

Changes in the pension fund balance for the year ended June 30, 1991, were as follows (amounts expressed in thousands):

	Fund Balance(a)	
	Employee Annuity Savings(b)	Retirement Accumulation Fund(c)
Balance, July 1, 1990 .....	\$1,385,195	\$8,866,442
Increases:		
Member contributions .....	114,103	
Employer contributions .....		633,995
Investment and other income .....		1,098,495
Decreases:		
Benefit payments .....		(594,705)
Refunds .....	(150,646)	(12,457)
Administrative expenses .....		(15,064)
Transfers to the Employee Annuity Savings Fund for interest credited to members' accounts .....	177,296	(177,296)
Transfers to the Retirement Accumulation Fund for contributions of retiring members ..	(76,832)	76,832
Balance, June 30, 1991 .....	\$1,449,116	\$9,876,242

(a) The consulting actuary annually determines the changes in fund balances resulting from transfers of employees from the Employees' and Teachers' Retirement Systems to the Employees' and Teachers' Pension Systems and allocations of investment income.

(b) Contributions made by members together with interest thereon are credited to the Employee Annuity Savings Fund.

(c) Contributions made by the employer and investment income thereon are credited to the Retirement Accumulation Fund.

#### 17. Deferred Compensation Plan:

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the State subject only to the claims of the government's general creditors. Participants' rights under the plan are equal to those of general creditor of the State in an amount equal to the fair market value of the deferred account for each participant.

It is the opinion of the government's legal counsel that the government has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The government believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

Investments are managed by the plan's trustee under one of several investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

#### 18. Commitments:

The State leases office space under various agreements that are accounted for as operating leases. Many of the agreements contain rent escalation clauses and renewal options. Rent expenditures for fiscal year 1991 were approximately \$46,010,000. Future lease expense commitments under these agreements at June 30, 1991 are as follows (amounts expressed in thousands):

Years Ending June 30,	Amounts
1992 .....	\$ 34,745
1993 .....	28,641
1994 .....	22,928
1995 .....	14,828
1996 .....	8,832
1997 and thereafter .....	14,292
	<u>\$124,266</u>