KPMG

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Financial Statements and Schedules

June 30, 2009

(With Independent Auditors' Report Thereon)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

June 30, 2009

Table of Contents

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

Independent Auditors' Report

Office of Legislative Services
Office of the State Auditor
State of New Jersey:

We have audited the accompanying financial statements of the State of New Jersey Division of Pensions and Benefits (the Division) as of and for the year ended June 30, 2009, which collectively comprise the Division's basic financial statements as listed in the accompanying table of contents. 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.

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. 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 Division'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 audit provides a reasonable basis for our opinion.

As discussed in note 1, the financial statements of the Division are intended to present the financial position and the changes in financial position of the State that is attributable to the transactions of the Division. They do not purport to, and do not, present fairly the financial position of the State of New Jersey as of June 30, 2009 and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the State of New Jersey Division of Pensions and Benefits as of June 30, 2009, and the changes in plan net assets for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's Discussion and Analysis and the supplementary information included in the schedule of funding progress and schedule of employer contributions (schedules 1 and 2) are not a required part of the basic financial statements but are 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedules 3 through 17 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

KPMG LLP

February 26, 2010

Our discussion and analysis of the financial performance of the fiduciary funds (the Funds) administered by the Division of Pensions and Benefits (the Division) provides an overview of the Funds' financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

Chapter 103, P.L. 2007, created the State Health Benefit Program Fund (SHBP) – Education. Accordingly, starting this fiscal year, SHBP will be presented with three components: State, Local and Education. As a result of the implementation of this legislation, $466,467,328 is reported as a local employer deduction and as an education employer addition. These interfund transactions have been eliminated in the accompanying financial statements.

Financial Highlights

Fiduciary Funds-Pension Trust and Health Benefit Program Funds

- Fiduciary net assets decreased by $15.9 billion as a result of this year's operations from $85.8 billion to $69.9 billion.
- Additions for the year are negative $4.9 billion, which are comprised of member and employer pension contributions of $7.4 billion and an investment loss of $12.3 billion.
- Deductions for the year are $11.0 billion, which are comprised of benefit and refund payments of $10.9 billion and administrative expenses of $50.8 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 fund financial statements and 2) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Division uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Fiduciary Funds

Fiduciary funds are used to account for the assets that the Division holds on behalf of others as their agent. Fiduciary funds are custodial in nature and do not involve measurement of results of operations.

The Division administers seventeen fiduciary funds: eleven pension trust funds, three health benefit program funds, and three agency funds. The basic fiduciary fund financial statements consist of the statement of fiduciary net assets and the statement of changes in fiduciary net assets.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes information regarding the funding status of the pension trust and health benefit program funds.

Financial Analysis

Summary of Fiduciary Net Assets

	2009	2008	(Decrease)
Pension trust and health benefit program funds:			
Assets	$ 75,861,085,975	99,696,264,152	(23,835,178,177)
Liabilities	5,957,172,578	13,859,494,281	(7,902,321,703)
Net assets	$ 69,903,913,397	85,836,769,871	(15,932,856,474)

Assets of the pension trust and health benefit program funds consist primarily of investments (see notes to financial statements for further detail), securities lending collateral (see notes to financial statements for further detail), contributions due from members and participating employers, accrued interest on investments, member loans and other receivables. Between fiscal years 2008 and 2009, total assets decreased by $23.8 billion or 23.9%. This is due to a decrease in the fair value of investments of $16.3 billion, a decrease in the securities lending collateral of $8.0 billion, and an increase in receivables of $542.8 million.

Liabilities of the pension trust and health benefit program funds consist primarily of retirement benefits payable to retirees and beneficiaries, contributory and noncontributory group insurance premiums payable to the Funds' insurance provider, securities lending collateral and rebates payable and, classified under accounts payable and accrued expenses, outstanding medical claims payable to the medical providers under the State Health Benefits Program. Also included with accounts payable and accrued expense are liabilities of the pension trust funds for unclaimed member accounts and checks issued to members that have not been negotiated by the members but remain due and payable. Total liabilities decreased by $7.9 billion or 57.0%. This is due to a decrease in the securities lending collateral and rebates payable of $8.0 billion and an increase of $117.7 million in retirement benefits payable and other payables.

Net assets of the pension trust and health benefit program funds decreased by $15.9 billion or 18.6%.

Summary of Fiduciary Net Assets

		2009	2008	(Decrease)
Agency funds:				
Assets	$	68,053,528	71,337,297	(3,283,769)
Liabilities		68,053,528	71,337,297	(3,283,769)
Net assets	$	—	—	—

Assets of the agency funds consist of cash and cash equivalents, investments and contributions due from the State and local employers. Between fiscal years 2008 and 2009, total assets decreased by $3.3 million or 4.6%. This is attributable to the decreased amount invested in the Cash Management Fund (CMF) of $7.6 million offset by increases in cash and cash equivalents and other receivables of $4.3 million.

Liabilities in the agency funds vary according to plan. In the Alternate Benefit Program (ABP), they include reimbursements to state and county colleges, reimbursement to the State of New Jersey general fund of any unused appropriations and noncontributory group insurance benefits payable. In the Dental Expense Program (DEP), they include claims payable, and in the Pension Adjustment Fund (PAF), they include liabilities for payroll and amounts due to the State of New Jersey general fund and other pension funds. Between fiscal years 2008 and 2009, total liabilities decreased by $3.3 million or 4.6%. This is comprised of a $2.7 million decrease in claims payable in the DEP, a $0.2 million decrease in liabilities in PAF, and a $0.4 million decrease overall in ABP liabilities which is made up of a $2.9 million increase in reimbursements to state and county colleges and a $3.3 million decrease in reimbursement to the State of New Jersey general fund.

Summary of Changes to Fiduciary Net Assets

		2009	2008	Increase (decrease)
Pension Trust and Health Benefit Program Funds:				
Additions:				
Member contributions	$	2,085,248,438	2,014,920,419	70,328,019
Employer contributions and other		5,283,292,726	5,940,148,684	(656,855,958)
Net investment loss		(12,301,215,345)	(1,676,098,523)	(10,625,116,822)
Total additions		(4,932,674,181)	6,278,970,580	(11,211,644,761)
Deductions:				
Benefits		10,805,598,045	9,993,959,447	811,638,598
Refunds of contributions		143,758,062	141,829,202	1,928,860
Administrative expenses		50,826,186	51,836,121	(1,009,935)
Total deductions		11,000,182,293	10,187,624,770	812,557,523
Changes in net assets	$	(15,932,856,474)	(3,908,654,190)	(12,024,202,284)

Additions of the pension trust and health benefit program funds consist of member and employer contributions and earnings from investment activities. There is an increase by $70.3 million or 3.5% in total member contributions. In all pension trust funds, member contributions increased between 2008 and 2009 due to normal salary increases and/or increased membership.

State and local employer pension contributions decreased by $733.5 million from $2,260.8 million to $1,527.3 million or 32.4% over the last fiscal year. The decrease is attributable in part to a decrease in the State's contribution to the defined benefit pension trust funds. Between fiscal year 2008 and 2009, the State's appropriation payment to the pension funds decreased by $939.8 million from $1,046.1 million to $106.3 million. Specifically, the contributions by the state were $64.43 million for the Teachers Pension and Annuity Fund (TPAF), $23.0 million for the Public Employees Retirement System (PERS), $13.04 million for the Police and Firemen's Retirement System (PFRS), $3.38 million for the State Police Retirement System (SPRS), $1.16 million for the Judicial Retirement System (JRS), and $1.25 million for the Consolidated Police and Firemen's Pension Fund (CPFPF).

The annual local employer appropriation billings increased due to the salaries of employees and the rate of contribution as determined by the actuary. For PERS the amount accrued in fiscal year 2008 and due April 1, 2009 was $500.0 million and in fiscal year 2009 $566.5 million was accrued and is due April 1, 2010 for an increase of $66.5 million. For PFRS the amount accrued in fiscal year 2008 and due April 1, 2010 was $714.7 million and in fiscal year 2009 $854.6 million was accrued and is due April 1, 2011 for an increase of $139.9 million.

The State Health Benefit Program Fund – State employer contributions decreased by $44.5 million. This decrease is due in part to using available fund balance to cover a portion of the required premiums based on the established plan rates. For the State Health Benefit Program Fund – Education and the State Health Benefit Program Fund – Local, employer contributions from local and school participating employers totaled $2.09 billion compared to $2.05 billion in 2008. The increase is attributable to rate increases effective January 1, 2009 and higher enrollment.

Non-contributory group life insurance-state contributions for 2009 were as follows: $31.5 million for TPAF, $25.9 million for PERS, $7.0 million for PFRS, $0.5 million for JRS, and $2.2 million for SPRS. Between fiscal year 2008 and fiscal year 2009, the State's contribution toward non-contributory group life insurance coverage decreased by $0.1 million due to lower claims activity. Non-contributory insurance benefits are funded on a pay-as-you-go basis. The local contribution for non-contributory group life insurance is included in the annual billings to local employers.

Net investment income decreased by $10.6 billion or 633.9% due to depreciation of investments.

The total investment return for all pension funds was estimated to be 14.27% loss compared to 2.66% loss in the prior year.

Deductions of the pension trust and health benefit program funds are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, and administrative costs incurred by the Funds. Also included are claim charges for the self-insured health, health and prescription drug. Between fiscal years 2008 and 2009 benefit payments increased by $811.6 million or 8.1% due to an increase in the number of retirees receiving retirement and other benefits. The number of refunds processed increased by $1.9 million or 1.4% compared to last year. Administrative expenses decreased by $1.0 million or 1.9%.

The change in net assets of $12.0 billion was primarily a result of the depreciation in investments from 2008 to 2009.

Overall Financial Condition of the Funds

For the defined benefit pension trust funds, the combined funded ratio is 72.6% based on the current actuarial valuation dated June 30, 2008 with an unfunded actuarial accrued liability of $34.4 billion on an actuarial basis per GASB 25 as compared to 76.0% based on the prior year valuation with an unfunded actuarial accrued liability of $28.4 billion.

For the health benefit program funds, incurred claim charges and administrative expenses exceeded contributions received and other revenues in all funds. For the State Health Benefit Program Fund – State, the year-end deficit increased by $155.8 million mainly due to lower revenues from State appropriations and higher incurred claim charges between fiscal years 2008 and 2009. For the State Health Benefit Program Fund – Local and the State Health Benefit Program Fund – Education, total expenses incurred exceeded total revenues recognized by $108.6 million, reducing the year-end surplus. The reduction in the year-end surplus for the local funds is due in part to higher than expected enrollment between 2008 and 2009. The higher enrollment resulted in unfavorable claims experience. However, both funds have a sufficient reserve balance as of June 30, 2009.

For the health benefit program funds, the unfunded actuarial accrued liability for other postemployment benefits (OPEB under GASB Statement No. 43) for fiscal year 2009 is $19.8 billion for the State, $8.8 billion for the Local, and $36.1 billion for the Education participating employers in the State Health Benefit Program Funds.

During the year, the Alternate Benefits Program Fund and the Pension Adjustment Fund received sufficient funding to meet their benefit obligations.

For the State Employees Deferred Compensation Plan and the Supplemental Annuity Collective Trust, members are 100% vested in the present value of their contributions, and the funds have sufficient assets to meet future benefit obligations.

Contacting System Financial Management

This financial report is designed to provide our members, beneficiaries, investors, and other interested parties with a general overview of the Funds' finances and to show the Funds' 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
DIVISION OF PENSIONS AND BENEFITS

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

		Pension Trust and Health Benefit Program Funds	Agency Funds
Assets:			
Cash and cash equivalents	$	13,852,241	3,662,508
Securities lending collateral		4,789,560,967	—
Investments, at fair value:			
Cash Management Fund		3,314,891,198	29,690,677
Common Pension Fund A		16,639,806,083	—
Common Pension Fund B		21,666,743,684	—
Common Pension Fund D		12,399,250,772	—
Common Pension Fund E		8,074,899,061	—
Common and preferred stocks		108,233,367	—
Mortgages		1,507,300,477	—
U.S. Government obligations		284,765,388	—
Domestic equities		787,787,745	—
International equities		120,834,682	—
Other fixed income securities		473,364,108	—
Total investments		65,377,876,565	29,690,677
Receivables:			
Contributions:			
Members		191,319,427	—
Employers		3,811,120,931	1,827,468
Accrued interest and dividends		740,820,533	—
Members' loans		849,719,864	—
Securities sold in transit		66,316,017	—
Other		20,499,430	32,872,875
Total receivables		5,679,796,202	34,700,343
Total assets	$	75,861,085,975	68,053,528
Liabilities:			
Accounts payable and accrued expenses	$	549,082,597	62,135,822
Retirement benefits payable		583,386,289	—
Noncontributory group insurance premiums payable		12,340,374	—
Cash overdraft		—	492,598
Assets held for local contributing employers		—	3,361,228
Pension adjustment payroll payable		—	532,260
Due to State of New Jersey		—	820,747
Due to other funds		—	710,873
Securities lending collateral and rebates payable		4,812,363,318	—
Total liabilities		5,957,172,578	68,053,528
Net assets:			
Held in trust for pension and health benefits	$	69,903,913,397	—

See accompanying notes to financial statements.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Fiduciary Net Assets
Fiduciary Funds - Pension Trust and Health Benefit Program Funds

