

FINANCIAL  
SECTION



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## New Jersey State Legislature

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*Assistant State Auditor*

## INDEPENDENT AUDITOR'S REPORT

The Honorable Chris Christie  
Governor of New Jersey

The Honorable Stephen M. Sweeney  
President of the Senate

The Honorable Vincent Prieto  
Speaker of the General Assembly

Ms. Peri A. Horowitz  
Executive Director  
Office of Legislative Services

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the state's 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 accounting principles generally accepted in the United States of America; 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.

## ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the pensions and other employee benefits trust funds and the Port Authority of New York and New Jersey which represent 92 percent of the assets and 41 percent of the revenues (including additions to fiduciary net assets) of the aggregate remaining fund information, and 100 percent of the information disclosed in Note 2-G of the basic financial statements, respectively. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts and disclosures included for the pensions and other employee benefits trust funds and the Port Authority of New York and New Jersey, are based solely on the reports of the other auditors. In addition, we did not audit the financial statements of the discretely presented component units. Our opinion on the aggregate discretely presented component units is based solely upon audit reports prepared by other auditors and furnished to us. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the pensions and other employee benefits trust funds, and three discretely presented component units, the New Jersey Turnpike Authority, the Higher Education Student Assistance Authority, and the Casino Reinvestment Development Authority, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 opinions.

## ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of New Jersey as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### *Adoption of New Accounting Pronouncements*

As discussed in Note 2A, the State of New Jersey adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application* and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* as of July 1, 2015. Our opinion was not modified with respect to these matters.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the accompanying table of contents 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 and other auditors 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Jersey's basic financial statements. The introductory section, combining financial statements section, other information section, and statistical section, as listed in the table of contents, are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining financial statements section and the other information section 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 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the

combining financial statements section and the other information section are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2017 on our consideration of the State of New Jersey's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of New Jersey's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Stephen M. Eells". The signature is fluid and cursive, with a large initial "S" and "M".

Stephen M. Eells  
State Auditor  
March 15, 2017

*Management's  
Discussion  
and  
Analysis*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following narrative provides an overview and analysis concerning New Jersey State Government's financial performance of its activities for the fiscal year ended June 30, 2016. Readers should consider this information in conjunction with the transmittal letter, which precedes Management's Discussion and Analysis, and the State's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

#### Government-wide

- The primary government's assets and deferred outflows of resources totaled \$56.2 billion, an increase of \$9.4 billion from the prior fiscal year after two restatements that resulted in a \$703 million increase in net position. Restatements were made to include an increase in capital assets and to reduce the overstated contributory life insurance payable. As of June 30, 2016, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$120.3 billion. The State's unrestricted net position, which represents net assets that have no statutory commitments and are available for discretionary use, totaled a negative \$137.0 billion. The negative balance is primarily a result of the State implementing, in Fiscal Year 2015, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* (See Note 15 – Retirement Systems) and the State's recognition of other postemployment benefits under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (See Note 16 – Health Benefits and Post-Retirement Medical Benefits). Financing activities that have contributed to the State's negative unrestricted net position amount include liabilities from pension obligation bonds, the funding of a portion of local elementary and high school construction, and the securitization of a major portion of annual tobacco master settlement agreement receipts with no corresponding assets.
- June 30, 2016 component unit assets and deferred outflows of resources exceeded component unit liabilities and deferred inflows of resources by \$16.4 billion. Total component unit assets and deferred outflows of resources totaled \$51.1 billion, a \$1.2 billion increase from the prior fiscal year.

#### Fund Level

- The State's governmental funds reported June 30, 2016 combined ending fund balances of \$8.6 billion, a decrease of \$0.8 billion when compared to the prior fiscal year after a restatement to reflect the reduction of the overstated contributory life insurance payable. Fund balances are segregated into the following categories: nonspendable, restricted, committed, and unassigned. The nonspendable fund balance classification (\$20.4 million) includes amounts that are legally required to remain intact. The restricted fund balance classification (\$5.3 billion) is used when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government. The committed fund balance classification (\$2.8 billion) includes amounts that can only be used for purposes specified in enabling legislation with the consent of both the legislative and executive branches. In contrast to the restricted fund balance classification, amounts in this category may be redeployed for other purposes with appropriate due process. Finally, the unassigned fund balance (\$462.8 million) represents the fund balance amount that has not been restricted or committed to a specific purpose within the General Fund.
- During the fiscal year, the proprietary funds' net position increased by \$762.2 million resulting in net position of \$2.5 billion as of June 30, 2016.

#### Long-term Obligations

- The State's governmental long-term obligations increased 11.8 percent to \$171.6 billion, which includes a net decrease in bonded obligations of \$0.5 billion. During the fiscal year, the State issued \$3.4 billion in bonds. New money issuances represented \$1.2 billion primarily for transportation program improvements, while \$2.2 billion represented refunding transactions that provided the State with \$24.3 million in net present value savings. During Fiscal Year 2016, the State paid \$4.2 billion in debt service on its long-term obligations.
- Non-bonded portions of the State's governmental long-term obligations total \$128.9 billion. This amount represents a \$18.6 billion increase from the prior fiscal year and is mainly attributable to increases in the Net Pension Liability resulting from the implementation of GASB Statement No. 68 in Fiscal Year 2015 as well as the State's Net Other Postemployment Benefits (OPEB) Obligation.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The State’s basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This Comprehensive Annual Financial Report also contains required supplementary information (RSI) and other information, in addition to the basic financial statements.

**Major Features of the Basic Financial Statements**

Features	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire State government (except fiduciary funds) and the State's component units	State activities that are not proprietary or fiduciary	State activities that are operated similar to a private business	Instances in which the State is the trustee or agent for someone else's resources
<b>Required Financial Statements</b>	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Types of Asset/Liability Information</b>	All assets and deferred outflows of resources and all liabilities and deferred inflows of resources, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Types of Inflow/Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the fiscal year Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

## **Government-wide Financial Statements**

Government-wide financial statements provide a broad view of the State's operations in a manner similar to private sector business standards, as well as both short-term and long-term information regarding the State's overall financial position through the fiscal year end. The government-wide financial statements include the following two statements:

- **Statement of Net Position**

Presents all of the State's assets and deferred outflows of resources and liabilities and deferred inflows of resources and calculates net position. Increases or decreases in the State's net position over time may serve as a useful indicator as to whether or not the State's overall financial position is improving or deteriorating.

- **Statement of Activities**

Presents how the State's net position changed during the fiscal year. All changes in net position are reported when the underlying event occurs, giving rise to the change, regardless of the timing of related cash flows. This statement also presents a comparison between direct expenses and program revenues for each State function.

Both the Statement of Net Position and the Statement of Activities have separate sections that report three activities:

- **Governmental Activities**

The majority of State service functions fall into this category, which includes Executive, Legislative, and Judicial Branch operations. Governmental activity functions rely heavily on State taxes and federal grant receipts for funding their respective programs and functions.

- **Business-type Activities**

These operations, consisting of the State Lottery Fund and the Unemployment Compensation Fund, are legislatively able to charge fees to external users to recover all or a portion of the cost of the services provided and are, therefore, classified as business-type activities.

- **Component Units**

Legally separate operations and organizations for which the State has financial accountability are considered component units. Operating as business-type activities, financial statements of component units are presented discretely in either the major or non-major categories in both the Statement of Net Position and the Statement of Activities based upon the relative size of assets, liabilities, revenues, and expenses in relation to the total. The State's component units for the period covered by the Comprehensive Annual Financial Report, consist of 11 senior public institutions of higher education as well as 20 authorities; of the latter 20, five (the Garden State Preservation Trust, the New Jersey Building Authority, the New Jersey Schools Development Authority, the New Jersey Transportation Trust Fund Authority, and the Tobacco Settlement Financing Corporation) are blended into governmental activities. A complete list of the State's component units is shown in Note 1B – Summary of Significant Accounting Policies – Financial Reporting Entity and Note 17 – Component Units. Audit reports of the individual component units can be obtained from their respective administrative offices or websites.

## **Reconciliation of Government-wide and Governmental Funds Financial Statements**

This Comprehensive Annual Financial Report includes two schedules that reconcile the amount reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the financial reporting impacts of transitioning from a modified accrual basis of accounting to a full accrual basis of accounting:

- Capital assets used in governmental activities are not reported on governmental funds financial statements;
- Deferred outflows and deferred inflows of resources on the government-wide financial statements are not reported on the governmental funds financial statements;
- Capital outlay spending results in capital assets on the government-wide financial statements, but is reported as expenditures on the governmental funds financial statements;
- Bond and note proceeds result in liabilities on the government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements; and
- Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

For more detailed information, which is essential to a full understanding of the data provided in the government-wide financial statements and governmental funds financial statements, see “Notes to the Financial Statements.”

### **Fund Financial Statements**

A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The State’s fund financial statements reflect financial reporting practices in accordance with this definition. The State’s funds, which exclude component units, are divided into three categories: governmental, proprietary, and fiduciary.

- **Governmental Funds Financial Statements**

Most direct State services are financed through governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The governmental funds financial statements focus on current inflows and outflows of expendable resources and the unexpended balances at the end of a fiscal year that are available for future spending. Governmental fund information helps determine whether or not there was an addition or a reduction in financial resources that can be spent in the near future to finance State programs.

