STATE OF NEW JERSEY
PENSION TRUST FUNDS

Financial Statements and Schedules

June 30, 2003

(With Independent Auditors' Report Thereon)

KPMG LLP
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 statement of fiduciary net assets of the State of New Jersey Pension Trust Funds (the Funds) as of June 30, 2003 and the related statement of changes in fiduciary 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 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 financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey Pension Trust Funds as of June 30, 2003, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the supplementary information included in the schedule of funding progress and schedule of employer contributions are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 financial statements taken as a whole. The schedule of fiduciary net assets and schedule of changes in fiduciary net assets are presented for purposes of additional analysis and are not a required part of the financial statements of the Funds. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

September 19, 2003

KPMG LLP

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Management's Discussion and Analysis

June 30, 2003

Our discussion and analysis of the Pension Trust Funds (the Funds)' financial performance provides an overview of the Funds' financial activities for the fiscal year ended June 30, 2003. Please read it in conjunction with the basic financial statements and financial statement footnotes which follow this discussion.

FINANCIAL HIGHLIGHTS

- Fiduciary net assets decreased by $1.6 billion as a result of this year's operations from $67.1 billion to $65.5 billion.
- Additions for the year were $3.4 billion, which are comprised of member and employer pension contributions of $1.4 billion and investment income of $ 2.0 billion.
- Deductions for the year were $5 billion, which are comprised of benefit and refund payments of $4.9 billion and administrative expenses of $34.5 million.
- The Funds utilized net assets (excess assets above the required funding level) to meet this year's normal pension contribution requirements.
- Net assets held in trust for post-retirement medical benefits were partially used this year to pay part of premiums and other periodic charges for health care benefits for qualified retirees and their dependents in the Public Employees' Retirement System (PERS) and the Teachers' Pension and Annuity Fund (TPAF) in the amount of $66.5 million and $43.9 million, respectively.

THE STATEMENT OF FIDUCIARY NET ASSETS AND THE STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

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

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

FINANCIAL ANALYSIS

STATEMENT OF FIDUCIARY NET ASSETS

Assets mainly consist of cash, investments, and contributions due from members and participating employers. Between fiscal years 2002 and 2003, total assets decreased by $1.6 billion or 2.4% from $67.5 billion to $65.9 billion. The total assets decreased because pension benefit payments to retirees and beneficiaries exceeded the revenues received by the Funds.

Liabilities consist of pension and death benefit payments owed to members and beneficiaries, outstanding insurance premium payments, and other payables. Total liabilities decreased by $8.2 million or 2.0% over last year from $405.7 million to $397.5 million. This is mainly due to a decrease in insurance premium payable.

Net assets decreased by $1.6 billion or 2.4%.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

	2003	2002	Increase (Decrease)
Member Contributions	$1,062,340,136	$1,057,608,080	$4,732,056
Employer Contributions	318,288,644	308,986,925	9,301,719
Investment & Other	2,013,921,753	(5,961,572,768)	7,975,494,521
Totals	$3,394,550,533	$(4,594,977,763)	$7,989,528,296

Additions primarily consist of member and employer contributions and earnings from investment activities. There was only a slight increase of 0.5% in total member contributions. In all pension trust funds other than Supplemental Annuity Collective Trust (SACT) and TPAF, member contributions increased between 2002 and 2003 partly due to normal salary increases or increased membership. The increases ranged from 3.2% in State Police Retirement System to 11.0% in Judicial Retirement System (JRS). SACT decreased by 7.3%, and TPAF decreased by 8.3%. The decrease in TPAF is related to the reduction in employee contribution rate in TPAF from 4.5% to 3%, effective January 1, 2002. (The new rate affected only half of the year in the prior fiscal year.)

Employer contributions (excluding pension adjustment fund) increased by 3.6%.

The State made a contribution of $298.3 million for TPAF and $69.9 million for PERS fiscal year 2003 post-retirement medical (PRM). In addition, the PRM reserve of $43.9 million for TPAF and $66.5 million for PERS were used to cover additional premiums due in fiscal year 2003. Legislation passed in 2002 (Chapter 11, P.L. 2002) allowed the State to use net assets in the PRM Fund to cover required pay-as-you-go medical premiums.

The State made a contribution of $8.5 million to JRS and $2.7 million to Consolidated Police and Firemen's Pension Fund to satisfy the actuarially accrued liabilities in fiscal year 2003.

Employer contributions recognized by Police and Firemen's Retirement System (PFRS) decreased by 127.8% mainly due to reduction of the previous appropriations down to 20% of the normal and accrued liability contributions, based on the new legislation, Chapter 108 (P.L. 2003).

Chapter 108 provides that the State Treasurer will reduce local employer PERS and PFRS normal and accrued liability contributions to be a percentage of the amount certified annually by PERS and PFRS as follows: 20% for PERS payments due in State fiscal year 2005; 20% for PFRS payments due in State fiscal year 2004. According to the Budget Appropriations Act of 2004, the State as well will pay pension obligations through a five-year phase-in.

