 -- Notes to Trend Data

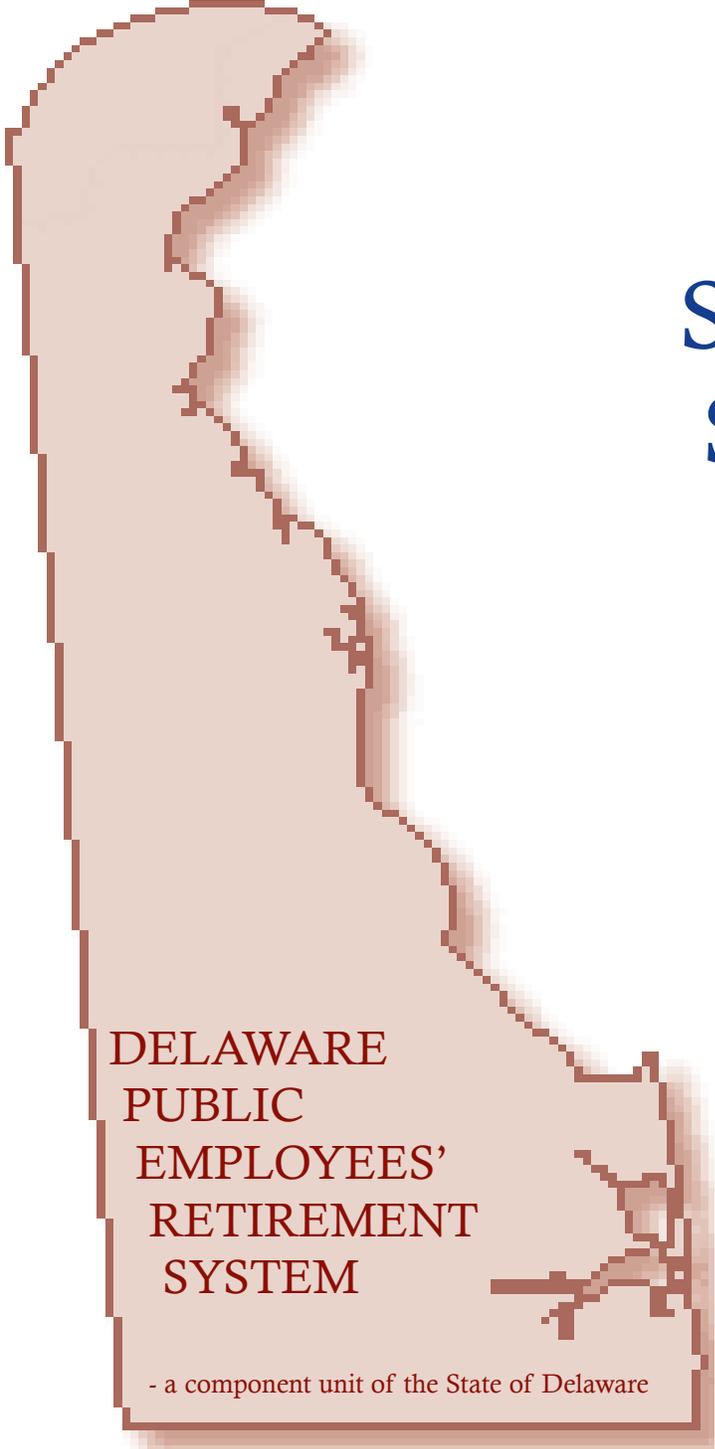
The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the last actuarial valuation follows:

Plan	State Employees'	Special	New State Police	Judiciary	Closed State Police
Valuation Date	6/30/2003	6/30/2003	6/30/2003	6/30/2003	6/30/2003
Actuarial Cost Method	Entry Age Normal	N/A	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Closed for Plan Bases and Open for Aggregate Gain/Loss	N/A	Level Percent Closed	Level Percent Closed	Level Percent Closed
Remaining Amortization Period	14.43 years	N/A	17 years	18 years	33 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:					
Investment rate of return	8.5%	8.5%	8.5%	8.5%	8.5%
Projected Salary Increases*	6.00% - 9.89%	N/A	7.0%	5.5%	7.0%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc	Based on CPI

Plan	County & Municipal Police/Firefighters	County & Municipal Other Employees'	Volunteer Firemen's	Diamond State Port Corporation
Valuation Date	6/30/2003	6/30/2003	6/30/2003	6/30/2003
Actuarial Cost Method	Entry Age Normal **	Entry Age Normal **	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent Open	Level Percent Open	Level Dollar Closed	Level Percent Closed
Remaining Amortization Period	10 years	10 years	24 years	19 years
Asset Valuation Method	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market	5-year Smoothed Market
Actuarial Assumptions:				
Investment rate of return	8.5%	8.5%	8.5%	8.5%
Projected Salary Increases*	7.0%	7.0%	N/A	5.0%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc

* Projected Salary Increases include an inflation component of 5% for all plans. A more detailed discussion of projected salary increases may be found on page 71.

** Actuarial Cost Method changed to Entry Age Normal from Frozen Initial Liability effective June 30, 2002.



Supporting Schedules

DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Schedule 4 -- Schedule of Administrative Expenses

(Dollar values expressed in thousands)

	Fiscal 2003	Fiscal 2002	Change	
			Dollars	Percent
Personal Services				
Staff Salaries	\$ 2,026	\$ 2,004	\$ 22	1.1%
Fringe Benefits	664	621	43	6.9%
Total Personal Services:	\$ 2,690	\$ 2,625	\$ 65	2.5%
Professional Services				
Actuarial	\$ 142	\$ 136	\$ 6	4.4%
Audit	53	56	(3)	(5.4%)
Medical Services	15	20	(5)	(25.0%)
State Agency Support Services	15	24	(9)	(37.5%)
Other Professional Services	3	1	2	200.0%
Total Professional Services:	\$ 228	\$ 237	\$ (9)	(3.8%)
Communication				
Printing	\$ 28	\$ 73	\$ (45)	(61.6%)
Telephone	37	44	(7)	(15.9%)
Postage	129	113	16	14.2%
Travel	14	15	(1)	(6.7%)
Other Communications	15	17	(2)	(11.8%)
Total Communications:	\$ 223	\$ 262	\$ (39)	(14.9%)
Data Processing				
Contractual Services	\$ 105	\$ 195	\$ (90)	(46.2%)
Training	-	6	(6)	(100.0%)
Maintenance	222	258	(36)	(14.0%)
Equipment - Hardware	24	43	(19)	(44.2%)
Equipment - Software	21	6	15	250.0%
Total Data Processing:	\$ 372	\$ 508	\$ (136)	(26.8%)
Rentals				
Equipment Leasing	\$ 8	\$ 7	\$ 1	14.3%
Fleet Services	5	5	-	-
Office Space	425	437	(12)	(2.7%)
Total Rentals:	\$ 438	\$ 449	\$ (11)	(2.4%)
Miscellaneous				
Supplies and Equipment	\$ 31	\$ 31	\$ -	-
Maintenance	7	3	4	133.3%
Continuing Education	12	2	10	500.0%
Temporary Employment Services	27	13	14	107.7%
Other Miscellaneous	2	4	(2)	(50.0%)
Total Miscellaneous:	\$ 79	\$ 53	\$ 26	49.1%
General Administrative Expenses:	\$ 4,030	\$ 4,134	\$ (104)	(2.5%)
eCRIS Project Administrative Expenses:	\$ 1,171	\$ 478	\$ 693	145.0%
Relocation Project Administrative Expenses:	\$ -	\$ 22	\$ (22)	(100.0%)
Disability Pension Review:	\$ 26	\$ -	\$ 26	100.0%
Total Administrative Expenses:	\$ 5,227	\$ 4,634	\$ 593	12.8%



Schedule 5 -- Schedule of Investment Expenses

(Dollar values expressed in thousands)

	Fiscal 2003	Fiscal 2002	Change	
			Dollars	Percent
Custody Fees	\$ 617	\$ 501	\$ 116	23.2%
Investment Manager/Advisor Fees	12,937	12,899	38	0.3%
Pension Office Support Staff	223	232	(9)	(3.9%)
Total Investment Expenses:	\$ 13,777	\$ 13,632	\$ 145	1.1%



STATEMENT OF PLAN NET ASSETS
FOR THE DELAWARE LOCAL GOVERNMENT RETIREMENT INVESTMENT POOL
as of June 30, 2003 with Comparative Totals for June 30, 2002
(Expressed in thousands)

	Sussex County Gov't	Sussex County Gov't Post Retirement Benefits Account	Town of Elsmere	Totals as of June 30,	
				2003	2002
ASSETS:					
Cash	\$ -	-	-	\$ -	\$ -
Receivables:					
Employer Contributions	-	-	-	-	-
Member Contributions	-	-	-	-	-
Total Receivables:	\$ -	-	-	\$ -	\$ -
Investments at Fair Value:					
Domestic Fixed Income	1,648	105	270	2,023	1,906
Domestic Equities	2,115	134	347	2,596	2,371
Pooled Equity & Fixed Income	3,023	192	496	3,711	3,370
Managed Futures	183	11	30	224	-
Private Investments	808	51	132	991	935
Short Term Investments	203	13	34	250	155
Foreign Equities	641	41	105	787	675
Total Investments:	\$ 8,621	547	1,414	\$ 10,582	\$ 9,412
TOTAL ASSETS:	\$ 8,621	547	1,414	\$ 10,582	\$ 9,412
LIABILITIES:					
Benefits Payable	-	-	-	-	-
Accrued Administrative Expenses	-	-	-	-	-
TOTAL LIABILITIES:	\$ -	-	-	\$ -	\$ -
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS:	\$ 8,621	547	1,414	\$ 10,582	\$ 9,412

The notes to the financial statements are an integral part of this Statement.

STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE DELAWARE LOCAL GOVERNMENT RETIREMENT INVESTMENT POOL
for the fiscal year ended June 30, 2003 with Comparative Totals for June 30, 2002
(Expressed in thousands)

	Sussex County Gov't	Sussex County Gov't Post Retirement Benefits Account	Town of Elsmere	Totals for Fiscal Years ended June 30,	
				2003	2002
ADDITIONS:					
<u>Contributions:</u>					
Employer Contributions	\$ -	-	-	\$ -	\$ -
Transfer of Contributions from PRI Fund	-	-	-	-	-
Transfer of Assets from Outside the System	283	500	-	783	2,430
Member Contributions	-	-	-	-	-
Other	-	-	-	-	-
Total Contributions:	\$ 283	500	-	\$ 783	\$ 2,430
<u>Investments:</u>					
Investment Earnings	215	14	35	264	288
Net Increase/(Decrease) in Fair Value	103	35	15	153	(817)
	<u>\$ 318</u>	<u>49</u>	<u>50</u>	<u>\$ 417</u>	<u>\$ (529)</u>
Less Investment Mgr./Advisor/Custody Fees	(24)	(2)	(4)	(30)	(26)
Less Investment Administrative Expenses	-	-	-	-	-
Total Net Investment Gains/(Losses):	\$ 294	47	46	\$ 387	\$ (555)
Total Additions:	\$ 577	547	46	\$ 1,170	\$ 1,875
DEDUCTIONS:					
Transfer of Contributions from PRI Fund	-	-	-	-	-
Transfer of Assets Outside the System	-	-	-	-	-
Benefits Payments	-	-	-	-	-
Refunds of Contributions to Members	-	-	-	-	-
Group Life Payments	-	-	-	-	-
Administrative Expenses	-	-	-	-	-
Allocation of Administrative Expenses	-	-	-	-	-
TOTAL DEDUCTIONS:	\$ -	-	-	\$ -	\$ -
NET INCREASE:	\$ 577	547	46	\$ 1,170	\$ 1,875
NET ASSETS HELD IN TRUST FOR POOL					
PARTICIPANTS BEGINNING OF YEAR:	\$ 8,044	-	1,368	\$ 9,412	\$ 7,537
NET ASSETS HELD IN TRUST FOR POOL					
PARTICIPANTS END OF YEAR:	\$ 8,621	547	1,414	\$ 10,582	\$ 9,412

The notes to the financial statements are an integral part of this Statement.

(This page intentionally left blank.)

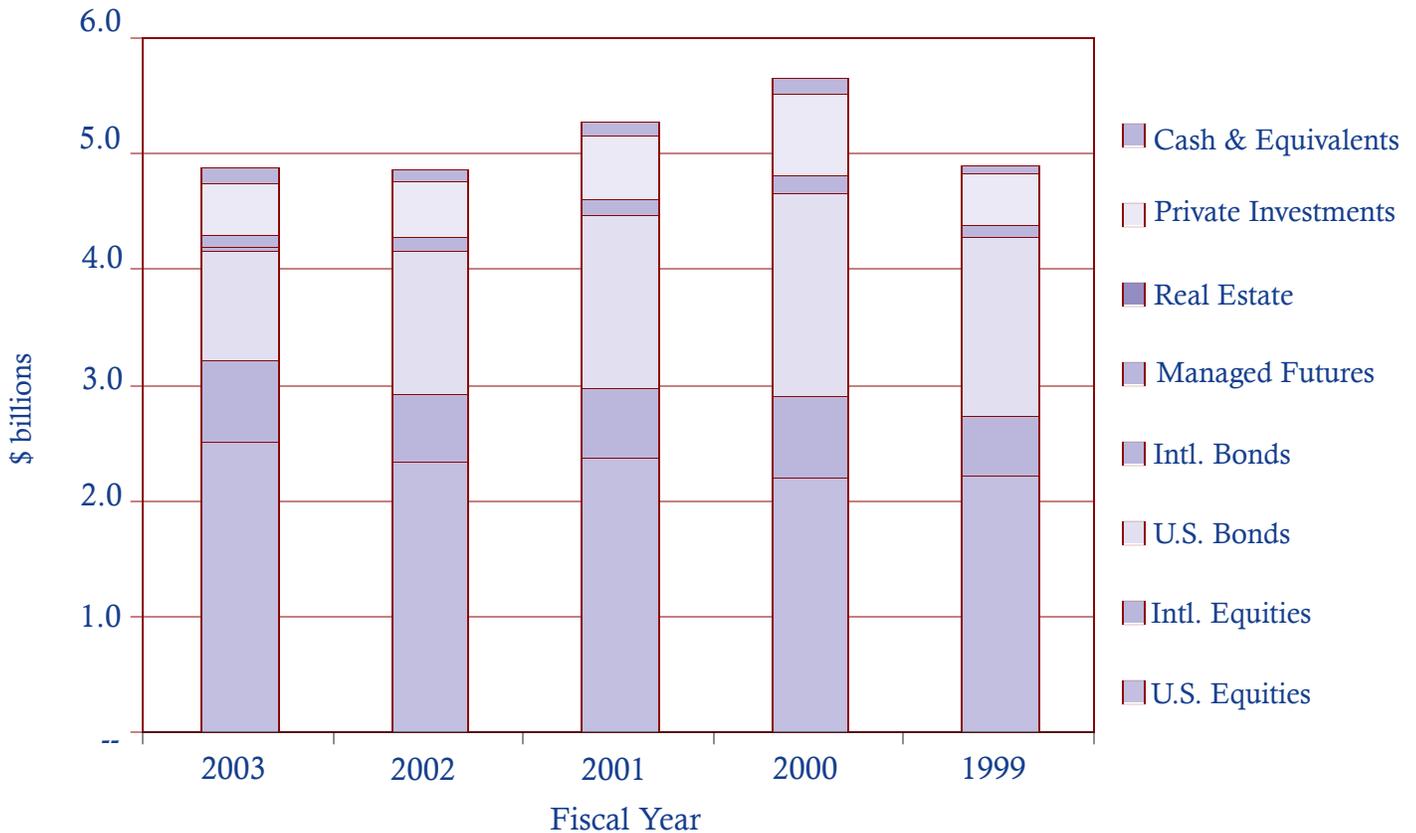
Investment Section



DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Five-Year Investment Comparison



(expressed in millions)	Fiscal Years Ended June 30,				
	2003	2002	2001	2000	1999
U.S. Equities	\$ 2,520.7	\$ 2,340.5	\$ 2,371.0	\$ 2,197.6	\$ 2,248.2
Intl. Equities	697.2	577.1	607.3	702.3	519.2
U.S. Bonds	950.8	1,234.8	1,483.8	1,761.4	1,572.3
Intl. Bonds	28.8	132.1	147.8	152.9	102.9
Real Estate ⁺	-	-	-*	-*	4.9
Managed Futures	103.5	-	-	-	-
Private Investments	456.4	480.9	549.2	708.0	391.8
Cash & Equivalents	123.3	92.3	121.5	141.6	58.8
Totals	\$ 4,880.7	\$ 4,857.7	\$ 5,280.6	\$ 5,663.8	\$ 4,898.1

* Less than 0.1% under management.

