

Delaware Public Employees' Retirement System

- a component unit of the State of Delaware

36th Comprehensive Annual Financial Report

*Presented by the Board of Pension Trustees
For the Fiscal Year Ended June 30, 2007*

*STATE EMPLOYEES' PENSION PLAN
SPECIAL PENSION PLAN
NEW STATE POLICE PENSION PLAN
JUDICIARY PENSION PLANS
COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' PLANS
COUNTY & MUNICIPAL OTHER EMPLOYEES' PENSION PLAN
VOLUNTEER FIREMEN'S PENSION PLAN
DIAMOND STATE PORT CORPORATION PENSION PLAN
COUNTY & MUNICIPAL POLICE AND FIREFIGHTERS' COLA FUND
POST-RETIREMENT INCREASE FUND
STATE EMPLOYEES' 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

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INTRODUCTORY SECTION

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, 2006

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

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September 28, 2007

The Honorable Ruth Ann Minner
and
Members of the 144th 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 36th Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007.

This report provides information on nine retirement plans [State Employees', Special, New State Police, Judiciary, County & Municipal Police and Firefighters', County & Municipal Other Employees', Volunteer Firemen's, Diamond State Port Corporation, and Closed State Police] plus four commingled pension investment funds [County & Municipal Police and 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, 2007.

The Management's Discussion and Analysis (MD&A), located in the Financial Section of this report, provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

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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 2007, pensioners numbered 21,699; monies from nine plans and four pension investment funds were commingled in a total System of \$7.4 billion. The State's contribution rate for the State Employees' Pension Plan for Fiscal Year 2007 was 5.9% of payroll. Employer rates in the other plans that we administer range from 5.1% to 25.9% of covered payroll. Benefit coverage varies by plan as shown on pages 29-32. Benefit coverage has been regularly improved to maintain a very competitive position versus similar plans in other states, especially in the areas of post-retirement health and spousal benefits. The majority of beneficiaries' pension benefits are fully funded. The funding status of each plan is detailed on pages 40-42.

Major Accomplishments

Disability Pension Review - A new disability insurance program for members of the State Employees' Pension Plan was implemented on January 1, 2006. More than 90% of those members who were eligible opted into the new plan. For those who did not elect to join this new program, a reopening period was offered during Fiscal Year 2007, resulting in a final total of 92% of eligible members electing coverage under the new program.

Local Government Participation - Membership in the County & Municipal plans continues to grow. New members include the Towns of Bethany Beach and Clayton, and the Mid-Sussex Rescue Squad. Kent County joined the Delaware Local Government Retirement Investment Pool.

Best Practices - The Board, with the help of its legal counsel and various Committee members, continued its "Best Practices Review" during Fiscal Year 2007. Now in its third year, the process has produced the benefit of establishing annual reviews of the System's operations and efficiency with similar public pension funds. Those reviews indicate the System compares favorably or very favorably with its peers. The Board continues to formalize its operations and policies, as well as promote Trustee training opportunities. With the help of outside legal counsel, the Board is reviewing the structure of the System and each of its nine subplans as established in the Delaware Code for compliance with the Internal Revenue Code and its rules, regulations, and interpretive opinions.

Other Post-Employment Benefits (OPEB) - Legislative action was taken during Fiscal Year 2007 to create a new irrevocable trust fund for OPEB. Effective July 1, 2007, the OPEB Fund trust will be used to accumulate and invest assets to address the State's accrued liabilities for such benefits. The DPERS Board will serve as the Board



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of Trustees for the OPEB fund. In Fiscal Year 2008, the assets of the State Employees' Health Insurance Premium Fund will be transferred into the OPEB trust.

GFOA 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, 2006. 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 eleventh 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.

Public Pension Coordinating Council Award - The Public Pension Coordinating Council (PPCC) granted the System the Public Pension Standards Award for 2006. The PPCC is a coalition of National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), and National Conference on Public Employee Retirement Systems (NCPERS). The major PPCC goal is to promote excellence in plan design and administration among state and local public retirement systems. The Public Pension Standards are intended to reflect minimum expectations for public retirement system management and administration and serve as a benchmark by which all defined benefit public plans should be measured. Public Pension Standards include: comprehensive benefit programs, funding adequacy, receipt of GFOA award in current year, independent actuarial valuation, independent audit review resulting in an unqualified opinion from the auditor, independent investment performance evaluation, adoption of written fiduciary standards by Board and Investment Committee, and communications with membership.

Custodial Bank Conversion - The System awarded a contract for global custody banking services to The Northern Trust Co. effective July 1, 2006. Also initiated at that time was a securities lending program with Northern Trust which allows the System to earn additional income by lending its securities to creditworthy borrowers.

Investments and Economic Climate

The System's investments had a 15.9% return gross of fees in Fiscal Year 2007. The System's annualized total returns for the last five, ten and fifteen years are 11.5%, 9.0% and 11.0%, respectively. When compared with the total returns for public funds with assets greater than \$500 million, the System ranked in the top quartile for the ten year period ending June 30, 2007. For all master trusts with a total market value greater than \$1 billion, the System ranked in the top third for the same period. In addition, the System's returns compare favorably with its benchmark for the most recent one, three, and five year periods.

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System investments are managed to control the downside risk to which assets are exposed while maximizing long-term gain potential. This strategy positions the System to limit the impact of adverse market conditions.

During the year, investment market returns were generally positive, with the Russell 3000 stock index gaining 20.1% and the Lehman Universal bond index gaining 6.6%. International stock markets were particularly strong, with the Morgan Stanley All-Country ex-USA stock index gaining 29.7%. Strong returns realized in the System's allocation to global and domestic equity markets resulted in a 15.9% return for the year. The System continues to manage its investments by focusing on risk control and diversification into non-traditional asset classes. For a further discussion of portfolio diversification and investment strategy, see the Investment Section beginning on page 55 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's investment policy is summarized on page 59. 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, 2007, may be found on page 63 of this report. A summary of the total System's asset allocation can be found on page 62.

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 four of the plans included in the System continue to be fully funded -- State Employees', Special, New State Police, and County & Municipal Other Employees' -- covering 87.1% of the System's membership. Of the remaining plans, four are making annual contributions at the actuarially determined rates to reach full funding and the Closed State Police Pension Plan remains a pay-as-you-go plan. The Notes to Trend Data Schedule presented on page 46 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 which begins on page 71.



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Members of the 144th General Assembly
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Internal Controls

System internal accounting controls are designed to reasonably assure 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. An independent auditing firm audits the System's basic financial statements annually and reports any findings to the Board.

Professional Services

Professional consultants are appointed by the Board to perform services essential to the effective and efficient operation of the System. An opinion on the System's basic financial statements from the independent auditors, KPMG LLP, is included in the Financial Section of this report. Cheiron, Inc., is retained to perform actuarial valuations for the System. The Northern Trust Company is the global custodian for the System.

Ashford Consulting Group, Inc., serves as the System's investment advisor. Ashford provides the Board with periodic investment performance updates and provides the Investment Committee with ongoing market insights, asset allocation recommendations, investment manager research and recommendations, performance and attribution analysis, and additional investment-related services.

Acknowledgments

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

The Board wants to register its appreciation for the services provided to the System by Alice Simon and Marsha Kramarck, both of whom retired during the fiscal year. Alice retired in August 2006 after more than 26 years of service with the Pension Office, capably overseeing the Pension Office's financial functions. Marsha retired as deputy attorney general during the fiscal year, and will be remembered for her insights and practical advice. In addition, two employees, Dorothy Clemente and Dianne Johnson, retired after long careers with the Pension Office. The quality service they provided to current and future pensioners is greatly appreciated.

Of special note, the Board wishes to thank Ted Ashford for his many years of service as Executive Secretary to the Investment Committee, and welcomes Rob Gooderham to that role.

The Honorable Ruth Ann Minner
and

Members of the 144th General Assembly

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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 Director of the Office of Management & Budget 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,



Philip S. Reese, Chair
Board of Pension Trustees

BOARD OF PENSION TRUSTEES, BOARD COMMITTEES, & PROFESSIONAL CONSULTANTS

Board of Pension Trustees

Philip S. Reese, Chair
Former Vice President Corporate
Development and Treasurer
Conectiv

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 R. Foster, J.D.
President
CTW & Consulting Associates, LLC

Ex-Officio Board Members

Richard S. Cordrey
State Secretary of Finance

Jennifer W. Davis
Director, Office of Management & Budget

Executive Secretary to the Board
and Pension Administrator

David C. Craik

Legal Counsel

Cynthia L. Collins, Esq.
Deputy Attorney General

Investment Committee

Jan M. King, Chair
Elva B. Ferrari
Clark Phippen
Philip S. Reese
Mark E. Stalnecker
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.
Charles S. Riegel, M.D.
Phyllis M. Smoyer, M.D.
Charles O. Webber, M.D.
Thomas F. Weir, M.D.

Pension Advisory Council

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

Consulting Actuary

Cheiron, Inc.

Investment Advisor

Ashford Consulting Group, Inc.

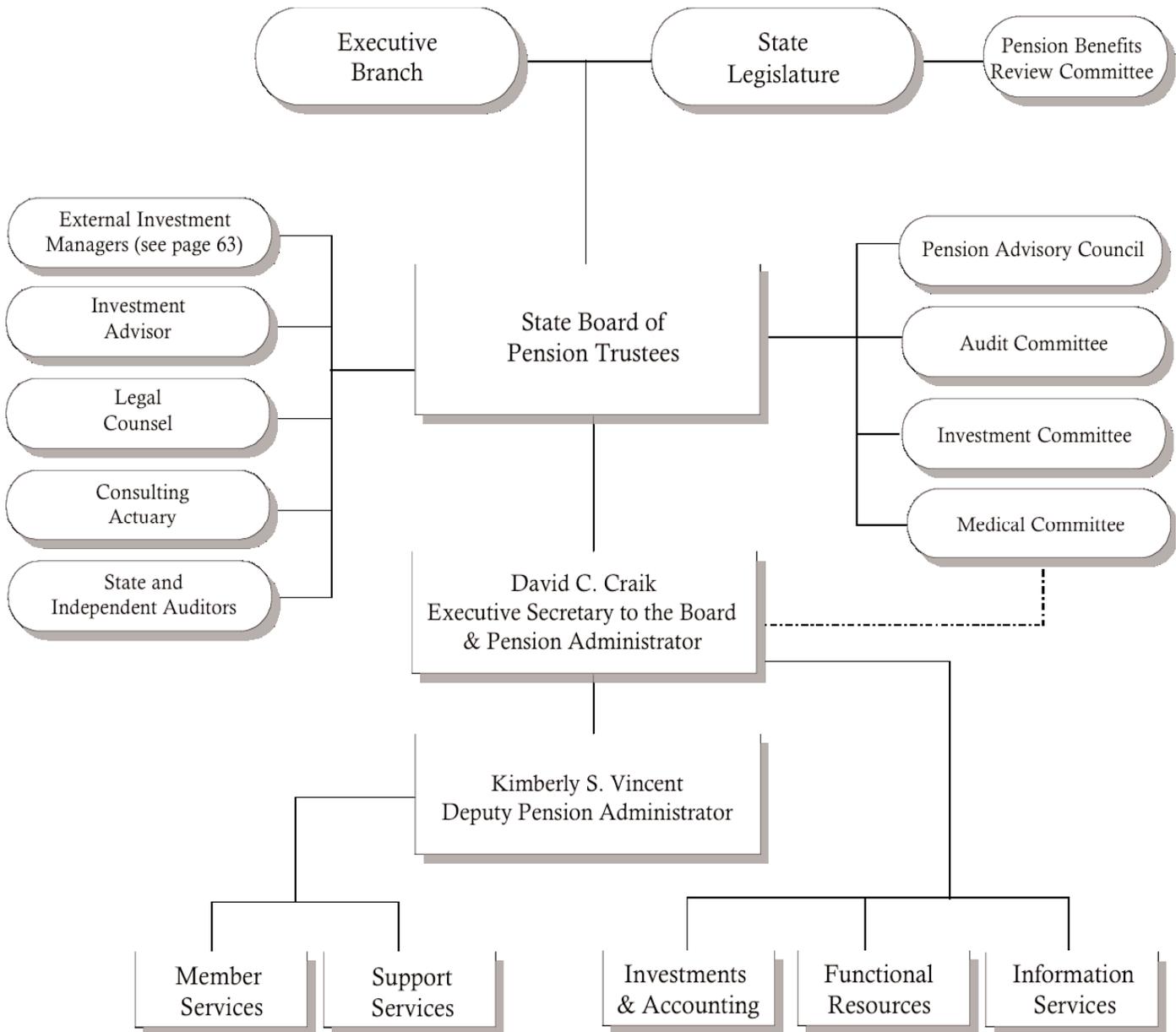
Independent Auditors

KPMG LLP

Global Custody Bank

Northern Trust Co.

ORGANIZATION CHART



MANAGEMENT TEAM:

- Investments & Accounting:** Kathy Kunkle, Pension Cash/Debt Manager
- Functional Resources:** W. Ray Johnson, Human Resources Manager
- Information Services - Applications:** Ralph Ball, Strategic Information Systems Project Leader
- Information Services - Systems:** Robert Eckstine, Strategic Information Systems Project Leader
- Member Services:** Florence M. Price, Pension Benefit Processing
Lisa DiDonato, Pre-Retirement Services
Mary J. Wood, Post-Retirement Services
- Support Services:** Terri L. Timmons, Office 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 and 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.

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

- ◆ County & Municipal Police and Firefighters' COLA Fund
- ◆ Post-Retirement Increase Fund
- ◆ Delaware Local Government Retirement Investment Pool
- ◆ State Employees' Post-Retirement Health Insurance Premium Fund.

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 (System)
- ◆ Appoint an independent actuary to perform annual actuarial valuations used as the basis for contributions to the 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
- ◆ Contract 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 Director of the Office of Management & Budget and also serves as Executive Secretary to the Board.

The Medical Committee of the Board is comprised of eight medical doctors, all retired from private practice. It evaluates and makes recommendations concerning the medical condition of applicants for and recipients of disability pensions. The Medical Committee meets monthly and reviews the files of individuals who elected to remain in the disability pension program offered prior to January 1, 2006. Other long-term disability cases are now determined by the the State's insurance carrier.

HIGHLIGHTS OF BOARD ACTIVITIES *(continued)*

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 principles.

The Investment Committee of the Board is currently comprised of six 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 55.

The Board retains Ashford Consulting Group, Inc., as investment advisor for the System. Ashford Consulting Group, Inc. provides a variety of services to the System including: investment manager and custody contract negotiations, investment manager searches, performance analysis/attribution, and 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, 2007, may be found on page 63 of this report.

The Board retains the firm of Cheiron, Inc., 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 major activities of the Board and its committees during the 12-month period July 2006 through June 2007 were:

- ◆ As part of its continuing best practices review, retained additional outside counsel to ensure full compliance with the IRS Code
- ◆ 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, including eligibility of individual employees for disability pension benefits, or questioned the Board's interpretation of State pension laws
- ◆ 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.



Public Pension Coordinating Council
Public Pension Standards
2006 Award

Presented to

Delaware Public Employees' Retirement System

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

Presented by the Public Pension Coordinating Council, a confederation of

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

A handwritten signature in black ink that reads "Alan H. Winkle". The signature is written in a cursive style.

Alan H. Winkle
Program Administrator

2007 LEGISLATION AFFECTING PENSIONS

Senate Bill 136

Effective July 1, 2007, this bill creates a new trust fund for Other Post-Employment Benefits (OPEB) that will be used to accumulate and invest assets to pay the State share of retiree health insurance premiums.

House Bill 250

Sections of the annual Fiscal Year 2008 Appropriations Act modify previous parts of the Delaware Code pertaining to pension administration. This bill will allow the Board of Pension Trustees to continue to use the existing processes that have been developed to acquire various financial services for the investment of assets contained in the Delaware Public Employees' Retirement System. In addition, the bill modifies the amortization schedule from 30-years to 20-years for Plan changes for the State Employees' Pension Plan and the New State Police Pension Plan, and corrects the section titles in the Code related to a pension-provided death benefit.

FINANCIAL SECTION

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditor's Report

Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System:

We have audited the accompanying statement of plan net assets of the Delaware Public Employees' Retirement System (the System) as of June 30, 2007 and the related statements 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 accompanying summarized comparative financial information has been derived from the Delaware Public Employees' Retirement System's June 30, 2006 financial statements and, in our report dated September 5, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 plan net assets of the Delaware Public Employees' Retirement System as of June 30, 2007 and its changes in plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

As explained in Note 3, the financial statements include investments valued at \$919,886,000 (12 percent of net assets), whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on information provided by the fund managers or the general partners of the funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2007 on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The financial statements include summarized prior year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the System's financial statements for the year ended June 30, 2006, from which such summarized information was derived.



The information included in Management's Discussion and Analysis, Schedule of Funding Progress, Schedule of Employer Contributions, and Notes to Trend Data on pages 21-23 and 40-46 are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedule of Administrative Expenses, Schedule of Investment Expenses and the Schedules of Plan Net Assets and Changes in Plan Net Assets for the Delaware Local Government Investment Pool are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the 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 Introductory, Investment, Actuarial and Statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Introductory, Investment, Actuarial and Statistical sections have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KPMG LLP

September 26, 2007

Management's Discussion and Analysis

This section presents management's discussion and analysis of the Delaware Public Employees' Retirement System's (System) financial performance and provides an overview of the System's financial activities for the Fiscal Year ended June 30, 2007. 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, 2007 versus Fiscal Year 2006:

- ◆ Plan net assets of all the pension funds administered by the System increased by \$886.4 million.
- ◆ Fiscal Year 2007 covered payrolls totaled \$1,686.7 million, resulting in a 2.7% increase in employer pension contributions and a 5.5% increase in member pension contributions. Employer and member contributions increased due to overall salary increases and more entities participating in the County & Municipal plans.
- ◆ Net investment earnings (net increase in fair value, plus investment earnings, less investment-related expenses) increased by \$297.9 million as a result of a 15.9% investment return for Fiscal Year 2007.
- ◆ Pension benefits paid to retirees and beneficiaries increased \$29.0 million bringing the total benefit payments to \$355.3 million. A net increase of 2.6% in the number of retirees and a post-retirement increase averaging 2% are responsible for the 8.9% increase in pension benefits. Refunds of contributions paid to former members upon termination of employment increased from \$3.2 million to \$3.5 million.
- ◆ Administrative expenses (including special project expenses) increased by 10.3% compared to Fiscal Year 2006. This increase is largely attributable to legal fees associated with the ongoing Best Practices project, increased employee salary and benefit costs, as well as the upgrade of office network hardware. (See Schedule 4 on page 48 for more details.)
- ◆ The System entered into a securities lending program during the year as a result of the custodial bank conversion. The program is carefully monitored and produced \$1.5 million in net income.

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 40-42) 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 43-45) 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.

NET ASSETS

(dollar values expressed in thousands)

Fiscal Years Ended June 30,	2007	2006	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
Cash and Investments at Fair Value	\$ 7,444,719	\$ 6,516,258	\$ 928,461	14.2%
Receivables	68,422	35,402	33,020	93.3%
Invested Securities Lending Collateral	767,805	-	767,805	100.0%
TOTAL ASSETS:	\$ 8,280,946	\$ 6,551,660	\$ 1,729,286	26.4%
TOTAL LIABILITIES:	867,576	24,645	842,931	3,420.3%
TOTAL PLAN NET ASSETS:	\$ 7,413,370	\$ 6,527,015	\$ 886,355	13.6%

CHANGES IN NET ASSETS

(dollar values expressed in thousands)

Fiscal Years Ended June 30,	2007	2006	Increase/ (Decrease) Amount	Increase/ (Decrease) Percent
ADDITIONS:				
Employer Contributions	\$ 182,796	\$ 178,035	\$ 4,761	2.7%
Transfer of Contributions from PRI Fund	45,649	38,748	6,901	17.8%
Transfer of Assets from Outside the System	18,318	8,571	9,747	113.7%
Member Contributions	50,074	47,451	2,623	5.5%
Other	27	23	4	17.4%
Net Investment Earnings	1,004,603	706,677	297,926	42.2%
Net Securities Lending Income	1,481	-	1,481	100.0%
TOTAL ADDITIONS:	\$ 1,302,948	\$ 979,505	\$ 323,443	33.0%

DEDUCTIONS:

Transfer of Contributions from PRI Fund	\$ 45,649	\$ 38,748	\$ 6,901	17.8%
Transfer of Assets Outside the System	2,626	2,478	148	6.0%
Benefit Payments	355,308	326,325	28,983	8.9%
Refunds of Contributions to Members	3,466	3,198	268	8.4%
Group Life Payments	4,231	4,928	(697)	(14.1%)
Administrative Expenses:				
General Administrative Expenses	5,262	4,598	664	14.4%
Health Care Review	-	72	(72)	(100.0%)
Best Practices Project	51	147	(96)	(65.3%)
Total Administrative Expenses:	\$ 5,313	\$ 4,817	\$ 496	10.3%
TOTAL DEDUCTIONS:	\$ 416,593	\$ 380,494	\$ 36,099	9.5%
INCREASE IN PLAN NET ASSETS	\$ 886,355	\$ 599,011	\$ 287,344	48.0%

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 \$886.4 million during the last fiscal year. Fiscal Year 2007's positive investment return of 15.9% is the primary reason for this year's increase in total plan net assets.

Employer contributions increased approximately \$4.8 million primarily due an increase in covered salaries and an increased number of participating employers in the County & Municipal plans. Member contributions increased by approximately \$2.6 million due to an increase in the number of active employees primarily in the County & Municipal plans. Transfers from outside the System increased by approximately \$9.7 million due to additional investment by local governments in the Delaware Retirement Investment Pool (DELRIP). Transfers from the Post-Retirement Increase Fund (PRI) increased by \$6.9 million reflecting the post-retirement increase granted by legislation effective July 1, 2006.

Transfers of Assets Outside the System include transfers from the County & Municipal Police and Firefighters' COLA Fund (COLA Fund) to individual participating entities and a reversion from the COLA Fund as required by statute. The reversion from the COLA Fund was transferred to the State's General Fund. Benefit payments increased by approximately 8.9% as a result of a 2.6% increase in the number of retirees over Fiscal Year 2006 and a post-retirement increase granted to the majority of our retirees effective July 1, 2006 which averaged 2%.

