

FINANCIAL STATEMENTS, MANAGEMENT'S  
DISCUSSION AND ANALYSIS AND  
SUPPLEMENTAL SCHEDULE

Division of Investment  
Department of the Treasury  
State of New Jersey  
Cash Management Fund  
June 30, 2008 and 2007  
(With Independent Auditors' Report Thereon)

Division of Investment  
Department of the Treasury  
State of New Jersey

Cash Management Fund

June 30, 2008 and 2007

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## Independent Auditors' Report

The Members  
State Investment Council,  
Division of Investment,  
Department of the Treasury,  
State of New Jersey

We have audited the accompanying statement of net assets of the State of New Jersey Cash Management Fund (the Fund) managed by the Division of Investment (the Division), Department of the Treasury, State of New Jersey, as of June 30, 2008, and the related statement of changes in net assets for the year then ended. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Fund for the year ended June 30, 2007 were audited by other auditors whose report dated September 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audit 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. We were not engaged to perform an audit of the Division's internal control over financial reporting of the Fund. Our audit included 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 Division's internal control over financial reporting of the Fund. 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.

As discussed in note 1, the financial statements present only the Fund and do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2008 and 2007 and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States.

In our opinion, the 2008 financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey Cash Management Fund managed by the Division of Investment, Department of the Treasury, State of New Jersey, as of June 30, 2008, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States.

The management's discussion and analysis on pages 3 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. 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 for 2008. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements for 2008 taken as a whole. The supplementary information included in the schedule of Portfolio of Investments is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2008 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2008 basic financial statements taken as a whole.

*Ernst + Young LLP*

March 19, 2009

Division of Investment  
Department of the Treasury  
State of New Jersey  
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Management's Discussion and Analysis  
*(Unaudited)*

June 30, 2008 and 2007

**Introduction**

This section of the financial statements of The State of New Jersey Cash Management Fund (the Fund) presents our discussion and analysis of the Fund's financial position as of June 30, 2008 and 2007. Since this discussion and analysis is designed to focus on current activities, it should be read in conjunction with the Fund's basic financial statements, which follow this section.

**Financial Statements**

The Fund's basic financial statements include statements of net assets and statements of changes in net assets, which have been presented in accordance with accounting principles generally accepted in the U.S. as applicable to governmental entities.

The statements of net assets provide information on the financial position of the Fund at year-end. The statements of changes in net assets present the results of investment activities during the fiscal year. The notes to the financial statements offer additional discussion that is essential to the full understanding of the data presented in the financial statements. The notes give more detail about accounting policies, significant account balances and activities, material risks, obligations, contingencies and subsequent events, if any. The financial statements and related notes are prepared in accordance with Governmental Accounting Standards Board principles as applicable to governmental entities.

**Statements of Net Assets**

The statements of net assets present the assets, liabilities and net assets (assets minus liabilities) of the Fund as of the end of the fiscal year and are point in time financial statements.

The statements of net assets are comprised of the following major components:

<i>(in millions)</i>	<b>June 30</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Assets:</b>			
Investments, at fair value	\$ 18,793	\$ 19,846	\$ 17,413
Interest receivable	23	80	42
Total assets	<u>18,816</u>	<u>19,926</u>	<u>17,455</u>
<b>Liabilities:</b>			
Accrued expenses	1	1	—
Net assets	<u>\$ 18,815</u>	<u>\$ 19,925</u>	<u>\$ 17,455</u>

### Statements of Changes in Net Assets

Changes in net assets from year to year are presented in the statement of changes in net assets. The purpose of this statement is to present the net investment income earned by the Fund as well as the contributions of and distributions to participants. A summary follows:

<i>(in millions)</i>	<b>Year ended June 30</b>		
	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net investment income	\$ 766	\$ 915	\$ 675
Administrative expenses and reserve fund fees	(7)	(6)	(5)
Net earnings distributed to participants	(759)	(910)	(669)
(Decrease) increase in net assets from unit transactions	<u>(1,110)</u>	<u>2,471</u>	<u>2,946</u>
(Decrease) increase in net assets	(1,110)	2,470	2,947
Net assets, beginning of year	<u>19,925</u>	<u>17,455</u>	<u>14,508</u>
Net assets, end of year	<u>\$ 18,815</u>	<u>\$ 19,925</u>	<u>\$ 17,455</u>

During the fiscal year ended June 30, 2008, net assets decreased by \$1.1 billion, or 5.57%, primarily due to net participant withdrawals. Net investment income of \$766 million was comprised primarily of \$433 million of interest income and net realized gains of \$380 million. These gains were partially offset by a decrease in the fair value of the underlying portfolio (net depreciation in fair value of investments) of \$47.4 million. The average daily rate of return was 4.11% for State participants and 3.97% for Other-than-State participants. These returns are lower than those returned in the fiscal year June 30, 2007, due to lower short term market rates available in the marketplace resulting from the Federal Reserve's easing of short term rates.