For fiscal year 2003, the 84% of TPAF and PERS and the 68% of PFRS available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to TPAF, PERS, and PFRS from 1997 to 2003. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997.

After the prior two consecutive years of investment losses, the Funds had investment gains in fiscal year 2003. The total investment gain for all pension funds was estimated to be 3.3% compared to 9.0% loss in the prior year.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

	2003	2002	Increase (Decrease)
Benefits	$4,840,497,014	$4,201,860,059	$638,636,955
Refunds & Adjustments	100,119,056	99,592,876	526,180
Administrative Expenses	34,545,410	34,602,649	(57,239)
Totals	$4,975,161,480	$4,336,055,584	$639,105,896

Deductions are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members, and administrative costs incurred by the Funds. Benefit payments increased by 15.2%. It is partly due to an increased number of retirees and beneficiaries. Also, it is partly due to the benefit enhancements in PERS and TPAF, effective with the November 1, 2001 retirement checks. (The new rate affected only eight months in the prior fiscal year.) The number of refunds processed has slightly increased compared to last year. Administrative expenses have slightly decreased.

RETIREMENT SYSTEMS AS A WHOLE

For the pension benefit funds, the combined funded ratios of 101.4% for fiscal year 2003 and 109.2% for 2002 indicate that these funds have assets sufficient to meet their benefit obligations.

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

CONTACTING SYSTEM FINANCIAL MANAGEMENT

The financial report is designed to provide our members, beneficiaries, investors, and other interested parties with a general overview of the Funds' finances and to show the Funds' accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Division of Pensions and Benefits, P.O. Box 295, Trenton, NJ 08625-0295.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Statement of Fiduciary Net Assets

June 30, 2003

		PENSION FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
Assets:				
Cash	$	3,641,789	—	3,641,789
Investments, at fair value:				
Cash Management Fund		2,651,292,345	37,757	2,651,330,102
Bonds		612,102,093	13,495	612,115,588
Common Pension Fund A		29,669,116,843	603,070	29,669,719,913
Common Pension Fund B		17,051,529,343	378,642	17,051,907,985
Common Pension Fund D		10,938,538,719	217,069	10,938,755,788
Common and Preferred Stocks		769,808,650	—	769,808,650
Mortgage Backed Securities		2,082,283,030	21,370	2,082,304,400
Total investments		63,774,671,023	1,271,403	63,775,942,426
Receivables:				
Contributions:				
Members		168,239,233	—	168,239,233
Employers		412,870,458	—	412,870,458
Accrued interest and dividends		353,235,908	—	353,235,908
Members' loans		1,186,105,045	—	1,186,105,045
Other		38,587,934	—	38,587,934
Total receivables		2,159,038,578	—	2,159,038,578
Total assets		65,937,351,390	1,271,403	65,938,622,793
Liabilities:				
Accounts payable and accrued expenses		35,859,580	—	35,859,580
Retirement benefits payable		350,270,987	—	350,270,987
NCGI premiums payable		10,142,884	—	10,142,884
Cash overdraft		1,290,290	—	1,290,290
Total liabilities		397,563,741	—	397,563,741
Net Assets:				
Held in trust for pension benefits	$	65,539,787,649	1,271,403	65,541,059,052

See schedule of funding progress on pages 21 and 22.
See accompanying notes to financial statements.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2003

	PENSION FUNDS	POST-RETIREMENT MEDICAL FUNDS	TOTAL
Additions:			
Contributions:			
Members	$ 1,062,340,136	—	1,062,340,136
Employers	(62,326,388)	368,240,109	305,913,721
Other	12,374,992	—	12,374,992
Total contributions	1,012,388,740	368,240,109	1,380,628,849
Investment income:			
Net appreciation in fair value of investments	15,606,700	1,156,209	16,762,909
Interest	1,501,101,246	—	1,501,101,246
Dividends	505,310,345	—	505,310,345
	2,022,018,291	1,156,209	2,023,174,500
Less: investment expense	9,252,816	—	9,252,816
Net investment income	2,012,765,475	1,156,209	2,013,921,684
Total additions	3,025,154,215	369,396,318	3,394,550,533
Deductions:			
Benefits	4,361,923,890	478,573,124	4,840,497,014
Refunds of contributions	100,119,056	—	100,119,056
Administrative expenses	34,545,410	—	34,545,410
Total deductions	4,496,588,356	478,573,124	4,975,161,480
Change in net assets	(1,471,434,141)	(109,176,806)	(1,580,610,947)
Net assets - Beginning of year	67,011,221,790	110,448,209	67,121,669,999
Net assets - End of year	$ 65,539,787,649	1,271,403	65,541,059,052

See accompanying notes to financial statements.

(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 financial statements of the State of New Jersey Division of Pensions and Benefits (the Division):

Consolidated Police and Firemen's Pension Fund (CPFPF)
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 (SACT)
Central Pension Fund (CPF)
New Jersey State Employees Deferred Compensation Plan (NJSEDCP)
Alternate Benefit Long-Term Disability Fund (ABPLTD)

Individual financial reports have been prepared for the above funds. These financial reports, which can be obtained from the Division, provide a description of the nature and purpose of each individual fund. A description of the benefit provisions and contribution requirements for each fund is provided in notes 1 and 3.