Total administrative expenses (including special projects) increased 10.3% primarily due to increased employee salary and benefits costs, an upgrade to the office network wiring and hardware, and legal fees associated with the Best Practices project. For Fiscal Year 2007, legal fees for long-term projects identified in the Best Practices review represent separate activities and are now reported separately.

Historical Trends

Accounting standards require that the Statement of Plan Net Assets reports 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 40-42). 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 46).

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 43-45). This schedule indicates that employers are meeting their responsibilities to provide financial resources to the plans.

STATEMENT OF PLAN NET ASSETS

AS OF JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

(expressed in thousands)

	State Employees' Plan	Special Plan	New State Police Plan	Judiciary Plans	County & Municipal Police and Firefighters' Plans	County & Municipal Other Employees' Plan
ASSETS:						
Cash & Cash Equivalents	\$ 188,906	20	5,654	1,257	2,523	304
Receivables:						
Transfer of Assets from Outside the System	-	-	-	-	-	-
Accrued Interest	16,178	2	473	106	206	25
Investment Sales Pending	35,257	4	1,031	231	448	54
Employer Contributions	5,943	-	370	152	464	65
Member Contributions	2,912	-	181	17	232	30
Total Receivables:	\$ 60,290	6	2,055	506	1,350	174
Investments at Fair Value:						
Domestic Fixed Income	663,591	63	20,599	4,512	9,440	1,138
Domestic Equities	1,288,956	125	39,772	8,730	18,135	2,184
Pooled Equity & Fixed Income	2,838,810	316	83,028	18,560	36,090	4,309
Alternative Investments	859,272	90	25,823	5,719	11,507	1,380
Foreign Fixed Income	160,161	14	5,156	1,116	2,434	295
Foreign Equities	954,104	97	28,891	6,382	12,961	1,557
Total Investments:	\$ 6,764,894	705	203,269	45,019	90,567	10,863
Invested Securities Lending Collateral:	\$ 719,458	80	21,042	4,704	9,147	1,092
TOTAL ASSETS:	\$ 7,733,548	811	232,020	51,486	103,587	12,433
LIABILITIES:						
Investment Purchases Payable	87,527	10	2,560	572	1,113	133
Securities Lending Collateral Payable	719,458	80	21,042	4,704	9,147	1,092
Benefits Payable	777	-	10	-	1	10
Accrued Investment Expenses	4,846	1	146	32	65	8
Accrued Administrative Expenses	333	0	4	1	5	3
TOTAL LIABILITIES:	\$ 812,941	91	23,762	5,309	10,331	1,246
NET ASSETS HELD IN TRUST FOR PENSION						
BENEFITS AND POOL PARTICIPANTS:	\$ 6,920,607	720	208,258	46,177	93,256	11,187

The notes to the financial statements are an integral part of this Statement.
(A schedule of funding progress for each plan is presented on pages 40-42.)

Volunteer Firemen's Plan	Diamond State Corporation Plan	County & Municipal Police and Firefighters' COLA Fund	Post-Retirement Increase Fund	Delaware		State Employees' Post-Retirement Health Insurance Premium Fund	Closed State Police Plan	Totals as of June 30,	
				Local Gov't Retirement Investment Pool				2007	2006
359	343	337	114	1,467		925	541	\$ 202,750	\$ 82,488
-	-	-	-	-	-	-	-	-	29
30	29	27	11	106		73	-	17,266	13,912
65	62	60	24	231		159	-	37,626	12,787
-	50	-	2,559	-		536	-	10,139	6,517
-	17	-	-	-		-	2	3,391	2,157
95	158	87	2,594	337		768	2	\$ 68,422	\$ 35,402
1,284	1,250	1,261	295	6,177		3,516	-	713,126	1,099,431
2,484	2,412	2,423	605	11,633		6,724	-	1,384,183	1,706,128
5,255	5,008	4,829	1,931	18,632		12,811	-	3,029,579	2,021,727
1,623	1,562	1,538	494	6,698		4,180	-	919,886	775,216
319	314	325	47	1,773		929	-	172,883	-
1,813	1,749	1,732	519	7,770		4,737	-	1,022,312	831,268
12,778	12,295	12,108	3,891	52,683		32,897	-	\$ 7,241,969	\$ 6,433,770
1,332	1,269	1,224	489	4,721		3,247	-	767,805	-
14,564	14,065	13,756	7,088	59,208		37,837	543	\$ 8,280,946	\$ 6,551,660
162	154	149	60	574		395	-	93,409	23,488
1,332	1,269	1,224	489	4,721		3,247	-	767,805	-
22	-	-	-	-		-	2	822	910
9	9	9	3	37		24	-	5,189	-
-	2	-	-	-		-	3	351	247
1,525	1,434	1,382	552	5,332		3,666	5	\$ 867,576	\$ 24,645
13,039	12,631	12,374	6,536	53,876		34,171	538	\$ 7,413,370	\$ 6,527,015

STATEMENT OF CHANGES IN PLAN NET ASSETS

FOR THE FISCAL YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006

(expressed in thousands)

	State Employees' Plan	Special Plan	New State Police Plan	Judiciary Plans	County & Municipal Police and Firefighters' Plans	County & Municipal Other Employees' Plan
ADDITIONS:						
Contributions:						
Employer Contributions	\$ 97,000	-	6,334	2,495	5,780	820
Transfer of Contributions from PRI Fund	45,110	-	202	337	-	-
Transfer of Assets from Outside the System	-	-	-	-	-	-
Member Contributions	42,856	-	3,191	342	2,877	366
Other	-	-	26	-	-	-
Total Contributions:	\$ 184,966	-	9,753	3,174	8,657	1,186
Investments:						
Investment Income	109,622	12	3,206	717	1,394	166
Net Appreciation in Fair Value	851,864	107	24,960	5,616	10,972	1,421
Total Investment Income:	\$ 961,486	119	28,166	6,333	12,366	1,587
Less Investment Manager/Advisor/Custody Fees	(19,795)	(2)	(595)	(132)	(265)	(32)
Less Investment Administrative Expenses	(449)	-	(13)	(3)	(6)	(1)
Total Net Investment Earnings:	\$ 941,242	117	27,558	6,198	12,095	1,554
Securities Lending Income	28,608	3	837	187	364	43
Less Borrower Rebates	(26,871)	(3)	(786)	(176)	(342)	(41)
Less Bank Fee	(347)	-	(10)	(2)	(4)	(1)
Total Securities Lending Expense	(27,218)	(3)	(796)	(178)	(346)	(42)
Total Net Securities Lending Income	1,390	-	41	9	18	1
TOTAL ADDITIONS:	\$ 1,127,598	117	37,352	9,381	20,770	2,741
DEDUCTIONS:						
Transfer of Contributions from PRI Fund	-	-	-	-	-	-
Transfer of Assets Outside the System	-	-	-	-	-	-
Benefit Payments	327,824	102	2,245	2,403	715	113
Refunds of Contributions to Members	3,164	-	15	-	128	74
Group Life Payments	4,142	49	-	-	-	-
Administrative Expenses	5,005	-	64	13	84	40
TOTAL DEDUCTIONS:	\$ 340,135	151	2,324	2,416	927	227
NET INCREASE/(DECREASE):	\$ 787,463	(34)	35,028	6,965	19,843	2,514
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND POOL PARTICIPANTS						
BEGINNING OF YEAR:	\$ 6,133,144	754	173,230	39,212	73,413	8,673
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS AND POOL PARTICIPANTS						
END OF YEAR:	\$ 6,920,607	720	208,258	46,177	93,256	11,187

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	State Employees' Post-Retirement Health Insurance Premium Fund	Closed State Police Plan	Totals for Fiscal Years ended June 30,	
							2007	2006
978	626	-	44,414	-	5,190	19,159	\$ 182,796	\$ 178,035
-	-	-	-	-	-	-	45,649	38,748
-	-	3,149	-	15,169	-	-	18,318	8,571
198	209	-	-	-	-	35	50,074	47,451
-	-	-	-	-	-	1	27	23
1,176	835	3,149	44,414	15,169	5,190	19,195	\$ 296,864	\$ 272,828
203	193	187	75	719	495	227	117,216	87,925
1,590	1,465	1,426	793	5,452	3,392	-	909,058	638,236
1,793	1,658	1,613	868	6,171	3,887	227	\$ 1,026,274	\$ 726,161
(37)	(36)	(35)	(11)	(154)	(96)	-	(21,190)	(19,110)
(1)	(1)	(1)	-	(4)	(2)	-	(481)	(374)
1,755	1,621	1,577	857	6,013	3,789	227	\$ 1,004,603	\$ 706,677
53	50	49	19	188	129	-	30,530	-
(50)	(47)	(46)	(19)	(176)	(121)	-	(28,678)	-
(1)	(1)	(1)	-	(2)	(2)	-	(371)	-
(51)	(48)	(47)	(19)	(178)	(123)	-	(29,049)	-
2	2	2	-	10	6	-	1,481	-
2,933	2,458	4,728	45,271	21,192	8,985	19,422	\$ 1,302,948	\$ 979,505
-	-	-	45,649	-	-	-	45,649	38,748
-	-	2,626	-	-	-	-	2,626	2,478
1,294	269	-	-	-	-	20,343	355,308	326,325
72	13	-	-	-	-	-	3,466	3,198
-	-	-	-	-	-	40	4,231	4,928
26	31	-	-	-	-	50	5,313	4,817
1,392	313	2,626	45,649	-	-	20,433	\$ 416,593	\$ 380,494
1,541	2,145	2,102	(378)	21,192	8,985	(1,011)	\$ 886,355	\$ 599,011
11,498	10,486	10,272	6,914	32,684	25,186	1,549	\$ 6,527,015	\$ 5,928,004
13,039	12,631	12,374	6,536	53,876	34,171	538	\$ 7,413,370	\$ 6,527,015

**Notes to Financial Statements
June 30, 2007**

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 and 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

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, 2007, 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 Receiving Them Yet	Active Participants	Total Membership	Participating Employers
State Employees'	19,583	1,188	35,062	55,833	7
Special	25	-	-	25	N/A
New State Police	60	6	644	710	1
Judiciary	39	-	55	94	1
County & Municipal Police/Firefighters'	32	13	821	866	23
County & Municipal Other Employees'	21	7	402	430	28
Volunteer Firemen's	1,359	56	5,170	6,585	63
Diamond State Port Corporation	33	3	296	332	1
Closed State Police	547	-	15	562	1
Total Membership:	21,699	1,273	42,465	65,437	125

The following are brief descriptions of the individual plans in effect as of June 30, 2007. For a more complete description, please refer to the respective plan documents.

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 at any age.

Disability Benefits: Same as Service Benefits. Employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of this plan opted into a disability insurance program offered by the State effective January 1, 2006.

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

Contributions:
Employer - determined by Board of Pension Trustees.
Member - 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: Defined by special legislation.

Retirement: Defined by special legislation.

Disability Benefits: Defined by special legislation.

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 at age 62.

Retirement: Age 55 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.

Non-Duty - 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 75% of compensation.

Contributions:
Employer - determined by Board of Pension Trustees.
Member - 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, the eligible survivor receives 50% of pension (or 75% with 3% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the benefit the employee would have received at age 62.

Contributions:

Employer - determined by Board of Pension Trustees.

Member -

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 and Firefighters' Pension Plans

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

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 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.

Non-Duty - 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.

Member - 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, 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.
Member - 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, the eligible survivor receives 50% of pension; if employee 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.
Member - 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.
Non-Duty - 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.
Member - 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 and 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 and 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. In 1994, the New State Police Plan began receiving funding for post-retirement increases from the Post-Retirement Increase Fund. Since that time, funds calculated for the State Police membership were re-directed into the COLA Fund. In accordance with 18 Del. C. §708(c), when a participating employer grants a post-retirement increase for a plan outside of the State's County & Municipal Plans, 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

The State of Delaware passed legislation which established a mechanism for funding ad hoc post-retirement increases granted by the General Assembly to members retired under the State Employees' Plan, the New State Police Plan, and the Judiciary Plans (Closed and Revised) beginning in Fiscal Year 1994. The mechanism allows the State to appropriate actuarially determined employer contributions to a separate Post-Retirement Increase Fund (PRI) managed by the Board. The actuary uses the current actuarial assumptions, methods, and population data to calculate the estimated additional liability resulting from the potential benefit increases. The Notes to Trend Data on page 46 display the actuarial assumptions as of the June 30, 2007 valuation date. When the Legislature grants an ad hoc post-retirement adjustment, funds are transferred from this PRI 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.

No post-retirement increase was granted by the General Assembly in Fiscal Year 2007. As of June 30, 2007, previously granted post-retirement increases have outstanding liabilities totaling \$127.0 million, which will be funded by the State and transferred to the appropriate plans over the remaining four fiscal years as follows:

Fiscal Year 2008	\$ 47,416,000
Fiscal Year 2009	\$ 39,334,000
Fiscal Year 2010	\$ 26,457,000
Fiscal Year 2011	\$ 13,825,000

The Board adopts actuarially determined funding for the Post-Retirement Increase Fund. Funding for Fiscal Year 2007 was 2.62% of covered payroll. Funding for Fiscal Year 2008 will be 2.52%.



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 for investment purposes. 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 five participating entities in DELRIP as of June 30, 2007, which comprise the pool in its entirety. Schedules of net assets and changes in net assets may be found in the Supporting Schedules section of this report in accordance with Government Accounting Standards Board (GASB) Statement 31 (pages 50-51). 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 legally 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.

State Employees' Post-Retirement Health Insurance Premium Fund

The State Employees' Post-Retirement Health Insurance Premium Fund was established in June of 2000 as an investment fund for the benefit of retired members of the State Employees' Pension Plan. The State of Delaware provides health insurance to eligible retirees and their dependents. The State Legislature has the authority to establish and amend benefit provisions, including contribution requirements. Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward the cost of health insurance premiums. For the Fiscal Year ended June 30, 2007, plan members contributed \$3.4 million, or 3.1% of total premiums through their required contributions. The State of Delaware General Fund was required to contribute the balance of the premium cost (\$107.0 million, or 96.9% for Fiscal Year 2007). Pre-funding levels are set annually by the Legislature as a part of the budget process. Funding began in Fiscal Year 2002 in the amount of 0.7% of covered payroll and continued in Fiscal Year 2003 at the rate of 0.4%. Funding was suspended for Fiscal Years 2004 and 2005, and in Fiscal Year 2006, the State made a lump sum contribution of \$10 million. Funding for Fiscal Year 2007 was 0.3% of covered payroll.

In June 2007, the State Legislature passed and the Governor signed House Bill 136, creating a new trust fund for Other Post-Employment Benefits (OPEB). This bill takes effect July 1, 2007, and the trust fund will be used to accumulate and invest assets to pay the State share of future retiree health insurance premiums. The assets of the State Employees' Post-Retirement Health Insurance Premium Fund will be transferred into the new trust once established. Also subsequent to the 2007 fiscal year end, the State made an additional \$30.5 million contribution, the result of cost savings in the State health insurance program. Fiscal Year 2008 funding will be 0.54% of covered payroll which is not actuarially determined.

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 and Funds are commingled for investment purposes, each Plan's or Fund's assets may be used only for the payment of benefits to the members of that Plan or Fund in accordance with the terms

of that Plan or 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 or 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 of America. Certain amounts from the prior year have been reclassified to conform to current year presentation.

Use of Estimates

Management of the System has made certain estimates and assumptions relative to the reporting of assets and liabilities, and the disclosure of contingent assets and liabilities, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

Investments in venture capital and other alternative assets tend to be illiquid and the underlying assets are generally not publicly-traded companies. Because of the inherent uncertainty in valuing privately held securities, the fair value may differ from the values that would have been used had a ready market for such securities existed, and the difference can be material. Accordingly, the realized value received upon the sale of the asset may differ from the recorded fair value.

New Accounting Pronouncements

GASB STATEMENT 43: Post-employment Benefit Plans other than Pensions. This Statement establishes accounting and financial reporting standards for plans that provide other post-employment benefits (OPEB) other than pension benefits (for example, health insurance and life insurance). The State Employees' Health Insurance Premium Fund (Fund) does not qualify as a trust or equivalent arrangement. The Fund invests contributions from the State of Delaware (the employer providing health care) which will be used at some time in the future to pay retiree health care premiums. Responsibility for providing health care rests with the employer, the State of Delaware. Pursuant to a new law, a trust will be established in Fiscal Year 2008 and accounted for as an OPEB trust.

GASB Statement 45: Employer Accounting for Other Post-employment Benefits. This Statement addresses how state and local governments should account for and report their costs and obligations related to OPEB, including post-employment healthcare and other non-pension benefits. The adoption of this Statement is not anticipated to have a material impact on the System's financial position or results of operations.

Investments

All of the investment assets of the Plans and Funds, with the exception of the Closed State Police Pension Plan (which is a pay-as-you-go plan), are pooled and invested in a common Master Trust. Each of the Plans or Funds described herein participates in the Master Trust based on funds contributed and earnings/(losses) allocated.

Investments are presented at fair value. Fair values are determined by quoted market prices based on national exchanges when available. Pooled investments represent allocations to commingled equity, bond, and cash funds. Alternative investments include non-traditional investments, some of which may be illiquid, such as limited partnerships, venture capital funds, or private LLCs. Alternative investment values of \$919.9 million (12.4% of the net asset value as of June 30, 2007) are valued based on estimated fair value amounts established by valuation committees. Most of these investments are reported on a one-quarter lag adjusted for cash flows as of June 30, 2007.

Pooled investments are funds wherein the System owns units or shares of commingled assets. As of June 30, 2007, the fair value of these investments totalled \$3,029.6 million. The asset allocation was \$197.4 million cash & equivalents, \$723.5 million domestic fixed income, \$1,373.1 million domestic equity, \$453.1 million international fixed income, and \$282.5 million international equity.

Administrative Expenses

General expenses for the administration of the System are budgeted and approved as part of the annual State budget process and are paid from the assets of the System. The Board does, however, review and approve proposals for one-time, special projects as they arise.

4. Deposits and Investments

Investment Policy

There are no State statutes limiting allowable investments for the System. The investment decisions are dictated by the prudent person rule and the internal investment guidelines established by the Board as outlined below:

- ◆ Allocate a minimum of 20% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments
- ◆ Maintain a widely diversified portfolio, to minimize the risk of overexposure in any one-market segment or investment style
- ◆ Monitor the performance of all investment managers using specific benchmarks
- ◆ Control exposure in illiquid asset classes
- ◆ Review, re-examine, and reconfirm the operation of results of the investment process regularly
- ◆ Identify new long-term opportunities for risk reduction and improved investment returns
- ◆ Review actuarial assumptions to ensure consistency with capital markets expectations.

For the Fiscal Year ended June 30, 2007, management of the System believes it has operated in all material respects in accordance with these policies.

Securities Lending

The System entered into a contract with its custodian during Fiscal Year 2007. The System's investment policy permits securities lending from its separately managed accounts. The System may also participate indirectly in securities lending through certain non-separately managed accounts.

The objective of securities lending is to earn income through a conservatively operated and well-controlled program. Income expected is commensurate with the market demand for the stocks, bonds, and other securities made available by the System and the return earned on the investment of cash collateral.

Cash collateral received is invested in a high-quality investment program provided by the custodian that emphasizes the return of principal, maintains required daily liquidity, and ensures diversification across approved investment types. The Investment Committee regularly reviews the status of the program, including the approved list of borrowers.

Securities are loaned for cash, US government securities, and irrevocable letters of credit. Domestic securities are loaned for collateral valued at 102% of the market value of the securities plus any accrued interest. Non-US securities are loaned for collateral valued at 105% of the market value of the securities plus any accrued interest. As of June 30, 2007, the total market value of the System's securities on loan was \$747.1 million.

Investments

The following is a listing of fixed income investments and cash equivalents and related maturity schedule which shows the System's exposure to interest rate risk. The totals presented are derived from the individual assets held by the System as of June 30, 2007. It is the System's policy to classify corporate convertible bonds as equity securities on the Statement of Net Assets on pages 24-25 because these securities generally convert to preferred equity interests upon maturity. Corporate convertible bonds are included in this chart because they have maturity dates and are exposed to interest rate risk.

Investment Maturities (in Years)

(expressed in thousands)

Investment Type	Fair Value	Less				Not Determined
		than 1	1 - 6	6 - 10	10 +	
Asset Backed Securities	\$ 43,344	\$ -	14,403	18	28,923	-
Commercial Mortgage-Backed	46,198	182	605	-	45,411	-
Commercial Paper	2,993	2,993	-	-	-	-
Corporate Bonds	378,416	63,541	71,201	91,162	152,512	-
Corporate Convertible Bonds	697,358	20,429	421,566	71,912	183,451	-
Government Agencies	49,566	-	28,502	6,616	14,448	-
Government Bonds	170,670	14,499	67,412	18,216	70,543	-
Government Mortgage Backed Securities	130,422	-	803	283	91,316	38,020
Government Issued Commercial Mortgage-Backed	1,319	-	-	-	1,319	-
Municipal/Provincial Bonds	20,532	-	12,981	1,826	5,725	-
Non-Government Backed C.M.O.s	45,542	-	991	4,040	40,511	-
Pooled Investments	1,374,001	197,420	-	674,926	48,550	453,105
Total:	\$ 2,960,361	\$ 299,064	618,464	868,999	682,709	491,125

Interest Rate Risk

The State has delegated investment policy for the System to the Board and its Committees. The Investment Committee sets its own guidelines in conjunction with the Board to manage and review the System's exposure to fluctuating interest rates. Interest rate risk is a consideration when establishing and reviewing investment manager guidelines and asset allocation. Both topics are included in the statement of Investment Policies and Objectives which are published on the System's web site.

Credit Risk

The System's general investment policy is to apply the prudent-person rule to all risks incurred by the fund: 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 related to credit risk. As of June 30, 2007, the System's fixed income investments and cash equivalents had the following credit risk characteristics:

Moody's Ratings or Comparable	Percent of Total Fund	Market Value <i>(expressed in thousands)</i>
AAA to A	6.4%	\$ 471,263
BBB to B	4.1%	300,386
CCC to C	0.4%	31,339
Less than C	0.0%	-
U.S. Government Guaranteed	1.8%	135,997
Not Rated	8.7%	647,375
Total:	21.4%	\$ 1,586,360

Custodial Credit Risk

Of the System's \$202.8 million bank balance, there are two accounts which are uninsured and uncollateralized. Pooled deposits of \$908 thousand are held by the State Treasurer's Office. The balance of \$201.9 million represents deposits in short-term investments held by The Northern Trust Co., the custodial bank as of June 30, 2007.