June 30, 2009

	Alternate Long term Disability Fund	Central Pension Fund	Consolidated Police and Firemen's Pension Fund	Deferred Compensation Fund	Judicial Retirement System	Police and Firemen's Retirement System	Prison Officers' Pension Fund	Public Employees' Retirement System	State Police Retirement System	Supplemental Annuity Collective Trust	Teachers' Pension and Annuity Fund	State Health Benefit Program Fund State	State Health Benefit Program Fund Local	State Health Benefit Program Fund Education	Total
Assets:															
Cash	$ —	40,245	145,126	1,053	349,196	4,271,644	249,414	2,532,487	426,116	2,167,145	2,936,186	40,533	88,221	604,875	13,852,241
Securities lending collateral	—	—	—	—	20,017,557	1,101,108,256	—	1,648,597,960	126,864,795	—	1,892,972,399	—	—	—	4,789,560,967
Investments, at fair value:															
Cash Management Fund	1,530,783	63,708	9,375,913	112,490,622	11,925,071	689,671,122	11,738,853	880,079,306	57,312,372	12,986,811	685,734,480	74,051,529	213,083,182	554,847,446	3,314,891,198
Common Pension Fund A	—	—	—	—	74,442,788	4,273,366,567	—	5,360,076,305	417,349,016	—	6,514,571,407	—	—	—	16,639,806,083
Common Pension Fund B	—	—	—	—	87,006,083	4,639,053,398	—	7,693,317,296	590,959,683	—	8,656,407,224	—	—	—	21,666,743,684
Common Pension Fund D	—	—	—	—	55,808,285	3,255,377,803	—	4,039,001,847	309,144,638	—	4,739,918,199	—	—	—	12,399,250,772
Common Pension Fund E	—	—	—	—	28,248,139	1,569,263,833	—	2,344,111,259	151,626,857	—	3,981,648,973	—	—	—	8,074,899,061
Common and Preferred Stocks	—	—	—	—	—	—	—	—	—	108,233,367	—	—	—	—	108,233,367
Mortgages	—	—	174,549	—	1,559,574	1,407,932,792	125,249	42,979,721	2,646,327	—	51,882,265	—	—	—	1,507,300,477
U.S. government obligations	—	—	—	284,765,388	—	—	—	—	—	—	—	—	—	—	284,765,388
Domestic equities	—	—	—	787,787,745	—	—	—	—	—	—	—	—	—	—	787,787,745
International equities	—	—	—	120,834,682	—	—	—	—	—	—	—	—	—	—	120,834,682
Other fixed income securities	—	—	—	473,364,108	—	—	—	—	—	—	—	—	—	—	473,364,108
Total investments	1,530,783	63,708	9,550,462	1,779,242,545	258,989,940	15,834,665,515	11,864,102	20,359,565,734	1,529,038,893	121,220,178	24,630,162,548	74,051,529	213,083,182	554,847,446	65,377,876,565
Receivables:															
Contributions:															
Members	—	—	—	—	—	45,787,013	—	60,981,283	776	430,326	83,068,268	570,148	306,412	175,201	191,319,427
Employers	—	—	1,256,000	—	1,499,097	1,859,724,151	—	1,699,871,295	3,886,652		137,600,439	25,935,005	45,747,850	35,600,442	3,811,120,931
Accrued interest and dividends	—	3	881	1,633,218	2,140,768	162,071,758	—	251,183,393	19,663,115	223,166	303,904,231	—	—	—	740,820,533
Members' loans	—	—	—	—	1,038,412	289,175,976	—	371,602,051	19,745,900	—	168,157,525	—	—	—	849,719,864
Securities sold in transit	—	—	—	—	—	22,696,866	—	43,619,151	—	—	—	—	—	—	66,316,017
Other	—	—	1,178,568	—	41,541	4,402,501	92,309	5,795,607	66,288	16,457	6,689,888	652,515	763,327	800,429	20,499,430
Total receivables	—	3	2,435,449	1,633,218	4,719,818	2,383,858,265	92,309	2,433,052,780	43,362,731	669,949	699,420,351	27,157,668	46,817,589	36,576,072	5,679,796,202
Total assets	$ 1,530,783	103,956	12,131,037	1,780,876,816	284,076,511	19,323,903,680	12,205,825	24,443,748,961	1,699,692,535	124,057,272	27,225,491,484	101,249,730	259,988,992	592,028,393	75,861,085,975
Liabilities:															
Accounts payable and accrued expenses	$ —	78,917	25,424	1,454,751	8,562	2,322,702	2,628	41,138,733	118,685	93,866	35,108,366	191,945,786	87,868,922	188,915,255	549,082,597
Retirement benefits payable	—	25,039	720,530	—	3,261,852	123,653,004	216,277	197,026,056	11,190,533	1,002,890	246,290,108	—	—	—	583,386,289
Non-contributory group insurance premiums payable	—	—	—	—	67,840	2,933,552	—	6,135,347	—	—	3,203,635	—	—	—	12,340,374
Securities lending collateral and rebates payable	—	—	—	—	20,109,921	1,106,064,807	—	1,656,637,134	127,482,909	—	1,902,068,547	—	—	—	4,812,363,318
Total liabilities	—	103,956	745,954	1,454,751	23,448,175	1,234,974,065	218,905	1,900,937,270	138,792,127	1,096,756	2,186,670,656	191,945,786	87,868,922	188,915,255	5,957,172,578
Net assets held in trust for pension and health benefits	$ 1,530,783	—	11,385,083	1,779,422,065	260,628,336	18,088,929,615	11,986,920	22,542,811,691	1,560,900,408	122,960,516	25,038,820,828	(90,696,056)	172,120,070	403,113,138	69,903,913,397

See accompanying notes to financial statements.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

		Pension Trust and Health Benefit Program Funds
Additions:		
Contributions:		
Members	$	2,085,248,438
Employers		5,276,540,288
Other		6,752,438
Total contributions		7,368,541,164
Investment income:		
Net depreciation in fair value of investments		(14,586,089,443)
Interest		1,743,893,548
Dividends		553,413,562
		(12,288,782,333)
Less investment expense		12,433,012
Net investment loss		(12,301,215,345)
Total additions		(4,932,674,181)
Deductions:		
Benefits		10,805,598,045
Refunds of contributions		143,758,062
Administrative and miscellaneous expenses		50,826,186
Total deductions		11,000,182,293
Change in net assets		(15,932,856,474)
Net assets – beginning of year		85,836,769,871
Net assets – end of year	$	69,903,913,397

See accompanying notes to financial statements.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Statement of Changes In Fiduciary Net Assets
Fiduciary Funds - Pension Trust and Health Benefit Program Funds

Year ended June 30, 2009

	Alternate Benefit Long term Disability Fund	Central Pension Fund	Consolidated Police and Firemen's Pension Fund	Deferred Compensation Fund	Judicial Retirement System	Police and Firemen's Retirement System	Prison Officers' Pension Fund	Public Employees' Retirement System	State Police Retirement System	Supplemental Annuity Collective Trust	Teachers' Pension and Annuity Fund	State Health Benefit Program Fund State	State Health Benefit Program Fund Local	State Health Benefit Program Fund Education	Eliminations	Total
Additions:																
Contributions:																
Members	$ —	—	—	172,895,622	3,032,945	326,491,066	—	741,911,167	18,652,049	7,866,241	616,222,799	121,909,694	32,601,795	43,665,060	—	2,085,248,438
Employers	2,685,591	376,688	1,276,151	—	1,696,891	913,302,011	—	774,672,945	5,644,059	—	102,472,305	1,383,127,598	605,936,940	1,485,349,109	—	5,276,540,288
Local education employers	—	—	—	—	—	—	—	—	—	—	—	—	—	466,467,328	(466,467,328)	—
Other	—	21,861	5,641,890	—	—	—	1,088,687	—	—	—	—	—	—	—	—	6,752,438
Total contributions	2,685,591	398,549	6,918,041	172,895,622	4,729,836	1,239,793,077	1,088,687	1,516,584,112	24,296,108	7,866,241	718,695,104	1,505,037,292	638,538,735	1,995,481,497	(466,467,328)	7,368,541,164
Investment income:																
Net appreciation (depreciation) in fair value of investments	(8)	—	3,926	(349,842,469)	(63,342,467)	(3,272,278,029)	(625)	(4,603,832,999)	(349,862,626)	(36,661,464)	(5,910,267,629)	(901)	(4,029)	(123)	—	(14,586,089,443)
Interest	42,884	3,642	146,107	6,845,437	5,323,847	410,740,336	200,875	650,180,725	38,560,416	165,574	615,308,504	3,351,026	3,937,401	9,086,774	—	1,743,893,548
Dividends	—	—	—	8,499,024	1,802,402	126,940,074	—	173,475,971	12,915,421	3,025,136	226,755,534	—	—	—	—	553,413,562
	42,876	3,642	150,033	(334,498,008)	(56,216,218)	(2,734,597,619)	200,250	(3,780,176,303)	(298,386,789)	(33,470,754)	(5,068,203,591)	3,350,125	3,933,372	9,086,651	—	(12,288,782,333)
Less: investment expense	—	—	7,849	264,373	14,043	1,236,820	2,495	7,173,996	88,308	—	3,645,128	—	—	—	—	12,433,012
Net investment income (loss)	42,876	3,642	142,184	(334,762,381)	(56,230,261)	(2,735,834,439)	197,755	(3,787,350,299)	(298,475,097)	(33,470,754)	(5,071,848,719)	3,350,125	3,933,372	9,086,651	—	(12,301,215,345)
Total additions	2,728,467	402,191	7,060,225	(161,866,759)	(51,500,425)	(1,496,041,362)	1,286,442	(2,270,766,187)	(274,178,989)	(25,604,513)	(4,353,153,615)	1,508,387,417	642,472,107	2,004,568,148	(466,467,328)	(4,932,674,181)
Deductions:																
Benefits	2,685,591	387,230	8,844,291	75,870,854	37,665,006	1,463,420,411	2,181,622	2,307,094,491	131,974,745	10,330,455	2,869,565,540	1,612,455,899	685,681,514	1,597,440,396	—	10,805,598,045
Refunds of contributions	—	14,961	—	—	—	6,299,957	—	96,087,637	158,163	—	41,197,344	—	—	—	—	143,758,062
Local education employers	—	—	—	—	—	—	—	—	—	—	—	—	466,467,328	—	(466,467,328)	—
Administrative and miscellaneous expenses	—	—	13,234	511,311	202,023	6,526,510	8,341	20,195,797	585,685	—	12,746,750	4,014,614	2,007,307	4,014,614	—	50,826,186
Total deductions	2,685,591	402,191	8,857,525	76,382,165	37,867,029	1,476,246,878	2,189,963	2,423,377,925	132,718,593	10,330,455	2,923,509,634	1,616,470,513	1,154,156,149	1,601,455,010	(466,467,328)	11,000,182,293
Net increase (decrease)	42,876	—	(1,797,300)	(238,248,924)	(89,367,454)	(2,972,288,240)	(903,521)	(4,694,144,112)	(406,897,582)	(35,934,968)	(7,276,663,249)	(108,083,096)	(511,684,042)	403,113,138	—	(15,932,856,474)
Net assets held in trust for pension and health benefits:																
Beginning of year	1,487,907	—	13,182,383	2,017,670,989	349,995,790	21,061,217,855	12,890,441	27,236,955,803	1,967,797,990	158,895,484	32,315,484,077	17,387,040	683,804,112	—	—	85,836,769,871
End of year	$ 1,530,783	—	11,385,083	1,779,422,065	260,628,336	18,088,929,615	11,986,920	22,542,811,691	1,560,900,408	122,960,516	25,038,820,828	(90,696,056)	172,120,070	403,113,138	—	69,903,913,397

See accompanying notes to financial statements.

(1) Description of the Funds

The State of New Jersey sponsors and administers the following benefit funds which have been included in the basic financial statements of the State of New Jersey Division of Pensions and Benefits (the Division), collectively referred to as the Funds, Systems, and Trust:

Fiduciary Funds

Pension Trust and Health Benefit Program Funds

Judicial Retirement System (JRS)
Consolidated Police and Firemen's Pension Fund (CPFPF)
Police and Firemen's Retirement System (PFRS)
Prison Officers' Pension Fund (POPF)
Public Employees' Retirement System (PERS)
State Police Retirement System (SPRS)
Teachers' Pension and Annuity Fund (TPAF)
Supplemental Annuity Collective Trust (SACT)
Central Pension Fund (CPF)
New Jersey State Employees Deferred Compensation Plan (NJSEDCP)
Alternate Benefit Long-Term Disability Fund (ABPLTD)
State Health Benefit Program Fund (SHBP) – State
State Health Benefit Program Fund (SHBP) – Local
State Health Benefit Program Fund (SHBP) – Education

Agency Funds

Pension Adjustment Fund (PAF)
Alternate Benefit Program Fund (ABP)
Dental Expense Program Fund (DEP)

Stand alone financial reports, which include the above funds except for ABPLTD, have been prepared. These financial reports, which can be obtained from the Division of Pensions and Benefits, provide a description of the nature and purpose of each individual fund. A description of the contribution requirements and benefit provisions for each fund is provided in notes 5 and 6.

The pension trust funds are single-employer defined benefit pension plans, except for PERS and PFRS, which are cost-sharing multiple-employer defined benefit plans, TPAF and CPFPF, which are cost-sharing defined benefit plans with a special funding situation, and SACT, NJSEDCP, and ABPLTD which are single-employer defined contribution plans.

The Prescription Drug Program (PDP) of each respective SHBP are combined and reported as a trust fund with the respective SHBP – State, SHBP – Local and SHBP – Education plans. The SHBP – State is classified as a single-employer plan. The SHBP – Local and SHBP – Education are classified as cost-sharing multiple-employer plans.

Chapter 103, P.L. 2007, created the SHBP – Education. Accordingly, starting this fiscal year, SHBP is presented in three components: State, Local and Education. As a result of the implementation of this legislation, $466,467,328 was reported as a local employer deduction and as an education employer addition. These interfund transactions have been eliminated in the accompanying financial statements.

Beginning July 1, 2009, the issuance of benefit payments to retirees and beneficiaries in the CPF covered under the Disabled Veterans Pension; Surviving Spouse of Veterans was transferred to the Department of Military and Veterans Affairs. Payments issued to retirees and beneficiaries covered under the Veterans, Heath and Special Acts will remain at the Division of Pensions and Benefits.

(2) Summary of Significant Accounting Policies

The financial statements of the Division have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial statements include all funds which are administered by the Division over which operating controls are with the individual funds, systems, or trust governing Boards and/or the State of New Jersey. The financial statements of the Funds, Systems, and Trust are included in the financial statements of the State of New Jersey; however, the accompanying financial statements are intended to present solely the funds listed above which are administered by the Division and not the State of New Jersey as a whole.

Fund Accounting

The accounts of the Division are maintained in accordance with the principles of fund accounting to ensure observance of limitations and restrictions on the resources available. The principles of fund accounting require that the resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for the resources. Each fund is a separate accounting entity with a self-balancing set of accounts.

Fiduciary Funds

Pension trust and health benefit program funds – Account for monies received for, expenses incurred by and the net assets available for plan benefits of the various public employee retirement systems.

Agency funds – Agency funds are used to account for the assets that the Division holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All funds are accounted for using an economic resources measurement focus.

The accrual basis of accounting is used for measuring financial position and changes in net assets of the pension trust and health benefit program funds. Under this method, revenues are recorded in the accounting period in which they are earned, and deductions are recorded at the time the liabilities are incurred. The financial statements of the pension trust funds conform to the provisions of GASB Statement No. 25, *Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans*. The financial statements of the health benefit program funds conform to the provisions of the GASB Statement No. 43. Employer contributions are recognized when payable to the Funds. Benefits and refunds are recognized when due and payable in accordance with the terms of the Funds.

Capital Assets

Capital assets utilized by the Division include equipment which is owned by the State of New Jersey.

Significant Legislation

Chapter 19, P.L. 2009, effective March 17, 2009 provided an option for local employers to contribute 50 percent of the normal and accrued liability contribution amounts certified by PERS and PFRS for payments due in State fiscal year 2009. This law also provided that a local employer may pay 100% of the required contribution. Such an employer will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries for PERS and PFRS will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the State fiscal year ending June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

Chapter 89, P.L. 2008, effective November 1, 2008, increased the TPAF and PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; changed the early retirement provisions; and increased the minimum annual compensation required for membership eligibility for new members on or after the effective date of this law.

Chapter 21, P.L. 2008, effective June 24, 2008, provided early retirement incentive program to eligible State employees in the Executive Branch of State government and eligible Judiciary employees in the Judicial Branch of State government who applied to retire on or after March 1, 2008 and before July 15, 2008 and retired by August 1, 2008.

Chapter 103, P.L. 2007, certain parts effective July 1, 2007, implemented changes to SHBP, which included the creation of the SHBP – Education, established an employee contribution of 1.5% of the employee's base salary, and eliminated the funding for the postretirement medical benefits through TPAF and PERS.

(Continued)

Membership and Contributing Employers

Membership and contributing employers of the pension trust and health benefit program funds consisted of the following at June 30, 2008, the date of the most recent actuarial valuations (June 30, 2009 for SACT, CPF, NJSEDCP, and ABPLTD):

	JRS	CPFPF	PFRS	POPF	PERS	SPRS
Retiree members:						
Retirees and beneficiaries receiving benefits currently	465	532	33,093	167	133,017	2,520
Terminated employees entitled to benefits but not yet receiving them	3	—	58	—	1,538	—
Total retiree members	468	532	33,151	167	134,555	2,520
Active members:						
Vested	214	—	29,056	—	142,280	1,809
Nonvested	211	—	16,410	—	176,902	1,138
Total active members	425	—	45,466	—	319,182	2,947
Total	893	532	78,617	167	453,737	5,467
Contributing employers	1	91	589	1	1,696	1

	TPAF	SACT	CPF	NJSEDCP	ABPLTD	SHBP*
Retiree members:						
Retirees and beneficiaries receiving benefits currently	75,413	526	298	3,493	—	117,546
Terminated employees entitled to benefits but not yet receiving them	655	—	—	—	—	—
Total retiree members	76,068	526	298	3,493	—	117,546
Active members:						
Vested	76,368	3,648	—	39,473	138	412,106
Nonvested	79,719	—	—	—	—	—
Total active members	156,087	3,648	—	39,473	138	412,106
Total	232,155	4,174	298	42,966	138	529,652
Contributing employers	38	—	1	—	1	484

* The health benefit programs (including PDP) had a total of 484 state, local, and education participating employers and contributing entities for fiscal year 2009 based on the OPEB.