During the fiscal year ended June 30, 2007, net assets increased by \$2.5 billion, or 14.2%, primarily due to net participant deposits. Net investment income of \$915 million was comprised of \$444 million of interest income and an increase in the fair value of the underlying portfolio (net appreciation in the fair value of investments) of \$471 million. This appreciation occurs primarily because certain forms of money market investments are sold at a discount in lieu of having a stated interest rate; the difference between the purchase price and the amount received at maturity is essentially equivalent to interest earnings on the investment. The average daily rate of return of 5.25% for State participants and 5.14% for Other-than-State participants was reflective of continued higher short-term rates available in the marketplace as compared to the returns for the fiscal year ended June 30, 2006 discussed below.

During the fiscal year ended June 30, 2006, net assets increased by \$2.9 billion, or 20.3%, primarily due to net participant deposits. Net investment income of \$675 million was comprised of \$333 million of interest income and an increase in the fair value of the underlying portfolio (net appreciation in fair value of investments) of \$342 million. The average daily rate of return was 4.16% for State participants and 4.06% for Other-than-State participants.

During fiscal 2006, the Fund's reserve fund was restructured pursuant to the State of New Jersey Appropriations Act for fiscal year 2005-2006. Pursuant to the restructuring plan, \$12 million was released to the General Fund of the State of New Jersey. The State of New Jersey obtained a financial guaranty insurance policy in the amount of \$12 million to reimburse the Fund for the portion of any default attributed to non-State participants, with a policy expiration date of July 1, 2016. The policy requires that a minimum of \$16 million in cash and liquid investments be held in the Reserve Fund and utilized prior to any drawing on the policy. The State of New Jersey has agreed to reimburse the policy issuer for any amounts drawn under the policy within two years of the date of such drawing, subject to and dependent upon an appropriation being made by the Legislature.

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Statements of Net Assets

June 30, 2008 and 2007

	<b>2008</b>	<b>2007</b>
<b>Assets:</b>		
Cash	\$ 439	\$ 560
Interest receivable	22,727,072	80,369,095
Other receivables	—	5,170
Investments, at fair value	18,792,952,319	19,845,266,526
Total assets	18,815,679,830	19,925,641,351
<b>Liabilities:</b>		
Accrued expenses	478,628	554,136
Undistributed participants income	161,107	—
Total liabilities	639,735	554,136
Net assets	\$ 18,815,040,095	\$ 19,925,087,215

*See accompanying notes to financial statements.*

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Statements of Changes in Net Assets

Years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Additions:		
Net investment income:		
Interest	\$ 433,344,669	\$ 444,540,730
Net appreciation in fair value of investments	332,619,662	470,556,476
Net investment income	<u>765,964,331</u>	<u>915,097,206</u>
Deductions:		
Administrative expenses and reserve fund fees	7,275,377	5,563,900
Net earnings distributed to participants	758,297,856	909,958,225
Total deductions	<u>765,573,233</u>	<u>915,522,125</u>
Unit transactions:		
State participants:		
Deposits	45,087,937,766	47,443,398,161
Reinvestment of distributions	558,700,599	648,306,902
Cost of units redeemed	(47,673,542,518)	(44,332,170,082)
	<u>(2,026,904,153)</u>	<u>3,759,534,981</u>
Other-than-State participants:		
Deposits	12,437,222,814	7,717,989,773
Reinvestment of distributions	206,801,750	267,214,300
Cost of units redeemed	(11,727,558,629)	(9,274,009,329)
	<u>916,465,935</u>	<u>(1,288,805,256)</u>
(Decrease) increase in net assets resulting from unit transactions	<u>(1,110,438,218)</u>	<u>2,470,729,725</u>
(Decrease) increase in net assets	(1,110,047,120)	2,470,304,806
Net assets as of beginning of year	<u>19,925,087,215</u>	<u>17,454,782,409</u>
Net assets as of end of year	<u>\$ 18,815,040,095</u>	<u>\$ 19,925,087,215</u>

*See accompanying notes to financial statements.*

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Notes to Financial Statements

June 30, 2008 and 2007

**1. Organization**

The Division of Investment, Department of the Treasury, State of New Jersey (the Division) manages and invests certain assets of various funds, divisions, agencies and employees of the State of New Jersey in various groups of funds, such as the Cash Management Fund and the Pension Fund. The accompanying financial statements represent the State of New Jersey Cash Management Fund (the Fund) which is available on a voluntary basis for investment by State and certain “Other-than-State” participants. “Other-than-State” participants include counties, municipalities and school districts, and the agencies or authorities created by any of these entities. The Fund is considered to be an investment trust fund as defined in Governmental Accounting Standards Board (GASB) Statement No. 34. The operations of this Fund are governed by the provisions of State Investment Council Regulations for the purpose of determining authorized investments for the Fund.

The Fund is not a legally separate entity within the State of New Jersey; however, the assets managed by the Division are included in the financial statements of the State.

The accompanying financial statements present only the Fund and do not purport to, and do not present fairly the financial position of the State of New Jersey as of June 30, 2008 and 2007, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States.

