



**STATE OF NEW JERSEY
AGENCY FUNDS**

Financial Statements and Schedules

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)

STATE OF NEW JERSEY
AGENCY FUNDS

Financial Statements and Schedules

June 30, 2013 and 2012

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KPMG LLP
New Jersey Headquarters
51 John F. Kennedy Parkway
Short Hills, NJ 07078-2702

Independent Auditors' Report

The Treasurer
State of New Jersey:

Report on the Financial Statements

We have audited the accompanying financial statements of the State of New Jersey Agency Funds (the Funds), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Funds basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of the State of New Jersey Agency Funds, as of June 30, 2013, in accordance with U.S. generally accepted accounting principles.



Other Matters

Predecessor Auditor's Opinion

The accompanying financial statements, and the related notes to the financial statements, of the Funds as of and for the year ended June 30, 2012, was audited by other auditors whose report thereon dated November 5, 2012, expressed an unmodified opinion on the financial statements and the related notes to the financial statements.

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4–6 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit, for the year ended June 30, 2013, was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Funds basic financial statements. The supplementary information included in schedules 1 through 9 as listed in the table of contents related to fiscal year 2013 (the Schedules) are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2013, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules for the fiscal year ended June 30, 2013 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The report of the other auditors on the basic financial statements of the Funds as of and for the year ended June 30, 2012, referred to in the predecessor auditor's opinion section above, stated that the supplementary information included in the Schedules related to fiscal year 2012 was subjected to the auditing procedures applied in the audit of the 2012 basic financial statements and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2012.

KPMG LLP

Short Hills, New Jersey
November 20, 2013

**STATE OF NEW JERSEY
AGENCY FUNDS**

Management's Discussion and Analysis

June 30, 2013 and 2012

Our discussion and analysis of the financial performance of the State of New Jersey Agency Funds, which consist of the Alternate Benefit Program Fund (ABP), the Pension Adjustment Fund (PAF), and the Dental Expense Program Fund (DEP) (the Funds), provides an overview of the Funds' financial position as of June 30, 2013 and 2012. Please read it in conjunction with the basic financial statements and related notes to the financial statements, which follow this discussion.

Financial Highlights

2013 – 2012

- The Funds' total additions are \$308.7 million, consisting of member and employer contributions of \$308.6 million and investment income of \$52.8 thousand.
- The Funds' total deductions are \$308.7 million, consisting of pension and insurance benefit expenses of \$302.7 million and other expenses of \$6.0 million.

2012 – 2011

- The Funds' total additions are \$306.3 million, consisting of member and employer contributions of \$306.2 million and investment income of \$42 thousand.
- The Funds' total deductions are \$306.3 million, consisting of pension and insurance benefit expenses of \$304.2 million and other expenses of \$2.1 million.

The Statement of Fiduciary Net Position

This annual report consists of one financial statement: *The Statement of Fiduciary Net Position*. This financial statement reports information about the Funds to help you assess whether the Funds, as a whole, have improved or declined as a result of the year's activities. The financial statement was prepared using the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurred.

The Statement of Fiduciary Net Position shows the balances of the assets and liabilities at the end of the fiscal year. The financial statement should be reviewed along with the information contained in the notes to the financial statements to determine whether the Funds are able to meet their financial obligations.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements and includes a description of the fiduciary funds.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Management's Discussion and Analysis

June 30, 2013 and 2012

Financial Analysis

Summary of Fiduciary Net Position

2013 – 2012

	<u>2013</u>	<u>2012</u>	<u>Increase</u>
Assets	\$ 66,414,176	60,038,707	6,375,469
Liabilities	<u>66,414,176</u>	<u>60,038,707</u>	<u>6,375,469</u>
Net position	<u>\$ —</u>	<u>—</u>	<u>—</u>

The Funds' assets consist of cash and cash equivalents, investments and contributions due from the State of New Jersey (the State) and local employers. Between fiscal years 2012 and 2013, total assets increased by \$6.4 million or 10.6%. This is attributable to the increased amount invested in the Cash Management Fund (CMF) of \$4.7 million and a net increase in cash and receivables of \$1.7 million. The increase in the CMF is mainly due to a decrease in total claims expense in DEP, which increased the funding available to be invested in CMF. Further, the increase in net cash and receivables is due to a large amount of member prepayments into DEP during fiscal year 2012, which did not occur in fiscal year 2013.

