

**STATE OF NEW JERSEY  
BUDGETARY COMPARISON SCHEDULE  
MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<b>General Fund</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 12,476,416,000	\$ 12,185,419,000	\$ 12,331,317,446	\$ 145,898,446
Federal and other grants	8,767,307,360	9,009,279,768	7,557,616,628	(1,451,663,140 )
Licenses and fees	1,127,855,103	978,113,990	817,240,461	(160,873,529 )
Services and assessments	2,118,196,234	1,799,053,671	1,581,802,312	(217,251,359 )
Investment earnings	20,000	24,325,967	28,772,194	4,446,227
Contributions	--	--	650	650
Other	3,345,826,166	3,525,366,489	2,830,898,451	(694,468,038 )
<b>Total Revenues</b>	<b>27,835,620,863</b>	<b>27,521,558,885</b>	<b>25,147,648,142</b>	<b>(2,373,910,743 )</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	3,802,688,000	4,691,291,394	4,000,473,694	(690,817,700 )
<b>Total Other Financing Sources</b>	<b>3,802,688,000</b>	<b>4,691,291,394</b>	<b>4,000,473,694</b>	<b>(690,817,700 )</b>
<b>Total Revenues and Other Financing Sources</b>	<b>31,638,308,863</b>	<b>32,212,850,279</b>	<b>29,148,121,836</b>	<b>(3,064,728,443 )</b>
<b>EXPENDITURES</b>				
Public safety and criminal justice	3,308,246,488	3,389,053,780	2,941,689,413	447,364,367
Physical and mental health	9,479,122,477	9,790,455,826	9,082,340,586	708,115,240
Educational, cultural, and intellectual development	6,566,034,259	6,162,521,165	5,873,942,589	288,578,576
Community development and environmental management	1,751,230,171	1,765,964,138	1,184,100,579	581,863,559
Economic planning, development, and security	3,649,125,435	3,725,346,489	3,119,077,550	606,268,939
Transportation programs	482,571,807	517,855,401	456,556,000	61,299,401
Government direction, management, and control	4,295,088,071	4,325,297,878	3,851,955,124	473,342,754
Special government services	380,841,244	383,669,469	292,325,361	91,344,108
<b>Total Expenditures</b>	<b>29,912,259,952</b>	<b>30,060,164,146</b>	<b>26,801,987,202</b>	<b>3,258,176,944</b>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	2,150,403,911	2,158,068,911	2,145,239,911	12,829,000
<b>Total Other Financing Uses</b>	<b>2,150,403,911</b>	<b>2,158,068,911</b>	<b>2,145,239,911</b>	<b>12,829,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>32,062,663,863</b>	<b>32,218,233,057</b>	<b>28,947,227,113</b>	<b>3,271,005,944</b>
Net change in fund balance	(424,355,000 )	(5,382,778 )	200,894,723	(206,277,501 )
<b>FUND BALANCES - JULY 1, 2004</b>	<b>533,999,000</b>	<b>376,502,210</b>	<b>376,502,210</b>	<b>--</b>
<b>FUND BALANCES- JUNE 30, 2005</b>	<b>\$ 109,644,000</b>	<b>\$ 371,119,432</b>	<b>\$ 577,396,933</b>	<b>\$ (206,277,501 )</b>

**Property Tax Relief Fund**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
\$	8,945,458,559	\$ 9,640,458,559	\$ 9,537,938,903	\$ (102,519,656 )
	--	--	--	--
	--	--	--	--
	--	--	--	--
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	--	--	--	--
	<u>8,945,458,559</u>	<u>9,640,458,559</u>	<u>9,537,938,903</u>	<u>(102,519,656 )</u>
	--	--	--	--
	--	--	--	--
	<u>8,945,458,559</u>	<u>9,640,458,559</u>	<u>9,537,938,903</u>	<u>(102,519,656 )</u>
	--	--	--	--
	--	--	--	--
	6,102,720,632	6,159,513,491	6,591,542,173	(432,028,682 )
	935,836,258	873,484,755	936,280,152	(62,795,397 )
	--	--	--	--
	--	--	--	--
	1,906,901,669	2,157,648,313	1,756,211,699	401,436,614
	--	--	--	--
	<u>8,945,458,559</u>	<u>9,190,646,559</u>	<u>9,284,034,024</u>	<u>(93,387,465 )</u>
	--	625,076,000	--	625,076,000
	--	625,076,000	--	625,076,000
	<u>8,945,458,559</u>	<u>9,815,722,559</u>	<u>9,284,034,024</u>	<u>531,688,535</u>
	--	(175,264,000 )	253,904,879	(429,168,879 )
	--	175,264,480	175,264,480	--
<u>\$</u>	<u>--</u>	<u>\$ 480</u>	<u>\$ 429,169,359</u>	<u>\$ (429,168,879 )</u>