**2. Summary of Significant Accounting Policies**

***Measurement Focus and Basis of Accounting***

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues (additions) are recorded when earned and expenses (deductions) are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

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Notes to Financial Statements (continued)

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

***Valuation of Investments***

Investments are reported at fair value as follows:

- Money Market Instruments (including short-term U.S. Government and Agency obligations) – amortized cost which approximates fair value.
- Other U.S. Government and Agency and Corporate obligations – prices quoted by a major dealer in such securities.

***Investment Transactions***

Investment transactions are accounted for on a trade date basis. Gains and losses from investment transactions are determined by the first in, first out method. Interest income is recorded on the accrual basis.

***Administrative Expenses***

Expenses of the Fund are paid by the Department of the Treasury of the State of New Jersey and are partially offset by the administrative expense fees collected from the “Other-than-State” participants (see note 7). No operating expenses are allocated to the Fund.

**3. Investments**

New Jersey state statute provides for a State Investment Council (Council) and a Director. Investment authority is vested in the Director of the Division and the role of the Council is to formulate investment policies. The Council issues regulations which establish guidelines for permissible investments which include obligations of the U.S. Treasury, government agencies, corporations, finance companies and banks, commercial paper, certificates of deposit, repurchase agreements, bankers acceptances and money market funds.

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Notes to Financial Statements (continued)

**3. Investments**

The Fund's investments as of June 30 are as follows:

	<u>2008</u>	<u>2007</u>
U.S. Government and Agency obligations	\$ 7,084,931,535	\$ 8,547,627,435
Certificates of deposit	8,115,490,000	7,373,016,653
Commercial paper	3,444,981,697	3,429,850,922
Finance company debt	39,932,800	163,885,714
Corporate bonds	107,616,287	296,073,948
Canadian obligations	—	34,811,854
	<u>\$ 18,792,952,319</u>	<u>\$ 19,845,266,526</u>

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

Custodial credit risk, as it relates to investments, is the risk that in the event of the failure of the counterparty to a transaction, the Fund will not be able to recover the value of investment or collateral securities that are in the possession of the third party. The Fund's investment securities are not exposed to custodial credit risk as they are held in segregated trust accounts in the name of the Fund with the custodians.

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 measured 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 on the amount that can be invested in U.S. Treasury and government agency obligations. Council regulations require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue.

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Notes to Financial Statements (continued)

**3. Investments (continued)**

These limits for the period from July 1, 2006 through September 4, 2006 were as follows:

<u>Category</u>	<u>Minimum rating (1)</u>		<u>Limitation of issuer's outstanding debt</u>	<u>Limitation of issue</u>	<u>Other limitations</u>
	<u>Moody's</u>	<u>S&amp;P</u>			
Corporate obligations	Baa	BBB	25%	25%	None
U.S. finance company debt and bank debentures	A	A	10%	10%	None
Commercial paper	P-1	A-1	N/A	N/A	None
Certificates of deposit and Banker's acceptances (rating applies to international)	Aa/P-1	N/A	N/A	N/A	Uncollateralized certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
Money market funds	N/A	N/A	N/A	N/A	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

(1) Short-term ratings (e.g. P-1, A-1) are used for commercial paper and certificates of deposit.

N/A – Not applicable

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Notes to Financial Statements (continued)

**3. Investments (continued)**

Commencing September 5, 2006, the following limits were effective:

Category	Minimum rating (1)			Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
	Moody's	S&P	Fitch			
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund can be invested in one corporation
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	None
Commercial paper	P-1	A-1	F-1	N/A	N/A	None
Certificates of deposit and Banker's acceptances						
Domestic	A3/P-1	A-/A-1	A-/F-1			Certificates of deposit and banker's acceptances cannot exceed 10% of issuer's primary capital
International	Aa3/P-1	AA-/A-1	AA-/F-1	N/A	N/A	
Collateralized notes and mortgages	Baa3	BBB-	BBB-	N/A	25%	Not more than 5% of fund can be invested in one issue; Not more than 10% of fund can be invested in this security
Canadian obligations	Aa3	AA-	AA-	25%	Greater of 25% or \$10 million	Must be denominated in U.S. dollars; Not more than 1% of fund can be invested in one issuer
Money market funds	N/A	N/A	N/A	N/A	N/A	Not more than 10% of fund assets can be invested in money market funds; limited to 5% of shares or units outstanding

(1) Short-term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

N/A – Not applicable

In addition, the Division sets individual issuer limits for commercial paper, certificates of deposit and other investments.