⁺ Other real estate holdings in the form of Real Estate Investment Trusts are included in equities.

Note: For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the categories used in the financial section on pages 24-25.



STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES
AND
OFFICE OF PENSIONS

McArdle Building, Suite #1
860 Silver Lake Blvd.
Dover, DE 19904-2402

When Calling Long Distance
Toll Free Number 1-800-722-7300
E-Mail: pensionoffice@state.de.us

Telephone (302) 739-4208
Fax (302) 739-6129
www.delawarepensions.com

August 19, 2003

Dear Board Members, Participants, and Beneficiaries:

The Board of Pension Trustees Investment Committee (Committee) oversees the investment of the retirement funds of the Delaware Public Employees' Retirement System (System). The Committee's investment oversight includes the nine retirement plans [State Employees', Special, New State Police, Judiciary, County & Municipal Police/Firefighters', County & Municipal Other Employees', Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] that the Board of Pension Trustees (Board) administers and the four commingled pension funds [County & Municipal Police/Firefighters' COLA, Post-Retirement Increase (PRI), Delaware Local Government Retirement Investment Pool (DELRIP), and State Employees' Post-Retirement Health Insurance Premium] that the Board manages.

The Committee consists of five members appointed by the Board. The Committee operates within the following investment objectives established by the Board:

- ◆To realize a real return of 3% per year over long periods.
- ◆To control portfolio risk so as to limit downside price fluctuation of the total System.
- ◆To realize as high a rate of total return as possible consistent with all of the above.

Investment decisions are further dictated by the Board's internal investment policy which requires a minimum of 20 - 25% of the total assets of the System to be invested in fixed income investments, such as bonds, cash equivalents, and certain real estate investments. The Committee monitors this policy with the assistance of the Investment Advisor. Also, the Committee reviews prospective risk levels and rates of return of all classes of assets. Hence, the Committee assures investment diversification by

Board Members, Participants, and Beneficiaries

Page 2

August 19, 2003

selecting managers whose demonstrated performance reflects different management styles and asset class expertise. Most importantly, the Committee closely monitors the performance of all investment managers, not only in relation to specific absolute objectives, but also in relation to other fund managers following the same investment objectives.

The System returned 3.1% for Fiscal Year 2003. The total System's annualized rate of return over the last five, ten, and fifteen years was 3.5%, 9.3%, and 9.9%, respectively. As reported by a major performance ranking comparison service, the System's investment performance ranks in the third quartile for this fiscal year and in the top quartile of public funds for the five and ten year periods. For the period ending June 30, 2003, the System market value totaled \$4.9 billion representing an increase in assets of \$23.0 million.

The investment climate during this fiscal year remained difficult. Iraq war worries and subdued economic activity led to generally weak stock markets. In recent months, signs of improving corporate profitability and of improved economic conditions have led to improved stock markets, although the lasting strength of the economic recovery remains in doubt. Reflecting these conditions, the S&P 500 stock market index returned 0.2% during the fiscal year.

While the System was impacted by this environment, the Committee's continuing and consistent emphasis on diversification and risk control resulted in a System return that was significantly better than the 0.2% return of the U.S. stock market, while maintaining a relative risk exposure that has been measurably lower than stocks (see page 55).

On behalf of our Trustees, we thank our dedicated professional staff at the Office of Pensions, our investment advisor, and our money managers, who all work diligently to assure the successful operation of the Board of Pension Trustees Investment Committee.

Respectfully submitted,



Elva B. Ferrari, Chair
Board of Pension Trustees Investment Committee

Investment Activity

The bond markets maintained strong performance throughout most of the fiscal year, with equities showing improvement in the last quarter of Fiscal 2003. For the fiscal year, the S&P 500 stock index returned 0.2% while the Lehman Aggregate bond index returned 13.1%.

For the fiscal year, the Delaware Public Employees' Retirement System (System) had a 3.1% rate of return. This performance ranks the System in the third quartile for this fiscal year, and in the top quartile of public funds for the five and ten year periods.

Return data for the total System was calculated on a time-weighted basis in accordance with the standards of the Association for Investment Management & Research (AIMR). Valuations, where available, are based on published national securities exchanges prices.

Investment Philosophy and Objectives

In the investment of public funds, adequate funding of employee pensions is a paramount concern. Excessive risk taking could jeopardize that funding. An appropriate balance must be struck between risks taken and returns sought to ensure the long-term health and affordability of the plans involved. For over 25 years, the System has been managed to control the extent of downside risk to which assets are exposed while maximizing the potential for long-term gain.

Specific investment objectives are:

- To realize a real return (System return less CPI) of 3% per year over long periods (about 15 years).
- To control portfolio risk so as to limit downside price fluctuation of the total System in any 12-month period.
- To realize as high a rate of total return as possible, consistent with all of the above.

To achieve these objectives, these investment policies are employed:

- Allocate a minimum of 20% - 25% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments.
- Maintain a widely diversified portfolio, so as to minimize the risk of overexposure to any one market sector or investment style.
- Closely monitor the performance of all investment managers against specific absolute objectives and in relation to other managers following the same investment objectives.

Investment Process

While the objectives and policies have been repeatedly reaffirmed, the implementation process undergoes continuous evolution. The increasing volume of investment information and the complexities of the global marketplace necessitate the continuous development and use of advanced information systems. Ongoing enhancements are employed in every aspect of investment management, from asset allocation decisions to manager selection and performance measurement.

General Management

During each year the Committee, with Board of Pension Trustees' (Board) oversight, carries out a number of general management practices to assure that the appropriate policies, controls, and resources are in place. Areas that are reviewed at least annually include:

- Investment objectives and policies based on an analysis of cash flow and liabilities.
- Management tools for decision making.
- Long-term risk and return levels for various investment options.
- Manager organizations, performance, transaction costs, fees and expenses, proxy voting procedures, and adherence to investment philosophy.
- System performance versus externally measured universes of similar funds.
- Internal and external audits.
- Contacts with other leading state investment funds to compare management practices.
- Policy objectives and performance of the Private Program (including venture capital, limited partnerships, and private convertible bonds).

Investment Results

In Fiscal 2003, the investment process experienced:

- A time-weighted total return of 3.1% based on market values.
- Benefit and expense payments exceeded net employer and member contributions by \$126.6 million.
- Net interest and dividend income of \$149.6 million.
- Net increase in fair value of \$23.0 million.
- Increase in total Fund assets from \$4.858 billion to \$4.881 billion.
- Overall volatility well below that of an all common stock portfolio.

Funds are invested for long-term results and each single year's returns must be viewed in relation to longer periods.

	Fiscal Years Ended June 30,					Five	Ten	Fifteen
	2003	2002	2001	2000	1999	Years Ended 6/30/03*	Years Ended 6/30/03*	Years Ended 6/30/03*
Total System Return	3.1%	(6.3%)	(5.1%)	16.8%	11.1%	3.5%	9.3%	9.9%
Consumer Price Index (CPI)	2.2%	1.0%	3.3%	3.7%	2.0%	2.4%	2.4%	3.0%
System Real Return	0.9%	(7.3%)	(8.4%)	13.1%	9.1%	1.1%	6.9%	6.9%

**(All returns Greater Than One Year Are Annualized.)*

Chart I on page 58 summarizes the cash flows and total System returns for each of the last five fiscal years and the cumulative results for 5-year and 10-year periods ending June 30, 2003.

Chart II on page 58 summarizes the total System and asset class segment returns for each of the last five fiscal years and the annualized returns for the 3-year and 5-year periods ending June 30, 2003.

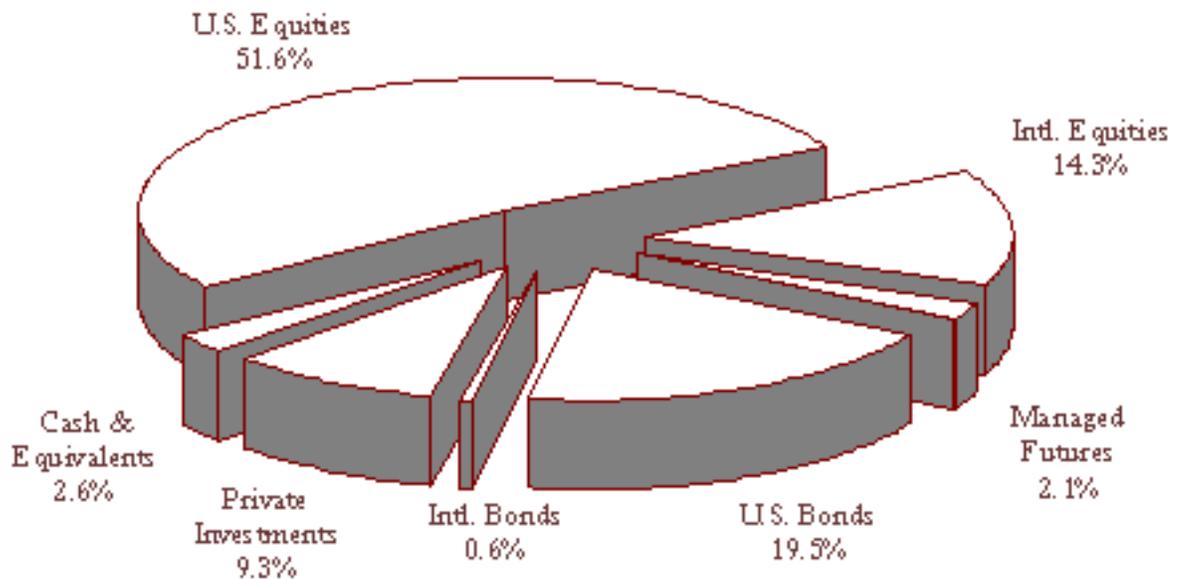
Charts III and IV on page 59 show the quarterly cumulative total System performance for the 5-year and 10-year periods ending June 30, 2003 compared to indices representative of some of the asset classes in which the System invests.

One investment objective is to achieve an annualized rate of total return over any 15-year period that is at least 3 percentage points greater than inflation. The most recent 15-year result is a real rate of return of 6.9% (9.9% System return less 3.0% CPI) measured on a time-weighted basis. During this period, risk, as measured by relative volatility, was approximately 56% of the level that would have been experienced by a fund invested 100% in the S&P 500. The real rate of return from such a 100% stock portfolio would have been 8.4% (11.4% S&P 500 less 3.0% CPI). These are not typical real rates of return and should not be expected going forward. The last 15 years encompassed periods of exceptional returns in both the bond and stock markets which are unlikely to be repeated.

Periods Ended June 30, 2003
(All Returns Greater Than One Year Are Annualized)

	Five Years	Ten Years	Fifteen Years
Total System Return	3.5%	9.3%	9.9%
S&P Index % Return	(1.6%)	10.0%	11.4%
Excess Return vs. S&P 500 Index	5.1%	(0.7%)	(1.5%)
Relative Risk vs. S&P 500 Index	55.8%	56.6%	56.3%

Asset Allocation
as of 6/30/2003



Asset Allocation

Funds are allocated to diverse asset classes offering the desired risk and return characteristics in an effort to achieve stated investment objectives. The following chart illustrates the diversification of assets at the end of the fiscal year. The accompanying table shows the five-year history and trends in asset allocation. For these asset classifications, the Pooled Equity and Fixed Income Accounts are included in their respective equity and fixed income asset classes; and, therefore, are different from the asset classes used in the financial section on pages 24-25.

	Fiscal Years Ended June 30,				
	2003	2002	2001	2000	1999
U.S. Equities	51.6%	48.2%	44.9%	38.8%	45.3%
Intl. Equities	14.3%	11.9%	11.5%	12.4%	10.5%
U.S. Bonds	19.5%	25.4%	28.1%	31.1%	31.6%
Intl. Bonds	0.6%	2.7%	2.8%	2.7%	2.1%
Real Estate ⁺	-	-	-*	-*	0.1%
Managed Futures	2.1%	-	-	-	-
Private Investments	9.3%	9.9%	10.4%	12.5%	9.2%
Cash & Equivalents	2.6%	1.9%	2.3%	2.5%	1.2%

* Less than 0.1% under management.

⁺ Other real estate holdings in the form of Real Estate Investment Trusts are included in equities.

Individual investment managers are selected for each asset class based on a rigorous set of performance and organizational criteria. In addition to a proven track record of managing a given class of assets, they must have a clearly stated and consistently applied investment policy and decision making process, continuity of personnel, and a well-defined plan for retaining key personnel and controlling growth.

