



**NEW JERSEY STATE EMPLOYEES  
DEFERRED COMPENSATION PLAN**

Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)

**NEW JERSEY STATE EMPLOYEES  
DEFERRED COMPENSATION PLAN**

Financial Statements  
June 30, 2014 and 2013

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**KPMG LLP**  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

## **Independent Auditor's Report**

New Jersey State Employees Deferred  
Compensation Plan Board:

### **Report on the Financial Statements**

We have audited the accompanying statements of fiduciary activities of the New Jersey State Employees Deferred Compensation Plan (the Plan) as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Trust's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary activities of the New Jersey State Employees Deferred Compensation Plan, as of June 30, 2014 and 2013, and the respective changes in financial position thereof for the years then ended in accordance with U.S. generally accepted accounting principles.



***Other Matters***

***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3–6, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**KPMG LLP**

Short Hills, New Jersey  
July 13, 2015

**NEW JERSEY STATE EMPLOYEES  
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Management Discussion and Analysis

(Unaudited)

June 30, 2014 and 2013

Our discussion and analysis of the financial performance of the New Jersey State Employees Deferred Compensation Plan (the Plan) provides an overview of the Plan's financial activities for the fiscal years ended June 30, 2014 and 2013. Please read it in conjunction with the basic financial statements and related notes to the financial statements, which follow this discussion.

**Financial Highlights**

***2014-2013***

- Net position increased by \$455.3 million as a result of fiscal year 2014's operations from \$2,940.9 million to \$3,396.2 million.
- Additions for the year are \$605.2 million, which are comprised of member contributions of \$181.1 million and net investment income of \$424.1 million.
- Deductions for the year are \$149.9 million, which are comprised of benefit payments of \$149.4 million and administrative expenses of \$0.5 million.

***2013-2012***

- Net position increased by \$354.9 million as a result of fiscal year 2013's operations from \$2,586.0 million to \$2,940.9 million.
- Additions for the year are \$479.4 million, which are comprised of member contributions of \$177.3 million and net investment income of \$302.1 million.
- Deductions for the year are \$124.5 million, which are comprised of benefit payments of \$124.1 million and administrative expenses of \$0.4 million.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of two components: 1) fiduciary financial statements and 2) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements.

**Fiduciary Financial Statements**

The statement of fiduciary net position presents the Plan's assets and liabilities by major categories and may serve over time as a useful indicator of the Plan's financial position. The difference between assets and liabilities represents the net position restricted for pension benefits.

The statement of changes in fiduciary net position provides information on the change in the Plan's net position during the current year. Additions are comprised of investment income and member contributions. Deductions include retirement benefit payments.

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(Unaudited)

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**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and includes a description of the Plan.

**Financial Analysis**

**Summary of Fiduciary Net Position**

*2014-2013*

	<u>2014</u>	<u>2013</u>	<u>Increase</u>
Assets	\$ 3,399,084,957	2,942,790,370	456,294,587
Liabilities	<u>2,867,750</u>	<u>1,897,356</u>	<u>970,394</u>
Net position	<u>\$ 3,396,217,207</u>	<u>2,940,893,014</u>	<u>455,324,193</u>

Total assets increased by \$456.3 million, or 15.5%, between fiscal years 2013 and 2014 due to an increase in the investment holdings.

Total liabilities increased by \$1.0 million, or 51.1%, mainly due to an increase in securities purchased in transit of \$1.7 million.

Net position increased by \$455.3 million, or 15.5%.

**Summary of Fiduciary Net Position**

*2013-2012*

	<u>2013</u>	<u>2012</u>	<u>Increase</u>
Assets	\$ 2,942,790,370	2,586,890,545	355,899,825
Liabilities	<u>1,897,356</u>	<u>846,662</u>	<u>1,050,694</u>
Net position	<u>\$ 2,940,893,014</u>	<u>2,586,043,883</u>	<u>354,849,131</u>

Total assets increased by \$355.9 million, or 13.8%, between fiscal years 2012 and 2013 due to an increase in the investment holdings.

Total liabilities increased by \$1.0 million, or 124.1%, due to an increase in administrative fees payable and a cash overdraft.

Net position increased by \$354.9 million, or 13.7%.