The State’s governmental funds are the General Fund, Special Revenue Funds, and Capital Projects Funds. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

- **Proprietary Funds Financial Statements**

Proprietary funds are used to account for State business-type activities. Since these funds charge fees to external users, they are known as enterprise funds. Proprietary funds provide the same information as government-wide financial statements and use the accrual basis of accounting.

- **Fiduciary Funds Financial Statements**

Fiduciary funds, which include State pension fund systems, are used to account for resources held by the State for the benefit of parties outside of State government. Fiduciary funds are reported using the accrual basis of accounting in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. Government-wide financial statements exclude fiduciary fund activity and balances since the assets are legislatively restricted in purpose and do not represent discretionary assets the State can use to fund its operations.

### **Notes to the Financial Statements**

The Notes to the Financial Statements provide additional background information that assists the reader in understanding the data provided in the government-wide financial statements and fund financial statements.

### **Required Supplementary Information**

The basic financial statements are followed by a required supplementary information section. This section includes budgetary schedules that reconcile the statutory intent of the program with fund balances in accordance with generally accepted accounting principles at fiscal year end as well as variances between the final budget and actual results on a budgetary basis. Also, there are various schedules relating to the State’s Net Pension Liability, Related Ratios, and Employer Contributions.

### **Combining Financial Statements**

Combining financial statements are presented for non-major governmental, proprietary, and fiduciary funds. Non-major funds are shown in the aggregate in the basic financial statements. Combining schedules are presented for the General Fund.

### **Other Information**

Information on New Jersey’s capital assets, long-term obligations, and non-major budgetary comparison schedules are displayed in this section. Schedules of Anticipated and Appropriated Revenues provide detailed information on major and miscellaneous taxes, fees, and other revenues. The Schedule of Anticipated Revenue provides further analysis by showing dollar and percentage variances of actual collections as compared to the original anticipation. The Schedule of Appropriations and Expenditures details the comparison of expenditures at the legal level of control to the final budget.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

The State ended Fiscal Year 2016 with combined net position for the primary government totaling a negative \$120.3 billion. This amount represents a reduction of net position of \$7.1 billion from the prior fiscal year. Restricted net position includes funds used to pay unemployment claims and open space preservation. Capital assets, net of depreciation, are used by the State to provide services to citizens; consequently, these assets are not available for future spending. Net investment in capital assets includes land, land easements, land improvements, buildings and improvements, equipment and software, infrastructure (roads, bridges, and other immovable assets), and construction in progress. The deficit in unrestricted governmental net position arose primarily as a result of the cost of the State's school facilities construction program, depreciation expense related to capital assets, and certain liabilities, including but not limited to the Net Pension Liability and the Net OPEB Obligation, that are required to be included in the government-wide financial statements.

**Net Position  
For Fiscal Year Ended June 30  
(Expressed in Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2016</b>	<b>2015*</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015*</b>
Current and other noncurrent assets	\$ 12,939.1	\$ 13,497.0	\$ 2,996.6	\$ 2,180.6	\$ 15,935.7	\$ 15,677.6
Capital assets, net	27,710.9	26,374.5	-	-	27,710.9	26,374.5
<b>Total Assets</b>	<b>40,650.0</b>	<b>39,871.5</b>	<b>2,996.6</b>	<b>2,180.6</b>	<b>43,646.6</b>	<b>42,052.1</b>
Deferred outflows of resources	12,548.7	4,747.7	-	-	12,548.7	4,747.7
<b>Total Assets and Deferred Outflows of Resources</b>	<b>53,198.7</b>	<b>44,619.2</b>	<b>2,996.6</b>	<b>2,180.6</b>	<b>56,195.3</b>	<b>46,799.8</b>
Current liabilities	5,989.3	6,400.3	307.6	252.5	6,296.9	6,652.8
Noncurrent liabilities	169,075.0	150,474.1	227.8	229.2	169,302.8	150,703.3
<b>Total Liabilities</b>	<b>175,064.3</b>	<b>156,874.4</b>	<b>535.4</b>	<b>481.7</b>	<b>175,599.7</b>	<b>157,356.1</b>
Deferred inflows of resources	906.3	2,617.9	-	-	906.3	2,617.9
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>175,970.6</b>	<b>159,492.3</b>	<b>535.4</b>	<b>481.7</b>	<b>176,506.0</b>	<b>159,974.0</b>
Net Position:						
Net investment in capital assets	9,606.6	8,506.6	-	-	9,606.6	8,506.6
Restricted	4,576.7	4,472.3	2,461.1	1,698.9	7,037.8	6,171.2
Unrestricted	(136,955.1)	(127,852.0)	-	-	(136,955.1)	(127,852.0)
<b>Total Net Position</b>	<b>\$ (122,771.8)</b>	<b>\$ (114,873.1)</b>	<b>\$ 2,461.1</b>	<b>\$ 1,698.9</b>	<b>\$ (120,310.7)</b>	<b>\$ (113,174.2)</b>

\* Net Position was restated by \$703.0 million to reflect the following prior period adjustments: the inclusion of increased capital assets (\$138.2 million) and the reduction of overstated contributory life insurance payable (\$564.8 million).

**Changes in Net Position**

The State's Fiscal Year 2016 net position decreased by \$7.1 billion. Approximately 51.7 percent of the State's total revenues came from general taxes, while 28.0 percent was derived from operating grants. Charges for services amounted to 18.7 percent of total revenues, while other items such as capital grants and miscellaneous revenues accounted for the remainder. State expenses cover a range of services. The largest expense, 25.9 percent, was for educational, cultural, and intellectual development, which includes approximately \$459.2 million disbursed by the New Jersey Schools Development Authority (a blended component unit) to help finance school facilities construction. Government direction, management, and control amounted to 23.1 percent of total expenses, while physical and mental health amounted to 21.6 percent. Other major expenditures focused on economic planning, development, and security and public safety and criminal justice. During Fiscal Year 2016, governmental activity expenses exceeded program revenues. This imbalance was mainly funded through \$32.1 billion of general revenues (mostly taxes). The remaining \$7.9 billion resulted in a decrease in net position. Offsetting the governmental net position decrease, Business-type Activities reflected a net position increase of \$762.2 million as the Unemployment Compensation Fund's available resources exceeded the need to pay claims.

**Statement of Activities**  
**For Fiscal Year Ended June 30**  
**(Expressed in Millions)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Primary Government Total</b>	
	<b>2016</b>	<b>2015*</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015*</b>
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 4,981.3	\$ 5,123.8	\$ 6,049.6	\$ 5,848.6	\$ 11,030.9	\$ 10,972.4
Operating grants	16,412.9	16,533.7	54.3	45.7	16,467.2	16,579.4
Capital grants	269.4	363.7	-	-	269.4	363.7
General revenues						
General taxes	30,463.4	30,771.2	-	-	30,463.4	30,771.2
Interest earnings	8.3	331.1	-	-	8.3	331.1
Miscellaneous	633.5	738.6	-	-	633.5	738.6
<b>Total Revenues</b>	<b>52,768.8</b>	<b>53,862.1</b>	<b>6,103.9</b>	<b>5,894.3</b>	<b>58,872.7</b>	<b>59,756.4</b>
<b>Expenses</b>						
Public safety and criminal justice	3,270.4	3,272.7	-	-	3,270.4	3,272.7
Physical and mental health	14,249.1	14,283.6	-	-	14,249.1	14,283.6
Educational, cultural, and intellectual development	17,135.4	16,409.7	-	-	17,135.4	16,409.7
Community development and environmental management	2,285.7	2,385.9	-	-	2,285.7	2,385.9
Economic planning, development, and security	6,241.9	6,484.7	-	-	6,241.9	6,484.7
Transportation programs	1,522.5	1,831.0	-	-	1,522.5	1,831.0
Government direction, management, and control	15,231.1	14,461.7	-	-	15,231.1	14,461.7
Special government services	338.6	357.5	-	-	338.6	357.5
Interest expense	1,382.5	1,328.0	-	-	1,382.5	1,328.0
State Lottery Fund	-	-	2,301.6	2,102.1	2,301.6	2,102.1
Unemployment Compensation Fund	-	-	2,053.1	2,200.8	2,053.1	2,200.8
<b>Total Expenses</b>	<b>61,657.2</b>	<b>60,814.8</b>	<b>4,354.7</b>	<b>4,302.9</b>	<b>66,011.9</b>	<b>65,117.7</b>
Excess (Deficiency) Before Transfers	(8,888.4)	(6,952.7)	1,749.2	1,591.4	(7,139.2)	(5,361.3)
Transfers	989.7	951.0	(987.0)	(960.0)	2.7	(9.0)
<b>Increase (Decrease) in Net Position</b>	<b>(7,898.7)</b>	<b>(6,001.7)</b>	<b>762.2</b>	<b>631.4</b>	<b>(7,136.5)</b>	<b>(5,370.3)</b>
<b>Net Position - July 1 (restated)</b>	<b>(114,873.1)</b>	<b>(108,871.4)</b>	<b>1,698.9</b>	<b>1,067.5</b>	<b>(113,174.2)</b>	<b>(107,803.9)</b>
<b>Net Position - June 30</b>	<b>\$ (122,771.8)</b>	<b>\$ (114,873.1)</b>	<b>\$ 2,461.1</b>	<b>\$ 1,698.9</b>	<b>\$ (120,310.7)</b>	<b>\$ (113,174.2)</b>

