

**DEPARTMENT OF
THE TREASURY**

Andrew P. Sidamon-Eristoff
State Treasurer

**DIVISION OF PENSIONS
AND BENEFITS**

Florence J. Sheppard
Acting Director

**CONSOLIDATED POLICE AND
FIREMEN'S PENSION FUND
OF NEW JERSEY**

BUCK CONSULTANTS
Actuaries and Consultants



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

TO THE HONORABLE
CHRIS CHRISTIE
GOVERNOR of the STATE OF NEW JERSEY

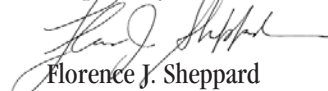
Dear Governor Christie:

The Commission for the

CONSOLIDATED POLICE AND FIREMEN'S PENSION FUND

is pleased to present the Fiscal Year 2012 Annual Report in accordance with the provisions of N.J.S.A. 43:16-6.2.

Respectfully submitted,

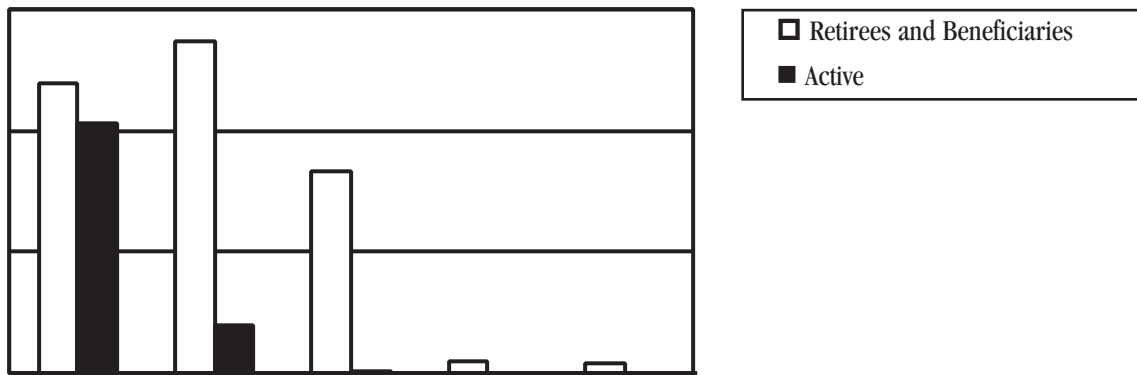

Florence J. Sheppard
Acting Director

SIGNIFICANT LEGISLATION

There were no significant changes in legislation governing the Consolidated Police and Firemen's Pension Fund during fiscal year 2012.

MEMBERSHIP

- As of June 30, 2012, the active membership of the fund totaled zero. There were 224 retirees and beneficiaries receiving annual pensions totaling \$5,046,645.
- The fund's assets totaled \$5,259,544 at the close of the fiscal year 2012.





CliftonLarsonAllen

Independent Auditor's Report

The Board of Trustees
State of New Jersey
Consolidated Police and Firemen's Pension Fund

We have audited the accompanying statements of fiduciary net assets of the State of New Jersey Consolidated Police and Firemen's Pension Fund (the Fund) as of June 30, 2012 and 2011, and the related statements of changes in fiduciary net assets for the years then ended. These financial statements are the responsibility of the Fund'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 Consolidated Police and Firemen's Pension Fund as of June 30, 2012 and 2011, and changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2 through 5 and the schedules of funding progress and employer contributions and related additional actuarial information (schedules 1 and 2) be presented to supplement the basic financial statements, such information although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information, the schedule of changes in fiduciary net assets by fund (schedule 3), is presented for purposes of additional analysis and is not a required part of the basic financial statements. The additional information, the schedule of changes in fiduciary net assets by fund, has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information, the schedule of changes in fiduciary net assets by fund, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

CliftonLarsonAllen LLP

Mt. Laurel, New Jersey
November 5, 2012

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Management's Discussion and Analysis

June 30, 2012 and 2011

Our discussion and analysis of the financial performance of the Consolidated Police and Firemen's Pension Fund (the Fund) provides an overview of the Fund's financial activities for the fiscal years ended June 30, 2012 and 2011. Please read it in conjunction with the basic financial statements and financial statement footnotes, which follow this discussion.