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(Unaudited)

June 30, 2014 and 2013

**Summary of Changes in Fiduciary Net Position**

*2014 – 2013*

	<u>2014</u>	<u>2013</u>	<u>Increase</u>
Additions:			
Member contributions	\$ 181,051,805	177,296,365	3,755,440
Net investment income	424,147,776	302,069,484	122,078,292
Total additions	<u>605,199,581</u>	<u>479,365,849</u>	<u>125,833,732</u>
Deductions:			
Benefits	149,393,111	124,062,368	25,330,743
Administrative expenses	482,277	454,350	27,927
Total deductions	<u>149,875,388</u>	<u>124,516,718</u>	<u>25,358,670</u>
Change in net position	<u>\$ 455,324,193</u>	<u>354,849,131</u>	<u>100,475,062</u>

Additions consist of member contributions and earnings from investment activities. Total additions increased by \$125.8 million, or 26.3%, between fiscal years 2013 and 2014 due to the higher investment return in fiscal year 2014 as compared to fiscal year 2013.

Deductions consist of benefit payments made during the year and administrative expenses. Benefit payments increased by \$25.3 million, or 20.4%, between fiscal years 2013 and 2014. This increase is the result of improving financial markets and the resulting gain in assets held in members' accounts. Participants requesting full or partial distributions during the year did so from accounts that had increased in value from June 30, 2013, providing these participants with access to an increased total dollar amount for these distributions.

**Summary of Changes in Fiduciary Net Position**

*2013 – 2012*

	<u>2013</u>	<u>2012</u>	<u>Increase (Decrease)</u>
Additions:			
Member contributions	\$ 177,296,365	178,243,724	(947,359)
Net investment income	302,069,484	19,834,685	282,234,799
Total additions	<u>479,365,849</u>	<u>198,078,409</u>	<u>281,287,440</u>
Deductions:			
Benefits	124,062,368	118,211,742	5,850,626
Administrative expenses	454,350	465,127	(10,777)
Total deductions	<u>124,516,718</u>	<u>118,676,869</u>	<u>5,839,849</u>
Change in net position	<u>\$ 354,849,131</u>	<u>79,401,540</u>	<u>275,447,591</u>

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Management Discussion and Analysis

(Unaudited)

June 30, 2014 and 2013

Additions consist of member contributions and earnings from investment activities. Total additions increased by \$281.3 million, or 142.0%, between fiscal years 2012 and 2013 due to the higher investment return in fiscal year 2013 as compared to fiscal year 2012.

Deductions consist of benefit payments made during the year and administrative expenses. Benefit payments increased by \$5.8 million, or 4.9%, between fiscal years 2012 and 2013. This increase is the result of improving financial markets and the resulting gain in assets held in members' accounts. Participants requesting full or partial distributions during the year did so from accounts that had increased in value from June 30, 2012, providing these participants with access to an increased total dollar amount for these distributions.

**Retirement System as a Whole**

Members are 100% vested in the present value of their contributions.

**Contacting System Financial Management**

The financial report is designed to provide our members, beneficiaries, investors and other interested parties with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. This report is available on the Division of Pensions and Benefits website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions). If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.



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Statements of Fiduciary Net Assets

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets:		
Cash	\$ 12,231	—
Receivables:		
Accrued interest and dividends	1,106,841	1,095,540
Securities sold in transit	1,846,549	—
Total receivables	<u>2,953,390</u>	<u>1,095,540</u>
Investments, at fair value:		
Cash Management Fund	49,139,345	54,634,315
Domestic equities	1,610,523,142	1,308,850,841
International equities	330,745,275	269,977,576
Domestic fixed income	1,399,262,959	1,262,845,976
International fixed income	6,448,615	45,386,122
Total investments	<u>3,396,119,336</u>	<u>2,941,694,830</u>
Total assets	<u>3,399,084,957</u>	<u>2,942,790,370</u>
Liabilities:		
Accounts payable and accrued expenses	2,867,750	1,258,014
Cash overdraft	—	639,342
Total liabilities	<u>2,867,750</u>	<u>1,897,356</u>
Net position restricted for pension benefits	<u>\$ 3,396,217,207</u>	<u>2,940,893,014</u>

See accompanying notes to financial statements.

