

**THE POLICE AND FIREMEN'S RETIREMENT SYSTEM
OF NEW JERSEY
ANNUAL REPORT
OF THE ACTUARY
PREPARED AS OF JULY 1, 2005**

DOC:V00297JC.DOC

May 18, 2006

Board of Trustees
The Police and Firemen's Retirement System
of New Jersey
Trenton, New Jersey

Members of the Board:

The law governing the operation of the Police and Firemen's Retirement System of New Jersey provides for annual actuarial valuations of the System. The results of the July 1, 2005 valuation are submitted in this report which also includes a comparison with the results of the July 1, 2004 valuation.

The valuation shows the financial condition of the System as of July 1, 2005 and gives the basis for determining the required annual contribution to be made in the Fiscal Year ending June 30, 2008 for the plan year beginning July 1, 2005.

The valuation was prepared on the basis of the revised demographic assumptions that were determined from the July 1, 2001 – June 30, 2004 Experience Study and approved by the Board of Trustees at the December 12, 2005 Board meeting.

The valuation reflects the provisions of Chapter 108, P.L. 2003 which provided for a reduction with regard to the required Local contribution for fiscal year 2006 (for the July 1, 2003 valuation, the Local contribution was reduced to 60% of the recommended amount). The valuation also reflects the potential effect of the Appropriation Act for fiscal year 2006 (for the July 1, 2003 valuation, the State contribution was reduced to approximately 40% of the recommended amount). The valuation again reflects the early retirement incentive program offered under Chapter 130, P.L. 2003 for non-State locations and the provisions of Chapter 42, P.L. 2002 which allowed Local employers to issue refunding bonds to retire the unfunded accrued liability due to certain early retirement incentive programs.

The Table of Contents, which follows, highlights the Sections of the Report.

Respectfully submitted,

(Signed) JANET H. CRANNA

Janet H. Cranna
Principal, Consulting Actuary

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REPORT ON THE ANNUAL
VALUATION OF
THE POLICE AND FIREMEN'S RETIREMENT SYSTEM
OF NEW JERSEY
PREPARED AS OF JULY 1, 2005

SECTION I - SUMMARY OF KEY RESULTS

The Police and Firemen's Retirement System of New Jersey was established effective July 1, 1944. Each year an actuarial valuation of the assets and liabilities of the System is made to determine the appropriate level of contributions. This report, prepared as of July 1, 2005, presents the results of the annual actuarial valuation of the Fund.

The report reflects the revised actuarial assumptions that were determined from the July 1, 2001 to June 30, 2004 Experience Study which was approved by the Board of Trustees at the December 12, 2005 Board meeting.

The report also reflects the provisions of Chapter 108, P.L. 2003 which provided for a reduction with regard to the required Local contribution for fiscal year 2006 (60% of the contribution recommended for the July 1, 2003 valuation was reflected as a receivable in the assets). With regard to the State contribution, the report reflected a contribution equal to approximately 40% of the amount recommended for the July 1, 2003 valuation for fiscal year 2006 in anticipation of the potential effect of the Appropriation Act for fiscal year 2006.

For convenience of reference, the principal results of the valuation and a comparison with the preceding year's results are summarized on the following pages.

	July 1, 2005	July 1, 2004
<u>Number of Active Participants</u>		
• Contributory	43,075	43,151
• Non-Contributory	<u>1,136</u>	<u>1,045</u>
• Total	44,211	44,196
<u>Annual Compensation</u>		
• Contributory Participants	\$ 3,104,361,142	\$ 2,977,582,060
• Non-Contributory Participants	<u>59,661,641</u>	<u>51,934,126</u>
• Total Compensation	\$ 3,164,022,783	\$ 3,029,516,186
Number of Pensioners and Beneficiaries	29,257	27,871
Total Annual Allowances	\$ 1,069,566,178	\$ 982,959,030
Number of Terminated Vested Members	64	61
Total Annual Allowances	\$ 912,540	\$ 803,100
<u>Assets</u>		
Total Present Market Value of Assets*	\$ 17,602,650,929	\$ 16,482,095,986
Total Valuation Assets*	\$ 19,559,998,263	\$ 18,835,139,311
<u>Contribution Amounts</u>		
Normal Contribution	\$ 587,840,527	\$ 519,775,594
Accrued Liability Contribution#	<u>305,604,786</u>	<u>226,547,497</u>
Total Contribution**	\$ 893,445,313	\$ 746,323,091 ^{##}

* Includes receivable contributions of \$182,107,890 as of July 1, 2005 and \$131,749,184 as of July 1, 2004, respectively. The amounts also include the present value of receivable ERI contributions of \$25,868,290 as of July 1, 2005 and \$15,518,647 as of July 1, 2004, respectively.

** The contribution amounts were calculated assuming payment on 7/1/07 and 7/1/06, respectively. Interest should be added from those dates to the actual payment dates.

The accrued liability contribution does not include ERI payments since the actual contribution will depend on the payment schedule chosen by each location.

The fiscal year 2007 required contribution is subject to reduction in accordance with the provisions of Chapter 108, P.L. 2003 (Locals) and could be subject to reduction in accordance with the provisions of the Appropriation Act for fiscal year 2007 (State). The valuation assumes that the Appropriation Act for fiscal year 2007 will reduce the State contribution to 70% of the recommended amount and that, in accordance with Chapter 108, 80% of the recommended amount will be payable by Local employers.

The major benefit and contribution provisions of the statute as reflected in the valuation are summarized in Appendix A. Included in this valuation are the provisions of the following legislation:

- In accordance with the provisions of Chapter 108, P.L. 2003, we have assumed that the State Treasurer will reduce the required Local employers' normal and accrued liability contributions for fiscal year 2007 to 80% of the recommended amount of \$528,429,022. Accordingly, a fiscal year 2007 receivable Local employer contribution of \$422,743,218 was recognized for purposes of this valuation.
- For the State, the valuation reflects the potential impact of the Appropriation Act for fiscal year 2007. Similar to the provisions of Chapter 122, P.L. 2003 (the Appropriation Act of 2003 which reduced the required State contribution for fiscal year 2004), the Appropriation Act for fiscal year 2007 is anticipated to allow the State Treasurer to reduce the State normal and accrued liability contributions for fiscal year 2007 to 70% of the recommended amount of \$212,915,981. (This amount excludes the non-contributory group insurance premium of \$4,978,088.) Accordingly, a fiscal year 2007 receivable State contribution of \$154,019,275 (which includes the non-contributory group insurance premium of \$4,978,088) was recognized for purposes of this valuation.
- The valuation continued to reflect the provisions of Chapter 42, P.L. 2002 which allowed Local employers to issue refunding bonds to retire the unfunded accrued liability of the Local employer owed to the System created through the granting of enhanced early retirement benefits to employees of the Local employer. Refunding bonds may be issued to retire the pension liabilities for a Local employer's participation in various early retirement incentive programs.

- Finally, the valuation reflects additional members of 19 Local employer locations who retired under the Chapter 130, P.L. 2003 Early Retirement Incentive Program provisions. A summary of the electing Local employer locations is shown in Appendix G.

There are no other changes to the plan provisions since the previous valuation.

The actuarial assumptions and methods used for valuing the Fund are summarized in Appendix B. The valuation reflects the revised actuarial assumptions determined from the July 1, 2001 – June 30, 2004 Experience Study which was approved by the Board at the December 12, 2005 Board meeting.

The combination of the plan provisions, actuarial assumptions and member and beneficiary data is used to generate the overall required level of employer contributions. The required contribution is summarized in Section III(I).

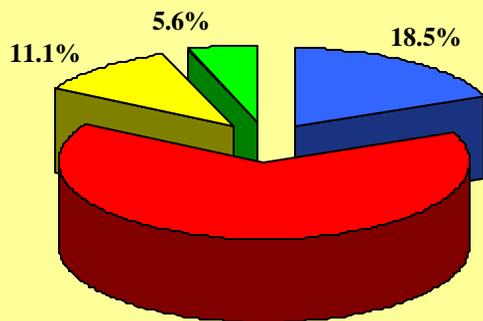
The valuation generates a balance sheet which summarizes in some detail the total present and prospective assets and liabilities of the Fund. A summary comparison of the balance sheets as of July 1, 2005 and July 1, 2004 is set forth in the following table. The allocation of assets among the various investment alternatives is shown in graphic form on page 6.

TABLE I
COMPARATIVE BALANCE SHEET

	2005	2004
<u>ASSETS</u>		
Actuarial value of assets of Fund	\$ 19,559,998,263	\$ 18,835,139,311
Net unfunded accrued liability/(surplus)	4,644,594,284	3,443,100,039
Total Assets	\$ 24,204,592,547	\$ 22,278,239,350
<u>LIABILITIES</u>		
Present value of benefits to present beneficiaries payable from the Retirement Reserve Fund	\$ 12,428,297,181	\$ 11,494,926,668
Present value of benefits to present active members	11,776,295,366	10,783,312,682
Total Liabilities	\$ 24,204,592,547	\$ 22,278,239,350

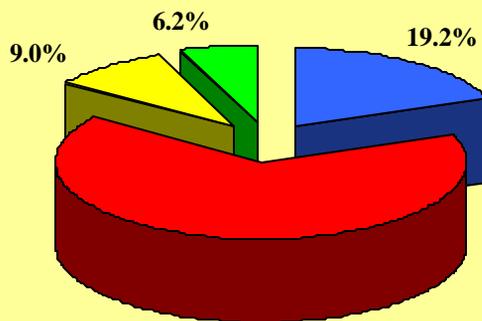
THE POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

ASSET ALLOCATION MARKET VALUE



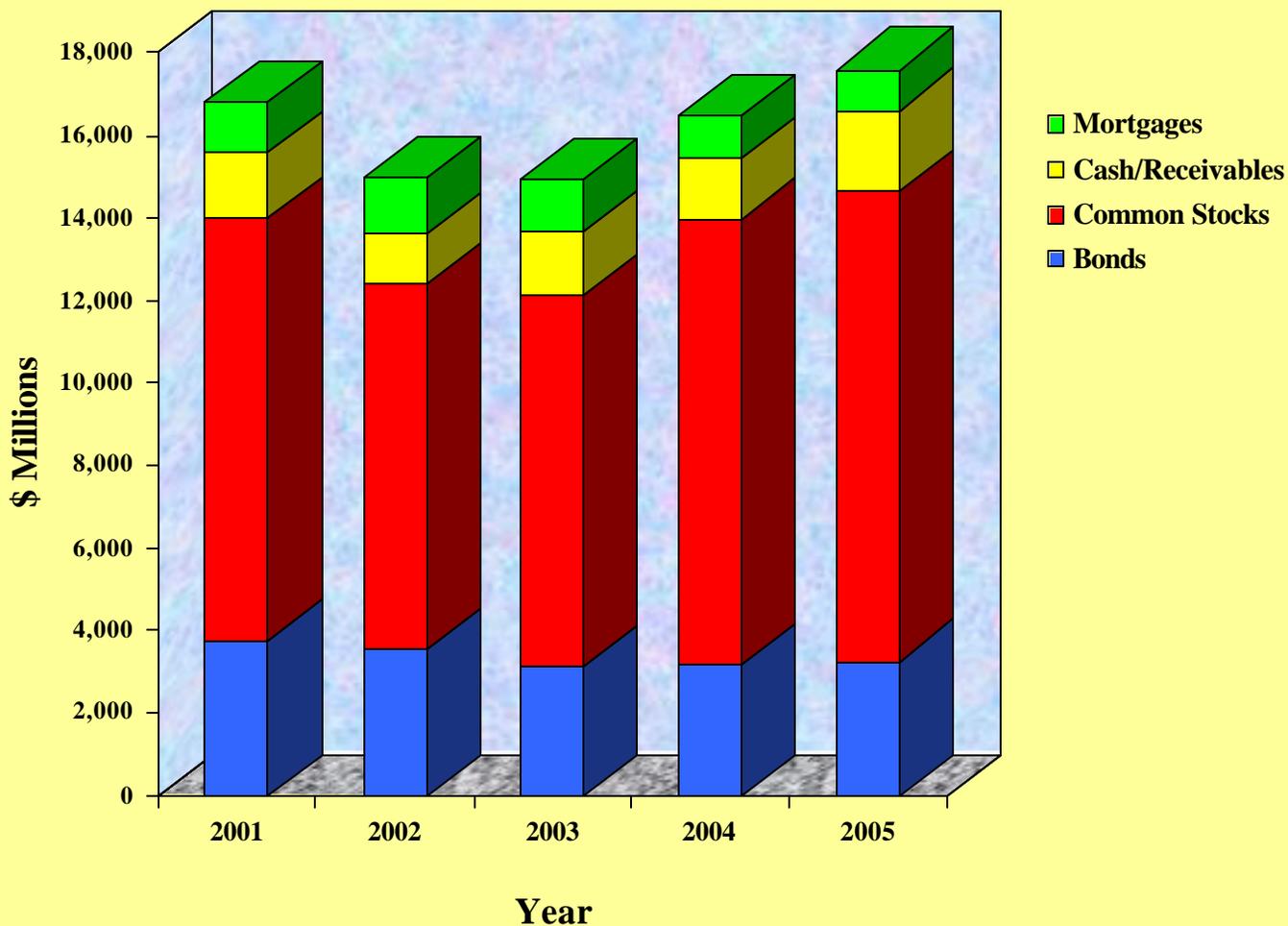
64.8%

2005



65.6%

2004



- Mortgages
- Cash/Receivables
- Common Stocks
- Bonds

SECTION II – EMPLOYEE DATA

The data employed for the valuations were furnished to the actuary by the Division of Pensions and Benefits. The following summarizes and compares the Fund membership as of July 1, 2005 and July 1, 2004 by various categories.

ACTIVE MEMBERSHIP

Group	2005		2004	
	Number	Annual Compensation	Number	Annual Compensation
Men	40,039	\$ 2,904,195,602	40,097	\$ 2,788,031,635
Women	4,172	\$ 259,827,181	4,099	\$ 241,484,551