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Notes to Financial Statements (continued)

**3. Investments (continued)**

For securities exposed to credit risk in the fixed income portfolio, the following tables disclose aggregate market value, by major credit quality rating category:

<b>June 30, 2008</b> (000's)	(000's)			
	<b>Moody's rating (1)</b>			
	<b>Aaa</b>	<b>Aa</b>	<b>A</b>	<b>P1</b>
U.S. Treasury bills	\$ 4,776,660	\$ —	\$ —	\$ —
U.S. Treasury notes	210,152	—	—	—
Federal Farm Credit Bank	19,534	—	—	—
Federal Home Loan Bank	729,699	—	—	—
Federal Home Loan Mortgage Corp.(2)	747,782	—	—	—
Federal National Mortgage Assoc.(2)	578,145	—	—	—
Housing Urban Development	22,959	—	—	—
Commercial paper – interest	—	—	—	719,472
Commercial paper – discount	—	—	—	2,525,794
Government of Canada discounted paper	—	—	—	199,716
Certificates of deposit	—	—	—	8,115,490
Corporate Bonds	30,020	30,044	47,552	—
Finance company debt	—	—	39,933	—
	<u>\$ 7,114,951</u>	<u>\$ 30,044</u>	<u>\$ 87,485</u>	<u>\$ 11,560,472</u>

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Notes to Financial Statements (continued)

**3. Investments (continued)**

June 30, 2007 (000's)	(000's)			
	Moody's rating (1)			
	Aaa	Aa	A	P1
U.S. Treasury bills	\$ 6,101,751	\$ —	\$ —	\$ —
U.S. Treasury notes	230,549	—	—	—
Federal Home Loan Mortgage Corp.(2)	1,471,936	—	—	—
Federal National Mortgage Assoc.(2)	743,391	—	—	—
Commercial paper – interest	—	—	—	422,487
Commercial paper – discount	—	—	—	3,007,364
Certificates of deposit	—	—	—	7,373,017
Finance company debt	24,808	60,011	79,066	—
Corporate bonds	—	100,003	196,071	—
Canadian obligations	—	34,812	—	—
	<u>\$ 8,572,435</u>	<u>\$ 194,826</u>	<u>\$ 275,137</u>	<u>\$ 10,802,868</u>

(1) Short-term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

(2) These securities are not individually rated. The U.S. government sponsored enterprises which issue and guarantee these securities have issuer ratings of Aaa by Moody's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Council regulations provide that the maturities of corporate obligations, finance company debt and bank debentures must be twenty-five months or less. Not more than five percent of the Fund can be invested in finance company debt or bank debentures maturing more than twelve months from purchase. Certificates of deposits and bankers acceptances are limited to a term of one year or less. Commercial paper maturities cannot exceed 270 days. The maturity of repurchase agreements cannot exceed 30 days.

All investments held in the portfolio at June 30, 2008 mature within one year.

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Notes to Financial Statements (continued)

**4. Accrued Expenses**

Accrued expenses as of June 30, 2008 and 2007 are comprised of the following:

	<b>2008</b>		<b>2007</b>
Administrative expenses	\$ 254,672	\$	211,437
Reserve fund fee	223,956		342,699
Undistributed participants income	161,107		—
	\$ 639,735	\$	554,136

**5. Units Outstanding**

In accordance with State Investment Council Regulations, units of ownership in the Fund may be purchased or redeemed on any business day (excluding State holidays) at the unit cost or value of \$1.00. Investment income and net realized gains and losses on investments are distributed daily in the form of additional whole units at the current day's net asset value. Fractional units are included in the succeeding day's distribution.

The Fund values participants' shares on an amortized cost basis. Specifically, the Fund distributes income to participants on a daily basis based on (1) realized investment gains and losses calculated on an amortized cost basis (and added to the Reserve Fund for the pro-rata portion of such gains attributable to "Other-than-State" participants), (2) interest income based on stated rates, (3) amortization of discounts and premiums on a straight-line basis and (4) administrative and reserve fund fees charged only to "Other-than-State" participants.

As of June 30, 2008 and 2007, there were 18,814,947,732 and 19,925,433,698 units outstanding at a fair value per unit of \$1.000004909 and \$0.999982611, respectively.

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Notes to Financial Statements (continued)

**6. Net Assets**

Net assets as of June 30, 2008 and 2007 consist of the following:

	2008	2007
State participants	\$ 13,635,668,689	\$ 15,662,620,935
“Other-than-State” participants	5,179,279,042	4,262,812,764
Undistributed and net unrealized gain (loss)	92,364	(346,484)
	\$ 18,815,040,095	\$ 19,925,087,215

**7. Reserve for Investment Losses and Administrative Expense Fund**

“Other-than-State” participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them for the Administrative Expense Fund. This fund is used to reimburse the State of New Jersey for administrative and custodial fees of the Fund.

In addition, “Other-than-State” participants contribute one twentieth of one percent (0.05%) per year of the value of the aggregate units owned by them to a Reserve Fund. These contributions are supplemented by the proportionate share of “Other-than-State” participants in any gain on investment transactions realized in the Fund. State Investment Council Regulations provide that the Reserve Fund will be charged, to the extent that funds are available, with the proportionate share of the “Other-than-State” participants in (a) any loss occasioned by the bankruptcy of an issuer of an investment held by the Fund and (b) any loss realized upon the sale of an investment by the Fund. These amounts are reinvested and participate in the Fund.