Membership in the agency funds administered by the Division consisted of the following as of June 30, 2009:

	State	**Local**	**Total**
Dental Expense Program Fund**	115,508	38,942	154,450
Alternate Benefit Program Fund***	18,337	2,948	21,285
Pension Adjustment Fund	113,582	111,725	225,307

** Active and retired participants

*** Including those receiving long-term disability benefits

Investments

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of seven of the defined benefit plans (PERS, TPAF, JRS, PFRS, CPFPF, SPRS and POPF) and two defined contribution plans (SACT and NJSEDCP). The Division of Investment separately reports the assets, liabilities and net assets of the underlying investment portfolio of the seven defined benefit plans in its Pension Fund report and a SACT report. The Division of Investment accounts included in the Pension Fund report are: Common Fund A, Common Fund B, Common Fund D, Common Fund E, Police and Firemen's Mortgage Program accounts and other investments owned directly by the seven defined benefit pension plans. Common Fund A invests primarily in domestic equity securities. Common Fund B invests primarily in domestic fixed income securities. Common Fund D invests primarily in foreign equity and fixed income securities. Common Fund E invests primarily in alternative investments which includes private equity, real assets and absolute return strategy investments. The Police and Firemen's Retirement System includes a mortgage loan program administered by the New Jersey Housing and Mortgage Finance Agency that provides participants with mortgages from the program at rates which are fixed by formula. The law establishing the program provides that the Fund may not sell the mortgages, and no independent market exists for them.

Prudential Retirement is the third-party administrator for the NJSEDCP. Prudential Retirement provides recordkeeping, administration services and access to 23 investments through a combination of their separate account product offerings and retail branded mutual funds. The four state-managed investments options (DCP Bond Fund, DCP Equity Fund, DCP Small Cap Equity Fund and DCP Money Market Fund) are closed to new investments. The Division of Investment 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 and Agency, Foreign and Corporate obligations – prices quoted by a major dealer in such securities.
- Common Stock and Equity Funds, Foreign Equity Securities, Forward Foreign Exchange Contracts – 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.
- Mortgages – all mortgages except for the Police and Firemen's mortgages are priced by a major dealer in such securities and reviewed by management for reasonableness. Police and Firemen's mortgages are priced using another third-party administrator.
- Alternative investments (private equity, real estate, real asset, and absolute return strategy funds) – estimated fair value provided by the general partner and/or investment manager and reviewed by management. The inputs into the determination of fair value (particularly for private equity and real estate) require significant management judgment or estimation. Because by their very nature, alternative investments are not always readily marketable, their estimated value is subject to uncertainty and therefore may differ significantly from the value that would be used if a ready market for such investments existed. The development of fair value is further complicated by (1) the current lack of liquidity in the financial system and (2) the extreme levels of volatility in the market for public equity in general and for debt securities linked to these asset classes. For these reasons, the realized value received upon the sale of these investments in the open market might be different than the fair value reported in the accompanying financial statements.

Investment transactions are accounted for on a trade or investment 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.

The net asset value of Common Funds A, B, D and E (Common Funds) is determined as of the close of the last day of business of each month. Purchases and redemptions of participants' units are transacted each month within fifteen days subsequent to that time and are recorded at such net asset value.

Dividends and interest earned per unit are calculated monthly and distributed quarterly for Common Fund A and B. Dividends and interest earned per unit are calculated monthly for Common Fund D, and the income earned on Common Fund D units is reinvested. Income earned per unit is calculated monthly for Common Fund E, and the income earned on Common Fund E units is reinvested.

Securities Lending

The State Investment Council policies permit Common Funds A, B and D and several of the direct pension plan portfolios to participate in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the pension funds have rights to the collateral received. All of the securities held in Common Funds A, B and D, and certain securities held directly by the pension plans, are eligible for the securities lending program. Collateral received may consist of cash, letters of credit, or government securities having a market value equal to or exceeding 102% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. For Common Funds A and B, in the event that the market value of the collateral falls below 101% of the market value of all the outstanding loaned securities to an individual borrower, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the market value of such additional collateral, when added to the market value of the other collateral, shall equal 102% of the market value of the loaned securities. For Common Fund D, in the event that the market value of the collateral falls below the collateral requirement of either 102% or 105% (depending on whether the securities are denominated in U.S. dollars or a foreign currency, respectively) of the market value of the outstanding loaned securities to an individual borrower, additional collateral shall be transferred in an amount that will increase the aggregate of the borrower's collateral to meet the collateral requirements. The securities lending contracts do not allow the Common Funds to pledge or sell any collateral securities unless the borrower defaults. As of June 30, 2009, the Common Funds have no aggregate credit risk exposure to borrowers because the collateral amount held by the Common Funds exceeded the market value of the securities on loan.

The contracts with the Common Funds' securities lending agent require them to indemnify the Common Funds if the brokers or other borrowers fail to return the securities or fail to pay the Common Funds for income distributions on the securities while they are on loan. The Common Fund D securities lending agent also indemnifies the Common Funds for any loss of principal or interest on the invested collateral. For any losses on the investment collateral in Common Funds A or B or other pension plan portfolios, the lending fee paid to the lending agent shall be reduced by 25% of the amount of such loss, up to an amount not to exceed 75% of the previous six months' securities lending fees. The securities loans can be terminated by notification by either the borrower or the Common Funds. The term to maturity of the securities loans is generally matched with the term to maturity of the investment (or, in the case of floating rate notes, to the next interest rate reset date) of the cash collateral.

Derivatives

The Division of Investment, from time to time, utilizes forward foreign currency contracts, a derivative security, as a means to hedge against the currency risk in the Common Funds' foreign equity and fixed income portfolios. Forward foreign currency contracts are agreements to buy or sell a specific amount of a foreign currency at a specified delivery or maturity date for an agreed upon price. A derivative security is an investment whose payoff depends upon the value of other assets such as bond and stock prices, a market index, or commodity prices. Derivative transactions involve, to varying degrees, credit risk and market risk. Credit risk is the possibility that a loss may occur because a party to a transaction fails to perform according to terms. Market risk is the possibility that a change in market prices or currency rates will cause the value of a financial instrument to decrease or become more costly to settle.

The fair value of foreign forward currency contracts held directly by the Common Funds as of June 30, 2009 was as follows:

Forward currency receivable	$ 4,865,537,164
Forward currency payable	4,739,424,464
Net unrealized gain	126,112,700

The Common Funds utilize covered call and put options in an effort to add value to or reduce the risk level in the portfolio. Options are agreements that give the owner of the option the right, but not obligation, to buy (in the case of a call option) or to sell (in the case of a put option) a specific amount of an asset for a specific price (called the strike price) on or before a specified expiration date. The Common Funds enter into covered calls when they write (or sell) call options on underlying stocks held by the Common Funds or stock indices. The Common Funds enter into covered put options when they purchase put options on underlying stocks held by the Common Funds or stock indices. The purchaser of put options pays a premium at the outset of the agreement and stands to gain from an unfavorable change (i.e., a decrease) in the price of the instrument underlying the option. The writer of call options receives a premium at the outset of the agreement and bears the risk of an unfavorable change (i.e., an increase) in the price of the instrument underlying the option. The Common Funds had written call options on 25,737,000 shares, and these options had a fair value of $10,862,850 as of June 30, 2009. The Common Funds owned 10,295,000 put option contracts on the S&P 500 index with a fair value of $22,717,250 as of June 30, 2009. Put option contracts are included in investments in the Common Funds in the accompanying financial statements.

Certain alternative investment funds and partnerships may use derivative instruments to hedge against market risk and to enhance investment returns. At any point during the year, the Common Funds may have additional exposure to derivatives primarily through limited liability vehicles such as limited partnerships and commingled investment funds. The Common Funds recognize the fair value of all derivative instruments as either an asset or liability in the accompanying financial statements with the offsetting gains or losses recognized in earnings.

Members' Loans

Members of JRS, PFRS, SPRS, PERS and TPAF who have at least three years of service in these Funds may borrow up to 50% of their accumulated member contributions. Repayment of loan balances is deducted from payroll checks and bears a commercially reasonable interest rate. Members who retire with an outstanding loan have the option of paying the loan in full prior to receiving any benefits or continuing their monthly loan payment schedule into retirement.

Under the Internal Revenue Service regulations effective January 1, 2004, the Division changed its pension loan repayment policy: Members who take multiple loans must repay the outstanding balance of the original loan, and all subsequent loans taken before the original loan is completely paid off, within a period not to exceed 5 years from the issuance of the first loan taken after January 1, 2004. Failure to repay the loan within the five-year period will result in the unpaid balance being declared a taxable distribution.

Chapter 92, P.L. 2007 eliminated the 4% fixed rate of interest for loans from the defined benefit plans and provided that the rate of interest will be set by the State Treasurer at a commercially reasonable rate as required by the Internal Revenue Code and permitted that an administrative processing fee may be charged for such loans. As such, effective January 1, 2008, an $8.00 processing fee per loan was charged, and the new pension loan interest rate became 4.69% per year for year 2008 and 3.33% for year 2009.

Administrative Expenses

Administrative expenses are paid by the Funds, Systems, and Trust to the State of New Jersey, Department of the Treasury and are included in the accompanying financial statements, except for administrative expenses of CPF which are paid by the State of New Jersey, who is responsible for such costs.

In certain funds (PFRS, PERS, SPRS and TPAF) miscellaneous expenses and reimbursements from the fund that comprise various adjustments to member and employer accounts are incorporated into the administrative expense amounts included in the accompanying financial statements. These miscellaneous items are not part of the supplementary information included in the Schedule of Administrative Expenses

(Schedule 3). Additionally, State Health Benefit Program Fund – State, Local and Education administrative expenses are included in administrative expenses in the accompanying financial statements but are not included in the supplementary information in Schedule 3.

Income Tax Status

Based on a May 2007 declaration of an outside tax council retained by the Attorney General of the State of New Jersey, the five pension funds/systems (TPAF, PERS, PFRS, JRS, and SPRS) comply with the qualification requirements of Section 401(a) of the Internal Revenue Code.

The ABPLTD is a qualified plan as described in Section 403(b), and the NJSEDCP is an eligible plan as described in Section 457 of the Internal Revenue Code.

Commitments

The Common Funds are obligated, under certain private equity, real estate and absolute return strategy alternative investment agreements to make additional capital contributions up to contractual levels over the investment period specified for each investment. As of June 30, 2009, the Common Funds had unfunded commitments totaling approximately $7.7 billion.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expense during the reporting period. Actual results could differ from those estimates.

Funded Status and Funding Progress

The required supplementary information regarding the funded status and funding progress is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under State statutes in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

(Continued)

Actuarial Methods and Assumptions

In the June 30, 2008 actuarial valuation, the projected unit credit was used as actuarial cost method, and the five year average of market value was used as asset valuation method for pension trust funds. The actuarial assumptions included (a) 8.25% for investment rate of return for all the retirement systems except POPF (5%) and CPFPF (2%) and (b) 5.45% for projected salary increases for all the retirement systems that have active members except TPAF (5.74%) and PFRS (7.2%).

OPEB used the projected unit credit as actuarial cost method and the market value as asset valuation method. The actuarial assumptions for OPEB included 4.50% for investment rate of return.

A summary of the significant actuarial methods and assumptions used by the Funds and Systems as of the most recent actuarial date of June 30, 2008 are as follows:

	JRS	CPFPF	PFRS - State	PFRS - Local	POPF
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	$ 380,964,713	$ 15,705,984	$ 2,316,017,361	$ 20,437,541,909	$ 12,890,441
Actuarial accrued liability	553,284,647	17,319,488	3,749,118,910	26,871,106,532	6,789,017
Unfunded (overfunded) actuarial accrued liability	172,319,934	1,613,504	1,433,101,549	6,433,564,623	(6,101,424)
Funded ratio	68.9%	90.7%	61.8%	76.1%	189.9%
Covered payroll	$ 67,159,516	N/A	$ 527,495,741	$ 3,068,758,436	N/A
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	256.6%	N/A	271.7%	209.6%	N/A
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value	5 year average of market value	5 year average of market value	Market value
Amortization method	Level percent, open	Level dollar, closed	Level percent, open	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	N/A	4.00%	4.00%	N/A
Remaining amortization period	30 years	1 year	30 years	30 years	1 year
Actuarial assumptions:					
Interest rate	8.25%	2.00%	8.25%	8.25%	5.00%
Salary range	5.45%	N/A	7.20%	7.20%	N/A
Cost-of-living adjustments	1.80%	N/A	1.80%	1.80%	N/A

	PERS - State	PERS - Local	SPRS	TPAF
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	$ 11,200,668,671	$ 18,217,749,414	$ 2,127,263,509	$ 36,664,627,629
Actuarial accrued liability	17,072,702,680	23,173,183,973	2,609,164,869	51,754,814,521
Unfunded (overfunded) accrued liability	5,872,034,009	4,955,434,559	481,901,360	15,090,186,892
Funded ratio	65.6%	78.6%	81.5%	70.8%
Covered payroll	$ 4,609,019,779	$ 7,206,781,046	$ 281,087,566	$ 9,419,083,203
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	127.4%	68.8%	171.4%	160.2%
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value	5 year average of market value	5 year average of market value
Amortization method	Level percent, open	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%	4.00%	4.00%
Remaining amortization period	30 years	30 years	30 years	30 years
Actuarial assumptions:				
Interest rate	8.25%	8.25%	8.25%	8.25%
Salary range	5.45%	5.45%	5.45%	5.74%
Cost-of-living adjustments	1.80%	1.80%	1.80%	1.80%

(Continued)

	SHBP-State	SHBP-Local	SHBP-Education
Actuarial valuation date	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial value of assets	$ —	$ —	$ —
Actuarial accrued liability	19,850,900,000	8,840,500,000	36,062,600,000
Unfunded (overfunded) actuarial accrued liability	19,850,900,000	8,840,500,000	36,062,600,000
Funded ratio	—	—	—
Covered payroll	$ 7,163,803,681	$ 2,411,700,000	$ 13,016,396,319
Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll	277.1%	366.6%	277.1%
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Asset valuation method	Market value	Market value	Market value
Amortization method	Level percent, open	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%	4.00%
Remaining amortization period	30 years	30 years	30 years
Actuarial assumptions:			
Interest rate	4.50% (assuming no prefunding)	4.50% (assuming no prefunding)	4.50% (assuming no prefunding)
Salary range	N/A	N/A	N/A
Cost-of-living adjustments	N/A	N/A	N/A

For medical benefits, the healthcare cost trend rate assumption initially is at 9.0% or 10.0% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after eleven years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 11.0%, decreasing to a 5.0% long-term trend rate after twelve years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 3.3% for one year, with a long-term trend rate of 5.0% thereafter.

(3) Investments

The Pension funds' investments as of June 30, 2009 are as follows:

Cash management funds	$ 3,344,581,875
Domestic equities	17,268,032,199
International equities	12,119,445,457
Domestic fixed income	20,694,709,131
International fixed income	30,760,749
Bank loan funds	1,027,830,211
Police and Firemen's mortgages	1,367,881,305
Private equity	2,982,420,463
Real estate	1,588,971,807
Absolute return strategy funds	2,743,253,999
Real asset funds	547,120,061
U.S. government and agency obligations	284,765,388
Other fixed income securities	473,364,108
Other	934,430,489
	$ 65,407,567,242

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, international governments and agencies, bank loans, interest rate swap transactions, credit default swaps, 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 funds, real estate funds, other real assets, absolute return strategy funds, and the State of New Jersey Cash Management Fund (CMF). The CMF is a short-term cash fund and is open to state and certain nonstate participants.

The pension funds' investment in the Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the pension funds.