Financial Highlights

2012 – 2011

- Net assets held in trust for pension benefits decreased by \$1,632,819 as a result of fiscal year 2012's operations from \$6,491,679 to \$4,858,860.
- Additions for the year are \$3,427,978, which are comprised of contributions of \$3,427,768 and net investment income of \$210.
- Deductions for the year are \$5,060,797, which are comprised of benefit payments of \$5,046,645 and administrative expenses of \$14,152.

2011 – 2010

- Net assets held in trust for pension benefits decreased by \$2,269,056 as a result of fiscal year 2011's operations from \$8,760,735 to \$6,491,679.
- Additions for the year are \$4,058,712, which are comprised of contributions of \$4,041,456 and net investment income of \$17,256.
- Deductions for the year are \$6,327,768, which are comprised of benefit payments of \$6,308,586 and administrative expenses of \$19,182.

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 Fund and about its activities to help you assess whether the Fund, 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 of all of the assets and liabilities of the Fund at the end of the fiscal year. The difference between assets and liabilities represents the Fund's fiduciary net assets. Over time, increases or decreases in the Fund's fiduciary net assets provide one indication of whether the financial health of the Fund 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 Fund'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 Fund is becoming financially stronger or weaker.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Management's Discussion and Analysis

June 30, 2012 and 2011

Financial Analysis

Summary of Schedule of Fiduciary Net Assets

2012 – 2011

	<u>2012</u>	<u>2011</u>	<u>(Decrease)</u>
Assets	\$ 5,259,544	7,382,458	(2,122,914)
Liabilities	400,684	890,779	(490,095)
Net assets	<u>\$ 4,858,860</u>	<u>6,491,679</u>	<u>(1,632,819)</u>

The Fund's assets mainly consist of cash, investments, and contributions due from other funds. Between fiscal years 2011 and 2012, total assets decreased by \$2.1 million or 28.8% primarily due to a reduction in the Cash Management Fund (CMF) that was utilized to pay the benefits of the fund and a small decrease in accounts receivable.

Liabilities consist of pension benefit payments owed to retirees and beneficiaries and other payables. Total liabilities decreased by \$490.1 thousand or 55.0% due to a decrease in other payables of \$378.9 thousand and a decrease of pension payroll payable of \$111.2 thousand as a result of the declining number of retirees and beneficiaries in the fund.

Net assets held in trust for pension benefits decreased by \$1.6 million or 25.2% primarily because benefit payments exceeded the State contribution, which was \$0.2 million for this fiscal year, and the remaining fund balance is being utilized to pay benefits to the declining number of retirees and beneficiaries of this closed fund.

Summary of Schedule of Fiduciary Net Assets

2011 – 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Assets	\$ 7,382,458	9,421,284	(2,038,826)
Liabilities	890,779	660,549	230,230
Net assets	<u>\$ 6,491,679</u>	<u>8,760,735</u>	<u>(2,269,056)</u>

The Fund's assets mainly consist of cash, investments, and contributions due from other funds. Between fiscal years 2010 and 2011, total assets decreased by \$2.0 million or 21.6% primarily due to a decrease in the amount invested in the Cash Management Fund (CMF) and mortgages and in accounts receivable.

Liabilities mainly consist of pension benefit payments owed to retirees and beneficiaries. Total liabilities increased by \$230.2 thousand or 34.9% due to an increase in various payables of \$351.5 thousand and a decrease of pension payroll payable of \$121.3 thousand as a result of the declining number of retirees and beneficiaries in the Fund.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Management's Discussion and Analysis

June 30, 2012 and 2011

Net assets held in trust for pension benefits decreased by \$2.6 million or 23.1% primarily because benefit payments exceeded the State contribution, which was zero for this fiscal year, and investment revenues as employer contributions to the Fund are being reduced as the number of retirees and beneficiaries decline in this closed Fund.

