For the Fiscal Year Ended June 30, 2010

State of New Jersey

Comprehensive Annual Financial Report

Chris Christie, Governor
Kim Guadagno, Lieutenant Governor

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2010

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

CHARLENE M. HOLZBAUR
Director
Office of Management and Budget

Kathy A. Steepy
Assistant Director
Financial Management

Robert L. Peden
Deputy Director
Office of Management and Budget

James F. Kelly
Manager
Financial Reporting

This document is available via the internet http://www.state.nj.us/treasury/omb

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2010
TABLE OF CONTENTS

	Page
INTRODUCTION	
Letter of Transmittal	1
Certificate of Achievement	8
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	28
Statement of Activities	30
Governmental Funds Financial Statements	
Balance Sheet	32
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	33
Statement of Revenues, Expenditures and Changes in Fund Balances	34
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Proprietary Funds Financial Statements	
Statement of Net Assets	36
Statement of Revenues, Expenses and Changes in Fund Net Assets	37
Statement of Cash Flows	38
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Assets	40
Statement of Changes in Fiduciary Net Assets	42
Component Units Financial Statements	
Statement of Net Assets	44
Statement of Activities	46
Index to the Notes to the Financial Statements	48
Notes to the Financial Statements	49
Required Supplementary Information	
Budgetary Comparison Schedule	102
Budgetary Comparison Schedule – Budget to GAAP Reconciliation Major Funds	105
Notes to Required Supplementary Information	107
Schedule of Funding Progress All Pension Trust Funds	108
Combining Financial Statements – Non-Major Funds	
Governmental Funds – Non-Major Funds	
Balance Sheet – By Fund Type	111
Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type	112

	Page
Special Revenue Funds	
Balance Sheet	114
Statement of Revenues, Expenditures and Changes in Fund Balances	146
Capital Projects Funds	
Balance Sheet	180
Statement of Revenues, Expenditures and Changes in Fund Balances	184
Fiduciary Funds	
Agency Funds	
Statement of Fiduciary Net Assets	188
Statement of Changes in Assets and Liabilities	192
Pension and Other Employee Benefits Trust Funds	
Statement of Fiduciary Net Assets	196
Statement of Changes in Fiduciary Net Assets	200
Private Purpose Trust Funds	
Statement of Fiduciary Net Assets	204
Statement of Changes in Fiduciary Net Assets	206
Component Units	
Statement of Net Assets – Non-Major Component Units	208
Statement of Activities – Non-Major Component Units	209
Authorities	
Statement of Net Assets	210
Statement of Activities	214
Colleges and Universities	
Statement of Net Assets	218
Statement of Activities	222
Description of Funds	225
Other Information	
Capital Assets	
Schedule of Changes in Gross Capital Assets by Function	253
Schedule of Gross Capital Assets by Function	254
Schedule of Changes in Accumulated Depreciation by Function	256
Long-Term Debt	
Schedule of Long-Term Debt	258
Budgetary Schedules	
Budgetary Comparison Schedule Non-Major Governmental Funds	260
Budgetary Comparison Schedule-Budget to GAAP Reconciliation – Non-Major Funds	264
Schedule of Anticipated Revenue	266
Schedule of Appropriated Revenue	275
Schedule of Appropriations and Expenditures	276
STATISTICAL SECTION	
Statistical Section Index	297
Statistical Schedules	298

Introduction

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

State of New Jersey

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

DEPARTMENT OF THE TREASURY
OFFICE OF MANAGEMENT AND BUDGET
P.O. BOX 221
TRENTON, NJ 08625-0221

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

CHARLENE M. HOLZBAUR
Director

December 1, 2010

Governor Chris Christie
Members of the State Legislature
New Jersey Citizens

In accordance with the provisions of N.J.S.52:27B-46, it is our pleasure to transmit to you the State of New Jersey's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. The Department of the Treasury's Office of Management and Budget prepared this report, and is responsible for the accuracy, completeness, and fairness of all data presented, including all disclosures.

This CAFR presents the financial position and operating results of the State under generally accepted accounting principles (GAAP) applicable to State and local governments, as established by the Governmental Accounting Standards Board (GASB). The State also participates in the Government Finance Officers Association (GFOA) of the United States and Canada's Certificate of Achievement for Excellence in Financial Reporting review program.

The State operates in accordance with the standards provided in GASB Statements No. 34 and No. 35. In addition to providing traditional fund financial statements, the objective of this reporting model is to provide a single, unified, transparent picture of the State's fiscal health; thus, this CAFR clearly displays all of the State's revenues, costs, assets, and liabilities. This report also includes a Management's Discussion and Analysis section, which provides users with an objective and easy-to-read analysis of New Jersey's financial performance for the fiscal year ended June 30, 2010. We are confident that the data is accurate in all material respects and presented in a manner designed to set forth fairly the financial position and results of the State's operations, as measured by the fiscal activity of its various funds, and includes all disclosures necessary to enable the reader to gain a reasonable understanding of the State's financial affairs.

HIGHLIGHTS AND INITIATIVES

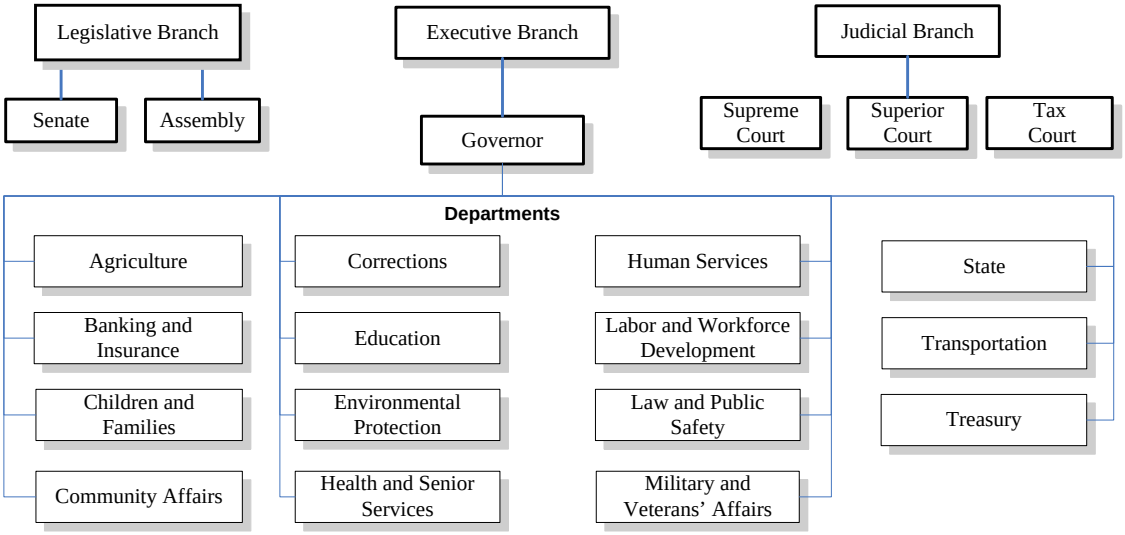
During the period July 1, 2009 through June 30, 2010, the State of New Jersey continued to experience first-hand the on-going impact of the nationwide recession. To commence restoring the State's fiscal integrity, while continuing to ensure the availability of scarce resources for New Jersey's most vulnerable citizens, the following Fiscal Year 2010 measures were taken:

- On January 20, 2010, Governor Chris Christie signed Executive Order No. 8, establishing the Government Transparency Center to ensure increased transparency of all State government operations. The Center, which is a single source from which citizens can identify and evaluate revenues and expenditures of funds derived from State taxes, fees, and other revenues and debts of the State, will be phased-in commencing during Fiscal Year 2011. Phase 1 implementation will include State information for monthly revenue reports, quarterly spending reports, and quarterly payroll data. Phase 2 will focus on reporting of all State authorities' revenues, spending, and debt, while Phase 3 will incorporate all State authorities' payroll data. All of this information, to include State debt and the establishment of a new statewide performance budgeting program, will be accessible via: http://www.yourmoney.nj.gov/.
- On February 23, 2010, Governor Chris Christie also issued Executive Order No. 15, which ordered a comprehensive review of all State authorities, boards, and commissions. This Executive Order also directed that immediate action be taken to reform abusive fiscal practices in:
    - Employee or Authority Board member travel;
    - All contractual agreements, either new or existing, with lobbyists or legislative agents; and
    - Financial compensation or incentives relating to employee termination or separation from employment.

- In compliance with New Jersey's constitutional mandate of a balanced budget, on February 11, 2010, Governor Chris Christie declared a State of Fiscal Emergency and signed Executive Order No. 14 that froze State spending to address the projected $2.2 billion budget gap for the 4-1/2 month balance of Fiscal Year 2010. About half of the Fiscal Year 2010 budget was already spent, which left about $14 billion of unspent monies as of January 31, 2010; of that amount, $8 billion was restricted - by contract, as in the case of State employees or maintenance of effort for federal stimulus money; by constitutional requirement; by bond covenant; or by law. Thus, to offset the $2.2 billion shortfall within the remaining $6 billion unexpended balance, on February 11, 2010, Governor Chris Christie cut spending in 375 different State programs that included:
    - $475 million in local school aid for the balance of the fiscal year, with the amount of individual aid reductions tied to surpluses in the school districts;
    - $286 million in unexpended Board of Public Utilities balances ($158 million from the Clean Energy Fund and $128 million from alternative energy source grants);
    - $121.9 million in unexpended New Jersey Economic Development Authority balances ($25 million from Business Employment Incentive Program underexpenditures, $57.9 million from InvestNJ subsidies to businesses for operating/capital grants, and $39 million from Main Street Program subsidies to commercial banks for lending programs);
    - $78.1 million in undesignated Urban Enterprise Zone project balances and reimbursements to the State of past overpayments;
    - $62.1 million in aid to county and senior public colleges and universities, with the amount tied to existing surpluses;
    - $48.3 million in additional federal Title IV-E and Title XIX funds enabled a similar lapse of State funds;
    - $18.6 million in unspent grant funding for Cancer Institute of New Jersey - South Jersey; and
    - $13.8 million in surplus balance from the Homestead Rebate program.
- On February 11, 2010, Governor Chris Christie also proposed abolishing the Cabinet-level Department of the Public Advocate (DPA). Due to its statutory reestablishment under P.L.2005, c.155, DPA's abolishment required legislation as well, which occurred on June 29, 2010 under P.L.2010, c.34. Although the State realized some savings during Fiscal Year 2010, the majority will occur during Fiscal Year 2011.
- To achieve meaningful, lasting property tax reform for New Jersey taxpayers, Governor Chris Christie introduced a "tool kit" of 33 pieces of legislation on May 10, 2010. Bi-partisan support of the cornerstone of this legislative package occurred on July 13, 2010, with the enactment of P.L.2010, c.44. This specific statute restricts all New Jersey property tax (school district, county and municipal) levy increases to 2.0 percent annually, with only the following four exceptions: capital expenditures, including debt service; pension benefits; health benefits; and expenses incurred in connection with a state of emergency. To ensure that this hard cap remains successful, the remaining pieces of legislation in the areas of civil service, collective bargaining, employee pensions and benefits, red tape and unfunded mandates, election reform, and shared services still require enactment, which has not occurred to date.

NEW JERSEY GOVERNMENT

One of the original thirteen colonies, the State of New Jersey was the third state to ratify the United States Constitution in 1787. Adopted on July 2, 1776, New Jersey's original State Constitution subsequently was superseded by the State Constitution of 1844. During the summer of 1947, a constitutional convention met to prepare the current State Constitution, which State voters ratified in the general election held on November 4, 1947. New Jersey's State Constitution continues to be a living document, as State voters passed an amendment creating the position of Lieutenant Governor of New Jersey, effective with the 2009 election. The State Constitution divides the powers of government between three co-equal independent branches: Legislative, Executive, and Judicial.



Legislative: The State's bicameral Legislative Branch, which consists of a total of 120 members from 40 legislative districts with elections held in odd-numbered years, meets in annual sessions in Trenton, the State's capital. The 40 members of the State Senate are elected to terms of four years, except for the election following a decennial census, in which case the term is for two years. The 80 members of the General Assembly are elected to terms of two years. Neither State Senators nor Assembly Members are subject to term limits. The Office of Legislative Services (OLS) is a nonpartisan agency that provides legislators with legal, fiscal, research, information, and administrative services. Key OLS positions include an executive director, a legislative counsel, the state auditor, a legislative budget and finance officer, a director of central staff, a director of data management, and a director of administration.

Executive: The Office of the Chief Executive, which oversees the entire Executive Branch, consists of the Governor, the Lieutenant Governor, Cabinet-level department heads, and staff who are responsible for carrying out the Governor's constitutional powers and duties. Upon direct election by a plurality of the State's voters, both the Governor and the Lieutenant Governor may serve two successive terms of four years. With the exception of the Secretary of Agriculture, who is chosen by the Board of Agriculture with the Governor's approval, the New Jersey State Constitution grants the Governor the authority to appoint the entire cabinet as well as all superior court judges and county prosecutors, subject to confirmation by the New Jersey Senate. Department heads remain in office until their successors are named and confirmed by the Senate; the only exceptions are the Attorney General and the Secretary of State, who are appointed to serve throughout the Governor's entire term. Although the State Constitution permits a maximum of 20 departments, the State's payroll consisted of approximately 64,900 employees in 16 departments as of January 2010. The Executive Branch also oversees the performance of 566 municipalities and 604 school districts, and the incarceration and rehabilitation of approximately 21,700 prisoners. In addition to reliable transportation and protection for the State's citizenry and environment, the Executive Branch provides social services for one out of every eight New Jersey citizens.

Judicial: New Jersey's Supreme Court consists of a Chief Justice, who is the administrative head of all courts under the State's jurisdiction, as well as six Associate Justices. In addition to Municipal and Tax Courts located throughout the State, there are Superior Courts, with a minimum of two Judges, in each of New Jersey's 21 counties. After nomination by the Governor and subsequent confirmation by the State Senate, all Supreme Court Justices and Superior Court Judges serve initial terms of seven years. Should they be deemed eligible by both the Governor and the State Senate, Supreme Court Justices and Superior Court Judges acquire tenure with retirement at age 70 as mandated by the State Constitution. For purposes of judicial administration, the State is divided into 15 vicinages, each consisting of a single county or a combination of counties. The Administrative Office of the Courts provides support services. Approximately seven million new cases are filed in New Jersey's courts every year, including six million in Municipal Court and one million in Superior Court. These cases address matters concerning civil, criminal, and family law.

With a total land area of 7,417.3 square miles, New Jersey ranks as the fifth smallest state within the United States of America. An estimated population of 8,708,000 as of July 2009 makes New Jersey the eleventh largest state in population, as well as the most densely populated of all the states with an average of 1,174 people per square mile.

The higher education system in New Jersey includes 3 public research universities, 9 State colleges and universities, 19 community colleges, 14 independent four-year colleges and universities, 6 proprietary institutions with degree-granting authority, 10 rabbinical schools and theological seminaries, and 2 independent two-year religious colleges.

COMPONENT UNITS

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, this CAFR for fiscal year ended June 30, 2010 includes the accounts of 20 public authorities and 12 State colleges and universities. Public authorities are legal, separate entities that are not operating departments of the State. Governing boards are vested with the power to independently manage. Each component unit is established for a specific purpose for the benefit of the State's citizenry. GASB Statement No. 14 provides that the State's financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. As a result, the transmittal letter, Management's Discussion and Analysis, and the financial statements focus on the primary government of the State and its activities, although information pertaining to the component units is presented. For additional information, please see Note 18 – Component Units.

Executive Order No. 122, signed on July 23, 2004, was established to direct the Board of Directors for each State Authority to create an Audit Committee whose members are to assist in the oversight of the financial reporting and audit processes of the Authority. Each member of the Audit Committee is independent of the Authority, with at least one member having a background in accounting or related financial expertise. The Audit Committee must assist the Board in retaining an independent auditor to conduct an audit. The auditor selection process must be based on public, competitive bidding principles and shall take place no less than once every five years. In order to ensure the independence of the auditor selection process, an evaluation committee shall be established by the Board to conduct the solicitation and evaluation of eligible auditors. The auditor selected shall report directly to the Audit Committee or the Board. At no time shall the auditor report to any staff member of the Authority. At least twice a year, the Audit Committee shall hold a private meeting with the auditor. In carrying out these duties, the Audit Committee shall proactively assist the Board in overseeing the integrity and quality of the Authority's financial statements, the Authority's compliance with legal, regulatory, and ethical requirements, the auditor's performance and ability to perform, and the performance of the Authority's own internal audit and internal control functions.

NEW JERSEY'S ECONOMIC CONDITION

The State and national economies continue to experience high unemployment rates, a weak employment picture, and sluggish growth in personal income. For the calendar quarter ending in September 2010 the trend in New Jersey's payroll employment indicates that the rate of decrease from a year earlier remained unchanged at negative 0.86 percent, the same as reported for the previous quarter. The State's unemployment rate for September 2010 was 9.4 percent, which came in below the national unemployment rate of 9.6 percent, and was down for a second straight month.

Personal income appears to be improving steadily, with year-over-year gains for the first two quarters of 2010. According to the United States Bureau of Economic Analysis (release dated September 20, 2010), the preliminary annual rate of growth for New Jersey's personal income was 2.2 percent for the second quarter of 2010, a bit below the revised growth rate of 3.0 percent for the first quarter of 2010. Although quarter-over-quarter income growth has been positive for five straight quarters, the level for the second quarter of 2010 remains slightly below the 2008 results. If the economy continues to recover from the great recession, New Jersey personal income growth is expected to pick up over time.

The housing sector is expected to remain weak in the months ahead with permits in 2010 to stay below 20,000 units. New motor vehicle registrations fell by 20.0 percent in calendar year 2009, following declines of 16.0 percent in 2008 and 4.3 percent in 2007. New motor vehicle registrations are projected to remain below the 500,000 level in 2010 and 2011. For the first two months of fiscal year 2011 (July through August 2010), new motor vehicle registrations were 1.4 percent less than a year earlier.

New Jersey's and the nation's economies are expected to recover at a modest pace through the remainder of 2010 into 2011. According to the latest Beige Book (released on October 20, 2010), the Federal Reserve Board reported a continuation of growth in national economic activity, albeit at a modest pace, suggesting that the recovery may be firming up. However, the weak labor market and tight credit conditions will constrain the growth path with a tenuous near-term recovery. The latest New Jersey economic forecasts from Global Insight, Moody's Economy.com, and Rutgers University expect economic conditions to improve in 2010 and 2011. However, as recently as September, Global Insight was maintaining a 25 percent chance of a double-dip recession with the observation "in an economy with little momentum, it would not require a major shock to tip the balance downward."

New Jersey's economic trends are expected to be similar to the national trends in the remaining months of 2010. For the year as a whole, payroll employment is projected to be about 0.9 percent less than in 2009, but grow around 0.5 percent in 2011. Personal income is expected to grow around 2.0 percent in 2010 and improve to around 3.2 percent in 2011.

Underlying inflation is expected to be minimal as unemployment stays high and capacity utilization remains low, and is not likely to be a serious concern until after spending and employment growth move higher. Enhanced availability of credit,

continued improvement in financial market stability, and gains in consumer and business confidence are critical factors necessary for a more pronounced economic turnaround in the nation and in New Jersey.

BUDGET AND ACCOUNTING

Legal Level of Control

The State's Annual Appropriations Act includes the General Fund, as well as certain Special Revenue Funds (Casino Control, Casino Revenue, Gubernatorial Elections, and Property Tax Relief). The departments maintain legal control at the appropriation line item level and exercise budgetary control by individual appropriations and allocations within annual appropriations to various programs and major expenditure objects. Program classifications represent a lower level operating program function, consisting of closely related activities with identifiable objectives or goals. Revisions to the annual Appropriations Act, reflecting program changes or interdepartmental transfers of an administrative nature, may be effected during the budget year with certain Executive and Legislative Branch approvals. Language, located in the "General Provisions" section of the State's annual Appropriations Act, enables management to amend a department's budget with approval by the Director of the Office of Management and Budget; under specific conditions, additional approval by the Office of Legislative Services is required. Only the State Legislature, however, may transfer appropriations between departments.

Accounting Systems

The Office of Management and Budget directs and supervises a central accounting system, which maintains all accounting records for the various State departments. The State's annual budget provides individual appropriations to departments for specific programs and purposes, while component units maintain separate accounting systems.

To ensure expenditures do not exceed appropriations and allocations, the State employs encumbrance accounting. Purchase orders, contracts, and other commitments involving monetary expenditures are encumbrances. Any unencumbered and unexpended non-continuing appropriations lapse at fiscal year's end.

Consideration as to the adequacy of internal controls is paramount in developing and maintaining the State's accounting system. Internal accounting controls are designed to provide reasonable assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and guarantee that financial records are reliable for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from its use, and the evaluation of costs and benefits requires managerial estimates and judgments. All internal control evaluations occur within this framework.

RELEVANT FINANCIAL POLICIES

The New Jersey State Constitution, which mandates an annual balanced budget, directs, in part, that no money shall be drawn from the State Treasury but for appropriations made by law and that no law appropriating money for any State purpose shall be enacted if the appropriations contained therein, together with all prior appropriations made for the same fiscal period, shall exceed the total amount of the revenue on hand and anticipated to be available to meet such appropriations during such fiscal period, as certified by the Governor. Accordingly, during the fiscal year, the State may have to make several revenue and expenditure adjustments to ensure a positive fund balance. The State has had a balanced budget in every fiscal year since the adoption of the State Constitution in 1947.

Created as a "rainy day fund," the Surplus Revenue Fund is part of the General Fund's resources and fund balance, and accounts for excess revenues from prior fiscal years that are reserved legislatively and may be used to support current year's appropriations in the event that anticipated revenues in the General Fund are estimated to be less than those certified by the Governor upon approval of the annual Appropriations Act. The Surplus Revenue Fund was designed to build fund balance during economic upswings, and to be expended during economic downturns and emergency situations. Such an example occurred during Fiscal Year 2009 when, in response to the national recession, the State drained its entire Surplus Revenue Fund to help balance its budget. As of June 30, 2010, this Fund continued to have a zero balance.

The State employs a budgetary basis of accounting for all of its annual fiscal transactions. The budgetary basis differs from the GAAP basis, which is used to present fund financial statements, in that the former: 1) recognizes encumbrances as expenditures, 2) recognizes all federal revenues related to such encumbrances, and 3) reflects only current fiscal year transactions. The GAAP basis also requires that certain grants and other financial assistance be recorded as revenues and/or expenditures.

FINANCIAL TRENDS

Revenue History

Both national and local economic woes continued having a detrimental effect on the State, as Fiscal Year 2010 again experienced an unprecedented decline in State budgeted revenue. Total Fiscal Year 2010 revenue collections of $27.9 billion were $771 million below total Fiscal Year 2006 revenue collections. The Gross Income Tax collections were $183.7 million less than Fiscal Year 2006. The trend is continuing with the current Fiscal Year 2011 estimate at only $28.2 billion. The Statistical Section provides a ten-year history of State budgeted revenue collections.

Pension and Other Postemployment Benefits (OPEB) Obligations

The State has not fully funded its various pension plans for several years, and its post-retirement medical program is funded on a pay-as-you-go basis. This continued underfunding, coupled with the on-going investment decline and increased number of retirees receiving distributions, has led to the State's current net pension obligation of $8.4 billion and an OPEB obligation of $10.0 billion as of June 30, 2010. The total unfunded actuarial accrued liability for State and local pension plans was $45.8 billion as of June 30, 2009, or an increase of $11.4 billion from June 30, 2008, while the total State and local OPEB unfunded actuarial accrued liability at June 30, 2009 was $66.8 billion, or an increase of $2.0 billion from the prior year. For updated information, Fiscal Year 2009 actuarial reports can be accessed via: http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml.

Pension and Health Care Reforms

On September 14, 2010, as part of his aforementioned "tool kit" to achieve meaningful, lasting property tax reform for New Jersey taxpayers, Governor Chris Christie announced a comprehensive reform package that is intended to stabilize New Jersey's pension and health care systems, both of which are underfunded currently by approximately $46 billion and $67 billion, respectively. Without any reform, underfunding of both systems is expected to continue to grow annually. Some of the proposed reforms will require legislative approval.

Over a projected thirty-year period, Governor Chris Christie's proposed pension system reforms are designed to drastically reduce total underfunding and increase the system's aggregate funded ratio from its present level of 66 percent to more than 90 percent by 2041. To achieve this necessary stability in New Jersey's pension system, Governor Chris Christie has proposed the following policy changes affecting future service of all employees:

- Adjusting the benefit formula to effectively roll back the 9 percent increase authorized in 2001, and
- Setting a uniform 8.5 percent employee pension contribution rate.

For all employees with fewer than 25 years of service:

- Establishing the retirement age at 65 for full pension benefits,
- Increasing eligibility for early retirement from the current 25 years of employment to 30, and
- Adjusting the early retirement penalty to 3 percent for each year.

In addition to the aforementioned, Governor Chris Christie proposes eliminating automatic annual cost of living adjustments for both current and future retirees.

Finally, to ensure a more accurate financial forecast of the pension fund, Governor Chris Christie advocates:

- Lowering its anticipated investment rate of return from 8.5% to 7.5%, and
- Revising the amortization methodology to retire its unfunded liability earlier.

The majority ($57 billion) of New Jersey's health care system's current underfunding is the State's obligation, while local municipalities are responsible for the remaining $10 billion that is attributable to employees participating in the State Health Benefits Program. To achieve stability throughout New Jersey's health care system, Governor Chris Christie has proposed the following policy changes:

- Transitioning to a cost-sharing model that has the employer paying 70 percent of the cost and the employee paying 30 percent,
- Basing employee costs on the health care premium versus a percentage of salary,
- Providing a variety of options that enable employees to choose the right health care plan for them, and
- Modifying benefits to bring the State's health care plan in line with those offered by the federal government and private sectors.

AUDIT INFORMATION

The principal auditor of the State's reporting entity is the Office of the State Auditor, which resides in the Legislative Branch of State government. The State Auditor's examination was conducted in accordance with generally accepted auditing standards, and its opinion precedes the Basic Financial Statements. Private sector public accounting firms have been used for the audits of separately issued component units and college and university financial statements. In addition, the Office of the State Auditor conducts periodic financial and expanded scope audits of various State agencies.

Additional information regarding the State's financial status, including prior year budgets, appropriations acts, and financial reports, is available on the State's web site (http://www.state.nj.us/treasury/omb/).

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The GFOA awarded the Certificate of Achievement for Excellence in Financial Reporting to the State of New Jersey for its CAFR for the fiscal year ended June 30, 2009. In order to qualify for this certificate, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report, of which the contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The State of New Jersey has received this award every year since 1993.

ACKNOWLEDGEMENTS

Finally, we express our grateful appreciation to the many dedicated professionals in the Office of Management and Budget and the Office of the State Auditor, whose work made possible the preparation of this report. We believe their combined efforts have produced a report that will provide a means for government, the financial community, decision makers, and concerned citizens to better understand and evaluate the State's financial condition.

Sincerely,

Andrew P. Sidamon-Eristoff
State Treasurer

Charlene M. Holzbaur
Director, Office of Management and Budget

Certificate of Achievement for Excellence in Financial Reporting

Presented to

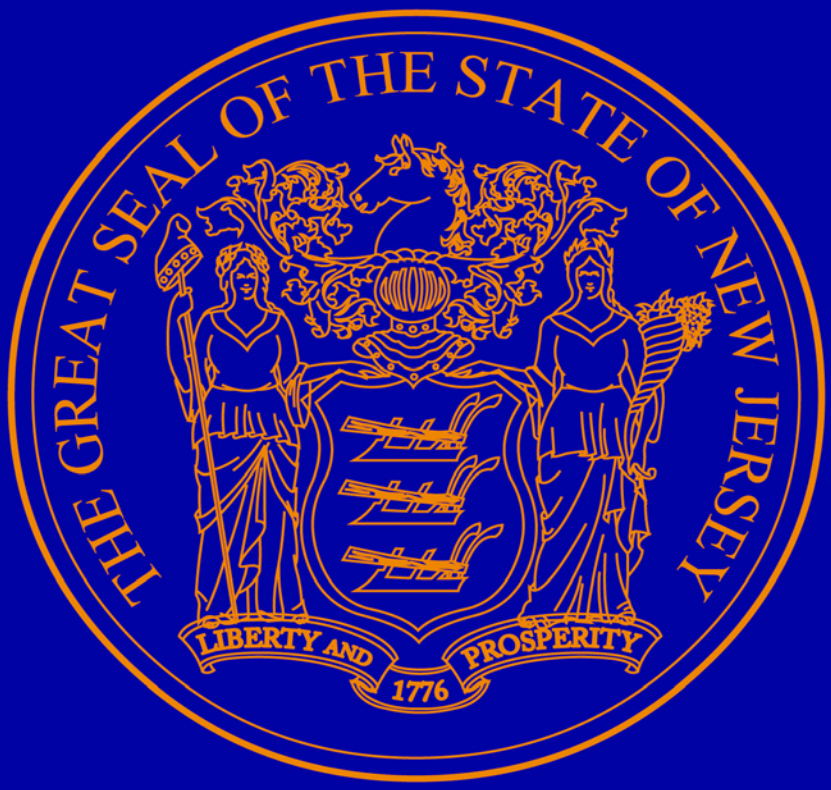
State of New Jersey

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director



Financial Section

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

2008 - 2009

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN

New Jersey State Legislature

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

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

JOHN J. TERMYNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

INDEPENDENT AUDITOR'S REPORT

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, 2010, which collectively comprise the state's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of New Jersey's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component units, the pensions and other employee benefits trust funds, and the Port Authority of New York and New Jersey which represent 100 percent of the assets and revenues of the aggregate discretely presented component units, 87 percent of the assets and 47 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-E of the basic financial statements. Those financial statements were audited by other auditors whose

reports thereon have been furnished to us, and our opinions, insofar as they relate to the amounts and disclosures included for the discretely presented component units, the pensions and other employee benefits trust funds, and the Port Authority of New York and New Jersey, are based on the reports of the other auditors.

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 of material misstatement. The financial statements of the pensions and other employee benefits trust funds and two component units, the New Jersey Sports and Exposition Authority and the Casino Reinvestment Development Authority, were not audited in accordance with *Government Auditing Standards*. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State of New Jersey's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to previously 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, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2-A, Note 2-B, and Note 12, the State of New Jersey adopted the provisions of Governmental Accounting Standards Board Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments* as of July 1, 2009.

In accordance with *Government Auditing Standards,* we have also issued our report dated December 1, 2010 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* and should be considered in assessing the results of our audit.

The management's discussion and analysis, the budgetary comparison schedules, and the funding progress schedule for all pension trust funds and health benefits program fund are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding

the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 – non-major funds section, other information section and the statistical section, 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 – non-major funds section and the other information section have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Stephen M. Eells
State Auditor
December 1, 2010

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, 2010. 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.

Since July 1, 2002, the State has been accounting and reporting under the standards outlined in the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Therefore, a majority of the information provided is not easily comparable to reporting periods prior to the fiscal year ended June 30, 2002. Year-to-year comparisons are provided in the Management's Discussion and Analysis and the Statistical Section. It is the intent of GASB Statement No. 34 to provide meaningful comparisons that will further explain the State's financial position and results of its operations.

FINANCIAL HIGHLIGHTS

Government-wide

- The primary government's assets and deferred outflows total $36.0 billion, a decrease of $0.4 billion from the prior fiscal year. As of June 30, 2010, liabilities exceeded assets by $29.0 billion. The State's unrestricted net assets, which represent net assets that have no statutory commitments and are available for discretionary use, totaled a negative $39.8 billion. The negative balance is primarily a result of partially funding the annual pension costs to the State's 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 17 – Retirement Systems, Health Benefits, and Post-Retirement Medical Benefits). Financing activities that have contributed to the State's negative unrestricted net asset amount include liabilities from pension 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, 2010 component unit assets exceeded component unit liabilities by $16.4 billion. Total component unit assets grew to $42.4 billion, a $2.9 billion increase in assets from the prior fiscal year. Higher investment balances and capital assets represent the majority of this increase.

Fund Level

- The State's governmental funds reported June 30, 2010 combined ending fund balances of $7.4 billion, a decrease of $0.7 billion from the prior fiscal year. The unreserved component of $3.5 billion is comprised of $0.8 billion representing unreserved – undesignated fund balances with the $2.7 billion remainder reserved for specific, legislated purposes, management reserves, and constitutional dedications. The General Fund's total ending fund balance is $2.7 billion, with $0.8 billion unreserved – undesignated.

- During the fiscal year the proprietary funds' net assets decreased by $1.1 billion resulting in net assets of negative $0.8 billion as of June 30, 2010.

Long-term Debt

- The State's long-term debt obligations increased 13.1 percent, to $57.9 billion, which includes a net increase in bonded debt of $1.4 billion. During the fiscal year, the State issued $4.1 billion in bonds. New money issuances represented $3.0 billion primarily for transportation and education system improvements, while $1.3 billion represented five refunding transactions that provided the State with $13.1 million in net present value savings. During Fiscal Year 2010, the State paid $2.5 billion in debt service on its long-term obligations.

- Non-bonded portions of the State's long-term debt total $21.0 billion. This amount represents a $5.3 billion increase from the prior fiscal year and is mainly attributable to increases in Net Pension Obligations as well as the State's 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
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 Assets * Statement of Activities	* Balance Sheet * Statement of Revenues, Expenditures, and Changes in Fund Balance	* Statement of Net Assets * Statement of Revenues, Expenses, and Changes in Net Assets * Statement of Cash Flows	* Statement of Fiduciary Net Assets * Statement of Changes in Fiduciary Net Assets
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 liabilities, 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 and provide 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 Assets** Presents all of the State's assets and liabilities and calculates net assets. Increases or decreases in the State's net assets 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 assets changed during the fiscal year. All changes in net assets 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 Assets 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** Certain State operations 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. The State Lottery Fund and the Unemployment Compensation Fund are two such examples.

- **Component Units** Legally separate operations and organizations for which the State has financial accountability are considered component units. The State has 20 authorities, of which the Garden State Preservation Trust, New Jersey Building Authority, New Jersey Schools Development Authority, New Jersey Transportation Trust Fund Authority, and the Tobacco Settlement Financing Corporation, Inc. are blended into governmental activities, and 12 colleges and universities that are reported as component units. These component units operate as business-type activities and are presented in two categories, major and non-major which is determined, generally, by the relative size of the entity's assets, liabilities, revenues, and expenses when compared to the total of the related component units. A list of the State's component units is shown in Notes 1B – Summary of Significant Accounting Policies – Financial Reporting Entity and Note 18 – Component Units. Audit reports of the individual component units can be obtained from their respective administrative offices.

Reconciliation of Government-wide and Governmental Funds Financial Statements

The 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.
- Capital outlay spending results in capital assets on the government-wide financial statements, but are 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 of the governmental funds financial statements.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide financial statements and governmental funds 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 are 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 expended 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 Assets and Changes in Fiduciary Net Assets. 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 assist 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 is a Schedule of Funding Progress for all Pension Trust Funds and Health Benefits Program Fund.

Combining Financial Statements

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

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 Assets

The State ended Fiscal Year 2010 with combined net assets for the primary government totaling a negative $29.0 billion. This amount represents a reduction of net assets of $7.5 billion from the prior fiscal year. Restricted net assets include 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. Invested in capital assets, net of related debt, includes land, land improvements, buildings and improvements, machinery and equipment, infrastructure (roads, bridges, and other immovable assets), and construction in progress. The deficit in unrestricted governmental net assets 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 that are required to be included in the government-wide financial statements.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2010	**2009***	**2010**	**2009**	**2010**	**2009***
Current and other noncurrent assets	$ 11,913.6	$ 13,004.6	$ 1,938.1	$ 1,658.2	$ 13,851.7	$ 14,662.8
Capital assets, net	21,793.5	20,628.5	-	-	21,793.5	20,628.5
Total Assets	33,707.1	33,633.1	1,938.1	1,658.2	35,645.2	35,291.3
Deferred outflows	336.1	246.5	-	-	336.1	246.5
Total Assets and Deferred Outflows	34,043.2	33,879.6	1,938.1	1,658.2	35,981.3	35,537.8
Current liabilities	5,407.4	6,004.4	551.1	855.0	5,958.5	6,859.4
Noncurrent liabilities	56,837.0	49,634.0	2,153.4	482.2	58,990.4	50,116.2
Total Liabilities	62,244.4	55,638.4	2,704.5	1,337.2	64,948.9	56,975.6
Net Assets:						
Invested in capital assets, net of related debt	6,439.8	7,362.1	-	-	6,439.8	7,362.1
Restricted	4,364.6	4,298.6	10.2	321.0	4,374.8	4,619.6
Unrestricted	(39,005.6)	(33,419.6)	(776.6)	-	(39,782.2)	(33,419.6)
Total Net Assets	$ (28,201.2)	$ (21,758.9)	$ (766.4)	$ 321.0	$ (28,967.6)	$ (21,437.9)

* Net Assets was restated by $288.5 million to reflect the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

Changes in Net Assets

The State's Fiscal Year 2010 net assets decreased by $7.5 billion. Approximately 46.4 percent of the State's total revenues came from general taxes, while 34.6 percent was derived from operating grants. Charges for services amounted to 17.0 percent of total revenues, while other items such as capital grants, interest earnings, and miscellaneous revenues accounted for the remainder. State expenditures cover a range of services. The largest expense, 23.8 percent, was for educational, cultural, and intellectual development, which includes approximately $553.0 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 18.5 percent of total expenditures, while physical and mental health amounted to 17.5 percent. Other major expenditures focused on economic planning, development, and security; public safety and criminal justice; and community development and environmental management. During Fiscal Year 2010, governmental activity expense exceeded program revenues. This imbalance was mainly funded through $26.5 billion of general revenues (mostly taxes and transfers). The remaining $7.5 billion resulted in a decrease in net assets. The deficit net assets in the Business-type Activities of $0.8 billion resulted from the Unemployment Compensation Fund's need to pay claims in excess of available resources.

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

	Governmental Activities		Business-type Activities		Primary Government Total	
	2010	**2009***	**2010**	**2009**	**2010**	**2009***
Revenues						
Program revenues						
Charges for services	$ 4,621.6	$ 4,552.7	$ 4,820.8	$ 4,393.3	$ 9,442.4	$ 8,946.0
Operating grants	14,240.8	11,375.9	4,953.4	2,351.9	19,194.2	13,727.8
Capital grants	212.5	204.1	-	-	212.5	204.1
General revenues						
General taxes	25,745.0	26,910.6	-	-	25,745.0	26,910.6
Interest earnings	(63.2)	(263.5)	-	-	(63.2)	(263.5)
Miscellaneous	818.9	890.5	-	-	818.9	890.5
Total Revenues	45,575.6	43,670.3	9,774.2	6,745.2	55,349.8	50,415.5
Expenses						
Public safety and criminal justice	3,133.2	3,087.7	-	-	3,133.2	3,087.7
Physical and mental health	10,989.6	10,589.0	-	-	10,989.6	10,589.0
Educational, cultural, and intellectual development	15,013.1	14,681.3	-	-	15,013.1	14,681.3
Community development and environmental management	2,166.9	2,271.8	-	-	2,166.9	2,271.8
Economic planning, development, and security	6,663.1	6,126.8	-	-	6,663.1	6,126.8
Transportation programs	2,017.7	1,859.2	-	-	2,017.7	1,859.2
Government direction, management, and control	11,627.1	11,846.1	-	-	11,627.1	11,846.1
Special government services	337.9	364.5	-	-	337.9	364.5
Interest expense	1,125.8	1,092.4	-	-	1,125.8	1,092.4
State Lottery Fund	-	-	1,705.0	1,645.7	1,705.0	1,645.7
Unemployment Compensation Fund	-	-	8,214.4	5,283.6	8,214.4	5,283.6
Total Expenses	53,074.4	51,918.8	9,919.4	6,929.3	62,993.8	58,848.1
Excess (Deficiency) Before Transfers	(7,498.8)	(8,248.5)	(145.2)	(184.1)	(7,644.0)	(8,432.6)
Transfers	1,056.5	264.5	(942.2)	(811.6)	114.3	(547.1)
Increase (Decrease) in Net Assets	(6,442.3)	(7,984.0)	(1,087.4)	(995.7)	(7,529.7)	(8,979.7)
Net Assets - July 1	(21,758.9)	(13,774.9)	321.0	1,316.7	(21,437.9)	(12,458.2)
Net Assets - June 30	$ (28,201.2)	$ (21,758.9)	$ (766.4)	$ 321.0	$ (28,967.6)	$ (21,437.9)

* Net Assets was restated by $288.5 million to reflect the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

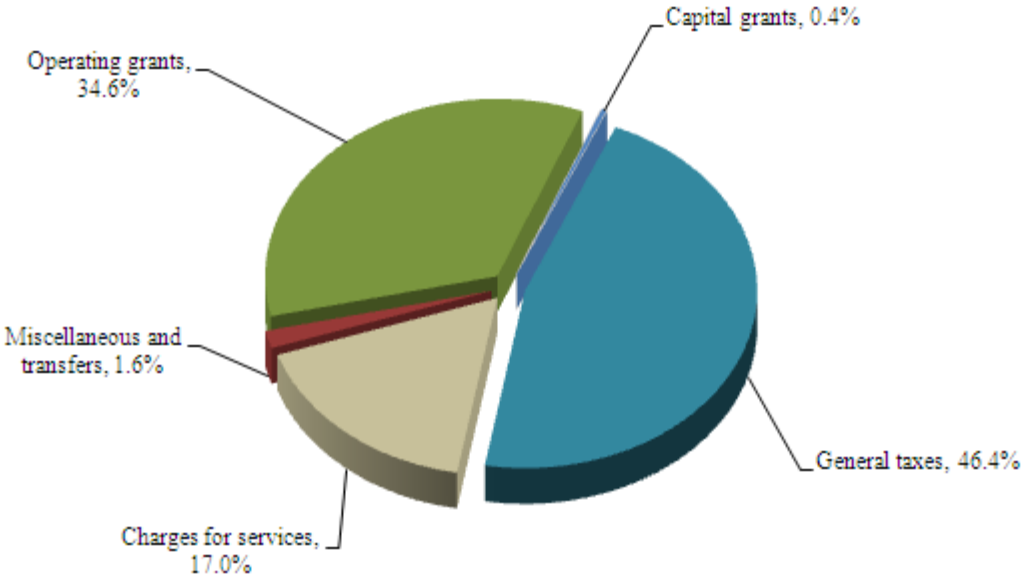
Primary Government – Fiscal Year 2010 Revenues and Expenditures

During Fiscal Year 2010, State revenues, including transfers, totaled $55.5 billion, an increase of $5.6 billion from the prior fiscal year, partially attributable to federal stimulus funding and higher unemployment funds from the federal government. General taxes totaled $25.7 billion and accounted for 46.4 percent of total State revenues for Fiscal Year 2010. The State's Gross Income Tax totaled $10.3 billion, the Sales and Use Tax totaled $7.9 billion, and the Corporation Business Tax totaled $2.1 billion. The State's three major taxes comprised 79.1 percent of the total general taxes that were collected during Fiscal Year 2010. The economic decline had the greatest impact on taxes, which decreased $1.2 billion from the prior fiscal year.

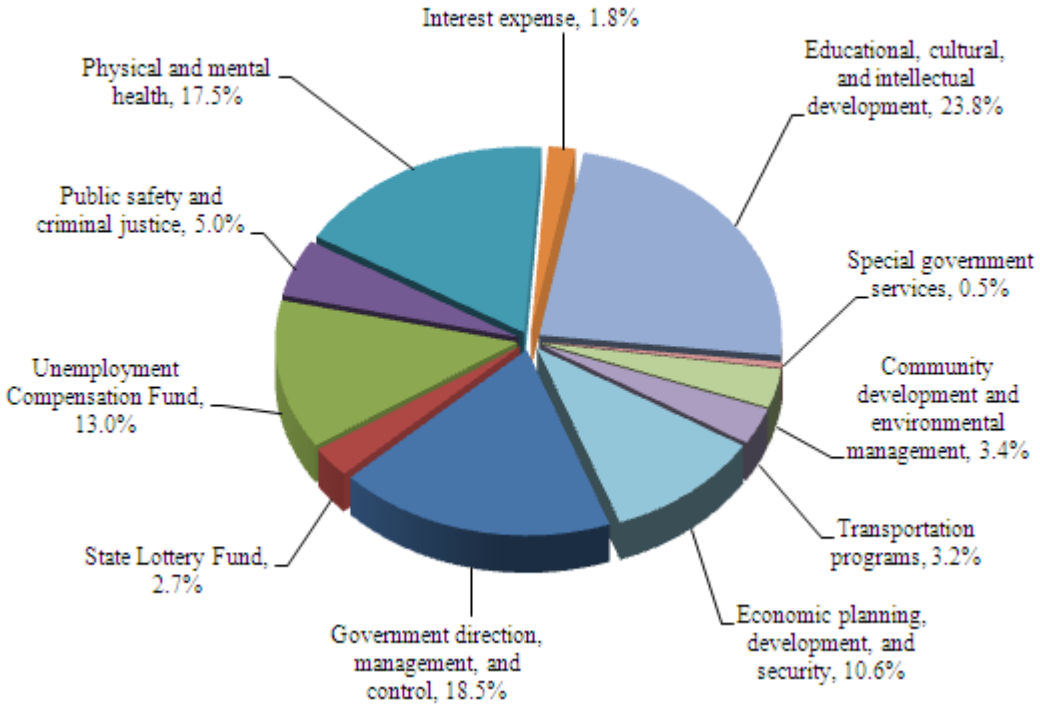
Fiscal Year 2010 expenditures totaled $63.0 billion, an increase of $4.1 billion from the prior fiscal year. Of that amount, $2.9 billion reflects an increase in unemployment benefits paid due to the depressed economy and high unemployment. A $0.5 billion increase in spending for economic planning, development, and security, coupled with a $0.4 billion increase in physical and mental health spending, was offset by a $0.1 billion decrease in community development and environmental management, and $0.2 billion decrease in government direction, management, and control. Overall, 42.3 percent of all State expenditures occurred in the areas of education, higher education, and government direction.

The following pie charts depict primary government activities for revenues and expenditures for the fiscal year ended June 30, 2010:

Revenues – Primary Government
Fiscal Year Ended June 30, 2010



Expenditures – Primary Government
Fiscal Year Ended June 30, 2010



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

Component Units

Combined operating revenues and expenses for the State's component units for Fiscal Year 2010 amounted to $10.8 billion and $11.2 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 $1.2 billion in State appropriations during Fiscal Year 2010.

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, 2010 fund balances of $7.4 billion. The $0.7 billion decrease in fund balance was primarily from lower Fiscal Year 2010 revenues resulting from the economic downturn.

The American Recovery and Reinvestment Act of 2009 ("ARRA") provides for federal fiscal stimulus funding to the State for Fiscal Years 2010 and 2011. The funding across both fiscal years totals approximately $3.3 billion. Fiscal Year 2010 funding of $2.3 billion reflects $1.0 billion for enhanced Medicaid funding with the remainder primarily for fiscal stabilization which the State used as a resource for the General Fund. For Fiscal Year 2011, the total funding of $1.0 billion is primarily allocated for enhanced Medicaid funding.

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 $2.7 billion, of which $1.8 billion represented unreserved fund balances. During Fiscal Year 2010, total fund balance decreased by $0.4 billion. The Surplus Revenue Fund is an account within the State's General Fund that is used as a "Rainy Day Fund." Surplus revenue is defined as an amount equivalent to 50.0 percent of the excess between the amount certified by the Governor at the time of the approval of the annual Appropriations Act and the amount of General Fund revenue reported from the annual financial report of the General Fund for that fiscal year. As of June 30, 2010, the State's Surplus Revenue Fund had a balance of zero.

On a budgetary basis, general revenues of $29.9 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, and declines in other revenues of $1.3 billion, services and assessments of $446.8 million, but were offset by an increase in taxes of $56.8 million and $15.5 million in licenses and fees. 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 $3.3 billion lower than original appropriations 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 2010, 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 program perspective, under-spending in Fiscal Year 2010 includes, $827.0 million from community development and environmental management; $751.3 million from economic planning, development, and security; $595.1 million from physical and mental health; $509.5 million from public safety and criminal justice; $342.2 million from government direction, management, and control; $126.3 million from special government services; $107.5 million from educational, cultural, and intellectual development; and $68.9 million from transportation.

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 2010, $10.9 billion of property tax relief expenditures were made. The Property Tax Relief Fund's Fiscal Year 2010 ending unreserved – undesignated fund balance is $10.0 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 2010, gross revenues totaled $2.6 billion, of which $1.5 billion was returned in prizes, $924.0 million went to state education and institutions, $193.1 million was paid to sales agents and ticket vendors, and $18.2 million covered Lottery operational and promotional expenses. As of June 30, 2010, the State Lottery, since its inception, has generated over $49.5 billion in gross revenues, $26.4 billion in prizes, and contributed $19.1 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.

The economic difficulties experienced by the State of New Jersey and the nation have impacted claims against, and the funding of, the State's Unemployment Compensation Fund. Under State law, the rates for employers are subject to automatic annual adjustment, as necessary, to maintain the Fund's sufficiency. The Fund operates independently and its obligations are not payable from the State's General Fund. To provide for sufficient cash flow to fund unemployment claims, commencing on March 2009, the State, under federal law, applied to the United States Department of Labor for cash advances. As of October 31, 2010, $1.7 billion of such advances have been made. Until the economic conditions in the State improve, the total amount of such advances is likely to continue to increase. These advances are not obligations of the State's General Fund. In accordance with the provisions of current federal law, these advances are interest free and will continue to be interest free until January 1, 2011.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Administration of the State's capital assets falls under the purview of the Department of the Treasury. Capital assets are recorded in the State's capital asset system in the New Jersey Office of Management and Budget. The State has identified a significant amount of capital investment requirements for State facilities through the New Jersey Capital Budgeting and Planning Commission. Additionally, the Department of Transportation has identified significant requirements for additional bridge repair and maintenance. The budget and planning process prioritizes these requirements and recommends funding to meet them, as can be accommodated with available resources. Over the last few years, New Jersey has faced large budget deficits and resources have been scarce.

The Fiscal Year 2010 capital budget included $3.3 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 $700.0 million for State highway infrastructure, $208.2 million for local highways, and $692.0 million for mass transit. During Fiscal Year 2010, the New Jersey Economic Development Authority issued $1.1 billion of School Facilities Construction Bonds to help fund the New Jersey Schools Development Authority's program. As of June 30, 2010, a total of $8.6 billion of the $12.5 billion school facilities construction bond program has been issued. For Fiscal Year 2010, Land and Easements have increased due to an appropriation of $98.0 million of State funds to the Garden State Preservation Trust for conservation purposes. 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 $21.8 billion as of June 30, 2010. Depreciation charges for Fiscal Year 2010 totaled $674.8 million.

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

	Total Primary Government	
	2010	2009
Land and Easements	$ 4,669.5	$ 4,580.6
Land Improvements	88.0	86.7
Buildings and Improvements	1,680.4	1,765.6
Machinery, Equipment and Software	319.8	255.4
Infrastructure	11,420.8	10,797.9
Sub-Total	18,178.5	17,486.2
Construction-In-Progress	3,615.0	3,142.3
Total	$ 21,793.5	$ 20,628.5

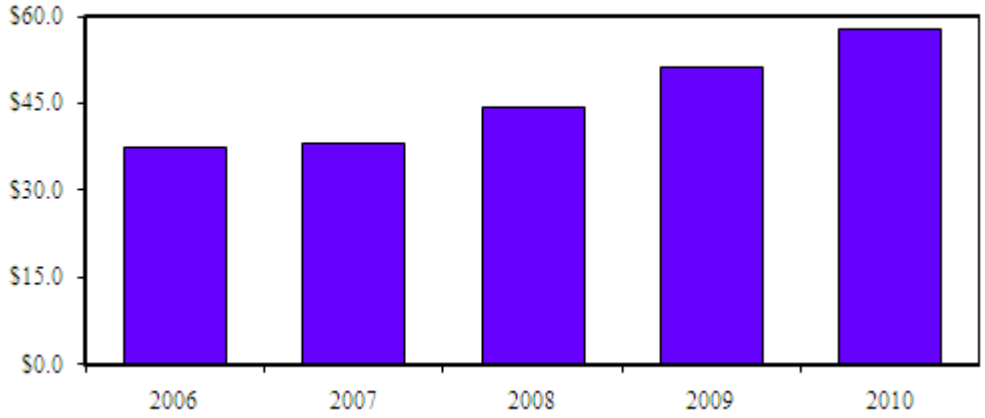
The funding for capital investment requirements are derived either from the State's operating budget or from legislative or voter approved bonded debt.

More detailed information about the State's capital assets is presented in Note 7 – Capital Assets.

Debt Administration

As of June 30, 2010, New Jersey's outstanding long-term obligations for governmental activities totaled $57.9 billion, a $6.7 billion increase over the prior fiscal year. Of the $6.7 billion increase, $5.4 billion is attributable to increases in the Net Pension Obligation and Net OPEB Obligation. Long-term bonded debt obligations totaled $36.9 billion, while other long-term obligations totaled $21.0 billion. In addition, the State has $8.8 billion of legislatively authorized bonding capacity that has not yet been issued. As of June 30, 2010, the legislatively authorized, but unissued debt decreased by $1.6 billion (See Statistical Section – Legislatively Authorized But Unissued Debt, 2010 and 2009). The State's long-term obligations for the past five fiscal years are shown below:

Long-Term Obligations
Fiscal Year 2005 to Fiscal Year 2010
(Expressed in Billions)



ECONOMIC CONDITION AND OUTLOOK

New Jersey's economy remains sluggish with steady losses in payroll employment since June of 2010. However, the State's September, 2010 unemployment rate of 9.4% remains below the unemployment rate for June, 2010 and was down for a second straight month. The latest New Jersey economic forecasts from Global Insight, Moody's Economy.com, and Rutgers University call for improvement in economic conditions for the balance of 2010 and through 2011. However, the weak labor market and tight credit conditions will constrain the growth path to that of a tenuous near-term recovery.

The future economic outlook hinges to a marked degree on supportive fiscal and monetary policies, but at this juncture there is considerable uncertainty about both the shape and effectiveness of policy going forward. Enhanced availability of credit, stability in the financial markets, and improvements in consumer and business confidence are critical factors necessary for an economic turnaround nationally and in New Jersey.

The State and the nation may experience further near term deterioration in growth, and the expected pace of economic expansion may decline further if consumers, investors, and businesses become more concerned about the effectiveness and sustainability of stimulative monetary and fiscal policies, the job situation, credit availability, and the aftereffects of the midterm election on national fiscal and regulatory policies. To a large extent, the future direction of the economy nationally and in New Jersey also hinges on the assumptions regarding the relative strength of normal cyclical recovery forces, energy prices, and stability in financial markets. Based on information available as of the date hereof, economic conditions in the State may begin to stabilize in the coming months, but the recovery remains fragile calling for, at most, cautious optimism.

REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010 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, 2010 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 also available at the following website: www.state.nj.us/treasury/omb.

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

Basic Financial Statements

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Component Units**
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 228,713,752	$ 1,174,405	$ 229,888,157	$ 2,047,985,588
Investments	4,916,939,683	277,682,735	5,194,622,418	7,196,387,433
Receivables, net of allowances for uncollectibles				
Federal government	1,023,785,362	593,993,031	1,617,778,393	280,443,445
Departmental accounts	2,723,529,899	655,939,417	3,379,469,316	-
Loans	1,513,332,972	-	1,513,332,972	259,457,062
Mortgages	-	-	-	122,793,000
Other	835,500,196	78,300,440	913,800,636	563,764,377
Internal balances	87,176,115	(87,176,115)	-	-
Due from external parties	20,095,957	-	20,095,957	130,885,682
Inventories	-	-	-	154,091,339
Deferred charges	-	15,399,765	15,399,765	-
Other	342,492,778	-	342,492,778	78,165,161
Total Current Assets	11,691,566,714	1,535,313,678	13,226,880,392	10,833,973,087
Noncurrent Assets:				
Investments	-	402,824,222	402,824,222	4,531,369,749
Receivables, net of allowances for uncollectibles				
Loans	-	-	-	3,414,087,826
Mortgages	-	-	-	2,670,589,096
Other	-	-	-	133,201,451
Pension assets	6,726,820	-	6,726,820	-
Capital assets - nondepreciated	8,284,479,262	-	8,284,479,262	4,476,126,028
Capital assets - depreciated, net	13,509,005,641	-	13,509,005,641	15,931,103,847
Other	215,423,493	-	215,423,493	386,939,759
Total Noncurrent Assets	22,015,635,216	402,824,222	22,418,459,438	31,543,417,756
Total Assets	33,707,201,930	1,938,137,900	35,645,339,830	42,377,390,843
Deferred Outflows	336,060,092	-	336,060,092	-
Total Assets and Deferred Outflows	34,043,262,022	1,938,137,900	35,981,399,922	42,377,390,843

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

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2010

	Primary Government			
	Governmental Activities	**Business-type Activities**	**Total**	**Total Component Units**
LIABILITIES				
Current Liabilities:				
Accounts payable and accruals	2,645,661,508	348,916,532	2,994,578,040	1,207,443,118
Due to external parties	82,340,723	-	82,340,723	239,149,769
Interest payable	268,760,617	-	268,760,617	230,107,740
Deferred revenue	254,243,022	-	254,243,022	349,590,731
Current portion of long-term liabilities	1,808,235,170	124,019,004	1,932,254,174	721,493,510
Other	348,188,214	78,229,295	426,417,509	448,178,919
Total Current Liabilities	5,407,429,254	551,164,831	5,958,594,085	3,195,963,787
Non Current Liabilities:				
Advance from federal government	-	1,749,563,533	1,749,563,533	-
Net pension obligation	8,403,007,326	-	8,403,007,326	28,448,019
Net OPEB obligation	10,028,800,000	-	10,028,800,000	412,846,516
Pollution remediation obligation	92,653,822	-	92,653,822	45,947,473
Derivative instrument liability	711,283,086	-	711,283,086	-
Other	37,601,259,365	403,813,666	38,005,073,031	22,308,117,007
Total Noncurrent Liabilities	56,837,003,599	2,153,377,199	58,990,380,798	22,795,359,015
Total Liabilities	62,244,432,853	2,704,542,030	64,948,974,883	25,991,322,802
NET ASSETS				
Invested in capital assets, net of related debt	6,439,811,914	-	6,439,811,914	8,944,583,083
Restricted for:				
Public safety and criminal justice	99,465,510	-	99,465,510	-
Physical and mental health	62,599,947	-	62,599,947	-
Educational, cultural, and intellectual development	358,282,279	-	358,282,279	-
Community development and environmental management	2,759,909,724	-	2,759,909,724	-
Economic planning, development and security	674,543,430	-	674,543,430	-
Transportation programs	187,527,888	-	187,527,888	-
Capital projects	-	-	-	241,688,777
Debt service	-	-	-	1,217,749,254
Other	222,331,247	10,231,409	232,562,656	4,017,663,256
Unrestricted	(39,005,642,770)	(776,635,539)	(39,782,278,309)	1,964,383,671
Total Net Assets	$ (28,201,170,831)	$ (766,404,130)	$ (28,967,574,961)	$ 16,386,068,041

STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

		Program Revenues		
	Expenses	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Functions - Programs				
Primary Government				
Governmental activities:				
Public safety and criminal justice	$ 3,133,212,970	$ 1,038,841,802	$ 292,871,040	$ 2,166,562
Physical and mental health	10,989,564,292	875,705,809	1,744,763,582	-
Educational, cultural, and intellectual development	15,013,143,034	118,754,360	2,240,682,950	-
Community development and environmental management	2,166,891,049	381,493,468	688,424,953	77,042,824
Economic planning, development, and security	6,663,116,227	1,207,805,719	1,198,729,926	-
Transportation programs	2,017,710,097	23,989,277	927,540,218	133,317,428
Government direction, management, and control	11,627,089,993	846,765,214	7,140,185,470	-
Special government services	337,904,533	128,207,915	7,649,824	-
Interest expense	1,125,859,545	-	-	-
Total governmental activities	53,074,491,740	4,621,563,564	14,240,847,963	212,526,814
Business-type activities:				
State Lottery Fund	1,705,034,187	2,648,327,624	575,470	-
Unemployment Compensation Fund	8,214,392,434	2,172,496,217	4,952,806,289	-
Total business-type activities	9,919,426,621	4,820,823,841	4,953,381,759	-
Total Primary Government	$ 62,993,918,361	$ 9,442,387,405	$ 19,194,229,722	$ 212,526,814
Component Units				
Authorities	$ 5,637,226,023	$ 2,777,201,558	$ 1,498,840,194	$ 1,605,195,894
Colleges and Universities	5,518,670,485	2,764,593,936	2,113,627,397	14,890,839
Total Component Units	$ 11,155,896,508	$ 5,541,795,494	$ 3,612,467,591	$ 1,620,086,733
General Revenues and Transfers				
Taxes:				
Gross Income Tax				
Sales and Use Tax				
Corporate Business Tax				
Other taxes				
Investment earnings				
Payments from State				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in Net Assets				
Net Assets - July 1, 2009 (Restated)				
Net Assets - June 30, 2010				

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
$ (1,799,333,566)	$ -	$ (1,799,333,566)	$ -
(8,369,094,901)	-	(8,369,094,901)	-
(12,653,705,724)	-	(12,653,705,724)	-
(1,019,929,804)	-	(1,019,929,804)	-
(4,256,580,582)	-	(4,256,580,582)	-
(932,863,174)	-	(932,863,174)	-
(3,640,139,309)	-	(3,640,139,309)	-
(202,046,794)	-	(202,046,794)	-
(1,125,859,545)	-	(1,125,859,545)	-
(33,999,553,399)	-	(33,999,553,399)	-
-	943,868,907	943,868,907	-
-	(1,089,089,928)	(1,089,089,928)	-
-	(145,221,021)	(145,221,021)	-
(33,999,553,399)	(145,221,021)	(34,144,774,420)	-
-	-	-	244,011,623
-	-	-	(625,558,313)
-	-	-	(381,546,690)
10,322,942,702	-	10,322,942,702	-
7,898,166,015	-	7,898,166,015	-
2,144,566,605	-	2,144,566,605	-
5,379,345,473	-	5,379,345,473	-
(63,193,331)	-	(63,193,331)	-
-	-	-	1,233,312,059
818,941,899	-	818,941,899	-
1,056,500,701	(942,193,489)	114,307,212	-
27,557,270,064	(942,193,489)	26,615,076,575	1,233,312,059
(6,442,283,335)	(1,087,414,510)	(7,529,697,845)	851,765,369
(21,758,887,496)	321,010,380	(21,437,877,116)	15,534,302,672
$ (28,201,170,831)	$ (766,404,130)	$ (28,967,574,961)	$ 16,386,068,041

STATE OF NEW JERSEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 64,028,433	$ -	$ 164,685,319	$ 228,713,752
Investments	1,035,837,385	-	3,881,102,298	4,916,939,683
Receivables, net of allowances for uncollectibles				
Federal government	757,902,693	-	105,424,913	863,327,606
Departmental accounts	1,937,552,115	410,087,329	375,890,455	2,723,529,899
Loans	22,170,371	-	1,491,162,601	1,513,332,972
Other	188,796,332	-	304,349,147	493,145,479
Due from other funds	984,490,015	15,168,961	584,349,146	1,584,008,122
Other	18,285,712	-	98,789	18,384,501
Total Assets	$ 5,009,063,056	$ 425,256,290	$ 6,907,062,668	$ 12,341,382,014
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accruals	$ 1,680,584,610	$ 44,010,317	$ 921,066,581	$ 2,645,661,508
Deferred revenue	242,516,470	-	159,201,552	401,718,022
Due to other funds	224,767,267	230,438,669	1,103,870,837	1,559,076,773
Other	180,958,529	138,751,880	28,477,805	348,188,214
Total Liabilities	2,328,826,876	413,200,866	2,212,616,775	4,954,644,517
Fund Balances				
Reserved for:				
Encumbrances	798,977,939	1,985,029	1,125,300,030	1,926,262,998
Other	47,327,263	-	1,882,005,243	1,929,332,506
Unreserved:				
General Fund	1,833,930,978	-	-	1,833,930,978
Special Revenue Funds	-	10,070,395	1,663,234,027	1,673,304,422
Capital Projects Funds	-	-	23,906,593	23,906,593
Total Fund Balances	2,680,236,180	12,055,424	4,694,445,893	7,386,737,497
Total Liabilities and Fund Balances	$ 5,009,063,056	$ 425,256,290	$ 6,907,062,668	$ 12,341,382,014

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 ASSETS
JUNE 30, 2010

Total fund balances - governmental funds		$ 7,386,737,497
Amounts reported for governmental activities in the statement of net assets are different as a result of the following items:		
The State has receivables which are not current resources and therefore are not reported in the fund perspective.		502,812,473
In the government-wide statements deferred issuance costs are capitalized and amortized over a period of years, but are reported as expenditures in the fund perspective.		324,107,661
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund perspective. These assets consist of :		
Infrastructure assets	$ 18,557,917,967	
Buildings and improvements	3,413,705,288	
Land and land improvements	4,883,704,291	
Other capital assets	4,331,843,393	
Accumulated depreciation	(9,393,686,036)	21,793,484,903
Deferred tobacco settlement revenue recorded in the fund perspective is recognized as revenue and not deferred in the statement of net assets.		147,475,000
Deferred outlfows are not current resources and therefore are not reported in the fund perspective.		336,060,092
The pension and other assets are not current resources and therefore are not reported in the fund perspective.		222,150,313
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	(268,760,617)	
Current portion of long-term obligations	(1,808,235,170)	(2,076,995,787)
Noncurrent Liabilities		
Bonds and notes payable	(20,493,659,384)	
Installment obligations	(18,568,691,130)	
Loans payable	(1,279,358,087)	
Capital leases	(538,280,859)	
Compensated absences	(250,773,193)	
Unamortized deferral on refunding bonds	773,134,921	
Unamortized premium	(1,323,721,634)	
Tobacco Settlement Financing Corporation, Inc. Bonds	(4,476,903,071)	
Unamortized discount on Capital Appreciation Bonds	8,556,993,688	
Net pension obligation	(8,403,007,326)	
Net OPEB obligation	(10,028,800,000)	
Pollution remediation obligation	(92,653,822)	
Derivative instrument liability	(711,283,086)	(56,837,002,983)
Net assets of governmental activities		$ (28,201,170,831)

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, 2010

	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 13,165,444,088	$ 10,917,788,982	$ 1,775,436,618	$ 25,858,669,688
Federal and other grants	12,562,884,852	-	1,029,720,937	13,592,605,789
Licenses and fees	1,122,043,710	-	117,324,430	1,239,368,140
Services and assessments	1,628,392,658	-	1,066,896,911	2,695,289,569
Investment earnings	14,510,043	-	27,094,870	41,604,913
Contributions	2,381	-	7,506	9,887
Other	2,284,408,882	-	489,343,848	2,773,752,730
Total Revenues	30,777,686,614	10,917,788,982	4,505,825,120	46,201,300,716
EXPENDITURES				
Current:				
Public safety and criminal justice	3,207,152,945	-	114,351,934	3,321,504,879
Physical and mental health	10,692,176,378	-	315,283,903	11,007,460,281
Educational, cultural, and intellectual development	5,734,107,534	8,911,601,346	587,250,875	15,232,959,755
Community development and environmental management	1,381,644,808	546,041,387	344,694,256	2,272,380,451
Economic planning, development, and security	5,495,827,910	-	1,210,658,504	6,706,486,414
Transportation programs	452,352,008	-	2,640,322,044	3,092,674,052
Government direction, management, and control	5,033,770,801	1,450,287,500	291,290,419	6,775,348,720
Special government services	338,680,052	-	175,642	338,855,694
Capital Outlay	39,129,234	-	-	39,129,234
Debt Service:				
Principal	139,120,000	-	347,325,000	486,445,000
Interest	124,494,399	-	732,197,510	856,691,909
Total Expenditures	32,638,456,069	10,907,930,233	6,583,550,087	50,129,936,389
Excess (deficiency) of revenues over expenditures	(1,860,769,455)	9,858,749	(2,077,724,967)	(3,928,635,673)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	1,365,903,361	1,365,903,361
Transfers from other funds	2,473,431,680	-	3,640,408,360	6,113,840,040
Transfers to other funds	(1,777,613,318)	-	(3,279,724,958)	(5,057,338,276)
Other sources	1,937,939,229	-	146,763,883	2,084,703,112
Other uses	(1,192,809,333)	-	(132,843,927)	(1,325,653,260)
Total other financing sources (uses)	1,440,948,258	-	1,740,506,719	3,181,454,977
Net Change in Fund Balance	(419,821,197)	9,858,749	(337,218,248)	(747,180,696)
Fund Balances - July 1, 2009	3,100,057,377	2,196,675	5,031,664,141	8,133,918,193
Fund Balances - June 30, 2010	$ 2,680,236,180	$ 12,055,424	$ 4,694,445,893	$ 7,386,737,497