RETIRED MEMBERS AND BENEFICIARIES

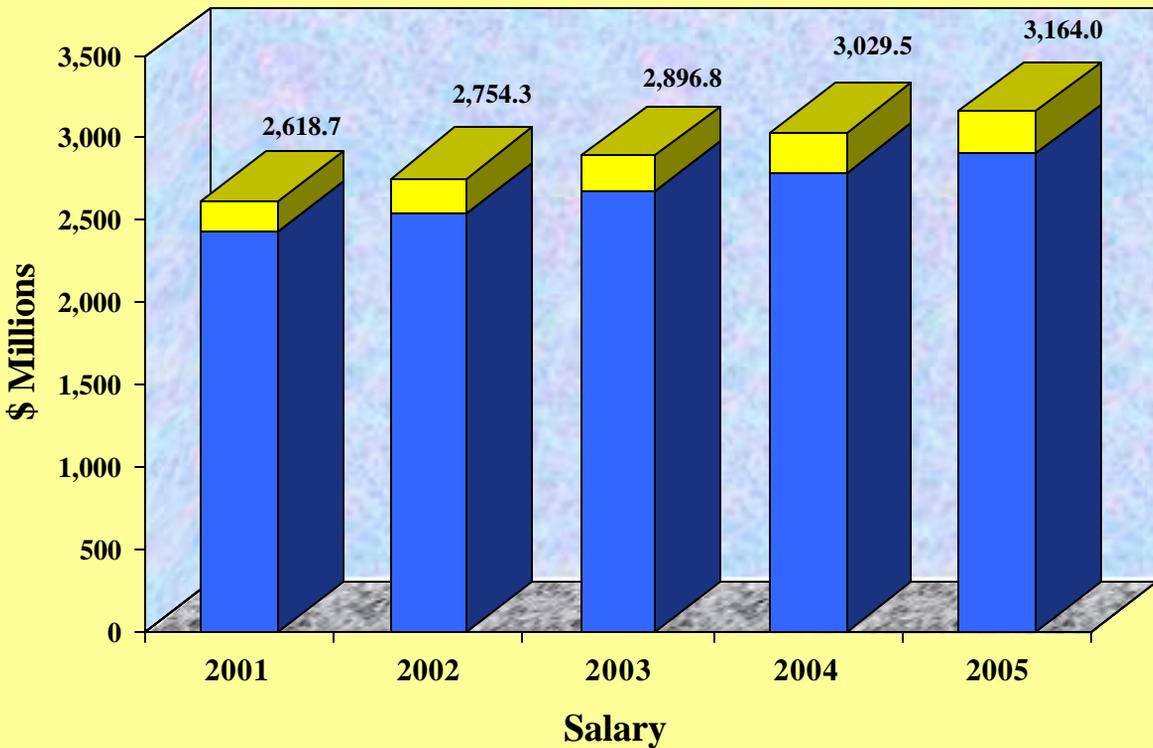
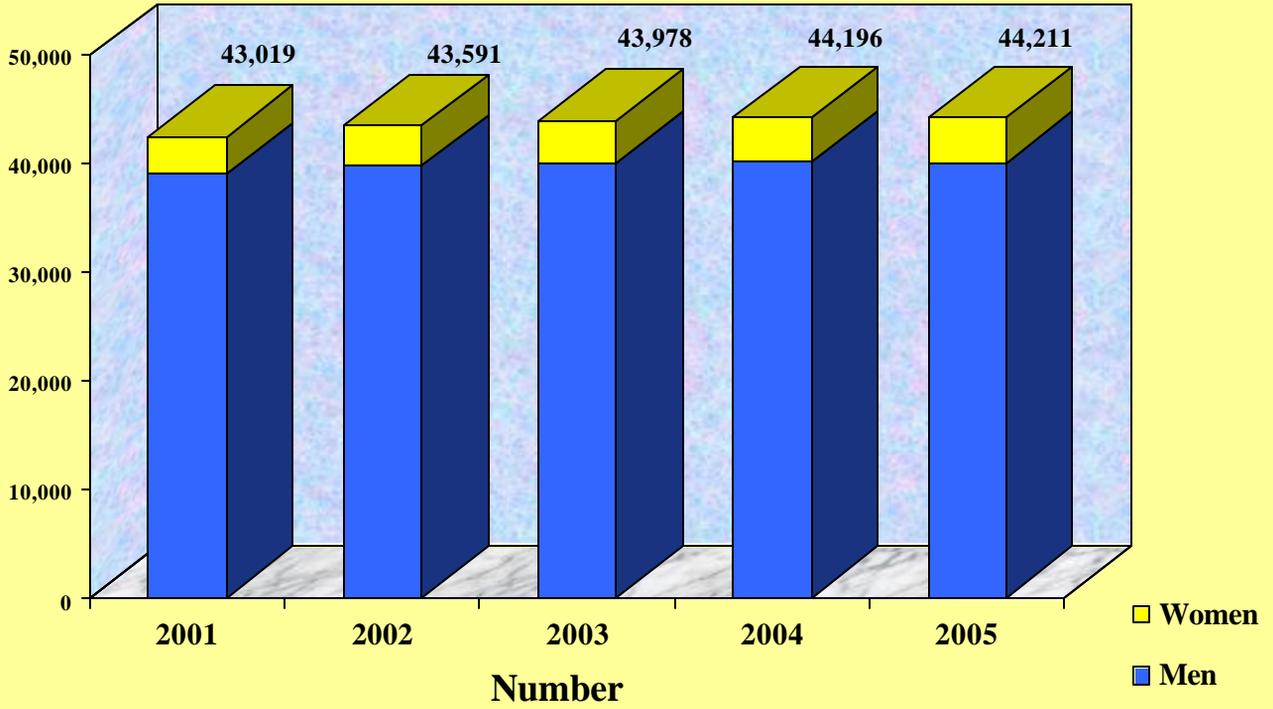
Group	2005		2004	
	Number	Annual Allowances	Number	Annual Allowances
Deferred Terminated Vesteds	64	\$ 912,540	61	\$ 803,100
Service Retirements	19,207	\$ 843,664,743	18,446	\$ 779,568,218
Ordinary Disability Retirements	2,310	\$ 47,792,754	2,147	\$ 42,307,411
Accidental Disability Retirements	1,622	\$ 52,726,185	1,514	\$ 46,411,667
Beneficiaries	6,118	\$ 125,382,496	5,764	\$ 114,671,734

Appendix E provides a detailed distribution between groups.

Graphic presentations of the statistical data on membership are shown on the following pages.

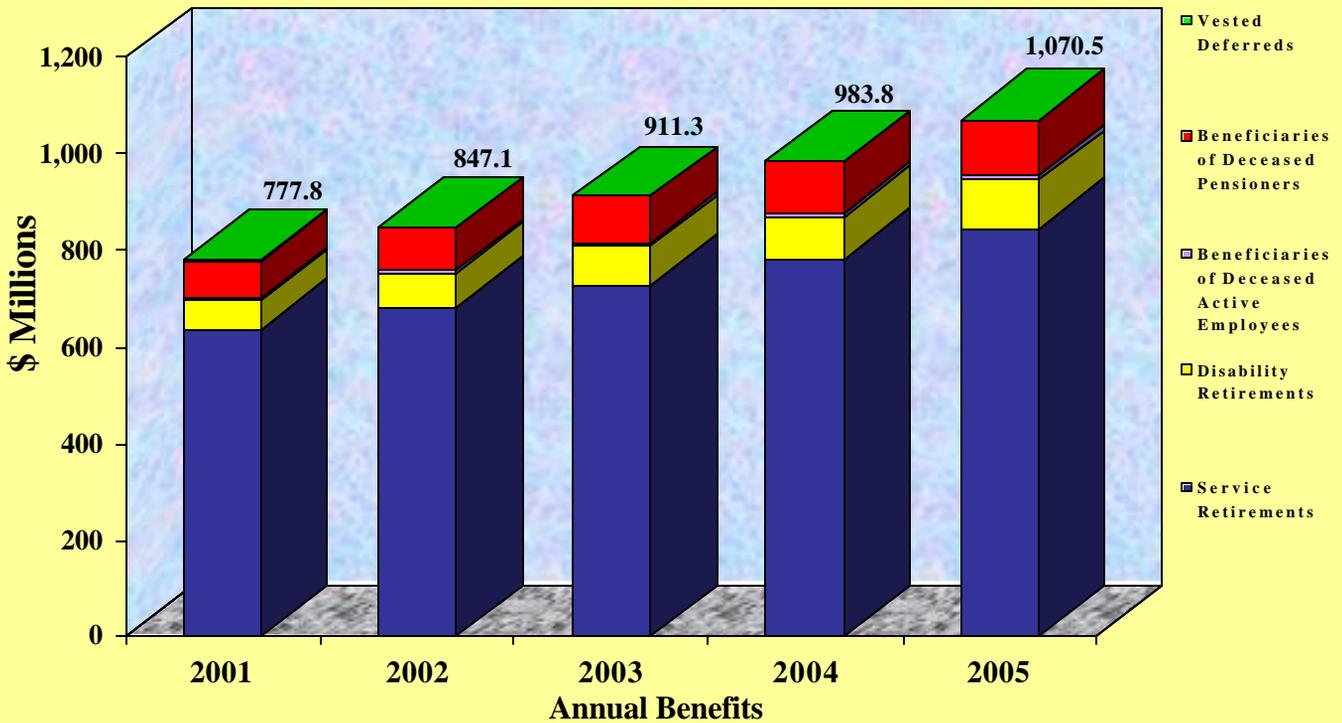
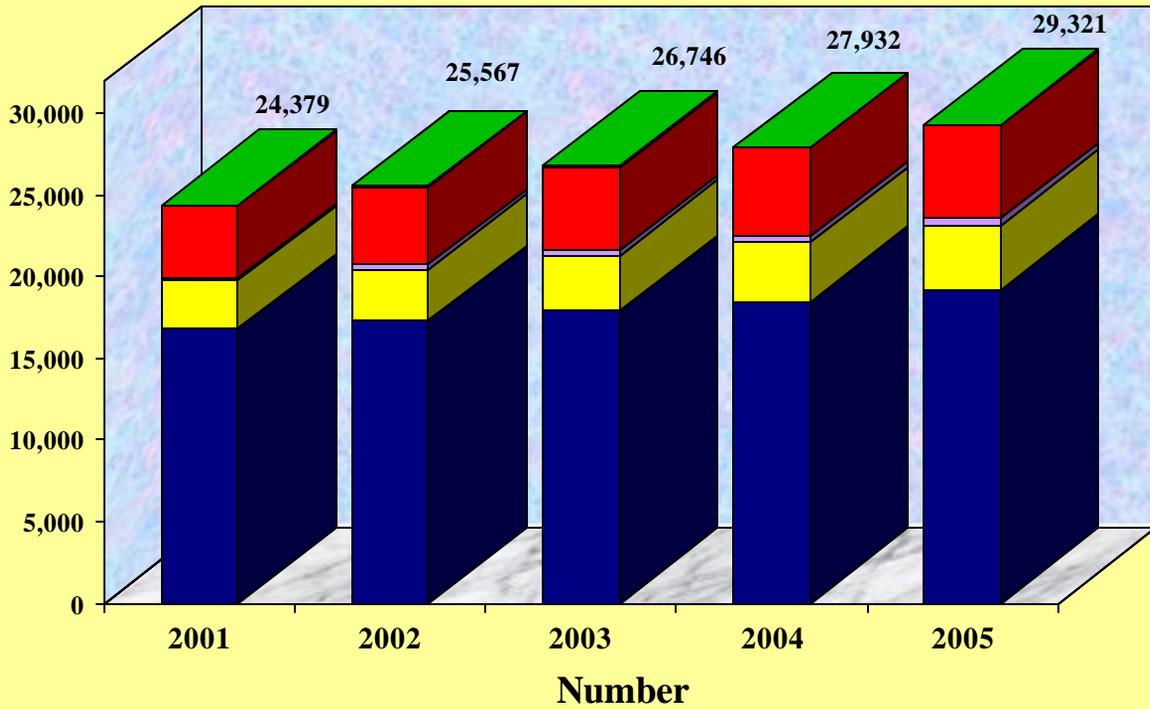
THE POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF ACTIVE MEMBERSHIP



THE POLICE AND FIREMEN'S RETIREMENT SYSTEM OF NEW JERSEY

SUMMARY OF RETIRED PARTICIPATION



SECTION III – ASSETS, LIABILITIES AND CONTRIBUTIONS

A. Market Value of Assets as of June 30, 2005

1.	Assets		
	a.	Cash	\$ (1,551,071)
	b.	Investment Holdings	16,192,436,221
	c.	Accrued Interest on Investments	50,898,257
	d.	Employers' Contributions Receivable – Local	701,863,508
	e.	Interest Receivable on Loans	2,540,335
	f.	Members' Contributions Receivable	47,861,340
	g.	Members' Loans Receivable	448,680,681
	h.	Dividends Receivable	34,845,618
	i.	Employers' Contributions Receivable – Delayed Enrollments	27,823
	j.	Employers' Contributions Receivable – Delayed Appropriations	3,088
	k.	Accounts Receivable – Others	24,714,134
	l.	Total	<u>\$ 17,502,319,934</u>
2.	Liabilities		
	a.	Pension Payroll Payable	\$ 63,945,365
	b.	Pension Adjustment Payroll Payable	11,986,642
	c.	Withholding Payable	12,541,025
	d.	Death Benefits Payable	2,227,401
	e.	Accounts Payable - Other	759,770
	f.	Administrative Expense Payable	880,379
	g.	Total	<u>\$ 92,340,582</u>
3.	Preliminary Market Value of Assets as of June 30, 2005: 1(i) - 2(g)		\$ 17,409,979,352
4.	State Receivable Contributions		\$ 215,822,085*
5.	Adjustment to Local Receivable Contributions		\$ (33,714,195)**
6.	Adjustment to June 30, 2005 Financial Report to reflect actual present value of receivable ERI contributions as of June 30, 2005		<u>\$ 10,563,687</u>
7.	Market Value of Assets as of June 30, 2005 = 3. + 4. + 5. + 6.		\$ 17,602,650,929

* The fiscal year 2006 required contribution of \$199,032,528 has been reduced to \$73,541,000 in anticipation of the provisions of the Appropriation Act for fiscal year 2006 and the fiscal year 2007 required contribution of \$217,894,069 has been reduced to \$154,019,275 in anticipation of the provisions of the Appropriation Act for fiscal year 2007.

** The fiscal year 2006 required contribution of \$434,977,639 has been reduced to \$260,986,583 and the fiscal year 2007 required contribution of \$528,429,022 has been reduced to \$422,743,218 in anticipation of the potential impact of Chapter 108, P.L. 2003.

B. Reconciliation of Market Value of Assets from June 30, 2004 to June 30, 2005

	State	Local	Total System
1. Market Value of Assets as of June 30, 2004	\$ 1,635,862,551	\$ 14,717,333,781	\$ 16,353,196,332
2. Increases			
a. Pension Contributions			
(1) Members' Contributions	\$ 42,315,279	\$ 232,477,661	\$ 274,792,940
(2) Transfers from Other Systems	882,219	1,607,595	2,489,814
(3) Total	\$ 43,197,498	\$ 234,085,256	\$ 277,282,754
b. Employers' Contributions			
(1) Appropriations	\$ 32,155,404	\$ 439,914,661	\$ 472,070,065
(2) Transfers from other Systems	0	0	0
(3) Additional Employers' Contributions	0	44,775	44,775
(4) Delayed Enrollments	9,187	16,216	25,403
(5) Delayed Appropriations	0	0	0
(6) Total	\$ 32,164,591	\$ 439,975,652	\$ 472,140,243
c. Investment Income	\$ 133,200,665	\$ 1,250,195,721	\$ 1,383,396,386
d. Total	\$ 208,562,754	\$ 1,924,256,629	\$ 2,132,819,383
3. Decreases			
a. Benefits Provided by Members			
(1) Withdrawals of Members' Contributions	\$ 1,390,706	\$ 3,288,078	\$ 4,678,784
(2) Withdrawals of Transfers' Contributions	108,326	486,452	594,778
(3) Adjustment for Loans	335,472	0	335,472
(4) Total	\$ 1,834,504	\$ 3,774,530	\$ 5,609,034
b. Benefits Provided by Employers			
(1) Transfer Withdrawals - Employers' Benefits	\$ 0	\$ 0	\$ 0
(2) Death Benefit Claims - NCGI	1,961,171	24,980,829	26,942,000
(3) Administrative Expense	614,961	5,534,645	6,149,606
(4) Miscellaneous Expense	(47,337)	(138,193)	(185,530)
(5) Total	\$ 2,528,795	\$ 30,377,281	\$ 32,906,076
c. Retirement Allowances	\$ 82,265,286	\$ 816,998,391	\$ 899,263,677
d. Pension Adjustment	\$ 16,844,169	\$ 121,413,407	\$ 138,257,576
e. Total Decreases	\$ 103,472,754	\$ 972,563,609	\$ 1,076,036,363
4. a. Preliminary Market Value of Assets as of June 30, 2005 = (1) + 2(d) - 3(e)	\$ 1,740,952,551	\$ 15,669,026,801	\$ 17,409,979,352
b. State Receivable Contributions	\$ 103,531,120	\$ 112,290,965	\$ 215,822,085*
c. Adjustment to Local Receivable Contributions	N/A	\$ (33,714,195)**	\$ (33,714,195)
d. Adjustment to June 30, 2005 Financial Report to reflect actual present value of receivable ERI contributions as of June 30, 2005	N/A	\$ 10,563,687	\$ 10,563,687
e. Adjustment for NJIT transfer	\$ 6,627,085	\$ (6,627,085)	\$ 0
5. Market Value of Assets as of June 30, 2005 = 4(a) + 4(b) + 4(c) + 4(d) + 4 (e)	\$ 1,851,110,756	\$ 15,751,540,173	\$ 17,602,650,929

*The fiscal year 2006 required contribution of \$199,032,528 has been reduced to \$73,541,000 in anticipation of the provisions of the Appropriation Act for fiscal year 2006 and the fiscal year 2007 required contribution of \$217,894,069 has been reduced to \$154,019,275 in anticipation of the provisions of the Appropriation Act for fiscal year 2007.

**The fiscal year 2006 required contribution of \$434,977,639 has been reduced to \$260,986,583 and the fiscal year 2007 required contribution of \$528,429,022 has been reduced to \$422,473,218 in anticipation of the potential impact of Chapter 108, P.L. 2003.