The Division's investments are subject to various risks. Among these risks are custodial credit risk, credit risk, concentration of credit risk, interest rate risk, and foreign currency 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 a bank failure, the pension funds will not be able to recover the value of investments or collateral securities that are in the possession of the third-party. The pension funds' investment securities are not exposed to custodial credit risk as they are held in segregated trust accounts in the name of the pension funds 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 issuers and debt instruments 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.

(Continued)

These limits were as follows:

Category	Minimum rating[1] Moody's	Minimum rating[1] S&P	Minimum rating[1] 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 debt and non-convertible preferred stock of one issuer (3)
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in debt and non-convertible preferred stock of any one issuer (2)(3); not more than 10% of fund assets can be invested in this category
International government and agency obligations	Baa3	BBB-	BBB-	25%	Greater of 25% or $10 million	—
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 Common 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	—	—	
Credit default swap transactions (4)	A1	A+	A+	—	—	Nominal value of net exposure to any one counterparty shall not exceed 10% of fund assets
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

(Continued)

Category	Minimum rating[1] Moody's	S&P	Fitch	Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
Interest rate swap transactions (5)	A1	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 2% 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
Nonconvertible preferred stocks of US corporations (4)	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in debt and nonconvertible stock of any one corporation
Bank loans (4)	Baa3	BBB-	BBB-	—	—	Not more than 10% of fund assets can be invested in this category

(1) Short term ratings (e.g. P-1, A-1, F1) are used for commercial paper and certificates of deposit.
(2) Prior to December 15, 2008, this restriction only applied to maturities exceeding 12 months.
(3) Prior to December 15, 2008, this restriction applied to debt only.
(4) Effective December 15, 2008.
(5) Prior to December 15, 2008, the minimum rating requirements were A3 (Moody's) and A- (S&P and Fitch).

Effective December 15, 2008, up to 5% of the market value of the combined assets of the pension and annuity funds may be invested in corporate obligations, international corporate obligations, collateralized notes and mortgages, bank loans, non-convertible preferred stock, and mortgage backed pass-through securities that do not meet the minimum credit rating requirements set forth above. Prior to that, the limitation excluded bank loans and non-convertible preferred stock.

For securities in the fixed income portfolio, the following tables disclose aggregate market value, by major credit quality rating category as of June 30, 2009. The first table is for bonds rated by Moody's. The second table uses S&P ratings not rated by Moody's.

	Moody's rating											
(In thousands)	Aaa	Aa	A	Baa	Ba	B	Bb	C	Ca	Caa	P-1	Totals
United States Treasury TIPS	$ 3,317,891	—	—	—	—	—	—	—	—	—	—	3,317,891
United States Treasury bonds	2,433,023	—	—	—	—	—	—	—	—	—	—	2,433,023
United States Treasury strips	664,234	—	—	—	—	—	—	—	—	—	—	664,234
United States Treasury notes	49,612	—	—	—	—	—	—	—	—	—	—	49,612
Title XI Merchant Marine notes	1,828	—	—	—	—	—	—	—	—	—	—	1,828
Government agency obligations	290,226	—	—	—	—	—	—	—	—	—	—	290,226
Government agency strips	522,265	—	—	—	—	—	—	—	—	—	—	522,265
Floating rate notes	—	—	11,294	26,825	2,525	6,285	—	—	—	2,450	—	49,379
Corporate obligations	632,093	1,443,122	4,215,894	3,625,017	233,020	148,762	214	124	20,796	67,577	55	10,386,674
Convertible bonds	—	—	—	27,289	50	527	—	—	—	801	—	28,667
Federal farm credit/FHL bank bonds	74,151	—	—	—	—	—	—	—	—	—	—	74,151
Federal home loan discounted bonds	41,360	—	—	—	—	—	—	—	—	—	—	41,360
International corporate obligations	—	129,361	705,097	648,390	16,264	28,180	—	569	—	2,615	—	1,530,476
International bonds and notes	70,745	85,047	—	—	—	—	—	—	—	—	—	155,792
International floating rate notes	—	—	—	—	—	1,540	—	—	—	—	—	1,540
Foreign government obligations	29,885	303,592	24,817	—	—	—	—	—	—	—	—	358,294
Municipal bonds	—	11,131	23,954	1,574	—	—	—	—	—	—	—	36,659
Remic/FHLMC/FNMA	618,437	—	—	—	—	—	—	—	—	—	—	618,437
Mortgages/FHLMC/FNMA/GNMA	139,418	—	—	—	—	—	—	—	—	—	—	139,418
Asset backed obligations	32,499	29,604	98	105,046	—	—	—	—	—	—	—	167,247
SBA passthrough certificates	170,589	—	—	251	—	238	—	—	—	—	—	171,078
Private export obligations	24,985	—	—	—	—	—	—	—	—	—	—	24,985
High yield structured notes	—	—	—	—	—	—	—	—	—	79,076	—	79,076
Other	10,266	735	2,436	3,507	874	—	—	—	—	—	420	18,238
	$ 9,123,507	2,002,592	4,983,590	4,437,899	252,733	185,532	214	693	20,796	152,519	475	21,160,550

	Standard & Poor's rating								
(In thousands)	A	AA	B	BB	BBB	CC	CCC	D	Totals
Corporate obligations	$ 26,627	—	—	—	1,194	1,009	1,803	1,101	31,734
Convertible bonds	—	—	—	1,376	—	—	—	—	1,376
International corporate obligations	—	—	570	923	—	—	—	45	1,538
Asset backed obligations	—	21,181	—	—	—	—	—	—	21,181
	$ 26,627	21,181	570	2,299	1,194	1,009	1,803	1,146	55,829

The above tables do not include certain domestic and international corporate obligations including certain exchange traded funds (ETFs) totaling $239,029,550 which invest in an underlying portfolio of fixed income securities and do not have a Moody's, Standard & Poor's or Fitch rating. The table also does not include other fixed income securities totaling $28,190,715, Police and Firemen's mortgages totaling $1,367,881,305 and the Cash Management fund totaling $3,344,581,875 which are not rated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Commercial paper must mature within 270 days. Certificates of deposits and bankers acceptances are limited to a term of one year or less. Repurchase agreement must mature within 30 days. The investment in guaranteed income contracts and funding agreements is limited to a term of 10 years or less.

The following table summarizes the maturities (or, in the case of Remics, Police and Firemen's Mortgages and mortgage-backed securities, the expected average life) of the fixed income portfolio as of June 30, 2009:

(In thousands)		Maturities in years			
Fixed income investment type	Total fair value	Less than 1	1-5	6-10	More than 10
United States Treasury TIPS	$ 3,317,891	—	—	—	3,317,891
United States Treasury bonds	2,433,099	33,412	91,675	32,376	2,275,636
United States Treasury strips	664,234	—	—	—	664,234
United States Treasury notes	49,612	—	—	49,612	—
Title XI merchant marine notes	1,828	—	—	—	1,828
Government agency obligations	290,478	4,816	68,658	9,335	207,669
Government agency strips	522,265	—	—	—	522,265
Floating rate notes	49,379	13,216	6,023	3,440	26,700
Corporate obligations	10,446,521	76,067	762,396	3,238,735	6,369,323
Convertible bonds	40,146	50	2,246	1,281	36,569
Federal farm credit/FHL bank bonds	74,151	—	—	74,151	—
Federal home loan discounted bonds	41,360	—	—	—	41,360
International corporate obligations	1,532,266	390	14,444	308,715	1,208,717
International bonds and notes	155,792	—	—	155,792	—
International floating rate notes	11,540	—	10,000	1,540	—
Foreign government obligations	368,205	15,174	24,623	75,192	253,216
Municipal bonds	36,659	—	—	—	36,659
Remic/FHLMC/FNMA	618,437	—	20,344	—	598,093
Police & firemen's obligations	1,367,881	—	—	—	1,367,881
Mortgages/FHLMC/FNMA/GNMA	139,418	—	7,340	4,224	127,854
Asset backed obligations	233,536	—	—	15,284	218,252
SBA passthrough certificates	171,078	—	238	170,840	—
Private export obligations	24,985	—	—	24,985	—
High yield structured notes	79,076	—	79,076	—	—
Other	18,318	7,390	5,343	2,541	3,044
	$ 22,688,155	150,515	1,092,406	4,168,043	17,277,191

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The pension funds invest in global markets. Effective August 20, 2007, the market value of international preferred and common stocks and issues convertible into common stocks, when combined with the market value of international government and agency obligations, cannot exceed 30% of the market value of the pensions funds; previously, this limitation was 22%. The market value of emerging market securities cannot exceed more than 1.5 times the percentage derived by dividing the total market capitalization of companies included in the Morgan Stanley Capital International (MSCI) Emerging Market Index by the total market capitalization of the companies included in the MSCI All-Country World Ex-United States Index of the total market value of the assets held by Common Fund D. Not more than 10% of the market value of the emerging market securities can be invested in the common and preferred stock of any one corporation; the total amount of stock purchased of any one corporation cannot exceed 5% of its stock classes eligible to vote. Council regulations permit the pension funds to enter into foreign exchange contracts for the purpose of hedging the international portfolio. The pension funds held forward contract receivables totaling approximately $4.9 billion and payables totaling approximately $4.7 billion (with a $126 million net exposure) as of June 30, 2009. The pension funds had the following foreign currency exposure as of June 30, 2009 (expressed in U.S. dollars and thousands):

Currency	Total fair value	Equities	Foreign government/ corporate obligations	Alternative investments
Australian dollar	$ 660,976	660,976	—	—
Brazilian real	95,598	95,598	—	—
British pound sterling	1,562,447	1,547,598	—	14,849
Canadian dollar	191,643	191,643	—	—
Chilean peso	3,407	3,407	—	—
Czech koruna	9,015	9,015	—	—
Danish krone	187,006	187,006	—	—
Euro	3,741,089	3,519,499	29,885	191,705
Egyptian pound	19,016	19,016	—	—
Hong Kong dollar	461,259	461,259	—	—
Hungarian forint	8,520	8,520	—	—
Indonesian rupiah	31,848	31,848	—	—
Israeli shekel	14,570	14,570	—	—
Japanese yen	1,960,209	1,960,209	—	—
Malaysian ringgit	12,409	12,409	—	—
Mexican peso	10,747	10,747	—	—
Norwegian krone	177,979	177,979	—	—
Pakistan rupee	2,378	2,378	—	—
Philippines peso	751	751	—	—
Polish zolty	7,117	7,117	—	—
Singapore dollar	172,816	172,816	—	—
South African rand	91,629	91,629	—	—
South Korean won	107,770	107,770	—	—
Swedish krona	166,945	166,070	875	—
Swiss franc	889,011	889,011	—	—
New Taiwan dollar	11,167	11,167	—	—
Thailand baht	25,981	25,981	—	—
Turkish lira	39,844	39,844	—	—
Other	24,068	24,068	—	—
	$ 10,687,215	10,449,901	30,760	206,554

The pension funds' interests in alternative investments may contain elements of credit, currency and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, speculative investments (both derivatives and nonmarketable investments), and nondisclosure of portfolio composition. Effective August 18, 2008, Council regulations provide that not more than 28% of the market value of the pension funds can be invested in alternative investments, with the individual categories of real estate, real assets, private equity and absolute return strategy investments limited to 7%. Prior to that, the overall limitation was 18%. Not more than 5% of the market value of Common Fund E, plus outstanding commitments, may be committed to any one partnership or investment, without the prior written approval of the Council. The investments in Common Fund E cannot comprise more than 20% of any one investment manager's total assets.

(4) Securities Lending Collateral

The securities lending collateral is subject to various risks. Among these risks are credit risk, concentration of credit risk, and interest rate risk. Agreements with the lending agents 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. These limits are consistent with Council regulations and internal policies for funds managed by the Division of Investment.

Effective December 15, 2008, 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	A2	A	A	10%	25%	—
Collateralized notes and mortgages	Aa	AA	AA	—	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	—	—	Dollar limits by issuer
Certificates of deposit/ Banker's acceptances:						Certificates of deposit and banker's acceptances' cannot exceed 10% of issuer's primary capital; dollar limits by issuer
Domestic	A2/P-1	A/A-1	A/F1	—	—	
International	Aa3/P-1	AA-/A-1	AA-/F1	—	—	
Guaranteed income contracts and funding agreements	A2	A	A	—	—	Limited to 5% of the assets of the collateral portfolio
Money market funds	—	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

Through December 14, 2008, the following limits were effective:

Category	Minimum rating			Limitation of issuer's outstanding debt	Limitation of issue	Other limitations
	Moody's	S&P	Fitch			
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	—
U.S. finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	—
Collateralized notes and mortgages	Baa3	BBB-	BBB-	—	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	—	—	Dollar limits by issuer
Certificates of deposit/ Banker's acceptances:						Certificates of deposit and banker's acceptances' cannot exceed 10% of issuer's primary capital; dollar limits by issuer
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-	—	—	Limited to 5% of the assets of the collateral portfolio
Money market funds	—	—	—	—	—	Limited to 10% of the assets of the collateral portfolio; limited to approved money market funds

Prior to December 15, 2008, all investments in the collateral portfolio matured or were redeemed within one year, except that up to 25% of the portfolio could be invested in eligible securities which matured within 25 months; provided, however, that the average maturity of all investments did not exceed one year. Effective December 15, 2008, all investments in the collateral portfolio must mature or be redeemed within one year.

Commercial paper maturities cannot exceed 270 days. Repurchase agreement maturities cannot exceed 30 days. Certificates of deposit and banker's acceptances must mature in one year or less.

The collateral for repurchase agreements is limited to obligations of the U.S. Government or certain U.S. Government agencies, collateralized notes and mortgages and corporate obligations meeting certain minimum rating criteria.

Total exposure to any individual issuer is limited, except for U.S. Treasury and Government agency obligations. For money market funds, the total amount of shares or units purchased or acquired of any money market fund shall not exceed 5% of the shares or units outstanding of said money market fund. For Collateralized notes and mortgages, not more than 2% and 5% of the assets of the collateral portfolio shall be invested in the obligations of any one issuer and issue, respectively. For Guaranteed income contracts and funding agreements, the total investment in any one issuer shall be limited to 2.5% of the collateral portfolio. Prior to December 15, 2008, the Division of Investment set individual issuer limits for Commercial paper and Certificate of deposits; subsequently, the Division of Investment sets issuer limits for all investments in the collateral portfolio.

For securities exposed to credit risk in the collateral portfolio, the following table discloses aggregate market value, by major credit quality rating category as of June 30, 2009.

	Rating							
(In thousands)	Aaa/AAA	Aa/AAA	Aa/AA	a/AA	Aa/A	A/A	A/AA	Not rated
Corporate obligations	$ —	99,755	642,443	15,001	109,694	759,910	169,039	29,603
Commercial paper	—	—	—	—	—	—	—	199,970
Certificates of deposit	—	—	100,000	—	100,039	—	—	50,000
Guaranteed investment contracts	—	—	100,000	—	—	—	150,000	—
Repurchase agreements	—	—	—	—	—	—	—	1,726,824
Money market funds	151,555	—	—	—	—	—	—	315,697
United States agencies	70,020	—	—	—	—	—	—	—
Cash	—	—	—	—	—	—	—	11
	$ 221,575	99,755	842,443	15,001	209,733	759,910	319,039	2,322,105

At June 30, 2009, all investments in the collateral portfolio will mature in less than one year.

As of June 30, 2009, the pension funds had outstanding loaned investment securities with an aggregate market value of $4,666,568,972 and received cash collateral with an aggregate fair value of $4,803,489,627 and noncash collateral of $13,474,666. In accordance with GASB accounting standards, the noncash collateral is not reflected in the accompanying financial statements. There were no borrower or lending agent default losses, and no recoveries or prior-period losses during the year.