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, 2010

Net change in fund balance - total governmental funds		$ (747,180,696)
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	$ 1,770,322,610	
Depreciation expense	(605,474,212)	
Excess of capital outlay over depreciation expense		1,164,848,398
Bond proceeds provide current financial resources to governmental funds. However, issuing debt increases long-term obligations in the statement of net assets. In the current period, proceeds were received from revenue and general obligation bonds.		(1,365,903,361)
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 assets, these arrangements are reported as an obligation.		(742,154,234)
The changes in fair value related to nonqualifying swap agreements are not considered current resourses and are only reported in the statement of activities.		(86,704,805)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term obligations in the statement of net assets. In the current year, these amounts consist of:		
Bond principal retirement	471,820,000	
Capital lease payments	68,574,322	
Installment obligation retirement	444,487,835	
Certificates of participation retirement	21,082,241	
Tobacco Settlement Financing Corp., Inc. bond retirement	32,485,000	
Total long-term obligations repayment		1,038,449,398
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 2010 receivable balances decreased by this amount.		(57,552,404)
Some revenues recorded in the statement of activities do not provide current financial resources and therefore are deferred in the fund perspective.		1,769,000
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	96,079,359	
Decrease in deferral on refunding issues	(73,348,228)	
Increase in deferred issuance costs	(9,917,768)	
Decrease in bond discount	(879,685)	
Total capitalized and amortized items		11,933,678
Some items reported in the statement of activities do not require the use of current financial resources and therefore are reported as expenditures or reductions of revenue in governmental funds. These activities consist of:		
Net increase in accrued interest	(314,525,434)	
Decrease in compensated absences, medicaid, and other	72,871,991	
Decrease in pension assets	(21,555)	
Increase in net pension and OPEB obligations	(5,429,809,639)	
Decrease in pollution remediation obligation	9,174,799	
Increase in other assets	2,521,529	
Total additional expenditures and revenue reductions		(5,659,788,309)
Change in net assets of governmental activities		$ (6,442,283,335)

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

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	State Lottery Fund	Unemployment Compensation Fund	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	$ 617,398	$ 557,007	$ 1,174,405
Investments	277,582,272	100,463	277,682,735
Receivables, net of allowances for uncollectibles			
Federal government	-	593,993,031	593,993,031
Departmental accounts	-	655,939,417	655,939,417
Other	25,475,922	52,824,518	78,300,440
Due from other funds	-	22,734,915	22,734,915
Deferred charges	15,399,765	-	15,399,765
Total Current Assets	319,075,357	1,326,149,351	1,645,224,708
Noncurrent Assets			
Investments	402,824,222	-	402,824,222
Total Assets	$ 721,899,579	$ 1,326,149,351	$ 2,048,048,930
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	$ 89,842,011	$ 259,074,521	$ 348,916,532
Due to other funds	93,993,489	15,917,541	109,911,030
Current portion of long-term obligations	124,019,004	-	124,019,004
Other	-	78,229,295	78,229,295
Total Current Liabilities	307,854,504	353,221,357	661,075,861
Noncurrent Liabilities			
Advance from federal government	-	1,749,563,533	1,749,563,533
Due in more than one year	403,813,666	-	403,813,666
Total Noncurrent Liabilities	403,813,666	1,749,563,533	2,153,377,199
Total Liabilities	711,668,170	2,102,784,890	2,814,453,060
NET ASSETS			
Restricted for:			
Other purposes	10,231,409	-	10,231,409
Unrestricted	-	(776,635,539)	(776,635,539)
Total Net Assets	$ 10,231,409	$ (776,635,539)	$ (766,404,130)

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

STATE OF NEW JERSEY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	State Lottery Fund	Unemployment Compensation Fund	Total Proprietary Funds
OPERATING REVENUES			
Sales and charges for services	$ 2,605,104,142	$ -	$ 2,605,104,142
Assessments	-	2,172,163,079	2,172,163,079
From federal agencies	-	4,952,806,289	4,952,806,289
Other	43,223,482	333,138	43,556,620
Total Operating Revenues	2,648,327,624	7,125,302,506	9,773,630,130
OPERATING EXPENSES			
Unemployment compensation	-	8,211,981,834	8,211,981,834
Lottery prize awards	1,511,914,428	-	1,511,914,428
Other	193,119,759	-	193,119,759
Total Operating Expenses	1,705,034,187	8,211,981,834	9,917,016,021
Operating Income (Loss)	943,293,437	(1,086,679,328)	(143,385,891)
NONOPERATING REVENUES (EXPENSES)			
Investment income	575,470	-	575,470
Other	-	(2,410,600)	(2,410,600)
Total Nonoperating Revenues (Expenses)	575,470	(2,410,600)	(1,835,130)
Income (Loss) Before Transfers	943,868,907	(1,089,089,928)	(145,221,021)
Transfers to other funds	(942,193,489)	-	(942,193,489)
Change in Net Assets	1,675,418	(1,089,089,928)	(1,087,414,510)
Net Assets - July 1, 2009	8,555,991	312,454,389	321,010,380
Net Assets - June 30, 2010	$ 10,231,409	$ (776,635,539)	$ (766,404,130)

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, 2010

	State Lottery Fund	Unemployment Compensation Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts received from customers	$ 1,323,081,283	$ -	$ 1,323,081,283
Receipts from federal and local agencies	-	5,050,767,332	5,050,767,332
Receipts from assessments	-	1,931,444,427	1,931,444,427
Payments to suppliers	(48,132,104)	-	(48,132,104)
Payments to prize winners	(443,103,436)	-	(443,103,436)
Claims paid	-	(8,388,591,039)	(8,388,591,039)
Other receipts (payments)	120,917,917	-	120,917,917
Net cash provided (used) by operating activities	952,763,660	(1,406,379,280)	(453,615,620)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loan from federal government	-	1,410,712,700	1,410,712,700
Transfers to other funds	(956,385,952)	-	(956,385,952)
Other	-	(4,111,532)	(4,111,532)
Net cash provided (used) by noncapital financing activities	(956,385,952)	1,406,601,168	450,215,216
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,340,635,000	-	1,340,635,000
Purchase of investments	(1,336,800,000)	-	(1,336,800,000)
Net cash provided (used) by investing activities	3,835,000	-	3,835,000
Net increase (decrease) in cash and cash equivalents	212,708	221,888	434,596
Cash and cash equivalents - July 1,	404,690	335,119	739,809
Cash and cash equivalents - June 30, 2010	$ 617,398	$ 557,007	$ 1,174,405
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	$ 943,293,437	$ (1,086,679,328)	$ (143,385,891)
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Net changes in assets and liabilities:			
Current assets	(645,811)	(345,386,117)	(346,031,928)
Noncurrent assets	78,225,010	-	78,225,010
Current liabilities	16,881,351	25,686,165	42,567,516
Noncurrent liabilities	(84,990,327)	-	(84,990,327)
Net cash provided (used) by operating activities	$ 952,763,660	$ (1,406,379,280)	$ (453,615,620)

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

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Agency Funds	Investment Trust Fund
ASSETS		
Cash and cash equivalents	$ 11,985,543	$ 7,352
Securities lending collateral	-	-
Investments	98,712,075	3,976,829,935
Receivables, net of allowances for uncollectibles		
Members	40,637	-
Employers	1,239,922	-
Interest and dividends	-	-
Departmental accounts	-	-
Other	41,822	3,183,458
Due from other funds	26,994,742	-
Total Assets	139,014,741	3,980,020,745
LIABILITIES		
Accounts payable	136,970,123	-
Benefits payable	-	-
Securities lending collateral and rebates payable	-	-
Due to other funds	2,044,618	2,344,646
Total Liabilities	139,014,741	2,344,646
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	$ -	$ 3,977,676,099

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

Pension and Other Employee Benefits Trust Funds	Private Purpose Trust Funds
$ 23,429,977	$ 1,400,989
16,684,488	-
69,873,768,812	17,793,057
178,761,065	-
4,062,909,758	-
383,276,849	-
-	9,822
56,456,437	-
1,256,624,584	-
75,851,911,970	19,203,868
101,843,403	4,069,924
1,073,651,296	-
16,531,983	-
11,716,857	5,100,292
1,203,743,539	9,170,216
$ 74,648,168,431	$ 10,033,652

STATE OF NEW JERSEY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Investment Trust Fund	Pension and Other Employee Benefits Trust Funds	Private Purpose Trust Funds
ADDITIONS			
Contributions:			
Members	$ -	$ 2,107,837,083	$ -
Employers	-	6,115,482,882	-
Other	14,282,943,595	5,899,069	-
Total Contributions	14,282,943,595	8,229,219,034	-
Investment Income:			
Net increase (decrease) in fair value of investments	-	6,295,441,550	-
Interest and dividends	14,562,203	2,140,575,638	44,353
Total Investment Income	14,562,203	8,436,017,188	44,353
Less investment expense	-	12,931,217	-
Net Investment Income	14,562,203	8,423,085,971	44,353
Miscellaneous	-	-	7,291,887
Total Additions	14,297,505,798	16,652,305,005	7,336,240
DEDUCTIONS			
Benefit payments	-	11,711,660,433	-
Refunds of contributions	-	145,884,498	-
Refunds and transfers to other systems	-	-	1,063
Administrative expense	2,344,646	50,505,040	-
Payments in accordance with trust agreements	-	-	151,713
Distributions to shareholders	14,296,360,595	-	-
Total Deductions	14,298,705,241	11,908,049,971	152,776
Total Changes in Net Assets Held in Trust	(1,199,443)	4,744,255,034	7,183,464
Net Assets - July 1, 2009	3,978,875,542	69,903,913,397	2,850,188
Net Assets - June 30, 2010	$ 3,977,676,099	$ 74,648,168,431	$ 10,033,652

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

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2010

	New Jersey Transit Corporation	New Jersey Turnpike Authority	Rutgers, The State University of New Jersey
ASSETS			
Current Assets			
Cash and cash equivalents	$ 66,526,252	$ 221,443,451	$ 173,546,000
Investments	-	1,797,838,081	380,179,000
Receivables, net of allowances for uncollectibles			
Federal government	202,847,278	-	-
Loans	-	-	8,951,000
Mortgages	-	-	-
Other	39,484,602	36,025,483	115,547,000
Due from external parties	38,760,563	1,936,750	-
Inventories	117,078,537	18,483,966	4,314,000
Other assets	9,069,354	29,393,898	12,039,000
Total Current Assets	473,766,586	2,105,121,629	694,576,000
Noncurrent Assets			
Investments	1,717,237,452	307,457,404	715,374,000
Receivables, net of allowances for uncollectibles			
Loans	-	-	-
Mortgages	-	-	-
Other	5,648,028	-	77,555,000
Capital assets - nondepreciated	1,706,922,238	1,343,727,428	264,973,000
Capital assets - depreciated, net	6,114,580,665	3,455,202,263	1,608,172,000
Other	539,760	66,954,800	132,294,000
Total Noncurrent Assets	9,544,928,143	5,173,341,895	2,798,368,000
Total Assets	10,018,694,729	7,278,463,524	3,492,944,000
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	308,977,278	164,513,339	149,023,000
Due to external parties	30,262,871	155,180,422	-
Interest payable	-	137,925,548	-
Deferred revenue	21,869,696	2,495,159	59,417,000
Current portion of long-term obligations	248,630,674	112,942,935	38,857,000
Other	34,889,202	1,315,100	47,598,000
Total Current Liabilities	644,629,721	574,372,503	294,895,000
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	200,317,816	120,425,782	-
Pollution remediation	18,110,000	21,182,000	-
Other	3,492,536,629	6,678,042,475	771,449,000
Total Noncurrent Liabilities	3,710,964,445	6,819,650,257	771,449,000
Total Liabilities	4,355,594,166	7,394,022,760	1,066,344,000
NET ASSETS			
Invested in capital assets, net of related debt	5,923,557,640	(383,142,802)	1,115,390,000
Restricted for:			
Capital projects	2,735,746	-	51,061,000
Debt service	-	340,067,410	3,229,000
Other purposes	-	75,000	687,399,000
Unrestricted	(263,192,823)	(72,558,844)	569,521,000
Total Net Assets	$ 5,663,100,563	$ (115,559,236)	$ 2,426,600,000

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

University of Medicine and Dentistry of New Jersey	Non-Major Component Units	Total Component Units
$ 61,079,000	$ 1,525,390,885	$ 2,047,985,588
243,408,000	4,774,962,352	7,196,387,433
20,623,000	56,973,167	280,443,445
3,710,000	246,796,062	259,457,062
-	122,793,000	122,793,000
206,940,000	165,767,292	563,764,377
29,868,000	60,320,369	130,885,682
12,530,000	1,684,836	154,091,339
7,545,000	20,117,909	78,165,161
585,703,000	6,974,805,872	10,833,973,087
182,250,000	1,609,050,893	4,531,369,749
31,865,000	3,382,222,826	3,414,087,826
-	2,670,589,096	2,670,589,096
-	49,998,423	133,201,451
20,485,000	1,140,018,362	4,476,126,028
915,504,000	3,837,644,919	15,931,103,847
16,033,000	171,118,199	386,939,759
1,166,137,000	12,860,642,718	31,543,417,756
1,751,840,000	19,835,448,590	42,377,390,843
297,547,000	287,382,501	1,207,443,118
-	53,706,476	239,149,769
3,683,000	88,499,192	230,107,740
72,211,000	193,597,876	349,590,731
12,072,000	308,990,901	721,493,510
302,000	364,074,617	448,178,919
385,815,000	1,296,251,563	3,195,963,787
-	28,448,019	28,448,019
-	92,102,918	412,846,516
-	6,655,473	45,947,473
703,330,000	10,662,758,903	22,308,117,007
703,330,000	10,789,965,313	22,795,359,015
1,089,145,000	12,086,216,876	25,991,322,802
336,494,000	1,952,284,245	8,944,583,083
10,578,000	177,314,031	241,688,777
9,630,000	864,822,844	1,217,749,254
336,745,000	2,993,444,256	4,017,663,256
(30,752,000)	1,761,366,338	1,964,383,671
$ 662,695,000	$ 7,749,231,714	$ 16,386,068,041

STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	New Jersey Transit Corporation	New Jersey Turnpike Authority	Rutgers, The State University of New Jersey
Expenses	$ 2,421,904,425	$ 1,094,595,447	$ 1,773,072,000
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	838,715,036	1,039,210,163	778,462,000
Operating grants and contributions	804,154,799	11,435,051	809,714,000
Capital grants and contributions	801,350,147	-	11,504,000
Net (Expense) Revenue	22,315,557	(43,950,233)	(173,392,000)
General Revenue			
Payments from State	261,500,000	535,240	290,877,000
Total General Revenue	261,500,000	535,240	290,877,000
Change in Net Assets	283,815,557	(43,414,993)	117,485,000
Net Assets - Beginning of Year (Restated)	5,379,285,006	(72,144,243)	2,309,115,000
Net Assets - End of Year	$ 5,663,100,563	$ (115,559,236)	$ 2,426,600,000

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

University of Medicine and Dentistry of New Jersey	Non-Major Component Units	Total Component Units
$ 1,925,287,000	$ 3,941,037,636	$ 11,155,896,508
1,001,388,000	1,884,020,295	5,541,795,494
651,845,000	1,335,318,741	3,612,467,591
-	807,232,586	1,620,086,733
(272,054,000)	85,533,986	(381,546,690)
262,445,000	417,954,819	1,233,312,059
262,445,000	417,954,819	1,233,312,059
(9,609,000)	503,488,805	851,765,369
672,304,000	7,245,742,909	15,534,302,672
$ 662,695,000	$ 7,749,231,714	$ 16,386,068,041

STATE OF NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
INDEX

Notes		Page
1	Summary of Significant Accounting Policies	49
2	Other Accounting Disclosures	58
3	Cash and Cash Equivalents	60
4	Investments	61
5	Securities Lending Collateral	67
6	Receivables	68
7	Capital Assets	69
8	Interfund Transactions	70
9	Short-term Debt	72
10	Long-term Obligations	72
11	Risk Management and Insurance Coverage	77
12	Derivatives	77
13	Other Liabilities – Current	80
14	Fund Balances/Net Assets Restricted By Enabling Legislation	80
15	Other Financing Sources/Uses – Other	81
16	Operating Leases	81
17	Retirement Systems, Health Benefits, and Post-Retirement Medical Benefits	82
18	Component Units	91
19	Contingent Liabilities	95
20	Subsequent Events	96

STATE OF NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have been prepared primarily from accounts and records maintained by the Director of the Office of Management and Budget. The financial data for the various public benefit corporations, authorities, commissions, colleges, and universities has been derived from reports prepared by those organizations based on their independent accounting systems.

B. Financial Reporting Entity

For financial reporting purposes the State of New Jersey includes all fund types, departments, and agencies of the State, as well as boards, commissions, authorities, colleges, and universities, for which the State is financially accountable. The following circumstances set forth the State's financial accountability for a legally separate organization:

1. The State is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State.

2. The State may be financially accountable if an organization is fiscally dependent on the State regardless of whether the organization has (a) a separately elected governing board or (b) a jointly appointed board.

Entities for which the State is financially accountable such as boards, commissions, authorities, colleges and universities are considered component units. These component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State. Component units are either discretely presented or blended. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government (the State). Blending requires the component unit's balances and transactions to be reported in a manner similar to the balances and transactions of the State.

The following organizations comprise the State's component units. The Garden State Preservation Trust, the New Jersey Building Authority, the New Jersey Schools Development Authority, the Tobacco Settlement Financing Corporation, Inc., and the New Jersey Transportation Trust Fund Authority are blended component units since they provide services entirely or almost entirely to the State and thus are fiscally dependent upon the State. Additional pertinent information related to them is disclosed in the notes of the primary government. All other component units have been discretely presented. Descriptions of the discretely presented component units and addresses from which complete financial statements of the respective component units can be obtained is detailed in Note 18.

COLLEGES AND UNIVERSITIES

The College of New Jersey
Kean University
Montclair State University
New Jersey City University
New Jersey Institute of Technology
Ramapo College of New Jersey
The Richard Stockton College of New Jersey
Rowan University
Rutgers, The State University of New Jersey
Thomas Edison State College
University of Medicine and Dentistry of New Jersey
The William Paterson University of New Jersey

AUTHORITIES

Casino Reinvestment Development Authority
Garden State Preservation Trust
Higher Education Student Assistance Authority
New Jersey Building Authority
New Jersey Economic Development Authority
New Jersey Educational Facilities Authority
New Jersey Environmental Infrastructure Trust
New Jersey Health Care Facilities Financing Authority
New Jersey Housing and Mortgage Finance Agency
New Jersey Meadowlands Commission
New Jersey Redevelopment Authority
New Jersey Schools Development Authority
New Jersey Sports and Exposition Authority
New Jersey Transit Corporation
New Jersey Transportation Trust Fund Authority
New Jersey Turnpike Authority
New Jersey Water Supply Authority
South Jersey Port Corporation
South Jersey Transportation Authority
Tobacco Settlement Financing Corporation, Inc.

C. Government-wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intragovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of net assets measures not just current assets and liabilities, but also long-term assets and liabilities such as capital assets (including infrastructure assets) and long-term obligations. The difference between the State's assets and its liabilities is its net assets. Net assets are displayed in three components - invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. The amount of net assets that are restricted by enabling legislation is disclosed in Note 14. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

The statement of activities is presented in a format that reports the net (expense) revenue of the State's individual functions. The net (expense) revenue format reports the relative financial burden of each of the State's functions on its taxpayers. This format identifies the extent to which each function of the government draws from the general revenues of the State or is self-financed through licenses, fees, permits, and other revenues.

Program revenues originate from the program or from parties other than the government's taxpayers or citizens as a whole and reduce the expenses of the function to be financed by general revenues. Categories of program revenues that are separately reported in the statement are charges for services, program specific operating grants and contributions, and program specific capital grants and contributions. Charges for services are revenues from exchange or exchange-like transactions with external parties that purchase, use, or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessments, as well as payments from exchange transactions with other governments. Program specific operating and capital grants and contributions are revenues from mandatory and voluntary nonexchange transactions with external parties that are restricted for use in a particular program. All other revenues are general revenues, including all taxes, even if levied for a specific purpose. A special item is a significant

transaction or other event within the control of management that is either (1) unusual in nature, or (2) infrequent in occurrence. An extraordinary item is a transaction or other event that is both (1) unusual in nature and (2) infrequent in occurrence.

In the statement of activities, all expenses are reported by function except those that are special or extraordinary items. Each function reports direct expenses – those specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Some functions, such as government direction, management and control, include expenses that are indirect expenses of other functions. The State does not allocate indirect expenses to the other functions.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, the fiduciary funds are not included in the government-wide statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The government-wide financial statements report all financial and capital assets (including infrastructure assets), short and long-term liabilities, revenues, expenses, gains, and losses using the economic resources measurement focus and the accrual basis of accounting. Activity and balances resulting from exchange and exchange-like transactions are recognized when the exchange takes place; those resulting from nonexchange transactions are recognized based on the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Governmental Fund Financial Statements - The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the current financial resources measurement focus, only current assets and liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

In accordance with the modified accrual basis, revenues are recognized when they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the fiscal period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, these revenues which are considered to be susceptible to accrual include amounts received during the three month period subsequent to June 30 that were earned as of June 30. On an exception basis, the State will occasionally accrue amounts received after this three month period but within twelve months subsequent to June 30. Those revenues which are considered to be susceptible to accrual include sales tax, individual income taxes, corporate income taxes, and federal grants. Licenses, fees, permits and other sources are recognized when received since they normally are measurable only at that time. Revenue refunds payable are recorded as other liabilities. Unapplied overpayments of Corporation Business Tax and Gross Income Tax are recorded when a final determination is made as to the ultimate disposition of the overpayments.

Expenditures are recognized when the related fund liabilities are incurred. Expenditures for compensated absences, claims, and judgments are recorded to the extent they would normally be liquidated with available financial resources. Disbursements for prepaid expenses, inventory items, and fixed assets are recorded when expenditures are incurred. Expenditures for principal and interest on general obligation long-term debt are recognized when due.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements - The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements previously described.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 unless FASB conflicts with GASB. The State has elected to not apply FASB pronouncements issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The State's enterprise funds are the Unemployment Compensation Fund and the State Lottery Fund.

The Unemployment Compensation Fund's principal ongoing operations consist of assessments received from employers and employees and the subsequent disbursement of monies to persons entitled to receive unemployment benefits. Collections and disbursements to eligible recipients are classified as operating revenues and expenses. The State Lottery Fund's principal ongoing operations, which are classified as operating revenues and expenses, consist of receipts from lottery ticket sales and subsequent disbursements of monies to lottery winners.

E. Fund Accounting

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts, which represent the fund's assets, liabilities, residual equities or balances, revenues, and expenditures or expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

1. Major Funds

The State reports the General Fund and the Property Tax Relief Fund as major governmental funds. The State also reports the State Lottery Fund and the Unemployment Compensation Fund as major enterprise funds. Descriptions are as follows:

a. General Fund - This fund accounts for all State revenues not otherwise restricted by statute. The largest part of the total financial operations of the State is accounted for in the General Fund. Most revenues received from taxes, federal sources, and certain miscellaneous revenue items are recorded in this Fund. The Annual Appropriations Act enacted by the State Legislature provides the basic framework for the operations of the General Fund.

b. Property Tax Relief Fund - This fund accounts for revenues from the New Jersey Gross Income Tax and a portion of the New Jersey Sales and Use Tax. Revenues realized are dedicated by the State Constitution. All receipts from taxes levied on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. P.L. 2006, c.44 increased the Sales and Use Tax rate to seven percent from six percent. Of the additional one percent, one half of a percent was dedicated to the Property Tax Relief Fund. Annual appropriations are made from the fund, pursuant to formulas established by the State Legislature, to counties, municipalities, and school districts.

c. 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 and for the administrative expenses of the Division of State Lottery. Remaining balances are paid to the 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 funded by the purchase of deposit fund contracts are accounted for in this fund.

d. Unemployment Compensation Fund - This fund accounts for monies deposited from contributions of employers and employees for unemployment compensation, amounts credited or advances made by the Federal government, and amounts received herein from any other source. After consideration is given to any claim for refund of overpayment of contributions, the remainder is transferred by the Division of Employment Security to the Treasurer of the United States for credit to the State of New Jersey Unemployment Compensation Fund and held

by the Treasurer of the United States in the State of New Jersey Unemployment Trust Fund. Drawdowns against the State of New Jersey Unemployment Trust Fund are made by requests submitted to the Treasurer of the United States by the Division of Employment Security on an as-needed basis, whereby amounts are transferred back to the Unemployment Compensation Fund and are then disbursed by the Division of Employment Security to persons entitled to receive unemployment benefits. Any shortfall in the Unemployment Compensation Fund needed to pay benefits is covered by Federal statutes, which authorize advances from the Federal government for unemployment benefits. Such advances are repayable by increased rates on federally taxable wages reported by New Jersey employers, or the advances may be repaid out of the fund assets at any time by the Governor.

2. Governmental Fund Types

a. Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than special assessments, private-purpose trusts, or major capital projects) that are legally restricted to expenditure for specific purposes such as education, environment, and health care.

b. Capital Projects Funds - To account for financial resources, usually general obligation bonds, capital projects funds are used for the acquisition or construction of major capital facilities for State use such as mental health, educational and correctional facilities, and public transportation projects. Funds granted to other units of government are not classified as capital projects funds and are included as expenditures of special revenue funds.

3. Fiduciary Fund Types

a. Pension and Other Employee Benefits Trust Funds - These funds report resources that are required to be held in trust for members and beneficiaries of defined benefit pension plans, defined contribution plans, other post-employment benefit plans, and other employee benefit plans, such as the deferred compensation plan.

b. Investment Trust Fund - This fund reports an investment pool that consolidates monies from municipalities, counties, school districts, and any other public body, corporate or politic.

c. Private Purpose Trust Funds - These funds report all other trust arrangements for which principal and income benefit individuals, private organizations, or other governments.

d. Agency Funds - These funds report resources held by the State in a purely custodial capacity. These funds typically involve only the receipt, temporary investment, and remittance of the resources to external parties.

4. Proprietary Fund Types

Enterprise Funds - These funds may be used to report any activity for which a fee is charged to external users for goods and services. Activities are required to be reported as enterprise funds if laws or regulations require that the activity's costs of providing services be recovered with fees and charges, rather than with taxes on similar revenues.

F. Appropriations and Outstanding Debt

The State Constitution provides that the Legislature may not create a debt (where total outstanding debt would exceed one percent of total appropriations for the year) unless such law has been submitted to the people at a general election and approved by a majority of the legally qualified voters. After approval by the electorate, and prior to any bond sale, the Legislature may make appropriations up to the legally authorized amount of such bonds, which enables the State to enter into contracts with vendors.

G. Assets

1. Cash and Cash Equivalents

Deposits encompass the State's cash on deposit with financial institutions and several cash equivalents, including certificates of deposit. All deposits including cash equivalents that are subject to federal or state depository insurance generally are classified as deposits. Only investments with an original maturity of three months or less are considered to be cash equivalents. See Note 3 for details.

2. Investments

Statutes of the State of New Jersey and regulations of the State Investment Council authorize the Division of Investment to invest in domestic and international equities and exchange traded funds; covered call and put options; equity futures contracts; obligations of the U.S. Treasury, government agencies, corporations, international corporations, governments and agencies; bank loans; interest rate swap transactions; credit default swaps; fixed income exchange traded funds; U.S. Treasury futures contracts; New Jersey State and Municipal general obligations; public authority revenue obligations; collateralized notes and mortgages; commercial paper; certificates of deposit; repurchase agreements; bankers acceptances; guaranteed income contracts; funding agreements; money market funds; private equity; real estate; other real assets; and absolute return strategy funds.

In addition to the amounts invested directly, most of the funds included herein participate in the State of New Jersey Cash Management Fund wherein amounts also contributed by other units of government are combined into a large scale investment program. The Pension Trust Funds also participate in a Common Pension Trust Fund pool whereby amounts contributed by the various Pension Trust Funds are combined for the purpose of investment. Participation in the Cash Management Fund investment pool and the Common Pension Trust Fund investment pool by State funds is reflected as investments in the Balance Sheets of the respective funds. Amounts contributed to the Cash Management Fund investment pool by local governments and other entities which are not part of the State’s reporting entity, are reflected as investments in the Balance Sheet of the Investment Trust Fund.

Amounts contributed to the Cash Management Fund investment pool are recorded at cost, which approximates fair value. Any differences between cost and fair value for Cash Management Fund pool investments are immaterial. Other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. See Note 4 for additional details.

3. Securities Lending Collateral

The Pension Trust Funds participate in securities lending programs with their custodian banks, whereby securities are loaned to brokers and, in return, the Pension Trust Funds have rights to the collateral received. All of the securities held in the Common Pension Trust Fund investment pool are eligible for the securities lending program. Collateral received may consist of cash, letters of credit, or government securities having a market value equal to or exceeding 102 percent (U.S. dollar denominated) or 105 percent (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. The contracts with the Common Pension Trust Fund investment pool custodian banks require them to indemnify the investment pool if the brokers fail to return the securities or fail to pay the investment pool for income distributions by the securities’ issuers while the securities are on loan. The securities loans can be terminated by notification by either the broker or the investment pool. The term to maturity of the securities loans is generally matched with the term to maturity of the investment of cash collateral. As of June 30, 2010, the Pension Trust Funds have no aggregate credit risk exposure to brokers because the collateral amount held by the Pension Trust Funds exceeded the market value of the securities on loan. See Note 5 for additional details.

4. Receivables

Receivables in the State's governmental, fiduciary, and proprietary funds, Component Units - Authorities, and Component Units - College and University Funds are stated net of allowances for uncollectable amounts and primarily consist of federal revenues, taxes, assessments, loans, interest and dividends, contributions due from employers and members to the respective pension funds, mortgages, and other receivables. See Note 6 for details.

5. Capital Assets

Capital assets are tangible and intangible assets that are used in operations and that have initial useful lives that extend beyond a single reporting period. Capital assets are reported in the statement of net assets at cost or historical cost based on appraisals or other acceptable methods when historical cost information is not available. Donated fixed assets are recorded at estimated fair value at the time of donation. The State's capital assets consist of:

a. All land, including parks, forests, easements, development rights, highways, and right-of-ways.

b. Infrastructure assets such as roads, bridges, and dams.

c. All general government buildings, including hospital, care, and correctional facilities.

d. Land improvements, machinery and equipment, software, and motor vehicles used in general operations with a unit cost of at least $25,000, $20,000, $100,000, and $30,000 respectively. For the purpose of reporting, machinery and equipment, and software are consolidated into one category.

e. Capital projects in the process of construction.

To measure depreciation expense, the State used the straight-line method, whereby the historical cost (or other capitalized amount) of depreciable assets, less their estimated salvage values, is allocated in equal annual amounts over the estimated useful lives of the assets. To estimate the useful lives of its capital assets, the State uses guidelines from industry organizations. There is no depreciation recorded for land, easements, construction in progress, and rights-of-way.

Capital leases which are classified as capital assets are recorded in amounts equal to the lesser of the fair value of the asset or the present value of the future net minimum lease payments at the inception of the lease.

The State does not capitalize and depreciate works of art, historical treasures, and similar assets because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Capital assets utilized in the government funds are recorded as expenditures in the governmental fund financial statements. See Note 7 for additional details.

6. Interfund/Intrafund Transactions

Interfund Transactions - During the course of normal operations, the State has numerous routine transactions between funds, including expenditures, and transfers of resources to provide administrative services, program services, debt service, and compliance with legal mandates, such as legislation requiring the transfer of investment earnings from a capital project fund to the General Fund. In the fund financial statements, these transactions generally are recorded as transfers to/transfers from other funds and due to/due from other funds. Operating transfers represent legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended and do not represent reimbursement of expenses.

Intrafund Transactions - Intrafund transactions, as a result of contracts among departments within the same fund, are considered expenditures by the contractor and revenues by the contractee in the fund financial statements.

As a general rule, intrafund revenues and expenditures, interfund transfers, and interfund receivables and payables have been eliminated in the government-wide financial statements. An exception is the net residual amounts due between governmental and business-type activities, which is recorded as internal balances. Receivables from and payables to fiduciary funds are recorded in the statement of net assets as receivable from and payable to external parties.

H. Liabilities

1. Deferred Revenue

Deferred revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Deferred revenues also arise when resources are received by the State before it has a legal claim. In subsequent periods, when the revenue recognition criterion is met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Deferred revenues at the government-wide level arise only when the State receives resources before it has a legal claim to these resources.

Deferred revenue in the General Fund, at both levels, consists principally of amounts due from the Port Authority of New York and New Jersey.

2. Long-term Obligations

The State's long-term debt is divided into bonded and non-bonded categories. Bonded categories include general obligation bonds, revenue bonds, certain capital leases, installment obligations, certificates of participation, unamortized premium, Tobacco Settlement Financing Corporation, Inc. Bonds (TSFC), unamortized deferral on refunding, and unamortized interest on capital appreciation bonds. Non-bonded categories include accumulated sick and vacation payable, certain capital leases, loans payable, net pension obligation, pollution remediation obligation, other postemployment benefits, other, and deposit fund contracts. The liability for long-term items described above is reflected in the government-wide financial statements and the proprietary fund financial statements as noncurrent liabilities, due in more than one year and as current liabilities-current portion of long-term obligations, if due within a year.

Bond and note premiums and discounts are amortized to interest expense based on the straight-line method. Capital appreciation bonds are reported at its net or accreted value rather than at face value. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges in other assets and are amortized over the term of the related debt.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

I. Net Assets

1. **Invested in Capital Assets, Net of Related Debt -** This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2. **Restricted -** Net assets are reported as restricted when constraints placed on net asset use are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of the other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

3. **Unrestricted -** Unrestricted net assets consist of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

4. **Held in Trust for Pension Benefits and Other Purposes -** This is used to accumulate all active member, State, and other employer contributions and investment income from which all benefit payments are made; also used to accumulate resources received as a result of trust arrangements or to accumulate resources held for investment.

J. Fund Balances

1. **Reserved for Encumbrances** - Used to segregate a portion of fund balance to provide for expenditure upon vendor performance of purchase agreements.

2. **Reserved for Surplus Revenue** - Used to identify that portion of fund balance commonly called the "Rainy Day Fund" which represents excess revenues that have been set aside per P.L. 1990, c.44.

3. **Reserved for Other** - Used to earmark a portion of the fund balance to indicate it is either a resource currently unavailable for appropriation or expenditure, or a statutory restriction on current fund balance.

4. **Unreserved** - General Fund, Special Revenue Funds, and Capital Projects Funds - Represents the following:

   a. Unreserved Designated - Continuing Appropriations - Used to represent that portion of fund balance which has been appropriated by the Legislature, as well as those portions of fund balance of non-budgeted governmental funds so designated by management.

   b. Unreserved Designated - Unrealized Gains - Used to represent the portion of fund balance that resulted from the fair value reporting of investments, i.e., the difference between investments reported at fair value and the amortized cost of those investments.

   c. Unreserved Undesignated - Used to represent that portion of fund balance resources available for appropriation.

K. Fiscal Year End Differences

The following component units have fiscal years that ended on December 31, 2009:

Component Units - Authorities

Casino Reinvestment Development Authority
New Jersey Economic Development Authority
New Jersey Educational Facilities Authority
New Jersey Health Care Facilities Financing Authority
New Jersey Housing and Mortgage Finance Agency
New Jersey Meadowlands Commission
New Jersey Redevelopment Authority
New Jersey Sports and Exposition Authority
New Jersey Turnpike Authority
South Jersey Port Corporation
South Jersey Transportation Authority

Special Revenue Funds

New Jersey Building Authority (blended component unit)
New Jersey Schools Development Authority (blended component unit)

NOTE 2 - OTHER ACCOUNTING DISCLOSURES

A. Change in Accounting Policy

The State has adopted GASB Statement No.53, *Accounting and Financial Reporting for Derivative Instruments*.

B. Restatement of Net Asset Balance

As a result of the implementation of GASB Statement No. 53, the July 1, 2009 net asset balance for governmental activities has decreased by $288.5 million.

C. Deficit Net Asset Balance

In order to pay unemployment claims in excess of available resources, it was necessary for the Unemployment Compensation Fund to increase borrowing from the federal government, resulting in a deficit net asset balance of $776.6 million.

D. Deficit Fund Balance

The New Jersey Transportation Fund, a blended component unit, is reporting a deficit fund balance of $102.0 million, a result of transportation and debt service costs in excess of incoming resources.

E. Joint Ventures

The Port Authority of New York and New Jersey
225 Park Avenue South
New York, NY 10003-1604
www.panynj.gov

Joint ventures are independently constituted entities generally created by two or more governments for a specific purpose such as contracting and maintaining an interstate bridge. Pursuant to current financial reporting standards, the State does not record its equity in joint ventures. The only significant joint venture in which the State of New Jersey participates is the Port Authority of New York and New Jersey. Individually published financial statements may be obtained by writing the Port Authority of New York and New Jersey at the above mentioned address. Other joint ventures are immaterial.

The Port Authority is a municipal corporate instrumentality of the States of New York and New Jersey created by compact between the two states in 1921 with the consent of the Congress of the United States. It is authorized and directed to plan, develop, and operate terminals and other facilities of transportation and commerce, and to advance projects in the general fields of transportation, economic development, and world trade that contribute to promoting and protecting the commerce and economy of the Port District, defined in the compact, which comprises an area of about 1,500 square miles in both states, centering about New York Harbor. The Governor of each State appoints six of the twelve members of the governing Board of Commissioners, subject to confirmation by the respective State Senate. Each Governor has from time to time exercised the statutory power to veto the actions of the commissioners from their state.

The commissioners serve six-year overlapping terms as public officials without compensation. They establish Authority policy, appoint an Executive Director to implement it, and also appoint a General Counsel to act as legal advisor to the Board and to the Executive Director. The Authority undertakes only those projects authorized by the two states.

The compact envisions the Port Authority as being financially self-sustaining and, as such, it must obtain the funds necessary for the construction or acquisition of facilities upon the basis of its own credit, its reserve funds, and its future revenues. The agency has neither the power to pledge the credit of either state or any municipality nor to levy taxes or assessments.

Consolidated financial statements for the Port Authority including the Passenger Facility Charges Program for the fiscal year ended December 31, 2009 disclosed the following (expressed in millions):

Financial Position

	Combined Total
Total Assets	$ 27,207.5
Total Liabilities	16,529.7
Net Assets	$ 10,677.8

Operating Results

Operating Revenues	$ 3,754.0
Operating Expenses	(2,438.7)
Depreciation and Amortization	(787.0)
Net Recoverables (Expenses) Related to the Events of September 11, 2001	203.0
Income from Operations	731.3
Non-operating Revenues (Expense), Net	115.1
Net Income	$ 846.4

Changes in Net Assets

Balance January 1, 2009	$ 9,831.4
Net Income	846.4
Balance December 31, 2009	$ 10,677.8

Except for Special Project Bonds, the Authority's debt is secured by its full faith and credit, its reserve funds, or a pledge of future revenues. Special Project Bonds are secured by a mortgage on the financed properties. At December 31, 2009, Port Authority debt consisted of the following (expressed in millions):

Bonds, Notes, and Other Obligations

Consolidated Bonds and Notes	$ 12,284.4
Special Project Bonds	1,064.4
Operating Asset Financing	497.0
Capital Asset Financing	662.9
	14,508.7
Less: Unamortized Discount and Premium	(58.6)
Total	$ 14,450.1

F. Other

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, the debt and assets of the New Jersey Building Authority have been reduced for presentation herein in the amount of $648.7 million, the amount of the present value of future lease payments by the State to the New Jersey Building Authority as of December 31, 2009.

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, an additional $981.7 million in federal grant revenues and economic planning, development, and security expenditures has been recorded.

NOTE 3 - CASH AND CASH EQUIVALENTS

All funds maintain their own individual bank account(s) except for the Casino Control, Casino Revenue, Gubernatorial Elections, Special Transportation, and Property Tax Relief Funds which are in the General Fund bank accounts. The balances of cash for these funds held in the General Fund, after receipt and disbursement transactions, are accounted for and reflected in the respective due from or due to accounts on the balance sheet presented in the fund financial statements.

New Jersey Revised Statutes (c.52:18-16.1) set the policy that the State Treasurer must follow when depositing State funds and for the collateralization of such funds. The relationship between the face amount of the collateral and the amount of a deposit is not statutory but is stipulated by the State Treasurer. All bank accounts in which the State Treasurer deposits funds must be collateralized. Securities pledged as collateral must consist of obligations of, or be guaranteed by, the United States or the State of New Jersey. Securities are pledged in the State Treasurer's name and held by a custodian bank under a custodian agreement.

Collateral requirements for demand accounts and time accounts for banks having less than $15 million in State deposits per month require 100 percent coverage of the highest daily balance of the preceding month. For banks that have State deposits which total $15 million or more per month, the amount of collateral required is 120 percent of the total average daily balance on deposit in the bank during each calendar quarter of the year. The State Department of the Treasury monitors the level of collateral required to be maintained by the banks.

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires that the State disclose bank deposits that are subject to custodial credit risk. The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the State will not be able to recover deposits or will not be able to recover collateral securities that may be in the possession of an outside party. As of June 30, 2010 the State’s bank balances amounted to $271.8 million. Of these balances, $1.9 million was exposed to custodial credit risk as uninsured and uncollateralized.

NOTE 4 – INVESTMENTS

Statutes of the State of New Jersey and regulations of the State Investment Council authorize the Division of Investment to invest in domestic and international equities and exchange traded funds; covered call and put options; equity futures contracts; obligations of the U.S. Treasury, government agencies, corporations, obligations of international corporations, governments and agencies; bank loans; interest rate swap transactions; credit default swaps; fixed income exchange traded funds; U.S. Treasury futures contracts; New Jersey State and Municipal general obligations; public authority revenue obligations; collateralized notes and mortgages; commercial paper; certificates of deposit; repurchase agreements; bankers acceptances; guaranteed income contracts; funding agreements; money market funds; private equity; real estate; other real assets; and absolute return strategy funds. Investee institutions and organizations are prescribed by the statutes and regulations based on such criteria as minimum capital, dividend paying history, credit history, and other evaluation factors.

The purchase, sale, receipt of income, and other transactions affecting investments are governed by custodial agreements between the investing funds through the State Treasurer and custodian banks as agents for the funds. State laws and policies set forth the requirements of such agreements and other particulars as to the size of the custodial institution, amount of the portfolio to be covered by the agreements, and other pertinent matters.

Federal securities, including those held as collateral on repurchase agreements, are maintained at Federal Reserve Banks in Philadelphia and New York through the custodian banks, in trust for the State of New Jersey. A significant portion of corporate equity and debt securities are maintained by the Depository Trust Company (DTC) through the custodian banks in trust for the State of New Jersey.

Securities not maintained by the Federal Reserve Banks or DTC are in the name of a designated nominee representing the securities of a particular State fund which establishes the State fund's unconditional right to the securities. The custodian banks, as agents for the State funds, maintain internal accounting records identifying the securities maintained by the Federal Reserve Banks and the DTC as securities owned by or pledged to the State funds.

In addition to the amounts invested directly, most of the funds included herein participate in the State of New Jersey Cash Management Fund wherein amounts also contributed by other units of government are combined into a large scale investment program. The Pension Trust Funds also participate in a Common Pension Trust Fund pool whereby amounts contributed by the various Pension Trust Funds are combined for the purpose of investment. Participation in the Cash Management Fund investment pool and the Common Pension Trust Fund investment pool by State funds is reflected as investments in the Balance Sheets of the respective funds. Amounts contributed to the Cash Management Fund investment pool by local governments and other entities which are not part of the State’s reporting entity, are primarily reflected as investments in the Statement of Fiduciary Net Assets, Investment Trust Fund.

Amounts contributed to the Cash Management Fund investment pool are recorded at cost, which approximates fair value. Any differences between cost and fair value for Cash Management Fund pool investments are immaterial. All other investments are recorded at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund and the Common Pension Funds. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Casino Control, Casino Revenue, Gubernatorial Elections, Special Transportation, and Property Tax Relief Funds do not maintain separate investment accounts. Since cash transactions are handled by and through the General Fund as described in Note 3, any available cash balances for these funds reside in the General Fund and are combined with other balances for either participation in the State of New Jersey Cash Management Fund or direct investment as part of the General Fund large scale investment program. Except for the Casino Revenue Fund and the Casino Control Fund, investment earnings for these funds accrue to the General Fund.

Approximately $526.8 million of investments represents deposit fund contracts for future installment payments of lottery prizes. Lottery prizes are funded by the purchase of deposit fund contracts which, when matured, will provide amounts sufficient for future payment of installment prizes. Purchases of deposit fund contracts are recorded as an expenditure in the State Lottery Fund in the year of purchase. Annuity contracts are carried at their current contract values which are based upon their original purchase price adjusted for credited interest and amounts already received. The estimated fair value of annuity contracts approximates the carrying value reflected in the balance sheet. In the event of default in making future payments by the insurance company from which the contracts were purchased, the State Lottery Commission would be liable for such future payments.

Investments for all funds are as follows (expressed in millions):

	Amount Reported As Investments
Domestic fixed income securities	$ 34,219.6
Domestic equities	16,542.9
International equities	12,622.8
Private equities	4,219.3
Absolute return strategy funds	3,377.2
International fixed income securities	2,502.1
Real estate	1,875.7
Mortgages	1,305.7
Bank loan funds	1,071.4
Real assets	997.1
Annuity contracts	526.8
Mutual funds	266.3
Total investments	79,526.9
Unallocated administrative expenses and transaction exchanges	37.6
Net amount recorded as investments	$ 79,564.5

As Reported on the Government-wide Statement of Net Assets and Statement of Fiduciary Net Assets:

	Current Investments	Non-Current Investments	Total
Governmental activities	$ 4,916.9	$ -	$ 4,916.9
Business-type activities	277.7	402.8	680.5
Fiduciary funds	73,967.1	-	73,967.1
Total	$ 79,161.7	$ 402.8	$ 79,564.5

The State's investments are subject to various risks. Among these risks are credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. Each one of these risks is discussed in more detail below.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The credit risk of a debt instrument is measured by nationally recognized statistical rating agencies such as Moody's Investors Service, Inc. (Moody's), Standard & Poor's Corporation (S&P), or Fitch Ratings (Fitch). Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. There are no restrictions in the amount that can be invested in United States Treasury and government agency securities. State regulations require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue. As of June 30, 2010 the following limits were in effect.

Category	Minimum Rating Moody's	Minimum Rating S&P	Minimum Rating Fitch	Limitation of Issuers' Outstanding Debt	Limitation of Issue	Other Limitations
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	Not more than 5% of fund assets can be invested in one corporation
International corporate obligations	Baa3	BBB-	BBB-	10%	25%	Limited to not more than 5% of fund assets in any one issuer; not more than 10% of fund assets can be invested in this category
International government and agency obligations	Baa3	BBB-	BBB-	25%	Greater of 25% or $10 million	-
Collateralized notes and mortgages	Baa3	BBB-	BBB-	-	25%	Not more than 5% of fund assets can be invested in one issuer
Commercial paper	P-1	A-1	F1	-	-	-
Certificates of deposit and bankers acceptances:						Certificates of deposit and bankers acceptances cannot exceed 10% of issuer's primary capital
Domestic	A3/P-1	A-/A-1	A-/F1	-	-	
International	Aa3/P-1	AA-/A-1	AA-/F1	-	-	
Credit default swap transactions	A1	A+	A+	-	-	Nominal value of net exposure to any one counterparty shall not exceed 10% of fund assets
Guaranteed income contracts	A3	A-	A-	-	-	-
Money market funds	-	-	-	-	-	Limited to 10% of the assets of the fund
Interest rate swap transactions	A1	A+	A+	-	-	Notional value of net exposure to any one counterparty shall not exceed 10% of fund assets
Repurchase agreements	Aa3	AA-	AA-	-	-	-
New Jersey state and municipal obligations	A3	A-	A-	10%	10%	Limit of 2% of fund assets can be invested in debt of any one entity
Public Authority revenue obligations	A3	A-	A-	-	10%	Limit of 2% of fund assets in any one authority
Mortgage backed pass through securities	A3	A-	A-	-	-	Limit of 5% of fund assets in any one issue
Mortgage backed senior debt securities	-	-	-	-	25%	Limit of 5% of fund assets in any one issue
Non-convertible preferred stocks of U.S. corporations	Baa3	BBB-	BBB-	10%	25%	Limit of 5% of fund assets in any one corporation
Bank loans	Baa3	BBB-	BBB-	10%	-	Limit of 10% of fund assets

Effective December 15, 2008, up to five percent of the market value of the combined assets of the pension and annuity funds may be invested in corporate obligations, international corporate obligations, collateralized notes and mortgages, bank loans, non-convertible preferred stocks, and mortgage backed pass through securities that do not meet the minimum credit rating requirements set forth above. Prior to that, the limitation excluded bank loans and non convertible preferred stocks.

For securities exposed to credit risk in the fixed income portfolio, the following tables disclose aggregate fair value, by major credit quality rating category at June 30, 2010. The first table is for bonds rated by Moody's. The second table uses Standard and Poor's and Fitch's ratings for bonds not rated by Moody's (expressed in millions):

	Moody's Rating					
	Aaa	Aa	A	Baa	Ba	P-1
United States Treasury bills	$ 8,531.6	$ -	$ -	$ -	$ -	$ -
United States Treasury notes	2,246.4	-	-	-	-	-
United States Treasury TIPS	3,624.9	-	-	-	-	-
United States Treasury bonds	2,225.1	0.1	0.1	-	-	-
United States Treasury strips	867.8	-	-	-	-	-
United States Government Agency	777.1	-	163.8	-	0.7	-
Mortgages/FHLMC/FNMA/GNMA	662.9	-	-	-	-	-
Domestic corporate obligations	813.7	1,024.2	4,207.5	3,435.5	307.7	-
International corporate obligations	-	86.0	624.0	549.0	82.2	-
International bonds and notes	83.5	143.8	-	-	-	-
Foreign government obligations	163.4	604.4	-	-	-	374.7
SBA pass through certificates	168.9	-	-	-	1.9	-
Certificates of deposit	-	-	-	-	-	448.0
Commercial paper	-	-	-	-	-	1,225.1
Other	208.4	799.0	517.1	0.7	-	3.2
Total	$ 20,373.7	$ 2,657.5	$ 5,512.5	$ 3,985.2	$ 392.5	$ 2,051.0

	Standard & Poor's and Fitch's Rating					
	A	AA	B	BB	BBB	CCC
Domestic corporate obligations	$ 28.1	$ 83.5	$ 27.8	$ 22.4	$ 135.6	$ 4.0
International corporate obligations	-	-	2.8	0.9	-	0.2
Foreign government obligations	27.0	109.0	-	-	-	-
SBA pass through certificates	-	-	2.0	0.8	-	-
Asset backed obligations	-	203.8	-	-	-	-
Other	87.5	100.5	46.0	-	-	-
Total	$ 142.6	$ 496.8	$ 78.6	$ 24.1	$ 135.6	$ 4.2

The tables do not include various domestic corporate obligations given a Moody's rating of B ($223.5 million), Ca ($3.2 million), Caa ($43.5 million), international corporate obligations given a Moody's rating of B ($30.1 million), Ca ($1.5 million), Caa ($4.9 million), SBA pass through certificates given a Moody's rating of B ($0.1 million), and other various investment types given a Moody's rating of Caa ($47.3 million).

In addition, the Police and Firemen's mortgages of $1,305.7 million, domestic corporate obligations of $216.5 million, foreign government obligations of $20.1 million, international bonds and notes of $19.0 million, exchange traded funds of $183.5 million, asset backed obligations of $71.9 million, international corporate obligations of $0.5 million, and other various investment types of $1.8 million, are unrated.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Commercial paper must mature with 270 days. Certificates of deposits and bankers acceptance are limited to a term of one year or less. Repurchase agreements must mature with 30 days. The investment in guaranteed income contracts and funding agreements is limited to a term of ten years or less.

The following table summarizes the maturities (or, in the case of Remics, Police and Firemen's mortgages, and mortgage backed securities, the expected average life) of the fixed income portfolio at June 30, 2010 (expressed in millions):

		Maturities in Years			
	Total Fair Value	Less than 1	1-5	6-10	More than 10
United States Treasury bills	$ 8,531.6	$ 8,531.6	$ -	$ -	$ -
United States Treasury notes	2,246.4	2,241.1	5.3	-	-
United States Treasury TIPS	3,624.9	-	0.3	-	3,624.6
United States Treasury bonds	2,225.3	2.1	110.0	144.3	1,968.9
United States Treasury strips	867.8	-	-	-	867.8
United States Government Agency	941.6	146.5	25.3	106.3	663.5
Mortgages/FHLMC/FNMA/GNMA	662.9	0.3	26.0	2.2	634.4
Domestic corporate obligations	10,576.7	282.7	878.2	2,751.4	6,664.4
International corporate obligations	1,382.1	0.1	13.6	250.1	1,118.3
International bonds and notes	246.3	-	77.9	168.4	-
Foreign government obligations	1,298.6	424.9	126.9	274.7	472.1
Police & Firemen's mortgages	1,305.7	-	1.9	89.1	1,214.7
SBA pass through certificates	173.7	0.1	0.5	172.8	0.3
Asset backed obligations	275.7	-	-	17.0	258.7
Certificates of deposit	448.0	448.0	-	-	-
Commercial paper	1,225.1	1,225.1	-	-	-
Other	1,810.1	4.7	98.6	27.7	1,679.1
Total	$ 37,842.5	$ 13,307.2	$ 1,364.5	$ 4,004.0	$ 19,166.8

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. As mentioned previously, the State's Pension Trust Funds participate in the Common Pension Trust Fund pool. The Common Pension Fund D account within this investment pool reflects the State's investments in global markets. The fair value of international preferred and common stocks and issues convertible into common stocks, when combined with the fair value of international government and agency obligations, cannot exceed 30 percent of the fair value of the Common Pension Fund D account. The market value of emerging market securities cannot exceed more than 1.5 times the percentage derived by dividing the total market capitalization of the companies included in the Morgan Stanley Capital International (MSCI) Emerging Market Index by the total market value of the assets held by Common Pension Fund D account. Not more than ten percent of the market value of the emerging market securities can be invested in the common and preferred stock of any one corporation. The total amount of stock purchased in any one corporation cannot exceed five percent of its stock classes eligible to vote. State regulations permit entering into foreign exchange contracts for the purpose of hedging the international portfolio. The State held forward receivables at June 30, 2010 totaling $1.95 billion and payables totaling approximately $1.96 billion (with a $13.0 million net exposure). At June 30, 2010, the State had the following foreign currency exposure based on exchange rates in effect for such day (expressed in millions of U.S. dollars):

Currency	Total Fair Value	Equities	Alternative Investments
Australian dollar	$ 690.1	$ 690.1	$ -
Brazilian real	168.8	168.8	-
Canadian dollar	893.3	893.3	-
Chilean peso	0.8	0.8	-
Czech koruna	3.9	3.9	-
Danish krone	188.2	188.2	-
Egyptian pound	30.9	30.9	-
Euro dollar	2,876.8	2,663.1	213.7
Hong Kong dollar	510.7	510.7	-
Hungarian forint	12.0	12.0	-
Indonesian rupiah	55.3	55.3	-
Israeli shekel	4.0	4.0	-
Japanese yen	3,019.1	3,019.1	-
Malaysian ringgit	22.7	22.7	-
Mexican peso	34.9	34.9	-
Norwegian krone	86.1	86.1	-
Pakistan rupee	5.4	5.4	-
Philippines peso	6.4	6.4	-
Polish zolty	16.9	16.9	-
Russian ruble	4.2	4.2	-
Singapore dollar	219.9	219.9	-
South African rand	126.9	126.9	-
South Korean won	184.0	184.0	-
Swedish krona	291.7	291.7	-
Swiss franc	788.1	788.1	-
Taiwan new dollar	14.5	14.5	-
Thailand baht	33.3	33.3	-
Turkish lira	53.5	53.5	-
United Kingdom sterling	1,229.8	1,217.4	12.4
Total	$ 11,572.2	$ 11,346.1	$ 226.1

The State's interests in alternative investments may contain elements of credit, currency, and market risk. Such risks include, but are not limited to, limited liquidity, absence of regulatory oversight, dependence upon key individuals, emphasis on speculative investments (both derivatives and non-marketable investments), and nondisclosure of portfolio composition. State regulations require that not more than 28 percent of the market value of the Pension Fund can be invested in alternative investments, with the individual categories of real estate, real assets, private equities, and absolute return strategy investments limited to seven percent. The Common Pension Fund E account within the Common Pension Trust Fund pool reflects the State's alternative investments. Not more than five percent of the market value of Common Pension Fund E plus outstanding commitments may be committed to any one partnership or investment, without the prior written approval of the State Investment Council. The investments in Common Pension Fund E cannot comprise more than 20 percent of any one investment manager's total assets.

NOTE 5 - SECURITIES LENDING COLLATERAL

The securities lending collateral is subject to various risks. Among these risks are credit risk, concentration of credit risk, and interest rate risk. Agreements with the lending agents require minimum credit ratings for certain categories of fixed income obligations and limit the amount that can be invested in any one issuer or issue. These limits are consistent with Council regulations and internal policies for funds managed by the Division of Investment, Department of the Treasury.

The following limits became effective December 15, 2008:

Category	Minimum Rating			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Corporate obligations	A2	A	A	10%	25%	-
Collateralized notes and mortgages	Aa	AA	AA	-	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	-	-	-
Certificates of deposit and bankers acceptances:						Uncollateralized certificates of deposit and bankers acceptances cannot exceed10% of issuer’s primary capital
Domestic	A2/P-1	A-/A-1	A-/F1	-	-	
International	Aa3/P-1	AA-/A-1	AA-/F1	-	-	
Guaranteed income contracts and funding agreements	A2	A	A	-	-	Limited to 5% of the assets of the collateral portfolio
Money market funds	-	-	-	-	-	Limited to 10% of the assets of the collateral portfolio

Through December 14, 2008, the following limits were effective:

Category	Minimum Rating			Limitation of Issuer's Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
Corporate obligations	Baa3	BBB-	BBB-	10%	25%	-
US finance company debt and bank debentures	Baa3	BBB-	BBB-	10%	25%	-
Collateralized notes and mortgages	Baa3	BBB-	BBB-	-	25%	Limited to not more than 10% of the assets of the collateral portfolio
Commercial paper	P-1	A-1	F1	-	-	-
Certificates of deposit and bankers acceptances:						Uncollateralized certificates of deposit and bankers acceptances cannot exceed 10% of issuer's primary capital
Domestic	A3/P-1	A-/A-1	A-/F1	-	-	
International	Aa3/P-1	AA-/A-1	AA-/F1	-	-	
Guaranteed income contracts and funding agreements	A3	A-	A-	-	-	Limited to 5% of the assets of the collateral portfolio
Money market funds	-	-	-	-	-	Limited to 10% of the assets of the collateral portfolio

Prior to December 15, 2008, all investments in the collateral portfolio matured or were redeemed within one year, except that up to 25% of the portfolio may be invested in eligible securities which mature within 25 months; provided, however, that the average maturity of all investments shall not exceed one year. Effective December 15, 2008, all investments in the collateral portfolio matured or were redeemed within one year. Effective October 9, 2009, all investments in the collateral portfolio were limited to a final maturity term of 30 days from date of purchase.

Commercial paper maturities cannot exceed 270 days. Repurchase agreement maturities cannot exceed 30 days. Certificates of deposit and bankers acceptances must mature in one year or less.

The collateral for repurchase agreements is limited to obligations of the U.S. Government or certain U.S. Government agencies, collateralized notes and mortgages, and corporate obligations meeting certain minimum rating criteria.

Total exposure to any individual issuer is limited, except for U.S. Treasury and Government Agency Obligations. For money market funds, the total amount of shares or units purchased or acquired of any money market fund shall not exceed five percent of the shares or units outstanding of said money market fund. For collateralized notes, not more than two percent, of the assets of the collateral portfolio shall be invested in the obligations of any one issue, for mortgages, not more than five percent. For guaranteed income contracts, and funding agreements, the total investment in any one issuer shall be limited to 2.5 percent of the collateral portfolio. Prior to December 15, 2008 the State set individual issuer limits for commercial paper and certificate of deposits; subsequently, the State sets issuer limits for all investments in the collateral portfolio.

For securities exposed to credit risk in the collateral portfolio, the following table disclosures aggregate market value, by major credit quality rating category at June 30, 2010 (expressed in millions):

	Rating		
	Aaa/AAA	Not Rated	Total
Repurchase Agreements	$ -	$ 16.7	$ 16.7

As of June 30, 2010, the Pension Funds had outstanding loaned investment securities with an aggregate fair value of $9.2 million. The program was terminated effective June 30, 2010 and all loaned securities and collateral were subsequently returned. In accordance with GASB accounting standards, the non-cash collateral is not reflected in the accompanying financial statements. There were no borrower or lending agent default losses, and no recoveries or prior-period losses during the year.

NOTE 6 - RECEIVABLES

Fiduciary funds' receivables are not disclosed in the statement of net assets. However, these receivables are disclosed in the fund financial statements and consist primarily of amounts due from employers and employees and accrued earnings on investments. Receivables presented in the statement of net assets are described below.

A. Federal

Federal government grant awards are established against State appropriations. Most Federal government receivables are comprised of amounts expended against grant awards, the expenditure of which is the basis of reimbursement. Since all amounts due from the Federal government are considered to be collectible, no allowance has been established for doubtful collections. Also see Note 19 – Contingent Liabilities.

These Federal receivables are reported in conformance with generally accepted accounting principles as defined in Statement No. 2 - *Grant, Entitlement and Shared Revenue Accounting and Reporting by State and Local Governments* published by the National Council on Governmental Accounting. Inasmuch as encumbrances do not constitute expenditures, and since recognition of grants and entitlements as revenue is primarily based on expenditures, there is an additional $3.3 billion of Federal government awards consisting of encumbrances and appropriation balances which are considered unearned and unrecorded as of June 30, 2010.

Federal receivable balances in the Unemployment Compensation Fund ($380.7 million) represent unemployment contributions transferred to the Federal Reserve Bank for deposit in the Federal Unemployment Trust Fund. All monies are invested by the Federal Government and interest earnings are credited to the Unemployment Compensation Fund.

B. Departmental

Departmental accounts receivable of $3.4 billion include amounts which were substantially collected within the one month period subsequent to June 30 and include most major tax revenues. Amounts included in these receivables but not collected within the one month period subsequent to June 30, 2010 are deemed to be collectible, and are reflected net of allowances ($417.9 million).

C. Loans

Loans receivable of $1.6 billion are reduced by allowances of $69.8 million and include $1.4 billion due from local units of government and other recipients for environmental projects, $40.9 million loaned for economic development within local units of government, and $11.3 million loaned for housing and mortgage assistance.

D. Other

Other receivables totaling $1.7 billion are reduced by allowances of $748.0 million and include tax receivables due of $342.4 million, $507.3 million due from the Port Authority of New York and New Jersey, and $64.3 million due from proceeds of Motor Vehicle Commission bonds which are held by the trustee.

NOTE 7 – CAPITAL ASSETS

A summary of capital assets and related accumulated depreciation by category as of June 30, 2010 is as follows (expressed in millions):

	Balance July 1, 2009	Additions	Deductions	Transfers/ Adjustments	Balance June 30, 2010
Capital assets, not being depreciated:					
Land and easements	$ 4,580.6	$ 89.5	$ -	$ (0.6)	$ 4,669.5
Construction in progress*	3,142.3	1,706.0	-	(1,233.3)	3,615.0
Capital assets, being depreciated:					
Land improvements	203.4	-	1.1	11.9	214.2
Buildings and improvements	3,419.3	21.6	71.3	44.1	3,413.7
Machinery, equipment, and software	604.6	62.8	35.5	85.0	716.9
Infrastructure	17,466.6	-	-	1,091.3	18,557.9
Total at historical cost	29,416.8	1,879.9	107.9	(1.6)	31,187.2
Less accumulated depreciation:					
Land improvements	116.7	7.0	0.3	2.8	126.2
Buildings and improvements	1,653.7	123.2	60.4	16.8	1,733.3
Machinery, equipment, and software	349.2	76.3	28.9	0.5	397.1
Infrastructure	6,668.7	468.3	-	0.1	7,137.1
Total accumulated depreciation	8,788.3	674.8	89.6	20.2	9,393.7
Governmental activities capital assets, net	$ 20,628.5	$ 1,205.1	$ 18.3	$ (21.8)	$ 21,793.5

* Construction in progress includes infrastructure projects and software in development.

A. Items Not Capitalized and Depreciated

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. Examples of these assets include, but are not limited to statues, monuments, forts, lighthouses, and various capitol related furnishings. Collections, such as historical documents, artifacts, works of art, rare library books, and antique furnishings are not capitalized. These assets are exempted from capitalization as the State maintains the collections for reasons other than financial gain; the collections are protected, kept unencumbered, cared for and preserved; and the collections are subject to an organizational policy requiring that the proceeds from sales of collection items be used to acquire other items for collections.

B. Depreciation and Useful Lives

Capital assets are depreciated using the straight line method. The State assigned useful lives that were most suitable for the particular assets. Estimated useful lives were in an allowable range as follows:

Asset	Years
Land improvements	10-50
Building and improvements	12-60
Machinery and equipment	4-30
Infrastructure	4-70

Depreciation was charged to functions of the primary government as follows (expressed in millions):

	Amount
Public safety and criminal justice	$ 73.2
Physical and mental health	16.7
Educational, cultural, and intellectual development	20.9
Community development and environmental management	18.8
Economic planning, development, and security	24.6
Transportation programs	477.4
Government direction, management, and control	33.8
Special government services	9.4
	$ 674.8

NOTE 8 - INTERFUND TRANSACTIONS

During the course of normal operations, the State has numerous routine transactions between funds, including interfund loans, expenditures, and transfers of resources to provide administrative services, program services, debt service, and compliance with legal mandates, such as legislation requiring the transfer of investment earnings from a capital project fund to the General Fund. In the fund financial statements, these transactions generally are recorded as transfers in/transfers (out) and due to/due from other funds. Operating transfers represent legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended and do not represent reimbursement of expenses.

A. Due From/Due To Other Funds

The balances of current interfund receivables and payables at June 30, 2010 are presented below (expressed in millions):

	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	State Lottery Fund	Unemployment Compensation Fund	Fiduciary Funds	Total
Due from:							
General Fund	$ -	$ -	$ 142.0	$ -	$ 0.5	$ 82.3	$ 224.8
Property Tax Relief Fund	200.7	-	7.7	-	22.0	-	230.4
Non-Major Governmental Funds	681.4	1.7	420.6	-	0.2	-	1,103.9
State Lottery Fund	94.0	-	-	-	-	-	94.0
Unemployment Compensation Fund	-	1.8	14.1	-	-	-	15.9
Fiduciary Funds	8.4	11.7	-	-	-	1.1	21.2
Total Due from	$ 984.5	$ 15.2	$ 584.4	$ -	$ 22.7	$ 83.4	$ 1,690.2
Due to:							
General Fund	$ -	$ 200.7	$ 681.4	$ 94.0	$ -	$ 8.4	$ 984.5
Property Tax Relief Fund	-	-	1.7	-	1.8	11.7	15.2
Non-Major Governmental Funds	142.0	7.7	420.6	-	14.1	-	584.4
Unemployment Compensation Fund	0.5	22.0	0.2	-	-	-	22.7
Fiduciary Funds	82.3	-	-	-	-	1.1	83.4
Total Due to	$ 224.8	$ 230.4	$ 1,103.9	$ 94.0	$ 15.9	$ 21.2	$ 1,690.2

B. Transfer In/(Out)

Interfund transfers for the fiscal year ended June 30, 2010 are presented below (expressed in millions):

	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	State Lottery Fund	Unemployment Compensation Fund	Fiduciary Funds	Total
Transfers (out) to:							
General Fund	$ -	$ -	$ (1,531.2)	$ (942.2)	$ -	$ -	$ (2,473.4)
Non-Major Governmental Funds	(1,777.6)*	-	(1,748.5)	-	-	-	(3,526.1)
Total Transfers (Out)	$ (1,777.6)	$ -	$ (3,279.7)	$ (942.2)	$ -	$ -	$ (5,999.5)
Transfers in from:							
General Fund	$ -	$ -	$ 1,891.9 *	$ -	$ -	$ -	$ 1,891.9
Non-Major Governmental Funds	1,531.2	-	1,748.5	-	-	-	3,279.7
State Lottery Fund	942.2	-	-	-	-	-	942.2
Total Transfers In	$ 2,473.4	$ -	$ 3,640.4	$ -	$ -	$ -	$ 6,113.8
Net Transfers	$ 695.8	$ -	$ 360.7	$ (942.2)	$ -	$ -	$ 114.3

* The New Jersey Schools Development Authority and the New Jersey Building Authority (blended component units included in the Non-Major Governmental Funds) have a fiscal year end of December 31, 2009. Due to the State having a June 30, 2010 fiscal year end, transactions between the New Jersey Schools Development Authority, the New Jersey Building Authority, and the General Fund have created an imbalance within the transfers.

NOTE 9 - SHORT-TERM DEBT

Tax and Revenue Anticipation Notes

The State issues short-term debt instruments in the form of tax and revenue anticipation notes in advance of income tax and corporation business tax collections, depositing the proceeds in the General Fund. These notes are used to provide effective cash management to fund the imbalances that occur between the collection of revenues and the disbursement of appropriations of the General Fund and Property Tax Relief Fund. The $2.25 billion of borrowings was repaid in full prior to the end of the fiscal year. Short-term debt activity for the year ended June 30, 2010 was as follows (expressed in millions):

	Outstanding July 1, 2009	Issued	Redeemed	Outstanding June 30, 2010
Tax and Revenue Anticipation Notes	$ -	$ 2,250.0	$ (2,250.0)	$ -

NOTE 10 – LONG-TERM OBLIGATIONS

The State's long-term debt is divided into bonded and non-bonded categories. Bonded categories include General Obligation Bonds, Revenue Bonds Payable, certain Capital Leases, Installment Obligations, Certificates of Participation, Tobacco Settlement Financing Corporation, Inc. Bonds (TSFC), Unamortized Deferral on Refunding, Unamortized Interest on Capital Appreciation Bonds, and Unamortized Premium. Non-bonded categories include Accumulated Sick and Vacation Payable, certain Capital Leases, Loans Payable, Net OPEB Obligation, Net Pension Obligation, Pollution Remediation Obligation, Advance from Federal Government, and Deposit Fund Contracts.