All investment managers are expected to meet and maintain a number of organizational criteria in order to continue as managers. During the fiscal year, three managers were hired, one existing manager was given additional funds, one manager was terminated, and five managers had assets under management reduced. One venture capital fund reached its scheduled termination date and distributed assets, and in the area of private investments, two managers were given additional funds. At the end of the fiscal year, the money managers of the System and their responsibilities were:

<u>Investment Manager</u>	<u>Responsibility</u>	<u>Calendar Year Retained</u>
<u>U.S. Equities</u>		
Advent Capital Management	Equities	2002
Alliance Capital Management	Equities	2001
Armstrong Shaw Associates	Equities	2002
Barclays Global Investors	Equities	1977
Fidelity Management Trust Co.	Real Estate Investment Trusts	1995
Froley, Revy Investment Co.	Convertible Securities	1984
Granahan Investment Management	Equities	2002
Mellon Capital Management	Equities	1984
Oaktree Capital Management	Convertible Securities	1995
T. Rowe Price Associates	Equities	1971
Trinity Investment Management	Equities	1982
<u>International Equities</u>		
Jarislowsky Fraser Limited	International Equities	2002
Mellon Capital Management	International Equities	1996
Oaktree Capital Management	International Convertible Securities	1995
<u>U.S. Bonds</u>		
Lincoln Capital Management	Fixed Income	1995
Mellon Capital Management	Fixed Income	1984
T. Rowe Price Associates	Fixed Income	1996
Loomis Sayles & Company LP	Fixed Income	1998
<u>Managed Futures</u>		
Mount Lucas Management	Managed Futures	2003
<u>Private Investments</u>		
Accel Partners	Venture Capital	1984
Advanced Technology Ventures	Venture Capital	1990
Brentwood Associates	Venture Capital	1983
The Carlyle Group	Private Equity	1996
Cherry Tree Ventures	Venture Capital	1984
Coller Isnard Ltd.	Venture Capital	1994
Flagship/One Liberty Ventures	Venture Capital	1982
MeriTech Capital Partners	Venture Capital	1999
Oaktree Capital Management	Distressed Debt	1997
Oaktree Capital Management	Emerging Markets	2000
ONSET Enterprise Associates	Venture Capital	1989
Pecks Management Partners	Private Equity	1986
Spectra Enterprise Associates	Venture Capital	1986
Summit Ventures	Venture Capital	1988
T. Rowe Price Recovery Fund	Distressed Debt	1988
T. Rowe Price Threshold Funds	Venture Capital	1984
Trident Capital	Venture Capital	1999
TCW Group	Distressed Debt	1990
Weston Presidio Capital	Venture Capital	1995
<u>Cash & Equivalents</u>		
Mercantile-Safe Deposit & Trust Co.	Cash & Equivalents	2002

**Chart I
Calculated Returns**

(Dollar values expressed in thousands)

(All Returns for Periods Greater Than One Year Are Annualized)

	Fiscal Years Ended June 30,					Five Years	Ten Years
						Ended	Ended
	2003	2002	2001	2000	1999	6/30/03	6/30/03
Beginning Market Value	\$ 4,857.7	5,280.6	5,663.8	4,898.1	4,452.1	\$ 4,452.1	\$ 2,288.0
Net (Withdrawals)/Contributions	(126.6)	(109.1)	(96.1)	(58.7)	(43.6)	(434.1)	(558.1)
Net Investment Income	107.9	134.6	160.8	155.5	126.9	685.7	1,254.7
Net Increase/(Decrease) in Fair Value	41.7	(448.4)	(447.9)	668.9	362.7	177.0	1,896.1
Ending Market Value	\$ 4,880.7	4,857.7	5,280.6	5,663.8	4,898.1	\$ 4,880.7	\$ 4,880.7
Time-Weighted Total Return on Market Value	3.1%	(6.3%)	(5.1%)	16.8%	11.1%	3.5%	9.3%
Consumer Price Index	2.2%	1.0%	3.3%	3.7%	2.0%	2.4%	2.4%

**Chart II
Investment Performance Summary**

(All Returns for Periods Greater Than One Year Are Annualized)

	Fiscal Years Ended June 30,					Three	Five
						Years	Years
	2003	2002	2001	2000	1999	Ended	Ended
Total System	3.1%	(6.3%)	(5.1%)	16.8%	11.1%	(2.8%)	3.5%
60% S&P500 Index/35%LB Gov't- Corp. Bond Index/5% Treasury Bills	5.3%	(8.2%)	(5.1%)	6.4%	15.2%	(2.8%)	2.4%
Consumer Price Index*	2.2%	1.0%	3.3%	3.7%	2.0%	2.2%	2.4%
Domestic & Private Equities**	(2.4%)	(9.7%)	(8.7%)	33.6%	11.2%	(7.0%)	3.6%
S&P 500 Index	0.2%	(18.0%)	(14.8%)	7.4%	22.7%	(11.2%)	(1.6%)
Russell 3000 Index	0.8%	(17.2%)	(13.9%)	9.6%	20.1%	(10.5%)	(1.1%)
International Equities**	6.1%	(6.9%)	(7.6%)	19.6%	6.3%	(3.0%)	3.0%
MSCI EAFE Index	(6.5%)	(9.5%)	(23.6%)	17.2%	7.6%	(13.5%)	(4.0%)
Fixed Income & Cash+	12.9%	6.0%	8.5%	5.2%	6.1%	9.1%	7.7%
Lehman Gov't-Corp	3.1%	8.2%	11.1%	4.3%	2.7%	10.8%	7.8%
Pooled Equity & Fixed Income++	3.8%	(7.3%)	(6.2%)	7.0%	13.4%	(3.4%)	1.8%
60% S&P Index/35%LB Long Term Treasury/5% Treasury Bills	6.2%	(7.4%)	(4.8%)	6.5%	15.2%	(2.2%)	2.8%
60%MSWorld/40%CitiWGBond Index	5.5%	(4.0%)	(13.5%)	8.7%	11.5%	(4.4%)	1.2%

* The total system benchmark is a return of 3% greater than CPI over any 15-year period.

** Includes convertible securities, private equity, and real estate investment trusts; excludes equity portion of Pooled Equity & Fixed Income portfolios.

+ Excludes fixed income and cash segments of Pooled Equity & Fixed Income portfolios; includes Managed Futures and Cash & Equivalents.

++ Comprises investment accounts which tactically rebalance among stocks, bonds and cash (including foreign stocks, bonds, and cash) to optimize the risk/return characteristics of the mix. The underlying assets in these accounts are generally passively invested in index vehicles.

Chart III

Total Return Performance Comparison - 5 Years

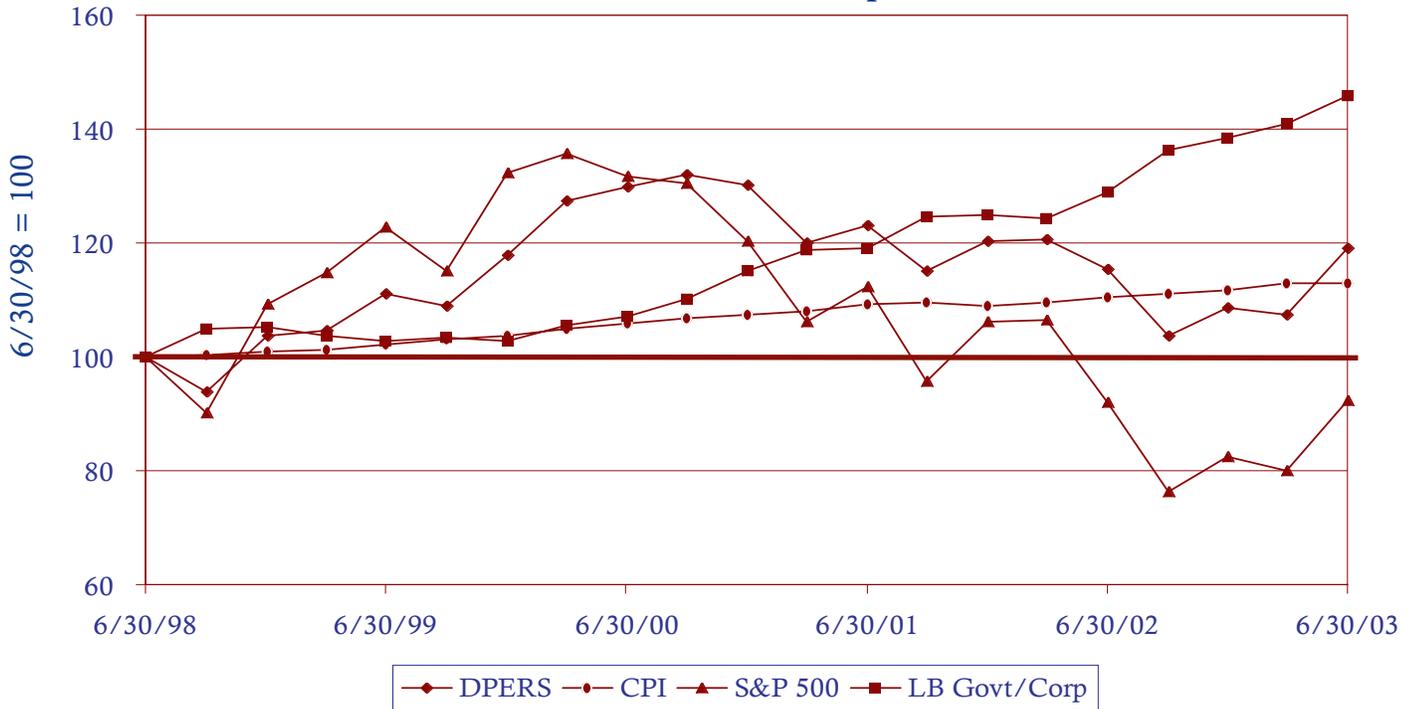
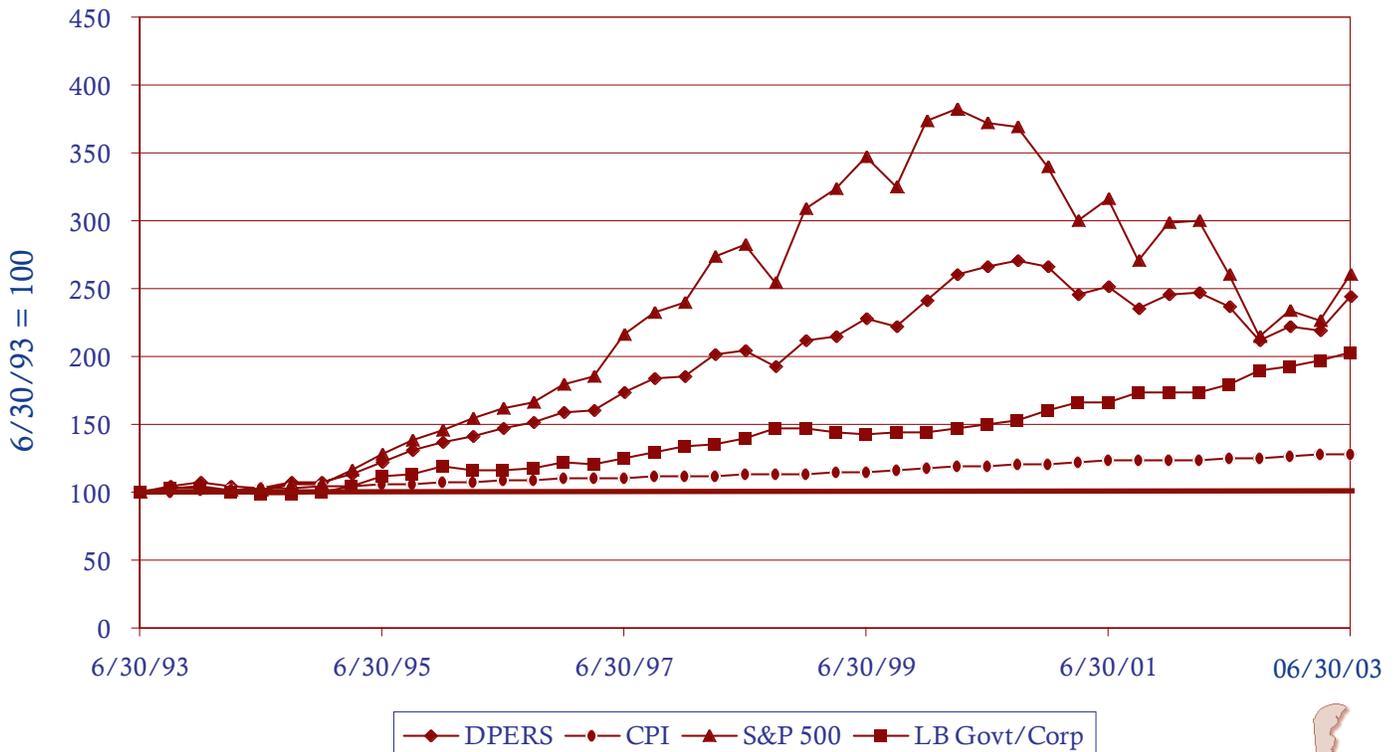


Chart IV

Total Return Performance Comparison - 10 Years



**Investment Summary and
Schedule of Investment Fees**

(Dollar values expressed in thousands)

	<u>Market Value as of June 30, 2003</u>	<u>Percent of Total Investment Assets</u>	<u>Total FY 2003 Investment Fees</u>	<u>Basis Points</u>
<u>Equities</u>				
U.S. Equities	\$ 2,520,779	51.6%		
Intl. Equities	<u>697,219</u>	<u>14.3%</u>		
Sub-Total	\$ 3,217,998	65.9%	\$ 9,285	
<u>Fixed Income</u>				
U.S. Bonds	950,811	19.5%		
Intl. Bonds	<u>28,812</u>	<u>0.6%</u>		
Sub-Total	\$ 979,623	20.1%	1,914	
<u>Other Asset Allocations</u>				
Managed Futures	103,462	2.1%		
Private Investments	456,366	9.3%		
Cash & Equivalents	<u>123,267</u>	<u>2.6%</u>		
Sub-Total	\$ 683,095	14.1%	751	
<u>Other Investment Services</u>				
Custodian/Investment Advisor Fees	-	-	1,604	
Pension Office Support Staff Expenses	<u>-</u>	<u>-</u>	<u>223</u>	
Grand Totals	<u>\$ 4,880,716</u>	<u>100.0%</u>	<u>\$ 13,777</u>	<u>30 bp*</u>

* Other fees include Private Investment fees detailed on page 36. These fees have been excluded from the basis point calculation since they have already been netted from income. Basis point calculation is the weighted average based on the quarterly fund valuation.

Glossary of Terms Used

Fair Value (Market Value):

The value at which an investment could be sold in a transaction between a willing buyer and a willing seller. All assets with regularly traded markets are shown at the fair value as determined by the custodian bank based on quoted market values. All other assets are adjusted to market value monthly except real estate which is adjusted quarterly to appraised values, venture capital which is adjusted at least quarterly based on individual partnership procedures, and any private placement or partnership participation where values are supplied periodically by the respective management organizations in accordance with established procedures.

Time-Weighted Total Return:

The measure used for judging investment management of the System. It is based on market value and minimizes or eliminates any distortion in the rate of return caused by the timing of cash flows into or out of the System.

Private Investments

Private Investments include investments in Venture Capital, Private Equity, and certain Convertible Securities.



List of Largest Assets Directly Held*
as of June 30, 2003 (excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares/Par (\$)
CITIGROUP INC	\$ 10,156,440	0.21%	237,300 shares
INTERNATIONAL PAPER CAP TRU	8,047,270	0.16%	164,230 shares
COMCAST CORP-SPECIAL CL A	7,328,672	0.15%	252,800 shares
GENERAL ELECTRIC CO	7,301,928	0.15%	254,600 shares
AMERICAN INTERNATIONAL GROUP INC	7,300,314	0.15%	132,300 shares
PROLOGIS	7,054,566	0.14%	258,409 shares
JETBLUE AIRWAYS CORP	6,716,800	0.14%	160,000 shares
APARTMENT INVT & MGMT CO	6,497,880	0.13%	187,800 shares
PFIZER INC	6,389,465	0.13%	187,100 shares
FEDERAL NATL MTG ASSN	<u>5,779,608</u>	<u>0.12%</u>	85,700 shares
Total	<u>\$ 72,572,943</u>	<u>1.48%</u>	

Fixed Income	Market Value	% of Total Fund	Par (\$)
UNITED STATES TREAS NTS 7.0% 7/15/2006	\$ 14,212,282	0.29%	\$ 12,295,000
UNITED STATES TREAS NTS 6.875% 5/15/2006	11,510,967	0.24%	\$ 10,045,000
UNITED STATES TREAS NTS 6.125% 8/15/2007	9,954,952	0.20%	\$ 8,605,000
FEDERAL HOME LN MTG CORP 5.5% 7/1/2033	8,951,512	0.18%	\$ 8,675,000
UBS FIN DEL LLC 1.31% 7/1/2003	8,849,678	0.18%	\$ 8,850,000
FEDERAL HOME LN MTG CORP 3.875% 2/15/2005	8,577,346	0.18%	\$ 8,240,000
HBOS TREAS SVCS PLC 1.22% 8/5/2003	8,472,635	0.17%	\$ 8,500,000
FEDERAL NATL MTG ASSN 5.5% 7/1/2033	8,051,305	0.16%	\$ 7,925,000
FEDERAL NATL MTG ASSN 1.875% 12/15/2004	7,774,807	0.16%	\$ 7,705,000
FPE HOLDINGS 12.5% 11/19/2006	<u>7,656,250</u>	<u>0.16%</u>	\$ 7,656,250
Total	<u>\$ 94,011,734</u>	<u>1.92%</u>	

* A complete list of portfolio holdings is available for review upon request.

