



F
I
N
A
N
C
I
A
L

SECTION



SENATE

CHRISTOPHER J. CONNORS
KRISTIN M. CORRADO
NIA H. GILL
LINDA R. GREENSTEIN
THOMAS H. KEAN, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
LORETTA WEINBERG

GENERAL ASSEMBLY

JON M. BRAMNICK
ANTHONY M. BUCCO
JOHN J. BURZICHELLI
CRAIG J. COUGHLIN
JOHN DIMAIO
THOMAS P. GIBLIN
LOUIS D. GREENWALD
NANCY F. MUNOZ



New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

OFFICE OF THE STATE AUDITOR
125 SOUTH WARREN STREET
PO BOX 067
TRENTON NJ 08625-0067

PERI A. HOROWITZ
Executive Director
(609) 847-3901

OFFICE OF THE STATE AUDITOR
(609) 847-3470
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

DAVID J. KASCHAK
Assistant State Auditor

THOMAS TROUTMAN
Assistant State Auditor

INDEPENDENT AUDITOR'S REPORT

The Honorable Philip D. Murphy
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Craig J. Coughlin
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, 2018, 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 89 percent, 92 percent, and 45 percent, respectively, of the assets, net position and fund balance, and revenues of the aggregate remaining fund information, and 100 percent of the information disclosed in Note 2E of the basic financial statements. 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 Higher Education Student Assistance Authority, the Casino Reinvestment Development Authority, and the New Jersey Sports and Exposition 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 86, *Certain Debt Extinguishment Issues*, as of July 1, 2017. 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 and schedules 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 and schedules 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 April 30, 2019 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 solely 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 effectiveness of the State of New Jersey's 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 loop at the beginning and a long tail extending to the right.

Stephen M. Eells
State Auditor
April 30, 2019

*Management's
Discussion
and
Analysis*

(This page left intentionally blank)

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, 2018. 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 \$72.7 billion, a decrease of \$3.2 billion from the prior fiscal year after restatements that resulted in a \$58.5 billion decrease in net position. Restatements were made to increase capital assets; decrease other assets; increase current liabilities; and the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As of June 30, 2018, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$198.1 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 \$214.1 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 16 – Retirement Systems) and the State implementing in Fiscal Year 2018, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (See Note 17 – Other Postemployment Benefits and Active Employee Health Benefits). Financing activities that have contributed to the State's negative unrestricted net position 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, 2018 component unit assets and deferred outflows of resources exceeded component unit liabilities and deferred inflows of resources by \$17.3 billion. Total component unit assets and deferred outflows of resources totaled \$54.1 billion, a \$1.6 billion increase from the prior fiscal year.

Fund Level

- The State's governmental funds reported June 30, 2018 combined ending fund balances of \$11.5 billion, a decrease of \$0.3 billion when compared to the prior fiscal year after restatements. 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 (\$6.5 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 (\$4.1 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 (\$990.6 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 \$348.9 million resulting in net position of \$3.1 billion as of June 30, 2018.

Long-term Obligations

- The State's governmental long-term obligations decreased 8.7 percent after restatements to \$239.0 billion, which includes a net decrease in bonded obligations of \$1.0 billion. During the fiscal year, the State issued \$4.7 billion in bonds. New money issuances represented \$0.7 billion primarily for transportation program improvements, while \$4.0 billion represented refunding transactions that provided the State with \$240.1 million in net present value savings. During Fiscal Year 2018, the State paid \$4.9 billion in debt service on its long-term obligations.
- Non-bonded portions of the State's governmental long-term obligations total \$193.9 billion. This amount represents a \$21.9 billion decrease from the prior fiscal year and is mainly attributable to decreases in the Net Pension Liability and Total Other Postemployment Benefits (OPEB) Liability of \$15.5 billion and \$6.6 billion, respectively, resulting from changes in assumptions relating to the pensions and OPEB plans.

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
Scope	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
Required Financial Statements	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
Accounting Basis and Measurement Focus	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
Types of Asset/Liability Information	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
Types of Inflow/Outflow Information	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 (Garden State Preservation Trust, New Jersey Building Authority, New Jersey Schools Development Authority, New Jersey Transportation Trust Fund Authority, and 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 18 – Component Units. Audit reports of the individual component units may 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 certain 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.
- 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 discretely presented 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, Employer Contributions, and Schedules of Changes in the State’s Total OPEB Liability and Related Ratios.

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 2018 with combined net position for the primary government totaling a negative \$198.1 billion. This amount represents a reduction of net position of \$7.0 billion from the prior fiscal year after restatements. 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 Total OPEB Liability, that are required to be included in the government-wide financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017*	2018	2017	2018	2017*
Current and other noncurrent assets	\$ 16,456.3	\$ 16,626.4	\$ 3,678.5	\$ 3,228.1	\$ 20,134.8	\$ 19,854.5
Capital assets, net	28,239.1	27,431.7	-	-	28,239.1	27,431.7
Total Assets	<u>44,695.4</u>	<u>44,058.1</u>	<u>3,678.5</u>	<u>3,228.1</u>	<u>48,373.9</u>	<u>47,286.2</u>
Deferred outflows of resources	24,317.7	28,573.7	-	-	24,317.7	28,573.7
Total Assets and Deferred Outflows of Resources	<u>69,013.1</u>	<u>72,631.8</u>	<u>3,678.5</u>	<u>3,228.1</u>	<u>72,691.6</u>	<u>75,859.9</u>
Current liabilities	7,742.7	6,447.0	378.4	256.0	8,121.1	6,703.0
Noncurrent liabilities	235,507.1	259,415.4	208.0	228.9	235,715.1	259,644.3
Total Liabilities	<u>243,249.8</u>	<u>265,862.4</u>	<u>586.4</u>	<u>484.9</u>	<u>243,836.2</u>	<u>266,347.3</u>
Deferred inflows of resources	26,961.5	584.8	-	-	26,961.5	584.8
Total Liabilities and Deferred Inflows of Resources	<u>270,211.3</u>	<u>266,447.2</u>	<u>586.4</u>	<u>484.9</u>	<u>270,797.7</u>	<u>266,932.1</u>
Net Position:						
Net investment in capital assets	8,123.9	8,966.2	-	-	8,123.9	8,966.2
Restricted	4,771.1	4,772.5	3,092.1	2,743.2	7,863.2	7,515.7
Unrestricted	(214,093.2)	(207,554.1)	-	-	(214,093.2)	(207,554.1)
Total Net Position	<u>\$ (201,198.2)</u>	<u>\$ (193,815.4)</u>	<u>\$ 3,092.1</u>	<u>\$ 2,743.2</u>	<u>\$ (198,106.1)</u>	<u>\$ (191,072.2)</u>

* Net Position was restated by \$58,481.8 million reflecting the implementation of GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions* and various other adjustments. See Note 2 – Other Accounting Disclosures for further details.

