

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	General Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 12,776,491,000	\$ 13,355,794,000	\$ 13,572,024,514	\$ 216,230,514
Federal and other grants	9,345,485,511	9,517,422,530	8,056,902,489	(1,460,520,041)
Licenses and fees	1,265,862,098	1,011,158,981	839,567,771	(171,591,210)
Services and assessments	2,299,715,867	1,874,435,735	1,409,775,075	(464,660,660)
Investment earnings	32,000	69,949,042	90,879,352	20,930,310
Contributions	--	--	1,442	1,442
Other	3,768,111,079	3,603,960,124	2,979,447,924	(624,512,200)
Total Revenues	29,455,697,555	29,432,720,412	26,948,598,567	(2,484,121,845)
OTHER FINANCING SOURCES				
Transfers from other funds	1,984,742,000	2,479,086,055	2,178,935,582	(300,150,473)
Total Other Financing Sources	1,984,742,000	2,479,086,055	2,178,935,582	(300,150,473)
Total Revenues and Other Financing Sources	31,440,439,555	31,911,806,467	29,127,534,149	(2,784,272,318)
EXPENDITURES				
Public safety and criminal justice	3,377,347,889	3,401,104,872	3,014,952,168	386,152,704
Physical and mental health	9,710,914,046	9,702,913,267	9,128,851,933	574,061,334
Educational, cultural, and intellectual development	4,983,684,454	4,670,534,478	4,244,064,360	426,470,118
Community development and environmental management	1,813,035,556	1,823,647,780	1,276,680,343	546,967,437
Economic planning, development, and security	4,262,475,820	4,297,589,132	3,682,244,783	615,344,349
Transportation programs	486,136,109	495,221,240	426,006,094	69,215,146
Government direction, management, and control	4,591,570,859	4,694,453,027	4,234,482,209	459,970,818
Special government services	425,443,034	434,384,883	311,634,421	122,750,462
Total Expenditures	29,650,607,767	29,519,848,679	26,318,916,311	3,200,932,368
OTHER FINANCING USES				
Transfers to other funds	1,827,302,788	1,828,641,788	1,827,302,788	1,339,000
Total Other Financing Uses	1,827,302,788	1,828,641,788	1,827,302,788	1,339,000
Total Expenditures and Other Financing Uses	31,477,910,555	31,348,490,467	28,146,219,099	3,202,271,368
Net change in fund balance	(37,471,000)	563,316,000	981,315,050	417,999,050
FUND BALANCES - JULY 1, 2005	349,055,000	461,701,143	461,701,143	--
FUND BALANCES - JUNE 30, 2006	\$ 311,584,000	\$ 1,025,017,143	\$ 1,443,016,193	\$ 417,999,050

Property Tax Relief Fund

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$	10,634,689,588	\$ 10,834,689,588	\$ 10,506,564,988	\$ (328,124,600)
	--	--	--	--
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	<u>10,634,689,588</u>	<u>10,834,689,588</u>	<u>10,506,564,988</u>	<u>(328,124,600)</u>
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	--	--	--	--
	<u>10,634,689,588</u>	<u>10,834,689,588</u>	<u>10,506,564,988</u>	<u>(328,124,600)</u>
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	--	--	--	--
	8,428,274,273	8,484,208,792	8,735,887,525	(251,678,733)
	861,510,199	835,028,376	861,163,545	(26,135,169)
	--	--	--	--
	--	--	--	--
	1,344,905,116	1,309,961,420	1,337,151,230	(27,189,810)
	--	--	--	--
	<u>10,634,689,588</u>	<u>10,629,198,588</u>	<u>10,934,202,300</u>	<u>(305,003,712)</u>
	--	233,366,000	--	233,366,000
	--	233,366,000	--	233,366,000
	<u>10,634,689,588</u>	<u>10,862,564,588</u>	<u>10,934,202,300</u>	<u>(71,637,712)</u>
	--	(27,875,000)	(427,637,312)	(399,762,312)
	--	27,874,660	27,874,660	--
<u>\$</u>	<u>--</u>	<u>\$ (340)</u>	<u>\$ (399,762,652)</u>	<u>\$ (399,762,312)</u>

