State of New Jersey
DIVISION OF PENSIONS AND BENEFITS
PO Box 295 • Trenton, NJ 08625-0295

TO THE HONORABLE
JAMES E. MCGREEVEY
GOVERNOR of the STATE OF NEW JERSEY

Dear Governor McGreevey:

The Board of Trustees of the

STATE POLICE RETIREMENT SYSTEM

is pleased to present the Fiscal Year 2002 Annual Report in accordance with the provisions of N.J.S.A. 53:5A-30.

Respectfully submitted,

Anthony Bartolotta

ANTHONY BARTOLOTTA
Chairperson

State Police Retirement System
BOARD OF TRUSTEES

SIGNIFICANT LEGISLATION

CHAPTER 316, P.L. 2001

This law extends State-paid post-retirement medical benefits upon mandatory retirement at age 55 to all State Police officers in the State Police Retirement System (SPRS) with more than 20 but less than 25 years of service.

Previously, only members of the SPRS as of the effective date of Chapter 175, P.L. 1985, which instituted the mandatory retirement age of 55, were eligible for State-paid post retirement medical benefits if a member was retired because of age prior to attaining 25 years of pension service credit.

This law was approved on January 3, 2002 and was effective immediately.

CHAPTER 350, P.L. 2001

This law increases the compensation base of the State Police Retirement System (SPRS) accidental death benefit for surviving spouses and children.

Previously, the law provided a pension of 70% of final compensation (average compensation received in the last 12 months of service preceding death) for the use of the spouse and children of a SPRS member who died in active service as a result of an accident met in the actual performance of duty. If there was no surviving spouse or in case the spouse died or remarried, 20% of final compensation was payable to one surviving child, 35% of final compensation to two surviving children in equal shares, and if there are three or more children, 50% of final compensation was payable to such children in equal shares. A cost-of-living adjustment was made to such payments annually.

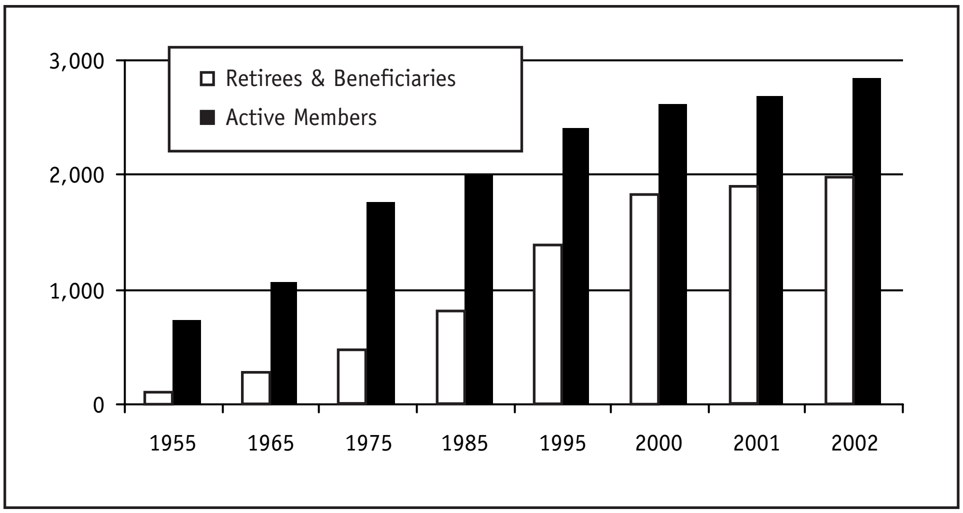
Under this law, SPRS accidental death survivors' benefit for spouses and children are to be based upon "adjusted final compensation" defined as the amount of final compensation or final compensation as adjusted, as the case may be, increased by the same percentage increase which is applied in any adjustments of the compensation schedule of active members after the member's death. Adjustments to final compensation or adjusted final compensation shall take effect at the same time as any adjustments in the compensation schedule of active members. Adjustments will cease on the date on which the deceased member of the retirement system would have accrued 25 years of service under an assumption of continuous service, at which time that amount will become fixed and then eligible for annual cost-of-living adjustments. Adjustments to final compensation or adjusted final compensation shall take effect at the same time as any adjustments in the compensation schedule of active members.

Adjustments to SPRS accidental death survivors' benefits will apply to benefit entitlements granted prior to enactment of this law but only for benefit payments on or after the date of enactment.

This law was approved on January 6, 2002 and was effective immediately, but the adjustment provided for in this act shall not begin until the first benefit payment following the ninetieth day after enactment.

