

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Financial Statements and Schedule

June 30, 2001

(With Independent Auditors' Report Thereon)

KPMG
New Jersey Headquarters
150 John F. Kennedy Parkway
Short Hills, NJ 07078

Independent Auditors' Report

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

We have audited the accompanying combined statement of plan net assets of the State of New Jersey Pension Trust Funds as of June 30, 2001 and the related combined statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the State of New Jersey Pension Trust Funds and are not intended to present fairly the financial position and results of operations of the State of New Jersey Division of Pensions and Benefits or the State of New Jersey.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the plan net assets of the State of New Jersey Pension Trust Funds as of June 30, 2001, and the changes in its plan net assets for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The supplementary information included in the schedule of funding progress and schedule of employer contributions is not a required part of the combined financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining schedule of plan net assets and combining schedule of changes in plan net assets are presented for purposes of additional analysis and are not a required part of the financial statements of the State of New Jersey Pension Trust Funds. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

/S/

KPMG LLP

September 7, 2001

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Statement of Plan Net Assets

June 30, 2001

	PENSION FUND	POST-RETIREMENT MEDICAL FUND	TOTAL
Assets:			
Cash	\$ 240,982,335	—	240,982,335
Investments, at fair value:			
Cash Management Fund	2,578,549,642	12,251,446	2,590,801,088
Bonds	349,774,541	2,634,683	352,409,224
Common Pension Fund A	35,015,876,260	243,532,527	35,259,408,787
Common Pension Fund B	18,618,732,942	132,351,691	18,751,084,633
Common Pension Fund D	11,798,185,502	82,908,776	11,881,094,278
Common and preferred stocks	181,354,107	—	181,354,107
Mortgages	3,534,171,245	20,184,052	3,554,355,297
Total investments	72,076,644,239	493,863,175	72,570,507,414
Receivables:			
Contributions:			
Members	162,606,799	—	162,606,799
Employers	661,768,839	—	661,768,839
Accrued interest and dividends	417,205,259	—	417,205,259
Members' loans	1,184,617,815	—	1,184,617,815
Other	12,529,563	—	12,529,563
Total receivables	2,438,728,275	—	2,438,728,275
Total assets	74,756,354,849	493,863,175	75,250,218,024
Liabilities:			
Accounts payable and accrued expenses	22,157,669	—	22,157,669
Retirement benefits payable	272,145,110	—	272,145,110
NCGI premiums payable	8,000,034	—	8,000,034
Total liabilities	302,302,813	—	302,302,813
Net assets held in trust for pension benefits	\$ 74,454,052,036	493,863,175	74,947,915,211

See schedule of funding progress on page 15.

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Statement of Changes in Plan Net Assets

Year ended June 30, 2001

	PENSION FUND	POST-RETIREMENT MEDICAL FUND	TOTAL
Revenues and Additions:			
Contributions:			
Members	\$ 936,919,035	—	936,919,035
Employers	4,713,209	260,999,000	265,712,209
Other	14,195,835	—	14,195,835
Total contributions	955,828,079	260,999,000	1,216,827,079
Investment income:			
Net depreciation in fair value of investments	(10,342,141,177)	(38,387,718)	(10,380,528,895)
Interest	2,140,566,750	—	2,140,566,750
Dividends	412,750,783	—	412,750,783
	(7,788,823,644)	(38,387,718)	(7,827,211,362)
Less investment expense	9,631,685	—	9,631,685
Net investment income	(7,798,455,329)	(38,387,718)	(7,836,843,047)
Total revenues and additions	(6,842,627,250)	222,611,282	(6,620,015,968)
Expenditures and Deductions:			
Benefits	3,332,308,157	282,639,605	3,614,947,762
Refunds of contributions	128,680,516	—	128,680,516
Adjustment to employer receivable	149,204,122	—	149,204,122
Administrative expenses	27,275,887	—	27,275,887
Total expenditures and deductions	3,637,468,682	282,639,605	3,920,108,287
Net decrease before transfers among reserves	(10,480,095,932)	(60,028,323)	(10,540,124,255)
Transfers among reserves:			
Other	(184,778,820)	184,778,820	—
Net assets held in trust for pension benefits:			
Beginning of year	85,118,926,788	369,112,678	85,488,039,466
End of year	\$ 74,454,052,036	493,863,175	74,947,915,211

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Notes to Financial Statements

June 30, 2001

(1) DESCRIPTION OF THE FUNDS

The State of New Jersey sponsors and administers the following Pension Trust Funds (the Funds) which have been included in the combined financial statements of the State of New Jersey Division of Pensions and Benefits (the Division):

- Consolidated Police and Firemen's Pension Fund (CPFPPF)
- Judicial Retirement System (JRS)
- Police and Firemen's Retirement System (PFRS)
- Prison Officers' Pension Fund (POPF)
- Public Employees' Retirement System (PERS)
- State Police Retirement System (SPRS)
- Teachers' Pension and Annuity Fund (TPAF)
- Supplemental Annuity Collective Trust Fund (SACT)
- Central Pension Fund (CPF)

The PERS and PFRS are considered to be cost-sharing multiple-employer plans, while the TPAF and CPFPPF are cost-sharing plans with a special funding situation. The remaining Funds are single-employer plans.