A. Changes in Long-term Debt

The following schedule represents the changes in the State's long-term debt (expressed in millions):

	Outstanding July 1, 2009	Additions	Deductions	Outstanding June 30, 2010	Amounts Due Within One Year
Governmental Activities					
Bonded Debt					
General Obligation Bonds	$ 2,526.7	$ 209.2	$ 139.1	$ 2,596.8	$ 278.8
Revenue Bonds Payable	16,838.0	2,101.6	362.9	18,576.7	401.0
Capital Leases	269.4	-	18.0	251.4	18.9
Installment Obligations	18,716.4	1,833.1	1,580.8	18,968.7	415.2
Certificates of Participation	35.1	16.5	21.1	30.5	15.3
Tobacco Settlement Financing Corporation, Inc.	4,524.6	-	31.6	4,493.0	16.0
Unamortized Deferral on Refunding	(793.7)	(52.8)	(73.3)	(773.2)	-
Unamortized Interest on Capital Appreciation Bonds	(7,960.1)	(914.0)	(317.0)	(8,557.1)	-
Unamortized Premium	1,356.6	85.9	118.7	1,323.8	-
Non-Bonded Debt					
Accumulated Sick and Vacation Payable	635.8	316.0	385.0	566.8	316.0
Capital Leases	379.8	22.6	50.6	351.8	46.0
Loans Payable	1,279.4	-	-	1,279.4	-
Net OPEB Obligation	6,636.3	4,719.5	1,327.0	10,028.8	-
Net Pension Obligation	6,365.6	2,037.3	-	8,402.9	-
Pollution Remediation Obligation	101.8	-	9.2	92.6	-
Other	304.8	306.4	310.2	301.0	301.0
Subtotal Governmental Activities	51,216.5	10,681.3	3,963.9	57,933.9	1,808.2
Business-type Activities					
Accumulated Sick and Vacation Payable	1.1	0.6	0.7	1.0	0.6
Advance from Federal Government *	324.9	1,424.7	-	1,749.6	-
Deposit Fund Contracts	611.6	39.1	123.9	526.8	124.0
Subtotal Business-type Activities	937.6	1,464.4	124.6	2,277.4	124.6
Total Governmental and Business-type Activities	$ 52,154.1	$ 12,145.7	$ 4,088.5	$ 60,211.3	$ 1,932.8

*The July 1, 2009 balance was previously reported as Current Liabilities-Current and has been reclassified to Long-Term Obligations.

B. Debt Service Payments

The following schedule represents debt service payments for the next five fiscal years and thereafter (expressed in millions):

	Debt Service						
Fiscal Year	**General Obligation Bonds**	**Revenue Bonds**	**Capital Leases**	**Installment Obligations**	**Certificates of Participation**	**TSFC***	**Total**
2011	$ 278.8	$ 401.0	$ 65.0	$ 415.2	$ 15.3	$ 16.1	$ 1,191.4
2012	287.5	444.9	62.8	409.7	8.7	17.9	1,231.5
2013	296.1	473.3	50.1	1,175.2	5.2	19.8	2,019.7
2014	217.1	482.3	40.5	718.3	1.3	21.8	1,481.3
2015	228.4	509.7	35.5	788.6	-	29.2	1,591.4
2016-2020	947.3	2,987.8	166.5	4,836.9	-	327.3	9,265.8
2021-2025	231.8	3,194.7	104.1	4,659.9	-	438.2	8,628.7
2026-2030	109.8	3,162.5	71.2	4,395.1	-	554.7	8,293.3
2031-2035	-	2,895.3	5.2	1,294.9	-	705.8	4,901.2
2036-2040	-	3,368.8	2.3	274.9	-	902.6	4,548.6
2041-2045	-	656.4	-	-	-	1,459.6	2,116.0
Total Principal	**2,596.8**	**18,576.7**	**603.2**	**18,968.7**	**30.5**	**4,493.0**	**45,268.9**
2011	136.0	560.8	48.4	638.4	0.7	156.7	1,541.0
2012	112.8	538.9	43.4	622.9	0.4	156.0	1,474.4
2013	99.7	513.8	38.5	615.1	0.2	155.2	1,422.5
2014	83.8	488.0	34.7	584.3	0.1	154.2	1,345.1
2015	72.2	462.4	31.6	584.9	-	153.1	1,304.2
2016-2020	199.2	1,905.5	107.7	2,374.8	-	730.5	5,317.7
2021-2025	55.9	1,057.0	46.2	1,762.4	-	644.0	3,565.5
2026-2030	12.7	671.9	10.1	937.7	-	530.8	2,163.2
2031-2035	-	519.4	1.3	229.7	-	382.9	1,133.3
2036-2040	-	306.3	0.1	20.3	-	191.4	518.1
2041-2045	-	-	-	-	-	10.3	10.3
Total Interest	**772.3**	**7,024.0**	**362.0**	**8,370.5**	**1.4**	**3,265.1**	**19,795.3**
2011	414.8	961.8	113.4	1,053.6	16.0	172.8	2,732.4
2012	400.3	983.8	106.2	1,032.6	9.1	173.9	2,705.9
2013	395.8	987.1	88.6	1,790.3	5.4	175.0	3,442.2
2014	300.9	970.3	75.2	1,302.6	1.4	176.0	2,826.4
2015	300.6	972.1	67.1	1,373.5	-	182.3	2,895.6
2016-2020	1,146.5	4,893.3	274.2	7,211.7	-	1,057.8	14,583.5
2021-2025	287.7	4,251.7	150.3	6,422.3	-	1,082.2	12,194.2
2026-2030	122.5	3,834.4	81.3	5,332.8	-	1,085.5	10,456.5
2031-2035	-	3,414.7	6.5	1,524.6	-	1,088.7	6,034.5
2036-2040	-	3,675.1	2.4	295.2	-	1,094.0	5,066.7
2041-2045	-	656.4	-	-	-	1,469.9	2,126.3
Total Principal and Interest	**$ 3,369.1**	**$ 25,600.7**	**$ 965.2**	**$ 27,339.2**	**$ 31.9**	**$ 7,758.1**	**$ 65,064.2**

* The State is not liable for debt issued by the TSFC.

C. General Obligation Bonds

The State is empowered by voters to authorize, issue, and incur debt subject to certain constitutional restrictions. General obligation bond acts are both legislatively and voter-approved and are backed by the State's full faith and credit. As of June 30, 2010, the State had $2.6 billion of State general obligation bonds outstanding with another $893.2 million of bonding authorization remaining from various State general obligation bond acts. During the fiscal year, $209.2 million of General Obligation debt was issued for various purposes, and the amount provided by the State's General Fund for debt service payments for Fiscal Year 2010 was $263.6 million.

The State has refunded various outstanding general obligation bonds. Refunding bond proceeds are used to purchase and deposit United States Treasury Obligations – State and Local Government Series or open market U.S. Treasury Securities into a separate irrevocable trust fund held by a trustee. The investments and the fixed earnings that accrue are sufficient to fully service the defeased debt until it is called or matures. For financial reporting purposes, the refunded debt is considered defeased at the time the refunding bonds have been issued. Therefore, the refunded debt is removed as a liability from the State's long-term obligations.

As of June 30, 2010, the amount of defeased general obligation debt outstanding, but removed from the State's long-term obligations amounted to $234.0 million.

D. Revenue Bonds Payable

This debt classification represents bond issuances whose segment of debt service is derived solely from legally restricted revenues. Revenue bonds include debt issued by the New Jersey Building Authority (NJBA), the Garden State Preservation Trust, and the New Jersey Transportation Trust Fund Authority (TTFA). During Fiscal Year 2010, the TTFA issued $2.1 billion of bonds, of which $1.3 billion were capital appreciation bonds, used to fund transportation system improvements, while the NJBA issued $30.9 million of refunding bonds in order to defease $30.2 million of existing debt. As a result, the refunded bonds' liability has been removed from the State's long-term obligations. Total debt service payments over the next 13 years were increased by $10.3 million which resulted in $0.5 million in present value loss.

E. Capital Leases (Bonded)

Capital Leases represent long-term contractual debt obligations that the State has with various State authorities, for the purpose of utilizing office space for State operations and program usage. This includes the design, acquisition, and construction or renovation of facilities such as the Trenton Office Complex and Greystone Psychiatric Hospital.

F. Installment Obligations

Installment Obligations represent agreements between the State and several authorities which have issued bonds for the purpose of purchasing or constructing facilities to be rented by the State or to provide financing for other State projects. The State agrees to make payments equal to the corresponding authority's debt service, subject to and dependent upon appropriations being made from time to time by the State Legislature. At the conclusion of the term of the installment obligation agreement, title to the various facilities is transferred to the State, except in the case of the School Facilities Construction Program. During Fiscal Year 2010, these authorities issued $1.8 billion of bonds, of which, $0.7 billion was mostly used to finance school facilities projects and fund other capital costs. The remaining $1.1 billion were refunding bonds that were issued in order to defease $1.1 billion of existing debt. The liability on these refunded bonds has been removed from the State's long-term obligations. Total debt service payments over the next 10 years were increased by $177.5 million and resulted in a net present value gain of $12.2 million. The State's installment obligations outstanding as of June 30, 2010 total $19.0 billion. Total authorized but unissued installment obligations equal $4.7 billion as of June 30, 2010.

G. Certificates of Participation

These obligations represent several Lines of Credit that were drawn on to finance State equipment needs through the State's Master Lease Program.

H. Tobacco Settlement Financing Corporation, Inc. (TSFC)

In November 1998, the State entered into a Master Settlement Agreement with participating cigarette manufacturers, 46 states, and six other United States jurisdictions in the settlement of certain smoking-related litigation. During Fiscal Year 2003, the State sold to the newly established TSFC, the State's right, title, and beneficial ownership interest in the State's right to receive tobacco settlement rights under the Master Settlement Agreement and decree of Final Judgment. In return, the TSFC issued $3.46 billion of bonds to pay for the tobacco settlement rights. Proceeds of the two bond issuances were used to fund General Fund expenditures during Fiscal Year 2003 and Fiscal Year 2004. During Fiscal Year 2007, $4.7 billion of refunding bonds were issued, of which $1.1 billion were capital appreciation bonds.

During Fiscal Year 2003, the TSFC was presented as a discreet component unit of the State. Since then, the State adopted GASB Technical Bulletin No. 2004-1, *Tobacco Settlement Recognition and Financial Reporting Issues*. As a result, the TSFC is required to be shown as a blended component unit of the State. Bonds issued by the TSFC are the sole obligation of the TSFC. The State is not liable for any debt issued by the TSFC nor is the debt dependent on any dedicated stream of revenue generated by the State.

I. Unamortized Deferral on Refunding

Under GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, unamortized deferral on refunding shows the actual gain or loss on refunding transactions. Gains are shown as an asset and amortized over the shorter of the life of the refunding bonds or the bonds that were refunded. During fiscal year 2010, the State issued $1.1 billion of refunding bonds that are to be amortized over a time period of one year to six years. GASB Statement No. 23 defines a gain/loss as the total outstanding amount of the old bonds minus the new refunding bonds issued minus the cost of issuance on the new refunding bonds. The refunding bonds have a total loss of $773.1 million.

J. Unamortized Interest on Capital Appreciation Bonds

Unamortized Interest on Capital Appreciation Bonds represents the unaccreted interest value on zero coupon bonds that have been issued.

K. Unamortized Premium

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires bond premiums to be deferred and amortized over the life of the refunding bonds.

L. Accumulated Sick and Vacation Payable

Pursuant to GASB Statement No. 16, *Accounting for Compensated Balances*, Accumulated Sick and Vacation payable represents the liability due to employees for unused sick and vacation time.

M. Capital Leases (Non-Bonded)

Capital Leases represent long-term contractual obligations that the State has entered into for the purpose of utilizing office space for State operations and program usage. Examples of non-bonded capital leases include motor vehicle inspection stations, State government office buildings, and group homes for the developmentally disabled.

N. Loans Payable

The New Jersey Automobile Insurance Guaranty Fund received a $1.3 billion loan from the New Jersey Property-Liability Insurance Guaranty Association. The loan was made in an effort to depopulate the New Jersey Automobile Insurance Guaranty Fund and to help satisfy its unfunded liability.

O. Net OPEB Obligation

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, effective for periods beginning after December 15, 2006, requires the reporting of future Other Postemployment Benefits (OPEB) as a general long-term obligation of the State. Based upon an actuarial valuation, the OPEB obligation as of June 30, 2010 is estimated to be $10.0 billion.

P. Net Pension Obligation

Net Pension Obligation (NPO) represents a $8.4 billion pension fund liability due to the Judicial Retirement System, the State Police Retirement System, the Consolidated Police and Firemen's Retirement System, and the Teachers' Pension and Annuity Fund. Financial reporting requirements for net pension fund obligations fall under the purview of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers.*

Q. Pollution Remediation Obligation

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations,* effective for periods beginning after December 15, 2007, requires the reporting of Pollution Remediation Obligations as a general long-term obligation of the State. The Pollution Remediation Obligation represents contractual commitments of the State of New Jersey with either vendors to clean up hazardous waste contaminated sites or the administrative authorization to proceed to clean up identified hazardous waste contaminated sites. Pollution remediation activities include the engagement of contractors to define the extent of the hazardous waste contamination through a remedial investigative contract, outline the method of clean up/remediation through a feasibility study contract, implement the required/recommended remediation action through construction contractors, and maintain and monitor the operations of the clean up remedy at the site.

The Pollution Remediation Obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations and other factors that could result in revisions to these estimates. Prospective recoveries from responsible parties may reduce the State's obligation.

The estimated liability as of June 30, 2010 is $92.6 million. The reported amount represents the unexpended balances of those cleanup actions in which the State has obligated itself to commence remediation. The reported amounts represent the prospective outlays for existing remediation activities and not anticipated remediation work that may be addressed by the site's responsible parties at some future time or date.

R. Other

This obligation represents unamortized long-term claims which are required to be reported under National Council on Governmental Accounting Statement No. 1 as a general long-term liability of the State. This includes Medicaid benefit claims ($279.1 million of which $160.5 million is federally reimbursable) which have been incurred but not reported. This obligation also includes $21.9 million of capitalized software liability which is required to be reported in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets.*

S. Advance from Federal Government

As of June 30, 2010, the Federal Government advanced the Unemployment Compensation Fund $1.7 billion in order to pay unemployment benefits. Until the economic conditions in the State improve, such borrowings are likely to increase.

T. Deposit Fund Contracts

Large Lottery prizes are paid out to winners over a period of multiple years. Current Lottery proceeds are used to purchase deposit fund contracts which will provide sufficient amounts for future payment of installment prizes. Future payments of installment prizes in the present value of $526.8 million are recorded as non-current liabilities in both the fund financial statements and the government-wide statements.

U. Moral Obligation Bonds

The authorizing legislation for certain State entities provides for specific budgetary procedures with respect to certain obligations issued by these entities. Pursuant to such legislation, a designated official is required to certify any deficiency in debt service funds maintained to meet payments of principal and interest on the obligations and a State appropriation in the amount of the deficiency is to be made. However, the State Legislature is not legally bound to make an appropriation. Bonds issued pursuant to authorizing legislation of this type are sometimes referred to as "moral obligation" bonds. There is no statutory limitation on the amount of "moral obligation" bonds which may be issued by eligible State entities. Currently, bonds issued by the South Jersey Port Corporation, the New Jersey Housing and Mortgage Finance Agency, and the Higher Education Student Assistance Authority fall under this category. Furthermore, the New Jersey Housing and Mortgage Finance Agency and the Higher Education Student Assistance Authority have not had a deficiency in their respective debt service funds which required the State to appropriate funds.

The State provides the South Jersey Port Corporation with funds to cover all debt service and property tax requirements when the Corporation's earned revenues are anticipated to be insufficient to cover these obligations. On December 1, 2009, the Corporation certified that it would be unable to provide sufficient funds from operations for debt service, and therefore, required a State appropriation for Fiscal Year 2010 in the amount of $8.5 million.

NOTE 11 - RISK MANAGEMENT AND INSURANCE COVERAGE

The State is self-insured and self-administered for tort, workers' compensation, and automobile liability claims. As of June 30, 2010 no liability for unpaid claims has been established since the amount of loss cannot be reasonably estimated, however, any unpaid claims are not expected to be material. Claims are reported as expenditures in the General Fund in the year they are paid. Amounts expended for tort, workers' compensation, and automobile liability claims for Fiscal Year 2010 and Fiscal Year 2009 are detailed below (expressed in millions):

Type of Claim	Fiscal Year 2010	Fiscal Year 2009
Tort	$ 9.2	$ 15.5
Workers' compensation	80.9	74.7
Automobile	2.8	4.0

Property exposure is handled by a commercial insurance carrier. There were no reductions in commercial insurance coverage during the fiscal year ended June 30, 2010. No settlements exceeded commercial insurance coverage during each of the past three fiscal years. The State does not participate in any risk pools.

The State has obtained a financial guaranty policy insurance commitment to cover potential permanent losses on investments by non-state participants in the State of New Jersey Cash Management Fund-External Portion (Investment Trust Fund). The State is liable for reimbursement to the issuer of the financial guaranty policy insurance commitment for any payments made. This financial guaranty policy insurance commitment expires on July 1, 2016.

NOTE 12 – DERIVATIVES

A. Interest Rate Swap Agreements

The State has obtained long-term financing in the form of voter-approved General Obligation Debt and other obligations for which voter approval is not needed and has not otherwise been sought. Non-voter approved long-term financings include debt obligations such as revenue bonds, certificates of participation, and installment obligations. The State pays debt service on these debt obligations pursuant to a State contract or a lease it enters into with the issuer, subject to annual appropriations made by the State Legislature. These debt obligations include, but are not limited to, certain bonds issued through State public authorities such as the New Jersey Building Authority, the New Jersey Economic Development Authority, and the New Jersey Transportation Trust Fund Authority. In connection with certain bonds issued, or anticipated, through these public authorities, the State has entered into Interest Rate Exchange Agreements (Swap Agreements). As of June 30, 2010 the State has 27 active swap agreements with 11 swap providers for a combined, notional amount of $4.2 billion.

B. Interest Rate Swap Agreements – Synthetic Rate

The State, acting through its public authorities, issued bonds bearing interest at a variable rate and simultaneously entered into one or more swap agreements with various swap providers. Under the terms of the swap agreements, the State will pay a fixed rate on a notional amount of bonds outstanding while the swap counterparty pays a variable rate on the same notional amount which is anticipated to, over time, match the variable interest rate on the bonds.

During Fiscal Years 2008 and 2009, a number of actions were taken to reverse the economic terms of existing interest rate swaps for which there were either no longer variable rate bonds outstanding or for which new variable rate bonds were not able to be issued. These actions included entering into fixed receiver swaps in May 2008 and May 2009 to reverse a portion of the payments under existing swaps for a period of time. These actions leave the State with a net fixed rate of interest on the related swap agreements through September 1, 2014, 2015, and May 1, 2011, respectively.

On June 8, 2010 the State terminated an outstanding New Jersey Economic Development Authority swap agreement. The notional amount of the swap agreement was $250.0 million and the termination payment amount paid to the State was $0.8 million.

Issuer/Counterparty	Notional Amount ($ Millions)	Effective Date	Fixed Rate	Floating Index
NJ Transportation Trust Fund Authority(NJTTFA)				
Goldman Sachs Mitsui Marine Derivative, Products L.P.	$ 85.000	1/30/03	3.565 %	67% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	50.000	1/30/03	3.630	67% 1-week LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	85.000	1/30/03	3.537	67% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	62.500	1/30/03	3.675	67% 1-week LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	62.500	1/30/03	3.675	67% 1-week LIBOR
Total NJTTFA	345.000			
NJ Economic Development Authority(NJEDA)				
School Facilities Construction Program				
Variable-to-Fixed Swaps				
Bank of America, N.A.	$ 198.480	9/1/06	4.407	71.98% 1-month LIBOR
Bank of Montreal*	250.000	11/1/09	3.153	No Floating Payment
		11/1/12	4.549	62% 1-month LIBOR + 40 bps
Deutsche Bank AG - New York Branch	79.860	11/1/06	4.324	75% 1-month LIBOR + 5.25 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	179.042	3/1/06	4.296	70.8% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	198.480	9/1/06	4.407	71.98% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	195.583	9/1/07	4.399	71.57% 1-month LIBOR
IXIS Financial Products, Inc.	250.000	11/1/08	4.489	62% 1-month LIBOR + 40 bps
Merrill Lynch Capital Services, Inc.	500.000	5/1/10	4.251	62% 1-month LIBOR + 40 bps
Royal Bank of Canada	250.000	5/1/09	4.512	62% 1-month LIBOR + 40 bps
UBS AG, Stamford Branch	172.310	9/1/04	4.063	71.13% 1-month LIBOR
UBS AG, Stamford Branch	223.417	3/1/05	4.176	74.24% 1-month LIBOR
UBS AG, Stamford Branch	195.583	9/1/07	4.399	71.57% 1-month LIBOR
Wachovia Bank, N.A.	172.310	9/1/04	4.063	71.13% 1-month LIBOR
Wachovia Bank, N.A.	223.418	3/1/05	4.176	74.24% 1-month LIBOR
Wachovia Bank, N.A.	179.042	9/1/06	4.296	70.8% 1-month LIBOR
Fixed-to-Variable Swap				
UBS AG, Stamford Branch	380.515	5/1/08	3.036	75% 1-month LIBOR
Total NJEDA	3,648.040			
NJ Building Authority(NJBA)				
Citibank, N.A., New York	$ 72.095	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Citibank, N.A., New York	30.895	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	24.025	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	10.305	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	24.025	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	10.305	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Total NJBA	171.650			
Total	$ 4,164.690			

* This swap pays at a fixed rate with no floating rate receipt through November 1, 2012. Beginning November 1, 2012, the swap has both fixed and floating payments as indicated.

The swap agreements listed above have final maturities ranging from November 1, 2012 through March 1, 2035. The swap agreements total current notional amount is $4,164.7 million. Under the swap agreements, the State pays the counterparties a fixed payment ranging from 3.153 percent to 4.549 percent and receives a variable payment as computed for each associated variable rate transaction as shown above. In regards to the fixed rate transaction, the State pays a counterparty a variable rate payment equal to 75 percent of the 1-month LIBOR while receiving a fixed payment at a rate of 3.036 percent. The swap provider calculates the variable rate, as well as the dollar amount that is owed by the swap counterparty. The remarketing agent determines the variable interest rate that is applied to the bonds. The State confirms all calculations to ensure accuracy.

C. Interest Rate Swap Agreements - Fair Value

As of June 30, 2010, the State, acting through its public authorities, is party to 27 swap agreements. General interest rates have declined since the execution of the swap agreements which were executed between January 20, 2003 and May 1, 2010. As a result, the projected net present value of the State's entire portfolio as of June 30, 2010 is negative $711.3 million. A breakdown of this amount is shown below ($ millions):

	Changes in Fair Value		Fair Value at June 30, 2010	
Governmental Activities	**Classification**	**Amount**	**Classification**	**Amount**
Cash Flow Hedges:				
Pay fixed interest rate swaps				
NJ Building Authority	Deferred outflows	$ (5.236)	Debt	$ (20.156)
NJ Economic Development Authority				
School Facilities Construction Program	Deferred outflows	(82.489)	Debt	(303.119)
NJ Transportation Trust Fund Authority	Deferred outflows	(1.868)	Debt	(12.785)
Total Cash Flow Hedges		(89.593)		(336.060)
Investment Derivatives:				
Pay fixed interest rate swap				
NJ Economic Development Authority				
School Facilities Construction Program	Investment earnings	$ (86.550)	Investment	$ (373.637)
NJ Transportation Trust Fund Authority	Investment earnings	(0.155)	Investment	(1.586)
Total Investment Derivatives		(86.705)		(375.223)
Total		$ (176.298)		$ (711.283)

The amounts shown above are the amounts that the State would pay to swap counterparties in the event that all the State's swap agreements were terminated on June 30, 2010. The swap agreements could only be terminated for certain events of default listed in each swap agreement document, including a swap counterparty default. In the event of a swap counterparty default, it is likely that this event would be remedied through the assignment to an alternate swap counterparty.

D. Interest Rate Swap Agreements - Credit Risk

The swap agreement contracts required that each swap counterparty shall have a credit rating from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories at the onset of the swap contract. Ratings, which are obtained from any other nationally recognized statistical rating agencies for such swap counterparty shall also be within the three highest investment rated categories, or the payment obligations of the swap counterparty shall also be unconditionally guaranteed by an entity with such credit ratings. The swap agreements also require that should the credit rating of a swap counterparty fall below the rating required, that the obligations of such swap counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, at the agreed upon collateral threshold levels pursuant to the Credit Support Annex. The collateral threshold levels are adjusted based on counterparty ratings as set forth in the Credit Support Annex. Even though some of the mark to market values of the swap agreements have in the past, and are currently positive, none of these positive mark to market values have resulted in collateral posting under the Credit Support Annex. No collateral posting is required as of June 30, 2010.

E. Interest Rate Swap Agreements - Basis Risk

The swap agreements expose the State to basis risk should the relationship between LIBOR and actual variable rate payments on the related bonds diverge. The effect of this difference in basis is indicated by the difference between the anticipated variable rate and the actual variable rate.

F. Interest Rate Swap Agreements - Termination Risk

Each swap agreement contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes "additional termination events", providing that the swap agreements may be terminated if either the State's or a swap counterparty's credit quality rating falls below certain levels generally, below "BBB-" or "Baa2". The State or the swap counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. If one or more of the swap agreements is terminated, the related variable rate bonds would no longer be hedged and the State would no longer be effectively paying a synthetic fixed rate with respect to those bonds. Also, if at the time of termination the swap agreement has a negative fair value, the State would incur a loss and would be required to settle with the swap counterparty at the swap agreement's fair value. If at

the time of a termination the swap agreement has a positive fair value, the State would incur a gain and would be able to settle with the swap counterparty at the swap agreement's fair value.

NOTE 13 - OTHER LIABILITIES – CURRENT

Other liabilities presented in the statement of net assets consist principally of revenue refunds payable to taxpayers of $380.4 million.

In addition, the New Jersey Schools Development Authority reflects other liabilities of $23.1 million which represent deposits received from local school districts to fund the local share portion of Regular Operating District school facility projects, or to cover certain ineligible costs pertaining to projects in the New Jersey Schools Development Authority school districts.

NOTE 14 - FUND BALANCES/NET ASSETS RESTRICTED BY ENABLING LEGISLATION

A. Reserved - Other

In the fund financial statements, reservations of fund balance classified as "reserved - other" consist principally of legally mandated escrow balances and long-term loans and receivables due from individuals, municipalities, and authorities that are considered not currently available for expenditure in subsequent accounting periods. In addition, balances have been reserved in the following funds for purposes described below.

General Fund

The $47.3 million reservation in the General Fund that is considered not currently available for appropriations consists principally of long-term advances and receivables due from individuals, estates, and other funds ($19.9 million), a portion of bond receipts which is earmarked to pay debt service in the next fiscal year ($13.6 million), a portion of the four percent constitutionally dedicated Corporation Business Tax revenues reserved for environmental cleanup projects in excess of allowable expenditures ($8.2 million), and other items ($5.6 million).

Fund for Support of Free Public Schools

New Jersey statutes provide for the establishment of a school bond reserve within this fund. The school bond reserve consists of two accounts, the old school bond reserve account and the new school bond reserve account. The old school bond reserve account shall be funded in an amount equal to at least 1.5 percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes for all such indebtedness issued prior to July 1, 2003. The new school bond reserve account shall be funded in an amount equal to at least one percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes for all such indebtedness issued on or after July 1, 2003, exclusive of bonds for debt service, which is provided by State appropriations. Accordingly, $91.1 million has been reserved as of June 30, 2010.

New Jersey Schools Development Authority

In this fund, $0.4 million has been reserved for Qualified Zone Academies and prepayments.

New Jersey Transportation Trust Fund Authority

An amount of $0.3 million has been reserved for future debt service payments.

Tobacco Settlement Financing Corporation, Inc.

The $260.6 million reservation represents money reserved for future debt service payments on outstanding bonds payable.

B. Unreserved

In the fund financial statements, unreserved consists of designated for continuing appropriations, designated for unrealized gains, and undesignated.

General Fund

The $1.8 billion unreserved balance consists of $1,039.7 million designated for continuing appropriations and $794.3 million undesignated.

C. Net Assets Restricted by Enabling Legislation

As of June 30, 2010, the Statement of Net Assets reported $4.4 billion of restricted net assets. Net assets are restricted when constraints from external parties can compel the State to comply with legally enforceable enabling legislation requiring that resources be used for a specific purpose.

NOTE 15 – OTHER FINANCING SOURCES/USES - OTHER

The following items were recorded as other financing sources (uses) – other in the fund financial statements (expressed in millions):

	General Fund	Non-Major Funds	Total Governmental
Refunding debt issued	$ 1,192.8	$ 126.8	$ 1,319.6
Installment obligations issued	703.0	-	703.0
Premium related to new debt issuances	3.0	20.0	23.0
Capital lease acquisitions	22.6	-	22.6
Certificates of participation issued	16.5	-	16.5
Payments to escrow agents on refunding bonds	(1,192.8)	(126.8)	(1,319.6)
Discount related to new debt issuances	-	(6.1)	(6.1)
Other Financing Sources (Uses) - Other	$ 745.1	$ 13.9	$ 759.0

NOTE 16 – OPERATING LEASES

The State of New Jersey has commitments to lease certain land, buildings, and equipment under arrangements representing operating leases. Future minimum rental commitments for noncancelable operating leases as of June 30, 2010 are as follows (expressed in millions):

Fiscal Year	Amount
2011	$ 33.4
2012	27.9
2013	21.7
2014	17.9
2015	15.5
2016 - 2020	37.4
2021 - 2025	2.6
2026 - 2030	1.4
Total Future Minimum Lease Payments	$ 157.8

NOTE 17 – RETIREMENT SYSTEMS, HEALTH BENEFITS, AND POST-RETIREMENT MEDICAL BENEFITS

A. RETIREMENT SYSTEMS

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all state and local government employees:

Consolidated Police and Firemen's Pension Fund (CPFPF)--established in January 1952, under the provisions of N.J.S.A. 43:16 to provide coverage to municipal police and firemen who were appointed prior to July 1, 1944. The fund is a closed system with no active members.

Judicial Retirement System (JRS)--established in June 1973, under the provisions of N.J.S.A. 43:6A to provide coverage to all members of the State judiciary system. Membership is mandatory for such employees with vesting after five years of successive service as a judge and ten years in the aggregate of public service.

Police and Firemen's Retirement System (PFRS)--established in July 1944, under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police or firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees with vesting occurring after ten years of membership.

Prison Officers' Pension Fund (POPF)--established in January 1941, under the provisions of N.J.S.A. 43:7 to provide coverage to various employees of the State penal institutions who were appointed prior to January 1, 1960. The fund is a closed system with no active members. New employees of the State penal institutions are enrolled in the Police and Firemen's Retirement System.

Public Employees' Retirement System (PERS)--established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State administered retirement system. Membership is mandatory for such employees and vesting occurs after eight to ten years of service for pension benefits and 25 years for post-retirement health care coverage.

State Police Retirement System (SPRS)--established in July 1965, under the provisions of N.J.S.A. 53:5A to provide coverage to all uniformed officers and troopers of the State Police in the State. Membership is mandatory and vesting occurs after ten years of membership.

Teachers' Pension and Annuity Fund (TPAF)--established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after ten years of service for pension benefits and 25 years for post-retirement health care coverage.

Other Pension Funds

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local governmental employers do not appropriate funds to SACT.

The State also administers the Central Pension Fund (CPF) which is a single-employer noncontributory defined benefit plan for special groups which are not included in other State-administered systems.

The State also administers the Pensions Adjustment Fund (PAF) which provides cost of living increases, equal to 60 percent of the change in the average consumer price index, to eligible retirees in some State-sponsored pension systems which are the CPFPF, POPF, and CPF. This benefit is funded by the State as benefit allowances become payable.

The cost of living increase for PFRS, PERS, TPAF, SPRS, and JRS are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems, funds, and trusts. The financial reports may be accessed via the New Jersey Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

Significant Legislation

P.L. 2010, c.1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, special retirement under the PFRS, and employer contributions to the retirement systems.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. For new members of the SPRS and PFRS, the law capped the maximum compensation that can be used to calculate a pension from these plans at the annual wage contribution base for Social Security, and requires the pension to be calculated using a three year average annual compensation instead of the last year's salary. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7th of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

Investment Valuation

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D, and Common Pension Fund E. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPF, JRS, and SPRS) is 66.0 percent with an unfunded actuarial accrued liability of $45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and $30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 72.1 percent and $15.1 billion.

The required supplementary information regarding the funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

The schedule of funding progress in the required supplementary information presents multi-year trend information about whether the actuarial value of plans assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for all the retirement systems except POPF and CPFPF, and (2) 5.45 percent for projected salary increases for all the retirement systems except TPAF, PFRS, and JRS.

Employer and Employee Pension Contributions

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation, with the amount of contributions by the State of New Jersey contingent upon the annual Appropriations Act. As defined, the various retirement systems require employee contributions based on percentages ranging from 3.00 percent to 8.50 percent of employees' annual compensation.

Annual Pension Cost (APC)

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2010 for CPFPF and TPAF, which are cost sharing plans with special funding situations, and for JRS, POPF, and SPRS, which are single employer plans, the annual pension cost differs from the annual required contribution. For PFRS and PERS, which are cost sharing multi-employer defined benefit pension plans, annual pension cost equals contributions made. The annual pension cost for the fiscal year ending June 30, 2010 and related information, including a summary of the significant actuarial methods and assumptions used by the retirement systems, are presented on the following pages.

The calculation of the employer contribution rates on the following pages, for State and Local, for all the retirement systems except PFRS, is the APC divided by the covered payroll in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2008. PFRS used the covered payroll per the actuarial valuation as of June 30, 2007 for this calculation.

		CPFPF	JRS	PFRS
Annual Pension Cost (APC)				
State:	**June 30, 2008**	$ (4,301,717)	$ 27,387,083	$ 133,510,475
	June 30, 2009	(41,617)	30,340,168	20,014,342 *
	June 30, 2010	1,110,290	33,693,313	20,147,000
Local:	**June 30, 2008**	-	-	647,288,920
	June 30, 2009	-	-	696,476,702
	June 30, 2010	-	-	751,395,802
Contributions Made				
State:	**June 30, 2008**	522,176	12,913,890	133,510,475
	June 30, 2009	1,256,398	1,696,843 *	20,014,342 *
	June 30, 2010	364,248	2,228,000	20,147,000
Local:	**June 30, 2008**	-	-	647,288,920
	June 30, 2009	-	-	696,476,702
	June 30, 2010	-	-	751,395,802
Percentage of APC Contributed				
State:	**June 30, 2008**	(12.1)%	47.2%	100.0%
	June 30, 2009	(3,019.0)%	5.6% *	100.0%
	June 30, 2010	32.8%	6.6%	100.0%
Local:	**June 30, 2008**	-	-	100.0%
	June 30, 2009	-	-	100.0%
	June 30, 2010	-	-	100.0%
Net Pension Obligation				
State:	**June 30, 2008**	1,866,415	24,415,697	-
	June 30, 2009	568,400	53,059,022 *	-
	June 30, 2010	1,314,442	84,524,335	-
Local:	**June 30, 2008**	-	-	-
	June 30, 2009	-	-	-
	June 30, 2010	-	-	-
Contribution rates				
State		N/A	50.2%	3.8%
State-related employers		N/A	N/A	25.6%
Employees		N/A	3.0%	8.5%

Significant Actuarial Assumptions and Methods			
Date of actuarial valuation	6/30/09	6/30/09	6/30/09
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar Closed	Level Percent Open	Level Percent Open
Payroll growth rate for amortization	N/A	4.0%	4.0%
Remaining amortization period	1 year	30 years	30 years
Asset valuation method	Five Year Average of Market Value	Five Year Average of Market Value	Five Year Average of Market Value
Actuarial assumptions			
Investment rate of return	2.00%	8.25%	8.25%
Projected salary increases	N/A	4.50%	7.20%
Cost-of-Living adjustments	N/A	1.80%	1.80%

* Restated

		POPF	PERS	SPRS	TPAF
Annual Pension Cost (APC)					
State:	**June 30, 2008**	$ (79,506)	$ 234,560,830	$ 84,618,483	$ 1,626,177,420
	June 30, 2009	(377,664)	49,408,878 *	93,288,971	1,697,374,216
	June 30, 2010	21,555	49,382,647	100,220,381	1,896,879,039
Local:	**June 30, 2008**	-	412,129,536	-	-
	June 30, 2009	-	578,581,071 *	-	-
	June 30, 2010	-	612,113,906	-	-
Contributions Made					
State:	**June 30, 2008**	-	234,560,830	36,443,502	695,275,811
	June 30, 2009	-	49,408,878 *	5,574,860 *	95,863,972 *
	June 30, 2010	-	49,382,647	4,826,000	96,579,654
Local:	**June 30, 2008**	-	412,129,536	-	-
	June 30, 2009	-	578,581,071 *	-	-
	June 30, 2010	-	612,113,906	-	-
Percentage of APC Contributed					
State:	**June 30, 2008**	-	100.0%	43.1%	42.8%
	June 30, 2009	-	100.0%	6.0%*	5.6%*
	June 30, 2010	-	100.0%	4.8%	5.1%
Local:	**June 30, 2008**	-	100.0%	-	-
	June 30, 2009	-	100.0%	-	-
	June 30, 2010	-	100.0%	-	-
Net Pension Obligation					
State:	**June 30, 2008**	(6,370,711)	-	317,804,443	4,414,445,985
	June 30, 2009	(6,748,375)	-	405,518,554 *	6,015,956,229 *
	June 30, 2010	(6,726,820)	-	500,912,935	7,816,255,614
Local:	**June 30, 2008**	-	-	-	-
	June 30, 2009	-	-	-	-
	June 30, 2010	-	-	-	-
Contribution rates					
State		N/A	1.1%	35.7%	20.1%
State-related employers		N/A	8.5%	N/A	N/A
Employees		N/A	5.5% (8.5% for County Prosecutors)	7.5%	5.5%
Significant Actuarial Assumptions and Methods					
Date of actuarial valuation		6/30/09	6/30/09	6/30/09	6/30/09
Actuarial cost method		Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method		Level Dollar Closed	Level Percent Open	Level Percent Open	Level Percent Open
Payroll growth rate for amortization		N/A	4.0%	4.0%	4.0%
Remaining amortization period		1 year	30 years	30 years	30 years
Asset valuation method		Market Value	Five Year Average Market Value	Five Year Average Market Value	Five Year Average Market Value
Actuarial assumptions					
Investment rate of return		5.00%	8.25%	8.25%	8.25%
Projected salary increases		N/A	5.45%	5.45%	5.74%
Cost-of-Living adjustments		N/A	1.80%	1.80%	1.80%

* Restated

The Annual Pension Cost (APC) and Net Pension Obligation (NPO) for the single employer plans and cost sharing plans with special funding situations, which are administered by the State of New Jersey for the fiscal year ending June 30, 2010 are presented below:

	SINGLE EMPLOYER PLANS		
	JRS	**POPF**	**SPRS**
Annual Required Contribution, June 30, 2010	$ 32,540,704	$ (6,726,820)	$ 91,411,237
Interest adjustment on NPO	4,377,369	(337,419)	33,455,281
Adjustment to Annual Required Contribution	(3,224,760)	7,085,794	(24,646,137)
APC as of June 30, 2010	33,693,313	21,555	100,220,381
Total Fiscal Year 2010 Contributions	2,228,000	-	4,826,000
Increase (Decrease) in NPO	31,465,313	21,555	95,394,381
NPO as of June 30, 2009	53,059,022 *	(6,748,375)	405,518,554 *
NPO as of June 30, 2010	$ 84,524,335	$ (6,726,820)	$ 500,912,935

	COST SHARING PLANS WITH SPECIAL FUNDING SITUATIONS		
	CPFPF	**TPAF**	**Total All Plans**
Annual Required Contribution, June 30, 2010	$ 1,678,690	$ 1,796,358,016	$ 1,915,261,827
Interest adjustment on NPO	11,368	496,316,389	533,822,988
Adjustment to Annual Required Contribution	(579,768)	(395,795,366)	(417,160,237)
APC as of June 30, 2010	1,110,290	1,896,879,039	2,031,924,578
Total Fiscal Year 2010 Contributions	364,248	96,579,654	103,997,902
Increase (Decrease) in NPO	746,042	1,800,299,385	1,927,926,676
NPO as of June 30, 2009	568,400	6,015,956,229 *	6,468,353,830 *
NPO as of June 30, 2010	$ 1,314,442	$ 7,816,255,614	$ 8,396,280,506

* Restated

B. HEALTH BENEFITS AND POST-RETIREMENT MEDICAL BENEFITS

As a result of implementing GASB Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other Employee Benefit Trust Funds. Specifically, the SHBP-State, the PDP-State, and the PRM of the PERS are combined and reported as Health Benefits Program Fund-State classified as a single employer plan. The SHBP-Local, the PDP-Local, and the PRM of the TPAF-Local are combined and reported as Health Benefits Program Fund-Local Government classified as a cost-sharing multiple-employer plan. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering substantially all state and local government employees.

Health Benefits Program Fund (HBPF)-Local Education (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

Health Benefits Program Fund (HBPF)-Local Government (including Prescription Drug Program Fund) – Certain local employers who participate in the State Health Benefits Program provide health insurance coverage to

their employees at retirement. Under provisions of P.L. 1997, c.330, the State of New Jersey provides partially funded benefits to local police officers and firefighters who retire with 25 years of service (or on disability) from an employer who does not provide coverage. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. Also, local employees are eligible for the PDP coverage after 60 days of employment.

Health Benefits Program Fund (HBPF)-State (including Prescription Drug Program Fund) – N.J.S.A. 52:14-17.25 provides medical coverage to qualified active and retired participants. Under P.L. 1977, c.136, the State of New Jersey pays for the health insurance coverage of all enrolled retired State employees (regardless of age) whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents. The Prescription Drug Program Fund (PDP**)** was established in December 1974, under N.J.S.A. 52:14-17.29 to provide coverage to employees and their eligible dependents for drugs which under federal or State law may be dispensed only upon a prescription written by a physician. State employees are eligible for PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above funds. The financial reports may be accessed via the Division of Pensions and Benefits website at www.state.nj.us/treasury/pensions.

Basis of Accounting

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

Significant Legislation

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

Investment Valuation

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the State had a $56.8 billion unfunded actuarial accrued liability for OPEB which is made up of $20.5 billion for state active and retired members and $36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The required supplementary information regarding the funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

The schedule of funding progress in the required supplementary information presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

Post-Retirement Medical Benefits Contribution

P.L. 1987, c.384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits, and the State contributed $883.8 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in Fiscal Year 1994.

Commencing on July 1, 1997, State employees attaining 25 years of service credit after this date in a State administered retirement system and those who retire on disability who elect the NJ Direct 10 Plan shall be subject to premium sharing based on the negotiated contracts.

P.L. 1977, c.136, provides for the State's General Fund to pay health benefits on a pay-as-you-go basis for all enrolled retired State employees, regardless of retirement date, under two provisions. The first is for State employees whose pensions are based on 25 years or more of credited service (except those who elect a deferred retirement). The second is for retired State employees who are eligible for a disability retirement regardless of years of service. The State contributed $97.6 million for 7,667 eligible retired members for Fiscal Year 2010. This benefit covers the Police and Firemen's Retirement System, the Prison Officers' Pension Fund, the Judicial Retirement System, the Central Pension Fund, the State Police Retirement System, and the Alternate Benefit Program.

The State is also responsible for the cost attributable to P.L. 1992 c.126 which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid $126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in Fiscal Year 2010.

P.L. 1997, c.330 provides State paid post-retirement health benefits to qualified retirees of the Police and Firemen's Retirement System and the Consolidated Police and Firemen's Pension Fund and to dependents of qualified retirees. The State is responsible for 80 percent of the premium for the category of coverage elected by the retiree under the State managed care plan or a health maintenance organization participating in the program, whichever provides the lower charge. The State contributed $28.8 million in the current year to provide benefits under Chapter 330 to qualified retirees.

Annual OPEB Cost (AOC)

The annual OPEB cost for the fiscal year ending June 30, 2010 and related information, including a summary of the significant actuarial methods and assumptions used by OPEB, are presented below.

The calculation of the employer contributions rates listed below for OPEB is the AOC divided by the covered payroll in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2009.

OPEB - STATE

Annual OPEB Cost (AOC)		
State:	**June 30, 2008**	$ 4,247,000,000
	June 30, 2009	4,646,100,000 *
	June 30, 2010	4,719,500,000
Contributions Made		
State:	**June 30, 2008**	1,069,600,000
	June 30, 2009	1,187,200,000
	June 30, 2010	1,327,000,000
Percentage of AOC Contributed		
State:	**June 30, 2008**	25.2%
	June 30, 2009	25.6%
	June 30, 2010	28.1%
Net OPEB Obligation (NOO)		
State:	**June 30, 2008**	3,177,400,000
	June 30, 2009	6,636,300,000 *
	June 30, 2010	10,028,800,000
Contribution rates		
State		22.7%
Employees		N/A

Significant Actuarial Assumptions and Methods	
Date of actuarial valuation	6/30/2009
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percent Open
Payroll growth rate for amortization	4.00%
Remaining amortization period	30 years
Asset valuation method	Market Value
Actuarial assumptions	
Investment rate of return	4.50% (assuming no prefunding)
Projected salary increases	N/A
Cost-of-Living Adjustments	N/A

For medical benefits, the healthcare cost trend rate assumption initially is at 8.5 percent or 9.5 percent (depending on the medical plan) and decreases to a 5.0 percent long-term trend rate for all medical benefits after ten years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 10.5 percent, decreasing to a 5.0 percent long-term trend rate after eleven years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 5.5 percent throughout ten years.

The AOC and NOO for the State-funded post-retirement medical obligations for the fiscal year ending June 30, 2010 are presented below:

AOC as of June 30, 2010	$ 4,719,500,000
Total Fiscal Year 2010 Contributions	1,327,000,000
Increase in NOO	3,392,500,000
NOO as of June 30, 2009	6,636,300,000 *
NOO as of June 30, 2010	$ 10,028,800,000

* Restated

NOTE 18 – COMPONENT UNITS

A. Authorities

The Authorities are legally separate entities that are managed independently, outside the appropriated budget process, and their powers generally are vested in a governing board. Authorities are established for a variety of purposes for the benefit of the State's citizenry, such as financing economic development, public transportation, low cost housing, environmental protection, and capital development for health and education. In addition, they are not subject to State constitutional restrictions on the incurrence of debt, which apply to the State itself, and may issue bonds and notes within legislatively authorized amounts.

The Governor, with the approval of the State Senate, appoints the members of the board of most Authorities. Authorities generally submit annual reports to the Governor, the State Legislature, and the Director, Division of Budget and Accounting on their operations and finances accompanied by an independent auditor's report thereon. Authorities also submit to the Governor and the State Legislature annual budget information on operations and capital construction. The Governor has from time to time exercised the statutory power to veto actions.

The activities of 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 have been blended into the financial activities of the State as special revenue funds. All other Authorities have been discretely presented as major and non-major component units in the State's financial statements in accordance with GASB Statement No. 14, *The Financial Reporting Entity*.

These component units are included in the State's reporting entity because of the significance of their operational or financial relationship with the State. The financial statements for the authorities are derived from their most recently issued financial statements. Descriptions of the discretely presented Authorities and addresses from which separately issued audited financial statements and accompanying notes may be obtained are provided below:

Casino Reinvestment Development Authority (N.J.S.A. 5:12-153)
1014 Atlantic Avenue, P.O. Box 749
Atlantic City, New Jersey 08401
www.njcrda.com

The Authority was created to maintain public confidence in the casino gaming industry as a tool of urban redevelopment throughout New Jersey and to directly facilitate the redevelopment of blighted areas by providing eligible projects in which licensees (casinos) can invest. The Authority encourages investment in, or financing of, projects which are made as part of a comprehensive plan to improve blighted areas or are targeted to benefit low through middle income residents. The Authority is also responsible for promoting the tourist industry in New Jersey, especially in Atlantic County.

Higher Education Student Assistance Authority (N.J.S.A. 18A:71A-1 et. seq.)
4 Quakerbridge Plaza, P.O. Box 545
Trenton, New Jersey 08625-0545
www.hesaa.org

This Authority was established to provide a single agency for the coordination and delivery of student financial assistance in the State. The Authority serves as the Guaranty Agency for the Federal Family Education Loan (FFEL) Program and the issuer of State of New Jersey College Loans to Assist State Students (NJCLASS) supplementary loan program. The Authority also administers the State Tuition Aid Grants (TAG), scholarship programs, the State College Savings Program, known as the New Jersey Better Educational Savings Trust (NJBEST), and the World Trade Center Scholarship Fund.

New Jersey Economic Development Authority (N.J.S.A. 34:1B-4)
36 West State Street, P.O. Box 990
Trenton, New Jersey 08625
www.njeda.com

The New Jersey Economic Development Authority is authorized to arrange long term, low interest financing, and other forms of assistance to private firms and companies for the purpose of maintaining and expanding employment opportunities and enlarging state and local government's tax base.

New Jersey Educational Facilities Authority (N.J.S.A. 18A:72A-4)
103 College Road East, 2nd Floor
Princeton, New Jersey 08540-6612
www.njefa.com

The New Jersey Educational Facilities Authority provides a means for New Jersey public and independent colleges and universities to construct additional facilities through the financial resources of a public authority empowered to sell its debt instruments (bonds, notes, and other obligations). The Authority may finance academic and auxiliary facilities for the public and independent institutions of higher education.

New Jersey Environmental Infrastructure Trust (N.J.S.A. 58:11B-4)
3131 Princeton Pike - Building 6, Suite 201
Lawrenceville, New Jersey 08648
www.njeit.org

The New Jersey Environmental Infrastructure Trust provides low-cost financing for the construction of environmental infrastructure projects that enhance and protect ground and surface water resources, ensure the safety of drinking water supplies, and make possible responsible and sustainable economic development.

Working in partnership with the New Jersey Department of Environmental Protection, the Trust has devised a system to leverage the funds available from the federal government to make money available at the lowest possible cost. The financing program has provided funds to local and county government units and some private water companies to finance wastewater systems, combined sewer overflow abatement, nonpoint source pollution control, safe drinking water supplies, and open space acquisition.

New Jersey Health Care Facilities Financing Authority (N.J.S.A. 26:2I-4)
South Clinton and Yard Avenues, Station Plaza Bldg. #4
P.O. Box 366
Trenton, New Jersey 08625
www.njhcffa.com

The New Jersey Health Care Facilities Financing Authority provides low-cost capital financing for the public and private not-for-profit health care institutions of the State.

New Jersey Housing and Mortgage Finance Agency (N.J.S.A. 55:14K-4)
637 South Clinton Avenue, P.O. Box 18550
Trenton, New Jersey 08650-2085
www.state.nj.us/dca/hmfa

The Housing and Mortgage Finance Agency makes mortgage and improvement loans to nonprofit and limited dividend sponsors for the construction or major rehabilitation of rental apartment housing for low and moderate income families and senior citizens. In addition to providing financing, the Agency monitors and provides technical support in the planning, construction, and management of all developments in its portfolio. Its mortgage loan funds come from the sale of tax-exempt revenue bonds.

In promoting the availability of affordable homeownership financing, the Agency also provides low interest mortgage and improvement loans to eligible residents throughout the State. Proceeds from the sale of tax-exempt mortgage revenue bonds enable the Agency to finance the purchase and improvement of one to four unit residences.

New Jersey Meadowlands Commission (N.J.S.A. 13:17-5)
1 DeKorte Park Plaza
Lyndhurst, New Jersey 07071
www.njmeadowlands.gov

The New Jersey Meadowlands Commission is the planning and zoning agency for the reclaiming, planning, development, redevelopment, and enhancement, including open space acquisition of the 19,730 acre Meadowlands District. The District consists of waterways, tidal flow lands, woodlands, marsh, and meadows contained within portions of 14 municipalities and two counties; Bergen and Hudson. Through the issuance, if needed, of tax-exempt bonds and notes, the Commission is able to raise needed funds.

New Jersey Redevelopment Authority (P.L. 1996, c.62)
150 West State Street, P.O. Box 790
Trenton, New Jersey 08625
www.njra.us

The New Jersey Redevelopment Authority provides assistance in the redevelopment and revitalization of New Jersey cities. The Authority provides financial, managerial, and technical assistance to persons, firms, or corporations that wish to undertake industrial, commercial, or civic projects within qualified municipalities.

New Jersey Sports and Exposition Authority (N.J.S.A. 5:10-4)
50 State Route 120
East Rutherford, New Jersey 07073
www.njsea.com

The New Jersey Sports and Exposition Authority is engaged in the business of owning, operating, and managing sports, entertainment, wagering, and convention facilities throughout the State. It has been responsible for the financing, construction, and management of the Meadowlands Racetrack, the Izod Center, and the new stadium. The Authority is charged with the responsibility to own, operate, and build various facilities, located in the State, including the Atlantic City Convention and Visitors Authority, for athletic and entertainment events, trade shows, and other expositions, and is authorized to issue bonds and notes and to provide the terms and security thereof.

New Jersey Transit Corporation (N.J.S.A. 27:25-1)
One Penn Plaza East
Newark, New Jersey 07105
www.njtransit.com

New Jersey Transit Corporation (NJ TRANSIT) is empowered to acquire, own, operate, and contract for the operation of public transportation services. NJ TRANSIT receives operating subsidies principally from the State by legislative appropriation and the Federal Government by defined formula grants under the Federal Transit Administration. These government grants are used to support the operation of public transportation services. NJ TRANSIT provides these services through the operation of bus and commuter rail subsidiaries. NJ TRANSIT also contracts with several motor bus carriers for certain transportation services. Under these contracts, NJ TRANSIT has the right to set fares and coordinate service levels and schedules. In addition, NJ TRANSIT contracts with the National Railroad Passenger Corporation (Amtrak) for the use of Amtrak's northeast corridor, including propulsion costs and the cost of maintaining right-of-way.

New Jersey Turnpike Authority (N.J.S.A. 27:23-3)
581 Main Street, P.O. Box 5042
Woodbridge, New Jersey 07095-5042
www.state.nj.us/turnpike

The New Jersey Turnpike Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations established by law. Furthermore, the Authority may issue turnpike revenue bonds or notes of the Authority, subject to prior approval by the Governor and by either or both the State Treasurer and Director, Division of Budget and Accounting, payable solely from tolls and other revenues of the Authority. Effective July 9, 2003, the New Jersey Highway Authority merged and became part of the New Jersey Turnpike Authority.

New Jersey Water Supply Authority (N.J.S.A. 58:1B-4)
1851 State Route 31, P.O. Box 5196
Clinton, New Jersey 08809
www.njwsa.org

The New Jersey Water Supply Authority is authorized to acquire, finance, construct, and operate water supply systems. The Authority currently operates and maintains the Delaware and Raritan Canal Transmission Center, the Spruce Run/Round Valley Reservoirs Complex, and the Manasquan Reservoir Water Supply System. The Authority may, upon the request of a municipality, county, the State, or agencies thereof, enter into a contract to provide services for any water system project. All projects undertaken by the Authority shall conform to the recommendations of the New Jersey Statewide Water Supply Plan. Bonds of the Authority may be issued to finance these projects and the debt service on the bonds is payable from the revenues and other funds of the Authority.

South Jersey Port Corporation (N.J.S.A. 12:11A-1)
Second and Beckett Streets
Camden, New Jersey 08103
www.southjerseyport.com

The South Jersey Port Corporation is empowered to establish, acquire, construct, rehabilitate, improve, operate, and maintain marine terminals in the South Jersey Port District, including Mercer, Burlington, Camden, Gloucester, Salem, Cumberland, and Cape May counties. To this end, the Corporation may issue tax-exempt revenue bonds subject to the provisions and restrictions of its Marine Terminal Bond Resolution, which mandates the distribution of funds to various Port Corporation funds.

South Jersey Transportation Authority (P.L. 1991, c.252)
Farley Service Plaza, P.O. Box 351
Hammonton, New Jersey 08037
www.sjta.com

The South Jersey Transportation Authority is authorized and empowered to acquire, construct, maintain, operate, and support transportation projects including the Atlantic City Expressway, the Atlantic City International Airport terminal, and the parking facilities in Atlantic City. The Authority may issue revenue bonds or notes of the Authority subject to prior approval by the Governor and by either or both the State Treasurer and Director, Division of Budget and Accounting, payable solely from tolls and other revenues of the Authority.

B. Colleges and Universities

As a result of P.L. 1986, c.42 and c.43, State colleges, whose revenues and expenditures were previously accounted for in the General Fund of the State of New Jersey, were given autonomous status effective July 1, 1987.

The financial statements of the colleges and universities have been prepared in accordance with GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. These component units are included in the State's reporting entity due to the significance of their operational or financial relationships and fiscal dependency with the State. The colleges and universities are funded through State appropriations, tuition, federal grants, and private donations and grants. Their statements have been discretely presented in the statement of net assets and the statement of activities. They are presented in two categories, major and non-major. This distinction is determined by the relative size of an entity's assets, liabilities, revenues, and expenditures in relation to the total of all the colleges and universities. Pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, all of the State colleges and universities' financial statements include the financial activity related to foundations and other similar organizations within the colleges and universities.

Separately issued independent audited financial statements and accompanying notes may be directly obtained from the colleges and universities. Addresses and websites of the colleges and universities are as follows:

The College of New Jersey
(N.J.S.A. 18A:62-1)
2000 Pennington Road
Ewing, New Jersey 08628
www.tcnj.edu

Kean University
(N.J.S.A. 18A:62-1)
1000 Morris Avenue
Union, New Jersey 07083
www.kean.edu

Montclair State University
(N.J.S.A. 18A:62-1)
One Normal Avenue
Upper Montclair, New Jersey 07043
www.montclair.edu

The Richard Stockton College of New Jersey
(N.J.S.A. 18A:62-1)
P.O. Box 195
Pomona, New Jersey 08420
www2.stockton.edu

Rowan University
(N.J.S.A. 18A:62-1)
201 Mullica Hill Road
Glassboro, New Jersey 08028
www.rowan.edu

Rutgers, The State University of New Jersey
(N.J.S.A. 18A:65-12)
65 Davidson Road
Piscataway, New Jersey 08854
www.rutgers.edu

New Jersey City University
(N.J.S.A. 18A:62-1)
2039 Kennedy Boulevard
Jersey City, New Jersey 07305-1597
www.njcu.edu

New Jersey Institute of Technology
(N.J.S.A. 18A:64E-4)
323 Dr. Martin Luther King Jr. Boulevard
University Heights
Newark, New Jersey 07102
www.njit.edu

Ramapo College of New Jersey
(N.J.S.A. 18A:62-1)
505 Ramapo Valley Road
Mahwah, New Jersey 07430
www.ramapo.edu

Thomas Edison State College
(N.J.S.A. 18A:62-1)
101 West State Street
Trenton, New Jersey 08608
www.tesc.edu

University of Medicine and Dentistry of New Jersey
(N.J.S.A. 18A:64G-4)
335 George Street, 4th Floor
New Brunswick, New Jersey 08903
www.umdnj.edu

The William Paterson University of New Jersey
(N.J.S.A. 18A:62-1)
358 Hamburg Turnpike
Wayne, New Jersey 07470
www.wpunj.edu

NOTE 19 - CONTINGENT LIABILITIES

General Fund

At any given time, there are various numbers of tort, contract, and other claims and cases pending against the State, State agencies, and employees, seeking recovery of monetary damages. The claims filed can represent significant amounts and include, but are not limited to, issues regarding pensions and education funding. The majority of these claims have historically proven to be substantially less value than originally claimed. The State does not formally estimate its reserve representing potential exposure for these claims and cases. As of June 30, 2010, the exact amount involved in these legal proceedings is not fully determinable.

Unapplied overpayments of Corporate Business Tax are recorded when a final determination is made as to the ultimate disposition of the overpayment. These overpayments only become a liability based upon a taxpayer filing a request for the refund. As of June 30, 2010 there was approximately $276.0 million of overpayments.

New Jersey Lawyers' Fund for Client Protection

Claims of approximately $14.7 million have been filed against this Fund by individuals and companies seeking reimbursement for losses resulting from the alleged dishonest conduct by members of the Bar of the State of New Jersey. Under present rules and regulations of the Fund, the total maximum amount that may be awarded from this Fund is $4.0 million. The ultimate disposition of these claims is not determinable at this time.

New Jersey Spill Compensation Fund

Various claims totaling approximately $44.0 million have been filed against this Fund by third parties for damages caused by spills. In addition, there are a number of similar claims for unspecified dollar amounts which are pending. The ultimate disposition of these claims is not determinable at this time.

Property Tax Relief Fund

Unapplied overpayments of Gross Income Tax are recorded when a final determination is made as to the ultimate disposition of the overpayment. These overpayments only become a liability based upon a taxpayer filing a request for the refund. As of June 30, 2010 there were approximately $811.0 million of overpayments.

Sanitary Landfill Facility Contingency Fund

Various claims totaling approximately $19.0 million have been filed against this Fund by individuals, local municipalities, and school districts. In addition, there are a number of similar claims for unspecified dollar amounts which are pending. The ultimate disposition of these claims is not determinable at this time.

Tobacco Settlement Financing Corporation, Inc.

In 2006 through 2010 certain of the tobacco companies withheld a portion of their annual payment claiming that the settling states, of which the State is one, did not diligently enforce a statute (the "Model Statute") in 2003 through 2006 which requires tobacco companies that did not enter into the settlement to make certain payments for in-state tobacco product sales. In the event that the State is determined to not have diligently enforced the Model Statute in any year, the State faces a reduction in the amount of annual payments it receives in the subsequent years. In July 2010, the participating manufacturers filed a statement of claim before an arbitration panel regarding the 2003 non-participating manufacturers adjustment. This places New Jersey's 2003 MSA payment at risk, with a potential reduction between $35.0 million and $185.0 million. For 2004 through 2009, New Jersey's MSA payments are at risk, with a potential liability of between $200.0 million and $1.6 billion if it is found to not have diligently enforced its Model Statute. Ultimately, New Jersey expects to be able to prove that it diligently enforced its Model Statute.

University of Medicine and Dentistry of New Jersey – Self Insurance Reserve Fund

The State has the ultimate liability for tort and malpractice claims in excess of the resources of the Fund.

Capital Projects Funds

Due to delays in construction and design problems, various claims for damages have been filed with respect to the Special Transportation Fund in the amount of $22.7 million. Fund management is presently evaluating the claims. There has been no determination as to the ultimate amount for which this Fund will be liable.

Federal Programs

Under the terms of various grant awards, expenditures from Federal funds are subject to audit. As of June 30, 2010, audits of expenditures for Fiscal Year 2009 and prior years may not be completed. Disallowances which may result from these audits are not determinable at this time. As of June 30, 2010, it is management's opinion that disallowances, if any, would not be material.

NOTE 20 – SUBSEQUENT EVENTS

Short-term Debt

For Fiscal Year 2011, the State authorized the issuance of short-term debt. The short-term debt is to be used to provide effective cash flow management to fund the imbalances that occur in the collection of revenues and the disbursement of appropriations. On September 1, 2010 the State issued $2.25 billion of tax and revenue anticipation notes that bear an interest rate of 2.0 percent per annum. The notes have a June 23, 2011 final maturity. The State may issue additional short-term debt in Fiscal Year 2011.

Long-term Obligations

On July 14, 2010 the State of New Jersey issued $94.5 million of general obligation bonds through a private placement. Interest on the bonds is payable at final maturity, November 15, 2010 at a rate of 2.0 percent. These bonds were refunded on October 13, 2010. On October 13, 2010 the State of New Jersey issued $586.6 million of general obligation refunding bonds which included a tax exempt series of $523.3 million and a taxable series totaling $63.3 million. Interest is payable semi-annually on February 15 and August 15, commencing on August 15, 2011. Final maturity on the bonds is August 15, 2021. On November 17, 2010 the State of New Jersey issued $82.6 million of tax exempt general obligation refunding bonds. Interest is payable semi-annually on February 15 and August 15, commencing on August 15, 2011. Final maturity of the bonds is February 15, 2016.

On October 21, 2010 the New Jersey Transportation Trust Fund Authority issued $1.0 billion of its Transportation System Bonds, 2010 Series C to provide funds for various transportation system improvements undertaken by the New Jersey Department of Transportation and the New Jersey Transit Corporation. The 2010 Series C were issued as fixed rate debt. Interest on the bonds is payable semi-annually on June 15 and December 15, commencing on December 15, 2010. The final maturity of the bonds is December 15, 2028. On October 21, 2010 the New Jersey Transportation Trust Fund Authority issued $500.0 million of its Transportation System Refunding Bonds, Series 2010 D and Series 2010 E. The 2010 Series D and 2010 Series E were issued as fixed rate debt. Interest on the bonds is payable semi-annually on June 15th and December 15th, commencing on December 15, 2010. The final maturity of the bonds is December 15, 2024.

Component Unit – New Jersey Transit Corporation

The Federal Transit Administration (FTA) has sent a letter to the New Jersey Transit Corporation (NJ Transit) demanding the immediate repayment of $271 million of federal funds that NJ Transit received from the FTA and has spent on the trans-Hudson Access to the Region's Core (ARC) Tunnel Project to date, plus reasonable interest and penalty charges. The ARC Tunnel Project was cancelled at the Governor's direction due to concerns over projected cost overruns in excess of the project budget of $8.7 billion. The FTA cites a provision of Title 49 of the U.S.Code which requires the repayment of federal payments made under early system work agreements where the recipient does not carry out a project for reasons within its control. NJ Transit is currently reviewing the FTA letter. The State is vigorously defending this matter.