(5) Contributions

Contribution Requirements – JRS

The contribution policy is set by N.J.S.A. 43:6A and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Members enrolled on January 1, 1996 or after contribute at 3% on their entire base salary. Contributions by active members enrolled prior to January 1, 1996 are based on 3% of the difference between their current salary and the salary of the position on January 18, 1982. The State of New Jersey is required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State made a contribution of $1.16 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of non-contributory group insurance (NCGI) of $0.54 million, in fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.4% of the actuarially determined statutory amount.

Contribution Requirements – CPFPF

There are no active members in the CPFPF.

The State made a contribution of $1.25 million, which was received in September 2009 after the close of the fiscal year, to satisfy the actuarially determined contribution in fiscal year 2009 based upon the July 1, 2007 actuarial valuation. Local employers contributed $0.02 million representing administrative fees billed to various locations in fiscal year 2009.

Contribution Requirements – PFRS

The contribution policy is set by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits (see significant legislation under note 2). Members contribute at a uniform rate of 8.5% of base salary.

The State made a contribution of $13.04 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of $6.98 million and others of $0.37 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.8% of the actuarially determined statutory amount.

Contribution Requirements – POPF

There are no active members in the POPF. Accordingly, based on actuarial valuation, there is no normal cost or accrued liability contribution required by employers for fiscal year 2009.

Contribution Requirements – PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 for most PERS state employees and effective July 1, 2008 for PERS local employees, based on Chapter 103, P.L. 2007. The rate for members who are eligible for the Prosecutors Part of PERS (Chapter 366, P.L. 2001) is 8.5% of base salary effective July 1, 2008. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits (see significant legislation under note 2).

Chapter 103, P.L. 2007 also provided that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the PERS cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

The State made a contribution of $23.0 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of $25.86 million, early retirement incentives (ERI) of $75.40 million, and others of $1.43 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.5% of the actuarially determined statutory amount.

Contribution Requirements – SPRS

The contribution policy is set by N.J.S.A. 53:5A-34 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate of 7.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

The State made a contribution of $3.38 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of $2.20 million and others of $0.07 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.5% of the actuarially determined statutory amount.

Contribution Requirements – TPAF

The contribution policy is set by N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The full normal employee contribution rate became 5.5% of annual compensation, effective July 1, 2007 based on Chapter 103, P.L. 2007. Employers are required to contribute at an actuarially determined rate. The annual employer contributions include funding for basic retirement allowances, cost-of-living adjustments, and noncontributory death benefits.

Chapter 103, P.L. 2007 also provided that for members hired on or after July 1, 2007, the amount of compensation used for employer and member contributions and benefits under the TPAF cannot exceed the annual maximum wage contribution base for Social Security, pursuant to the Federal Insurance Contributions Act.

The State made a contribution of $64.43 million, which was received in September 2009 after the close of the fiscal year, excluding the State's contribution of NCGI of $31.49 million, ERI of $1.61 million, and others of $4.94 million, for fiscal year 2009. The amount contributed for fiscal year 2009 is equal to 4.8% of the actuarially determined statutory amount.

Contribution Requirements – SACT

Participants contribute through payroll deductions and may contribute from 1% to 10% of their base salary, as defined. Contributions are voluntary and may be suspended at the beginning of any quarter. Contributions under the Tax Sheltered Supplemental Annuity Plan are subject to Federal law limitations and qualify for tax-sheltered treatment permitted under Section 403(b) of the Internal Revenue Code. Participants are always fully vested for the accumulated units in their accounts.

Contribution Requirements – CPF

The State of New Jersey makes an annual appropriation payment to the CPF to pay current year benefits. The contribution requirements were established by the aforementioned statutes and are not actuarially determined. An actuarial valuation is not performed to determine the actuarial implications of the contribution requirements.

The contribution amount required and paid by the State of New Jersey for the fiscal year ended June 30, 2009 was $377 thousand.

Contribution Requirements – SHBP – State (including PDP – State)

Contributions to pay for the health premiums of participating employees in the SHBP – State are collected from the State of New Jersey, active and retired members, and former active and retired members who have elected to participate under the rules of COBRA. The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are generally distributed to the SHBP on a monthly basis. Active and retired member contributions are generally received on a monthly basis. Certain State employees share in the cost of their premiums, as provided by Chapter 8, P.L. 1996.

Under the provisions of Chapter 8, P.L. 1996, the SHBP implemented premium sharing for employees covered under the State component of the program. Chapter 8 authorizes the State to negotiate premium sharing in the collective bargaining agreements governing employment of State employees. Premium sharing also applies to retired group coverage for employees who attain 25 years of creditable pension service after July 1, 1997 or who retire on a disability retirement after that same date. Those employees not represented by any bargaining unit premium share in accordance with rules established by the State Health Benefits Commission.

(Continued)

Contributions to pay for the premiums of participating employees in the PDP are collected from the State of New Jersey, and former active and retired members who have elected to participate under the rules of COBRA. The State of New Jersey provides contributions for State employees through State appropriations. These appropriations are distributed to the PDP on a monthly basis.

The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical (PRM) benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

The State made a contribution of $1.38 billion, including administrative revenue of $3.38 million, for fiscal year 2009.

Chapter 103, P.L. 2007 implemented changes to SHBP and established an employee contribution of 1.5% of the employee's base salary for State employees, effective July 1, 2007.

Contribution Requirements – SHBP – Local (including PDP – Local)

Contributions to pay for the health premiums of participating employees in the SHBP – Local are collected from the State of New Jersey, participating local employers, active members and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

Contributions to pay for the premiums of participating employees in the PDP are collected from participating local employers, and former active and retired members who have elected to participate under the rules of COBRA. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Local employers participating in the SHBP – Local made a contribution of $605.94 million, including administrative revenue of $1.58 million for fiscal year 2009.

State of New Jersey contribution to the SHBP – Local is to fund the cost of medical premiums after retirement for qualified retirees in the PFRS. In accordance with Chapter 62, P.L. 1994, post-retirement medical (PRM) benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contribution Requirements – SHBP – Education (including PDP – Education)

Contributions to pay for the health premiums of participating employees in the SHBP – Education are collected from the State of New Jersey, participating local employers, active members and retired members. Local employer payments and active and retired member contributions are generally received on a monthly basis.

Local group employees are not affected by the premium sharing provisions of Chapter 8, P.L. 1996.

(Continued)

Contributions to pay for the premiums of participating employees in the PDP are collected from participating local employers, and former active and retired members who have elected to participate under the rules of COBRA. Local employer payments as well as COBRA contributions are also received on a monthly basis.

Local employers participating in the SHBP - Education made a contribution of $1.49 billion, including administrative revenue of $3.65 million for fiscal year 2009.

State of New Jersey contributions to the SHBP – Education are to fund the cost of medical premiums after retirement for qualified retirees in the PERS, TPAF and ABP. In accordance with Chapter 62, P.L. 1994, post-retirement medical (PRM) benefits have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial basis.

Contribution Requirements – NJSEDCP

Participants may defer between 1% and 100% of their salary and less any 414(h) reductions or $16.5 thousand 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.

Contribution Requirements – ABPLTD

The State of New Jersey makes an annual contribution to the ABPLTD, as required, toward the cost of long-term disability benefits which extend beyond the calendar year following the year in which the disability benefits commence for those with a benefit commencement date on or after October 1, 1986.

The State made a contribution of $2.69 million for fiscal year 2009.

Contribution Requirements – ABP

Members contribute a mandatory 5% of base or contractual salary that is tax deferred under the 414(h) provisions of the Internal Revenue code. Members are also permitted to make voluntary federal tax-deferred contributions under Internal Revenue Code Section 403(b). The State of New Jersey pays the employer contribution for all State and county employees participating in the plan. The employer contribution is based on 8% of base or contractual salary. The State of New Jersey is also responsible for the cost of noncontributory life insurance coverage and disability coverage for its plan members.

The State made a contribution of $143.01 million, excluding NCGI of $20.21 million and short-term disability of $1.74 million, for fiscal year 2009.

Contribution Requirements – PAF

The contribution requirements were established by N.J.S.A. 43:3B-4. The State of New Jersey is required to make an annual appropriation payment to fund the cost-of-living increases payable to retirees and beneficiaries of retired members in the CPFPF, POPF and CPF. Funding is on a pay-as-you-go basis.

The State made a contribution of $1.37 million for fiscal year 2009.

(Continued)

Contribution Requirements – DEP – State and Local

Contributions to pay for the premiums of participating employees in the Dental Expense Program Fund are collected from the State of New Jersey, local governmental and educational employers, active employees, and former and retired members who have elected to participate under the rules of COBRA. The cost of the premiums is shared by the State of New Jersey and active State employees. Former and retired employees who have chosen to participate under the rules of COBRA pay the full cost of the premium. The employers are billed for the full cost of coverage. The State of New Jersey provides contributions through State appropriations. These appropriations are distributed to the DEP on a biweekly and monthly basis. The active member share of the cost of premiums, which is included in the billing to the employers, is paid to the State on a biweekly and monthly basis. Members participating under COBRA remit their payments on a monthly basis. Retirees pay 100% of the overall dental cost.

The State made a contribution of $31.39 million, excluding administrative revenue of $0.01 million, for fiscal year 2009. The local contribution was $1.90 million for fiscal year 2009.

(6) Vesting and Benefits

Vesting and Benefit Provisions – JRS

The vesting and benefit provisions are set by N.J.S.A. 43:6A and amended and supplemented by Chapter 470, P.L. 1981. The JRS provides retirement benefits as well as death and disability benefits. Retirement benefits for age and years of service are as follows:

Age	Years of judicial service	Benefit as a percentage of final salary
70	10	75%
65	15	75%
60	20	75%

Age	Years of judicial service	Years of public and judicial service	Benefit as a percentage of final salary
65	5	15	50%
60	5	20	50%

Retirement benefits are also available at age 60 with five years of judicial service plus 15 years in the aggregate of public service, or at age 60 while serving as a judge with the benefit determined to be 2% of final salary, as defined, for each year of public service up to 25 years plus 1% of final salary for each year in excess of 25 years. Deferred and early retirement benefits are also available.

Vesting and Benefit Provisions – CPFPF

The vesting and benefit provisions are set by N.J.S.A. 43:16. The CPFPF provides retirement as well as death and disability benefits to any active member after 25 years of service. A member may retire at age 60 after 25 years of service. Retirement is mandatory at age 65, except for chiefs of police, who may retire at age 70. Benefits are generally determined to be 60% of final salary, as defined, plus 1% for each creditable year of service, as defined, in excess of 25 years, but not to exceed 30 years. Members are always fully vested in their own contributions.

Chapter 4, P.L. 2001 provided increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase was 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension benefit would increase from 65% to 70% of final compensation.

Vesting and Benefit Provisions – PFRS

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The PFRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final compensation equals the compensation for the final year of service prior to retirement. Members may seek special retirement after achieving 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service. The annual benefit under special retirement is 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. The maximum allowance is therefore 70% of final compensation.

Widow/widowers of members retired since December 18, 1967 receive 50% of the retiree's final compensation. The minimum annual widow/widower's benefits of an accidental disability retiree prior to December 18, 1967 and of all retirees since December 18, 1967 is $4,500.

Members are always fully vested for their own contributions. In the case of death before retirement, members' beneficiaries are entitled to full payment of members' contributions providing no survivor death benefits are payable.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement. The cost-of-living increases are funded by the retirement system and are included in the annual actuarial calculations of the required state and state-related employer contributions.

Vesting and Benefit Provisions – POPF

The vesting and benefit provisions are set by N.J.S.A. 43:7. The POPF provides retirement, as well as death and disability benefits. Retirement benefits are available after 25 years of service or at age 55 with 20 years of service. The benefit is in the form of a life annuity equal to the greater of (a) 2% of average final compensation up to the 30 years of service, plus 1% of average final compensation for each year of service above 30 and prior to age 65; (b) 50% of final pay; or (c) for members with 25 or more years of service, 2% of average final compensation for each year of service up to 30 years, plus 1% for each year in excess of 30 years. Average final compensation equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions – PERS

The vesting and benefit provisions are set by N.J.S.A. 43:15A and 43:3B. The PERS provides retirement, death and disability benefits. All benefits vest after eight to ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the PERS. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit (as defined). Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving eight to ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for earnings on their contributions at 2% per annum. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in the dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the PERS eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to 1% for every year between age 55 and 62, plus 3% for every year under age 55.

(Continued)

Vesting and Benefit Provisions – SPRS

The vesting and benefit provisions are set by N.J.S.A. 53:5A. The SPRS provides retirement as well as death and disability benefits. All benefits vest after ten years of service (as defined). Retirement benefits are available after 20 years of service (as defined) at any age with mandatory retirement at age 55. The retirement benefit is based upon final compensation, which is defined as salary (as defined) plus maintenance allowance (as defined) during the last 12 months prior to retirement, and is a life annuity equal to the greater of the following: (a) 50% of final compensation; (b) for members retiring due to mandatory retirement, 50% of final compensation, plus 2% for each year of service in excess of 20 years to a maximum of 60% of final compensation; or (c) for members retiring with 25 or more years of service, 65% of final compensation, plus 1% for each year of service in excess of 25 years, to a maximum of 70% of final compensation. Members may elect deferred retirement after ten years of service in which case benefits in the form of life annuity would begin at age 55 equal to 2% of final compensation for each year of service up to 20 years.

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions – TPAF

The vesting and benefit provisions are set by N.J.S.A. 18A:66. The TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of the TPAF. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/55 of final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years service credit, as defined, or they may elect deferred retirement after achieving ten years of service credit, in which case benefits would begin the first day of the month after the member attains normal retirement age.

Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits (COLA) after 24 months of retirement.

Chapter 103, P.L. 2007 amended the early retirement reduction formula for members hired on or after July 1, 2007 and retiring with 25 years of service to be reduced by 1% for every year between age 55 and 60, plus 3% for every year under age 55.

Chapter 89, P.L. 2008 increased the TPAF eligibility age for unreduced benefits from age 60 to age 62 for members hired on or after November 1, 2008; increased the minimum annual compensation required for membership eligibility for new members. Also, it amended the early retirement reduction formula for members hired on or after November 1, 2008 and retiring with 25 years of service to 1% for every year between age 55 and 62 plus 3% for every year under age 55.

Vesting and Benefit Provisions – SACT

Upon retirement, a participant is paid a single cash payment or may elect various forms of monthly annuities or reduced annuity payments with a beneficiary provision based on the value of the participant's account in the month of retirement. Upon the death of a participant, the designated beneficiary may elect to receive a lump sum equal to the account value or an annuity under any of the settlement options which a retiree could elect under the Trust. Upon termination of employment and withdrawal from the basic retirement systems, a participant must also withdraw his account under the Trust as a lump-sum settlement.

Benefit Provisions – CPF

Benefits are payable under various State of New Jersey acts in an amount equal to one-half of the compensation received by the participant for his/her service. In the case of Disabled Veterans' Pensions and Surviving Spouses the amount is $62.50 per month.

Vesting and Benefit Provisions – NJSEDCP

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.

Benefit Provisions – ABPLTD

Members who are totally disabled due to an occupational or nonoccupational condition are eligible to receive a regular monthly benefit equal to 60% of the base salary earned over the 12 month period preceding the onset of the disability. The long-term disability benefits continue until such time as the member retires or attains the age of 70, whichever comes first.

Vesting and Benefit Provisions – SHBP – State (including PDP – State)

The Program provides medical coverage to qualified active and retired participants. Under Chapter 136, P.L. 1977, the State of New Jersey pays for the health insurance coverage of all enrolled retired State employees (regardless of age) whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. The Prescription Drug Program Fund (PDP) was established in December 1974, under N.J.S.A. 52:14-17.29 to provide coverage to employees and their eligible dependents for drugs which under federal or State law may be dispensed only upon a prescription written by a physician. State employees are eligible for PDP coverage after 60 days of employment.

(Continued)

Vesting and Benefit Provisions – SHBP – Local (including PDP – Local)

The Program provides medical coverage to qualified local active and retired participants. Partially funded benefits are also provided to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage under the provisions of Chapter 330, P.L. 1997. Also, local employees are eligible for the PDP coverage after 60 days of employment.