C. Summary of Market Value of Assets by Source

1.	Reserve for Employers' Contributions	\$	6,213,991,351
2.	Reserve for Members' Contributions		2,399,046,135
3.	Reserve for Retirement Fund		8,481,386,767
4.	Reserve for Special Reserve Fund		315,555,099
5.	Receivable Contributions		182,107,890
6.	Additional receivable ERI contributions		<u>10,563,687</u>
7.	Total Market Value of Assets as of June 30, 2005	\$	17,602,650,929

D.(I) Development of Actuarial Value of Assets as of July 1, 2005

	State	Local Employers	Total System
1. Actuarial Value of Assets as of June 30, 2004 (without receivable contribution)	\$ 1,934,689,622	\$ 16,753,181,858	\$ 18,687,871,480
2. Net Cash Flow excluding Investment Income and Present Value of Remaining ERI Contributions	(28,110,665)	(298,502,701)	(326,613,366)
3. Additional Employer Contributions Paid to Satisfy Remaining ERI Obligations	0	1,969,865	1,969,865
4. Investment Income at Actuarially Assumed Rate of 8.25%	157,089,148	1,321,041,790	1,478,130,938
5. Expected Actuarial Value of Assets as of June 30, 2005 = 1. + 2. + 3. + 4.	\$ 2,063,668,105	\$ 17,777,690,812	\$ 19,841,358,917
6. Mark-up percentage	20.0%	20.0%	
7. Mark-up to Reflect Growth in Preliminary Market Value of Assets (without receivable contribution)	(64,543,111)	(424,793,723)	(489,336,834)
8. Receivable Contribution	103,531,120	78,576,770	182,107,890
9. Present Value of Receivable ERI Contributions as of June 30, 2005	N/A	25,868,290	25,868,290
10. Adjustment for NJIT transfer	6,627,085	(6,627,085)	0
11. Actuarial Value of Assets as of June 30, 2005 = 5. + 7. + 8. + 9. + 10.	\$ 2,109,283,199	\$ 17,450,715,064	\$ 19,559,998,263

D.(II) Reconciliation of Fund Balances as of July 1, 2005

	STATE	LOCAL EMPLOYERS	TOTAL SYSTEM
Present assets of Fund credited to:			
Retirement Reserve Fund			
Credited to Fund as of June 30, 2004	\$ 1,003,706,812	\$ 6,958,793,834	\$ 7,962,500,646
• Reserve Transferred from (to):			
- Contingent Reserve Fund	69,832,738	648,587,140	718,419,878
- Annuity Savings Fund	16,014,129	125,254,560	141,268,689
• Distribution of Income	87,824,347	608,894,460	696,718,807
• Total Deductions	<u>(99,109,455)</u>	<u>(938,411,798)</u>	<u>(1,037,521,253)</u>
Credited to Fund as of June 30, 2005	\$ 1,078,268,571	\$ 7,403,118,196	\$ 8,481,386,767
Annuity Savings Fund			
Credited to Fund as of June 30, 2004	\$ 280,255,504	\$ 1,989,200,979	\$ 2,269,456,483
• Members' Contributions	42,315,279	232,477,661	274,792,940
• Transfers from Other Systems	537,425	864,711	1,402,136
• Reserve Transferred from (to):			
- Retirement Reserve Fund	(16,014,129)	(125,254,560)	(141,268,689)
• Distribution of Income	0	0	0
• Total Deductions	<u>(1,785,668)</u>	<u>(3,551,067)</u>	<u>(5,336,735)</u>
Credited to Fund as of June 30, 2005	\$ 305,308,411	\$ 2,093,737,724	\$ 2,399,046,135
Contingent Reserve Fund			
Credited to Fund as of June 30, 2004	\$ 705,409,166	\$ 7,400,898,773	\$ 8,106,307,939
• Transfers from Other Systems	344,795	742,884	1,087,679
• Reserve Transferred from (to):			
- Retirement Reserve Fund	(69,832,738)	(648,587,140)	(718,419,878)
- Special Reserve Fund	0	0	0
• Employers' Contributions	32,164,591	439,975,652	472,140,243
• Distribution of Income	29,903,493	495,605,475	525,508,968
• Total Deductions	(2,577,631)	(30,600,745)	(33,178,736)
• Adjustment to the present value of ERI payments as of June 30, 2005	<u>0</u>	<u>10,563,687</u>	<u>10,563,687</u>
Credited to Fund as of June 30, 2005	\$ 695,411,676	\$ 7,668,598,586	\$ 8,364,010,262
Special Reserve Fund			
Credited to Fund as of June 30, 2004	\$ 14,821,715	\$ 139,564,772	\$ 154,386,487
• Reserve Transferred from (to):			
- Contingent Reserve Fund	0	0	0
• Distribution of Income	<u>15,472,826</u>	<u>145,695,786</u>	<u>161,168,612</u>
Credited to Fund as of June 30, 2005	\$ 30,294,541	\$ 285,260,558	\$ 315,555,099
Total Present Assets	\$ 2,109,283,199	\$ 17,450,715,064	\$ 19,559,998,263
Present value of prospective accrued liability/(surplus) contributions/(credits) payable by the State and Local employers to the Contingent Reserve Fund for basic allowances with cost-of-living adjustments	<u>\$ 706,337,022</u>	<u>\$ 3,938,257,262</u>	<u>\$ 4,644,594,284</u>
Total Assets	\$ 2,815,620,221	\$ 21,388,972,326	\$ 24,204,592,547

E. Summary of Actuarial Accrued Liability as of July 1, 2005

	State	Local Employers	Total System
1. Retirees and Beneficiaries			
a. Service Retirement	\$ 804,717,713	\$ 8,917,504,281	\$ 9,722,221,994
b. Disability Retirement	218,556,990	1,079,875,586	1,298,432,576
c. Beneficiaries	92,673,531	1,072,656,235	1,165,329,766
d. Lump Sum Death Benefits	<u>24,670,892</u>	<u>210,569,128</u>	<u>235,240,020</u>
e. Total	\$ 1,140,619,126	\$ 11,280,605,230	\$ 12,421,224,356
2. Terminated Vested Members	\$ 2,084,809	\$ 4,988,016	\$ 7,072,825
3. Active Participants			
a. Service Retirement	\$ 1,446,574,410	\$ 8,874,944,577	\$ 10,321,518,987
b. Vested Retirement	5,986,151	31,070,167	37,056,318
c. Ordinary Disability	100,720,576	542,412,912	643,133,488
d. Accidental Disability	51,453,994	285,730,471	337,184,465
e. Ordinary Death	36,400,085	192,292,441	228,692,526
f. Accidental Death	2,523,268	13,744,351	16,267,619
g. Withdrawal of Contributions	2,779,502	10,105,461	12,884,963
h. Lump Sum Death Benefit	<u>26,478,300</u>	<u>153,078,700</u>	<u>179,557,000</u>
i. Total	\$ 1,672,916,286	\$ 10,103,379,080	\$ 11,776,295,366
4. Total Actuarial Accrued Liability = 1(e) + 2 + 3(i)	\$ 2,815,620,221	\$ 21,388,972,326	\$ 24,204,592,547

F. Summary of Unfunded Accrued Liability/(Surplus) and Required Contribution

	July 1, 2005 Valuation			July 1, 2004 Valuation		
	State Locations	Municipalities & Local Groups	Total	State Locations	Municipalities & Local Groups	Total
I. Development of Unfunded Accrued Liability/(Surplus)						
1. Present Value of Benefits	\$ 2,815,620,221	\$ 21,388,972,326	\$ 24,204,592,547	\$ 2,509,192,584	\$ 19,769,046,766	\$ 22,278,239,350
2. Actuarial Value of Assets	2,109,283,199	17,450,715,064	19,559,998,263	2,001,836,285	16,833,303,026	18,835,139,311
3. Unfunded Accrued Liability/(Surplus):						
(a) Basic Unfunded Accrued Liability/(Surplus) Excluding Chapters 204, 247, 428, 109 and 511	\$ 671,763,586	\$ 3,594,127,981	\$ 4,265,891,567	\$ 480,994,848	\$ 2,659,082,076	\$ 3,140,076,924
(b) Chapter 204	310,407	5,825,403	6,135,810	298,649	5,649,951	5,948,600
(c) Chapter 247	0	74,133,484	74,133,484	0	58,859,797	58,859,797
(d) Chapter 428*	34,263,029	143,862,407	178,125,436	26,062,802	112,684,175	138,746,977
(e) Chapter 109	0	73,178,764	73,178,764	0	60,748,547	60,748,547
(f) Chapter 511	0	47,129,223	47,129,223	0	38,719,194	38,719,194
(g) Gross Unfunded Accrued Liability/(Surplus) = (a) + (b) + (c) + (d) + (e) + (f)	\$ 706,337,022	\$ 3,938,257,262	\$ 4,644,594,284	\$ 507,356,299	\$ 2,935,743,740	\$ 3,443,100,039
4. Net adjustment to Gross Unfunded Accrued Liability to account for phase-in of State paid Local Obligations:						
(a) Chapter 247	\$ 16,616,496	\$ (16,616,496)	\$ 0	\$ 13,816,845	\$ (13,816,845)	\$ 0
(b) Chapter 428*	69,220,155	(69,220,155)	0	57,382,645	(57,382,645)	0
(c) Chapter 109	73,178,764	(73,178,764)	0	60,748,547	(60,748,547)	0
(d) Chapter 511	47,129,223	(47,129,223)	0	38,719,194	(38,719,194)	0
(e) Total Adjustments = (a) + (b) + (c) + (d)	\$ 206,144,638	\$ (206,144,638)	\$ 0	\$ 170,667,231	\$ (170,667,231)	\$ 0
5. Present Value of Future Chapter 428 Normal Costs	39,603,821	170,258,470	209,862,291	36,023,487	160,852,627	196,876,114
6. Net Unfunded Accrued Liability/(Surplus) Reflecting Chapter 428 Offset = 3(g) + 4(e) + 5	\$ 952,085,481	\$ 3,902,371,094	\$ 4,854,456,575	\$ 714,047,017	\$ 2,925,929,136	\$ 3,639,976,153

*The Chapter 428 unfunded accrued liability amounts include the unfunded accrued liability amounts due to Chapters 86 and 318.

II. Development of Unfunded Accrued Liability Contribution Amount	July 1, 2005 Valuation			July 1, 2004 Valuation		
	State Locations	Municipalities & Local Groups	Total	State Locations	Municipalities & Local Groups	Total
1. Accrued Liability Contribution due to:						
(a) Basic Unfunded Accrued Liability	\$ 37,716,092	\$ 201,791,916	\$ 239,508,008	\$ 27,005,403	\$ 149,293,867	\$ 176,299,270
(b) Chapter 204	18,835	353,480	372,315	17,742	335,645	353,387
(c) Chapter 247	0	4,162,216	4,162,216	0	3,304,677	3,304,677
(d) Chapter 428*	1,923,694	8,077,139	10,000,833	1,463,294	6,326,640	7,789,934
(e) Chapter 109	0	4,108,614	4,108,614	0	3,410,720	3,410,720
(f) Chapter 511	0	2,646,065	2,646,065	0	2,173,885	2,173,885
(g) Gross Unfunded Accrued Liability Contribution = (a) + (b) + (c) + (d) + (e) + (f)	\$ 39,658,621	\$ 221,139,430	\$ 260,798,051	\$ 28,486,439	\$ 164,845,434	\$ 193,331,873
2. Net adjustment to Gross Unfunded Accrued Liability Contribution on account of phase-in of State paid Local Obligations:						
(a) Chapter 247	\$ 4,162,216	\$ (4,162,216)	\$ 0	\$ 3,304,677	\$ (3,304,677)	\$ 0
(b) Chapter 428*	8,077,139	(8,077,139)	0	6,326,640	(6,326,640)	0
(c) Chapter 109	4,108,614	(4,108,614)	0	3,410,720	(3,410,720)	0
(d) Chapter 511	2,646,065	(2,646,065)	0	2,173,885	(2,173,885)	0
(e) Total Adjustment = (a) + (b) + (c) + (d)	\$ 18,994,034	\$ (18,994,034)	\$ 0	\$ 15,215,922	\$ (15,215,922)	\$ 0
3. Accrued Liability Contribution as of the Valuation Date = 1(g) + 2(e)	\$ 58,652,655	\$ 202,145,396	\$ 260,798,051	\$ 43,702,361	\$ 149,629,512	\$ 193,331,873
4. Interest to reflect two year delay in payment	10,076,893	34,729,842	44,806,735	7,508,339	25,707,285	33,215,624
5. Accrued Liability Contribution as of Payment Date	\$ 68,729,548	\$ 236,875,238	\$ 305,604,786	\$ 51,210,700	\$ 175,336,797	\$ 226,547,497

* The Chapter 428 unfunded accrued liability contribution amounts include the unfunded accrued liability contribution amounts due Chapters 86 and 318.

G. Development of Excess Valuation Assets

Chapter 115, P.L. 1997 prescribed a procedure for determining the value of Excess Valuation Assets. The law provided for a reduction in the normal contributions of the State and other employers for the valuation period ended June 30, 1995 to the extent possible by the excess valuation assets and permitted the State Treasurer to reduce the normal contribution payable by the State and other employers for valuations after June 30, 1995 up to a specified portion of excess valuation assets (50% as of the July 1, 2005 valuation). Further, Chapter 8, P.L. 2000 amended the definition of Excess Valuation Assets, beginning with the June 30, 1998 valuation, to also reflect the present value of the expected additional normal cost contributions attributable to the provisions of Chapter 428, P.L. 1999.

	State	Municipalities and Local Groups
1. Valuation Assets	\$ 2,109,283,199	\$ 17,450,715,064
2. Actuarial Accrued Liability	2,815,620,221	21,388,972,326
3. Net Portion of Local Unfunded Accrued Liability due to Contribution Phase-in Payable by the State	206,144,638	(206,144,638)
4. Present Value of Future Chapter 428 Normal Costs	39,603,821	170,258,470
5. Excess Valuation Assets = 1. - 2. - 3. - 4. not less than zero	\$ 0	\$ 0

H. Development of Normal Cost (with reduction for Excess Assets) as of July 1, 2005

	State	Local Employers	Total System
1. Service Retirement	\$ 93,361,921	\$ 508,488,115	\$ 601,850,036
2. Ordinary Disability Retirement	8,366,032	39,739,900	48,105,932
3. Accidental Disability Retirement	5,790,003	27,243,148	33,033,151
4. Ordinary Death Benefits	524,235	2,460,780	2,985,015
5. Accidental Death Benefits	252,689	1,172,382	1,425,071
6. Vested Termination Retirement	1,068,613	5,359,128	6,427,741
7. Return of Members' Contributions Upon Withdrawal	674,216	2,186,472	2,860,688
8. Lump Sum Death Benefits after Retirement	1,911,633	9,780,149	11,691,782
9. Term Cost Lump Sum Death Benefit During Active Service	4,588,137	24,909,658	29,497,795
10. Portion Attributable to Chapter 428	<u>5,418,840</u>	<u>24,547,266</u>	<u>29,966,106</u>
11. Total Gross Normal Cost	\$ 121,956,319	\$ 645,886,998	\$ 767,843,317
12. Expected Employee Contributions	41,755,645	224,434,325	266,189,970
13. Portion of Local Normal Cost Payable by the State due to:			
(a) Chapter 511	\$ 20,602,072	\$ (20,602,072)	\$ 0
(b) Chapter 247	3,679,082	(3,679,082)	0
(c) Chapter 109	28,812,822	(28,812,822)	0
(d) Chapter 428	<u>24,547,266</u>	<u>(24,547,266)</u>	<u>0</u>
(e) Total	\$ 77,641,242	\$ (77,641,242)	\$ 0
14. Preliminary Normal Cost as of July 1, 2005 = 11 - 12 + 13(e)	\$ 157,841,916	\$ 343,811,431	\$ 501,653,347
15. Reduction for Chapter 428 Normal Cost (if covered by Excess Valuation Assets)	0	0	0
16. Reduction due to Excess Valuation Assets	0	0	0
17. Interest to Reflect a 2 Year Delay in Payment to July 1, 2007	<u>27,118,227</u>	<u>59,068,953</u>	<u>86,187,180</u>
18. Net Normal Cost as of July 1, 2007 = 14 - 15 - 16 + 17	\$ 184,960,143	\$ 402,880,384	\$ 587,840,527

I. Summary of Total Required Contributions

	July 1, 2005 Valuation		July 1, 2004 Valuation		Total
	State Locations	Municipalities & Local Groups	State Locations	Municipalities & Local Groups	
Active Participant Payroll	\$ 482,460,402	\$ 2,619,347,468	\$ 450,406,301	\$ 2,524,859,162	\$ 2,975,265,463
1. Normal Cost					
a) Normal Cost (without Chapters 109, 247, 428 and 511)	\$ 71,506,673	\$ 370,514,992	\$ 59,431,992	\$ 322,322,533	\$ 381,754,525
b) Normal Cost for Chapter 511	28,669,525	N/A	26,437,486	N/A	26,437,486
c) Normal Cost for Chapter 247	4,311,171	3,176,099	4,290,317	2,863,839	7,154,156
d) Chapter 109 Payment	39,981,896	N/A	38,350,781	N/A	38,350,781
e) Term Cost for Lump Sum Death Benefit to Active Members	5,376,408	29,189,293	4,978,088	27,905,853	32,883,941
f) Normal Cost for Chapter 428	35,114,470	0	33,194,705	0	33,194,705
g) Preliminary Normal Cost = (a) + (b) + (c) + (d) + (e) + (f)	\$ 184,960,143	\$ 402,880,384	\$ 166,683,369	\$ 353,092,225	\$ 519,775,594
h) Reduction for Chapter 428	0	0	0	0	0
i) Normal Cost (currently covered by Excess Valuation Assets)	0	0	0	0	0
j) Additional reduction due to Excess Valuation Assets	0	0	0	0	0
Net Normal Cost = (g) - (h) - (i)	\$ 184,960,143	\$ 402,880,384	\$ 166,683,369	\$ 353,092,225	\$ 519,775,594
2. Accrued Liability*					
a) Basic Unfunded Actuarial Liability UAL Payment	\$ 44,195,952	\$ 236,461,028	\$ 31,645,101	\$ 174,943,486	\$ 206,588,587
b) Chapter 204 UAL Payment	22,071	414,210	20,790	393,311	414,101
c) Chapter 247 UAL Payment	4,877,311	N/A	3,872,441	N/A	3,872,441
d) Chapter 428 UAL Payment**	11,719,038	N/A	9,128,293	N/A	9,128,293
e) Chapter 109 UAL Payment	4,814,500	N/A	3,996,703	N/A	3,996,703
f) Chapter 511 UAL Payment	3,100,676	N/A	2,547,372	N/A	2,547,372
g) Total Accrued Liability = (a) + (b) + (c) + (d) + (e) + (f)	\$ 68,729,548	\$ 236,875,238	\$ 51,210,700	\$ 175,336,797	\$ 226,547,497
3. Total Contribution = 1(j) + 2(g)	\$ 253,689,691	\$ 639,755,622	\$ 217,894,069	\$ 528,429,022	\$ 746,323,091

* Does not include ERI payment since actual contributions depend on the payment schedule chosen by each location. The entries for Chapters 247, 428, 109 and 511 include a payment required to fund the portions of the State-paid Local obligations that were not contributed due to the phase-in of contributions through fiscal years 2006 and 2007.