The combined financial statements of the Funds have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Division's accounting policies are described below:

Reporting Entity:

The Funds are administered by the Division. Operating controls over the Funds are with the individual funds and trusts governing boards and/or the State of New Jersey. The combined financial statements of the Funds are included in the financial statement of the State of New Jersey as Pension Trust Funds.

Fund Accounting:

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

Fiduciary Funds:

Trust funds - The trust funds are used to account for assets held by the Division on behalf of outside parties, including plan participants and the State of New Jersey.

Vesting and Benefit Provisions - JRS

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

AGE	YEARS OF JUDICIAL SERVICE	BENEFIT AS PERCENTAGE OF FINAL SALARY	
70	10	75%	
65	15	75	
60	20	75	

JUDICIAL AGE	YEARS OF JUDICIAL SERVICE	YEARS OF PUBLIC AND JUDICIAL SERVICE	BENEFIT AS A PERCENTAGE OF FINAL SALARY
65	5	15	50%
60	5	20	50

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

Vesting and Benefit Provisions - CPFPPF

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

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

Vesting and Benefit Provisions - PFRS

The vesting and benefit provisions are set by N.J.S.A. 43:16A and 43:3B. The System provides retirement as well as death and disability benefits. All benefits vest after ten years of service, except disability benefits which vest after four years of service. Retirement benefits for age and service are available at age 55 and are generally determined to be 2% of final average compensation for each year of creditable service, as defined, up to 30 years plus 1% for each year of service in excess of 30 years. Final average compensation equals the average compensation for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek special retirement after achieving 20 or 25 years of creditable service or they may elect deferred retirement after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final average compensation for each year of service.

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

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

Eligible retirees receiving monthly benefits are entitled to cost-of-living increases equal to 60% of the change in the average consumer price index for the calendar year in which the pensioner retired as compared

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

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

Vesting and Benefit Provisions - POPF

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

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - PERS

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

The System provides specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System.

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

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

Two pieces of legislation passed during the year having a significant impact on the System's benefit provisions. Chapter 133, Public Law of 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces

the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, Public Law of 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the retiree's death) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Vesting and Benefit Provisions - SPRS

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

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - TPAF

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

The Fund provides specific medical benefits for members who retire after 25 years of qualified service, as defined, or under the disability provisions of the Fund.

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

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

Two pieces of legislation passed during the year having a significant impact on the Fund's benefit provisions. Chapter 133, Public Law of 2001, increases retirement benefits for service, deferred and early retirement by changing the formula from 1/60 to 1/55 of final compensation for each year of service. This legislation also increases the retirement benefit for veteran members with 35 or more years of service and reduces the age qualification from 60 to 55. The legislation further provides that existing retirees and beneficiaries would

also receive a comparable percentage increase in their retirement allowance. The benefit enhancements are effective with the November 1, 2001 benefit checks. Chapter 120, Public Law of 2001, establishes an additional retirement option for plan members. Under the new option, a retiree's actuarially reduced allowance (to provide a benefit to the retiree's beneficiary upon the retiree's death) would "pop-up" to the maximum retirement allowance if the beneficiary predeceases the retiree.

Vesting and Benefit Provisions - SACT

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

Benefit Provisions - CPF

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases, i.e., revenues and other financing additions, and decreases, i.e., expenditures and other deductions, in net assets.

The accrual basis of accounting is used for measuring financial position and changes in net assets of pension trust funds. Under this method, revenues are recorded in the accounting period in which they are earned and deductions are recorded at the time the liabilities are incurred.

The modified accrual basis is used for measuring financial position and changes in financial position for expendable trust funds. Revenues are recognized when measurable and available and expenditures are recognized when incurred and measurable.

Fixed Assets

Fixed assets utilized by the Division include equipment which is owned by the State of New Jersey and is included in the general fixed asset account group of the State of New Jersey.

Investment Valuation

Investments, including short-term investments (State of New Jersey Cash Management Funds) are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey Division of Investment, under the jurisdiction of the State Investment Council, has the investment responsibility for all funds administered by the State of New Jersey Division of Pensions and Benefits. All investments must conform to standards set by state law.

The State of New Jersey Division of Investment administers three common pension funds which are utilized by the Fund. A brief description of each common pension fund is as follows:

Common Pension Fund A - The operations of Common Pension Fund A are governed by the provisions of Article 62 of the State of New Jersey Investment Council regulations for the purpose of investing in corporate common stocks, securities convertible into corporate common stocks or covered call options.

Common Pension Fund B - The operations of Common Pension Fund B are governed by the provisions of Article 63 of the State of New Jersey Investment Council regulations for the purpose of investing in fixed income and debt securities.