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

As of June 30, 2007, the System held investments in the following pooled investments that are in excess of 5% of the fair value of the System's net assets held in trust for pension benefits as of June 30, 2007:

	Fair Value <i>(expressed in thousands)</i>
Mellon Capital Global Asset Allocation Fund	\$ 1,267,427
Mellon Capital Asset Allocation Fund	964,332
Western Asset Absolute Return Strategy Ltd.	404,024

Management Fees

The System paid \$16.9 million and \$16.6 million in management fees to the venture capital limited partnerships for the Fiscal Years ended June 30, 2007 and 2006, respectively. These fees are netted against investment income.

Investment Commitments

The System has commitments to invest up to an additional \$364.4 million in venture capital limited partnerships in varying amounts as of June 30, 2007, to be drawn down, as called upon at any time during the term of each partnership, which is usually a ten-year period. Generally, these commitments are self-funding, in that the capital calls are met using cash flows generated by the existing venture capital/limited partnerships as managers in this asset class realize the proceeds of their investments.

Foreign Investments/Forward Exchange Contracts

Foreign investments include equity securities, bonds, and short-term investments. From time to time, the System has entered into forward exchange contracts to sell or purchase certain foreign currencies at specified rates at stated dates. At June 30, 2007, the System did not hold any directly-held open forward exchange contracts.

The following is a listing of the System's foreign assets as of June 30, 2007, excluding foreign-issuer assets valued at \$348.4 million which were U.S. dollar denominated.

Currency	Fair Value in U.S. Dollars	Investment Types <i>(expressed in thousands)</i>		
		Equities	Fixed Income	Cash
Australian Dollar	\$ 21,623	\$ 21,598	-	25
Brazilian real	6,850	-	6,850	-
British pound sterling	97,376	96,922	377	77
Canadian dollar	61,195	11,837	49,294	64
Euro	345,449	320,676	21,001	3,772
Hong Kong dollar	18,944	18,944	-	-
Iceland krona	6,405	-	6,405	-
Indonesian rupiah	1,410	-	1,410	-
Japanese yen	128,213	128,167	-	46
Mexican peso	9,800	-	9,800	-
New Zealand dollar	12,305	-	12,305	-
Norwegian krone	16,057	15,927	-	130
Singapore dollar	22,606	22,468	133	5
South African rand	5,906	1,724	4,182	-
South Korean won	8,923	8,923	-	-
Swedish krona	19,047	8,077	10,446	524
Swiss franc	63,478	63,252	-	226
Thai baht	6,080	-	6,081	(1)
Total:	\$ 851,667	\$ 718,515	128,284	4,868

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. This policy, as amended, was incorporated in the formalized investment policy adopted by the Board during Fiscal Year 2006. 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. Derivatives serve a variety of useful purposes for the System, including the reduction of foreign exchange risk, the minimization of transaction costs and as a means of implementing value added strategies to enhance returns. So-called "exotic" derivatives are not used. If the use of derivatives in a portfolio strategy results in some leverage, that leverage is never permitted to expose the Fund to a loss greater than the amount committed to that strategy.

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; enhance return
Exchange traded futures contracts	Reduce transaction costs; hedge equity market risk; control fixed income; portfolio duration; enhance return
Exchange traded options contracts	Enhance return; reduce transaction costs
Asset backed securities	Enhance return
Total return equity swaps	Hedge equity market risk exposure

Generally, derivatives are subject both to market risk and counterparty risk. The derivatives utilized by the System typically have no greater 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 (CMOs), commercial pricing services (where available) or bid-side prices from a broker/dealer are used. Foreign exchange contracts are valued at the price at which the transaction could be settled by offset in the forward markets.

The Investment Committee monitors the System's derivative holdings on a regular basis to ensure that the derivatives used by managers of the System will not have a material adverse impact on its financial condition.

Risk and Uncertainty

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk inherent in investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could affect the amounts reported in the statement of plan net assets.

The actuarial accrued plan liabilities are measured based on assumptions pertaining to the interest rates, inflation rates and employee demographic behavior in future years. While these assumptions have been chosen after review of past history of the covered participants, it is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1 - SCHEDULE OF FUNDING PROGRESS

(dollar values expressed in thousands)

(unaudited)

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'	30-Jun-2007	\$ 6,437,916	\$ 6,208,025	\$ (229,891)	103.7%	\$ 1,654,609	(13.9%)
	30-Jun-2006	5,998,746	5,901,072	(97,674)	101.7%	1,589,185	(6.1%)
	30-Jun-2005	5,660,057	5,572,719	(87,338)	101.6%	1,471,931	(5.9%)
	30-Jun-2004	5,387,560	5,229,927	(157,633)	103.0%	1,399,279	(11.3%)
	30-Jun-2003	5,125,442	4,794,944	(330,498)	106.9%	1,355,800	(24.4%)
	30-Jun-2002	4,956,156	4,521,732	(434,424)	109.6%	1,351,112	(32.2%)
	30-Jun-2001	4,759,031	4,232,244	(526,787)	112.4%	1,270,632	(41.5%)
	30-Jun-2000	4,409,079	3,769,596	(639,483)	117.0%	1,198,626	(53.4%)
	30-Jun-1999	3,888,852	3,350,127	(538,725)	116.1%	1,125,857	(47.9%)
	30-Jun-1998	3,440,272	3,135,665	(304,607)	109.7%	1,070,052	(28.5%)
Special	30-Jun-2007	\$ 673	\$ 530	\$ (143)	127.0%	N/A	N/A
	30-Jun-2006	758	704	(54)	107.7%	N/A	N/A
	30-Jun-2005	855	791	(64)	108.1%	N/A	N/A
	30-Jun-2004	933	785	(148)	118.9%	N/A	N/A
	30-Jun-2003	1,009	768	(241)	131.4%	N/A	N/A
	30-Jun-2002	1,832	742	(1,090)	246.9%	N/A	N/A
	30-Jun-2001	1,866	993	(873)	187.9%	N/A	N/A
	30-Jun-2000	1,834	834	(1,000)	219.9%	N/A	N/A
	30-Jun-1999	1,720	826	(894)	208.2%	N/A	N/A
	30-Jun-1998	1,652	899	(753)	183.8%	N/A	N/A
New State Police	30-Jun-2007	\$ 194,560	\$ 195,811	\$ 1,251	99.4%	\$ 46,924	2.7%
	30-Jun-2006	169,824	170,877	1,053	99.4%	43,579	2.4%
	30-Jun-2005	150,209	149,657	(552)	100.4%	39,645	(1.4%)
	30-Jun-2004	134,507	128,932	(5,575)	104.3%	36,718	(15.2%)
	30-Jun-2003	120,457	106,272	(14,185)	113.3%	31,778	(44.6%)
	30-Jun-2002	109,615	91,928	(17,687)	119.2%	30,281	(58.4%)
	30-Jun-2001	99,138	80,040	(19,098)	123.9%	27,624	(69.1%)
	30-Jun-2000	86,810	68,367	(18,443)	127.0%	25,558	(72.2%)
	30-Jun-1999	72,425	54,713	(17,712)	132.4%	23,518	(75.3%)
	30-Jun-1998	60,191	47,078	(13,113)	127.9%	21,462	(61.1%)

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1 - SCHEDULE OF FUNDING PROGRESS *(continued)**(dollar values expressed in thousands)**(unaudited)*

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)
Judiciary	30-Jun-2007	\$ 43,050	\$ 53,686	\$ 10,636	80.2%	\$ 9,825	108.3%
	30-Jun-2006	38,407	50,177	11,770	76.5%	9,397	125.3%
	30-Jun-2005	35,112	44,079	8,967	79.7%	8,475	105.8%
	30-Jun-2004	32,841	38,864	6,023	84.5%	7,672	78.5%
	30-Jun-2003	30,961	32,319	1,358	95.8%	7,173	18.9%
	30-Jun-2002	29,049	30,122	1,073	96.4%	7,329	14.6%
	30-Jun-2001	27,231	29,635	2,404	91.9%	6,371	37.7%
	30-Jun-2000	24,884	28,108	3,224	88.5%	5,794	55.6%
	30-Jun-1999	21,256	25,402	4,146	83.7%	5,673	73.1%
	30-Jun-1998	18,429	24,175	5,746	76.2%	5,118	112.3%
County & Municipal Police and Firefighters'	30-Jun-2007	\$ 87,395	\$ 89,022	\$ 1,627	98.2%	\$ 45,059	3.6%
	30-Jun-2006	72,120	72,832	712	99.0%	38,342	1.9%
	30-Jun-2005	59,711	61,335	1,624	97.4%	33,389	4.9%
	30-Jun-2004	48,893	45,204	(3,689)	108.2%	27,930	(13.2%)
	30-Jun-2003	41,228	36,698	(4,530)	112.3%	24,128	(18.8%)
	30-Jun-2002	35,053	30,344	(4,709)	115.5%	21,342	(22.1%)
	30-Jun-2001	29,389	29,465	76	99.7%	19,605	0.4%
	30-Jun-2000	23,496	23,582	86	99.6%	18,011	0.5%
	30-Jun-1999	17,272	17,697	425	97.6%	15,230	2.8%
	30-Jun-1998	12,842	12,868	26	99.8%	11,712	0.2%
County & Municipal Other Employees'	30-Jun-2007	\$ 10,405	\$ 11,578	\$ 1,173	89.9%	\$ 16,183	7.2%
	30-Jun-2006	8,529	9,222	693	92.5%	13,027	(5.3%)
	30-Jun-2005	7,048	6,722	(326)	104.8%	9,737	(3.3%)
	30-Jun-2004	4,275	3,340	(935)	128.0%	7,474	(12.5%)
	30-Jun-2003	3,602	3,332	(270)	108.1%	6,209	(4.3%)
	30-Jun-2002	3,033	2,816	(217)	107.7%	2,545	(8.5%)
	30-Jun-2001	2,794	2,962	168	94.3%	2,292	7.3%
	30-Jun-2000	2,410	2,604	194	92.5%	2,004	9.7%
	30-Jun-1999	1,783	2,272	489	78.5%	1,706	28.7%
	30-Jun-1998	1,419	1,552	133	91.4%	1,385	9.6%

REQUIRED SUPPLEMENTARY INFORMATION (continued)

SCHEDULE 1 - SCHEDULE OF FUNDING PROGRESS (continued)

(dollar values expressed in thousands)

(unaudited)

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)
Diamond State Port Corporation	30-Jun-2007	\$ 11,911	\$ 13,604	\$ 1,693	87.6%	\$ 11,213	15.1%
	30-Jun-2006	10,361	12,738	2,377	81.3%	11,130	21.4%
	30-Jun-2005	8,948	9,732	784	91.9%	9,248	8.5%
	30-Jun-2004	8,140	9,049	909	90.0%	8,950	10.2%
	30-Jun-2003	7,328	7,056	(272)	103.9%	8,636	(0.1%)
	30-Jun-2002	6,675	6,617	(58)	100.9%	9,354	(0.6%)
	30-Jun-2001	6,044	5,618	(426)	107.6%	8,788	(4.8%)
	30-Jun-2000	5,188	5,222	34	99.3%	7,715	0.4%
	30-Jun-1999	4,171	4,951	780	84.2%	7,637	10.2%
	30-Jun-1998	3,310	4,368	1,058	75.8%	6,731	15.7%
Closed State Police+	30-Jun-2007	\$ 514	\$ 297,183	\$ 296,669	0.2%	\$ 1,695	17,502.6%
	30-Jun-2006	1,663	294,149	\$ 292,486	0.6%	1,912	15,297.4%
	30-Jun-2005	749	283,902	283,153	0.3%	2,579	10,979.2%
	30-Jun-2004	2,979	285,044	282,065	1.0%	2,608	10,815.4%
	30-Jun-2003	2,322	318,250	315,928	0.7%	2,869	11,011.8%
	30-Jun-2002	2,036	318,687	316,651	0.6%	3,105	10,198.1%
	30-Jun-2001	1,749	306,194	304,445	0.6%	3,247	9,376.2%
	30-Jun-2000	1,468	302,795	301,327	0.5%	3,888	7,750.2%
	30-Jun-1999	1,164	304,438	303,274	0.4%	4,930	6,151.6%
	30-Jun-1998	832	308,564	307,732	0.3%	5,466	5,629.9%
Volunteer Firemen's	30-Jun-2007	\$ 12,225	\$ 24,809	\$ 12,584	49.3%	5,170	\$ 2,434
	30-Jun-2006	11,340	23,925	12,585	47.4%	5,160	2,439
	30-Jun-2005	10,665	22,913	12,248	46.5%	5,106	2,399
	30-Jun-2004	10,121	21,950	11,829	46.1%	5,055	2,340
	30-Jun-2003	9,644	15,619	5,975	61.7%	4,933	1,211
	30-Jun-2002	9,333	14,940	5,607	62.5%	4,856	1,155
	30-Jun-2001	9,022	13,837	4,815	65.2%	4,769	1,010
	30-Jun-2000	8,412	13,703	5,291	61.4%	4,579	1,155
	30-Jun-1999	7,447	13,077	5,630	56.9%	4,706	1,196
	30-Jun-1998	6,637	12,491	5,854	53.1%	4,651	1,259

++UAAL
Active Members
Per Active Member

+ The Closed State Police Plan is a pay-as-you-go plan.
++Not expressed in thousands.

REQUIRED SUPPLEMENTARY INFORMATION (continued)

SCHEDULE 2 - SCHEDULE OF EMPLOYER CONTRIBUTIONS*(dollar values expressed in thousands)**(unaudited)*

Plan		Annual Required Contributions	Percentage Contributed
State Employees'*	30-Jun-2007	\$ 97,000	100.0%
	30-Jun-2006	91,013	100.0%
	30-Jun-2005	70,638	100.0%
	30-Jun-2004	57,459	100.0%
	30-Jun-2003	40,175	100.0%
	30-Jun-2002	18,148	100.0%
	30-Jun-2001	20,542	100.0%
	30-Jun-2000	43,433	100.0%
	30-Jun-1999	52,338	100.0%
	30-Jun-1998	57,049	100.0%
Special	30-Jun-2007	\$ -	N/A
	30-Jun-2006	-	N/A
	30-Jun-2005	-	N/A
	30-Jun-2004	-	N/A
	30-Jun-2003	-	N/A
	30-Jun-2002	-	N/A
	30-Jun-2001	-	N/A
	30-Jun-2000	-	N/A
	30-Jun-1999	-	N/A
	30-Jun-1998	-	N/A
New State Police*	30-Jun-2007	\$ 6,334	100.0%
	30-Jun-2006	5,276	100.0%
	30-Jun-2005	3,785	100.0%
	30-Jun-2004	3,125	100.0%
	30-Jun-2003	2,786	100.0%
	30-Jun-2002	2,476	100.0%
	30-Jun-2001	2,480	100.0%
	30-Jun-2000	2,585	100.0%
	30-Jun-1999	2,624	100.0%
	30-Jun-1998	2,546	100.0%

* Annual Required Contributions do not include Post-Retirement Increase funding
(see Note 2 to the Basic Financial Statements).

REQUIRED SUPPLEMENTARY INFORMATION (continued)

SCHEDULE 2 - SCHEDULE OF EMPLOYER CONTRIBUTIONS (continued)

(dollar values expressed in thousands)

(unaudited)

Plan		Annual Required Contributions	Percentage Contributed
Judiciary*	30-Jun-2007	\$ 2,495	100.0%
	30-Jun-2006	2,002	100.0%
	30-Jun-2005	1,391	100.0%
	30-Jun-2004	1,235	100.0%
	30-Jun-2003	1,342	100.0%
	30-Jun-2002	1,399	100.0%
	30-Jun-2001	1,333	100.0%
	30-Jun-2000	1,666	100.0%
	30-Jun-1999	1,327	100.0%
	30-Jun-1998	1,273	100.0%
County & Municipal Police and Firefighters'	30-Jun-2007	\$ 5,780	100.0%
	30-Jun-2006	5,488	100.0%
	30-Jun-2005	5,627	100.0%
	30-Jun-2004	3,179	100.0%
	30-Jun-2003	2,931	100.0%
	30-Jun-2002	2,779	100.0%
	30-Jun-2001	2,664	100.0%
	30-Jun-2000	2,771	100.0%
	30-Jun-1999	2,025	100.0%
	30-Jun-1998	1,651	100.0%
County & Municipal Other Employees'	30-Jun-2007	\$ 820	100.0%
	30-Jun-2006	734	100.0%
	30-Jun-2005	2,271	100.0%
	30-Jun-2004	321	100.0%
	30-Jun-2003	248	100.0%
	30-Jun-2002	92	100.0%
	30-Jun-2001	165	100.0%
	30-Jun-2000	352	100.0%
	30-Jun-1999	158	100.0%
	30-Jun-1998	82	100.0%

*Annual Required Contributions do not include Post-Retirement Increase funding (see Note 2 to the Basic Financial Statements).

REQUIRED SUPPLEMENTARY INFORMATION (continued)

SCHEDULE 2 - SCHEDULE OF EMPLOYER CONTRIBUTIONS (continued)

(dollar values expressed in thousands)

(unaudited)

Plan	Fiscal Year Ended	Annual Required Contributions	Percentage Contributed
Volunteer Firemen's	30-Jun-2007	\$ 1,528	64.0%
	30-Jun-2006	1,464	61.4%
	30-Jun-2005	1,403	57.7%
	30-Jun-2004	694	100.0%
	30-Jun-2003	667	100.0%
	30-Jun-2002	586	100.0%
	30-Jun-2001	618	100.0%
	30-Jun-2000	645	100.0%
	30-Jun-1999	660	100.0%
	30-Jun-1998	689	100.0%
Diamond State Port Corporation	30-Jun-2007	\$ 626	100.0%
	30-Jun-2006	703	100.0%
	30-Jun-2005	352	100.0%
	30-Jun-2004	346	100.0%
	30-Jun-2003	333	100.0%
	30-Jun-2002	341	100.0%
	30-Jun-2001	386	100.0%
	30-Jun-2000	389	100.0%
	30-Jun-1999	407	100.0%
	30-Jun-1998	384	100.0%
Closed State Police	30-Jun-2007	\$ 24,912	76.9%
	30-Jun-2006	24,623	83.9%
	30-Jun-2005	24,358	69.9%
	30-Jun-2004	27,747	70.2%
	30-Jun-2003	27,654	68.0%
	30-Jun-2002	27,831	64.0%
	30-Jun-2001	27,709	62.0%
	30-Jun-2000	28,208	57.5%
	30-Jun-1999	28,716	54.5%
	30-Jun-1998	28,420	53.0%

REQUIRED SUPPLEMENTARY INFORMATION (continued)

SCHEDULE 3 - NOTES TO TREND DATA

(unaudited)

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	30-Jun-2007	30-Jun-2007	30-Jun-2007	30-Jun-2007	30-Jun-2007
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 Dollar Closed
Remaining Amortization Period	16.5 years	N/A	5.2 years	15 years	30 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	8.0%	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases ¹	4.3% to 10.1%	N/A	4.8% to 16.7%	4.3% to 13.1%	4.8% to 5.3%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc	Based on CPI

Plan	County & Municipal Firefighters'	County & Municipal Other Employees'	Volunteer Firemen's	Diamond State Port Corporation
Valuation Date	30-Jun-2007	30-Jun-2007	30-Jun-2007	30-Jun-2007
Actuarial Cost Method	Entry Age Normal ²	Entry Age Normal ²	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	21 years	16 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	8.0%	8.0%	8.0%	8.0%
Projected Salary Increases ¹	4.3% to 15.7%	4.3% to 10.1%	N/A	4.8%
Cost-of-living adjustments	Ad hoc	Ad hoc	Ad hoc	Ad hoc

¹ Projected salary increases include an inflation component of 3.75% for all plans. A more detailed discussion of projected salary increases may be found on page 75.

² Actuarial cost method changed to Entry Age Normal from Frozen Initial Liability effective June 30, 2002.

SUPPORTING SCHEDULES

SCHEDULE 4 - SCHEDULE OF ADMINISTRATIVE EXPENSES

(dollar values expressed in thousands)

	Fiscal 2007	Fiscal 2006	Change	
			Dollars	Percent
Personal Services:				
Salaries	\$ 2,285	\$ 2,164	\$ 121	5.6%
Fringe Benefits	967	910	57	6.3%
Total Personal Services:	\$ 3,252	\$ 3,074	\$ 178	5.8%
Professional Services:				
Actuarial	153	176	(23)	(13.1%)
Audit	145	110	35	31.8%
Legal	114	-	114	100.0%
Medical Services	17	15	2	13.3%
State Agency Support Services	19	20	(1)	(5.0%)
Other Professional Services	4	5	(1)	(20.0%)
Total Professional Services:	\$ 452	\$ 326	\$ 126	38.7%
Communication:				
Printing	56	65	(9)	(13.8%)
Telephone	27	34	(7)	(20.6%)
Postage	144	135	9	6.7%
Travel	22	17	5	29.4%
Other Communications	25	21	4	19.0%
Total Communications:	\$ 274	\$ 272	\$ 2	0.7%
Data Processing:				
Contractual Services	137	144	(7)	(4.8%)
Training	-	6	(6)	(100.0%)
Maintenance	275	233	42	18.0%
Equipment - Hardware	304	17	287	1688.2%
Equipment - Software	14	6	8	133.3%
Total Data Processing:	\$ 730	\$ 406	\$ 324	79.8%
Rentals:				
Equipment Leasing	7	7	(0)	0.0%
Fleet Services	6	5	1	20.0%
Office Space	484	470	14	3.0%
Total Rentals:	\$ 497	\$ 482	\$ 15	3.1%
Miscellaneous:				
Supplies and Equipment	40	18	22	122.2%
Maintenance	7	11	(4)	(36.4%)
Continuing Education	2	3	(1)	(33.3%)
Other Miscellaneous	8	6	2	33.3%
Total Miscellaneous:	\$ 57	\$ 38	\$ 19	50.0%
General Administrative Expenses:	\$ 5,262	\$ 4,598	\$ 664	14.4%
Special Projects:				
Health Care Review (OPEB):	-	72	\$ (72)	(100.0%)
Best Practices Review:	51	147	\$ (96)	(65.3%)
Total Special Projects:	\$ 51	\$ 219	\$ (168)	(76.7%)
Grand Total Administrative Expenses:	\$ 5,313	\$ 4,817	\$ 496	10.3%

See accompanying independent auditors' report.