Changes in Net Position

The State's Fiscal Year 2018 net position decreased by \$7.0 billion after restatements. Approximately 52.3 percent of the State's total revenues came from general taxes, while 28.2 percent was derived from operating grants. Charges for services amounted to 17.6 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, 25.5 percent, was for educational, cultural, and intellectual development, which includes approximately \$359.4 million disbursed by the New Jersey Schools Development Authority (a blended component unit) to help finance school facilities construction; physical and mental health amounted to 21.9 percent; and government direction, management, and control amounted to 21.9 percent. Other major expenditures focused on economic planning, development, and security; State Lottery Fund; and public safety and criminal justice. During Fiscal Year 2018, governmental activities expenses exceeded program revenues. This imbalance was mainly funded through \$33.8 billion of general revenues (mostly taxes). The remaining \$7.4 billion resulted in a decrease in net position. Offsetting the governmental net position decrease, Business-type Activities reflected a net position increase of \$348.9 million primarily because 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)

	Governmental		Business-type		Primary Government	
	Activities		Activities		Total	
	2018	2017*	2018	2017	2018	2017*
Revenues						
Program revenues						
Charges for services	\$ 5,399.5	\$ 4,822.8	\$ 5,601.0	\$ 5,421.2	\$ 11,000.5	\$ 10,244.0
Operating grants	17,528.0	17,323.2	70.9	64.8	17,598.9	17,388.0
Capital grants	212.6	507.4	-	-	212.6	507.4
General revenues						
General taxes	32,683.4	31,605.3	-	-	32,683.4	31,605.3
Interest earnings	51.3	38.6	-	-	51.3	38.6
Miscellaneous	968.8	491.9	-	-	968.8	491.9
Total Revenues	56,843.6	54,789.2	5,671.9	5,486.0	62,515.5	60,275.2
Expenses						
Public safety and criminal justice	3,281.9	3,152.4	-	-	3,281.9	3,152.4
Physical and mental health	15,225.3	15,015.1	-	-	15,225.3	15,015.1
Educational, cultural, and intellectual development	17,758.7	17,646.9	-	-	17,758.7	17,646.9
Community development and environmental management	2,242.6	2,192.2	-	-	2,242.6	2,192.2
Economic planning, development, and security	6,156.1	6,292.2	-	-	6,156.1	6,292.2
Transportation programs	2,295.1	2,363.8	-	-	2,295.1	2,363.8
Government direction, management, and control	15,212.7	18,917.1	-	-	15,212.7	18,917.1
Special government services	361.8	352.6	-	-	361.8	352.6
Interest expense	1,768.5	1,533.6	-	-	1,768.5	1,533.6
State Lottery Fund	-	-	3,302.5	2,222.1	3,302.5	2,222.1
Unemployment Compensation Fund	-	-	1,967.8	1,986.2	1,967.8	1,986.2
Total Expenses	64,302.7	67,465.9	5,270.3	4,208.3	69,573.0	71,674.2
Excess (Deficiency) Before Transfers	(7,459.1)	(12,676.7)	401.6	1,277.7	(7,057.5)	(11,399.0)
Transfers	76.3	1,013.5	(52.7)	(995.6)	23.6	17.9
Increase (Decrease) in Net Position	(7,382.8)	(11,663.2)	348.9	282.1	(7,033.9)	(11,381.1)
Net Position - July 1 (Restated)	(193,815.4)	(182,152.2)	2,743.2	2,461.1	(191,072.2)	(179,691.1)
Net Position - June 30	\$ (201,198.2)	\$ (193,815.4)	\$ 3,092.1	\$ 2,743.2	\$ (198,106.1)	\$ (191,072.2)

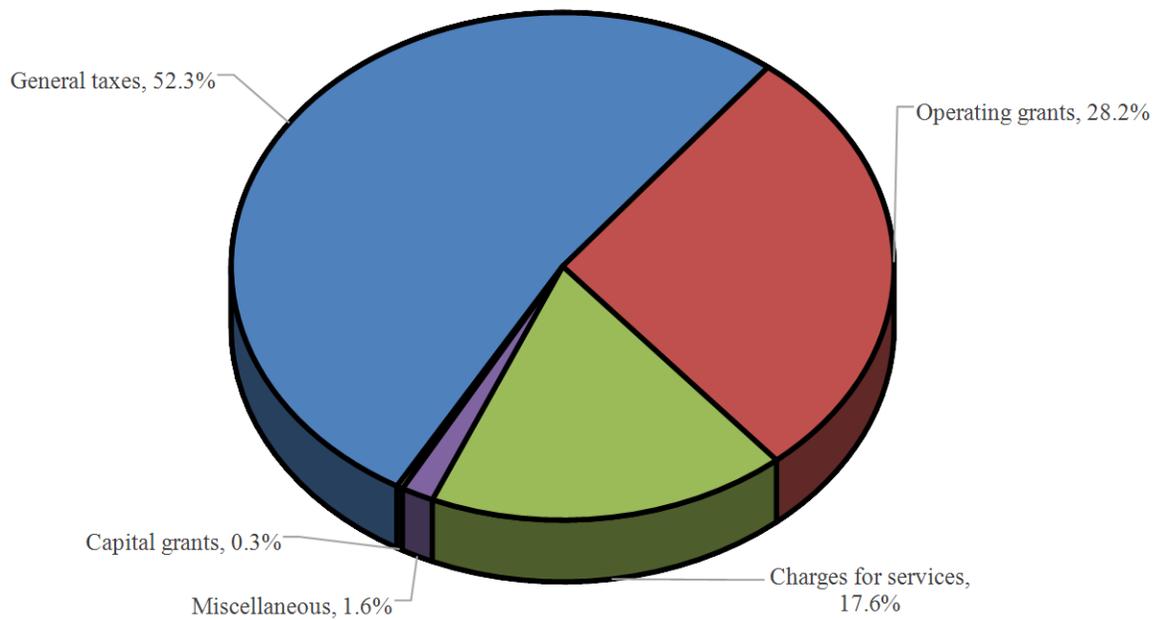
* Net Position was restated by \$58,481.8 million reflecting the implementation of GASB Statement No. 75, *Accounting and Reporting for Postemployment Benefits Other Than Pensions* and various other adjustments. See Note 2 – Other Accounting Disclosures for further details.

Primary Government – Fiscal Year 2018 Revenues and Expenses

During Fiscal Year 2018, State revenues, including transfers, totaled \$62.5 billion or an increase of \$2.2 billion when compared to the prior fiscal year after restatements. This increase is primarily attributable to higher Gross Income Tax collections, charges for services, and miscellaneous revenue (asset sales and legal settlements). General taxes totaled \$32.7 billion and accounted for 52.3 percent of total State revenues for Fiscal Year 2018. The State’s Gross Income Tax totaled \$15.0 billion, the Sales and Use Tax totaled \$9.7 billion, and the Corporation Business Tax totaled \$2.3 billion. The State’s three major taxes comprised 82.7 percent of the total general taxes that were collected during Fiscal Year 2018. General taxes increased by \$1.1 billion when compared to Fiscal Year 2017.

The following pie chart depicts the primary government revenue activity for the fiscal year ended June 30, 2018:

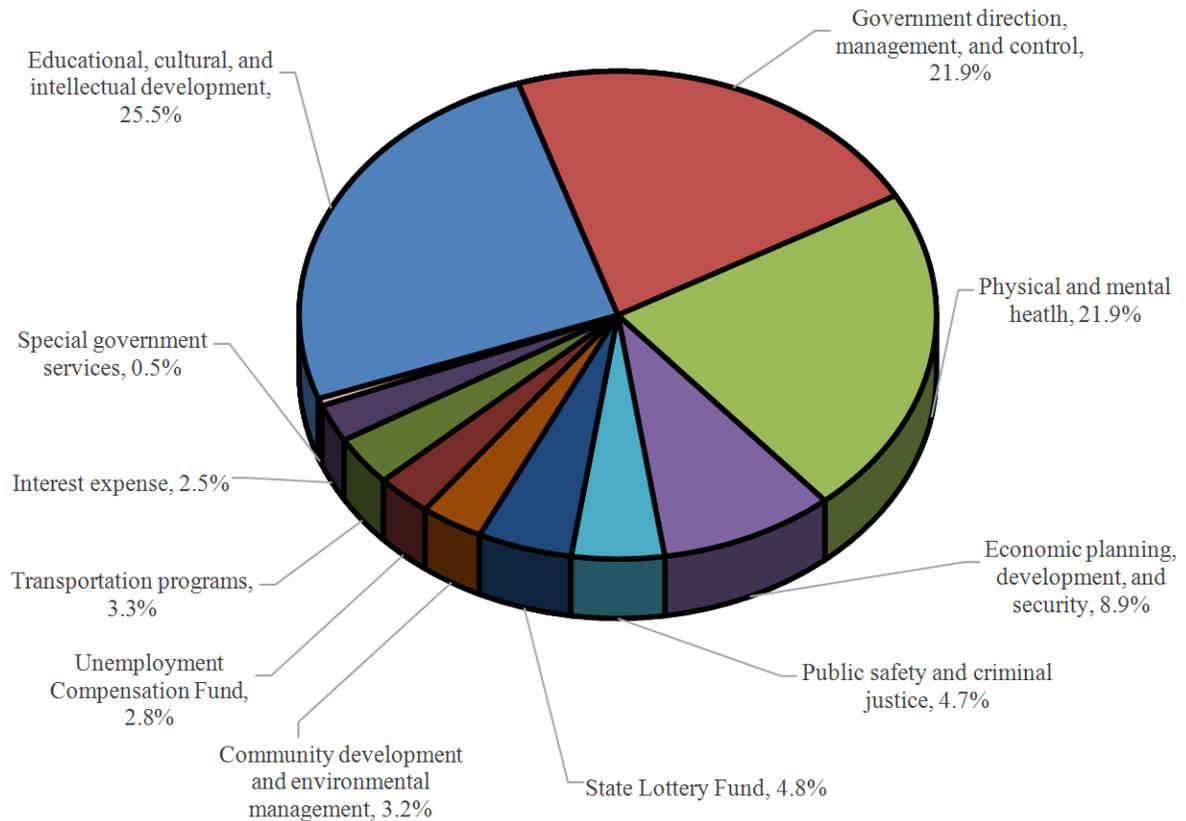
**Revenues – Primary Government
Fiscal Year Ended June 30, 2018**



Fiscal Year 2018 expenses totaled \$69.6 billion, a decrease of \$2.1 billion after restatements in comparison to the prior fiscal year. State spending decreased by \$3.7 billion in government direction, management, and control mainly due to decreases in pension and OPEB expenses resulting from changes in assumptions. Partially offsetting this spending decrease, were spending increases in State Lottery Fund, \$1.1 billion, and interest expense, \$234.9 million.

The following pie chart depicts the primary government expenses activity for the fiscal year ended June 30, 2018:

**Expenses – Primary Government
Fiscal Year Ended June 30, 2018**



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 2018 amounted to \$14.3 billion and \$14.8 billion, respectively. Total operations along with other revenue and expenses contributed to total combined net assets at fiscal year end of \$17.3 billion. The component units received \$1.2 billion in State appropriations during Fiscal Year 2018.

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, 2018 fund balances of \$11.5 billion, a \$0.3 billion decrease from the prior fiscal year after restatements.

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 \$5.6 billion of which \$990.6 million represented unassigned fund balance.

On a budgetary basis, general revenues of \$35.4 billion were \$3.6 billion lower than the final budget. The negative variance was primarily the result of unearned federal and other grant revenues of \$1.9 billion, a decline of \$615.0 million in other revenues, lower services and assessments of \$573.6 million, and a decline in taxes of \$439.4 million. 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 \$4.6 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 2018, the State's appropriation of federal funds and other grants exceeded expenditures by \$1.9 billion. These excess appropriations are available for use in future years. From a Fiscal Year 2018 program perspective, under-spending transpired in physical and mental health (\$1.8 billion); transportation programs (\$789.7 million); community development and environmental management (\$732.5 million); economic planning, development, and security (\$603.2 million); government direction, management, and control (\$469.0 million); public safety and criminal justice (\$363.7 million); special government services (\$59.5 million); and offset by over-spending in educational, cultural, and intellectual development (\$148.0 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 2018, \$15.5 billion of property tax relief expenditures were made. The Property Tax Relief Fund's Fiscal Year 2018 ending fund balance was \$27.9 million.

PROPRIETARY FUNDS FINANCIAL ANALYSIS

State Lottery Fund (Common Pension Fund L)

During the term of the Lottery contribution monies derived from the sale of State lottery tickets are deposited into Common Pension Fund L pursuant to the Lottery Enterprise Contribution Act (LECA). 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. In accordance with the LECA, remaining balances are contributed to Teachers' Pension and Annuity Fund (77.78%), Public Employees' Retirement System (21.02%), and Police and Firemen's Retirement System (1.20%) for a 30 year term effective as of June 30, 2017. 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.

For Fiscal Year 2018, gross revenues totaled \$3.4 billion of which \$2.0 billion was returned in prizes; \$976.0 million was transferred to pension funds and \$53 million was transferred to the General Fund in accordance with LECA and the Memorandum of Lottery Contribution; \$247.2 million was paid to sales agents and ticket vendors; and \$55.9 million covered Lottery operational and promotional expenses. As of June 30, 2018, the State Lottery, since its inception, has generated over \$73.9 billion in gross revenues, \$40.6 billion in prizes, contributed \$26.0 billion to the State, and \$1.0 billion in pension contributions.

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 \$18.4 million in Fiscal Year 2018.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Department of the Treasury is responsible for ensuring all departments record their 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 2018 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 \$898.8 million for State highway infrastructure, \$425.2 million for local highways, and \$676.0 million for mass transit. During Fiscal Year 2018, the New Jersey Economic Development Authority issued \$350.0 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, 2018, a total of \$10.8 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 and/or reserved 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 \$28.2 billion as of June 30, 2018. Depreciation expense charges for Fiscal Year 2018 totaled \$1.1 billion. More detailed information on capital asset activity can be found in Note 7 – Capital Assets.

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

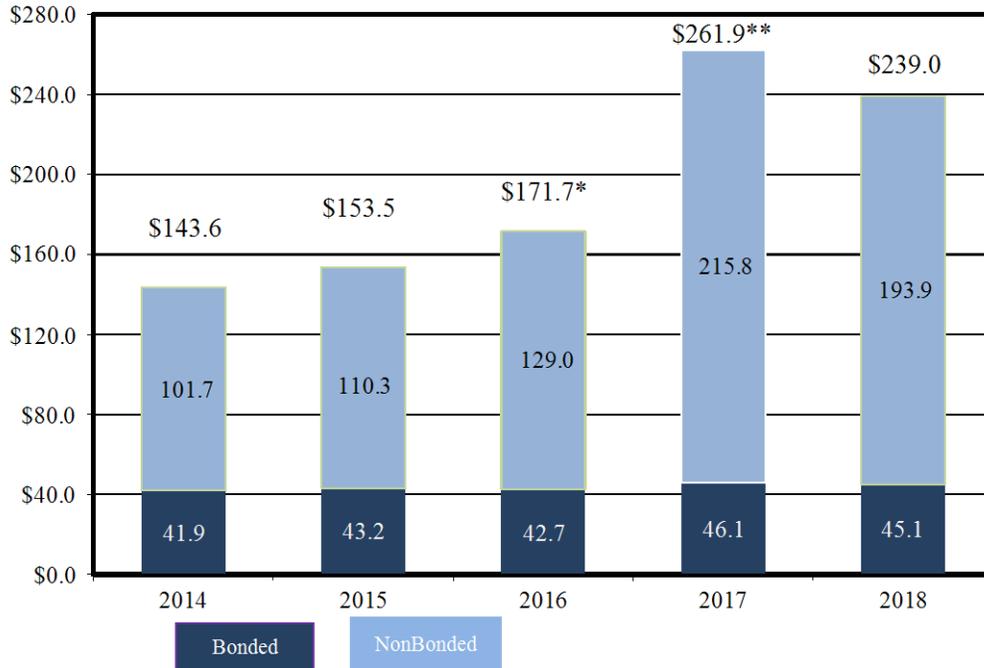
	Total Primary Government	
	2018	2017*
Land and Easements	\$ 5,316.5	\$ 5,276.6
Land Improvements	91.5	85.7
Buildings and Improvements	1,709.3	1,719.5
Equipment and Software	342.1	340.1
Infrastructure	18,123.0	17,470.1
Sub-Total	<u>25,582.4</u>	<u>24,892.0</u>
Construction In Progress	2,656.7	2,539.7
Total	<u>\$ 28,239.1</u>	<u>\$ 27,431.7</u>

* The July 1, 2017 capital asset balance has been restated by \$312.1 million and the accumulated depreciation balance has been restated by \$123.8 million across construction in progress, buildings and improvements, equipment and software, and infrastructure.