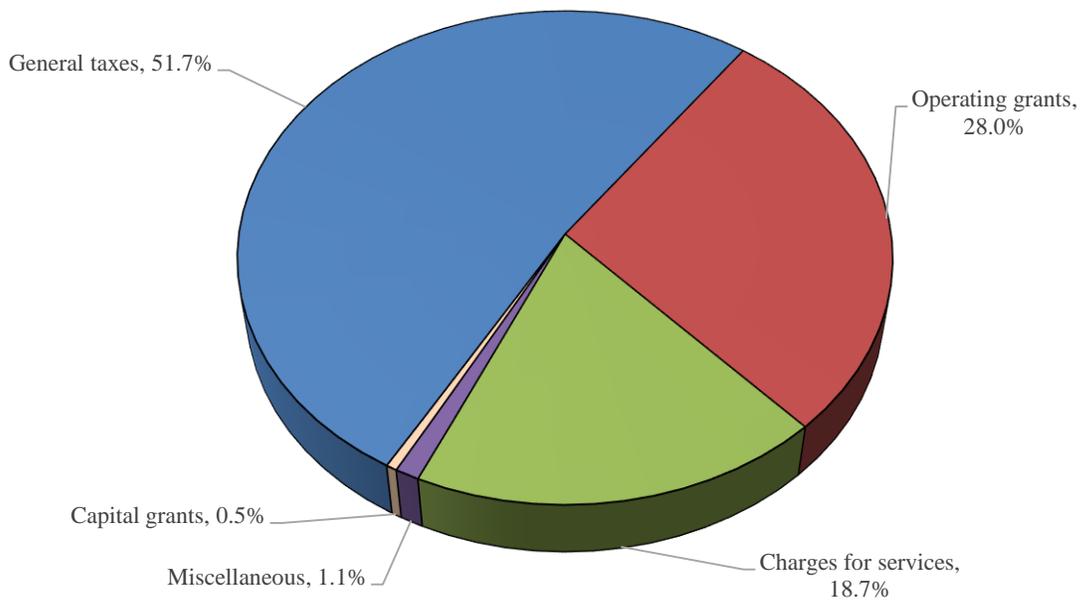
\* Fiscal Year 2015 has been reclassified to be comparable to the Fiscal Year 2016 presentation. For Fiscal Year 2016 rebates were modified to be treated as a reduction of expense versus the prior treatment as revenue.

**Primary Government – Fiscal Year 2016 Revenues and Expenses**

During Fiscal Year 2016, State revenues, including transfers, totaled \$58.9 billion or a decrease of \$0.9 billion when compared to the prior fiscal year. This decrease in total revenues is primarily attributable to decreases in interest earnings and general taxes, primarily the State’s Corporation Business Tax. General taxes totaled \$30.5 billion and accounted for 51.7 percent of total State revenues for Fiscal Year 2016. The State’s Gross Income Tax totaled \$13.4 billion, the Sales and Use Tax totaled \$9.2 billion, and the Corporation Business Tax totaled \$2.3 billion. The State’s three major taxes comprised 81.7 percent of the total general taxes that were collected during Fiscal Year 2016. General taxes decreased by \$307.8 million when compared to Fiscal Year 2015.

The following pie chart depicts the primary government revenue activity for the fiscal year ended June 30, 2016:

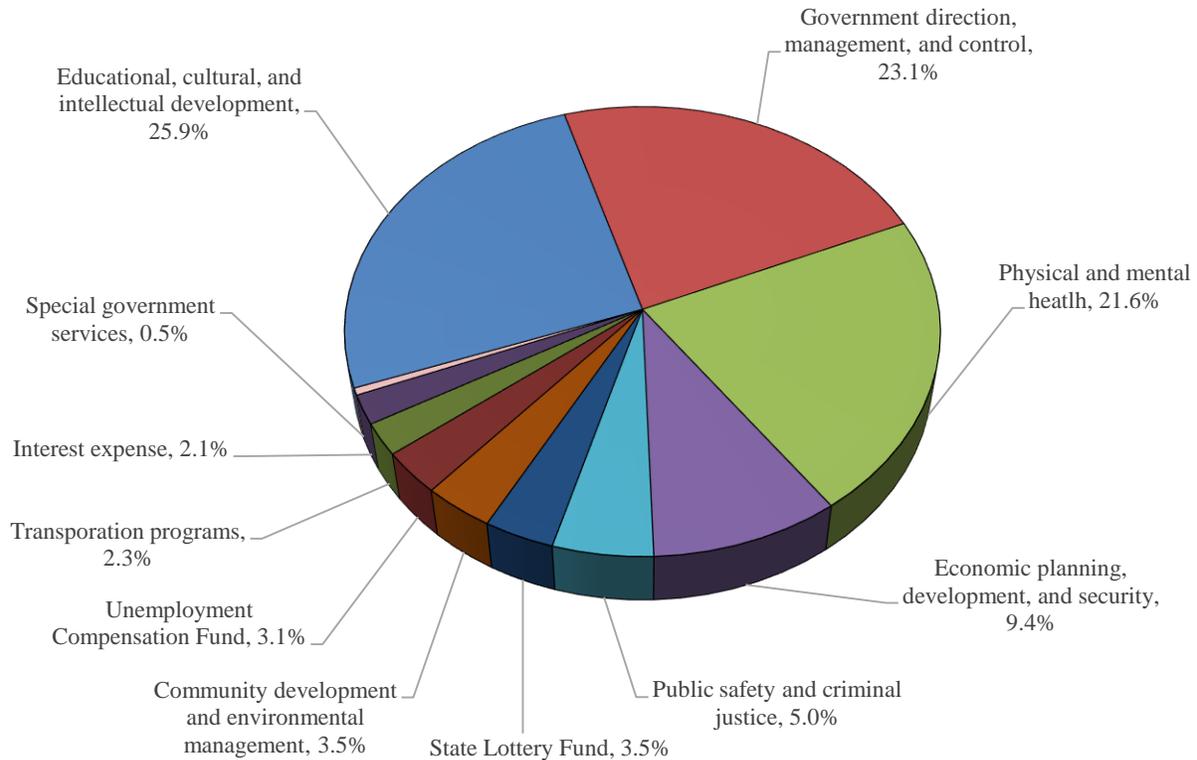
**Revenues – Primary Government  
Fiscal Year Ended June 30, 2016**



Fiscal Year 2016 expenses totaled \$66.0 billion, an increase of \$0.9 billion in comparison to the prior fiscal year. State spending increased by \$769.4 million in government direction, management, and control mainly due to the increase in the pension expense based on the requirements of GASB Statement No. 68 and \$725.7 million in educational, cultural, and intellectual development. Offsetting the aforementioned increases were decreases in transportation programs, \$308.5 million, and economic planning, development, and security, \$242.8 million.

The following pie chart depicts the primary government expenses activity for the fiscal year ended June 30, 2016:

**Expenses – Primary Government  
Fiscal Year Ended June 30, 2016**



Please see the Statistical Section for current and prior fiscal year revenue and expense comparisons.

**Component Units**

Combined operating revenues and expenses for the State’s component units for Fiscal Year 2016 amounted to \$12.8 billion and \$13.8 billion, respectively. Total operations along with other revenue and expenses contributed to total combined net assets at fiscal year end of \$16.4 billion. The component units received \$1.1 billion in State appropriations during Fiscal Year 2016.

## **MAJOR GOVERNMENTAL FUNDS FINANCIAL ANALYSIS**

The focus of the State's governmental funds reported in the fund financial statements is on near term inflows, outflows, and balance of expendable resources, which are essential elements in assessing the State's financing needs and serve as useful measures of the government's net resources available for future spending. The State's governmental funds reported June 30, 2016 fund balances of \$8.6 billion. The \$0.8 billion decrease in fund balance was primarily from lower Fiscal Year 2016 revenues.

### **General Fund**

The General Fund is the State's chief operating fund and is the fund into which all State revenues, not otherwise restricted by statute, are deposited. The General Fund's ending fund balance totaled \$3.9 billion of which \$462.8 million represented unassigned fund balance.

On a budgetary basis, general revenues of \$34.5 billion were \$5.5 billion lower than the final budget. The negative variance was the result of unearned federal and other grant revenues of \$2.5 billion and declines of \$2.3 billion in other revenues. Federal and other grant revenues are not earned unless there has been a grant award and eligible grant expenses incurred. To the extent that federal and grant appropriations are made in anticipation of grant awards and the incurrence of grant expenditures, grant revenues are budgeted.

Total expenditures were \$5.4 billion lower than original appropriations as set forth in the annual Appropriations Act plus supplemental appropriations enacted during the fiscal year. A major cause for under-spending resulted from the overestimate of federal funds. This practice allows the State to receive the maximum federal dollars that become available. During Fiscal Year 2016, the State's appropriation of federal funds and other grants exceeded expenditures by \$2.5 billion. These excess appropriations are available for use in future years. From a Fiscal Year 2016 program perspective, under-spending transpired in physical and mental health (\$2.4 billion); economic planning, development, and security (\$743.4 million); community development and environmental management (\$721.1 million); public safety and criminal justice (\$636.0 million); government direction, management, and control (\$438.6 million); educational, cultural, and intellectual development (\$311.5 million); transportation programs (\$108.5 million); and special government services (\$66.2 million).