SCHEDULE 5 -- SCHEDULE OF INVESTMENT EXPENSES

(dollar values expressed in thousands)

	Fiscal 2007	Fiscal 2006	Change	
			Dollars	Percent
Custody Fees	\$ 368	\$ 729	\$ (361)	(49.5%)
Investment Manager/Advisor Fees	20,822	18,381	2,441	13.3%
Pension Office Support Staff	481	374	107	28.6%
Total Investment Expenses:	\$ 21,671	\$ 19,484	\$ 2,187	11.2%

See accompanying independent auditors' report.

**SCHEDULE OF PLAN NET ASSETS
OF THE DELAWARE LOCAL GOVERNMENT RETIREMENT INVESTMENT POOL
AS OF JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006**
(expressed in thousands)

	<u>Sussex County Gov't</u>						Totals as of June 30,	
	General Account	Post Retirement Benefits	Town of Elsmere	City of Dover	Town of Newport	Kent County	2007	2006
ASSETS:								
Cash & Cash Equivalents	\$ 723	288	75	114	55	212	\$ 1,467	\$ 700
Receivables:								
Transfer of Assets from Outside the System	-	-	-	-	-	-	-	29
Accrued Interest	59	19	6	10	5	7	106	69
Investment Sales Pending	129	42	13	21	10	16	231	63
Total Receivables:	\$ 188	61	19	31	15	23	\$ 337	\$ 161
Investments at Fair Value:								
Domestic Fixed Income	2,691	1,285	296	415	199	1,291	6,177	5,498
Domestic Equities	5,176	2,397	564	802	385	2,309	11,633	8,572
Pooled Investments	10,427	3,394	1,015	1,687	818	1,291	18,632	10,134
Alternative Investments	3,303	1,313	342	523	252	965	6,698	3,886
Foreign Fixed Income	689	386	81	103	49	465	1,773	-
Foreign Equities	3,714	1,548	390	584	281	1,253	7,770	4,151
Total Investments:	\$ 26,000	10,323	2,688	4,114	1,984	7,574	\$ 52,683	\$ 32,241
Invested Securities Lending Collateral	\$ 2,642	860	257	428	207	327	\$ 4,721	-
TOTAL ASSETS:	\$ 29,553	11,532	3,039	4,687	2,261	8,136	\$ 59,208	\$ 33,102
LIABILITIES:								
Investment Purchases Payable	321	105	31	52	25	40	574	418
Securities Lending Collateral Payable	2,642	860	257	428	207	327	4,721	-
Accrued Investment Expenses	19	7	2	3	1	5	37	-
TOTAL LIABILITIES:	\$ 2,982	972	290	483	233	372	\$ 5,332	\$ 418
NET ASSETS HELD IN TRUST FOR POOL PARTICIPANTS:							\$ 53,876	\$ 32,684

See accompanying independent auditors' report.

**SCHEDULE OF CHANGES IN PLAN NET ASSETS
OF THE DELAWARE LOCAL GOVERNMENT RETIREMENT INVESTMENT POOL
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 WITH COMPARATIVE TOTALS FOR JUNE 30, 2006**
(expressed in thousands)

	Sussex County Gov't						Total for Fiscal Years ended June 30,	
	General Account	Post Retirement Benefits	Town of Elsmere	City of Dover	Town of Newport	Kent County	2007	2006
ADDITIONS:								
<u>Contributions:</u>								
Transfer of Assets from Outside the System	\$ 1,975	4,792	400	600	39	7,363	\$ 15,169	\$ 5,589
Total Contributions:	\$ 1,975	4,792	400	600	39	7,363	\$ 15,169	\$ 5,589
<u>Investments:</u>								
Investment Income	403	131	39	65	31	50	\$ 719	\$ 441
Net Increase/(Decrease) in Fair Value	3,085	936	304	510	244	373	5,452	2,825
	\$ 3,488	1,067	343	575	275	423	\$ 6,171	\$ 3,266
Less Investment /Advisor/Custody Fees	(76)	(30)	(8)	(12)	(6)	(22)	(154)	(97)
Less Investment Administrative Expenses	(2)	(1)	-	-	-	(1)	(4)	(1)
Total Net Investment Earnings:	\$ 3,410	1,036	335	563	269	400	\$ 6,013	\$ 3,168
Securities Lending Income	105	34	10	17	9	13	188	-
Less Borrower Rebates	(98)	(32)	(10)	(16)	(8)	(12)	(176)	-
Less Bank Fee	(2)	-	-	-	-	-	(2)	-
Total Securities Lending Expense	(100)	(32)	(10)	(16)	(8)	(12)	(178)	-
Net Securities Lending Income:	\$ 5	2	-	1	1	1	\$ 10	\$ -
TOTAL ADDITIONS:	\$ 5,390	5,830	735	1,164	309	7,764	\$ 21,192	\$ 8,757
NET INCREASE:	\$ 5,390	5,830	735	1,164	309	7,764	\$ 21,192	\$ 8,757
NET ASSETS HELD IN TRUST FOR POOL								
PARTICIPANTS BEGINNING OF YEAR:	\$ 21,181	4,730	2,014	3,040	1,719	-	\$ 32,684	\$ 23,927
NET ASSETS HELD IN TRUST FOR POOL								
PARTICIPANTS END OF YEAR:	\$ 26,571	10,560	2,749	4,204	2,028	7,764	\$ 53,876	\$ 32,684

See accompanying independent auditors' report.



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board of Pension Trustees
Delaware Public Employees' Retirement System:

We have audited the financial statements of the Delaware Public Employees' Retirement System (the System) as of and for the year ended June 30, 2007, and have issued our report thereon dated September 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the System's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

KPMG LLP, a U.S. limited liability partnership, is the U.S. member firm of KPMG International, a Swiss cooperative.



We noted certain matters that we reported to management of the System in a separate letter dated September 26, 2007.

This report is intended solely for the information and use of management, the Board of Pension Trustees, Secretary of Finance, Office of the Controller General, Office of the Attorney General, Office of the Governor, and the Office of the Management and Budget and is not intended to be and should not be used by anyone other than these specified parties. However, under 29 Del C., Section 10002(d), this report is public and its distribution is not limited.

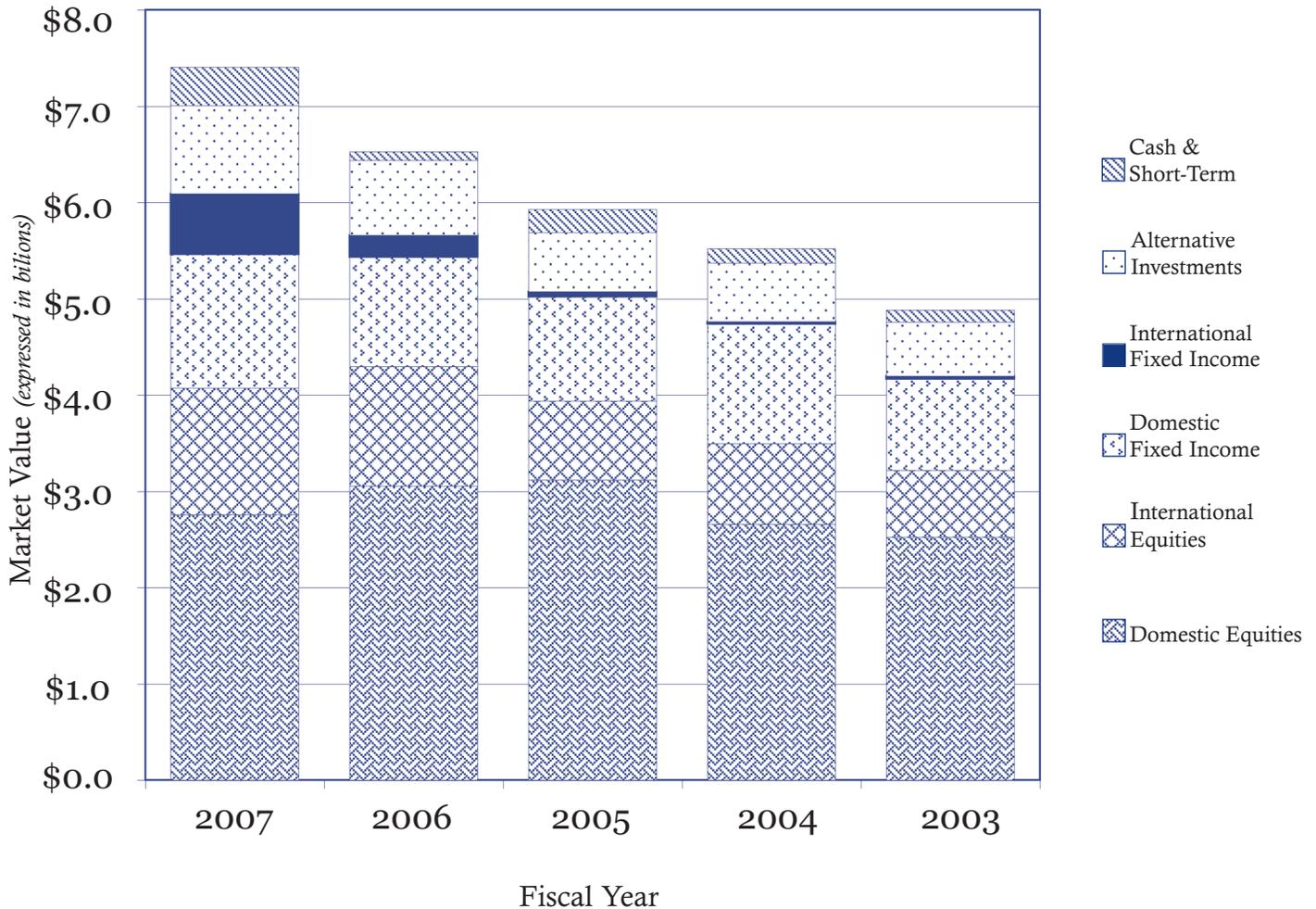
KPMG LLP

September 26, 2007 /

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INVESTMENT SECTION

FIVE-YEAR INVESTMENT COMPARISON



	Fiscal Years Ended June 30, (dollar values expressed in millions)				
	2007	2006	2005	2004	2003
Domestic Equities	\$2,758.4	\$3,053.9	\$3,119.6	\$2,655.7	\$2,520.7
International Equities	1,312.3	1,242.4	817.0	839.2	697.2
Domestic Fixed Income	1,386.4	1,137.7	1,084.2	1,242.3	950.8
International Fixed Income	627.2	227.4	54.4	27.6	28.8
Alternative Investments	919.9	775.2	615.1	607.3	559.9
Cash & Short-Term	402.0	90.4	237.7	149.1	123.3
	\$7,406.2	\$6,527.0	\$5,928.0	\$5,521.2	\$4,880.7

Note: Investment categories above differ from those presented in the financial section on pages 24-25. For this section, Pooled Investments are included in their respective asset categories as indicated in the Financial Section on page 35. In addition, the market value of investments in this section is inclusive of accrued interest, investment sales pending, and investment purchases pending, as indicated in the Financial Section on pages 24-25.



**STATE OF DELAWARE
STATE BOARD OF PENSION TRUSTEES**

AND

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August 22, 2007

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 investment 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 six 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 manage 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.

While not restricted by mandated targeted asset allocations, investment decisions are further dictated by the Board's internal investment guidelines which provide for a minimum of 20% of the total assets of the System to be invested in fixed income investments, such as bonds and cash equivalents. 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 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.

Board Members, Participants, and Beneficiaries

Page 2

August 22, 2007

The System returned 15.9% gross of fees for Fiscal Year 2007. The total System's annualized rate of return over the last five, ten, and fifteen years was 11.5%, 9.0% and 11.0%, respectively. As reported by a major performance ranking comparison service, the System's performance ranks in the top quartile of large public funds for the most recent ten-year period, and above the median for the most recent three-year and five year periods. For the period ending June 30, 2007, the System's net assets increased from June 30, 2006 by \$886.4 million.

The domestic stock market as measured by the Russell 3000 rose 20.1% during the year as profit growth was maintained and share buybacks by companies continued. Returns from foreign stock markets which, as measured by the MSCI All-Country ex-USA stock index, rose 29.7%, were boosted by strength in foreign currencies and by very positive results in the world's emerging economies. Domestic bonds lagged stocks, but still had positive returns during the year as the Lehman Universal bond index rose 6.6%. Risk-taking was rewarded by fixed income markets during the fiscal year, as lower quality bonds performed best. However, weakness in the housing industry caused setbacks in related mortgage investments as the year drew to a close.

The System's fiscal year return of 15.9% gross of fees is a function of the Committee's ongoing focus on risk control and diversification. In looking at the long-term risks and returns of investing in stocks and bonds, the Committee has come to focus more on non-traditional asset classes, which are seen to be beneficial to the profile of the System's portfolio from a risk-return standpoint. In addition, during the year, the Investment Committee increased the portfolio's international equity exposure, realized gains from natural resource and selected domestic equity investments, and recommended participation in a securities lending program.

On behalf of the Trustees, we would like to recognize the services and contributions by Alice Simon and Marsha Kramarck, both of whom retired during the fiscal year. Alice retired in August 2006 after 26 years of service with the Pension Office, capably overseeing the Pension Office's financial functions. Marsha retired as deputy attorney general during the fiscal year, and will be remembered for her insights and practical advice.

Also, we would like to take this opportunity to thank Northern Trust for their diligence and oversight in a successful transition of custodian bank services this year.

As always, we thank our dedicated professional staff at the Office of Pensions, our Investment Advisor, our custodian banks, and our money managers, who all work diligently to ensure the successful operation of the Board of Pension Trustees' Investment Committee.

Respectfully submitted,



Jan M. King, Chair
Board of Pension Trustees' Investment Committee

Investment Activity

For the fiscal year, the Delaware Public Employees' Retirement System (System) had an overall 15.9% rate of return gross of fees. When compared with the total returns for public funds with assets greater than \$500 million, the System ranked in the top quartile for the ten year period ending June 30, 2007. For all master trusts with a total market value greater than \$1 billion, the System ranked in the top third for the same period. In addition, the System's returns compare favorably with its benchmark for the most recent one, three, and five year periods.

The domestic and foreign stock markets rose during Fiscal Year 2007; domestic bonds lagged behind but still had positive returns. In the closing weeks of the fiscal year, news headlines focused on concerns that a slowdown in the housing market would ripple through the economy.

Return data for the total System was calculated gross of fees, on a time-weighted basis in accordance with accepted practices. Return data beginning with Fiscal Year 1999 have been restated to reflect performance gross of fees. Valuations, where available, are based on published pricing from national securities exchanges.

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 more than 30 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:

- ◆ Achieve a real return objective (DPERS return less CPI) of 3% over long periods (approximately 15 years)
- ◆ Manage portfolio risk by controlling downside price fluctuations of the Fund in any 12-month period
- ◆ Maximize total investment returns, consistent with Board objectives.

To achieve these objectives, these investment guidelines are employed:

- ◆ Allocate a minimum of 20% of assets to fixed income investments such as bonds, cash equivalents, and certain real estate investments
- ◆ Maintain a widely diversified portfolio, to minimize the risk of overexposure in any one-market segment or investment style
- ◆ Monitor the performance of all investment managers using specific benchmarks
- ◆ Control exposure in illiquid asset classes
- ◆ Review, re-examine, and reconfirm the operation of results of the investment process regularly
- ◆ Identify new long-term opportunities for risk reduction and improved investment returns
- ◆ Review actuarial assumptions to ensure consistency with capital markets expectations.

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 review of data, trends, and markets. 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 organization, 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 alternative investments (including limited partnerships, and private LLCs).

Investment Results

In Fiscal Year 2007, the investment process experienced:

- ◆ A time-weighted total return of 15.9% based on market values
- ◆ Benefit and expense payments exceeded net employer and member contributions by \$119.7 million
- ◆ Net investment earnings (investment earnings less investment expenses) including securities lending income of \$1.0 billion
- ◆ Increase in fair market value of investment portfolio from \$6.5 billion to \$7.4 billion
- ◆ Overall volatility well below that of an all common stock portfolio.

	Fiscal Years Ending June 30,					Five	Ten	Fifteen
	2007	2006	2005	2004	2003	Years Ending 6/30/07 *	Years Ending 6/30/07 *	Years Ending 6/30/07 *
Total System Return	15.9%	12.4%	10.0%	16.3%	3.4%	11.5%	9.0%	11.0%
Consumer Price Index (CPI)	2.9%	4.3%	2.5%	3.2%	2.2%	3.0%	2.7%	2.7%
Fund Real Return	13.0%	8.1%	7.5%	13.1%	1.2%	8.5%	6.3%	8.3%

**All returns greater than one year are annualized.*

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

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 8.3% (11.0% System return less 2.7% CPI) measured on a time-weighted basis. During this period, risk, as measured by relative volatility, was approximately 57.6% 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 8.5% (11.2%

S&P 500 less 2.7% 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.

Periods Ending June 30, 2007

(All Returns Greater Than One Year Are Annualized)

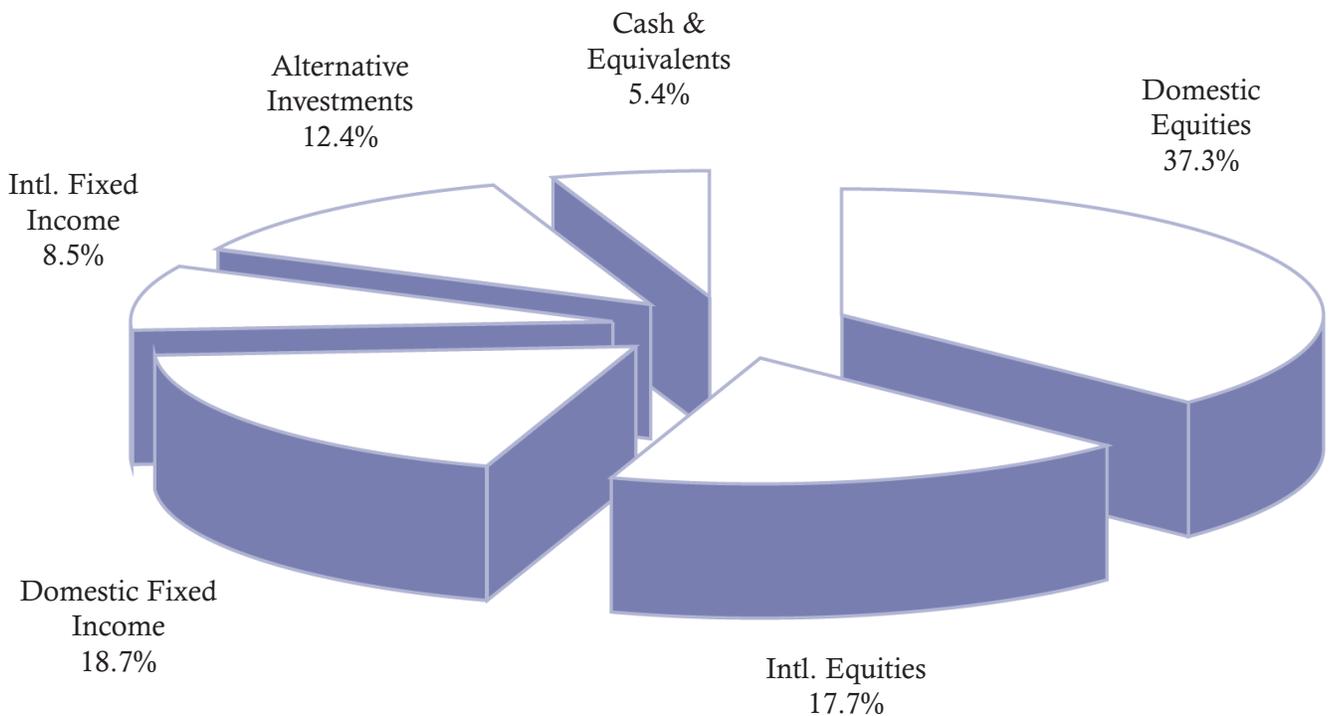
	Five Years	Ten Years	Fifteen Years
Total System Return	11.5%	9.0%	11.0%
S&P 500 Index % Return	10.7%	7.1%	11.2%
Excess Return vs. S&P 500 Index	0.8%	1.9%	(0.2%)
Relative Risk vs. S&P 500 Index	64.1%	57.2%	57.6%

Chart II on page 64 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, 2007.

Charts III and IV on page 65 show the quarterly cumulative total System performance for the 5-year and 10-year periods ending June 30, 2007 compared to indices representative of some of the asset classes in which the System invests.

Asset Allocation

as of June 30, 2007



Asset Allocation

Funds are deployed in diverse asset classes offering the desired risk and return characteristics in an effort to achieve stated investment objectives. The accompanying table shows the most recent 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,				
	2007	2006	2005	2004	2003
Domestic Equities	37.3%	46.8%	52.6%	48.1%	51.6%
International Equities	17.7%	19.0%	13.8%	15.2%	14.3%
Domestic Fixed Income	18.7%	17.4%	18.3%	22.5%	19.5%
International Fixed Income	8.5%	3.5%	0.9%	0.5%	0.6%
Alternative Investments	12.4%	11.9%	10.4%	11.0%	11.4%
Cash & Short-Term	5.4%	1.4%	4.0%	2.7%	2.6%

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 maintain those organizational criteria in order to continue as managers. During the fiscal year, three equity managers and one fixed income manager were hired. One equity manager and one fixed income manager were given additional funds. One equity and one fixed income managers were terminated, and six equity managers had their assets under management reduced.

In the area of pooled assets, a portion of the System's domestic tactical asset allocation was reduced while additional investment was made in the existing global tactical asset strategy.

In the area of alternative investments, the System entered into four new partnership with existing managers.