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

The 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 financial statements of the Funds are included in the financial statements 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:

Pension 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 JRS provides retirement benefits as well as death and disability benefits. Retirement benefits for age and years of service are as follows:

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

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

Retirement benefits are also available at age 60 with five years of judicial service 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 - CPFPF

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

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

Vesting and Benefit Provisions - PFRS

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

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

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

Chapter 4, P.L. 2001 provided increased benefits to certain members who retired prior to December 29, 1989 with at least 25 years of creditable service. The maximum amount of the increase is 5% of the retiree's final compensation. For those with 30 or more years or service, the total pension increased 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 POPF provides retirement, as well as death and disability benefits. Retirement benefits are available after 25 years of service or at age 55 with 20 years of service. The benefit is in the form of a life annuity equal to the greater of: (a) 2% of average final compensation up to 30 years of service, plus 1% of average final compensation for each year of service above 30 and prior to age 65; (b) 50% of final pay; or (c) for members with 25 or more years of service, 2% of average final compensation for each year of service up to 30 years, plus 1% for each year in excess of 30 years. Average final compensation equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years).

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - PERS

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

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

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

Chapter 23, P.L. 2002 provided early retirement incentive benefits to State employees who meet specified age and service requirements and who retire within a specified time period that generally extends from February 1, 2002 to July 1, 2002. The incentive benefits include an additional three years of service credit to employees who are at least 50 years of age with at least 25 years of service credit; State paid health care benefits to employees who are at least 60 years of age with at least 20, but less than 25, years of service credit; and an additional monthly benefit of $500 per month for 24 months following the date of retirement to employees who are at least 60 years of age with at least 10, but not more than 20, years of service credit. For those eligible for veterans' retirement benefit, the incentive is an additional pension of 3/55 of the compensation upon which the retirement benefit is based to employees who are at least 55 years of age with 25 or more years of service credit.

Chapter 353, P.L. 2001 provided an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the members' compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which was effective October 2001.

Chapter 133, P.L. 2001 increased the retirement benefits under 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 increased the retirement benefit for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Chapter 259, P.L. 2001 amended the PERS statutes and created special retirement benefits for members employed as workers' compensation judges. PERS members entitled to the new benefits are the Chief Judge, the administrative supervisory judges, the supervisory judges, and the judges of compensation of the Division of Workers' Compensation of the Department of Labor. Those in eligible titles would receive retirement benefits comparable to those provided to members of the Judicial Retirement System. The effective date of this legislation was December 6, 2001.

Chapter 366, P.L. 2001 provided enhanced pension benefits to selected individuals with County Prosecutor Offices and in the Division of Criminal Justice.

Vesting and Benefit Provisions - SPRS

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

Members are always fully vested for their own contributions.

Vesting and Benefit Provisions - TPAF

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

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

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

Chapter 23, P.L. 2002 provided early retirement incentive benefits to State employees who meet specified age and service requirements and who retire within a specified time period that generally extends from February 1, 2002 to July 1, 2002. The incentive benefits include an additional three years of service credit to employees who are at least 50 years of age with at least 25 years of service credit; State paid health care benefits to employees who are at least 60 years of age with at least 20, but less than 25, years of service credit; and an additional monthly benefit of $500 per month for 24 months following the date of retirement to employees who are at least 60 years of age with at least 10, but not more than 20, years of service credit. For those eligible for veterans' retirement benefit, the incentive is an additional pension of 3/55 of the compensation upon which the retirement benefit is based to employees who are at least 55 years of age with 25 or more years of service credit.

Chapter 353, P.L. 2001 provided an increase in the special veterans' retirement allowance and the ordinary and accidental disability retirement allowances. The special veterans retirement allowance increased from 50% to 54.5% of the members' compensation during the highest-paid year of service. The minimum ordinary disability retirement allowance increased from 40% to 43.6% of final average compensation, and the accidental disability retirement allowance increased from 66.66% to 72.7% of the actual annual compensation at the time of the accident. Existing retirees and beneficiaries are eligible for the increases, which was effective October 2001.

Chapter 133, P.L. 2001 increased the retirement benefits under 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 increased the retirement benefit for veteran members with 35 or more years of service and reduced the age qualification from 60 to 55. Existing retirees and beneficiaries received a comparable percentage increase in their retirement allowances. This benefit enhancement was effective with the November 1, 2001 benefit payments.

Vesting and Benefit Provisions - SACT

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

Benefit Provisions - CPF

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

Vesting and Benefit Provisions - NJSEDCP

Assets in the Plan are held in trust for the exclusive benefit of Plan members and their beneficiaries as required in Government Accounting Standards Board Statement No. 32. Plan members are fully vested for the current valuation of their account from the date of enrollment in the Plan. Benefits are payable upon separation from service with the State of New Jersey.