Summary of Changes to Fiduciary Net Assets

2012– 2011

	<u>2012</u>	<u>2011</u>	<u>Increase (decrease)</u>
Additions:			
Employer contributions	\$ 3,427,768	4,041,456	(613,688)
Net investment income	210	17,256	(17,046)
Total additions	<u>3,427,978</u>	<u>4,058,712</u>	<u>(630,734)</u>
Deductions:			
Benefits	5,046,645	6,308,586	(1,261,941)
Administrative expenses	14,152	19,182	(5,030)
Total deductions	<u>5,060,797</u>	<u>6,327,768</u>	<u>(1,266,971)</u>
Changes in net assets	<u>\$ (1,632,819)</u>	<u>(2,269,056)</u>	<u>636,237</u>

Additions primarily consist of employer contributions and earnings from investment activities. Employer contributions are made primarily by the State to provide funding for pension benefits. Contributions are also received from the Pension Adjustment Fund (PAJ) to cover the cost-of-living adjustments included in benefit payments.

The State made a contribution of \$0.2 million, and the PAJ contribution was \$3.2 million. Local employers contributed \$19.2 thousand representing administrative fees billed to various locations in fiscal year 2012.

Net investment income decreased by 17.0 thousand or 98.8% due to their being less investment income earned on the CMF in fiscal year 2012 as compared to fiscal year 2011.

Deductions are comprised of pension benefit payments to retirees and beneficiaries and administrative costs incurred by the Fund to run the pension plan. Benefit payments decreased by \$1.3 million or 20.0% due to the reduction in the number of retirees and beneficiaries receiving benefits. Administrative expenses decreased by 26.2%.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Management's Discussion and Analysis

June 30, 2012 and 2011

Summary of Changes to Fiduciary Net Assets

2011- 2010

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>
Additions:			
Employer contributions	\$ 4,041,456	4,843,697	(802,241)
Net investment income	17,256	35,223	(17,967)
Total additions	<u>4,058,712</u>	<u>4,878,920</u>	<u>(820,208)</u>
Deductions:			
Benefits	6,308,586	7,495,068	(1,186,482)
Administrative expenses	19,182	8,200	10,982
Total deductions	<u>6,327,768</u>	<u>7,503,268</u>	<u>(1,175,500)</u>
Changes in net assets	<u>\$ (2,269,056)</u>	<u>(2,624,348)</u>	<u>355,292</u>

Additions primarily consist of employer contributions and earnings from investment activities. Employer contributions are made primarily by the State to provide funding for pension benefits. Contributions are also received from the Pension Adjustment Fund to cover the cost-of-living adjustments included in benefit payments. The State did not make a contribution for fiscal year 2011. Local employers contributed \$8.2 thousand representing administrative fees billed to various locations in fiscal year 2011.

Net investment income decreased by 51.0% due to the decline in the net appreciation in the fair value of investments and less income earned on these investments.

Deductions are mainly comprised of pension benefit payments to retirees and beneficiaries and administrative costs incurred by the Fund. Benefit payments decreased by \$1.2 million or 15.8% due to fewer retirees and beneficiaries. Administrative expenses increased by 133.9% due to a change in the method of calculating the amount reimbursed to the State of New Jersey general fund between fiscal years 2010 and 2011.

Retirement System as a Whole

The overall funded ratios are 88.5% for fiscal year 2012 and 89.9% for fiscal year 2011.

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 Fund's finances and to show the Fund'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
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Statements of Fiduciary Net Assets

June 30, 2012 and 2011

	2012	2011
Assets:		
Cash	\$ 425,590	84,365
Investments, at fair value:		
Cash Management Fund	4,394,113	6,574,569
Mortgages	—	68,914
Total investments	4,394,113	6,643,483
Receivables:		
Accrued interest	22	404
Due from pension adjustment fund	231,057	294,471
Other	208,762	359,735
Total receivables	439,841	654,610
Total assets	5,259,544	7,382,458
Liabilities:		
Accounts payable and accrued expenses	8,677	387,602
Retirement benefits payable	392,007	503,177
Total liabilities	400,684	890,779
Net assets:		
Held in trust for pension benefits	\$ 4,858,860	6,491,679

See schedule of funding progress on pages 15-16.