The Funds' liabilities vary according to the plan. In the ABP, they include reimbursements to state and county colleges, reimbursement to the State general fund for any unused appropriations and non-contributory group life insurance benefits payable. In the DEP, they include claims payable, and in the PAF, they include liabilities for payroll and amounts due to the State general fund and other pension funds. Between fiscal years 2012 and 2013, total liabilities of the Funds increased by \$6.4 million or 10.6%. This is comprised of a \$0.3 million increase in liabilities in the PAF, a \$5.9 million increase in liabilities in DEP, and a \$0.2 million increase in ABP liabilities.

Financial Analysis

Summary of Fiduciary Net Position

2012 – 2011

	<u>2012</u>	<u>2011</u>	<u>Increase</u>
Assets	\$ 60,038,707	47,982,744	12,055,963
Liabilities	<u>60,038,707</u>	<u>47,982,744</u>	<u>12,055,963</u>
Net position	<u>\$ —</u>	<u>—</u>	<u>—</u>

The Funds' assets consist of cash and cash equivalents, investments and contributions due from the State and local employers. Between fiscal years 2011 and 2012, total assets increased by \$12.0 million or 25.1%. This is attributable to the increased amount invested in the Cash Management Fund (CMF) of \$9.1 million, a small increase in cash and cash equivalents and an increase in total receivables of \$ 2.9 million.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Management's Discussion and Analysis

June 30, 2013 and 2012

The Funds' liabilities vary according to plan. In the ABP, they include reimbursements to state and county colleges, reimbursement to the State general fund of any unused appropriations and non-contributory group life insurance benefits payable. In the DEP, they include claims payable, and in the PAF, they include liabilities for payroll and amounts due to the State general fund and other pension funds. Between fiscal years 2011 and 2012, total liabilities increased by \$12.0 million or 25.1%. This is comprised of a \$0.8 million decrease in liabilities in the PAF, a \$6.6 million increase in liabilities in DEP, and a \$6.2 million increase in ABP liabilities.

Retirement System as a Whole

During the year, the ABP and the PAF received sufficient funding to meet their benefit obligations. The DEP received contributions to meet this year's 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. This report is available on the Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions. 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
AGENCY FUNDS**

Statements of Fiduciary Net Position

June 30, 2013 and 2012

	2013	2012
Assets:		
Cash and cash equivalents	\$ 1,572,900	2,410,643
Investments, at fair value:		
Cash Management Fund	32,917,968	28,235,738
Total investments	32,917,968	28,235,738
Receivables:		
State related employer contributions	628,277	852,147
Other contributions	31,295,031	28,540,179
Total receivables	31,923,308	29,392,326
Total assets	\$ 66,414,176	60,038,707
Liabilities:		
Accounts payable and accrued expenses	\$ 63,024,395	57,047,268
Assets held for local contributing employers	2,861,776	2,412,989
Pension adjustment payroll payable	252,882	237,510
Due to State of New Jersey	250,629	163,355
Due to other funds	24,494	177,585
Total liabilities	\$ 66,414,176	60,038,707

See accompanying notes to financial statements.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Notes to Financial Statements

June 30, 2013 and 2012

(1) Description of the Funds

Agency Funds

The Pension Adjustment Fund (PAF), Alternate Benefit Program Fund (ABP), and Dental Expense Program Fund (DEP) (the Funds) are reported as agency funds. The financial statement of the Funds is included along with other state-administered fiduciary funds in the basic financial statements of the State of New Jersey.

The State of New Jersey PAF was established in 1958 under the provisions of N.J.S.A. 43:3B. The PAF provides cost-of-living increases in retirement allowances to certain retired public employees and beneficiaries of retired members in the State of New Jersey Consolidated Police and Firemen’s Pension Fund (CPF), State of New Jersey Prison Officers’ Pension Fund (POPF), and State of New Jersey Central Pension Fund (CPF).

The State of New Jersey ABP was established by legislation in 1965 through 1968 for full-time faculty members of public institutions of higher education. It was later expanded to include certain administrative and professional titles.