Benefit Provisions - ABPLTD

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All the pension trust funds are accounted for using an economic resources measurement focus. Funds that focus on total economic resources employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

The accrual basis of accounting is used for measuring financial position and changes in fiduciary 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 financial statements of the pension trust funds conform to the provisions of Governmental Accounting Standards Board (GASB) Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contributions Plans" and No. 26, "Financial Reporting for Post-employment Healthcare Plans Administered by Defined Benefit Pension Plans." Plan assets are recorded at fair value. Employer contributions are recognized when payable to the Funds. Benefits and refunds are recognized when payable in accordance with the terms of the Funds.

Financial Reporting Model:

Effective July 1, 2000, the Division adopted two new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*

Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*

Statement No. 34 (as amended by Statement No. 37) requires as required supplementary information Management's Discussion and Analysis which includes an analytical overview of the Funds' financial activities.

Capital Assets:

Capital assets utilized by the Division include equipment which is owned by 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. Mortgage backed securities 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 Funds. 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 Fund earn a rate of return consistent with the Funds and henceforth. In prior years, the Post-Retirement Medical Fund earned a statutorily determined fixed rate of return of 8.75%.

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, 2003, all investments held by the Funds (other than mortgage backed securities 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 6/30/02, the date of the most recent actuarial valuations (6/30/03 for SACT, CPF, NJSEDCP, and ABPLTD):

	JRS	PFRS	PERS	SPRS	TPAF	POPF	CPFPF	SACT	CPF
Retiree members:									
Retirees and beneficiaries receiving benefits currently	384	25,501	107,549	1,969	56,237	231	1,198	670	355
Terminated employees entitled to benefits but not yet receiving them	2	66	1,997	—	1,161	—	—	—	—
Total retiree members	386	25,567	109,546	1,969	57,398	231	1,198	670	355
Active members:									
Vested	223	26,073	155,861	1,825	77,054	—	—	4,537	—
Non-vested	215	17,518	135,108	968	65,106	—	—	—	—
Total active members	438	43,591	290,969	2,793	142,160	—	—	4,537	—
Total	824	69,158	400,515	4,762	199,558	231	1,198	5,207	355
Contributing Employers	1	588	1,672	1	114	1	1	—	1

	NJSEDCP	ABPLTD
Retiree members:		
Retirees and beneficiaries receiving benefits currently	2,678	—
Terminated employees entitled to benefits but not yet receiving them	—	—
Total retiree members	2,678	—
Active members:		
Vested	30,401	105
Non-vested	—	—
Total active members	30,401	105
Total	33,079	105
Contributing Employers	—	1

Members' 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 fiduciary 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, all cash balances maintained in financial institutions as of June 30, 2003, which include funding for the July 1, 2003 retirement payroll, are designated Category 3.

(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.

Legislation passed in 1997 (Chapter 115, P.L. 1997) provided for the use of actuarially determined excess valuation assets to offset the required normal contributions of the State of New Jersey. As a result of this legislation, the State of New Jersey was not required to make a contribution to the JRS for the years between 1997 and 2002.

The State made a contribution of $8,467,287 to satisfy the actuarially accrued liability in fiscal year 2003.

Contribution Requirements - CPFPF

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. 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. Members contribute at a uniform rate of 8.5% of base salary.

For fiscal year 2003, the 68% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers.

In 2003 and 2002, excess valuation assets were utilized to fund required State contributions of $110,568,773 and $107,098,598, respectively.

In 2003, actuarially determined excess valuation assets also covered required local employer contributions of $283,657,654. In accordance with legislation passed in 2001 (Chapter 44, P.L. 2001), excess valuation assets were recognized to reduce 2001 local employer contributions by $150 million to approximately $75 million. This legislation required that the savings realized by counties and municipalities as a result of this reduction be used for property tax relief.

Chapter 108 (P.L. 2003), effective July 1, 2003, provides that local employer PFRS normal and accrued liability contributions will be 20% of the amount certified by the PFRS for payments due in State fiscal year 2004 and thereafter a percentage of the amount certified by the PFRS as the State Treasurer will determine, but not more than 40% in fiscal year 2005, not more than 60% in fiscal year 2006, and not more than 80% in fiscal year 2007. According to the Budget Appropriations Act of 2004, the State as well will pay pension obligations through a five-year phase-in.

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. The full normal employee contribution rate is 5% of base salary. However, as a result of special legislation (Chapter 415, P.L. 1999), the employee rate was reduced to 3% of base salary effective January 1, 2000. The rate will remain at 3% for as long as actuarially determined excess valuation assets are available in the PERS. On the other hand, the rate for members who are eligible for the Prosecutors Part of the PERS (Chapter 366, P.L. 2001) is 7.5% of base salary, and the rate for the Workers' Compensation Judges Part of the PERS (Chapter 259, P.L. 2001) is 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. 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 have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial reserve basis. Beginning in 1996, the State has made an additional contribution to the Post-Retirement Medical Reserve Fund to ensure an increase in the PERS balance of 1/2 of 1% of the salary of active state employees.

For fiscal year 2003, the 84% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to the PERS between the years 1997 and 2003. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers.