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

Required Supplementary Information

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR JUNE 30, 2010

	General Fund			
	Original Budget	**Final Budget**	**Actual Amounts (Budgetary Basis)**	**Variance with Final Budget**
REVENUES				
Taxes	$ 14,105,500,000	$ 13,108,600,000	$ 13,165,444,088	$ 56,844,088
Federal and other grants	13,277,962,794	13,751,645,563	11,837,266,091	(1,914,379,472)
Licenses and fees	1,171,125,869	1,106,496,942	1,122,043,710	15,546,768
Services and assessments	2,210,429,042	2,075,155,098	1,628,392,659	(446,762,439)
Investment earnings	40,000	3,245,470	3,220,951	(24,519)
Contributions	2,000	2,000	2,381	381
Other	3,515,373,252	3,383,731,987	2,113,763,893	(1,269,968,094)
Total Revenues	34,280,432,957	33,428,877,060	29,870,133,773	(3,558,743,287)
OTHER FINANCING SOURCES				
Transfers from other funds	2,266,154,000	2,760,565,987	2,753,990,971	(6,575,016)
Total Other Financing Sources	2,266,154,000	2,760,565,987	2,753,990,971	(6,575,016)
Total Revenues and Other Financing Sources	36,546,586,957	36,189,443,047	32,624,124,744	(3,565,318,303)
EXPENDITURES				
Public safety and criminal justice	3,756,893,726	3,722,971,812	3,213,487,807	509,484,005
Physical and mental health	11,113,883,849	11,336,761,753	10,741,681,101	595,080,652
Educational, cultural, and intellectual development	6,346,588,375	5,977,420,022	5,869,888,283	107,531,739
Community development and environmental management	2,241,521,307	2,261,048,534	1,434,006,896	827,041,638
Economic planning, development, and security	5,239,821,624	5,291,260,085	4,540,003,233	751,256,852
Transportation programs	513,984,631	538,862,429	469,966,154	68,896,275
Government direction, management, and control	5,598,925,900	5,617,238,766	5,275,071,621	342,167,145
Special government services	473,345,810	472,866,266	346,611,385	126,254,881
Total Expenditures	35,284,965,222	35,218,429,667	31,890,716,480	3,327,713,187
OTHER FINANCING USES				
Transfers to other funds	1,495,031,381	1,082,451,380	1,023,851,382	58,599,998
Total Other Financing Uses	1,495,031,381	1,082,451,380	1,023,851,382	58,599,998
Total Expenditures and Other Financing Uses	36,779,996,603	36,300,881,047	32,914,567,862	3,386,313,185
Net change in fund balance	(233,409,646)	(111,438,000)	(290,443,118)	(179,005,118)
Fund Balances - July 1, 2009	734,167,000	614,179,570	614,179,570	-
Fund Balances - June 30, 2010	$ 500,757,354	$ 502,741,570	$ 323,736,452	$ (179,005,118)

Property Tax Relief Fund

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
$ 10,754,947,471	$ 10,558,254,471	$ 10,917,788,982	$ 359,534,511
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
10,754,947,471	10,558,254,471	10,917,788,982	359,534,511
464,000,000	35,796,000	-	(35,796,000)
464,000,000	35,796,000	-	(35,796,000)
11,218,947,471	10,594,050,471	10,917,788,982	323,738,511
-	-	-	-
-	-	-	-
9,212,876,225	8,642,671,044	8,910,676,475	(268,005,431)
559,705,567	540,458,939	546,091,658	(5,632,719)
-	-	-	-
-	-	-	-
1,446,365,679	1,410,920,488	1,450,964,706	(40,044,218)
-	-	-	-
11,218,947,471	10,594,050,471	10,907,732,839	(313,682,368)
-	-	-	-
-	-	-	-
11,218,947,471	10,594,050,471	10,907,732,839	(313,682,368)
-	-	10,056,143	10,056,143
-	-	-	-
$ -	$ -	$ 10,056,143	$ 10,056,143

(Continued on next page)

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR JUNE 30, 2010

	Total Major Governmental Funds			
	Original Budget	**Final Budget**	**Actual Amounts (Budgetary Basis)**	**Variance with Final Budget**
REVENUES				
Taxes	$ 24,860,447,471	$ 23,666,854,471	$ 24,083,233,070	$ 416,378,599
Federal and other grants	13,277,962,794	13,751,645,563	11,837,266,091	(1,914,379,472)
Licenses and fees	1,171,125,869	1,106,496,942	1,122,043,710	15,546,768
Services and assessments	2,210,429,042	2,075,155,098	1,628,392,659	(446,762,439)
Investment earnings	40,000	3,245,470	3,220,951	(24,519)
Contributions	2,000	2,000	2,381	381
Other	3,515,373,252	3,383,731,987	2,113,763,893	(1,269,968,094)
Total Revenues	45,035,380,428	43,987,131,531	40,787,922,755	(3,199,208,776)
OTHER FINANCING SOURCES				
Transfers from other funds	2,730,154,000	2,796,361,987	2,753,990,971	(42,371,016)
Total Other Financing Sources	2,730,154,000	2,796,361,987	2,753,990,971	(42,371,016)
Total Revenues and Other Financing Sources	47,765,534,428	46,783,493,518	43,541,913,726	(3,241,579,792)
EXPENDITURES				
Public safety and criminal justice	3,756,893,726	3,722,971,812	3,213,487,807	509,484,005
Physical and mental health	11,113,883,849	11,336,761,753	10,741,681,101	595,080,652
Educational, cultural, and intellectual development	15,559,464,600	14,620,091,066	14,780,564,758	(160,473,692)
Community development and environmental management	2,801,226,874	2,801,507,473	1,980,098,554	821,408,919
Economic planning, development, and security	5,239,821,624	5,291,260,085	4,540,003,233	751,256,852
Transportation programs	513,984,631	538,862,429	469,966,154	68,896,275
Government direction, management, and control	7,045,291,579	7,028,159,254	6,726,036,327	302,122,927
Special government services	473,345,810	472,866,266	346,611,385	126,254,881
Total Expenditures	46,503,912,693	45,812,480,138	42,798,449,319	3,014,030,819
OTHER FINANCING USES				
Transfers to other funds	1,495,031,381	1,082,451,380	1,023,851,382	58,599,998
Total Other Financing Uses	1,495,031,381	1,082,451,380	1,023,851,382	58,599,998
Total Expenditures and Other Financing Uses	47,998,944,074	46,894,931,518	43,822,300,701	3,072,630,817
Net change in fund balance	(233,409,646)	(111,438,000)	(280,386,975)	(168,948,975)
Fund Balances - July 1, 2009	734,167,000	614,179,570	614,179,570	-
Fund Balances - June 30, 2010	$ 500,757,354	$ 502,741,570	$ 333,792,595	$ (168,948,975)

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Property Tax Relief Fund
Sources/inflows of resources:		
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	$ 32,624,124,744	$ 10,917,788,982
Differences - budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	981,689,996	-
Federal revenue related to encumbrances is a budgetary resource but is not earned on a GAAP basis.	(256,071,235)	-
Proceeds and premiums from the sale of school construction bonds by the Economic Development Authority are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	1,871,745,230	-
Proceeds and premiums from the sale of general obligation refunding bonds are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	27,064,765	-
Proceeds and premiums from the sale of installment obligation bonds including refundings are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	39,129,234	-
Revenue transferred from Long Term Obligation and Capital Expenditure Fund is a budgetary resource but is not revenue for financial reporting purposes.	(103,730,332)	-
Revenues in other funds are not inflows of budgetary resources but have been incorporated into revenues for financial reporting purposes.	5,105,121	-
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 35,189,057,523	$ 10,917,788,982

GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:

Total revenues	$ 30,777,686,614
Transfers from other funds	2,473,431,680
Other sources	1,937,939,229
Total revenues and other financing sources	$ 35,189,057,523

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	General Fund	Property Tax Relief Fund
Uses/outflows of resources:		
Total expenditures and other financing uses - actual amounts (budgetary basis) from the budgetary comparison schedule	$ 32,914,567,862	$ 10,907,732,839
Differences - budget to GAAP:		
Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items are received for financial reporting purposes.	(1,292,744,325)	(1,545,489)
Expenditures in prior budget fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for financial reporting purposes.	1,107,496,638	1,742,883
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	34,724,773	-
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	981,689,996	-
School construction bonds proceeds distributed to the New Jersey Schools Development Authority are not outflows of budgetary resources but are expenditures and other financing uses for financial reporting purposes.	1,871,745,230	-
Installment obligation refunding bonds proceeds deposited with fiscal agent are not outflows of budgetary resources but are expenditures and other financing uses for financial reporting purposes.	27,064,765	-
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	39,129,234	-
Expenditures in the Long Term Obligation and Capital Expenditure Fund are not an outflow of budgetary resources but are expenditures for financial reporting purposes.	(74,875,713)	-
Expenditures in other funds are not outflows of budgetary resources but have been incorporated into expenditures for financial reporting purposes.	80,260	-
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 35,608,878,720	$ 10,907,930,233

GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:	
Total expenditures	$ 32,638,456,069
Transfers to other funds	1,777,613,318
Other uses	1,192,809,333
Total expenditures and other financing uses	$ 35,608,878,720

Budgetary Process

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

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
PENSION TRUST FUNDS AND HEALTH BENEFITS PROGRAM FUND

Plan/Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
OPEB - State						
June 30, 2007	-	50,649,500,000	50,649,500,000	-	-	N/A
June 30, 2008	-	55,913,500,000	55,913,500,000	-	20,180,200,000	277.1%
June 30, 2009	-	56,782,500,000	56,782,500,000	-	20,794,400,000	273.1%
PERS - State						
June 30, 2007	11,024,255,608	16,028,875,601	5,004,619,993	68.8%	4,434,933,181	112.8%
June 30, 2008	11,200,668,671	17,072,702,680	5,872,034,009	65.6%	4,609,019,779	127.4%
June 30, 2009	10,692,585,100	18,947,194,579	8,254,609,479	56.4%	4,627,092,235	178.4%
PERS - Local						
June 30, 2007	17,690,520,507	21,764,214,593	4,073,694,086	81.3%	6,983,534,635	58.3%
June 30, 2008	18,217,749,414	23,173,183,973	4,955,434,559	78.6%	7,206,781,046	68.8%
June 30, 2009	18,165,648,669	25,523,208,576	7,357,559,907	71.2%	7,368,354,906	99.9%
TPAF						
June 30, 2007	36,714,578,745	49,161,247,363	12,446,668,618	74.7%	9,077,628,813	137.1%
June 30, 2008	36,664,627,629	51,754,814,521	15,090,186,892	70.8%	9,419,083,203	160.2%
June 30, 2009	34,838,211,259	54,576,061,024	19,737,849,765	63.8%	9,747,020,060	202.5%
PFRS - State						
June 30, 2007	2,215,697,407	3,426,631,813	1,210,934,406	64.7%	527,556,519	229.5%
June 30, 2008	2,316,017,361	3,749,118,910	1,433,101,549	61.8%	527,495,741	271.7%
June 30, 2009	2,254,766,935	3,993,259,480	1,738,492,545	56.5%	525,862,047	330.6%
PFRS - Local						
June 30, 2007	19,500,229,156	24,562,195,443	5,061,966,287	79.4%	2,932,283,180	172.6%
June 30, 2008	20,437,541,909	26,871,106,532	6,433,564,623	76.1%	3,068,758,436	209.6%
June 30, 2009	20,724,453,343	28,448,841,765	7,724,388,422	72.8%	3,147,812,476	245.4%
SPRS						
June 30, 2007	2,066,754,160	2,485,649,230	418,895,070	83.1%	275,301,995	152.2%
June 30, 2008	2,127,263,509	2,609,164,869	481,901,360	81.5%	281,087,566	171.4%
June 30, 2009	2,063,962,877	2,825,455,568	761,492,691	73.0%	287,267,502	265.1%
JRS						
June 30, 2007	379,364,939	524,970,330	145,605,391	72.3%	63,144,685	230.6%
June 30, 2008	380,964,713	553,284,647	172,319,934	68.9%	67,159,516	256.6%
June 30, 2009	354,399,646	594,043,375	239,643,729	59.7%	70,133,372	341.7%
CPFPF						
June 30, 2007	19,336,247	21,090,186	1,753,939	91.7%	-	N/A
June 30, 2008	15,705,984	17,319,488	1,613,504	90.7%	-	N/A
June 30, 2009	13,515,949	14,024,132	508,183	96.4%	-	N/A
POPF						
June 30, 2007	13,499,361	7,378,386	(6,120,975)	183.0%	-	N/A
June 30, 2008	12,890,441	6,789,017	(6,101,424)	189.9%	-	N/A
June 30, 2009	11,986,919	6,136,441	(5,850,478)	195.3%	-	N/A

Note: The 6/30/2009 Pension Actuarial Reports are available at http://www.state.nj.us/treasury/pensions/actuarial-rpts.htm.

Combining

Financial Statements

Non-Major Funds

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	$ 162,273,432	$ 2,411,887	$ 164,685,319
Investments	3,849,570,628	31,531,670	3,881,102,298
Receivables, net of allowances for uncollectibles			
Federal government	-	105,424,913	105,424,913
Departmental accounts	375,427,606	462,849	375,890,455
Loans	1,486,162,601	5,000,000	1,491,162,601
Other	240,027,160	64,321,987	304,349,147
Due from other funds	199,952,748	384,396,398	584,349,146
Other	98,789	-	98,789
Total Assets	$ 6,313,512,964	$ 593,549,704	$ 6,907,062,668
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ 718,678,778	$ 202,387,803	$ 921,066,581
Deferred revenue	159,201,552	-	159,201,552
Due to other funds	797,194,742	306,676,095	1,103,870,837
Other	28,477,805	-	28,477,805
Total Liabilities	1,703,552,877	509,063,898	2,212,616,775
Fund Balances			
Reserved for:			
Encumbrances	1,069,720,817	55,579,213	1,125,300,030
Other	1,877,005,243	5,000,000	1,882,005,243
Unreserved:			
Designated-continuing appropriations	1,618,522,823	28,906,593	1,647,429,416
Designated-unrealized gains	698,421	-	698,421
Undesignated	44,012,783	(5,000,000)	39,012,783
Total Fund Balances	4,609,960,087	84,485,806	4,694,445,893
Total Liabilities and Fund Balances	$ 6,313,512,964	$ 593,549,704	$ 6,907,062,668

STATE OF NEW JERSEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES			
Taxes	$ 1,775,436,618	$ -	$ 1,775,436,618
Federal and other grants	144,097,653	885,623,284	1,029,720,937
Licenses and fees	117,324,430	-	117,324,430
Services and assessments	1,066,213,420	683,491	1,066,896,911
Investment earnings	26,687,244	407,626	27,094,870
Contributions	7,506	-	7,506
Other	489,343,848	-	489,343,848
Total Revenues	3,619,110,719	886,714,401	4,505,825,120
EXPENDITURES			
Current:			
Public safety and criminal justice	92,215,676	22,136,258	114,351,934
Physical and mental health	315,224,433	59,470	315,283,903
Educational, cultural, and intellectual development	587,245,978	4,897	587,250,875
Community development and environmental management	344,694,256	-	344,694,256
Economic planning, development, and security	1,210,590,848	67,656	1,210,658,504
Transportation programs	27,891,212	2,612,430,832	2,640,322,044
Government direction, management, and control	291,285,585	4,834	291,290,419
Special government services	175,642	-	175,642
Debt Service:			
Principal	347,325,000	-	347,325,000
Interest	732,197,510	-	732,197,510
Total Expenditures	3,948,846,140	2,634,703,947	6,583,550,087
Excess (deficiency) of revenues over expenditures	(329,735,421)	(1,747,989,546)	(2,077,724,967)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,365,903,361	-	1,365,903,361
Transfers from other funds	1,915,012,850	1,725,395,510	3,640,408,360
Transfers to other funds	(3,279,615,864)	(109,094)	(3,279,724,958)
Other sources	146,763,883	-	146,763,883
Other uses	(132,843,927)	-	(132,843,927)
Total other financing sources (uses)	15,220,303	1,725,286,416	1,740,506,719
Net Change in Fund Balance	(314,515,118)	(22,703,130)	(337,218,248)
Fund Balances - July 1, 2009	4,924,475,205	107,188,936	5,031,664,141
Fund Balances - June 30, 2010	$ 4,609,960,087	$ 84,485,806	$ 4,694,445,893

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Alcohol Education, Rehabilitation and Enforcement Fund	Atlantic City Parking Fees Fund	Atlantic City Projects-Room Fund
ASSETS			
Cash and cash equivalents	$ 827,501	$ 2,480,522	$ 632,087
Investments	7,689,170	98,953	2,509,378
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	2,666,292	5,924,213
Loans	-	-	-
Other	-	-	-
Due from other funds	1,833,333	-	77,624
Other	-	-	-
Total Assets	$ 10,350,004	$ 5,245,767	$ 9,143,302
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ 133,479	$ 4,459,648	$ -
Deferred revenue	-	-	-
Due to other funds	4,722,245	642,975	6,158,052
Other	-	-	-
Total Liabilities	4,855,724	5,102,623	6,158,052
Fund Balances			
Reserved for:			
Encumbrances	3,756,476	-	-
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	1,737,804	143,144	2,985,250
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	5,494,280	143,144	2,985,250
Total Liabilities and Fund Balances	$ 10,350,004	$ 5,245,767	$ 9,143,302

Atlantic City Tourism Promotion Fund	Beaches and Harbor Fund	2007 Blue Acres Fund	Board of Bar Examiners
$ 710,272	$ 297,240	$ 23,302	$ 7,543
2,611,820	1,059,895	10,017,530	5,875,035
1,362,309	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
$ 4,684,401	$ 1,357,135	$ 10,040,832	$ 5,882,578
$ 1,252,495	$ -	$ -	$ 927,773
-	-	-	-
77,624	4,782	-	-
-	-	-	-
1,330,119	4,782	-	927,773
-	-	585,000	-
-	-	1,149,224	-
3,354,282	1,352,353	8,306,608	4,954,805
-	-	-	-
-	-	-	-
3,354,282	1,352,353	10,040,832	4,954,805
$ 4,684,401	$ 1,357,135	$ 10,040,832	$ 5,882,578

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Boarding House Rental Assistance Fund	Body Armor Replacement Fund	Capital City Redevelopment Loan and Grant Fund
ASSETS			
Cash and cash equivalents	$ 700,094	$ 1,585,017	$ 214,322
Investments	167,688	4,185,495	753,640
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	320,048	509
Loans	-	-	509,491
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 867,782	$ 6,090,560	$ 1,477,962
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 39,126	$ 17,724
Deferred revenue	-	-	-
Due to other funds	-	438,600	278,957
Other	-	-	-
Total Liabilities	-	477,726	296,681
Fund Balances			
Reserved for:			
Encumbrances	-	224,140	-
Other	-	-	509,491
Unreserved:			
Designated-continuing appropriations	867,782	5,388,694	671,790
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	867,782	5,612,834	1,181,281
Total Liabilities and Fund Balances	$ 867,782	$ 6,090,560	$ 1,477,962

Casino Control Fund	Casino Revenue Fund	Casino Simulcasting Fund	Casino Simulcasting Special Fund
$ 51,001	$ -	$ 378,729	$ 2,013,676
-	-	18,169	890,800
9,670,761	31,430,011	29,529	114,081
-	-	-	-
-	-	-	-
8,237,155	35,528,845	-	-
-	-	-	-
$ 17,958,917	$ 66,958,856	$ 426,427	$ 3,018,557
$ 4,563,033	$ 20,959,335	$ -	$ -
9,053,500	22,000	-	-
-	-	426,427	-
-	-	-	-
13,616,533	20,981,335	426,427	-
325,817	45,977,521	-	-
-	-	-	-
4,016,567	-	-	3,018,557
-	-	-	-
-	-	-	-
4,342,384	45,977,521	-	3,018,557
$ 17,958,917	$ 66,958,856	$ 426,427	$ 3,018,557

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Catastrophic Illness in Children Relief Fund	Clean Communities Account Fund	Clean Energy Fund
ASSETS			
Cash and cash equivalents	$ 92,315	$ 1,453,179	$ 5,103,878
Investments	105,199	3,692,393	187,461,077
Receivables, net of allowances for uncollectibles			
Departmental accounts	8,426,431	266,594	-
Loans	-	-	-
Other	-	-	31,952,741
Due from other funds	220,729	-	-
Other	-	-	-
Total Assets	$ 8,844,674	$ 5,412,166	$ 224,517,696
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ 281,151	$ 4,000	$ 29,850,329
Deferred revenue	-	-	-
Due to other funds	8,065,159	1,776,522	829,663
Other	-	-	-
Total Liabilities	8,346,310	1,780,522	30,679,992
Fund Balances			
Reserved for:			
Encumbrances	23,628	544	122,394,130
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	474,736	3,631,100	71,443,574
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	498,364	3,631,644	193,837,704
Total Liabilities and Fund Balances	$ 8,844,674	$ 5,412,166	$ 224,517,696

Clean Waters Fund	Clean Water State Revolving Fund	Cultural Centers and Historic Preservation Fund	2003 Dam, Lake and Stream Project Revolving Loan Fund	2003 Dam, Lake, Stream and Flood Control Project Fund
$ 97,829	$ -	$ 3,250	$ 677,961	$ 59,967
409,660	-	72,218	44,858,340	19,312,787
-	-	-	-	-
-	14,156,031	-	34,849,076	-
-	-	36,000	244,567	-
-	614,275	-	-	-
-	-	-	-	-
$ 507,489	$ 14,770,306	$ 111,468	$ 80,629,944	$ 19,372,754
$ -	$ -	$ -	$ -	$ 16,623
-	614,275	-	-	-
2,376	-	100,334	-	67,985
-	-	-	-	-
2,376	614,275	100,334	-	84,608
-	-	832,504	42,360,423	9,816,207
19,154	14,156,031	-	34,944,852	909,802
485,959	-	-	3,324,669	8,562,137
-	-	-	-	-
-	-	(821,370)	-	-
505,113	14,156,031	11,134	80,629,944	19,288,146
$ 507,489	$ 14,770,306	$ 111,468	$ 80,629,944	$ 19,372,754

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	1992 Dam Restoration and Clean Waters Trust Fund	1989 Development Potential Bank Transfer Fund	Developmental Disabilities Waiting List Reduction Fund
ASSETS			
Cash and cash equivalents	$ 2,040,940	$ 16,152	$ 192,991
Investments	9,553,137	9,067,168	4,802,823
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	6,500,749	-	-
Other	31,075	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 18,125,901	$ 9,083,320	$ 4,995,814
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ 105,000
Deferred revenue	-	-	-
Due to other funds	-	38,702	23,432
Other	-	-	-
Total Liabilities	-	38,702	128,432
Fund Balances			
Reserved for:			
Encumbrances	1,300,000	-	1,497,261
Other	6,500,749	331,303	-
Unreserved:			
Designated-continuing appropriations	10,325,152	8,713,315	3,370,121
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	18,125,901	9,044,618	4,867,382
Total Liabilities and Fund Balances	$ 18,125,901	$ 9,083,320	$ 4,995,814

Disciplinary Oversight Committee	Division of Motor Vehicles Surcharge Fund	Dredging and Containment Facility Fund	Drinking Water State Revolving Fund	1996 Economic Development Site Fund
$ 932,045	$ 4,520,226	$ 48,928	$ 3,186,983	$ 173,480
5,168,306	7,236	22,763,315	66,528,844	1,578,153
-	7,541,672	-	-	-
-	-	-	192,243,146	1,773,910
-	-	-	-	-
-	-	-	1,143,189	-
-	-	-	-	-
$ 6,100,351	$ 12,069,134	$ 22,812,243	$ 263,102,162	$ 3,525,543
$ 2,974,275	$ 12,069,134	$ 17,569	$ 201,828	$ -
-	-	-	1,143,189	-
-	-	685,000	-	-
-	-	-	-	-
2,974,275	12,069,134	702,569	1,345,017	-
-	-	23,278,217	31,661,885	-
-	-	239,422	192,243,146	1,773,910
3,126,076	-	-	22,040,871	1,751,633
-	-	-	-	-
-	-	(1,407,965)	15,811,243	-
3,126,076	-	22,109,674	261,757,145	3,525,543
$ 6,100,351	$ 12,069,134	$ 22,812,243	$ 263,102,162	$ 3,525,543

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Emergency Flood Control Fund	Emergency Medical Technician Training Fund	Emergency Services Fund
ASSETS			
Cash and cash equivalents	$ 127,787	$ 317,462	$ 477,473
Investments	226,608	277,983	6,478,577
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 354,395	$ 595,445	$ 6,956,050
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 236,741	$ -
Deferred revenue	-	-	-
Due to other funds	1,151	79,093	-
Other	-	-	-
Total Liabilities	1,151	315,834	-
Fund Balances			
Reserved for:			
Encumbrances	-	105	1,890,391
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	353,244	279,506	5,065,659
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	353,244	279,611	6,956,050
Total Liabilities and Fund Balances	$ 354,395	$ 595,445	$ 6,956,050

Enterprise Zone Assistance Fund	1996 Environmental Cleanup Fund	1989 Farmland Preservation Fund	1992 Farmland Preservation Fund	1995 Farmland Preservation Fund
$ 5,831,754	$ 34,395	$ 22,507	$ 44,831	$ 556,670
223,014,648	3,080,346	55,407	550,639	2,867,147
18,797,203	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
$ 247,643,605	$ 3,114,741	$ 77,914	$ 595,470	$ 3,423,817
$ 7,596,039	$ 316,367	$ 7,750	$ 14,200	$ 648,849
-	-	-	-	-
4,078,711	-	-	-	-
-	-	-	-	-
11,674,750	316,367	7,750	14,200	648,849
142,153,392	662,438	7,750	14,200	544,305
-	-	-	-	-
93,815,463	2,135,936	62,414	567,070	2,230,663
-	-	-	-	-
-	-	-	-	-
235,968,855	2,798,374	70,164	581,270	2,774,968
$ 247,643,605	$ 3,114,741	$ 77,914	$ 595,470	$ 3,423,817

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	2007 Farmland Preservation Fund	Fund for Support of Free Public Schools	Garden State Farmland Preservation Trust Fund
ASSETS			
Cash and cash equivalents	$ 243,611	$ 284,483	$ 871,930
Investments	58,918,014	126,754,490	127,958,563
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	54,987	-
Due from other funds	-	5,648,441	-
Other	-	-	-
Total Assets	$ 59,161,625	$ 132,742,401	$ 128,830,493
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ 8,383,142	$ -	$ 45,282,180
Deferred revenue	-	-	-
Due to other funds	-	4,348,496	2,708,161
Other	-	-	-
Total Liabilities	8,383,142	4,348,496	47,990,341
Fund Balances			
Reserved for:			
Encumbrances	2,486,923	-	10,371,997
Other	6,991,111	91,128,918	-
Unreserved:			
Designated-continuing appropriations	41,300,449	-	70,468,155
Designated-unrealized gains	-	50,570	-
Undesignated	-	37,214,417	-
Total Fund Balances	50,778,483	128,393,905	80,840,152
Total Liabilities and Fund Balances	$ 59,161,625	$ 132,742,401	$ 128,830,493

Garden State Green Acres Preservation Trust Fund	Garden State Historic Preservation Trust Fund	Global Warming Solutions Fund	2007 Green Acres Fund	Green Trust Fund
$ -	$ 256,337	$ 200,174	$ 84,810	$ 100,482
155,705,459	21,515,019	39,690,540	57,885,178	40,188,619
-	-	-	-	-
56,058,128	-	-	-	41,798,969
236,397	-	-	-	175,891
181,120	-	-	-	-
-	-	-	-	-
$ 212,181,104	$ 21,771,356	$ 39,890,714	$ 57,969,988	$ 82,263,961
$ 242,412	$ 610,037	$ -	$ -	$ -
-	-	-	-	-
-	473,932	1,478,329	-	-
-	-	-	-	-
242,412	1,083,969	1,478,329	-	-
102,590,196	14,387,755	150,000	1,540,460	36,709,361
56,058,128	-	-	5,171,507	41,798,969
53,290,368	6,299,632	38,262,385	51,258,021	-
-	-	-	-	-
-	-	-	-	3,755,631
211,938,692	20,687,387	38,412,385	57,969,988	82,263,961
$ 212,181,104	$ 21,771,356	$ 39,890,714	$ 57,969,988	$ 82,263,961

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Hazardous Discharge Fund of 1981	Hazardous Discharge Fund of 1986	Hazardous Discharge Site Cleanup Fund
ASSETS			
Cash and cash equivalents	$ 711	$ 1,198,332	$ 2,498,351
Investments	181,055	18,915,221	134,228,573
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	1,394,534
Loans	-	-	-
Other	-	-	8,302,494
Due from other funds	-	-	41,855
Other	-	-	-
Total Assets	$ 181,766	$ 20,113,553	$ 146,465,807
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 1,951,547	$ 1,818,332
Deferred revenue	-	-	-
Due to other funds	817	-	9,276,522
Other	-	-	-
Total Liabilities	817	1,951,547	11,094,854
Fund Balances			
Reserved for:			
Encumbrances	-	4,788,923	10,197,241
Other	-	-	8,302,494
Unreserved:			
Designated-continuing appropriations	180,949	13,373,083	116,871,218
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	180,949	18,162,006	135,370,953
Total Liabilities and Fund Balances	$ 181,766	$ 20,113,553	$ 146,465,807

Health Care Subsidy Fund	Higher Education Facility Renovation and Rehabilitation Fund	1992 Historic Preservation Fund	1995 Historic Preservation Fund	2007 Historic Preservation Fund
$ 22,117,204	$ 16,353	$ 39,289	$ 8,849	$ -
32,028,150	120,694	773,527	268,256	2,196,139
1,667,671	-	-	-	-
-	-	-	-	-
-	-	-	-	-
45,685,638	-	-	-	-
-	-	-	-	-
$ 101,498,663	$ 137,047	$ 812,816	$ 277,105	$ 2,196,139
$ -	$ -	$ 55,429	$ 14,397	$ 80,146
-	-	-	-	-
95,332,243	-	-	-	-
-	-	-	-	-
95,332,243	-	55,429	14,397	80,146
-	-	456,100	211,898	2,005,792
-	-	-	-	191,537
6,166,420	30,353	297,186	50,810	-
-	-	-	-	-
-	106,694	4,101	-	(81,336)
6,166,420	137,047	757,387	262,708	2,115,993
$ 101,498,663	$ 137,047	$ 812,816	$ 277,105	$ 2,196,139

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Historic Preservation Revolving Loan Fund	Horse Racing Injury Compensation Fund	Housing Assistance Fund
ASSETS			
Cash and cash equivalents	$ 457,334	$ 220,045	$ 625,503
Investments	4,107,055	3,225,731	4,131,004
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	127,304	-
Loans	44,700	-	2,200,440
Other	-	-	1,650
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 4,609,089	$ 3,573,080	$ 6,958,597
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ -
Deferred revenue	-	-	-
Due to other funds	-	-	20,293
Other	-	-	-
Total Liabilities	-	-	20,293
Fund Balances			
Reserved for:			
Encumbrances	-	-	-
Other	44,700	-	2,200,440
Unreserved:			
Designated-continuing appropriations	3,862,568	3,573,080	4,324,675
Designated-unrealized gains	-	-	-
Undesignated	701,821	-	413,189
Total Fund Balances	4,609,089	3,573,080	6,938,304
Total Liabilities and Fund Balances	$ 4,609,089	$ 3,573,080	$ 6,958,597

Jobs, Education and Competitiveness Fund	Korean Veterans' Memorial Fund	1996 Lake Restoration Fund	Lead Hazard Control Assistance Fund	Luxury Tax Fund
$ 138,037	$ 6,957	$ 249,057	$ 95,471	$ 5,346
473,853	-	1,335,885	6,606,475	229,078
-	-	-	-	4,420,745
-	-	801,366	5,503,849	-
-	-	4,102	139,205	-
-	-	-	-	-
-	-	-	-	-
$ 611,890	$ 6,957	$ 2,390,410	$ 12,345,000	$ 4,655,169
$ -	$ -	$ -	$ 225,824	$ 4,423,769
-	-	-	-	-
2,479	-	-	991,784	-
-	-	-	-	-
2,479	-	-	1,217,608	4,423,769
26,892	-	67,289	2,231,643	-
-	-	801,366	5,503,849	-
459,587	6,957	1,521,755	3,391,900	231,400
-	-	-	-	-
122,932	-	-	-	-
609,411	6,957	2,390,410	11,127,392	231,400
$ 611,890	$ 6,957	$ 2,390,410	$ 12,345,000	$ 4,655,169

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Mortgage Assistance Fund	Municipal Landfill Closure and Remediation Fund	Natural Resources Fund
ASSETS			
Cash and cash equivalents	$ 929,727	$ 68,135	$ 4,460
Investments	596,366	-	2,059,081
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	9,104,621	-	-
Other	849,635	133,217	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 11,480,349	$ 201,352	$ 2,063,541
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 133,217	$ 9,211
Deferred revenue	-	-	-
Due to other funds	851,683	-	10,881
Other	-	-	-
Total Liabilities	851,683	133,217	20,092
Fund Balances			
Reserved for:			
Encumbrances	-	-	1,977,784
Other	9,104,621	-	-
Unreserved:			
Designated-continuing appropriations	1,524,045	68,135	65,665
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	10,628,666	68,135	2,043,449
Total Liabilities and Fund Balances	$ 11,480,349	$ 201,352	$ 2,063,541

New Home Warranty Security Fund	New Jersey Building Authority	1995 New Jersey Coastal Blue Acres Trust Fund	New Jersey Cultural Trust Fund	1989 New Jersey Green Acres Fund
$ 2,061,778	$ 26,332,852	$ 395,698	$ 610,400	$ 649,546
15,245,932	94,043,850	2,449,990	24,663,472	4,974,951
-	-	-	-	-
-	-	711,186	-	-
-	58	4,440	29,264	-
-	-	-	-	-
-	-	-	-	-
$ 17,307,710	$ 120,376,760	$ 3,561,314	$ 25,303,136	$ 5,624,497
$ 50,000	$ 26,117,933	$ -	$ 74,650	$ -
-	-	-	-	-
443,698	-	-	-	-
-	5,103,025	-	-	-
493,698	31,220,958	-	74,650	-
-	-	-	603,252	2,076,326
-	-	711,186	-	-
16,814,012	89,155,802	2,850,128	24,062,708	605,515
-	-	-	562,526	-
-	-	-	-	2,942,656
16,814,012	89,155,802	3,561,314	25,228,486	5,624,497
$ 17,307,710	$ 120,376,760	$ 3,561,314	$ 25,303,136	$ 5,624,497

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	1992 New Jersey Green Acres Fund	1995 New Jersey Green Acres Fund	1989 New Jersey Green Trust Fund
ASSETS			
Cash and cash equivalents	$ 467,705	$ 70,015	$ 1,637,377
Investments	818,163	4,389,563	37,177,222
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	-	-	34,195,870
Other	-	-	197,853
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 1,285,868	$ 4,459,578	$ 73,208,322
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 5,058	$ -
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	-	5,058	-
Fund Balances			
Reserved for:			
Encumbrances	35,945	394,911	32,231,933
Other	-	-	34,195,870
Unreserved:			
Designated-continuing appropriations	123,524	4,059,609	4,234,208
Designated-unrealized gains	-	-	-
Undesignated	1,126,399	-	2,546,311
Total Fund Balances	1,285,868	4,454,520	73,208,322
Total Liabilities and Fund Balances	$ 1,285,868	$ 4,459,578	$ 73,208,322

1992 New Jersey Green Trust Fund	1995 New Jersey Green Trust Fund	1995 New Jersey Inland Blue Acres Fund	New Jersey Lawyers' Assistance Program	New Jersey Lawyers' Fund for Client Protection
$ 434,133	$ 810,344	$ 83,952	$ 2,715	$ 2,283,824
16,696,361	14,333,756	663,819	1,470,497	18,614,698
-	-	-	-	-
24,962,176	40,323,097	-	-	-
129,159	226,550	-	-	89,534
-	-	-	-	-
-	-	-	-	13,101
$ 42,221,829	$ 55,693,747	$ 747,771	$ 1,473,212	$ 21,001,157
$ -	$ -	$ -	$ 179,615	$ 439,781
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	179,615	439,781
19,159,222	15,546,422	-	-	-
24,962,176	40,323,097	-	-	-
-	-	744,805	1,293,597	20,476,051
-	-	-	-	85,325
(1,899,569)	(175,772)	2,966	-	-
42,221,829	55,693,747	747,771	1,293,597	20,561,376
$ 42,221,829	$ 55,693,747	$ 747,771	$ 1,473,212	$ 21,001,157

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	New Jersey Local Development Financing Fund	New Jersey Racing Industry Special Fund	New Jersey Schools Development Authority
ASSETS			
Cash and cash equivalents	$ -	$ 680,770	$ 1,750,492
Investments	22,951,406	3,567,327	408,334,068
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	2,495,778	-
Loans	27,545,371	-	-
Other	56,889	-	3,087,044
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 50,553,666	$ 6,743,875	$ 413,171,604
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ 194,992,866
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other	-	-	23,138,607
Total Liabilities	-	-	218,131,473
Fund Balances			
Reserved for:			
Encumbrances	-	-	-
Other	27,545,371	-	365,107
Unreserved:			
Designated-continuing appropriations	23,008,295	6,743,875	194,675,024
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	50,553,666	6,743,875	195,040,131
Total Liabilities and Fund Balances	$ 50,553,666	$ 6,743,875	$ 413,171,604

New Jersey Spill Compensation Fund	New Jersey Spinal Cord Research Fund	New Jersey Transportation Trust Fund Authority	New Jersey Workforce Development Partnership Fund	Petroleum Overcharge Reimbursement Fund
$ 2,200,272	$ 554,991	$ -	$ -	$ 189,251
16,026,359	8,912,016	249,119,965	80,896,613	6,314,593
-	-	-	27,409,601	-
-	-	-	-	1,500,000
7,195,694	-	-	-	-
-	3,857,889	33,500,000	3,167,881	-
-	-	-	-	-
$ 25,422,325	$ 13,324,896	$ 282,619,965	$ 111,474,095	$ 8,003,844
$ 1,151,344	$ 554,404	$ -	$ 8,316,943	$ 8,533
-	-	-	-	893,588
22,121,056	346,520	384,396,398	55,230,967	387,000
-	-	181,574	14,327	-
23,272,400	900,924	384,577,972	63,562,237	1,289,121
960,409	6,406,862	-	30,533,279	567,343
6,706,349	-	290,549	-	1,500,000
-	6,017,110	-	17,378,579	892,165
-	-	-	-	-
(5,516,833)	-	(102,248,556)	-	3,755,215
2,149,925	12,423,972	(101,958,007)	47,911,858	6,714,723
$ 25,422,325	$ 13,324,896	$ 282,619,965	$ 111,474,095	$ 8,003,844

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Pinelands Infrastructure Trust Fund	Pollution Prevention Fund	Real Estate Guaranty Fund
ASSETS			
Cash and cash equivalents	$ 20,762	$ 238,874	$ 274,064
Investments	10,753,187	1,295,768	1,691,369
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	1,618,359	-
Loans	1,549,560	-	-
Other	19,660	-	-
Due from other funds	-	59,267	67,370
Other	-	-	-
Total Assets	$ 12,343,169	$ 3,212,268	$ 2,032,803
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ -
Deferred revenue	-	-	-
Due to other funds	-	2,039,270	-
Other	-	-	-
Total Liabilities	-	2,039,270	-
Fund Balances			
Reserved for:			
Encumbrances	72,320	-	-
Other	1,669,271	-	-
Unreserved:			
Designated-continuing appropriations	1,362,038	1,172,998	2,032,803
Designated-unrealized gains	-	-	-
Undesignated	9,239,540	-	-
Total Fund Balances	12,343,169	1,172,998	2,032,803
Total Liabilities and Fund Balances	$ 12,343,169	$ 3,212,268	$ 2,032,803

Remediation Guarantee Fund	Resource Recovery and Solid Waste Disposal Facility Fund	Safe Drinking Water Fund	Sanitary Landfill Facility Contingency Fund	Shore Protection Fund
$ 1,712,378	$ 33,533	$ 1,453,792	$ 2,991,884	$ 100,000
-	631,647	1,969,903	14,394,892	10,911,130
-	-	542,670	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	85,688
$ 1,712,378	$ 665,180	$ 3,966,365	$ 17,386,776	$ 11,096,818
$ -	$ -	$ -	$ 278,596	$ -
-	-	-	-	-
-	-	2,590,601	1,700,000	49,191
-	-	-	-	-
-	-	2,590,601	1,978,596	49,191
-	-	3,442	1,114,343	-
-	-	-	-	-
1,712,378	493,795	1,372,322	14,293,837	2,327,602
-	-	-	-	-
-	171,385	-	-	8,720,025
1,712,378	665,180	1,375,764	15,408,180	11,047,627
$ 1,712,378	$ 665,180	$ 3,966,365	$ 17,386,776	$ 11,096,818

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	State Disability Benefit Fund	State Land Acquisition and Development Fund	State-Owned Real Property Fund
ASSETS			
Cash and cash equivalents	$ 9,354	$ 36,277	$ 3,982,086
Investments	112,219,221	568,965	3,918,083
Receivables, net of allowances for uncollectibles			
Departmental accounts	228,045,762	-	-
Loans	-	-	-
Other	1,053,164	-	-
Due from other funds	18,159,487	-	-
Other	-	-	-
Total Assets	$ 359,486,988	$ 605,242	$ 7,900,169
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ 46,082,781	$ -	$ -
Deferred revenue	-	-	-
Due to other funds	41,399,864	4,020	-
Other	40,272	-	-
Total Liabilities	87,522,917	4,020	-
Fund Balances			
Reserved for:			
Encumbrances	-	-	-
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	271,964,071	601,222	-
Designated-unrealized gains	-	-	-
Undesignated	-	-	7,900,169
Total Fund Balances	271,964,071	601,222	7,900,169
Total Liabilities and Fund Balances	$ 359,486,988	$ 605,242	$ 7,900,169

State Recycling Fund	Stormwater Management and Combined Sewer Overflow Abatement Fund	Superior Court of New Jersey Trust Fund	Supplemental Workforce Fund for Basic Skills	Tobacco Settlement Financing Corporation, Inc.
$ 495,202	$ 809,539	$ 2,414,667	$ 1,625,403	$ -
32,899,585	4,846,488	257,818,830	3,201,965	295,387,000
6,030,306	-	-	7,686,349	-
-	-	-	-	-
-	-	-	-	148,131,000
1,013,415	-	-	463,881	-
-	-	-	-	-
$ 40,438,508	$ 5,656,027	$ 260,233,497	$ 12,977,598	$ 443,518,000
$ 186	$ -	$ 259,690,475	$ 927,879	$ 413,528
-	-	-	-	147,475,000
7,000,000	-	-	1,805,746	35,010,472
-	-	-	-	-
7,000,186	-	259,690,475	2,733,625	182,899,000
764,167	6,252,363	-	4,061,835	-
-	287,306	-	-	260,619,000
32,674,155	-	543,022	6,182,138	-
-	-	-	-	-
-	(883,642)	-	-	-
33,438,322	5,656,027	543,022	10,243,973	260,619,000
$ 40,438,508	$ 5,656,027	$ 260,233,497	$ 12,977,598	$ 443,518,000

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Tobacco Settlement Fund	Tourism Improvement and Development Fund	Trial Attorney Certification Program
ASSETS			
Cash and cash equivalents	$ 95,055	$ 54,585	$ 3,852
Investments	28,848	1,000	99,770
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	969,949	-
Loans	-	-	-
Other	-	-	47,233
Due from other funds	35,010,472	-	-
Other	-	-	-
Total Assets	$ 35,134,375	$ 1,025,534	$ 150,855
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 918,427	$ 67,000
Deferred revenue	-	-	-
Due to other funds	-	87,175	-
Other	-	-	-
Total Liabilities	-	1,005,602	67,000
Fund Balances			
Reserved for:			
Encumbrances	-	-	-
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	35,134,375	19,932	83,855
Designated-unrealized gains	-	-	-
Undesignated	-	-	-
Total Fund Balances	35,134,375	19,932	83,855
Total Liabilities and Fund Balances	$ 35,134,375	$ 1,025,534	$ 150,855

Unclaimed Child Support Trust Fund	Unclaimed Utility Deposits Trust Fund	Unemployment Compensation Auxiliary Fund	Universal Services Fund	University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund
$ 134,262	$ 2,289,549	$ 154	$ 24,371,689	$ 161,652
2,709,017	3,099,514	10,569,358	55,286,413	1,045,946
-	-	-	-	2,033,800
-	-	-	-	-
-	-	4,700,000	32,828,782	-
-	-	-	-	5,350,000
-	-	-	-	-
$ 2,843,279	$ 5,389,063	$ 15,269,512	$ 112,486,884	$ 8,591,398
$ -	$ 514,811	$ -	$ 26,501,663	$ 1,470,194
-	-	-	-	-
-	17,516	15,269,512	78,563,817	-
-	-	-	-	-
-	532,327	15,269,512	105,065,480	1,470,194
-	-	-	19,855	-
-	-	-	3,791,957	-
2,843,279	4,856,736	-	3,609,592	7,121,204
-	-	-	-	-
-	-	-	-	-
2,843,279	4,856,736	-	7,421,404	7,121,204
$ 2,843,279	$ 5,389,063	$ 15,269,512	$ 112,486,884	$ 8,591,398

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund	Vietnam Veterans' Memorial Fund	Volunteer Emergency Service Organizations Loan Fund
ASSETS			
Cash and cash equivalents	$ 2,993,101	$ 7,115	$ 310,415
Investments	7,855,334	317	2,102,868
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	-	-
Loans	11,089,079	-	989,502
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	$ 21,937,514	$ 7,432	$ 3,402,785
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ -
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	-	-	-
Fund Balances			
Reserved for:			
Encumbrances	3,615,273	-	40,000
Other	11,089,079	-	989,502
Unreserved:			
Designated-continuing appropriations	298,635	7,432	2,373,283
Designated-unrealized gains	-	-	-
Undesignated	6,934,527	-	-
Total Fund Balances	21,937,514	7,432	3,402,785
Total Liabilities and Fund Balances	$ 21,937,514	$ 7,432	$ 3,402,785

Wastewater Treatment Fund	1992 Wastewater Treatment Fund	Water Conservation Fund	2003 Water Resources and Wastewater Treatment Fund	Water Supply Fund
$ 1,885,293	$ 1,880,356	$ 87,938	$ 879,511	$ 2,735,869
360,218,746	23,694,039	706,824	25,890,473	83,951,796
-	-	-	-	-
844,240,312	17,988,633	-	12,784,330	102,739,009
-	-	-	-	68,875
-	-	-	-	-
-	-	-	-	-
$ 1,206,344,351	$ 43,563,028	$ 794,762	$ 39,554,314	$ 189,495,549
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	3,189	-	247,956
-	-	-	-	-
-	-	3,189	-	247,956
276,963,604	14,999,576	-	532,661	33,204,323
844,240,312	19,032,511	-	13,933,553	104,678,323
32,410,453	7,473,891	-	25,088,100	51,364,947
-	-	-	-	-
52,729,982	2,057,050	791,573	-	-
1,206,344,351	43,563,028	791,573	39,554,314	189,247,593
$ 1,206,344,351	$ 43,563,028	$ 794,762	$ 39,554,314	$ 189,495,549

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2010

	Water Supply Replacement Trust Fund	Worker and Community Right to Know Fund	Total Non-Major Special Revenue Funds
ASSETS			
Cash and cash equivalents	$ 951	$ 312,858	$ 162,273,432
Investments	74,356	161,746	3,849,570,628
Receivables, net of allowances for uncollectibles			
Departmental accounts	-	4,435,125	375,427,606
Loans	-	-	1,486,162,601
Other	-	-	240,027,160
Due from other funds	-	90,882	199,952,748
Other	-	-	98,789
Total Assets	$ 75,307	$ 5,000,611	$ 6,313,512,964
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ 718,678,778
Deferred revenue	-	-	159,201,552
Due to other funds	-	4,487,364	797,194,742
Other	-	-	28,477,805
Total Liabilities	-	4,487,364	1,703,552,877
Fund Balances			
Reserved for:			
Encumbrances	54,563	-	1,069,720,817
Other	-	-	1,877,005,243
Unreserved:			
Designated-continuing appropriations	20,744	513,247	1,618,522,823
Designated-unrealized gains	-	-	698,421
Undesignated	-	-	44,012,783
Total Fund Balances	75,307	513,247	4,609,960,087
Total Liabilities and Fund Balances	$ 75,307	$ 5,000,611	$ 6,313,512,964

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Alcohol Education, Rehabilitation and Enforcement Fund	Atlantic City Parking Fees Fund	Atlantic City Projects-Room Fund
REVENUES			
Taxes	$ 11,000,000	$ 25,746,497	$ 13,347,284
Federal and other grants	-	-	-
Licenses and fees	2,256,496	-	-
Services and assessments	-	-	-
Investment earnings	21,557	63	20,147
Contributions	-	-	-
Other	-	-	-
Total Revenues	13,278,053	25,746,560	13,367,431
EXPENDITURES			
Current:			
Public safety and criminal justice	2,240,549	-	-
Physical and mental health	484,456	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	8,767,778	25,614,970	12,543,214
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	11,492,783	25,614,970	12,543,214
Excess (deficiency) of revenues over expenditures	1,785,270	131,590	824,217
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(4,162,970)	-	(2,971,380)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	(4,162,970)	-	(2,971,380)
Net Change in Fund Balance	(2,377,700)	131,590	(2,147,163)
Fund Balances - July 1, 2009	7,871,980	11,554	5,132,413
Fund Balances - June 30, 2010	$ 5,494,280	$ 143,144	$ 2,985,250

Atlantic City Tourism Promotion Fund	Beaches and Harbor Fund	2007 Blue Acres Fund	Board of Bar Examiners
$ 7,884,806	$ -	$ -	$ -
-	-	-	-
-	-	-	2,590,880
-	-	-	-
2,225	4,782	23,306	23,623
-	-	-	-
-	-	-	70,120
7,887,031	4,782	23,306	2,684,623
-	-	-	2,832,293
-	-	-	-
-	-	-	-
-	-	3,131,698	-
9,589,927	-	-	-
-	-	-	-
-	-	20,081	-
-	-	-	-
-	-	-	-
-	-	-	-
9,589,927	-	3,151,779	2,832,293
(1,702,896)	4,782	(3,128,473)	(147,670)
-	-	12,000,000	-
2,971,380	-	-	-
-	(4,782)	-	-
-	-	1,169,305	-
-	-	-	-
2,971,380	(4,782)	13,169,305	-
1,268,484	-	10,040,832	(147,670)
2,085,798	1,352,353	-	5,102,475
$ 3,354,282	$ 1,352,353	$ 10,040,832	$ 4,954,805

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Boarding House Rental Assistance Fund	Body Armor Replacement Fund	Capital City Redevelopment Loan and Grant Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	749	4,238	4,005
Contributions	-	-	-
Other	22,710	3,934,323	542
Total Revenues	23,459	3,938,561	4,547
EXPENDITURES			
Current:			
Public safety and criminal justice	-	1,364,364	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	7,661	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	1,372,025	-
Excess (deficiency) of revenues over expenditures	23,459	2,566,536	4,547
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(438,600)	(278,957)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	-	(438,600)	(278,957)
Net Change in Fund Balance	23,459	2,127,936	(274,410)
Fund Balances - July 1, 2009	844,323	3,484,898	1,455,691
Fund Balances - June 30, 2010	$ 867,782	$ 5,612,834	$ 1,181,281

Casino Control Fund	Casino Revenue Fund	Casino Simulcasting Fund	Casino Simulcasting Special Fund
$ -	$ 295,549,510	$ -	$ -
-	-	-	-
64,060,206	-	-	-
-	-	-	-
23,817	-	81	15,916
-	-	-	-
-	40,703,917	426,346	4,242,292
64,084,023	336,253,427	426,427	4,258,208
37,587,075	-	-	6,588,003
-	309,776,767	-	-
-	32,515,091	-	-
-	-	-	-
-	2,196,000	-	-
-	27,500,713	-	-
24,552,653	-	-	-
-	92,000	-	-
-	-	-	-
-	-	-	-
62,139,728	372,080,571	-	6,588,003
1,944,295	(35,827,144)	426,427	(2,329,795)
-	-	-	-
500,000	38,690,877	-	-
-	-	(426,427)	-
-	-	-	-
-	-	-	-
500,000	38,690,877	(426,427)	-
2,444,295	2,863,733	-	(2,329,795)
1,898,089	43,113,788	-	5,348,352
$ 4,342,384	$ 45,977,521	$ -	$ 3,018,557

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Catastrophic Illness in Children Relief Fund	Clean Communities Account Fund	Clean Energy Fund
REVENUES			
Taxes	$ -	$ 16,946,428	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	7,980,027	-	296,255,684
Investment earnings	7,467	22,758	684,730
Contributions	135	-	-
Other	-	-	691,095
Total Revenues	7,987,629	16,969,186	297,631,509
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	117,422	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	18,140,219	-
Economic planning, development, and security	-	-	202,974,252
Transportation programs	-	-	-
Government direction, management, and control	265,626	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	383,048	18,140,219	202,974,252
Excess (deficiency) of revenues over expenditures	7,604,581	(1,171,033)	94,657,257
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(8,065,159)	-	(198,829,663)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	(8,065,159)	-	(198,829,663)
Net Change in Fund Balance	(460,578)	(1,171,033)	(104,172,406)
Fund Balances - July 1, 2009	958,942	4,802,677	298,010,110
Fund Balances - June 30, 2010	$ 498,364	$ 3,631,644	$ 193,837,704

Clean Waters Fund	Clean Water State Revolving Fund	Cultural Centers and Historic Preservation Fund	2003 Dam, Lake and Stream Project Revolving Loan Fund	2003 Dam, Lake, Stream and Flood Control Project Fund
$ -	$ -	$ -	$ -	$ -
-	61,990,693	-	-	-
-	-	-	-	-
-	-	-	-	-
2,376	-	334	192,917	67,985
-	-	-	-	-
-	-	-	792,134	-
2,376	61,990,693	334	985,051	67,985
-	-	-	-	-
-	-	-	-	-
-	-	200,000	-	-
1,000,000	47,561,361	-	207,677	3,297,948
-	-	47,464	-	-
-	-	-	-	-
586	-	-	8,367	15,898
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,000,586	47,561,361	247,464	216,044	3,313,846
(998,210)	14,429,332	(247,130)	769,007	(3,245,861)
350,000	-	-	5,000,000	9,500,000
-	-	-	-	-
(2,376)	(273,301)	(334)	-	(67,985)
19,740	-	-	104,142	925,700
-	-	-	-	-
367,364	(273,301)	(334)	5,104,142	10,357,715
(630,846)	14,156,031	(247,464)	5,873,149	7,111,854
1,135,959	-	258,598	74,756,795	12,176,292
$ 505,113	$ 14,156,031	$ 11,134	$ 80,629,944	$ 19,288,146

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	1992 Dam Restoration and Clean Waters Trust Fund	1989 Development Potential Bank Transfer Fund	Developmental Disabilities Waiting List Reduction Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	42,689	39,394	23,432
Contributions	-	-	-
Other	132,919	-	-
Total Revenues	175,608	39,394	23,432
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	958,014
Community development and environmental management	-	1,754,000	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	5,690	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	1,759,690	958,014
Excess (deficiency) of revenues over expenditures	175,608	(1,720,296)	(934,582)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	3,400,000	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(38,703)	(23,432)
Other sources	-	331,303	-
Other uses	-	-	-
Total other financing sources (uses)	-	3,692,600	(23,432)
Net Change in Fund Balance	175,608	1,972,304	(958,014)
Fund Balances - July 1, 2009	17,950,293	7,072,314	5,825,396
Fund Balances - June 30, 2010	$ 18,125,901	$ 9,044,618	$ 4,867,382

Disciplinary Oversight Committee	Division of Motor Vehicles Surcharge Fund	Dredging and Containment Facility Fund	Drinking Water State Revolving Fund	1996 Economic Development Site Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	36,209,137	-
10,435,119	-	-	-	-
-	159,342,632	-	-	-
29,891	32	97,589	284,000	7,248
-	-	-	-	-
424,286	-	-	-	-
10,889,296	159,342,664	97,589	36,493,137	7,248
9,927,294	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	14,743,082	-
-	-	-	-	-
-	-	266,155	-	-
-	159,342,664	4,184	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,927,294	159,342,664	270,339	14,743,082	-
962,002	-	(172,750)	21,750,055	7,248
-	-	2,500,000	-	-
-	-	-	-	-
-	-	(685,000)	(3,108,457)	-
-	-	243,605	-	-
-	-	-	-	-
-	-	2,058,605	(3,108,457)	-
962,002	-	1,885,855	18,641,598	7,248
2,164,074	-	20,223,819	243,115,547	3,518,295
$ 3,126,076	$ -	$ 22,109,674	$ 261,757,145	$ 3,525,543

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Emergency Flood Control Fund	Emergency Medical Technician Training Fund	Emergency Services Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	1,845,688	-
Investment earnings	1,151	3,455	28,786
Contributions	-	-	-
Other	-	-	3,507
Total Revenues	1,151	1,849,143	32,293
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	532,419
Physical and mental health	-	2,211,302	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	354,179
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	10,000
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	2,211,302	896,598
Excess (deficiency) of revenues over expenditures	1,151	(362,159)	(864,305)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,151)	(79,094)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	(1,151)	(79,094)	-
Net Change in Fund Balance	-	(441,253)	(864,305)
Fund Balances - July 1, 2009	353,244	720,864	7,820,355
Fund Balances - June 30, 2010	$ 353,244	$ 279,611	$ 6,956,050

Enterprise Zone Assistance Fund	1996 Environmental Cleanup Fund	1989 Farmland Preservation Fund	1992 Farmland Preservation Fund	1995 Farmland Preservation Fund
$ 91,812,370	$ -	$ -	$ -	$ -
-	-	-	-	-
41,000	-	-	-	-
-	-	-	-	-
708,964	14,099	248	2,461	14,162
-	-	-	-	-
672,170	-	-	-	-
93,234,504	14,099	248	2,461	14,162
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
7,768,851	408,542	7,750	38,514	298,436
59,788,798	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
67,557,649	408,542	7,750	38,514	298,436
25,676,855	(394,443)	(7,502)	(36,053)	(284,274)
-	-	-	-	-
-	-	-	-	-
(82,196,224)	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(82,196,224)	-	-	-	-
(56,519,369)	(394,443)	(7,502)	(36,053)	(284,274)
292,488,224	3,192,817	77,666	617,323	3,059,242
$ 235,968,855	$ 2,798,374	$ 70,164	$ 581,270	$ 2,774,968

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	2007 Farmland Preservation Fund	Fund for Support of Free Public Schools	Garden State Farmland Preservation Trust Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	12,429,867	-
Services and assessments	-	-	-
Investment earnings	146,903	2,013,587	430,042
Contributions	-	-	-
Other	-	-	5,906,311
Total Revenues	146,903	14,443,454	6,336,353
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	29,359,531	-	51,619,457
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	122,161	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	29,481,692	-	51,619,457
Excess (deficiency) of revenues over expenditures	(29,334,789)	14,443,454	(45,283,104)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	73,000,000	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(11,129,921)	(2,708,161)
Other sources	7,113,272	-	-
Other uses	-	-	-
Total other financing sources (uses)	80,113,272	(11,129,921)	(2,708,161)
Net Change in Fund Balance	50,778,483	3,313,533	(47,991,265)
Fund Balances - July 1, 2009	-	125,080,372	128,831,417
Fund Balances - June 30, 2010	$ 50,778,483	$ 128,393,905	$ 80,840,152

Garden State Green Acres Preservation Trust Fund	Garden State Historic Preservation Trust Fund	Garden State Preservation Trust	Global Warming Solutions Fund	2007 Green Acres Fund
$ -	$ -	$ -	$ -	$ -
1,773,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
605,742	105,634	-	103,349	123,671
-	-	-	-	-
1,295,133	8,815	-	36,876,728	-
3,673,875	114,449	-	36,980,077	123,671
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
70,383,914	-	-	11,145,135	1,325,190
-	6,457,734	-	3,169,015	-
-	-	-	-	-
-	-	-	-	90,366
-	-	-	-	-
-	-	39,950,000	-	-
-	-	58,043,346	-	-
70,383,914	6,457,734	97,993,346	14,314,150	1,415,556
(66,710,039)	(6,343,285)	(97,993,346)	22,665,927	(1,291,885)
-	-	-	-	54,000,000
-	-	97,993,346	-	-
(4,818,880)	(473,932)	-	(1,478,329)	-
-	-	-	-	5,261,873
-	-	-	-	-
(4,818,880)	(473,932)	97,993,346	(1,478,329)	59,261,873
(71,528,919)	(6,817,217)	-	21,187,598	57,969,988
283,467,611	27,504,604	-	17,224,787	-
$ 211,938,692	$ 20,687,387	$ -	$ 38,412,385	$ 57,969,988

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Green Trust Fund	Gubernatorial Elections Fund	Hazardous Discharge Fund of 1981
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	114,577	-	817
Contributions	-	-	-
Other	867,235	437,721	-
Total Revenues	981,812	437,721	817
EXPENDITURES			
Current:			
Public safety and criminal justice	-	8,611,473	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	7,327,619	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	7,327,619	8,611,473	-
Excess (deficiency) of revenues over expenditures	(6,345,807)	(8,173,752)	817
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	19,694,513	8,996,825	-
Transfers to other funds	-	(823,073)	(817)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	19,694,513	8,173,752	(817)
Net Change in Fund Balance	13,348,706	-	-
Fund Balances - July 1, 2009	68,915,255	-	180,949
Fund Balances - June 30, 2010	$ 82,263,961	$ -	$ 180,949

Hazardous Discharge Fund of 1986	Hazardous Discharge Site Cleanup Fund	Health Care Subsidy Fund	Higher Education Facility Renovation and Rehabilitation Fund	1992 Historic Preservation Fund
$ -	$ 57,000	$ 507,928,232	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	53,430,247	189,676,155	-	-
84,525	583,587	129,811	540	4,053
-	-	-	-	-
-	-	-	-	-
84,525	54,070,834	697,734,198	540	4,053
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
465,823	6,763,267	-	-	-
-	-	-	-	390,722
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
465,823	6,763,267	-	-	390,722
(381,298)	47,307,567	697,734,198	540	(386,669)
-	-	-	-	-
429,227	475,402	3,757,406	-	-
-	(25,222,729)	(697,332,244)	-	-
-	-	-	-	-
-	-	-	-	-
429,227	(24,747,327)	(693,574,838)	-	-
47,929	22,560,240	4,159,360	540	(386,669)
18,114,077	112,810,713	2,007,060	136,507	1,144,056
$ 18,162,006	$ 135,370,953	$ 6,166,420	$ 137,047	$ 757,387

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	1995 Historic Preservation Fund	2007 Historic Preservation Fund	Historic Preservation Revolving Loan Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	1,493	4,602	18,353
Contributions	-	-	-
Other	-	-	1,941
Total Revenues	1,493	4,602	20,294
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	124,351	80,146	-
Transportation programs	-	-	-
Government direction, management, and control	-	3,347	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	124,351	83,493	-
Excess (deficiency) of revenues over expenditures	(122,858)	(78,891)	20,294
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	2,000,000	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	194,884	-
Other uses	-	-	-
Total other financing sources (uses)	-	2,194,884	-
Net Change in Fund Balance	(122,858)	2,115,993	20,294
Fund Balances - July 1, 2009	385,566	-	4,588,795
Fund Balances - June 30, 2010	$ 262,708	$ 2,115,993	$ 4,609,089

Horse Racing Injury Compensation Fund	Housing Assistance Fund	Jobs, Education and Competitiveness Fund	Jobs, Science and Technology Fund	Korean Veterans' Memorial Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
3,096,575	-	-	-	-
7,596	18,644	2,479	-	-
-	-	-	-	256
-	1,649	-	-	-
3,104,171	20,293	2,479	-	256
2,058,081	-	-	-	-
-	-	-	-	-
-	-	538,895	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,058,081	-	538,895	-	-
1,046,090	20,293	(536,416)	-	256
-	-	-	-	-
-	-	-	-	-
-	(20,293)	(2,479)	(26)	-
-	-	-	-	-
-	-	-	-	-
-	(20,293)	(2,479)	(26)	-
1,046,090	-	(538,895)	(26)	256
2,526,990	6,938,304	1,148,306	26	6,701
$ 3,573,080	$ 6,938,304	$ 609,411	$ -	$ 6,957

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	1996 Lake Restoration Fund	Lead Hazard Control Assistance Fund	Legal Services Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	1,489,500	11,970,330
Services and assessments	-	-	-
Investment earnings	5,970	44,000	-
Contributions	-	-	-
Other	16,717	450	-
Total Revenues	22,687	1,533,950	11,970,330
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	3,815,797	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	3,815,797	-
Excess (deficiency) of revenues over expenditures	22,687	(2,281,847)	11,970,330
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	(991,784)	(11,970,330)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	-	(991,784)	(11,970,330)
Net Change in Fund Balance	22,687	(3,273,631)	-
Fund Balances - July 1, 2009	2,367,723	14,401,023	-
Fund Balances - June 30, 2010	$ 2,390,410	$ 11,127,392	$ -

Luxury Tax Fund	Medical Malpractice Liability Insurance Premium Assistance Fund	Mortgage Assistance Fund	Municipal Landfill Closure and Remediation Fund	Natural Resources Fund
$ 26,552,304	$ -	$ -	$ 3,738,331	$ -
-	-	-	-	-
-	-	-	-	-
-	223	-	-	-
490	6,447	2,049	-	10,881
-	-	-	-	-
-	-	1,245,837	133,217	-
26,552,794	6,670	1,247,886	3,871,548	10,881
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	3,871,548	562,973
-	-	-	-	-
-	-	-	-	-
26,552,304	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
26,552,304	-	-	3,871,548	562,973
490	6,670	1,247,886	-	(552,092)
-	-	-	-	-
-	-	-	-	-
-	(1,836,134)	(851,683)	-	(10,881)
-	-	-	-	-
-	-	-	-	-
-	(1,836,134)	(851,683)	-	(10,881)
490	(1,829,464)	396,203	-	(562,973)
230,910	1,829,464	10,232,463	68,135	2,606,422
$ 231,400	$ -	$ 10,628,666	$ 68,135	$ 2,043,449

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	New Home Warranty Security Fund	New Jersey Building Authority	1995 New Jersey Coastal Blue Acres Trust Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	659,223	-	-
Services and assessments	3,178,055	-	-
Investment earnings	93,319	867,319	10,948
Contributions	-	-	-
Other	74,393	-	14,735
Total Revenues	4,004,990	867,319	25,683
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	1,659,421	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	76,311,054	-
Special government services	-	-	-
Debt Service:			
Principal	-	3,300,000	-
Interest	-	27,797,744	-
Total Expenditures	1,659,421	107,408,798	-
Excess (deficiency) of revenues over expenditures	2,345,569	(106,541,479)	25,683
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	52,463,476	-
Transfers to other funds	(21,443,698)	-	-
Other sources	-	126,781,304	-
Other uses	-	(126,781,304)	-
Total other financing sources (uses)	(21,443,698)	52,463,476	-
Net Change in Fund Balance	(19,098,129)	(54,078,003)	25,683
Fund Balances - July 1, 2009	35,912,141	143,233,805	3,535,631
Fund Balances - June 30, 2010	$ 16,814,012	$ 89,155,802	$ 3,561,314

New Jersey Cultural Trust Fund	1983 New Jersey Green Acres Fund	1989 New Jersey Green Acres Fund	1992 New Jersey Green Acres Fund	1995 New Jersey Green Acres Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
731,017	63,920	22,231	3,656	20,042
-	-	-	-	-
-	-	-	-	-
731,017	63,920	22,231	3,656	20,042
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,380	557,238	1,599	442,967
-	-	-	-	-
-	-	-	-	-
464,801	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
464,801	3,380	557,238	1,599	442,967
266,216	60,540	(535,007)	2,057	(422,925)
-	-	-	-	-
500,000	-	-	-	-
-	(19,694,512)	-	-	-
-	-	-	-	-
-	-	-	-	-
500,000	(19,694,512)	-	-	-
766,216	(19,633,972)	(535,007)	2,057	(422,925)
24,462,270	19,633,972	6,159,504	1,283,811	4,877,445
$ 25,228,486	$ -	$ 5,624,497	$ 1,285,868	$ 4,454,520

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	1989 New Jersey Green Trust Fund	1992 New Jersey Green Trust Fund	1995 New Jersey Green Trust Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	177,332	78,876	96,633
Contributions	-	-	-
Other	736,209	539,992	836,226
Total Revenues	913,541	618,868	932,859
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	10,025,644	5,676,606	13,111,974
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	10,025,644	5,676,606	13,111,974
Excess (deficiency) of revenues over expenditures	(9,112,103)	(5,057,738)	(12,179,115)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	(9,112,103)	(5,057,738)	(12,179,115)
Fund Balances - July 1, 2009	82,320,425	47,279,567	67,872,862
Fund Balances - June 30, 2010	$ 73,208,322	$ 42,221,829	$ 55,693,747

1995 New Jersey Inland Blue Acres Fund	New Jersey Lawyers' Assistance Program	New Jersey Lawyers' Fund for Client Protection	New Jersey Local Development Financing Fund	New Jersey Racing Industry Special Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	800,508	3,839,998	78,953	-
-	-	-	-	605,017
2,966	5,493	138,619	66,351	17,730
-	-	-	-	-
-	-	652,467	1,034,147	17,963,096
2,966	806,001	4,631,084	1,179,451	18,585,843
-	614,030	3,179,263	-	14,783,375
-	-	-	-	-
-	-	-	-	-
1,443	-	-	-	-
-	-	-	337,310	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,443	614,030	3,179,263	337,310	14,783,375
1,523	191,971	1,451,821	842,141	3,802,468
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,523	191,971	1,451,821	842,141	3,802,468
746,248	1,101,626	19,109,555	49,711,525	2,941,407
$ 747,771	$ 1,293,597	$ 20,561,376	$ 50,553,666	$ 6,743,875

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	New Jersey Schools Development Authority	New Jersey Spill Compensation Fund	New Jersey Spinal Cord Research Fund
REVENUES			
Taxes	$ -	$ 20,436,208	$ -
Federal and other grants	-	-	-
Licenses and fees	51,700	6,284,489	-
Services and assessments	-	-	-
Investment earnings	2,342,411	44,445	35,718
Contributions	-	-	-
Other	209,203	523,309	3,857,889
Total Revenues	2,603,314	27,288,451	3,893,607
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	2,634,486
Educational, cultural, and intellectual development	553,033,978	-	-
Community development and environmental management	-	4,266,975	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	553,033,978	4,266,975	2,634,486
Excess (deficiency) of revenues over expenditures	(550,430,664)	23,021,476	1,259,121
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	775,000,000	-	-
Transfers to other funds	-	(29,621,056)	(5,496,520)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	775,000,000	(29,621,056)	(5,496,520)
Net Change in Fund Balance	224,569,336	(6,599,580)	(4,237,399)
Fund Balances - July 1, 2009	(29,529,205)	8,749,505	16,661,371
Fund Balances - June 30, 2010	$ 195,040,131	$ 2,149,925	$ 12,423,972

New Jersey Transportation Trust Fund Authority	New Jersey Workforce Development Partnership Fund	Petroleum Overcharge Reimbursement Fund	Pinelands Infrastructure Trust Fund	Pollution Prevention Fund
$ -	$ 93,363,769	$ -	$ -	$ -
11,616,420	-	-	-	-
-	-	-	-	-
-	-	-	-	1,587,742
1,916,436	236,070	28,217	28,252	5,609
-	-	-	-	-
-	34,354	-	68,634	-
13,532,856	93,634,193	28,217	96,886	1,593,351
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	117,374	-	-
-	42,666,341	-	-	-
121,607	-	-	-	-
-	-	-	2,092	-
-	-	-	-	-
271,590,000	-	-	-	-
488,279,420	-	-	-	-
759,991,027	42,666,341	117,374	2,092	-
(746,458,171)	50,967,852	(89,157)	94,794	1,593,351
1,156,753,361	-	-	1,250,000	-
895,000,000	-	-	-	-
(1,725,395,510)	(68,073,474)	(387,000)	-	(2,039,270)
-	-	-	121,803	-
(6,062,623)	-	-	-	-
320,295,228	(68,073,474)	(387,000)	1,371,803	(2,039,270)
(426,162,943)	(17,105,622)	(476,157)	1,466,597	(445,919)
324,204,936	65,017,480	7,190,880	10,876,572	1,618,917
$ (101,958,007)	$ 47,911,858	$ 6,714,723	$ 12,343,169	$ 1,172,998

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Real Estate Guaranty Fund	Remediation Guarantee Fund	Resource Recovery and Solid Waste Disposal Facility Fund
REVENUES			
Taxes	$ -	$ 1,712,378	$ -
Federal and other grants	-	-	-
Licenses and fees	67,370	-	-
Services and assessments	-	-	-
Investment earnings	7,558	-	2,823
Contributions	-	-	-
Other	-	-	-
Total Revenues	74,928	1,712,378	2,823
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	10,823	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	10,823	-	-
Excess (deficiency) of revenues over expenditures	64,105	1,712,378	2,823
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	-	-	-
Net Change in Fund Balance	64,105	1,712,378	2,823
Fund Balances - July 1, 2009	1,968,698	-	662,357
Fund Balances - June 30, 2010	$ 2,032,803	$ 1,712,378	$ 665,180