** Includes \$7,413,596 for the July 1, 2004 valuation and \$9,464,842 for the July 1, 2005 valuation attributable to Municipalities & Local Groups' liabilities which are payable by the State as required under Chapters 428, 86 and 318.

J. Summary of Contribution Rates

The following chart summarizes the rounded contribution rates that are applied to the applicable compensation for each location to produce the required contributions:

	July 1, 2005 Valuation		July 1, 2004 Valuation	
	State Locations	Municipalities & Local Groups	State Locations	Municipalities & Local Groups
1. Normal Contribution Rates:				
a) Basic Allowances	14.821%	14.431%	13.195%	13.049%
b) Lump Sum Death Benefit	1.114%	1.114%	1.105%	1.105%
c) Chapter 511*	5.942%	N/A	5.870%	N/A
d) Chapter 247*				
• PERS Local normal rate applicable to pay for individuals without past service	N/A	6.398%	N/A	5.369%
• Total PERS Local rate applicable to pay for individuals with past service	N/A	4.211%	N/A	4.211%
• Portion of Municipalities & Local Groups costs payable by the State	0.894%	N/A	0.953%	N/A
e) Chapter 109*	8.287%	N/A	8.515%	N/A
f) Chapter 428*	7.278%	0.000%	7.370%	0.000%
g) Reduction in Normal Rate due to Excess Assets				
• PERS Local normal rate applicable to pay for individuals without past service	N/A	0.000%	N/A	0.000%
• Total PERS Local rate applicable to pay for individuals with past service	N/A	0.000%	N/A	0.000%
• Applicable to all other members of the System	0.000%	0.000%	0.000%	0.000%
2. Accrued Liability Contribution Rates:##				
a) Basic Allowances	9.161%	9.186%	7.026%	7.063%
b) Chapter 204	**	**	**	**
c) Chapter 247*	1.011%	N/A	0.860%	N/A
d) Chapter 428*#	2.429%	N/A	2.027%	N/A
e) Chapter 109*	0.998%	N/A	0.887%	N/A
f) Chapter 511*	0.643%	N/A	0.566%	N/A

* Payment for certain costs under Chapters 109, 247, 511 and 428 (Chapter 8) for both Municipalities & Local Groups and State Locations are made by the State in accordance with the legislation.

** Costs for locations affected by Chapter 204 are presented in Appendix C.

Includes the additional costs due to Chapter 86, P.L. 2001 and Chapter 318, P.L. 2001.

The rates shown for Chapters 247, 428, 109 and 511 include the rate required to fund the portions of the State-paid Local obligations that were not contributed due to the phase-in of contributions through fiscal years 2006 and 2007.

SECTION IV - COMMENTS CONCERNING THE VALUATION

The variation in liabilities and contributions reflects the Fund's actual experience during the year. The Plan realized a net actuarial loss during the past year, primarily a result of the investment return which was less than that expected (5.33% on an actuarial value basis, rather than the 8.25% expected) and a net actuarial experience loss.

The following shows the development of the actuarial experience and identifies the major experience components:

Calculation of Net Actuarial Experience

1.	Unfunded Accrued Liability as of July 1, 2004	\$ 3,443,100,039
2.	Normal Cost as of July 1, 2004	670,156,430
3.	Interest on (1) and (2)	339,343,659
4.	Actual Members' Contributions	277,282,754
5.	Discounted value of prior year's Employer Contribution	659,066,189
6.	Expected interest on Members' contributions	<u>11,437,914</u>
7.	Expected Unfunded Accrued Liability as of July 1, 2005 = (1) + (2) + (3) - (4) - (5) - (6)	\$ 3,504,813,271
8.	Increase in Unfunded Accrued Liability due to phase-in provisions of the Appropriation Act for fiscal years 2006 and 2007 and Chapter 108, P.L. 2003	\$ 156,174,553
9.	Increase in Unfunded Accrued Liability due to change in actuarial assumptions	\$ 336,922,823
10.	Actual Unfunded Accrued Liability as of July 1, 2005	\$ 4,644,594,284
11.	Actuarial (gain)/loss = (10) - (7) - (8) - (9)	\$ 646,683,637

Components of Actuarial Experience

1.	Investment (Gain)/Loss	\$ 489,336,833
2.	Other net (Gain)/Loss, including COLA gains and changes in employee data	<u>157,346,804</u>
3.	Total Actuarial (Gain)/Loss	\$ 646,683,637

The valuation also reflects costs attributable to the following legislations:

Chapter 204, P.L. 1989

The provisions of Chapter 204 allowed employees with titles which were previously excluded from PFRS membership to enter the Plan. Each employer is required to contribute any additional contribution necessary to fund any unfunded liability arising from Chapter 204. The valuation reflects the additional accrued liability for three State locations and fifteen Municipality and Local Groups locations with certain employees participating in the Fund under the provisions of this legislation. Appendix C lists all applicable locations and the required contributions.

Chapter 511, P.L. 1991

The provisions of Chapter 511 increased the retirement benefit for a spouse of a retiree from 35% to 50% of the retiree's average final compensation. This law also raised the minimum annual spouse's benefit from \$1,600 to \$4,500 for benefits granted prior to January 14, 1992.

Chapter 511 required that the normal cost and accrued liability contribution attributable to this chapter be separately determined. As a result of Chapter 115, P.L. 1997, the accrued liability contribution attributable to Chapter 511 was eliminated at that time. However, because of the reductions (and anticipated reductions) in the required State contributions for fiscal years 2004 through 2007 due to the various Appropriation Acts, the remaining required contributions which were not paid have been set up as an unfunded accrued liability attributable to Chapter 511. The following summarizes the applicable contribution rates for the current and previous valuations:

Chapter 511 Contribution Rate	June 30, 2005	June 30, 2004
Normal Cost	5.942%	5.870%
Accrued Liability	<u>0.643</u>	<u>0.566</u>
Total Rate	6.585%	6.436%

Chapter 247, P.L. 1993 and Chapter 201 P.L. 2001

Chapter 247 requires the State to pay the difference between the PFRS normal cost rate and the PERS normal cost rate for certain members who transferred into PFRS as of January 1, 1992 or later. In addition, the law requires the State to pay the “System” unfunded accrued liability contribution for Municipalities and Local Groups that transferred into PFRS on and after January 1, 1992 without past service. The following summarizes the number of active employees affected, the applicable contribution rates, and the Chapter 247 contributions for the current and previous valuations:

Chapter 247	June 30, 2005	June 30, 2004
Number of Active Employees	946	1,060
<u>Contribution Rates:</u>		
Normal Cost	0.894%	0.953%
Accrued Liability	<u>1.011</u>	<u>0.860</u>
Total Rate	1.905%	1.813%
<u>Contributions:</u>		
Normal Cost	\$ 4,311,171	\$ 4,290,317
Accrued Liability	<u>4,877,311</u>	<u>3,872,441</u>
Total Contribution	\$ 9,188,482	\$ 8,162,758

Chapter 201, P.L. 2001 made changes to Chapter 247, P.L. 1993 with respect to the benefits payable to members who transferred from PERS to PFRS as a result of the Chapter 247 legislation. The resulting increase in the unfunded accrued liabilities due to the increased benefits was fully funded by the recognition of additional market value surplus in the determination of the actuarial value of assets for the July 1, 1999 valuation. However, because of the reductions (and anticipated reductions) in the required State contributions for fiscal years 2004 through 2007 due to the various Appropriation Acts, the remaining required contributions which were not paid have been added to the Chapter 247 unfunded accrued liability and will be paid off by the State in future contributions.

Chapter 126, P.L. 2000 and Chapter 130, P.L. 2003

“County ERI Section 44” of Chapter 126, P.L. 2000 permitted local units to offer early retirement or termination incentives to certain employees of county governing bodies. Chapter 130, P.L. 2003 extended an Early Retirement Incentive Program similar to that offered by the State under Chapter 23, P.L. 2002 to members of Local employer locations. Appendix G lists all applicable locations and summarizes the contribution requirement under Chapter 126 and Chapter 130.

Chapter 8, P.L. 2000

Chapter 8, P.L. 2000 required that, if valuation assets are insufficient to fund the normal cost and accrued liability costs attributable to Chapter 428, P.L. 1999, the contribution required to fund these costs for the State and other employers shall be paid by the State. For both the July 1, 2004 and July 1, 2005 valuations, valuation assets were not sufficient to fund the costs attributable to Chapter 428. In addition, because of the reductions (and anticipated reductions) in the required State contributions for fiscal years 2004 through 2007 due to the various Appropriation Acts, the remaining required contributions which were not paid have been added to the Chapter 428 unfunded accrued liability and will be paid off by the State in future contributions. The following chart summarizes the applicable contribution rates and the Chapter 428 contributions for the current and previous valuations:

Chapter 428	June 30, 2005	June 30, 2004
<u>Contribution Rates:</u>		
Normal Cost	7.278%	7.370%
Accrued Liability	<u>2.429</u>	<u>2.027</u>
Total Rate	9.707%	9.397%
<u>Contributions:</u>		
Normal Cost	\$ 35,114,470	\$ 33,194,705
Accrued Liability	<u>11,719,038</u>	<u>9,128,293</u>
Total Contribution	\$ 46,833,508	\$ 42,322,998

Chapter 86, P.L. 2001

Chapter 86, P.L. 2001 amended the active death benefits provided to a beneficiary of a member who died in active duty on or after January 1, 1998 and before January 18, 2000. The law required an eligible beneficiary to apply for the increased benefits within 90 days of enactment and return the member's aggregate contributions to the System. The State is liable for all costs to the System attributable to this law and these costs have been included in the Chapter 428 accrued liability contributions.

Chapter 318, P.L. 2001

Chapter 318, P.L. 2001 amended the active death benefits provided to a beneficiary of a member with 10 or more years of service who died in active service on or after June 1, 1995 and before January 1, 1998 and whose beneficiary had, on May 1, 2001, an appeal of a denial of a benefit related to death in the line of duty pending before the Board of Trustees. The law requires that the appeal be withdrawn or denied and that an eligible beneficiary apply for the increased benefits and return the member's aggregate contributions received. The State is liable for all costs to the System attributable to this law and these costs are also included in the Chapter 428 accrued liability contributions.

SECTION V - ACCOUNTING INFORMATION

Statement No. 5 of the Governmental Accounting Standards Board, issued November 1986, established standards of disclosure of pension information by public retirement systems. Statement No. 25 of the Governmental Accounting Standards Board, issued November 1994, established financial reporting standards for defined benefit pension plans and for the notes to the financial statements of defined contribution plans of state and local governmental liabilities and superseded Statement No. 5 effective for periods beginning after June 15, 1996. Statement No. 27, Accounting for Pensions by State and Local Governmental Employers superseded Statement 5 for employers participating in pension plans and is effective for periods beginning after June 15, 1997.

The information required by Statements No. 25 and No. 27 is presented in the following tables. These include the development of the Annual Required Contribution (ARC) as of April 1, 2008, the Schedule of Funding Progress, the Schedule of Employer Contributions and the required Additional Information.

(A) Development of the Annual Required Contribution (ARC) as of April 1, 2008:

	<u>State</u>	<u>Municipalities & Local Groups</u>
1. Actuarial Value of Plan Assets as of June 30, 2005		
(a) Valuation Assets as of June 30, 2005 (including Employer and ERI Receivable Contributions)	\$2,109,283,199	\$17,450,715,064
(b) Adjustment for Receivable/(Payable) Contributions included in (a)	<u>103,531,120</u>	<u>78,576,770</u>
(c) Valuation Assets as of June 30, 2005 for GASB Disclosure = (a) - (b)	\$2,005,752,079	\$17,372,138,294
2. Actuarial Accrued Liability as of June 30, 2005	\$2,815,620,221	\$21,388,972,326
3. Unfunded Actuarial Accrued Liability/(Surplus) as of June 30, 2005	\$ 809,868,142	\$ 4,016,834,032
4. Amortization of Unfunded Actuarial Accrued Liability/(Surplus) over 30 years with payments Increasing at 4.00% per year	\$ 45,469,957	\$ 225,524,700
5. Development of Net Normal Cost as of June 30, 2005:		
(a) Basic Allowance Normal Cost	\$ 195,009,423	\$ 543,336,098
(b) Term Cost for Lump Sum Death Benefit	4,588,137	24,909,658
(c) Expected Employee Contributions	<u>41,755,645</u>	<u>224,434,325</u>
(d) Net Normal Cost as of June 30, 2005 = (a) + (b) - (c)	\$ 157,841,915	\$ 343,811,431
6. Annual Required Contribution as of April 1, 2008		
(a) Annual Required Contribution as of June 30, 2005 = 4 + 5 (d)	\$ 203,311,872	\$ 569,336,131
(b) Interest Adjustment to April 1, 2008	<u>49,524,458</u>	<u>138,683,802</u>
(c) Annual Required Contribution as of April 1, 2008 = (a) + (b)	\$ 252,836,330	\$ 708,019,933

(B) Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll $\frac{(b-a)}{c}$
6/30/00						
State	\$ 1,884,870,936	\$ 1,666,842,906	\$ (218,028,030)	113.08%	\$ 363,360,250	(60.00)%
Local	<u>15,644,750,281</u>	<u>14,924,699,712</u>	<u>(720,050,569)</u>	<u>104.82%</u>	<u>2,055,781,766</u>	<u>(35.03)%</u>
Total	\$ 17,529,621,217	\$ 16,591,542,618	\$ (938,078,599)	105.65%	\$ 2,419,142,016	(38.78)%
6/30/01						
State	\$ 1,991,299,968	\$ 1,866,140,391	\$ (125,159,577)	106.71%	\$ 398,118,379	(31.44)%
Local	<u>16,083,153,842</u>	<u>16,056,446,646</u>	<u>(26,707,196)</u>	<u>100.17%</u>	<u>2,163,590,060</u>	<u>(1.23)%</u>
Total	\$ 18,074,453,810	\$ 17,922,587,037	\$ (151,866,773)	100.85%	\$ 2,561,708,439	(5.93)%
6/30/02						
State	\$ 2,032,977,241	\$ 2,046,820,189	\$ 13,842,948	99.32%	\$ 418,849,259	3.30%
Local	<u>16,392,195,411</u>	<u>17,181,142,310</u>	<u>788,946,899</u>	<u>95.41%</u>	<u>2,275,130,620</u>	<u>34.68%</u>
Total	\$ 18,425,172,652	\$ 19,227,962,499	\$ 802,789,947	95.82%	\$ 2,693,979,879	29.80%
6/30/03*						
State	\$ 1,907,752,767	\$ 2,330,909,918	\$ 423,157,151	81.85%	\$ 447,470,022	94.57%
Local	<u>16,447,380,691</u>	<u>18,422,073,072</u>	<u>1,974,692,381</u>	<u>89.28%</u>	<u>2,393,467,444</u>	<u>82.50%</u>
Total	\$ 18,355,133,458	\$ 20,752,982,990	\$2,397,849,532	88.45%	\$ 2,840,937,466	84.40%
6/30/04						
State	\$ 1,940,936,459	\$ 2,509,192,584	\$ 568,256,125	77.35%	\$ 450,406,301	126.17%
Local	<u>16,762,453,668</u>	<u>19,769,046,766</u>	<u>3,006,593,098</u>	<u>84.79%</u>	<u>2,524,859,162</u>	<u>119.08%</u>
Total	\$ 18,703,390,127	\$ 22,278,239,350	\$3,574,849,223	83.95%	\$ 2,975,265,463	120.15%
6/30/05						
State	\$ 2,005,752,079	\$ 2,815,620,221	\$ 809,868,142	71.24%	\$ 482,460,402	167.86%
Local	<u>17,372,138,294</u>	<u>21,388,972,326</u>	<u>4,016,834,032</u>	<u>81.22%</u>	<u>2,619,347,468</u>	<u>153.35%</u>
Total	\$ 19,377,890,373	\$ 24,204,592,547	\$4,826,702,174	80.06%	\$ 3,101,807,870	155.61%