The State made a contribution of $69.9 million for fiscal year 2003 post-retirement medical (PRM). In addition, the PRM reserve of $66.5 million was used to cover additional premiums due in fiscal year 2003. The State made no PRM contribution in fiscal year 2002. Legislation passed in 2002 (Chapter 11, P.L. 2002) allowed the State to use net assets in PRM Fund to cover required pay-as-you-go medical premiums. This legislation also suspended in fiscal years 2002 and 2003 the additional PRM contribution to increase the fund balance by 1/2 of 1% of active member salaries for the valuation period. The additional PRM contribution will resume in fiscal year 2004 and will be computed to provide an increase in the reserve fund of 3/5 of 1% of active member salaries for the valuation period.

To fund the benefit increases provided by Chapter 133, the legislation provided for the use of excess assets. A special benefit enhancement fund (BEF) was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the PERS, the actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

The BEF will also provide funding for the benefit increases under Chapter 353, P.L. 2001. Actuarially determined excess valuation assets will cover the additional accrued liability incurred by the retirement system. No additional formula State contribution is required in fiscal year 2004; instead, that contribution will be covered by the BEF.

Chapter 108 (P.L. 2003) provides that the State Treasurer will reduce local employer PERS normal and accrued liability contributions to be a percentage of the amount certified annually by the PERS as follows: 20% for payments due in State fiscal year 2005; not more than 40% in fiscal year 2006; not more than 60% in fiscal year 2007; and not more than 80% in fiscal year 2008. According to the Budget Appropriations Act of 2004, the State as well will pay pension obligations through a five-year phase-in. In fiscal year 2004, the State will pay 20% of the normal and accrued liability pension cost by using the benefit enhancement fund.

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 legislation passed in 2001 (Chapter 133, P.L. 2001), the employee contribution rate was lowered to 3% effective January 1, 2003. Prior to this date, employees had been contributing at a rate of 4.5%. The rate will remain at 3% for as long as surplus assets are available in the TPAF. 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 have been funded on a pay-as-you-go basis since 1994. Prior to 1994, medical benefits were funded on an actuarial reserve basis. Beginning 1996, the State has made an additional contribution to the Post-Retirement Medical Reserve Fund to ensure an increase in the fund balance of 1/2 of 1% of the salary of active state employees.

For fiscal year 2003, the 84% of available excess valuation assets could be utilized to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation. The State and local employers were not required to make a normal contribution to the TPAF in between the years 1997 and 2003. The normal contribution for basic pension benefits, noncontributory death benefits, and cost-of-living adjustments was funded by excess valuation assets in accordance with Chapter 115, P.L. 1997. This legislation provides for actuarially determined excess valuation assets to offset required normal contributions of the State of New Jersey and the local participating employers.

The State made a contribution of $298.3 million for fiscal year 2003 post-retirement medical (PRM). In addition, the PRM reserve of $43.9 million was used to cover additional premiums due in fiscal year 2003. The State made no PRM contribution in fiscal year 2002. Legislation passed in 2002 (Chapter 11, P.L. 2002) allowed the State to use net assets in PRM Fund to cover required pay-as-you-go medical premiums. This legislation also suspended in fiscal years 2002 and 2003 the additional PRM contribution to increase the fund balance by 1/2 of 1% of active member salaries for the valuation period. The additional PRM contribution will resume in fiscal year 2004 and will be computed to provide an increase in the reserve fund of 3/5 of 1% of active member salaries for the valuation period.

To fund the benefit increases provided by Chapter 133, the legislation provided for the use of excess assets. A special benefit enhancement fund (BEF) was established from which the required normal contributions for the increased benefits will be charged. To fund the accrued liabilities incurred by the TPAF, the actuarial value of assets for the valuation period ending June 30, 1999 was adjusted to reflect the full market value of assets.

The BEF will also provide funding for the benefit increases under Chapter 353, P.L. 2001. Actuarially determined excess valuation assets will cover the additional accrued liability incurred by the retirement fund. No additional formula State contribution is required in fiscal year 2004; instead, that contribution will be covered by the BEF.

According to the Budget Appropriations Act of 2004, the State will pay pension obligations through a five-year phase-in.

Contribution Requirements - SACT

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

Contribution Requirements - CPF

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

The contribution amount required and paid by the State of New Jersey for the fiscal year ended June 30, 2003 was $393,692.

Contribution Requirements - NJSEDCP

Participants may defer between 1% and 100% of their salary and less any 414h reductions or $12,000 annually. Under the limited "catch-up" provision, a participant may be eligible to defer up to a maximum of twice the annual maximum in the three years immediately preceding the retirement age at which no reduction in benefits would be applicable. The employer does not make contributions to the Plan.

Contribution Requirements - ABPLTD

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

(4) FUNDS

The Funds maintain the following legally required funds as follows:

Members' Annuity Savings Fund - JRS ($22,943,223); TPAF ($6,038,217,700); PERS ($6,246,682,986); PFRS ($2,134,093,084); SPRS ($133,657,431).

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

Contingent Reserve Fund - JRS ($144,763,034); TPAF ($2,058,849,317); PERS ($1,137,846,163); SPRS ($936,731,005)

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 ($131,691,801); TPAF ($17,667,357,328); PERS ($12,722,540,303); PFRS ($7,513,073,555); SPRS ($475,350,429)

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 2003) is credited to the Retirement Reserve Fund.