Schedule of Broker Commissions

The System has no commission recapture, directed payment, or “soft dollar” arrangements; however, such arrangements may exist between brokers and investment managers. During fiscal year 2003, the System received \$68,000 in unsolicited commission recapture. Reduced broker commissions during this fiscal year are due to a combination of fewer manager changes, less portfolio turnover due to economic conditions, and greater use of electronic transaction crossing networks by fund managers. Broker selection is the responsibility of individual investment managers.

Appendix A (on page 62) is a schedule of commissions paid during fiscal 2003 which totaled over \$20,000. Appendix B (pages 63-65) is a complete schedule of all commissions paid during fiscal 2003.

**Appendix - A
Schedule of Broker Commissions Over \$20,000**

The following is a list of brokers who received \$20,000 or more in commissions during Fiscal Year 2003.

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
LEHMAN BROTHERS INC	5,458,265	\$0.04	\$94,385,855.42	\$196,482.25
B-TRADE SECURITIES LLC	8,383,143	\$0.02	\$77,929,322.78	\$168,582.76
INVESTMENT TECHNOLOGY GROUP	5,646,826	\$0.02	\$79,638,632.54	\$112,381.32
LEGG MASON WOOD WALKER	2,056,800	\$0.05	\$51,411,822.90	\$101,210.00
BEAR STEARNS & CO INC	3,014,760	\$0.03	\$57,712,404.22	\$95,203.72
CS FIRST BOSTON CORPORATION	2,500,727	\$0.03	\$29,885,167.11	\$86,646.25
SALOMON SMITH BARNEY INC	2,122,590	\$0.04	\$34,578,786.91	\$85,002.15
MERRILL LYNCH PIER FEN SMITH	1,565,730	\$0.05	\$28,932,480.11	\$78,586.50
GOLDMAN SACHS & CO	1,515,308	\$0.05	\$22,551,354.68	\$69,350.53
UBS PAINE WEBBER INC	1,964,601	\$0.03	\$23,264,417.87	\$57,590.86
JEFFERIES & CO INC	1,228,900	\$0.04	\$15,918,655.77	\$54,674.00
CANTOR FITZGERALD & CO	1,040,500	\$0.05	\$22,709,461.50	\$46,964.20
CIBC OPPENHEIMER CORP	1,111,000	\$0.04	\$11,420,858.21	\$45,189.20
AUTRANET INC	1,169,554	\$0.04	\$11,652,757.68	\$44,161.89
FACTSET DATA SYSTEMS INC	811,801	\$0.05	\$10,467,794.19	\$40,590.05
KAUFMAN BROTHERS	1,001,700	\$0.03	\$2,833,034.40	\$33,600.00
STANDARD & POOR'S SECURITIES	612,900	\$0.05	\$8,536,089.21	\$30,645.00
O'NEIL WILLIAM & CO., INC.	484,200	\$0.05	\$7,950,535.13	\$24,210.00
BANC/AMERICA SECURITIES LLC	455,600	\$0.05	\$10,240,112.57	\$22,780.00
MORGAN STANLEY & CO	485,900	\$0.05	\$8,063,618.19	\$21,945.00
VANDHAM SECURITIES CORP	435,000	\$0.05	\$7,806,334.13	\$21,750.00
KNIGHT SECURITIES	408,766	\$0.05	\$3,681,205.58	\$20,370.30

Appendix - B

Broker Commission Summary for Fiscal Year 2003

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
ABEL NOSER CORPORATION	57,300	\$0.01	\$1,174,937.02	\$778.20
ADAMS HARKNESS & HILL	242,400	\$0.05	\$2,462,499.06	\$12,120.00
ADVEST INC	70,300	\$0.04	\$1,622,489.07	\$3,082.50
ARCHIPELAGO	10,600	\$0.01	\$152,325.77	\$106.00
AUTRANET INC	1,169,554	\$0.04	\$11,652,757.68	\$44,161.89
B-TRADE SECURITIES LLC	8,383,143	\$0.02	\$77,929,322.78	\$168,582.76
BAIRD, ROBERT W	124,526	\$0.05	\$2,960,846.04	\$6,064.30
BANC/AMERICA SECURITIES, LCC	455,600	\$0.05	\$10,240,112.57	\$22,780.00
BARRINGTON RESEARCH ASSOC	17,100	\$0.05	\$601,889.72	\$855.00
BB&T CAPITAL MARKETS	180,709	\$0.05	\$3,463,295.70	\$9,035.45
BEREAN CAPITAL INC. #2	3,800	\$0.05	\$180,799.44	\$190.00
BERNARD, HEROLD & CO., INC	17,000	\$0.05	\$382,145.07	\$850.00
BEAR STEARNS & CO INC	3,014,760	\$0.03	\$57,712,404.22	\$95,203.72
BERNSTEIN SANFORD & CO INC	800	\$0.05	\$31,893.83	\$40.00
BLAIR, WILLIAM & CO	145,700	\$0.05	\$2,627,913.55	\$7,285.00
BRIDGE TRADING CO	3,100	\$0.05	\$165,515.20	\$155.00
BROADCORT CAPITAL CORP	7,900	\$0.05	\$355,301.28	\$395.00
BUCKINGHAM RESEARCH GROUP	4,500	\$0.05	\$189,151.20	\$225.00
BUNTING WARBURG INCORPORATED	1,700	\$0.03	\$18,282.45	\$54.40
C.E. UNTERBERG TOWBIN	115,000	\$0.05	\$2,288,307.19	\$5,750.00
CANTOR FITZGERALD & CO	1,040,550	\$0.05	\$22,709,461.50	\$46,964.20
CAPITAL ASSET ADVISORS	4,500	\$0.05	\$220,437.55	\$225.00
CAROLINA CAPITAL	36,500	\$0.05	\$1,518,786.76	\$1,825.00
CIBC OPPENHEIMER CORP	1,111,000	\$0.04	\$11,420,858.21	\$45,189.20
CITATION GROUP, THE	264,400	\$0.05	\$3,312,730.35	\$13,220.00
CITIGROUP GLOBAL MARKETS INC	22,200	\$0.05	\$533,695.88	\$1,110.00
CJS SECURITIES	2,600	\$0.05	\$184,729.63	\$130.00
COMMERCE CAPITAL MARKETS	3,500	\$0.05	\$64,476.80	\$175.00
COWEN & COMPANY	278,300	\$0.05	\$4,864,757.10	\$13,915.00
CREDIT SUISSE FIRST BOSTON CORP	2,500,727	\$0.03	\$29,885,167.11	\$86,646.25
DAVIDSON, D.A. & COMPANY INC	296,400	\$0.05	\$3,655,576.89	\$14,820.00
DAVIS, MENDEL & REGENSTEIN INC	10,800	\$0.05	\$307,346.85	\$540.00
DEUTSCHE BANC ALEX BROWN INC	288,500	\$0.05	\$5,803,041.63	\$14,578.00
DL&J SECURITIES CORP	68,400	\$0.05	\$1,322,521.69	\$3,420.00
DOWLING PARTNERS SECURITIES LLC	21,500	\$0.05	\$527,007.24	\$1,075.00
DRESDNER SECURITIES (USA) INC	76,700	\$0.05	\$833,319.19	\$3,835.00
EDWARDS, A. G. & SONS INC	122,300	\$0.05	\$2,730,303.53	\$6,115.00
ERNST & CO	5,400	\$0.05	\$163,782.00	\$270.00
ESI SECURITIES COMPANY	123,835	\$0.05	\$3,520,711.71	\$6,191.75
FACTSET DATA SYSTEMS/BCC CLR	811,801	\$0.05	\$10,467,794.19	\$40,590.05
FAHNESTOCK & CO	109,300	\$0.05	\$1,239,493.77	\$5,465.00
FIDELITY CAPITAL MARKETS	141,400	\$0.05	\$3,475,264.91	\$7,070.00
FIRST ALBANY CORP	284,500	\$0.05	\$3,796,284.96	\$14,225.00

(continued on next page)

Broker Commission Summary (continued)

Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
FIRST UNION CAPITAL MARKETS	301,800	\$0.05	\$5,852,203.69	\$14,663.50
FOX-PITT, KELTON, INC	10,915	\$0.05	\$179,536.77	\$545.75
FRIEDMAN BILLINGS & RAMSEY	184,100	\$0.04	\$698,348.30	\$8,209.00
FULCRUM GLOBAL PARTNERS, LLC	116,145	\$0.05	\$1,304,518.20	\$5,807.25
G.G.E.T. LLC	329,300	\$0.04	\$8,040,720.29	\$12,966.00
GERARD KLAUER MATTISON & CO	150,200	\$0.05	\$2,259,044.53	\$7,174.00
GERSON LEHRMAN GROUP	3,300	\$0.05	\$150,967.48	\$165.00
GOLDMAN SACHS & CO	1,515,308	\$0.05	\$22,551,354.68	\$69,350.53
HIBERNIA SOUTHCOAST CAPITAL	69,400	\$0.05	\$1,278,749.78	\$3,470.00
HOFFER & ANETT INC	11,300	\$0.05	\$238,619.94	\$565.00
INSTINET	8,000	\$0.01	\$113,872.28	\$80.00
INVESTMENT TECHNOLOGY GROUP	5,646,826	\$0.02	\$79,638,632.54	\$112,381.32
ISI GROUP, INC. C/T BEAR STEARS	100	\$0.05	\$4,849.54	\$5.00
JANNEY MONTGOVERY SCOTT INC	124,800	\$0.05	\$2,201,781.97	\$6,240.00
JEFFERIES & CO INC	1,228,900	\$0.04	\$15,918,655.77	\$54,674.00
JOHN G KINNARD & CO	13,800	\$0.05	\$227,275.33	\$690.00
JOHNSON RICE & CO	27,100	\$0.05	\$500,589.83	\$1,355.00
JONES & ASSOCIATES INC	92,100	\$0.05	\$1,876,050.15	\$4,605.00
JONES ASSOCIATES 4TH	195,100	\$0.04	\$1,036,055.67	\$7,215.00
KAUFMAN BROTHERS	1,001,700	\$0.03	\$2,833,034.40	\$33,600.00
KING, C. L. & ASSOCIATES	47,500	\$0.05	\$936,528.69	\$2,375.00
KNIGHT SECURITIES	408,766	\$0.05	\$3,681,205.58	\$20,370.30
LAZARD FRERES & COMPANY	37,200	\$0.05	\$469,011.46	\$1,860.00
LEERINK SWANN & COMPANY	171,200	\$0.05	\$2,029,009.25	\$8,560.00
LEGG MASON WOOD WALKER	2,056,800	\$0.05	\$51,411,822.90	\$101,210.00
LEHMAN BROTHERS INC	5,458,265	\$0.04	\$94,385,855.42	\$196,482.25
LIQUIDNET INC	514,477	\$0.02	\$8,179,106.82	\$10,289.54
MCDONALD & COMPANY	149,500	\$0.05	\$1,619,453.30	\$7,475.00
MERRILL LYNCH PIERCE FENNER SMITH	1,565,730	\$0.05	\$28,932,480.11	\$78,586.50
MILLER, TABAK, HIRSCH & COMPANY	4,100	\$0.04	\$124,634.56	\$164.00
MORGAN, J. P. SECURITIES INC	187,400	\$0.04	\$4,015,480.10	\$6,562.34
MORGAN KEEGAN & CO INC	198,800	\$0.05	\$2,544,758.06	\$9,940.00
MORGAN STANLEY & COMPANY	485,900	\$0.05	\$8,063,618.19	\$21,945.00
NATIONAL FINANCIAL SERVICES CORP	37,300	\$0.05	\$544,757.89	\$1,865.00
NATIONSBANC MONTGOMERY SEC'S/SAN	102,900	\$0.05	\$4,281,418.17	\$5,296.00
NATIONAL INVESTOR SERV CORP	122,900	\$0.03	\$1,146,357.95	\$3,932.80
NEEDHAM & COMPANY	240,594	\$0.05	\$2,941,983.16	\$11,800.70
NESBITT BURNS	6,700	\$0.04	\$50,205.11	\$274.00
NEUBERGER & BERMAN	500	\$0.05	\$23,851.70	\$25.00
O'NEIL, WILLIAM & CO INC	484,200	\$0.05	\$7,950,535.13	\$24,210.00
PACIFIC CREST SECURITIES	7,800	\$0.05	\$262,462.08	\$390.00
PACIFIC GROWTH EQUITIES	49,400	\$0.05	\$235,882.81	\$2,470.00
PCS SECURITIES INC.	37,100	\$0.05	\$736,892.26	\$1,855.00
PERSHING DIV OF DLJ	4,700	\$0.05	\$256,010.88	\$235.00
POLCARI/WEICKER	51,475	\$0.02	\$51,952.12	\$1,029.50

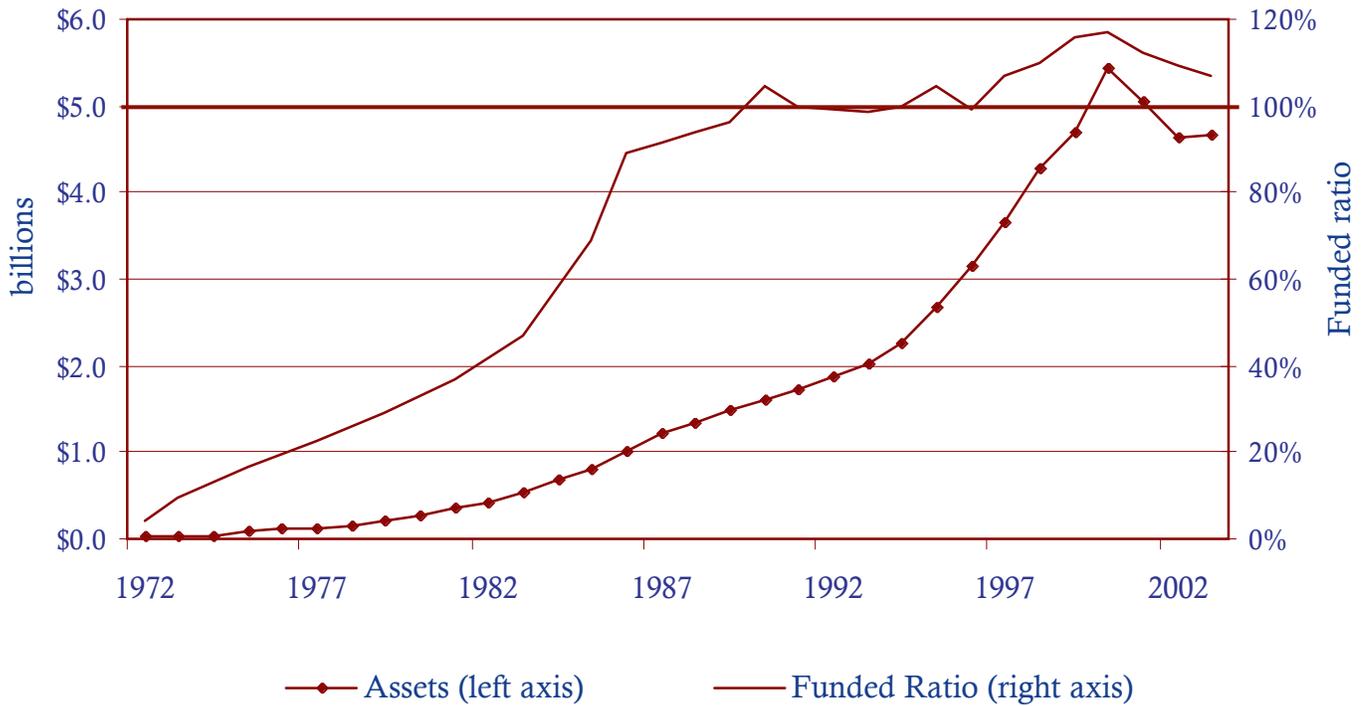
(continued on next page)