* The original July 1, 2003 valuation, which was prepared prior to the change in economic assumptions and which anticipated that the impact of the Appropriation Act for fiscal year 2005 would be a reduction in the State's fiscal year 2005 contribution to 40% of the contribution recommended as part of the July 1, 2002 valuation rather than 30%, produced the following results:

6/30/03						
State	\$ 1,907,107,359	\$ 2,288,937,652	\$ 381,830,293	83.32%	\$ 447,470,022	85.33%
Local	<u>16,447,612,874</u>	<u>18,258,853,488</u>	<u>1,811,240,614</u>	<u>90.08%</u>	<u>2,393,467,444</u>	<u>75.67%</u>
Total	\$ 18,354,720,233	\$ 20,547,791,140	\$ 2,193,070,907	89.33%	\$ 2,840,937,466	77.20%

(C) Schedule of Employer Contributions

Fiscal Year	Annual Required Contribution	Employer Contribution**	Percentage Contributed
<u>STATE</u>			
2003	\$ 104,998,547	\$ 0*	0.00%
2004	\$ 118,297,232	\$ 22,215,429*#	18.78%
2005	\$ 161,455,508	\$ 49,326,846#	30.55%
2006 [∅]	\$ 200,902,193	\$ 73,541,000#	36.61%
2007	\$ 216,570,332	\$ 154,019,275#	71.12%
2008	\$ 252,836,330	\$ 253,689,691	100.34%
<u>LOCAL</u>			
2003	\$ 259,969,532	\$ 364,850*	0.14%
2004	\$ 316,272,883	\$ 53,396,685##	16.88%
2005	\$ 355,229,715	\$ 132,740,650##	37.37%
2006 [∅]	\$ 475,872,193	\$ 260,986,583##	54.84%
2007	\$ 584,645,679	\$ 422,743,218##	72.31%
2008	\$ 708,019,933	\$ 639,755,622	90.36%

* In accordance with Chapter 115, P.L. 1997, a portion of the required contribution was offset by available excess valuation assets.

** The employer contribution schedule reflects the portion of Local Employer contributions payable by the State in accordance with Chapters 109, 247, 511, 428, 86 and 318.

The State fiscal year 2004 required contribution of \$111,077,147 has been reduced to \$22,215,429 in accordance with the provisions of the Appropriation Act of 2003, the fiscal year 2005 required contribution of \$164,422,819 has been reduced to \$49,326,846 in accordance with the provisions of the Appropriation Act for fiscal year 2005, the fiscal year 2006 required contribution of \$199,032,528 has been reduced to \$73,541,000 in anticipation of the provisions of the Appropriation Act for fiscal year 2006 and the fiscal year 2007 contribution of \$217,894,069 has been reduced to \$154,019,275 in anticipation of the provisions of the Appropriation Act for fiscal year 2007.

The Local fiscal year 2004 required contribution of \$266,983,423 has been reduced to \$53,396,685 in accordance with the provisions of the Chapter 108, P.L. 2003, the fiscal year 2005 required contribution of \$331,851,624 has been reduced to \$132,740,650 in accordance with the provisions of Chapter 108, P.L. 2003 on the fiscal year 2005 contribution, the fiscal year 2006 required contribution of \$434,977,639 has been reduced to \$260,986,583 in anticipation of the potential impact of Chapter 108, P.L. 2003 on the fiscal year 2006 contribution and the fiscal year 2007 required contribution of \$528,429,022 has been reduced to \$422,743,218 in anticipation of the potential impact of Chapter 108, P.L. 2003 on the fiscal year 2007 contribution.

∅ The original July 1, 2003 valuation was prepared prior to the change in economic assumptions and anticipated that the Appropriation Act for fiscal year 2005 would reduce the State's fiscal year 2005 contribution to 40% of the contribution recommended as part of the July 1, 2002 valuation rather than 30%. The original amounts are summarized as follows:

<u>State</u>			
2005	\$ 161,455,508	\$ 65,769,128	40.74%
2006	\$ 188,257,547	\$ 183,854,671	97.66%
<u>Local</u>			
2006	\$ 423,821,205	\$ 386,903,970	91.29%

(D) The information presented in the required supplementary schedules was determined as part of the actuarial valuation. Additional information follows:

Valuation Date	June 30, 2005
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percent, Closed
Remaining Amortization Period	30 years
Asset Valuation Method	Five year average of market value
Actuarial Assumptions:	
Investment Rate of Return	8.25%
Projected Salary Increases	7.20%
Cost of Living Adjustments	60% of the maximum of the CPI increase and 3.0%

SECTION VI - LEVEL OF FUNDING

Although the value of accrued benefits and the funding ratios shown in the previous section are required for the State's financial statements, it is instructive to also look at these values under an alternative approach. For this purpose, we are presenting liabilities determined on a Financial Accounting Standards Board Statement No. 87 Accumulated Benefit Obligation (ABO) basis. This is the same approach as GASB Statement No. 5 except that no assumption is made as to future salary increases.

FASB 87 ABO Funded Ratios

<u>Valuation Date: June 30, 2005</u>			
Actuarial present value of accumulated benefits:	<u>State</u>	<u>Local Employers</u>	<u>Total System</u>
Vested benefits			
Participants currently receiving payments	\$ 1,140,619,126	\$ 11,280,605,230	\$ 12,421,224,356
Other participants	867,317,761	5,756,026,711	6,623,344,472
	\$ 2,007,936,887	\$ 17,036,631,941	\$ 19,044,568,828
Non-vested benefits	786,048,676	4,103,262,279	4,889,310,955
Total	\$ 2,793,985,563	\$ 21,139,894,220	\$ 23,933,879,783
Assets at market value	\$ 1,851,110,756	\$ 15,751,540,173	\$ 17,602,650,929
Ratio of Assets to Total Present Value	66.3%	74.5%	73.5%

<u>Valuation Date: June 30, 2004</u>			
Actuarial present value of accumulated benefits:	<u>State</u>	<u>Local Employers</u>	<u>Total System</u>
Vested benefits			
Participants currently receiving payments	\$ 1,034,973,512	\$ 10,453,405,141	\$ 11,488,378,653
Other participants	756,644,515	5,388,982,206	6,145,626,721
	\$ 1,791,618,027	\$ 15,842,387,347	\$ 17,634,005,374
Non-vested benefits	691,129,402	3,686,513,085	4,377,642,487
Total	\$ 2,482,747,429	\$ 19,528,900,432	\$ 22,011,647,861
Assets at market value	\$ 1,703,009,214	\$ 14,779,086,772	\$ 16,482,095,986
Ratio of Assets to Total Present Value	68.6%	75.7%	74.9%

As in the case of the Governmental Accounting Standard Board Statement No. 5, the actuarial present value of vested and non-vested accrued benefits was based on an interest rate of 8.25% for both 2004 and 2005.

APPENDIX A

BRIEF SUMMARY OF THE BENEFIT AND
CONTRIBUTION PROVISIONS AS INTERPRETED
FOR VALUATION PURPOSES

Eligibility for Membership

Enrollment is restricted to eligible policemen and firemen who are permanent and full-time and who pass the physical and mental fitness requirements. The maximum enrollment age is 35.

1. Definitions

Plan Year	The 12-month period beginning on July 1 and ending on June 30.
Credited Service	A year of service is credited for each year an employee is a Member of the Retirement System plus service, if any, covered by a prior service liability.
Average Final Compensation (AFC)	The average annual compensation for the three consecutive years of Service immediately preceding retirement or the highest three consecutive fiscal years of Membership Service.
Compensation	Base salary upon which contributions by a Member to the Annuity Savings Fund were based in the last year of Service. For Accidental Death, benefits are computed at the annual rate of salary.
Final Compensation (FC)	Annual compensation received by the member in the last 12 months of Credited Service preceding his retirement.
Accumulated Deductions	The sum of all amounts deducted from the compensation of a Member or contributed by him or on his behalf without interest.

2. Benefits

Service Retirement Eligibility means age 55 or 20 years of credited service for an employee who was a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000; mandatory at age 65. Benefit is an annual retirement allowance equal to a member annuity plus an employer pension which together equals the greater of:

- (i) 1/60th of FC for each year of Credited Service; or

- (ii) 2% of FC multiplied by years of Credited Service up to 30 plus 1% of FC multiplied by years of Service over 30. (Prior to January 18, 2000, this benefit was based on AFC rather than FC. However, Policy Memorandum 42000, which interpreted the provisions of Chapter 428, P.L. 1999, authorized the change in the salary basis).
- (iii) 50% of FC if the member has 20 or more years of Credited Service.

Chapter 428 also requires that, in addition to the 50% of FC benefit, any member as of January 18, 2000 who will have 20 or more years of Credited Service and is required to retire upon attaining age 65, shall receive an additional benefit equal to 3% of FC for each year of Credited Service over 20 years but not over 25 years.

Special Retirement

After completion of 25 years of Credited Service. The annual retirement benefit is equal to a member annuity plus an employer pension which together equal 65% of FC plus 1% of FC for each year of Credited Service over 25. There is a maximum benefit of 70% of FC except for those members with 30 or more years of Credited Service on June 30, 1979.

Vested Termination

- (A) Eligible upon termination of service prior to age 55 and prior to 10 years of Service. The benefit equals a refund of Accumulated Deductions less any outstanding loans.
- (B) Eligible upon termination of service prior to age 55 and after 10 years of Service (but less than 20 years if a member on or prior to January 18, 2000 or less than 25 years of service if a member after January 18, 2000). The benefit is a deferred retirement benefit, commencing at age 55, equal to a member annuity plus an employer pension which together provide a retirement allowance equal to 2% of FC multiplied by years of Credited Service up to 30 plus 1% of FC multiplied by years of Credited Service over 30.

Death Benefits

Ordinary Death Benefit - Lump Sum

- (1) If a member dies prior to retirement, the benefit payable is as follows:
 - A lump sum amount equal to 3-1/2 times FC payable to the member's beneficiary.
- (2) After retirement but prior to age 55, the benefit is as follows:
 - (i) For death while a Disabled Retiree the benefit is equal to 3-1/2 times Compensation.

- (ii) For death while a Deferred Retiree the benefit is equal to his Accumulated Deductions.
 - (iii) For death while a Retiree who has completed 20 years of Service, the benefit is equal to 1/2 times FC.
- (3) After retirement and after age 55, the benefit payable is equal to 1/2 times Compensation. (Note: If a Member is not disabled, 10 years of Credited Service is required for Members enrolling after July 1, 1971.)

Ordinary Death Benefit - Survivor Annuity

- (1) If a member dies prior to retirement, the benefit payable to a widow (widower) is equal to 50% of FC (20% of FC payable to one child, 35% of FC payable to two children or 50% of FC payable to three or more children if there is no surviving widow or widower or if the widow or widower dies or remarries or 25% of FC payable to one parent or 40% of FC payable to two parents if no surviving widow, widower or child. If no widow, widower, child or parent, the benefit payable to a beneficiary is the aggregate Accumulated Contributions at the time of death).

- (2) For any member who retired after December 18, 1967, the benefit payable to a widow (widower) is equal to 50% of FC plus 15% of FC for one child and 25% of FC for two or more children.

If no spouse, or spouse remarries, the benefit is equal to 20% of FC for one child, 35% for two children, and 50% for three or more children.

There is also a minimum benefit payable to widows (widowers) of \$4,500 a year.

- (3) For any member who retired with an Accidental Disability Benefit, the benefit payable is equal to \$4,500 a year to the widow (widower). If there is no widow (widower) the benefit payable is \$600 a year for 1 child, \$960 a year for 2 children, and \$1,500 a year for 3 or more children. The benefit for children is payable until age 18.

Accidental Death Benefit

A death while active resulting from injuries received from an accident during performance of duty is eligible for a lump sum equal to the Accumulated Deductions plus 3-1/2 times Compensation plus an annuity benefit payable is as follows:

- (i) The benefit to a widow or widower is equal to 70% of Compensation.
- (ii) The benefit, when there is no spouse, or spouse is remarried, is equal to 20% of Compensation for one child, 35% for two children, 50% for three or more children. The benefit is payable while the children are under age 18, or until age 24 if they are full-time students, or it is payable for life if they are disabled.
- (iii) The benefit, when there is no spouse or children, is equal to 25% of Compensation for one parent and 40% for two parents.
- (iv) The benefit, when there is no relation as stated above, is equal to the Accumulated Deductions and is payable to a beneficiary or to the Member's estate. This is also the minimum benefit payable under (i), (ii) and (iii).

Disability Benefits

Ordinary Disability Retirement

A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of Service and is totally and permanently incapacitated from the performance of usual or available duties. The benefit is equal to the greater of:

- (i) 1-1/2% of FC times the number of years of Credited Service; or
- (ii) 40% of FC.

In addition, a member who has at least 20 years but less than 25 years of Credited Service and who is required to retire upon application by the employer on and after January 18, 2000 shall receive a benefit equal to a member annuity plus an employer pension which together provide a total retirement allowance equal to 50% of FC plus 3% of FC multiplied by the number of years of Credited Service over 20 but not over 25.

Accidental Disability Retirement

A Member is eligible upon total and permanent incapacitation from the performance of usual or available duties as a result of injury during the performance of regular duties. The benefit payable is equal to a Member annuity plus an employer pension which together equals 2/3 of the Compensation at date of injury.

Special Disability Retirement

A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant. The benefit payable is equal to a Member annuity plus an employer pension which together equals 50% of FC.

3. Member Contributions

Each member contributes 8-1/2% of Compensation.

APPENDIX B

OUTLINE OF ACTUARIAL ASSUMPTIONS AND METHOD

VALUATION INTEREST RATE: 8-1/4% per annum, compounded annually.

SEPARATIONS FROM SERVICE AND SALARY INCREASES: Representative values of the assumed annual rates of separation and annual rates of salary increases are as follows:

Annual Rates of

<u>Age</u>	<u>Select Withdrawal</u>					<u>Ultimate</u>
	<u>Up to the</u> <u>1st Year</u>	<u>2nd Year</u>	<u>3rd Year</u>	<u>4th Year</u>	<u>5 to 9 Years</u>	<u>Withdrawal</u> <u>After 9 Years</u>
25	3.85%	1.91%	1.57%	1.74%	0.70%	0.00%
30	4.40	2.20	1.76	1.74	1.08	0.54
35	4.50	2.25	1.76	1.74	1.28	0.31
40	5.00	2.25	1.85	2.32	1.50	0.32
45	3.50	2.25	1.85	2.32	1.50	0.32
50	0.00	2.25	1.85	2.00	2.00	0.30
55	0.00	0.00	0.00	0.00	0.00	0.00

Annual Rates of

<u>Age</u>	<u>Death</u>		<u>Disability</u>		<u>Service Retirement</u>				<u>Salary</u> <u>Increases</u>
	<u>Ordinary</u>	<u>Accidental</u>	<u>Ordinary</u>	<u>Accidental</u>	<u>Length of Service</u>			<u>26 or</u> <u>More</u> <u>Years</u>	
					<u>Less Than</u> <u>21 Years*</u>	<u>21 to 24</u> <u>Years</u>	<u>25 Years</u>		
25	.050%	.006%	.100%	.029%					10.62%
30	.065	.006	.165	.107					8.16
35	.065	.008	.300	.183					6.67
40	.120	.008	.462	.230	2.50%	0.00%	49.20%	15.40%	6.01
45	.180	.009	.502	.227	2.50	0.00	52.98	15.40	5.95
50	.250	.009	.545	.179	3.75	0.00	56.77	15.40	5.95
55	.350	.014	.900	.161	4.25	0.00	59.04	17.48	5.95
60	.600	.013	1.600	.107	4.25	0.00	77.49	22.78	5.95
64	.600	.008	3.000	.107	37.50	0.00	77.49	37.80	5.95
65 and over	0.000	0.000	0.000	0.000	100.00	100.00	100.00	100.00	

*Retirement assumption prior to age 55 is for any member as of January 18, 2000 upon completion of 20 years of service up to age 54.

