

individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age(s). The portion of this actuarial present value allocated to a valuation year is called the normal cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future normal costs is called the actuarial accrued liability.

Contributions to the System for State employees for fiscal year 1994 are as follows (amounts expressed in thousands):

	State		Employees		Total	
	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll	Contribution	Percentage of Covered Payroll
Normal Cost.....	\$360,759	7.7%	\$88,855	1.9%	\$449,614	9.6%
Amortization of underfunding.....	251,735	5.4%			251,735	5.4
Total.....	<u>\$612,494</u>	<u>13.1%</u>	<u>\$88,855</u>	<u>1.9%</u>	<u>\$701,349</u>	<u>15.0%</u>

The total and covered payrolls for State employees for the year ended June 30, 1994, are \$2,289,095,000 and \$4,679,896,000, respectively. The covered payroll amount includes amounts for employees for whom the State pays retirement benefits, but does not pay the payroll. The required and actual contributions were actuarially determined based on the June 30, 1992, valuation.

The liquidation period for the unfunded actuarial accrued liabilities (as provided by law) is 26 years from June 30, 1994. Significant actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation.

The computation of the pension contribution requirements for fiscal year 1994 was based on the same actuarial assumptions, benefit provisions, actuarial funding method, and other significant factors used to determine pension contribution requirements in the previous year.

The total contribution for all participating political subdivisions for the year ended June 30, 1994, was \$49,706,000.

Three-Year Historical Trend Information for the System, excluding participating political subdivisions (amounts expressed in thousands):

Fiscal Year	(1) Net Assets Available for Benefits at Cost	(2) Pension Benefit Obligation	(3) Percentage Funded (1)+(2)	(4) Unfunded Pension Benefit Obligation (2)-(1)	(5) Annual Covered Payroll	(6)	(7)	(8)
						Unfunded Pension Benefit Obligation as a Percentage of Covered Payroll (4)+(5)	Employer Contributions	Employer Contributions as a Percentage of Annual Covered Payroll (7)+(5)
1992	\$11,884,463	\$17,625,026	67.4%	\$5,740,563	\$4,487,636	127.9%	\$588,785	13.1%
1993	13,197,548	18,675,201	70.7	5,477,653	4,542,599	120.6	617,782	13.6
1994	14,089,325	19,295,944	73.0	5,206,619	4,679,896	111.3	612,494	13.1

Ten-year historical trend information for the System is available in a separate financial report issued by the System. This report presents information about progress made in accumulating sufficient assets to pay benefits when due.

For asset and investment management purposes, the State combined the assets of all State-administered retirement and pension systems into a pooled trust fund. Accordingly, the financial statements for the State-administered pension fund are presented on a combined basis in the fiduciary fund types financial statements.