Vesting and Benefit Provisions – SHBP – Education (including PDP – Education)

The program provides medical coverage to qualified local education active and retired participants. Members of the TPAF who retire from a board of education or county college with 25 years of service or on a disability retirement receive free postretirement medical coverage. Under the provisions of Chapter 126, P.L. 1992, the program also provides free coverage to members of the PERS and Alternate Benefits Program (ABP) who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

Vesting and Benefit Provisions – ABP

ABP provides retirement benefits, disability benefits, and group life insurance benefits to eligible participants. Retirement benefits are payable upon separation from service with no age or service requirements. However, distributions under age 55 are limited to employee contributions and accumulations. The remaining employer's contributions and earnings are available for distribution upon attaining age 55. Participants are immediately vested if the participant has an existing retirement account containing employer and employee contributions based on employment in public education, or is an active or vested member of a federal or state retirement system.

Benefit Provisions – PAF

The Pension Adjustment Program covers eligible retirees and survivors of CPFPF, POPF and CPF. Eligible retirees and/or survivors are those who have been retired at least 24 months.

Those eligible for benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired, as compared to the average consumer price index for a 12-month period ending with each August 31st immediately preceding the year in which the adjustment becomes payable. The regular retirement allowance is multiplied by the 60% factor as developed and results in a dollar amount of the adjustment payable. Retired members become eligible for pension adjustment benefits after 24 months of retirement.

Chapter 4, P.L. 2001 provided increased benefits to certain members of the Consolidated Police and Firemen's Pension Fund who retired prior to December 29, 1989 with at least 25 years of creditable service. The benefit increase is effective November 1, 2001. The maximum amount of the increase was 5% of the retiree's final compensation. For those with 30 or more years of service, the total pension benefit would increase from 65% to 70% of final compensation.

As a result of this legislation, cost-of-living benefits payable to eligible retirees also increased. The State, not the local municipalities, is responsible for these costs.

Benefit Provisions – DEP – State and Local

The Program provides coverage to employees and their eligible dependents for dental services performed by a qualified dentist. Employees are eligible for coverage after 60 days of employment.

(7) Funds

The Funds maintain the following legally required funds as follows (amounts indicated in parenthesis represent net assets held in trust for the respective fund as indicated):

Members' Annuity Savings Fund – JRS ($38,208,153); TPAF ($8,516,171,923); PERS ($9,796,093,915); PFRS ($2,975,572,733); SPRS ($178,485,657)

The Members' Annuity Savings Fund is credited with all contributions made by active members of the Funds. Member withdrawals are paid out of this Fund.

Contingent Reserve Fund – JRS ($57,360,273); TPAF ($-12,874,495,068); PERS ($-8,521,477,410); SPRS ($799,060,766)

The Contingent Reserve Fund is credited with the contributions of contributing employers. Interest earnings, after crediting the Accumulative Interest Fund, Retirement Reserve Fund, and Special Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums and administrative expenses are made from this Fund.

Retirement Reserve Fund – JRS ($165,059,910); TPAF ($29,264,887,048); PERS ($20,519,477,442); PFRS ($16,897,010,406); SPRS ($583,353,985)

The Retirement Reserve Fund is the account from which retirement benefits including cost-of-living adjustments are paid. Upon retirement of a member, accumulated contributions together with accumulated interest are transferred to the Retirement Reserve Fund from the Members' Annuity Savings Fund. Any additional reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve Fund or Pension Accumulation Fund. Annually, interest as determined by the State Treasurer (8.25% for fiscal year 2009) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund – POPF ($11,986,920)

The Retirement Reserve Fund is credited with active member and State of New Jersey contributions and investment income. In addition, all benefits are paid from this account.

Special Reserve Fund – TPAF ($0); PERS ($0); PFRS ($0)

The Special Reserve Fund is a fund to which any excess earnings and gains from sales and maturities of investments are transferred and against which any losses from the sales of securities are applied. The maximum limit on the accumulation of this account is 1% of the market value of the investments allocated to the Funds, excluding Cash Management Fund investments and bonds allocated to the Contributory Group Insurance Premium Fund. Amounts in excess of 1% are credited to the Contingent Reserve Fund.

Contributory Group Insurance Premium Fund – TPAF ($132,256,925); PERS ($309,738,193)

The Contributory Group Insurance Premium Fund represents the accumulation of member group insurance contributions in excess of premiums disbursed to the insurance carrier since the inception of the contributory death benefit program plus reserves held by the insurance carriers. Members are required by statute to participate in the contributory group insurance plan in the first year of membership and may cancel the contributory coverage thereafter. The current contribution rate for active members is 0.4 of 1% of salary for TPAF and 0.5 of 1% of salary for PERS, as defined.

Non-Contributory Group Insurance Premium Fund – PERS – Local ($40,210,996); PFRS – Local ($24,793,516)

The Non-Contributory Group Insurance Premium Fund represents the accumulation of employer group insurance contributions in excess of premiums disbursed to the insurance carrier since the inception of the noncontributory death benefit program plus reserves held by the insurance carrier. Members are eligible by statute for the noncontributory group insurance plan in the first year of membership.

Pension Accumulation Fund – PFRS ($-1,808,447,040)

The Pension Accumulation Fund is credited with the contributions of the State of New Jersey and other employers. Interest earnings, after crediting the Annuity Savings Fund (ASF) and the Retirement Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums and administrative expenses are made from this Fund.

Pension Reserve Fund – CPFPF ($11,385,083)

The Pension Reserve Fund is credited with all active member and State of New Jersey contributions and investment income.

Reserve Fund – Alternate Benefit – Long Term Disability ($1,530,783)

The fund balance of the ABPLTD is available for future payments to participants.

Benefit Enhancement Reserve Fund – TPAF ($0); PERS ($398,768,555)

The Benefit Enhancement Reserve Fund is a special reserve fund from which the required normal contributions to provide benefit increases under Chapter 353, P.L. 2001 and Chapter 133, P.L. 2001 will be charged. The fund was established in 2002 and credited with excess assets equivalent to member contributions for fiscal years 2000 and 2001 by transferring reserves in the Contingent Reserve Fund to the Benefit Enhancement Fund. Additional transfers will be made, as required, to maintain a fund balance equal to the present value of expected additional normal contributions due to the increased benefits.

Reserve Fund – SHBP – State (including PDP – State) ($-90,696,056)

Due to ongoing budget constraints, the State has not made the full required premium contributions for active members over the past several years resulting in a negative fund balance. However, the fund has received sufficient State appropriations to maintain a positive cash balance in order to pay all benefit obligations on a timely basis.

Reserve Fund – SHBP – Local (including PDP – Local) ($172,120,070)

The net assets of the SHBP – Local are available to pay claims of future periods. These reserves are maintained by the fund to stabilize rates and to meet unexpected increase in claims.

Reserve Fund – SHBP – Education (including PDP) ($403,113,138)

The net assets of the SHBP – Education are available to pay claims of future periods. These reserves are maintained by the fund to stabilize rates and to meet unexpected increase in claims.

Various Reserve Fund net asset balances as of June 30, 2009 as described previously:

	Pension Trust Funds	Health Benefit Program Funds
Members' Annuity Savings Fund	$ 21,504,532,381	—
Contingent Reserve Fund	(20,539,551,439)	—
Retirement Reserve Fund	67,441,775,711	—
Special Reserve Fund	—	—
Contributory Group Insurance Premium Fund	441,995,118	—
Non-Contributory Group Insurance Premium Fund	65,004,512	—
Pension Accumulation Fund	(1,808,447,040)	—
Pension Reserve Fund	11,385,083	—
Reserve Fund	1,530,783	484,537,152
Benefit Enhancement Reserve Fund	398,768,555	—
Variable Accumulation Reserve Account (SACT/DCP)	1,880,544,143	—
Variable Benefits Reserve Account (SACT)	21,838,438	—
	$ 69,419,376,245	484,537,152

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress

(Unaudited – See accompanying independent auditors' report)

Actuarial valuation date		Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (overfunded) actuarial accrued liability (b – a)	Funded ratio (a / b)		Covered payroll (c)	Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll ((b – a) / c)
Judicial Retirement System (JRS)								
June 30, 1999	$	352,858,160	313,873,659	(38,984,501)	112.4%	$	48,886,350	(79.7)%
June 30, 2000		374,486,433	350,920,345	(23,566,088)	106.7		55,514,214	(42.5)
June 30, 2001		379,592,346	372,760,069	(6,832,277)	101.8		57,800,334	(11.8)
June 30, 2002		373,231,198	388,950,803	15,719,605	96.0		61,873,500	25.4
June 30, 2003		372,835,265	431,450,218	58,614,953	86.4		61,600,500	95.2
June 30, 2004		371,730,163	445,922,358	74,192,195	83.4		61,576,750	120.5
June 30, 2005		369,491,366	466,145,912	96,654,546	79.3		60,506,750	159.7
June 30, 2006		369,493,799	493,778,007	124,284,208	74.8		62,492,250	198.9
June 30, 2007		379,364,939	524,970,330	145,605,391	72.3		63,144,685	230.6
June 30, 2008		380,964,713	553,284,647	172,319,934	68.9		67,159,516	256.6
Consolidated Police and Firemen's Pension Fund (CPFPF)								
June 30, 1999	$	54,018,660	52,226,208	(1,792,452)	103.4%		N/A	N/A
June 30, 2000		46,078,644	46,544,429	465,785	99.0		N/A	N/A
June 30, 2001		38,656,261	41,658,355	3,002,094	92.8		N/A	N/A
June 30, 2002		31,842,796	36,350,384	4,507,588	87.6		N/A	N/A
June 30, 2003		27,623,585	41,396,376	13,772,791	66.7		N/A	N/A
June 30, 2004		21,735,396	35,052,202	13,316,806	62.0		N/A	N/A
June 30, 2005		21,886,445	30,031,591	8,145,146	72.9		N/A	N/A
June 30, 2006		22,453,828	24,749,667	2,295,839	90.7		N/A	N/A
June 30, 2007		19,336,247	21,090,186	1,753,939	91.7		N/A	N/A
June 30, 2008		15,705,984	17,319,488	1,613,504	90.7		N/A	N/A
Police and Firemen's Retirement System (PFRS)								
State:								
June 30, 1999	$	1,717,248,151	1,534,470,501	(182,777,650)	111.9%	$	362,949,950	(50.4)%
June 30, 2000		1,884,870,936	1,666,842,906	(218,028,030)	113.1		363,360,250	(60.0)
June 30, 2001		1,991,299,968	1,866,140,391	(125,159,577)	106.7		398,118,379	(31.4)
June 30, 2002		2,032,977,241	2,046,820,189	13,842,948	99.3		418,849,259	3.3
June 30, 2003		1,907,752,767	2,330,909,918	423,157,151	81.8		447,470,022	94.6
June 30, 2004		1,940,936,459	2,509,192,584	568,256,125	77.4		450,406,301	126.2
June 30, 2005		2,005,752,079	2,815,620,221	809,868,142	71.2		482,460,402	167.9
June 30, 2006		2,082,930,162	3,082,176,677	999,246,515	67.6		506,084,434	197.4
June 30, 2007		2,215,697,407	3,426,631,813	1,210,934,406	64.7		527,556,519	229.5
June 30, 2008		2,316,017,361	3,749,118,910	1,433,101,549	61.8		527,495,741	271.7
Local:								
June 30, 1999	$	14,536,570,357	13,894,951,617	(641,618,740)	104.6%	$	1,971,087,124	(32.6)%
June 30, 2000		15,644,750,281	14,924,699,712	(720,050,569)	104.8		2,055,781,766	(35.0)
June 30, 2001		16,083,153,842	16,056,446,646	(26,707,196)	100.2		2,163,590,060	(1.2)
June 30, 2002		16,392,195,411	17,181,142,310	788,946,899	95.4		2,275,130,620	34.7
June 30, 2003		16,447,380,691	18,422,073,072	1,974,692,381	89.3		2,393,467,444	82.5
June 30, 2004		16,762,453,668	19,769,046,766	3,006,593,098	84.8		2,524,859,162	119.1
June 30, 2005		17,372,138,294	21,388,972,326	4,016,834,032	81.2		2,619,347,468	153.4
June 30, 2006		18,281,315,556	22,907,522,660	4,626,207,104	79.8		2,772,915,465	166.8
June 30, 2007		19,500,229,156	24,562,195,443	5,061,966,287	79.4		2,932,283,180	172.6
June 30, 2008		20,437,541,909	26,871,106,532	6,433,564,623	76.1		3,068,758,436	209.6

(Continued)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress

(Unaudited – See accompanying independent auditors' report)

Actuarial valuation date		Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (overfunded) actuarial accrued liability (b – a)	Funded ratio (a / b)		Covered payroll (c)	Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll ((b – a) / c)
Prison Officers' Pension Fund (POPF)								
June 30, 1999	$	19,137,919	15,292,629	(3,845,290)	125.1%		N/A	N/A
June 30, 2000		18,268,489	14,216,588	(4,051,901)	128.5		N/A	N/A
June 30, 2001		18,269,899	12,994,567	(5,275,332)	140.6		N/A	N/A
June 30, 2002		17,908,452	11,781,734	(6,126,718)	152.0		N/A	N/A
June 30, 2003		17,277,953	10,727,647	(6,550,306)	161.1		N/A	N/A
June 30, 2004		15,884,428	10,060,710	(5,823,718)	157.9		N/A	N/A
June 30, 2005		14,783,465	9,077,157	(5,706,308)	162.9		N/A	N/A
June 30, 2006		14,014,718	8,236,295	(5,778,423)	170.2		N/A	N/A
June 30, 2007		13,499,361	7,378,386	(6,120,975)	183.0		N/A	N/A
June 30, 2008		12,890,441	6,789,017	(6,101,424)	189.9		N/A	N/A
Public Employees' Retirement System (PERS)								
State:								
June 30, 1999	$	8,879,920,323	7,823,576,056	(1,056,344,267)	113.5%	$	2,928,470,790	(36.1)%
June 30, 2000		9,743,727,383	8,538,685,222	(1,205,042,161)	114.1		3,094,280,664	(38.9)
June 30, 2001		11,123,818,861	9,886,463,368	(1,237,355,493)	112.5		3,288,383,788	(37.6)
June 30, 2002		11,073,156,965	10,760,557,483	(312,599,482)	102.9		3,511,151,199	(8.9)
June 30, 2003		10,829,953,189	11,942,299,170	1,112,345,981	90.7		3,576,118,300	31.1
June 30, 2004		10,693,508,592	12,620,379,435	1,926,870,843	84.7		3,751,765,096	51.4
June 30, 2005		10,631,348,826	13,432,528,883	2,801,180,057	79.1		4,028,028,170	69.5
June 30, 2006		10,668,645,162	14,797,684,446	4,129,039,284	72.1		4,253,564,219	97.1
June 30, 2007		11,024,255,608	16,028,875,601	5,004,619,993	68.8		4,434,933,181	112.8
June 30, 2008		11,200,668,671	17,072,702,680	5,872,034,009	65.6		4,609,019,779	127.4
Local:								
June 30, 1999	$	13,171,311,650	11,163,283,877	(2,008,027,773)	118.0%	$	4,655,241,261	(43.1)%
June 30, 2000		14,380,511,913	12,007,160,806	(2,373,351,107)	119.8		4,910,962,708	(48.3)
June 30, 2001		16,625,288,260	13,819,038,491	(2,806,249,769)	120.3		5,240,338,738	(53.6)
June 30, 2002		16,503,081,054	14,929,334,103	(1,573,746,951)	110.5		5,534,322,805	(28.4)
June 30, 2003		16,406,284,200	15,887,012,746	(519,271,454)	103.3		5,811,726,702	(8.9)
June 30, 2004		16,414,022,003	17,077,938,057	663,916,054	96.1		6,140,413,756	10.8
June 30, 2005		16,482,040,944	18,341,857,304	1,859,816,360	89.9		6,416,265,644	29.0
June 30, 2006		16,699,827,172	20,273,979,840	3,574,152,668	82.4		6,730,309,209	53.1
June 30, 2007		17,690,520,507	21,764,214,593	4,073,694,086	81.3		6,983,534,635	58.3
June 30, 2008		18,217,749,414	23,173,183,973	4,955,434,559	78.6		7,206,781,046	68.8
State Police Retirement System (SPRS)								
June 30, 1999	$	1,600,165,104	1,469,144,146	(131,020,958)	108.9%	$	178,203,420	(73.5)%
June 30, 2000		1,752,423,441	1,512,909,805	(239,513,636)	115.8		188,466,237	(127.1)
June 30, 2001		1,829,414,353	1,626,631,656	(202,782,697)	112.5		199,727,203	(101.5)
June 30, 2002		1,853,684,177	1,739,427,739	(114,256,438)	106.6		215,161,126	(53.1)
June 30, 2003		1,865,079,083	1,815,725,256	(49,353,827)	102.7		217,448,864	(22.7)
June 30, 2004		1,897,525,210	1,949,309,641	51,784,431	97.3		223,552,154	23.2
June 30, 2005		1,922,443,732	2,075,266,080	152,822,348	92.6		241,813,372	63.2
June 30, 2006		1,970,398,511	2,319,656,532	349,258,021	84.9		263,220,592	132.7
June 30, 2007		2,066,754,160	2,485,649,230	418,895,070	83.1		275,301,995	152.2
June 30, 2008		2,127,263,509	2,609,164,869	481,901,360	81.5		281,087,566	171.4
Teachers' Pension and Annuity Fund (TPAF)								
June 30, 1999	$	27,457,451,678	25,546,083,289	(1,911,368,389)	107.5%	$	6,254,198,406	(30.6)%
June 30, 2000		30,203,205,322	27,404,618,051	(2,798,587,271)	110.2		6,571,641,181	(42.6)
June 30, 2001		35,351,379,511	32,745,357,185	(2,606,022,326)	108.0		6,948,381,383	(37.5)
June 30, 2002		35,148,246,433	35,146,591,842	(1,654,591)	100.0		7,348,993,141	—
June 30, 2003		34,651,825,932	37,383,732,882	2,731,906,950	92.7		7,702,854,159	35.5
June 30, 2004		34,633,790,549	40,447,690,339	5,813,899,790	85.6		8,047,272,269	72.2
June 30, 2005		34,789,389,875	43,967,927,299	9,178,537,424	79.1		8,454,072,109	108.6
June 30, 2006		35,531,294,790	46,539,868,653	11,008,573,863	76.3		8,748,623,186	125.8
June 30, 2007		36,714,578,745	49,161,247,363	12,446,668,618	74.7		9,077,628,813	137.1
June 30, 2008		36,664,627,629	51,754,814,521	15,090,186,892	70.8		9,419,083,203	160.2