MEMBERSHIP

- As of June 30, 2002, the active membership of the System totaled 2,838. There were 63 inactive members as of June 30, 2002.
- There were 1,987 retirees and beneficiaries receiving annual pensions totaling $73,387,921. *(Includes benefits paid under the provisions of the Pension Adjustment Act.)*
- Beneficiaries of 4 active members and 38 retired members received lump sum death benefits in the amount of $1,420,692.
- The System's assets totaled $1,572,156,596 at the close of the fiscal year 2002.



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

Independent Auditors' Report

The Board of Trustees
State of New Jersey
State Police Retirement System:

We have audited the accompanying statements of fiduciary net assets of the State of New Jersey State Police Retirement System (the System) as of June 30, 2002 and 2001, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State of New Jersey State Police Retirement System as of June 30, 2002 and 2001, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the System adopted Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus*, as of July 1, 2000.

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 audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The schedule of changes in fiduciary net assets by fund is presented for purposes of additional analysis and is not a required part of the financial statements of the System. Such information has been subjected to the auditing procedures applied in the audits 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.

KPMG LLP

September 6, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS
State Police Retirement System

June 30, 2002 and 2001

Our discussion and analysis of the State Police Retirement System (the System)'s financial performance provides an overview of the System's financial activities for the fiscal year ended June 30, 2002. Please read it in conjunction with the basic financial statements and financial statement footnotes which follow this discussion.

FINANCIAL HIGHLIGHTS

- Net assets held in trust for pension benefits decreased by $196,356,379 as a result of this year's operations from $1,761,657,628 to $1,565,301,249.
- Additions for the year were ($121,170,430), which are comprised of member and employer pension contributions of $14,148,064 and investment losses of ($135,318,494).
- Deductions for the year were $75,185,949, which are comprised of benefit and refund payments of $74,931,950 and administrative expenses of $253,999.
- The System utilized net assets (excess assets above the required funding level) to meet this year's normal pension contribution requirements.

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

This annual report consists of two financial statements: *The Statements of Fiduciary Net Assets* and *The Statements of Changes in Fiduciary Net Assets*. These financial statements report information about the System and about its activities to help you assess whether the System, as a whole, has 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 Statements of Fiduciary Net Assets show the balances in all of the assets and liabilities of the System at the end of the fiscal year. The difference between assets and liabilities represents the System's fiduciary net assets. Over time, increases or decreases in the System's fiduciary net assets provide one indication of whether the financial health of the System is improving or declining. *The Statements of Changes in Fiduciary Net Assets* show the results of financial operations for the year. The statements provide an explanation for the change in the System's 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 System is becoming financially stronger or weaker.

FINANCIAL ANALYSIS

STATEMENTS OF FIDUCIARY NET ASSETS

The System's assets mainly consist of cash, investments and contributions due from members and participating employers. Between fiscal year 2001 and 2002, total assets decreased by $195,416,432 from $1,767,573,028 to $1,572,156,596. The decrease in total assets is mainly due to a loss in the fair value of the System's investments and an increase in benefit payments. During the year, the System had an estimated investment loss of 9.0%.

Liabilities consist of pension and death benefit payments owed to members and beneficiaries, noncontributory group insurance premiums owed to the System's insurance provider, and other payables. Total liabilities increased by $939,947 or 15.9% over last year from $5,915,400 to $6,855,347. This is mainly due to an increase in retirement and insurance benefit payments. In addition, accruals for insurance benefit payments include three months of premium charges and increased by $391,333.

Net assets held in trust for pension benefits decreased by $196,356,379 or 11.2% primarily due to the investment losses realized by the System.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS

ADDITIONS TO FIDUCIARY NET ASSETS

	2002	2001	Increase(Decrease)
Member Contributions	$ 13,758,972	$ 12,796,153	$ 962,819
Employer Contributions	389,092	99,201	289,891
Investment & Other	(135,318,494)	(191,175,391)	55,856,897
Totals	$ (121,170,430)	$ (178,280,037)	$ 57,109,607

Additions primarily consist of member and employer contributions and earnings from investment activities. Member contributions rose 7.5% due to normal salary increases and increased membership. There was an increase in the number of transfers from other retirement systems, which accounts for the increase in employer contributions.

This year is the fifth consecutive year that the State has not been required to make pension contributions to the System. The normal contributions have been funded using net assets (excess assets above the required funding level). Net assets have been available mainly due to Pension Security legislation passed in 1997. This legislation authorized the New Jersey Economic Development Authority to issue bonds and to use the proceeds from the bond sale to eliminate the State's portion of the unfunded accrued liabilities of the retirement systems. The System received bond proceeds of $120,308,862 in 1997. This influx of funds, coupled with investment returns in the late 1990s, has produced net excess assets which have been utilized to cover the normal contributions from 1998 through 2002.

For the second consecutive year, the System had an investment loss. In fiscal year 2002, the total investment loss for all pension funds was estimated to be 9.0% compared to 10.4% in the prior year.