Common Pension Fund D - The operations of Common Pension Fund D are governed by the provisions of Article 67 of the State of New Jersey Investment Council regulations for the purpose of investing in international debt and equity securities, currencies, currency futures, and options.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B and Common Pension Fund D. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

The purchase, sale, receipt of income, and other transactions affecting investments are governed by custodial agreements between the Funds, through the State Treasurer, and custodian banks as agents for the Funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institutions, amount of the portfolio to be covered by the agreements, and other pertinent matters.

In 2001, the Board of Trustees approved that the Post-Retirement Medical Funds earn a rate of return consistent with the Pension Funds. In prior years, the Post-Retirement Medical Funds earned a statutorily determined rate of return.

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the Funds. Category 1 includes investments that are insured or registered or for which the securities are held by the Funds or its agent in the Funds' name. As of June 30, 2001, all investments held by the Funds (other than mortgages and the State of New Jersey Cash Management Funds which are not categorized) are classified as Category 1.

Federal securities are maintained at Federal Reserve Banks in Philadelphia and New York through the custodian banks in trust for the Funds. A significant portion of corporate equity and debt securities are maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the Funds. The custodian banks as agents for the Funds maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks and the DTC as securities owned by or pledged to the Funds.

Securities not maintained by the Federal Reserve Banks or DTC are in the name of a designated nominee representing the securities of the Funds, which establishes the Funds' unconditional right to the securities.

Membership and Contributing Employers

Membership and contributing employers of the Pension Trust Funds consisted of the following at 6/30/00, the date of the most recent actuarial valuations (6/30/01 for SACT and CPF):

	JRS	PFRS	PERS	SPRS	TPAF	POPF	CPFPF	SACT	CPF
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	362	23,091	104,200	1,814	52,605	258	1,498	720	367
Active members:									
Vested	196	25,969	139,165	1,977	77,994	-	-	4,551	-
Non-vested	218	16,461	130,777	632	51,993	-	-	-	-
Total active members	414	42,430	269,942	2,609	129,987	-	-	4,551	-
Total	776	65,521	374,142	4,423	182,592	258	1,498	5,271	367
Contributing Employers	1	581	1,642	1	122	1	1	-	1

Member Loans

Members of JRS, PFRS, SPRS, PERS and TPAF who have at least three years of service in the Funds may borrow up to 50% of their accumulated member contributions. Repayment of loan balances is deducted from payroll checks and bears an interest rate of 4%. Members who retire with an outstanding loan have the option of paying the loan in full prior to receiving any benefits or continuing their monthly loan payment schedule into retirement.

Administrative Expenses

Administrative expenses are paid by the Funds to the State of New Jersey, Department of the Treasury and are included in the accompanying statements of changes in plan net assets, except for administrative expenses of the CPF which are expensed by the State of New Jersey, who is responsible for such costs.

Income Tax Status

Based on a 1986 declaration of the Attorney General of the State of New Jersey, the Funds are qualified plans as described in Section 401(a) of the Internal Revenue Code.

Cash and Cash Equivalents

GASB Statement No. 3 also requires that deposits held in financial institutions be categorized to indicate the level of risk assumed by the entity. Category 1 consists of deposits that are insured or collateralized with securities held by the entity or by its agent in the entity's name. Category 2 consists of deposits collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name. Category 3 consists of deposits which are uninsured and uncollateralized.

Based upon aggregate collateral levels maintained for all state bank accounts as a whole, substantially all cash balances maintained in financial institutions as of June 30, 2001, which include funding for the July 1, 2001 retirement payroll, are designated Category 3.

The categorization of cash and cash equivalents for all state funds, including the pension trust funds, can be found in the notes to the general purpose financial statements of the State of New Jersey.

(3) CONTRIBUTIONS

Contribution Requirements - JRS

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

Contribution Requirements - CPFPPF

The contribution policy is set by N.J.S.A. 43:16 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Contributions by active members are based on 7% of their salary. Employers are required to contribute at an actuarially determined rate.

Contribution Requirements - PFRS

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

As a result of legislation passed in the current year (Chapter 44, P.L. 2001), local employer contributions payable in FY 2001 were reduced by \$150 million to approximately \$75 million. This legislation requires that the savings realized by counties and municipalities as a result of this reduction be used for property tax relief.

Contribution Requirements - POPF

The contribution policy is set by N.J.S.A. 43:7 and requires contributions by active members and the State of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Contributions by active members are based on 6% of their salary. Employers are required to contribute at an actuarially determined rate.

Contribution Requirements - PERS

The contribution policy is set by N.J.S.A. 43:15A and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. From July 1, 1999 to December 31, 1999, the contribution rate was 4.5% of base salary. In accordance with Chapter 415, P.L. 1999, referred to below, the member rate was lowered to 3.0% effective January 1, 2000. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis plus an additional contribution that will ensure an increase in the Post-Retirement Medical Reserve Fund equal to 1/2 of 1% of the salary of active state employees.