### **Property Tax Relief Fund**

The Property Tax Relief Fund accounts for revenues from the Gross Income Tax and one-half percent of the Sales and Use Tax that is constitutionally dedicated for property tax relief. Appropriations from this fund must be used exclusively for the constitutional purpose of reducing or offsetting property taxes. During Fiscal Year 2016, \$14.0 billion of property tax relief expenditures were made. The Property Tax Relief Fund's Fiscal Year 2016 ending fund balance was \$18.3 million.

## **PROPRIETARY FUNDS FINANCIAL ANALYSIS**

### **State Lottery Fund**

Monies derived from the sale of State Lottery tickets are deposited into this fund. Disbursements are authorized for the payment of prizes to holders of winning Lottery tickets, vendor fees in the production and distribution of Lottery tickets, and for the administrative expenses of the Division of the State Lottery. Available fund balances are transferred to the State's General Fund in support of the amounts annually appropriated for State institutions and for education. The present value of obligations for future installment payments of Lottery prizes, which are funded by the purchase of deposit fund contracts and United States Government Treasury securities, are accounted for in this fund.

In Fiscal Year 2016, gross revenues totaled \$3.3 billion of which \$2.0 billion was returned in prizes; \$987.0 million went to State education and institutions; \$245.5 million was paid to sales agents and ticket vendors; and \$54.4 million covered Lottery operational and promotional expenses. As of June 30, 2016, the State Lottery, since its inception, has generated over \$67.3 billion in gross revenues, \$36.7 billion in prizes, and contributed \$25.0 billion to the State.

### **Unemployment Compensation Fund**

The Unemployment Compensation Fund accounts for monies deposited from employers' and employees' contributions for unemployment compensation, amounts credited or advances made by the federal government, and amounts received from any other source. After consideration is given to any claim for refund of overpayment of contributions, the Division of Employment Security transfers the remainder to the Treasurer of the United States for credit to the State of New Jersey Unemployment Compensation Fund. Total unemployment claims paid decreased by \$147.7 million in Fiscal Year 2016.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

New Jersey’s Office of Management and Budget, under the purview of the Department of the Treasury, is responsible for recording all capital assets in the State’s capital asset system. In addition to New Jersey’s Department of Transportation identifying significant requirements for bridge repair and maintenance, the New Jersey Commission on Capital Budgeting and Planning has identified a significant amount of capital investment requirements for State facilities. The State’s annual budget and planning process prioritizes these requirements and recommends funding, as can be accommodated within available resources. Over the last few years, New Jersey budgets have been built on limited resources.

The Fiscal Year 2016 capital appropriation included \$3.6 billion of State and matching federal funds for both the Department of Transportation and the New Jersey Transit Corporation. The State’s share, funded through the New Jersey Transportation Trust Fund Authority, produced \$464.9 million for State highway infrastructure, \$278.6 million for local highways, and \$503.5 million for mass transit. During Fiscal Year 2016, the New Jersey Economic Development Authority issued \$500.0 million of School Facilities Construction Bonds, net of refundings, to help fund the New Jersey Schools Development Authority’s program; accordingly, as of June 30, 2016, a total of \$10.1 billion of the \$12.6 billion school facilities construction bond program has been issued. The constitutional dedication of 4.0 percent of the Corporation Business Tax was appropriated to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

Capital asset data is shown below. The State’s investment in capital assets, net of accumulated depreciation, totaled \$27.7 billion as of June 30, 2016. Depreciation expense charges for Fiscal Year 2016 totaled \$1.0 billion.

**Capital Assets (Net of Accumulated Depreciation)  
As of June 30  
(Expressed in Millions)**

	Total Primary Government	
	2016	2015*
Land and Easements	\$ 5,220.6	\$ 5,152.1
Land Improvements	55.2	55.3
Buildings and Improvements	1,583.1	1,675.3
Equipment and Software	379.3	410.1
Infrastructure	17,314.9	16,538.5
Sub-Total	24,553.1	23,831.3
Construction-In-Progress	3,157.8	2,543.2
Total	\$ 27,710.9	\$ 26,374.5

\* The July 1, 2015 capital asset balance has been restated by \$138.2 million to reflect revised Construction in Progress amounts.

**Debt Administration**

As of June 30, 2016, New Jersey’s outstanding long-term obligations for governmental activities totaled \$171.6 billion, a \$18.1 billion increase over the prior fiscal year. Of the \$18.1 billion increase, \$18.6 billion is attributable to increases in the Net Pension Liability and Net OPEB Obligation offset by a \$0.5 billion reduction in bonded debt. Long-term bonded obligations totaled \$42.7 billion, while other long-term obligations totaled \$128.9 billion. In addition, the State has \$4.0 billion of legislatively authorized bonding capacity that has not yet been issued. As of June 30, 2016, the legislatively authorized but unissued debt decreased by \$1.1 billion (See Statistical Section – Legislatively Authorized But Unissued Debt, 2016 and 2015). In fiscal year 2015, the State implemented GASB Statement No. 68 which required the State to record its proportionate share of the Net Pension Liability for all State retirement systems. Only Fiscal Year 2014 was restated. Therefore, comparisons to Fiscal Years 2012 and 2013 are incompatible. The State’s long-term obligations for the past five fiscal years are shown below.

**Long-Term Bonded and Non-Bonded Obligations  
Fiscal Year 2012 to Fiscal Year 2016  
(Expressed in Billions)**



\* Due to the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* in Fiscal Year 2015, the July 1, 2014 Net Pension Obligation of \$15.9 billion was removed and replaced with a Net Pension Liability of \$74.8 billion.

For more detailed information about the State’s long-term debt activity, see Note 11 – Long-Term Obligations.

## **ECONOMIC CONDITION AND OUTLOOK**

The State's economic recovery continued in 2016. The State added 14,800 new private sector jobs over the course of the year. The State has gained 281,700 new private sector jobs since February 2010 and private sector payrolls are now higher than the pre-Recession peak by 33,200 jobs. Payroll growth in 2016 was led by the education and health services sector; trade, transportation and utilities sector; and manufacturing sector. The State's unemployment rate stood at 4.7 percent at the end of December 2016 which matched the national unemployment rate.

The State's housing market continued to recover with a solid year in 2016. Single-family home sales in 2016 were 15.1 percent higher than in 2015 while townhouse-condo sales were 8.8 percent higher in 2016 than in 2015. The number of residential building permits issued in 2016 remained above the 25,000 mark for the third year in a row. New car sales continued to rise in 2016 with the total for the year exceeding 600,000 for the first time since prior to the Great Recession. Aggregate personal income, which includes wage income as well as income from other sources such as assets or transfers, grew for a fourteenth consecutive quarter and reached a new all-time high at the end of the third quarter of 2016.

The national economy also continued to expand at a moderate pace in 2016. Real GDP grew by 1.6 percent in 2016. The labor market added 2.157 million jobs in 2016. Wage growth strengthened over the course of 2016 as a result of the continued improvement in the labor market. Average hourly earnings increased by 2.9 percent year-over-year in December 2016. Consumer price inflation picked up in 2016 as the headline CPI figure increased by 2.1 percent year-over-year in December. This is the first time that year-over-year growth in the headline figure has exceeded 2.0 percent since June 2014 which is when the price of oil began to decline.

The Federal Reserve Bank, through the Federal Open Market Committee (FOMC), raised the federal funds rate target by another quarter of a percentage point during its most recent meeting this past December. The target range is now between 0.50 and 0.75 percent. The FOMC had originally forecasted as many as four quarter point raises in 2016 but softer growth over the first half of the year combined with uncertainty in how global events would affect the U.S. economic outlook resulted in both a delay and reduction in the number of rate increases.

The U.S. economic recovery is expected to continue its moderate expansion according to the minutes from the December meeting of the FOMC. The median forecast for real GDP growth in 2017 is 2.1 percent according to the economic projections of meeting participants. As a result the federal funds rate target is expected to gradually rise over the course of 2017. The upside risk to the forecast, stronger economic growth, had increased because of the prospect of more expansionary fiscal policy under the new president. However, it was also noted that there is still considerable uncertainty about the breadth and scope of any future fiscal or economic policy, irrespective of how quickly it can be implemented.

## **REQUEST FOR INFORMATION**

This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016 is designed to provide a general overview of the State of New Jersey's finances to our citizens, taxpayers, customers, investors, and creditors, and to demonstrate the State's accountability for the money it receives and the stewardship over its resources. Requests concerning any of the data presented in this Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016, or for additional information, should be addressed to the State of New Jersey, Office of Management and Budget, P.O. Box 221, 33 West State Street, Trenton, New Jersey, 08625. Historical copies of the Comprehensive Annual Financial Report, the State Budget, and the Appropriations Handbook are accessible via: <http://www.state.nj.us/treasury/omb>.