At the end of the fiscal year, the money managers of the System and their responsibilities were:

Investment Manager	Responsibility	Fiscal Year Retained
<u>Domestic Equities</u>		
INTECH	Equities	2005
Legg Mason Capital Management	Equities	2004
Mellon Capital Management	Equities	1984
Oaktree Capital Management	Convertible Securities	1995
OFI Institutional Asset Management	Equities	1982
Rutabaga Capital Management	Equities	2007
T. Rowe Price Associates	Equities	1971
<u>International Equities</u>		
Axiom International Investors LLC	International Equities	2007
Dodge and Cox	International Equities	2007
Mellon Capital Management	International Equities	1997
Mercator Asset Management	International Equities	2004
Oaktree Capital Management	International Convertible Securities	1995
<u>Domestic Fixed Income</u>		
Lehman Brothers Asset Management	Fixed Income	1995
Mellon Capital Management	Fixed Income	1984
T. Rowe Price Associates	Fixed Income	1996
Loomis Sayles & Company LP	Fixed Income	1999
Western Asset Management Company	Fixed Income	2007
<u>Alternative Investments</u>		
Accel Partners	Venture Capital	1984
Accel-KKR Company	Venture Capital	2002
Allegis Capital	Venture Capital	2005
Advanced Technology Ventures	Venture Capital	1990
The Carlyle Group	Private Equity	1996
Carlyle/Riverstone	Venture Capital	2006
Cherry Tree Ventures	Venture Capital	1984
Flagship/One Liberty Ventures	Venture Capital	1982
IDG-Accel	Venture Capital	2006
Mellon Capital Management	Currency	2005
MeriTech Capital Partners	Venture Capital	1997
Oaktree Capital Management	Distressed Debt; Emerging Markets	1998
ONSET Enterprise Associates	Venture Capital	1990
Pecks Management Partners	Private Equity	1986
Spectra Enterprise Associates	Venture Capital	1987
Summit Ventures	Venture Capital	1989
T. Rowe Price Associates	Distressed Debt	1989
Trident Capital	Venture Capital	2000
Weston Presidio Capital	Venture Capital	1996
<u>Cash & Short-Term</u>		
The Northern Trust Company	Cash & Equivalents	2007

CHART I
CALCULATED RETURNS
(dollar values expressed in millions)

	<i>(All returns for periods greater than one year are annualized.)</i>					Five Years Ended 6/30/07	Ten Years Ended 6/30/07
	Fiscal Years Ended June 30,						
	2007	2006	2005	2004	2003		
Beginning Fair Value of Investment Portfolio	\$6,527.0	\$5,928.0	\$5,521.2	\$4,880.7	\$4,857.7	\$4,857.7	\$3,793.3
Ending Fair Value of Investment Portfolio	\$7,406.2	\$6,527.0	\$5,928.0	\$5,521.2	\$4,880.7	\$7,406.2	\$7,406.2
Time-Weighted Total Return	15.9%	12.4%	10.0%	16.3%	3.4%	11.5%	9.0%
Consumer Price Index	2.9%	4.3%	2.5%	3.3%	2.1%	3.0%	2.7%

CHART II
INVESTMENT PERFORMANCE SUMMARY

	<i>(rates of return are time-weighted)</i>					Three Years Ended 6/30/07	Five Years Ended 6/30/07
	<i>(All returns for periods greater than one year are annualized.)</i>						
	Fiscal Years Ended June 30,						
	2007	2006	2005	2004	2003		
Total System	15.9%	12.4%	10.0%	16.3%	3.4%	12.7%	11.5%
60% S&P 500 Index/35% SL Gov't-Corp Bond Index/5% Treasury Bills	14.6%	4.8%	6.6%	11.0%	5.3%	8.6%	8.4%
Consumer Price Index ⁽¹⁾	2.9%	4.3%	2.5%	3.2%	2.2%	3.2%	3.0%
Domestic Equities⁽²⁾	18.2%	16.2%	13.5%	24.6%	(0.4%)	16.0%	14.1%
S&P 500 Index	20.6%	8.6%	6.3%	19.1%	0.2%	11.7%	10.7%
Russell 3000 Index	20.1%	9.6%	8.1%	20.5%	0.8%	12.4%	11.5%
ML All Convertibles	14.9%	9.4%	2.1%	15.6%	13.9%	8.7%	11.1%
International Equities⁽²⁾	23.5%	23.7%	9.0%	19.6%	6.1%	18.5%	16.2%
MSCI EAFE Index	27.0%	26.6%	13.7%	32.4%	(6.5%)	22.2%	17.7%
Jefferies Global Converts ex US	12.7%	15.1%	3.4%	12.4%	10.5%	10.3%	10.7%
Fixed Income & Cash⁽³⁾	7.0%	1.9%	8.1%	4.4%	12.9%	5.7%	6.8%
Lehman Aggregate	6.1%	(0.8%)	6.8%	0.3%	10.4%	4.0%	4.5%
Pooled Equity & Fixed Income⁽⁴⁾	18.1%	11.4%	8.2%	18.6%	3.8%	12.5%	11.9%
60% S&P 500 Index/35% SL Long Term Treasury Bond Index/5% Treasury Bills	14.6%	4.6%	10.0%	9.9%	7.6%	9.1%	9.0%
60%MS Capital Int'l Index/40% Salomon World Gov't Bond Index	14.9%	9.8%	9.1%	16.5%	5.5%	11.3%	11.1%
Alternative Investments⁽⁵⁾	11.5%	11.5%	8.8%	18.7%	(10.5%)	10.6%	7.5%
Cambridge US Venture Index ⁽⁶⁾	NA	13.0%	6.8%	3.4%	(20.3%)	NA	NA

(1) The total System benchmark is a return of 3% greater than CPI over any 15-year period.

(2) Includes convertible securities and real estate investment trusts; excludes equity portions of Pooled Equity & Fixed Income portfolios.

(3) Excludes fixed income and cash portions of Pooled Equity & Fixed Income portfolios, includes managed futures.

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

(5) Includes Private Equity and Private LLCs. For purposes of benchmark comparison, all returns are shown on a non-lagged basis. Predominant investments have been venture capital.

(6) The Cambridge US Venture Index return for the quarter ended 6/30/07 was not available at press time. This also impacts the 3 and 5-year returns.

CHART III
TOTAL RETURN PERFORMANCE COMPARISON - 5 YEARS

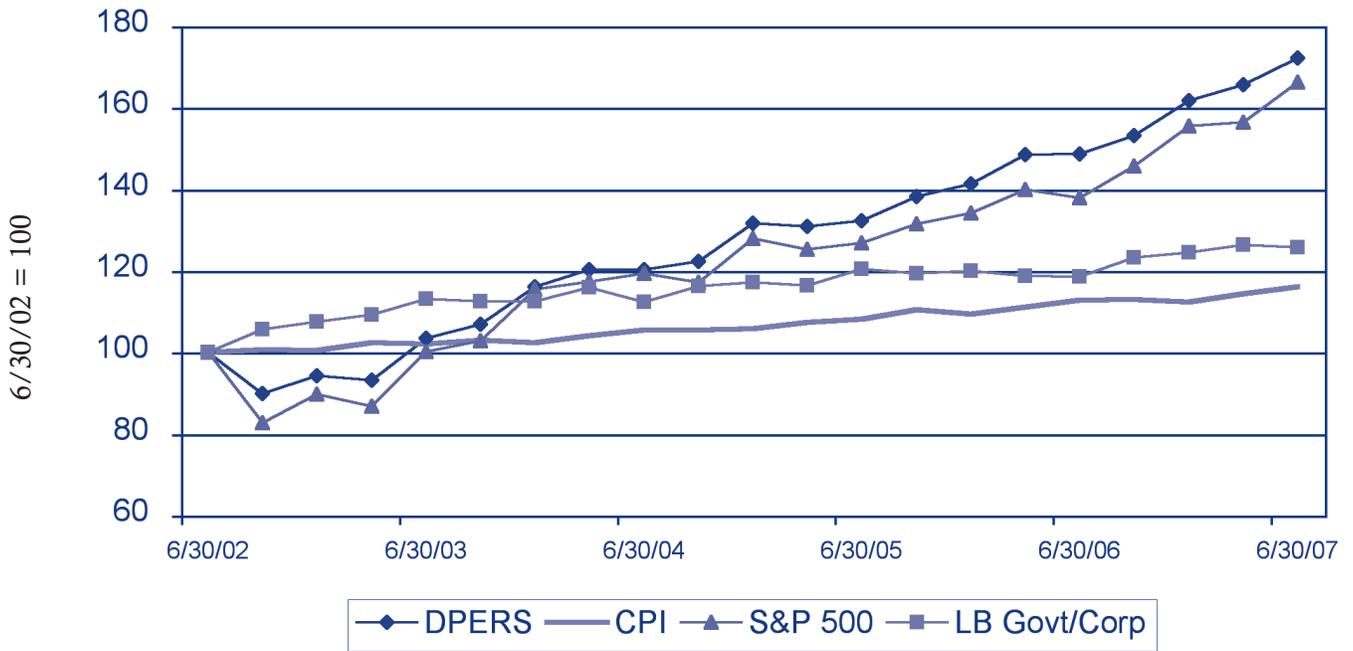
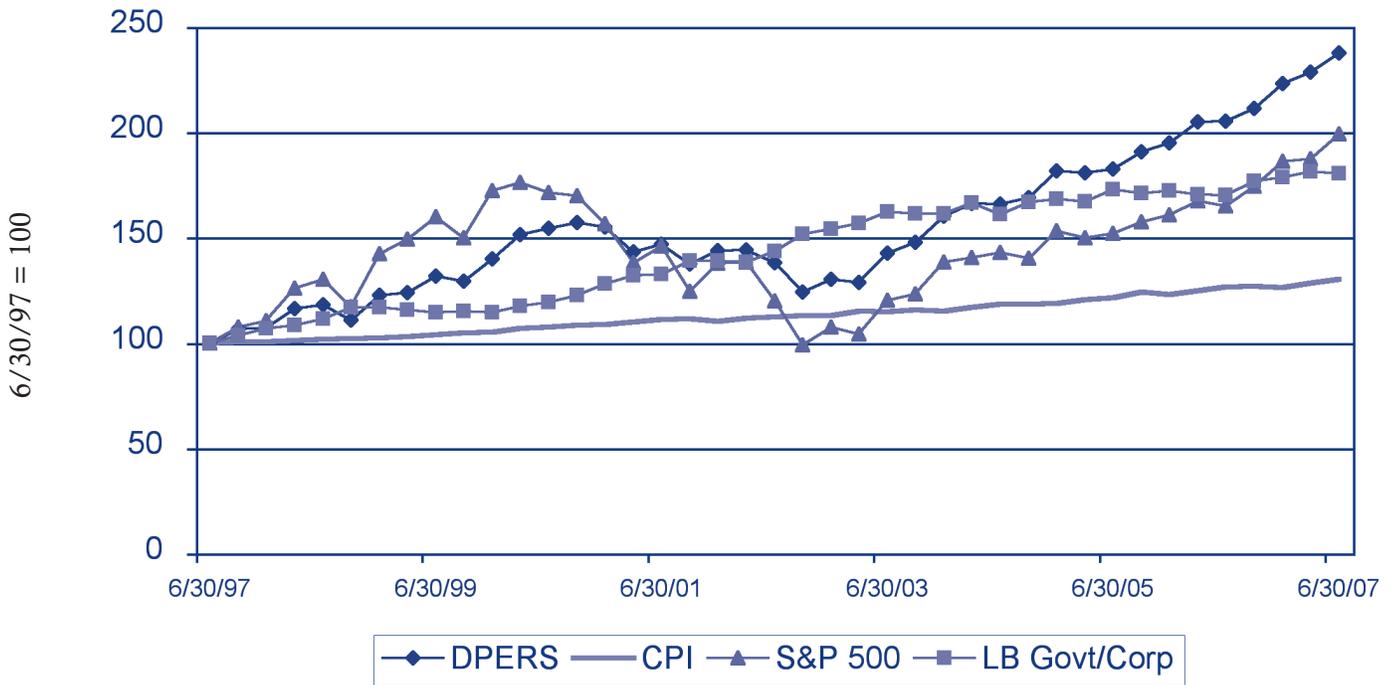


CHART IV
TOTAL RETURN PERFORMANCE COMPARISON - 10 YEARS



**INVESTMENT SUMMARY AND
SCHEDULE OF INVESTMENT FEES**

(dollar values expressed in millions)

	Market Value as of June 30, 2007	Percent of Total Investment Assets	Total Fiscal Year 2007 Investment Fees	Basis Points
Equities				
Domestic Equities	\$ 2,758.4	37.3%	\$ 9.9	
International Equities	1,312.3	17.7%	5.3	
Sub-Total	\$ 4,070.7	55.0%	\$ 15.2	
Fixed Income				
Domestic Fixed Income	1,386.4	18.7%	1.5	
International Fixed Income	627.2	8.5%	1.3	
Sub-Total	\$ 2,013.6	27.2%	\$ 2.8	
Other Asset Allocations				
Alternative Investments	919.9	12.4%	0.4	
Cash & Short-Term	402.0	5.4%	0.2	
Sub-Total	1,321.9	17.8%	\$ 0.6	
Other Investment Services				
Custodian/Investment Advisor Fees	-	-	2.6	
Pension Office Support Staff Expenses	-	-	0.4	
Sub-Total			\$ 3.0	
	<u>\$ 7,406.2</u>	<u>100.0%</u>	<u>\$ 21.6</u>	<u>30 bp</u>

* Other fees include Alternative Investment and Transition Management fees detailed on page 37. These fees have been excluded from the table above and the basis points calculation since they have already been netted from income. Basis point calculation is the weighted average based on the quarterly fund valuations.

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 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.

Alternative Investments:

Alternative Investments include non-traditional investments, some of which may be illiquid, such as limited partnerships and private LLCs.



LIST OF LARGEST ASSETS DIRECTLY HELD*
AS OF JUNE 30, 2007 (excludes investments in pooled vehicles)

Equities (Includes Convertibles)	Market Value	% of Total Fund	Shares
AMAZON.COM INC	\$ 20,947,142	0.28%	306,200 shares
EXXON MOBIL CORP	18,709,098	0.25%	223,046 shares
AES CORP	16,751,328	0.23%	765,600 shares
GOOGLE INC CLASS A	14,549,964	0.20%	27,800 shares
TYCO INTERNATIONAL LTD	14,252,622	0.19%	421,800 shares
SPRINT NEXTEL CORP	13,169,489	0.18%	635,900 shares
CONTINUCARE CORP	12,037,317	0.16%	3,895,572 shares
UNITEDHEALTH GROUP INC	11,910,506	0.16%	232,900 shares
SIEMENS AG NPV	11,767,562	0.16%	81,760 shares
QWEST COMMUNICATIONS INTL	11,450,850	0.15%	1,180,500 shares
Total	<u>\$ 145,545,878</u>	<u>1.96%</u>	

Bonds	Market Value	% of Total Fund	Par (\$)
GOVERNMENT OF CANADA 4.25% 01/09/2008	\$ 19,229,188	0.26%	\$ 20,250,000
U S TREASURY BOND 4.75% 02/15/2037	19,214,726	0.26%	\$ 20,000,000
INTER-AMERICAN DEVELOPMENT BANK 6.0% 05/12/2017	12,341,462	0.17%	\$ 17,750,000
U S TREASURY BONDS 5.375% 02/15/2031	10,868,546	0.15%	\$ 10,380,000
BRAZIL FEDERATIVE REPUBLIC BOND 8.25% 01/20/2034	9,815,592	0.13%	\$ 7,760,000
FEDERAL NATIONAL MORTGAGE ASSN 6.00% 07/15/2034	9,148,824	0.12%	\$ 9,250,000
TELEFONICA EMISIONES SAU SR NOTE 7.046% 06/20/2036	9,121,644	0.12%	\$ 8,790,000
PROVINCE OF BRITISH COLUMBIA 6.25% 12/01/2009	8,539,299	0.12%	\$ 8,740,000
KINGDOM OF SWEDEN 6.5% 05/05/2008	8,318,289	0.11%	\$ 55,295,000
FEDERAL NATIONAL MORTGAGE ASSN 5.50% 07/15/2034	8,100,750	0.11%	\$ 8,400,000
Total	<u>\$ 114,698,320</u>	<u>1.55%</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. Broker selection is the responsibility of individual investment managers. Broker commissions during this fiscal year decreased mainly due to the greater use by investment managers of electronic, execution-only brokerage services.

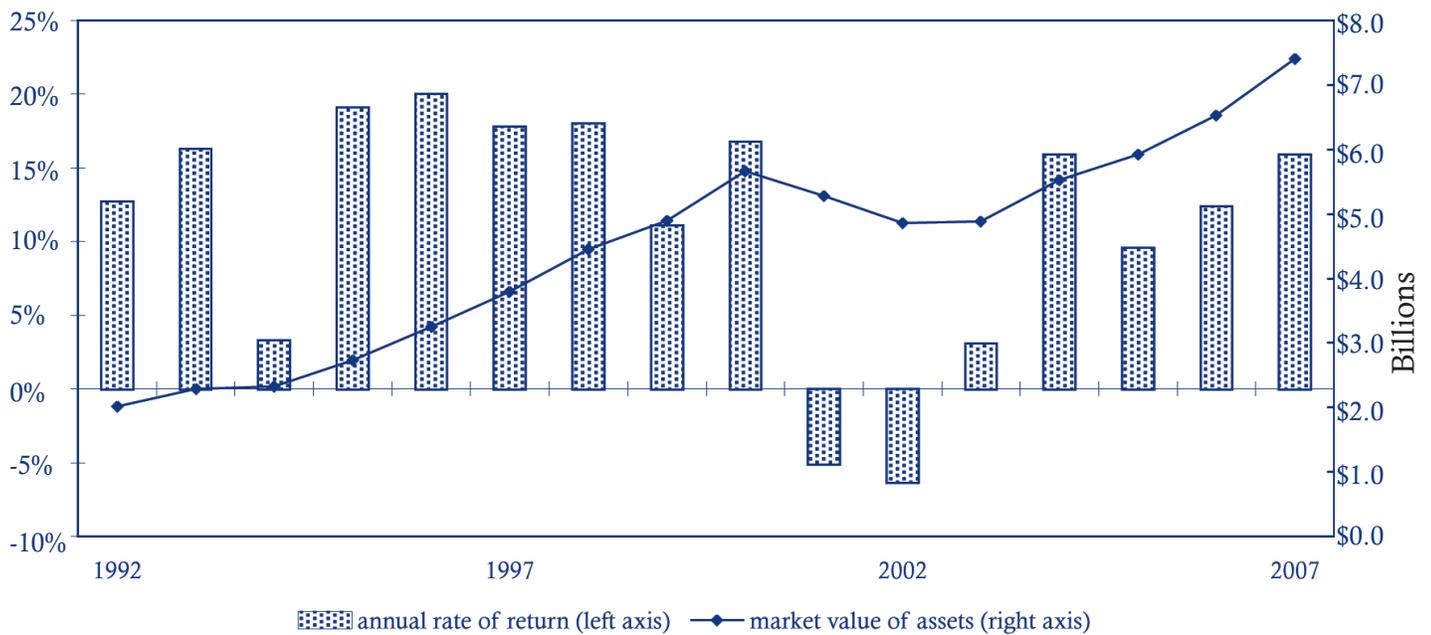
The following is a list of brokers who received \$15,000 or more in commissions during Fiscal Year 2007.

Broker	# of Shares	Commission	Total Dollar Amount	Total Commission
INVESTMENT TECHNOLOGY GROUP INC	8,061,134	\$0.02	168,145,511	156,860
BEAR, STEARNS, SECURITIES CORP	7,246,171	\$0.02	122,751,450	123,763
LIQUIDNET INC	6,046,400	\$0.02	123,647,990	120,267
MERRILL LYNCH	5,066,227	\$0.02	161,172,979	119,385
WEEDEN AND & CO	3,319,915	\$0.03	122,862,464	94,084
UBS SECURITIES	3,831,409	\$0.02	87,294,709	89,959
KNIGHT SECURITIES	3,026,481	\$0.03	80,035,069	79,050
GOLDMAN SACHS	2,001,375	\$0.04	61,532,267	76,787
CIBC WORLD MARKETS CORP NEW YORK	1,877,216	\$0.04	37,806,012	74,732
JEFFERIES & COMPANY	2,964,396	\$0.03	81,963,252	74,525
B TRADE SERVICES	4,407,443	\$0.02	72,002,033	70,329
DEUTSCHE BANK	2,570,154	\$0.03	98,089,871	67,711
CREDIT SUISSE FIRST BOSTON	3,278,407	\$0.02	99,704,823	76,541
BANC AMERICA SECUR MONTGOMERY DIV	1,327,200	\$0.04	18,528,421	53,175
JP MORGAN SECURITIES	1,091,267	\$0.05	39,208,670	51,501
INSTINET	2,321,796	\$0.02	98,470,983	50,089
CITIGROUP GLOBAL	2,418,037	\$0.02	39,560,922	48,410
LEHMAN BROTHERS INC	7,911,689	\$0.01	176,928,164	45,167
MORGAN STANLEY	978,554	\$0.04	21,964,641	39,926
AUTRANET INC EQUITY TRADES	964,638	\$0.04	23,352,592	39,862
ROSENBLATT SECURITIES	1,759,481	\$0.02	78,059,684	39,029
SG COWEN SECURITIES	894,614	\$0.04	16,305,140	35,876
GUZMAN & COMPANY	1,555,370	\$0.02	69,937,420	34,968
CANTOR FITZGERALD & CO	742,100	\$0.04	15,414,875	29,597
CAP INSTITUTIONAL SERVICES INC	1,179,486	\$0.02	52,685,977	26,373
GOLDMAN EXECUTING & CLEARING	1,804,432	\$0.01	45,406,147	26,306
INTERMONTE SECURITIES SIM	527,700	\$0.05	12,782,369	25,455
ABN AMRO SECURITIES	249,736	\$0.10	7,651,252	24,237
CREDIT LYONNAIS SECURITIES	1,391,432	\$0.02	10,003,503	23,645
DRESDNER KLEINWORT WASSERSTEIN SECURITIES	952,410	\$0.02	13,427,753	23,635
QUANTEX, NEW YORK	1,797,430	\$0.01	80,827,433	23,357
J P MORGAN SECURITIES INC	564,378	\$0.04	10,720,269	23,014
UNION BANK OF SWIT NEW YK	659,260	\$0.03	24,519,860	22,663
BANCO SANTANDER NEW YORK	494,500	\$0.04	10,156,936	20,338
SPEAR LEEDS NEW YORK	1,764,776	\$0.01	70,706,645	18,994
PRUDENTIAL EQUITY GROUP	437,118	\$0.04	10,421,790	17,485
WACHOVIA CAPITAL MARKETS	407,024	\$0.04	9,382,667	16,596
LYNCH JONES & RYAN	999,714	\$0.02	46,575,887	15,053
ALL OTHERS (150 BROKERS NOT LISTED)	12,561,060	\$0.04	303,639,181	445,046
TOTALS	101,451,930		2,623,647,611	2,443,790
Average Commission, Per Share		\$0.02		

* A complete list of broker commissions is available for review upon request.