The State of New Jersey DEP was established under the provision of N.J.S.A. 52:14-17.29. State employees and employees of participating employers may choose a traditional indemnity plan called Dental Expense Plan or prepaid dental health maintenance organization (HMO) called Dental Provider Organizations. Dental coverage is optional. In 2005, dental coverage was made available to State retirees and local retirees. The DEP – State is a single-employer defined other post-employment benefit (OPEB) plan and the DEP – Local is a multi-employer, cost-sharing defined OPEB plan.

(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. Agency funds do not have a measurement focus, but they employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs.

Membership and Contributing Employers

Membership in the Funds consisted of the following as of June 30, 2013 and 2012:

	2013		
State	Local	Total	
Dental Expense Program Fund*	118,224	58,288	176,512
Alternate Benefit Program Fund**	20,070	3,095	23,165
Pension Adjustment Fund	117,280	109,432	226,712

* Active and retired participants

** Including those receiving long-term disability benefits

**STATE OF NEW JERSEY
AGENCY FUNDS**

Notes to Financial Statements

June 30, 2013 and 2012

	2012		
	State	Local	Total
Dental Expense Program Fund*	116,691	53,326	170,017
Alternate Benefit Program Fund**	19,204	3,021	22,225
Pension Adjustment Fund	120,315	113,236	233,551

* Active and retired participants

** Including those receiving long-term disability benefits

Valuation of Investments

Cash Management Fund units are stated at fair value using the closing net position on the last day of trading during the period as determined by the Transfer Agent.

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. 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.

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.

Investments

The Funds' investments as of June 30, 2013 and 2012 consist of an interest in the Cash Management Fund. The Cash Management Fund is not evidenced by securities that exist in physical or book entry form held by the Funds, and it is unrated.

Administrative Expenses

The Funds are administered by the State of New Jersey Division of Pensions and Benefits. Administrative expenses are paid by the State of New Jersey, who is responsible for such costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Notes to Financial Statements

June 30, 2013 and 2012

Vesting and Benefit Provisions

Vesting and Benefit Provisions – ABP

ABP provides retirement benefits, disability benefits, and group life insurance benefits to eligible participants. Retirement benefits are payable upon separation from service with no age or service requirements. However, distributions under age 55 are limited to employee contributions and accumulations. The remaining employer's contributions and earnings are available for distribution upon attaining age 55. New ABP participants are vested after one year of service. Participants are immediately vested if the participant has an existing retirement account containing employer and employee contributions based on employment in public education, or is an active or vested member of a federal or state retirement system.

Benefit Provisions – PAF

PAF covers eligible retirees and survivors of the CPFPPF, POPF and CPF. Eligible retirees and/or survivors are those who have been retired at least 24 months.

Those eligible for benefits are entitled to cost-of-living (COLA) 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 twelve-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 after 24 months of retirement.

Chapter 4, P.L. 2001, provided increased benefits to certain members of the CPFPPF who retired prior to December 29, 1989 with at least 25 years of creditable service. The benefit increase was effective November 1, 2001. 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 would increase from 65% to 70% of final compensation. As a result of this legislation, cost-of-living benefits payable to eligible retirees also increased. The State, not the local municipalities, is responsible for these costs.

Pursuant to the provisions of Chapter 78, P.L. 2011, COLA increases are suspended for all current and future retirees and beneficiaries of all retirement systems. The law does not reduce any COLA increases that have already been added to retiree benefits.

Benefit Provisions – DEP – State and Local

The DEP provides coverage to employees and their eligible dependents for dental services performed by a qualified dentist. Employees are eligible for coverage after 60 days of employment.

**STATE OF NEW JERSEY
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Notes to Financial Statements

June 30, 2013 and 2012

(3) Contributions

Contribution Requirements – ABP

Members contribute a mandatory 5% of base or contractual salary that is tax deferred under the Section 414(h) provisions of the Internal Revenue Code (IRC). Members are also permitted to make voluntary federal tax-deferred contributions under IRC Section 403(b). The State of New Jersey pays the employer contribution for all State and county employees participating in the plan. The employer contribution is based on 8% of base or contractual salary. The State of New Jersey is also responsible for the cost of noncontributory life insurance coverage and disability coverage for its plan members.

