

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

| | General Fund | | | |
|--|----------------------------|-------------------------|---|---------------------------------------|
| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
| REVENUES | | | | |
| 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) |
| Total Revenues | 27,835,620,863 | 27,521,558,885 | 25,147,648,142 | (2,373,910,743) |
| OTHER FINANCING SOURCES | | | | |
| Transfers from other funds | 3,802,688,000 | 4,691,291,394 | 4,000,473,694 | (690,817,700) |
| Total Other Financing Sources | 3,802,688,000 | 4,691,291,394 | 4,000,473,694 | (690,817,700) |
| Total Revenues and Other Financing Sources | 31,638,308,863 | 32,212,850,279 | 29,148,121,836 | (3,064,728,443) |
| EXPENDITURES | | | | |
| 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 |
| Total Expenditures | 29,912,259,952 | 30,060,164,146 | 26,801,987,202 | 3,258,176,944 |
| OTHER FINANCING USES | | | | |
| Transfers to other funds | 2,150,403,911 | 2,158,068,911 | 2,145,239,911 | 12,829,000 |
| Total Other Financing Uses | 2,150,403,911 | 2,158,068,911 | 2,145,239,911 | 12,829,000 |
| Total Expenditures and Other Financing Uses | 32,062,663,863 | 32,218,233,057 | 28,947,227,113 | 3,271,005,944 |
| Net change in fund balance | (424,355,000) | (5,382,778) | 200,894,723 | (206,277,501) |
| FUND BALANCES - JULY 1, 2004 | 533,999,000 | 376,502,210 | 376,502,210 | -- |
| FUND BALANCES- JUNE 30, 2005 | \$ 109,644,000 | \$ 371,119,432 | \$ 577,396,933 | \$ (206,277,501) |

Property Tax Relief Fund

| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
|-----------|----------------------------|-------------------------|---|---------------------------------------|
| \$ | 8,945,458,559 | \$ 9,640,458,559 | \$ 9,537,938,903 | \$ (102,519,656) |
| | -- | -- | -- | -- |
| | -- | -- | -- | -- |
| | -- | -- | -- | -- |
| | -- | -- | -- | -- |
| | -- | -- | -- | -- |
| | -- | -- | -- | -- |
| | <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> |

(Continued on next page)

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

| TOTAL MAJOR GOVERNMENTAL FUNDS | | | | |
|---|----------------------------|-------------------------|---|---------------------------------------|
| | Original Budget | Final Budget | Actual Amounts (Budgetary Basis) | Variance with Final Budget |
| REVENUES | | | | |
| 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) |
| Total Revenues | 36,781,079,422 | 37,162,017,444 | 34,685,587,045 | (2,476,430,399) |
| OTHER FINANCING SOURCES | | | | |
| Transfers from other funds | 3,802,688,000 | 4,691,291,394 | 4,000,473,694 | (690,817,700) |
| Total Other Financing Sources | 3,802,688,000 | 4,691,291,394 | 4,000,473,694 | (690,817,700) |
| Total Revenues and Other Financing Sources | 40,583,767,422 | 41,853,308,838 | 38,686,060,739 | (3,167,248,099) |
| EXPENDITURES | | | | |
| 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 |
| Total Expenditures | 38,857,718,511 | 39,250,810,705 | 36,086,021,226 | 3,164,789,479 |
| OTHER FINANCING USES | | | | |
| Transfers to other funds | 2,150,403,911 | 2,783,144,911 | 2,145,239,911 | 637,905,000 |
| Total Other Financing Uses | 2,150,403,911 | 2,783,144,911 | 2,145,239,911 | 637,905,000 |
| Total Expenditures and Other Financing Uses | 41,008,122,422 | 42,033,955,616 | 38,231,261,137 | 3,802,694,479 |
| Net change in fund balance | (424,355,000) | (180,646,778) | 454,799,602 | (635,446,380) |
| FUND BALANCES - JULY 1, 2004 | 533,999,000 | 551,766,690 | 551,766,690 | -- |
| FUND BALANCES- JUNE 30, 2005 | \$ 109,644,000 | \$ 371,119,912 | \$ 1,006,566,292 | \$ (635,446,380) |

**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**

| | General Fund | Property Tax Relief Fund |
|---|-------------------------|-------------------------------------|
| Sources/inflows of resources: | | |
| 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 | <u>\$33,353,470,523</u> | <u>\$9,537,938,903</u> |

**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> |
|--|-------------------------|-------------------------------------|
| Uses/outflows of resources: | | |
| Total expenditures and other financing uses--actual amounts (budgetary basis) from the budgetary comparison schedule | \$28,947,227,113 | \$9,284,034,024 |
| Differences--budget to GAAP: | | |
| 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**

| Plan / Actuarial Valuation | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Unfunded AAL (UAAL) | Funded Ratio | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|--|--|------------------------------------|-------------------------|----------------------------|--|
| PERS - State | | | | | | |
| 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% |
| PERS - Local | | | | | | |
| 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% |
| TPAF | | | | | | |
| 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% |
| PFRS-State | | | | | | |
| 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% |
| PFRS-Local | | | | | | |
| 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% |
| SPRS | | | | | | |
| 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% |
| JRS | | | | | | |
| 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% |
| CPFPF | | | | | | |
| 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 |
| POPF | | | | | | |
| 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 |