DELAWARE PUBLIC EMPLOYEES' RETIREMENT SYSTEM
ANNUAL MARKET VALUE OF FUND AND RATE OF RETURN
 FOR THE 15-YEAR PERIOD 1992-2007



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

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ACTUARIAL SECTION



August 29, 2007

Board of Pension Trustees
Delaware Public Employees' Retirement System
McArdle Building
860 Silver Lake Blvd., Suite 1
Dover, DE 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, 2007. The results of these valuations are contained in the enclosed exhibits. Any distribution of the exhibits must be in their entirety, including this cover letter, unless prior written consent is obtained.

Funding Objective

The funding objective of the System is to establish contribution rates that, over time, will remain level as a percent of payroll. In order to achieve this, we developed a contribution rate that 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 and Methods

The actuarial assumptions and methods used in these valuations are based on the prior actuary's experience study completed during the fiscal year ended June 30, 2004. The Board set the investment return assumption based on advice from its investment consultant.

We believe that all costs, liabilities, rates of interest, and other factors for the System have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of the System and reasonable expectations) and which, in combination, offer our best estimate of anticipated experience affecting the System. Nevertheless, the emerging costs will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

Actuarial computations presented in this report are for purposes of determining the recommended funding amounts for the System. Actuarial computations under GASB Statement No. 25 are for purposes of fulfilling financial accounting requirements. The computations prepared for these two purposes may differ. The calculations in the enclosed exhibits have been made on a basis consistent with our understanding of the System's funding requirements and goals, and of GASB Statement No. 25. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes.



Board of Pension Trustees
August 29, 2007
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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

Cheiron provided the figures disclosed in Schedule 1 of the Supporting Schedules to the Financial Section and the Notes to Trend Data. In addition, we were responsible for the following schedules found in the Actuarial Section: Actuarial Assumptions and Methods, Schedule of Active Member Valuation Data, Solvency Test, and Analysis of Financial Experience for the State Employees' Pension Plan.

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,
Cheiron



Fiona E. Liston, FSA, EA
Consulting Actuary



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 over a long period of time 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 assets is equal to 1/5th of the market value plus 4/5th of the expected value, where the expected value is equal to last year's actuarial value and subsequent cash flows into and out of the fund accumulated with interest at the valuation rate of 8.0% per annum.

Funding Method

We used the Aggregate Entry Age Normal Method to determine costs for all plans. Under an 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 Entry Age Normal cost rate is determined for a typical member of each respective plan. This rate represents the member's expected future employer-paid normal costs divided by his expected future salary.

In addition to contributions required to meet the normal cost, contributions are required to meet each plan's unfunded actuarial liability. Actuarial liability equals 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 cost of living increases granted on September 1, 2003, July 1, 2004, July 1, 2005, and July 1, 2006. The remaining unfunded actuarial liability will be amortized in layers for the Judiciary Plan, over an open 20 year period for the State Employees' Plan and State Police Plan and over a closed period of 20 years for the Volunteer Firemen's Plan and 15 years for the Diamond State Port Corporation plan through the unfunded liability amortization component of the total contribution.

Actuarial Assumptions

The actuarial assumptions for the actuarial valuations are based on the experience study completed by the prior actuary in 2004. 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, 2007:



1. Rate of return on investments:
8.0% compounded annually (adopted 2004).
2. Salary increases attributable to inflation:
3.75% compounded annually (adopted 2004).
3. Salary increases attributable to merit and productivity:
Increases for State Employees ranging from 0.50% to 6.14% per year (adopted 2004).
4. Mortality:
Rates of mortality vary by plan and gender. For retirees, assumption anticipates future improvements in mortality through the use of a projection scale (adopted 2004). Sample retiree mortality rates from the State Employees plan are as follows:

Age	2004 Rate		Projection Scale	
	Male	Female	Male	Female
35	0.18%	0.06%	0.50%	1.10%
40	0.25%	0.09%	0.80%	1.50%
45	0.35%	0.14%	1.30%	1.60%
50	0.48%	0.21%	1.80%	1.70%
55	0.61%	0.30%	1.90%	0.80%
60	0.90%	0.49%	1.60%	0.50%

Active employee mortality rates from the State Employees plan are for males, 95% of the RP-2000 RE Mortality Table, and for females, 80% of the RP2000 RE Mortality Table.

5. Rates of termination of service, disablement, and retirement:
Based on the results of the Experience Study completed in 2004 (adopted 2004).
6. Aggregate active member payroll: 3.75% annually (adopted 2004).

Summary of Plan Provisions and Changes in Plan Provisions

The plans valued are those described on pages 29-32 of the Financial Section. There were no changes in plan provisions this year.

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Plan	Fiscal Year Ended	Number of Members	Annualized Covered Payroll		Annual Average Pay	% Increase in Average Pay
				(expressed in thousands)		
State Employees'	30-Jun-2007	35,062	\$	1,654,609	\$ 48,135	1.9%
	30-Jun-2006	34,313		1,589,185	46,314	5.0%
	30-Jun-2005	33,379		1,471,931	44,098	2.4%
	30-Jun-2004	32,498		1,399,279	43,057	1.2%
	30-Jun-2003	31,877		1,355,800	42,532	0.6%
	30-Jun-2002	31,951		1,351,112	42,287	6.5%
	30-Jun-2001	31,989		1,270,632	39,721	5.2%
	30-Jun-2000	31,740		1,198,626	37,764	6.1%
	30-Jun-1999	31,634		1,125,857	35,590	(0.1%)
	30-Jun-1998	30,031		1,070,052	35,632	4.9%
Special	The Special Plan has no Active Members					
New State Police	30-Jun-2007	644	\$	46,924	\$ 72,863	5.8%
	30-Jun-2006	633		43,579	68,845	5.9%
	30-Jun-2005	610		39,645	64,992	4.6%
	30-Jun-2004	591		36,718	62,129	13.2%
	30-Jun-2003	579		31,778	54,884	0.2%
	30-Jun-2002	553		30,281	54,758	6.8%
	30-Jun-2001	539		27,624	51,250	5.7%
	30-Jun-2000	527		25,558	48,497	6.4%
	30-Jun-1999	516		23,518	45,578	5.3%
	30-Jun-1998	496		21,462	43,270	4.6%
Judiciary	30-Jun-2007	55	\$	9,825	\$ 178,636	4.6%
	30-Jun-2006	55		9,397	170,854	6.8%
	30-Jun-2005	53		8,475	159,906	8.4%
	30-Jun-2004	52		7,672	147,539	4.9%
	30-Jun-2003	51		7,173	140,647	1.7%
	30-Jun-2002	50		7,329	138,283	8.5%
	30-Jun-2001	49		6,371	127,420	7.8%
	30-Jun-2000	48		5,794	118,245	0.1%
	30-Jun-1999	47		5,673	118,118	8.5%
	30-Jun-1998	47		5,118	108,894	(1.0%)
County & Municipal Police and Firefighters'	30-Jun-2007	821	\$	45,059	\$ 54,883	4.9%
	30-Jun-2006	733		38,342	52,308	5.7%
	30-Jun-2005	675		33,389	49,465	(0.3%)
	30-Jun-2004	563		27,930	49,609	15.6%
	30-Jun-2003	562		24,128	42,932	1.6%
	30-Jun-2002	505		21,342	42,261	4.1%
	30-Jun-2001	483		19,605	40,590	3.4%
	30-Jun-2000	459		18,011	39,240	4.9%
	30-Jun-1999	407		15,230	37,420	13.1%
	30-Jun-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 (expressed in thousands)	Annual Average Pay	
County & Municipal Other Employees'	30-Jun-2007	402	\$ 16,183	\$ 40,256	7.8%
	30-Jun-2006	349	13,027	37,327	20.8%
	30-Jun-2005	315	9,737	30,911	(8.6%)
	30-Jun-2004	221	7,474	33,819	10.6%
	30-Jun-2003	203	6,209	30,586	8.2%
	30-Jun-2002	90	2,545	28,278	4.9%
	30-Jun-2001	85	2,292	26,965	(0.4%)
	30-Jun-2000	74	2,004	27,081	9.5%
	30-Jun-1999	69	1,706	24,725	8.9%
	30-Jun-1998	61	1,385	22,705	(7.7%)
Closed State Police	30-Jun-2007	15	\$ 1,695	\$ 113,000	6.4%
	30-Jun-2006	18	1,912	106,222	3.0%
	30-Jun-2005	25	2,579	103,160	6.8%
	30-Jun-2004	27	2,608	96,593	7.7%
	30-Jun-2003	32	2,869	89,656	15.5%
	30-Jun-2002	40	3,105	77,625	7.6%
	30-Jun-2001	45	3,247	72,156	5.8%
	30-Jun-2000	57	3,888	68,211	3.8%
	30-Jun-1999	75	4,930	65,733	4.6%
	30-Jun-1998	87	5,466	62,828	6.6%
Diamond State Port Corporation	30-Jun-2007	296	\$ 11,213	\$ 37,882	(3.7%)
	30-Jun-2006	283	11,130	39,329	13.5%
	30-Jun-2005	267	9,248	34,637	0.2%
	30-Jun-2004	259	8,950	34,556	4.4%
	30-Jun-2003	261	8,636	33,088	(1.0%)
	30-Jun-2002	280	9,354	33,407	3.4%
	30-Jun-2001	272	8,788	32,309	(4.9%)
	30-Jun-2000	227	7,715	33,987	(7.9%)
	30-Jun-1999	207	7,637	36,894	0.3%
	30-Jun-1998	183	6,731	36,781	(1.7%)
Volunteer Firemen's	30-Jun-2007	5,170	-	-	-
	30-Jun-2006	5,160	-	-	-
	30-Jun-2005	5,106	-	-	-
	30-Jun-2004	5,055	-	-	-
	30-Jun-2003	4,933	-	-	-
	30-Jun-2002	4,856	-	-	-
	30-Jun-2001	4,769	-	-	-
	30-Jun-2000	4,579	-	-	-
	30-Jun-1999	4,706	-	-	-
	30-Jun-1998	4,651	-	-	-

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS

Plan	Fiscal Year		Year-end Total	Annual Allowances*		% Increase in Annual Allowances	Average Annual Allowances
	Ended	Additions		Deletions	<i>(expressed in thousands)</i>		
State Employees'	30-Jun-2007	1,182	707	19,583	\$ 303,203	(0.14%)	\$ 15,483
	30-Jun-2006	1,465	731	19,108	303,630	11.9%	15,891
	30-Jun-2005	1,442	680	18,374	271,281	6.9%	14,764
	30-Jun-2004	1,356	708	17,612	243,238	12.0%	13,811
	30-Jun-2003	1,344	613	16,964	217,126	11.4%	12,799
	30-Jun-2002	1,241	659	16,233	194,824	11.1%	12,002
	30-Jun-2001	1,174	722	15,651	175,312	10.2%	11,201
	30-Jun-2000	1,135	611	15,199	159,122	9.4%	10,469
	30-Jun-1999	1,076	536	14,675	145,391	9.3%	9,907
	30-Jun-1998	892	566	14,135	133,018	7.7%	9,410
Special	30-Jun-2007	-	3	25	\$ 93	(19.83%)	\$ 3,720
	30-Jun-2006	-	2	28	116	(4.9%)	3,625
	30-Jun-2005	1	2	30	122	5.9%	4,067
	30-Jun-2004	-	3	31	119	(1.7%)	3,839
	30-Jun-2003	2	4	34	121	(15.4%)	3,559
	30-Jun-2002	1	4	36	143	5.9%	3,972
	30-Jun-2001	2	5	39	135	1.5%	3,462
	30-Jun-2000	-	1	42	133	0.8%	3,167
	30-Jun-1999	2	4	43	132	5.6%	3,070
	30-Jun-1998	2	-	45	125	(3.0%)	2,895
New State Police	30-Jun-2007	12	-	60	\$ 2,529	35.6%	\$ 42,150
	30-Jun-2006	9	1	48	1,865	48.7%	38,854
	30-Jun-2005	7	-	40	1,254	12.2%	31,350
	30-Jun-2004	9	-	33	922	33.8%	27,939
	30-Jun-2003	9	1	24	689	87.7%	28,708
	30-Jun-2002	6	1	16	367	27.0%	22,938
	30-Jun-2001	6	-	11	289	74.1%	26,273
	30-Jun-2000	-	-	5	166	46.9%	33,200
	30-Jun-1999	-	-	5	113	(7.4%)	22,600
	30-Jun-1998	-	-	5	122	41.1%	24,372
Judiciary	30-Jun-2007	1	1	39	\$ 2,394	1.27%	\$ 61,385
	30-Jun-2006	1	0	39	2,364	7.0%	60,615
	30-Jun-2005	1	0	38	2,209	(1.2%)	59,315
	30-Jun-2004	1	3	37	2,177	10.5%	58,838
	30-Jun-2003	3	1	39	1,971	3.4%	50,538
	30-Jun-2002	2	3	37	1,907	(2.2%)	51,541
	30-Jun-2001	4	3	38	1,949	18.7%	51,289
	30-Jun-2000	5	1	37	1,642	9.6%	44,378
	30-Jun-1999	3	-	33	1,498	10.5%	45,394
	30-Jun-1998	5	3	30	1,642	9.6%	44,378

* Includes annual allowances added to and removed from the rolls during each fiscal year.

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS (continued)

Plan	Fiscal Year Ended	Additions	Deletions	Year-end Total	Annual Allowance* <i>(expressed in thousands)</i>	% Increase in Annual Allowances	Average Annual Allowances
County & Municipal Police and Firefighters'	30-Jun-2007	6	1	32	\$ 774	30.30%	\$ 24,188
	30-Jun-2006	3	1	27	594	13.4%	22,000
	30-Jun-2005	2	-	25	524	1.1%	20,960
	30-Jun-2004	8	-	23	477	95.5%	20,739
	30-Jun-2003	4	-	15	244	49.7%	16,267
	30-Jun-2002	1	1	11	163	7.9%	14,818
	30-Jun-2001	6	-	11	151	118.8%	13,727
	30-Jun-2000	-	-	5	69	6.2%	13,800
	30-Jun-1999	2	-	5	65	85.7%	13,000
	30-Jun-1998	-	-	3	35	10.5%	11,795
County & Municipal Employees'	30-Jun-2007	6	2	21	\$ 123	32.26%	\$ 5,857
	30-Jun-2006	-	-	17	93	10.7%	5,471
	30-Jun-2005	3	1	17	84	21.5%	4,941
	30-Jun-2004	1	-	15	61	17.3%	4,067
	30-Jun-2003	3	-	14	52	26.8%	3,714
	30-Jun-2002	1	-	11	41	57.7%	3,727
	30-Jun-2001	1	-	10	26	23.8%	2,600
	30-Jun-2000	1	-	9	21	50.0%	2,333
	30-Jun-1999	1	-	8	14	(6.7%)	1,750
	30-Jun-1998	-	-	7	15	0.0%	2,161
Volunteer Firemen's	30-Jun-2007	111	56	1,359	\$ 1,305	6.88%	\$ 960
	30-Jun-2006	96	57	1,304	1,221	4.2%	936
	30-Jun-2005	100	45	1,265	1,172	1.1%	926
	30-Jun-2004	81	68	1,210	1,108	4.8%	916
	30-Jun-2003	78	50	1,197	1,057	3.8%	883
	30-Jun-2002	86	48	1,169	1,018	4.8%	871
	30-Jun-2001	60	32	1,131	971	5.5%	859
	30-Jun-2000	66	42	1,103	920	3.4%	834
	30-Jun-1999	73	33	1,079	890	6.5%	825
	30-Jun-1998	68	38	1,039	836	3.1%	805
Diamond State Port Corporation	30-Jun-2007	8	2	33	\$ 271	5.45%	\$ 8,212
	30-Jun-2006	4	1	27	257	21.2%	9,519
	30-Jun-2005	3	-	24	212	(6.8%)	8,833
	30-Jun-2004	3	1	21	199	17.1%	9,476
	30-Jun-2003	6	1	19	170	(8.1%)	8,947
	30-Jun-2002	4	-	14	185	88.8%	13,214
	30-Jun-2001	3	-	10	98	30.7%	9,800
	30-Jun-2000	1	1	7	75	(14.8%)	10,714
	30-Jun-1999	2	1	7	88	66.0%	12,571
	30-Jun-1998	1	-	6	53	64.8%	8,894

* Includes annual allowances added to and removed from the rolls during each fiscal year.

SCHEDULE OF RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS (continued)

Plan	Fiscal Year Ended	Additions	Deletions	Year-end Total	Annual Allowance* (expressed in thousands)	% Increase	Average
						in Annual Allowances	Annual Allowances
Closed State Police	30-Jun-2007	6	10	547	\$ 20,906	2.98%	\$ 38,219
	30-Jun-2006	20	19	551	20,301	5.6%	36,844
	30-Jun-2005	9	17	550	19,234	3.2%	34,971
	30-Jun-2004	11	9	558	18,901	2.6%	33,873
	30-Jun-2003	18	10	556	18,429	4.1%	33,146
	30-Jun-2002	10	10	548	17,705	3.9%	32,308
	30-Jun-2001	13	6	548	17,040	6.0%	31,095
	30-Jun-2000	22	4	541	16,078	3.9%	29,719
	30-Jun-1999	21	14	523	15,481	3.1%	29,600
	30-Jun-1998	16	11	516	15,018	3.8%	29,105

* Includes annual allowances added to and removed from the rolls during each fiscal year.

SOLVENCY TEST

(dollar values expressed in thousands)

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Member Employer Financed Contributions		(1)	(2)	(3)
		(1)	(2)	(3)				
State Employees'	30-Jun-2007	\$ 444,376	\$ 3,182,382	\$ 2,581,267	\$ 6,437,916	100%	100%	109%
	30-Jun-2006	434,605	2,982,471	2,484,996	5,998,746	100%	100%	104%
	30-Jun-2005	414,001	2,702,359	2,456,359	5,660,057	100%	100%	104%
	30-Jun-2004	396,614	2,437,522	2,395,791	5,387,560	100%	100%	107%
	30-Jun-2003	375,385	2,025,080	2,394,479	5,125,442	100%	100%	114%
	30-Jun-2002	361,334	1,768,363	2,392,035	4,956,156	100%	100%	118%
	30-Jun-2001	343,466	1,597,526	2,291,252	4,759,031	100%	100%	123%
	30-Jun-2000	325,684	1,453,396	1,990,516	4,409,079	100%	100%	132%
	30-Jun-1999	307,831	1,333,509	1,708,787	3,888,852	100%	100%	132%
	30-Jun-1998	291,421	1,231,545	1,612,699	3,440,272	100%	100%	171%
Special	30-Jun-2007	\$ -	\$ 530	\$ -	\$ 673	-	127%	-
	30-Jun-2006	-	704	-	758	-	108%	-
	30-Jun-2005	-	791	-	855	-	108%	-
	30-Jun-2004	-	785	-	933	-	119%	-
	30-Jun-2003	-	768	-	1,009	-	131%	-
	30-Jun-2002	-	742	-	1,832	-	247%	-
	30-Jun-2001	-	993	-	1,866	-	188%	-
	30-Jun-2000	-	834	-	1,834	-	220%	-
	30-Jun-1999	-	826	-	1,720	-	208%	-
	30-Jun-1998	-	899	-	1,652	-	239%	-



SOLVENCY TEST *(continued)*
(dollar values expressed in thousands)

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Member Employer Financed Contributions		(1)	(2)	(3)
		(1)	(2)	(3)		(1)	(2)	(3)
New State Police	30-Jun-2007	\$ 31,979	\$ 29,887	\$ 133,945	\$ 194,560	100%	100%	99%
	30-Jun-2006	28,551	22,373	119,953	169,824	100%	100%	99%
	30-Jun-2005	25,260	16,667	107,730	150,209	100%	100%	101%
	30-Jun-2004	22,194	13,036	93,702	134,507	100%	100%	106%
	30-Jun-2003	19,405	7,808	79,059	120,457	100%	100%	118%
	30-Jun-2002	16,838	5,057	70,033	109,615	100%	100%	125%
	30-Jun-2001	14,571	2,909	62,560	99,138	100%	100%	131%
	30-Jun-2000	12,600	1,495	54,272	86,810	100%	100%	134%
	30-Jun-1999	10,680	1,319	42,714	72,425	100%	100%	141%
	30-Jun-1998	9,258	1,337	36,483	60,191	100%	100%	172%
Judiciary	30-Jun-2007	\$ 3,984	\$ 19,998	\$ 29,704	\$ 43,050	100%	100%	64%
	30-Jun-2006	3,473	20,741	25,963	38,407	100%	100%	55%
	30-Jun-2005	3,126	19,624	21,329	35,112	100%	100%	58%
	30-Jun-2004	2,763	18,817	17,284	32,841	100%	100%	65%
	30-Jun-2003	2,498	18,447	11,374	30,961	100%	100%	88%
	30-Jun-2002	2,300	15,705	12,117	29,049	100%	100%	91%
	30-Jun-2001	1,932	16,622	11,081	27,231	100%	100%	78%
	30-Jun-2000	1,803	14,727	11,578	24,884	100%	100%	72%
	30-Jun-1999	1,064	12,131	12,207	21,256	100%	100%	66%
	30-Jun-1998	1,437	11,463	11,275	18,429	100%	100%	87%
County & Municipal Police and Firefighters'	30-Jun-2007	\$ 17,135	\$ 9,072	\$ 62,815	\$ 87,395	100%	100%	97%
	30-Jun-2006	13,965	6,992	51,875	72,120	100%	100%	99%
	30-Jun-2005	11,441	6,519	43,375	59,711	100%	100%	96%
	30-Jun-2004	9,334	5,656	30,214	48,893	100%	100%	112%
	30-Jun-2003	7,682	2,928	26,088	41,228	100%	100%	117%
	30-Jun-2002	6,114	1,838	22,392	35,053	100%	100%	121%
	30-Jun-2001	4,748	1,950	22,767	29,389	100%	100%	100%
	30-Jun-2000	3,287	643	19,652	23,496	100%	100%	100%
	30-Jun-1999	2,096	643	14,958	17,271	100%	100%	97%
	30-Jun-1998	1,803	303	10,762	12,842	100%	100%	97%

SOLVENCY TEST *(continued)*

(dollar values expressed in thousands)