During the fiscal years ended June 30, 2002 and June 30, 2006, the Reserve Fund was restructured pursuant to the State of New Jersey Appropriations Acts for fiscal years 2001-2002 and 2005-2006. Pursuant to these restructuring plans, investments in the amount of \$72 million and \$12 million in fiscal 2002-2003 and 2006, respectively, were released to the General Fund of the State of New Jersey. As of June 30, 2002, the State of New Jersey obtained a financial

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Notes to Financial Statements (continued)

**7. Reserve for Investment Losses and Administrative Expense Fund (continued)**

guaranty insurance policy in the amount of \$72 million, with a policy expiration date of December 1, 2012. The policy requires that a minimum of \$13 million be held in the Reserve Fund and utilized prior to any drawing on the policy. The State of New Jersey obtained a second financial guaranty insurance policy as of June 30, 2007 in the amount of \$12 million, with a policy expiration date of July 1, 2016. The second policy requires that a minimum of \$16 million in cash and liquid investments be held in the Reserve Fund and utilized prior to any drawing on the policy. The State of New Jersey has agreed to reimburse the policy issuer for any amounts drawn under the policies within two years of the date of such drawing, subject to and dependent upon an appropriation being made by the Legislature.

As of June 30, 2008, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$29,081,731 and \$2,543,788, respectively. As of June 30, 2007, the cost basis of the amounts held as reserves for investment losses and administrative expenses, included in the accompanying financial statements, were \$23,293,860 and \$2,584,608, respectively.

**8. Subsequent Event**

Due to unprecedented disruptions in the markets for short-term securities since the ending date of these financial statements on June 30, 2008, the current Fund holdings as well as the internal policies regarding investments of the Fund have changed. In particular, the percentage of Fund assets invested in securities issued by the U.S. Government and various U.S. Government agencies has increased significantly. For the most current unaudited holdings of the Fund, please refer to the Division's web site at [www.state.nj.us/treasury/doinvest/](http://www.state.nj.us/treasury/doinvest/).

## Supplemental Schedule

Division of Investment  
 Department of the Treasury  
 State of New Jersey  
 Cash Management Fund

Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
<b>United States Government Obligations:</b>		
U.S. Treasury Bills:		
1.340% due July 17, 2008	\$ 100,000,000	\$ 99,937,000
1.675% due July 17, 2008	176,000,000	175,889,120
1.310% due July 31, 2008	65,000,000	64,909,650
1.380% due July 31, 2008	33,489,000	33,442,450
1.380% due July 31, 2008	40,000,000	39,944,400
1.378% due August 7, 2008	100,000,000	99,825,000
1.415% due August 7, 2008	41,078,000	41,006,113
1.385% due August 7, 2008	100,000,000	99,825,000
1.700% due August 7, 2008	150,000,000	149,737,500
1.423% due August 14, 2008	35,000,000	34,926,150
1.650% due August 14, 2008	100,000,000	99,789,000
1.817% due August 14, 2008	60,000,000	59,873,400
1.815% due August 21, 2008	100,000,000	99,755,000
1.265% due August 28, 2008	53,000,000	52,852,130
1.525% due September 4, 2008	200,000,000	199,378,000
1.500% due September 4, 2008	90,000,000	89,720,100
1.423% due September 4, 2008	116,500,000	116,137,685
1.473% due September 4, 2008	100,000,000	99,689,000
1.835% due September 18, 2008	155,000,000	154,390,850
1.835% due September 18, 2008	100,000,000	99,607,000
1.833% due September 18, 2008	100,000,000	99,607,000
1.856% due September 18, 2008	100,000,000	99,607,000
1.861% due September 18, 2008	100,000,000	99,607,000
1.860% due September 18, 2008	100,000,000	99,607,000
1.858% due September 18, 2008	100,000,000	99,607,000
1.861% due September 18, 2008	100,000,000	99,607,000
1.865% due September 25, 2008	100,000,000	99,588,000
1.370% due October 9, 2008	100,000,000	99,603,300
1.382% due October 9, 2008	100,000,000	99,603,300
1.532% due October 9, 2008	100,000,000	99,603,300
1.450% due October 16, 2008	100,000,000	99,456,000
1.620% due October 16, 2008	100,000,000	99,456,000
1.625% due October 16, 2008	200,000,000	198,912,000
1.655% due October 23, 2008	200,000,000	198,834,000
1.680% due October 23, 2008	80,000,000	79,533,600
2.101% due November 6, 2008	60,000,000	59,579,400
2.120% due November 13, 2008	100,000,000	99,247,000
2.140% due November 20, 2008	100,000,000	99,203,000
1.942% due December 4, 2008	75,000,000	74,325,000
1.940% due December 4, 2008	15,000,000	14,865,000
1.940% due December 4, 2008	2,750,000	2,725,250
2.125% due December 4, 2008	100,000,000	99,100,000
2.196% due December 4, 2008	63,000,000	62,433,000
2.198% due December 11, 2008	150,000,000	148,572,000
2.217% due December 18, 2008	150,000,000	148,518,000
2.175% due December 18, 2008	92,550,000	91,635,606
2.070% due June 4, 2009	225,000,000	220,194,000
2.465% due June 4, 2009	75,000,000	73,398,000
	4,803,367,000	4,776,661,304
U.S. Treasury Notes:		
4.875% due October 31, 2008	208,200,000	210,151,875
	208,200,000	210,151,875

