KPMG

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES DEFERRED COMPENSATION PLAN

Financial Statements

June 30, 2007 and 2006

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

Independent Auditors' Report

New Jersey State Employees Deferred
Compensation Plan Board
New Jersey State Employees Deferred
Compensation Plan:

We have audited the accompanying statements of fiduciary net assets of the New Jersey State Employees Deferred Compensation Plan (the Plan) as of June 30, 2007 and 2006, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Plan's management. 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 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 Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the New Jersey State Employees Deferred Compensation Plan as of June 30, 2007 and 2006, and the changes in its financial position for the years then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis is not a required part of the basic financial statements but is 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.

KPMG LLP

February 29, 2008

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES
DEFERRED COMPENSATION PLAN

Management's Discussion and Analysis

June 30, 2007 and 2006

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, 2007 and 2006. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

As of January 1, 2006, Prudential Retirement was selected as the Plan's third-party administrator. The Division of Investments retains its fiduciary functions over the Plan's assets, and the Division of Pensions and Benefits maintains its administrative oversight functions.

Financial Highlights

2007 – 2006

- Net assets increased by $359,807,311 as a result of fiscal year 2007's operations from $1,708,340,953 to $2,068,148,264.
- Additions for the year are $422,130,728, which is comprised of member contributions of $173,352,442 and net investment income of $248,778,286.
- Deductions for the year are $62,323,417, which are comprised of benefit payments of $61,812,001 and administrative expenses of $511,416.

2006 – 2005

- Net assets increased by $191,966,894 as a result of fiscal year 2006's operations from $1,516,374,059 to $1,708,340,953.
- Additions for the year were $273,353,885, which is comprised of member contributions of $166,371,405 and net investment income of $106,982,480.
- Deductions for the year were $81,386,991, which are comprised of benefit payments of $80,873,250 and administrative expenses of $513,741.

The Statements of Fiduciary Net Assets and the Statements of Changes in Fiduciary Net Assets

This annual report consists of two financial statements: *The Statements of Fiduciary Net Assets* and *The Statements of Changes in Fiduciary Net Assets*. These financial statements report information about the Plan and about its activities to help you assess whether the Plan, as a whole, has improved or declined as a result of the year's activities. The financial statements were prepared using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period they are earned, and expenses are recorded in the year they are incurred, regardless of when cash is received or paid.

The Statements of Fiduciary Net Assets show the balances in all of the assets and liabilities of the Plan at the end of the fiscal year. The difference between assets and liabilities represents the Plan's fiduciary net assets. Over time, increases or decreases in the Plan's fiduciary net assets provide one indication of whether the financial health of the Plan is improving or declining. *The Statements of Changes in Fiduciary Net Assets* show the results of financial operations for the year. The statements provide an explanation for the change in the Plan's fiduciary net assets since the prior year. These two financial statements should be reviewed along with the information contained in the financial statement footnotes to determine whether the Plan is becoming financially stronger or weaker.

Financial Analysis

Summary of Fiduciary Net Assets

2007 – 2006

	2007	2006	Increase
Assets	$ 2,069,187,014	1,709,246,862	359,940,152
Liabilities	1,038,750	905,909	132,841
Net assets	$ 2,068,148,264	1,708,340,953	359,807,311

Total assets increased by $359.9 million or 21.1% between fiscal years 2006 and 2007 primarily due to an increase in the fair value of investments.

Total liabilities increased by $0.1 million or 14.7% due to an increase in administrative fees payable.

Net assets increased by $359.8 million or 21.1%.

2006 – 2005

	2006	2005	Increase (decrease)
Assets	$ 1,709,246,862	1,523,707,914	185,538,948
Liabilities	905,909	7,333,855	(6,427,946)
Net assets	$ 1,708,340,953	1,516,374,059	191,966,894

Total assets increased by $185.5 million or 12.2% between fiscal years 2005 and 2006 primarily due to an increase in the fair value of investments.

Total liabilities decreased by $6.4 million or 87.6% mainly due to a decrease in participant distributions payable.

Net assets increased by $192.0 million or 12.7%.

Summary of Additions to Fiduciary Net Assets

2007 – 2006

		2007	2006	Increase
Member contributions	$	173,352,442	166,371,405	6,981,037
Net investment income		248,778,286	106,982,480	141,795,806
Totals	$	422,130,728	273,353,885	148,776,843

Additions consist of member contributions and earnings from investment activities. Total additions increased by $148.8 million or 54.4% between fiscal year 2006 and 2007 because of increases in membership and the net appreciation in fair value of investments.