Retirement Reserve Fund - POPF ($17,277,953)

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 Funds, excluding Cash Management Fund investments and bonds allocated to the Contributory Group Insurance Premium Fund. Amounts in excess of 1% are credited to the Contingent Reserve Fund.

Contributory Group Insurance Premium Fund - TPAF ($101,541,730); PERS ($183,936,841)

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 ($5,232,788,952)

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 - CPFPF ($20,030,610)

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

Reserve Fund - Alternate Benefit - Long Term Disability ($2,919,322)

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

Post-Retirement Medical Fund - TPAF ($317,185); PERS ($954,217)

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.

Benefit Enhancement Reserve Fund - TPAF ($682,877,236); PERS ($669,530,604)

The Benefit Enhancement Reserve Fund is a special reserve fund from which required normal contributions to provide benefit increases under Chapter 353, P.L. 2001 and Chapter 133, P.L. 2001 will be charged. The fund was established in 2002 and credited with excess assets equivalent to member contributions for fiscal years 2000 and 2001 by transferring reserves in the Contingent Reserve Fund to the Benefit Enhancement Fund. Additional transfers will be made, as required, to maintain a fund balance equal to the present value of expected additional normal contributions due to the increased benefits. The State will be required to make contributions to the Benefit Enhancement Fund on behalf of State and local members if excess valuation assets are not available.

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, 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%)
June 30, 2001	379,592,346	372,760,069	(6,832,277)	101.8%	57,800,334	(11.8%)
June 30, 2002	373,231,198	388,950,803	15,719,605	96.0%	61,873,500	25.4%
CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND (CPFPF)						
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
June 30, 2001	38,656,261	41,658,355	3,002,094	92.8%	N/A	N/A
June 30, 2002	31,842,796	36,350,384	4,507,588	87.6%	N/A	N/A
POLICE AND FIREMEN'S RETIREMENT SYSTEM (PFRS)						
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%)
June 30, 2001	1,991,299,968	1,866,140,391	(125,159,577)	106.7%	398,118,379	(31.4%)
June 30, 2002	2,032,977,241	2,046,820,189	13,842,948	99.3%	418,849,259	3.3%
Local						
June 30, 1997	10,854,173,290	11,746,169,752	891,996,462	92.4%	1,767,762,346	50.5%
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%)
June 30, 2001	16,083,153,842	16,056,446,646	(26,707,196)	100.2%	2,163,590,060	(1.2%)
June 30, 2002	16,392,195,411	17,181,142,310	788,946,899	95.4%	2,275,130,620	34.7%
PRISON OFFICERS' PENSION FUND (POPF)						
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
June 30, 2001	18,269,899	12,994,567	(5,275,332)	140.6%	N/A	N/A
June 30, 2002	17,908,452	11,781,734	(6,126,718)	152.0%	N/A	N/A

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, 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%)
June 30, 2001	11,123,818,861	9,886,463,368	(1,237,355,493)	112.5%	3,288,383,788	(37.6%)
June 30, 2002	11,073,156,965	10,760,557,483	(312,599,482)	102.9%	3,511,151,199	(8.9%)
Local						
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%)
June 30, 2001	16,625,288,260	13,819,038,491	(2,806,249,769)	120.3%	5,240,338,738	(53.6%)
June 30, 2002	16,503,081,054	14,929,334,103	(1,573,746,951)	110.5%	5,534,322,805	(28.4%)
STATE POLICE RETIREMENT SYSTEM (SPRS)						
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%)
June 30, 2001	1,829,414,353	1,626,631,656	(202,782,697)	112.5%	199,727,203	(101.5%)
June 30, 2002	1,853,684,177	1,739,427,739	(114,256,438)	106.6%	215,161,126	(53.1%)
TEACHERS' PENSION AND ANNUITY FUND (TPAF)						
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%)
June 30, 2001	35,351,379,511	32,745,357,185	(2,606,022,326)	108.0%	6,948,381,383	(37.5%)
June 30, 2002	35,148,246,433	35,146,591,842	(1,654,591)	100.0%	7,348,993,141	0.0%

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 2002 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	30 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, 2002	June 30, 2002

	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	30 years	1 year
Actuarial assumptions:		
Interest rate	8.75%	5.00%
Salary range	5.95%	—
Cost-of-living adjustments	2.40%	—
Valuation date	June 30, 2002	June 30, 2002

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	39 years for UAAL balance 9 years for asset method change	30 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, 2002	June 30, 2002

	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	1 year
Actuarial assumptions:	
Interest rate	8.75%
Salary range	5.95%
Cost-of-living adjustments	2.40%
Valuation date	June 30, 2002

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%
2002	15,575,602	—	0.0%
2003	16,913,237	8,467,287	50.1%
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
2002	550,864	506,541	92.0%
2003	3,550,445	2,713,914	76.4%
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%
2002	103,580,989	—	0.0%
2003	104,998,547	—	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%
2002	248,754,078	185,415	0.1%
2003	259,969,532	364,850	0.1%