Contribution Requirements - SPRS

The contribution policy is set by N.J.S.A. 53:5A-34 and requires contributions by active members and the State

of New Jersey. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate of 7.5% of base salary. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits.

Contribution Requirements - TPAF

The contribution policy is set by N.J.S.A. 18:66 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. Members contribute at a uniform rate. In accordance with Chapter 115, P.L. 1997, referred to below, the current employee contribution rate is 4.5%. Employers are required to contribute at an actuarially determined rate. The annual employer contribution includes funding for basic retirement allowances, cost-of-living adjustments and noncontributory death benefits. The State of New Jersey's contribution also includes funding for the cost of medical premiums after retirement for qualified retirees. In accordance with Chapter 62, P.L. 1994, post-retirement medical benefits are funded on a pay-as-you-go basis plus an additional contribution that will ensure an increase in the Post-Retirement Medical Reserve Fund equal to 1/2 of 1% of the salary of active employees.

Chapter 133, referred to in Note 1, provides for a reduction in the member contribution rate to 3% for calendar year 2002. Reductions in the employee rate will be permitted after 2002 providing excess assets are being utilized to reduce normal contributions of the State.

Contribution Requirements - SACT

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

Contribution Requirements - CPF

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

The contribution amount required and paid by the State of New Jersey for the fiscal year ended June 30, 2001 was \$419,937.

(4) RESERVES

The Funds maintain the following legally required reserves as follows:

Members' Annuity Savings Fund - JRS (\$17,485,352); TPAF (\$5,431,880,738); PERS (\$5,745,676,091); PFRS (\$1,856,937,300); SPRS (\$120,781,448).

The Members' Annuity Savings Fund is credited with all contributions made by active members of the Funds.

Contingent Reserve Fund - JRS (\$218,719,193); TPAF (\$12,374,096,154); PERS (\$9,246,598,990); SPRS (\$1,213,905,470)

The Contingent Reserve Fund is credited with the contributions of contributing employers other than post-retirement medical contributions. Interest earnings, after crediting the Accumulated Interest Fund, Retirement Reserve Fund, and Special Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums are made from this Fund.

Retirement Reserve Fund - JRS (\$120,085,809); TPAF (\$13,047,201,732); PERS (\$9,247,794,308); PFRS (\$6,728,562,482); SPRS (\$426,970,710)

The Retirement Reserve Fund is the account from which retirement benefits other than life insurance premiums, contributory group insurance premiums, and post-retirement medical premiums, including cost-of-living benefits, are paid. Upon retirement of a member, accumulated contributions together with accumulated interest are transferred to the Retirement Reserve Fund from the Members' Annuity Savings Fund. Any reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve Fund or Pension Accumulation Fund. Annually, interest as determined by the State Treasurer (8.75% for 2000) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund - POPF (\$18,269,899)

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

Special Reserve Fund - TPAF (\$0); PERS (\$0); PFRS (\$0)

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

Contributory Group Insurance Premium Fund - TPAF (\$77,049,872); PERS (\$141,449,901)

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

Pension Accumulation Fund - PFRS (\$8,203,828,815)

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

Pension Reserve Fund - CPFPPF (\$31,584,333)

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

Post-Retirement Medical Fund - TPAF (\$326,223,111); PERS (\$167,640,064)

The Post-Retirement Medical Fund is credited with employer contributions for post-retirement medical benefits, interest earnings on post-retirement medical reserves, and from which post-retirement medical premiums are paid.

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information
Schedule of Funding Progress