(Continued)

Schedule 1

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress

(Unaudited – See accompanying independent auditors' report)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (overfunded) actuarial accrued liability (b – a)	Funded ratio (a / b)	Covered payroll * (c)	Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll * ((b – a) / c)
State Health Benefit Program — State						
June 30, 2006	$ —	21,587,100,000	21,587,100,000	—%	N/A	N/A
June 30, 2007	—	18,417,000,000	18,417,000,000	—	N/A	N/A
June 30, 2008	—	19,850,900,000	19,850,900,000	—	$ 7,163,803,681	277.1%
State Health Benefit Program — Local						
June 30, 2006	$ —	10,774,600,000	10,774,600,000	—%	N/A	N/A
June 30, 2007	—	9,096,600,000	9,096,600,000	—	N/A	N/A
June 30, 2008	—	8,840,500,000	8,840,500,000	—	$ 2,411,700,000	366.6%
State Health Benefit Program — Education						
June 30, 2006	$ —	36,471,900,000	36,471,900,000	—%	N/A	N/A
June 30, 2007	—	32,232,500,000	32,232,500,000	—	N/A	N/A
June 30, 2008	—	36,062,600,000	36,062,600,000	—	$ 13,016,396,319	277.1%

* Required disclosure at adoption of standard. Covered payroll not available for the initial analysis.

(Continued)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress – Additional Actuarial Information

(Unaudited – See accompanying independent auditors' report)

Significant actuarial methods and assumptions used in the most recent 2008 actuarial valuations include the following:

	JRS	CPFPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	N/A
Remaining amortization period	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	2.00%
Salary range	5.45	N/A
Cost-of-living adjustments	1.80	N/A
Valuation date	June 30, 2008	June 30, 2008

	PFRS	POPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	Market value
Amortization method	Level percent, open	Level dollar, closed
Payroll growth rate for amortization	4.00%	N/A
Remaining amortization period	30 years	1 year
Actuarial assumptions:		
Interest rate	8.25%	5.00%
Salary range	7.20	N/A
Cost-of-living adjustments	1.80	N/A
Valuation date	June 30, 2008	June 30, 2008

	PERS	SPRS
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, open	Level percent, open
Payroll growth rate for amortization	4.00%	4.00%
Remaining amortization period	30 years	30 years
Actuarial assumptions:		
Interest rate	8.25%	8.25%
Salary range	5.45	5.45
Cost-of-living adjustments	1.80	1.80
Valuation date	June 30, 2008	June 30, 2008

	TPAF
Actuarial cost method	Projected unit credit
Asset valuation method	5 year average of market value
Amortization method	Level percent, open
Payroll growth rate for amortization	4.00%
Remaining amortization period	30 years
Actuarial assumptions:	
Interest rate	8.25%
Salary range	5.74
Cost-of-living adjustments	1.80
Valuation date	June 30, 2008

(Continued)

Schedule 1

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Funding Progress – Additional Actuarial Information

(Unaudited – See accompanying independent auditors' report)

Significant actuarial methods and assumptions used in the most recent 2008 actuarial valuation include the following:

	State Health Benefit Program Funds
Actuarial cost method	Projected unit credit
Asset valuation method	Market value
Amortization method	Level percent, open
Payroll growth rate for amortization	4.00%
Remaining amortization period	30 years
Actuarial assumptions:	
Interest rate	4.50% (assuming no prefunding)
Salary range	N/A
Cost-of-living adjustments	N/A
Valuation date	June 30, 2008

For medical benefits, the healthcare cost trend rate assumption initially is at 9.0% or 10.0% (depending on the medical plan) and decreases to a 5.0% long-term trend rate for all medical benefits after eleven years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 11.0%, decreasing to a 5.0% long-term trend rate after twelve years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 3.3% for one year, with a long-term trend rate of 5.0% thereafter.

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditors' report)

	Annual required contribution	Employer contributions[(1)(4)]	Percentage contributed
Judicial Retirement System			
Year ended June 30:			
1999	$ 13,416,851	—	—%
2000	13,407,153	—	—
2001	12,816,557	—	—
2002	15,575,602	—	—
2003	16,913,237	8,467,287	50.1
2004	18,720,233	3,355,438	17.9
2005	22,525,773	6,162,076	27.4
2006	23,212,502	7,972,000	34.3
2007	25,174,191	13,355,587	53.1
2008	27,171,100 [(5)]	12,913,890 [(5)]	47.5
2009	29,809,782	3,643,000	12.2
Consolidated Police and Firemen's Pension Fund			
Year ended June 30:			
1999	$ —	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	550,864	506,541	92.0
2003	3,550,445	2,713,914	76.4
2004	5,330,714	1,950,425	36.6
2005	14,329,212	7,046,000	49.2
2006	13,854,805	6,396,222	46.2
2007	8,474,210	1,783,902	21.1
2008	2,388,591	522,176	21.9
2009	1,824,798	1,256,398	68.9

(Continued)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditors' report)

		Annual required contribution	Employer contributions[1][4]	Percentage contributed
Police and Firemen's Retirement System				
Year ended June 30:				
State:				
1999	$	93,920,617	23,730,087	25.3%
2000		98,974,449	60,521,749	61.1
2001		95,883,272	—	—
2002		103,580,989	—	—
2003		104,998,547	—	—
2004		118,297,232	22,215,429	18.8
2005		161,455,508	49,326,846	30.6
2006		200,902,193	73,541,000	36.6
2007		216,570,332	127,404,777	58.8
2008		252,836,330	133,510,475 [5]	52.8
2009		275,205,347	39,568,000	14.4
Local:				
1999	$	273,210,113	256,551,862	93.9%
2000		275,790,739	214,164,848	77.7
2001		249,746,232	75,670,018	30.3
2002		248,754,078	185,415	0.1
2003		259,969,532	364,850	0.1
2004		316,272,883	53,396,685	16.9
2005		355,229,715	132,740,650	37.4
2006		475,872,193	260,986,583	54.8
2007		584,645,679	422,743,218	72.3
2008		708,019,933	647,288,920 [5]	91.4
2009		773,029,316	696,476,702	90.1

(Continued)

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditors' report)

	Annual required contribution	Employer contributions[1][4]	Percentage contributed
Prison Officers' Pension Fund			
Year ended June 30:			
1999	$ —	—	N/A
2000	—	—	N/A
2001	—	—	N/A
2002	—	—	N/A
2003	—	—	N/A
2004	—	—	N/A
2005	—	—	N/A
2006	—	—	N/A
2007	—	—	N/A
2008	—	—	N/A
2009	—	—	N/A
Public Employees' Retirement System[2]			
Year ended June 30:			
State:			
1999	$ 86,945,810	—	—%
2000	103,033,425	—	—
2001	85,078,620	—	—
2002	88,911,187	—	—
2003	44,636,619	—	—
2004	50,365,892	526,505	1.0
2005	115,017,395	463,342	0.4
2006	153,436,981	568,139	0.4
2007	379,946,338	215,629,964	56.8
2008	557,237,789 [5]	234,560,830 [5]	42.1
2009	622,123,112	79,296,935	12.7
Local:			
1999	$ 111,886,040	19,599,153	17.5%
2000	112,800,127	20,541,177	18.2
2001	88,717,727	21,670,774	24.4
2002	77,254,063	16,174,534	20.9
2003	—	16,987,033	N/A
2004	—	20,882,718	N/A
2005	29,425,853	56,916,883	193.4
2006	102,618,135	141,498,069	137.9
2007	382,344,230	242,230,174	63.4
2008	588,326,347 [5]	412,129,536 [5]	70.1
2009	663,668,287	562,174,538	84.7

(Continued)

Schedule 2

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditors' report)

		Annual required contribution	Employer contributions[(1)(4)]	Percentage contributed
State Police Retirement System				
Year ended June 30:				
1999	$	33,116,255	—	—%
2000		33,598,843	—	—
2001		35,341,259	—	—
2002		24,990,652	—	—
2003		29,449,164	—	—
2004		37,600,821	—	—
2005		37,943,519	187,909	0.5
2006		47,196,900	12,941,000	27.4
2007		56,502,006	29,875,748	52.9
2008		78,761,279 [(5)]	36,443,502 [(5)]	46.3
2009		86,385,254	10,244,000	11.9
Teachers' Pension and Annuity Fund				
Year ended June 30:				
1999	$	314,671,482	258,816,649	82.2%
2000		368,904,564	—	—
2001		—	—	N/A
2002		—	—	N/A
2003		194,435,594	—	—
2004		686,284,850	—	—
2005		883,460,483	—	—
2006		1,177,674,055	94,226,363	8.0
2007		1,407,249,580	690,794,259	49.1
2008		1,550,503,835	695,275,811	44.8
2009		1,601,478,508	95,863,972	6.0

(Continued)

Schedule 2

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditors' report)

	Annual required contribution(3)	Employer contributions	Percentage contributed
State Health Benefit Program — State			
Year ended June 30, 2007	$ 1,880,600,000	404,415,000	21.5%
Year ended June 30, 2008	1,554,300,000	391,448,000	25.2
Year ended June 30, 2009	1,651,900,000	424,341,000	25.7
State Health Benefit Program — Local			
Year ended June 30, 2007	892,200,000	185,536,000	20.8%
Year ended June 30, 2008	748,100,000	179,900,000	24.0
Year ended June 30, 2009	713,900,000	169,600,000	23.8
State Health Benefit Program — Education			
Year ended June 30, 2007	3,067,400,000	659,405,000	21.5%
Year ended June 30, 2008	2,692,700,000	678,152,000	25.2
Year ended June 30, 2009	2,969,700,000	762,859,000	25.7

Notes to schedule:

(1) In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to cover, in full or in part, the employer pension contributions. In fiscal year 2004, only PFRS – State and SPRS were able to utilize excess assets to cover, in full or in part, the employer contributions. In fiscal year 2005, only SPRS had excess assets available to utilize. In fiscal year 2006, no excess assets were available to be utilized toward State contributions. On the local side, excess assets were utilized to cover, in full or in part, the employer contributions for PERS through fiscal year 2004 and for PFRS through fiscal year 2003.

(2) The local employer pension contributions to PERS from 1999 to 2004 represent the required contributions under the early retirement incentive programs.

(3) The annual required contribution reflects a 30-year, 4.0% annual increasing amortization of the unfunded actuarial accrued liability. Based on expected benefit payments plus retiree drug subsidy for the applicable fiscal year end.

(4) Differences between the amounts in the employer contribution column in this schedule and the amounts recorded in the financial statements and footnotes are attributed to timing differences between the 2008 actuarial valuations and the actual amounts received in fiscal year 2009. Employer contributions per this schedule represent anticipated contribution amounts determined at the time the actuarial valuations were prepared and finalized prior to the end of fiscal year 2009. The financial statements and footnotes reflect the actual amounts received in 2009.

(5) 2008 annual required contributions and employer contributions have been reduced in accordance with the provisions of the Appropriation Act for fiscal year 2008 for State contributions and Chapter 108, P.L. 2003 for local contributions.