Debt Administration

As of June 30, 2018, New Jersey's outstanding long-term obligations for governmental activities totaled \$239.0 billion, a \$22.9 billion decrease over the prior fiscal year after restatements. Of the \$22.9 billion decrease, \$22.1 billion is attributable to decreases in the Net Pension Liability and Total OPEB Liability. Additionally, there was a decrease of \$1.0 billion in bonded debt and a \$0.2 billion increase in other non-bonded debt. Long-term bonded obligations totaled \$45.1 billion, while other long-term obligations totaled \$193.9 billion. In addition, the State has \$15.0 billion of legislatively authorized bonding capacity that has not yet been issued. As of June 30, 2018, the legislatively authorized but unissued debt decreased by \$0.2 billion from the prior fiscal year (See Statistical Section – Legislatively Authorized But Unissued Debt, 2018 and 2017).

**Long-Term Bonded and Non-Bonded Obligations
Fiscal Year 2014 to Fiscal Year 2018
(Expressed in Billions)**



* FY 2016 restated to reflect State Health Benefits claims incurred but not reported (IBNR) of \$158.1 million.

** Restated to reflect the implementation of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing GASB No. 75, the Net OPEB Obligation of \$36,493,600,000 was removed and replaced with the Total OPEB Liability of \$97,114,401,941.

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 labor market expanded for an eighth consecutive year. Total nonfarm payroll employment increased by 39,400 jobs in 2018 for an average monthly gain of 3,300 jobs. Job growth was led by the services sector with leisure and hospitality services gaining 12,700 jobs in 2018; followed by the education and health services sector, up 11,900 jobs; and the trade, transportation, and utilities sector, which gained 4,900 jobs. Both the construction and manufacturing sectors performed well, gaining 4,200 jobs and 3,200 jobs, respectively.

The State's unemployment rate fell to 3.9 percent in December, matching the national unemployment rate. The State's unemployment rate declined by 0.8% over the course of 2018. The State's labor force participation rate has been fairly stable the last several months at 62.4 percent.

The State's housing market had a down year in 2018 with total existing home sales 0.6 percent lower than a year ago. Sales of single-family homes were roughly even with a year ago, but sales of townhomes and condos were 1.0 percent lower. Residential construction fared slightly better. Permits to build single-family homes in 2018 were 4.6% higher than a year ago. However, the number of permits to build apartment building units was 9.0 percent lower for a year-over-year decline of 4.3 percent in the total number of residential construction permits.

The State's economy continued to expand in 2018. Real Gross Domestic Product (GDP) for the State grew at a 3.3 percent annual rate in the third quarter of 2018, the third consecutive quarter that the annualized growth rate was 3.3 percent or better. Aggregate personal income, which is a broad measure of income that not only includes wage income but asset and transfer income as well, grew 3.6 percent in 2018.

The national economic expansion also continued in 2018. Real GDP grew 2.9 percent in 2018, while the labor market added 2.7 million jobs. Existing home sales declined by 3.4 percent for the year because the housing market was negatively affected by low inventory levels and appreciating prices. Consumer prices grew 2.4 percent in 2018 according to the Consumer Price Index (CPI) with core prices, which excludes food and energy goods, growing 2.1 percent.

The national economic expansion is expected to continue in 2019. The Federal Reserve Open Market Committee (FOMC) is projecting United States real GDP to grow 2.1 percent in 2019. The economy does face potential headwinds in the form of slowing global economic growth as well as policy uncertainty because of on-going trade negotiations. As a result, the decision to raise the federal funds rate at future meetings will depend on the economic data.

REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018 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, 2018, 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, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 132,323,680	\$ 939,288	\$ 133,262,968	\$ 3,736,420,415
Investments	8,144,594,249	277,175,933	8,421,770,182	8,416,952,606
Receivables, net of allowances for uncollectibles				
Federal government	978,475,656	2,455,745,754	3,434,221,410	421,911,126
Departmental accounts	4,334,575,115	663,264,567	4,997,839,682	-
Loans	1,723,526,979	-	1,723,526,979	259,482,860
Mortgages	-	-	-	160,299,000
Other	777,408,741	118,803,858	896,212,599	907,879,882
Internal balances	46,588,429	(46,588,429)	-	-
Due from external parties	18,550,693	-	18,550,693	303,438,290
Inventories	-	-	-	169,835,355
Deferred charges	-	1,508,421	1,508,421	-
Other	18,365,461	-	18,365,461	268,105,062
Total Current Assets	16,174,409,003	3,470,849,392	19,645,258,395	14,644,324,596
Noncurrent Assets				
Investments	-	207,671,703	207,671,703	3,734,566,193
Receivables, net of allowances for uncollectibles				
Loans	-	-	-	2,251,548,908
Mortgages	-	-	-	1,782,761,086
Other	-	-	-	111,430,688
Capital assets - nondepreciated	7,973,154,185	-	7,973,154,185	5,365,356,805
Capital assets - depreciated, net	20,265,979,779	-	20,265,979,779	23,698,807,208
Other	281,828,329	-	281,828,329	507,421,676
Total Noncurrent Assets	28,520,962,293	207,671,703	28,728,633,996	37,451,892,564
Deferred Outflows of Resources	24,317,725,500	-	24,317,725,500	1,968,869,488
Total Assets and Deferred Outflows of Resources	69,013,096,796	3,678,521,095	72,691,617,891	54,065,086,648

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

STATE OF NEW JERSEY
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2018

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	2,841,620,626	175,498,812	3,017,119,438	1,244,678,644
Due to external parties	70,342,879	83,000,000	153,342,879	478,585,075
Interest payable	209,413,018	-	209,413,018	339,906,296
Unearned revenue	398,805,998	-	398,805,998	250,430,383
Current portion of long-term obligations	3,533,756,193	24,682,106	3,558,438,299	1,051,582,630
Refunds payable	362,480,616	94,121,860	456,602,476	-
Other	326,236,796	1,143,700	327,380,496	641,040,897
Total Current Liabilities	<u>7,742,656,126</u>	<u>378,446,478</u>	<u>8,121,102,604</u>	<u>4,006,223,925</u>
Noncurrent Liabilities				
Net pension liability	99,641,657,342	-	99,641,657,342	5,428,263,587
Net OPEB liability	-	-	-	705,469,807
Total OPEB liability	90,487,141,054	-	90,487,141,054	1,131,960,212
Revenue bonds payable, net	19,488,201,583	-	19,488,201,583	12,815,007,528
Installment obligations, net	16,146,325,749	-	16,146,325,749	2,858,721,203
Other	9,743,731,655	207,974,534	9,951,706,189	8,489,444,522
Total Noncurrent Liabilities	<u>235,507,057,383</u>	<u>207,974,534</u>	<u>235,715,031,917</u>	<u>31,428,866,859</u>
Deferred Inflows of Resources	<u>26,961,550,967</u>	<u>-</u>	<u>26,961,550,967</u>	<u>1,347,042,473</u>
Total Liabilities and Deferred Inflows of Resources	<u>270,211,264,476</u>	<u>586,421,012</u>	<u>270,797,685,488</u>	<u>36,782,133,257</u>
NET POSITION				
Net investment in capital assets	8,123,859,885	-	8,123,859,885	11,208,305,926
Restricted for:				
Capital projects	-	-	-	271,236,946
Public safety and criminal justice	440	-	440	-
Physical and mental health	4,552,595	-	4,552,595	-
Educational, cultural, and intellectual development	670,124,764	-	670,124,764	-
Community development and environmental management	2,882,893,882	-	2,882,893,882	-
Economic planning, development, and security	487,182,051	-	487,182,051	-
Transportation programs	6,341,051	-	6,341,051	-
Employee benefits	692,105,347	-	692,105,347	-
Debt service	-	-	-	1,090,112,398
Property tax relief	27,921,447	-	27,921,447	-
Unemployment	-	3,090,644,557	3,090,644,557	-
Prize awards and Pension Fund contributions	-	1,455,526	1,455,526	-
Other purposes	-	-	-	8,079,287,069
Unrestricted	<u>(214,093,149,142)</u>	<u>-</u>	<u>(214,093,149,142)</u>	<u>(3,365,988,948)</u>
Total Net Position	<u>\$ (201,198,167,680)</u>	<u>\$ 3,092,100,083</u>	<u>\$ (198,106,067,597)</u>	<u>\$ 17,282,953,391</u>