Broker Commission Summary (continued)

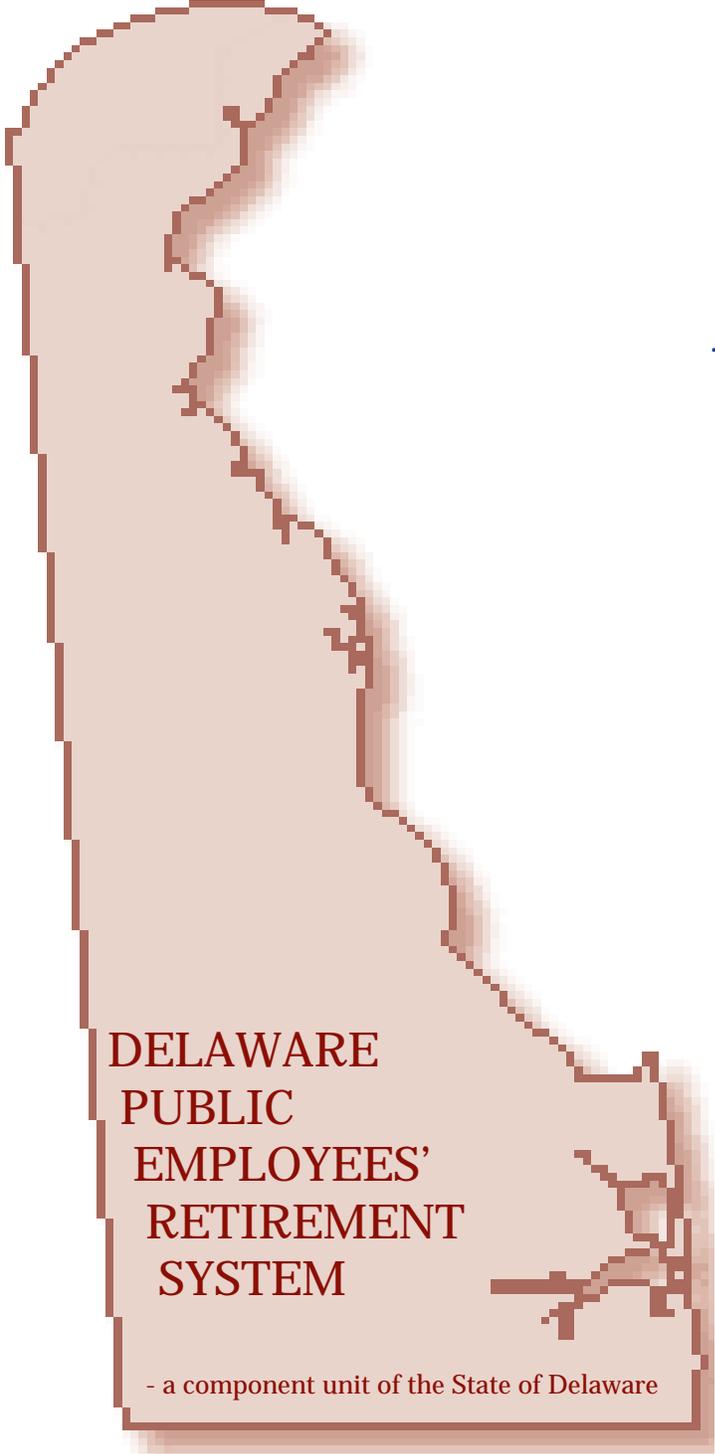
Broker	# of Shares	Commission Per Share	Total Dollar Amount of Trades	Total Commission
PRECURSOR GROUP INC	6,200	\$0.05	\$236,826.66	\$310.00
PRUDENTIAL SECURITIES, INC	304,300	\$0.05	\$4,075,936.46	\$13,938.00
PULSE TRADING LLC	40,200	\$0.02	\$358,571.20	\$804.00
PUNK, ZIEGEL & KNOELL	6,700	\$0.05	\$28,419.86	\$335.00
RAYMOND JAMES & ASSOCIATES	235,900	\$0.05	\$2,721,616.24	\$10,707.00
RBC DAIN RAUSCHER INC	12,700	\$0.05	\$449,378.07	\$635.00
RBC DOMINION SECURITIES CORP	53,200	\$0.05	\$463,913.14	\$2,394.00
ROCHDALE SECURITIES CORP	20,000	\$0.05	\$188,714.86	\$1,000.00
SALOMON SMITH BARNEY INC	2,122,590	\$0.04	\$34,578,786.91	\$85,002.15
SANDERS MORRIS MUNDY	10,300	\$0.05	\$190,599.99	\$515.00
SCHWAB, CHARLES & COMPANY	4,700	\$0.03	\$81,787.99	\$141.00
SIDOTI AND COMPANY LLC	73,200	\$0.04	\$288,380.20	\$2,588.00
SOUNDVIEW TECHNOLOGY GROUP	14,300	\$0.05	\$423,217.97	\$745.00
SOUTHWEST SECURITIES INC	70,300	\$0.05	\$1,877,869.94	\$3,465.00
SPEAR, LEEDS & KELLOGG	509,937	\$0.04	\$11,650,632.92	\$18,130.11
STANDARD & POOR'S SECURITIES INC	612,900	\$0.05	\$8,536,089.21	\$30,645.00
STATE STREET BROKERAGE SERVICES INC	2,000	\$0.05	\$69,700.00	\$100.00
STEPHENS INC	328,800	\$0.05	\$2,425,894.79	\$16,440.00
STIFEL NICOLAUS & CO INC	301,200	\$0.05	\$4,304,156.28	\$15,060.00
SUNTRUST CAPITAL MARKETS INC	139,300	\$0.05	\$3,081,339.10	\$6,965.00
THOMAS WEISEL PARTNERS, LLC	342,800	\$0.05	\$4,222,501.19	\$17,140.00
THOMSON INSTL SERVICE/ALEX BROWN	151,440	\$0.05	\$2,276,711.50	\$7,572.00
TROSTER SINGER CORP	75,400	\$0.05	\$1,069,283.40	\$3,770.00
U.S. BANCORP PIPER JAFFRAY INC	199,900	\$0.05	\$3,005,695.94	\$9,932.00
U.S. CLEARING INST TRADING	37,900	\$0.05	\$1,140,678.59	\$1,895.00
UBS PAINE WEBBER INC	1,964,601	\$0.03	\$23,264,417.87	\$57,590.86
VANDHAM SECURITIES CORP	435,000	\$0.05	\$7,806,334.13	\$21,750.00
WARBURG DILLON READ INC	104,800	\$0.05	\$3,609,173.61	\$5,240.00
WEDBUSH MORGAN SECURITIES INC	151,600	\$0.05	\$1,815,387.22	\$7,580.00
WEEDEN & COMPANY	305,000	\$0.04	\$4,298,199.30	\$12,149.00
WELLS FARGO SECURITIES LLC	3,600	\$0.05	\$98,818.15	\$180.00
WM SMITH SECURITIES INC	3,900	\$0.05	\$216,903.96	\$195.00
WR HAMBRECHT & CO	35,000	\$0.05	\$611,206.31	\$1,750.00
TOTALS	53,791,674		\$790,017,016.09	\$1,924,936.07
Average Commission, Per Share		\$0.0358		

State Employees' Pension Plan Assets and Funded Ratio



This section was prepared by Pension Office staff with input from the Board of Pension Trustees, the Investment Committee, and the Investment Advisor.

Actuarial Section



DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

A MILLIMAN GLOBAL FIRM



Milliman USA
Consultants and Actuaries

8000 Towers Crescent Drive, Suite 1000
Vienna, VA 22182-2700
Tel + 1 703 917.0143
Fax + 1 703 827.9266
www.milliman.com

September 3, 2003

Board of Pension Trustees
Delaware Public Employees' Retirement System
McArdle Building
860 Silver Lake Blvd., Suite 1
Dover, Delaware 19904-2402

Dear Board Members:

At your request, we have prepared our annual actuarial valuations of each of the funded pension plans administered by the Board as of June 30, 2003. The results of these valuations are contained in this report. Any distribution of this report must be in its entirety, including this cover letter, unless prior written consent is obtained.

Funding Objective

The funding objective of the System is to establish contribution rates which, over time, will remain level as a percent of payroll. In order to achieve this, a contribution rate has been determined which will provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. In addition, unfunded liabilities due to cost-of-living adjustments to retirees are funded through a schedule of future transfers from the Post-Retirement Increase Fund.

To our knowledge, the State has consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

Assumptions

The actuarial assumptions and methods used in these valuations have generally been recommended by the actuary and adopted by the Board of Trustees. The investment return assumption was set by the Board based on advice from its investment consultant. The assumptions are annually screened for their continued applicability to this plan. We believe the assumptions represent a reasonable estimate of anticipated experience under the plans. However, the results of this report are dependent upon future experience conforming to the actuarial assumptions. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. To the extent actual experience deviates from the assumptions used in the projections, the actual amounts will likewise deviate from the expected amounts.

OFFICES IN PRINCIPAL CITIES WORLDWIDE





Board of Pension Trustees
September 3, 2003
Page 2

The assumptions and methods used for funding purposes meet the parameters set for the disclosures presented in the financial section by Government Accounting Standards Board Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans*.

Reliance on Others

In performing this analysis, we relied on data and other information provided by the Delaware State Pension Office. We have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

We performed a limited review of the data used directly in our analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of our assignment.

Supporting Schedules

The figures disclosed in Schedule 1 of the Supporting Schedules to the Financial Section were provided by Milliman USA, as were the Notes to Trend Data. In addition, we were responsible for the following schedules to be found in the Actuarial Section: Actuarial Assumptions and Methods, Schedule of Active Member Valuation Data, Solvency Test.

Certification

I believe the State's pension plans are adequately and appropriately financed, in that the contributions are determined and funded on a level cost as a percentage of payroll basis using reasonable actuarial methods and assumptions.

I hereby certify that, to the best of my knowledge, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the applicable Guides to Professional Conduct, Amplifying Opinions, and Supporting Recommendations and Interpretations of the American Academy of Actuaries. I am a member of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Sincerely,

Milliman USA

Theresa R. Leatherbury, FSA, MAAA, EA
Consulting Actuary

OFFICES IN PRINCIPAL CITIES WORLDWIDE



Actuarial Assumptions and Methods

Asset Valuation Method

The market value of assets, representing the realizable value of the assets on a particular day, is not necessarily an appropriate value for the purpose of setting contribution rates. This is because funding will take place of time into the future during which market values can be expected to fluctuate significantly from year to year. If market values were used to develop contribution rates, the resulting contribution rates would also fluctuate from year to year.

In order to produce a stable pattern of contribution rates, market values are adjusted to remove some of the volatility. The actuarial value of the assets is equal to one-fifth of the market value plus four-fifth's of the expected value, where expected value is equal to last year's actuarial value and subsequent cash flows in and out of the fund accumulated with interest at the valuation rate (8.5%).

Funding Method

All plans currently use the Aggregate Entry Age Normal Method with projection to determine costs. Under the Entry Age method, a total contribution rate is determined which consists of two elements, the normal cost rate and the unfunded liability rate (UAL). In addition, the overall contribution rate includes a provision for the plan's expenses.

For each State plan, an Individual Entry Age Normal cost rate is determined for a typical new entrant of each respective plan. This rate is equal to the value, as of entry into the plan, of the member's projected future benefits less the member's projected future employee contributions, dividing by the value, also as of the member's entry age, of his expected future salary.

In addition to contributions required to meet the normal cost, contributions will also be required to meet each plan's unfunded actuarial liability. Actuarial liability is defined as the present value of future benefits less the present value of future normal costs and future employee contributions. The unfunded liability is the total actuarial liability for all members less the actuarial value of the System's assets.

A portion of the unfunded liability will be paid through future, scheduled transfers from the Post-Retirement Increase Fund. These transfers will cover the liability increases due to the ad hoc benefit increases granted on July 1, 1999, July 1, 2000, July 1, 2001, and September 1, 2003. The remaining unfunded actuarial liability will be amortized over the next 14.43 years for the State Employees' Plan, 18 years for the Judiciary Plan, 17 years for the New State Police Plan, 24 years for the Volunteer Firemen's Plan, and 19 years for the Diamond State Corporation Plan through the unfunded liability amortization component of the total contribution.

Actuarial Assumptions

The assumptions used for the actuarial valuation were generally recommended by the actuary and adopted by the Board of Trustees based upon ongoing analysis of the plans' experience. Differences between assumed and actual experience (actuarial gains and losses) are part of the unfunded actuarial liabilities. The following significant assumptions were used in the actuarial valuations as of July 1, 2003:

1. a rate of return on investments of 8.5% compounded annually (adopted 1990);
2. projected salary increases of 5% compounded annually, attributable to inflation (adopted 1983);
3. additional projected salary increases ranging from ½% to 5% per year attributable to seniority, productivity, and merit (adopted 1985);
4. rates of mortality are based on the 1983 Group Annuity Mortality Table in all cases except for the Diamond State Port Corporation Plan which uses the UP-84 Mortality Table with ages set forward two years for males and set back three years for females (adopted 1984). Sample rates from all of these tables follow:

<u>Age</u>	<u>1983 GAM</u>		<u>UP84 (+2, -3)</u>	
	<u>Male</u>	<u>Female</u>	<u>Male</u>	<u>Female</u>
35	0.09%	0.05%	0.16%	0.12%
40	0.12%	0.07%	0.26%	0.16%
45	0.22%	0.10%	0.42%	0.26%
50	0.39%	0.16%	0.69%	0.42%
55	0.61%	0.25%	1.08%	0.69%
60	0.92%	0.42%	1.70%	1.08%

5. rates of termination of service, disablement, and retirement are based on continuous monitoring of actual experience (adopted 1999); and
6. the aggregate active member payroll is assumed to increase by 4% annually (adopted 1976).

Summary of Plan Provisions and Changes in Plan Provisions

The plans valued are those described on pages 29-33 of the Financial Section. In five of the plans, there was a plan amendment not reflected in the aforementioned plan descriptions. The following plans were amended to grant an ad hoc post-retirement benefit increase to most retirees currently receiving benefits:

- ◆ State Employees' Pension Plan
- ◆ Special Pension Plan
- ◆ New State Police Pension Plan
- ◆ Judiciary Pension Plan
- ◆ County & Municipal Police/Firefighter's Pension Plan

These benefit increases are reflected in the liabilities shown as of June 30, 2003.