2006 – 2005

		2006	2005	Increase
Member contributions	$	166,371,405	137,662,924	28,708,481
Net investment income		106,982,480	93,083,207	13,899,273
Totals	$	273,353,885	230,746,131	42,607,754

Additions consist of member contributions and earnings from investment activities. Total additions increased by $42.6 million or 18.5% between fiscal year 2005 and 2006 primarily because of increases in membership and the net appreciation in fair value of investments.

Summary of Deductions from Fiduciary Net Assets

2007 – 2006

		2007	2006	Decrease
Benefits	$	61,812,001	80,873,250	(19,061,249)
Administrative expenses		511,416	513,741	(2,325)
Totals	$	62,323,417	81,386,991	(19,063,574)

Deductions consist of benefit payments made during the year and administrative expenses. Total benefit payments decreased by $19.1 million or 23.4% between fiscal year 2006 and 2007.

2006 – 2005

		2006	2005	Increase (decrease)
Benefits	$	80,873,250	66,714,506	14,158,744
Administrative expenses		513,741	933,696	(419,955)
Totals	$	81,386,991	67,648,202	13,738,789

Deductions consist of benefit payments made during the year and administrative expenses. Total deductions increased by $13.7 million or 20.3% between fiscal year 2005 and 2006 due to an increase in the number of hardship 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. 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.

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES
DEFERRED COMPENSATION PLAN

Statements of Fiduciary Net Assets

June 30, 2007 and 2006

	2007	2006
Assets:		
Cash	$ 23,422	—
Investments at fair value:		
Cash Management Fund	162,407,735	187,257,616
U.S. Government obligations	440,449,436	368,107,830
Domestic equities	1,273,088,973	1,045,975,946
International equities	156,071,071	56,476,302
Other fixed income securities	35,155,805	42,962,011
Total investments	2,067,173,020	1,700,779,705
Receivables:		
Accrued interest and dividends	1,990,572	2,214,504
Other	—	6,252,653
Total receivables	1,990,572	8,467,157
Total assets	2,069,187,014	1,709,246,862
Liabilities:		
Accounts payable and accrued expenses	1,038,750	752,417
Cash overdraft	—	66,382
Participant distributions payable	—	87,110
Total liabilities	1,038,750	905,909
Net assets:		
Held in trust for benefits	$ 2,068,148,264	1,708,340,953

See accompanying notes to financial statements.

STATE OF NEW JERSEY
NEW JERSEY STATE EMPLOYEES
DEFERRED COMPENSATION PLAN

Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2007 and 2006

	2007	2006
Additions:		
Member contributions	$ 173,352,442	166,371,405
Investment income:		
Net appreciation in fair value of investments	222,642,662	68,304,659
Interest	14,433,257	22,967,212
Dividends	11,924,994	15,923,578
	249,000,913	107,195,449
Less investment expense	222,627	212,969
Net investment income	248,778,286	106,982,480
Total additions	422,130,728	273,353,885
Deductions:		
Benefits	61,812,001	80,873,250
Administrative expense	511,416	513,741
Total deductions	62,323,417	81,386,991
Change in net assets	359,807,311	191,966,894
Net assets – beginning of year	1,708,340,953	1,516,374,059
Net assets – end of year	$ 2,068,148,264	1,708,340,953

See accompanying notes to financial statements.

(1) Summary of Significant Accounting policies

Basis of Accounting

The financial statements of the New Jersey State Employees Deferred Compensation Plan (the Plan) have been prepared using the accrual basis of accounting and conform to the provisions of Government Accounting Standards Board (GASB) Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

Investments

The Division of Investment, Department of the Treasury, State of New Jersey (the Division) 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 Deferred Compensation Fund.

Prudential Retirement was selected as the NJSEDCP's third-party administrator following a competitive bidding process with a contract awarded on August 26, 2005. As of January 1, 2006, the four state-managed investment options (DCP Money Market, DCP Equity, DCP Bond and DCP Small Cap Equity) were closed to new investment and 23 new investment options were opened. Participant recordkeeping operations were transferred to Prudential Retirement on January 2, 2006. Assets held in the four state-managed investment options were transferred to Prudential separate accounts on February 1, 2006. The custodian of Plan assets was PNC Bank through January 31, 2006, with State Street Bank acting as custodian, through an agreement with Prudential Retirement, from February 1, 2006 to present. The Division of Investment retains its fiduciary functions over the Plan's assets and the Division of Pensions and Benefits maintains its administrative oversight functions.