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL ((b - a) / c)
JUDICIAL RETIREMENT SYSTEM (JRS)						
June 30, 1995	\$163,907,007	\$255,572,086	\$ 91,665,079	64.1%	\$40,041,000	228.9%
June 30, 1996	283,199,734	283,199,734	-	100.0%	47,587,950	0.0%
June 30, 1997	317,289,094	295,150,638	(22,138,456)	107.5%	46,912,950	(47.2%)
June 30, 1998	333,437,794	305,779,217	(27,658,577)	109.0%	48,196,350	(57.4%)
June 30, 1999	352,858,160	313,873,659	(38,984,501)	112.4%	48,886,350	(79.7%)
June 30, 2000	374,486,433	350,920,345	(23,566,088)	106.7%	55,514,214	(42.5%)
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)						
June 30, 1995	50,406,423	82,101,504	31,695,081	61.4%	N/A	N/A
June 30, 1996	78,769,717	73,694,514	(5,075,203)	106.9%	N/A	N/A
June 30, 1997	70,420,937	66,004,245	(4,416,692)	106.7%	N/A	N/A
June 30, 1998	62,205,001	59,272,789	(2,932,212)	104.9%	N/A	N/A
June 30, 1999	54,018,660	52,226,208	(1,792,452)	103.4%	N/A	N/A
June 30, 2000	46,078,644	46,544,429	465,785	99.0%	N/A	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)						
June 30, 1994	8,102,859,352	9,312,668,271	1,209,808,919	87.0%	1,774,962,741	68.2%
June 30, 1995	10,058,945,352	10,920,667,340	861,721,988	92.1%	1,843,745,932	46.7%
June 30, 1996	10,959,178,731	12,076,365,067	1,117,186,336	90.7%	1,967,863,025	56.8%
State						
June 30, 1997	1,183,747,522	1,234,959,165	51,211,643	95.9%	315,690,310	16.2%
June 30, 1998	1,559,131,933	1,377,734,455	(181,397,478)	113.2%	346,079,078	(52.4%)
June 30, 1999	1,717,248,151	1,534,470,501	(182,777,650)	111.9%	362,949,950	(50.4%)
June 30, 2000	1,884,870,936	1,666,842,906	(218,028,030)	113.1%	363,360,250	(60.0%)
Local						
June 30, 1997	10,854,173,290	11,746,169,752	891,996,462	92.4%	1,767,762,346	50.4%
June 30, 1998	13,169,957,658	12,881,842,367	(288,115,291)	102.2%	1,870,322,787	(15.4%)
June 30, 1999	14,536,570,357	13,894,951,617	(641,618,740)	104.6%	1,971,087,124	(32.6%)
June 30, 2000	15,644,750,281	14,924,699,712	(720,050,569)	104.8%	2,055,781,766	(35.0%)
PRISON OFFICER'S PENSION FUND (POPF)						
June 30, 1995	3,339,376	19,594,151	16,254,775	17.0%	N/A	N/A
June 30, 1996	18,654,334	18,654,334	-	100.0%	N/A	N/A
June 30, 1997	20,977,035	17,479,545	(3,497,490)	120.0%	N/A	N/A
June 30, 1998	20,096,072	16,430,313	(3,665,759)	122.3%	N/A	N/A
June 30, 1999	19,137,919	15,292,629	(3,845,290)	125.1%	N/A	N/A
June 30, 2000	18,268,489	14,216,588	(4,051,901)	128.5%	N/A	N/A

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information
Schedule of Funding Progress

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (a)	ACTUARIAL ACCRUED LIABILITY (b)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY (b - a)	FUNDED RATIO (a / b)	COVERED PAYROLL (c)	UNFUNDED (OVERFUNDED) ACTUARIAL ACCRUED LIABILITY AS A PERCENTAGE OF COVERED PAYROLL (b - a) / c
PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)						
State						
March 31, 1995	\$ 5,499,850,766	5,921,281,646	421,430,880	92.9%	\$2,830,000,937	14.9%
March 31, 1996	6,565,471,539	6,225,818,232	(339,653,307)	105.5%	2,762,479,385	(12.3%)
March 31, 1997	6,987,217,172	6,606,707,924	(380,509,248)	105.8%	2,714,991,457	(14.0%)
March 31, 1998	7,600,621,930	7,155,035,122	(445,586,808)	106.2%	2,805,791,909	(15.9%)
June 30, 1999	8,879,920,323	7,823,576,056	(1,056,344,267)	113.5%	2,928,470,790	(36.1%)
June 30, 2000	9,743,727,383	8,538,685,222	(1,205,042,161)	114.1%	3,094,280,664	(38.9%)
Local						
March 31, 1995	8,629,411,069	8,433,456,163	(195,954,906)	102.3%	4,191,703,372	(4.7%)
March 31, 1996	9,919,779,257	8,960,275,181	(959,504,076)	110.7%	4,301,404,278	(22.3%)
March 31, 1997	10,523,061,499	9,599,816,842	(923,244,657)	109.6%	4,407,751,955	(20.9%)
March 31, 1998	11,486,495,310	10,286,532,879	(1,199,962,431)	111.7%	4,513,357,772	(26.6%)
June 30, 1999	13,171,311,650	11,163,283,877	(2,008,027,773)	118.0%	4,655,241,261	(43.1%)
June 30, 2000	14,380,511,913	12,007,160,806	(2,373,351,107)	119.8%	4,910,962,708	(48.3%)
STATE POLICE RETIREMENT SYSTEM (SPRS)						
June 30, 1995	940,200,607	1,130,124,715	189,924,108	83.2%	135,971,603	139.7%
June 30, 1996	1,219,615,207	1,187,387,033	(32,228,174)	102.7%	142,390,519	(22.6%)
June 30, 1997	1,322,406,703	1,272,242,451	(50,164,252)	103.9%	142,636,260	(35.2%)
June 30, 1998	1,458,600,992	1,369,277,968	(89,323,024)	106.5%	167,145,161	(53.4%)
June 30, 1999	1,600,165,104	1,469,144,146	(131,020,958)	108.9%	178,203,420	(73.5%)
June 30, 2000	1,752,423,441	1,512,909,805	(239,513,636)	115.8%	188,466,237	(127.1%)
TEACHERS' PENSION AND ANNUITY FUND (TPAF)						
March 31, 1995	16,942,637,259	18,410,393,538	1,467,756,279	92.0%	5,358,893,876	27.4%
March 31, 1996	20,843,247,418	19,828,428,735	(1,014,818,683)	105.1%	5,594,150,132	(18.1%)
March 31, 1997	22,045,481,579	21,224,484,588	(820,996,991)	103.9%	5,771,763,164	(14.2%)
March 31, 1998	24,478,860,383	23,484,403,450	(994,456,933)	104.2%	5,989,748,156	(16.6%)
June 30, 1999	27,457,451,678	25,546,083,289	(1,911,368,389)	107.5%	6,254,198,406	(30.6%)
June 30, 2000	30,203,205,322	27,404,618,051	(2,798,587,271)	110.2%	6,571,641,181	(42.6%)