Schedule of Active Member Valuation Data

Plan:	Fiscal Year Ended	Number of Members	Annualized Covered Payroll (Expressed in thousands)	Annual Average Pay	% Increase in Average Pay
State Employees'	6/30/2003	31,877	\$ 1,355,800	\$ 42,532	0.6%
	6/30/2002	31,951	1,351,112	42,287	6.5%
	6/30/2001	31,989	1,270,632	39,721	5.2%
	6/30/2000	31,740	1,198,626	37,764	6.1%
	6/30/1999	31,634	1,125,857	35,590	(0.1%)
	6/30/1998	30,031	1,070,052	35,632	4.9%
Special	The Special Plan has no Active Members				
New State Police	6/30/2003	579	\$ 31,778	\$ 54,884	0.2%
	6/30/2002	553	30,281	54,758	6.8%
	6/30/2001	539	27,624	51,250	5.7%
	6/30/2000	527	25,558	48,497	6.4%
	6/30/1999	516	23,518	45,578	5.3%
	6/30/1998	496	21,462	43,270	4.6%
Judiciary	6/30/2003	51	\$ 6,112	\$ 119,843	(13.3%)
	6/30/2002	53	7,329	138,283	8.5%
	6/30/2001	50	6,371	127,420	7.8%
	6/30/2000	49	5,794	118,245	0.1%
	6/30/1999	48	5,673	118,118	8.5%
	6/30/1998	47	5,118	108,894	(1.0%)
County & Municipal Police/Firefighters'	6/30/2003	562	\$ 24,128	\$ 42,932	1.6%
	6/30/2002	505	21,342	42,261	4.1%
	6/30/2001	483	19,605	40,590	3.4%
	6/30/2000	459	18,011	39,240	4.9%
	6/30/1999	407	15,230	37,420	13.1%
	6/30/1998	354	11,712	33,085	5.9%

Schedule of Active Member Valuation Data (continued)

Plan:	Fiscal Year Ended	Number of Members	Annualized		% Increase in Average Pay
			Covered Payroll <i>(Expressed in thousands)</i>	Annual Average Pay	
County & Municipal	6/30/2003	203	\$ 6,209	\$ 30,586	8.2%
Other Employees'	6/30/2002	90	2,545	28,278	4.9%
	6/30/2001	85	2,292	26,965	(0.4%)
	6/30/2000	74	2,004	27,081	9.5%
	6/30/1999	69	1,706	24,725	8.9%
	6/30/1998	61	1,385	22,705	(7.7%)
Volunteer Firemen's	6/30/2003	4,933	\$ -	\$ -	-
	6/30/2002	4,856	-	-	-
	6/30/2001	4,769	-	-	-
	6/30/2000	4,579	-	-	-
	6/30/1999	4,706	-	-	-
	6/30/1998	4,651	-	-	-
Diamond State Port Corporation	6/30/2003	261	\$ 8,636	\$ 33,088	1.0%
	6/30/2002	280	9,354	33,407	3.4%
	6/30/2001	272	8,788	32,309	(4.9%)
	6/30/2000	227	7,715	33,987	(7.9%)
	6/30/1999	207	7,637	36,894	0.3%
	6/30/1998	183	6,731	36,781	(1.7%)
Closed State Police	6/30/2003	32	\$ 2,869	\$ 89,656	15.5%
	6/30/2002	40	3,105	77,625	7.6%
	6/30/2001	45	3,247	72,156	5.8%
	6/30/2000	57	3,888	68,211	3.8%
	6/30/1999	75	4,930	65,733	4.6%
	6/30/1998	87	5,466	62,828	6.6%

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls

Plan:	Fiscal Year Ended	Additions	Deletions	Year-end Total	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
				<i>(Expressed in thousands)</i>			
State Employees'	6/30/2003	1,344	613	16,964	\$ 217,126	11.4%	\$ 12,799
	6/30/2002	1,241	659	16,233	194,824	11.1%	12,002
	6/30/2001	1,174	722	15,651	175,312	10.2%	11,201
	6/30/2000	1,135	611	15,199	159,122	9.4%	10,469
	6/30/1999	1,076	536	14,675	145,391	9.3%	9,907
	6/30/1998	892	566	14,135	133,018	7.7%	9,410
Special	6/30/2003	2	4	34	\$ 121	(15.4%)	\$ 3,559
	6/30/2002	1	4	36	143	5.9%	3,972
	6/30/2001	2	5	39	135	1.5%	3,462
	6/30/2000	-	1	42	133	0.8%	3,167
	6/30/1999	2	4	43	132	5.6%	3,070
	6/30/1998	2	-	45	125	(3.0%)	2,895
New State Police	6/30/2003	9	1	24	\$ 689	87.7%	\$ 28,708
	6/30/2002	6	1	16	367	27.0%	22,938
	6/30/2001	6	-	11	289	74.1%	26,273
	6/30/2000	-	-	5	166	46.9%	33,200
	6/30/1999	-	-	5	113	(7.4%)	22,600
	6/30/1998	-	-	5	122	41.1%	24,372
Judiciary	6/30/2003	3	1	39	\$ 1,971	3.4%	\$ 50,538
	6/30/2002	2	3	37	1,907	(2.2%)	51,541
	6/30/2001	4	3	38	1,949	18.7%	51,289
	6/30/2000	5	1	37	1,642	9.6%	44,378
	6/30/1999	3	-	33	1,498	10.5%	45,394
	6/30/1998	5	3	30	1,356	6.8%	45,203
County & Municipal Police/Firefighters'	6/30/2003	4	-	15	\$ 244	49.7%	\$ 16,267
	6/30/2002	1	1	11	163	7.9%	14,818
	6/30/2001	6	-	11	151	118.8%	13,727
	6/30/2000	-	-	5	69	6.2%	13,800
	6/30/1999	2	-	5	65	85.7%	13,000
	6/30/1998	-	-	3	35	10.5%	11,795

Schedule of Retirants and Beneficiaries Added to and Removed from Rolls *(continued)*

Plan:	Fiscal Year Ended	Additions	Deletions	Year-end Total	Annual Allowances	% Increase in Annual Allowances	Average Annual Allowances
				<i>(Expressed in thousands)</i>			
County & Municipal	6/30/2003	3	-	14	\$ 52	26.8%	\$ 3,714
Other Employees'	6/30/2002	1	-	11	41	57.7%	3,727
	6/30/2001	1	-	10	26	23.8%	2,600
	6/30/2000	1	-	9	21	50.0%	2,333
	6/30/1999	1	-	8	14	(6.7%)	1,750
	6/30/1998	-	-	7	15	0.0%	2,161
Volunteer Firemen	6/30/2003	78	50	1,197	\$ 1,057	3.8%	\$ 883
	6/30/2002	86	48	1,169	1,018	4.8%	871
	6/30/2001	60	32	1,131	971	5.5%	859
	6/30/2000	66	42	1,103	920	3.4%	834
	6/30/1999	73	33	1,079	890	6.5%	825
	6/30/1998	68	38	1,039	836	3.1%	805
Diamond State Port Corporation	6/30/2003	6	1	19	\$ 170	(8.1%)	\$ 8,947
	6/30/2002	4	-	14	185	88.8%	13,214
	6/30/2001	3	-	10	98	30.7%	9,800
	6/30/2000	1	1	7	75	(14.8%)	10,714
	6/30/1999	2	1	7	88	66.0%	12,571
	6/30/1998	1	-	6	53	64.8%	8,894
Closed State Police	6/30/2003	18	10	556	\$ 18,429	4.1%	\$ 33,146
	6/30/2002	10	10	548	17,705	3.9%	32,308
	6/30/2001	13	6	548	17,040	6.0%	31,095
	6/30/2000	22	4	541	16,078	3.9%	29,719
	6/30/1999	21	14	523	15,481	3.1%	29,600
	6/30/1998	16	11	516	15,018	3.8%	29,105

Solvency Test

(Dollar values expressed in thousands)

Plan:	Valuation Date	Aggregate Accrued Liabilities for				Market Value of Reported Assets	Portion of Accrued Liabilities by Reported Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Member Employer Financed Contributions	(1)		(2)	(3)	
		(1)	(2)	(3)	(1)		(2)	(3)	
State Employees'	6/30/2003	\$ 375,385	\$ 2,025,080	\$ 2,394,479	\$ 4,649,508	100%	100%	94%	
	6/30/2002	361,334	1,768,363	2,392,035	4,635,565	100%	100%	105%	
	6/30/2001	343,466	1,597,526	2,291,252	5,057,849	100%	100%	136%	
	6/30/2000	325,684	1,453,396	1,990,516	5,428,898	100%	100%	183%	
	6/30/1999	307,831	1,333,509	1,708,787	4,700,554	100%	100%	179%	
	6/30/1998	291,421	1,231,545	1,612,699	4,277,736	100%	100%	171%	
Special	6/30/2003	\$ -	\$ 768	\$ -	\$ 893	-	116%	-	
	6/30/2002	-	742	-	1,765	-	238%	-	
	6/30/2001	-	993	-	2,049	-	206%	-	
	6/30/2000	-	834	-	2,325	-	279%	-	
	6/30/1999	-	826	-	2,131	-	258%	-	
	6/30/1998	-	899	-	2,090	-	232%	-	
New State Police	6/30/2003	\$ 19,405	\$ 7,808	\$ 79,059	\$ 108,611	100%	100%	103%	
	6/30/2002	16,838	5,057	70,033	100,637	100%	100%	112%	
	6/30/2001	14,571	2,909	62,560	102,804	100%	100%	136%	
	6/30/2000	12,600	1,495	54,272	104,462	100%	100%	167%	
	6/30/1999	10,680	1,319	42,714	85,827	100%	100%	173%	
	6/30/1998	9,258	1,337	36,483	73,521	100%	100%	172%	
Judiciary	6/30/2003	\$ 2,498	\$ 18,447	\$ 10,701	\$ 28,033	100%	100%	66%	
	6/30/2002	2,300	15,705	12,117	26,945	100%	100%	74%	
	6/30/2001	1,932	16,622	11,081	28,629	100%	100%	91%	
	6/30/2000	1,803	14,727	11,578	30,293	100%	100%	119%	
	6/30/1999	1,064	12,131	12,207	25,494	100%	100%	101%	
	6/30/1998	1,437	11,463	11,275	22,698	100%	100%	87%	
County & Municipal Police/Firefighters'	6/30/2003	\$ 7,682	\$ 2,928	\$ 26,088	\$ 37,102	100%	100%	102%	
	6/30/2002	6,114	1,838	22,392	31,671	100%	100%	106%	
	6/30/2001	4,748	1,950	22,767	29,694	100%	100%	101%	
	6/30/2000	3,287	643	19,652	27,560	100%	100%	120%	
	6/30/1999	2,096	643	14,958	20,212	100%	100%	117%	
	6/30/1998	1,803	303	10,762	15,145	100%	100%	121%	

Solvency Test (continued)

(Dollar values expressed in thousands)

Plan:	Valuation Date	Aggregate Accrued Liabilities for					Portion of		
		Active Member		Active Member		Market Value of	Accrued Liabilities		
		Contributions	Retirants & Beneficiaries	Employer Financed Contributions	Reported Assets		(1)	(2)	(3)
		(1)	(2)	(3)	Reported Assets	(1)	(2)	(3)	
County & Municipal	6/30/2003	\$ 502	\$ 499	\$ 2,331	\$ 3,242	100%	100%	96%	
Other Employees'	6/30/2002	314	355	2,147	2,735	100%	100%	96%	
	6/30/2001	283	283	2,396	2,832	100%	100%	95%	
	6/30/2000	227	185	2,192	2,819	100%	100%	110%	
	6/30/1999	130	144	1,918	2,092	100%	100%	91%	
	6/30/1998	170	120	1,262	1,704	100%	100%	112%	
Volunteer Firemen's	6/30/2003	\$ 3,660	\$ 7,946	\$ 4,013	\$ 8,745	100%	64%	-	
	6/30/2002	3,419	7,574	3,947	8,697	100%	70%	-	
	6/30/2001	2,308	7,186	4,343	9,536	100%	100%	1%	
	6/30/2000	2,784	6,887	3,757	10,254	100%	100%	8%	
	6/30/1999	2,744	6,655	3,678	8,897	100%	92%	-	
	6/30/1998	2,521	6,351	3,619	8,162	100%	89%	-	
Diamond State Port Corporation	6/30/2003	\$ 1,105	\$ 1,461	\$ 4,490	\$ 6,511	100%	100%	88%	
	6/30/2002	997	1,252	4,368	6,015	100%	100%	86%	
	6/30/2001	670	913	4,035	6,115	100%	100%	112%	
	6/30/2000	626	584	4,012	6,053	100%	100%	121%	
	6/30/1999	542	624	3,785	4,777	100%	100%	95%	
	6/30/1998	632	467	3,369	3,833	100%	100%	84%	
Closed State Police	6/30/2003	\$ 1,376	\$ 290,867	\$ 26,007	\$ 2,374	100%	-	-	
	6/30/2002	1,643	288,736	28,308	2,209	100%	-	-	
	6/30/2001	2,757	274,477	28,960	2,009	73%	-	-	
	6/30/2000	3,248	264,722	34,825	1,687	52%	-	-	
	6/30/1999	4,021	256,445	43,970	1,345	33%	-	-	
	6/30/1998	4,285	255,383	48,896	1,029	24%	-	-	

Analysis of Financial Experience for the State Employees' Pension Plan

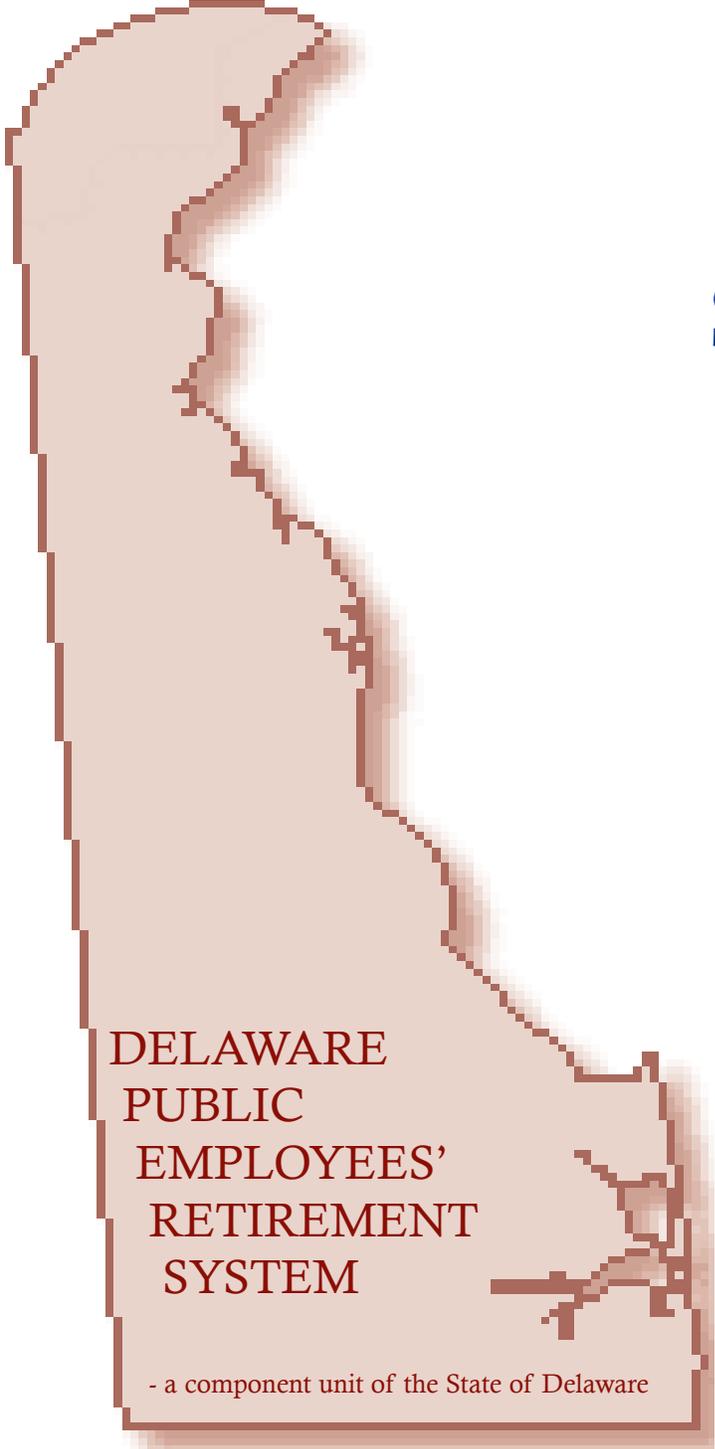
Gains/(Losses) in Accrued Liability During Years Ended June 30,
Resulting from Differences Between Assumed Experience and Actuarial Experience
(expressed in thousands)

Type of Activity	Gain/(Loss) for the Fiscal Years Ended June 30,					
	2003	2002	2001	2000	1999	1998
Investment Income on Actuarial Assets	\$(118,978)	(80,148)	74,705	254,955	202,925	209,366
Combined Liability Experience	23,631	(2,626)	(182,632)*	4,349	39,854	3,073
Gain/(Loss) During Year from Financial Experience	\$ (95,347)	(82,774)	(107,927)	259,304	242,779	212,439
Non-Recurring Items	-	-	(12,431)**	(202,468)	(41,170)	(134,164)
Composite Gain/(Loss) During Year	\$ (95,347)	(82,774)	(131,358)	56,836	201,609	78,275

* Includes \$206 million in plan changes being treated as actuarial loss for funding purposes.