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Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Additions:		
Member contributions	\$ 181,051,805	177,296,365
Investment income:		
Net increase in fair value of investments	412,874,377	290,569,604
Interest	2,224,673	2,444,034
Dividends	9,231,161	9,308,591
	<u>424,330,211</u>	<u>302,322,229</u>
Less investment expense	<u>182,435</u>	<u>252,745</u>
Net investment income	<u>424,147,776</u>	<u>302,069,484</u>
Total additions	<u>605,199,581</u>	<u>479,365,849</u>
Deductions:		
Benefits	149,393,111	124,062,368
Administrative expenses	482,277	454,350
Total deductions	<u>149,875,388</u>	<u>124,516,718</u>
Change in net position	455,324,193	354,849,131
Net position restricted for pension benefits:		
Beginning of year	<u>2,940,893,014</u>	<u>2,586,043,883</u>
End of year	<u>\$ 3,396,217,207</u>	<u>2,940,893,014</u>

See accompanying notes to financial statements.

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Notes to Financial Statements

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**(1) Description of the Plan**

**(a) Organization**

The State of New Jersey, Division of Pensions and Benefits (the Division) was created and exists pursuant to N.J.S.A. 52:18A to oversee and administer the pension trust and other postemployment benefit plans sponsored by the State of New Jersey (the State), including the New Jersey State Employees Deferred Compensation Plan (the Plan or NJSEDCP).

The Plan, a single employer defined contribution pension plan, was established by Chapter 39, P.L. 1978, which became effective June 19, 1978, amended by Chapter 449, P.L. 1985, effective January 14, 1986, and further amended by Chapter 116, P.L. 1997, effective June 6, 1997, and is available to any state employee who is a member of a state-administered retirement system or an employee of an eligible state agency, authority, commission or instrumentality of state government provided the employee has at least 12 continuous months of employment, and any individual employed through a Governor's appointment. The Plan's membership was 47,793 and 46,283 at June 30, 2014 and June 30, 2013, respectively.

**(b) Contributions**

Participants may defer between 1% and 100% of their salary, as defined, less any Internal Revenue Code (IRC) Section 414(h) reductions or \$17,500 annually. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable. The employer does not make contributions to the Plan.

There are no employer or non-employer entities that are required to contribute to the Plan.

**(c) Benefits**

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Plan members are fully vested for the current valuation of their account from the date of enrollment in the Plan. Benefits are payable upon separation from service with the State of New Jersey.

**(2) Summary of Significant Accounting Policies**

**(a) Measurement Focus and Basis of Accounting**

The accompanying financial statements were prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. In doing so, the Plan adheres to reporting requirements established by the Governmental Accounting Standards Board (GASB).

The accrual basis of accounting is used for measuring financial position and changes in net position of the Plan. Under this method, contributions are recorded in the accounting period in which they are collected from the member, and deductions are recorded at the time the liabilities are due and payable

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in accordance with the terms of the Plan. The Plan is accounted for using an economic resources measurement focus.

**(b) Investments**

The Division of Investment, Department of the Treasury, State of New Jersey (the Division of Investment) manages and invests certain assets of various divisions, agencies and employees of the State of New Jersey in various groups of funds, which includes the Plan.

Prudential Retirement is the third-party administrator for the NJSEDCP. Prudential Retirement provides recordkeeping, administration services and access to 22 investments through a combination of their separate account product offerings and retail branded mutual funds. The four state-managed investments options (NJSEDCP Fixed Income Fund, NJSEDCP Equity Fund, NJSEDCP Small Capitalization Equity Fund and NJSEDCP Cash Management Fund) were closed during the fiscal year to new investments. On August 1, 2014, the NJSEDCP Fixed Income Fund and the NJSEDCP Cash Management Fund were closed. On December 15, 2014, the NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Fund were opened to new contributions. The Board of the NJSEDCP is the fiduciary for the investments of the Plan. The Division of Pensions and Benefits maintains its administrative oversight functions for the Plan.

Investments are reported at fair value as follows:

- U.S. Government obligations and other fixed income securities – prices quoted by a major dealer in such securities.
- Domestic and international equities – closing prices as reported on the primary market or exchange on which they trade.
- Cash Management Fund – closing net position on the last day of trading during the period as determined by the Transfer Agent.