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information, Continued

Schedule of Funding Progress - Additional Actuarial Information

Significant actuarial methods and assumptions used in the most recent 2000 actuarial valuations include the following:

	JRS	CPFPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	32 years	1 year
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	-
Cost-of-living adjustments	2.40%	-
Valuation date	June 30, 2000	June 30, 2000
	PFRS	POPF
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	Market value
Amortization method	Level percent, closed	Level dollar, closed
Remaining amortization period	31 years	2 years
Actuarial assumptions:		
Interest rate	8.75%	5.00%
Salary range	5.95%	-
Cost-of-living adjustments	2.40%	-
Valuation date	June 30, 2000	June 30, 2000

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information, Continued

Schedule of Funding Progress - Additional Actuarial Information

	PERS	SPRS
Actuarial cost method	Projected unit credit	Projected unit credit
Asset valuation method	5 year average of market value	5 year average of market value
Amortization method	Level percent, closed	Level dollar, closed
Payroll growth rate for amortization	5.00%	-
Remaining amortization period	32 years	32 years
Actuarial assumptions:		
Interest rate	8.75%	8.75%
Salary range	5.95%	5.95%
Cost-of-living adjustments	2.40%	2.40%
Valuation date	June 30, 2000	June 30, 2000
	TPAF	
Actuarial cost method	Projected unit credit	
Asset valuation method	5 year average of market value	
Amortization method	Level percent, closed	
Payroll growth rate for amortization	5.00%	
Remaining amortization period	8 years	
Actuarial assumptions:		
Interest rate	8.75%	
Salary range	5.95%	
Cost-of-living adjustments	2.40%	
Valuation date	June 30, 2000	

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information, Continued

Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
JUDICIAL RETIREMENT SYSTEM			
1997	\$ 18,406,865	\$ 110,483,753	600.2%
1998	14,658,095	13,478,708	92.0%
1999	13,416,851	-	0.0%
2000	13,407,153	-	0.0%
2001	12,816,557	-	0.0%
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND			
1997	10,580,991	43,995,746	415.8%
1998	-	-	N/A
1999	-	-	N/A
2000	-	-	N/A
2001	-	-	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM			
State:			
1997	111,775,028	715,344,385	640.0%
1998	84,167,834	73,587,848	87.4%
1999	93,920,617	23,730,087	25.3%
2000	98,974,449	60,521,749	61.1%
2001	95,883,272	-	0.0%
Local:			
1997	250,220,580	234,963,865	93.9%
1998	238,002,765	223,491,008	93.9%
1999	273,210,113	256,551,862	93.9%
2000	275,790,739	214,164,848	77.7%
2001	249,746,232	75,670,018	30.3%
PRISON OFFICERS' PENSION FUND			
1997	2,949,604	21,688,219	735.3%
1998	-	-	N/A
1999	-	-	N/A
2000	-	-	N/A
2001	-	-	N/A

**STATE OF NEW JERSEY
PENSION TRUST FUNDS**

Required Supplementary Information, Continued

Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
PUBLIC EMPLOYEES' RETIREMENT SYSTEM			
State:			
1997	\$134,878,582	\$ 241,106,642	178.8%
1998	78,833,287	-	0.0%
1999	86,945,810	-	0.0%
2000	103,033,425	-	0.0%
2001	85,078,620	-	0.0%
Local:			
1997	142,672,255	67,476,771	47.3%
1998	84,639,988	19,034,673	22.5%
1999	111,886,040	19,599,153	17.5%
2000	112,800,127	20,541,177	18.2%
2001	88,717,727	21,670,774	24.4%
STATE POLICE RETIREMENT SYSTEM			
1997	44,384,679	120,308,862	271.1%
1998	33,317,314	-	0.0%
1999	33,116,255	-	0.0%
2000	33,598,843	-	0.0%
2001	35,341,259	-	0.0%
TEACHERS' PENSION AND ANNUITY FUND			
1997	372,060,546	1,601,688,633	430.5%
1998	297,219,462	-	0.0%
1999	314,671,482	258,816,649	82.2%
2000	368,904,564	-	0.0%
2001	-	-	N/A

Notes to schedule:

For the year ended June 30, 1997, the employer contributions exceeded the annual required contributions as a result of legislation that was enacted (Chapter 114, P.L. 1997), authorizing the New Jersey Economic Development Authority to issue bonds, notes or other obligations for the purpose of financing, in full or in part, the State of New Jersey's portion of the unfunded accrued liability under the State of New Jersey retirement systems.