Safe Drinking Water Fund	Sanitary Landfill Facility Contingency Fund	Shore Protection Fund	State Disability Benefit Fund	State Land Acquisition and Development Fund
$ 2,422,770	$ -	$ -	$ 602,561,070	$ -
-	-	-	-	-
-	-	-	-	-
-	1,651,728	-	31,693,250	-
16,942	56,026	49,191	682,838	4,020
-	-	-	-	-
-	8,183	-	362,737	-
2,439,712	1,715,937	49,191	635,299,895	4,020
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	150,813	-	-	485,864
-	-	-	522,137,304	-
-	-	-	-	2,737
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	150,813	-	522,137,304	488,601
2,439,712	1,565,124	49,191	113,162,591	(484,581)
-	-	-	-	-
-	-	-	-	-
(2,590,601)	(1,700,000)	(49,191)	(139,885,146)	(4,020)
-	-	-	-	-
-	-	-	-	-
(2,590,601)	(1,700,000)	(49,191)	(139,885,146)	(4,020)
(150,889)	(134,876)	-	(26,722,555)	(488,601)
1,526,653	15,543,056	11,047,627	298,686,626	1,089,823
$ 1,375,764	$ 15,408,180	$ 11,047,627	$ 271,964,071	$ 601,222

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	State-Owned Real Property Fund	State Recycling Fund	Stormwater Management and Combined Sewer Overflow Abatement Fund
REVENUES			
Taxes	$ -	$ 23,239,262	$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	17,508	115,631	13,988
Contributions	-	-	-
Other	3,936,839	11,759	-
Total Revenues	3,954,347	23,366,652	13,988
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	23,559,134	455,055
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	5,020
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	23,559,134	460,075
Excess (deficiency) of revenues over expenditures	3,954,347	(192,482)	(446,087)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	3,000,000
Transfers from other funds	-	540,398	-
Transfers to other funds	-	(358,000)	-
Other sources	-	-	292,326
Other uses	-	-	-
Total other financing sources (uses)	-	182,398	3,292,326
Net Change in Fund Balance	3,954,347	(10,084)	2,846,239
Fund Balances - July 1, 2009	3,945,822	33,448,406	2,809,788
Fund Balances - June 30, 2010	$ 7,900,169	$ 33,438,322	$ 5,656,027

Superior Court of New Jersey Trust Fund	Supplemental Workforce Fund for Basic Skills	Tobacco Settlement Financing Corporation, Inc.	Tobacco Settlement Fund	Tourism Improvement and Development Fund
$ -	$ 25,934,489	$ -	$ -	$ 5,203,910
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1,170,239	39,275	8,040,000	8,371	121
-	-	-	-	-
-	-	182,628,000	57,403,116	-
1,170,239	25,973,764	190,668,000	57,411,487	5,204,031
1,680,358	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	28,940,885	-	-	5,114,735
-	-	-	-	-
-	-	527,000	-	-
-	-	-	-	-
-	-	32,485,000	-	-
-	-	158,077,000	-	-
1,680,358	28,940,885	191,089,000	-	5,114,735
(510,119)	(2,967,121)	(421,000)	57,411,487	89,296
-	-	-	-	-
-	-	-	-	-
-	(1,761,648)	-	(56,900,000)	(87,175)
-	-	-	-	-
-	-	-	-	-
-	(1,761,648)	-	(56,900,000)	(87,175)
(510,119)	(4,728,769)	(421,000)	511,487	2,121
1,053,141	14,972,742	261,040,000	34,622,888	17,811
$ 543,022	$ 10,243,973	$ 260,619,000	$ 35,134,375	$ 19,932

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Trial Attorney Certification Program	Unclaimed Child Support Trust Fund	Unclaimed Utility Deposits Trust Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	-	-
Licenses and fees	268,791	-	-
Services and assessments	-	-	-
Investment earnings	9,422	12,106	17,516
Contributions	-	-	-
Other	5,240	19,685	1,642,649
Total Revenues	283,453	31,791	1,660,165
EXPENDITURES			
Current:			
Public safety and criminal justice	217,099	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	20,281	2,881,540
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	217,099	20,281	2,881,540
Excess (deficiency) of revenues over expenditures	66,354	11,510	(1,221,375)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(17,516)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	-	-	(17,516)
Net Change in Fund Balance	66,354	11,510	(1,238,891)
Fund Balances - July 1, 2009	17,501	2,831,769	6,095,627
Fund Balances - June 30, 2010	$ 83,855	$ 2,843,279	$ 4,856,736

Unemployment Compensation Auxiliary Fund	Universal Services Fund	University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund	Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund	Vietnam Veterans' Memorial Fund
$ -	$ -	$ -	$ -	$ -
-	-	-	-	-
-	-	-	-	-
-	278,724,654	7,922,062	-	-
39,315	129,601	10,384	35,102	1
-	-	-	-	7,115
20,476,512	-	-	35,045	-
20,515,827	278,854,255	7,932,446	70,147	7,116
				-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	201,923,979	21,610,786	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	83,642
-	-	-	-	-
-	-	-	-	-
-	201,923,979	21,610,786	-	83,642
20,515,827	76,930,276	(13,678,340)	70,147	(76,526)
-	-	-	-	-
-	-	18,000,000	-	-
(27,546,056)	(78,563,817)	-	-	-
-	-	-	-	-
-	-	-	-	-
(27,546,056)	(78,563,817)	18,000,000	-	-
(7,030,229)	(1,633,541)	4,321,660	70,147	(76,526)
7,030,229	9,054,945	2,799,544	21,867,367	83,958
$ -	$ 7,421,404	$ 7,121,204	$ 21,937,514	$ 7,432

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Volunteer Emergency Service Organizations Loan Fund	Wastewater Treatment Fund	1992 Wastewater Treatment Fund
REVENUES			
Taxes	$ -	$ -	$ -
Federal and other grants	-	32,508,403	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	9,397	1,502,898	78,217
Contributions	-	-	-
Other	18,394	97,000,000	-
Total Revenues	27,791	131,011,301	78,217
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	497,932	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	18,241
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	-	497,932	18,241
Excess (deficiency) of revenues over expenditures	27,791	130,513,369	59,976
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	10,900,000
Transfers from other funds	-	-	-
Transfers to other funds	-	(937,454)	-
Other sources	-	-	1,062,119
Other uses	-	-	-
Total other financing sources (uses)	-	(937,454)	11,962,119
Net Change in Fund Balance	27,791	129,575,915	12,022,095
Fund Balances - July 1, 2009	3,374,994	1,076,768,436	31,540,933
Fund Balances - June 30, 2010	$ 3,402,785	$ 1,206,344,351	$ 43,563,028

Water Conservation Fund	2003 Water Resources and Wastewater Treatment Fund	Water Supply Fund	Water Supply Replacement Trust Fund
$ -	$ -	$ -	$ -
-	-	-	-
-	-	-	-
-	-	-	-
3,189	84,425	364,130	332
-	-	-	-
-	534	342,386	-
3,189	84,959	706,516	332
-	-	-	-
-	-	-	-
-	-	-	-
-	-	2,144,123	-
-	-	-	-
-	-	-	-
-	20,081	33,887	-
-	-	-	-
-	-	-	-
-	-	-	-
-	20,081	2,178,010	-
3,189	64,878	(1,471,494)	332
-	12,000,000	20,250,000	-
-	-	-	-
(3,189)	-	(4,247,956)	-
-	1,169,305	1,973,202	-
-	-	-	-
(3,189)	13,169,305	17,975,246	-
-	13,234,183	16,503,752	332
791,573	26,320,131	172,743,841	74,975
$ 791,573	$ 39,554,314	$ 189,247,593	$ 75,307

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
FOR THE FISCAL YEAR ENDING JUNE 30, 2010

	Worker and Community Right to Know Fund	Workers' Compensation Security Fund	Total Non-Major Special Revenue Funds
REVENUES			
Taxes	$ -	$ -	$ 1,775,436,618
Federal and other grants	-	-	144,097,653
Licenses and fees	-	-	117,324,430
Services and assessments	4,127,252	25,096,429	1,066,213,420
Investment earnings	5,893	136,656	26,687,244
Contributions	-	-	7,506
Other	-	-	489,343,848
Total Revenues	4,133,145	25,233,085	3,619,110,719
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	92,215,676
Physical and mental health	-	-	315,224,433
Educational, cultural, and intellectual development	-	-	587,245,978
Community development and environmental management	-	-	344,694,256
Economic planning, development, and security	-	52,288,517	1,210,590,848
Transportation programs	-	-	27,891,212
Government direction, management, and control	-	-	291,285,585
Special government services	-	-	175,642
Debt Service:			
Principal	-	-	347,325,000
Interest	-	-	732,197,510
Total Expenditures	-	52,288,517	3,948,846,140
Excess (deficiency) of revenues over expenditures	4,133,145	(27,055,432)	(329,735,421)
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	1,365,903,361
Transfers from other funds	-	-	1,915,012,850
Transfers to other funds	(4,487,364)	(27,000,000)	(3,279,615,864)
Other sources	-	-	146,763,883
Other uses	-	-	(132,843,927)
Total other financing sources (uses)	(4,487,364)	(27,000,000)	15,220,303
Net Change in Fund Balance	(354,219)	(54,055,432)	(314,515,118)
Fund Balances - July 1, 2009	867,466	54,055,432	4,924,475,205
Fund Balances - June 30, 2010	$ 513,247	$ -	$ 4,609,960,087

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	Correctional Facilities Construction Fund	Correctional Facilities Construction Fund of 1987	Energy Conservation Fund
ASSETS			
Cash and cash equivalents	$ 14,096	$ 65,564	$ 6,203
Investments	577,583	624,482	274,731
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Total Assets	$ 591,679	$ 690,046	$ 280,934
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ 26,495	$ -
Due to other funds	2,606	3,145	1,240
Total Liabilities	2,606	29,640	1,240
Fund Balances			
Reserved for:			
Encumbrances	-	356,540	6,062
Other	-	-	-
Unreserved:			
Designated-continuing appropriations	589,073	303,866	273,632
Undesignated	-	-	-
Total Fund Balances	589,073	660,406	279,694
Total Liabilities and Fund Balances	$ 591,679	$ 690,046	$ 280,934

Human Services Facilities Construction Fund	Motor Vehicle Commission Fund	New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund
$ 1,050	$ 2,112,475	$ 6,452
26,291	7,694,067	6,186,158
-	-	-
-	-	-
-	-	-
-	64,316,619	-
-	-	-
$ 27,341	$ 74,123,161	$ 6,192,610
$ 15,573	$ 3,408,419	$ -
119	10,000,000	27,911
15,692	13,408,419	27,911
-	40,821,503	1,439,979
-	-	-
11,649	19,893,239	4,724,720
-	-	-
11,649	60,714,742	6,164,699
$ 27,341	$ 74,123,161	$ 6,192,610

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS (Continued)
JUNE 30, 2010

	Public Purpose Buildings and Community-Based Facilities Construction Fund	Public Purpose Buildings Construction Fund	Special Transportation Fund
ASSETS			
Cash and cash equivalents	$ 18,409	$ 105,952	$ -
Investments	1,406,018	134,246	-
Receivables, net of allowances for uncollectibles			
Federal government	-	-	105,424,913
Departmental accounts	-	-	462,849
Loans	-	-	5,000,000
Other	-	-	5,368
Due from other funds	-	-	384,396,398
Total Assets	$ 1,424,427	$ 240,198	$ 495,289,528
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	$ -	$ -	$ 198,722,527
Due to other funds	6,705	606	296,567,001
Total Liabilities	6,705	606	495,289,528
Fund Balances			
Reserved for:			
Encumbrances	306,661	-	-
Other	-	-	5,000,000
Unreserved:			
Designated-continuing appropriations	1,111,061	239,592	-
Undesignated	-	-	(5,000,000)
Total Fund Balances	1,417,722	239,592	-
Total Liabilities and Fund Balances	$ 1,424,427	$ 240,198	$ 495,289,528

State Facilities for Handicapped Fund	1999 Statewide Transportation and Local Bridge Fund	Total Non-Major Capital Projects Funds
$ -	$ 81,686	$ 2,411,887
11,577	14,596,517	31,531,670
-	-	105,424,913
-	-	462,849
-	-	5,000,000
-	-	64,321,987
-	-	384,396,398
$ 11,577	$ 14,678,203	$ 593,549,704
$ -	$ 214,789	$ 202,387,803
-	66,762	306,676,095
-	281,551	509,063,898
-	12,648,468	55,579,213
-	-	5,000,000
11,577	1,748,184	28,906,593
-	-	(5,000,000)
11,577	14,396,652	84,485,806
$ 11,577	$ 14,678,203	$ 593,549,704

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Correctional Facilities Construction Fund	Correctional Facilities Construction Fund of 1987	Energy Conservation Fund
REVENUES			
Federal and other grants	$ -	$ -	$ -
Services and assessments	-	-	-
Investment earnings	2,606	3,145	1,240
Total Revenues	2,606	3,145	1,240
EXPENDITURES			
Current:			
Public safety and criminal justice	-	140,021	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Total Expenditures	-	140,021	-
Excess (deficiency) of revenues over expenditures	2,606	(136,876)	1,240
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(2,606)	(3,145)	(1,240)
Total other financing sources (uses)	(2,606)	(3,145)	(1,240)
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	(140,021)	-
Fund Balances - July 1, 2009	589,073	800,427	279,694
Fund Balances - June 30, 2010	$ 589,073	$ 660,406	$ 279,694

Human Services Facilities Construction Fund	Motor Vehicle Commission Fund	New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund
$ -	$ -	$ -
-	-	-
119	298,471	27,911
119	298,471	27,911
-	21,959,542	-
-	-	-
-	-	-
-	-	-
-	-	-
-	4,834	-
-	21,964,376	-
119	(21,665,905)	27,911
-	-	-
(119)	-	(27,911)
(119)	-	(27,911)
-	(21,665,905)	-
11,649	82,380,647	6,164,699
$ 11,649	$ 60,714,742	$ 6,164,699

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR CAPITAL PROJECTS FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Public Purpose Buildings and Community-Based Facilities Construction Fund	Public Purpose Buildings Construction Fund	Special Transportation Fund
REVENUES			
Federal and other grants	$ -	$ -	$ 885,623,284
Services and assessments	-	-	683,491
Investment earnings	6,705	606	-
Total Revenues	6,705	606	886,306,775
EXPENDITURES			
Current:			
Public safety and criminal justice	36,695	-	-
Physical and mental health	59,470	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	67,656	-	-
Transportation programs	-	-	2,611,702,285
Government direction, management, and control	-	-	-
Total Expenditures	163,821	-	2,611,702,285
Excess (deficiency) of revenues over expenditures	(157,116)	606	(1,725,395,510)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	1,725,395,510
Transfers to other funds	(6,705)	(606)	-
Total other financing sources (uses)	(6,705)	(606)	1,725,395,510
Excess (deficiency) of revenues and other sources over expenditures and other uses	(163,821)	-	-
Fund Balances - July 1, 2009	1,581,543	239,592	-
Fund Balances - June 30, 2010	$ 1,417,722	$ 239,592	$ -

State Facilities for Handicapped Fund	1999 Statewide Transportation and Local Bridge Fund	Total Non-Major Capital Projects Funds
$ -	$ -	$ 885,623,284
-	-	683,491
61	66,762	407,626
61	66,762	886,714,401
-	-	22,136,258
-	-	59,470
4,897	-	4,897
-	-	67,656
-	728,547	2,612,430,832
-	-	4,834
4,897	728,547	2,634,703,947
(4,836)	(661,785)	(1,747,989,546)
-	-	1,725,395,510
-	(66,762)	(109,094)
-	(66,762)	1,725,286,416
(4,836)	(728,547)	(22,703,130)
16,413	15,125,199	107,188,936
$ 11,577	$ 14,396,652	$ 84,485,806

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2010

	Alternate Benefit Program Fund	Dental Expense Program	Judiciary Bail Fund
ASSETS			
Cash and cash equivalents	$ 1,220,743	$ -	$ 203,552
Investments	1,054,763	25,396,832	26,074,965
Receivables, net of allowances for uncollectibles			
Members	40,637	-	-
Employers	-	-	-
Other	-	-	41,822
Due from other funds	26,947,311	12,101	-
Total Assets	$ 29,263,454	$ 25,408,933	$ 26,320,339
LIABILITIES			
Accounts payable and accruals	$ 28,387,944	$ 25,357,518	$ 26,320,339
Due to other funds	875,510	51,415	-
Total Liabilities	$ 29,263,454	$ 25,408,933	$ 26,320,339

Judiciary Child Support and Paternity Fund	Judiciary Probation Fund	Judiciary Special Civil Fund
$ 6,419,380	$ 163,017	$ 40,108
19,712,144	9,655,518	2,186,967
-	-	-
-	-	-
-	-	-
-	-	-
$ 26,131,524	$ 9,818,535	$ 2,227,075
$ 26,131,524	$ 9,818,535	$ 2,227,075
-	-	-
$ 26,131,524	$ 9,818,535	$ 2,227,075

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS (Continued)
JUNE 30, 2010

	Luxury Tax Development Fund	Pension Adjustment Fund	Resource Recovery Investment Tax Fund
ASSETS			
Cash and cash equivalents	$ 69,516	$ 2,079,264	$ 100,299
Investments	8,549,903	1,296,520	469,313
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	1,239,922	-
Other	-	-	-
Due from other funds	-	35,330	-
Total Assets	$ 8,619,419	$ 4,651,036	$ 569,612
LIABILITIES			
Accounts payable and accruals	$ 8,619,419	$ 3,535,187	$ 569,612
Due to other funds	-	1,115,849	-
Total Liabilities	$ 8,619,419	$ 4,651,036	$ 569,612

Solid Waste Service Tax Fund	Wage and Hour Trust Fund	Total Agency Funds
$ 85,465	$ 1,604,199	$ 11,985,543
1,522,534	2,792,616	98,712,075
-	-	40,637
-	-	1,239,922
-	-	41,822
-	-	26,994,742
$ 1,607,999	$ 4,396,815	$ 139,014,741
$ 1,607,999	$ 4,394,971	$ 136,970,123
-	1,844	2,044,618
$ 1,607,999	$ 4,396,815	$ 139,014,741

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
ALTERNATE BENEFIT PROGRAM FUND				
Assets				
Cash and cash equivalents	$ 1,486,556	$ 157,754,719	$ 158,020,532	$ 1,220,743
Investments	4,100,606	205,317,187	208,363,030	1,054,763
Receivables, net - members	37,875	40,637	37,875	40,637
Due from other funds	31,805,466	38,959,010	43,817,165	26,947,311
Total Assets	$ 37,430,503	$ 402,071,553	$ 410,238,602	$ 29,263,454
Liabilities				
Accounts payable	$ 37,126,753	$ 29,590,398	$ 38,329,207	$ 28,387,944
Due to other funds	303,750	875,510	303,750	875,510
Total Liabilities	$ 37,430,503	$ 30,465,908	$ 38,632,957	$ 29,263,454
DENTAL EXPENSE PROGRAM				
Assets				
Cash and cash equivalents	$ -	$ 37,251,303	$ 37,251,303	$ -
Investments	24,495,836	160,859,501	159,958,505	25,396,832
Due from other funds	1,015,483	2,954,659	3,958,041	12,101
Total Assets	$ 25,511,319	$ 201,065,463	$ 201,167,849	$ 25,408,933
Liabilities				
Accounts payable	$ 25,444,628	$ 38,014,053	$ 38,101,163	$ 25,357,518
Due to other funds	66,691	15,278	30,554	51,415
Total Liabilities	$ 25,511,319	$ 38,029,331	$ 38,131,717	$ 25,408,933
JUDICIARY BAIL FUND				
Assets				
Cash and cash equivalents	$ 179,118	$ 103,814,773	$ 103,790,339	$ 203,552
Investments	28,277,965	9,465,128	11,668,128	26,074,965
Receivables, net - other	41,822	-	-	41,822
Total Assets	$ 28,498,905	$ 113,279,901	$ 115,458,467	$ 26,320,339
Liabilities				
Accounts payable	$ 28,498,905	$ 82,299,086	$ 84,477,652	$ 26,320,339
Due to other funds	-	495,128	495,128	-
Total Liabilities	$ 28,498,905	$ 82,794,214	$ 84,972,780	$ 26,320,339

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
JUDICIARY CHILD SUPPORT AND PATERNITY FUND				
Assets				
Cash and cash equivalents	$ 7,194,884	$ 2,902,903,420	$ 2,903,678,924	$ 6,419,380
Investments	14,979,687	147,899,094	143,166,637	19,712,144
Total Assets	$ 22,174,571	$ 3,050,802,514	$ 3,046,845,561	$ 26,131,524
Liabilities				
Accounts payable	$ 22,174,571	$ 1,406,155,010	$ 1,402,198,057	$ 26,131,524
Total Liabilities	$ 22,174,571	$ 1,406,155,010	$ 1,402,198,057	$ 26,131,524
JUDICIARY PROBATION FUND				
Assets				
Cash and cash equivalents	$ 197,026	$ 68,568,952	$ 68,602,961	$ 163,017
Investments	9,826,519	17,570,635	17,741,636	9,655,518
Total Assets	$ 10,023,545	$ 86,139,587	$ 86,344,597	$ 9,818,535
Liabilities				
Accounts payable	$ 10,023,545	$ 51,631,755	$ 51,836,765	$ 9,818,535
Due to other funds	-	142,636	142,636	-
Total Liabilities	$ 10,023,545	$ 51,774,391	$ 51,979,401	$ 9,818,535
JUDICIARY SPECIAL CIVIL FUND				
Assets				
Cash and cash equivalents	$ 135,201	$ 68,994,417	$ 69,089,510	$ 40,108
Investments	3,791,967	23,120,995	24,725,995	2,186,967
Total Assets	$ 3,927,168	$ 92,115,412	$ 93,815,505	$ 2,227,075
Liabilities				
Accounts payable	$ 3,927,168	$ 43,513,177	$ 45,213,270	$ 2,227,075
Due to other funds	-	36,995	36,995	-
Total Liabilities	$ 3,927,168	$ 43,550,172	$ 45,250,265	$ 2,227,075

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
LUXURY TAX DEVELOPMENT FUND				
Assets				
Cash and cash equivalents	$ 39,319	$ 320,697	$ 290,500	$ 69,516
Investments	8,801,652	38,751	290,500	8,549,903
Due from other funds	1,104	-	1,104	-
Total Assets	$ 8,842,075	$ 359,448	$ 582,104	$ 8,619,419
Liabilities				
Accounts payable	$ 8,842,075	$ 1,708,344	$ 1,931,000	$ 8,619,419
Total Liabilities	$ 8,842,075	$ 1,708,344	$ 1,931,000	$ 8,619,419
PENSION ADJUSTMENT FUND				
Assets				
Cash and cash equivalents	$ 2,175,952	$ 5,480,776	$ 5,577,464	$ 2,079,264
Investments	1,094,235	7,339,261	7,136,976	1,296,520
Receivables, net - employers	1,827,468	5,832,814	6,420,360	1,239,922
Due from other funds	23,703	97,281	85,654	35,330
Total Assets	$ 5,121,358	$ 18,750,132	$ 19,220,454	$ 4,651,036
Liabilities				
Accounts payable	$ 3,361,228	$ 173,959	$ -	$ 3,535,187
Due to other funds	1,760,130	11,509,618	12,153,899	1,115,849
Total Liabilities	$ 5,121,358	$ 11,683,577	$ 12,153,899	$ 4,651,036
RESOURCE RECOVERY INVESTMENT TAX FUND				
Assets				
Cash and cash equivalents	$ 100,299	$ -	$ -	$ 100,299
Investments	467,216	2,097	-	469,313
Total Assets	$ 567,515	$ 2,097	$ -	$ 569,612
Liabilities				
Accounts payable	$ 567,515	$ 2,097	$ -	$ 569,612
Total Liabilities	$ 567,515	$ 2,097	$ -	$ 569,612

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
SOLID WASTE SERVICE TAX FUND				
Assets				
Cash and cash equivalents	$ 85,465	$ -	$ -	$ 85,465
Investments	1,515,730	6,804	-	1,522,534
Total Assets	$ 1,601,195	$ 6,804	$ -	$ 1,607,999
Liabilities				
Accounts payable	$ 1,601,195	$ 6,804	$ -	$ 1,607,999
Total Liabilities	$ 1,601,195	$ 6,804	$ -	$ 1,607,999
WAGE AND HOUR TRUST FUND				
Assets				
Cash and cash equivalents	$ 1,647,375	$ 1,118,351	$ 1,161,527	$ 1,604,199
Investments	2,782,972	9,644	-	2,792,616
Total Assets	$ 4,430,347	$ 1,127,995	$ 1,161,527	$ 4,396,815
Liabilities				
Accounts payable	$ 4,391,347	$ 1,118,351	$ 1,114,727	$ 4,394,971
Due to other funds	39,000	9,644	46,800	1,844
Total Liabilities	$ 4,430,347	$ 1,127,995	$ 1,161,527	$ 4,396,815
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	$ 13,241,195	$ 3,346,207,408	$ 3,347,463,060	$ 11,985,543
Investments	100,134,385	571,629,097	573,051,407	98,712,075
Receivables, net - members	37,875	40,637	37,875	40,637
Receivables, net - employers	1,827,468	5,832,814	6,420,360	1,239,922
Receivables, net - other	41,822	-	-	41,822
Due from other funds	32,845,756	42,010,950	47,861,964	26,994,742
Total Assets	$ 148,128,501	$ 3,965,720,906	$ 3,974,834,666	$ 139,014,741
Liabilities				
Accounts payable	$ 145,958,930	$ 1,654,213,034	$ 1,663,201,841	$ 136,970,123
Due to other funds	2,169,571	13,084,809	13,209,762	2,044,618
Total Liabilities	$ 148,128,501	$ 1,667,297,843	$ 1,676,411,603	$ 139,014,741

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2010

	Alternate Benefit Long-Term Disability Fund	Central Pension Fund	Consolidated Police and Firemen's Pension Fund
ASSETS			
Cash and cash equivalents	$ -	$ 46,622	$ 152,685
Securities lending collateral	-	-	-
Investments	1,277,722	5,922	8,315,231
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	8,183	-
Interest and dividends	-	1	575
Due from other funds	-	3,886	932,328
Other	266,031	-	20,465
Total Assets	1,543,753	64,614	9,421,284
LIABILITIES			
Accounts payable	-	7	4,436
Benefits payable	-	20,872	621,683
Securities lending collateral and rebates payable	-	-	-
Due to other funds	-	43,735	34,430
Total Liabilities	-	64,614	660,549
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	$ 1,543,753	$ -	$ 8,760,735

Health Benefits Program Fund - Local Education	Health Benefits Program Fund - Local Government	Health Benefits Program Fund - State	Judicial Retirement System
$ 2,644,018	$ 1,667,853	$ 35,090	$ 101,899
-	-	-	52,264
542,660,918	183,241,381	40,266,095	260,949,974
-	-	-	-
-	-	-	-
-	-	-	1,494,836
4,721	11,716	48,759,340	26,500
46,462,683	54,937,646	2,312,506	2,557,595
591,772,340	239,858,596	91,373,031	265,183,068
735,329	480,406	3,528,736	70,617
197,486,165	88,642,281	177,118,056	3,401,005
-	-	-	51,790
-	-	-	135,664
198,221,494	89,122,687	180,646,792	3,659,076
$ 393,550,846	$ 150,735,909	$ (89,273,761)	$ 261,523,992

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS (Continued)
JUNE 30, 2010

	New Jersey State Employees' Deferred Compensation Plan	Police and Firemen's Retirement System	Prison Officers' Pension Fund
ASSETS			
Cash and cash equivalents	$ 1,053	$ 5,763,447	$ 259,605
Securities lending collateral	-	4,292,198	-
Investments	2,048,624,885	17,349,316,362	10,855,014
Receivables, net of allowances for uncollectibles			
Members	-	45,062,645	-
Employers	-	2,085,476,715	-
Interest and dividends	1,290,955	92,153,743	470
Due from other funds	-	385,648	87,497
Other	-	404,790,285	-
Total Assets	2,049,916,893	19,987,241,043	11,202,586
LIABILITIES			
Accounts payable	1,334,638	3,130,086	1,198
Benefits payable	-	132,772,236	178,015
Securities lending collateral and rebates payable	-	4,252,981	-
Due to other funds	-	2,947,924	5,005
Total Liabilities	1,334,638	143,103,227	184,218
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	$ 2,048,582,255	$ 19,844,137,816	$ 11,018,368

Public Employees' Retirement System	State Police Retirement System	Supplemental Annuity Collective Trust	Teachers' Pension and Annuity Fund	Total Pension and Other Employee Benefits Trust Funds
$ 6,431,950	$ 367,042	$ 7,675	$ 5,951,038	$ 23,429,977
5,681,787	398,837	-	6,259,402	16,684,488
22,001,006,382	1,634,719,183	136,160,715	25,656,369,028	69,873,768,812
55,035,026	-	405,491	78,257,903	178,761,065
1,906,422,118	-	-	71,002,742	4,062,909,758
128,841,554	9,654,043	250,736	149,589,936	383,276,849
2,338,765	386,631	27,271	3,492,134	56,456,437
500,274,900	23,181,978	16,453	221,804,042	1,256,624,584
24,606,032,482	1,668,707,714	136,868,341	26,192,726,225	75,851,911,970
51,876,033	38,625	111,660	40,531,632	101,843,403
212,628,669	11,714,130	565,636	248,502,548	1,073,651,296
5,629,777	395,196	-	6,202,239	16,531,983
3,185,597	364,839	5,690	4,993,973	11,716,857
273,320,076	12,512,790	682,986	300,230,392	1,203,743,539
$ 24,332,712,406	$ 1,656,194,924	$ 136,185,355	$ 25,892,495,833	$ 74,648,168,431

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Alternate Benefit Long-Term Disability Fund	Central Pension Fund	Consolidated Police and Firemen's Pension Fund
ADDITIONS			
Contributions:			
Members	$ -	$ -	$ -
Employers	2,766,031	179,863	13,236
Other	-	22,018	4,830,461
Total Contributions	2,766,031	201,881	4,843,697
Investment Income:			
Net increase (decrease) in fair value of investments	-	-	557
Interest and dividends	12,970	484	41,540
Total Investment Income	12,970	484	42,097
Less investment expense	-	-	6,874
Net Investment Income	12,970	484	35,223
Total Additions	2,779,001	202,365	4,878,920
DEDUCTIONS			
Benefit payments	2,766,031	199,294	7,495,068
Refunds of contributions	-	3,071	-
Administrative expense	-	-	8,200
Total Deductions	2,766,031	202,365	7,503,268
Total Changes in Net Assets Held in Trust	12,970	-	(2,624,348)
Net Assets - July 1, 2009	1,530,783	-	11,385,083
Net Assets - June 30, 2010	$ 1,543,753	$ -	$ 8,760,735

Health Benefits Program Fund - Local Education	Health Benefits Program Fund - Local Government	Health Benefits Program Fund - State	Judicial Retirement System
$ 50,589,195	$ 37,238,154	$ 129,327,188	$ 3,054,881
1,833,888,995	745,264,983	1,565,752,304	2,308,854
-	-	-	-
1,884,478,190	782,503,137	1,695,079,492	5,363,735
67	25	12	28,776,136
2,294,115	1,485,477	489,428	8,370,399
2,294,182	1,485,502	489,440	37,146,535
-	-	-	14,979
2,294,182	1,485,502	489,440	37,131,556
1,886,772,372	783,988,639	1,695,568,932	42,495,291
1,890,855,507	802,633,222	1,688,667,480	41,232,511
-	-	-	174,362
5,479,157	2,739,578	5,479,157	192,762
1,896,334,664	805,372,800	1,694,146,637	41,599,635
(9,562,292)	(21,384,161)	1,422,295	895,656
403,113,138	172,120,070	(90,696,056)	260,628,336
$ 393,550,846	$ 150,735,909	$ (89,273,761)	$ 261,523,992

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	New Jersey State Employees' Deferred Compensation Plan	Police and Firemen's Retirement System	Prison Officers' Pension Fund
ADDITIONS			
Contributions:			
Members	$ 171,382,135	$ 330,951,798	$ -
Employers	-	1,001,223,223	-
Other	-	-	1,046,590
Total Contributions	171,382,135	1,332,175,021	1,046,590
Investment Income:			
Net increase (decrease) in fair value of investments	157,217,340	1,466,339,195	(1,245)
Interest and dividends	12,103,271	543,203,955	57,265
Total Investment Income	169,320,611	2,009,543,150	56,020
Less investment expense	247,667	1,303,869	2,448
Net Investment Income	169,072,944	2,008,239,281	53,572
Total Additions	340,455,079	3,340,414,302	1,100,162
DEDUCTIONS			
Benefit payments	70,838,765	1,573,510,855	2,063,123
Refunds of contributions	-	5,615,160	-
Administrative expense	456,124	6,080,086	5,591
Total Deductions	71,294,889	1,585,206,101	2,068,714
Total Changes in Net Assets Held in Trust	269,160,190	1,755,208,201	(968,552)
Net Assets - July 1, 2009	1,779,422,065	18,088,929,615	11,986,920
Net Assets - June 30, 2010	$ 2,048,582,255	$ 19,844,137,816	$ 11,018,368

Public Employees' Retirement System	State Police Retirement System	Supplemental Annuity Collective Trust	Teachers' Pension and Annuity Fund	Total Pension and Other Employee Benefits Trust Funds
$ 743,486,792	$ 18,825,131	$ 7,119,188	$ 615,862,621	$ 2,107,837,083
919,999,429	1,235,580	-	42,850,384	6,115,482,882
-	-	-	-	5,899,069
1,663,486,221	20,060,711	7,119,188	658,713,005	8,229,219,034
1,989,932,958	161,153,898	13,150,932	2,478,871,675	6,295,441,550
713,767,887	53,418,625	2,910,636	802,419,586	2,140,575,638
2,703,700,845	214,572,523	16,061,568	3,281,291,261	8,436,017,188
7,395,195	93,389	-	3,866,796	12,931,217
2,696,305,650	214,479,134	16,061,568	3,277,424,465	8,423,085,971
4,359,791,871	234,539,845	23,180,756	3,936,137,470	16,652,305,005
2,454,726,725	138,522,502	9,955,917	3,028,193,433	11,711,660,433
97,951,726	194,956	-	41,945,223	145,884,498
17,212,705	527,871	-	12,323,809	50,505,040
2,569,891,156	139,245,329	9,955,917	3,082,462,465	11,908,049,971
1,789,900,715	95,294,516	13,224,839	853,675,005	4,744,255,034
22,542,811,691	1,560,900,408	122,960,516	25,038,820,828	69,903,913,397
$ 24,332,712,406	$ 1,656,194,924	$ 136,185,355	$ 25,892,495,833	$ 74,648,168,431

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2010

	Insurance Annuity Trust Fund	Motor Vehicle Security Responsibility Fund
ASSETS		
Cash and cash equivalents	$ 18,100	$ 27,993
Investments	131,646	235,620
Receivables, net of allowances for uncollectibles		
Departmental accounts	-	-
Total Assets	149,746	263,613
LIABILITIES		
Accounts payable	-	262,451
Due to other funds	-	1,063
Total Liabilities	-	263,514
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	$ 149,746	$ 99

Unclaimed County Deposits Trust Fund	Unclaimed Insurance Payments on Deposit Accounts Fund	Total Private Purpose Trust Funds
$ 1,125,072	$ 229,824	$ 1,400,989
10,284,255	7,141,536	17,793,057
-	9,822	9,822
11,409,327	7,381,182	19,203,868
3,807,473	-	4,069,924
5,076,632	22,597	5,100,292
8,884,105	22,597	9,170,216
$ 2,525,222	$ 7,358,585	$ 10,033,652

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Insurance Annuity Trust Fund	Motor Vehicle Security Responsibility Fund
ADDITIONS		
Investment income:		
Interest and dividends	$ 588	$ 1,063
Total Investment Income	588	1,063
Miscellaneous	6,000	-
Total Additions	6,588	1,063
DEDUCTIONS		
Refunds and transfers to other systems	-	1,063
Payments in accordance with trust agreements	-	-
Total Deductions	-	1,063
Total Changes in Net Assets Held in Trust	6,588	-
Net Assets - July 1, 2009	143,158	99
Net Assets - June 30, 2010	$ 149,746	$ 99

Unclaimed County Deposits Trust Fund	Unclaimed Insurance Payments on Deposit Accounts Fund	Total Private Purpose Trust Funds
$ 41,511	$ 1,191	$ 44,353
41,511	1,191	44,353
61,832	7,224,055	7,291,887
103,343	7,225,246	7,336,240
-	-	1,063
115,339	36,374	151,713
115,339	36,374	152,776
(11,996)	7,188,872	7,183,464
2,537,218	169,713	2,850,188
$ 2,525,222	$ 7,358,585	$ 10,033,652

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
JUNE 30, 2010

	Authorities	Colleges and Universities	Total Non-Major Component Units
ASSETS			
Current Assets			
Cash and cash equivalents	$ 1,208,104,985	$ 317,285,900	$ 1,525,390,885
Investments	4,228,523,023	546,439,329	4,774,962,352
Receivables, net of allowances for uncollectibles			
Federal government	14,630,241	42,342,926	56,973,167
Loans	244,355,854	2,440,208	246,796,062
Mortgages	122,793,000	-	122,793,000
Other	109,012,472	56,754,820	165,767,292
Due from external parties	39,129,765	21,190,604	60,320,369
Inventories	1,684,836	-	1,684,836
Other assets	11,866,198	8,251,711	20,117,909
Total Current Assets	5,980,100,374	994,705,498	6,974,805,872
Noncurrent Assets			
Investments	938,849,393	670,201,500	1,609,050,893
Receivables, net of allowances for uncollectibles			
Loans	3,367,417,292	14,805,534	3,382,222,826
Mortgages	2,670,540,869	48,227	2,670,589,096
Other	39,277,262	10,721,161	49,998,423
Capital assets - nondepreciated	655,560,510	484,457,852	1,140,018,362
Capital assets - depreciated, net	1,220,680,859	2,616,964,060	3,837,644,919
Other	99,463,194	71,655,005	171,118,199
Total Noncurrent Assets	8,991,789,379	3,868,853,339	12,860,642,718
Total Assets	14,971,889,753	4,863,558,837	19,835,448,590
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	156,544,874	130,837,627	287,382,501
Due to external parties	52,798,707	907,769	53,706,476
Interest payable	49,839,019	38,660,173	88,499,192
Deferred revenue	128,467,994	65,129,882	193,597,876
Current portion of long-term obligations	227,292,018	81,698,883	308,990,901
Other	352,127,632	11,946,985	364,074,617
Total Current Liabilities	967,070,244	329,181,319	1,296,251,563
Noncurrent Liabilities			
Net pension obligation	28,448,019	-	28,448,019
Net OPEB obligation	92,102,918	-	92,102,918
Pollution remediation	2,350,000	4,305,473	6,655,473
Other	8,234,179,945	2,428,578,958	10,662,758,903
Total Noncurrent Liabilities	8,357,080,882	2,432,884,431	10,789,965,313
Total Liabilities	9,324,151,126	2,762,065,750	12,086,216,876
NET ASSETS			
Invested in capital assets, net of related debt	972,305,265	979,978,980	1,952,284,245
Restricted for:			
Capital projects	139,736,250	37,577,781	177,314,031
Debt service	802,843,631	61,979,213	864,822,844
Other purposes	2,654,594,886	338,849,370	2,993,444,256
Unrestricted	1,078,258,595	683,107,743	1,761,366,338
Total Net Assets	$ 5,647,738,627	$ 2,101,493,087	$ 7,749,231,714

STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Authorities	Colleges and Universities	Total Non-Major Component Units
Expenses	$ 2,120,726,151	$ 1,820,311,485	$ 3,941,037,636
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	899,276,359	984,743,936	1,884,020,295
Operating grants and contributions	683,250,344	652,068,397	1,335,318,741
Capital grants and contributions	803,845,747	3,386,839	807,232,586
Net (Expense) Revenue	265,646,299	(180,112,313)	85,533,986
General Revenue			
Payments from State	95,814,479	322,140,340	417,954,819
Total General Revenue	95,814,479	322,140,340	417,954,819
Change in Net Assets	361,460,778	142,028,027	503,488,805
Net Assets - Beginning of Year (Restated)	5,286,277,849	1,959,465,060	7,245,742,909
Net Assets - End of Year	$ 5,647,738,627	$ 2,101,493,087	$ 7,749,231,714

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES
JUNE 30, 2010

	Casino Reinvestment Development Authority	Higher Education Student Assistance Authority	New Jersey Economic Development Authority
ASSETS			
Current Assets			
Cash and cash equivalents	$ 39,692,007	$ 460,689,396	$ 7,712,056
Investments	169,767,286	2,491,563,281	231,372,132
Receivables, net of allowances for uncollectibles			
Federal government	-	14,630,241	-
Loans	-	113,024,573	30,397,200
Mortgages	-	-	-
Other	11,461,269	22,968,210	-
Due from external parties	-	-	-
Inventories	-	-	-
Other	-	1,196,958	549,050
Total Current Assets	220,920,562	3,104,072,659	270,030,438
Noncurrent Assets			
Investments	-	-	253,007,031
Receivables, net of allowances for uncollectibles			
Loans	8,239,706	1,733,459,465	193,375,819
Mortgages	118,480,869	-	-
Other	29,476,462	-	-
Capital assets - nondepreciated	89,635,869	-	21,539,452
Capital assets - depreciated, net	94,595	728,418	92,293,946
Other	5,553,019	41,255,564	106,139
Total Noncurrent Assets	251,480,520	1,775,443,447	560,322,387
Total Assets	472,401,082	4,879,516,106	830,352,825
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	9,578,361	13,953,605	7,456,298
Due to external parties	-	-	-
Interest payable	3,654,635	8,202,874	791,544
Deferred revenue	-	-	1,741,740
Current portion of long-term obligations	11,098,582	22,597,500	8,405,000
Other	-	39,619,303	4,518,957
Total Current Liabilities	24,331,578	84,373,282	22,913,539
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	-	-	-
Pollution remediation	-	-	-
Other	464,681,306	2,245,352,412	103,111,887
Total Noncurrent Liabilities	464,681,306	2,245,352,412	103,111,887
Total Liabilities	489,012,884	2,329,725,694	126,025,426
NET ASSETS			
Invested in capital assets, net of related debt	94,595	-	52,623,398
Restricted for:			
Capital projects	-	-	-
Debt service	32,285,209	143,930,328	-
Other purposes	-	2,405,860,084	25,686,302
Unrestricted	(48,991,606)	-	626,017,699
Total Net Assets	$ (16,611,802)	$ 2,549,790,412	$ 704,327,399

New Jersey Educational Facilities Authority	New Jersey Environmental Infrastructure Trust	New Jersey Health Care Facilities Financing Authority	New Jersey Housing and Mortgage Finance Agency
$ 65,486	$ 300,758,968	$ 2,000	$ 213,790,434
10,145,780	146,951,983	4,606,000	658,164,566
-	-	-	-
-	84,939,268	500,000	-
-	-	-	122,793,000
79,130	24,407,077	1,954,000	10,482,000
-	-	-	-
-	-	-	-
41,702	57,066	2,093,000	620,000
10,332,098	557,114,362	9,155,000	1,005,850,000
-	183,772,443	-	454,718,000
-	1,112,056,256	1,083,000	307,862,000
-	-	-	2,552,060,000
-	-	-	9,735,000
-	-	-	1,225,000
168,072	36,330	121,000	10,922,000
-	9,377,829	-	19,760,000
168,072	1,305,242,858	1,204,000	3,356,282,000
10,500,170	1,862,357,220	10,359,000	4,362,132,000
315,304	23,999,507	470,000	11,534,000
-	-	-	39,830,000
-	-	-	24,918,000
-	-	1,178,000	20,587,000
-	80,760,834	-	78,695,000
-	-	-	234,929,000
315,304	104,760,341	1,648,000	410,493,000
-	-	-	-
98,480	-	-	31,516,000
-	-	-	-
39,260	1,469,990,008	-	2,943,486,000
137,740	1,469,990,008	-	2,975,002,000
453,044	1,574,750,349	1,648,000	3,385,495,000
168,072	-	121,000	12,147,000
-	-	-	-
-	245,009,619	-	328,230,000
-	11,752,544	-	127,665,000
9,879,054	30,844,708	8,590,000	508,595,000
$ 10,047,126	$ 287,606,871	$ 8,711,000	$ 976,637,000

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES (Continued)
JUNE 30, 2010

	New Jersey Meadowlands Commission	New Jersey Redevelopment Authority	New Jersey Sports and Exposition Authority
ASSETS			
Current Assets			
Cash and cash equivalents	$ 36,434,307	$ 696,689	$ 7,896,000
Investments	13,125,519	3,756,353	98,583,000
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Loans	-	15,494,813	-
Mortgages	-	-	-
Other	1,959,413	3,695,970	21,340,000
Due from external parties	-	-	11,090,000
Inventories	-	-	-
Other	-	9,903	-
Total Current Assets	51,519,239	23,653,728	138,909,000
Noncurrent Assets			
Investments	3,847,774	20,067,314	-
Receivables, net of allowances for uncollectibles			
Loans	-	11,341,046	-
Mortgages	-	-	-
Other	-	65,800	-
Capital assets - nondepreciated	24,044,887	-	199,789,000
Capital assets - depreciated, net	5,845,340	22,767	567,969,000
Other	8,976	-	5,163,000
Total Noncurrent Assets	33,746,977	31,496,927	772,921,000
Total Assets	85,266,216	55,150,655	911,830,000
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	3,746,659	65,648	49,790,000
Due to external parties	-	565,430	-
Interest payable	-	-	8,716,000
Deferred revenue	1,054,302	-	101,092,000
Current portion of long-term obligations	-	-	6,538,000
Other	977,526	-	54,192,000
Total Current Liabilities	5,778,487	631,078	220,328,000
Noncurrent Liabilities			
Net pension obligation	1,117,609	-	26,217,000
Net OPEB obligation	3,565,094	-	3,966,000
Pollution remediation	-	-	2,350,000
Other	8,517,625	-	119,953,000
Total Noncurrent Liabilities	13,200,328	-	152,486,000
Total Liabilities	18,978,815	631,078	372,814,000
NET ASSETS			
Invested in capital assets, net of related debt	29,890,227	22,767	645,155,000
Restricted for:			
Capital projects	-	19,076,591	-
Debt service	-	-	-
Other purposes	28,106,988	-	11,463,000
Unrestricted	8,290,186	35,420,219	(117,602,000)
Total Net Assets	$ 66,287,401	$ 54,519,577	$ 539,016,000

New Jersey Water Supply Authority	South Jersey Port Corporation	South Jersey Transportation Authority	Total Non-Major Authorities
$ 27,341,917	$ 3,259,627	$ 109,766,098	$ 1,208,104,985
-	200,780,797	199,706,326	4,228,523,023
-	-	-	14,630,241
-	-	-	244,355,854
-	-	-	122,793,000
2,644,771	2,165,444	5,855,188	109,012,472
-	9,833,160	18,206,605	39,129,765
32,078	1,394,808	257,950	1,684,836
3,975,405	1,301,335	2,021,779	11,866,198
33,994,171	218,735,171	335,813,946	5,980,100,374
23,436,831	-	-	938,849,393
-	-	-	3,367,417,292
-	-	-	2,670,540,869
-	-	-	39,277,262
106,855,764	34,956,071	177,514,467	655,560,510
38,100,817	116,855,852	387,522,722	1,220,680,859
9,122,390	-	9,116,277	99,463,194
177,515,802	151,811,923	574,153,466	8,991,789,379
211,509,973	370,547,094	909,967,412	14,971,889,753
2,413,963	10,100,500	23,121,029	156,544,874
-	-	12,403,277	52,798,707
-	3,555,966	-	49,839,019
1,781,589	478,711	554,652	128,467,994
5,186,011	6,471,286	7,539,805	227,292,018
-	143,527	17,747,319	352,127,632
9,381,563	20,749,990	61,366,082	967,070,244
-	1,113,410	-	28,448,019
-	271,000	52,686,344	92,102,918
-	-	-	2,350,000
90,149,614	299,075,022	489,823,811	8,234,179,945
90,149,614	300,459,432	542,510,155	8,357,080,882
99,531,177	321,209,422	603,876,237	9,324,151,126
75,184,140	7,958,768	148,940,298	972,305,265
-	-	120,659,659	139,736,250
12,006,417	25,728,619	15,653,439	802,843,631
-	1,394,808	42,666,160	2,654,594,886
24,788,239	14,255,477	(21,828,381)	1,078,258,595
$ 111,978,796	$ 49,337,672	$ 306,091,175	$ 5,647,738,627

STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Casino Reinvestment Development Authority	Higher Education Student Assistance Authority	New Jersey Economic Development Authority
Expenses	$ 40,210,907	$ 919,771,533	$ 143,415,077
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	45,152,050	328,809,037	4,242,026
Operating grants and contributions	7,177,278	339,635,993	33,411,762
Capital grants and contributions	17,000,000	773,585,084	-
Net (Expense) Revenue	29,118,421	522,258,581	(105,761,289)
General Revenue			
Payments from State	-	-	79,184,831
Total General Revenue	-	-	79,184,831
Change in Net Assets	29,118,421	522,258,581	(26,576,458)
Net Assets - Beginning of Year (Restated)	(45,730,223)	2,027,531,831	730,903,857
Net Assets - End of Year	$ (16,611,802)	$ 2,549,790,412	$ 704,327,399

New Jersey Educational Facilities Authority	New Jersey Environmental Infrastructure Trust	New Jersey Health Care Facilities Financing Authority	New Jersey Housing and Mortgage Finance Agency
$ 2,761,564	$ 175,316,360	$ 3,662,000	$ 269,674,000
3,360,604	6,273,498	3,820,000	32,858,000
17,755	74,981,080	97,000	215,593,000
-	-	-	-
616,795	(94,061,782)	255,000	(21,223,000)
-	-	-	-
-	-	-	-
616,795	(94,061,782)	255,000	(21,223,000)
9,430,331	381,668,653	8,456,000	997,860,000
$ 10,047,126	$ 287,606,871	$ 8,711,000	$ 976,637,000

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	New Jersey Meadowlands Commission	New Jersey Redevelopment Authority	New Jersey Sports and Exposition Authority
Expenses	$ 37,812,806	$ 5,580,596	$ 347,456,000
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	26,844,189	473,053	296,152,000
Operating grants and contributions	705,426	2,055,591	2,614,000
Capital grants and contributions	-	-	-
Net (Expense) Revenue	(10,263,191)	(3,051,952)	(48,690,000)
General Revenue			
Payments from State	-	-	-
Total General Revenue	-	-	-
Change in Net Assets	(10,263,191)	(3,051,952)	(48,690,000)
Net Assets - Beginning of Year (Restated)	76,550,592	57,571,529	587,706,000
Net Assets - End of Year	$ 66,287,401	$ 54,519,577	$ 539,016,000

New Jersey Water Supply Authority	South Jersey Port Corporation	South Jersey Transportation Authority	Total Non-Major Authorities
$ 24,599,327	$ 34,012,392	$ 116,453,589	$ 2,120,726,151
25,750,939	17,695,254	107,845,709	899,276,359
551,551	671,083	5,738,825	683,250,344
-	2,215,075	11,045,588	803,845,747
1,703,163	(13,430,980)	8,176,533	265,646,299
-	16,629,648	-	95,814,479
-	16,629,648	-	95,814,479
1,703,163	3,198,668	8,176,533	361,460,778
110,275,633	46,139,004	297,914,642	5,286,277,849
$ 111,978,796	$ 49,337,672	$ 306,091,175	$ 5,647,738,627

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
JUNE 30, 2010

	The College of New Jersey	Kean University	Montclair State University
ASSETS			
Current Assets			
Cash and cash equivalents	$ 5,230,000	$ 63,129,694	$ 24,190,526
Investments	96,082,000	42,100,473	74,252,562
Receivables, net of allowances for uncollectibles			
Federal government	2,550,000	3,329,420	2,536,896
Loans	768,000	-	393,036
Other	7,467,000	8,796,213	8,345,059
Due from external parties	-	4,680,197	2,968,240
Other	2,720,000	280,235	1,456,597
Total Current Assets	114,817,000	122,316,232	114,142,916
Noncurrent Assets			
Investments	71,701,000	46,437,658	159,804,087
Receivables, net of allowances for uncollectibles			
Loans	3,399,000	1,758,647	3,361,773
Mortgages	-	48,227	-
Other	-	-	-
Capital assets - nondepreciated	47,714,000	77,727,877	99,647,642
Capital assets - depreciated, net	498,269,000	305,775,505	397,898,418
Other	41,951,000	4,594,322	4,629,820
Total Noncurrent Assets	663,034,000	436,342,236	665,341,740
Total Assets	777,851,000	558,658,468	779,484,656
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	15,082,000	8,306,527	23,844,494
Due to external parties	-	-	-
Interest payable	9,465,000	7,170,471	8,224,203
Deferred revenue	1,673,000	6,714,104	14,528,408
Current portion of long-term obligations	5,222,000	5,923,262	11,734,814
Other	5,309,000	3,526,995	1,022,607
Total Current Liabilities	36,751,000	31,641,359	59,354,526
Noncurrent Liabilities			
Pollution remediation	-	-	-
Other	389,481,000	340,486,764	370,841,824
Total Noncurrent Liabilities	389,481,000	340,486,764	370,841,824
Total Liabilities	426,232,000	372,128,123	430,196,350
NET ASSETS			
Invested in capital assets, net of related debt	248,473,000	78,547,042	160,619,516
Restricted for:			
Capital projects	-	29,831,366	-
Debt service	-	6,536,779	12,554,511
Other purposes	15,014,000	23,535,283	57,288,508
Unrestricted	88,132,000	48,079,875	118,825,771
Total Net Assets	$ 351,619,000	$ 186,530,345	$ 349,288,306

New Jersey City University	New Jersey Institute of Technology	Ramapo College of New Jersey	The Richard Stockton College of New Jersey	Rowan University
$ 8,751,576	$ 12,273,000	$ 1,318,000	$ 4,427,040	$ 90,695,557
31,604,102	14,075,000	64,889,000	140,211,602	19,393,139
1,211,380	23,548,000	1,108,000	793,812	4,840,137
-	255,000	96,000	327,960	-
5,421,269	8,204,000	126,000	5,017,813	5,415,591
-	5,265,000	3,405,000	520,722	528,910
92,199	1,740,000	15,000	222,740	1,475,579
47,080,526	65,360,000	70,957,000	151,521,689	122,348,913
20,959,599	83,635,000	9,279,000	78,822,201	154,256,287
670,439	1,869,000	863,000	2,280,924	-
-	-	-	-	-
710,571	-	2,010,000	1,464,683	4,842,830
27,745,647	24,313,000	4,888,000	62,340,007	73,917,937
143,003,680	213,270,000	263,809,000	160,863,930	366,582,080
3,978,731	5,437,000	-	2,782,302	3,413,942
197,068,667	328,524,000	280,849,000	308,554,047	603,013,076
244,149,193	393,884,000	351,806,000	460,075,736	725,361,989
8,380,929	7,332,000	9,645,000	22,249,879	13,046,840
-	826,000	-	-	71,693
2,721,684	3,624,000	-	-	7,454,815
1,950,940	9,022,000	5,493,000	2,385,760	10,675,599
8,742,688	12,818,000	9,508,000	7,441,407	8,704,530
-	2,025,000	-	-	63,383
21,796,241	35,647,000	24,646,000	32,077,046	40,016,860
4,305,473	-	-	-	-
113,347,909	166,138,000	235,329,000	260,364,390	371,644,016
117,653,382	166,138,000	235,329,000	260,364,390	371,644,016
139,449,623	201,785,000	259,975,000	292,441,436	411,660,876
60,461,698	90,761,000	34,994,000	40,649,145	77,885,855
-	-	5,592,000	-	650,000
5,448,723	-	358,000	4,334,155	20,685,650
8,882,386	57,414,000	12,517,000	11,280,088	135,191,774
29,906,763	43,924,000	38,370,000	111,370,912	79,287,834
$ 104,699,570	$ 192,099,000	$ 91,831,000	$ 167,634,300	$ 313,701,113

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES (Continued)
JUNE 30, 2010

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
ASSETS			
Current Assets			
Cash and cash equivalents	$ 3,041,188	$ 104,229,319	$ 317,285,900
Investments	43,384,544	20,446,907	546,439,329
Receivables, net of allowances for uncollectibles			
Federal government	1,184,717	1,240,564	42,342,926
Loans	-	600,212	2,440,208
Other	5,788,718	2,173,157	56,754,820
Due from external parties	-	3,822,535	21,190,604
Other assets	249,361	-	8,251,711
Total Current Assets	53,648,528	132,512,694	994,705,498
Noncurrent Assets			
Investments	1,785,573	43,521,095	670,201,500
Receivables, net of allowances for uncollectibles			
Loans	-	602,751	14,805,534
Mortgages	-	-	48,227
Other	-	1,693,077	10,721,161
Capital assets - nondepreciated	3,586,810	62,576,932	484,457,852
Capital assets - depreciated, net	29,828,643	237,663,804	2,616,964,060
Other	-	4,867,888	71,655,005
Total Noncurrent Assets	35,201,026	350,925,547	3,868,853,339
Total Assets	88,849,554	483,438,241	4,863,558,837
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	5,564,965	17,384,993	130,837,627
Due to external parties	10,076	-	907,769
Interest payable	-	-	38,660,173
Deferred revenue	8,068,544	4,618,527	65,129,882
Current portion of long-term obligations	2,161,072	9,443,110	81,698,883
Other	-	-	11,946,985
Total Current Liabilities	15,804,657	31,446,630	329,181,319
Noncurrent Liabilities			
Pollution remediation	-	-	4,305,473
Other	1,781,667	179,164,388	2,428,578,958
Total Noncurrent Liabilities	1,781,667	179,164,388	2,432,884,431
Total Liabilities	17,586,324	210,611,018	2,762,065,750
NET ASSETS			
Invested in capital assets, net of related debt	31,418,213	156,169,511	979,978,980
Restricted for:			
Capital projects	-	1,504,415	37,577,781
Debt service	-	12,061,395	61,979,213
Other purposes	6,023,951	11,702,380	338,849,370
Unrestricted	33,821,066	91,389,522	683,107,743
Total Net Assets	$ 71,263,230	$ 272,827,223	$ 2,101,493,087

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	The College of New Jersey	Kean University	Montclair State University
Expenses	$ 182,746,000	$ 210,405,140	$ 290,435,995
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	116,970,000	112,116,908	185,874,744
Operating grants and contributions	45,799,000	76,165,230	95,411,675
Capital grants and contributions	-	-	41,892
Net (Expense) Revenue	(19,977,000)	(22,123,002)	(9,107,684)
General Revenue			
Payments from State	32,451,000	37,053,000	42,740,000
Total General Revenue	32,451,000	37,053,000	42,740,000
Change in Net Assets	12,474,000	14,929,998	33,632,316
Net Assets - Beginning of Year (Restated)	339,145,000	171,600,347	315,655,990
Net Assets - End of Year	$ 351,619,000	$ 186,530,345	$ 349,288,306

New Jersey City University	New Jersey Institute of Technology	Ramapo College of New Jersey	The Richard Stockton College of New Jersey	Rowan University
$ 139,251,281	$ 238,208,000	$ 127,432,000	$ 150,750,541	$ 219,044,202
52,914,271	94,261,000	83,479,000	75,838,084	120,818,291
54,998,861	112,497,000	37,612,000	59,045,502	78,571,719
1,837,652	811,000	7,000	-	189,295
(29,500,497)	(30,639,000)	(6,334,000)	(15,866,955)	(19,464,897)
31,423,365	42,481,000	16,904,000	20,926,000	49,110,000
31,423,365	42,481,000	16,904,000	20,926,000	49,110,000
1,922,868	11,842,000	10,570,000	5,059,045	29,645,103
102,776,702	180,257,000	81,261,000	162,575,255	284,056,010
$ 104,699,570	$ 192,099,000	$ 91,831,000	$ 167,634,300	$ 313,701,113

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
Expenses	$ 78,578,192	$ 183,460,134	$ 1,820,311,485
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	34,607,335	107,864,303	984,743,936
Operating grants and contributions	33,101,528	58,865,882	652,068,397
Capital grants and contributions	-	500,000	3,386,839
Net (Expense) Revenue	(10,869,329)	(16,229,949)	(180,112,313)
General Revenue			
Payments from State	12,791,975	36,260,000	322,140,340
Total General Revenue	12,791,975	36,260,000	322,140,340
Change in Net Assets	1,922,646	20,030,051	142,028,027
Net Assets - Beginning of Year (Restated)	69,340,584	252,797,172	1,959,465,060
Net Assets - End of Year	$ 71,263,230	$ 272,827,223	$ 2,101,493,087

STATE OF NEW JERSEY
DESCRIPTION OF FUNDS

Alcohol Education, Rehabilitation and Enforcement Fund (N.J.S.A. 54:32C)

Special Revenue Fund

Annual deposits of $11 million are made to this fund from annual Alcohol Beverage Excise Tax collections. The enabling legislation dedicates 75.0 percent toward alcohol rehabilitation, 15.0 percent toward enforcement, and 10.0 percent toward education. Additionally, a $40 fee paid by persons convicted of operating a motor vehicle under the influence of intoxicating liquor or drugs is deposited into this fund to be used for the screening, evaluation, education, and referral of persons who have been convicted of driving while intoxicated.

Alternate Benefit Long-Term Disability Fund

Pension Trust Fund

The fund is employer-funded for long-term disability. Benefits are paid to those members of the Alternate Benefit Program Fund who have been disabled for two years or more since October 1, 1986.

Alternate Benefit Program Fund (N.J.S.A. 18A:66-167 et seq.)

Agency Fund

Faculty members of public institutions of higher education and certain administrative and professional titles are allowed to participate in a defined contribution plan. The employer contributes eight percent of base or contractual salary and then is reimbursed through this fund. The State's appropriation equals the amount needed to reimburse the employers for their contribution.

Atlantic City Parking Fees Fund (P.L. 1993, c.159)

Special Revenue Fund

A $3 fee per diem is imposed for each vehicle parked, garaged, or stored in any casino hotel parking space. As per P.L. 2003, c.116 effective July 1, 2007, of the $3 fee collected the first $2.50 shall be remitted to the Casino Reinvestment Development Authority (CRDA). The remaining $.50 shall be deposited into the Casino Revenue Fund.

Atlantic City Projects-Room Fund (P.L. 2001, c.221)

Special Revenue Fund

The Atlantic City Projects-Room Fund facilitates the development of entertainment-retail projects in specified districts located within Atlantic City and promotes the revitalization of other urban areas throughout the State. Room Fund revenue is comprised of Tourism Promotion Fee receipts limited to annual Luxury Tax receipts that exceed the pre-determined baseline amount for a given district. Project Fund revenue is comprised of Sales and Use Tax receipts received from the entertainment-retail vendors within each district project. These funds shall be used by the Casino Reinvestment Development Authority for eligible projects in the corridor regions of Atlantic City.

Atlantic City Tourism Promotion Fund (P.L. 1991, c.376)

Special Revenue Fund

This fund accounts for revenues collected for a $2 fee per diem for each occupied room in any hotel providing casino gaming and $1 fee per diem for each occupied room in any other hotel in the eligible municipality. The revenues are collected, certified, and distributed on a monthly basis to the Atlantic City Convention and Visitors Authority. Amounts expended are solely for the purpose of promoting tourism, conventions, resorts, and casino gaming.

Beaches and Harbor Fund (P.L. 1977, c.208)

Special Revenue Fund

An amount of $30 million of General Obligation bonds was authorized to research, plan, acquire, develop, construct, and maintain beaches and harbors.

2007 Blue Acres Fund (P.L. 2007, c.119)

Special Revenue Fund

An amount of $12 million of General Obligation bonds was authorized from the Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007 for the purpose of acquiring land by the State for recreation and conservation purposes in the floodways of the Delaware River, Passaic River, or Raritan River, and their respective tributaries.

Board of Bar Examiners (R. 1:27B1)

Special Revenue Fund

This fund was established for the purposes of drafting bar essay examination questions, reviewing applications, and preparing, administering, and grading bar examinations. Revenues are generated by payments made by candidates for admission to the Bar of the State of New Jersey. Revenues include examination fees, late fee charges, certificates of good standing, license name changes, and copying fees.

Boarding House Rental Assistance Fund (N.J.S.A. 55:14K-14)

Special Revenue Fund

A $1.0 million appropriation ($750 thousand from the Casino Revenue Fund and $250 thousand from the General Fund) initially funded the Boarding House Rental Assistance Fund. This fund finances life safety improvement loans by the New Jersey Housing and Mortgage Finance Agency for the benefit of residents of boarding homes; and to account for the repayments for such life safety improvement loans.

Body Armor Replacement Fund (P.L. 1997, c.177)

Special Revenue Fund

One dollar for every bail forfeiture and one dollar added to the amount of each fine and penalty collected under authority of any law for any violation of Title 39 of the revised statutes or any other motor vehicle or traffic violation are deposited in this fund. This fund is used exclusively for the purchase of body vests for law enforcement and correction officers.

Capital City Redevelopment Loan and Grant Fund (P.L. 1987, c.58)

Special Revenue Fund

This fund was established for the redevelopment and revitalization of the city of Trenton. The State established the Capital City Redevelopment Corporation to operate within the boundaries of the Trenton district, which plans, coordinates, and promotes the public and private development of that district in a manner that enhances the Trenton area's vitality as a place of commerce, recreation, and culture and as an area which to conduct public business and visit historic sites. Redevelopment projects are funded annually via General Fund appropriation.

Casino Control Fund (N.J.S.A. 5:12-143)

Special Revenue Fund

This fund accounts for fees from the issuance and annual renewal of casino licenses and other license fees. The Casino Control Commission and the Division of Gaming Enforcement are funded by Casino Control Fund appropriations.

Casino Revenue Fund (N.J.S.A. 5:12-145)

Special Revenue Fund

This fund accounts for the tax on gross revenue generated by the casinos. Gross revenue refers to the total of all sums actually received by a licensee from gaming operations less the total sums paid out as winnings to patrons. Other taxes and fees deposited into this fund are the Casino Room Fee, Progressive Slot Tax, and a portion of the Casino Parking Fee. Appropriations from this fund must be used to provide for reductions in property taxes, utility charges, and other specified expenses of eligible senior citizens.

Casino Simulcasting Fund (P.L. 1992, c.19)

Special Revenue Fund

Casino simulcasting is defined as the simultaneous transmission by picture of running or harness horse races conducted at race tracks to Atlantic City casinos and pari-mutuel wagering at those gambling establishments on the results of those races. One half of a percent of the pari-mutuel pool generated at the casino is deposited into this fund and is used for services to benefit senior citizens.

Casino Simulcasting Special Fund (P.L. 1992, c.19)

Special Revenue Fund

After multiple formula distributions, a portion of the remaining balance and all breakage moneys and outstanding pari-mutuel ticket monies resulting from casino wagering on out-of-state race tracks are deposited into this fund. The funds are disbursed as operating subsidies to the Atlantic City racetrack, Atlantic City casinos conducting simulcasting, and for other miscellaneous purposes.

Catastrophic Illness in Children Relief Fund (P.L. 1987, c.370)

Special Revenue Fund

This fund provides assistance to children and their families whose medical expenses due to a child's "catastrophic illness" extend beyond the families' available resources. Revenue is derived from a $1.50 annual surcharge per employee for all employers who are subject to the New Jersey Unemployment Compensation Law.

Central Pension Fund

Pension Trust Fund

This fund administers a series of noncontributory pension acts. Benefits are funded on a pay-as-you-go basis in accordance with the governing statute and the rules and regulations of the State House Commission.

Clean Communities Account Fund (P.L. 1985, c.533)

Special Revenue Fund

A user fee on sales of litter-generating products is credited to this fund. Fund resources are primarily used to provide State aid to eligible municipalities for programs of litter pickup and removal, including the establishment of an “Adopt-A-Highway” program. A small portion of the available balance is to be used for a State program of litter pickup and removal, as well as enforcement of litter-related laws.

Clean Energy Fund (P.L. 1999, c.23)

Special Revenue Fund

This fund accounts for revenues collected from a "societal benefit charge" on monthly utility bills. Funds generated from this charge are used to support clean energy initiatives.

Clean Waters Fund (P.L. 1976, c.92)

Special Revenue Fund

An amount of $120 million of General Obligation bonds was authorized to research, plan, acquire, develop, construct, and maintain water supply and wastewater treatment facilities.

Clean Water State Revolving Fund (P.L. 2009, c.77)

Special Revenue Fund

This fund is the depository for the receipt of Federal capitalization grants and other funds made available to the State for clean water projects and set-asides pursuant to the “Water Quality Act of 1987” and any amendatory and supplementary acts thereto.

Consolidated Police and Firemen's Pension Fund (N.J.S.A. 43:16)

Pension Trust Fund

This fund was established to place 212 local police and firemen pension funds on an actuarial basis. The membership consists of policemen and firemen appointed prior to July 1, 1944. The liabilities of these local funds are shared: two-thirds by the participating counties and municipalities and one-third by the State.

Correctional Facilities Construction Fund (P.L. 1982, c.120)

Capital Projects Fund

An amount of $170 million of General Obligation bonds was authorized for construction of new medium security prisons, county assistance programs, and renovations and modifications to existing State facilities.

Correctional Facilities Construction Fund of 1987 (P.L. 1987, c.178)

Capital Projects Fund

An amount of $198 million of General Obligation bonds was authorized for the planning, erection, acquisition, improvement, construction, reconstruction, development, extension, rehabilitation, demolition, and equipment of State and county correctional facilities.

Cultural Centers and Historic Preservation Fund (P.L. 1987, c.265)

Special Revenue Fund

An amount of $100 million of General Obligation bonds was authorized for the purpose of financing the construction and development of cultural centers ($40 million); the restoration, repair, or rehabilitation of historic structures in the State ($25 million); and for the purpose of providing for grants and loans to assist municipalities, counties, and other units of local government to acquire and develop lands for recreation and conservation purposes ($35 million).

2003 Dam, Lake and Stream Project Revolving Loan Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of $110 million of General Obligation bonds was authorized to make low-interest loans to owners of dams, lakes or streams, or private lake associations for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects.