Investments are reported at fair value as follows:

- U.S. Government and Agency and Corporate obligations – prices quoted by a major dealer in such securities.
- Common Stocks – closing prices as reported on the primary market or exchange on which they trade.
- Money Market Instruments – amortized cost which approximates fair value.
- Cash Management Fund – closing bid price on the last day of trading during the period as determined by the Transfer Agent.

Investment transactions are accounted for on a trade date basis. Gains and losses from investment transactions are determined by the average cost method. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date.

Administrative Expenses

Expenses associated with the Plan, which include but are not limited to administrative and investment costs, are charged against the Plan's net assets as determined by the action of the New Jersey State Employees Deferred Compensation Board (the Board). The fee is charged to participants' accounts on a monthly basis. Amounts charged against the net assets by the Plan to date have exceeded the payments made, the excess of which has been recorded as administrative fees payable.

Unit Valuation

Participants' net asset value per unit is determined on a daily basis for each of the Plan's 27 investment fund options. Net asset value per unit is computed on the total fair value at the end of the day of the Plan's net assets divided by the total outstanding units of the Plan.

(2) Description of the Plan

The following description of the Plan provides only general information. Participants should refer to the Plan information statement, which is available from the State of New Jersey, Division of Pensions and Benefits, for a more complete description of the Plan's provisions.

General

The 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 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 39,937 and 37,496 at June 30, 2007 and 2006, respectively.

The assets of the Plan are being held in trust for the exclusive benefit of Plan members and their beneficiaries as required by Internal Revenue Code Section 457.

Contributions

Participants may defer between 1% and 100% of their salary, as defined, and less any 414h reductions or $15,500 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. Participants must defer at least 1% of their annual salary but no less than $10 biweekly or $20 monthly. Federal income taxes are not due on deferred amounts or on any accumulated earnings until the participant receives a distribution of assets. Participants may elect to invest their contributions in multiples of 1% in any of the four investment fund options, and may increase, decrease or suspend their deferrals once a month. Compensation amounts deferred and accumulated earnings thereon, while in trust for the exclusive benefit of the participants, remain the property of the State of New Jersey until distributed to participants. Participants are always fully vested for the accumulated units in their accounts. Participation in the Plan ceases at retirement, termination of service, disability or death.

Participants' Accounts

The administrator maintains a bookkeeping account for each participant that is credited as of the date at which the participant's compensation is deferred.

The account is also credited with any increase or charged with any decrease related to the transactions of the Plan.

The State of New Jersey is only under a contractual obligation to make payments under this Plan in accordance with the provisions of the applicable statute as payments become due. The State of New Jersey is not a guarantor of the Plan.

Distribution of Assets

A participant of the Plan or beneficiary may receive a distribution of assets under the Plan upon the participant's retirement, termination of service, disability, or death. Distribution of the participant's account will be made in a single lump-sum payment within two months after the administrator is notified of the event for all accounts unless the participant elects to delay distribution from the Plan. In all cases, distribution must commence no later than 90 days following the close of the calendar year in which the participant retired, terminated service, became disabled, died or attained age 70½, whichever is later. If the value of the participant's account is at least $5,000, the participant may choose distribution as a lump-sum payment or, in substantially equal installments over a period not to exceed fifteen years. Additionally, the participant may select a combination payment consisting of an initial lump-sum payment followed by installments over a period not to exceed fifteen years if the balance in the account following the initial lump-sum payment is at least $5,000. Accounts are valued for distribution purposes as of the end of the month immediately preceding distribution.

Distribution is also permitted in the case of an unforeseen emergency, as defined by Internal Revenue Code 457 regulations. A participant may also elect to receive an in-service distribution if the participant has not made deferrals into the Plan for 24 consecutive months and the total value of the participant's account does not exceed $5,000.

Termination of the Plan

The Board, in accordance with the provisions of Chapter 39, P.L. 1978, has the authority to terminate this Plan or to substitute a new plan consistent with the requirements of the United States Internal Revenue Service.

Upon termination, each participant shall be deemed to have withdrawn from the Plan as of the date of such termination; the participant's full compensation on a Nondeferred basis will be restored; and the administrator shall treat such participants as if they had termination of service on the date of such termination and pay such deferred compensation in accordance with provisions of the Plan.

Any substitute of a new plan, consistent with the requirements of the United States Internal Revenue Service, shall provide for the retention by the employer of the amounts already deferred under the prior plan and for the distribution of said amounts in accordance with the irrevocable written elections made pursuant to the Plan.