For the years ended June 30, 2001 and 2000, state and local employer contributions were funded, in full or in part, by excess valuation assets in accordance with Chapter 115, P.L. 1997.

The local employer contribution to the PERS from 1998 to 2001 represents required contributions under the early retirement incentive programs.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Plan Net Assets

June 30, 2001

	CENTRAL PENSION FUND	CONSOLIDATED				PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM
		POLICE AND FIREMEN'S PENSION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM			
Assets:							
Cash	\$ 45,336	6,852,942	1,500,722	55,175,268	324,772	77,805,428	
Investments, at fair value:							
Cash Management Fund	11,672	13,414,478	4,854,381	751,241,511	4,455,798	597,185,222	
Bonds	—	4,676,112	—	22,588,163	7,400,860	213,624,055	
Common Pension Fund A	—	—	170,161,193	7,708,404,822	—	11,664,301,974	
Common Pension Fund B	—	—	81,463,351	3,723,401,385	—	6,418,642,720	
Common Pension Fund D	—	—	66,915,289	2,545,811,336	—	3,703,700,588	
Common and Preferred Stocks	—	—	—	—	—	—	
Mortgages	—	4,950,932	30,791,492	1,225,056,412	6,184,626	964,026,898	
Total investments	11,672	23,041,522	354,185,706	15,976,503,629	18,041,284	23,561,481,457	
Receivables:							
Contributions:							
Members	—	—	59,959	42,644,881	—	49,768,723	
Employers	—	—	—	247,620,395	—	201,630,725	
Accrued interest and dividends	35	275,333	1,936,623	87,019,545	—	142,180,843	
Members' loans	—	—	621,744	442,706,147	—	451,164,387	
Other	—	3,377,139	167,884	6,380,135	194,889	2,051,489	
Total receivables	35	3,652,472	2,786,210	826,371,103	194,889	846,796,167	
Total assets	57,043	33,546,936	358,472,638	16,858,050,000	18,560,945	24,486,083,052	
Liabilities:							
Accounts payable and accrued expenses	20,239	34,149	263,380	1,240,076	1,243	12,809,653	
Retirement benefits payable	36,804	1,928,454	1,918,904	65,479,310	289,803	87,941,736	
NCGI premiums payable	—	—	—	2,002,017	—	3,812,373	
Total liabilities	57,043	1,962,603	2,182,284	68,721,403	291,046	104,563,762	
Net assets held in trust for pension benefits	\$ —	31,584,333	356,290,354	16,789,328,597	18,269,899	24,381,519,290	

Schedule 3 begins on page 21 and ends on page 24.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Plan Net Assets
June 30, 2001

	PERS POST- RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST- RETIREMENT MEDICAL FUND	TOTAL
Assets:						
Cash	—	5,032,249	203,599	94,042,019	—	240,982,335
Investments, at fair value:						
Cash Management Fund	3,084,577	37,219,922	3,743,135	1,166,423,523	9,166,869	2,590,801,088
Bonds	1,525,524	—	—	101,485,351	1,109,159	352,409,224
Common Pension Fund A	83,585,336	807,076,329	—	14,665,931,942	159,947,191	35,259,408,787
Common Pension Fund B	46,000,434	477,496,132	—	7,917,729,354	86,351,257	18,751,084,633
Common Pension Fund D	26,537,422	313,383,259	—	5,168,375,030	56,371,354	11,881,094,278
Common and Preferred Stocks	—	—	181,354,107	—	—	181,354,107
Mortgages	6,906,771	84,000,371	—	1,219,160,514	13,277,281	3,554,355,297
Total investments	167,640,064	1,719,176,013	185,097,242	30,239,105,714	326,223,111	72,570,507,414
Receivables:						
Contributions:						
Members	—	1,146,014	485,522	68,501,700	—	162,606,799
Employers	—	—	—	212,517,719	—	661,768,839
Accrued interest and dividends	—	10,259,708	127,069	175,406,103	—	417,205,259
Members' loans	—	31,957,911	—	258,167,626	—	1,184,617,815
Other	—	1,133	—	356,894	—	12,529,563
Total receivables	—	43,364,766	612,591	714,950,042	—	2,438,728,275
Total assets	167,640,064	1,767,573,028	185,913,432	31,048,097,775	326,223,111	75,250,218,024
Liabilities:						
Accounts payable and accrued expenses	—	68,954	210,780	7,509,195	—	22,157,669
Retirement benefits payable	—	5,846,446	529,213	108,174,440	—	272,145,110
NCGI premiums payable	—	—	—	2,185,644	—	8,000,034
Total liabilities	—	5,915,400	739,993	117,869,279	—	302,302,813
Net assets held in trust for pension benefits	167,640,064	1,761,657,628	185,173,439	30,930,228,496	326,223,111	74,947,915,211