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**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE (Continued)
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	TOTAL MAJOR GOVERNMENTAL FUNDS			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 23,411,180,588	\$ 24,190,483,588	\$ 24,078,589,502	\$ (111,894,086)
Federal and other grants	9,345,485,511	9,517,422,530	8,056,902,489	(1,460,520,041)
Licenses and fees	1,265,862,098	1,011,158,981	839,567,771	(171,591,210)
Services and assessments	2,299,715,867	1,874,435,735	1,409,775,075	(464,660,660)
Investment earnings	32,000	69,949,042	90,879,352	20,930,310
Contributions	--	--	1,442	1,442
Other	3,768,111,079	3,603,960,124	2,979,447,924	(624,512,200)
Total Revenues	40,090,387,143	40,267,410,000	37,455,163,555	(2,812,246,445)
OTHER FINANCING SOURCES				
Transfers from other funds	1,984,742,000	2,479,086,055	2,178,935,582	(300,150,473)
Total Other Financing Sources	1,984,742,000	2,479,086,055	2,178,935,582	(300,150,473)
Total Revenues and Other Financing Sources	42,075,129,143	42,746,496,055	39,634,099,137	(3,112,396,918)
EXPENDITURES				
Public safety and criminal justice	3,377,347,889	3,401,104,872	3,014,952,168	386,152,704
Physical and mental health	9,710,914,046	9,702,913,267	9,128,851,933	574,061,334
Educational, cultural, and intellectual development	13,411,958,727	13,154,743,270	12,979,951,885	174,791,385
Community development and environmental management	2,674,545,755	2,658,676,156	2,137,843,888	520,832,268
Economic planning, development, and security	4,262,475,820	4,297,589,132	3,682,244,783	615,344,349
Transportation programs	486,136,109	495,221,240	426,006,094	69,215,146
Government direction, management, and control	5,936,475,975	6,004,414,447	5,571,633,439	432,781,008
Special government services	425,443,034	434,384,883	311,634,421	122,750,462
Total Expenditures	40,285,297,355	40,149,047,267	37,253,118,611	2,895,928,656
OTHER FINANCING USES				
Transfers to other funds	1,827,302,788	2,062,007,788	1,827,302,788	234,705,000
Total Other Financing Uses	1,827,302,788	2,062,007,788	1,827,302,788	234,705,000
Total Expenditures and Other Financing Uses	42,112,600,143	42,211,055,055	39,080,421,399	3,130,633,656
Net change in fund balance	(37,471,000)	535,441,000	553,677,738	18,236,738
FUND BALANCES - JULY 1, 2005	349,055,000	489,575,803	489,575,803	--
FUND BALANCES - JUNE 30, 2006	\$ 311,584,000	\$ 1,025,016,803	\$ 1,043,253,541	\$ 18,236,738

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**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	\$29,127,534,149	\$10,506,564,988
Differences--budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	461,664,536	--
Federal revenue related to encumbrances is a budgetary resource but is not earned on a GAAP basis.	(180,766,724)	--
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.	1,484,056,789	--
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.	224,049,656	--
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.	568,129,390	--
Additions to other debt are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	280,264,687	--
Excess anticipated revenue transferred to Fund Balance - Reserved for Surplus Revenue is not a budgetary resource but is revenue for financial reporting purposes.	271,144,001	--
Revenues in other funds are not inflows of budgetary resources but have been incorporated into revenues for financial reporting purposes.	(90,061,453)	--
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	\$32,146,015,031	\$10,506,564,988

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

	General Fund	Property Tax Relief Fund
Uses/outflows of resources:		
Total expenditures and other financing uses--actual amounts (budgetary basis) from the budgetary comparison schedule	\$28,146,219,099	\$10,934,202,300
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.	(1,066,255,147)	(4,330,000)
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.	891,876,786	271,957
Loans and travel advances are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(2,652,333)	--
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	22,652,025	--
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	461,664,536	--
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.	1,449,246,838	--
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.	224,049,656	--
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.	568,129,390	--
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	280,264,687	--
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	\$30,975,195,537	\$10,930,144,257

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						
6/30/03	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%
6/30/05	10,631,348,826	13,432,528,883	2,801,180,057	79.1%	4,028,028,170	69.5%
PERS - Local						
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%
6/30/05	16,482,040,944	18,341,857,304	1,859,816,360	89.9%	6,416,265,644	29.0%
TPAF						
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%
6/30/05	34,789,389,875	43,967,927,299	9,178,537,424	79.1%	8,454,072,109	108.6%
PFRS-State						
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%
6/30/05	2,005,752,079	2,815,620,221	809,868,142	71.2%	482,460,402	167.9%
PFRS-Local						
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%
6/30/05	17,372,138,294	21,388,972,326	4,016,834,032	81.2%	2,619,347,468	153.4%
SPRS						
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%
6/30/05	1,922,443,732	2,075,266,080	152,822,348	92.6%	241,813,372	63.2%
JRS						
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%
6/30/05	369,491,366	466,145,912	96,654,546	79.3%	60,506,750	159.7%
CPFPF						
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
6/30/05	21,886,445	30,031,591	8,145,146	72.9%	-	N/A
POPF						
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
6/30/05	14,783,465	9,077,157	(5,706,308)	162.9%	-	N/A