**Increase of 1.5% funded from PRI Fund.

Statistical Section



DELAWARE
PUBLIC
EMPLOYEES'
RETIREMENT
SYSTEM

- a component unit of the State of Delaware

Schedule of Additions by Source

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Employer Contributions	Transfer of Contributions From PRI Fund	Transfer of Assets from Outside the System	Member Contributions
State Employees'	2003	\$ 40,175	25,878	-	35,130
	2002	18,148	31,994	-	33,477
	2001	20,542	38,191	-	31,888
	2000	43,433	33,498	-	29,659
	1999	52,338	30,933	-	26,932
	1998	57,049	27,074	-	23,093
Special	2003	\$ -	-	-	-
	2002	-	-	-	-
	2001	-	-	-	-
	2000	-	-	-	-
	1999	-	-	-	-
	1998	-	-	-	4
New State Police	2003	\$ 2,786	30	-	2,337
	2002	2,476	35	-	2,112
	2001	2,480	29	-	1,710
	2000	2,585	24	-	1,294
	1999	2,624	21	-	1,168
	1998	2,546	18	-	1,040
Judiciary	2003	\$ 1,342	244	-	563
	2002	1,399	293	-	251
	2001	1,333	306	-	206
	2000	1,666	251	-	183
	1999	1,327	221	-	165
	1998	1,273	189	-	133
County & Municipal Police/Firefighters'	2003	\$ 2,931	-	-	1,546
	2002	2,779	-	-	1,404
	2001	2,664	-	-	1,265
	2000	2,771	-	-	973
	1999	2,025	-	-	604
	1998	1,651	-	-	477

Other	Net Investment Income	Net Increase/(Decrease)		Total Additions	Employer Contributions
		in Fair Value of Investments			As a Percent of
					Covered Payroll
-	102,753		39,077	\$ 243,013	2.9%
-	128,548		(429,051)	(216,884)	1.4%
-	153,955		(429,538)	(184,962)	1.7%
-	148,995		641,970	897,555	3.9%
2	121,749		345,930	577,884	5.2%
3	119,143		422,815	645,466	6.2%
-	19		18	\$ 37	-
-	49		(165)	(116)	-
-	63		(175)	(112)	-
-	64		280	344	-
-	56		153	209	-
-	62		264	330	-
10	2,392		1,278	\$ 8,833	8.3%
7	2,781		(9,075)	(1,664)	8.2%
19	3,118		(8,643)	(1,287)	8.9%
20	2,857		12,117	18,897	10.0%
32	2,211		6,481	12,537	11.3%
11	2,142		9,172	14,929	12.3%
-	620		302	\$ 3,071	18.2%
-	745		(2,459)	229	19.3%
-	869		(2,421)	293	20.5%
-	821		3,528	6,449	23.1%
-	659		1,944	4,316	24.2%
-	663		2,858	5,116	24.9%
-	805		567	\$ 5,849	12.05%
-	856		(2,729)	2,310	13.4%
-	886		(2,417)	2,398	14.3%
-	739		3,022	7,505	14.3%
-	496		2,075	5,200	14.9%
-	436		1,726	4,290	15.2%

(Continued on next page.)



Schedule of Additions by Source *(continued)*

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Employer Contributions	Transfer of Contributions From PRI Fund	Transfer of Assets from Outside the System	Member Contributions
County & Municipal	2003	\$ 248	-	-	259
Other Employees'	2002	92	-	-	57
	2001	165	-	-	53
	2000	352	-	-	46
	1999	158	-	-	30
	1998	82	-	-	33
Volunteer Firemen's	2003	\$ 667	-	-	210
	2002	586	-	-	209
	2001	618	-	-	205
	2000	645	-	-	203
	1999	660	-	-	203
	1998	689	-	-	205
Diamond State Port Corporation	2003	\$ 333	-	-	170
	2002	341	-	-	157
	2001	386	-	-	154
	2000	389	-	-	143
	1999	407	-	-	125
	1998	384	-	247	110
Closed State Police	2003	\$ 17,845	-	757	65
	2002	17,805	-	-	64
	2001	17,174	-	-	69
	2000	16,208	-	-	93
	1999	15,664	-	-	152
	1998	15,071	-	-	193

Other	Net Investment Income	Net Increase/(Decrease)		Total Additions	Employer Contributions	
		in Fair Value of Investments			As a Percent of Covered Payroll	
-	71	48		\$ 626		3.2%
-	76	(246)		(21)		3.6%
-	85	(233)		70		3.7%
-	77	292		767		4.6%
-	53	176		417		5.7%
-	50	204		369		5.7%
-	193	102		\$ 1,172		-
-	240	(797)		238		-
-	291	(783)		331		-
-	282	1,198		2,328		-
-	232	615		1,710		-
-	243	1,028		2,165		-
-	143	73		\$ 719		3.9%
-	166	(538)		126		4.2%
-	185	(504)		221		4.9%
-	164	684		1,380		5.3%
-	121	412		1,065		6.4%
-	113	411		1,265		6.9%
-	63	-		\$ 18,730		-
-	109	-		17,978		-
2	234	-		17,479		-
2	198	-		16,501		-
5	109	-		15,930		-
2	157	-		15,423		-

Schedule of Deductions by Type

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Transfer of Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments
State Employees'	2003	\$ -	-	217,126
	2002	-	-	194,824
	2001	-	-	175,312
	2000	-	-	159,122
	1999	-	-	145,391
	1998	-	-	133,018
	Special	2003	\$ -	750
2002		-	-	143
2001		-	-	135
2000		-	-	133
1999		-	-	132
1998		-	-	125
New State Police		2003	\$ -	-
	2002	-	-	367
	2001	-	-	289
	2000	-	-	166
	1999	-	-	113
	1998	-	-	122
	Judiciary	2003	\$ -	-
2002		-	-	1,907
2001		-	-	1,949
2000		-	-	1,642
1999		-	-	1,498
1998		-	-	1,356
County & Municipal Police/Firefighters'		2003	\$ -	-
	2002	-	-	163
	2001	-	-	151
	2000	-	-	69
	1999	-	-	65
	1998	-	-	35

Refund of Contributions	Group Life Payments	Administrative Expenses	Total Deductions
2,653	4,060	4,954	\$ 228,793
2,409	4,003	4,441	205,677
2,485	3,632	4,658	186,087
2,376	3,573	4,140	169,211
2,488	2,344	4,843	155,066
2,220	2,600	4,484	142,322
-	35	3	\$ 909
-	21	4	168
-	24	5	164
-	12	4	149
-	30	6	168
-	15	6	146
102	-	62	\$ 853
87	-	56	510
33	-	48	370
56	-	40	262
73	-	45	231
159	-	39	320
-	-	10	\$ 1,981
-	-	8	1,915
-	-	8	1,957
-	-	8	1,650
-	-	23	1,521
-	-	13	1,369
105	-	67	\$ 416
122	-	49	334
20	-	94	265
50	-	38	157
26	-	42	133
38	-	28	101

(Continued on next page.)

Schedule of Deductions by Type (continued)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Transfer of Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments
County & Municipal Other Employees'	2003	\$ -	-	52
	2002	-	-	41
	2001	-	-	26
	2000	-	-	21
	1999	-	-	17
	1998	-	-	15
Volunteer Firemen's	2003	\$ -	-	1,057
	2002	-	-	1,018
	2001	-	-	971
	2000	-	-	920
	1999	-	-	890
	1998	-	-	836
Diamond State Port Corporation	2003	\$ -	-	170
	2002	-	-	185
	2001	-	-	98
	2000	-	-	75
	1999	-	-	88
	1998	-	-	53
Closed State Police	2003	\$ -	-	18,429
	2002	-	-	17,705
	2001	-	-	17,040
	2000	-	-	16,078
	1999	-	-	15,481
	1998	-	-	15,018

Refund of Contributions	Group Life Payments	Administrative Expenses	Total Deductions
41	-	26	\$ 119
21	-	15	77
9	-	21	56
3	-	16	40
4	-	8	29
1	-	4	20
48	-	18	\$ 1,123
44	-	17	1,079
55	-	22	1,048
29	-	22	971
51	-	34	975
42	-	24	902
24	-	28	\$ 222
15	-	27	227
8	-	53	159
12	-	17	104
12	-	21	121
7	-	21	81
-	77	59	\$ 18,565
-	56	17	17,778
-	54	63	17,157
-	30	51	16,159
-	70	63	15,614
-	45	62	15,125

Schedule of Benefit Deductions by Type

(dollar values expressed in thousands)

Plan	Fiscal Years		Service	Survivor	Disability	Total
	Ended June 30,					
State Employees'	2003	\$	182,615	16,986	17,525	\$ 217,126
	2002		162,843	16,130	15,851	194,824
	2001		146,079	14,858	14,375	175,312
	2000		132,568	13,587	12,967	159,122
	1999		121,017	12,528	11,846	145,391
	1998		110,988	11,365	10,665	133,018
	Special	2003	\$	61	55	5
2002			82	56	5	143
2001			70	57	8	135
2000			73	52	8	133
1999			78	46	8	132
1998			78	40	7	125
New State Police		2003	\$	294	69	326
	2002		172	42	153	367
	2001		44	26	219	289
	2000		-	19	147	166
	1999		-	18	95	113
	1998		-	18	104	122
	Judiciary	2003	\$	1,407	459	105
2002			1,341	452	114	1,907
2001			1,497	351	101	1,949
2000			1,236	298	108	1,642
1999			1,137	256	105	1,498
1998			1,022	231	103	1,356
County & Municipal Police/Firefighters'		2003	\$	85	55	104
	2002		71	26	66	163
	2001		72	32	47	151
	2000		-	32	37	69
	1999		-	34	31	65
	1998		-	15	20	35

Schedule of Benefit Deductions by Type *(continued)*

(dollar values expressed in thousands)

Plan	Fiscal Years		Service	Survivor	Disability	Total
	Ended June 30,					
County & Municipal	2003	\$	40	-	12	\$ 52
Other Employees'	2002		28	-	13	41
	2001		21	-	5	26
	2000		19	-	2	21
	1999		15	-	2	17
	1998		13	-	2	15
Volunteer Firemen's	2003	\$	1,057	-	-	\$ 1,057
	2002		1,018	-	-	1,018
	2001		971	-	-	971
	2000		920	-	-	920
	1999		890	-	-	890
	1998		836	-	-	836
Diamond State Port Corporation	2003	\$	108	11	51	\$ 170
	2002		96	11	78	185
	2001		59	11	28	98
	2000		51	11	13	75
	1999		54	28	6	88
	1998		53	-	-	53
Closed State Police	2003	\$	13,090	2,345	2,994	\$ 18,429
	2002		12,635	2,111	2,959	17,705
	2001		12,002	2,131	2,907	17,040
	2000		11,352	1,928	2,798	16,078
	1999		10,782	1,870	2,829	15,481
	1998		10,620	1,669	2,729	15,018

**Schedule of Retired Members by Type of Benefit by Plan
as of June 30, 2003**

Plan	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
State Employees'	Deferred	950	-	-	-
	\$1 - 499	5,650	2,881	1,777	992
	500-999	4,317	3,048	687	582
	1000-1499	2,704	2,218	232	254
	1500-1999	1,650	1,456	77	117
	2000 - 2499	1,116	1,036	25	55
	2500 - 2999	712	679	10	23
	over \$3000	815	781	5	29
Special	Deferred	-	-	-	-
	\$1 - 499	31	12	18	1
	500-999	2	1	1	-
	over \$1000	1	1	-	-
New State Police	Deferred	9	-	-	-
	\$ - 499	-	-	-	-
	500-999	2	-	2	-
	1000-1499	-	-	-	-
	1500 - 1999	2	1	1	-
	2000 - 2499	9	4	-	5
	2500 - 2999	7	6	1	-
	over \$3000	4	1	-	3
Judiciary	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1000-1499	2	-	2	-
	1500-1999	2	-	2	-
	2000 - 2499	2	-	2	-
	2500 - 2999	4	2	2	-
	over \$3000	29	22	5	2
County & Municipal Police/Firefighters'	Deferred	13	-	-	-
	\$1 - 499	-	-	-	-
	500-999	4	2	2	-
	1000-1499	2	1	-	1
	1500-1999	7	1	2	4
	2000 - 2499	-	-	-	-
	2500 - 2999	2	2	-	-
	over \$3000	-	-	-	-



Schedule of Retired Members by Type of Benefit by Plan (continued)
as of June 30, 2003

Plan	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
County & Municipal	Deferred	1	-	-	-
Other Employees'	\$1 - 499	11	10	-	1
	500-999	3	2	-	1
	1000-1499	-	-	-	-
	1500-1999	-	-	-	-
	over \$2000	-	-	-	-
	Volunteer Firemen's	Deferred	10	-	-
	\$1 - 74	618	618	-	-
	75 - 99	395	395	-	-
	over \$100	184	184	-	-
	Diamond State Port Corporation	Deferred	1	-	-
	\$1 - 499	7	6	1	-
	500-999	5	4	1	-
	1000-1499	7	4	-	3
	1500-1999	-	-	-	-
	over \$2000	-	-	-	-
Closed State Police	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1000-1499	3	-	3	-
	1500-1999	21	-	14	7
	2000 - 2499	130	63	59	8
	2500 - 2999	252	211	8	33
	over \$3000	150	111	5	34

Schedule of Average Benefit Payments by Plan

The following schedules are presented only for those plans with retirees and/or beneficiaries as of June 30, 2003, whose benefits are based on years of service or salary. Accordingly, the Special Pension Plan is not included.