DEATHS AFTER RETIREMENT: Special mortality tables are used for the period after disability retirement. Representative values of the assumed annual rates of mortality are as follows:

<u>Age</u>	<u>Service Retirements</u>		<u>Beneficiaries</u>		<u>Age</u>	<u>Disability Retirements</u>
	<u>Men</u>	<u>Women</u>	<u>Men</u>	<u>Women</u>		
55	0.903%	0.254%	0.903%	0.699%	35	1.494%
60	1.416	0.424	1.416	1.027	40	1.584
65	2.169	0.706	2.169	1.563	45	1.674
70	2.753	1.238	2.753	1.981	50	1.764
75	4.460	2.399	4.460	2.639	55	2.016
80	7.407	4.295	7.407	4.725	60	2.376
85	11.484	6.992	11.484	7.691	65	2.736

Marriage: Husbands are assumed to be 3 years older than wives. Among the active population, 90% of participants are assumed married. No children are assumed. Neither the percentage married nor the number of children assumptions are necessarily individually explicit, but they are considered reasonable, when viewed as a single combined assumption.

VALUATION METHOD: Projected Unit Credit Method. This method essentially funds the System's benefits accrued to the valuation date. Experience gains or losses are recognized in future accrued liability contributions.

COLA: Benefits are assumed to increase 1.8% each year.

ASSET VALUATION METHOD: A five year average of market values with write-up was used. This method takes into account appreciation (depreciation) in investments in order to smooth asset values by averaging the excess of the actual over the expected income, on a market value basis, over a five year period.

APPENDIX C

ADDITIONAL CONTRIBUTION SCHEDULES

A. ADDITIONAL ACCRUED LIABILITY CONTRIBUTION SCHEDULE DUE TO CHAPTER 204, P.L. 1989

	July 1, 2005 Valuation		July 1, 2004 Valuation	
	Payment*	Years Remaining	Payment*	Years Remaining
<u>State Locations</u>				
• Location #00053: Juv. Jus. Comm/Community Prog.	\$ 634	26	\$ 597	27
• Location #00323: Dept. Div. of Human Resources	20,371	26	19,189	27
• Location #00498: Univ. of Medicine & Dentistry	1,066	26	1,004	27
Total	\$ 22,071		\$ 20,790	
<u>Municipalities & Local Groups</u>				
• Location #21202: Camden City	\$ 60,299	26	\$ 57,257	27
• Location #39300: Belmar Borough	8,066	26	7,659	27
• Location #46800: Roxbury Township	15,265	26	14,495	27
• Location #49700: West Windsor Township	22,642	26	21,500	27
• Location #57700: Sea Isle City	4,097	26	3,890	27
• Location #62400: NJ Institute of Technology	65,325	26	62,029	27
• Location #62500: Brookdale Community College	70,984	26	67,403	27
• Location #62700: Essex County College	21,333	26	20,256	27
• Location #75000: Lakewood Twp Fire District #1	11,329	26	10,757	27
• Location #75700: Middlesex County College	78,904	26	74,923	27
• Location #76200: Lower Camden Regional High School – District 1	1,703	26	1,617	27
• Location #77500: Hopewell Twp Fire District #1	7,021	26	6,666	27
• Location #78600: South Jersey Transit Authority	34,457	26	32,719	27
• Location #78700: Washington Township Board of Fire Comm	12,053	26	11,445	27
• Location #79600: Upper Freehold Twp	732	26	695	27
Total	\$ 414,210		\$ 393,311	

* Dollar amounts include two years of interest at 8.25% and assume that contributions will increase by 4.0% per year.

B. SUMMARY OF FISCAL YEAR 2008 CONTRIBUTIONS FOR STATE COLLEGE LOCATIONS

Location	Location Name	Number of Members	2005 Appropriation Payroll	Normal Contribution			Accrued Liability Contribution	Fiscal Year 2008 Contribution
				Basic Allowances	Non-Contributory Group Insurance Premium Fund	Total		
00410	Rowan University	5	\$ 281,981	\$ 104,962	\$ 3,141	\$ 108,103	\$ 40,157	\$ 148,260
00412	Kean University	18	1,097,883	408,665	12,230	420,895	156,350	577,245
00413	William Paterson University of NJ	10	605,923	225,543	6,750	232,293	86,289	318,582
00414	Montclair State University	22	1,189,406	442,733	13,250	455,983	169,383	625,366
00415	The College of NJ	9	522,738	194,579	5,823	200,402	74,443	274,845
00421	Richard Stockton College of NJ	13	740,751	275,730	8,252	283,982	105,490	389,472
00497	University of Medicine and Dentistry of NJ	38	2,299,352	855,888	25,615	881,503	327,451	1,208,954
00498	University of Medicine and Dentistry of NJ	26	1,626,722	605,514	18,122	623,636	232,727	856,363
00499	University of Medicine and Dentistry of NJ	15	930,332	346,297	10,364	356,661	132,489	489,150
62400	NJ Institute of Technology	28	1,639,338	610,211	18,262	628,473	298,783	927,256
90011	Rutgers University	88	5,295,047	1,970,975	58,987	2,029,962	754,068	2,784,030
Total		272	\$ 16,229,473	\$ 6,041,097	\$ 180,796	\$ 6,221,893	\$ 2,377,630	\$ 8,599,523

APPENDIX D**ADDITIONAL CENSUS DATA STATISTICS**

In response to prior requests from the Board of Trustees, we have performed additional calculations and constructed additional exhibits based on the July 1, 2005 valuation data.

Age Breakdown

1. Average Age at Retirement – split by Special/Service Retirements

The exhibit on page 46 provides information split between Police and Firemen and by type of retirement. The average age at retirement is 56.2, 53.7 and 55.0 for service, special, and deferred retirement, respectively.

2. Average Age at Entry

The average age at entry for Contributing active participants at July 1, 2005 is 26.4. The average age at entry for Non-Contributing active participants at July 1, 2005 is 29.8. The average age at entry for all actives at July 1, 2005 is 26.5.

3. & 4. Average Age at Death for Active participants and Retired participants.

We have assumed that all deaths between July 1, 2004 and June 30, 2005 occurred at the middle of the plan year; January 1, 2005. Based on this assumption, the average age at death for the various groups is as follows:

Active Contributing members at July 1, 2004	44.8
Active Non-Contributing members at July 1, 2004	50.4
Retired at July 1, 2004	74.2
Disabled at July 1, 2004	62.5
Beneficiary at July 1, 2004	78.2
Terminated Vested at July 1, 2004	N/A

5. & 6. Average Age at Retirement for those who retired under ordinary and accidental disability.

Specific information by category is contained on page 47. The average age at retirement is 42.6 and 39.8 for ordinary and accidental disability, respectively.

Breakdown of Members

1. Police/Firemen split for Active and Retirees

The Police/Firemen split summarized below for plan members can be found in Appendix E of this report.

	<u>Policemen</u>	<u>Firemen</u>	<u>Unknown</u>	<u>Total</u>
Active Contributing Members	36,509	6,566	0	43,075
Active Non-Contributing Members	1,064	72	0	1,136
Vested Terminated Participants	60	4	0	64
Retired Participants	13,118	3,881	2,208	19,207
Disabled Retired Participants	3,211	350	371	3,932
Beneficiaries	<u>2,371</u>	<u>708</u>	<u>3,039</u>	<u>6,118</u>
Total	56,333	11,581	5,618	73,532

Breakdown of Retired Members and Beneficiaries

1-6. Number of members receiving various benefits.

This information is included in Appendix E of this report and is summarized as follows:

	<u>Number of Members</u>
Receiving Special Retirement Benefits	17,562
Receiving Service Retirement Benefits	1,483
Receiving Deferred Retirement Benefits	162
Receiving Ordinary Disability Benefits	2,310
Receiving Accidental Disability Benefits	1,622

7. Members who died as a result of Accidental Death

We did not receive any information that indicates cause of death for deceased members.

8.-10. Number of Widows, Children, and Other Dependents

This information is included in Tables 9 and 10 of Appendix E of this report and is summarized as follows:

	<u>Number</u>
Widows/Widowers	4,813
Children	275
Other Dependents	1,030

13. The Number of Beneficiaries and Children receiving benefits due to the accidental death of a member is 126 (113 Beneficiaries, 9 Children and 4 other dependents). We have no information to perform a further S.H.B.P./Local Health Benefits split.

Breakdown of Costs

The information contained in this section, "Breakdown of Costs", has been calculated in a manner consistent with that shown in prior reports.

1. Cost per member for Insurance.

Dividing the total death benefit cost, prior to the offset for Excess Valuation Assets, of \$57,310,028, (\$7,996,415 for State location and \$49,313,613 for Local groups) by the number of active contributing members of 43,075 gives the total cost per member for insurance \$1,330.47.

2. Cost per member for Administration

Dividing the Administrative cost per member = \$6,149,606/73,532 members = \$83.63.

- 3.&4. The normal contribution rates for State Locations and Municipalities and Local Groups are summarized in Section III(J) of this report.
- 5.&6. The Accrued Liability rates for State Locations and Municipalities and Local Groups are also summarized in Section III(J) of this report.

Breakdown of Purchases

We do not receive information on the active data file regarding service purchases.

Better Breakdown of Inactive Members

To better demonstrate the effect that inactive participants have on costs, we have split the liabilities attributable to beneficiaries used to calculate the Accrued Liability into specific categories. The information summarized below can be found in Section III(E) of this report.

	<u>Actuarial Accrued Liability</u>	<u>Percentage of Total Accrued Liability</u>
Service/Special Retirements	\$ 9,722,221,994	40.17%
Disableds	1,298,432,576	5.36%
Beneficiaries	1,165,329,766	4.81%
Deferred Terminated Vesteds	7,072,825	0.03%
Lump Sum Death Benefits	<u>235,240,020</u>	<u>0.97%</u>
Total	\$ 12,428,297,181	51.34%

The percentage shown on the right is the percent attributable to each inactive piece of the total Accrued Liability of \$24,204,592,547.

Reconciliation of Census Data

The following chart presents a reconciliation of census data from July 1, 2004 to June 30, 2005:

	Actives		Deferred Vested	Retirees			Beneficiaries	Dependents	Domestic Relations Beneficiaries	Total	
	Contrib.	Noncontrib.		Service	Special	Deferred					Disabled
Members as of July 1, 2004	43,151	1,045	61	1,471	16,820	155	3,661	4,595	253	916	72,128
Status Change To Contributing	173	(173)									0
To Noncontributing	(521)	521									0
Terminated Vested	(5)	(6)	11								0
Terminated Non-Vested	(114)	(204)									(318)
Service Retirement	(94)	(9)		103							0
Special Retirement	(1,066)	(1)			1,067						0
Deferred Vesteds Now Payable			(7)			7					0
New Disabled	(267)	(65)					332				0
New Death	(37)	(8)		(90)	(324)		(63)	(153)		(2)	(677)
Payments Began										154	154
Payments Ceased									(26)	(47)	(73)
New Actives	1,854	36									1,890
Rehires	1		(1)								0
New Beneficiaries								372	56		428
Data Corrections				(1)	(1)		2	(1)	1		0
Members as of July 1, 2005	43,075	1,136	64	1,483	17,562	162	3,932	4,813	284	1,021	73,532

Active Member Fifth Age and Service Distribution

The following charts present distributions of active members by age and service.

STATE LOCATIONS AND MUNICIPALITIES AND LOCAL GROUPS

AGE	SERVICE	1	5	10	15	20	25	30	35	40	TOTAL
20	Number	412	23								435
	Salary	16,093,663	987,416								17,081,079
25	Number	2,237	1,543	15							3,795
	Salary	96,442,106	84,351,901	923,880							181,717,887
30	Number	1,429	4,065	1,379	44						6,917
	Salary	62,424,890	248,364,710	98,441,283	3,248,388						412,479,271
35	Number	821	2,883	4,206	2,147	47					10,104
	Salary	36,439,590	178,207,516	309,312,202	165,522,507	3,798,338					693,280,153
40	Number	81	983	2,201	3,721	47					8,984
	Salary	3,747,894	62,053,582	161,666,672	291,307,619	164,336,997	3,928,126				687,040,890
45	Number	5	122	847	1,723	2,906	8				6,725
	Salary	204,193	8,031,630	59,810,910	131,025,022	246,997,261	104,256,737	757,856			551,083,609
50	Number		32	234	742	1,391	347	6			4,281
	Salary		1,964,708	15,440,806	54,435,275	113,078,412	144,117,037	35,480,845	630,224		365,147,307
55	Number	1	16	102	244	612	625	129			2,192
	Salary	17,735	950,373	6,698,890	17,190,364	47,233,079	56,090,021	47,222,504	14,248,650		189,651,616
60	Number	1	7	42	87	165	109	142	104	31	688
	Salary	140,068	318,928	2,786,899	5,825,648	12,022,472	9,383,372	10,073,016	15,158,248	3,378,308	59,086,959
63	Number		1	8	11	16	14	8	8	17	90
	Salary		98,660	425,004	699,621	1,091,982	1,054,516	662,395	1,641,486	1,780,348	7,454,012
66 and over	Number										
	Salary										
TOTAL	Number	4,987	9,675	9,034	8,719	7,088	3,438	930	294	46	44,211
	Salary	215,510,139	585,329,424	655,506,546	669,254,444	588,558,541	318,829,809	94,196,616	31,678,608	5,158,656	3,164,022,783

Average Age: 39.6 Years
 Average Service: 13.2 Years
 Average Salary: \$71,566
 Number Vested: 25,925
 Number Non Vested: 18,286

Active Member Fifth Age and Service Distribution (continued)

STATE LOCATIONS

AGE	SERVICE	1	5	10	15	20	25	30	35	40	TOTAL
20	Number	56	1								57
	Salary	2,472,205	34,944								2,507,149
25	Number	424	272	4							700
	Salary	19,257,599	14,267,095	224,828							33,749,522
30	Number	389	805	135	4						1,333
	Salary	17,697,307	44,224,094	8,066,961	234,594						70,222,956
35	Number	227	679	526	301	5					1,738
	Salary	10,463,710	38,290,023	33,423,768	19,903,573	336,942					102,418,016
40	Number	31	299	305	683	309	12				1,639
	Salary	1,432,578	17,325,316	19,349,378	46,152,292	21,708,235	855,186				106,822,985
45	Number	3	38	118	402	553	97				1,211
	Salary	104,409	2,342,042	7,393,851	26,937,848	39,057,220	7,059,333				82,894,703
50	Number		23	71	218	356	108	20			796
	Salary		1,461,344	4,442,318	14,370,313	24,756,971	8,385,340	1,706,708			55,122,994
55	Number	1	10	49	115	203	61	14	2		455
	Salary	17,735	612,501	3,109,618	7,661,420	14,372,667	4,437,262	1,048,234	132,438		31,391,875
60	Number		3	28	39	68	16	7	1	2	164
	Salary		178,524	1,810,243	2,543,684	4,883,404	1,126,180	573,884	64,004	123,144	11,303,067
63	Number			3	6	13	1	3	1		27
	Salary			189,764	365,485	878,598	38,136	208,759	85,422		1,766,164
66 and over	Number										
	Salary										
TOTAL	Number	1,131	2,130	1,239	1,768	1,507	295	44	4	2	8,120
	Salary	51,445,543	118,735,883	78,010,729	118,169,209	105,994,037	21,901,437	3,537,585	281,864	123,144	498,199,431

Average Age: 39.9 Years
 Average Service: 12.0 Years
 Average Salary: \$61,355
 Number Vested: 4,349
 Number Non Vested: 3,771

Active Member Fifth Age and Service Distribution (continued)