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**STATE OF NEW JERSEY  
BUDGETARY COMPARISON SCHEDULE (Continued)  
MAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<b>TOTAL MAJOR GOVERNMENTAL FUNDS</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget</b>
<b>REVENUES</b>				
Taxes	\$ 21,421,874,559	\$ 21,825,877,559	\$ 21,869,256,349	\$ 43,378,790
Federal and other grants	8,767,307,360	9,009,279,768	7,557,616,628	(1,451,663,140 )
Licenses and fees	1,127,855,103	978,113,990	817,240,461	(160,873,529 )
Services and assessments	2,118,196,234	1,799,053,671	1,581,802,312	(217,251,359 )
Investment earnings	20,000	24,325,967	28,772,194	4,446,227
Contributions	--	--	650	650
Other	3,345,826,166	3,525,366,489	2,830,898,451	(694,468,038 )
<b>Total Revenues</b>	<b>36,781,079,422</b>	<b>37,162,017,444</b>	<b>34,685,587,045</b>	<b>(2,476,430,399 )</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	3,802,688,000	4,691,291,394	4,000,473,694	(690,817,700 )
<b>Total Other Financing Sources</b>	<b>3,802,688,000</b>	<b>4,691,291,394</b>	<b>4,000,473,694</b>	<b>(690,817,700 )</b>
<b>Total Revenues and Other Financing Sources</b>	<b>40,583,767,422</b>	<b>41,853,308,838</b>	<b>38,686,060,739</b>	<b>(3,167,248,099 )</b>
<b>EXPENDITURES</b>				
Public safety and criminal justice	3,308,246,488	3,389,053,780	2,941,689,413	447,364,367
Physical and mental health	9,479,122,477	9,790,455,826	9,082,340,586	708,115,240
Educational, cultural, and intellectual development	12,668,754,891	12,322,034,656	12,465,484,762	(143,450,106 )
Community development and environmental management	2,687,066,429	2,639,448,893	2,120,380,731	519,068,162
Economic planning, development, and security	3,649,125,435	3,725,346,489	3,119,077,550	606,268,939
Transportation programs	482,571,807	517,855,401	456,556,000	61,299,401
Government direction, management, and control	6,201,989,740	6,482,946,191	5,608,166,823	874,779,368
Special government services	380,841,244	383,669,469	292,325,361	91,344,108
<b>Total Expenditures</b>	<b>38,857,718,511</b>	<b>39,250,810,705</b>	<b>36,086,021,226</b>	<b>3,164,789,479</b>
<b>OTHER FINANCING USES</b>				
Transfers to other funds	2,150,403,911	2,783,144,911	2,145,239,911	637,905,000
<b>Total Other Financing Uses</b>	<b>2,150,403,911</b>	<b>2,783,144,911</b>	<b>2,145,239,911</b>	<b>637,905,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>41,008,122,422</b>	<b>42,033,955,616</b>	<b>38,231,261,137</b>	<b>3,802,694,479</b>
Net change in fund balance	(424,355,000 )	(180,646,778 )	454,799,602	(635,446,380 )
<b>FUND BALANCES - JULY 1, 2004</b>	<b>533,999,000</b>	<b>551,766,690</b>	<b>551,766,690</b>	<b>--</b>
<b>FUND BALANCES- JUNE 30, 2005</b>	<b>\$ 109,644,000</b>	<b>\$ 371,119,912</b>	<b>\$ 1,006,566,292</b>	<b>\$ (635,446,380 )</b>

**STATE OF NEW JERSEY  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Explanation of differences between budgetary inflows and outflows  
and GAAP revenues and expenditures**