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Member Employer Financed Contributions		(1)	(2)	(3)
		(1)	(2)	(3)				
County & Municipal Other Employees'	30-Jun-2007	\$ 1,303	\$ 1,136	\$ 9,139	\$ 10,405	100%	100%	87%
	30-Jun-2006	1,005	860	7,357	8,529	100%	100%	91%
	30-Jun-2005	773	876	5,073	7,048	100%	100%	91%
	30-Jun-2004	626	649	2,065	4,275	100%	100%	145%
	30-Jun-2003	502	499	2,331	3,602	100%	100%	112%
	30-Jun-2002	314	355	2,147	3,033	100%	100%	110%
	30-Jun-2001	283	283	1,923	2,794	100%	100%	93%
	30-Jun-2000	227	185	2,192	2,410	100%	100%	91%
	30-Jun-1999	180	144	1,948	1,783	100%	100%	75%
	30-Jun-1998	170	120	1,262	1,419	100%	100%	97%
Volunteer Firemen's	30-Jun-2007	\$ 4,474	\$ 10,709	\$ 9,626	\$ 12,225	100%	72%	-
	30-Jun-2006	4,299	9,925	9,701	11,340	100%	71%	-
	30-Jun-2005	4,105	9,435	9,373	10,665	100%	70%	-
	30-Jun-2004	3,918	8,842	9,190	10,121	100%	70%	-
	30-Jun-2003	3,660	7,946	4,013	9,644	100%	75%	-
	30-Jun-2002	3,419	7,574	3,947	9,333	100%	78%	-
	30-Jun-2001	2,308	7,186	4,343	9,022	100%	93%	-
	30-Jun-2000	2,784	6,887	3,757	8,412	100%	82%	-
	30-Jun-1999	2,744	6,655	3,678	7,447	100%	71%	-
	30-Jun-1998	2,521	6,351	3,619	6,637	100%	-	-
Diamond State Port Corporation	30-Jun-2007	\$ 1,905	\$ 2,689	\$ 9,010	\$ 11,911	100%	100%	81%
	30-Jun-2006	1,718	2,498	8,522	10,361	100%	100%	72%
	30-Jun-2005	1,476	2,126	6,130	8,948	100%	100%	87%
	30-Jun-2004	1,217	2,057	5,775	8,140	100%	100%	84%
	30-Jun-2003	1,105	1,461	4,490	7,328	100%	100%	106%
	30-Jun-2002	997	1,252	4,368	6,675	100%	100%	101%
	30-Jun-2001	670	913	4,035	6,044	100%	100%	111%
	30-Jun-2000	626	584	4,012	5,188	100%	100%	99%
	30-Jun-1999	542	624	3,785	4,171	100%	100%	79%
	30-Jun-1998	632	467	3,369	3,310	100%	100%	79%

SOLVENCY TEST *(continued)*

(dollar values expressed in thousands)

Plan	Valuation Date	Aggregate Accrued Liabilities for			Actuarial Value of Reported Assets	Portion of Accrued Liabilities Covered by Reported Assets		
		Active Member Contributions	Retirants & Beneficiaries	Active Member Employer Financed Contributions		(1)	(2)	(3)
		(1)	(2)	(3)				
Closed State Police	30-Jun-2007	\$ 752	\$ 285,795	\$ 10,636	\$ 514	68%	-	-
	30-Jun-2006	863	281,515	11,771	1,663	100%	-	-
	30-Jun-2005	1,168	266,344	16,390	749	64%	-	-
	30-Jun-2004	1,200	267,614	16,230	2,979	100%	1%	-
	30-Jun-2003	1,376	290,867	26,007	2,322	100%	-	-
	30-Jun-2002	1,643	288,736	28,308	2,036	100%	-	-
	30-Jun-2001	2,757	274,477	28,960	1,749	63%	-	-
	30-Jun-2000	3,248	264,722	34,825	1,468	45%	-	-
	30-Jun-1999	4,021	256,445	43,970	1,164	29%	-	-
	30-Jun-1998	4,285	255,383	48,896	832	29%	-	-

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,						
	2007	2006	2005	2004	2003 +	2002	2001
Investment Income on Actuarial Assets	\$ 120,673	\$ 33,600	(12,887)	(34,720)	(118,978)	(80,148)	74,705
Combined Liability Experience	(19,423)	(44,930)	(15,530)	(53,146)	23,631	(2,626)	(182,632) *
(Loss)/Gain During Year from							
Financial Experience	101,250	(11,330)	(28,417)	(87,866)	(95,347)	(82,774)	(107,927)
Non-Recurring Items	-	1,923 ++	244	(137,125)	(42,713)	-	(12,431) **
Composite (Loss)/Gain During Year	\$ 101,250	\$ (9,407)	(28,173)	(224,991)	(138,060)	(82,774)	(131,358)

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

**Increase of 1.5% funded from PRI Fund.

+ Certain information for Fiscal Year 2003 has been revised.

++PRI of 2% funded from PRI fund (\$51.6 million loss) and impact of removing disability from pension plan (\$52.8 million gain).

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STATISTICAL SECTION

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	Other	Net Investment Income	Net Increase/(Decrease) in Fair Value of Investments	Total Additions	Employer Contributions As A Percent of Covered Payroll
State Employees'	2007	\$ 97,000	45,110	-	42,856	-	90,768	851,864	\$1,127,598	5.9%
	2006	91,013	38,306	-	41,139	-	64,309	602,359	837,126	6.1%
	2005	70,638	33,839	-	37,857	-	62,423	437,425	642,182	4.9%
	2004	57,459	27,790	1,500	36,007	-	100,682	631,656	855,094	4.2%
	2003	40,175	25,878	-	35,130	-	102,753	39,077	243,013	2.9%
	2002	18,148	31,994	-	33,477	-	128,548	(429,051)	(216,884)	1.4%
	2001	20,542	38,191	-	31,888	-	153,955	(429,538)	(184,962)	1.7%
	2000	43,433	33,498	-	29,659	-	148,995	641,970	897,555	3.9%
	1999	52,338	30,933	-	26,932	2	121,749	345,930	577,884	5.2%
	1998	57,049	27,074	-	23,093	2	125,113	537,329	769,660	5.8%
Special	2007	\$ -	-	-	-	-	10	107	\$ 117	-
	2006	-	-	-	-	-	8	83	91	-
	2005	-	-	-	-	-	9	69	78	-
	2004	-	-	-	-	-	17	115	132	-
	2003	-	-	-	-	-	19	18	37	-
	2002	-	-	-	-	-	49	(165)	(116)	-
	2001	-	-	-	-	-	63	(175)	(112)	-
	2000	-	-	-	-	-	64	280	344	-
	1999	-	-	-	-	-	56	153	209	-
	1998	-	-	-	4	-	62	264	330	-
New State Police	2007	\$ 6,334	202	-	3,191	26	2,639	24,960	\$ 37,352	13.5%
	2006	5,276	135	-	2,881	22	1,810	16,276	26,400	12.8%
	2005	3,785	81	-	2,636	36	1,650	10,681	19,334	10.0%
	2004	3,125	36	-	2,436	14	2,500	15,065	23,176	9.0%
	2003	2,786	30	-	2,337	10	2,392	1,278	8,833	8.3%
	2002	2,476	35	-	2,112	7	2,781	(9,075)	(1,664)	8.2%
	2001	2,480	29	-	1,710	19	3,118	(8,643)	(1,287)	8.9%
	2000	2,585	24	-	1,294	20	2,857	12,117	18,897	10.0%
	1999	2,624	21	-	1,168	32	2,211	6,481	12,537	11.3%
	1998	2,546	18	-	1,040	11	2,142	9,172	14,929	12.3%

SCHEDULE OF DEDUCTIONS BY TYPE

(dollar values expressed in thousands)

Plan	Year Ended	Transfer of		Benefit Payments	Refund of Contributions	Group Life Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
		Fiscal Contributions	Transfer of Assets						
		from PRI Fund	Outside the System						
State Employees'	2007	\$ -	-	327,825	3,164	4,142	5,005	\$ 340,135	\$ 787,463
	2006	-	-	300,321	2,880	4,779	4,511	312,491	524,635
	2005	-	-	271,281	2,408	4,454	4,210	282,353	359,829
	2004	-	1,500	243,238	2,333	4,479	4,372	255,922	599,172
	2003	-	-	217,126	2,653	4,060	4,954	228,793	14,220
	2002	-	-	194,824	2,409	4,003	4,441	205,677	(422,561)
	2001	-	-	175,312	2,485	3,632	4,658	186,087	(371,049)
	2000	-	-	159,122	2,376	3,573	4,140	169,211	728,344
	1999	-	-	145,391	2,488	2,344	4,843	155,066	422,818
	1998	-	-	133,018	2,220	2,600	4,484	142,322	627,338
Special	2007	\$ -	-	102	-	49	-	\$ 151	\$ (34)
	2006	-	-	129	-	28	1	158	(67)
	2005	-	-	122	-	14	3	139	(61)
	2004	-	-	119	-	21	3	143	(11)
	2003	-	750	121	-	35	3	909	(872)
	2002	-	-	143	-	21	4	168	(284)
	2001	-	-	135	-	24	5	164	(276)
	2000	-	-	133	-	12	4	149	195
	1999	-	-	132	-	30	6	168	41
	1998	-	-	125	-	15	6	146	184
New State Police	2007	-	-	2,245	15	-	64	\$ 2,324	\$ 35,028
	2006	-	-	1,723	44	-	60	1,827	24,573
	2005	-	-	1,254	99	-	61	1,414	17,920
	2004	-	-	922	75	-	53	1,050	22,126
	2003	-	-	689	102	-	62	853	7,980
	2002	-	-	367	87	-	56	510	(2,174)
	2001	-	-	289	33	-	48	370	(1,657)
	2000	-	-	166	56	-	40	262	18,635
	1999	-	-	113	73	-	45	231	12,306
	1998	-	-	122	159	-	39	320	14,609

SCHEDULE OF ADDITIONS BY SOURCE (continued from page 86)

(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	Other	Net Investment Income	Net Increase/ (Decrease) in Fair Value of		Total Additions	Employer Contributions As A Percent of Covered Payroll
								Investments	Net		
Judiciary	2007	\$ 2,495	337	-	342	-	591	5,616	\$ 9,381	25.4%	
	2006	2,002	307	-	320	-	4,179	3,768	6,808	22.1%	
	2005	1,391	294	-	275	-	386	2,678	5,024	17.0%	
	2004	1,235	253	-	249	-	612	3,817	6,166	16.8%	
	2003	1,342	244	-	563	-	620	302	3,071	18.2%	
	2002	1,399	293	-	251	-	745	(2,459)	229	19.3%	
	2001	1,333	306	-	206	-	869	(2,421)	293	20.5%	
	2000	1,666	251	-	183	-	821	3,528	6,449	23.1%	
	1999	1,327	221	-	165	-	659	1,944	4,316	24.2%	
	1998	1,273	189	-	133	-	663	2,858	5,116	24.9%	
County & Municipal	2007	\$ 5,780	-	-	2,877	-	1,141	10,972	\$ 20,770	12.8%	
	2006	5,488	-	-	2,348	-	759	6,556	15,151	13.8%	
Police and Firefighters'	2005	5,627	-	-	2,003	-	649	4,110	12,389	12.4%	
	2004	3,179	-	-	1,696	-	900	5,193	10,698	11.9%	
	2003	2,931	-	-	1,546	-	805	567	5,849	12.1%	
	2002	2,779	-	-	1,404	-	856	(2,729)	2,310	13.4%	
	2001	2,664	-	-	1,265	-	886	(2,417)	2,398	14.3%	
	2000	2,771	-	-	973	-	739	3,022	7,505	14.3%	
	1999	2,025	-	-	604	-	496	2,075	5,200	14.9%	
	1998	1,651	-	-	477	-	436	1,726	4,390	15.2%	
County & Municipal	2007	\$ 820	-	-	366	-	134	1,421	\$ 2,741	5.1%	
	2006	734	-	-	291	-	81	778	1,892	5.6%	
Other Employees'	2005	2,271	-	-	215	-	76	362	2,924	4.9%	
	2004	321	-	-	168	-	79	461	1,029	3.8%	
	2003	248	-	-	259	-	71	48	626	3.2%	
	2002	92	-	-	57	-	76	(246)	(21)	3.6%	
	2001	165	-	-	53	-	85	(233)	70	3.7%	
	2000	352	-	-	46	-	77	292	767	4.6%	
	1999	158	-	-	30	-	53	176	417	5.7%	
	1998	82	-	-	33	-	50	204	369	5.7%	

SCHEDULE OF DEDUCTIONS BY TYPE (continued from page 87)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Transfer of Fiscal Contributions from PRI Fund	Transfer of Assets Outside the System	Benefit Payments	Refund of Contributions	Group Life Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
Judiciary	2007	\$ -	-	2,403	-	-	13	\$ 2,416	\$ 6,964
	2006	-	-	2,346	-	-	10	2,356	4,452
	2005	-	-	2,209	-	-	9	2,218	2,806
	2004	-	-	2,177	60	-	8	2,245	3,921
	2003	-	-	1,971	-	-	10	1,981	1,090
	2002	-	-	1,907	-	-	8	1,915	(1,686)
	2001	-	-	1,949	-	-	8	1,957	(1,664)
	2000	-	-	1,642	-	-	8	1,650	4,799
	1999	-	-	1,498	-	-	23	1,521	2,795
	1998	-	-	1,356	-	-	13	1,369	3,747
County & Municipal Police and Firefighters'	2007	\$ -	-	715	128	-	84	\$ 927	\$ 19,843
	2006	-	-	567	153	-	87	807	14,344
	2005	-	-	524	235	-	76	835	11,554
	2004	-	-	447	48	-	60	555	10,143
	2003	-	-	244	105	-	67	416	5,433
	2002	-	-	163	122	-	49	334	1,976
	2001	-	-	151	20	-	94	265	2,133
	2000	-	-	69	50	-	38	157	7,348
	1999	-	-	65	26	-	42	133	5,067
	1998	-	-	35	38	-	28	101	4,289
County & Municipal Other Employees'	2007	\$ -	-	113	74	-	40	\$ 227	\$ 2,514
	2006	-	-	94	41	-	43	178	1,714
	2005	-	-	84	13	-	30	127	2,797
	2004	-	-	61	19	-	29	109	920
	2003	-	-	52	41	-	26	119	507
	2002	-	-	41	21	-	15	77	(98)
	2001	-	-	26	9	-	21	56	14
	2000	-	-	21	3	-	16	40	727
	1999	-	-	17	4	-	8	29	388
	1998	-	-	15	1	-	4	20	349

SCHEDULE OF ADDITIONS BY SOURCE (continued from page 88)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Employer Contributions	Transfer of Contributions		Member Contributions	Other	Net Investment Income	Net Increase/ (Decrease) in Fair Value of Investments	Total Additions	Employer Contributions As A Percent of Covered Payroll
			From PRI Fund	Outside the System						
Volunteer	2007	\$ 978	-	-	198	-	167	1,590	\$ 2,933	-
Firemen's	2006	899	-	-	203	-	120	1,100	2,322	-
	2005	810	-	-	213	-	116	772	1,911	-
	2004	694	-	-	208	-	188	1,132	2,222	-
	2003	667	-	-	210	-	193	102	1,172	-
	2002	586	-	-	209	-	240	(797)	238	-
	2001	618	-	-	205	-	291	(783)	331	-
	2000	645	-	-	203	-	282	1,198	2,328	-
	1999	660	-	-	203	-	232	615	1,710	-
	1998	689	-	-	205	-	243	1,028	2,165	-
	Diamond	2007	\$ 626	-	-	209	-	158	1,465	\$ 2,458
State Port	2006	703	-	-	226	-	109	967	2,005	6.4%
	2005	352	-	-	173	-	98	662	1,285	4.0%
	2004	346	-	-	164	-	150	898	1,558	4.2%
	2003	333	-	-	170	-	143	73	719	3.9%
	2002	341	-	-	157	-	166	(538)	126	4.2%
	2001	386	-	-	154	-	185	(504)	221	4.9%
	2000	389	-	-	143	-	164	684	1,380	5.3%
	1999	407	-	-	125	-	121	412	1,065	6.4%
	1998	384	-	247	193	-	113	411	1,265	6.9%
	Closed	2007	\$ 19,159	-	-	35	1	227	-	\$ 19,422
State Police	2006	20,655	-	-	43	1	78	-	20,777	-
	2005	17,020	-	-	49	1	79	-	17,149	-
	2004	19,420	-	6	53	-	51	-	19,530	-
	2003	17,845	-	757	65	-	63	-	18,730	-
	2002	17,805	-	-	64	-	109	-	17,978	-
	2001	17,174	-	-	69	2	234	-	17,479	-
	2000	16,208	-	-	93	2	198	-	16,501	-
	1999	15,664	-	-	152	5	109	-	15,930	-
	1998	15,071	-	-	193	2	157	-	15,423	-

SCHEDULE OF DEDUCTIONS BY TYPE (continued from page 89)

(dollar values expressed in thousands)

Plan	Fiscal Year Ended	Transfer of		Benefit Payments	Refund of Contributions	Group Life Payments	Administrative Expenses	Total Deductions	Total Change in Net Assets
		Contributions from PRI Fund	Assets Outside the System						
Volunteer	2007	\$ -	-	1,294	72	-	26	\$ 1,392	\$ 1,541
Firemen's	2006	-	-	1,230	56	-	25	1,311	1,011
	2005	-	-	1,172	43	-	20	1,235	676
	2004	-	-	1,108	31	-	17	1,156	1,066
	2003	-	-	1,057	48	-	18	1,123	49
	2002	-	-	1,018	44	-	17	1,079	(841)
	2001	-	-	971	55	-	22	1,048	(717)
	2000	-	-	920	29	-	22	971	1,357
	1999	-	-	890	51	-	34	975	735
	1998	-	-	836	42	-	24	902	1,263
Diamond	2007	\$ -	-	269	13	-	32	\$ 313	\$ 2,145
State Port	2006	-	-	239	24	-	26	289	1,716
	2005	-	-	212	21	-	99	332	953
	2004	-	-	199	23	-	30	252	1,306
	2003	-	-	170	24	-	28	222	497
	2002	-	-	185	15	-	27	227	(101)
	2001	-	-	98	8	-	53	159	62
	2000	-	-	75	12	-	17	104	1,276
	1999	-	-	88	12	-	21	121	944
	1998	-	-	53	7	-	21	81	1,184
Closed	2007	\$ -	-	20,343	-	40	50	\$ 20,433	\$ (1,011)
State Police	2006	-	-	19,676	-	121	54	19,851	926
	2005	-	-	19,234	-	133	46	19,413	(2,264)
	2004	-	-	18,901	3	63	50	19,017	513
	2003	-	-	18,429	-	77	59	18,565	165
	2002	-	-	17,705	-	56	17	17,778	200
	2001	-	-	17,040	-	54	63	17,157	322
	2000	-	-	16,078	-	30	51	16,159	342
	1999	-	-	15,481	-	70	63	15,614	316
	1998	-	-	15,018	-	45	62	15,125	298

SCHEDULE OF BENEFIT DEDUCTIONS BY TYPE

(dollar values expressed in thousands)

Plan	Fiscal Years Ended		Benefit Deductions			Refund Deductions		
	June 30,	Service	Survivor	Disability	Total	Death Refunds	Separation Refunds	Total
State Employees'	2007	\$ 281,194	23,346	23,284	\$ 327,824	\$ 591	\$ 2,572	\$ 3,164
	2006	255,291	21,931	23,099	300,321	367	2,513	2,880
	2005	229,908	20,211	21,162	271,281	349	2,059	2,408
	2004	205,416	18,560	19,262	243,238	278	2,055	2,333
	2003	182,615	16,986	17,525	217,126	549	2,104	2,653
	2002	162,843	16,130	15,851	194,824	332	2,077	2,409
	2001	146,079	14,858	14,375	175,312	373	2,112	2,485
	2000	132,568	13,587	12,967	159,122	205	2,171	2,376
	1999	121,017	12,528	11,846	145,391	72	2,416	2,488
	1998	110,988	11,365	10,665	133,018	-	2,220	2,220
Special	2007	\$ 48	47	7	\$ 102	-	-	-
	2006	61	61	7	129	-	-	-
	2005	62	54	6	122	-	-	-
	2004	63	50	6	119	-	-	-
	2003	61	55	5	121	-	-	-
	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	2007	\$ 1,499	177	569	\$ 2,245	\$ -	\$ 15	\$ 15
	2006	1,076	140	507	1,723	-	44	44
	2005	646	111	497	1,254	-	99	99
	2004	439	74	409	922	-	75	75
	2003	294	69	326	689	-	102	102
	2002	172	42	153	367	-	87	87
	2001	44	26	219	289	-	33	33
	2000	-	19	147	166	-	56	56
	1999	-	18	95	113	-	73	73
	1998	-	18	104	122	-	159	159
Judiciary	2007	\$ 1,761	528	114	\$ 2,403	\$ -	\$ -	\$ -
	2006	1,729	505	112	2,346	-	-	-
	2005	1,605	494	110	2,209	-	-	-
	2004	1,598	472	107	2,177	60	-	60
	2003	1,407	459	105	1,971	-	-	-
	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	-	-	-

SCHEDULE OF BENEFIT DEDUCTIONS BY TYPE *(continued)*

(dollar values expressed in thousands)

Plan	Fiscal Years Ended June 30,	Benefit Deductions				Refund Deductions		
		Service	Survivor	Disability	Total	Death Refunds	Separation Refunds	Total
County & Municipal Police and Firefighters'	2007	\$ 499	61	155	\$ 715	\$ -	\$ 128	\$ 128
	2006	365	59	143	567	3	150	153
	2005	323	57	144	524	-	235	235
	2004	227	56	164	447	-	48	48
	2003	85	55	104	244	-	105	105
	2002	71	26	66	163	-	122	122
	2001	72	32	47	151	-	20	20
	2000	-	32	37	69	-	50	50
	1999	-	34	31	65	-	2,638	2,638
	1998	-	15	20	35	-	16	16
County & Municipal Other Employees'	2007	\$ 93	3	17	\$ 113	\$ 7	\$ 67	\$ 74
	2006	81	-	13	94	-	41	41
	2005	72	-	12	84	-	13	13
	2004	49	-	12	61	-	19	19
	2003	40	-	12	52	-	41	41
	2002	28	-	13	41	-	21	21
	2001	21	-	5	26	-	9	9
	2000	19	-	2	21	-	3	3
	1999	15	-	2	17	-	4	4
	1998	13	-	2	15	-	1	1
Volunteer Firemen's	2007	\$ 1,294	-	-	\$ 1,294	\$ -	\$ 72	\$ 72
	2006	1,230	-	-	1,230	-	56	56
	2005	1,172	-	-	1,172	-	43	43
	2004	1,108	-	-	1,108	-	31	31
	2003	1,057	-	-	1,057	-	48	48
	2002	1,018	-	-	1,018	-	44	44
	2001	971	-	-	971	-	55	55
	2000	920	-	-	920	-	29	29
	1999	890	-	-	890	-	51	51
	1998	836	-	-	836	-	42	42
Diamond State Port Corporation	2007	\$ 171	37	61	\$ 269	\$ 3	\$ 10	\$ 13
	2006	167	14	58	239	1	23	24
	2005	142	7	63	212	2	19	21
	2004	134	11	54	199	5	18	23
	2003	108	11	51	170	3	21	24
	2002	96	11	78	185	4	11	15
	2001	59	11	28	98	1	7	8
	2000	51	11	13	75	5	7	12
	1999	54	28	6	88	-	12	12
	1998	53	-	-	53	-	7	7