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Statements of Changes in Fiduciary Net Assets

Years ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Additions:		
Contributions:		
Employers	\$ 193,183	8,199
Pension adjustment fund	3,234,585	4,033,257
Total contributions	<u>3,427,768</u>	<u>4,041,456</u>
Investment income:		
Net depreciation in fair value of investments	(7,849)	(2,808)
Interest	12,882	26,322
	5,033	23,514
Less investment expense	4,823	6,258
Net investment income	<u>210</u>	<u>17,256</u>
Total additions	<u>3,427,978</u>	<u>4,058,712</u>
Deductions:		
Benefits	5,046,645	6,308,586
Administrative expenses	14,152	19,182
Total deductions	<u>5,060,797</u>	<u>6,327,768</u>
Change in net assets	(1,632,819)	(2,269,056)
Net assets – beginning of year	<u>6,491,679</u>	<u>8,760,735</u>
Net assets – end of year	<u>\$ 4,858,860</u>	<u>6,491,679</u>

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Notes to Financial Statements

June 30, 2012 and 2011

(1) Description of the Fund

The State of New Jersey Consolidated Police and Firemen's Pension Fund (the Fund; CPFPPF) is a cost-sharing contributory defined benefit plan with a special funding situation which was established as of January 1, 1952, under the provisions of N.J.S.A. 43:16. The Fund is included along with other state-administered pension trust and agency funds in the basic financial statements of the State of New Jersey.

The Fund's designated purpose is to provide retirement, death and disability benefits to its members. Membership in the Fund is limited to county and municipal police and firemen who were appointed prior to July 1, 1944. The Fund's Board of Trustees is primarily responsible for its administration.

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

Vesting and Benefit Provisions

The vesting and benefit provisions are set by N.J.S.A. 43:16. The CPFPPF 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.

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

Membership and Contributing Employers

Membership in the Fund at July 1, 2011 and 2010, the dates of the most recent actuarial valuations, consisted of 310 and 396 retirees and beneficiaries, respectively, receiving benefits currently. Additionally, there were 68 and 78 local employers and the State of New Jersey contributing to the Fund in fiscal year 2012 and 2011, respectively.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Notes to Financial Statements

June 30, 2012 and 2011

(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 Fund is accounted for using an economic resources measurement focus.

The accrual basis of accounting is used for measuring financial position and changes in fiduciary net assets of the Fund. 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 Fund 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*. Employer contributions are recognized when payable to the Fund. Benefits and refunds are recognized when due and payable in accordance with the terms of the Fund.

Investments

The Division of Investment, Department of the Treasury, State of New Jersey (Division of Investment) manages and invests certain assets of seven of the defined benefit plans (PERS, TPAF, JRS, PFRS, CPFPE, SPRS and POPF). The Division of Investment separately reports the assets, liabilities and net assets of the underlying investment portfolio of the seven defined benefit plans in its Pension Fund report.

Investments are reported at fair value as follows:

- Cash Management Fund – closing bid price on the last day of trading during the period as determined by the Transfer Agent.

Investment transactions are accounted for on a trade or investment date basis. Gains and losses from investment transactions are determined by the average cost method. Interest and dividend income is recorded on the accrual basis, with dividends accruing on the ex-dividend date.

The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the Fund, and it is unrated.

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. 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 State of New Jersey, Department of the Treasury, 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.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Notes to Financial Statements

June 30, 2012 and 2011

The purchase, sale, receipt of income, and other transactions affecting investments are governed by custodial agreements between the Fund, through the State Treasurer, and custodian banks as agents for the Fund. 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.

Administrative Expenses

The Fund is administered by the State of New Jersey Division of Pensions and Benefits. Administrative expenses are paid by the Fund to the State of New Jersey, Department of the Treasury, and are included in the accompanying financial statements.

Use of Estimates

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

Funded Status and Funding Progress

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

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

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

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Notes to Financial Statements

June 30, 2012 and 2011

Actuarial Methods and Assumptions

In the July 1, 2011 and 2010 actuarial valuations, the projected unit credit was used as the actuarial cost method, and market value was used as the asset valuation method for the Fund. The actuarial assumptions included 2% for investment rate of return.

Actuarial valuation date	July 1, 2011	July 1, 2010
Actuarial value of assets	\$ 8,126,894	\$ 10,632,228
Actuarial accrued liability	9,179,981	11,824,904
Unfunded actuarial accrued liability	1,053,087	1,192,676
Funded ratio	88.5%	89.9%
Covered payroll	N/A	N/A
Unfunded actuarial accrued liability as a percentage of covered payroll	N/A	N/A
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	1 year	1 year
Actuarial assumptions:		
Interest rate	2.00%	2.00%
Salary range	N/A	N/A
Cost-of-living adjustments	N/A	N/A

(3) Contributions

There are no active members in the CPFPPF.