Division of Investment  
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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
<b>Commercial Paper Interest:</b>		
American Express Corp.		
2.380% due July 14, 2008	\$ 82,000,000	\$ 82,000,000
2.380% due July 16, 2008	77,000,000	77,000,000
2.360% due July 25, 2008	15,785,000	15,785,000
2.390% due July 31, 2008	83,000,000	83,000,000
Citigroup Funding:		
2.420% due July 11, 2008	50,000,000	50,000,000
2.470% due July 14, 2008	110,000,000	110,000,000
2.500% due July 21, 2008	140,000,000	140,000,000
General Electric Capital Services:		
2.140% due July 7, 2008	109,187,000	109,187,000
Prudential Funding:		
2.180% due July 18, 2008	52,500,000	52,500,000
Government of Canada Commerical Paper:		
3.200% due July 17, 2008	200,000,000	199,715,556
	<u>919,472,000</u>	<u>919,187,556</u>
<b>Government Agency Commerical Paper Discount:</b>		
Federal Farm Credit:		
2.230% due May 12, 2009	20,000,000	19,534,000
	<u>20,000,000</u>	<u>19,534,000</u>
Federal Home Loan Bank Corp:		
2.090% due July 9, 2008	11,000,000	10,994,500
2.195% due July 9, 2008	54,000,000	53,973,000
2.260% due August 15, 2008	120,000,000	119,664,000
2.070% due August 18, 2008	31,400,000	31,305,800
2.070% due August 20, 2008	40,000,000	39,876,000
2.200% due August 20, 2008	63,200,000	63,004,080
2.340% due September 12, 2008	100,000,000	99,530,000
2.140% due October 1, 2008	109,000,000	108,324,200
2.105% due October 3, 2008	61,000,000	60,615,700
2.520% due November 17, 2008	30,000,000	29,712,000
2.520% due December 9, 2008	54,000,000	53,395,200
2.600% due December 15, 2008	60,000,000	59,304,000
	<u>733,600,000</u>	<u>729,698,480</u>

Division of Investment  
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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
<b>Commercial Paper Discount:</b>		
AT & T Inc.:		
2.220% due July 7, 2008	\$ 23,490,000	\$ 23,481,309
2.210% due July 7, 2008	58,500,000	58,478,355
2.210% due July 7, 2008	72,010,000	71,983,356
Abbot Labs Discount:		
2.100% due July 7, 2008	45,500,000	45,484,075
BNP Paribas Financial:		
2.500% due July 1, 2008	32,790,000	32,790,000
Cargill Inc.:		
2.400% due July 23, 2008	35,000,000	34,948,667
2.480% due July 24, 2008	50,000,000	49,920,778
2.450% due July 29, 2008	65,000,000	64,876,139
Caterpillar Financial:		
2.150% due July 1, 2008	29,000,000	29,000,000
2.150% due July 2, 2008	46,500,000	46,497,223
2.150% due July 8, 2008	38,500,000	38,483,905
2.150% due July 14, 2008	86,000,000	85,933,231
Danske Corp.:		
2.450% due July 10, 2008	64,000,000	63,960,800
2.470% due July 16, 2008	120,950,000	120,825,522
2.500% due July 28, 2008	23,050,000	23,006,781
2.595% due July 30, 2008	57,000,000	56,880,846
HSBC Finance Corp.:		
2.350% due July 14, 2008	166,000,000	165,859,131
2.350% due July 14, 2008	34,000,000	33,971,147
ING American Insurance:		
2.400% due July 18, 2008	70,000,000	69,920,667
ING (US) Funding:		
2.500% due July 1, 2008	44,600,000	44,600,000
2.370% due July 3, 2008	48,000,000	47,993,680
2.340% due July 9, 2008	75,600,000	75,560,688
JP Morgan Chase Co.:		
2.300% due July 21, 2008	35,000,000	34,955,278
Johnson & Johnson:		
2.230% due July 14, 2008	25,000,000	24,979,868
2.380% due July 16, 2008	53,075,000	53,022,367
Kredietbank NA:		
2.440% due August 1, 2008	25,000,000	24,947,472
Lehman Brothers:		
2.800% due July 1, 2008	30,000,000	30,000,000
2.740% due July 11, 2008	60,000,000	59,954,333
2.750% due July 11, 2008	70,000,000	69,946,722