The State made a contribution of \$158.1 million, excluding non-contributory group life insurance (NCGI) of \$17.6 million and short-term disability of \$3.0 million, for fiscal year 2013. The State made a contribution of \$157.8 million, excluding NCGI of \$16.3 million and short-term disability of \$1.2 million, for fiscal year 2012.

Contribution Requirements – PAF

The contribution requirements were established by N.J.S.A. 43:3B-4. The State of New Jersey is required to make an annual appropriation payment to fund the cost-of-living increases payable to retirees and beneficiaries of retired members in the CPFPPF, POPF and CPF. Funding is on a pay-as-you-go basis.

The State made a contribution of \$1.1 million for fiscal year 2013 and \$1.2 million for fiscal year 2012.

Contribution Requirements – DEP – State and Local

Contributions to pay for the premiums of participating employees in the DEP are collected from the State of New Jersey, local governmental and educational employers, active employees, and former and retired members who have elected to participate under the rules of Consolidated Omnibus Budget Reconciliation Act (COBRA). The cost of the premiums is shared by the State of New Jersey and active State employees. Former and retired employees who have chosen to participate under the rules of COBRA pay the full cost of the premium. The employers are billed for the full cost of coverage. The State of New Jersey provides contributions through State appropriations. These appropriations are distributed to the DEP on a biweekly and monthly basis. The active member share of the cost of premiums, which is included in the billing to the employers, is paid to the State on a biweekly and monthly basis. Members participating under COBRA remit their payments on a monthly basis. Retirees pay 100% of the overall dental cost.

The State made a contribution of \$33.6 million, excluding administrative and other revenue of \$24.5 thousand, for fiscal year 2013. The local contribution was \$3.5 million for fiscal year 2013. The State made a contribution of \$37.9 million, excluding administrative revenue of \$5.4 thousand, for fiscal year 2012. The local contribution was \$2.7 million for fiscal year 2012.

(4) Income Tax Status

The ABP received a determination letter that it complies with the qualification requirements of the IRC in September 2012.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Combining Schedule of Balance Sheet Information
Fiduciary Funds – Agency Funds

June 30, 2013

	Alternate Benefit Program Fund	Pension Adjustment Fund	Dental Expense Program Fund	Total Agency Funds
Assets:				
Cash and cash equivalents	\$ 362,785	516,472	693,643	1,572,900
Investments, at fair value:				
Cash Management Fund	1,344,122	2,085,549	29,488,297	32,917,968
Total investments	<u>1,344,122</u>	<u>2,085,549</u>	<u>29,488,297</u>	<u>32,917,968</u>
Receivables:				
State related employer contributions	—	628,277	—	628,277
Other contributions	30,598,386	3,890	692,755	31,295,031
Total receivables	<u>30,598,386</u>	<u>632,167</u>	<u>692,755</u>	<u>31,923,308</u>
Total assets	<u>\$ 32,305,293</u>	<u>3,234,188</u>	<u>30,874,695</u>	<u>66,414,176</u>
Liabilities:				
Accounts payable and accrued expenses	\$ 32,149,700	—	30,874,695	63,024,395
Assets held for local contributing employers	—	2,861,776	—	2,861,776
Pension adjustment payroll payable	—	252,882	—	252,882
Due to State of New Jersey	155,593	95,036	—	250,629
Due to other funds	—	24,494	—	24,494
Total liabilities	<u>\$ 32,305,293</u>	<u>3,234,188</u>	<u>30,874,695</u>	<u>66,414,176</u>

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
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Combining Schedule of Changes in Fiduciary Net Position Information
Fiduciary Funds – Agency Funds