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions - Programs				
Primary Government				
Governmental activities:				
Public safety and criminal justice	\$ 3,281,924,328	\$ 1,092,355,321	\$ 482,412,421	\$ 1,782,273
Physical and mental health	15,225,255,275	838,440,811	648,367,182	-
Educational, cultural, and intellectual development	17,758,737,717	42,547,447	1,036,874,001	-
Community development and environmental management	2,242,592,036	349,789,002	1,241,245,454	108,005,927
Economic planning, development, and security	6,156,124,643	1,258,586,424	826,359,054	5,957,738
Transportation programs	2,295,101,415	24,752,250	1,843,558,980	96,880,778
Government direction, management, and control	15,212,693,453	1,576,969,149	11,429,442,608	-
Special government services	361,806,404	216,075,345	19,696,932	-
Interest expense	1,768,526,851	-	-	-
Total governmental activities	<u>64,302,762,122</u>	<u>5,399,515,749</u>	<u>17,527,956,632</u>	<u>212,626,716</u>
Business-type activities:				
State Lottery Fund	3,302,538,786	3,353,397,727	3,265,058	-
Unemployment Compensation Fund	1,967,784,187	2,247,646,885	67,592,682	-
Total business-type activities	<u>5,270,322,973</u>	<u>5,601,044,612</u>	<u>70,857,740</u>	<u>-</u>
Total Primary Government	<u>\$ 69,573,085,095</u>	<u>\$ 11,000,560,361</u>	<u>\$ 17,598,814,372</u>	<u>\$ 212,626,716</u>
Component Units				
Authorities	\$ 7,360,509,719	\$ 3,820,375,643	\$ 1,784,195,168	\$ 1,994,488,994
Colleges and Universities	7,450,014,236	3,811,443,475	2,796,613,628	137,129,558
Total Component Units	<u>\$ 14,810,523,955</u>	<u>\$ 7,631,819,118</u>	<u>\$ 4,580,808,796</u>	<u>\$ 2,131,618,552</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				
Change in Net Position				
Net Position - July 1, 2017 (Restated)				
Net Position - June 30, 2018				

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
\$ (1,705,374,313)	\$ -	\$ (1,705,374,313)	\$ -
(13,738,447,282)	-	(13,738,447,282)	-
(16,679,316,269)	-	(16,679,316,269)	-
(543,551,653)	-	(543,551,653)	-
(4,065,221,427)	-	(4,065,221,427)	-
(329,909,407)	-	(329,909,407)	-
(2,206,281,696)	-	(2,206,281,696)	-
(126,034,127)	-	(126,034,127)	-
(1,768,526,851)	-	(1,768,526,851)	-
<u>(41,162,663,025)</u>	<u>-</u>	<u>(41,162,663,025)</u>	<u>-</u>
-	54,123,999	54,123,999	-
-	347,455,380	347,455,380	-
-	401,579,379	401,579,379	-
<u>\$ (41,162,663,025)</u>	<u>\$ 401,579,379</u>	<u>\$ (40,761,083,646)</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ 238,550,086
-	-	-	(704,827,575)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (466,277,489)</u>
15,037,844,817	-	15,037,844,817	-
9,651,970,787	-	9,651,970,787	-
2,331,779,865	-	2,331,779,865	-
5,661,808,090	-	5,661,808,090	-
51,344,555	-	51,344,555	-
-	-	-	1,225,932,328
968,783,050	-	968,783,050	-
76,310,413	(52,668,473)	23,641,940	-
<u>33,779,841,577</u>	<u>(52,668,473)</u>	<u>33,727,173,104</u>	<u>1,225,932,328</u>
(7,382,821,448)	348,910,906	(7,033,910,542)	759,654,839
<u>(193,815,346,232)</u>	<u>2,743,189,177</u>	<u>(191,072,157,055)</u>	<u>16,523,298,552</u>
<u>\$ (201,198,167,680)</u>	<u>\$ 3,092,100,083</u>	<u>\$ (198,106,067,597)</u>	<u>\$ 17,282,953,391</u>

**STATE OF NEW JERSEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 90,836,194	\$ -	\$ 41,487,486	\$ 132,323,680
Investments	3,050,561,659	-	5,094,032,590	8,144,594,249
Receivables, net of allowances for uncollectibles				
Federal government	863,219,308	-	115,256,348	978,475,656
Departmental accounts	3,155,635,912	775,040,600	403,898,603	4,334,575,115
Loans	306,375,419	-	1,417,151,560	1,723,526,979
Other	442,229,843	-	335,178,898	777,408,741
Due from other funds	990,599,528	12,046,211	483,635,159	1,486,280,898
Other	18,350,962	-	14,499	18,365,461
Total Assets	<u>\$ 8,917,808,825</u>	<u>\$ 787,086,811</u>	<u>\$ 7,890,655,143</u>	<u>\$ 17,595,550,779</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accruals	\$ 1,862,721,870	\$ 90,085,409	\$ 888,813,347	\$ 2,841,620,626
Unearned revenue	168,211,112	-	230,594,886	398,805,998
Due to other funds	283,464,092	448,742,325	759,278,238	1,491,484,655
Refunds payable	142,142,986	220,337,630	-	362,480,616
Other	322,658,743	-	3,578,053	326,236,796
Total Liabilities	<u>2,779,198,803</u>	<u>759,165,364</u>	<u>1,882,264,524</u>	<u>5,420,628,691</u>
Deferred Inflows of Resources	<u>505,981,490</u>	<u>-</u>	<u>122,500,000</u>	<u>628,481,490</u>
Fund Balances				
Nonspendable	20,416,073	-	-	20,416,073
Restricted	939,837,093	27,921,447	5,498,682,628	6,466,441,168
Committed	3,681,804,798	-	387,207,991	4,069,012,789
Unassigned	990,570,568	-	-	990,570,568
Total Fund Balances	<u>5,632,628,532</u>	<u>27,921,447</u>	<u>5,885,890,619</u>	<u>11,546,440,598</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,917,808,825</u>	<u>\$ 787,086,811</u>	<u>\$ 7,890,655,143</u>	<u>\$ 17,595,550,779</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, 2018

Total fund balances of governmental funds \$ 11,546,440,598

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

Land and easements	\$ 5,316,412,504	
Land improvements	91,498,897	
Buildings and improvements	1,709,332,204	
Equipment and software	342,108,716	
Infrastructure	18,123,039,962	
Construction in progress	<u>2,656,741,681</u>	28,239,133,964