*Basic Financial  
Statements*

**STATE OF NEW JERSEY  
STATEMENT OF NET POSITION  
JUNE 30, 2016**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 148,027,205	\$ 371,908	\$ 148,399,113	\$ 3,802,522,351
Investments	5,454,537,768	276,511,374	5,731,049,142	7,044,456,968
Receivables, net of allowances for uncollectibles				
Federal government	765,026,583	1,635,941,573	2,400,968,156	438,755,726
Departmental accounts	3,651,306,101	819,504,616	4,470,810,717	-
Loans	1,691,309,668	-	1,691,309,668	162,455,376
Mortgages	-	-	-	106,300,000
Other	773,666,785	140,472,584	914,139,369	675,980,526
Internal balances	106,109,266	(106,109,266)	-	-
Due from external parties	29,754,896	-	29,754,896	166,124,862
Inventories	-	-	-	177,687,513
Deferred charges	-	2,741,064	2,741,064	-
Other	5,774,028	-	5,774,028	314,787,054
<b>Total Current Assets</b>	<b>12,625,512,300</b>	<b>2,769,433,853</b>	<b>15,394,946,153</b>	<b>12,889,070,376</b>
<b>Noncurrent Assets</b>				
Investments	-	227,170,016	227,170,016	4,122,445,015
Receivables, net of allowances for uncollectibles				
Loans	-	-	-	2,386,241,944
Mortgages	-	-	-	2,009,057,684
Other	-	-	-	170,354,266
Capital assets - nondepreciated	8,378,464,594	-	8,378,464,594	6,157,526,914
Capital assets - depreciated, net	19,332,441,032	-	19,332,441,032	21,453,023,472
Other	313,573,109	-	313,573,109	637,249,759
<b>Total Noncurrent Assets</b>	<b>28,024,478,735</b>	<b>227,170,016</b>	<b>28,251,648,751</b>	<b>36,935,899,054</b>
<b>Deferred Outflows of Resources</b>	<b>12,548,713,604</b>	<b>-</b>	<b>12,548,713,604</b>	<b>1,240,916,303</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>53,198,704,639</b>	<b>2,996,603,869</b>	<b>56,195,308,508</b>	<b>51,065,885,733</b>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY**  
**STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2016**

	<b>Primary Government</b>		<b>Total</b>	<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>		
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accruals	2,118,950,817	222,450,281	2,341,401,098	1,419,084,319
Due to external parties	99,473,355	-	99,473,355	311,528,363
Interest payable	210,394,488	-	210,394,488	349,693,607
Unearned revenue	373,128,722	-	373,128,722	326,472,136
Current portion of long-term obligations	2,485,327,943	25,352,704	2,510,680,647	1,063,082,631
Refunds payable	382,395,494	58,782,041	441,177,535	-
Other	319,614,450	1,048,538	320,662,988	466,455,367
<b>Total Current Liabilities</b>	<b>5,989,285,269</b>	<b>307,633,564</b>	<b>6,296,918,833</b>	<b>3,936,316,423</b>
<b>Noncurrent Liabilities</b>				
Net pension liability	93,195,875,720	-	93,195,875,720	4,807,185,419
Net OPEB obligation	32,282,700,000	-	32,282,700,000	1,024,467,466
Revenue bonds payable, net	17,527,934,410	-	17,527,934,410	14,440,716,567
Installment obligations, net	16,082,755,850	-	16,082,755,850	2,744,488,029
Other	9,985,663,843	227,903,647	10,213,567,490	7,306,640,622
<b>Total Noncurrent Liabilities</b>	<b>169,074,929,823</b>	<b>227,903,647</b>	<b>169,302,833,470</b>	<b>30,323,498,103</b>
<b>Deferred Inflows of Resources</b>	<b>906,294,422</b>	<b>-</b>	<b>906,294,422</b>	<b>415,077,593</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>175,970,509,514</b>	<b>535,537,211</b>	<b>176,506,046,725</b>	<b>34,674,892,119</b>
<b>NET POSITION</b>				
<b>Net investment in capital assets</b>	<b>9,606,582,911</b>	<b>-</b>	<b>9,606,582,911</b>	<b>10,348,028,125</b>
<b>Restricted for:</b>				
Capital projects	-	-	-	207,323,732
Public safety and criminal justice	798	-	798	-
Physical and mental health	4,802,446	-	4,802,446	-
Educational, cultural, and intellectual development	727,470,240	-	727,470,240	-
Community development and environmental management	2,814,345,150	-	2,814,345,150	-
Economic planning, development and security	438,866,053	-	438,866,053	-
Transportation programs	6,360,207	-	6,360,207	-
Contributory life insurance	584,852,889	-	584,852,889	-
Debt service	-	-	-	1,117,642,308
Unemployment	-	2,449,619,665	2,449,619,665	-
Prize awards and State contributions	-	11,446,993	11,446,993	-
Other purposes	-	-	-	6,620,731,547
<b>Unrestricted</b>	<b>(136,955,085,569)</b>	<b>-</b>	<b>(136,955,085,569)</b>	<b>(1,902,732,098)</b>
<b>Total Net Position</b>	<b>\$ (122,771,804,875)</b>	<b>\$ 2,461,066,658</b>	<b>\$ (120,310,738,217)</b>	<b>\$ 16,390,993,614</b>

**STATE OF NEW JERSEY  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Functions - Programs</b>				
<b>Primary Government</b>				
Governmental activities:				
Public safety and criminal justice	\$ 3,270,433,240	\$ 1,078,006,849	\$ 466,258,637	\$ 2,023,309
Physical and mental health	14,249,049,383	961,181,890	498,048,372	-
Educational, cultural, and intellectual development	17,135,438,891	110,646,140	936,148,856	-
Community development and environmental management	2,285,724,424	318,208,987	1,436,237,657	102,450,215
Economic planning, development, and security	6,241,848,924	1,326,317,276	754,126,573	-
Transportation programs	1,522,468,864	20,145,047	1,193,191,550	164,898,914
Government direction, management, and control	15,231,061,378	1,018,834,633	11,111,111,166	-
Special government services	338,643,369	147,919,014	17,767,049	-
Interest expense	1,382,490,242	-	-	-
Total governmental activities	<u>61,657,158,715</u>	<u>4,981,259,836</u>	<u>16,412,889,860</u>	<u>269,372,438</u>
Business-type activities:				
State Lottery Fund	2,301,644,578	3,297,637,787	655,103	-
Unemployment Compensation Fund	2,053,072,754	2,752,027,260	53,601,418	-
Total business-type activities	<u>4,354,717,332</u>	<u>6,049,665,047</u>	<u>54,256,521</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 66,011,876,047</u>	<u>\$ 11,030,924,883</u>	<u>\$ 16,467,146,381</u>	<u>\$ 269,372,438</u>
<b>Component Units</b>				
Authorities	\$ 7,485,970,124	\$ 3,722,292,921	\$ 1,806,917,653	\$ 1,557,650,028
Colleges and Universities	6,329,337,837	3,356,183,451	2,112,148,719	292,045,540
<b>Total Component Units</b>	<u>\$ 13,815,307,961</u>	<u>\$ 7,078,476,372</u>	<u>\$ 3,919,066,372</u>	<u>\$ 1,849,695,568</u>
General Revenues and Transfers				
Taxes:				
Gross Income Tax				
Sales and Use Tax				
Corporation Business Tax				
Other taxes				
Investment earnings				
Payments from State				
Miscellaneous				
Transfers				
Total general revenues and transfers				
<b>Change in Net Position</b>				
<b>Net Position - July 1, 2015 (Restated)</b>				
<b>Net Position - June 30, 2016</b>				

The accompanying notes are an integral part of the financial statements.

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Units</b>
\$ (1,724,144,445)	\$ -	\$ (1,724,144,445)	\$ -
(12,789,819,121)	-	(12,789,819,121)	-
(16,088,643,895)	-	(16,088,643,895)	-
(428,827,565)	-	(428,827,565)	-
(4,161,405,075)	-	(4,161,405,075)	-
(144,233,353)	-	(144,233,353)	-
(3,101,115,579)	-	(3,101,115,579)	-
(172,957,306)	-	(172,957,306)	-
(1,382,490,242)	-	(1,382,490,242)	-
<u>(39,993,636,581)</u>	<u>-</u>	<u>(39,993,636,581)</u>	<u>-</u>
-	996,648,312	996,648,312	-
-	752,555,924	752,555,924	-
-	1,749,204,236	1,749,204,236	-
<u>\$ (39,993,636,581)</u>	<u>\$ 1,749,204,236</u>	<u>\$ (38,244,432,345)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (399,109,522)
-	-	-	(568,960,127)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (968,069,649)</u>
13,355,992,259	-	13,355,992,259	-
9,245,305,461	-	9,245,305,461	-
2,299,017,311	-	2,299,017,311	-
5,563,047,890	-	5,563,047,890	-
8,330,443	-	8,330,443	-
-	-	-	1,052,885,512
633,531,948	-	633,531,948	-
989,725,259	(987,000,000)	2,725,259	-
<u>32,094,950,571</u>	<u>(987,000,000)</u>	<u>31,107,950,571</u>	<u>1,052,885,512</u>
(7,898,686,010)	762,204,236	(7,136,481,774)	84,815,863
(114,873,118,865)	1,698,862,422	(113,174,256,443)	16,306,177,751
<u>\$ (122,771,804,875)</u>	<u>\$ 2,461,066,658</u>	<u>\$ (120,310,738,217)</u>	<u>\$ 16,390,993,614</u>