STATE OF NEW JERSEY
PENSION TRUST FUNDS

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YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS	PERCENTAGE CONTRIBUTED
PRISON OFFICERS' PENSION FUND			
1997	$2R989R068	$21R055R219	734.3%
1995	—	—	N/A
1999	—	—	N/A
2666	—	—	N/A
2661	—	—	N/A
2662	—	—	N/A
2663	—	—	N/A
PUBLIC EMPLOYEES' RETIREMENT SYSTEM			
State			
1997	$138R575R452	$281R160R082	175.5%
1995	75R533R257	—	6.6%
1999	50R984R516	—	6.6%
2666	163R633R824	—	6.6%
2661	54R675R026	—	6.6%
2662	55R911R157	—	6.6%
2663	88R030R019	—	6.6%
Local			
1997	182R072R244	07R870R771	87.3%
1995	58R039R955	19R638R073	22.4%
1999	111R550R686	19R499R143	17.4%
2666	112R566R127	26R481R177	15.2%
2661	55R717R727	21R076R778	28.8%
2662	77R248R603	10R178R438	26.9%
2663	—	10R957R633	N/A
STATE POLICE RETIREMENT SYSTEM			
1997	$88R358R079	$126R365R502	271.1%
1995	33R317R318	—	6.6%
1999	33R110R244	—	6.6%
2666	33R495R583	—	6.6%
2661	34R381R249	—	6.6%
2662	28R996R042	—	6.6%
2663	29R889R108	—	6.6%

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
	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
2002	—	—	N/A
2003	194,435,594	—	0.0%

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.

In accordance with Chapter 115, P.L. 1997, available excess valuation assets were used to fund, in full or in part, required employer contributions.

The local employer contribution to the PERS from 1998 to 2003 represents required contributions under the early retirement incentive programs.

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Fiduciary Net Assets

June 30, 2003

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM	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	$ —	5,519	96,668	340,818	59,056	—	52,363	—	—	—	—	3,087,365	—	3,641,789
Investments, at fair value:														
Cash Management Fund	2,788,753	9,924	12,544,944	250,919,149	22,479,982	678,099,545	5,902,985	546,045,650	25,564	118,411,814	7,191,603	1,006,897,996	12,193	2,651,330,102
Bonds	—	—	3,905,498	240,208,585	—	12,669,144	7,855,300	267,594,519	12,528	—	—	79,869,047	967	612,115,588
Common Pension Fund A	—	—	—	—	142,307,752	6,650,424,087	—	9,647,348,735	451,657	724,828,258	—	12,504,208,011	151,413	29,669,719,913
Common Pension Fund B	—	—	—	—	62,087,154	3,118,811,410	—	6,189,402,157	289,768	341,691,041	—	7,339,537,581	88,874	17,051,907,985
Common Pension Fund D	—	—	—	—	62,440,207	2,358,943,811	—	3,388,626,257	158,644	303,650,811	—	4,824,877,633	58,425	10,938,755,788
Common and Preferred Stocks	—	—	—	648,273,725	—	—	—	—	—	—	121,534,925	—	—	769,808,650
Mortgage Backed Securities	—	—	1,998,006	—	10,092,359	1,260,874,507	3,411,743	342,951,140	16,056	24,127,966	—	438,827,309	5,314	2,082,304,400
Total investments	2,788,753	9,924	18,448,448	1,139,401,459	299,407,454	14,079,822,504	17,170,028	20,381,968,458	954,217	1,512,709,890	128,726,528	26,194,217,577	317,186	63,775,942,426
Receivables:														
Contributions:														
Members	—	—	—	110,014	67,924	47,455,802	—	54,743,195	—	924,340	483,956	64,454,002	—	168,239,233
Employers	—	22,000	—	—	—	256,931,014	—	100,372,530	—	—	—	55,544,914	—	412,870,458
Accrued interest and dividends	—	8	88,099	3,600,035	1,419,864	76,884,636	—	119,243,689	—	7,380,519	160,382	144,458,676	—	353,235,908
Members' loans	—	—	—	—	549,415	468,255,038	—	444,068,570	—	31,689,432	—	241,542,590	—	1,186,105,045
Other	130,569	2,569	2,921,648	—	—	30,771,611	282,686	1,977,448		—	2,487,160	14,243	—	38,587,934
Total receivables	130,569	24,577	3,009,747	3,710,049	2,037,203	880,298,101	282,686	720,405,432	—	39,994,291	3,131,498	506,014,425	—	2,159,038,578
Total assets	2,919,322	40,020	21,554,863	1,143,452,326	301,503,713	14,960,120,605	17,505,077	21,102,373,890	954,217	1,552,704,181	131,858,026	26,703,319,367	317,186	65,938,622,793
Liabilities:														
Accounts payable and accrued expenses		4,490	26,396	358,728	20,428	2,142,026	1,323	19,679,321	—	142,010	2,024,518	11,460,340	—	35,859,580
Retirement benefits payable	—	35,530	1,497,857	6,773,476	2,085,227	74,250,504	225,801	116,673,568	—	6,804,058	887,136	141,037,830	—	350,270,987
NCGI premiums payable	—	—	—	—	—	3,044,899	—	5,120,098	—	—	—	1,977,887	—	10,142,884
Cash overdraft	—	—	—	—	—	727,585	—	364,006	—	19,248	179,451	—	—	1,290,290
Total liabilities	—	40,020	1,524,253	7,132,204	2,105,655	80,165,014	227,124	141,836,993	—	6,965,316	3,091,105	154,476,057	—	397,563,741
Net assets held in trust for pension and post-retirement medical benefits	$ 2,919,322	—	20,030,610	1,136,320,122	299,398,058	14,879,955,591	17,277,953	20,960,536,897	954,217	1,545,738,865	128,766,921	26,548,843,310	317,186	65,541,059,052