MUNICIPALITIES AND LOCAL GROUPS

AGE	SERVICE	1	5	10	15	20	25	30	35	40	TOTAL
20	Number		22								378
	Salary	13,621,458	952,472								14,573,930
25	Number	1,813	1,271	11							3,095
	Salary	77,184,507	70,084,806	699,052							147,968,365
30	Number	1,040	3,260	1,244	40						5,584
	Salary	44,727,583	204,140,616	90,374,322	3,013,794						342,256,315
35	Number	594	2,204	3,680	1,846	42					8,366
	Salary	25,975,880	139,917,493	275,888,434	145,618,934	3,461,396					590,862,137
40	Number	50	684	1,896	3,038	1,642					7,345
	Salary	2,315,316	44,728,266	142,317,294	245,155,327	142,628,762	3,072,940				580,217,905
45	Number	2	84	729	1,321	2,353	35				5,514
	Salary	99,784	5,689,588	52,417,059	104,087,174	207,940,041	97,197,404	757,856	8		468,188,906
50	Number		9	163	524	1,035	1,421	327	6		3,485
	Salary		503,364	10,998,488	40,064,962	88,321,441	135,731,697	33,774,137	630,224		310,024,313
55	Number		6	53	129	409	564	449	127		1,737
	Salary		337,872	3,589,272	9,528,944	32,860,412	51,652,759	46,174,270	14,116,212		158,259,741
60	Number	1	4	14	48	97	93	97	141	29	524
	Salary	140,068	140,404	976,656	3,281,964	7,139,068	8,257,192	9,499,132	15,094,244	3,255,164	47,783,892
63	Number		1	5	5	3	13	5	16	15	63
	Salary		98,660	235,240	334,136	213,384	1,016,380	453,636	1,556,064	1,780,348	5,687,848
66 and over	Number										
	Salary										
TOTAL	Number	3,856	7,545	7,795	6,951	6,951	3,143	886	290	44	36,091
	Salary	164,064,596	466,593,541	577,495,817	551,085,235	482,564,504	296,928,372	90,659,031	31,396,744	5,035,512	2,665,823,352

Average Age: 39.6 Years
 Average Service: 13.4 Years
 Average Salary: \$73,864
 Number Vested: 21,576
 Number Non Vested: 14,515

ADDITIONAL INFORMATION PROVIDED FOR ITEM 1.All Healthy Retirees as of July 1, 2005

<u>Sex</u>	<u>Police or Firemen</u>	<u>Type of Retirement</u>	<u>Counts</u>	<u>Average Years of Service</u>	<u>Average Age at Retirement</u>	<u>Average Annual Benefit</u>	<u>Average Current Age</u>
M	Police	Service	690	19.1	57.0	\$ 27,176	63.3
M	Police	Special	12,010	27.8	53.2	48,081	61.8
M	Police	Deferred	89	16.2	54.9	11,435	63.9
M	Firemen	Service	80	24.7	56.4	33,808	64.8
M	Firemen	Special	3,748	28.9	54.7	46,819	65.3
M	Firemen	Deferred	51	16.0	55.0	9,392	63.2
M	Unknown	Service	601	26.5	55.1	20,861	83.0
M	Unknown	Special	1,578	28.2	55.8	26,572	78.8
M	Unknown	Deferred	20	18.7	55.0	8,803	78.1
F	Police	Service	105	17.5	57.6	23,524	63.4
F	Police	Special	222	26.3	53.4	46,892	58.2
F	Police	Deferred	2	16.7	55.0	20,306	58.5
F	Firemen	Service	1	13.3	62.0	10,967	77.0
F	Firemen	Special	1	25.8	52.0	61,918	55.0
F	Unknown	Service	6	20.0	59.8	13,488	83.0
F	Unknown	Special	3	28.1	58.3	20,179	83.7

New Healthy Retirees as of July 1, 2005

<u>Sex</u>	<u>Police or Firemen</u>	<u>Type of Retirement</u>	<u>Counts</u>	<u>Average Years of Service</u>	<u>Average Age at Retirement</u>	<u>Average Annual Benefit</u>	<u>Average Current Age</u>
M	Police	Service	91	20.6	56.0	\$ 35,214	56.7
M	Police	Special	807	27.5	52.9	59,343	53.4
M	Police	Deferred	3	16.3	55.0	14,806	55.3
M	Firemen	Service	7	23.5	52.3	46,348	52.9
M	Firemen	Special	218	28.6	54.9	63,095	55.5
M	Firemen	Deferred	4	15.5	55.0	14,384	55.8
F	Police	Service	5	19.3	50.6	35,814	51.2
F	Police	Special	42	25.7	50.1	50,880	50.6

ADDITIONAL INFORMATION PROVIDED FOR ITEMS 5. & 6.All Disabilities as of July 1, 2005

<u>Sex</u>	<u>Police or Firemen</u>	<u>Type of Retirement</u>	<u>Counts</u>	<u>Average Years of Service</u>	<u>Average Age at Retirement</u>	<u>Average Annual Benefit</u>	<u>Average Current Age</u>
M	Police	Ordinary	1,643	13.2	42.5	\$ 21,087	52.3
M	Police	Accidental	1,190	12.5	39.3	34,759	50.8
M	Firemen	Ordinary	227	13.4	41.5	20,086	54.5
M	Firemen	Accidental	123	13.8	41.0	30,520	57.5
M	Unknown	Ordinary	151	15.1	43.7	12,073	73.6
M	Unknown	Accidental	219	14.3	42.1	18,876	75.0
F	Police	Ordinary	288	12.2	43.2	23,442	48.3
F	Police	Accidental	90	10.6	39.1	38,611	44.8
F	Unknown	Ordinary	1	17.3	54.0	12,884	74.0

New Disabilities as of July 1, 2005

<u>Sex</u>	<u>Police or Firemen</u>	<u>Type of Retirement</u>	<u>Counts</u>	<u>Average Years of Service</u>	<u>Average Age at Retirement</u>	<u>Average Annual Benefit</u>	<u>Average Current Age</u>
M	Police	Ordinary	161	14.1	44.6	\$ 27,481	45.5
M	Police	Accidental	97	14.3	41.5	48,510	42.4
M	Firemen	Ordinary	14	16.9	47.0	32,353	47.9
M	Firemen	Accidental	7	13.2	42.9	50,831	43.9
F	Police	Ordinary	36	13.2	44.6	27,222	45.6
F	Police	Accidental	17	10.5	37.6	41,754	38.4

APPENDIX E

TABULATIONS USED AS A BASIS FOR THE 2005 VALUATION

The following tables give the distribution of the number and salaries of members by age and length of service as of July 1, 2005. Tables are also given showing the number and retirement allowances of beneficiaries classified by age as of July 1, 2005.

TABLE 1

**THE NUMBER AND ANNUAL COMPENSATION OF
CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF JUNE 30, 2005**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
20	2	\$ 62,076	1	\$ 37,300
21	23	877,849	1	26,184
22	124	4,828,700	12	479,437
23	214	8,635,489	29	1,162,106
24	349	14,935,161	56	2,374,880
25	490	21,979,697	83	3,701,674
26	623	29,518,902	111	5,160,705
27	790	39,476,460	126	6,121,625
28	896	46,501,487	132	6,442,901
29	942	51,586,862	138	7,243,025
30	1,048	59,630,007	136	7,381,917
31	1,187	71,452,671	155	8,794,252
32	1,298	81,332,644	186	10,557,944
33	1,482	95,535,428	178	10,762,620
34	1,686	110,489,161	219	13,304,641
35	1,826	124,554,110	201	12,468,120
36	1,890	132,285,869	183	11,608,192
37	1,796	128,335,140	159	10,302,304
38	1,716	124,664,872	186	12,244,585
39	1,715	129,456,730	187	12,490,144
40	1,724	131,879,735	168	11,622,589
41	1,723	134,644,861	140	10,006,768
42	1,490	117,571,105	136	9,865,819
43	1,368	108,786,439	118	8,150,016
44	1,390	113,172,257	105	7,680,184
45	1,317	107,223,682	100	7,302,835
46	1,209	100,222,382	94	7,051,237
47	1,091	92,810,938	75	5,703,586
48	1,088	93,407,635	80	6,047,078
49	984	84,863,885	56	4,343,124
50	949	82,075,882	62	4,451,892
51	781	67,732,989	53	3,913,000
52	652	56,855,113	49	3,564,460
53	575	50,298,407	29	1,973,125
54	519	45,382,345	44	3,117,585
55	444	39,211,680	30	2,241,488
56	390	34,327,007	22	1,622,306
57	367	32,901,115	16	1,085,338
58	287	25,418,714	26	1,846,856
59	241	21,446,201	13	852,868
60	120	10,180,557	14	902,224

TABLE 1

**THE NUMBER AND ANNUAL COMPENSATION OF
CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF JUNE 30, 2005**

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
61	101	\$ 8,625,434	11	\$ 730,174
62	101	9,293,473	4	301,070
63	62	5,671,462	1	118,352
64	74	6,657,499	6	402,500
TOTAL	39,144	\$ 2,856,800,112	3,931	\$ 247,561,030

The 43,075 total active contributing participants included in the June 30, 2005 valuation data consist of 36,509 policemen and 6,566 firemen.

TABLE 2

**THE NUMBER AND ANNUAL COMPENSATION OF
CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF JUNE 30, 2005**

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	341	\$ 11,809,661	53	\$ 1,954,672
1	1,100	43,139,688	155	6,319,126
2	1,202	53,486,955	251	10,745,118
3	1,335	64,695,405	246	11,847,069
4	1,502	78,511,296	243	12,241,146
5	1,713	98,323,877	241	13,370,471
6	1,650	102,819,533	201	11,720,535
7	1,704	112,052,728	203	12,510,845
8	1,772	117,903,051	210	13,530,775
9	1,449	100,898,220	186	12,441,933
10	1,741	127,942,797	211	14,253,601
11	2,072	153,516,726	161	11,098,794
12	1,460	109,395,448	123	8,538,465
13	1,210	91,858,760	119	8,246,185
14	1,107	83,788,261	125	8,649,947
15	1,710	128,584,330	187	13,176,143
16	1,507	117,272,037	175	12,701,345
17	1,822	143,467,163	143	10,652,198
18	1,599	128,221,319	143	10,350,150
19	1,512	124,268,034	115	8,579,551
20	1,633	136,221,602	117	8,571,590
21	1,256	106,083,913	82	6,055,006
22	1,109	92,355,982	57	4,467,275
23	1,081	92,882,824	52	4,356,704
24	1,061	95,068,350	60	4,821,932
25	816	74,616,399	31	2,638,286
26	644	61,771,118	22	2,009,276
27	435	41,728,644	4	325,496
28	346	34,338,524	5	477,280
29	228	22,754,980	1	120,444
30	174	17,100,211	1	90,144
31	226	23,122,716	5	438,192
32	183	18,570,245	1	118,928
33	105	11,456,055	1	78,404
34	92	9,876,276	1	64,004
35	78	8,259,958		
36	49	5,116,782		
37	49	5,571,164		
38	25	2,790,424		
39	21	2,166,852		
40	15	1,911,056		

TABLE 2

**THE NUMBER AND ANNUAL COMPENSATION OF
CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF JUNE 30, 2005**

(CONTINUED)

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
41	6	\$ 543,752		
42	2	233,456		
43	1	158,208		
44	1	145,332		
TOTAL	39,144	\$ 2,856,800,112	3,931	\$ 247,561,030

The 43,075 total active contributing participants included in the June 30, 2005 valuation data consist of 36,509 policemen and 6,566 firemen.

TABLE 3

**THE NUMBER AND ANNUAL COMPENSATION OF
NON-CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF JUNE 30, 2005**

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
22	7	\$ 250,290	2	\$ 77,724
23	17	542,890	3	101,034
24	13	435,020	3	110,596
25	17	701,496	4	128,496
26	13	573,373	5	202,881
27	29	1,142,926	13	520,384
28	30	1,192,106	12	497,118
29	24	972,723	14	671,335
30	16	1,071,429	7	326,279
31	29	1,406,423	5	234,540
32	20	948,996	9	440,476
33	35	1,763,053	8	366,647
34	36	1,883,293	13	664,203
35	36	1,756,314	12	556,780
36	33	1,858,895	10	558,704
37	38	2,189,123	9	518,576
38	42	2,411,438	13	625,817
39	40	2,304,370	9	415,821
40	34	1,972,461	8	476,689
41	33	1,992,381	8	508,013
42	38	2,182,018	4	221,890
43	32	1,930,728	9	562,325
44	36	2,348,289	7	387,781
45	26	1,556,852	6	340,032
46	30	1,829,863	5	328,635
47	27	1,557,012	9	496,343
48	23	1,235,331	7	381,653
49	16	838,056	3	145,497
50	12	591,755	3	178,011
51	19	1,169,605	4	290,484
52	16	874,062	6	321,026
53	10	553,857	2	113,085
54	14	806,131	2	69,561
55	11	600,377	2	139,196
56	4	189,540	2	112,804
57	5	238,997	1	58,839
58	6	281,736		
59	6	239,760	1	64,004
60	3	179,980		

TABLE 3

**THE NUMBER AND ANNUAL COMPENSATION OF
NON-CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY AGE
AS OF JUNE 30, 2005**

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
62	5	\$ 245,428	1	\$ 52,872
63	4	183,100		
64	10	394,013		
TOTAL	895	\$ 47,395,490	241	\$ 12,266,151

The 1,136 total active non-contributing participants included in the June 30, 2005 valuation data consist of 1,064 policemen and 72 firemen.

TABLE 4

**THE NUMBER AND ANNUAL COMPENSATION OF
NON-CONTRIBUTING ACTIVE MEMBERS DISTRIBUTED BY SERVICE
AS OF JUNE 30, 2005**

YEARS OF SERVICE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
0	28	\$ 885,919	6	\$ 203,802
1	83	2,845,259	30	1,029,252
2	64	2,603,437	31	1,256,118
3	40	1,710,157	22	978,503
4	44	1,938,342	10	455,462
5	41	2,319,594	15	771,261
6	38	1,965,780	8	395,690
7	33	1,888,066	9	525,065
8	28	1,472,042	10	613,869
9	12	728,799	8	470,408
10	57	3,327,181	16	938,298
11	70	3,827,608	8	443,368
12	49	2,685,641	14	871,644
13	54	3,133,780	14	888,879
14	48	2,780,012	11	576,940
15	39	2,377,348	8	530,523
16	35	2,176,796	4	246,303
17	28	1,848,192	6	374,350
18	21	1,424,556	1	56,532
19	22	1,347,574	2	138,976
20	13	908,813	1	65,244
21	12	740,537	2	117,560
22	11	744,668	2	120,701
23	7	418,133	2	113,853
24	8	560,282		
25	3	228,896		
26			1	83,550
27	2	161,780		
29	3	234,634		
30	1	31,468		
33	1	80,196		
TOTAL	895	\$ 47,395,490	241	\$ 12,266,151

The 1,136 total active non-contributing participants included in the June 30, 2005 valuation data consist of 1,064 policemen and 72 firemen.

TABLE 5

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30,2005**

SERVICE RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
39	1	\$ 23,818		
41	6	223,426	1	\$ 47,982
42	1	35,504	1	35,663
43	8	285,779	1	41,220
44	8	265,274	3	101,316
45	17	581,038		
46	18	697,373	1	28,229
47	18	628,187	2	68,927
48	19	648,993	3	98,575
49	14	470,056	3	94,722
50	28	891,594	2	67,256
51	19	645,882	2	75,063
52	20	754,766	2	67,598
53	6	205,132	1	34,771
54	10	318,585	2	80,168
55	12	322,431		
56	23	606,541		
57	30	691,233	4	107,707
58	28	594,967	6	207,317
59	27	607,074	1	28,836
60	16	393,448	3	81,149
61	21	396,052	2	39,275
62	28	497,746	4	113,367
63	36	869,603	5	135,719
64	28	520,812	1	12,243
65	33	861,331	1	6,064
66	56	1,642,316	9	177,196
67	53	1,267,208	11	173,549
68	44	1,569,230	5	110,035
69	33	883,481	1	22,815
70	28	675,844	1	18,658
71	22	419,079	6	98,692
72	27	411,611	4	65,816
73	27	355,052	3	45,735
74	21	264,731	3	45,428
75	28	460,062	1	13,009
76	34	739,265	2	30,687
77	33	598,725	3	44,709
78	50	982,190	1	9,768
79	61	1,234,212	4	41,330
80	63	1,294,552		

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30,2005**

SERVICE RETIREMENTS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
81	63	\$ 1,280,319	2	\$ 24,664
82	61	1,309,933	4	57,532
83	65	1,344,702		
84	68	1,465,347		
85	48	1,011,962	1	16,731
86	41	781,540	1	17,732
87	37	726,203		
88	34	670,893		
89	29	624,313		
90	14	275,139	1	15,309
91	6	131,204		
92	5	102,744		
93	2	29,204		
94	1	17,048		
95	1	38,519		
99	1	22,981		
Total	1,531	\$ 35,666,253	114	\$ 2,602,564

The 1,645 total service retirements consist of 886 policemen, 132 firemen and 627 retirees for whom the information was not reported.