Investment transactions are accounted for on a trade or investment date basis. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date. Net increase in the fair value of investments includes the net realized and unrealized gains (losses) on investments.

**(c) Administrative Expenses**

Administrative expenses are paid by the Plan and are included in the accompanying financial statements.

**(d) Income Tax Status**

The Plan is an eligible plan as described in the IRC Section 457.

**(e) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make significant estimates and assumptions that affect the reported

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amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**(3) Investments**

The Plan's investments as of June 30, 2014 and 2013 are as follows:

	<b>2014</b>	<b>2013</b>
Cash management fund	\$ 49,139,345	54,634,315
Domestic equities	1,610,523,142	1,308,850,841
International equities	330,745,275	269,977,576
Domestic fixed income	1,399,262,959	1,262,845,976
International fixed income	6,448,615	45,386,122
	\$ 3,396,119,336	2,941,694,830

New Jersey state statute provides for a State Investment Council (Council) and a Director of the Division of Investment. The role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments. The regulations provide that at the election of the participants, moneys from salary deductions may be deposited in funds managed by the Division of Investment, or in approved investment options offered and managed by outside vendors.

The NJSEDCP Fixed Income Fund is invested in fixed income securities having a maturity of one year or more. The NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Equity Fund are invested in equities securities that are denominated in U.S. dollars that trade on a securities exchange in the United States or the over-the-counter market. The NJSEDCP Cash Management Fund is invested in the State of New Jersey Cash Management Fund or fixed income securities maturing in less than one year as permitted by Council regulations. The NJSEDCP Fixed Income Fund, the NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Equity Fund may hold up to 25% of their assets either in short-term fixed income securities, as permitted by the Council regulations, or in the Cash Management Fund. With respect to equities, not more than 10% of the market value of the NJSEDCP Equity Fund and the NJSEDCP Small Capitalization Equity Fund can be invested in any equity and fixed income obligations of any one issuer and affiliated entities. The total amount of a particular class of stock directly purchased or acquired of any one entity cannot exceed 5% of that class of stock. The total amount of shares directly purchased or acquired of any one exchange-traded fund shall not exceed 5% of the total shares outstanding of such fund. There are no restrictions in the amount that can be invested in U.S. treasury and government agency obligations. Not more than 10% of the market value of the NJSEDCP Fixed Income Fund can be invested in the fixed income obligations of any one issuer and affiliated entities, and must have a minimum rating of Baa3, BBB-, and BBB- as measured by Moody's, S&P, and Fitch, respectively. The total amount of debt issues directly purchased or acquired cannot exceed 10% of the outstanding long term debt of the issuer.

The funds managed by Prudential Retirement investments for the NJSEDCP consist of a number of individual investment managers, which individually have investment guidelines that they comply with and follow. For Prudential Retirement, the NJSEDCP is a participant directed program offering a range of

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diversified investment alternatives. The options that include bond investments are diversified by sector and number of securities held, mitigating undue concentration of both credit and foreign currency risks as well as interest rate risk.

For securities exposed to credit risk, the following table discloses aggregate fair value, by major credit quality rating category at June 30, 2014 and 2013:

		June 30, 2014										
		Moody's rating										
(In thousands)		Aaa	Aa	A	Baa	Ba	B	Caa	Ca	P-1	Unrated	Totals
United States Treasury bonds	\$	381,954	—	—	—	—	—	—	—	—	—	381,954
United States Treasury tips		3,223	—	—	—	—	—	—	—	—	—	3,223
Corporate obligations		20,106	34,468	138,036	180,506	2,802	510	—	—	1,261	5,530	383,219
Foreign government obligations		544	754	849	7,004	7	—	—	—	—	701	9,859
Federal agency obligations		16,311	125	—	—	—	—	—	—	—	979	17,415
Mortgages (FHLMC/FNMA/ GNMA)		306,020	—	—	—	—	—	—	—	—	—	306,020
Asset backed securities		29,717	9,766	3,367	109	445	173	322	77	—	12,917	56,893
Other		2,705	11,487	2,382	236	2	—	—	—	—	230,317	247,129
Total	\$	<u>760,580</u>	<u>56,600</u>	<u>144,634</u>	<u>187,855</u>	<u>3,256</u>	<u>683</u>	<u>322</u>	<u>77</u>	<u>1,261</u>	<u>250,444</u>	<u>1,405,712</u>