The other noncurrent assets (Group Homes) are not current resources and, therefore, are not reported in the fund perspective. 281,828,329

Deferred outflows of resources are not current resources and, therefore, are not reported in the fund perspective. 24,317,725,500

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	(209,413,018)	
Current portion of long-term obligations	<u>(3,533,756,193)</u>	(3,743,169,211)
Noncurrent Liabilities		
General Obligation Bonds Payable	(1,550,690,000)	
Revenue Bonds Payable	(23,317,370,000)	
Unamortized Discount on CABs Revenue Bond	3,829,168,417	
Installment Obligations	(16,646,882,925)	
Unamortized Discount on CABs Installment Obligations	500,557,176	
Certificates of Participation	(105,522,901)	
Loans Payable	(1,279,358,087)	
Capital Leases	(412,560,342)	
Compensated Absences	(185,821,400)	
Unamortized Premium	(1,880,172,538)	
Tobacco Settlement Financing Corporation Bonds	(3,037,770,000)	
Net Pension Liability	(99,641,657,342)	
Total OPEB Liability	(90,487,141,054)	
Other	<u>(1,291,836,387)</u>	(235,507,057,383)

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 reflected as deferred inflows of resources in the governmental funds. 505,981,490

Certain deferred inflows of resources are not current liabilities and, therefore, are not reported in the fund perspective:

Net Pension Liability	(16,277,619,954)	
Total OPEB Liability	<u>(10,561,431,013)</u>	<u>(26,839,050,967)</u>

Net Position of governmental activities \$ (201,198,167,680)

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, 2018

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 16,499,163,603	\$ 15,806,769,794	\$ 1,545,810,010	\$ 33,851,743,407
Federal and other grants	14,713,010,988	-	907,666,394	15,620,677,382
Licenses and fees	1,375,027,146	-	120,008,087	1,495,035,233
Services and assessments	1,754,959,023	-	1,196,484,435	2,951,443,458
Component Units and Port Authority	349,976,882	-	-	349,976,882
Investment earnings	55,085,617	-	64,949,818	120,035,435
Contributions	-	-	560,133,286	560,133,286
Other	1,659,751,708	-	350,472,284	2,010,223,992
Total Revenues	<u>36,406,974,967</u>	<u>15,806,769,794</u>	<u>4,745,524,314</u>	<u>56,959,269,075</u>
EXPENDITURES				
Current:				
Public safety and criminal justice	3,119,724,970	24,109,032	117,767,270	3,261,601,272
Physical and mental health	15,086,688,028	110,475,084	37,757,375	15,234,920,487
Educational, cultural, and intellectual development	4,082,955,565	13,131,672,087	546,701,525	17,761,329,177
Community development and environmental management	1,754,805,174	303,919,940	216,207,867	2,274,932,981
Economic planning, development, and security	5,144,613,657	78,435,999	923,414,795	6,146,464,451
Transportation programs	707,004,696	1,725,133	2,392,112,934	3,100,842,763
Government direction, management, and control	3,157,550,417	1,868,533,781	2,615,252,302	7,641,336,500
Special government services	357,446,930	-	172,893	357,619,823
Capital Outlay	468,995,503	-	-	468,995,503
Debt Service:				
Principal	244,725,000	-	683,160,000	927,885,000
Interest	92,364,066	-	961,869,010	1,054,233,076
Total Expenditures	<u>34,216,874,006</u>	<u>15,518,871,056</u>	<u>8,494,415,971</u>	<u>58,230,161,033</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,190,100,961</u>	<u>287,898,738</u>	<u>(3,748,891,657)</u>	<u>(1,270,891,958)</u>
OTHER FINANCING SOURCES (USES)				
Bonds, notes, installment obligations, COPS issued, and capital lease acquisitions	818,995,503	-	-	818,995,503
Refunding bonds issued	856,400,000	-	3,146,655,179	4,003,055,179
Premiums/discounts	108,607,560	-	218,165,821	326,773,381
Payment to bond escrow agents	(965,007,560)	-	(3,315,333,000)	(4,280,340,560)
Transfers from other funds	1,804,308,301	-	5,783,134,023	7,587,442,324
Transfers to other funds	(3,864,177,025)	(287,202,771)	(3,359,663,342)	(7,511,043,138)
Total Other Financing Sources (Uses)	<u>(1,240,873,221)</u>	<u>(287,202,771)</u>	<u>2,472,958,681</u>	<u>944,882,689</u>
Net Change in Fund Balance	949,227,740	695,967	(1,275,932,976)	(326,009,269)
Fund Balances - July 1, 2017 (Restated)	<u>4,683,400,792</u>	<u>27,225,480</u>	<u>7,161,823,595</u>	<u>11,872,449,867</u>
Fund Balances - June 30, 2018	<u>\$ 5,632,628,532</u>	<u>\$ 27,921,447</u>	<u>\$ 5,885,890,619</u>	<u>\$ 11,546,440,598</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, 2018

Net change in fund balances of total governmental funds \$ (326,009,269)

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	\$ 1,829,521,480	
Depreciation expense	<u>(1,022,067,945)</u>	
Excess of capital outlay over depreciation expense		807,453,535

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. (818,995,503)

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	244,725,000	
Revenue Bonds principal	698,005,000	
Capital Leases	62,203,687	
Installment Obligations	1,196,206,675	
Certificates of Participation	<u>42,058,112</u>	
Total long-term obligations		2,243,198,474

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 but are accrued on the Statement of Net Position. The prior year receivable balances decreased by this amount. (115,727,588)

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	(112,382,365)	
Decrease in deferral on refunding issues	<u>809,057,131</u>	
Total capitalized and amortized items		696,674,766

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	(1,148,971,005)	
Increase in compensated absences, Medicaid, and other	(205,092,252)	
Decrease in Net Pension Liability	15,471,932,744	
Decrease in Total OPEB liability	6,627,260,887	
Decrease in deferred outflows of resources	(4,255,953,923)	
Increase in deferred inflows of resources	(26,370,579,151)	
Increase in other assets (Group Homes)	<u>11,986,837</u>	
Total additional expenditures		<u>(9,869,415,863)</u>

Change in net position of governmental activities \$ (7,382,821,448)

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

**STATE OF NEW JERSEY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 199,968	\$ 739,320	\$ 939,288
Investments	277,151,788	24,145	277,175,933
Receivables, net of allowances for uncollectibles			
Federal government	-	2,455,745,754	2,455,745,754
Departmental accounts	-	663,264,567	663,264,567
Other	14,634,218	104,169,640	118,803,858
Due from other funds	-	7,297,550	7,297,550
Deferred charges	1,508,421	-	1,508,421
Total Current Assets	<u>293,494,395</u>	<u>3,231,240,976</u>	<u>3,524,735,371</u>
Noncurrent Assets			
Investments	207,671,703	-	207,671,703
Total Noncurrent Assets	<u>207,671,703</u>	<u>-</u>	<u>207,671,703</u>
Total Assets	<u>501,166,098</u>	<u>3,231,240,976</u>	<u>3,732,407,074</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	131,120,921	44,377,891	175,498,812
Due to other funds	135,933,011	952,968	136,885,979
Refunds payable	-	94,121,860	94,121,860
Current portion of long-term obligations	24,682,106	-	24,682,106
Other	-	1,143,700	1,143,700
Total Current Liabilities	<u>291,736,038</u>	<u>140,596,419</u>	<u>432,332,457</u>
Noncurrent Liabilities			
Due in more than one year	207,974,534	-	207,974,534
Total Noncurrent Liabilities	<u>207,974,534</u>	<u>-</u>	<u>207,974,534</u>
Total Liabilities	<u>499,710,572</u>	<u>140,596,419</u>	<u>640,306,991</u>
NET POSITION			
Restricted for:			
Unemployment compensation	-	3,090,644,557	3,090,644,557
Prize awards and Pension Fund contributions	1,455,526	-	1,455,526
Total Net Position	<u>\$ 1,455,526</u>	<u>\$ 3,090,644,557</u>	<u>\$ 3,092,100,083</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, 2018