(3) Investments

The Plan's investments as of June 30, 2007 and 2006 are as follows:

	2007	2006
Cash management funds	$ 162,407,735	187,257,616
Domestic equities	1,273,088,973	1,045,975,946
International mutual funds	156,071,071	56,476,302
U.S. Government and agency obligations	440,449,436	368,107,830
Other fixed income securities	35,155,805	42,962,011
	$ 2,067,173,020	1,700,779,705

New Jersey state statute provides for a State Investment Council (Council) and a Director. Investment authority is vested in the Director of the Division of Investment and the role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments which include domestic and international equities and exchange traded funds, covered call and put options, equity futures contracts, obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, obligations of international corporations, governments and agencies, interest rate swap transactions, fixed income exchange traded funds, U.S. Treasury futures contracts, New Jersey State and Municipal general obligations, public authority revenue obligations, collateralized notes and mortgages, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances, guaranteed income contracts, funding agreements, money market funds, private equity, real estate, other real assets and absolute return strategy funds.

The Plan's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is evaluated by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (S&P), and Fitch Ratings (Fitch). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in United States treasury and government agency obligations. Council regulations require minimum credit ratings for certain categories of fixed income obligations held directly by the pension funds and limit the amount that can be invested in any one issuer or issue. These limits for the period July 1, 2006 through September 4, 2006 were as follows:

Category	Minimum rating Moody's	Minimum rating S&P	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Corporate obligations	Baa	BBB	25%	25%	—
U.S. finance company debt, bank debentures and NJ state and municipal obligations	A	A	10%	10%	—
Canadian obligations	A	A	10%	10%	Purchase cannot exceed greater of 10% of issue or $10 million; not more than 2% of fund assets can be invested in any one issuer
International government and agency obligations	Aa	AA	2%	10%	Not more than 1% of fund assets can be invested in any one issuer
Public Authority revenue obligations	A	A	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Collateralized notes and mortgages	Baa	BBB	—	33.3%	Not more than 2% of fund assets can be invested in any one issuer
Commercial paper	P-1	A-1	—	—	—
Certificates of deposit and Banker's acceptances (rating applies to international)	Aa/P-1	—	—	—	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Guaranteed income contracts	P-1	—	—	—	A+ rating from A.M. Best for insurance companies
Money market funds	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

 (Continued)

Effective September 5, 2006, the following limits became effective:

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in any one issuer with maturities exceeding 12 months; not more than 10% of fund assets can be invested in this category
International government and agency obligations	Aa3	AA-	AA-	25%	Greater of 25% or $10 million	Not more than 1% of fund assets can be invested in any one issuer
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Not more than 5% of fund assets can be invested in any one issue; not more than 10% of fund assets (or 20% of Fund B assets) can be invested in this category
Commercial paper	P-1	A-1	F1	—	—	—
Certificates of deposit and Banker's acceptances:						Certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Domestic	A3/P-1	A-/A-1	A-/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	
Guaranteed income contracts and funding agreements	A3	A-	A-	—	—	—
Money market funds	—	—	—	—	—	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

Category	Minimum rating Moody's	Minimum rating S&P	Minimum rating Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Interest rate swap transactions	A3	A-	A-	—	—	Notional value of net exposure to any one counterparty shall not exceed 10% of fund assets
Repurchase agreements	Aa3	AA-	AA-	—	—	—
NJ state & municipal obligations	A3	A-	A-	10%	10%	Not more than 10% of fund assets can be invested in debt of any one political entity maturing more than 12 months from purchase
Public authority revenue obligations	A3	A-	A-	—	10%	Not more than 2% of fund assets can be invested in any one public authority
Mortgage backed pass-through securities	A3	A-	A-	—	—	Not more than 5% of fund assets can be invested in any one issue
Mortgage backed senior debt securities	—	—	—	—	25%	Not more than 5% of fund assets can be invested in any one issue

For securities exposed to credit risk in the fixed income portfolio, the following table discloses aggregate fair value, by major credit quality rating category at June 30, 2007 and 2006:

	Moody's rating							
	Aaa	**Aa**	**A**	**Baa**	**Ba**	**B**	**P1**	**Not rated**
June 30, 2007:								
U.S. Treasury Notes	$ 84,076,982	572,122	62,165,845	—	—	—	—	—
U.S. Treasury TIPS	41,318	—	—	—	—	—	—	—
Federal Farm Credit Banks	7,816,015	—	—	—	—	—	—	—
Federal Home Loan Mortgage	104,326,724	—	—	—	—	—	—	—
FNMA Debentures	563,811	—	—	—	—	—	—	—
Corporate Bond	14,826,329	28,438,170	28,841,805	29,833,263	222,654	2,726	—	3,975,563
Finance Company Debentures	5,716,355	—	—	—	—	—	—	188,131
FHLM Collateralized Notes	79,247,685	—	—	—	—	—	—	—
Other	3,331,811	313,336	625,142	2,506,590	2,418	(27)	140,319	17,830,154
Total	$ 299,947,030	29,323,628	91,632,792	32,339,853	225,072	2,699	140,319	21,993,848

	Moody's rating							
	Aaa	**Aa**	**A**	**Baa**	**Ba**	**B**	**P1**	**Not rated**
June 30, 2006:								
U.S. Treasury Notes	$ 155,439,939	140,351	—	—	—	—	—	32,989
U.S. Treasury TIPS	7,261	—	—	—	—	—	—	—
Federal Farm Credit Banks	874,375	—	—	—	—	—	—	—
Federal Home Loan Mortgage	26,065,993	—	—	—	—	—	—	—
FNMA Debentures	83,986,241	—	—	—	—	—	28,764	—
Corporate Bond	8,936,929	24,203,652	21,485,118	27,879,524	345,367	2,843	—	3,650,898
Finance Company Debentures	869,015	29,104	118,443	—	—	—	149,959	62,527
FHLM Collateralized Notes	8,048,603	—	—	—	—	—	—	—
GNMA	5,749,938	—	—	—	—	—	—	—
Other	40,431,955	361,083	303,930	282,761	5,451	(42)	55,627	1,521,244
Total	$ 330,410,249	24,734,190	21,907,491	28,162,285	350,818	2,801	234,350	5,267,658

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Council regulations provide limitations in the amounts that can be invested in fixed income securities maturing more than 12 months from date of purchase for finance company debt and New Jersey state and municipal general obligations. Commercial paper must mature within 270 days. Certificates of deposits and bankers acceptances are limited to a term of one year or less. The maturity of repurchase agreements shall not exceed 15 days. The investment in a guaranteed income contract is limited to a term of 10 years or less.

The following table summarizes the maturities of the fixed income portfolio at June 30, 2007 and 2006:

	Total fair value	Maturities in years: Less than 1	1 – 5	6 – 10	More than 10
June 30, 2007:					
U.S. Treasury Notes	$ 146,814,948	5,145,702	116,404,706	21,924,537	3,340,003
U.S. Treasury TIPS	41,318	—	19,560	20,281	1,477
Federal Farm Credit Banks	816,316	—	609,129	207,187	—
Federal Home Loan Mortgage	134,216,894	4,377,860	125,273,286	3,451,602	1,114,146
FNMA Debentures	563,811	—	—	—	563,811
Corporate Bond	106,140,511	2,592,287	52,412,705	37,691,077	13,444,442
Finance Company Debentures	6,958,077	4,958,025	1,184,503	130,188	685,361
FHLM Collateralized Notes	44,897,561	160,688	35,235,806	2,231,507	7,269,560
Other	35,155,805	18,084,788	14,805,145	729,497	1,536,375
Total	$ 475,605,241	35,319,350	345,944,840	66,385,876	27,955,175

	Total fair value	Maturities in years: Less than 1	1 – 5	6 – 10	More than 10
June 30, 2006:					
U.S. Treasury Notes	$ 155,613,278	9,987,685	133,220,263	7,210,141	5,195,189
U.S. Treasury TIPS	7,261	—	—	1,963	5,298
Federal Farm Credit Banks	874,375	—	874,375	—	—
Federal Home Loan Mortgage	26,065,993	—	23,586,915	1,972,074	507,004
FNMA Debentures	84,015,005	3,116,564	79,057,010	327,217	1,514,215
Corporate Bond	86,504,330	2,159,288	48,987,666	25,456,738	9,900,638
Finance Company Debentures	1,229,047	194,862	560,885	117,678	355,622
FHLM Collateralized Notes	8,048,603	—	—	189	8,048,414
GNMA	5,749,938	—	5,749,938	—	—
Other	42,962,011	705,129	34,477,112	5,464,652	2,315,118
Total	$ 411,069,841	16,163,528	326,514,164	40,550,652	27,841,498

The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the Plan and is not rated.

(4) Income Tax Status

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Plan is an eligible plan as described in Section 457 of the Internal Revenue Code. The Plan operates within the terms of the Plan and remains eligible under the applicable provisions of the Internal Revenue Code.