2003 Dam, Lake, Stream and Flood Control Project Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of $40 million of General Obligation bonds was authorized to provide assistance, other than full or matching grants, to owners of dams, lakes or streams, or private lake associations for dam restoration and repair projects, lake dredging and restoration projects, or stream cleaning and desnagging projects, and for State flood control projects or State dam restoration and repair projects.

1992 Dam Restoration and Clean Waters Trust Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $20 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland, and Historic Preservation Bond Act of 1992 to finance dam restoration and inland water projects and loans.

Dental Expense Program (N.J.S.A. 52:14-17.29)

Agency Fund

This program helps meet the dental expenses for eligible state and local employees, retirees, and their dependents. There are two separate benefit types available. The Dental Expense Program (DEP) is a self-insured indemnity plan. Included are full coverage of eligible diagnostic and preventive services and substantial benefits for covered restorative services. For active employees there is an annual benefit maximum of $3,000 and a separate lifetime $1,000 maximum for child orthodontic services. The DEP also has a "discount network" of providers who have contracts with the insurance carrier which reduces the cost of services to the employee and to the program. In addition to the DEP, there are several Dental Plan Organizations (DPOs) participating in the State program. Similar to HMOs for health care, the DPOs pay for benefits rendered by contracted providers. The DEP is available to employees of the State of New Jersey, including employees of certain independent agencies, such as the State colleges and universities. Although the cost sharing is subject to bargaining contracts, at this time all State employees use the same rule: the State pays for at least one-half of the cost of coverage. The DEP is offered to local employees whose employers have elected to participate.

Retirees who participate in the State Health Benefits Plan are permitted to enroll themselves and eligible dependents in the DEP at the time of retirement, but are subject to a maximum annual benefit limit of $1,500. The retiree pays the entire cost.

1989 Development Potential Bank Transfer Fund (P.L. 1989, c.183)

Special Revenue Fund

An amount of $20 million of General Obligation bonds was authorized to provide for the acquisition and development rights of land by the State for recreation and conservation purposes.

Developmental Disabilities Waiting List Reduction Fund (P.L. 1994, c.108)

Special Revenue Fund

An amount of $160 million of General Obligation bonds was authorized for the purpose of planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipping of community based residential facilities for clients on the New Jersey Department of Human Services' Developmental Disabilities Waiting List.

Disciplinary Oversight Committee (R. 1:20-2)

Special Revenue Fund

This fund was established for the purpose of performing random audits of the books and records of New Jersey attorneys for compliance with standards established by the Supreme Court of New Jersey. Revenues are generated from annual attorney assessments paid by bar members. Each nonexempt member of the Bar is required to pay $25 annually in their second year of practice and $126 for attorneys in their third to forty-ninth year.

Division of Motor Vehicles Surcharge Fund (P.L. 1994, c.57)

Special Revenue Fund

This fund consists of surcharge and Unsafe Driver collections for the payment of principal and interest applicable to New Jersey Economic Development Authority bonds for the Market Transition Facility, Motor Vehicle Commission, Special Needs Housing Program, and Motor Vehicle Surcharge bonds. Excess funds are available for transfer to the State's General Fund.

Dredging and Containment Facility Fund (P.L. 1996, c.70)

Special Revenue Fund

An amount of $185 million of General Obligation bonds was authorized for the construction of subaqueous pits, the construction of containment facilities, projects related to the decontamination of dredged materials, and dredging projects. Additionally, an amount of $20 million of General Obligation bonds was authorized for the purpose of dredging navigation channels located in the port region.

Drinking Water State Revolving Fund (P.L. 1998, c.84)

Special Revenue Fund

This fund is the depository for the receipt of federal capitalization grants and other funds made available to the State for drinking water projects and set-asides pursuant to the Federal Safe Drinking Water Act.

1996 Economic Development Site Fund (P.L. 1996, c.70)

Special Revenue Fund

An amount of $20 million of General Obligation bonds was authorized for the purchase of real property, equipment, and any building, construction, and miscellaneous site improvements associated with an economic development site.

Emergency Flood Control Fund (P.L. 1978, c.78)

Special Revenue Fund

An amount of $25 million of General Obligation bonds was authorized to acquire, develop, construct, and maintain flood control facilities and for the development of a comprehensive flood control master plan.

Emergency Medical Technician Training Fund (P.L. 1992, c.143)

Special Revenue Fund

An amount of $0.50, added to each fine, penalty, and forfeiture imposed and collected under authority of law for any violation of the provisions of Title 39 of the revised statutes or any other motor vehicle or traffic violation, is deposited in this fund. This fund annually reimburses any private agency, organization, or entity which is certified by the Commissioner of Health and Senior Services to provide training and testing for volunteer ambulance, first aid, and rescue squad personnel who are seeking emergency medical technician-ambulance (EMT-A) or emergency medical technician-defibrillation (EMT-D) certification and/or recertification that are not otherwise reimbursed.

Emergency Services Fund (N.J.S.A. 52:14E-5)

Special Revenue Fund

General Fund appropriations are credited to the fund and, on an as needed basis, reimburse municipalities or counties for damage or excess costs as a result of an emergency. Payments must be certified by the Governor's Advisory Council and approved by the Governor.

Energy Conservation Fund (P.L. 1980, c.68)

Capital Projects Fund

Of the $50 million of General Obligation bonds that was authorized, $3 million is appropriated for energy audits and $47 million is appropriated for energy-saving renovations to educational facilities, institutions, and public buildings of the State.

Enterprise Zone Assistance Fund (P.L. 1983, c.303)

Special Revenue Fund

The purpose of this fund is to provide relief in certain areas of economic distress, by reducing Sales and Use Tax paid by up to one half of the current tax rate. The revenue generated in these zones is made available to the municipalities located within the Urban Enterprise Zones for various approved revitalization projects.

1996 Environmental Cleanup Fund (P.L. 1996, c.70)

Special Revenue Fund

An amount of $70 million of General Obligation bonds was authorized to provide for the remediation of hazardous discharge sites and for the construction of water supply facilities to replace potable water supplies determined to be contaminated or threatened by discharge.

1989 Farmland Preservation Fund (P.L. 1989, c.183)

Special Revenue Fund

An amount of $50 million of General Obligation bonds was authorized for the purpose of farmland preservation for agricultural use and production.

1992 Farmland Preservation Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $50 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for farmland preservation and agricultural use.

1995 Farmland Preservation Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $50 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of farmland preservation and agricultural use.

2007 Farmland Preservation Fund (P.L. 2007, c.119)

Special Revenue Fund

An amount of $73 million of General Obligation bonds was authorized from the Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007 for the purpose of farmland preservation. Of the amount authorized pursuant to this act, not more than 5 percent shall be utilized for administrative costs of the fund.

Fund for Support of Free Public Schools (N.J.S.A. 18A:56-1)

Special Revenue Fund

The fund consists of proceeds from the sale of riparian lands, rents received on leased riparian State lands, licenses and fees related to such lands, and the income from earnings on investments. Interest income supports General Fund appropriations set forth by the Annual Appropriations Act for the support of free public schools.

The fund provides for the establishment of a school bond reserve which consists of two accounts. For bonds issued prior to July 1, 2003, the old school bond reserve account is funded in an amount equal to at least 1.5 percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes. For bonds issued on or after July 1, 2003, the new school bond reserve account is funded in an amount equal to at least 1.0 percent of the aggregate issued and outstanding bonded indebtedness of counties, municipalities, or school districts for school purposes, exclusive of bonds for debt service, which is provided by State appropriations.

Garden State Farmland Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Farmland Preservation Trust Fund was authorized for the preservation of farmland for agricultural use and production. It receives funding from the Garden State Preservation Trust.

Garden State Green Acres Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Green Acres Preservation Trust Fund was authorized for the acquisition and development of lands by the State for recreation and conservation purposes. It receives funding from the Garden State Preservation Trust.

Garden State Historic Preservation Trust Fund (P.L. 1999, c.152)

Special Revenue Fund

The Garden State Historic Preservation Trust Fund was authorized for the work relating to the conservation, improvement, repair, restoration, or stabilization of historic property. It receives funding from the Garden State Preservation Trust.

Garden State Preservation Trust (P.L. 1999, c.152)

Special Revenue Fund

The Trust was created to provide funding to the Garden State Farmland Preservation Trust Fund, the Garden State Green Acres Preservation Trust Fund, and the Garden State Historic Preservation Trust Fund for the preservation of open space, farmland and historic properties within the means provided by the 1998 constitutional amendment which dedicated $98 million annually in Sales and Use Tax revenues for such purposes. In 2003, voters approved a new constitutional amendment, P.L. 2004, c.126 that granted the Garden State Preservation Trust the authorization to issue up to $1.15 billion in bonds.

General Fund

This fund accounts for all State revenues not otherwise restricted by statute. The largest part of the total financial operations of the State is accounted for in the General Fund. Most revenues received from taxes, federal sources, and certain miscellaneous revenue items are recorded in this Fund. The Annual Appropriations Act enacted by the State Legislature provides the basic framework for the operations of the General Fund.

Global Warming Solutions Fund (P.L. 2007, c.340)

Special Revenue Fund

Revenue in this fund is generated quarterly from the sale of emission allowances. Disbursements are made to provide grants and financial assistance for efficiency projects and efforts to reduce greenhouse gases.

2007 Green Acres Fund (P.L. 2007, c.119)

Special Revenue Fund

An amount of $109 million of General Obligation bonds was authorized from the Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007 to provide monies for public acquisition and development of land for recreation and conservation purposes.

Green Trust Fund (P.L. 1983, c.354)

Special Revenue Fund

An amount of $83 million of General Obligation bonds was authorized from the 1983 New Jersey Green Acres Fund for the purpose of making loans and grants to local government units for the acquisition and development of lands for recreation and conservation.

Gubernatorial Elections Fund (N.J.S.A. 54A:9-25.1)

Special Revenue Fund

This fund accounts for receipts from the one dollar designation on New Jersey Gross Income Tax returns. When indicated by a taxpayer, one dollar of the tax is reserved from gross income tax revenues (Property Tax Relief Fund) and credited to the Gubernatorial Elections Fund. These funds are available for appropriation pursuant to The New Jersey Campaign Contributions and Expenditures Reporting Act, as amended.

Hazardous Discharge Fund of 1981 (P.L. 1981, c.275)

Special Revenue Fund

An amount of $100 million of General Obligation bonds was authorized for the identification, cleanup, and removal of hazardous discharges.

Hazardous Discharge Fund of 1986 (P.L. 1986, c.113)

Special Revenue Fund

An amount of $200 million of General Obligation bonds was authorized for the purpose of financing the cost of identification, cleanup, and removal of hazardous discharges.

Hazardous Discharge Site Cleanup Fund (P.L. 1985, c.247)

Special Revenue Fund

This fund was established for the purposes of preparing feasibility studies, engineering designs, and undertaking other work necessary for the cleanup or mitigation of hazardous discharge sites in the State. An amount of $100 million was appropriated from the Hazardous Discharge Fund of 1981. Sources of revenue are comprised of collections for Natural Resources Damages (NRDs, or past costs in site cleanups) and Responsible Party (RP, or future site cleanup costs). Collections also include oversight bills for cleanup as well as legal settlements for past costs of cleanup.

Health Benefits Program Fund - Local Education (P.L. 2007, c.103)

Pension Trust Fund

The State of New Jersey provides medical and prescription drug coverage to members of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service or on a disability retirement. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the Prescription Drug Program coverage after 60 days of employment.

Health Benefits Program Fund – Local Government (N.J.S.A. 52:14-17.25 et seq.)

Pension Trust Fund

The Health Benefits Program Fund, which includes the Prescription Drug Program Fund (N.J.S.A. 52:14-17.29) provides medical and prescription drug coverage to active and retired local government employees who are qualified members of the Public Employees' Retirement System, Teachers' Pension and Annuity Fund, and the Alternate Benefit Program who retire from a board of education or county college with 25 years of service or are on a disability retirement. Active employees may enroll in the preferred provider organization which includes two options named NJ DIRECT10 and NJ DIRECT15 or a health maintenance organization (HMO) plan. An HMO provides employees with complete coverage including wellness and preventative care for medical services provided by affiliated physicians and hospitals. NJ DIRECT is a preferred provider organization that combines managed care with the option of reimbursement for services performed by out of network physicians, hospitals, or laboratories. An active local employee or dependent is required to pay a co-payment when visiting an HMO or NJ DIRECT affiliated physician. The prescription drug program helps meet the cost of drugs prescribed for eligible employees and their dependents for use outside of hospitals, nursing homes, or other institutions. Included are those drugs which, as required by Federal Law, can be dispensed only upon a written prescription ordered by a physician. This program covers the full cost of a prescription item dispensed by a licensed participating pharmacy, less a co-payment for eligible prescription and prescription refill. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents.

Health Benefits Program Fund – State (N.J.S.A. 52:14-14.25 et seq.)

Pension Trust Fund

The Health Benefits Program Fund, which includes the Prescription Drug Program Fund (N.J.S.A. 52:14-17.29), provides medical and prescription drug coverage to qualified active and retired State employees, including employees of certain independent agencies, such as colleges and universities. Active employees may enroll in NJ DIRECT15 or a health maintenance organization (HMO) plan. Most active employees pay 1.5 percent of salary for State Health Benefits Plan medical coverage regardless of the chosen plan or selected level of coverage. An HMO provides employees with complete coverage including wellness and preventive care for medical services provided by affiliated physicians and hospitals. NJ DIRECT15 is a preferred provider organization that combines managed care with the option of reimbursement for services performed by out of network physicians, hospitals, or laboratories. An active State employee or a dependent is required to pay a co-payment when visiting an HMO or NJ DIRECT15 affiliated physician. The prescription drug program helps meet the cost of drugs prescribed for eligible employees and their dependents for use outside of hospitals, nursing homes, or other institutions. Included are those drugs which, as required by Federal Law, can be dispensed only upon a written prescription ordered by a physician. This program covers the full cost of a prescription item dispensed by a licensed participating pharmacy, less a co-payment for eligible prescription and prescription refill.

Under P.L. 1977, c.136, the State pays for the health insurance coverage including prescription drug coverage of all enrolled retired State employees whose pensions are based upon 25 years or more of credited service or a disability retirement regardless of years of service, if earned prior to July 1, 2007. State retirees who earn their 25 years after July 1, 2007 or go out on a disability retirement after July 1, 2007 are subject to a 1.5 percent of their pension allowance if they do not participate in the retiree wellness program. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program by paying the cost of the insurance for themselves and their covered dependents.

Health Care Subsidy Fund (P.L. 1992, c.160)

Special Revenue Fund

This fund is comprised of revenues from alcohol, cigarette and tobacco taxes, HMO assessments, hospital assessments, cosmetic surgery taxes, ambulatory facility fees, the taxation of group accident and health insurance policies, the taxation of certain lines of insurance, General Fund appropriations, interest, and penalties. Monies are used to distribute charity and other uncompensated care disproportionate share payments to hospitals; provide subsidies for the Family Care-CHIP program; and provide financial assistance for hospitals, other health care initiatives, and hospital bond assistance.

Higher Education Facility Renovation and Rehabilitation Fund (P.L. 1990, c.126)

Special Revenue Fund

The sum of $45 million of General Obligation bonds was appropriated from the Jobs, Education and Competitiveness Fund for the renovation and rehabilitation of existing higher education buildings at various State colleges and universities.

1992 Historic Preservation Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $25 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of providing State matching grants to assist State agencies or entities, local government units, and qualifying tax-exempt, non-profit organizations to meet the historic preservation project cost for historic properties, structures, facilities, or sites owned or leased on a long-term basis by those agencies, entities, units, or organizations.

1995 Historic Preservation Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $10 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, and Blue Acres Act of 1995. This fund provides matching grants to assist State agencies or entities, local government units, and qualified tax-exempt, non-profit organizations to meet historic preservation project costs.

2007 Historic Preservation Fund (P.L. 2007, c.119)

Special Revenue Fund

An amount of $6 million of General Obligation bonds was authorized from the Green Acres, Farmland, Blue Acres, and Historic Preservation Bond Act of 2007 for the purpose of providing State matching grants to assist State agencies or entities, local government units, and qualifying tax-exempt, non-profit organizations to meet the cost of preservation of historic properties.

Historic Preservation Revolving Loan Fund (P.L. 1991, c.41)

Special Revenue Fund

The sum of $3 million was appropriated to the Historic Preservation Revolving Loan Fund for the purpose of making low interest loans to counties, municipalities, or tax-exempt, non-profit organizations to finance the costs of acquiring, restoring, repairing, or rehabilitating historic structures.

Horse Racing Injury Compensation Fund (P.L. 1995, c.329)

Special Revenue Fund

The purpose of this fund is to provide workers' compensation coverage to employees in the thoroughbred and standardbred horse racing industries. The costs of providing coverage is funded from assessments to both the thoroughbred and standardbred industries based on their respective experience rating.

Housing Assistance Fund (P.L. 1968, c.127)

Special Revenue Fund

An amount of $12.5 million was authorized for interest rate subsidies on contracts and agreements with qualified mortgagors and mortgagees of housing developments to decrease rental and carrying charges to low and moderate income occupants of such housing, and to provide financial assistance to qualified housing developments that were constructed, financed, or rehabilitated under federal law and moderate income financing programs.

Human Services Facilities Construction Fund (P.L. 1984, c.157)

Capital Projects Fund

An amount of $60 million of General Obligation bonds was authorized for the planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipping of human services facilities.

Insurance Annuity Trust Fund (Superior Court of New Jersey, Law Division, Morris County Docket No. L-081390-83)

Private Purpose Trust Fund

This fund was established to account for deposits made by Western National Life Insurance Company or its assignees on behalf of the State of New Jersey resulting from a lawsuit filed against the State. Monies are held in trust on behalf of the claimant until such time the claimant is released from State care.

Jobs, Education and Competitiveness Fund (P.L. 1988, c.78)

Special Revenue Fund

An amount of $350 million of General Obligation bonds was authorized for the construction, reconstruction, development, extension, improvement, and equipment of classrooms, academic buildings, libraries, computer facilities, and other higher education buildings at New Jersey's public and private institutions of higher education; the establishment and construction of advanced technology centers at public and private institutions of higher education; and for the expansion and construction of additional facilities at, and acquisition of additional and upgraded equipment for, existing advanced technology centers sponsored by the New Jersey Commission on Science and Technology.

Jobs, Science and Technology Fund (P.L. 1984, c.99)

Special Revenue Fund

An amount of $90 million of General Obligation bonds was authorized for the establishment and construction of a network of advanced technology centers at public and private institutions of higher education; providing for the construction and improvement of technical and engineering facilities and for high technology job training and retraining programs at public and private institutions of higher education.

Judicial Retirement System (N.J.S.A. 43:6A)

Pension Trust Fund

This system provides pension benefits to members of the State Judiciary. The system is maintained on an actuarial reserve basis.

Judiciary Bail Fund (R.3:26)

Agency Fund

The purpose of this fund is to serve as a repository for the collection of bail, the return of bail to the surety, and the remittance of associated revenues to the proper governmental agency.

Judiciary Child Support and Paternity Fund (Social Security Act, Title IV-D, as amended)

Agency Fund

The purpose of this fund is to serve as a repository for the collection of child support obligations and the subsequent remittance to the proper recipients.

Judiciary Probation Fund (N.J.S.A. 2C:46-4)

Agency Fund

The purpose of this fund is to serve as a repository for the collection and disbursement of court imposed financial obligations associated with the statewide probation function.

Judiciary Special Civil Fund (R.6)

Agency Fund

The purpose of this fund is to serve as a repository for the collection and disbursement of funds collected by the Special Civil Part of the Superior Court of New Jersey.

Korean Veterans' Memorial Fund (P.L. 1996, c.72)

Special Revenue Fund

The Korean Veterans' Memorial Fund is credited with funds collected by the Korean Veterans' Memorial Committee as well as income tax designations. The purpose of this fund is to provide maintenance to the memorial which is located in Atlantic City.

1996 Lake Restoration Fund (P.L. 1996, c.70)

Special Revenue Fund

An amount of $5 million of General Obligation bonds was authorized for the removal of sand, silt, mud, sediment, rocks, stumps, vegetation, algae blooms, or other materials from lakes, or the abatement and control of pollution caused by storm water runoff, soil erosion, or other types of non-point source or point source pollution.

Lead Hazard Control Assistance Fund (P.L. 2003, c.311)

Special Revenue Fund

This fund was established for the purpose of providing grants or loans to eligible homeowners to make their homes lead-safe. Funds are received from various sources, including a $20 fee assessed to homeowners of multiple dwelling units and a portion of the Sales and Use Tax generated on the sale of paint.

Legal Services Fund (P.L. 1996, c.52)

Special Revenue Fund

Revenues generated from the increase in certain filing fees in civil actions are credited to the fund and are used to provide legal services to the poor in civil matters, funding for ten Superior Court judgeships, and support to Rutgers-Newark Law School, Rutgers-Camden Law School, and Seton Hall Law School for clinical programs which provide free legal representation to the poor.

Luxury Tax Development Fund (N.J.S.A. 40:48-8.30a (B))

Agency Fund

This fund was established for the deposit of Luxury Tax revenues in excess of statutory requirements. Development funds are dedicated for various housing projects in Atlantic City.

Luxury Tax Fund (N.J.S.A. 40:48-8.30a (B), (P.L. 1991, c.375)

Special Revenue Fund

This fund accounts for tax revenues collected on rooms, beverages, and amusements. These tax revenues are dedicated to the payment of debt service on bonds issued for the construction of the Convention Hall facilities, then to subsidize the Convention Center operating budget deficits. The remaining balances are available to provide housing opportunities for low and moderate income families.

Medical Malpractice Liability Insurance Premium Assistance Fund (P.L. 2004, c.17)

Special Revenue Fund

This fund was established to provide medical malpractice liability insurance premium relief to certain health care providers who have experienced or are experiencing a liability insurance premium increase in an amount established by regulation by the Department of Banking and Insurance. Revenues in the fund are generated from a $3 per employee surcharge on those businesses who are subject to the "unemployment compensation law" and a $75 assessment on certain health care professionals and attorneys. Legislation authorizing revenue collections sunset during Fiscal Year 2010.

Mortgage Assistance Fund (P.L. 1976, c.94)

Special Revenue Fund

An amount of $25 million of General Obligation bonds was authorized for mortgage assistance and to spur construction, rehabilitation, and maintenance of housing for senior citizens and families of low and moderate income, and to provide funds for second mortgages and for a neighborhood preservation program.

Motor Vehicle Commission Fund (P.L. 2003, c.13)

Capital Projects Fund

The Motor Vehicle Security and Customer Service Act created the Motor Vehicle Commission Fund which authorized the issuance of $160 million in installment obligation bonds. An amount of $10 million was transferred to the Administrative Office of the Courts for improvements to the automated traffic system. The remainder was used to make capital improvements to Motor Vehicle Commission facilities.

Motor Vehicle Security Responsibility Fund (N.J.S.A. 39:6-30.1)

Private Purpose Trust Fund

Security deposits made by motorists not having the required minimum motor vehicle insurance coverage in the State, who have been involved in a motor vehicle accident resulting in bodily injury or death and/or property damage, are recorded in this fund. The deposits may be disbursed in satisfaction of judgments rendered or returned to the motorist upon release of liability.

Municipal Landfill Closure and Remediation Fund (P.L. 1996, c.124)

Special Revenue Fund

This fund is dedicated for the purpose of reimbursing a developer who enters into a certified redevelopment agreement related to the closure, remediation, and redevelopment of municipal landfill sites. Costs of the closure and remediation of the municipal solid waste landfill may be eligible for a 75.0 percent reimbursement upon the commencement of a business operation within a redevelopment project. The reimbursements are made from designated Sales and Use Tax collections.

Natural Resources Fund (P.L. 1980, c.70)

Special Revenue Fund

An amount of $145 million of General Obligation bonds was authorized to fund state and local projects for resource recovery, sewage treatment, water supply, dam restoration, and harbor clean-up projects.

New Home Warranty Security Fund (N.J.S.A. 46:3B-7)

Special Revenue Fund

Monies received from participating builders of dwellings not previously occupied, excluding those constructed solely for lease, are deposited into this fund. Payments are authorized by approved claims of owners for defects in new homes covered by the new home warranty. In addition, during Fiscal Year 2010, an amount of $7.0 million was allocated for the State Rental Assistance Program.

New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund (P.L. 1989, c.180)

Capital Projects Fund

An amount of $115 million of General Obligation bonds was authorized for the purposes of rehabilitating and improving bridges in the State and the preservation and acquisition of railroad rights-of-way.

New Jersey Building Authority (N.J.S.A. 52:18A-78.4)

Special Revenue Fund

The New Jersey Building Authority is authorized to construct and rehabilitate office buildings and related facilities for use by State agencies. The Authority is authorized to issue bonds and notes to provide funds for the construction and the rehabilitation of the projects. Debt service on outstanding bonds is paid through lease agreements with the State.

1995 New Jersey Coastal Blue Acres Trust Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of providing State grants and loans to assist local government units to meet the coastal blue acres cost of acquiring, for recreation and conservation purposes, lands in the coastal area that have been damaged by, or may be prone to incurring damage caused by, storms or storm-related flooding, or may buffer or protect other lands from such damage.

New Jersey Cultural Trust Fund (P.L. 2000, c.76)

Special Revenue Fund

This fund annually receives a General Fund appropriation. The appropriation, as well as accumulated investment earnings, shall be used for capital facilities projects that improve cultural or historical properties and facilities; endowment development; and payments to ensure the institutional and financial stability of qualified organizations in New Jersey. A qualified organization is defined as a tax-exempt, non-profit organization whose primary mission is to promote the performing, visual, and creative arts in New Jersey, or to promote or preserves history and humanities in New Jersey.

1983 New Jersey Green Acres Fund (P.L. 1983, c.354)

Special Revenue Fund

An amount of $135 million of General Obligation bonds was authorized for public acquisition and development of land for recreation and conservation purposes. Of this amount, $52 million has been allocated for the acquisition and development of land by the State. An amount of $83 million has been transferred to the Green Trust Fund for grants or loans to local governmental entities for acquisition or development of land.

1989 New Jersey Green Acres Fund (P.L. 1989, c.183)

Special Revenue Fund

An amount of $90 million of General Obligation bonds was authorized from the 1989 Open Space Preservation Bond Act to provide monies for State grants to assist local governmental entities to acquire and develop land for recreation and conservation purposes.

1992 New Jersey Green Acres Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $80 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of acquiring and developing land by the State for recreation and conservation purposes.

1995 New Jersey Green Acres Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $115 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and the Blue Acres Bond Act of 1995 to provide monies for public acquisition and development of land for recreation and conservation purposes.

1989 New Jersey Green Trust Fund (P.L. 1989, c.183)

Special Revenue Fund

An amount of $140 million of General Obligation bonds was authorized from the 1989 Open Space Preservation Bond Act to provide monies for public acquisition and development of land for recreation and conservation purposes.

1992 New Jersey Green Trust Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $120 million of General Obligation bonds was authorized from the Green Acres, Clean Water, Farmland and Historic Preservation Bond Act of 1992 for the purpose of providing State grants and loans to assist local governmental entities to acquire and develop land for recreation and conservation.

1995 New Jersey Green Trust Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $135 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 to provide monies for public acquisition and development of land for recreation and conservation purposes.

1995 New Jersey Inland Blue Acres Fund (P.L. 1995, c.204)

Special Revenue Fund

An amount of $15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation Bond Act of 1995, and Blue Acres Bond Act of 1995 for the purpose of acquiring inland blue acres for recreation and conservation purposes and lands in the floodway of the Passaic River and its tributaries that have been damaged by, or may be prone to incurring damage caused by, storms or storm related flooding, or that may buffer or protect other lands from such damage.

New Jersey Lawyers' Assistance Program (R. 1:28B)

Special Revenue Fund

This fund provides assistance to members of the New Jersey Bar, law students, and law school graduates who have an alcohol, drug abuse, and/or gambling problems. Each nonexempt member of the Bar is required to pay $10 annually.

New Jersey Lawyers' Fund for Client Protection (R. 1:28-7)

Special Revenue Fund

This fund was established for the purpose of reimbursing, to the extent and in the manner provided by rules and regulations, losses resulting from dishonest conduct by members of the Bar of the State of New Jersey. Annual payments are made to this fund by each member of the Bar of the State of New Jersey. The annual payment required is $25 for attorneys in their third or fourth year of admission to the Bar, and $50 for attorneys in their fifth through forty-ninth years.

New Jersey Local Development Financing Fund (N.J.S.A. 34:1B-36)

Special Revenue Fund

An amount of $45 million of General Obligation bonds was authorized to capitalize the New Jersey Local Development Financing Fund. The fund provides financial assistance to municipal governments, local development corporations, and other organizations sponsoring commercial and industrial projects which encourage municipal economic development.

New Jersey Racing Industry Special Fund (P.L. 2001, c.199)

Special Revenue Fund

The New Jersey Racing Industry Special Fund accounts for inactive or dormant wagering accounts, breakage and outstanding pari-mutuel money exceeding required racing costs, and the excess takeout rate. Money deposited shall be disbursed monthly by the New Jersey Racing Commission primarily to those holding permits to conduct horse racing.

New Jersey Schools Development Authority

Special Revenue Fund

The New Jersey Schools Development Authority, as successor to the New Jersey Schools Construction Corporation, functions solely for the construction of schools in areas formerly known as "Abbott Districts." The New Jersey Schools Development Authority is an independent authority that is in, but not of, the Department of the Treasury. Legislation that established the New Jersey Schools Development Authority encompassed a package of statutory amendments on program and governance reform. The New Jersey Economic Development Authority is responsible for financing New Jersey Schools Development Authority projects. The New Jersey Economic Development Authority has been legislatively authorized to issue $12.5 billion of bonds on behalf of the New Jersey Schools Development Authority.

In 1998, the New Jersey Supreme Court ruled in the Abbott v. Burke case that the State must provide 100 percent funding for all school renovation and construction projects in special-needs school districts. According to the Court, aging, unsafe and overcrowded buildings prevented children from receiving the "thorough and efficient" education required under the New Jersey Constitution. In response, the New Jersey Educational Facilities Construction and Financing Act was enacted on July 18, 2000, in order to create the New Jersey Schools Construction Corporation to effectively launch the School Construction Program. Full funding for approved projects was authorized for the 31 special-needs districts, known as Abbotts. Grants totaling 40 percent of eligible costs were made available to the remaining districts, now known as Regular Operating Districts. Overall, the act authorized $9.9 billion in funding for the Abbotts districts, $2.5 billion for Regular Operating Districts, and $100 million for vocational districts.

New Jersey Spill Compensation Fund (N.J.S.A. 58:10-23.11i)

Special Revenue Fund

Receipts from taxes and penalties levied on each owner or operator of a major facility of hazardous substances are deposited in this fund. The tax is measured by the number of barrels of hazardous substances of the first transfer to the major facility. Payments may be authorized for clean-up costs, removal costs, research, and payments of approved claims.

New Jersey Spinal Cord Research Fund (P.L. 1999, c.201)

Special Revenue Fund

A $1 surcharge on motor vehicle fines and penalties are credited to this fund. Money collected shall be used exclusively for the purpose of making grants for approved spinal cord research projects at qualified research institutions.

New Jersey State Employees' Deferred Compensation Plan (N.J.S.A. 52:18A-164)

Pension Trust Fund

This fund represents the activity of the deferred compensation plan by which amounts contributed by participating employees are invested through various investment options. Included in the fund are those amounts contributed by participants through payroll withholding, plus investment earnings and appreciation in asset values related to those monies.

New Jersey Transportation Trust Fund Authority (N.J.S.A. 27:1B-4)

Special Revenue Fund

The New Jersey Transportation Trust Fund Authority was created to provide the payment for and financing of all, or a portion of, the costs incurred by the Department of Transportation and the New Jersey Transit Corporation for the planning, acquisition, engineering, construction, reconstruction, repair, and rehabilitation of the State's transportation system.

New Jersey Workforce Development Partnership Fund (P.L. 1992, c.44)

Special Revenue Fund

This fund was established to provide qualified displaced, disadvantaged, and employed workers with employment and training services most likely to provide the greatest opportunity for long range career advancement with high levels of productivity and earning power. The program shall provide those services by means of training grants or customized training services, provided the funding is not available from federal or other sources. Each worker and employer shall contribute to the fund an amount equal to 0.025 percent of the workers' wages based on an annual wage limit. These funds will reduce contributions to the Unemployment Compensation Fund.

Pension Adjustment Fund (N.J.S.A. 43:3B)

Agency Fund

The Pension Adjustment Fund (PAF) is a pay-as-you-go multiple-employer defined benefit plan which was established in 1958 under the provisions of N.J.S.A. 43:3B. The PAF provides a cost-of-living increase through a yearly State appropriation which is disbursed monthly to the Consolidated Police and Firemen's Pension Fund, Prison Officers' Pension Fund, and the Central Pension Fund.

Petroleum Overcharge Reimbursement Fund (P.L. 1987, c.231)

Special Revenue Fund

The Petroleum Overcharge Reimbursement Fund accounts for monies received by the State from the Federal government pursuant to court settlements with various petroleum companies and distributors as payments for overcharges for petroleum products. Appropriations are made from the fund for energy efficiency and conservation programs.

Pinelands Infrastructure Trust Fund (P.L. 1985, c.302)

Special Revenue Fund

An amount of $30 million of General Obligation bonds was authorized for the purpose of providing grants and loans to local governmental entities for transportation, wastewater treatment, water supply, and other infrastructure capital projects necessary to accommodate development in the pinelands area.

Police and Firemen's Retirement System (N.J.S.A. 43:16A)

Pension Trust Fund

All police and firemen, appointed after June 1944 in municipalities where local police and firemen pension funds existed or where this system was adopted by referendum or resolution, are required to become members of this system. Certain State and county employees are also covered. Employer obligations are paid by the local employers and the State. This fund is maintained on an actuarial reserve basis.

Pollution Prevention Fund (P.L. 1991, c.235)

Special Revenue Fund

This fund was established to fund the implementation of a comprehensive pollution prevention program which integrates the air pollution, water pollution, and hazardous waste management programs. The fund is credited with a $2 per employee fee imposed upon employers and collected by the New Jersey Department of Labor.

Prison Officers' Pension Fund (N.J.S.A. 43:7)

Pension Trust Fund

This is a closed system for certain employees of State penal institutions and is funded on a pay-as-you-go basis.

Property Tax Relief Fund (N.J.S.A. 54A:9-25)

Special Revenue Fund

This fund accounts for revenues from the New Jersey Gross Income Tax and a portion of the New Jersey Sales and Use Tax. Revenues realized are dedicated by the State Constitution. All receipts from taxes levied on personal income of individuals, estates, and trusts must be appropriated exclusively for the purpose of reducing or offsetting property taxes. P.L. 2006, c.44 increased the Sales and Use Tax rate to seven percent from six percent. Of the additional one percent, one half of a percent was dedicated to the Property Tax Relief Fund. Annual appropriations are made from the fund, pursuant to formulas established by the State Legislature, to counties, municipalities, and school districts.

Public Employees' Retirement System (N.J.S.A. 43:15A)

Pension Trust Fund

Most public employees in New Jersey, not required to become members of another contributory retirement program, are required to enroll in this system. The retirement benefits of this system are coordinated, but not integrated, with Social Security. This fund is maintained on an actuarial reserve basis.

Public Purpose Buildings and Community-Based Facilities Construction Fund (P.L. 1989, c.184)

Capital Projects Fund

An amount of $125 million of General Obligation bonds was authorized for the purpose of planning, construction, reconstruction, development, erection, acquisition, extension, improvement, rehabilitation, and equipping the State and community-based human services facilities and State correctional facilities.

Public Purpose Buildings Construction Fund (P.L. 1980, c.119)

Capital Projects Fund

An amount of $159 million of General Obligation bonds was authorized for construction of public purpose buildings, including $50 million for facilities for the mentally retarded, $67 million for correctional facilities, $7 million for a veterans' long-term care facility, $3.5 million for facilities for children in need of supervision, and $21.5 million for facilities for the mentally ill. The fund also provided $10 million to the Department of Human Services for the establishment of a loan guarantee fund to encourage the construction of long-term care facilities that provide Medicaid funded beds.

Real Estate Guaranty Fund (N.J.S.A. 45:15-34)

Special Revenue Fund

Monies received from additional fees on annual licenses of real estate brokers and real estate salesmen are deposited in this fund. Claim payments, as certified by court orders, are made to persons aggrieved by the embezzlement, conversion, or unlawful obtaining of money or property by a licensed real estate broker or a real estate salesman, or an unlicensed employee of a real estate broker.

Remediation Guarantee Fund (P.L. 1993, c. 139)

Special Revenue Fund

The fund was established in order to remediate, or contract for the remediation of, any real property for which a person was required to establish a remediation funding source pursuant to section 25 of P.L. 1993, c.139, and where that person fails to conduct or properly conduct that remediation. An amount of $5 million was appropriated from the Hazardous Discharge Fund of 1986.

Resource Recovery and Solid Waste Disposal Facility Fund (P.L. 1985, c.330)

Special Revenue Fund

An amount of $85 million of General Obligation bonds was authorized to provide funds for loans or grants to local government units for the construction of resource recovery facilities and environmentally sound sanitary landfill facilities.

Resource Recovery Investment Tax Fund (P.L. 1985, c.38)

Agency Fund

Receipts generated by the investment tax and waste importation tax plus any interest earned thereon, levied upon all owners or operators of sanitary landfill facilities who accept solid waste for disposal, are deposited in this fund. The revenues are then allocated to counties based on statutory regulations.

Safe Drinking Water Fund (N.J.S.A. 58:12A-12)

Special Revenue Fund

This fund accounts for tax revenues collected from owners or operators of public community water systems pursuant to the Safe Drinking Water Act. Monies in this fund are subject to appropriation to the Department of Environmental Protection for all costs associated with the department's administration of programs set forth in the Act.

Sanitary Landfill Facility Contingency Fund (N.J.S.A. 13:1E-100)

Special Revenue Fund

Receipts from taxes and penalties levied upon each owner or operator of every sanitary landfill facility are deposited in this fund. The tax is levied per cubic yard of solids and per gallon of liquids. The fund shall be liable for all direct and indirect damages resulting from the operations or closure of any sanitary landfill.

Shore Protection Fund (P.L. 1983, c.356)

Special Revenue Fund

An amount of $50 million of General Obligation bonds was authorized for the purpose of State projects and the making of State grants and loans to counties and municipalities for researching, planning, acquiring, developing, constructing, and maintaining shore protection projects. Of the total available, $40 million was allocated for State shore protection projects and for State grants to counties and municipalities. The remaining $10 million was allocated for State loans to counties and municipalities.

Solid Waste Service Tax Fund (P.L. 1985, c.38)

Agency Fund

Receipts generated by the solid waste services tax plus any interest earned thereon, levied upon all owners or operators of sanitary landfill facilities who accept solid waste for disposal, are deposited in this fund. The revenues are then allocated to provide state aid to counties.

Special Transportation Fund (N.J.S.A. 27:1B-21)

Capital Projects Fund

This fund was established in accordance with the enactment provisions of the New Jersey Transportation Trust Fund Authority. The fund accounts for the receipt of resources from the New Jersey Transportation Trust Fund Authority and related federal grant awards, and the expenditure of these funds for authorized public transportation projects. The funds can only be expended by the Department of Transportation pursuant to appropriations or authorizations made by the State Legislature.

State Disability Benefit Fund (N.J.S.A. 43:21-46a)

Special Revenue Fund

Worker and employer deposits that are subject to the contribution section on taxable wages under the State’s unemployment compensation law are recorded in this fund. Deposits are also made from special assessments, fines, penalties, and investment earnings. Payments from the fund may be made to persons entitled to disability benefits and benefits not covered by the Workers' Compensation Law, for authorized refunds of contributions, and for administrative expenses.

State Facilities for Handicapped Fund (P.L. 1973, c.149)

Capital Projects Fund

An amount of $25 million of General Obligation bonds was authorized for the expansion and renovation of the Marie H. Katzenbach School for the Deaf and for the planning, acquisition, improvements, and construction of regional day-school facilities to educate children with severe handicaps.

State Land Acquisition and Development Fund (P.L. 1978, c.118)

Special Revenue Fund

An amount of $200 million of General Obligation bonds was authorized for State and local acquisition and development to continue efforts to conserve open space and provide recreation areas. Half of the amount is allocated to urban areas.

State Lottery Fund (N.J.S.A. 5:9-21)

Proprietary 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 and for the administrative expenses of the Division of State Lottery. Remaining balances are paid to the 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 funded by the purchase of deposit fund contracts are accounted for in this fund.

State of New Jersey Cash Management Fund-External Portion (N.J.S.A. 52:18A-90.4)

Investment Trust Fund

This fund serves as an investment pool to consolidate monies for municipalities, counties, school districts, and any other public body corporate or politic.

State-Owned Real Property Fund (P.L. 2007, c.108)

Special Revenue Fund

Proceeds from the sale of surplus, State-owned real property are deposited into this fund. The monies in the fund are dedicated only for the relief of State debt or to assist in funding capital improvement projects.

State Police Retirement System (N.J.S.A. 53:5A)

Pension Trust Fund

This system is the State Police Retirement and Benevolent Fund's successor. All uniformed officers and troopers of the Division of State Police in the New Jersey Department of Law and Public Safety are required to enroll. This system is maintained on an actuarial reserve basis.

State Recycling Fund (N.J.S.A. 12:1E-92)

Special Revenue Fund

Beginning on April 1, 2008, a $3.00 per ton tax is levied on the owner or operator of every solid waste facility as well as on solid waste collectors that transport solid waste for out-of-state disposal. Monies in the fund are used for: direct recycling grants to counties and municipalities; aid to counties for preparing, revising, and implementing solid waste management plans; State recycling program planning and program funding; aid to counties for public information and education programs concerning recycling programs; and for State grants to institutions of higher education to conduct research in recycling.

1999 Statewide Transportation and Local Bridge Fund (P.L. 1999, c.181)

Capital Projects Fund

An amount of $500 million of General Obligation bonds was authorized for the purpose of rehabilitating and improving State transportation, including local bridges. Of this sum, $250 million was reserved for grants to county and municipal governments for the cost of rehabilitation and improvement of structurally deficient bridges carrying county or municipal roads including railroad overhead bridges. The remaining $250 million is reserved for transportation projects.

Stormwater Management and Combined Sewer Overflow Abatement Fund (P.L. 1989, c.181)

Special Revenue Fund

An amount of $50 million of General Obligation bonds was authorized for the purpose of providing grants and loans to local government units for the cost of projects identified pursuant to the stormwater management and combined sewer overflow abatement project priority list.

Superior Court of New Jersey Trust Fund (R. 4:57-2 to 5)

Special Revenue Fund

This fund accounts for monies representing deposits made in court as a result of litigation, including foreclosures, condemnations, liquidations, dissolutions, good faith deposits by liability insurers, sale of infants' lands, insolvencies, receiverships, and interpleaders. Disbursements from the fund are authorized by court order.

Supplemental Annuity Collective Trust (N.J.S.A. 52:18A-110)

Pension Trust Fund

Any active, contributing member of several State-administered retirement systems may enroll in this program. Members agree to make voluntary additional contributions through their pension funds to purchase variable retirement annuities in order to supplement the benefits provided by their basic system. Some employers agree to purchase tax-sheltered annuities for the same purpose for certain eligible public employees.

Supplemental Workforce Fund for Basic Skills (PL 2002, c.152)

Special Revenue Fund

The monies in this fund are used for basic skills training, reemployment services, and training programs for displaced and disadvantaged workers. Each worker shall contribute 0.0175 percent of their wages based on an annual wage limit to the Fund as determined by paragraph (3) of subsection (b) of R.S. 43:21-7.

Teachers' Pension and Annuity Fund (N.J.S.A. 18A-66)

Pension Trust Fund

This fund's designated purpose is to provide retirement benefits, death, disability and medical benefits to certain qualified members. Membership in the fund is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional, and certified. This fund is maintained on an actuarial reserve basis.

Tobacco Settlement Financing Corporation, Inc. (P.L. 2002, c.32)

Special Revenue Fund

The Tobacco Settlement Financing Corporation, Inc. has been established in, but not of, the Department of the Treasury. The State sold to the corporation rights, title, and interest in, and the right to receive 76.26 percent of the amounts payable under the 1998 Master Settlement Agreement (MSA) reached between 46 states and the major tobacco companies. Receipts (76.26 percent) under the MSA are pledged to the bondholders, with the remaining 23.74 percent as well as any unpledged revenue available to the State.

Tobacco Settlement Fund

Special Revenue Fund

Payments received from the Master Settlement Agreement (MSA), dated November 23, 1998, are deposited into this fund. The MSA is the national settlement reached with the tobacco industry in which participating states are expected to be paid in perpetuity.

Tourism Improvement and Development Fund (P.L. 1992, c.165)

Special Revenue Fund

This fund accounts for a tax of up to 2 percent on predominantly tourism related retail receipts and an assessment of 1.85 percent. Amounts are expended to promote economic growth and employment related to a tourism economy, and to encourage tourism improvement and development districts to finance the acquisition, maintenance, operation, and support of convention center facilities.

Trial Attorney Certification Program (R. 1:39-1 (h))

Special Revenue Fund

This fund was established to assist the New Jersey Supreme Court in the administration of the certification function for civil or criminal trial attorneys. Revenues are generated by payments made by members of the Bar of the State of New Jersey and sponsors of Continuing Legal Education (CLE) programs.

Unclaimed Child Support Trust Fund (P.L. 1995, c.115)

Special Revenue Fund

All monies received, as abandoned child support are deposited into this fund. Each year, 45 days after the receipt of such funds, payments are made to the Judiciary consisting of the Federal Government's Title IV-D share. The remaining portions are used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

Unclaimed County Deposits Trust Fund (P.L. 1992, c.173)

Private Purpose Trust Fund

All monies received as unclaimed county deposits are deposited in this fund. Each year 75 percent of the deposits received from a respective county are paid to that county. The remaining portion is retained in the fund and used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

Unclaimed Insurance Payments on Deposit Accounts Fund

Private Purpose Trust Fund

The Unclaimed Deposits Amendment Act of 1993 (UDAA) controls the disposition of unclaimed insurance payments on deposit accounts for insured depository institutions which are placed into receivership after July 28, 1993. Pursuant to the UDAA, unclaimed insurance deposits are placed into this fund and held for ten years. Payments will be made to the owner upon determining that such individual or entity is the rightful owner of such funds. At the end of the ten-year period, any remaining deposits will be forwarded to the Federal Deposit Insurance Corporation.

Unclaimed Utility Deposits Trust Fund (P.L. 2000, c.132)

Special Revenue Fund

All monies received in unclaimed property deposits from electric and gas utilities are deposited into this fund. Each year, unless the administrator deems it prudent and advisable to do otherwise, the administrator shall pay to the New Jersey Statewide Heating Assistance and Referral for Energy Services, a non-profit corporation, or to another statewide non-profit energy assistance organization designated by the Board of Public Utilities within 45 days of the receipt of such funds, 75.0 percent of the unclaimed utility deposits received from each of the electric and gas utilities by the administrator. Money received from the administrator shall be used exclusively for the payment of expenses associated with the restoration of electric or gas service, or to prevent the termination of electric or gas service. The remaining portion is retained in the fund and used to pay claims duly presented and allowed.

Unemployment Compensation Auxiliary Fund (N.J.S.A. 43:21-14g)

Special Revenue Fund

Amounts collected as penalties and interest assessed against employers who have failed to make payment of contributions required under the Unemployment Compensation Law to the State on a timely basis are deposited in this fund. Payments from the fund are authorized for the refund of any interest and/or penalty credited hereto, determined to have been collected or remitted by mistake. The remaining amounts may be expended by appropriations for administrative costs of the Unemployment Compensation Law and for costs of programs which generate employment, such as the Work Incentive Program, authorized training programs, and economic development activities.

Unemployment Compensation Fund (N.J.S.A. 43:21-9a)

Proprietary Fund

This fund accounts for monies deposited from contributions of employers and employees for unemployment compensation, amounts credited or advances made by the Federal government, and amounts received herein from any other source.

After consideration is given to any claim for refund of overpayment of contributions, the remainder is transferred by the Division of Employment Security to the Treasurer of the United States for credit to the State of New Jersey Unemployment Compensation Fund and held by the Treasurer of the United States in the State of New Jersey Unemployment Trust Fund. Drawdowns against the State of New Jersey Unemployment Trust Fund are made by requests submitted to the Treasurer of the United States by the Division of Employment Security on an as-needed basis, whereby amounts are transferred back to the Unemployment Compensation Fund and are then disbursed by the Division of Employment Security to persons entitled to receive unemployment benefits.

Any shortfall in the Unemployment Compensation Fund needed to pay benefits is covered by Federal statutes, which authorize advances from the Federal government for unemployment benefits. Such advances are repayable by increased rates on federally taxable wages reported by New Jersey employers, or the advances may be repaid out of the fund assets at any time by the Governor.

Universal Services Fund (P.L. 1999, c.23)

Special Revenue Fund

Monies deposited into this fund are generated from a “societal benefit charge” on monthly utility bills. The funds generated from the charge support the Lifeline program, clean energy initiatives, and provide financial assistance to low income utility customers.

University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund (N.J.S.A. 52:18A-1 et seq.)

Special Revenue Fund

This fund was established by a trust agreement between the State and the University of Medicine and Dentistry of New Jersey to cover malpractice claims against the hospitals and the University. This insurance is required by the New Jersey Health Care Facilities Financing Authority for protection of the Authority's bondholders. Revenues are derived from General Fund appropriations, as well as contributions from University affiliated hospitals and from University faculty members.

Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund (P.L. 1997, c.125)

Special Revenue Fund

An amount of $20 million of General Obligation bonds was authorized to provide financing for the demolition and disposal of unsafe buildings in urban and rural centers.

Vietnam Veterans' Memorial Fund (P.L. 1985, c.494)

Special Revenue Fund

This fund receives monies from donations and income tax designations to fund the Vietnam Veterans' Memorial honoring New Jersey veterans of the Vietnam conflict.

Volunteer Emergency Service Organizations Loan Fund (P.L. 1987, c.8)

Special Revenue Fund

The purpose of this fund is to provide low-interest loans to volunteer emergency service organizations for the purpose of modernizing or replacing outmoded or unsafe emergency vehicles, apparatus, equipment, or facilities, or to establish facilities to meet an increasing demand for a higher level of service in the communities in which they serve. Revenues consist of General Fund appropriations and interest on loan repayments.

Wage and Hour Trust Fund (N.J.S.A. 34:11-57)

Agency Fund

The Wage and Hour Trust Fund consists of four agency accounts which are used to collect wage settlements from employers who are deemed to have violated one or more, of the various components of the New Jersey Wage and Hour Law; and, to disburse the funds collected to employees who are entitled to receive the wages.

Wastewater Treatment Fund (P.L. 1985, c.329)

Special Revenue Fund

An amount of $190 million of General Obligation bonds was authorized for the purpose of financing the cost of construction of wastewater treatment systems. Of the total amount authorized, $145 million is allocated for the purpose of making grants and low or zero interest loans to local government units for financing the cost of the construction of wastewater treatment systems. In addition, this fund is the depository for the receipt of federal capitalization grants made available to the State for the purpose of financing wastewater treatment systems.

1992 Wastewater Treatment Fund (P.L. 1992, c.88)

Special Revenue Fund

An amount of $45 million was authorized for the purpose of making zero percent loans to local governmental entities for wastewater treatment system projects, in order to bring such systems into full compliance with permits issued pursuant to the Water Pollution Control Act; to provide adequate wastewater treatment in areas where large numbers of septic systems have malfunctioned or become obsolete; or to connect an obsolete or malfunctioning wastewater treatment system to another wastewater treatment system.

Water Conservation Fund (P.L. 1969, c.127)

Special Revenue Fund

An amount of $271 million of General Obligation bonds was authorized to conduct research, plan, acquire, develop, construct, and maintain water supply and wastewater treatment facilities for the preservation, sale, or exchange of water for potable, industrial, commercial, irrigational, recreational, and other public purposes.

2003 Water Resources and Wastewater Treatment Fund (P.L. 2003, c.162)

Special Revenue Fund

An amount of $45 million of General Obligation bonds was authorized to provide loans to, or on behalf of, local governmental entities or public water utilities to finance the costs of water resources projects or to make improvements to water supply facilities, or to provide loans to, or on behalf of, local governmental entities to finance the costs of wastewater treatment system projects.

Water Supply Fund (P.L. 1981, c.261)

Special Revenue Fund

An amount of $350 million of General Obligation bonds was authorized to provide loans for State or local projects for the rehabilitation, repair, or consolidation of antiquated, damaged, or inadequately operating water supply facilities, as recommended by the New Jersey Water Supply Master Plan.

Water Supply Replacement Trust Fund (P.L. 1988, c.106)

Special Revenue Fund

P.L. 1986, c.144 created a surtax on the corporate business tax to be deposited into the Hazardous Discharge Site Cleanup Fund. Of the amount deposited, $60 million was transferred to this fund to provide loans to municipalities or municipally-owned public water systems for the purpose of providing a permanent alternate water supply to persons whose principal source of potable water is contaminated or is threatened with contamination by hazardous substances.

Worker and Community Right to Know Fund (N.J.S.A. 34:5A-1)

Special Revenue Fund

This fund was established to account for all fees collected from employers pursuant to the Worker and Community Right to Know Act. Monies in the fund are allocated for expenses incurred by the Department of Health and Senior Services, Department of Environmental Protection, Department of Labor and Workforce Development, and the Department of the Treasury in connection with the Act's provisions.

Workers' Compensation Security Fund (P.L. 2004, c.179)

Special Revenue Fund

Monies received from assessments levied against mutual and stock insurance carriers writing workers' compensation insurance in the State are deposited into this fund. Payments are made to persons entitled to receive workers' compensation when a mutual or stock carrier is determined to be insolvent. During Fiscal Year 2010 residual balances were transferred to the New Jersey Property Liability Insurance Guaranty Association (NJ PLIGA).

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

Other Information

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN GROSS CAPITAL ASSETS BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Transfers/ Adjustments*	Balance June 30, 2010
FUNCTION:					
Public safety and criminal justice	$ 1,907,221,040	$ 175,242,626	$ 59,404,063	$ 7,030,772	$ 2,030,090,375
Physical and mental health	335,436,982	16,669,067	300,876	(4,566,794)	347,238,379
Educational, cultural, and intellectual development	456,567,366	32,361,276	21,810,387	(1,103,477)	466,014,778
Community development and environmental management	2,834,217,788	78,327,992	2,052,984	(1,025,115)	2,909,467,681
Economic planning, development, and security	288,198,781	8,701,061	6,458,681	(1,731,550)	288,709,611
Transportation programs	22,578,902,423	1,515,121,972	2,077,791	(411,951)	24,091,534,653
Government direction, management, and control	744,725,350	48,834,968	15,854,515	(2,819,190)	774,886,613
Special government services	271,578,599	4,587,353	-	3,062,897	279,228,849
Total Gross Capital Assets By Function	$ 29,416,848,329	$ 1,879,846,315	$ 107,959,297	$ (1,564,408)	$ 31,187,170,939

* Transfers/Adjustments represent a revaluation and reclassification of assets among statewide functions.

STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF GROSS CAPITAL ASSETS BY FUNCTION
JUNE 30, 2010

	Land and Easements	Land Improvements	Buildings and Improvements
FUNCTION:			
Public safety and criminal justice	$ 21,558,420	$ 64,641,509	$ 1,371,871,705
Physical and mental health	1,126,205	7,351,281	224,602,407
Educational, cultural, and intellectual development	7,733,147	14,025,264	346,160,904
Community development and environmental management	2,345,897,552	75,488,561	308,026,783
Economic planning, development, and security	1,280,752	221,819	196,905,258
Transportation programs	2,275,646,377	9,383,769	202,552,711
Government direction, management, and control	13,873,546	42,489,887	495,815,917
Special government services	2,408,922	577,280	267,769,603
Total Gross Capital Assets By Function	$ 4,669,524,921	$ 214,179,370	$ 3,413,705,288

Machinery, Equipment, and Software	Infrastructure	Construction in Progress	Total
$ 213,452,723	$ 59,744,616	$ 298,821,402	$ 2,030,090,375
88,883,868	6,707,036	18,567,582	347,238,379
60,984,311	12,805,704	24,305,448	466,014,778
27,509,977	125,379,806	27,165,002	2,909,467,681
86,653,905	1,276,527	2,371,350	288,709,611
119,712,928	18,347,344,652	3,136,894,216	24,091,534,653
116,001,014	4,659,626	102,046,623	774,886,613
3,690,326	-	4,782,718	279,228,849
$ 716,889,052	$ 18,557,917,967	$ 3,614,954,341	$ 31,187,170,939

STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Depreciation Expense	Deductions	Transfers/ Adjustments*	Balance June 30, 2010
FUNCTION:					
Public safety and criminal justice	$ 886,477,540	$ 73,180,275	$ 48,752,061	$ 9,638,084	$ 920,543,838
Physical and mental health	117,605,354	16,711,868	1,360,393	3,568,952	136,525,781
Educational, cultural, and intellectual development	238,860,934	20,869,256	17,106,301	1,600,617	244,224,506
Community development and environmental management	253,458,436	18,811,529	3,981,549	1,364,790	269,653,206
Economic planning, development, and security	113,983,372	24,593,222	1,775,080	94,965	136,896,479
Transportation programs	6,771,141,442	477,397,479	1,862,932	1,289,020	7,247,965,009
Government direction, management, and control	305,451,234	33,848,443	14,776,310	447,297	324,970,664
Special government services	101,233,512	9,389,756	-	2,283,285	112,906,553
Total Accumulated Depreciation By Function	$ 8,788,211,824	$ 674,801,828	$ 89,614,626	$ 20,287,010	$ 9,393,686,036

* Transfers/Adjustments represent a revaluation and reclassification of accumulated depreciation among statewide functions.

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR JUNE 30, 2010

	General Obligation Bonds		
	Amount Authorized	**Amount Unissued**	**Year Authorized**
Bonded Debt			
General Obligation Bond Act			
Clean Waters	$ 120,000,000	$ 3,400,000	1976
Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project	200,000,000	42,250,000	2003
Developmental Disabilities Waiting List Reduction and Human Services Facilities Construction	160,000,000	-	1994
Energy Conservation	50,000,000	1,600,000	1980
Green Acres, Cultural Centers, and Historic Preservation	100,000,000	1,000,000	1987
Green Acres, Farmland, Blue Acres, and Historic Preservation	200,000,000	59,000,000	2007
Green Acres, Farmland and Historic Preservation, and Blue Acres	340,000,000	21,000,000	1995
Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation	400,000,000	400,000,000	2009
Hazardous Discharge	100,000,000	43,000,000	1981
Hazardous Discharge	200,000,000	48,000,000	1986
Jobs, Education, and Competitiveness	350,000,000	-	1988
Natural Resources	145,000,000	9,600,000	1980
New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation	115,000,000	-	1989
New Jersey Green Acres	135,000,000	14,500,000	1983
New Jersey Green Acres, Clean Water, Farmland and Historic Preservation	345,000,000	12,880,000	1992
New Jersey Open Space Preservation	300,000,000	22,600,000	1989
Pinelands Infrastructure Trust	30,000,000	6,750,000	1985
Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development	300,000,000	116,500,000	1996
Public Purpose Buildings and Community-Based Facilities Construction	125,000,000	5,000,000	1989
Refunding Bonds	5,370,619,598	-	1985
Resource Recovery and Solid Waste Disposal Facility	85,000,000	-	1985
State Land Acquisition and Development	200,000,000	-	1978
Statewide Transportation and Local Bridge	500,000,000	-	1999
Stormwater Management and Combined Sewer Overflow Abatement	50,000,000	13,000,000	1989
Water Supply	350,000,000	73,150,000	1981
Subtotal General Obligation Bond Acts	$ 10,270,619,598	$ 893,230,000	
Revenue Bonds Payable			
Capital Leases			
Installment Obligations			
Certificates of Participation			
Tobacco Settlement Financing Corporation			
Unamortized Deferral on Refunding			
Unamortized Interest on Capital Appreciation Bonds			
Unamortized Premium			
Subtotal Bonded Debt			
Non-Bonded Debt			
Accumulated Sick and Vacation Payable			
Capital Leases			
Loans Payable			
Net OPEB Obligation			
Net Pension Obligation			
Pollution Remediation Obligation			
Other			
Subtotal Non-Bonded Debt			
Total Debt			

Outstanding July 1, 2009	Issued	Retired	Outstanding June 30, 2010
$ 1,180,000	$ 350,000	$ 45,000	$ 1,485,000
122,565,000	26,500,000	6,235,000	142,830,000
23,555,000	-	835,000	22,720,000
330,000	-	30,000	300,000
9,360,000	-	140,000	9,220,000
-	141,000,000	-	141,000,000
54,465,000	-	695,000	53,770,000
-	-	-	-
625,000	-	-	625,000
14,230,000	-	6,400,000	7,830,000
2,990,000	-	-	2,990,000
13,885,000	-	105,000	13,780,000
3,275,000	-	-	3,275,000
-	-	-	-
33,285,000	10,900,000	690,000	43,495,000
4,715,000	3,400,000	40,000	8,075,000
-	1,250,000	-	1,250,000
118,535,000	2,500,000	1,995,000	119,040,000
3,770,000	-	-	3,770,000
1,988,795,000	-	121,170,000	1,867,625,000
1,270,000	-	-	1,270,000
2,180,000	-	75,000	2,105,000
120,505,000	-	570,000	119,935,000
7,195,000	3,000,000	95,000	10,100,000
-	20,250,000	-	20,250,000
2,526,710,000	209,150,000	139,120,000	2,596,740,000
16,838,010,000	2,101,605,000	362,905,000	18,576,710,000
269,440,000	-	17,980,000	251,460,000
18,716,430,862	1,833,105,000	1,580,847,835	18,968,688,027
35,130,039	16,497,922	21,082,241	30,545,720
4,524,563,386	-	31,605,315	4,492,958,071
(793,693,973)	(52,789,176)	(73,348,228)	(773,134,921)
(7,960,064,880)	(913,926,639)	(316,997,831)	(8,556,993,688)
1,356,540,606	85,887,054	118,706,025	1,323,721,635
35,513,066,040	3,279,529,161	1,881,900,357	36,910,694,844
635,820,369	315,976,262	385,047,176	566,749,455
379,729,089	22,631,312	50,594,322	351,766,079
1,279,358,087	-	-	1,279,358,087
6,636,300,000	4,719,500,000	1,327,000,000	10,028,800,000
6,365,697,687	2,037,309,639	-	8,403,007,326
101,828,621	-	9,174,799	92,653,822
304,727,147	306,419,705	310,220,782	300,926,070
15,703,461,000	7,401,836,918	2,082,037,079	21,023,260,839
$ 51,216,527,040	$ 10,681,366,079	$ 3,963,937,436	$ 57,933,955,683

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Casino Control Fund			
	Original Budget	**Final Budget**	**Actual Amounts (Budgetary Basis)**	**Variance with Final Budget**
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and fees	71,091,532	70,705,532	64,060,206	(6,645,326)
Investment earnings	200,000	-	23,817	23,817
Other	-	-	-	-
Total Revenues	71,291,532	70,705,532	64,084,023	(6,621,509)
OTHER FINANCING SOURCES				
Transfers from other funds	-	1,963,000	500,000	(1,463,000)
Total Other Financing Sources	-	1,963,000	500,000	(1,463,000)
Total Revenues and Other Financing Sources	71,291,532	72,668,532	64,584,023	(8,084,509)
EXPENDITURES				
Public safety and criminal justice	44,813,518	44,813,518	37,601,238	7,212,280
Physical and mental health	-	-	-	-
Educational, cultural, and intellectual development	-	-	-	-
Economic planning, development, and security	-	-	-	-
Transportation programs	-	-	-	-
Government direction, management, and control	27,078,014	27,078,014	24,371,923	2,706,091
Special government services	-	-	-	-
Total Expenditures	71,891,532	71,891,532	61,973,161	9,918,371
OTHER FINANCING USES				
Transfers to other funds	-	-	-	-
Total Other Financing Uses	-	-	-	-
Total Expenditures and Other Financing Uses	71,891,532	71,891,532	61,973,161	9,918,371
Net change in fund balance	(600,000)	777,000	2,610,862	1,833,862
Fund Balances - July 1, 2009	600,000	-	-	-
Fund Balances - June 30, 2010	$ -	$ 777,000	$ 2,610,862	$ 1,833,862

Casino Revenue Fund			
Original Budget	**Final Budget**	**Actual Amounts (Budgetary Basis)**	**Variance with Final Budget**
$ 334,741,000	$ 298,444,000	$ 295,549,510	$ (2,894,490)
-	-	-	-
200,000	-	-	-
40,587,607	40,587,607	40,703,917	116,310
375,528,607	339,031,607	336,253,427	(2,778,180)
500,000	13,124,000	38,690,877	25,566,877
500,000	13,124,000	38,690,877	25,566,877
376,028,607	352,155,607	374,944,304	22,788,697
-	-	-	-
310,991,591	291,247,608	310,016,050	(18,768,442)
32,516,000	30,451,650	32,515,091	(2,063,441)
2,196,000	2,056,582	2,196,000	(139,418)
30,233,016	28,313,607	30,233,000	(1,919,393)
-	-	-	-
92,000	86,160	92,000	(5,840)
376,028,607	352,155,607	375,052,141	(22,896,534)
-	-	-	-
-	-	-	-
376,028,607	352,155,607	375,052,141	(22,896,534)
-	-	(107,837)	(107,837)
-	-	-	-
$ -	$ -	$ (107,837)	$ (107,837)

(Continued on next page)

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Gubernatorial Elections Fund			
	Original Budget	**Final Budget**	**Actual Amounts (Budgetary Basis)**	**Variance with Final Budget**
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Licenses and fees	-	-	-	-
Investment earnings	-	-	-	-
Other	700,000	700,000	437,721	(262,279)
Total Revenues	700,000	700,000	437,721	(262,279)
OTHER FINANCING SOURCES				
Transfers from other funds	7,180,000	8,117,000	8,996,825	879,825
Total Other Financing Sources	7,180,000	8,117,000	8,996,825	879,825
Total Revenues and Other Financing Sources	7,880,000	8,817,000	9,434,546	617,546
EXPENDITURES				
Public safety and criminal justice	7,734,242	8,671,242	8,611,473	59,769
Physical and mental health	-	-	-	-
Educational, cultural, and intellectual development	-	-	-	-
Economic planning, development, and security	-	-	-	-
Transportation programs	-	-	-	-
Government direction, management, and control	-	-	-	-
Special government services	-	-	-	-
Total Expenditures	7,734,242	8,671,242	8,611,473	59,769
OTHER FINANCING USES				
Transfers to other funds	145,758	145,758	823,073	(677,315)
Total Other Financing Uses	145,758	145,758	823,073	(677,315)
Total Expenditures and Other Financing Uses	7,880,000	8,817,000	9,434,546	(617,546)
Net change in fund balance	-	-	-	-
Fund Balances - July 1, 2009	-	-	-	-
Fund Balances - June 30, 2010	$ -	$ -	$ -	$ -

Total Non-Major Governmental Funds

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
$ 334,741,000	$ 298,444,000	$ 295,549,510	$ (2,894,490)
71,091,532	70,705,532	64,060,206	(6,645,326)
400,000	-	23,817	23,817
41,287,607	41,287,607	41,141,638	(145,969)
447,520,139	410,437,139	400,775,171	(9,661,968)
7,680,000	23,204,000	48,187,702	24,983,702
7,680,000	23,204,000	48,187,702	24,983,702
455,200,139	433,641,139	448,962,873	15,321,734
52,547,760	53,484,760	46,212,711	7,272,049
310,991,591	291,247,608	310,016,050	(18,768,442)
32,516,000	30,451,650	32,515,091	(2,063,441)
2,196,000	2,056,582	2,196,000	(139,418)
30,233,016	28,313,607	30,233,000	(1,919,393)
27,078,014	27,078,014	24,371,923	2,706,091
92,000	86,160	92,000	(5,840)
455,654,381	432,718,381	445,636,775	(12,918,394)
145,758	145,758	823,073	(677,315)
145,758	145,758	823,073	(677,315)
455,800,139	432,864,139	446,459,848	(13,595,709)
(600,000)	777,000	2,503,025	1,726,025
600,000	-	-	-
$ -	$ 777,000	$ 2,503,025	$ 1,726,025

STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - NON-MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

	Casino Control Fund	Casino Revenue Fund	Gubernatorial Elections Fund
Sources/inflows of resources:			
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	$ 64,584,023	$ 374,944,304	$ 9,434,546
Differences - budget to GAAP:			
No reconciling items.	-	-	-
Total revenues and other financing sources as reported on the GAAP - basis statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 64,584,023	$ 374,944,304	$ 9,434,546
Uses/outflows of resources:			
Total expenditures and other financing uses - actual amounts (budgetary basis) from the budgetary comparison schedule	$ 61,973,161	$ 375,052,141	$ 9,434,546
Differences - budget to GAAP:			
Encumbrances for items ordered but not received are reported in the year the resources are encumbered for budgetary purposes, but in the year the items are received for financial reporting purposes.	(264,048)	(30,292,239)	-
Expenditures in prior budget fiscal year accounts are reported in the year the resources are encumbered for budgetary purposes, but in the year the funds are disbursed for financial reporting purposes.	430,615	27,320,669	-
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	$ 62,139,728	$ 372,080,571	$ 9,434,546