DEDUCTIONS FROM FIDUCIARY NET ASSETS

	2002	2001	Increase(Decrease)
Benefits	$ 74,808,612	$ 69,268,248	$ 5,540,364
Refunds & Adjustments	123,338	295,604	(172,266)
Administrative Expenses	253,999	248,458	5,541
Totals	$ 75,185,949	$ 69,812,310	$ 5,373,639

Deductions are mainly comprised of pension benefit payments to retirees and beneficiaries, refunds of contributions to former members and administrative costs incurred by the System. Withdrawal refunds remained approximately the same as last year. Benefit payments increased by 8% primarily because more members are receiving benefits. Administrative expenses have increased mainly due to contractual increases in salaries and higher fringe benefit costs.

RETIREMENT SYSTEM AS A WHOLE

The overall funded ratio of 112.5% indicates that the System has assets sufficient to meet its benefit obligations now and in the future.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

The financial report is designed to provide our members, customers, investors and other interested parties with a general overview of the System's finances and to show the System's 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
STATE POLICE RETIREMENT SYSTEM

Statements of Fiduciary Net Assets

June 30, 2002 and 2001

	2002	2001
Assets:		
Cash	$ 20,780	5,032,249
Investments, at fair value:		
Cash Management Fund	64,877,660	37,219,922
Common Pension Fund A	661,178,664	807,076,329
Common Pension Fund B	463,199,968	477,496,132
Common Pension Fund D	292,552,745	313,383,259
Mortgages	47,791,337	84,000,371
Total investments	1,529,600,374	1,719,176,013
Receivables:		
Contributions:		
Members	934,009	1,146,014
Accrued interest and dividends	9,411,143	10,259,708
Members' loans	32,160,087	31,957,911
Other	30,203	1,133
Total receivables	42,535,442	43,364,766
Total assets	1,572,156,596	1,767,573,028
Liabilities:		
Accounts payable and accrued expenses	494,880	68,954
Retirement benefits payable	6,360,467	5,846,446
Total liabilities	6,855,347	5,915,400
Net assets:		
Held in trust for pension benefits	$ 1,565,301,249	1,761,657,628

See schedule of funding progress on page 16.
See accompanying notes to financial statements.

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2002 and 2001

	2002	2001
Additions:		
Contributions:		
Members	$ 13,758,972	12,796,153
Employers	389,092	99,201
Other	88	109
Total contributions	14,148,152	12,895,463
Investment income:		
Net (depreciation) appreciation in fair value of investments	(186,296,642)	(249,742,766)
Interest	41,029,466	49,273,547
Dividends	10,084,248	9,435,208
	(135,182,928)	(191,034,011)
Less investment expense	135,654	141,489
Net investment income	(135,318,582)	(191,175,500)
Total additions	(121,170,430)	(178,280,037)
Deductions:		
Benefits	74,808,612	69,268,248
Refunds of contributions	123,338	295,604
Administrative expenses	253,999	248,458
Total deductions	75,185,949	69,812,310
Change in net assets	(196,356,379)	(248,092,347)
Net assets - Beginning of year	1,761,657,628	2,009,749,975
Net assets - End of year	$ 1,565,301,249	1,761,657,628

See accompanying notes to financial statements.

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

Notes to Financial Statements

June 30, 2002 and 2001

(1) DESCRIPTION OF THE SYSTEM

The State of New Jersey State Police Retirement System (the System) is a single-employer contributory defined benefit plan which was established as of July 1, 1965, under the provisions of N.J.S.A. 53:5A. The System is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

The System's designated purpose is to provide retirement, death and disability benefits to its members. Membership in the System is mandatory for all uniformed officers and troopers of the Division of State Police of the State of New Jersey. The System's Board of Trustees is primarily responsible for its administration.

According to State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate.

Vesting and Benefit Provisions:

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.

Membership and Contributing Employers:

Membership in the System consisted of the following at June 30:

	2001	2000
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them	1,906	1,814
Active members:		
Vested	1,889	1,977
Non-vested	786	632
Total active members	2,675	2,609
Total	4,581	4,423

The State of New Jersey is the only contributing employer of this System.

(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. The System is accounted for using an economic resources measurement focus. The System that focuses on total economic resources employs 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 the System. 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 System 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 System. Benefits and refunds are recognized when payable in accordance with the terms of the System.

New Accounting Standards Adopted:

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 System's financial activities.

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 value.

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 System. 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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 Funds, 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 System, through the State Treasurer, and custodian banks as agents for the System. 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.

GASB Statement No. 3 requires disclosure of the level of custodial risk assumed by the System. Category 1 includes investments that are insured or registered or for which the securities are held by the System or its agent in the System's name. As of June 30, 2002 and 2001, all investments held by the System (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 System. 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 System. The custodian banks as agents for the System maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks and the DTC as securities owned by or pledged to the System.