  

		June 30, 2013										
		Moody's rating										
(In thousands)		Aaa	Aa	A	Baa	Ba	B	C	Ca	Caa	Unrated	Totals
U.S. governmental obligations	\$	399,045	—	—	—	—	—	—	—	—	—	399,045
Other fixed income securities		286,179	58,614	183,889	138,738	1,923	287	—	51	222	239,284	909,187
Total	\$	<u>685,224</u>	<u>58,614</u>	<u>183,889</u>	<u>138,738</u>	<u>1,923</u>	<u>287</u>	<u>—</u>	<u>51</u>	<u>222</u>	<u>239,284</u>	<u>1,308,232</u>

The above tables do not include the investment in the Cash Management Fund totaling \$49,139,345 and \$54,634,315 at June 30, 2014 and 2013, respectively, which is not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

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The following table summarizes the maturities of the Fixed Income Fund at June 30, 2014 and 2013:

		<b>June 30, 2014</b>				
(In thousands)		<b>Maturities in years</b>				
<b>Fixed income investment type</b>	<b>Total fair value</b>	<b>Less than 1</b>	<b>1 – 5</b>	<b>6 – 10</b>	<b>More than 10</b>	<b>Unknown</b>
United States Treasury bonds	\$ 381,954	8,526	274,169	55,896	43,363	—
United States Treasury tips	3,223	—	—	1,327	1,896	—
Corporate obligations	383,219	16,618	123,599	173,762	69,240	—
Foreign government obligations	9,859	1,136	4,748	2,429	1,546	—
Federal agency obligations	17,415	1,026	9,275	1,725	5,389	—
Mortgages (FHLMC/FNMA/GNMA)	306,020	—	1,291	3,072	301,657	—
Asset backed securities	56,893	164	1,668	3,407	51,654	—
Other	247,129	95,504	1,320	43,033	107,272	—
Total	<u>\$ 1,405,712</u>	<u>122,974</u>	<u>416,070</u>	<u>284,651</u>	<u>582,017</u>	<u>—</u>

		<b>June 30, 2013</b>				
(In thousands)		<b>Maturities in years</b>				
<b>Fixed income investment type</b>	<b>Total fair value</b>	<b>Less than 1</b>	<b>1 – 5</b>	<b>6 – 10</b>	<b>More than 10</b>	<b>Unknown</b>
U.S. governmental obligations	\$ 399,045	—	274,463	43,073	81,509	—
Other fixed income securities	909,187	13,894	129,056	275,284	490,661	292
Total	<u>\$ 1,308,232</u>	<u>13,894</u>	<u>403,519</u>	<u>318,357</u>	<u>572,170</u>	<u>292</u>

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The funds managed by Prudential Retirement invest in global markets. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The funds managed by Prudential Retirement had the following foreign currency exposure in equities as of June 30 (expressed in U.S. dollars):

<u>Currency</u>	<u>2014</u>	<u>2013</u>
Brazilian reais	\$ 6,511,049	3,751,118
Canadian dollar	—	(266,506)
Chilean peso	653,110	—
Danish krone	1,137,335	505,589
Egyptian pound	297,103	217,450
Euro	8,246,245	4,471,751
Hong Kong dollar	9,130,046	6,372,616
Hungarian forint	—	—
Indonesian rupiah	1,579,202	757,671
Israeli shekel	—	—
Japanese yen	(3,886,547)	(16,995,360)
Malaysian ringgit	752,168	523,939
Mexican peso	2,809,818	2,084,175
New Taiwan dollar	1,139,967	—
Norwegian krone	—	177,076
Philippine peso	1,259,529	1,166,349
Pound sterling	12,115,848	7,331,643
South African rand	5,497,639	5,507,966
South Korean won	2,478,053	1,341,742
Swedish krona	2,588,639	1,454,736
Swiss franc	7,480,924	4,502,049
Taiwan new dollar	—	991,495
Thailand baht	964,098	685,378
Turkish lira	3,543,481	2,692,641
U.S. dollar	251,391,262	231,847,633
Other	15,056,306	10,856,425
Total fair value	<u>\$ 330,745,275</u>	<u>269,977,576</u>

**(4) Contingencies**

The Plan is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the Plan's financial statements.