The State made a contribution of \$0.2 million. Local employers contributed \$19.2 thousand representing administrative fees billed to various locations in fiscal year 2012. The State did not make any contribution for fiscal year 2011. Local employers contributed \$8.2 thousand representing administrative fees billed to various locations in fiscal year 2011.

(4) Funds

CPFPPF maintains the following legally required fund as follows:

Pension Reserve Fund (2012 – \$4,858,860; 2011 – \$6,491,679)

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

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Notes to Financial Statements

June 30, 2012 and 2011

(5) Income Tax Status

Based on an Internal Revenue Service determination letter received in June 2012, the Fund complies with the qualification requirement of the Internal Revenue Code.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Required Supplementary Information

Schedule of Funding Progress

(Unaudited – See accompanying independent auditor's report)

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (b)	Unfunded (overfunded) actuarial accrued liability (b – a)	Funded ratio (a / b)	Covered payroll (c)	Unfunded (overfunded) actuarial accrued liability as a percentage of covered payroll ((b – a) / c)
July 1, 2006	\$ 22,453,828	24,749,667	2,295,839	90.7%	N/A	N/A
July 1, 2007	19,336,247	21,090,186	1,753,939	91.7	N/A	N/A
July 1, 2008	15,705,984	17,319,488	1,613,504	90.7	N/A	N/A
July 1, 2009	13,515,949	14,024,132	508,183	96.4	N/A	N/A
July 1, 2010	10,632,228	11,824,904	1,192,676	89.9	N/A	N/A
July 1, 2011	8,126,894	9,179,981	1,053,087	88.5	N/A	N/A

(Continued)

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Required Supplementary Information

Schedule of Funding Progress – Additional Actuarial Information

(Unaudited – See accompanying independent auditor's report)

Significant actuarial methods and assumptions used in the most recent 2011 and 2010 actuarial valuations included the following:

	<u>July 1, 2011</u>	<u>July 1, 2010</u>
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	1 year	1 year
Actuarial assumptions:		
Interest rate	2.00%	2.00%
Salary range	N/A	N/A
Cost-of-living adjustments	N/A	N/A

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Required Supplementary Information

Schedule of Employer Contributions

(Unaudited – See accompanying independent auditor's report)

Year ended June 30	Annual required contribution	Employer contributions⁽¹⁾⁽²⁾	Percentage contributed
2007	\$ 8,474,210	1,784,000	21.1%
2008	2,388,591	523,000	21.9
2009	1,824,798	1,256,000	68.8
2010	1,678,690	— ⁽³⁾	—
2011	528,714	— ⁽³⁾	—
2012	1,240,860	173,790	14.0

Notes to schedule:

- (1) Excludes contributions from local employers to cover administrative expenses of the Fund.
- (2) Differences between the amounts in the employer contribution column in this schedule and the amounts recorded in the financial statements and footnotes are attributed to timing differences between the 2011 actuarial valuations and the actual amounts received in fiscal year 2012. Employer contributions per this schedule represent anticipated contribution amounts determined at the time the actuarial valuations were prepared and finalized prior to the end of fiscal year 2012. The financial statements and footnotes reflect the actual amounts received in 2012.
- (3) The fiscal year 2010 and 2011 employer contributions have been reduced in accordance with the provisions of the Appropriation Act for fiscal year 2010 and 2011, respectively.

**STATE OF NEW JERSEY
CONSOLIDATED POLICE AND FIREMEN'S
PENSION FUND**

Schedule of Changes in Fiduciary Net Assets by Fund

Year ended June 30, 2012

	Pension reserve fund	Pension adjustment pass-through	Total
Additions:			
Contributions:			
Employers	\$ 193,183	—	193,183
Pension adjustment fund	—	3,234,585	3,234,585
Total contributions	193,183	3,234,585	3,427,768
Distribution of net investment income	210	—	210
Total additions	193,393	3,234,585	3,427,978
Deductions:			
Benefits	1,812,060	3,234,585	5,046,645
Administrative expenses	14,152	—	14,152
Total deductions	1,826,212	3,234,585	5,060,797
Net decrease	(1,632,819)	—	(1,632,819)
Net assets held in trust for pension benefits:			
Beginning of year	6,491,679	—	6,491,679
End of year	\$ 4,858,860	—	4,858,860