Year ended June 30, 2013

	<u>Alternate Benefit Program Fund</u>	<u>Pension Adjustment Fund</u>	<u>Dental Expense Program Fund</u>	<u>Total Agency Funds</u>
Additions:				
Contributions:				
Members	\$ 946,849	—	87,937,284	88,884,133
Employers	<u>178,747,795</u>	<u>3,929,914</u>	<u>37,086,156</u>	<u>219,763,865</u>
Total contributions	<u>179,694,644</u>	<u>3,929,914</u>	<u>125,023,440</u>	<u>308,647,998</u>
Investment income:				
Net appreciation in fair value of investments	29	32	305	366
Interest	<u>3,255</u>	<u>9,009</u>	<u>40,180</u>	<u>52,444</u>
Total investment income	<u>3,284</u>	<u>9,041</u>	<u>40,485</u>	<u>52,810</u>
Total additions	<u>179,697,928</u>	<u>3,938,955</u>	<u>125,063,925</u>	<u>308,700,808</u>
Deductions:				
Benefits	179,539,932	3,459,830	119,656,246	302,656,008
Refunds of contributions and to the general fund	<u>157,996</u>	<u>479,125</u>	<u>5,407,679</u>	<u>6,044,800</u>
Total deductions	<u>179,697,928</u>	<u>3,938,955</u>	<u>125,063,925</u>	<u>308,700,808</u>
Change in net assets	—	—	—	—
Net position – Beginning of year	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net position – End of year	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
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Combining Schedule of Balance Sheet Information
Agency Fund – Dental Expense Program

June 30, 2013

	<u>State</u>	<u>Local</u>	Total Agency Fund - Dental Expense Program
Assets:			
Cash and cash equivalents	\$ 673,910	19,733	693,643
Investments, at fair value:			
Cash Management Fund	<u>19,724,945</u>	<u>9,763,352</u>	<u>29,488,297</u>
Total investments	<u>19,724,945</u>	<u>9,763,352</u>	<u>29,488,297</u>
Receivables:			
Other contributions	<u>675,779</u>	<u>16,976</u>	<u>692,755</u>
Total receivables	<u>675,779</u>	<u>16,976</u>	<u>692,755</u>
Total assets	<u>\$ 21,074,634</u>	<u>9,800,061</u>	<u>30,874,695</u>
Liabilities:			
Accounts payable and accrued expenses	<u>\$ 21,074,634</u>	<u>9,800,061</u>	<u>30,874,695</u>
Total liabilities	<u>\$ 21,074,634</u>	<u>9,800,061</u>	<u>30,874,695</u>

See accompanying independent auditors' report.

**STATE OF NEW JERSEY
AGENCY FUNDS**

Combining Schedule of Changes in Fiduciary Net Position Information
Agency Fund – Dental Expense Program

Year ended June 30, 2013

	<u>State</u>	<u>Local</u>	<u>Total Agency Fund - Dental Expense Program</u>
Additions:			
Contributions:			
Members	\$ 51,687,697	36,249,587	87,937,284
Employers	33,594,744	3,491,412	37,086,156
Total contributions	<u>85,282,441</u>	<u>39,740,999</u>	<u>125,023,440</u>
Investment income:			
Net appreciation in fair value of investments	290	15	305
Interest	29,304	10,876	40,180
Total investment income	<u>29,594</u>	<u>10,891</u>	<u>40,485</u>
Total additions	<u>85,312,035</u>	<u>39,751,890</u>	<u>125,063,925</u>
Deductions:			
Benefits	81,190,403	38,465,843	119,656,246
Refunds of contributions and to the general fund	4,121,632	1,286,047	5,407,679
Total deductions	<u>85,312,035</u>	<u>39,751,890</u>	<u>125,063,925</u>
Change in net position	—	—	—
Net position – Beginning of year	—	—	—
Net position – End of year	<u>\$ —</u>	<u>—</u>	<u>—</u>

See accompanying independent auditors' report.

STATE OF NEW JERSEY
AGENCY FUNDS

Schedule of Changes in Assets and Liabilities Information
Agency Fund – Alternate Benefit Program Fund

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 752,115	159,545,785	159,935,115	362,785
Investments, at fair value:				
Cash Management Fund	558,756	185,061,944	184,276,578	1,344,122
Receivables:				
Other contributions	<u>30,816,885</u>	<u>30,598,386</u>	<u>30,816,885</u>	<u>30,598,386</u>
Total assets	<u>\$ 32,127,756</u>	<u>375,206,115</u>	<u>375,028,578</u>	<u>32,305,293</u>
Liabilities:				
Accounts payable and accrued expenses	\$ 32,028,529	34,486,560	34,365,389	32,149,700
Due to State of New Jersey	<u>99,227</u>	<u>244,108</u>	<u>187,742</u>	<u>155,593</u>
Total liabilities	<u>\$ 32,127,756</u>	<u>34,730,668</u>	<u>34,553,131</u>	<u>32,305,293</u>

See accompanying independent auditors' report.