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
MAJOR TAXES				
Sales	$ 7,965,000,000	$ 7,523,223,509	94	$ (441,776,491)
Sales - Energy	613,700,000	356,691,132	58	(257,008,868)
Sales Tax Dedication	(639,000,000)	(576,594,906)	90	62,405,094
Corporation Business	2,224,000,000	1,998,729,403	90	(225,270,597)
Corporation Business - Energy	112,000,000	145,837,202	130	33,837,202
Transfer Inheritance	645,000,000	581,624,419	90	(63,375,581)
Motor Fuels	551,000,000	535,281,605	97	(15,718,395)
Insurance Premium	542,000,000	481,214,103	89	(60,785,897)
Motor Vehicle Fees	392,550,000	378,630,824	96	(13,919,176)
Petroleum Products Gross Receipts	223,000,000	216,279,752	97	(6,720,248)
Cigarette	203,500,000	204,934,450	101	1,434,450
Realty Transfer	199,000,000	178,772,313	90	(20,227,687)
Corporation Banks and Financial Institutions	104,000,000	130,405,775	125	26,405,775
Alcoholic Beverage Excise	100,000,000	93,367,349	93	(6,632,651)
Tobacco Products Wholesale Sales	15,000,000	17,977,198	120	2,977,198
Public Utility Excise	12,234,000	13,235,199	108	1,001,199
Savings Institutions	-	(1,617)	-	(1,617)
TOTAL MAJOR TAXES	13,262,984,000	12,279,607,710	93	(983,376,290)
MISCELLANEOUS TAXES, FEES, REVENUES				
Executive Branch:				
Department of Agriculture:				
Fertilizer Inspection Fees	366,000	366,000	100	-
Miscellaneous Revenue	7,000	1,945	28	(5,055)
Total Department of Agriculture	373,000	367,945	99	(5,055)
Department of Banking and Insurance:				
Actuarial Services	55,000	71,261	130	16,261
Banking - Assessments	9,500,000	9,500,000	100	-
Banking - Licenses and Other Fees	2,500,000	2,500,000	100	-
FAIR Act Administration	21,000,000	22,589,687	108	1,589,687
Fraud Fines	950,000	1,410,682	148	460,682
HMO Covered Lives	1,595,000	702,031	44	(892,969)
Insurance - Examination Billings	2,500,000	2,639,206	106	139,206
Insurance - Special Purpose Assessment	9,513,000	9,473,237	100	(39,763)
Insurance Fraud Prevention	32,454,000	28,111,853	87	(4,342,147)
Insurance Licenses and Other Fees	30,480,000	38,977,774	128	8,497,774
Real Estate Commission	7,500,000	4,196,518	56	(3,303,482)
Total Department of Banking and Insurance	118,047,000	120,172,249	102	2,125,249
Department of Children and Families:				
Child Care Licensing/Adoption Law	340,000	332,577	98	(7,423)
Marriage License Fees	1,260,000	1,200,065	95	(59,935)
Total Department of Children and Families	1,600,000	1,532,642	96	(67,358)

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
Department of Community Affairs:				
Affordable Housing and Neighborhood Preservation - Fair Housing	20,975,000	20,975,000	100	-
Construction Fees	13,754,000	13,754,000	100	-
Divorce Filing Fees	1,275,000	1,417,050	111	142,050
Fire Safety	16,217,000	16,217,000	100	-
Housing Inspection Fees	9,031,000	9,031,000	100	-
Miscellaneous Revenue	-	330	-	330
Planned Real Estate Development Fees	828,000	828,000	100	-
Total Department of Community Affairs	62,080,000	62,222,380	100	142,380
Department of Corrections:				
Miscellaneous Revenue	-	33,820	-	33,820
Total Department of Corrections	-	33,820	-	33,820
Department of Education:				
Audit Recoveries	1,000,000	2,314,451	231	1,314,451
Audit of Enrollments	135,000	676,457	501	541,457
Local School District Loan Recoveries - NJEDA	5,632,000	5,377,537	95	(254,463)
Nonpublic Schools Handicapped and Auxiliary Recoveries	8,000,000	14,727,609	184	6,727,609
Nonpublic Schools Textbook Recoveries	1,200,000	1,571,364	131	371,364
School Construction Inspection Fees	500,000	742,802	149	242,802
State Board of Examiners	5,125,000	5,125,000	100	-
Total Department of Education	21,592,000	30,535,220	141	8,943,220
Department of Environmental Protection:				
Air Pollution Fees - Minor Sources	6,300,000	6,300,000	100	-
Air Pollution Fees - Title V Operating Permits	10,200,000	8,497,707	83	(1,702,293)
Air Pollution Fines	2,250,000	3,064,765	136	814,765
Clean Water Enforcement Act	2,500,000	2,323,534	93	(176,466)
Coastal Area Facility Review Act	1,900,000	1,561,613	82	(338,387)
Endangered Species Tax Checkoff	158,000	158,000	100	-
Environmental Infrastructure Financing Program Administrative Fee	5,000,000	5,000,000	100	-
Excess Diversion	230,000	174,377	76	(55,623)
Freshwater Wetlands Fees	3,507,000	2,317,223	66	(1,189,777)
Freshwater Wetlands Fines	400,000	1,019,303	255	619,303
Hazardous Waste Fees	3,624,000	3,902,779	108	278,779
Hazardous Waste Fines	550,000	440,323	80	(109,677)
Highlands Permitting	551,000	515,251	94	(35,749)
Hunters' and Anglers' Licenses	11,000,000	11,000,000	100	-
Industrial Site Recovery Act	630,000	157,150	25	(472,850)
Laboratory Certification Fees	2,400,000	774,714	32	(1,625,286)

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
Laboratory Certification Fines	80,000	35,750	45	(44,250)
Marina Rentals	885,000	885,000	100	-
Marine Lands - Preparation and Filing Fees	159,000	354,727	223	195,727
Medical Waste	4,400,000	4,310,511	98	(89,489)
Miscellaneous Revenue	-	4,465	-	4,465
New Jersey Pollutant Discharge Elimination System/ Stormwater Permits	16,700,000	16,700,000	100	-
Parks Management Fees and Permits	4,300,000	4,300,000	100	-
Parks Management Fines	125,000	85,678	69	(39,322)
Pesticide Control Fees	4,400,000	4,400,000	100	-
Pesticide Control Fines	90,000	118,293	131	28,293
Radiation Protection Fees	3,268,000	2,975,481	91	(292,519)
Radiation Protection Fines	110,000	178,175	162	68,175
Radon Testers Certification	200,000	231,795	116	31,795
Shellfish and Marine Fisheries	9,000	1,557	17	(7,443)
Solid and Hazardous Waste Disclosure	-	149,570	-	149,570
Solid Waste - Utility Regulation Assessments	3,100,000	3,100,000	100	-
Solid Waste Fines	500,000	763,772	153	263,772
Solid Waste Management Fees	7,081,000	8,001,269	113	920,269
Spring Meadow Golf Course	250,000	(1,695)	-	(251,695)
Stream Encroachment	3,210,000	2,494,960	78	(715,040)
Toxic Catastrophe Prevention Fees	1,587,000	1,533,341	97	(53,659)
Toxic Catastrophe Prevention Fines	80,000	176,384	220	96,384
Treatment Works Approval	1,890,000	1,425,596	75	(464,404)
Underground Storage Tanks Fees	1,100,000	1,019,557	93	(80,443)
Water Allocation	2,050,000	2,050,000	100	-
Water Supply Management Regulations	1,700,000	1,640,848	97	(59,152)
Water/Wastewater Operators Licenses	210,000	210,000	100	-
Waterfront Development Fees	2,388,000	2,388,000	100	-
Waterfront Development Fines	20,000	23,853	119	3,853
Well Permits/Well Drillers/Pump Installers Licenses	1,100,000	1,100,000	100	-
Wetlands	44,000	44,000	100	-
Worker Community Right to Know - Fines	100,000	35,228	35	(64,772)
Total Department of Environmental Protection	112,336,000	107,942,854	96	(4,393,146)
Department of Health and Senior Services:				
Admission Charge Hospital Assessment	6,000,000	6,000,000	100	-
Health Care Reform	1,200,000	1,200,000	100	-
Licenses, Fines, Permits, Penalties, and Fees	790,000	790,000	100	-
Miscellaneous Revenue	400,000	106,108	27	(293,892)
Total Department of Health and Senior Services	8,390,000	8,096,108	96	(293,892)

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
Department of Human Services:				
Early Periodic Screening, Diagnosis and Treatment	-	1,420,241	-	1,420,241
Medicaid Uncompensated Care - Acute	270,967,000	301,121,715	111	30,154,715
Medicaid Uncompensated Care - Mental Health	37,075,000	37,075,000	100	-
Medicaid Uncompensated Care - Psychiatric	178,685,000	176,559,710	99	(2,125,290)
Medical Assistance - Federal Match on PAAD	-	365,389	-	365,389
Miscellaneous Revenue	1,500,000	5,340,309	356	3,840,309
Patients' and Residents' Cost Recovery -				
Developmental Disabilities	19,020,000	20,124,000	106	1,104,000
Psychiatric Hospitals	88,108,000	80,582,212	91	(7,525,788)
School Based Medicaid	-	20,168,438	-	20,168,438
Total Department of Human Services	595,355,000	642,757,014	108	47,402,014
Department of Labor and Workforce Development:				
Miscellaneous Revenue	155,000	168,925	109	13,925
Special Compensation Fund	1,798,000	1,798,000	100	-
Workers' Compensation Assessment	12,829,000	12,829,000	100	-
Workplace Standards - Licenses, Permits and Fines	4,351,000	4,351,000	100	-
Total Department of Labor and Workforce Development	19,133,000	19,146,925	100	13,925
Department of Law and Public Safety:				
Beverage Licenses	3,960,000	3,960,000	100	-
Charities Registration Section	695,000	695,000	100	-
Consumer Affairs	-	1,500	-	1,500
Controlled Dangerous Substances	100,000	100,000	100	-
EDA School Construction Recoveries	166,000	-	-	(166,000)
Forfeiture Funds	250,000	250,000	100	-
Legalized Games of Chance Control	1,200,000	1,200,000	100	-
Miscellaneous Revenue	55,000	31,068	56	(23,932)
New Jersey Cemetery Board	124,000	124,000	100	-
Pleasure Boat Licenses	2,695,000	2,262,299	84	(432,701)
Private Employment Agencies	258,000	258,000	100	-
Securities Enforcement	8,994,000	8,994,000	100	-
State Board of Architects	553,000	553,000	100	-
State Board of Audiology and Speech -				
Language Pathology Advisory	501,000	501,000	100	-
State Board of Certified Public Accountants	39,000	39,000	100	-
State Board of Chiropractors	618,000	618,000	100	-
State Board of Cosmetology and Hairstyling	520,000	520,000	100	-
State Board of Court Reporting	130,000	130,000	100	-
State Board of Dentistry	1,486,000	1,486,000	100	-
State Board of Electrical Contractors	280,000	280,000	100	-
State Board of HVAC Contractors	20,000	-	-	(20,000)
State Board of Marriage Counselor Examiners	228,000	228,000	100	-
State Board of Master Plumbers	52,000	52,000	100	-
State Board of Medical Examiners	1,995,000	1,995,000	100	-

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
State Board of Mortuary Science	233,000	233,000	100	-
State Board of Nursing	6,431,000	6,431,000	100	-
State Board of Occupational Therapists and Assistants	449,000	449,000	100	-
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	423,000	423,000	100	-
State Board of Optometrists	17,000	17,000	100	-
State Board of Orthotics and Prosthetics	1,000	1,000	100	-
State Board of Pharmacy	358,000	358,000	100	-
State Board of Physical Therapy	618,000	618,000	100	-
State Board of Polysomnography	35,000	-	-	(35,000)
State Board of Professional Engineers and Land Surveyors	992,000	992,000	100	-
State Board of Professional Planners	130,000	130,000	100	-
State Board of Psychological Examiners	59,000	59,000	100	-
State Board of Real Estate Appraisers	456,000	456,000	100	-
State Board of Respiratory Care	208,000	208,000	100	-
State Board of Social Workers	52,000	52,000	100	-
State Board of Veterinary Medical Examiners	33,000	33,000	100	-
State Police - Fingerprint Fees	3,694,000	3,694,000	100	-
State Police - Other Licenses	295,000	304,916	103	9,916
State Police - Private Detective Licenses	220,000	197,545	90	(22,455)
Victims of Violent Crime Compensation	430,000	430,000	100	-
Weights and Measures - General	2,612,000	2,612,000	100	-
Total Department of Law and Public Safety	42,665,000	41,976,328	100	(688,672)
Department of Military and Veterans' Affairs:				
Soldiers' Homes	40,726,000	45,077,342	111	4,351,342
Total Department of Military and Veterans' Affairs	40,726,000	45,077,342	111	4,351,342
Department of the Public Advocate:				
Office of Dispute Settlement Mediation	50,000	50,000	100	-
Rate Counsel	6,561,000	6,444,729	98	(116,271)
Total Department of the Public Advocate	6,611,000	6,494,729	98	(116,271)
Department of State:				
Governor's Teaching Scholars Program Loan Repayment	44,000	62,051	141	18,051
Miscellaneous Revenue	9,000	33,391	371	24,391
Total Department of State	53,000	95,442	180	42,442

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010		REALIZATION OVER (UNDER) ANTICIPATION
		AMOUNT	PERCENT	
Department of Transportation:				
Air Safety Fund	965,000	610,039	63	(354,961)
Applications and Highway Permits	1,300,000	1,300,000	100	-
Autonomous Transportation Authorities	32,500,000	32,500,000	100	-
Drunk Driving Fines	350,000	398,064	114	48,064
Good Driver	71,000,000	70,926,965	100	(73,035)
Interest on Purchase of Right of Way	5,000	564	11	(4,436)
Logo Sign Program Fees	300,000	300,000	100	-
Miscellaneous Revenue	-	45,501	-	45,501
Outdoor Advertising	740,000	740,000	100	-
Total Department of Transportation	107,160,000	106,821,133	100	(338,867)
Department of the Treasury:				
Assessments on Real Property Greater than $1 Million	61,000,000	53,995,202	89	(7,004,798)
Assessments - Cable TV	4,770,000	4,473,276	94	(296,724)
Assessments - Public Utility	28,996,000	27,093,773	93	(1,902,227)
Audit and Enforcement Collection	40,000,000	-	-	(40,000,000)
Casino Fines	-	622,148	-	622,148
Coin Operated Telephones	5,200,000	3,734,512	72	(1,465,488)
Commercial Recording - Expedited	2,153,000	1,310,594	61	(842,406)
Commissions (Notary)	1,500,000	1,384,600	92	(115,400)
Domestic Security	31,000,000	29,202,597	94	(1,797,403)
Dormitory Safety Trust Fund - Debt Service Recovery	5,680,000	-	-	(5,680,000)
Equipment Leasing Fund - Debt Service Recovery	1,002,000	988,605	99	(13,395)
Escrow Interest - Construction Accounts	35,000	5,655	16	(29,345)
Fur Clothing Tax	-	(276)	-	(276)
General Revenue - Fees (Commercial Recording and UCC)	48,600,000	50,610,744	104	2,010,744
Higher Education Capital Improvement Fund - Debt Service Recovery	15,298,000	-	-	(15,298,000)
Hotel/Motel Occupancy Tax	76,000,000	72,808,464	96	(3,191,536)
Investment Earnings	-	2,395	-	2,395
Miscellaneous Revenue	867,000	834,730	96	(32,270)
NJ Public Records Preservation	19,100,000	18,397,503	96	(702,497)
Nuclear Emergency Response Assessment	4,346,000	5,031,000	116	685,000
Public Defender Client Receipts	3,400,000	3,830,587	113	430,587
Public Utilities Fines	1,000,000	615,250	62	(384,750)
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	94,574,000	100,621,326	106	6,047,326
Railroad Tax - Class II	3,700,000	3,908,809	106	208,809
Railroad Tax - Franchise	1,300,000	4,172,716	321	2,872,716
Surplus Property	1,500,000	1,841,959	123	341,959
Tax Referral Cost Recovery Fee	5,400,000	3,516,312	65	(1,883,688)
Telephone Assessment	132,000,000	128,069,604	97	(3,930,396)
Tire Clean-Up Surcharge	10,000,000	8,622,475	86	(1,377,525)
Transitional Energy Facilities Assessment	239,679,000	227,325,814	95	(12,353,186)
Total Department of the Treasury	838,100,000	753,020,374	90	(85,079,626)

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
Other Sources:				
Miscellaneous Revenue	500,000	17,248,983	3,450	16,748,983
Total Other Sources	500,000	17,248,983	3,450	16,748,983
Interdepartmental Accounts:				
Administration and Investment of Pension and Health Benefit Funds - Recoveries	3,114,000	2,332,519	75	(781,481)
Employee Maintenance Deductions	300,000	300,000	100	-
Fringe Benefit Recoveries from Colleges and Universities	161,175,000	149,370,088	93	(11,804,912)
Fringe Benefit Recoveries from Federal and Other Funds	254,570,000	228,722,610	90	(25,847,390)
Fringe Benefit Recoveries from School Districts	31,500,000	28,024,980	89	(3,475,020)
Indirect Cost Recoveries - DEP Other Funds	3,775,000	9,138,700	242	5,363,700
MTF Revenue Fund	26,500,000	29,689,728	112	3,189,728
Rent of State Building Space	2,900,000	3,050,175	105	150,175
Social Security Recoveries from Federal and Other Funds	76,000,000	62,466,794	82	(13,533,206)
Total Interdepartmental Accounts	559,834,000	513,095,594	92	(46,738,406)
Judicial Branch:				
Court Fees	69,665,000	71,562,134	103	1,897,134
Total Judicial Branch	69,665,000	71,562,134	103	1,897,134
TOTAL MISCELLANEOUS TAXES, FEES, REVENUES	2,604,220,000	2,548,199,216	98	(56,020,784)
INTERFUND TRANSFERS				
Beaches and Harbor Fund	20,000	4,782	24	(15,218)
Clean Energy Fund	10,000,000	168,000,000	1,680	158,000,000
Clean Waters Fund	21,000	2,376	11	(18,624)
Correctional Facilities Construction Fund	15,000	3,145	21	(11,855)
Correctional Facilities Construction Fund of 1987	13,000	2,606	20	(10,394)
Cultural Centers and Historic Preservation Fund	9,000	334	4	(8,666)
Dam, Lake, Stream and Flood Control Project Fund - 2003	280,000	67,985	24	(212,015)
Developmental Disabilities Waiting List Reduction Fund	125,000	23,432	19	(101,568)
Dredging and Containment Facility Fund	405,000	405,000	100	-
Emergency Flood Control Fund	12,000	1,151	10	(10,849)
Energy Conservation Fund	15,000	1,240	8	(13,760)
Enterprise Zone Assistance Fund	21,016,000	79,498,647	378	58,482,647
Fund for the Support of Free Public Schools	2,540,000	8,485,188	334	5,945,188
Garden State Farmland Preservation Trust Fund	1,867,000	1,792,267	96	(74,733)
Garden State Green Acres Preservation Trust Fund	5,416,000	4,818,880	89	(597,120)
Garden State Historic Preservation Trust Fund	616,000	473,932	77	(142,068)
Hazardous Discharge Fund	3,000	817	27	(2,183)
Hazardous Discharge Site Cleanup Fund	17,465,000	17,404,040	100	(60,960)
Housing Assistance Fund	80,000	20,293	25	(59,707)
Human Services Facilities Construction Fund	-	119	-	119
Jobs, Education and Competitiveness Fund	23,000	2,479	11	(20,521)
Jobs, Science and Technology Fund	-	26	-	26
Judiciary Bail Fund	560,000	125,438	22	(434,562)
Judiciary Child Support and Paternity Fund	165,000	-	-	(165,000)

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATION
Judiciary Probation Fund	155,000	40,268	26	(114,732)
Judiciary Special Civil Fund	42,000	6,729	16	(35,271)
Judiciary Superior Court Miscellaneous Fund	70,000	15,196	22	(54,804)
Legal Services Fund	11,000,000	11,970,330	109	970,330
Medical Malpractice Insurance Liability Premium Assistance Fund	1,800,000	1,836,135	102	36,135
Mortgage Assistance Fund	263,000	851,683	324	588,683
Motor Vehicle Security Responsibility Fund	3,000	1,063	35	(1,937)
NJ Bridge Rehab. and Improvement and RR Right-of-Way Preservation Fund	110,000	27,911	25	(82,089)
Natural Resources Fund	78,000	10,881	14	(67,119)
New Home Warranty Security Fund	10,000,000	10,000,000	100	-
New Jersey Green Acres Fund - 1983	850,000	-	-	(850,000)
New Jersey Spill Compensation Fund	15,783,000	14,980,683	95	(802,317)
New Jersey Workforce Development Partnership Fund	17,654,000	16,188,378	92	(1,465,622)
Pollution Prevention Fund	1,549,000	1,548,255	100	(745)
Public Purpose Buildings Construction Fund	8,000	6,705	84	(1,295)
Public Purpose Buildings and Community-Based Facilities Construction Fund	60,000	606	1	(59,394)
Safe Drinking Water Fund	2,433,000	2,114,108	87	(318,892)
School Fund Investment Account	4,160,000	-	-	(4,160,000)
Shore Protection Fund	175,000	49,191	28	(125,809)
Solid Waste Service Tax Fund	1,000	-	-	(1,000)
Spinal Cord Research Fund	-	5,150,000	-	5,150,000
State Disability Benefit Fund	104,524,000	128,091,819	123	23,567,819
State Lottery Fund	893,800,000	924,009,031	103	30,209,031
State Lottery Fund - Administration	21,639,000	15,984,458	74	(5,654,542)
State Recreation and Conservation Land Acquisition and Development Fund	20,000	4,020	20	(15,980)
State Recycling Fund	1,000,000	-	-	(1,000,000)
State of New Jersey Cash Management Fund	2,300,000	2,344,646	102	44,646
Statewide Transportation and Local Bridge Fund	350,000	66,762	19	(283,238)
Supplemental Workforce Fund for Basic Skills	2,000,000	1,461,560	73	(538,440)
Tobacco Settlement Fund	63,845,000	56,900,000	89	(6,945,000)
Unclaimed Personal Property Trust Fund	106,000,000	171,000,000	161	65,000,000
Unclaimed Utility Deposits Trust Fund	150,000	17,516	12	(132,484)
Unemployment Compensation Auxiliary Fund	28,057,000	27,546,057	98	(510,943)
Universal Services Fund	72,646,000	72,646,000	100	-
Wage and Hour Trust Fund	75,000	9,644	13	(65,356)
Water Conservation Fund	31,000	3,189	10	(27,811)
Water Supply Fund	4,321,000	4,155,130	96	(165,870)
Worker and Community Right to Know Fund	3,783,000	3,539,432	94	(243,568)
Workers' Compensation Security Fund	20,000,000	20,000,000	100	-
TOTAL INTERFUND TRANSFERS	1,451,401,000	1,773,711,563	122	322,310,563
TOTAL REVENUES, GENERAL FUND	**$ 17,318,605,000**	**$ 16,601,518,489**	**96**	**$ (717,086,511)**

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Licenses and Fees	$ 69,771,000	$ 64,060,206	92	$ (5,710,794)
Investment Earnings	200,000	23,817	12	(176,183)
TOTAL CASINO CONTROL FUND	**$ 69,971,000**	**$ 64,084,023**	**92**	**$ (5,886,977)**

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Gross Revenue Tax	$ 320,220,000	$ 278,225,148	87	$ (41,994,852)
Other Casino Taxes and Fees	14,521,000	17,473,833	120	2,952,833
Casino Simulcasting Fund	500,000	426,427	85	(73,573)
Investment Earnings	200,000	-	-	(200,000)
TOTAL CASINO REVENUE FUND	**$ 335,441,000**	**$ 296,125,408**	**88**	**$ (39,315,592)**

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Taxpayers' Designations	$ 700,000	$ 437,721	63	$ (262,279)
TOTAL GUBERNATORIAL ELECTIONS FUND	**$ 700,000**	**$ 437,721**	**63**	**$ (262,279)**

STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ANTICIPATED TO JUNE 30, 2010	REALIZED TO JUNE 30, 2010 AMOUNT	REALIZED TO JUNE 30, 2010 PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Gross Income Tax	$ 10,393,000,000	$ 10,322,942,702	99	$ (70,057,298)
Sales Tax Dedication	639,000,000	594,846,280	93	(44,153,720)
TOTAL PROPERTY TAX RELIEF FUND	**$ 11,032,000,000**	**$ 10,917,788,982**	**99**	**$ (114,211,018)**

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	STATE	FEDERAL	DEDICATED AND REVOLVING	TOTAL
LEGISLATIVE BRANCH	$ -	$ -	$ 10,160	$ 10,160
EXECUTIVE BRANCH				
Chief Executive	-	-	649,734	649,734
Agriculture	2,603,213	325,983,989	7,728,211	336,315,413
Banking and Insurance	1,480,534	-	1,684,810	3,165,344
Children and Families	-	179,240,655	57,667,433	236,908,088
Community Affairs	19,030,304	435,627,350	77,212,197	531,869,851
Corrections	-	5,954,128	58,441,281	64,395,409
Education	2,524,835	2,186,988,862	18,088,609	2,207,602,306
Environmental Protection	35,894,847	52,800,208	45,374,467	134,069,522
Health and Senior Services	12,510,264	364,001,156	305,423,091	681,934,511
Human Services	273,945,178	8,282,346,836	734,387,752	9,290,679,766
Labor and Workforce Development	55,590,321	408,051,343	167,506,512	631,148,176
Law and Public Safety	136,390,872	124,340,780	173,735,372	434,467,024
Military and Veterans' Affairs	3,164,773	53,362,905	158,613	56,686,291
Personnel	230,827	-	-	230,827
Public Advocate	20,016	-	493,938	513,954
State	455	26,105,694	26,509,437	52,615,586
Transportation	2,371,857	12,544,362	529,002,765	543,918,984
Treasury	75,753,318	1,929,331	1,252,305,339	1,329,987,988
Interdepartmental	489,705	-	37,745,000	38,234,705
TOTAL EXECUTIVE BRANCH	622,001,319	12,459,277,599	3,494,114,561	16,575,393,479
JUDICIAL BRANCH	2,999,812	1,591,299	64,499,816	69,090,927
TOTAL APPROPRIATED REVENUE	$ 625,001,131	$ 12,460,868,898	$ 3,558,624,537	$ 16,644,494,566

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	STATE	FEDERAL	DEDICATED AND REVOLVING	TOTAL
EXECUTIVE BRANCH				
Health and Senior Services	$ 40,554,447	$ -	$ -	$ 40,554,447
TOTAL APPROPRIATED REVENUE	$ 40,554,447	$ -	$ -	$ 40,554,447

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
DIRECT STATE SERVICES			
Legislative Branch	$ 74,808,806	$ 16,497,259	$ 76,685,050
Executive Branch			
Chief Executive's Office	4,684,000	891,843	5,351,457
Agriculture	7,081,000	3,319,899	9,783,059
Banking and Insurance	67,548,000	776,710	60,424,048
Children and Families	323,732,000	(15,087,012)	255,083,003
Community Affairs	37,515,000	14,769,089	48,015,391
Corrections	996,941,000	44,133,591	1,013,984,023
Education	69,596,000	8,616,688	64,680,303
Environmental Protection	217,919,108	67,960,235	239,437,702
Health and Senior Services	62,244,000	29,908,755	80,295,306
Human Services	479,820,000	161,286,437	592,796,640
Labor and Workforce Development	81,851,000	57,438,433	125,651,144
Law and Public Safety	500,278,000	258,095,049	616,590,080
Military and Veterans' Affairs	87,703,890	3,310,290	87,648,879
Public Advocate	16,493,000	1,711,211	14,787,188
State	31,876,000	1,863,488	25,527,937
Transportation	86,036,000	2,322,588	79,067,753
Treasury	428,254,466	101,449,456	481,495,954
Miscellaneous Executive Commissions	1,456,000	(3,207)	1,450,184
Interdepartmental Accounts	1,819,283,417	222,235,586	1,914,320,874
Total Executive Branch	5,320,311,881	964,999,129	5,716,390,925
Judicial Branch	641,385,000	(18,586,356)	585,716,597
TOTAL DIRECT STATE SERVICES	$ 6,036,505,687	$ 962,910,032	$ 6,378,792,572

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 1,051,430	$ 225,639	$ 13,343,946
20,669	21,836	181,881
83,270	26,547	508,023
241,734	7,065,199	593,729
2,278,611	51,283,339	35
1,065,693	1,179,442	2,023,563
6,046,318	9,385,508	11,658,742
6,124,398	4,888,671	2,519,316
7,919,621	13,953,439	24,568,581
7,881,429	2,554,737	1,421,283
17,704,949	20,869,229	9,735,619
6,203,368	4,139,679	3,295,242
14,431,416	25,593,874	101,757,679
1,740,806	716,541	907,954
464,157	1,817,147	1,135,719
629,630	5,228,647	2,353,274
2,849,400	3,387,167	3,054,268
19,649,931	19,644,057	8,913,980
101	-	2,508
12,946,467	57,804,917	56,446,745
108,281,968	229,559,976	231,078,141
22,472,924	(2,091)	14,611,214
$ 131,806,322	$ 229,783,524	$ 259,033,301

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
GRANTS-IN-AID			
Executive Branch			
Agriculture	$ 3,918,000	$ 3,825,485	$ 7,321,500
Children and Families	742,666,000	(12,009,403)	699,043,369
Community Affairs	37,235,000	8,426,235	25,834,245
Corrections	127,693,000	8,174,434	121,932,331
Education	13,488,000	-	8,223,750
Environmental Protection	14,934,000	77,820,741	9,370,557
Health and Senior Services	996,109,650	20,141,638	886,567,417
Human Services	3,429,956,623	344,975,359	3,569,111,465
Labor and Workforce Development	62,982,000	678	47,472,725
Law and Public Safety	23,450,000	(231,655)	9,625,198
Military and Veterans' Affairs	3,174,000	800,795	2,138,389
State	1,206,422,000	9,510,475	1,169,441,481
Transportation	296,200,000	263,550	261,500,000
Treasury	318,190,000	3,438,771	289,331,768
Interdepartmental Accounts	935,275,883	18,734,361	909,707,760
Total Executive Branch	8,211,694,156	483,871,464	8,016,621,955
Judicial Branch	-	6,483	4,503
TOTAL GRANTS-IN-AID	$ 8,211,694,156	$ 483,877,947	$ 8,016,626,458
STATE AID			
Executive Branch			
Agriculture	$ 11,548,000	$ 183,215	$ 11,716,161
Community Affairs	186,465,000	43,567,848	213,295,428
Corrections	22,425,000	-	22,220,834
Education	581,433,500	(217,186)	579,791,689
Environmental Protection	9,342,000	481,466	6,287,634
Health and Senior Services	9,552,000	-	7,943,927
Human Services	494,540,000	(174,231)	489,221,160
Labor and Workforce Development	-	-	(244,057)
Law and Public Safety	6,650,000	13,109,348	1,315,754
State	23,449,000	-	22,896,156
Treasury	232,930,000	29,696,700	210,409,377
Total Executive Branch	1,578,334,500	86,647,160	1,564,854,063
TOTAL STATE AID	$ 1,578,334,500	$ 86,647,160	$ 1,564,854,063

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 195,605	$ 87,715	$ 138,665
4,225,236	27,130,592	257,400
4,332,844	14,429,487	1,064,659
2,071,771	3,263,332	8,600,000
-	5,264,250	-
9,632,319	58,783	73,693,082
37,014,412	55,299,836	37,369,623
69,346,885	106,848,409	29,625,223
11,194,376	4,314,899	678
11,474,103	2,119,044	-
477,949	1,326,423	32,034
37,320,353	3,384,236	5,786,405
-	34,953,063	10,487
2,763,656	26,228,050	3,305,297
7,800	44,294,684	-
190,057,309	329,002,803	159,883,553
1,980	-	-
$ 190,059,289	$ 329,002,803	$ 159,883,553

$ -	$ 15,000	$ 54
80,339	16,629,029	28,052
-	204,166	-
779,094	606,370	39,161
3,297,784	218,663	19,385
680,767	927,306	-
1,078,493	3,533,090	533,026
200,000	44,057	-
7,217,291	320,825	10,905,478
-	552,844	-
13,222,956	37,349,802	1,644,565
26,556,724	60,401,152	13,169,721
$ 26,556,724	$ 60,401,152	$ 13,169,721

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
CAPITAL CONSTRUCTION			
Legislative Branch	$ -	$ 2,338,494	$ 2,405
Executive Branch			
Corrections	-	11,473,280	1,189,152
Education	-	3,588,233	244,026
Environmental Protection	77,078,000	102,467,268	66,179,053
Health and Senior Services	-	2,416	-
Human Services	-	10,212,442	4,306,565
Law and Public Safety	-	7,082,340	1,202,840
Military and Veterans' Affairs	-	2,662,831	922,799
State	-	15,396	15,375
Transportation	895,000,000	-	895,000,000
Treasury	-	5,117,229	2,164,624
Interdepartmental Accounts	119,579,000	53,615,347	114,986,927
Total Executive Branch	1,091,657,000	196,236,782	1,086,211,361
TOTAL CAPITAL CONSTRUCTION	$ 1,091,657,000	$ 198,575,276	$ 1,086,213,766
DEBT SERVICE			
Executive Branch			
Environmental Protection	$ 60,538,000	$ (25,352,244)	$ 35,185,756
Treasury	200,579,000	27,849,643	228,428,643
Total Executive Branch	261,117,000	2,497,399	263,614,399
TOTAL DEBT SERVICE	$ 261,117,000	$ 2,497,399	$ 263,614,399

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 420	$ -	$ 2,335,669
1,053,076	2,681,907	6,549,145
51,570	3,018,860	273,777
23,525,042	3,064,508	86,776,665
-	-	2,416
1,036,383	428,366	4,441,128
362,374	136,847	5,380,279
1,640,051	79,042	20,939
-	-	21
-	-	-
2,313,662	-	638,943
7,817,863	22,261,062	28,128,495
37,800,021	31,670,592	132,211,808
$ 37,800,441	$ 31,670,592	$ 134,547,477

$ -	$ -	$ -
-	-	-
-	-	-
$ -	$ -	$ -

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
FEDERAL			
Legislative Branch	$ -	$ 1,050	$ -
Executive Branch			
Agriculture	365,328,570	763,521	278,224,580
Children and Families	455,867,159	50,063,238	461,789,541
Community Affairs	478,229,456	121,854,689	374,980,546
Corrections	54,131,633	4,424,864	45,057,300
Education	1,967,160,185	306,470,039	1,835,137,982
Environmental Protection	395,020,923	29,524,256	42,517,867
Health and Senior Services	2,224,058,112	48,170,255	1,870,606,604
Human Services	5,557,438,913	103,854,653	5,246,676,469
Labor and Workforce Development	469,771,611	92,566,366	366,425,559
Law and Public Safety	302,185,417	96,182,741	87,596,207
Military and Veterans' Affairs	52,696,250	25,205,828	40,032,640
Public Advocate	1,650,000	37,651	948,237
State	106,939,261	(149,075)	91,945,938
Transportation	35,533,000	2,880,162	3,167,947
Treasury	114,669,958	27,306,520	23,285,919
Total Executive Branch	12,580,680,448	909,155,708	10,768,393,336
Judicial Branch	105,278,817	3,251,036	91,422,513
TOTAL FEDERAL	$ 12,685,959,265	$ 912,407,794	$ 10,859,815,849

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ -	$ -	$ 1,050
35,667,139	-	52,200,372
6,132,467	-	38,008,389
70,823,486	-	154,280,113
628,387	-	12,870,810
318,458,534	-	120,033,708
21,943,330	203,301,000	156,782,982
83,734,652	43,055,000	274,832,111
58,025,653	37,829,395	318,762,049
39,478,550	-	156,433,868
41,948,220	-	268,823,731
8,353,052	-	29,516,386
(76,159)	-	815,573
3,290,243	-	11,554,005
1,069,739	-	34,175,476
19,912,764	-	98,777,795
709,390,057	284,185,395	1,727,867,368
2,463,354	-	14,643,986
$ 711,853,411	$ 284,185,395	$ 1,742,512,404

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
REVOLVING FUNDS			
Legislative Branch	$ -	$ 3,880	$ 3,880
Executive Branch			
Community Affairs	-	15,495,256	10,267,837
Corrections	-	28,980,553	27,778,422
Education	-	3,011,002	1,908,491
Environmental Protection	-	1,179,857	743,242
Health and Senior Services	-	22,266,162	13,415,420
Human Services	-	5,765,230	6,119,766
Labor and Workforce Development	-	1,142,937	479,855
Law and Public Safety	-	990,212	149,397
State	-	1,118,827	674,701
Transportation	-	15,404,963	15,099,560
Treasury	-	92,930,842	78,632,620
Total Executive Branch	-	188,285,841	155,269,311
TOTAL REVOLVING FUNDS	$ -	$ 188,289,721	$ 155,273,191

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ -	$ -	$ -
1,326,703	3,167,688	733,028
356,293	-	845,838
4,003	430,000	668,508
93,357	-	343,258
3,697,354	-	5,153,388
27,095	-	(381,631)
639,182	-	23,900
19,200	-	821,615
87,024	-	357,102
484,612	-	(179,209)
7,567,896	1,178,000	5,552,326
14,302,719	4,775,688	13,938,123
$ 14,302,719	$ 4,775,688	$ 13,938,123

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
ALL OTHER			
Legislative Branch	$ -	$ 24,500	$ -
Executive Branch			
Chief Executive's Office	-	1,682,512	691,094
Agriculture	-	10,867,000	6,538,938
Banking and Insurance	-	2,650,899	2,088,183
Children and Families	-	60,781,567	52,994,221
Community Affairs	-	142,780,788	46,023,538
Corrections	-	34,853,741	27,325,734
Education	-	20,481,608	11,838,281
Environmental Protection	-	84,657,816	36,991,102
Health and Senior Services	-	355,552,169	299,544,673
Human Services	-	735,997,391	710,412,480
Labor and Workforce Development	-	210,208,870	178,048,042
Law and Public Safety	-	238,194,135	199,965,896
Military and Veterans' Affairs	-	840,773	404,111
Public Advocate	-	865,640	415,211
State	-	29,670,175	25,220,029
Transportation	-	499,648,996	318,360,764
Treasury	-	1,551,497,108	1,284,805,929
Interdepartmental Accounts	-	43,892,841	37,269,845
Total Executive Branch	-	4,025,124,029	3,238,938,071
Judicial Branch	-	98,498,742	56,295,167
TOTAL ALL OTHER	$ -	$ 4,123,647,271	$ 3,295,233,238

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ -	$ -	$ 24,500
-	-	991,418
107,770	72	4,220,220
2	-	562,714
964,845	-	6,822,501
22,521,806	12,000,146	62,235,298
471,280	-	7,056,727
482,861	2,125,016	6,035,450
21,055,548	-	26,611,166
11,260,453	8,886,000	35,861,043
7,547,702	-	18,037,209
1,885	1,500,000	30,658,943
21,302,364	472,824	16,453,051
82,706	-	353,956
31,065	345,000	74,364
1,137,752	-	3,312,394
67,282,163	22,899,000	91,107,069
19,634,397	185,228,967	61,827,815
505,123	-	6,117,873
174,389,722	233,457,025	378,339,211
7,375,697	-	34,827,878
$ 181,765,419	$ 233,457,025	$ 413,191,589

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
GENERAL FUND SUMMARY			
Legislative Branch	$ 74,808,806	$ 18,865,183	$ 76,691,335
Executive Branch			
Chief Executive's Office	4,684,000	2,574,355	6,042,551
Agriculture	387,875,570	18,959,120	313,584,238
Banking and Insurance	67,548,000	3,427,609	62,512,231
Children and Families	1,522,265,159	83,748,390	1,468,910,134
Community Affairs	739,444,456	346,893,905	718,416,985
Corrections	1,201,190,633	132,040,463	1,259,487,796
Education	2,631,677,685	341,950,384	2,501,824,522
Environmental Protection	774,832,031	338,739,395	436,712,913
Health and Senior Services	3,291,963,762	476,041,395	3,158,373,347
Human Services	9,961,755,536	1,361,917,281	10,618,644,545
Labor and Workforce Development	614,604,611	361,357,284	717,833,268
Law and Public Safety	832,563,417	613,422,170	916,445,372
Military and Veterans' Affairs	143,574,140	32,820,517	131,146,818
Public Advocate	18,143,000	2,614,502	16,150,636
State	1,368,686,261	42,029,286	1,335,721,617
Transportation	1,312,769,000	520,520,259	1,572,196,024
Treasury	1,294,623,424	1,839,286,269	2,598,554,834
Miscellaneous Executive Commissions	1,456,000	(3,207)	1,450,184
Interdepartmental Accounts	2,874,138,300	338,478,135	2,976,285,406
Total Executive Branch	29,043,794,985	6,856,817,512	30,810,293,421
Judicial Branch	746,663,817	83,169,905	733,438,780
TOTAL GENERAL FUND SUMMARY	$ 29,865,267,608	$ 6,958,852,600	$ 31,620,423,536

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 1,051,850	$ 225,639	$ 15,705,165
20,669	21,836	1,173,299
36,053,784	129,334	57,067,334
241,736	7,065,199	1,156,443
13,601,159	78,413,931	45,088,325
100,150,871	47,405,792	220,364,713
10,627,125	15,534,913	47,581,262
325,900,460	16,333,167	129,569,920
87,467,001	220,596,393	368,795,119
144,269,067	110,722,879	354,639,864
154,767,160	169,508,489	380,752,623
57,717,361	9,998,635	190,412,631
96,754,968	28,643,414	404,141,833
12,294,564	2,122,006	30,831,269
419,063	2,162,147	2,025,656
42,465,002	9,165,727	23,363,201
71,685,914	61,239,230	128,168,091
85,065,262	269,628,876	180,660,721
101	-	2,508
21,277,253	124,360,663	90,693,113
1,260,778,520	1,173,052,631	2,656,487,925
32,313,955	(2,091)	64,083,078
$ 1,294,144,325	$ 1,173,276,179	$ 2,736,276,168

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	$ 43,999,000	$ 814,518	$ 37,499,968
Treasury	26,572,000	506,014	23,709,145
TOTAL CASINO CONTROL FUND	$ 70,571,000	$ 1,320,532	$ 61,209,113

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
DIRECT STATE SERVICES			
Executive Branch			
Health and Senior Services	$ 871,000	$ 128,012	$ 893,778
Law and Public Safety	92,000	-	92,000
GRANTS-IN-AID			
Executive Branch			
Health and Senior Services	171,592,000	40,459,579	208,771,879
Human Services	130,457,000	-	130,456,091
Labor and Workforce Development	2,196,000	-	2,196,000
STATE AID			
Executive Branch			
Transportation	30,233,000	16	2,350,154
TOTAL CASINO REVENUE FUND	$ 335,441,000	$ 40,587,607	$ 344,759,902

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 101,270	$ 6,011,792	$ 1,200,488
162,778	2,262,608	943,483
$ 264,048	$ 8,274,400	$ 2,143,971

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ 50,868	$ 32,496	$ 21,870
-	-	-
2,358,526	921,174	-
-	909	-
-	-	-
27,882,846	-	16
$ 30,292,240	$ 954,579	$ 21,886

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	$ 8,817,000	$ 677,314	$ 9,486,085
TOTAL GUBERNATORIAL ELECTIONS FUND	$ 8,817,000	$ 677,314	$ 9,486,085

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS	OTHER AUTHORIZED APPROPRIATIONS	EXPENDITURES
GRANTS-IN-AID			
Executive Branch			
Treasury	$ 1,305,900,000	$ -	$ 1,300,321,864
STATE AID			
Executive Branch			
Community Affairs	819,688,000	(232,552,530)	571,160,604
Education	8,954,900,500	(45,807,775)	8,873,034,002
Environmental Protection	10,000,000	-	9,838,420
Treasury	157,886,000	1,307,775	151,832,460
TOTAL PROPERTY TAX RELIEF FUND	$ 11,248,374,500	$ (277,052,530)	$ 10,906,187,350

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ -	$ -	$ 8,229
$ -	$ -	$ 8,229

ENCUMBRANCES	LAPSED	CONTINUING APPROPRIATIONS
$ -	$ 5,578,136	$ -
936,377	15,038,489	-
609,112	35,379,266	70,345
-	161,580	-
-	7,361,315	-
$ 1,545,489	$ 63,518,786	$ 70,345

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

Statistical Section

THE GREAT SEAL OF THE STATE OF NEW JERSEY
LIBERTY AND PROSPERITY
1776

STATE OF NEW JERSEY
STATISTICAL SECTION
INDEX

Financial Trends Information **Page**

These schedules contain trend information on the State's financial performance and well-being over time.

Net Assets by Component 298
Changes in Net Assets 300
Fund Balances – Governmental Funds 304
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds 306
Fund Balance Summary for Budgeted Funds 308

Revenue Capacity Information

These schedules contain information on the State's most significant revenue sources.

Revenue Summary for Budgeted Funds 310
Real Gross State Product by Industry 312
Gross Income Tax Rates 314
Gross Income Tax (GIT) Filers and Liability by Income Level 314
Taxable Sales by Category 315

Debt Capacity Information

These schedules present information on the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future.

Ratio of Outstanding Long-Term Debt 316
State Constitution – Legal Debt Limitations 318
Calculation of Legal Limits 318
Legislatively Authorized but Unissued Debt 319
Debt Service Coverage Ratio 320

Demographic and Economic Information

These schedules offer demographic and economic indicators on the environment within which the State's financial activities occur.

Ten Largest Employers 322
Population and Employment Trends 323
Valuations of Taxable Real Property, Personal, and Per Capita Income 323

Operating Information

These schedules contain service and infrastructure data in relation to the services the State provides and the activities it performs.

Expenditure Summary for Budgeted Funds 324
Expenditures for Budgeted Funds 325
Full-Time Paid Employees 326
Operating Indicators 328
Capital Asset Statistics 330

STATE OF NEW JERSEY
NET ASSETS BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	2010	2009*	2008**	2007
Governmental Activities				
Invested in capital assets, net of related debt	$ 6,439.8	$ 7,362.1	$ 7,135.6	$ 6,452.0
Restricted	4,364.6	4,298.6	5,492.5	5,796.5
Unrestricted	(39,005.6)	(33,419.6)	(26,403.0)	(20,753.5)
Total	$ (28,201.2)	$ (21,758.9)	$ (13,774.9)	$ (8,505.0)
Business-type Activities				
Restricted	$ 10.2	$ 321.0	$ 1,316.7	$ 1,143.2
Unrestricted	(776.6)	-	-	-
Total	$ (766.4)	$ 321.0	$ 1,316.7	$ 1,143.2
Total Primary Government				
Invested in capital assets, net of related debt	$ 6,439.8	$ 7,362.1	$ 7,135.6	$ 6,452.0
Restricted	4,374.8	4,619.6	6,809.2	6,939.7
Unrestricted	(39,782.2)	(33,419.6)	(26,403.0)	(20,753.5)
Total	$ (28,967.6)	$ (21,437.9)	$ (12,458.2)	$ (7,361.8)

Notes:

* Net Assets was restated by $288.5 million to reflect the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

** Net Assets was restated by $267.1 million to reflect revised land improvements, building improvements and infrastructure balances, net of depreciation, offset by $7.0 million as the result of implementing GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

Information presented is based on the accrual basis of accounting.

2006	2005	2004	2003	2002
$ 5,981.9	$ 6,575.3	$ 6,167.1	$ 4,907.4	$ 4,781.8
5,625.8	4,795.3	3,715.3	4,175.0	3,453.5
(19,723.0)	(18,987.8)	(14,270.9)	(10,881.7)	(8,258.0)
$ (8,115.3)	$ (7,617.2)	$ (4,388.5)	$ (1,799.3)	$ (22.7)
$ 1,500.6	$ 1,682.9	$ 1,697.7	$ 2,219.8	$ 2,974.6
(2.8)	(1.3)	-	-	(59.7)
$ 1,497.8	$ 1,681.6	$ 1,697.7	$ 2,219.8	$ 2,914.9
$ 5,981.9	$ 6,575.3	$ 6,167.1	$ 4,907.4	$ 4,781.8
7,126.4	6,478.2	5,413.0	6,394.8	6,428.1
(19,725.8)	(18,989.1)	(14,270.9)	(10,881.7)	(8,317.7)
$ (6,617.5)	$ (5,935.6)	$ (2,690.8)	$ 420.5	$ 2,892.2

STATE OF NEW JERSEY
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	2010	2009*	2008**
Governmental Activities			
Expenses			
Public safety and criminal justice	$ 3,133.2	$ 3,087.7	$ 3,211.8
Physical and mental health	10,989.6	10,589.0	10,177.4
Educational, cultural, and intellectual development	15,013.1	14,681.3	15,552.6
Community development and environmental management	2,166.9	2,271.8	2,502.0
Economic planning, development, and security	6,663.1	6,126.8	5,487.7
Transportation programs	2,017.7	1,859.2	1,717.9
Government direction, management, and control	11,627.1	11,846.1	11,598.7
Special government services	337.9	364.5	344.1
Interest expense	1,125.9	1,092.4	1,048.3
Total Expenses	53,074.5	51,918.8	51,640.5
Program Revenues			
Charges for services			
Public safety and criminal justice	1,038.8	1,027.1	1,046.9
Physical and mental health	875.7	851.7	853.2
Educational, cultural, and intellectual development	118.8	119.9	117.1
Community development and environmental management	381.5	283.2	282.7
Economic planning, development, and security	1,207.8	1,185.2	1,055.9
Transportation programs	24.0	27.3	11.7
Government direction, management, and control	846.8	910.0	941.0
Special government services	128.2	148.3	118.0
Operating grants	14,240.8	11,375.9	10,231.0
Capital grants and contributions	212.5	204.1	116.6
Total Program Revenues	19,074.9	16,132.7	14,774.1
Net (Expense) Revenue	(33,999.6)	(35,786.1)	(36,866.4)
General Revenues and Transfers			
Taxes	25,745.0	26,910.6	30,441.3
Investment earnings	(63.1)	(263.5)	181.3
Miscellaneous	818.9	890.5	753.6
Transfers	1,056.5	264.5	220.3
Special Item - gain on sale of tobacco rights	-	-	-
Total General Revenue and Transfers	27,557.3	27,802.1	31,596.5
Change in Net Assets	(6,442.3)	(7,984.0)	(5,269.9)
Net Assets - July 1	(21,758.9)	(13,774.9)	(8,505.0)
Net Assets - June 30	$ (28,201.2)	$ (21,758.9)	$ (13,774.9)

Notes:

* Net Assets was restated by $288.5 million to reflect the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

** Net Assets was restated by $267.1 million to reflect revised land improvements, building improvements and infrastructure balances, net of depreciation, offset by $7.0 million as the result of implementing GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

Information presented is based on the accrual basis of accounting.

2007	2006	2005	2004	2003	2002
$ 3,189.7	$ 2,827.9	$ 2,916.8	$ 2,652.5	$ 2,504.5	$ 2,485.0
9,682.1	9,729.9	9,565.4	8,809.3	9,305.6	8,952.4
14,968.4	14,200.5	13,609.3	12,562.2	10,686.3	10,117.8
2,484.5	2,205.4	1,997.6	1,228.7	1,959.0	2,207.6
5,300.7	4,914.9	4,123.7	3,714.1	4,046.6	3,577.1
2,913.0	2,435.1	1,724.2	1,774.0	1,561.1	1,541.6
5,835.8	8,251.4	8,086.4	6,027.8	5,763.2	4,951.3
327.5	239.6	291.6	264.9	236.3	227.2
975.0	537.0	791.6	750.4	574.7	540.8
45,676.7	45,341.7	43,106.6	37,783.9	36,637.3	34,600.8
1,080.3	1,036.6	1,003.4	968.7	1,136.0	1,004.5
714.0	834.6	782.5	703.6	626.2	599.7
111.1	115.8	112.6	97.3	319.4	85.9
271.5	267.6	258.4	244.6	270.8	208.0
1,044.9	928.3	699.2	517.7	569.4	522.3
15.5	19.6	15.3	15.1	5.8	6.5
1,081.7	1,652.3	1,595.1	693.5	876.4	551.5
131.7	145.8	135.0	100.5	96.7	73.9
10,032.7	9,708.5	9,156.4	8,985.0	9,151.1	9,233.0
108.5	174.3	125.8	140.9	30.6	23.8
14,591.9	14,883.4	13,883.7	12,466.9	13,082.4	12,309.1
(31,084.8)	(30,458.3)	(29,222.9)	(25,317.0)	(23,554.9)	(22,291.7)
28,983.4	26,714.1	23,308.2	20,940.6	19,347.3	18,049.8
271.7	183.0	84.3	59.8	61.1	42.8
752.9	1,627.3	1,569.1	1,939.1	1,647.5	2,194.6
883.2	1,435.8	1,032.6	(211.7)	716.9	725.3
-	-	-	-	5.5	-
30,891.2	29,960.2	25,994.2	22,727.8	21,778.3	21,012.5
(193.6)	(498.1)	(3,228.7)	(2,589.2)	(1,776.6)	(1,279.2)
(8,311.4)	(7,617.2)	(4,388.5)	(1,799.3)	(22.7)	1,256.5
$ (8,505.0)	$ (8,115.3)	$ (7,617.2)	$ (4,388.5)	$ (1,799.3)	$ (22.7)

STATE OF NEW JERSEY
CHANGES IN NET ASSETS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	2010	2009*	2008**
Business-type Activities			
Expenses			
State Lottery Fund	$ 1,705.0	$ 1,645.7	$ 1,667.6
Unemployment Compensation Fund	8,214.4	5,283.6	2,119.2
Other	-	-	-
Total Expenses	9,919.4	6,929.3	3,786.8
Program Revenues			
Charges for services			
State Lottery Fund	2,648.3	2,538.1	2,579.3
Unemployment Compensation Fund	2,172.5	1,855.2	1,980.0
Other	-	-	-
Operating grants	4,953.4	2,351.9	71.3
Total Program Revenues	9,774.2	6,745.2	4,630.6
Net (Expense) Revenue	(145.2)	(184.1)	843.8
General Revenues and Transfers			
Government subsidies and grants	-	-	-
Transfers	(942.2)	(811.6)	(670.3)
Total General Revenue and Transfers	(942.2)	(811.6)	(670.3)
Change in Net Assets	(1,087.4)	(995.7)	173.5
Net Assets - July 1	321.0	1,316.7	1,143.2
Net Assets - June 30	$ (766.4)	$ 321.0	$ 1,316.7
Total Primary Government			
Expenses	$ 62,993.9	$ 58,848.1	$ 55,427.3
Program revenues	28,849.1	22,877.9	19,404.7
Net (Expense) Revenue	(34,144.8)	(35,970.2)	(36,022.6)
General revenues and other changes in net assets	26,615.1	26,990.5	30,926.2
Change in Net Assets	(7,529.7)	(8,979.7)	(5,096.4)
Net Assets - July 1	(21,437.9)	(12,458.2)	(7,361.8)
Net Assets - June 30	$ (28,967.6)	$ (21,437.9)	$ (12,458.2)

Notes:

* Net Assets was restated by $288.5 million to reflect the implementation of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments.*

** Net Assets was restated by $267.1 million to reflect revised land improvements, building improvements and infrastructure balances, net of depreciation, offset by $7.0 million as the result of implementing GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations.*

Information presented is based on the accrual basis of accounting.

2007	2006	2005	2004	2003	2002
$ 1,544.2	$ 1,573.3	$ 1,476.4	$ 1,413.2	$ 1,339.0	$ 1,304.7
1,937.4	1,828.5	1,948.5	2,481.5	2,876.3	2,497.1
-	1,959.0	1,860.6	1,700.7	1,367.1	1,217.5
3,481.6	5,360.8	5,285.5	5,595.4	5,582.4	5,019.3
2,392.3	2,441.5	2,305.7	2,231.1	2,113.0	2,098.2
1,915.1	1,447.0	1,768.3	1,407.2	1,177.4	823.6
-	1,971.4	1,824.4	1,679.2	1,416.0	1,110.2
73.3	102.9	103.6	481.8	897.8	847.9
4,380.7	5,962.8	6,002.0	5,799.3	5,604.2	4,879.9
899.1	602.0	716.5	203.9	21.8	(139.4)
-	-	-	-	-	246.8
(883.2)	(785.8)	(732.6)	(726.0)	(716.9)	(725.3)
(883.2)	(785.8)	(732.6)	(726.0)	(716.9)	(478.5)
15.9	(183.8)	(16.1)	(522.1)	(695.1)	(617.9)
1,127.3	1,681.6	1,697.7	2,219.8	2,914.9	3,532.8
$ 1,143.2	$ 1,497.8	$ 1,681.6	$ 1,697.7	$ 2,219.8	$ 2,914.9
$ 49,158.3	$ 50,702.5	$ 48,392.1	$ 43,379.3	$ 42,219.7	$ 39,620.1
18,972.6	20,846.2	19,885.7	18,266.2	18,686.6	17,189.0
(30,185.7)	(29,856.3)	(28,506.4)	(25,113.1)	(23,533.1)	(22,431.1)
30,008.0	29,174.4	25,261.6	22,001.8	21,061.4	20,534.0
(177.7)	(681.9)	(3,244.8)	(3,111.3)	(2,471.7)	(1,897.1)
(7,184.1)	(5,935.6)	(2,690.8)	420.5	2,892.2	4,789.3
$ (7,361.8)	$ (6,617.5)	$ (5,935.6)	$ (2,690.8)	$ 420.5	$ 2,892.2

STATE OF NEW JERSEY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	2010	2009	2008	2007
General Fund				
Reserved				
Encumbrances	$ 799.0	$ 868.4	$ 923.9	$ 974.4
Surplus Revenue	-	-	734.7	484.6
Other	47.3	46.2	65.8	251.4
Unreserved	1,833.9	2,185.5	2,816.9	2,891.4
Total	$ 2,680.2	$ 3,100.1	$ 4,541.3	$ 4,601.8
All Other Governmental Funds				
Reserved				
Encumbrances	$ 1,127.3	$ 1,195.1	$ 1,247.4	$ 1,232.2
Other	1,882.0	1,716.6	1,633.1	1,538.6
Unreserved				
Special Revenue Funds	1,673.3	2,088.4	2,639.2	3,149.7
Capital Projects Fund	23.9	33.7	93.6	105.5
Total	$ 4,706.5	$ 5,033.8	$ 5,613.3	$ 6,026.0
Total				
Reserved				
Encumbrances	$ 1,926.3	$ 2,063.5	$ 2,171.3	$ 2,206.6
Surplus Revenue	-	-	734.7	484.6
Other	1,929.3	1,762.8	1,698.9	1,790.0
Unreserved				
General Fund	1,833.9	2,185.5	2,816.9	2,891.4
Special Revenue Funds*	1,673.3	2,088.4	2,639.2	3,149.7
Capital Projects Fund	23.9	33.7	93.6	105.5
Total Governmental Funds	$ 7,386.7	$ 8,133.9	$ 10,154.6	$ 10,627.8

Note:
* As a result of implementing GASB Statement No. 43, *Financial Reporting For Post Employment Benefit Plans Other Than Pension Plans* for Fiscal Year 2007, three Special Revenue Funds were reclassified to Fiduciary Funds.

Information presented is based on the modified accrual basis of accounting.

2006	2005	2004	2003	2002
$ 907.6	$ 839.3	$ 664.4	$ 630.8	$ 584.6
559.8	288.7	282.4	-	-
368.1	369.9	312.8	377.2	103.8
2,522.7	1,689.5	1,491.6	1,243.8	1,240.3
$ 4,358.2	$ 3,187.4	$ 2,751.2	$ 2,251.8	$ 1,928.7
$ 896.8	$ 629.3	$ 680.9	$ 700.1	$ 746.3
1,605.3	1,601.6	1,632.2	1,064.1	1,571.1
4,477.8	2,638.4	1,901.5	4,203.8	1,563.4
119.1	143.3	170.5	168.2	(225.6)
$ 7,099.0	$ 5,012.6	$ 4,385.1	$ 6,136.2	$ 3,655.2
$ 1,804.4	$ 1,468.6	$ 1,345.3	$ 1,330.9	$ 1,330.9
559.8	288.7	282.4	-	-
1,973.4	1,971.5	1,945.0	1,441.3	1,674.9
2,522.7	1,689.5	1,491.6	1,243.8	1,240.3
4,477.8	2,638.4	1,901.5	4,203.8	1,563.4
119.1	143.3	170.5	168.2	(225.6)
$ 11,457.2	$ 8,200.0	$ 7,136.3	$ 8,388.0	$ 5,583.9

STATE OF NEW JERSEY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	2010	2009	2008	2007
REVENUES				
Taxes	$ 25,858.7	$ 26,939.0	$ 30,404.5	$ 29,123.4
Federal and other grants	13,592.6	10,694.3	9,480.3	9,389.9
Licenses and fees	1,239.4	1,194.1	1,252.9	1,361.5
Services and assessments	2,695.3	2,712.1	2,613.8	2,525.4
Investment earnings	41.6	75.0	321.3	440.8
Contributions	-	0.1	0.5	0.1
Other	2,773.7	2,834.4	2,537.4	2,424.7
Total Revenues	46,201.3	44,449.0	46,610.7	45,265.8
EXPENDITURES				
Public safety and criminal justice	3,321.5	3,279.2	3,317.5	3,247.0
Physical and mental health	11,007.5	10,628.6	10,251.2	9,703.7
Educational, cultural, and intellectual development	15,233.0	14,892.1	15,760.9	15,173.6
Community development and environmental management	2,272.4	2,437.0	2,659.1	2,618.8
Economic planning, development, and security	6,706.5	6,203.0	5,603.1	5,376.6
Transportation programs	3,092.7	2,835.4	2,788.1	2,855.2
Government direction, management, and control	6,775.3	7,168.3	7,946.5	6,783.5
Special government services	338.8	346.0	331.8	328.0
Capital Outlay	39.1	32.0	318.6	105.0
Debt Service:				
Principal	486.4	639.1	613.9	558.2
Interest	856.7	843.7	805.4	779.7
Total Expenditures	50,129.9	49,304.4	50,396.1	47,529.3
Excess (deficiency) of revenues over expenditures	(3,928.6)	(4,855.4)	(3,785.4)	(2,263.5)
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,365.9	1,539.0	1,507.7	48.8
Transfers from (to) other funds	1,056.5	267.5	220.3	883.3
Other	759.0	1,035.2	1,584.2	698.1
Total	3,181.4	2,841.7	3,312.2	1,630.2
Change in Fund Balance	(747.2)	(2,013.7)	(473.2)	(633.3)
Fund balances - July 1	8,133.9	10,147.6 ***	10,627.8	11,261.1 *
Fund balances - June 30	$ 7,386.7	$ 8,133.9	$ 10,154.6	$ 10,627.8
Debt Service as a percentage of noncapital expenditures:**	2.8%	3.1%	2.9%	2.9%

Notes:

* As a result of implementing GASB Statement No. 43, *Financial Reporting For Post Employment Benefit Plans Other Than Pension Plans*, three Special Revenue Funds were reclassified to Fiduciary Funds. This reclassification reduced the Fiscal Year 2007 beginning fund balance by $196.1 million.

** Debt service as a percentage of noncapital expenditures is defined as total debt service divided by total expenditures minus capital outlay and expenditures for capitalized assets included within the functional categories.

*** As a result of implementing GASB Statement No. 49, *Accounting and Financial Reporting For Pollution Remediation Obligations*, fund balance was restated and reduced by $7.0 million.

Information presented is based on the modified accrual basis of accounting.

2006	2005	2004	2003	2002
$ 25,909.3	$ 23,395.5	$ 21,008.9	$ 19,491.1	$ 18,196.3
9,122.2	8,594.9	8,495.2	7,954.5	7,658.5
959.8	930.6	811.5	979.1	875.1
2,493.6	2,172.7	1,835.3	1,798.6	1,705.5
321.7	149.2	96.9	103.0	101.1
662.6	646.7	281.9	510.3	231.3
3,628.9	3,508.8	3,213.8	6,560.9	3,560.6
43,098.1	39,398.4	35,743.5	37,397.5	32,328.4
3,155.7	2,989.7	2,733.5	2,548.0	2,546.8
9,732.6	9,603.5	8,826.6	9,315.2	8,863.6
14,405.1	13,909.5	12,723.6	10,813.0	10,249.9
2,446.6	2,341.5	2,160.1	2,050.0	2,260.5
4,981.2	4,233.2	3,763.6	4,087.1	3,620.8
3,106.2	2,483.8	2,551.9	2,225.7	2,252.4
7,134.2	7,335.6	5,505.4	5,476.9	5,199.0
313.3	299.9	270.9	239.1	230.7
573.5	237.6	326.3	863.1	1,122.3
48.2	390.5	483.4	418.7	399.4
361.3	623.3	650.5	457.8	439.2
46,257.9	44,448.1	39,995.8	38,494.6	37,184.6
(3,159.8)	(5,049.7)	(4,252.3)	(1,097.1)	(4,856.2)
2,850.1	1,000.5	1,139.8	895.0	1,014.6
1,435.8	1,032.6	(211.7)	716.9	725.3
2,131.1	4,080.3	2,072.5	2,289.3	1,122.3
6,417.0	6,113.4	3,000.6	3,901.2	2,862.2
3,257.2	1,063.7	(1,251.7)	2,804.1	(1,994.0)
8,200.0	7,136.3	8,388.0	5,583.9	7,577.9
$ 11,457.2	$ 8,200.0	$ 7,136.3	$ 8,388.0	$ 5,583.9
0.9%	2.3%	2.9%	2.3%	2.4%

STATE OF NEW JERSEY
FUND BALANCE SUMMARY FOR BUDGETED FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	Comprehensive Annual Financial Report			
Budgeted Fund	**2010**	**2009**	**2008**	**2007**
General Fund	$ 794.3	$ 614.2	$ 469.8	$ 1,410.4
Surplus Revenue Fund	-	-	734.7	484.6
Debt Avoidance and Retirement Fund	-	-	-	-
Property Tax Relief Fund	10.0	-	99.0	690.7
Casino Control Fund	-	(0.4)	3.0	1.5
Casino Revenue Fund	-	-	-	1.0
Total	$ 804.3	$ 613.8	$ 1,306.5	$ 2,588.2

	Appropriations Act			
Budgeted Fund	**2010**	**2009**	**2008**	**2007**
General Fund	$ 501.0	$ 116.8	$ 102.5	$ 765.0
Surplus Revenue Fund	-	483.2	489.8	448.6
Debt Avoidance and Retirement Fund	-	-	-	-
Property Tax Relief Fund	-	-	-	46.0
Casino Control Fund	-	-	-	-
Casino Revenue Fund	-	-	10.0	-
Total	$ 501.0	$ 600.0	$ 602.3	$ 1,259.6

	Dollar Variance			
Budgeted Fund	**2010**	**2009**	**2008**	**2007**
General Fund	$ 293.3	$ 497.4	$ 367.3	$ 645.4
Surplus Revenue Fund	-	(483.2)	244.9	36.0
Debt Avoidance and Retirement Fund	-	-	-	-
Property Tax Relief Fund	10.0	-	99.0	644.7
Casino Control Fund	-	(0.4)	3.0	1.5
Casino Revenue Fund	-	-	(10.0)	1.0
Total	$ 303.3	$ 13.8	$ 704.2	$ 1,328.6

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2006	2005	2004	2003	2002	2001
$ 1,216.7	$ 461.7	$ 376.5	$ 373.0	$ 292.3	$ 388.7
559.8	288.6	282.4	-	-	720.0
-	-	-	-	-	20.8
2.6	27.9	175.2	-	-	160.0
(1.6)	1.3	4.9	4.3	-	(1.9)
1.0	-	22.7	-	-	-
$ 1,778.5	$ 779.5	$ 861.7	$ 377.3	$ 292.3	$ 1,287.6

2006	2005	2004	2003	2002	2001
$ 311.6	$ 109.6	$ 248.6	$ 110.4	$ 298.9	$ 175.0
288.4	288.0	-	-	720.0	650.3
-	-	-	-	-	-
-	-	-	-	-	39.9
-	2.4	-	-	-	-
-	-	1.5	-	0.6	5.0
$ 600.0	$ 400.0	$ 250.1	$ 110.4	$ 1,019.5	$ 870.2

2006	2005	2004	2003	2002	2001
$ 905.1	$ 352.1	$ 127.9	$ 262.6	$ (6.6)	$ 213.7
271.4	0.6	282.4	-	(720.0)	69.7
-	-	-	-	-	20.8
2.6	27.9	175.2	-	-	120.1
(1.6)	(1.1)	4.9	4.3	-	(1.9)
1.0	-	21.2	-	(0.6)	(5.0)
$ 1,178.5	$ 379.5	$ 611.6	$ 266.9	$ (727.2)	$ 417.4

STATE OF NEW JERSEY
REVENUE SUMMARY FOR BUDGETED FUNDS*
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

Major Tax	2010	2009	2008	2007
Gross Income Tax	$ 10,322.9	$ 10,476.3	$ 12,605.5	$ 11,727.2
Sales and Use Tax	7,898.2	8,264.2	8,915.5	8,609.6
Corporation Business Tax	2,144.6	2,665.2	3,062.4	3,084.9
Other Major Taxes	2,831.7	2,884.5	3,033.7	2,967.0
Miscellaneous Taxes, Fees	3,398.4	3,292.4	3,598.9	3,465.9
State Lottery	924.0	887.2	882.1	828.3
Casino Taxes and Fees	360.2	415.5	486.0	525.8
Total	$ 27,880.0	$ 28,885.3	$ 32,584.1	$ 31,208.7

* Budgeted funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund, and the Gubernatorial Elections Fund.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
REVENUE SUMMARY FOR BUDGETED FUNDS*
PERCENT DISTRIBUTION BY MAJOR TAX
FOR THE FISCAL YEAR ENDED JUNE 30

Major Tax	2010	2009	2008	2007
Gross Income Tax	37.0 %	36.3 %	38.7 %	37.6 %
Sales and Use Tax	28.3	28.6	27.4	27.6
Corporation Business Tax	7.7	9.2	9.4	9.9
Other Major Taxes	10.2	10.0	9.3	9.4
Miscellaneous Taxes, Fees	12.2	11.4	11.0	11.1
State Lottery	3.3	3.1	2.7	2.7
Casino Taxes and Fees	1.3	1.4	1.5	1.7
Total	100.0 %	100.0 %	100.0 %	100.0 %

* Budgeted funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund, and the Gubernatorial Elections Fund.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2006	2005	2004	2003	2002	2001
$ 10,506.6	$ 9,537.9	$ 7,400.7	$ 6,735.3	$ 6,837.0	$ 7,989.2
6,853.4	6,552.2	6,261.7	5,936.1	5,996.8	5,758.7
3,007.8	2,368.1	2,370.2	2,525.4	1,171.5	1,389.5
3,544.7	3,244.0	3,028.0	2,837.3	2,489.1	2,429.9
3,324.0	4,988.5	4,472.4	4,265.2	2,911.5	2,296.9
844.2	812.0	795.0	765.4	754.5	697.4
570.3	540.0	532.7	413.9	413.0	399.3
$ 28,651.0	$ 28,042.7	$ 24,860.7	$ 23,478.6	$ 20,573.4	$ 20,960.9

2006	2005	2004	2003	2002	2001
36.7 %	34.0 %	29.8 %	28.7 %	33.2 %	38.1 %
23.9	23.4	25.2	25.3	29.1	27.5
10.5	8.4	9.5	10.7	5.7	6.6
12.4	11.6	12.2	12.1	12.1	11.6
11.6	17.8	18.0	18.2	14.2	11.0
2.9	2.9	3.2	3.2	3.7	3.3
2.0	1.9	2.1	1.8	2.0	1.9
100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

STATE OF NEW JERSEY
REAL GROSS STATE PRODUCT BY INDUSTRY
FOR THE CALENDAR YEAR ENDED DECEMBER 31
(Expressed in Billions)

	2009	2008	2007	2006
Gross State Product *				
Goods Producing				
Agriculture, forestry, fishing, and hunting	$ 0.5	$ 0.5	$ 0.6	$ 0.6
Mining	0.1	0.1	0.2	0.2
Manufacturing	34.4	36.6	38.0	37.2
Construction	9.1	10.0	10.5	11.9
Total Goods Producing	44.1	47.2	49.3	49.9
Private Service Producing				
Transportation and warehousing	11.6	12.0	12.4	12.1
Information	25.6	25.9	25.4	23.4
Utilities	6.1	6.3	6.5	6.6
Wholesale trade	30.8	31.6	32.2	32.2
Retail trade	30.1	30.9	31.3	29.6
Finance and insurance	31.7	32.4	32.8	34.1
Real estate, rental, and leasing	59.3	60.1	59.0	58.7
Services **	105.6	102.1	97.1	94.6
Other services	7.0	7.1	7.0	7.1
Total Private Service Producing	307.8	308.4	303.7	298.4
Government	35.0	35.3	35.2	35.1
Grand Total	$ 386.9	$ 390.9	$ 388.2	$ 383.4
Total Personal Income *	$ 438.1	$ 445.9	$ 434.9	$ 411.7

Notes:

* Gross State Product and Total Personal Income data for Calendar Year 2009 is estimated, while data for Calendar Years 2000 through 2008 has been revised.