Schedule 3

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Administrative Expenses

Year ended June 30, 2009

		PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	Total
Personnel services:										
Salaries and wages	$	9,645,310	5,443,418	2,841,494	5,932	3,743	261,516	132,478	178,366	18,512,257
Employee benefits		3,675,913	2,054,567	948,105	2,404	1,398	94,206	45,747	64,201	6,886,541
Total personnel services		13,321,223	7,497,985	3,789,599	8,336	5,141	355,722	178,225	242,567	25,398,798
Professional services:										
Actuarial services (1)		471,961	148,868	261,384	1,379	490	18,723	3,002	—	905,807
Data processing		1,252,116	654,837	420,785	319	430	31,786	4,577	27,031	2,391,881
Information systems		2,611,997	2,366,034	860,572	1,240	1,207	66,308	6,376	—	5,913,734
Other professional (2)		197,394	115,383	37,148	167	67	6,728	1,401	223,705	581,993
Medical reviews (exams/hearings) (1)		535,036	67,812	321,203	—	—	9,285	—	—	933,336
Elections (1)		50,733	—	32,675	—	—	—	—	—	83,408
Internal audit and legal		231,485	121,063	40,818	199	79	5,876	1,476	—	400,996
Total professional services		5,350,722	3,473,997	1,974,585	3,304	2,273	138,706	16,832	250,736	11,211,155
Communication:										
Travel		4,847	9,975	4,647	2	1	424	4	2,208	22,108
Telephone		131,738	138,897	23,229	113	45	3,344	271	2,800	300,437
Postage		668,085	649,398	217,803	573	229	16,960	1,375	1,000	1,555,423
Motor pool		13,437	7,027	2,369	12	5	342	28	—	23,220
Printing and office		293,793	148,503	99,917	395	247	7,446	762	—	551,063
Total communication		1,111,900	953,800	347,965	1,095	527	28,516	2,440	6,008	2,452,251
Miscellaneous:										
Office space		827,688	978,462	495,034	449	379	28,078	4,277	—	2,334,367
Maintenance		40,163	21,005	7,082	34	14	1,020	83	—	69,401
Equipment		16,372	8,562	2,887	14	6	416	34	—	28,291
Other services and charges		2,401	1,256	423	2	1	60	5	12,000	16,148
Total miscellaneous		886,624	1,009,285	505,426	499	400	29,574	4,399	12,000	2,448,207
Total administrative expenses	$	20,670,469	12,935,067	6,617,575	13,234	8,341	552,518	201,896	511,311	41,510,411

(1) Consulting

(2) Portion of Consulting

Schedule 4

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Investment Expense

Year ended June 30, 2009

		PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	NJSEDCP	Total
Investment expense	$	7,173,996	3,645,128	1,236,820	7,849	2,495	88,308	14,043	264,373	12,433,012

Schedule 5

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Expenses for Consultants

Year ended June 30, 2009

		PERS	TPAF	PFRS	CPFPF	POPF	SPRS	JRS	Total
Actuarial:									
Buck Consultants	$	471,961	—	261,384	1,379	490	18,723	3,002	756,939
Milliman		—	148,868	—	—	—	—	—	148,868
Medical reviews (exams/hearings)		535,036	67,812	321,203	—	—	9,285	—	933,336
Professional Services		26,565	—	—	—	—	—	—	26,565
Elections:									
Corporate marketing		50,733	—	32,675	—	—	—	—	83,408
Total expenses for consultants	$	1,084,295	216,680	615,262	1,379	490	28,008	3,002	1,949,116

Schedule 6

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Fiduciary Net Assets
Fiduciary Funds

June 30, 2009

	Pension Trust Funds	Health Benefit Program Funds	Total
Assets:			
Cash and cash equivalents	$ 13,118,612	733,629	13,852,241
Securities lending collateral	4,789,560,967	—	4,789,560,967
Investments, at fair value:			
Cash Management Fund	2,472,909,041	841,982,157	3,314,891,198
Common Pension Fund A	16,639,806,083	—	16,639,806,083
Common Pension Fund B	21,666,743,684	—	21,666,743,684
Common Pension Fund D	12,399,250,772	—	12,399,250,772
Common Pension Fund E	8,074,899,061	—	8,074,899,061
Common and preferred stocks	108,233,367	—	108,233,367
Mortgages	1,507,300,477	—	1,507,300,477
U.S. government obligations	284,765,388	—	284,765,388
Domestic equities	787,787,745	—	787,787,745
International equities	120,834,682	—	120,834,682
Other fixed income securities	473,364,108	—	473,364,108
Total investments	64,535,894,408	841,982,157	65,377,876,565
Receivables:			
Contributions:			
Members	190,267,666	1,051,761	191,319,427
Employers	3,703,837,634	107,283,297	3,811,120,931
Accrued interest and dividends	740,820,533	—	740,820,533
Members’ loans	849,719,864	—	849,719,864
Securities sold in transit	66,316,017	—	66,316,017
Other	18,283,159	2,216,271	20,499,430
Total receivables	5,569,244,873	110,551,329	5,679,796,202
Total assets	$ 74,907,818,860	953,267,115	75,861,085,975
Liabilities:			
Accounts payable and accrued expenses	$ 80,352,634	468,729,963	549,082,597
Retirement benefits payable	583,386,289	—	583,386,289
Noncontributory group insurance premiums payable	12,340,374	—	12,340,374
Securities lending collateral and rebates payable	4,812,363,318	—	4,812,363,318
Total liabilities	5,488,442,615	468,729,963	5,957,172,578
Net assets held in trust for pension and health benefits	$ 69,419,376,245	484,537,152	69,903,913,397

Schedule 7

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Schedule of Changes in Fiduciary Net Assets
Fiduciary Funds

Year ended June 30, 2009

	Pension Trust Funds	Health Benefit Program Funds	Eliminations	Total
Additions:				
Contributions:				
Members	$ 1,887,071,889	198,176,549	—	2,085,248,438
Employers	1,802,126,641	3,474,413,647	—	5,276,540,288
Local education employers	—	466,467,328	(466,467,328)	—
Other	6,752,438	—	—	6,752,438
Total contributions	3,695,950,968	4,139,057,524	(466,467,328)	7,368,541,164
Investment income:				
Net depreciation in fair value of investments	(14,586,084,390)	(5,053)	—	(14,586,089,443)
Interest	1,727,518,347	16,375,201	—	1,743,893,548
Dividends	553,413,562	—	—	553,413,562
	(12,305,152,481)	16,370,148	—	(12,288,782,333)
Less investment expense	12,433,012	—	—	12,433,012
Net investment income (loss)	(12,317,585,493)	16,370,148	—	(12,301,215,345)
Total additions	(8,621,634,525)	4,155,427,672	(466,467,328)	(4,932,674,181)
Deductions:				
Benefits	6,910,020,236	3,895,577,809	—	10,805,598,045
Refunds of contributions	143,758,062	—	—	143,758,062
Local education employers	—	466,467,328	(466,467,328)	—
Administrative and miscellaneous expenses	40,789,651	10,036,535	—	50,826,186
Total deductions	7,094,567,949	4,372,081,672	(466,467,328)	11,000,182,293
Net decrease	(15,716,202,474)	(216,654,000)	—	(15,932,856,474)
Net assets held in trust for pension and health benefits:				
Beginning of year	85,135,578,719	701,191,152	—	85,836,769,871
End of year	$ 69,419,376,245	484,537,152	—	69,903,913,397

Schedule 8

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Balance Sheet Information
Fiduciary Funds – Agency Funds

June 30, 2009

	Alternate Benefit Program Fund	Pension Adjustment Fund	Dental Expense Program Fund	Total Agency Funds
Assets:				
Cash and cash equivalents	$ 1,486,556	2,175,952	—	3,662,508
Investments, at fair value:				
Cash Management Fund	4,100,606	1,094,235	24,495,836	29,690,677
Total investments	4,100,606	1,094,235	24,495,836	29,690,677
Receivables:				
State related employer contributions	—	1,827,468	—	1,827,468
Other contributions	31,843,341	23,703	1,005,831	32,872,875
Total receivables	31,843,341	1,851,171	1,005,831	34,700,343
Total assets	$ 37,430,503	5,121,358	25,501,667	68,053,528
Liabilities:				
Accounts payable and accrued expenses	$ 37,126,753	—	25,009,069	62,135,822
Cash overdraft	—	—	492,598	492,598
Assets held for local contributing employers	—	3,361,228	—	3,361,228
Pension adjustment payroll payable	—	532,260	—	532,260
Due to State of New Jersey	303,750	516,997	—	820,747
Due to other funds	—	710,873	—	710,873
Total liabilities	$ 37,430,503	5,121,358	25,501,667	68,053,528

Schedule 9

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes in Fiduciary Net Assets Information
Fiduciary Funds - Agency Funds

Year ended June 30, 2009

	Alternate Benefit Program Fund	Pension Adjustment Fund	Dental Expense Program Fund	Total Agency Funds
Additions:				
Contributions:				
Members	$ 877,246	—	74,699,594	75,576,840
Employers	164,955,900	6,734,069	33,290,861	204,980,830
Total contributions	165,833,146	6,734,069	107,990,455	280,557,670
Investment income:				
Net depreciation in fair value of investments	(35)	(16)	(136)	(187)
Interest	119,483	89,499	461,229	670,211
Total investment income	119,448	89,483	461,093	670,024
Total additions	165,952,594	6,823,552	108,451,548	281,227,694
Deductions:				
Benefits	165,614,033	6,758,613	110,730,837	283,103,483
Refunds of contributions and to the general fund	338,561	64,939	(2,279,289)	(1,875,789)
Total deductions	165,952,594	6,823,552	108,451,548	281,227,694
Change in net assets	—	—	—	—
Net assets – Beginning of year	—	—	—	—
Net assets – End of year	$ —	—	—	—

Schedule 10

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Fiduciary Net Assets Information
State Health Benefit Program Fund - State

June 30, 2009

		Health Benefit Program Fund State	Prescription Drug Program Fund State	Total State Health Benefit Program Fund State
Assets:				
Cash	$	—	40,533	40,533
Investments, at fair value:				
Cash Management Fund		38,532,990	35,518,539	74,051,529
Total investments		38,532,990	35,518,539	74,051,529
Receivables:				
Contributions:				
Members		500,954	69,194	570,148
Employers		25,927,852	7,153	25,935,005
Other		652,515	—	652,515
Total receivables		27,081,321	76,347	27,157,668
Total assets	$	65,614,311	35,635,419	101,249,730
Liabilities:				
Accounts payable and accrued expenses	$	185,229,900	6,715,886	191,945,786
Total liabilities		185,229,900	6,715,886	191,945,786
Net assets held in trust for health benefits	$	(119,615,589)	28,919,533	(90,696,056)

Schedule 11

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes In Fiduciary Net Assets Information
State Health Benefit Program Fund - State

Year ended June 30, 2009

		Health Benefit Program Fund State	Prescription Drug Program Fund State	Total State Health Benefit Program Fund State
Additions:				
Contributions:				
Members	$	120,223,365	1,686,329	121,909,694
Employers		1,127,863,157	255,264,441	1,383,127,598
Total contributions		1,248,086,522	256,950,770	1,505,037,292
Investment income:				
Net depreciation in fair value of investments		(617)	(284)	(901)
Interest		2,303,045	1,047,981	3,351,026
Net investment income		2,302,428	1,047,697	3,350,125
Total additions		1,250,388,950	257,998,467	1,508,387,417
Deductions:				
Benefits		1,350,306,032	262,149,867	1,612,455,899
Administrative expenses		4,014,614	—	4,014,614
Total deductions		1,354,320,646	262,149,867	1,616,470,513
Net decrease		(103,931,696)	(4,151,400)	(108,083,096)
Net assets held in trust for health benefits:				
Beginning of year		(15,683,893)	33,070,933	17,387,040
End of year	$	(119,615,589)	28,919,533	(90,696,056)

Schedule 12

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Fiduciary Net Assets Information
State Health Benefit Program Fund - Local

June 30, 2009

	Health Benefit Program Fund Local	Prescription Drug Program Fund Local	Total State Health Benefit Program Fund Local
Assets:			
Cash	$ 46,782	41,439	88,221
Investments, at fair value:			
Cash Management Fund	193,423,713	19,659,469	213,083,182
Total investments	193,423,713	19,659,469	213,083,182
Receivables:			
Contributions:			
Members	324,128	(17,716)	306,412
Employers	39,470,078	6,277,772	45,747,850
Other	42,853	720,474	763,327
Total receivables	39,837,059	6,980,530	46,817,589
Total assets	$ 233,307,554	26,681,438	259,988,992
Liabilities:			
Accounts payable and accrued expenses	$ 86,368,922	1,500,000	87,868,922
Total liabilities	86,368,922	1,500,000	87,868,922
Net assets held in trust for health benefits	$ 146,938,632	25,181,438	172,120,070

Schedule 13

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes in Fiduciary Net Assets Information
State Health Benefit Program Fund - Local

Year ended June 30, 2009

	Health Benefit Program Fund Local	Prescription Drug Program Fund Local	Total State Health Benefit Program Fund Local
Additions:			
Contributions:			
Members	$ 32,159,708	442,087	32,601,795
Employers	550,612,176	55,324,764	605,936,940
Total contributions	582,771,884	55,766,851	638,538,735
Investment income:			
Net depreciation in fair value of investments	(3,991)	(38)	(4,029)
Interest	3,797,670	139,731	3,937,401
Net investment income	3,793,679	139,693	3,933,372
Total additions	586,565,563	55,906,544	642,472,107
Deductions:			
Benefits	632,981,302	52,700,212	685,681,514
Local education employers	447,068,910	19,398,418	466,467,328
Administrative expenses	2,007,307	—	2,007,307
Total deductions	1,082,057,519	72,098,630	1,154,156,149
Net decrease	(495,491,956)	(16,192,086)	(511,684,042)
Net assets held in trust for health benefits:			
Beginning of year	642,430,588	41,373,524	683,804,112
End of year	$ 146,938,632	25,181,438	172,120,070

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Fiduciary Net Assets Information
State Health Benefit Program Fund - Education

June 30, 2009

		Health Benefit Program Fund Education	Prescription Drug Program Fund Education	Total State Health Benefit Program Fund Education
Assets:				
Cash	$	611,708	(6,833)	604,875
Investments, at fair value:				
Cash Management Fund		530,243,424	24,604,022	554,847,446
Total investments		530,243,424	24,604,022	554,847,446
Receivables:				
Contributions:				
Members		162,601	12,600	175,201
Employers		33,932,513	1,667,929	35,600,442
Other		30,517	769,912	800,429
Total receivables		34,125,631	2,450,441	36,576,072
Total assets	$	564,980,763	27,047,630	592,028,393
Liabilities:				
Accounts payable and accrued expenses	$	187,015,255	1,900,000	188,915,255
Total liabilities		187,015,255	1,900,000	188,915,255
Net assets held in trust for health benefits	$	377,965,508	25,147,630	403,113,138

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes in Fiduciary Net Assets Information
State Health Benefit Program Fund - Education

Year ended June 30, 2009

	Health Benefit Program Fund Education	Prescription Drug Program Fund Education	Total State Health Benefit Program Fund Education
Additions:			
Contributions:			
Members	$ 43,187,154	477,906	43,665,060
Local education employers	447,068,910	19,398,418	466,467,328
Employers	1,432,858,865	52,490,244	1,485,349,109
Total contributions	1,923,114,929	72,366,568	1,995,481,497
Investment income:			
Net depreciation in fair value of investments	(66)	(57)	(123)
Interest	8,877,178	209,596	9,086,774
Net investment income	8,877,112	209,539	9,086,651
Total additions	1,931,992,041	72,576,107	2,004,568,148
Deductions:			
Benefits	1,550,011,919	47,428,477	1,597,440,396
Administrative expenses	4,014,614	—	4,014,614
Total deductions	1,554,026,533	47,428,477	1,601,455,010
Net increase	377,965,508	25,147,630	403,113,138
Net assets held in trust for health benefits:			
Beginning of year	—	—	—
End of year	$ 377,965,508	25,147,630	403,113,138

Schedule 16

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Balance Sheet Information
Agency Fund – Dental Expense Program

June 30, 2009

		State	Local	Total Agency Fund – Dental Expense Program
Assets:				
Investments, at fair value:				
Cash Management Fund	$	20,422,193	4,073,643	24,495,836
Total investments		20,422,193	4,073,643	24,495,836
Receivables:				
Contributions		1,140,769	(134,938)	1,005,831
Total receivables		1,140,769	(134,938)	1,005,831
Total assets	$	21,562,962	3,938,705	25,501,667
Liabilities:				
Accounts payable and accrued expenses	$	21,277,197	3,731,872	25,009,069
Cash overdraft		285,765	206,833	492,598
Total liabilities	$	21,562,962	3,938,705	25,501,667

STATE OF NEW JERSEY
DIVISION OF PENSIONS AND BENEFITS

Combining Schedule of Changes in Fiduciary Net Assets Information
Agency Fund – Dental Expense Program

Year ended June 30, 2009

		State	Local	Total Agency Fund – Dental Expense Program
Additions:				
Contributions:				
Members	$	48,178,323	26,521,271	74,699,594
Employers		31,401,573	1,889,288	33,290,861
Total contributions		79,579,896	28,410,559	107,990,455
Investment income:				
Net depreciation in fair value of investments		(129)	(7)	(136)
Interest		438,167	23,062	461,229
Total investment income		438,038	23,055	461,093
Total additions		80,017,934	28,433,614	108,451,548
Deductions:				
Benefits		83,062,206	27,668,631	110,730,837
Refunds of contributions and to the general fund		(3,044,272)	764,983	(2,279,289)
Total deductions		80,017,934	28,433,614	108,451,548
Change in net assets		—	—	—
Net assets – Beginning of year		—	—	—
Net assets – End of year	$	—	—	—