Division of Investment  
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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
Metlife Inc.:		
2.150% due July 14, 2008	\$ 62,336,000	\$ 62,287,603
Nordea N.A. Inc.:		
2.540% due July 9, 2008	9,000,000	8,994,920
Private Export Funding:		
2.130% due July 2, 2008	21,000,000	20,998,757
2.190% due July 21, 2008	50,000,000	49,939,167
San Paolo :		
2.390% due July 1, 2008	53,000,000	53,000,000
2.545% due July 11, 2008	33,300,000	33,276,459
2.600% due July 11, 2008	5,005,000	5,001,385
Swedbank:		
2.600% due July 24, 2008	50,000,000	49,916,944
2.630% due July 24, 2008	30,000,000	29,950,167
2.540% due July 28, 2008	67,000,000	66,872,365
Toyota Motor:		
2.200% due July 7, 2008	14,000,000	13,994,867
2.350% due August 1, 2008	300,000,000	299,392,917
Wells Fargo:		
2.250% due July 7, 2008	162,000,000	161,939,250
2.300% due July 7, 2008	33,000,000	32,987,625
2.300% due July 7, 2008	55,000,000	54,979,375
	2,528,206,000	2,525,794,141
<b>United States Government Agency Obligations:</b>		
Federal Home Loan Mortgage Corp:		
2.080% due July 1, 2008	124,767,000	124,767,000
2.100% due July 25, 2008	74,417,000	74,312,816
2.210% due September 2, 2008	74,500,000	74,633,355
2.210% due September 2, 2008	100,000,000	100,179,000
2.080% due September 8, 2008	101,927,000	101,468,329
2.120% due September 8, 2008	50,000,000	49,775,000
2.121% due September 12, 2008	98,000,000	97,539,400
2.080% due October 20, 2008	26,000,000	25,833,080
2.090% due November 3, 2008	100,000,000	99,274,000
	749,611,000	747,781,980
Federal National Mortgage Association:		
2.100% due July 9, 2008	25,583,000	25,570,209
2.050% due August 1, 2008	50,000,000	49,905,000
2.050% due September 5, 2008	100,000,000	99,624,000
2.050% due September 5, 2008	24,000,000	23,909,760
2.050% due September 10, 2008	150,000,000	149,310,000
2.350% due September 17, 2008	60,000,000	59,694,000
2.100% due October 1, 2008	32,000,000	31,801,600
2.010% due October 1, 2008	50,000,000	49,690,000
2.050% due October 8, 2008	75,000,000	74,577,000
2.070% due October 22, 2008	14,155,000	14,062,992
	580,738,000	578,144,561

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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
<b>Industrial Bonds:</b>		
Abbott Laboratories: 3.500% due February 17, 2009	\$ 10,000,000	\$ 10,013,500
Berkshire Hathaway: 3.375% due October 15, 2008	30,000,000	30,020,400
McDonald Corp.: 5.350% due September 15, 2008	37,500,000	37,538,887
Procter & Gamble: 4.300% due August 15, 2008	30,000,000	30,043,500
	107,500,000	107,616,287
<b>Finance Company Debt:</b>		
Lehman Brothers: 3.500% due August 7, 2008	40,000,000	39,932,800
	40,000,000	39,932,800
<b>Certificates of Deposit:</b>		
Abbey National: 2.490% due August 22, 2008	221,500,000	221,500,000
Allied Irish Bank: 2.650% due July 3, 2008	150,000,000	150,000,000
2.650% due July 3, 2008	50,000,000	50,000,000
2.600% due July 8, 2008	50,000,000	50,000,000
BNP Paribas: 2.790% due July 1, 2008	125,000,000	125,000,000
2.400% due July 14, 2008	37,990,000	37,990,000
2.430% due July 28, 2008	20,000,000	20,000,000
2.610% due August 13, 2008	72,000,000	72,000,000
2.710% due September 12, 2008	45,000,000	45,000,000
Banco Bilbao Vizcaya Argentaria S.A.: 2.390% due July 1, 2008	99,000,000	99,000,000
2.400% due July 7, 2008	126,000,000	126,000,000
2.480% due July 21, 2008	125,000,000	125,000,000
Bank of America: 2.570% due September 3, 2008	125,000,000	125,000,000
2.570% due September 5, 2008	250,000,000	250,000,000
Bank of Ireland: 2.690% due July 7, 2008	121,800,000	121,800,000
2.660% due August 27, 2008	60,000,000	60,000,000
2.690% due September 3, 2008	100,000,000	100,000,000
2.670% due September 5, 2008	43,200,000	43,200,000
Bank of Montreal: 2.300% due August 20, 2008	80,000,000	80,000,000
2.760% due September 10, 2008	70,000,000	70,000,000