SCHEDULE OF BENEFIT DEDUCTIONS BY TYPE *(continued)*

(dollar values expressed in thousands)

Plan	Fiscal Years Ended June 30,	Benefit Deductions			Total	Refund Deductions		
		Service	Survivor	Disability		Death Refund	Separation Refund	Total
Closed State Police	2007	\$ 14,385	2,905	3,053	\$ 20,343	\$ -	\$ -	\$ -
	2006	13,881	2,783	3,012	19,676	-	-	-
	2005	13,693	2,537	3,004	19,234	-	-	-
	2004	13,496	2,446	2,959	18,901	-	3	3
	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, 2007

Plan	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
State Employees'	Deferred	1,188	-	-	-
	\$1 - 499	4,829	2,373	1,596	860
	500-999	4,548	3,010	869	669
	1000-1499	3,221	2,540	340	341
	1500-1999	2,134	1,870	123	141
	2000 - 2499	1,573	1,439	49	85
	2500 - 2999	1,158	1,081	25	52
	over \$3000	2,120	2,053	20	47
Special	Deferred	-	-	-	-
	\$1 - 499	21	7	14	-
	500-999	3	1	1	1
	over \$1000	1	1	-	-
New State Police	Deferred	6	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1000-1499	1	-	-	1
	1500 - 1999	-	-	-	-
	2000 - 2499	6	3	-	3
	2500 - 2999	14	9	3	2
over \$3000	39	28	2	9	

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT BY PLAN *(continued)*
AS OF JUNE 30, 2007

Plan	Amount of Monthly Benefit	Number of Retirants	Type of Retirement		
			Service	Survivor	Disability
Judiciary	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1000-1499	1	-	1	-
	1500-1999	1	-	1	-
	2000 - 2499	3	-	3	-
	2500 - 2999	5	1	4	-
	over \$3000	29	21	6	2
County & Municipal Police and Firefighters'	Deferred	13	-	-	-
	\$1 - 499	1	1	-	-
	500-999	4	2	2	-
	1000-1499	3	1	-	2
	1500-1999	6	2	2	2
	2000 - 2499	7	4	-	3
	2500 - 2999	9	9	-	-
	over \$3000	2	2	-	-
County & Municipal Other Employees'	Deferred	7	-	-	-
	\$1 - 499	12	9	1	2
	500-999	8	7	-	1
	1000-1499	1	1	-	-
	1500-1999	-	-	-	-
	over \$2000	-	-	-	-
Volunteer Firemen's	Deferred	56	-	-	-
	\$1 - 74	612	612	-	-
	75 - 99	382	382	-	-
	over \$100	365	365	-	-
Diamond State Port Corporation	Deferred	3	-	-	-
	\$1 - 499	15	10	5	-
	500-999	9	5	2	2
	1000-1499	8	4	1	3
	1500-1999	1	1	-	-
	over \$2000	-	-	-	-
Closed State Police	Deferred	-	-	-	-
	\$1 - 499	-	-	-	-
	500-999	-	-	-	-
	1000-1499	1	-	1	-
	1500-1999	13	1	10	2
	2000 - 2499	80	1	72	7
	2500 - 2999	178	153	10	15
	over \$3000	275	215	8	52

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, 2007, whose benefits are based on years of service or salary. Accordingly, the Special Pension Plan is not included.

Credited Service	2007 State Employees' Pension Plan		
	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>			
Average Monthly Benefit	\$ 834	\$ 274	\$ 910
Average Final Average Salary	\$ 16,517	\$ -	\$ 53,206
Number of Active Retirees	26	49	1
<i>5 - 9.99 years</i>			
Average Monthly Benefit	\$ 353	\$ 231	\$ 299
Average Final Average Salary	\$ 36,090	\$ -	\$ 23,447
Number of Active Retirees	779	353	487
<i>10 - 14.99 years</i>			
Average Monthly Benefit	\$ 517	\$ 337	\$ 512
Average Final Average Salary	33,033	\$ -	\$ 27,432
Number of Active Retirees	1,227	504	504
<i>15 - 19.99 years</i>			
Average Monthly Benefit	\$ 814	\$ 467	\$ 812
Average Final Average Salary	\$ 33,568	\$ -	\$ 30,664
Number of Active Retirees	2,107	595	470
<i>20 - 24.99 years</i>			
Average Monthly Benefit	\$ 1,132	\$ 628	\$ 1,158
Average Final Average Salary	\$ 35,195	\$ -	\$ 33,310
Number of Active Retirees	2,260	520	366
<i>25 - 29.99 years</i>			
Average Monthly Benefit	\$ 1,715	\$ 823	\$ 1,688
Average Final Average Salary	\$ 41,039	\$ -	\$ 33,555
Number of Active Retirees	2,835	376	236
<i>30 - 34.99 years</i>			
Average Monthly Benefit	\$ 2,425	\$ 1,102	\$ 2,198
Average Final Average Salary	\$ 46,542	\$ -	\$ 50,348
Number of Active Retirees	3,516	399	95
<i>35 - 39.99 years</i>			
Average Monthly Benefit	\$ 3,085	\$ 1,424	\$ 2,893
Average Final Average Salary	\$ 52,466	\$ -	\$ 45,859
Number of Active Retirees	1,310	170	30
<i>40 years and over</i>			
Average Monthly Benefit	\$ 3,282	\$ 1,811	\$ 2,634
Average Final Average Salary	\$ 48,335	\$ -	\$ 33,049
Number of Active Retirees	306	56	6



SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY PLAN (continued)

Credited Service	2007 New State Police Pension Plan			2007 Judiciary Pension Plans		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ 3,258	\$ 2,254	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ 28,297	\$ -	\$ -	\$ -
Number of Active Retirees	-	2	1	-	-	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ -	\$ 2,743	\$ 2,447	\$ 6,566	\$ -	\$ 5,439
Average Final Average Salary	\$ -	\$ -	\$ 33,234	\$ 121,230	\$ -	\$ 121,230
Number of Active Retirees	-	2	3	1	-	1
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 2,017	\$ 2,851	\$ 2,554	\$ 4,816	\$ 2,290	\$ 4,076
Average Final Average Salary	\$ 99,999	\$ -	\$ 45,164	\$ 101,257	\$ -	\$ 79,846
Number of Active Retirees	1	1	3	5	4	1
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 3,377	\$ -	\$ 4,132	\$ 6,283	\$ 2,005	\$ -
Average Final Average Salary	\$ 71,424	\$ -	\$ 59,956	\$ 84,657	\$ -	\$ -
Number of Active Retirees	7	-	7	5	1	-
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 3,494	\$ -	\$ 3,806	\$ 7,313	\$ 2,411	\$ -
Average Final Average Salary	\$ 72,788	\$ -	\$ 82,295	\$ 98,655	\$ -	\$ -
Number of Active Retirees	27	-	1	7	4	-
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ 5,187	\$ -	\$ -	\$ 7,986	\$ 3,770	\$ -
Average Final Average Salary	\$ 90,260	\$ -	\$ -	\$ 106,491	\$ -	\$ -
Number of Active Retirees	5	-	-	3	4	-
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 8,301	\$ 4,826	\$ -
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	\$ -	\$ -	\$ -	\$ -	\$ 4,739	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	1	-

SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY PLAN (continued)

Credited Service	2007			2007		
	County & Municipal Police and Firefighters' Pension Plans			County & Municipal Other Employees' Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ 1,058	\$ 1,460	\$ 271	\$ 361	\$ -
Average Final Average Salary	\$ -	\$ -	\$ 27,400	\$ 23,366	\$ -	\$ -
Number of Active Retirees	-	3	1	1	1	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ 56	\$ -	\$ 1,462	\$ 171	\$ -	\$ 184
Average Final Average Salary	\$ 14,185	\$ -	\$ 42,872	\$ 16,410	\$ -	\$ 24,070
Number of Active Retirees	1	-	2	5	-	1
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 757	\$ -	\$ 2,146	\$ 581	\$ -	\$ 375
Average Final Average Salary	\$ 39,844	\$ -	\$ 42,342	\$ 28,610	\$ -	\$ 24,099
Number of Active Retirees	2	-	1	4	-	1
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 2,420	\$ -	\$ 2,056	\$ 675	\$ -	\$ -
Average Final Average Salary	\$ 70,625	\$ -	\$ 46,481	\$ 27,734	\$ -	\$ -
Number of Active Retirees	4	-	1	4	-	-
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 2,549	\$ -	\$ 2,019	\$ 662	\$ -	\$ 851
Average Final Average Salary	\$ 54,004	\$ -	\$ 49,333	\$ 20,969	\$ -	\$ 24,241
Number of Active Retirees	14	-	2	2	-	1
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ -	\$ 1,800	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	1	-	-	-	-
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 1,039	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 24,683	\$ -	\$ -
Number of Active Retirees	-	-	-	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-

SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY PLAN (continued)

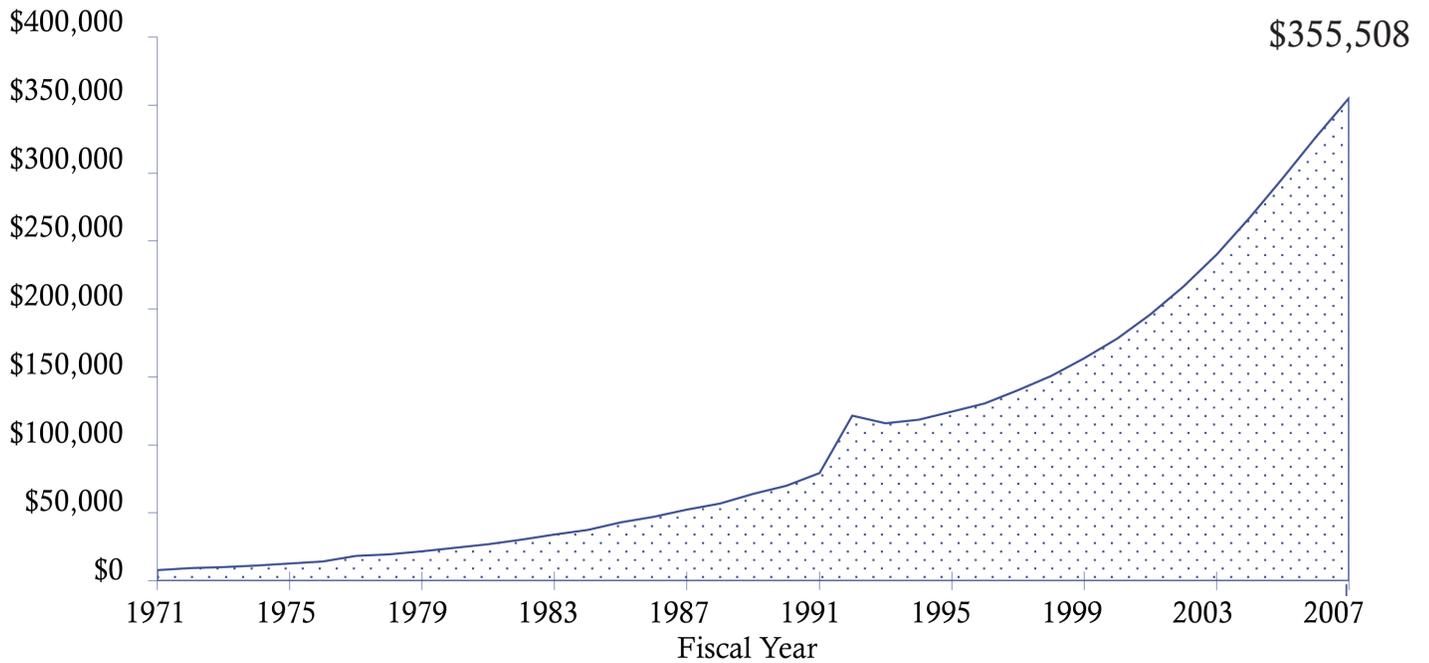
Credited Service	2007 Volunteer Firemen's Pension Plan			2007 Diamond State Port Corporation Pension Plan		
	Retirants	Beneficiaries	Disabilities	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ -	\$ 3,547	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	8	-
<i>5 - 9.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 254	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 23,196	\$ -	\$ -
Number of Active Retirees	-	-	-	1	-	-
<i>10 - 14.99 years</i>						
Average Monthly Benefit	\$ 57	\$ -	\$ -	\$ 2,887	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 49,674	\$ -	\$ -
Number of Active Retirees	612	-	-	7	-	-
<i>15 - 19.99 years</i>						
Average Monthly Benefit	\$ 84	\$ -	\$ -	\$ 6,357	\$ -	\$ 2,903
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 45,938	\$ -	\$ 32,905
Number of Active Retirees	382	-	-	8	-	3
<i>20 - 24.99 years</i>						
Average Monthly Benefit	\$ 109	\$ -	\$ -	\$ 996	\$ -	\$ 1,132
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 38,105	\$ -	\$ 36,109
Number of Active Retirees	233	-	-	1	-	1
<i>25 - 29.99 years</i>						
Average Monthly Benefit	\$ 125	\$ -	\$ -	\$ 1,706	\$ -	\$ 917
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 37,626	\$ -	\$ 34,260
Number of Active Retirees	132	-	-	2	-	1
<i>30 - 34.99 years</i>						
Average Monthly Benefit	\$ -	\$ -	\$ -	\$ 1,892	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ 44,144	\$ -	\$ -
Number of Active Retirees	-	-	-	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Final Average Salary	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of Active Retirees	-	-	-	-	-	-

SCHEDULE OF AVERAGE BENEFIT PAYMENTS BY PLAN (continued)

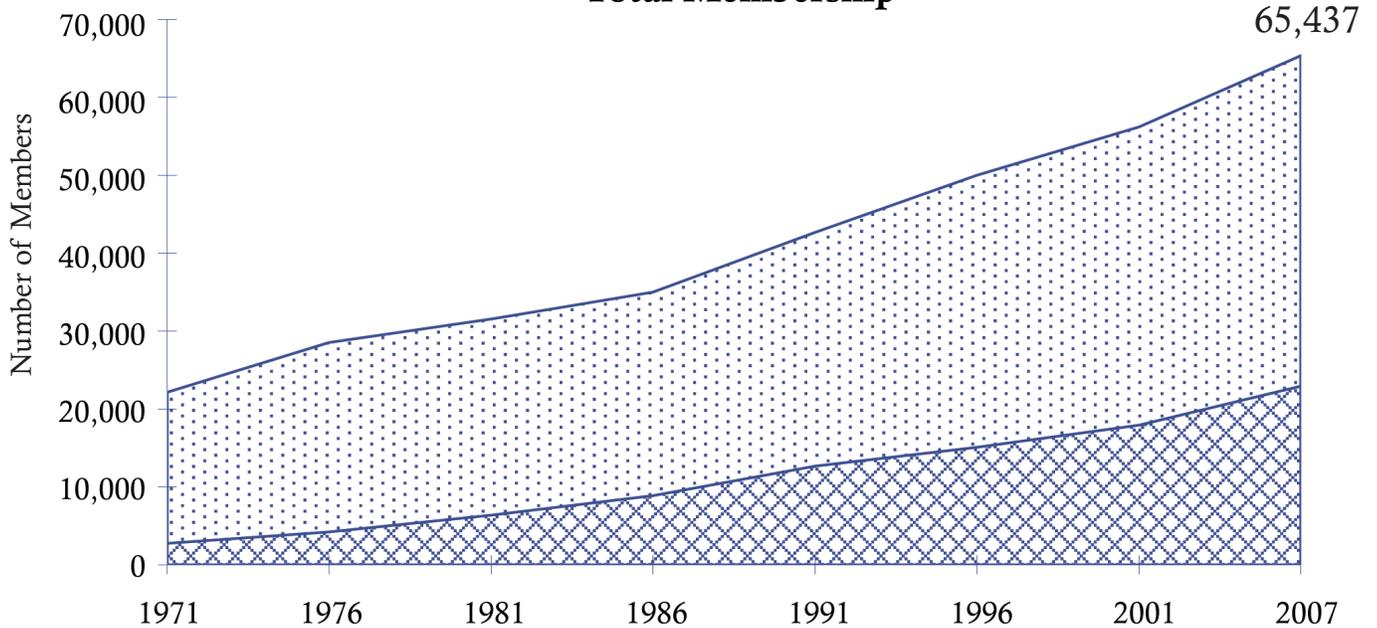
Credited Service	2007		
	Closed State Police Pension Plan		
	Retirants	Beneficiaries	Disabilities
<i>Less than 5 years</i>			
Average Monthly Benefit	\$ -	\$ 2,405	\$ 2,689
Average Final Average Salary	\$ -	\$ -	\$ 22,172
Number of Active Retirees	-	3	3
<i>5 - 9.99 years</i>			
Average Monthly Benefit	\$ -	\$ 2,257	\$ 2,959
Average Final Average Salary	\$ -	\$ -	\$ 25,793
Number of Active Retirees	-	3	20
<i>10 - 14.99 years</i>			
Average Monthly Benefit	\$ -	\$ 2,266	\$ 3,164
Average Final Average Salary	\$ -	\$ -	\$ 28,825
Number of Active Retirees	-	9	26
<i>15 - 19.99 years</i>			
Average Monthly Benefit	\$ -	\$ 3,029	\$ 3,599
Average Final Average Salary	\$ -	\$ -	\$ 47,695
Number of Active Retirees	-	6	17
<i>20 - 24.99 years</i>			
Average Monthly Benefit	\$ 3,079	\$ 2,380	\$ 4,488
Average Final Average Salary	\$ 61,453	\$ -	\$ 51,154
Number of Active Retirees	316	77	10
<i>25 - 29.99 years</i>			
Average Monthly Benefit	\$ 3,858	\$ 2,259	\$ -
Average Final Average Salary	\$ 83,062	\$ -	\$ -
Number of Active Retirees	42	3	-
<i>30 - 34.99 years</i>			
Average Monthly Benefit	\$ 4,543	\$ -	\$ -
Average Final Average Salary	\$ 98,365	\$ -	\$ -
Number of Active Retirees	12	-	-
<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 Benefit Payments (Expressed in thousands)



Total Membership



Pensioners
 Active Members

SCHEDULE OF PARTICIPATING EMPLOYERS

State Employees' Pension Plan (established 1970)

- State of Delaware
- State of Delaware Charter Schools (1996)
- Delaware National Guard
- Delaware Solid Waste Authority (1986)
- Delaware State University
- Delaware Technical & Community College
- University of Delaware (excluding most faculty and designated professional staff)

Closed State Police Plan (established 1970)

- Delaware State Police (Appointed before July 1, 1980)

New State Police Plan (established 7/1980)

- Delaware State Police (Appointed after July 1, 1980)

Judiciary Pension Plans (established 1970)

- Appointed members of the State Judiciary

Diamond State Port Corporation Plan (established 1996)

- Diamond State Port Corporation Employees

County & Municipal Police and Firefighters' Plans

- Town of Bethany Beach (7/2006)
- Town of Camden (7/2003)
- Town of Cheswold (9/2002)
- Town of Clayton (7/2006)
- Town of Dagsboro (7/1989)
- Town of Delmar (7/1990)
- Town of Dewey Beach (5/1991)
- City of Dover (7/1985)
- Town of Felton (1/2001)
- Town of Georgetown (7/1990)
- City of Harrington (7/1989)
- Town of Laurel (1/2006)
- City of Milford (1/2005)
- Town of Millsboro (7/1999)
- Town of Milton (10/2003)
- City of New Castle (7/1995)
- New Castle County (2/1993)
- Town of Newport (8/2005)
- Town of Ocean View (5/2003)
- Town of Newport (7/2004)
- Town of South Bethany (7/2005)
- City of Wilmington (8/1991)
- Town of Wyoming (5/2003)

County & Municipal Other Employees' Plan

- Town of Bethany Beach (7/2006)
- Town of Camden (10/2006)
- Town of Cheswold (9/2002)
- Town of Clayton (7/2004)
- Delaware City Fire Company (7/2002)
- Felton Fire Company (7/2000)
- Town of Felton (4/2006)
- Town of Georgetown (7/1990)
- Good-Will Fire Company (7/2002)
- City of Harrington (7/2002)
- Harrington Fire Company (7/1999)
- Kent Conservation District (11/2002)
- Lewes Fire Company (7/2002)
- City of Milford (1/2005)
- Mill Creek Fire Company (1/2007)
- Town of Millsboro (7/1999)
- Millville Fire Company (11/2003)
- Town of Milton (10/2003)
- City of New Castle (7/1995)
- Town of Rehoboth Beach (4/2005)
- Town of Ocean View (5/2003)
- Port Penn Fire Co. (11/2003)
- Riverfront Development Corp. (7/2006)
- Town of South Bethany (5/2003)
- Sussex Conservation District (7/1987)
- Townsend Fire Company (7/1999)
- Volunteer Hose Co. of Middletown (5/1998)
- Town of Wyoming (5/2003)



SCHEDULE OF PARTICIPATING EMPLOYERS *(continued)*

Delaware Local Gov't Retirement Investment Pool

City of Dover (3/2005)
 Town of Elsmere (3/2002)
 Kent Count Government (12/2006)
 Town of Newport (2/2005)
 Sussex County Government (12/1996)

Volunteer Firemen's Pension Plan (established 1987)

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

County & Municipal COLA Fund

City of Dover (1991)
 Town of New Castle (1996)
 New Castle County (1993)
 City of Wilmington (1992)

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
 Mid-Sussex Rescue Squad
 Georgetown Volunteer Ambulance Service

Pension Office Programmatic Goal is to maintain comprehensive and responsive systems for benefits and funds management, which helps retain a quality workforce and provides a secure and supportive retirement commitment.