Schedule 3 begins on page 21 and ends on page 24.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets

June 30, 2001

	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND			JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM
Additions:								
Contributions:								
Members	\$ —	—	1,818,915	228,714,281	—	—	314,235,958	
Employers	419,938	82,355	173,556	1,295,929	—	—	658,027	
Other	24,785	12,760,497	—	—	1,401,416	1,401,416	7,553	
Total contributions	444,723	12,842,852	1,992,471	230,010,210	1,401,416	1,401,416	314,901,538	
Investment income:								
Net appreciation (depreciation) in fair value of investments	—	479,396	(52,329,714)	(2,204,644,186)	651,753	651,753	(3,389,756,119)	
Interest	4,680	2,013,756	9,985,036	490,611,889	1,143,571	1,143,571	697,664,009	
Dividends	—	—	1,980,716	88,348,730	—	—	138,065,495	
Less investment expense	4,680	2,493,152	(40,363,962)	(1,625,683,567)	1,795,324	1,795,324	(2,554,026,615)	
Net investment income	—	13,597	28,407	1,427,442	2,339	2,339	4,645,553	
Total additions	4,680	2,479,555	(40,392,369)	(1,627,111,009)	1,792,985	1,792,985	(2,558,672,168)	
Deductions:								
Benefits	429,170	22,065,871	22,869,542	766,422,862	3,175,985	3,175,985	1,117,905,183	
Refunds of contributions	20,233	—	10,715	7,333,445	—	—	74,428,304	
Adjustment to employer receivable	—	—	—	149,204,122	—	—	—	
Administrative expenses	—	57,251	33,078	2,762,465	17,006	17,006	16,233,802	
Total deductions	449,403	22,123,122	22,913,335	925,722,894	3,192,991	3,192,991	1,208,567,289	
Net increase (decrease) before transfers among reserves	—	(6,800,715)	(61,313,233)	(2,322,823,693)	1,410	1,410	(3,452,337,919)	
Transfers among reserves:								
Other	—	—	—	—	—	—	(61,923,485)	
Net assets held in trust for pension benefits:								
Beginning of year	—	38,385,048	417,603,587	19,112,152,290	18,268,489	18,268,489	27,895,780,694	
End of year	\$ —	31,584,333	356,290,354	16,789,328,597	18,269,899	18,269,899	24,381,519,290	

Schedule 3 begins on page 21 and ends on page 24.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Changes in Plan Net Assets
June 30, 2001

	PERS POST- RETIREMENT MEDICAL FUND	STATE POLICE RETIREMENT SYSTEM	SUPPLEMENTAL ANNUITY COLLECTIVE TRUST	TEACHERS PENSION AND ANNUITY FUND	TPAF POST- RETIREMENT MEDICAL FUND	TOTAL
Additions:						
Contributions:						
Members	—	12,796,153	7,735,592	371,618,136	—	936,919,035
Employers	85,441,000	99,201	—	1,984,203	175,558,000	265,712,209
Other	—	109	—	1,475	—	14,195,835
Total contributions	85,441,000	12,895,463	7,735,592	373,603,814	175,558,000	1,216,827,079
Investment income:						
Net appreciation (depreciation) in fair value of investments	(10,872,141)	(249,742,766)	(20,788,415)	(4,426,011,126)	(27,515,577)	(10,380,528,895)
Interest	—	49,273,547	197,860	889,672,402	—	2,140,566,750
Dividends	—	9,435,208	2,349,896	172,570,738	—	412,750,783
Less investment expense	(10,872,141)	(191,034,011)	(18,240,659)	(3,363,767,986)	(27,515,577)	(7,827,211,362)
Net investment income	(10,872,141)	(191,175,500)	(18,240,659)	(3,367,140,844)	(27,515,577)	(7,836,843,047)
Total additions	74,568,859	(178,280,037)	(10,505,067)	(2,993,537,030)	148,042,423	(6,620,015,968)
Deductions:						
Benefits	73,392,100	69,268,248	—	1,330,171,296	209,247,505	3,614,947,762
Refunds of contributions	—	295,604	22,861,679	23,730,536	—	128,680,516
Adjustment to employer receivable	—	—	—	—	—	149,204,122
Administrative expenses	—	248,458	—	7,923,827	—	27,275,887
Total deductions	73,392,100	69,812,310	22,861,679	1,361,825,659	209,247,505	3,920,108,287
Net increase (decrease) before transfers among reserves	1,176,759	(248,092,347)	(33,366,746)	(4,355,362,689)	(61,205,082)	(10,540,124,255)
Transfers among reserves:						
Other	61,923,485	—	—	(122,855,335)	122,855,335	—
Net assets held in trust for pension benefits:						
Beginning of year	104,539,820	2,009,749,975	218,540,185	35,408,446,520	264,572,858	85,488,039,466
End of year	167,640,064	1,761,657,628	185,173,439	30,930,228,496	326,223,111	74,947,915,211

Schedule 3 begins on page 21 and ends on page 24.