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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
Bank of Nova Scotia:		
2.690% due July 3, 2008	\$ 50,000,000	\$ 50,000,000
2.620% due August 18, 2008	75,000,000	75,000,000
2.600% due September 2, 2008	40,000,000	40,000,000
2.740% due September 18, 2008	60,000,000	60,000,000
Bank of Scotland:		
2.620% due July 17, 2008	147,000,000	147,000,000
2.640% due August 25, 2008	153,000,000	153,000,000
Barclays Bank:		
2.700% due August 26, 2008	36,000,000	36,000,000
2.530% due August 27, 2008	79,000,000	79,000,000
Branch Bank & Trust:		
2.480% due July 11, 2008	250,000,000	250,000,000
Calyon Yankee:		
2.540% due September 3, 2008	15,000,000	15,000,000
Calyon Yankee:		
2.350% due July 8, 2008	40,000,000	40,000,000
2.550% due September 5, 2008	30,000,000	30,000,000
2.750% due September 16, 2008	190,000,000	190,000,000
Credit Industrial:		
2.850% due September 17, 2008	75,000,000	75,000,000
2.920% due September 23, 2008	130,000,000	130,000,000
2.920% due September 24, 2008	75,000,000	75,000,000
2.900% due September 24, 2008	20,000,000	20,000,000
Deutsche Bank:		
2.180% due July 10, 2008	160,000,000	160,000,000
Dresdner:		
2.250% due July 10, 2008	130,000,000	130,000,000
2.600% due August 15, 2008	45,000,000	45,000,000
Fortis Bank of NY:		
2.760% due July 2, 2008	75,000,000	75,000,000
2.620% due August 27, 2008	27,000,000	27,000,000
2.670% due August 29, 2008	150,000,000	150,000,000
Intesa San Paolo:		
2.500% due July 22, 2008	52,500,000	52,500,000
2.650% due September 5, 2008	104,500,000	104,500,000
Lloyds Bank TSB:		
2.400% due July 22, 2008	135,000,000	135,000,000
Natixis:		
2.580% due July 14, 2008	55,000,000	55,000,000
2.580% due July 15, 2008	150,000,000	150,000,000
2.720% due September 9, 2008	50,000,000	50,000,000
2.850% due September 17, 2008	45,000,000	45,000,000
Nordea Bank Finland:		
2.510% due September 3, 2008	105,000,000	105,000,000

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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
Nordea Finland NY:		
2.390% due July 21, 2008	\$ 67,600,000	\$ 67,600,000
Rabobank Nederland:		
2.340% due July 1, 2008	170,000,000	170,000,000
2.365% due July 2, 2008	96,500,000	96,500,000
2.380% due July 18, 2008	70,000,000	70,000,000
2.465% due July 22, 2008	26,500,000	26,500,000
2.600% due August 1, 2008	137,000,000	137,000,000
Regions Bank :		
2.540% due August 12, 2008	85,000,000	85,000,000
2.750% due September 23, 2008	115,000,000	115,000,000
Royal Bank of Canada:		
2.300% due July 22, 2008	100,000,000	100,000,000
2.600% due September 2, 2008	160,000,000	160,000,000
Royal Bank of Scotland:		
2.630% due September 5, 2008	25,000,000	25,000,000
2.770% due September 12, 2008	100,000,000	100,000,000
Societe Generale:		
2.700% due August 5, 2008	45,000,000	45,000,000
2.800% due September 5, 2008	100,000,000	100,000,000
2.800% due September 8, 2008	30,000,000	30,000,000
Sun Trust Bank ATL:		
2.400% due July 9, 2008	200,000,000	200,000,000
Svenska Handelsbanken:		
2.630% due July 8, 2008	200,000,000	200,000,000
2.550% due September 5, 2008	100,000,000	100,000,000
Swedbank NY CTF:		
2.800% due September 15, 2008	53,000,000	53,000,000
Toronto Dominion:		
2.600% due August 29, 2008	100,000,000	100,000,000
2.600% due September 3, 2008	300,000,000	300,000,000
UBS Yankee:		
2.655% due July 7, 2008	71,000,000	71,000,000
2.600% due July 14, 2008	86,000,000	86,000,000
2.560% due July 16, 2008	43,000,000	43,000,000
2.860% due September 25, 2008	50,000,000	50,000,000
Unicredito Italiano:		
2.880% due August 29, 2008	200,000,000	200,000,000
Union Bank of California:		
2.640% due July 8, 2008	55,000,000	55,000,000
2.550% due July 9, 2008	25,000,000	25,000,000
2.620% due September 5, 2008	18,500,000	18,500,000
2.750% due September 15, 2008	101,500,000	101,500,000

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Portfolio of Investments

June 30, 2008

Description	Principal amount	Fair value
Westpac Banking Co.:		
2.530% due August 25, 2008	\$ 255,000,000	\$ 255,000,000
2.680% due September 12, 2008	45,000,000	45,000,000
Wilmington Trust:		
2.740% due September 5, 2008	109,400,000	109,400,000
2.860% due September 24, 2008	55,000,000	55,000,000
	8,115,490,000	8,115,490,000
Housing Urban Development:		
5.830% due August 1, 2008	22,895,000	22,959,335
	22,895,000	22,959,335
 Total	 \$ 18,829,079,000	 \$ 18,792,952,319
 Total fair value of investments		 \$ 18,792,952,319
Total cost of investments		<u>18,769,699,866</u>
Net unrealized gain		<u>\$ 23,252,453</u>