	<b>General Fund</b>	<b>Property Tax Relief Fund</b>
<b>Sources/inflows of resources:</b>		
Total revenues and other financing sources--actual amounts (budgetary basis) from the budgetary comparison schedule	\$29,148,121,836	\$9,537,938,903
Differences--budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	432,593,287	--
Federal revenue related to encumbrances is a budgetary resource but is not earned on a GAAP basis.	(137,125,296)	--
Proceeds and premium from the sale of school construction bonds by the Economic Development Authority are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	2,981,661,980	--
Proceeds and premium from the sale of general obligation refunding bonds are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	532,475,208	--
Proceeds and premiums from the sale of installment obligation bonds including refundings are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	45,521,797	--
Additions to other debt are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	237,658,025	--
Excess anticipated revenue transferred to Fund Balance - Reserved for Surplus Revenue is not a budgetary resource but is revenue for financial reporting purposes.	6,237,356	--
Revenues in other funds are not inflows of budgetary resources but have been incorporated into revenues for financial reporting purposes.	106,326,330	--
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	<b>\$33,353,470,523</b>	<b>\$9,537,938,903</b>

**STATE OF NEW JERSEY  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Explanation of differences between budgetary inflows and outflows  
and GAAP revenues and expenditures (continued)**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>
<b>Uses/outflows of resources:</b>		
Total expenditures and other financing uses--actual amounts (budgetary basis) from the budgetary comparison schedule	\$28,947,227,113	\$9,284,034,024
<b>Differences--budget to GAAP:</b>		
Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items are received for financial reporting purposes.	(1,070,785,887)	(103,234)
Expenditures in prior budget fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for financial reporting purposes.	781,263,441	4,801,952
Loans and travel advances are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(693,921)	--
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	(2,191,646)	--
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	432,593,287	--
School construction bonds proceeds distributed to the New Jersey Schools Construction Corporation are not outflows of budgetary resources but are expenditures and other financing uses for financial reporting purposes.	3,012,286,089	--
General obligation refunding bonds proceeds deposited with fiscal agent are not outflows of budgetary resources but are expenditures and other financing uses for financial reporting purposes.	532,475,208	--
Installment obligation refunding bonds proceeds deposited with fiscal agent are not outflows of budgetary resources but are expenditures and other financing uses for financial reporting purposes.	45,521,797	--
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	237,658,025	--
Expenditures in other funds are not outflows of budgetary resources but have been incorporated into expenditures for financial reporting purposes.	<u>1,947,204</u>	<u>--</u>
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	<u>\$32,917,300,710</u>	<u>\$9,288,732,742</u>

## STATE OF NEW JERSEY NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

### **Budgetary Process**

The Appropriations Act provides annual budgets for the General Fund and certain special revenue funds (Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief Funds). The State Legislature enacts the Budget through passage of specific departmental appropriations, the sum of which may not exceed estimated resources. It is a constitutional requirement that the Budget be balanced. The Governor certifies the revenues. Before signing the Appropriations Act, the Governor may veto or reduce any specific appropriation, subject to State Legislative override. Once passed and signed, the Appropriations Act becomes the State's financial plan for the coming fiscal year. Spending authority contained in the Appropriations Act may be revised by supplemental appropriations approved by both the State Legislature and the Governor. Expenditures are presented on the accompanying budgetary basis financial statements by statewide program classifications, not by the legal level of budgetary control. Detail at the departmental level is presented on the accompanying Schedules of Appropriations and Expenditures.

For the General Fund and budgeted special revenue funds, budgetary control (legal control) is maintained within the department (as indicated on the organization chart shown in the Transmittal Letter) at the appropriation line item level. Program classifications represent a lower level, operating program function, consisting of closely related activities with identifiable objectives or goals. Program classification examples include Water Supply Management, Forestry Management, Shellfish and Marine Fisheries Management, in the Department of Environmental Protection. Revisions to the Appropriations Act during the fiscal year may be effected with certain executive and legislative branch approvals. In accordance with the "General Provisions" section of the Annual Appropriations Act, the Executive Branch may amend the budget within a department with the approval of the Director of the Office of Management and Budget. Under specific conditions, additional approval by the Office of Legislative Services is required. Only the State Legislature, however, may transfer appropriations between departments. Transfers within a department are permitted within certain guidelines and Executive Branch approval.