STATE OF NEW JERSEY
AGENCY FUNDS

Schedule of Changes in Assets and Liabilities Information
Agency Fund – Pension Adjustment Fund

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 610,514	3,207,549	3,301,591	516,472
Investments, at fair value:				
Cash Management Fund	1,420,116	4,296,771	3,631,338	2,085,549
Receivables:				
State related employer contributions	852,147	3,421,388	3,645,258	628,277
Other contributions	9,435	34,146	39,691	3,890
Total assets	<u>\$ 2,892,212</u>	<u>10,959,854</u>	<u>10,617,878</u>	<u>3,234,188</u>
Liabilities:				
Assets held for local contributing employers	\$ 2,412,989	448,186	(601)	2,861,776
Pension adjustment payroll payable	237,510	3,461,482	3,446,110	252,882
Due to State of New Jersey	64,128	95,036	64,128	95,036
Due to other funds	177,585	2,569,122	2,722,213	24,494
Total liabilities	<u>\$ 2,892,212</u>	<u>6,573,826</u>	<u>6,231,850</u>	<u>3,234,188</u>

See accompanying independent auditors' report.

STATE OF NEW JERSEY
AGENCY FUNDS

Schedule of Changes in Assets and Liabilities Information
Agency Fund – Dental Expense Program – Total

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 1,048,014	37,647,373	38,001,744	693,643
Investments, at fair value:				
Cash Management Fund	26,256,866	190,441,901	187,210,470	29,488,297
Receivables:				
Other contributions	(2,286,141)	125,367,419	122,388,523	692,755
Total assets	<u>\$ 25,018,739</u>	<u>353,456,693</u>	<u>347,600,737</u>	<u>30,874,695</u>
Liabilities:				
Accounts payable and accrued expenses	<u>\$ 25,018,739</u>	<u>76,233,756</u>	<u>70,377,800</u>	<u>30,874,695</u>
Total liabilities	<u>\$ 25,018,739</u>	<u>76,233,756</u>	<u>70,377,800</u>	<u>30,874,695</u>

See accompanying independent auditors' report.

STATE OF NEW JERSEY
AGENCY FUNDS

Schedule of Changes in Assets and Liabilities Information
Agency Fund – Dental Expense Program – State

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 651,305	32,526,886	32,504,281	673,910
Investments, at fair value:				
Cash Management Fund	15,956,388	150,989,086	147,220,529	19,724,945
Receivables:				
Other contributions	572,165	82,664,609	82,560,995	675,779
Total assets	<u>\$ 17,179,858</u>	<u>266,180,581</u>	<u>262,285,805</u>	<u>21,074,634</u>
Liabilities:				
Accounts payable and accrued expenses	<u>\$ 17,179,858</u>	<u>69,591,369</u>	<u>65,696,593</u>	<u>21,074,634</u>
Total liabilities	<u>\$ 17,179,858</u>	<u>69,591,369</u>	<u>65,696,593</u>	<u>21,074,634</u>

See accompanying independent auditors' report.

STATE OF NEW JERSEY
AGENCY FUNDS

Schedule of Changes in Assets and Liabilities Information
Agency Fund – Dental Expense Program – Local

June 30, 2013

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2013</u>
Assets:				
Cash and cash equivalents	\$ 396,709	5,120,487	5,497,463	19,733
Investments, at fair value:				
Cash Management Fund	10,300,478	39,452,815	39,989,941	9,763,352
Receivables:				
Other contributions	<u>(2,858,306)</u>	<u>42,702,810</u>	<u>39,827,528</u>	<u>16,976</u>
Total assets	<u>\$ 7,838,881</u>	<u>87,276,112</u>	<u>85,314,932</u>	<u>9,800,061</u>
Liabilities:				
Accounts payable and accrued expenses	<u>\$ 7,838,881</u>	<u>6,642,387</u>	<u>4,681,207</u>	<u>9,800,061</u>
Total liabilities	<u>\$ 7,838,881</u>	<u>6,642,387</u>	<u>4,681,207</u>	<u>9,800,061</u>

See accompanying independent auditors' report.