Credited Service	2003 State Employees' Pension Plan		
	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>			
Average Monthly Benefit	\$ 613	\$ 146	\$ -
Average Final Average Salary	\$ 16,862	\$ -	\$ -
Number of Active Retirees	13	12	-
<i>5 - 9.99 years</i>			
Average Monthly Benefit	\$ 288	\$ 149	\$ 236
Average Final Average Salary	\$ 23,472	\$ -	\$ 19,599
Number of Active Retirees	593	342	424
<i>10 - 14.99 years</i>			
Average Monthly Benefit	\$ 396	\$ 255	\$ 424
Average Final Average Salary	\$ 21,426	\$ -	\$ 22,274
Number of Active Retirees	1,157	485	496
<i>15 - 19.99 years</i>			
Average Monthly Benefit	\$ 602	\$ 354	\$ 647
Average Final Average Salary	\$ 23,925	\$ -	\$ 24,878
Number of Active Retirees	1,856	601	445
<i>20 - 24.99 years</i>			
Average Monthly Benefit	\$ 874	\$ 524	\$ 975
Average Final Average Salary	\$ 25,794	\$ -	\$ 28,969
Number of Active Retirees	2,062	481	356
<i>25 - 29.99 years</i>			
Average Monthly Benefit	\$ 1,377	\$ 699	\$ 1,474
Average Final Average Salary	\$ 33,550	\$ -	\$ 26,069
Number of Active Retirees	2,347	336	205
<i>30 - 34.99 years</i>			
Average Monthly Benefit	\$ 1,970	\$ 901	\$ 1,925
Average Final Average Salary	\$ 41,788	\$ -	\$ 41,495
Number of Active Retirees	2,799	353	94
<i>35 - 39.99 years</i>			
Average Monthly Benefit	\$ 2,418	\$ 1,195	\$ 2,308
Average Final Average Salary	\$ 42,915	\$ -	\$ 37,056
Number of Active Retirees	993	150	22
<i>40 years and over</i>			
Average Monthly Benefit	\$ 2,653	\$ 1,376	\$ 2,206
Average Final Average Salary	\$ 39,967	\$ -	\$ 33,049
Number of Active Retirees	279	53	10

Schedule of Average Benefit Payments by Plan *(continued)*

Credited Service	2003			2003		
	New State Police Pension Plan			Judiciary Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ 891	\$ 2,082	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ 28,297	\$ -	\$ -	\$ -
Number of Active Retirees	-	2	1	-	-	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ -	\$ 1,617	\$ 2,793	\$ -	\$ -	\$ 5,025
Average Final Average Salary	\$ -	\$ -	\$ 33,234	\$ -	\$ -	\$ 121,230
Number of Active Retirees	-	1	2	-	-	1
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 1,863	\$ 2,687	\$ 2,118	\$ 3,861	\$ 1,910	\$ 3,766
Average Final Average Salary	\$ 53,543	\$ -	\$ 30,101	\$ 88,155	\$ -	\$ 79,846
Number of Active Retirees	1	1	2	6	3	1
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 2,355	\$ -	\$ 4,137	\$ 5,221	\$ 1,805	\$ -
Average Final Average Salary	\$ 59,910	\$ -	\$ 52,912	\$ 84,657	\$ -	\$ -
Number of Active Retirees	2	-	3	4	1	-
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 2,713	\$ -	\$ -	\$ 6,336	\$ 2,192	\$ -
Average Final Average Salary	\$ 62,710	\$ -	\$ -	\$ 91,412	\$ -	\$ -
Number of Active Retirees	9	-	-	9	3	-
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 6,753	\$ 3,483	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 106,491	\$ -	\$ -
Number of Active Retirees	-	-	-	4	4	-
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 7,669	\$ 4,458	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 118,522	\$ -	\$ -
Number of Active Retirees	-	-	-	1	1	-
<i>35 - 39.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
<i>40 years and over</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ 4,378	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	1	-

Schedule of Average Benefit Payments by Plan (continued)

Credited Service	2003 County & Municipal Police/ Firefighters' Pension Plan			2003 County & Municipal Other Employees' Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ 553	\$ 1,349	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ 27,400	\$ -	\$ -	\$ -
Number of Active Retirees	-	2	1	-	-	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ 581	\$ 1,839	\$ 1,588	\$ 126	\$ -	\$ 184
Average Final Average Salary	\$ 27,453	\$ -	\$ 37,550	\$ 17,309	\$ -	\$ 24,070
Number of Active Retirees	1	1	1	5	-	1
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 721	\$ -	\$ 1,902	\$ 421	\$ -	\$ -
Average Final Average Salary	\$ 39,618	\$ -	\$ 56,579	\$ 20,512	\$ -	\$ -
Number of Active Retirees	1	-	2	6	-	-
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 2,682	\$ -	\$ 1,827	\$ -	\$ -	\$ -
Average Final Average Salary	\$ 63,939	\$ -	\$ 32,606	\$ -	\$ -	\$ -
Number of Active Retirees	2	-	1	-	-	-
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 1,510	\$ -	\$ -	\$ 491	\$ -	\$ 851
Average Final Average Salary	\$ 41,566	\$ -	\$ -	\$ 17,165	\$ -	\$ 24,741
Number of Active Retirees	2	-	-	1	-	1
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ -	\$ 1,663	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	1	-	-	-	-
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
<i>35 - 39.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
<i>40 years and over</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-

Schedule of Average Benefit Payments by Plan (continued)

Credited Service	2003 Volunteer Firemen's Pension Plan			2003 Diamond State Port Corporation Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 581	\$ 393	\$ 1,213
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 47,912	\$ -	\$ 30,772
Number of Active Retirees	-	-	-	7	1	1
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 58	\$ -	\$ -	\$ 528	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 33,914	\$ -	\$ -
Number of Active Retirees	614	-	-	1	-	-
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 83	\$ -	\$ -	\$ 592	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 27,564	\$ -	\$ -
Number of Active Retirees	394	-	-	3	-	-
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 106	\$ -	\$ -	\$ 996	\$ -	\$ 1,186
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 30,195	\$ -	\$ 31,674
Number of Active Retirees	154	-	-	1	-	2
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ 123	\$ -	\$ -	\$ 1,331	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 31,250	\$ -	\$ -
Number of Active Retirees	27	-	-	1	-	-
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ 80	\$ -	\$ -	\$ 1,066	\$ 883	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 42,308	\$ -	\$ -
Number of Active Retirees	2	-	-	1	1	-
<i>35 - 39.99 years</i>						
Average Monthly Benefit	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	1	-	-	-	-	-
<i>40 years and over</i>						
Average Monthly Benefit	\$ 112	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	5	-	-	-	-	-

Schedule of Average Benefit Payments by Plan (continued)

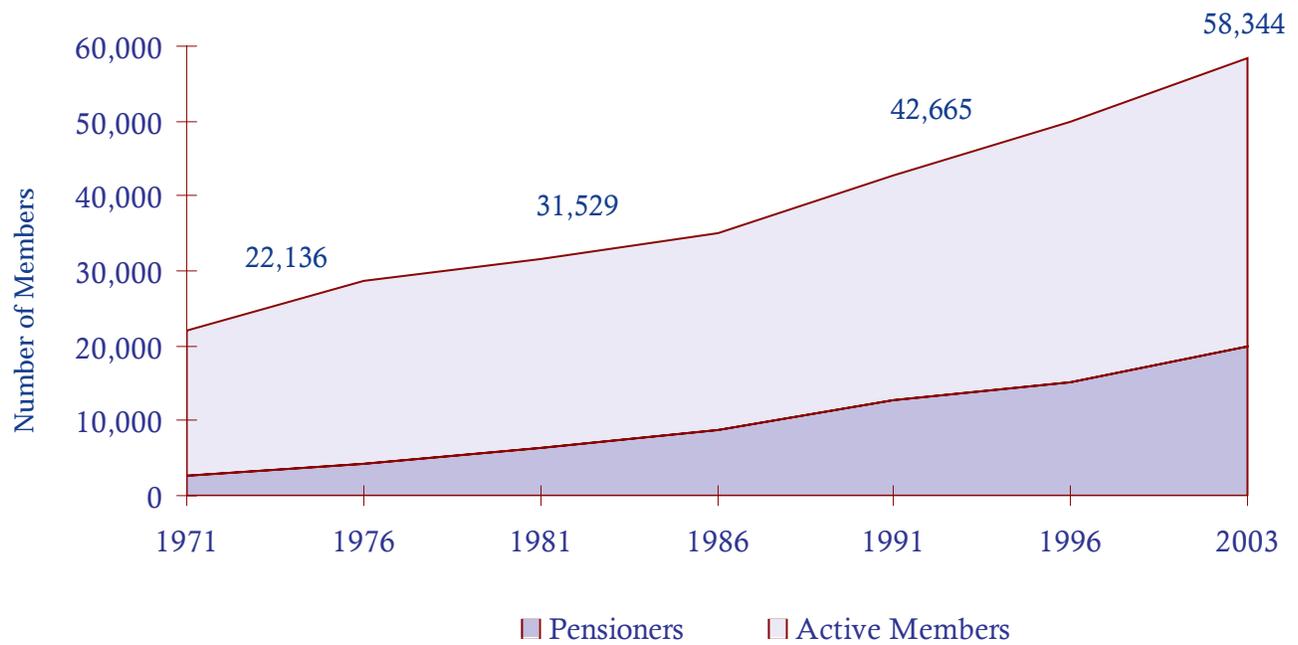
Credited Service	2003 Closed State Police Pension Plan		
	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>			
Average Monthly Benefit	\$ -	\$ 2,184	\$ 2,443
Average Final Average Salary	\$ -	\$ -	\$ 22,172
Number of Active Retirees	-	3	3
<i>5 - 9.99 years</i>			
Average Monthly Benefit	\$ -	\$ 1,893	\$ 2,680
Average Final Average Salary	\$ -	\$ -	\$ 25,793
Number of Active Retirees	-	4	21
<i>10 - 14.99 years</i>			
Average Monthly Benefit	\$ -	\$ 2,093	\$ 2,852
Average Final Average Salary	\$ -	\$ -	\$ 28,825
Number of Active Retirees	-	6	29
<i>15 - 19.99 years</i>			
Average Monthly Benefit	\$ -	\$ 2,593	\$ 3,324
Average Final Average Salary	\$ -	\$ -	\$ 47,695
Number of Active Retirees	-	6	19
<i>20 - 24.99 years</i>			
Average Monthly Benefit	\$ 2,789	\$ 2,206	\$ 4,077
Average Final Average Salary	\$ 60,676	\$ -	\$ 51,154
Number of Active Retirees	343	69	10
<i>25 - 29.99 years</i>			
Average Monthly Benefit	\$ 3,325	\$ 1,861	\$ -
Average Final Average Salary	\$ 73,301	\$ -	\$ -
Number of Active Retirees	36	1	-
<i>30 - 34.99 years</i>			
Average Monthly Benefit	\$ 3,858	\$ -	\$ -
Average Final Average Salary	\$ 86,904	\$ -	\$ -
Number of Active Retirees	6	-	-
<i>35 - 39.99 years</i>			
Average Monthly Benefit	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-
<i>40 years and over</i>			
Average Monthly Benefit	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-

Total Benefits Paid

(Expressed in thousands)



Total Membership



Schedule of Participating Employers

State Employees' Pension Plan

State of Delaware
State of Delaware Charter Schools
Delaware National Guard
Delaware Solid Waste Authority
Delaware State University
Delaware Technical & Community College
University of Delaware (excluding most faculty and designated professional staff)

Closed State Police Plan

Delaware State Police (Appointed before July 1, 1980)

New State Police Plan

Delaware State Police (Appointed after July 1, 1980)

Judiciary Pension Plan

Appointed members of the State Judiciary

Diamond State Port Corporation Plan

Diamond State Port Corporation Employees

County & Municipal Police/Firefighters' Plan

Town of Camden
Town of Cheswold
Town of Dagsboro
Town of Delmar
Town of Dewey Beach
City of Dover
Town of Felton
City of Georgetown
City of Harrington
Town of Millsboro
City of New Castle
New Castle County
Town of Ocean View
City of Wilmington
Town of Wyoming

County & Municipal Other Employees' Plan

Delaware City Fire Company
Felton Fire Company
City of Georgetown
Good-Will Fire Company
City of Harrington
Harrington Fire Company
Kent Conservation District
Lewes Fire Company
Town of Millsboro
City of New Castle
Town of Ocean View
Town of South Bethany
Sussex Conservation District
Townsend Fire Company
Volunteer Hose Company of Middletown
Town of Wyoming

Schedule of Participating Employers *(continued)*

Delaware Local Government Investment Pool

Town of Elsmere
Sussex County Government

Volunteer Firemen's Pension Plan

<p>Aetna Hose, Hook & Ladder Co. & Auxiliary Brandywine Hundred Fire Co. & Auxiliary Christiana Fire Co. & Auxiliary Claymont Fire Co. & Auxiliary Cranston Heights Fire Co. & Auxiliary Delaware City Fire Co. & Auxiliary Elsmere Fire Co. & Auxiliary Five Points Fire Co. No. 1 & Auxiliary Good-Will Fire Co. & Auxiliary Hockessin Fire Co. & Auxiliary Holloway Terrace Fire Co. & Auxiliary Mill Creek Fire Co. & Auxiliary Minquadale Fire Co. & Auxiliary Minquas Fire Co. & Auxiliary Odessa Fire Co. & Auxiliary Talleyville Fire Co. & Auxiliary Townsend Fire Co. & Auxiliary Volunteer Hose Co. & Auxiliary Wilmington Manor Fire Co. & Auxiliary Port Penn Volunteer Fire Co. & Auxiliary Belvedere Fire Co. & Auxiliary Bowers Fire Co. & Auxiliary Camden-Wyoming Fire Co. & Auxiliary Carlisle Fire Co. & Auxiliary Cheswold Fire Co. & Auxiliary Citizens Hose Co. No. 1 & Auxiliary Clayton Fire Co. & Auxiliary Robbins Hose Fire Co. Farmington Fire Co. & Auxiliary Felton Community Fire Co. & Auxiliary Frederica Fire Co. & Auxiliary</p>	<p>Harrington Fire Co. & Auxiliary Hartly Fire Co. & Auxiliary Houston Fire Co. & Auxiliary Leipsic Fire Co. & Auxiliary Little Creek Fire Co. & Auxiliary Magnolia Fire Co. & Auxiliary Marydel Fire Co. & Auxiliary South Bowers Fire Co. & Auxiliary Smyrna American Legion Ambulance Bethany Beach Fire Co. & Auxiliary Blades Fire Co. & Auxiliary Bridgeville Fire Co. & Auxiliary Dagsboro Fire Co. & Auxiliary Delmar Fire Co. & Auxiliary Ellendale Fire Co. & Auxiliary Frankford Fire Co. & Auxiliary Georgetown Fire Co. & Auxiliary Greenwood Fire Co. & Auxiliary Gumboro Fire Co. & Auxiliary Indian River Fire Co. & Auxiliary Laurel Fire Co. & Auxiliary Lewes Fire Co. Millsboro Fire Co. & Auxiliary Millville Fire Co. & Auxiliary Milton Fire Co. & Auxiliary Rehoboth Beach Fire Co. & Auxiliary Seaford Fire Co. & Auxiliary Selbyville Fire Co. & Auxiliary Memorial Fire Co. & Auxiliary Roxana Fire Co. & Auxiliary</p>
--	--

State Personnel Office Mission Statement:

Provide the leadership and services for achieving a quality workforce.

Pension Office Programmatic Goal:

Maintain comprehensive and responsive systems for benefits and funds management, which helps retain a quality workforce and provides a secure and supportive retirement commitment.