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Sales and charges for services	\$ 3,299,702,751	\$ -	\$ 3,299,702,751
Assessments	-	2,229,385,954	2,229,385,954
From federal agencies	-	17,012,012	17,012,012
Other	<u>53,694,976</u>	<u>795,879</u>	<u>54,490,855</u>
Total Operating Revenues	<u>3,353,397,727</u>	<u>2,247,193,845</u>	<u>5,600,591,572</u>
OPERATING EXPENSES			
Unemployment compensation	-	1,967,784,187	1,967,784,187
Lottery prize awards	1,991,568,091	-	1,991,568,091
Other	<u>303,111,190</u>	<u>-</u>	<u>303,111,190</u>
Total Operating Expenses	<u>2,294,679,281</u>	<u>1,967,784,187</u>	<u>4,262,463,468</u>
Operating Income (Loss)	<u>1,058,718,446</u>	<u>279,409,658</u>	<u>1,338,128,104</u>
NONOPERATING REVENUES (EXPENSES)			
Contributions to Pension Funds	(976,000,000)	-	(976,000,000)
Investment income	3,265,058	50,580,670	53,845,728
Northstar NJ incentive payments	(31,859,505)	-	(31,859,505)
Other	<u>-</u>	<u>17,465,052</u>	<u>17,465,052</u>
Total Nonoperating Revenues (Expenses)	<u>(1,004,594,447)</u>	<u>68,045,722</u>	<u>(936,548,725)</u>
Income (Loss) Before Transfers	54,123,999	347,455,380	401,579,379
Transfers to other funds	<u>(52,668,473)</u>	<u>-</u>	<u>(52,668,473)</u>
Change in Net Position	1,455,526	347,455,380	348,910,906
Net Position - July 1, 2017	<u>-</u>	<u>2,743,189,177</u>	<u>2,743,189,177</u>
Net Position - June 30, 2018	<u>\$ 1,455,526</u>	<u>\$ 3,090,644,557</u>	<u>\$ 3,092,100,083</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, 2018**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts received from customers	\$ 1,536,810,650	\$ -	\$ 1,536,810,650
Receipts from federal government	-	22,731,217	22,731,217
Receipts from state, local, and non-profit agencies	-	108,685,237	108,685,237
Receipts from assessments	-	2,170,321,242	2,170,321,242
Payments to suppliers	(10,413,143)	-	(10,413,143)
Payments to prize winners	(376,793,931)	-	(376,793,931)
Payments for vendor commissions and fees	(88,337,283)	-	(88,337,283)
Claims paid	-	(2,301,194,961)	(2,301,194,961)
Cash flows from annuity operations:			
Annuity receipts	23,899,204	-	23,899,204
Purchase of annuities	(3,359,686)	-	(3,359,686)
Payments of annuity prizes	(8,494,136)	-	(8,494,136)
Other receipts (payments)	(9,037,053)	-	(9,037,053)
Net Cash Provided (Used) by Operating Activities	<u>1,064,274,622</u>	<u>542,735</u>	<u>1,064,817,357</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Contributions to Pension Funds	(893,000,000)	-	(893,000,000)
Transfers to other funds	(144,000,000)	-	(144,000,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(1,037,000,000)</u>	<u>-</u>	<u>(1,037,000,000)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,885,953,096	-	1,885,953,096
Purchase of investments	(1,891,271,109)	-	(1,891,271,109)
Payments to Northstar New Jersey	(28,961,387)	-	(28,961,387)
Net Cash Provided (Used) by Investing Activities	<u>(34,279,400)</u>	<u>-</u>	<u>(34,279,400)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,004,778)	542,735	(6,462,043)
Cash and Cash Equivalents - July 1, 2017	<u>7,204,746</u>	<u>196,585</u>	<u>7,401,331</u>
Cash and Cash Equivalents - June 30, 2018	<u>\$ 199,968</u>	<u>\$ 739,320</u>	<u>\$ 939,288</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,058,718,446	\$ 279,409,658	\$ 1,338,128,104
Net changes in assets and liabilities:			
Current assets	(4,540,641)	(298,429,955)	(302,970,596)
Noncurrent assets	20,544,397	-	20,544,397
Current liabilities	10,465,465	19,563,032	30,028,497
Noncurrent liabilities	(20,913,045)	-	(20,913,045)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,064,274,622</u>	<u>\$ 542,735</u>	<u>\$ 1,064,817,357</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:			
Change in fair value of investments	\$ (19,656,995)	\$ -	\$ (19,656,995)

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	Agency Funds	Investment Trust Fund
ASSETS		
Cash and cash equivalents	\$ 43,693,612	\$ 24,880
Securities lending collateral	-	-
Investments		
Cash Management Fund	814,362,508	-
Common Pension Fund D	-	-
Common Pension Fund E	-	-
Domestic Equities	-	-
Domestic Fixed Income	-	1,735,655,089
Equity Mutual Funds	-	-
Fixed Income Mutual Funds	-	-
Receivables, net of allowances for uncollectibles		
Members	-	-
Employers	191,300	-
Interest and dividends	-	1,781,161
Other	315,836,072	6,806,871
Due from other funds	40,375,817	-
Other	-	-
Total Assets	1,214,459,309	1,744,268,001
 LIABILITIES		
Accounts payable and accruals	1,212,708,483	-
Benefits payable	-	-
Securities lending collateral and rebates payable	-	-
Due to other funds	1,750,826	1,615,065
Total Liabilities	1,214,459,309	1,615,065
 NET POSITION		
Held in Trust for Pool Participants	-	1,742,652,936
Restricted for Pensions	-	-
Restricted for OPEB	-	-
Restricted for Private Purpose Trust Funds	-	-
Total Net Position	\$ -	\$ 1,742,652,936

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

Pension and Other Employee Benefits Trust Funds	Private Purpose Trust Funds
\$ 923,544,880	\$ 59,518
839,926,356	-
550,653,848	12,453,062
51,553,067,864	-
25,161,107,808	-
801,472,808	-
-	-
3,287,755,423	-
452,415,003	-
99,679,693	-
2,299,630,026	-
4,710,132	-
-	-
112,963,158	3,904
2,383,727,216	-
<u>88,470,654,215</u>	<u>12,516,484</u>
224,035,319	4,454,782
985,455,256	-
839,902,523	-
15,000,630	184,172
<u>2,064,393,728</u>	<u>4,638,954</u>
-	-
86,091,775,401	-
314,485,086	-
-	7,877,530
<u>\$ 86,406,260,487</u>	<u>\$ 7,877,530</u>