TABLE 6

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

SPECIAL RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
44	3	\$ 135,375	2	\$ 91,788
45	22	1,118,648	1	44,988
46	44	2,420,257	8	420,862
47	71	4,028,119	5	260,386
48	124	6,702,586	9	481,603
49	193	10,436,799	7	409,481
50	281	15,138,809	16	756,032
51	351	18,860,911	13	594,505
52	398	21,519,359	9	482,715
53	424	22,838,133	10	482,629
54	504	26,970,441	9	460,023
55	552	29,672,257	12	648,312
56	675	35,689,715	10	454,333
57	686	36,096,060	9	446,034
58	908	45,750,137	9	455,774
59	875	43,720,819	7	307,578
60	704	35,007,016	5	270,382
61	712	34,578,734	5	272,201
62	840	40,435,902	9	381,617
63	846	40,115,600	6	240,486
64	651	31,408,166	9	367,060
65	630	28,889,098	8	339,693
66	615	28,657,703	4	151,198
67	589	26,392,134	3	129,114
68	511	22,596,281	8	362,100
69	488	20,835,425	6	239,342
70	433	17,927,596	4	187,020
71	387	15,279,965	6	216,992
72	384	14,875,239	1	39,180
73	389	14,724,664		
74	371	13,747,196	3	118,548
75	371	13,124,234	1	43,991
76	307	10,425,045	4	153,377
77	263	8,992,274		
78	277	9,339,528		
79	287	9,494,699	2	72,142
80	238	7,692,421	1	28,635
81	232	7,459,630	1	26,172
82	202	6,336,674	1	31,036
83	142	4,521,065		

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

SPECIAL RETIREMENTS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
84	114	\$ 3,731,632	1	\$ 21,421
85	82	2,571,959	1	24,206
86	66	1,995,748		
87	41	1,226,139		
88	27	722,085	1	19,461
89	17	445,657		
90	7	164,906		
91	2	50,672		
TOTAL	17,336	\$ 794,863,509	226	\$ 10,532,417

The 17,562 total special retirements consist of 12,232 policemen, 3,749 firemen and 1,581 retirees for whom the information was not reported.

TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

ORDINARY DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
30	2	\$ 41,585		
31	5	134,526		
32	5	113,227		
33	11	273,428	4	\$ 95,088
34	19	440,502	2	49,427
35	29	682,380	8	185,284
36	27	614,268	4	115,713
37	40	965,132	10	245,862
38	33	799,492	9	221,734
39	43	1,024,020	13	304,285
40	44	983,380	12	271,715
41	46	1,030,698	12	268,314
42	44	1,081,078	14	314,955
43	56	1,263,433	11	256,546
44	45	984,995	6	120,725
45	47	1,050,588	14	327,864
46	50	1,229,162	11	288,608
47	42	1,032,594	22	531,524
48	62	1,412,554	11	242,712
49	60	1,414,569	14	320,587
50	60	1,418,201	8	237,596
51	75	1,720,906	12	268,404
52	66	1,443,735	8	194,500
53	57	1,366,942	7	169,668
54	77	1,725,488	7	160,278
55	56	1,164,188	7	180,233
56	83	1,704,363	11	249,714
57	76	1,488,895	7	170,535
58	78	1,438,845	2	53,206
59	62	1,074,648	4	94,687
60	43	722,493	6	98,209
61	47	819,390	4	81,065
62	64	1,152,791	3	66,805
63	43	752,722	9	227,021
64	75	1,247,746	4	94,465
65	45	785,948	2	43,272
66	44	709,999		
67	30	544,322	2	53,206
68	28	474,590	1	19,491
69	24	384,553		

TABLE 7

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30,2005**

ORDINARY DISABILITY RETIREMENTS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
70	17	\$ 259,616	3	\$ 56,191
71	28	437,337	1	17,154
72	17	221,918	1	20,709
73	16	188,161	1	16,853
74	12	185,050	1	12,884
75	13	162,492	1	17,029
76	8	103,339		
77	8	106,912		
78	12	140,510		
79	10	105,499		
80	8	78,593		
81	8	89,253		
82	7	70,861		
83	5	61,927		
84	2	26,963		
85	5	54,696		
86	1	9,681		
87	1	13,452		
TOTAL	2,021	\$ 41,028,634	289	\$ 6,764,120

The 2,310 ordinary disability retirees consist of 1,931 policemen, 227 firemen and 152 retirees for whom the information was not reported.

TABLE 8

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

ACCIDENTAL DISABILITY RETIREMENTS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
28			1	\$ 30,268
29			4	155,535
30	2	\$ 87,352		
31	6	257,443		
32	7	256,367		
33	14	571,514	1	38,400
34	8	338,137	3	111,537
35	24	1,022,888	3	132,406
36	25	998,432	6	245,502
37	29	1,229,222	4	164,518
38	31	1,270,680		
39	42	1,875,769	6	241,560
40	32	1,370,425	3	95,995
41	46	1,975,585	3	122,114
42	43	1,903,384	4	165,055
43	40	1,585,679	3	127,280
44	35	1,457,563	4	148,102
45	39	1,443,517	4	162,167
46	34	1,494,759	5	220,976
47	29	1,217,385	4	193,719
48	46	1,805,504	1	40,352
49	31	1,235,604	5	180,214
50	51	1,800,336	3	104,683
51	46	1,491,338	5	198,560
52	42	1,548,161	4	126,054
53	28	961,453	1	36,940
54	47	1,614,512	2	79,743
55	46	1,566,200	2	56,627
56	38	1,242,472	1	11,453
57	56	1,599,485		
58	51	1,329,113	1	35,719
59	51	1,322,670	1	49,791
60	43	1,187,910		
61	38	873,699	1	47,296
62	40	980,414	2	84,519
63	39	977,120		
64	28	675,625		
65	25	601,096		
66	15	290,646	1	13,959
67	20	479,923		
68	17	394,314	1	20,249

TABLE 8

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

ACCIDENTAL DISABILITY RETIREMENTS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
69	19	\$ 401,709		
70	22	450,545		
71	23	488,349	1	\$ 33,695
72	20	394,804		
73	15	309,227		
74	22	449,304		
75	9	162,361		
76	15	277,259		
77	7	149,453		
78	8	146,874		
79	19	374,270		
80	15	322,253		
81	17	316,284		
82	10	177,114		
83	8	172,127		
84	5	93,098		
85	2	25,899		
86	6	94,388		
87	4	68,753		
88	1	21,500		
90	1	21,931		
TOTAL	1,532	\$ 49,251,196	90	\$ 3,474,989

The 1,622 accidental disability retirees consist of 1,280 policemen, 123 firemen and 219 retirees for whom the information was not reported.

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

ACTIVE MEMBERS DEATH BENEFITS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
2	1	\$ 10,482		
3			1	\$ 9,418
4	1	10,277	1	12,284
6	3	27,585		
7	1	10,638	2	21,515
8	2	27,477		
9	2	28,485	2	15,038
10	4	35,540	1	11,848
11	1	10,937	1	17,038
12	1	10,202	1	6,372
13	2	20,206	4	43,294
14	1	10,095	1	3,605
15	2	16,271	4	45,065
16	2	15,797	1	12,284
17	1	3,605	3	32,994
18			2	20,832
19	4	30,161	2	22,808
23	1	10,857		
24			1	34,880
28			2	62,882
29			2	44,750
30			1	29,927
31			5	143,233
32			2	51,710
33			7	246,377
34			3	67,179
35			6	199,918
36			6	161,201
37			6	183,440
38			7	239,920
39			6	196,373
40			6	193,721
41	1	21,169	4	124,134
42			6	193,327
43			15	472,805
44			10	338,513
45			11	400,930
46			15	495,938
47			7	251,731
48			9	307,308
49			16	626,676
50			9	294,929

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

ACTIVE MEMBERS' DEATH BENEFITS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
51			4	\$ 148,453
52			11	430,386
53			11	401,350
54			16	600,701
55			10	397,756
56			7	242,241
57			8	261,751
58			9	311,566
59	1	\$ 33,239	7	221,637
60			8	206,735
61			6	144,794
62			7	217,096
63	1	18,167	7	226,326
64			5	127,520
65			5	137,584
66			1	27,231
67			2	87,664
68			4	102,090
70			3	111,582
71			3	74,787
72			1	20,972
73			2	48,954
74			2	44,591
75			3	58,407
76			6	85,511
77			4	88,782
78			2	46,236
79			5	106,208
80			5	72,990
82			7	112,477
83			3	52,372
84			1	10,053
85			3	44,443
86			3	49,319
87			1	533
88			1	6,901
89			1	18,943
90			1	12,395
TOTAL	32	\$ 351,189	373	\$ 10,995,531

The 405 beneficiaries are receiving active members' death benefits on behalf of 202 deceased policemen and 40 deceased firemen. Information was not reported for the other 163 beneficiaries.

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

RETIRED MEMBERS' DEATH BENEFITS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
1			1	\$ 12,021
2	1	\$ 3,294		
4	2	12,360	1	9,066
5	1	10,504	1	4,768
6	2	17,750	5	32,516
7	1	9,218	1	5,852
8	3	21,254	1	12,705
9	3	25,564	2	18,130
11	6	54,449	4	35,726
12	4	30,481	5	36,466
13	3	27,273	5	35,434
14	5	40,140	5	42,711
15	10	92,364	10	79,644
16	10	98,886	10	83,442
17	19	162,108	6	47,062
18	12	101,583	15	138,530
19	11	108,912	14	89,107
20	4	35,125	3	21,696
21			1	14,593
23			1	6,982
24			2	16,259
27			1	6,516
28	1	7,088	2	14,924
29			1	21,775
30			1	29,054
32			1	3,016
33			1	34,253
34	1	32,937	2	39,496
35	1	6,420	6	49,836
36			2	17,420
37			8	123,188
38			15	163,354
39			12	166,213
40	1	8,482	12	134,055
41			26	310,779
42	2	24,716	24	407,383

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

RETIRED MEMBERS' DEATH BENEFITS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
43	2	\$ 20,152	34	\$ 456,712
44			16	279,920
45	1	8,182	31	564,762
46	1	4,885	28	407,786
47	2	24,115	45	703,389
48	2	9,173	60	1,120,041
49			68	1,456,453
50			63	1,112,713
51			68	1,210,770
52	2	11,309	63	1,126,162
53	2	23,347	73	1,467,300
54			107	1,877,320
55			109	2,126,533
56			94	1,945,646
57	3	34,024	118	2,459,853
58			129	2,910,925
59	2	13,035	95	2,070,751
60	1	14,236	103	2,321,403
61			122	2,778,518
62	1	24,245	119	2,828,790
63			126	2,860,774
64			113	2,740,767
65	2	12,966	123	2,858,893
66	2	33,539	121	2,843,285
67			110	2,511,813
68			140	3,139,841
69			134	3,022,361
70			128	2,850,232
71			128	2,913,794
72	1	16,803	141	3,015,950
73	1	18,012	164	3,609,490
74			138	2,949,219
75			202	4,298,164
76			175	3,727,103
77	1	24,710	199	4,052,321
78	1	25,817	229	4,526,448
79			200	3,903,948
80	1	31,615	195	3,806,162

TABLE 10

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF BENEFICIARIES DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

RETIRED MEMBERS' DEATH BENEFITS

(CONTINUED)

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
81	1	\$ 22,113	190	\$ 3,544,419
82			176	3,381,555
83			147	2,680,317
84			131	2,381,664
85			136	2,545,305
86			92	1,663,103
87			57	1,039,067
88			48	863,915
89			29	530,175
90			26	452,802
91			9	145,450
92			11	195,294
93			4	72,700
94			1	14,915
95			2	35,446
96			1	15,886
97			1	24,580
98			1	13,914
103			1	11,800
TOTAL	132	\$ 1,303,185	5,581	\$ 112,732,591

The 5,713 beneficiaries are receiving retired members' death benefits on behalf of 2,169 deceased policemen, 668 deceased firemen and 2,876 deceased retirees for whom the information was not reported.

TABLE 11

**THE NUMBER AND ANNUAL RETIREMENT
ALLOWANCES OF RETIRED MEMBERS DISTRIBUTED
BY AGE AS OF JUNE 30, 2005**

DEFERRED TERMINATED VESTEDS

AGE	MEN		WOMEN	
	NUMBER	AMOUNT	NUMBER	AMOUNT
34	1	\$ 15,732	1	\$ 14,424
35	1	13,200		
36	1	15,924		
37	1	9,804		
38	3	54,588		
39	4	58,464		
40	2	35,412		
41	1	18,156	1	17,412
42	2	32,892		
43	1	11,964		
44	2	33,864		
45	4	74,604		
46	1	14,952	2	20,400
47	6	74,808		
48	1	9,036	1	12,048
49	7	96,420	1	4,860
50	2	17,844	1	17,892
51	4	60,132		
52	2	13,980		
53	4	49,416	1	26,952
55	5	78,492		
58	1	8,868		
TOTAL	56	\$ 798,552	8	\$ 113,988

The 64 deferred terminated vested members consist of 60 policemen and 4 firemen.

APPENDIX F - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE

<u>Number</u>	<u>Location Name</u>	<u>ERI 1 Information</u>	
		<u>Current Payment</u>	<u>Present Value as of 7/1/2005</u>
22100	EAST RUTHERFORD BOROUGH	\$ 53,834	\$ 713,412
22300	AVON BY THE SEA	38,348	142,542
25100	RIVERSIDE TOWNSHIP	27,325	184,702
25500	GLEN RIDGE BOROUGH	38,709	512,980
29300	MAPLE SHADE TOWNSHIP	40,940	276,738
34600	WALLINGTON BOROUGH	25,308	335,389
38800	PHILLIPSBURG TOWN	7,576	100,397
40500	HADDON HEIGHTS BOROUGH	26,428	178,641
43400	BOUND BROOK BOROUGH	22,495	298,102
43600	ROSELAND BOROUGH	68,904	256,123
50000	BRIELLE BOROUGH	41,927	155,846
52900	CHESTER TOWNSHIP	41,047	152,574
54400	LINWOOD CITY	35,272	467,427
57100	MINE HILL TOWNSHIP	12,297	162,959
57700	SEA ISLE CITY	14,664	99,121
61200	RARITAN TOWNSHIP	37,069	491,246
	TOTAL	\$ 532,143	\$ 4,528,199

APPENDIX G - EARLY RETIREMENT INCENTIVE (ERI) CONTRIBUTION SCHEDULE
ADDITIONAL CONTRIBUTION SCHEDULES DUE TO RECENT
EARLY RETIREMENT INCENTIVE (ERI) LEGISLATION

<u>Number</u>	<u>Location Name</u>	<u>ERI Information</u>		
		<u>Years and Form of Payment</u>	<u>Current Payment</u>	<u>Present Value as of 7/1/05</u>
<u>Chapter 126, P.L. 2000</u>				
71600	PASSAIC COUNTY	15 Year - Level	\$ 177,558	\$ 1,204,972
71603	PASSAIC COUNTY	15 Year - Level	28,147	191,015
72003	UNION COUNTY	15 Year - Level	55,548	392,907
	Sub-Total		\$ 261,253	\$ 1,788,894
<u>Chapter 130, P.L. 2003</u>				
20300	BAYONNE CITY	15 Year - Increasing	\$ 212,824	\$ 1,870,914
21101	NEWARK CITY	15 Year - Increasing	225,886	2,089,414
21102	NEWARK CITY	15 Year - Increasing	720,377	6,663,389
22100	EAST RUTHERFORD BOROUGH	15 Year - Increasing	35,046	324,168
22400	UNION CITY	15 Year - Increasing	24,890	218,804
28300	MONTCLAIR TOWNSHIP	15 Year - Increasing	197,112	1,732,790
31800	HARRISON TOWNSHIP	15 Year - Increasing	142,893	1,256,157
32500	NUTLEY TOWNSHIP	15 Year - Increasing	77,955	685,293
33300	WOOD-RIDGE BOROUGH	15 Year - Increasing	24,138	223,276
35400	BELLEVILLE TOWNSHIP	15 Year - Increasing	33,561	310,435
36000	LIVINGSTON TOWNSHIP	15 Year - Increasing	52,949	489,772
43100	EWING TOWNSHIP	15 Year - Increasing	114,176	1,003,708
43600	ROSELAND BOROUGH	15 Year - Increasing	28,176	260,622
49300	BERKELEY HEIGHTS TOWNSHIP	15 Year - Increasing	27,607	255,364
56500	FRANKIN TOWNSHIP	15 Year - Increasing	25,163	232,754
61200	RARITAN TOWNSHIP	15 Year - Increasing	17,445	161,367
62600	MONROE TOWNSHIP	15 Year - Increasing	14,138	130,778
71000	HUNTERDON COUNTY	15 Year - Increasing	32,829	288,594
71003	HUNTERDON COUNTY	15 Year - Increasing	21,497	188,979
71100	MERCER COUNTY	15 Year - Increasing	110,074	967,651
71400	MORRIS COUNTY	N/A	N/A	(97,322)
71403	MORRIS COUNTY	N/A	N/A	(56,159)
72000	UNION COUNTY	15 Year - Increasing	815	7,535
72003	UNION COUNTY	15 Year - Increasing	37,072	342,914
	Sub-Total		\$ 2,176,623	\$ 19,551,197
	Total		\$ 2,437,876	\$ 21,340,091