STATE OF NEW JERSEY
PENSION TRUST FUNDS

Combining Statement of Changes in Fiduciary Net Assets

Year ended June 30, 2003

	ALTERNATE BENEFIT LONG TERM DISABILITY FUND	CENTRAL PENSION FUND	CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND	DEFERRED COMPENSATION FUND	JUDICIAL RETIREMENT SYSTEM	POLICE AND FIREMEN'S RETIREMENT SYSTEM	PRISON OFFICERS PENSION FUND	PUBLIC EMPLOYEES RETIREMENT SYSTEM	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	$ —	—	—	127,006,020	2,578,620	252,281,888	—	354,900,256	—	14,198,794	7,803,771	303,570,787	—	1,062,340,136
Employers	1,200,000	393,692	2,776,011	—	9,065,435	(79,875,166)	—	899,789	69,917,899	193,099	—	3,020,752	298,322,210	305,913,721
Other	—	30,290	11,045,283	—	—	—	1,293,665	4,614	—	69	—	1,071	—	12,374,992
Total contributions	1,200,000	423,982	13,821,294	127,006,020	11,644,055	172,406,722	1,293,665	355,804,659	69,917,899	14,391,962	7,803,771	306,592,610	298,322,210	1,380,628,849
Investment income:														
Net appreciation (depreciation) in fair value of investments	(10,572)	—	(182,817)	(1,078,920)	(951,113)	(25,962,866)	134,270	37,060,277	914,573	3,858,584	(4,376,793)	7,116,650	241,636	16,762,909
Interest	79,898	955	573,294	14,569,343	6,347,676	347,301,479	798,180	523,444,265	—	32,973,670	63,473	574,949,013	—	1,501,101,246
Dividends	—	—	—	9,679,980	2,326,256	110,122,507	—	161,204,573	—	11,713,239	2,320,287	207,943,503	—	505,310,345
	69,326	955	390,477	23,170,403	7,722,819	431,461,120	932,450	721,709,115	914,573	48,545,493	(1,993,033)	790,009,166	241,636	2,023,174,500
Less: investment expense	—	—	11,385	161,087	22,371	1,220,700	2,193	4,660,022	—	115,153	—	3,059,905	—	9,252,816
Net investment income	69,326	955	379,092	23,009,316	7,700,448	430,240,420	930,257	717,049,093	914,573	48,430,340	(1,993,033)	786,949,261	241,636	2,013,921,684
Total additions	1,269,326	424,937	14,200,386	150,015,336	19,344,503	602,647,142	2,223,922	1,072,853,752	70,832,472	62,822,302	5,810,738	1,093,541,871	298,563,846	3,394,550,533
Deductions:														
Benefits	1,661,335	420,483	18,664,638	61,619,829	25,551,000	916,882,474	2,843,716	1,511,214,623	136,392,686	82,072,319	17,858,219	1,723,135,254	342,180,438	4,840,497,014
Refunds of contributions	—	4,454	—	—	128,278	6,825,918	—	67,253,681	—	29,060	—	25,877,665	—	100,119,056
Administrative expenses	—	—	49,980	662,851	43,207	4,027,519	10,705	19,581,136	—	283,307	—	9,886,705	—	34,545,410
Total deductions	1,661,335	424,937	18,714,618	62,282,680	25,722,485	927,735,911	2,854,421	1,598,049,440	136,392,686	82,384,686	17,858,219	1,758,899,624	342,180,438	4,975,161,480
Net increase (decrease)	(392,009)	—	(4,514,232)	87,732,656	(6,377,982)	(325,088,769)	(630,499)	(525,195,688)	(65,560,214)	(19,562,384)	(12,047,481)	(665,357,753)	(43,616,592)	(1,580,610,947)
Net assets held in trust for pension and post-retirement medical benefits:														
Beginning of year	3,311,331	—	24,544,842	1,048,587,466	305,776,040	15,205,044,360	17,908,452	21,485,732,585	66,514,431	1,565,301,249	140,814,402	27,214,201,063	43,933,778	67,121,669,999
End of year	$ 2,919,322	—	20,030,610	1,136,320,122	299,398,058	14,879,955,591	17,277,953	20,960,536,897	954,217	1,545,738,865	128,766,921	26,548,843,310	317,186	65,541,059,052