STATE OF NEW JERSEY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	<u>Investment Trust Fund</u>	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS			
Contributions:			
Members	\$ -	\$ 2,364,562,440	\$ -
Employers	-	5,015,164,743	-
Other	13,053,859,123	18,916,565	-
Total Contributions	<u>13,053,859,123</u>	<u>7,398,643,748</u>	<u>-</u>
Investment Income:			
Net increase (decrease) in fair value of investments	-	5,462,741,580	-
Interest and dividends	26,296,288	1,682,875,366	172,327
Total Investment Income	<u>26,296,288</u>	<u>7,145,616,946</u>	<u>172,327</u>
Less investment expense	-	15,551,800	-
Net Investment Income	<u>26,296,288</u>	<u>7,130,065,146</u>	<u>172,327</u>
Miscellaneous	-	-	24,263
Total Additions	<u>13,080,155,411</u>	<u>14,528,708,894</u>	<u>196,590</u>
DEDUCTIONS			
Benefit payments	-	11,606,354,178	-
Refunds of contributions	-	217,087,865	-
Refunds and transfers to other systems	-	-	88,773
Administrative expense	1,615,065	48,274,736	-
Payments in accordance with trust agreements	-	-	610,453
Distributions to shareholders	12,849,855,234	-	-
Total Deductions	<u>12,851,470,299</u>	<u>11,871,716,779</u>	<u>699,226</u>
Total Changes in Net Position Held in Trust	228,685,112	2,656,992,115	(502,636)
Net Position - July 1, 2017	<u>1,513,967,824</u>	<u>83,749,268,372</u>	<u>8,380,166</u>
Net Position - June 30, 2018	<u>\$ 1,742,652,936</u>	<u>\$ 86,406,260,487</u>	<u>\$ 7,877,530</u>

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF NET POSITION
COMPONENT UNITS
JUNE 30, 2018**

	New Jersey Transit Corporation	New Jersey Turnpike Authority
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 185,982,161	\$ 243,202,000
Investments	54,138,675	1,463,657,000
Receivables, net of allowances for uncollectibles		
Federal government	283,450,908	-
Loans	-	-
Mortgages	-	-
Other	35,683,088	67,860,000
Due from external parties	251,680,444	2,693,000
Inventories	122,998,019	23,075,000
Other	35,016,297	39,285,000
Total Current Assets	968,949,592	1,839,772,000
Noncurrent Assets		
Investments	280,744,080	759,208,000
Receivables, net of allowances for uncollectibles		
Loans	-	-
Mortgages	-	-
Other	-	-
Capital assets - nondepreciated	1,291,181,469	2,394,420,000
Capital assets - depreciated, net	4,937,732,939	9,446,646,000
Other	14,430,118	-
Total Noncurrent Assets	6,524,088,606	12,600,274,000
Deferred Outflows of Resources	297,301,846	391,437,000
Total Assets and Deferred Outflows of Resources	7,790,340,044	14,831,483,000
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	316,754,412	151,458,000
Due to external parties	191,955,106	236,187,000
Interest payable	-	247,828,000
Unearned revenue	16,309,997	15,320,000
Current portion of long-term obligations	242,631,336	249,073,000
Other	161,735,239	-
Total Current Liabilities	929,386,090	899,866,000
Noncurrent Liabilities		
Net pension liability	728,173,711	438,493,000
Net OPEB liability	-	494,098,000
Total OPEB liability	1,098,490,568	-
Revenue bonds payable, net	-	11,392,254,000
Installment obligations, net	-	-
Other	1,314,387,879	253,204,000
Total Noncurrent Liabilities	3,141,052,158	12,578,049,000
Deferred Inflows of Resources	142,175,220	105,555,000
Total Liabilities and Deferred Inflows of Resources	4,212,613,468	13,583,470,000
NET POSITION		
Net investment in capital assets	5,305,160,779	1,379,079,000
Restricted for:		
Capital projects	2,412,295	-
Debt service	-	-
Other purposes	-	242,544,000
Unrestricted	(1,729,846,498)	(373,610,000)
Total Net Position	\$ 3,577,726,576	\$ 1,248,013,000

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>
\$ 161,097,000	\$ 3,146,139,254	\$ 3,736,420,415
493,553,000	6,405,603,931	8,416,952,606
-	138,460,218	421,911,126
14,306,000	245,176,860	259,482,860
-	160,299,000	160,299,000
539,047,000	265,289,794	907,879,882
-	49,064,846	303,438,290
4,466,000	19,296,336	169,835,355
8,725,000	185,078,765	268,105,062
<u>1,221,194,000</u>	<u>10,614,409,004</u>	<u>14,644,324,596</u>
1,339,987,000	1,354,627,113	3,734,566,193
57,280,000	2,194,268,908	2,251,548,908
-	1,782,761,086	1,782,761,086
80,256,000	31,174,688	111,430,688
466,170,000	1,213,585,336	5,365,356,805
3,306,116,000	6,008,312,269	23,698,807,208
134,639,000	358,352,558	507,421,676
<u>5,384,448,000</u>	<u>12,943,081,958</u>	<u>37,451,892,564</u>
<u>467,634,000</u>	<u>812,496,642</u>	<u>1,968,869,488</u>
<u>7,073,276,000</u>	<u>24,369,987,604</u>	<u>54,065,086,648</u>
377,558,000	398,908,232	1,244,678,644
-	50,442,969	478,585,075
12,910,000	79,168,296	339,906,296
94,312,000	124,488,386	250,430,383
68,317,000	491,561,294	1,051,582,630
161,218,000	318,087,658	641,040,897
<u>714,315,000</u>	<u>1,462,656,835</u>	<u>4,006,223,925</u>
1,772,533,000	2,489,063,876	5,428,263,587
-	211,371,807	705,469,807
-	33,469,644	1,131,960,212
-	1,422,753,528	12,815,007,528
1,941,147,000	917,574,203	2,858,721,203
140,817,000	6,781,035,643	8,489,444,522
<u>3,854,497,000</u>	<u>11,855,268,701</u>	<u>31,428,866,859</u>
<u>285,265,000</u>	<u>814,047,253</u>	<u>1,347,042,473</u>
<u>4,854,077,000</u>	<u>14,131,972,789</u>	<u>36,782,133,257</u>
1,905,842,000	2,618,224,147	11,208,305,926
100,638,000	168,186,651	271,236,946
13,556,000	1,076,556,398	1,090,112,398
1,227,244,000	6,609,499,069	8,079,287,069
(1,028,081,000)	(234,451,450)	(3,365,988,948)
<u>\$ 2,219,199,000</u>	<u>\$ 10,238,014,815</u>	<u>\$ 17,282,953,391</u>

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>New Jersey Transit Corporation</u>	<u>New Jersey Turnpike Authority</u>
Expenses	\$ 2,857,981,561	\$ 1,391,541,023
 Net (Expense) Revenue and Changes in Net Position		
Program Revenues		
Charges for services	1,056,314,799	1,698,593,000
Operating grants and contributions	1,111,687,614	7,418,000
Capital grants and contributions	<u>481,553,463</u>	<u>12,470,000</u>
Net (Expense) Revenue	<u>(208,425,685)</u>	<u>326,939,977</u>
 General Revenue		
Payments from State	<u>140,856,000</u>	<u>2,764,000</u>
Total General Revenue	<u>140,856,000</u>	<u>2,764,000</u>
 Change in Net Position	 (67,569,685)	 329,703,977
 Net Position - Beginning of Year (Restated)	 <u>3,645,296,261</u>	 <u>918,309,023</u>
Net Position - End of Year	<u>\$ 3,577,726,576</u>	<u>\$ 1,248,013,000</u>

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>
\$ 4,352,295,000	\$ 6,208,706,371	\$ 14,810,523,955
2,196,640,000	2,680,271,319	7,631,819,118
1,698,968,000	1,762,735,182	4,580,808,796
<u>75,970,000</u>	<u>1,561,625,089</u>	<u>2,131,618,552</u>
<u>(380,717,000)</u>	<u>(204,074,781)</u>	<u>(466,277,489)</u>
<u>428,800,000</u>	<u>653,512,328</u>	<u>1,225,932,328</u>
<u>428,800,000</u>	<u>653,512,328</u>	<u>1,225,932,328</u>
48,083,000	449,437,547	759,654,839
<u>2,171,116,000</u>	<u>9,788,577,268</u>	<u>16,523,298,552</u>
<u>\$ 2,219,199,000</u>	<u>\$ 10,238,014,815</u>	<u>\$ 17,282,953,391</u>

(This page left intentionally blank)