**STATE OF NEW JERSEY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2016**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
<b>Cash and cash equivalents</b>	\$ 75,275,917	\$ -	\$ 72,751,288	\$ 148,027,205
<b>Investments</b>	1,664,861,971	-	3,789,675,797	5,454,537,768
<b>Receivables, net of allowances for uncollectibles</b>				
Federal government	616,065,283	-	6,091,853	622,157,136
Departmental accounts	2,729,372,355	560,276,959	361,656,787	3,651,306,101
Loans	320,290,441	-	1,371,019,227	1,691,309,668
Other	121,257,665	-	146,440,354	267,698,019
<b>Due from other funds</b>	764,185,452	10,582,235	218,304,032	993,071,719
<b>Other</b>	5,770,401	-	3,627	5,774,028
<b>Total Assets</b>	<u>\$ 6,297,079,485</u>	<u>\$ 570,859,194</u>	<u>\$ 5,965,942,965</u>	<u>\$ 12,833,881,644</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable and accruals	\$ 1,515,141,317	\$ 67,443,766	\$ 536,365,734	\$ 2,118,950,817
Unearned revenue	145,234,025	-	335,394,697	480,628,722
Due to other funds	221,102,635	276,617,206	458,961,071	956,680,912
Refunds payable	173,936,455	208,459,039	-	382,395,494
Other	317,653,174	-	1,961,276	319,614,450
<b>Total Liabilities</b>	<u>2,373,067,606</u>	<u>552,520,011</u>	<u>1,332,682,778</u>	<u>4,258,270,395</u>
<b>Fund Balances</b>				
Nonspendable	20,416,073	-	-	20,416,073
Restricted	1,062,267,957	-	4,210,255,749	5,272,523,706
Committed	2,378,534,462	18,339,183	423,004,438	2,819,878,083
Unassigned	462,793,387	-	-	462,793,387
<b>Total Fund Balances</b>	<u>3,924,011,879</u>	<u>18,339,183</u>	<u>4,633,260,187</u>	<u>8,575,611,249</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 6,297,079,485</u>	<u>\$ 570,859,194</u>	<u>\$ 5,965,942,965</u>	<u>\$ 12,833,881,644</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**Total fund balances of governmental funds** \$ 8,575,611,249

Amounts reported for governmental activities in the statement of net position are different as a result of the following items:

Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 648,838,213

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund perspective. These assets consist of :

Land and easements	\$ 5,220,565,397	
Land improvements	220,244,216	
Buildings and improvements	3,744,830,525	
Equipment and software	1,330,821,901	
Infrastructure	28,290,114,374	
Construction in progress	3,157,899,197	
Accumulated depreciation	<u>(14,253,569,984)</u>	27,710,905,626

The other noncurrent assets (Group Homes) are not current resources and therefore are not reported in the fund perspective. 313,573,109

Deferred outflows of resources are not current resources and therefore are not reported in the fund perspective. 12,548,713,604

Unearned tobacco settlement revenue recorded in the fund perspective is recognized as revenue in the statement of net position. 107,500,000

Some liabilities are not due and payable in the current period and therefore are not reported in the fund perspective. Those liabilities consist of:

Current Liabilities		
Accrued interest	(210,394,488)	
Current portion of long-term obligations	<u>(2,485,327,943)</u>	(2,695,722,431)
Noncurrent Liabilities		
General Obligation Bonds Payable	(1,739,985,000)	
Revenue Bonds Payable, net	(17,527,934,410)	
Installment Obligations, net	(16,082,755,850)	
Certificates of Participation	(42,841,296)	
Loans Payable	(1,279,358,087)	
Capital Leases	(494,144,900)	
Compensated Absences	(226,936,973)	
Unamortized Premium	(1,916,722,672)	
Tobacco Settlement Financing Corporation Bonds, net	(3,247,825,449)	
Net Pension Liability	(93,195,875,720)	
Net OPEB Obligation	(32,282,700,000)	
Other	<u>(1,037,849,466)</u>	(169,074,929,823)

Deferred inflows of resources are not current liabilities and therefore are not reported in the fund perspective. (906,294,422)

**Net Position of governmental activities** \$ (122,771,804,875)

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 15,127,170,462	\$ 14,069,113,493	\$ 1,525,980,817	\$ 30,722,264,772
Federal and other grants	14,707,348,661	-	1,030,524,104	15,737,872,765
Licenses and fees	1,361,719,397	-	104,613,859	1,466,333,256
Services and assessments	2,029,174,784	-	1,189,631,424	3,218,806,208
Component Units and Port Authority	477,310,484	-	-	477,310,484
Investment earnings	7,128,913	-	12,044,408	19,173,321
Other	799,304,127	-	371,696,401	1,171,000,528
<b>Total Revenues</b>	<u>34,509,156,828</u>	<u>14,069,113,493</u>	<u>4,234,491,013</u>	<u>52,812,761,334</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Public safety and criminal justice	3,180,827,422	23,259,432	98,597,698	3,302,684,552
Physical and mental health	14,094,954,284	107,831,132	41,584,864	14,244,370,280
Educational, cultural, and intellectual development	4,212,977,203	12,363,928,924	613,663,537	17,190,569,664
Community development and environmental management	1,967,036,443	260,211,310	160,956,376	2,388,204,129
Economic planning, development, and security	5,190,914,105	51,903,000	1,001,412,837	6,244,229,942
Transportation programs	744,054,085	-	2,004,918,022	2,748,972,107
Government direction, management, and control	5,810,680,013	1,214,414,081	264,763,488	7,289,857,582
Special government services	343,327,160	-	185,929	343,513,089
<b>Capital Outlay</b>	135,780,583	-	-	135,780,583
<b>Debt Service:</b>				
Principal	373,215,000	-	660,915,000	1,034,130,000
Interest	105,193,415	-	907,013,622	1,012,207,037
<b>Total Expenditures</b>	<u>36,158,959,713</u>	<u>14,021,547,879</u>	<u>5,754,011,373</u>	<u>55,934,518,965</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>(1,649,802,885)</u>	<u>47,565,614</u>	<u>(1,519,520,360)</u>	<u>(3,121,757,631)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds, notes, installment obligations, COPS issued, and capital lease acquisitions	551,366,169	-	626,800,000	1,178,166,169
Refunding bonds issued	2,089,230,000	-	-	2,089,230,000
Premiums/discounts	76,947,840	-	12,594,618	89,542,458
Payment to bond escrow agents	(2,024,386,196)	-	-	(2,024,386,196)
Transfers from other funds	2,411,998,447	-	2,834,071,395	5,246,069,842
Transfers to other funds	(1,986,190,512)	(60,088,987)	(2,210,045,658)	(4,256,325,157)
<b>Total Other Financing Sources (Uses)</b>	<u>1,118,965,748</u>	<u>(60,088,987)</u>	<u>1,263,420,355</u>	<u>2,322,297,116</u>
<b>Net Change in Fund Balance</b>	<u>(530,837,137)</u>	<u>(12,523,373)</u>	<u>(256,100,005)</u>	<u>(799,460,515)</u>
<b>Fund Balances - July 1, 2015 (Restated)</b>	<u>4,454,849,016</u>	<u>30,862,556</u>	<u>4,889,360,192</u>	<u>9,375,071,764</u>
<b>Fund Balances - June 30, 2016</b>	<u>\$ 3,924,011,879</u>	<u>\$ 18,339,183</u>	<u>\$ 4,633,260,187</u>	<u>\$ 8,575,611,249</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY  
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**Net change in fund balances of total governmental funds** \$ (799,460,515)

Amounts reported for governmental activities in the statement of activities are different as a result of the following items:

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 2,275,195,082	
Depreciation expense	<u>(938,886,088)</u>	
Excess of capital outlay over depreciation expense		1,336,308,994

Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term obligations in the statement of net position. In the current period, proceeds were received from revenue and general obligation bonds. (626,800,000)

Some capital additions were financed through capital leases, certificates of participation and installment obligations. In the governmental funds these arrangements are considered a source of financing, but in the statement of net position, these arrangements are reported as an obligation. (551,366,169)

Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term obligations in the statement of net position. In the current year, these retirements/repayments consist of:

General Obligation Bonds principal	373,215,000	
Revenue Bonds principal	629,325,000	
Capital Leases	54,146,385	
Installment Obligations	987,494,163	
Certificates of Participation	39,706,457	
Tobacco Settlement Financing Corporation Bonds	<u>49,520,000</u>	
Total long-term obligations		2,133,407,005

Some revenues will not be collected for several months after the fiscal year ends, they are not considered "available" revenues and are not accrued in the governmental funds. The Fiscal Year 2016 receivable balances decreased by this amount. (41,533,314)

Some revenues recorded in the statement of activities do not provide current financial resources and therefore are unearned in the fund perspective. (2,500,000)

In the government-wide statements certain items are capitalized and amortized over a period of years, but are reported as expenditures or other financing sources and uses in the fund perspective. These activities consist of:

Decrease in unamortized premiums	133,465,105	
Decrease in deferral on refunding issues	<u>(174,835,000)</u>	
Total capitalized and amortized items		(41,369,895)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures in governmental funds. These activities consist of:

Net increase in accrued interest	(299,141,036)	
Decrease in compensated absences, Medicaid, and other	45,453,490	
Increase in net pension liability	(14,314,049,096)	
Increase in OPEB obligations	(4,308,900,000)	
Increase in deferred outflow of resources	7,800,975,844	
Decrease in deferred inflow of resources	1,711,622,503	
Decrease in net pension assets	(3,206,565)	
Increase in other assets (Group Homes)	<u>61,872,744</u>	
Total additional expenditures		<u>(9,305,372,116)</u>

**Change in net position of governmental activities** **\$ (7,898,686,010)**

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2016**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 84,665	\$ 287,243	\$ 371,908
Investments	276,487,703	23,671	276,511,374
Receivables, net of allowances for uncollectibles			
Federal government	-	1,635,941,573	1,635,941,573
Departmental accounts	-	819,504,616	819,504,616
Other	46,188,335	94,284,249	140,472,584
Due from other funds	-	7,638,335	7,638,335
Deferred charges	2,690,563	50,501	2,741,064
<b>Total Current Assets</b>	<u>325,451,266</u>	<u>2,557,730,188</u>	<u>2,883,181,454</u>
<b>Noncurrent Assets</b>			
Investments	227,170,016	-	227,170,016
<b>Total Noncurrent Assets</b>	<u>227,170,016</u>	<u>-</u>	<u>227,170,016</u>
<b>Total Assets</b>	<u>552,621,282</u>	<u>2,557,730,188</u>	<u>3,110,351,470</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accruals	174,869,721	47,580,560	222,450,281
Due to other funds	113,048,217	699,384	113,747,601
Refunds payable	-	58,782,041	58,782,041
Current portion of long-term obligations	25,352,704	-	25,352,704
Other	-	1,048,538	1,048,538
<b>Total Current Liabilities</b>	<u>313,270,642</u>	<u>108,110,523</u>	<u>421,381,165</u>
<b>Noncurrent Liabilities</b>			
Due in more than one year	227,903,647	-	227,903,647
<b>Total Noncurrent Liabilities</b>	<u>227,903,647</u>	<u>-</u>	<u>227,903,647</u>
<b>Total Liabilities</b>	<u>541,174,289</u>	<u>108,110,523</u>	<u>649,284,812</u>
<b>NET POSITION</b>			
Restricted for:			
Unemployment compensation	-	2,449,619,665	2,449,619,665
Prize awards and State contributions	11,446,993	-	11,446,993
<b>Total Net Position</b>	<u>\$ 11,446,993</u>	<u>\$ 2,449,619,665</u>	<u>\$ 2,461,066,658</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
<b>OPERATING REVENUES</b>			
Sales and charges for services	\$ 3,289,846,714	\$ -	\$ 3,289,846,714
Assessments	-	2,743,571,716	2,743,571,716
From federal agencies	-	25,460,905	25,460,905
Other	35,915,039	1,057,038	36,972,077
<b>Total Operating Revenues</b>	<u>3,325,761,753</u>	<u>2,770,089,659</u>	<u>6,095,851,412</u>
<b>OPERATING EXPENSES</b>			
Unemployment compensation	-	2,053,072,754	2,053,072,754
Lottery prize awards	2,001,693,206	-	2,001,693,206
Other	299,951,372	-	299,951,372
<b>Total Operating Expenses</b>	<u>2,301,644,578</u>	<u>2,053,072,754</u>	<u>4,354,717,332</u>
<b>Operating Income (Loss)</b>	<u>1,024,117,175</u>	<u>717,016,905</u>	<u>1,741,134,080</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment income	655,103	28,140,513	28,795,616
Other	(28,123,966)	7,398,506	(20,725,460)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(27,468,863)</u>	<u>35,539,019</u>	<u>8,070,156</u>
<b>Income (Loss) Before Transfers</b>	996,648,312	752,555,924	1,749,204,236
Transfers to other funds	(987,000,000)	-	(987,000,000)
<b>Change in Net Position</b>	9,648,312	752,555,924	762,204,236
<b>Net Position - July 1, 2015</b>	<u>1,798,681</u>	<u>1,697,063,741</u>	<u>1,698,862,422</u>
<b>Net Position - June 30, 2016</b>	<u>\$ 11,446,993</u>	<u>\$ 2,449,619,665</u>	<u>\$ 2,461,066,658</u>

The accompanying notes are an integral part of the financial statements.

**STATE OF NEW JERSEY  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>State Lottery Fund</b>	<b>Unemployment Compensation Fund</b>	<b>Total Proprietary Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts received from customers	\$ 1,523,781,082	\$ -	\$ 1,523,781,082
Receipts from federal and local agencies	-	41,181,953	41,181,953
Receipts from state, local, and non-profits	-	122,493,799	122,493,799
Receipts from assessments	-	2,605,073,197	2,605,073,197
Payments to suppliers	(10,002,023)	-	(10,002,023)
Payments to prize winners	(383,423,272)	-	(383,423,272)
Payments for vendor commissions and fees	(96,561,724)	-	(96,561,724)
Claims paid	-	(2,758,018,032)	(2,758,018,032)
Cash flows from annuity operations			
Annuity receipts	36,079,204	-	36,079,204
Purchase of annuities	(2,307,648)	-	(2,307,648)
Payments of annuity prizes	(25,942,860)	-	(25,942,860)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>1,041,622,759</u>	<u>10,730,917</u>	<u>1,052,353,676</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers to other funds	(1,017,000,000)	-	(1,017,000,000)
Other	-	(10,621,904)	(10,621,904)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(1,017,000,000)</u>	<u>(10,621,904)</u>	<u>(1,027,621,904)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sales and maturities of investments	1,299,200,000	-	1,299,200,000
Purchase of investments	(1,342,450,000)	-	(1,342,450,000)
Proceeds from Northstar New Jersey	15,410,236	-	15,410,236
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(27,839,764)</u>	<u>-</u>	<u>(27,839,764)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(3,217,005)	109,013	(3,107,992)
<b>Cash and Cash Equivalents - July 1, 2015</b>	<u>3,301,670</u>	<u>178,230</u>	<u>3,479,900</u>
<b>Cash and Cash Equivalents - June 30, 2016</b>	<u>\$ 84,665</u>	<u>\$ 287,243</u>	<u>\$ 371,908</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,024,117,175	\$ 717,016,905	\$ 1,741,134,080
Net changes in assets and liabilities:			
Current assets	(14,882,428)	(691,861,400)	(706,743,828)
Noncurrent assets	1,355,052	-	1,355,052
Current liabilities	47,236,495	(14,424,588)	32,811,907
Noncurrent liabilities	(16,203,535)	-	(16,203,535)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,041,622,759</u>	<u>\$ 10,730,917</u>	<u>\$ 1,052,353,676</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>			
Change in fair value of investments	\$ (16,214,097)	\$ -	\$ (16,214,097)

The accompanying notes are an integral part of the financial statements.

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**STATE OF NEW JERSEY  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2016**

	<b>Agency Funds</b>	<b>Investment Trust Fund</b>
<b>ASSETS</b>		
<b>Cash and cash equivalents</b>	\$ 39,691,736	\$ 36,875,099
<b>Securities lending collateral</b>	-	-
<b>Investments</b>		
Cash Management Fund	90,723,647	-
Common Pension Fund D	-	-
Common Pension Fund E	-	-
Domestic Equities	-	-
Domestic Fixed Income	-	1,523,456,700
Equity Mutual Funds	-	-
Fixed Income Mutual Funds	-	-
<b>Receivables, net of allowances for uncollectibles</b>		
Members	-	-
Employers	316,085	-
Interest and dividends	-	1,038,826
Other	54,955	-
<b>Due from other funds</b>	36,114,288	-
<b>Other</b>	-	-
<b>Total Assets</b>	166,900,711	1,561,370,625
<b>LIABILITIES</b>		
<b>Accounts payable and accruals</b>	166,863,788	3,314,183
<b>Benefits payable</b>	-	-
<b>Securities lending collateral and rebates payable</b>	-	-
<b>Due to other funds</b>	36,923	1,374,279
<b>Total Liabilities</b>	166,900,711	4,688,462
<b>NET POSITION</b>		
<b>Held in Trust for Pension Benefits and Other Purposes</b>	\$ -	\$ 1,556,682,163

The accompanying notes are an integral part of the financial statements.