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

Members' Loans:

Members can borrow up to 50% of their accumulated member contributions. To obtain a loan, a member must have at least three years of service credit in the System. 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 repayment schedule into retirement.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Administrative Expenses:

The System is administered by the State of New Jersey Division of Pensions and Benefits. Administrative expenses are paid by the System to the State of New Jersey, Department of the Treasury and are included in the accompanying statements of changes in fiduciary net assets.

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, 2002, which include funding for the July 1, 2002 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

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.

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 and the local participating employers. Through fiscal year 2002, excess valuation assets may be used to the extent possible to offset normal contributions. Thereafter, a certain percentage of available excess valuation assets may be used as specified in the legislation.

As a result of Chapter 115, P.L. 1997, the State of New Jersey was not required to make a contribution to the System for the years ended June 30, 2002 and 2001, as excess valuation assets were available to fund the actuarially determined normal cost.

(4) FUNDS

This System maintains the following legally required funds:

Members' Annuity Savings Fund (2002 - $129,072,531; 2001 - $120,781,448)

The Members' Annuity Savings Fund (ASF) is credited with all contributions made by active members of the System.

(4) FUNDS, Continued

Contingent Reserve Fund (2002- $999,617,201; 2001 - $1,213,905,470)

The Contingent Reserve Fund is credited with the contributions of the State of New Jersey. Interest earnings, after crediting the Members' Annuity Savings Fund and the Retirement Reserve Fund, as required, are credited to this account. Additionally, payments for life insurance premiums are made from this Fund.

Retirement Reserve Fund (2002 - $436,611,517; 2001 - $426,970,710)

The Retirement Reserve Fund is the account from which retirement benefits other than life insurance premiums, including cost-of-living benefits, are paid. Upon retirement of a member, accumulated contributions are transferred to the Retirement Reserve Fund from the ASF. Any reserves needed to fund the balance of the retirement benefit are transferred from the Contingent Reserve Fund. Annually, interest as determined by the State Treasurer (8.75% for 2001 and 2000) is credited to the Retirement Reserve Fund.

(5) INCOME TAX STATUS

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

Schedule 1

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

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)
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%)
June 30, 2001	1,829,414,353	1,626,631,656	(202,782,697)	112.5%	199,727,203	(101.5%)

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

Required Supplementary Information, Continued

Schedule of Funding Progress - Additional Actuarial Information

Significant actuarial methods and assumptions used in the most recent June 30, 2001 and 2000 actuarial valuations included the following:

	June 30, 2001	June 30, 2000
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	31 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%

Annual covered payroll is an estimate based upon annualizing one quarter's actual payroll.

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

Required Supplementary Information, Continued

Schedule of Employer Contributions

YEAR ENDED JUNE 30,	ANNUAL REQUIRED CONTRIBUTION	EMPLOYER CONTRIBUTIONS(1)	PERCENTAGE CONTRIBUTED
1997	$ 44,384,679	$ 120,308,862(2)	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%
2002	24,990,652	—	0.0%

Notes to Schedule:

(1) Employer contributions exclude contributions received primarily from the Police and Firemen's Retirement System of New Jersey for certain members who transferred their eligible prior service credit to the State Police Retirement System.

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

(2) 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.

Schedule 3

STATE OF NEW JERSEY
STATE POLICE RETIREMENT SYSTEM

Schedule of Changes in Fiduciary Net Assets by Fund

Year ended June 30, 2002

	MEMBERS' ANNUITY SAVINGS FUND	CONTINGENT RESERVE FUND	RETIREMENT RESERVE FUND	TOTAL
Additions:				
Contributions:				
Members	$ 13,758,972	—	—	13,758,972
Employers	—	389,092	—	389,092
Other	—	88	—	88
Total contributions	13,758,972	389,180	—	14,148,152
Distribution of net investment income	—	(172,678,519)	37,359,937	(135,318,582)
Total additions	13,758,972	(172,289,339)	37,359,937	(121,170,430)
Deductions:				
Benefits	—	1,420,692	73,387,920	74,808,612
Refunds of contributions	110,988	12,350	—	123,338
Administrative expenses	—	253,999	—	253,999
Total deductions	110,988	1,687,041	73,387,920	75,185,949
Net increase (decrease) before transfers among reserves	13,647,984	(173,976,380)	(36,027,983)	(196,356,379)
Transfers among reserves:				
Retirements	(5,356,901)	(40,311,889)	45,668,790	—
Net increase (decrease)	8,291,083	(214,288,269)	9,640,807	(196,356,379)
Net assets held in trust for pension benefits:				
Beginning of year	120,781,448	1,213,905,470	426,970,710	1,761,657,628
End of year	$ 129,072,531	999,617,201	436,611,517	1,565,301,249

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