Appropriations are authorized for expenditure during the fiscal year and for a period of one month thereafter, and unencumbered appropriations lapse at the end of the fiscal year, unless otherwise specified by the Appropriations Act.

The State's budgetary basis of accounting differs from that utilized to present fund financial statements in conformance with generally accepted accounting principles (GAAP). The main differences between the budgetary basis and the GAAP basis used to present fund financial statements, are that under the budgetary basis encumbrances are recognized as expenditures, the federal revenue related to such encumbrances is also recognized, and the budgetary basis reflects transactions only for the current fiscal year. In addition, under the GAAP basis in the fund financial statements, certain grants and other financial assistance are required to be recorded as revenues and expenditures.

The Budgetary Comparison Schedule displays the undesignated-unreserved fund balance for the original budget, final budget, and actual amounts (budgetary basis). The beginning fund balance for the original budget is estimated as of July 1 while the beginning fund balance for the final budget and actual amount columns represent actual amounts.

**REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS  
ALL PENSION TRUST FUNDS**

<b>Plan / Actuarial Valuation</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
<b>PERS - State</b>						
6/30/02	11,073,156,965	10,760,557,483	(312,599,482)	102.9%	3,511,151,199	(8.9)%
6/30/03	10,829,953,189	11,942,299,170	1,112,345,981	90.7%	3,576,118,300	31.1%
6/30/04	10,693,508,592	12,620,379,435	1,926,870,843	84.7%	3,751,765,096	51.4%
<b>PERS - Local</b>						
6/30/02	16,503,081,054	14,929,334,103	(1,573,746,951)	110.5%	5,534,322,805	(28.4)%
6/30/03	16,406,284,200	15,887,012,746	(519,271,454)	103.3%	5,811,726,702	(8.9)%
6/30/04	16,414,022,003	17,077,938,057	663,916,054	96.1%	6,140,413,756	10.8%
<b>TPAF</b>						
6/30/02	35,148,246,433	35,146,591,842	(1,654,591)	100.0%	7,348,993,141	0.0%
6/30/03	34,651,825,932	37,383,732,882	2,731,906,950	92.7%	7,702,854,159	35.5%
6/30/04	34,633,790,549	40,447,690,339	5,813,899,790	85.6%	8,047,272,269	72.2%
<b>PFRS-State</b>						
6/30/02	2,032,977,241	2,046,820,189	13,842,948	99.3%	418,849,259	3.3%
6/30/03	1,907,752,767	2,330,909,918	423,157,151	81.8%	447,470,022	94.6%
6/30/04	1,940,936,459	2,509,192,584	568,256,125	77.4%	450,406,301	126.2%
<b>PFRS-Local</b>						
6/30/02	16,392,195,411	17,181,142,310	788,946,899	95.4%	2,275,130,620	34.7%
6/30/03	16,447,380,691	18,422,073,072	1,974,692,381	89.3%	2,393,467,444	82.5%
6/30/04	16,762,453,668	19,769,046,766	3,006,593,098	84.8%	2,524,859,162	119.1%
<b>SPRS</b>						
6/30/02	1,853,684,177	1,739,427,739	(114,256,438)	106.6%	215,161,126	(53.1)%
6/30/03	1,865,079,083	1,815,725,256	(49,353,827)	102.7%	217,448,864	(22.7)%
6/30/04	1,897,525,210	1,949,309,641	51,784,431	97.3%	223,552,154	23.2%
<b>JRS</b>						
6/30/02	373,231,198	388,950,803	15,719,605	96.0%	61,873,500	25.4%
6/30/03	372,835,265	431,450,218	58,614,953	86.4%	61,600,500	95.2%
6/30/04	371,730,163	445,922,358	74,192,195	83.4%	61,576,750	120.5%
<b>CPFPF</b>						
6/30/02	31,842,976	36,350,384	4,507,408	87.6%	-	N/A
6/30/03	27,623,585	41,396,376	13,772,791	66.7%	-	N/A
6/30/04	21,735,396	35,052,202	13,316,806	62.0%	-	N/A
<b>POPF</b>						
6/30/02	17,908,452	11,781,734	(6,126,718)	152.0%	-	N/A
6/30/03	17,277,953	10,727,647	(6,550,306)	161.1%	-	N/A
6/30/04	15,884,428	10,060,710	(5,823,718)	157.9%	-	N/A