<b>Pension and Other Employee Benefits Trust Funds</b>	<b>Private Purpose Trust Funds</b>
\$ 10,351,800	\$ 1,305,571
1,298,508,410	-
1,729,169,845	12,030,755
45,840,206,401	-
25,062,510,418	-
678,024,900	-
-	-
2,687,843,042	-
394,909,679	-
175,854,374	-
2,033,529,713	-
4,255,408	-
-	-
63,359,067	-
2,431,626,562	-
<u>82,410,149,619</u>	<u>13,336,326</u>
186,193,736	4,367,644
1,670,264,802	-
1,296,943,638	-
28,218,207	125,487
<u>3,181,620,383</u>	<u>4,493,131</u>
<u>\$ 79,228,529,236</u>	<u>\$ 8,843,195</u>

**STATE OF NEW JERSEY**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>Investment Trust Fund</u>	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Private Purpose Trust Funds</u>
<b>ADDITIONS</b>			
Contributions:			
Members	\$ -	\$ 2,728,399,275	\$ -
Employers	-	9,231,509,042	-
Other	12,360,737,380	15,215,218	-
<b>Total Contributions</b>	<u>12,360,737,380</u>	<u>11,975,123,535</u>	<u>-</u>
Investment Income:			
Net increase (decrease) in fair value of investments	-	(2,244,262,789)	-
Interest and dividends	5,693,898	1,612,504,370	37,950
<b>Total Investment Income</b>	5,693,898	(631,758,419)	37,950
Less investment expense	-	16,906,200	-
<b>Net Investment Income</b>	<u>5,693,898</u>	<u>(648,664,619)</u>	<u>37,950</u>
Miscellaneous	-	-	35,791
<b>Total Additions</b>	<u>12,366,431,278</u>	<u>11,326,458,916</u>	<u>73,741</u>
<b>DEDUCTIONS</b>			
Benefit payments	-	17,270,398,926	-
Refunds of contributions	-	202,432,865	-
Refunds and transfers to other systems	-	-	19,426
Administrative expense	1,374,279	52,553,872	-
Payments in accordance with trust agreements	-	-	641,892
Distributions to shareholders	12,611,835,943	-	-
<b>Total Deductions</b>	<u>12,613,210,222</u>	<u>17,525,385,663</u>	<u>661,318</u>
<b>Total Changes in Net Position Held in Trust</b>	(246,778,944)	(6,198,926,747)	(587,577)
<b>Net Position - July 1, 2015</b>	<u>1,803,461,107</u>	<u>85,427,455,983</u>	<u>9,430,772</u>
<b>Net Position - June 30, 2016</b>	<u>\$ 1,556,682,163</u>	<u>\$ 79,228,529,236</u>	<u>\$ 8,843,195</u>

The accompanying notes are an integral part of the financial statements.

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**STATE OF NEW JERSEY  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
JUNE 30, 2016**

	<b>New Jersey Transit Corporation</b>	<b>New Jersey Turnpike Authority</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 140,229,726	\$ 337,120,110
Investments	44,087,310	1,080,934,908
Receivables, net of allowances for uncollectibles		
Federal government	281,226,565	-
Loans	-	-
Mortgages	-	-
Other	33,713,111	82,288,733
Due from external parties	132,934,756	559,714
Inventories	134,567,700	20,104,908
Other	24,061,828	31,237,944
<b>Total Current Assets</b>	<b>790,820,996</b>	<b>1,552,246,317</b>
<b>Noncurrent Assets</b>		
Investments	517,385,607	1,190,230,188
Receivables, net of allowances for uncollectibles		
Loans	-	-
Mortgages	-	-
Other	-	-
Capital assets - nondepreciated	1,084,740,909	3,346,203,064
Capital assets - depreciated, net	5,557,642,508	7,454,887,862
Other	15,743,917	-
<b>Total Noncurrent Assets</b>	<b>7,175,512,941</b>	<b>11,991,321,114</b>
<b>Deferred Outflows of Resources</b>	<b>178,814,596</b>	<b>219,929,658</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>8,145,148,533</b>	<b>13,763,497,089</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	389,413,659	187,260,761
Due to external parties	24,363,562	242,885,644
Interest payable	-	260,101,783
Unearned revenue	20,966,352	42,347,471
Current portion of long-term obligations	399,642,961	170,583,797
Other	62,380,838	-
<b>Total Current Liabilities</b>	<b>896,767,372</b>	<b>903,179,456</b>
<b>Noncurrent Liabilities</b>		
Net pension liability	549,339,352	435,014,902
Net OPEB liability	483,922,015	375,863,704
Revenue bonds payable, net	-	11,109,048,354
Installment obligations, net	-	-
Other	1,615,841,249	268,446,060
<b>Total Noncurrent Liabilities</b>	<b>2,649,102,616</b>	<b>12,188,373,020</b>
<b>Deferred Inflows of Resources</b>	<b>40,915,561</b>	<b>13,654,785</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>3,586,785,549</b>	<b>13,105,207,261</b>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>	<b>5,369,784,696</b>	<b>858,384,449</b>
<b>Restricted for:</b>		
Capital projects	7,541,284	-
Debt service	-	142,198,044
Other purposes	-	22,312,502
<b>Unrestricted</b>	<b>(818,962,996)</b>	<b>(364,605,167)</b>
<b>Total Net Position</b>	<b>\$ 4,558,362,984</b>	<b>\$ 658,289,828</b>

The accompanying notes are an integral part of the financial statements.

<u>Rutgers, The State University of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 333,471,000	\$ 2,991,701,515	\$ 3,802,522,351
556,865,000	5,362,569,750	7,044,456,968
39,748,000	117,781,161	438,755,726
10,133,000	152,322,376	162,455,376
-	106,300,000	106,300,000
341,869,000	218,109,682	675,980,526
-	32,630,392	166,124,862
4,131,000	18,883,905	177,687,513
8,564,000	250,923,282	314,787,054
<u>1,294,781,000</u>	<u>9,251,222,063</u>	<u>12,889,070,376</u>
1,011,352,000	1,403,477,220	4,122,445,015
58,744,000	2,327,497,944	2,386,241,944
-	2,009,057,684	2,009,057,684
95,813,000	74,541,266	170,354,266
539,691,000	1,186,891,941	6,157,526,914
2,899,627,000	5,540,866,102	21,453,023,472
318,627,000	302,878,842	637,249,759
<u>4,923,854,000</u>	<u>12,845,210,999</u>	<u>36,935,899,054</u>
<u>379,367,000</u>	<u>462,805,049</u>	<u>1,240,916,303</u>
<u>6,598,002,000</u>	<u>22,559,238,111</u>	<u>51,065,885,733</u>
406,005,000	436,404,899	1,419,084,319
-	44,279,157	311,528,363
12,879,000	76,712,824	349,693,607
93,044,000	170,114,313	326,472,136
57,943,000	434,912,873	1,063,082,631
90,547,000	313,527,529	466,455,367
<u>660,418,000</u>	<u>1,475,951,595</u>	<u>3,936,316,423</u>
1,644,741,000	2,178,090,165	4,807,185,419
-	164,681,747	1,024,467,466
-	3,331,668,213	14,440,716,567
1,911,384,000	833,104,029	2,744,488,029
202,317,000	5,220,036,313	7,306,640,622
<u>3,758,442,000</u>	<u>11,727,580,467</u>	<u>30,323,498,103</u>
<u>45,342,000</u>	<u>315,165,247</u>	<u>415,077,593</u>
<u>4,464,202,000</u>	<u>13,518,697,309</u>	<u>34,674,892,119</u>
1,601,474,000	2,518,384,980	10,348,028,125
50,946,000	148,836,448	207,323,732
9,009,000	966,435,264	1,117,642,308
1,088,686,000	5,509,733,045	6,620,731,547
(616,315,000)	(102,848,935)	(1,902,732,098)
<u>\$ 2,133,800,000</u>	<u>\$ 9,040,540,802</u>	<u>\$ 16,390,993,614</u>

**STATE OF NEW JERSEY  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<b>New Jersey Transit Corporation</b>	<b>New Jersey Turnpike Authority</b>
<b>Expenses</b>	\$ 2,901,039,830	\$ 1,513,751,565
 <b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Program Revenues</b>		
Charges for services	1,076,819,712	1,632,023,101
Operating grants and contributions	1,180,143,577	2,403,417
Capital grants and contributions	332,811,947	-
<b>Net (Expense) Revenue</b>	<b>(311,264,594)</b>	<b>120,674,953</b>
 <b>General Revenue</b>		
Payments from State	33,156,000	-
<b>Total General Revenue</b>	<b>33,156,000</b>	<b>-</b>
 <b>Change in Net Position</b>	 <b>(278,108,594)</b>	 <b>120,674,953</b>
 <b>Net Position - Beginning of Year (Restated)</b>	 <b>4,836,471,578</b>	 <b>537,614,875</b>
<b>Net Position - End of Year</b>	<b>\$ 4,558,362,984</b>	<b>\$ 658,289,828</b>

The accompanying notes are an integral part of the financial statements.

<u>Rutgers, The State University of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 3,643,058,000	\$ 5,757,458,566	\$ 13,815,307,961
1,963,673,000	2,405,960,559	7,078,476,372
1,190,921,000	1,545,598,378	3,919,066,372
<u>136,712,000</u>	<u>1,380,171,621</u>	<u>1,849,695,568</u>
<u>(351,752,000)</u>	<u>(425,728,008)</u>	<u>(968,069,649)</u>
<u>439,930,000</u>	<u>579,799,512</u>	<u>1,052,885,512</u>
<u>439,930,000</u>	<u>579,799,512</u>	<u>1,052,885,512</u>
88,178,000	154,071,504	84,815,863
<u>2,045,622,000</u>	<u>8,886,469,298</u>	<u>16,306,177,751</u>
<u>\$ 2,133,800,000</u>	<u>\$ 9,040,540,802</u>	<u>\$ 16,390,993,614</u>

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