** Services include professional and technical services, management of companies and enterprises, administrative and waste services, educational services, health care and social services, arts, entertainment and recreation, and accommodation and food services.

Source:

Global Insight and the New Jersey Department of the Treasury, Division of Taxation.
United States Department of Commerce, Bureau of Economic Analysis.

2005	2004	2003	2002	2001	2000
$ 0.6	$ 0.5	$ 0.6	$ 0.6	$ 0.5	$ 0.6
0.2	0.2	0.2	0.2	0.2	0.2
34.8	38.6	39.5	38.6	40.5	41.3
12.7	13.1	13.0	13.6	13.7	12.9
48.3	52.4	53.3	53.0	54.9	55.0
12.3	11.8	11.0	10.6	10.5	11.2
22.2	21.2	19.5	19.1	18.7	17.3
6.6	7.2	6.8	6.3	6.5	6.7
32.8	32.7	33.1	31.8	32.2	29.8
28.0	26.3	26.3	25.5	24.4	22.4
32.6	30.0	30.9	30.5	29.6	27.3
59.2	60.1	55.8	54.5	53.4	50.8
91.9	88.8	85.1	82.2	81.2	81.1
7.2	7.0	6.9	6.8	6.7	6.7
292.8	285.1	275.4	267.3	263.2	253.3
35.8	35.6	35.0	34.7	34.2	33.7
$ 376.9	$ 373.1	$ 363.7	$ 355.0	$ 352.3	$ 342.0
$ 379.9	$ 365.6	$ 347.9	$ 341.6	$ 336.9	$ 326.0

STATE OF NEW JERSEY
GROSS INCOME TAX RATES
FOR THE CALENDAR YEAR ENDED DECEMBER 31

		Top Income Tax Rate Is Applied To Taxable Income In Excess Of			
Year	**Top Rate**	**Single**	**Married Filing Jointly**	**Head of Household**	**Average Effective Rate***
2001	6.37 %	$ 75,000	$ 150,000	$ 150,000	2.61 %
2002	6.37	75,000	150,000	150,000	2.56
2003	6.37	75,000	150,000	150,000	2.59
2004	8.97	500,000	500,000	500,000	3.02
2005	8.97	500,000	500,000	500,000	3.07
2006	8.97	500,000	500,000	500,000	3.31
2007	8.97	500,000	500,000	500,000	3.27
2008	8.97	500,000	500,000	500,000	3.20
2009	10.75	1,000,000	1,000,000	1,000,000	3.17
2010	8.97	500,000	500,000	500,000	3.03

* Net tax divided by New Jersey Gross Income for full-time resident returns with a tax liability. Data for 2008 has been revised. Data for 2009 and 2010 are estimates based on projections.

Source:

New Jersey Department of the Treasury, Division of Taxation.

STATE OF NEW JERSEY
GROSS INCOME TAX (GIT) FILERS AND LIABILITY BY INCOME LEVEL
2008 AS COMPARED TO 1999
(GIT Liability Expressed in Millions)

	2008				1999			
Income Level	**Number of Filers**	**Percent of Total**	**GIT Liability**	**Percent of Total**	**Number of Filers**	**Percent of Total**	**GIT Liability**	**Percent of Total**
$500,001 and higher	46,756	1.7 %	$ 3,652.2	39.7 %	27,392	1.0 %	$ 1,845.6	32.7 %
$250,001 - $500,000	104,020	3.8	1,312.3	14.2	55,836	2.0	747.3	13.2
$100,001 - $250,000	653,019	23.7	2,765.4	30.0	384,002	13.8	1,557.9	27.6
$75,001 - $100,000	296,823	10.8	519.1	5.6	293,144	10.5	477.4	8.5
$50,001 - $75,000	499,497	18.1	540.6	5.9	476,109	17.1	486.0	8.6
$35,001 - $50,000	432,496	15.7	244.9	2.7	439,057	15.8	256.8	4.5
$20,001 - $35,000	464,186	16.9	133.6	1.5	607,349	21.8	198.6	3.5
$10,001 - $20,000	257,043	9.3	39.0	0.4	499,607	17.9	78.5	1.4
$0 - $10,000	-	-	-	-	3,751	0.1	0.3	-
Total	2,753,840	100.0 %	$ 9,207.1	100.0 %	2,786,247	100.0 %	$ 5,648.4	100.0 %

Source:

New Jersey Department of the Treasury, Division of Taxation.

STATE OF NEW JERSEY
TAXABLE SALES BY CATEGORY *
FOR THE CALENDAR YEAR ENDED DECEMBER 31

	Dollar Amount (Expressed in Millions)							Sales and Use Tax
Year	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total	Rate **
2000	$ 3,596.2	$ 3,730.3	$ 45,852.9	$ 20,519.8	$ 1,547.4	$ 791.9	$ 76,038.5	6.0 %
2001	3,362.9	3,620.4	48,137.5	21,185.3	1,545.6	900.9	78,752.6	6.0
2002	3,265.9	3,499.9	50,955.6	23,396.2	1,496.2	971.6	83,585.4	6.0
2003	3,252.8	3,627.2	53,762.0	23,198.3	1,606.2	1,118.2	86,564.7	6.0
2004	3,768.4	3,976.4	56,323.8	23,470.4	1,739.6	1,235.2	90,513.8	6.0
2005	4,447.8	4,173.5	58,108.4	24,083.7	1,914.3	1,303.4	94,031.1	6.0
2006	5,013.1	4,443.1	58,744.1	25,536.8	2,105.3	1,424.6	97,267.0	7.0
2007	5,449.9	4,732.6	59,737.9	29,438.1	2,218.4	1,620.6	103,197.5	7.0
2008	5,662.0	4,414.4	57,044.4	29,028.9	2,165.5	1,882.8	100,198.0	7.0
2009	5,155.3	4,005.2	53,276.7	27,417.0	1,814.6	1,838.4	93,507.2	7.0

	Percent Distribution						
Year	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total
2000	4.7 %	4.9 %	60.3 %	27.0 %	2.0 %	1.1 %	100.0 %
2001	4.3	4.6	61.1	26.9	2.0	1.1	100.0
2002	3.9	4.1	61.0	28.0	1.8	1.2	100.0
2003	3.7	4.2	62.1	26.8	1.9	1.3	100.0
2004	4.2	4.4	62.2	25.9	1.9	1.4	100.0
2005	4.7	4.5	61.8	25.6	2.0	1.4	100.0
2006	5.1	4.6	60.4	26.2	2.2	1.5	100.0
2007	5.3	4.6	57.9	28.5	2.1	1.6	100.0
2008	5.6	4.4	56.9	29.0	2.2	1.9	100.0
2009	5.5	4.3	57.0	29.3	1.9	2.0	100.0

Notes:

* The Comprehensive Annual Financial Reports for Fiscal Years 2005 through 2009 reflected sales tax liabilities by category. The data reported herein represents taxable sales by category.

** Effective July 15, 2006, the New Jersey Sales and Use Tax rate increased from 6.0 percent to 7.0 percent.

Source:

New Jersey Department of the Treasury, Division of Taxation.

STATE OF NEW JERSEY
RATIO OF OUTSTANDING LONG-TERM DEBT
2001-2010
(Expressed in Thousands Except for General Long-Term Debt Ratios)

Governmental Activities	2010	2009	2008
Bonded Debt			
General Obligation Bonds	$ 2,596,740	$ 2,526,710	$ 2,818,535
Revenue Bonds Payable	18,576,710	16,838,010	13,702,395
Capital Leases	251,460	269,440	286,555
Installment Obligations	18,968,688	18,716,431	18,218,030
Certificates of Participation	30,546	35,130	54,708
Tobacco Settlement Financing Corporation	4,492,958	4,524,563	4,591,409
Unamortized Deferral on Refunding	(773,135)	(793,694)	(865,654)
Unamortized Interest on Capital Appreciation Bonds	(8,556,994)	(7,960,065)	(6,347,598)
Unamortized Premium	1,323,722	1,356,541	1,412,761
Total Bonded Debt	36,910,695	35,513,066	33,871,141
Non-Bonded Debt			
Accumulated Sick and Vacation Payable	566,750	635,820	595,856
Capital Leases	351,766	379,729	410,552
Loans Payable	1,279,358	1,279,358	1,279,358
Net Other Postemployment Benefits (OPEB) Obligation	10,028,800	6,636,300	3,177,400
Net Pension Obligation	8,403,007	6,365,698	4,759,367
Pollution Remediation	92,654	101,829	-
Other	300,926	304,727	276,655
Total Non-Bonded Debt	21,023,261	15,703,461	10,499,188
Grand Total	$ 57,933,956	$ 51,216,527	$ 44,370,329
New Jersey Total Personal Income	$ 447,469,000	$ 438,111,000	$ 445,928,000
Percentage of Personal Income*	8.2%	8.1%	7.6%
New Jersey Population	8,753	8,708	8,663
General Obligation Debt Per Capita	$ 296.67	$ 290.16	$ 325.35
Total Long-Term Debt Per Capita*	$ 4,216.92	$ 4,078.21	$ 3,909.86

Notes:

* Debt expressed as a percentage of personal income equals total bonded debt divided by New Jersey personal income; total long-term debt per capita equals total bonded debt divided by New Jersey population.

Fiscal Year 2010 data for New Jersey Total Personal Income and New Jersey Population are estimates; prior years may reflect revisions.

Sources:

New Jersey Department of the Treasury, Office of Management and Budget.
New Jersey Department of the Treasury, Division of Taxation.
United States Census Bureau, Population Division.
United States Department of Commerce, Bureau of Economic Analysis.

2007	2006	2005	2004	2003	2002	2001
$ 2,864,690	$ 3,132,755	$ 3,156,375	$ 3,301,005	$ 3,366,605	$ 3,249,855	$ 3,555,375
12,739,620	12,975,955	7,856,005	7,229,340	6,520,530	5,885,515	5,119,160
297,830	308,575	130,340	137,535	126,960	135,150	147,565
17,185,158	16,896,002	15,373,185	11,741,335	10,149,031	9,062,246	8,990,688
58,836	60,559	66,148	77,392	81,662	100,950	138,623
4,643,694	3,248,580	3,280,155	3,329,406	3,345,107	-	-
(924,227)	(604,570)	(533,008)	(223,754)	(211,909)	(104,984)	-
(6,522,644)	(5,673,484)	(3,211,862)	(3,311,643)	(3,435,380)	(3,290,843)	(3,422,621)
1,397,407	1,500,850	1,204,377	498,641	365,248	193,961	-
31,740,364	31,845,222	27,321,715	22,779,257	20,307,854	15,231,850	14,528,790
578,527	518,561	488,913	466,126	449,934	477,003	449,045
384,982	430,768	538,926	553,984	515,331	413,130	117,190
1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358
-	-	-	-	-	-	-
3,761,279	2,953,944	1,796,799	845,563	115,033	81,687	54,576
-	-	-	-	-	-	-
251,089	417,733	397,545	377,766	332,019	320,083	228,980
6,255,235	5,600,364	4,501,541	3,522,797	2,691,675	2,571,261	2,129,149
$ 37,995,599	$ 37,445,586	$ 31,823,256	$ 26,302,054	$ 22,999,529	$ 17,803,111	$ 16,657,939
$ 434,948,000	$ 411,746,000	$ 379,876,000	$ 365,571,000	$ 347,910,000	$ 341,590,000	$ 336,916,000
7.3%	7.7%	7.2%	6.2%	5.8%	4.5%	4.3%
8,636	8,624	8,622	8,612	8,583	8,544	8,489
$ 331.71	$ 363.26	$ 366.08	$ 383.30	$ 392.24	$ 390.37	$ 418.82
$ 3,675.35	$ 3,692.63	$ 3,168.84	$ 2,645.06	$ 2,366.06	$ 1,782.75	$ 1,711.48

STATE OF NEW JERSEY
STATE CONSTITUTION – LEGAL DEBT LIMITATIONS

The State Constitution of 1947 provides that the Legislature shall not create a debt or liability in any fiscal year which, together with any previous debts or liabilities, shall exceed one percent of total appropriations for that fiscal year unless the same shall be authorized by a law for some single object or have been submitted to the people at a general election and approved by a majority of State voters. These Constitutional provisions do not apply to the creation of any debt or liability for purposes of war, repelling invasion, suppressing insurrection, or meeting emergencies caused by a disaster or an act of God (N.J. Const. art. VIII, § 2).

All general obligation bonded debt in New Jersey is entered into as a result of successful referenda. As the table below illustrates, the debt margin as defined by the Constitution would prohibit any other method of creation of such debt or liability.

STATE OF NEW JERSEY
CALCULATION OF LEGAL LIMITS
(Expressed in Millions)

Fiscal Year	Total Appropriations For Budgeted Funds	Legal Debt Limit
2001	$ 21,842.8	$ 218.4
2002	23,352.2	233.5
2003	23,726.4	237.2
2004	24,569.1	245.6
2005	28,644.8	286.4
2006	28,087.7	280.8
2007	31,022.8	310.2
2008	34,567.9	345.6
2009	33,059.2	330.5
2010	28,842.5	288.4

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
LEGISLATIVELY AUTHORIZED BUT UNISSUED DEBT, 2010 AND 2009
(Expressed in Millions)

Debt Program *	Year	Amount Authorized	Unissued As Of 6/30/2010	Unissued As Of 6/30/2009
General Obligation Bonds				
Clean Waters	1976	$ 120.0	$ 3.4	$ 3.8
Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project	2003	200.0	42.2	68.8
Energy Conservation	1980	50.0	1.6	1.6
Green Acres, Cultural Centers, and Historic Preservation	1987	100.0	1.0	1.0
Green Acres, Farmland, Blue Acres, and Historic Preservation	2007	200.0	59.0	200.0
Green Acres, Farmland and Historic Preservation, and Blue Acres	1995	340.0	21.0	21.0
Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation	2009	400.0	400.0	N/A
Hazardous Discharge	1981	100.0	43.0	43.0
Hazardous Discharge	1986	200.0	48.0	48.0
Natural Resources	1980	145.0	9.6	9.6
New Jersey Green Acres	1983	135.0	14.5	14.5
New Jersey Green Acres, Clean Water, Farmland and Historic Preservation	1992	345.0	12.9	23.8
New Jersey Open Space Preservation	1989	300.0	22.6	26.0
Pinelands Infrastructure Trust	1985	30.0	6.8	8.0
Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development	1996	300.0	116.5	119.0
Public Purpose Buildings and Community-Based Facilities Construction	1989	125.0	5.0	5.0
Stormwater Management and Combined Sewer Overflow Abatement	1989	50.0	13.0	16.0
Water Supply	1981	350.0	73.1	93.4
Total General Obligation Bonds		3,490.0	893.2	702.5
Revenue Bonds Payable				
Transportation Trust Fund Authority				
Annual Capital Plan **	1995, 2006	15,600.0	3,241.3	4,401.3
Total Revenue Bonds Payable		15,600.0	3,241.3	4,401.3
Installment Obligations				
Economic Development Authority				
Market Transition Facility	1994	750.0	44.7	44.7
School Facilities Construction	2000, 2008	12,500.0	3,851.0	4,554.1
Stem Cell, Life Sciences, and Biomedical Research Facilities	2006	270.0	270.0	270.0
Educational Facilities Authority * **				
Dormitory Safety Trust Fund	2000	90.0	10.8	10.8
Higher Education Capital Improvement Fund	1999	550.0	117.3	94.9
Higher Education Equipment Leasing Fund	1993	100.0	99.0	95.3
Higher Education Facilities Trust Fund	1993	220.0	199.5	180.1
Higher Education Technology Infrastructure Fund	1997	55.0	55.0	55.0
Public Library Project Fund	1999	45.0	9.3	7.3
Total Installment Obligations		14,580.0	4,656.6	5,312.2
Grand Total		$ 33,670.0	$ 8,791.1	$ 10,416.0

Notes:

For debt issued after June 30, 2010, refer to Note 20 - Subsequent Events of the Notes to the Financial Statements.

* The Legislature has authorized additional Revenue Bonds Payable and Installment Obligations programs. These programs, which do not have a limit on the amount of bonds that can be issued in order to fund their associated projects, are not included in this Statistical Section.

** P.L.2006, c.3 reauthorized the New Jersey Transportation Trust Fund Authority, to include capital programs, through Fiscal Year 2011.

*** Prior year data revised due to enacted legislation that allows additional bond debt to be issued up to statutory limit less any outstanding principal debt.

Source:

New Jersey Department of the Treasury, Office of Public Finance.

STATE OF NEW JERSEY
DEBT SERVICE COVERAGE RATIO
(Expressed in Millions Except for Coverage Ratio)

Market Transition Facility Senior Lien Revenue Bonds, Series 1994A
Market Transition Facility Senior Lien Revenue Refunding Bonds, Series 2001A

Prior to implementation of the Fair Automobile Insurance Reform (FAIR) Act of 1990, the New Jersey Automobile Full Insurance Underwriting Association (JUA) existed to provide private passenger automobile insurance policies for high-risk and other drivers unable to obtain insurance in the voluntary market. By 1988, the JUA was insuring over 50% of New Jersey drivers, and annual claims against JUA-insured drivers greatly exceeded the JUA's available revenue. Under the State of New Jersey's FAIR Act, P.L.1990, c.8 created the Market Transition Facility (MTF) as an interim step to transferring responsibility for JUA-insured drivers to the voluntary market. The State also authorized issuance of MTF bonds to pay off JUA's residual deficit, with bond repayment deriving solely from surcharges assessed on drivers who commit any of the following motor vehicle violations: 1) driving while intoxicated, 2) receiving six or more motor vehicle points during a three-year period preceding imposition of the surcharge, 3) driving without a license, 4) driving without valid insurance, or 5) driving with a suspended license. Scheduled final retirement of the MTF bonds, both Series 1994A and Series 2001A, occurs on July 1, 2011.

Fiscal Year	Motor Vehicle Surcharges	Debt Service Principal	Debt Service Interest	Debt Service Total	MTF/MVC Surplus	Coverage Ratio
2001	$ 126.4	$ 37.8	$ 34.6	$ 72.4	$ 54.0	1.7
2002	128.6	39.8	21.9	61.7	66.9	2.1
2003	134.3	38.2	27.5	65.7	68.6	2.0
2004	136.6	46.4	25.3	71.7	64.9	1.9
2005	130.0	49.6	22.0	71.6	58.4	1.8
2006	131.7	53.0	19.0	72.0	59.7	1.8
2007	129.0	55.6	16.3	71.9	57.1	1.8
2008	115.9	58.4	13.4	71.8	44.1	1.6
2009	127.5	61.5	10.3	71.8	55.7	1.8
2010	128.8	64.5	7.2	71.7	57.1	1.8

New Jersey Motor Vehicle Commission Bonds, Series 2003A

P.L.2003, c.13 enacted the State of New Jersey's Motor Vehicle Security and Customer Service Act, which abolished the Department of Transportation's Division of Motor Vehicles and created the New Jersey Motor Vehicle Commission (MVC), a discrete "In-But-Not-Of" agency within the Department of Transportation. During 2003, the State also authorized bond issuance to offset necessary capital expenditures for statewide MVC facility/technology enhancements. Repayment of these bonds, which do not require debt service payments to be made until maturation, will derive from excess surcharge revenues not needed to repay outstanding Market Transition Facility Senior Lien Revenue Bonds, both Series 1994A and Series 2001A. Scheduled final retirement of the MVC bonds occurs on July 1, 2015.

Motor Vehicle Surcharges Revenue Bonds, 2004 Series A

Enactment of P.L.2004, c.70 enabled the State of New Jersey to authorize issuance of Motor Vehicle Surcharges (MVS) Revenue Bonds, which provided the State with the ability to dedicate an additional revenue source for the purpose of retiring previously issued bonds. Repayment of these bonds derives solely from: 1) unsafe driving surcharges, which are additional fines assessed by the New Jersey Motor Vehicle Commission and collected by the courts from drivers convicted of unsafe driving violations pursuant to P.L.2000, c.75 et seq., and 2) excess motor vehicle violation surcharge revenues not required for repaying current outstanding debt service on the Market Transition Facility Senior Lien Revenue Bonds, Series 1994A and Series 2004A, and the New Jersey Motor Vehicle Commission Bonds, Series 2003A, or after final retirement of these bonds on July 1, 2011 and July 1, 2015, respectively. Scheduled final retirement of the MVS bonds occurs on July 1, 2034.

Fiscal Year	Unsafe Driver Surcharges	MTF/MVC Surplus	Net Available Revenue	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage Ratio
2007	$ 45.0	$ 57.1	$ 102.1	$ -	$ 37.8	$ 37.8	2.7
2008	44.3	44.1	88.4	-	37.8	37.8	2.3
2009	35.9	55.7	91.6	-	37.8	37.8	2.4
2010	30.5	57.1	87.6	-	37.8	37.8	2.3

Motor Vehicle Surcharges Revenue Bonds (Special Needs Housing Program),
2005 Series A and 2007 Series A-1, A-2, & B

P.L.2005, c.163 enabled the State of New Jersey to authorize issuance of Motor Vehicle Surcharges (MVS) Revenue Bonds-Special Needs Housing Program to provide the New Jersey Housing and Mortgage Finance Agency with funds to develop community residences and permanent supportive housing for individuals with special needs. Repayment of these bonds derives solely from: 1) unsafe driving surcharges, which are additional fines assessed by the New Jersey Motor Vehicle Commission and collected by the courts from drivers convicted of unsafe driving violations pursuant to P.L.2000, c.75 et seq., and 2) excess motor vehicle violation surcharge revenues not required for repaying current outstanding debt service on the Market Transition Facility Senior Lien Revenue Bonds, Series 1994A and Series 2004A, and the New Jersey Motor Vehicle Commission Bonds, Series 2003A, or after final retirement of these bonds on July 1, 2011 and July 1, 2015, respectively. Scheduled final retirement of the MVS-Special Needs Housing Program bonds, both 2005 Series A and 2007 Series A-1, A-2, & B, occurs on July 1, 2034.

Fiscal Year	MVS Surplus	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage Ratio
2008	$ 50.6	$ -	$ 1.8	$ 1.8	28.1
2009	53.8	-	5.5	5.5	9.8
2010	49.8	-	5.5	5.5	9.1

Tobacco Settlement Financing Corporation, Inc.
Tobacco Settlement Asset–Backed Bonds, Series 2007-1

On November 23, 1998, the State of New Jersey, as well as 45 other states and six United States jurisdictions, entered into a Master Settlement Agreement (MSA) with participating cigarette manufacturers. Pursuant to a Purchase and Sale Agreement with the Tobacco Settlement Financing Corporation, Inc. (TSFC), New Jersey has sold 76.26 percent of its future rights to receive MSA payments. The purchase price of the State's future rights, title, and interest in Tobacco Settlement Revenues has been financed by the issuance of these bonds. TSFC has pledged these future payments in order to secure these bonds. The State is not obligated to pay, and neither the full faith and credit nor the taxing power of the State is pledged to the payment of, principal or interest on these bonds. Scheduled final retirement of these bonds occurs on June 1, 2041.

Fiscal Year	MSA Payments	Existing Surplus	Net Available Revenue	Debt Service * Principal	Debt Service * Interest	Debt Service * Total	Coverage Ratio
2006	$ 240.5	$ 367.4	$ 607.9	$ 34.5	$ 205.7	$ 240.2	2.5
2007	162.2	267.8	430.0	43.5	158.1	201.6	2.1
2008	199.6	264.6	464.2	53.2	163.3	216.5	2.1
2009	218.8	261.0	479.8	67.7	161.0	228.7	2.1
2010	182.6	260.6	443.2	32.5	158.1	190.6	2.3

Cigarette Tax Revenue Bonds, Series 2004

Based on the provisions pursuant to P.L.2004, c.68, funds for repayment of these bonds derive solely from the nonlapsing "Dedicated Cigarette Tax Revenue Fund." Effective July 1, 2009, the State of New Jersey's Cigarette Tax rate increased from $2.58 to $2.70 per pack of 20 cigarettes. Of the total Cigarette Tax charged per pack, the Fund receives $.65 in dedicated revenues, of which $.51 is used to repay the bonds. Scheduled final retirement of these bonds occurs on July 1, 2034.

Fiscal Year	Cigarette Dedication	Existing Surplus	Net Available Revenue	Debt Service * Principal	Debt Service * Interest	Debt Service * Total	Coverage Ratio
2007	$ 152.9	$ 10.1	$ 163.0	$ 59.6	$ 79.5	$ 139.1	1.2
2008	153.7	23.9	177.6	85.5	75.1	160.6	1.1
2009	144.3	17.0	161.3	84.5	70.6	155.1	1.0
2010	140.3	6.2	146.5	92.8	65.6	158.4	0.9

* Includes optional accelerated payments.

Source:
New Jersey Department of the Treasury, Office of Management and Budget.
New Jersey Department of the Treasury, Office of Public Finance.

STATE OF NEW JERSEY
TEN LARGEST EMPLOYERS
2009 AS COMPARED TO 2000

2009 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	74,536	1.8
2	Wakefern Food Corporation (ShopRite)	34,092	0.9
3	Wal-Mart Stores, Inc.	17,133	0.4
4	Verizon Communications	17,000	0.4
5	United Parcel Service (UPS)	16,465	0.4
6	The Great Atlantic & Pacific Tea Company (A&P)	15,899	0.4
7	Harrah's Entertainment, LLC.	14,533	0.4
8	Continental Airlines	14,000	0.3
9	Merck & Company, Inc.	14,000	0.3
10	Johnson & Johnson	13,500	0.3
		231,158	5.6

2000 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	64,530	1.6
2	Wakefern Food Corporation (ShopRite)	34,750	0.9
3	American Telephone & Telegraph (AT&T)	22,000	0.5
4	Verizon Communications (formerly Bell Atlantic Corp.)	19,051	0.5
5	Lucent Technologies	17,500	0.4
6	United Parcel Service (UPS)	14,000	0.3
7	Park Place Entertainment	13,697	0.3
8	Trump Hotel & Casino Resorts	13,500	0.3
9	Pathmark Stores, Inc.	13,000	0.3
10	The Prudential Insurance Company	12,126	0.3
		224,154	5.4

Notes:
Aggregate New Jersey resident employment for Calendar Years 2009 and 2000 totaled 4.118 million and 4.130 million, respectively.
New Jersey State Government data excludes State authorities, colleges, and universities.
New Jersey Business' Top 100 Employers data derived from annual questionnaires submitted by private sector respondents, excluding government, higher education institutions, and non-profit hospitals.

Sources:
Saliba, G. N. (2010, August). 38th annual top 100 employers. New Jersey Business, 57(8), 31-38.
Birritteri, A. (2001, May). 29th annual top 100 employers. New Jersey Business, 47(5), 28-36.
Data reprinted with permission from the New Jersey Business and Industry Association.

New Jersey Department of the Treasury, Office of Management and Budget.
New Jersey Department of Labor and Workforce Development, "New Jersey Economic Indicators."

STATE OF NEW JERSEY
POPULATION AND EMPLOYMENT TRENDS
(Expressed in Thousands)

Year	Annual Estimated Population *	Civilian Labor Force **	Resident Employment **	Resident Unemployment ***	New Jersey Unemployment Rate	United States Unemployment Rate
2000	8,431	4,288	4,130	158	3.7 %	4.0 %
2001	8,489	4,303	4,118	185	4.3	4.7
2002	8,544	4,371	4,117	254	5.8	5.8
2003	8,583	4,364	4,108	256	5.9	6.0
2004	8,612	4,359	4,144	215	4.9	5.5
2005	8,622	4,405	4,208	197	4.5	5.1
2006	8,624	4,467	4,260	207	4.6	4.6
2007	8,636	4,458	4,267	191	4.3	4.6
2008	8,663	4,503	4,257	246	5.5	5.8
2009	8,708	4,536	4,118	418	9.2	9.3

* Data for 2001 through 2008 has been revised.
** Data for 2005 through 2008 has been revised.
*** Data for 2003, 2005, and 2006 has been revised.

Sources:
United States Census Bureau, Population Division.
New Jersey Department of Labor and Workforce Development, "New Jersey Economic Indicators."
New Jersey Department of Labor and Workforce Development, Division of Planning and Research.

STATE OF NEW JERSEY
VALUATIONS OF TAXABLE REAL PROPERTY, PERSONAL, AND PER CAPITA INCOME
(Expressed in Thousands Except as Indicated)

Year	New Jersey Population *	Assessed Valuation of Property	True Valuation of Property	Personal Income (Millions) **	Per Capita Income **
2000	8,431	$ 470,554,943	$ 548,448,342	$ 325,986	$ 38,666
2001	8,489	493,857,109	645,145,129	336,916	39,686
2002	8,544	524,816,215	720,179,653	341,590	39,980
2003	8,583	567,908,706	820,922,044	347,910	40,532
2004	8,612	606,248,658	937,193,205	365,571	42,451
2005	8,622	664,530,816	1,079,838,476	379,876	44,060
2006	8,624	743,219,514	1,235,285,449	411,746	47,746
2007	8,636	833,112,487	1,326,296,906	434,948	50,364
2008	8,663	891,585,206	1,355,003,641	445,928	51,473
2009	8,708	957,324,378	1,331,603,905	438,111	50,313

* Data for 2001 through 2008 has been revised.
** Data for 2000 through 2008 has been revised.

Sources:
United States Census Bureau, Population Division.
New Jersey Department of the Treasury, Annual Report of the Division of Taxation.
New Jersey Department of Labor and Workforce Development, Office of Demographic & Economic Analysis.

STATE OF NEW JERSEY
EXPENDITURE SUMMARY FOR BUDGETED FUNDS*
FOR THE FISCAL YEAR ENDED JUNE 30

Dollar Amount (Expressed in Millions)

Fiscal Year	Direct State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service	Total
2001	$ 5,012.6	$ 6,210.0	$ 8,408.2	$ 1,171.0	$ 525.0	$ 21,326.8
2002	5,106.4	7,264.0	8,834.8	1,012.1	451.2	22,668.5
2003	5,437.5	8,035.2	9,163.6	1,075.4	430.4	24,142.1
2004	5,650.9	7,768.2	10,079.7	1,117.0	438.1	25,053.9
2005	6,146.0	10,230.4	10,878.3	1,106.1	260.3	28,621.1
2006	6,236.2	10,017.8	11,312.7	1,103.0	169.3	28,839.0
2007	6,624.7	10,196.6	12,320.3	1,241.2	427.8	30,810.6
2008	7,031.2	12,089.9	12,921.3	1,947.3	428.7	34,418.4
2009	6,404.4	10,904.7	12,141.7	1,227.6	270.7	30,949.1
2010	6,582.6	9,850.8	11,229.1	1,124.0	263.6	29,050.1

Percent Distribution

Fiscal Year	Direct State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service	Total
2001	23.5 %	29.1 %	39.4 %	5.5 %	2.5 %	100.0 %
2002	22.5	32.0	39.0	4.5	2.0	100.0
2003	22.5	33.3	38.0	4.4	1.8	100.0
2004	22.6	31.0	40.2	4.5	1.7	100.0
2005	21.5	35.7	38.0	3.9	0.9	100.0
2006	21.6	34.8	39.2	3.8	0.6	100.0
2007	21.5	33.1	40.0	4.0	1.4	100.0
2008	20.4	35.1	37.5	5.7	1.3	100.0
2009	20.7	35.2	39.2	4.0	0.9	100.0
2010	22.6	33.9	38.6	3.9	1.0	100.0

Note:

* Budgeted funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund, and the Gubernatorial Elections Fund.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
EXPENDITURES FOR BUDGETED FUNDS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Expressed in Millions)

Government Branch	Direct State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service	Total
Executive Branch						
Chief Executive Office	$ 5.4	$ -	$ -	$ -	$ -	$ 5.4
Agriculture	9.9	7.5	11.7	-	-	29.1
Banking and Insurance	60.7	-	-	-	-	60.7
Children and Families	257.3	703.3	-	-	-	960.6
Community Affairs	49.1	30.2	785.5	-	-	864.8
Corrections	1,020.0	124.0	22.2	2.2	-	1,168.4
Education	70.8	8.2	9,454.2	0.3	-	9,533.5
Environmental Protection	247.4	19.0	19.4	89.7	35.2	410.7
Health and Senior Services	89.1	1,134.7	8.6	-	-	1,232.4
Human Services	610.5	3,768.9	490.3	5.3	-	4,875.0
Labor and Workforce Development	131.9	60.9	-	-	-	192.8
Law and Public Safety	678.2	21.1	8.5	1.6	-	709.4
Military and Veterans' Affairs	89.4	2.6	-	2.6	-	94.6
Public Advocate	15.2	-	-	-	-	15.2
State	26.2	1,206.8	22.9	-	-	1,255.9
Transportation	81.9	261.5	30.3	895.0	-	1,268.7
Treasury	525.0	1,592.4	375.5	4.5	228.4	2,725.8
Miscellaneous	1.4	-	-	-	-	1.4
Interdepartmental	1,927.3	909.7	-	122.8	-	2,959.8
Subtotal	5,896.7	9,850.8	11,229.1	1,124.0	263.6	28,364.2
Legislative Branch	77.7	-	-	-	-	77.7
Judicial Branch	608.2	-	-	-	-	608.2
Grand Total	$ 6,582.6	$ 9,850.8	$ 11,229.1	$ 1,124.0	$ 263.6	$ 29,050.1

* Budgeted funds include the General Fund, the Property Tax Relief Fund, the Casino Revenue Fund, the Casino Control Fund, and the Gubernatorial Elections Fund.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
FULL-TIME PAID EMPLOYEES

Department/Agency	2010	2009	2008
Executive Branch			
Agriculture	216	224	245
Banking and Insurance	419	423	464
Chief Executive's Office	90	83	84
Children and Families	6,866	6,913	6,986
Community Affairs	1,064	1,076	1,129
Corrections	8,898	9,294	9,240
Parole Board	676	696	695
Education	804	850	883
Environmental Protection	2,956	3,051	3,241
Health and Senior Services	1,764	1,825	1,950
Human Services	15,166	15,449	15,684
Labor and Workforce Development	3,128	3,167	3,418
Civil Service Commission	237	294	326
Public Employment Relations Commission	33	34	36
Law and Public Safety	7,194	7,324	7,571
Election Law Enforcement Commission	71	71	68
State Ethics Commission	12	13	13
Juvenile Justice Commission	1,574	1,624	1,685
Victims of Crime Compensation Office	35	30	38
Military and Veterans' Affairs	1,475	1,486	1,511
Public Advocate	164	170	190
State	208	212	215
Commission on Higher Education	16	18	18
Public Broadcasting Authority	132	138	150
Higher Education Student Assistance Authority	170	183	191
Transportation	5,695	5,880	6,161
Treasury	3,435	3,468	3,633
Casino Control Commission	281	293	312
Office of Administrative Law	93	98	104
Office of Information Technology	809	816	894
Office of the Public Defender	981	1,031	1,070
Board of Public Utilities	267	268	283
Miscellaneous Executive Commissions	2	2	2
Total	64,931	66,504	68,490
Legislative Branch	515	520	512
Judicial Branch	9,090	9,205	9,495
Grand Total	74,536	76,229	78,497

Notes:

Full-time paid employees were tabulated as of Pay Period No. 1 in January for each year displayed. Certain offices within departments have been reorganized throughout various fiscal years. These offices have been displayed in a manner that meets the State organization chart.

Pursuant to P.L.2008, c.29, in Fiscal Year 2009, the Department of Personnel was abolished and the Civil Service Commission was created in the Department of Labor and Workforce Development.

Source:

New Jersey Department of the Treasury, Office of Management and Budget

2007	2006	2005	2004	2003	2002	2001
256	266	262	254	247	259	255
480	506	501	481	486	517	502
92	93	109	111	118	116	122
6,482	N/A	N/A	N/A	N/A	N/A	N/A
1,149	1,151	1,098	1,045	1,015	1,106	1,086
9,323	9,417	9,419	9,257	9,344	9,445	8,907
724	720	714	652	699	713	741
922	962	952	971	920	991	915
3,305	3,437	3,437	3,296	3,248	3,449	3,312
2,037	2,172	2,151	2,136	1,953	2,148	2,036
15,739	21,840	20,977	20,152	19,278	18,978	18,001
3,583	3,777	3,765	3,672	3,458	3,486	3,524
338	375	442	399	376	440	426
33	34	36	34	36	36	38
7,832	8,106	7,772	7,405	7,137	7,379	6,841
71	75	53	45	46	50	49
15	13	9	8	8	9	6
1,750	1,776	1,774	1,705	1,585	1,638	1,529
46	47	49	48	46	47	47
1,493	1,494	1,473	1,419	1,358	1,449	1,458
158	N/A	N/A	N/A	N/A	N/A	N/A
196	198	199	185	187	202	199
18	17	19	19	22	24	24
156	158	159	159	157	159	153
196	198	201	210	193	213	197
6,415	6,669	6,448	6,049	5,109	5,438	5,431
3,688	3,774	3,784	3,599	3,612	3,889	3,695
336	346	349	350	325	334	333
107	113	112	110	109	112	111
907	950	938	923	929	1,048	1,015
1,023	1,094	1,044	951	877	942	927
301	346	345	336	319	307	290
2	2	2	2	2	2	2
69,173	70,126	68,593	65,983	63,199	64,926	62,172
523	503	512	520	506	492	505
9,495	9,556	9,424	9,343	9,118	9,361	9,166
79,191	80,185	78,529	75,846	72,823	74,779	71,843

STATE OF NEW JERSEY
OPERATING INDICATORS

Department/Agency	2010*	2009**	2008**
Agriculture			
Farmland Preservation			
Cumulative acres permanently preserved	192,340	179,303	167,752
Children and Families			
Active caseload - children receiving services	156,598	150,356	142,339
Corrections			
Average daily population - State Facilities	21,715	22,125	22,680
Parole Board			
Parolees under supervision	15,929	15,656	14,770
Total hearings	36,414	35,597	39,343
State hearings	26,232	25,285	28,716
Education			
Resident enrollment	1,439,070	1,434,581	1,433,498
Support per pupil	$ 17,700	$ 17,195	$ 17,038
Local	$ 9,720	$ 9,242	$ 9,045
State	$ 6,513	$ 7,393	$ 7,454
Federal	$ 1,467	$ 560	$ 539
Health and Senior Services			
Family Health Services			
Newborns screened-metabolic & genetic disorders	109,000	108,889	111,123
HealthStart (prenatal)	28,500	27,134	27,806
AIDS Services			
Number of clients tested and counseled	75,000	75,000	75,000
Pharmaceutical Assistance to the Aged & Disabled			
Aged: Average monthly eligibles	119,623	124,327	130,051
Aged: Annual prescriptions	3,832,721	4,058,033	4,432,138
Disabled: Average monthly eligibles	28,532	29,225	28,563
Disabled: Annual prescriptions	1,023,728	1,059,114	1,107,102
Human Services			
Work First New Jersey			
Average monthly recipients	100,939	96,889	99,500
Average monthly grant	$ 132.11	$ 131.69	$ 129.99
Labor and Workforce Development			
Unemployment Insurance			
Covered workers	3,743,700	3,814,700	3,904,700
State Disability Insurance Plan			
Covered workers	2,739,000	2,790,900	2,856,900
Claims received	171,500	171,241	171,368
Law and Public Safety			
State Police Operations			
Criminal investigations	17,000	15,015	18,810
Accident investigations	34,000	33,163	42,238
General investigations	809,000	810,413	807,760
Transportation			
Motor Vehicle Services			
Registrations and title documents issued	10,264,385	10,175,714	11,078,091
Total licensed drivers	5,500,932	5,500,932	5,501,596
Total registered vehicles	6,014,381	5,701,297	5,846,217
Total NJ inspections/reinspections	3,000,720	3,033,389	3,002,727

Notes:

* Fiscal Year 2010 amounts are estimates.

** Fiscal Years 2009 and 2008 have been revised.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2007	2006	2005	2004	2003	2002	2001
158,721	147,925	137,947	127,038	110,476	94,806	80,381
156,707	148,745	121,568	N/A	N/A	N/A	N/A
22,908	23,008	22,932	23,006	22,867	22,561	23,109
14,320	14,009	13,297	13,297	13,234	12,867	12,266
41,499	45,733	44,338	42,377	39,910	42,060	47,265
29,348	29,292	29,007	26,902	25,481	27,734	37,564
1,440,767	1,448,232	1,446,815	1,441,748	1,424,773	1,395,131	1,357,160
$ 16,256	$ 15,040	$ 14,159	$ 13,234	$ 12,505	$ 11,834	$ 11,909
$ 8,689	$ 8,108	$ 7,597	$ 7,103	$ 6,702	$ 6,375	$ 6,424
$ 7,002	$ 6,375	$ 6,032	$ 5,628	$ 5,344	$ 5,044	$ 5,138
$ 565	$ 557	$ 530	$ 503	$ 459	$ 415	$ 347
111,607	110,851	110,473	113,404	113,032	112,666	111,795
29,167	35,439	36,500	35,000	31,000	30,103	31,000
76,828	74,277	68,700	67,789	67,067	61,969	62,577
138,084	146,142	148,280	148,349	147,841	150,280	140,023
4,407,641	5,489,094	5,838,243	5,477,045	5,304,535	4,995,313	4,603,956
28,509	29,492	28,274	27,902	27,247	26,933	24,728
1,040,008	1,419,155	1,396,133	1,334,832	1,258,811	1,193,426	1,080,119
103,094	112,192	116,188	112,280	107,143	112,773	123,236
$ 132.04	$ 130.78	$ 130.43	$ 129.06	$ 128.12	$ 128.82	$ 126.19
3,899,300	3,877,600	3,836,301	3,813,549	3,778,630	3,801,600	3,883,400
2,852,800	2,837,000	2,806,700	2,790,000	2,764,500	2,781,200	2,804,900
171,885	168,188	172,919	174,232	170,958	164,627	167,405
23,452	17,460	16,287	13,079	12,552	11,954	11,385
44,415	43,858	45,001	41,263	39,724	37,833	33,368
833,975	805,131	802,280	565,156	573,098	582,204	640,337
9,528,128	9,774,684	10,202,096	10,386,777	10,558,682	10,320,282	10,156,100
5,519,976	5,629,451	5,668,712	5,741,036	5,706,951	5,713,520	5,737,000
6,362,199	6,537,486	6,781,736	7,055,501	7,302,521	7,043,077	6,924,006
2,896,889	3,006,193	3,000,324	3,171,458	3,243,086	3,545,739	3,272,085

STATE OF NEW JERSEY
CAPITAL ASSET STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30

Function	2010	2009	2008
Public safety and criminal justice			
Adult and juvenile correctional institutions	32	35	38
State police stations	34	34	34
State police officers	3,001	3,050	3,030
Motor vehicle facilities	70	72	75
Number of active armories	31	32	32
Total acreage dedicated to function	7,054	7,009	6,792
Total buildings dedicated to function	1,650	1,640	1,622
Physical and mental health			
Number of mental health facilities	5	5	5
Average daily population	1,870	2,005	2,135
Total acreage dedicated to function	629	629	651
Total buildings dedicated to function	322	321	320
Educational, cultural, and intellectual development			
Number of schools	29	31	31
Number of developmental centers	7	7	7
Average number of residents	2,703	2,785	2,897
Total acreage dedicated to function	3,390	3,390	4,046
Total buildings dedicated to function	508	506	529
Community development and environmental management			
State parks, historic sites, natural areas, marinas, other	231	231	231
Land preservation acres (easements/farmland)	75,781	71,199	69,339
Total acreage dedicated to function (includes preservation)	787,861	775,521	767,174
Total buildings dedicated to function	2,063	2,023	2,023
Economic planning, development, and security			
Number of residential centers	3	3	3
Number of group homes	1,063	1,076	1,076
Total acreage dedicated to function	1,667	1,679	1,679
Total buildings dedicated to function	1,219	1,233	1,233
Transportation programs			
Lane miles, state highways	13,518	13,508	13,493
Bridges, state owned	2,585	2,577	2,578
Facilities	87	87	87
Total acreage dedicated to function*	33,421	33,376	33,369
Total buildings dedicated to function	554	546	504
Government direction, management, and control			
Total acreage dedicated to function	3,736	3,740	3,274
Total buildings dedicated to function	313	313	312
Special government services			
Veteran homes	3	3	3
Veterans in residence	913	913	914
Total acreage dedicated to function	77	77	77
Total buildings dedicated to function	30	29	30

Notes:

* Data for 2009 through 2002 has been revised.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2007	2006	2005	2004	2003	2002
38	38	39	39	39	39
35	35	35	35	35	38
2,971	2,963	2,823	2,669	2,664	2,769
77	80	80	80	80	80
33	33	33	33	33	33
6,724	6,725	6,712	6,712	6,667	6,665
1,607	1,569	1,552	1,537	1,515	1,482
5	5	6	6	6	6
2,223	2,303	2,284	2,237	2,240	2,211
1,038	1,038	1,038	1,023	1,023	1,023
316	324	322	322	321	317
31	30	30	30	30	31
7	7	7	7	7	7
2,987	3,061	3,096	3,145	3,233	3,365
4,552	4,552	4,551	4,551	4,551	4,525
526	530	527	523	522	518
231	231	230	230	230	230
67,062	54,455	50,896	39,026	31,884	27,371
755,431	727,959	706,240	675,552	664,436	649,521
2,021	1,963	1,948	1,928	1,911	1,896
3	3	3	3	3	3
1,076	1,047	1,003	969	951	930
1,679	1,676	1,627	1,593	1,575	1,554
1,233	1,204	1,082	1,014	1,001	974
13,485	11,178	11,120	11,107	11,073	11,061
2,579	2,581	2,364	2,366	2,349	2,367
89	89	89	89	89	89
33,364	33,352	33,351	31,411	29,704	29,658
502	502	488	477	476	467
3,044	3,044	3,044	3,044	3,039	3,037
310	325	322	316	316	315
3	3	3	3	3	3
932	875	815	786	767	815
76	76	76	76	76	76
25	29	26	26	26	24

ACKNOWLEDGEMENTS

Report Prepared by:

Office of Management and Budget
Financial Reporting

James Dermody
Kathleen Fell
Joseph Lombardo
Nancy Marcocci
Christopher Mathews
Dominic Marrocco
Benedetto Pulone
Michele Ridge
Steven Sagnip
Sandra Smith
Constance Marie Willett

Special Appreciation to:

Ishaan Anand
Amanda Bossi
Reema Islania

New Jersey State Legislature
Office of Legislative Services
Office of the State Auditor

State of New Jersey
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

For Fiscal Year Ended June 30, 2010

Stephen M. Eells
State Auditor

2008 - 2009

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN

New Jersey State Legislature

OFFICE OF LEGISLATIVE SERVICES

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

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

JOHN J. TERMYNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

We have audited the financial statements of the State of New Jersey as of and for the year ended June 30, 2010 and have issued our report thereon dated December 1, 2010. In connection with that audit, we tested internal controls and compliance to laws and regulations. The results of our tests are contained herein in our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.

The audit was performed and this report is submitted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

Stephen M. Eells
State Auditor
January 10, 2011

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Table of Contents

Page

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 1

Schedule of Findings and Responses 4

2008 - 2009

LEGISLATIVE SERVICES COMMISSION

ASSEMBLYMAN
JOSEPH J. ROBERTS, JR.
Chairman

SENATOR
THOMAS H. KEAN, JR.
Vice-Chairman

SENATE

ANDREW R. CIESLA
RICHARD J. CODEY
NIA H. GILL
ROBERT M. GORDON
SEAN T. KEAN
JOSEPH M. KYRILLOS, JR.
LORETTA WEINBERG

GENERAL ASSEMBLY

PETER J. BIONDI
JON M. BRAMNICK
JOHN J. BURZICHELLI
ALEX DECROCE
ALISON LITTELL MCHOSE
JOAN M. QUIGLEY
BONNIE WATSON COLEMAN

New Jersey State Legislature

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

ALBERT PORRONI
Executive Director
(609) 292-4625

OFFICE OF THE STATE AUDITOR
(609) 292-3700
FAX (609) 633-0834

STEPHEN M. EELLS
State Auditor

THOMAS R. MESEROLL
Assistant State Auditor

JOHN J. TERMYNA
Assistant State Auditor

The Honorable Chris Christie
Governor of New Jersey

The Honorable Stephen M. Sweeney
President of the Senate

The Honorable Sheila Y. Oliver
Speaker of the General Assembly

Mr. Albert Porroni
Executive Director
Office of Legislative Services

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the 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, 2010, which collectively comprise the state's basic financial statements and have issued our report thereon dated December 1, 2010. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the discretely presented component units, the pensions and other employee benefits trust funds, and the Port Authority of New York and New Jersey, as described in our report on the State of New Jersey's basic financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the pensions and other employee benefits trust funds and two discretely presented

component units, the New Jersey Sports and Exposition Authority and the Casino Reinvestment Development Fund, audited by other auditors were not performed in accordance with *Government Auditing Standards.*

Internal Control over Financial Reporting

In planning and performing our audit, we considered the State of New Jersey's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of New Jersey's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of New Jersey's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses, that we consider to be significant deficiencies in internal control over financial reporting (see finding number 2010-1). A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The State of New Jersey's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the State of New Jersey's response, and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the State of New Jersey, the legislature, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Stephen M. Eells
State Auditor
December 1, 2010

Finding: 2010-1

Financial Statement Reporting

The Department of the Treasury's Office of Management and Budget - Financial Reporting (OMBFR) is responsible for preparing the financial statements and the notes to the financial statements for inclusion in the Comprehensive Annual Financial Report (CAFR). The majority of the fund financial statements are based on transactions processed through the New Jersey Comprehensive Financial System (NJCFS) and adjustments prepared by the OMBFR accountants through the use of journal vouchers. The NJCFS data is uploaded into the Clarity System application which creates the final financial statements. Governmental Accounting Standards Board Statement No. 34 data, component unit statements, and off-line funds audited by independent certified public accounting firms are entered directly through journal entries into the Clarity System application by the OMBFR for inclusion in the CAFR. The OMBFR may also make adjustments to financial statements through entries on Clarity. The management's discussion and analysis, notes to the financial statements, statistical section, and certain other information are included in the CAFR through Clarity.

An internal control over financial reporting weakness was noted during our current audit. Audit adjustments totaling $128 million were proposed to correct tax revenue accruals in the General Fund and Property Tax Relief Fund (PTRF) due to calculation errors by Treasury's Office of Revenue and Economic Analysis (OREA). One adjustment for $112 million, which was not made, would have corrected PTRF tax revenues that were accrued in fiscal year 2009 but which should have been recorded in fiscal year 2010.

In our prior report, we recommended a more detailed review of OREA's tax accrual calculations be completed prior to submission to OMBFR. No action was taken for fiscal year 2010. However, we were advised by management that organizational changes have been made to address this weakness.

Recommendation

We repeat our previous recommendation that a more detailed independent review of OREA's tax accrual calculations be completed prior to the journal entries being recorded.

State of New Jersey
OFFICE OF THE STATE TREASURER
P.O. BOX 002
TRENTON, NJ 08625-002

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

January 6, 2011

Mr. Stephen M. Eells
State Auditor
Office of Legislative Services
Office of the State Auditor
PO Box 067
Trenton, New Jersey 08625-0067

RE: Departmental Audit Responses – Department of the Treasury
Office of Management and Budget
Comprehensive Annual Financial Report

Dear Mr. Eells:

The Office of Management and Budget (OMB) appreciates the efforts of your staff in their audit of the Comprehensive Annual Financial Report. We are working to resolve the finding noted in the *Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards,* and we would like to thank you for giving us an opportunity to comment on the finding. The response to the audit team's recommendation are as follows:

Financial Statement Reporting

The following internal control over financial reporting weakness was noted during our current audit.

Finding

The Department of the Treasury's Office of Management and Budget – Financial Reporting (OMBFR) is responsible for preparing the financial statements and the notes to the financial statements for inclusion in the Comprehensive Annual Financial Report (CAFR). The majority of the fund financial statements are based on transactions processed through the New Jersey Comprehensive Financial System (NJCFS) and adjustments prepared by the OMBFR accountants through the use of journal vouchers. The NJCFS data is uploaded into the Clarity System application which creates the final financial statements. Governmental Accounting Standards Board Statement No. 34 data, component unit statements, and off-line funds audited by independent certified public accounting firms are entered directly through journal entries into

the Clarity System application by the OMBFR for inclusion in the CAFR. The OMBFR may also make adjustments to financial statements through entries in Clarity. The management's discussion and analysis, notes to the financial statements, statistical section, and certain other information are included in the CAFR through Clarity.

An internal control over financial reporting weakness was noted during our current audit. Audit adjustments totaling $128 million were proposed to correct tax revenue accruals in the General Fund and Property Tax Relief Fund (PTRF) due to calculation errors by Treasury's Office of Revenue and Economic Analysis (OREA). One adjustment for $112 million, which was not made, would have corrected PTRF tax revenues that were accrued in Fiscal Year 2009 but should have been recorded in Fiscal Year 2010. In our prior report, we recommended a more detailed review of OREA's tax accrual calculations be completed prior to submission to OMBFR. No action was taken for Fiscal Year 2010. However, we were advised by management that organizational changes have been made to address this weakness.

Response

OREA will review the current process and make the necessary changes to ensure that year-end tax accruals are subject to a detail review prior to submission to OMBFR. OREA has reorganized by adding senior level management that will be reviewing the year-end tax accrual for completeness and accuracy.

Sincerely,

Andrew P. Sidamon-Eristoff
State Treasurer

nm
c: Charlene M. Holzbaur
Kathy A. Steepy

STATE OF NEW JERSEY

Single Audit Report

Year ended June 30, 2010

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards

Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal
Control over Compliance in Accordance with OMB Circular A-133

STATE OF NEW JERSEY

Year ended June 30, 2010

Table of Contents

	Page
Independent Auditors' Report on the Schedule of Expenditures of Federal Awards	1
Schedule of Expenditures of Federal Awards	2-11
Notes to Schedule of Expenditures of Federal Awards	12-13
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	14-17
Schedule of Findings and Questioned Costs	18-125
Management's Corrective Action Plan	126-143

KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards

The Governor
State of New Jersey:

We have audited the accompanying schedule of expenditures of Federal awards of the State of New Jersey (the Schedule) for the year ended June 30, 2010. This Schedule is the responsibility of the State of New Jersey's management. Our responsibility is to express an opinion on this Schedule based on our audit.

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 Schedule is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting of the Schedule. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1 to the schedule of expenditures of Federal awards, the Schedule does not include expenditures of Federal awards for those entities determined to be component units of the State of New Jersey for financial statement purposes. These entities may be required to have their own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*.

As described in note 2 to the schedule of expenditures of Federal awards, the Schedule is prepared on the cash basis, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the schedule of expenditures of Federal awards referred to above presents fairly, in all material respects, the expenditures of Federal awards of the State of New Jersey, as described above, for the year ended June 30, 2010 on the basis of accounting described in note 2.

This report is intended solely for the information and use of management of the State of New Jersey, the U.S. Department of Health and Human Services and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 25, 2011

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	U.S. Department of Agriculture:		
10.025	Plant and Animal Disease, Pest Control, and Animal Care	$ 1,136	—
10.028	Wildlife Services	61	—
10.069	Conservation Reserve Program	214	214
10.086	ARRA - Aquaculture Grants Program	4	4
10.163	Market Protection and Promotion	140	—
10.169	Specialty Crop Block Grant Program	386	370
10.170	Specialty Crop Block Grant Program - Farm Bill	58	58
10.304	Homeland Security - Agricultural	39	—
10.435	State Mediation Grants	15	—
10.450	Crop Insurance	26	—
10.458	Crop Insurance Education in Targeted States	248	—
10.475	Cooperative Agreements with States for Intrastate Meat & Poultry Inspection	356	—
	SNAP Cluster:		
10.551	Supplemental Nutrition Assistance Program (nonmonetary)	981,690	—
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	83,733	74,189
10.561	ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	3,766	3,766
	Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program	87,499	77,955
	Total SNAP Cluster	1,069,189	77,955
	Child Nutrition Cluster:		
10.553	School Breakfast Program	45,362	45,362
10.555	National School Lunch Program	189,500	189,500
10.556	Special Milk Program for Children	604	604
10.559	Summer Food Service Program for Children	7,636	7,312
	Total Child Nutrition Cluster	243,102	242,778
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	127,436	20,936
10.558	Child and Adult Care Food Program	61,733	60,939
10.560	State Administrative Expenses for Child Nutrition	3,456	—
10.565	Commodity Supplemental Food Program	10	1
	Emergency Food Assistance Cluster:		
10.568	Emergency Food Assistance Program (Administrative Costs)	1,179	1,115
10.568	ARRA - Emergency Food Assistance Program (Administrative Costs)	764	318
	Total Emergency Food Assistance Program (Administrative Costs)	1,943	1,433
10.569	Emergency Food Assistance Program (Food Commodities)	14,027	—
	Total Emergency Food Assistance Cluster	15,970	1,433
10.572	WIC Farmers' Market Nutrition Program (FMNP)	679	—
10.576	Senior Farmers' Market Nutrition Program	1,013	39
10.579	Child Nutrition Discretionary Grant Limited Availability	228	228
10.579	ARRA - Child Nutrition Discretionary Grant Limited Availability	1,017	1,017
	Total Child Nutrition Discretionary Grant Limited Availability	1,245	1,245
10.582	Fresh Fruit and Vegetable Program	1,777	1,709
10.664	Cooperative Forestry Assistance	3,696	277
10.676	Forest Legacy Program	1	—
10.677	Forest Land Enhancement Program (FLEP)	8	—
10.680	Forest Health Protection	713	—
10.688	ARRA - Wildland Fire Management, Recovery Act	29	—
10.854	Rural Economic Development Loans and Grants	70	70
10.913	Farm and Ranch Lands Protection Program	2,996	2,996
10.914	Wildlife Habitat Incentive Program (WHIP)	61	—
	Total U.S. Department of Agriculture	1,535,867	411,024
	U.S. Department of Commerce:		
11.407	Interjurisdictional Fisheries Act of 1986	131	—
11.413	Fishery Products Inspection and Certification	97	—
11.419	Coastal Zone Management Administration Awards	2,634	130
11.441	Regional Fishery Management Councils	785	—
11.463	ARRA - Habitat Conservation	2,458	—
11.472	Unallied Science Program	9	—
11.474	Atlantic Coastal Fisheries Cooperative Management Act	699	—
11.550	Public Telecommunications Facilities Planning and Construction	64	—
11.555	Public Safety Interoperable Communications Grant Program	9,944	—
	Total U.S. Department of Commerce	16,821	130

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	U.S. Department of Defense:		
12.400	Military Construction, National Guard	$ 1,673	—
12.401	National Guard Military Operations and Maintenance (O&M) Projects	37,194	—
12.401	ARRA - National Guard Military Operations and Maintenance (O&M) Projects	808	—
	Total National Guard Military Operations and Maintenance (O&M) Projects	38,002	—
12.UNA	Unassigned catalog number from Federal Government	2,303	—
	Total U.S. Department of Defense	41,978	—
	U.S. Department of Housing and Urban Development:		
	CDBG - State-Administered Small Cities Program Cluster:		
14.228	Community Development Block Grants/State's Programs	8,879	8,698
14.255	ARRA - Community Development Block Grants/State's Programs	849	825
	Total CDBG - State-Administered Small Cities Program Cluster	9,728	9,523
14.231	Emergency Shelter Grants Program	1,516	1,462
14.235	Supportive Housing Program	370	45
14.238	Shelter Plus Care	2,089	—
14.239	Home Investment Partnerships Program	5,437	1,739
14.241	Housing Opportunities for Persons with AIDS	2,021	—
14.241	Housing Opportunities for Persons with AIDS Pass-Through – Woodbridge Township	107	—
14.241	Housing Opportunities for Persons with AIDS Pass-Through – Camden	237	—
14.241	Housing Opportunities for Persons with AIDS Pass-Through – City of Paterson	47	—
	Total Housing Opportunities for Persons with AIDS	2,412	—
14.257	ARRA - Homelessness Prevention & Rapid Re-housing	1,192	1,155
	Section 8 Project-Based Cluster:		
14.856	Lower Income Housing Assistance Program: Section 8 Moderate Rehabilitation	8,312	—
	Total Section 8 Project-Based Cluster	8,312	—
	Housing Voucher Cluster:		
14.871	Section 8 Housing Choice Vouchers	195,077	214
	Total Housing Voucher Cluster	195,077	214
14.UNA	Unassigned catalog number from Federal Government	5,865	5,569
	Total U.S. Department of Housing and Urban Development	231,998	19,707
	U.S. Department of the Interior:		
	Fish and Wildlife Cluster:		
15.605	Sport Fish Restoration	3,106	54
15.611	Wildlife Restoration	1,234	—
	Total Fish and Wildlife Cluster	4,340	54
15.615	Cooperative Endangered Species Conservation Fund	44	—
15.616	Clean Vessel Act	243	197
15.622	Sport Fishing and Boating Safety Act	114	—
15.633	Landowner Incentive	598	525
15.634	State Wildlife Grants	1,241	—
15.808	U.S. Geological Survey - Research and Data Collection	3	—
15.814	National Geological and Geophysical Data Preservation Program	1	—
15.904	Historic Preservation Fund Grants-in-aid	1,876	34
15.916	Outdoor Recreation - Acquisition, Development, and Planning	1,624	624
	Total U.S. Department of the Interior	10,084	1,434
	U.S. Department of Justice:		
16.017	Sexual Assault Services Formula Program	153	153
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	679	369
16.320	Services for Trafficking Victims	97	—
16.523	Juvenile Accountability Block Grants	1,110	996
16.540	Juvenile Justice and Delinquency Prevention: Allocation to States	894	566
16.543	Missing Children's Assistance	139	1
16.544	Youth Gang Prevention	70	70
16.548	Title V: Delinquency Prevention Program	1	—
16.550	State Justice Statistics Program for Statistical Analysis Centers	50	—
16.554	National Criminal History Improvement Program (NCHIP)	149	—

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	$ 562	212
16.564	Crime Lab Improvement Combined Offender DNA Index System Backlog Reduction	26	1
16.575	Crime Victim Assistance	8,384	6,883
16.576	Crime Victim Compensation	1,528	1,075
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	258	—
16.582	Crime Victim Assistance/Discretionary Grant	73	73
16.585	Drug Court Discretionary Grant Program	36	—
16.588	Violence Against Women Formula Grants	2,530	2,082
16.588	ARRA - Violence Against Women Formula Grants	420	402
	Total Violence Against Women Formula Grants	2,950	2,484
16.593	Residential Substance Abuse Treatment for State Prisoners	147	98
16.601	Corrections - Training and Staff Development	23	—
16.606	State Criminal Alien Assistance Program	3,718	—
16.607	Bulletproof Vest Partnership Program	143	—
16.609	Project Safe Neighborhoods	379	279
16.727	Enforcing Underage Drinking Laws Program	354	336
16.735	Protecting Inmates and Safeguarding Communities Discretionary Grant Program	94	31
16.738	Edward Byrne Memorial Justice Assistance Grant Program	3,208	2,357
16.741	Forensic DNA Backlog Reduction Program	730	—
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	176	10
16.743	Forensic Casework BNA Backlog Reduction Program	93	—
16.744	Anti-Gang Initiative	532	292
16.745	Criminal & Juvenile Justice & Mental Health Collaboration Program	63	—
16.750	Support for Adam Walsh Act Implementation Grant Program	15	—
16.800	ARRA - Internet Crimes against Children Task Force Program	38	1
16.801	ARRA - State Victim Assistance Formula Grant Program	95	88
16.802	ARRA - State Victim Compensation Formula Grant Program	1,340	820
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	2,352	1,138
16.808	ARRA - Edward Byrne Memorial Competitive Grant Program	300	—
	Total U.S. Department of Justice	30,959	18,333
	U.S. Department of Labor:		
17.002	Labor Force Statistics	2,435	—
17.005	Compensation and Working Conditions	327	—
	Employment Services Cluster:		
17.207	Employment Service/Wagner-Peyser Funded Activities	19,627	42
17.207	ARRA - Employment Service/Wagner-Peyser Funded Activities	4,937	—
	Total Employment Service/Wagner-Peyser Funded Activities	24,564	42
17.801	Disabled Veterans' Outreach Program	2,108	—
17.804	Local Veterans' Employment Representative Program	1,125	—
	Total Employment Services Cluster	27,797	42
17.225	Unemployment Insurance – Federal	135,523	—
17.225	ARRA - Unemployment Insurance – Federal	167,114	—
17.225	Unemployment Insurance – State	8,211,982	—
	Total Unemployment Insurance	8,514,619	—
17.235	Senior Community Service Employment Program	2,673	—
17.235	ARRA - Senior Community Service Employment Program	471	—
	Total Senior Community Service Employment Program	3,144	—
17.245	Trade Adjustment Assistance	3,527	3,023
	WIA Cluster:		
17.258	Workforce Investment Act-Adult Program	25,707	15,694
17.258	ARRA - Workforce Investment Act-Adult Program	6,174	5,245
	Total Workforce Investment Act-Adult Program	31,881	20,939
17.259	Workforce Investment Act-Youth Activities	13,761	13,761
17.259	ARRA - Workforce Investment Act-Youth Activities	15,319	15,319
	Total Workforce Investment Act-Youth Activities	29,080	29,080
17.260	Workforce Investment Act-Dislocated Workers	16,705	16,482
17.260	ARRA - Workforce Investment Act-Dislocated Workers	12,317	12,317
	Total Workforce Investment Act-Dislocated Workers	29,022	28,799
	Total WIA Cluster	89,983	78,818

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
17.261	Workforce Investment Act-Pilots, Demonstrations, and Research Projects	$ 3,132	—
17.266	Work Incentive Grant	100	49
17.268	H-1B Job Training Grants	2,290	2,278
17.273	Temporary Labor Certification for Foreign Workers	640	—
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	1	—
17.503	Occupational Safety & Health – State Program	1,814	—
17.503	ARRA - Occupational Safety & Health – State Program	2	—
	Total Occupational Safety & Health – State Program	1,816	—
17.504	Consultation Agreements	1,539	—
17.600	Mine Health and Safety Grants	50	—
	Total U.S. Department of Labor	8,651,400	84,210
	U.S. Department of Transportation:		
20.106	Airport Improvement Program	494	—
	Highway Planning and Construction Cluster:		
20.205	Highway Planning and Construction	687,508	35,899
20.205	ARRA - Highway Planning and Construction	214,986	—
	Total Highway Planning and Construction	902,494	35,899
20.219	Recreational Trails Program	1,011	946
	Total Highway Planning and Construction Cluster	903,505	36,845
20.218	National Motor Carrier Safety	5,993	—
20.232	Commercial Driver License Program Improvement Grant	560	—
20.234	Safety Data Improvement Program	58	—
20.505	Metropolitan Transportation Planning	2,193	—
	Highway Safety Cluster:		
20.600	State and Community Highway Safety	5,103	2,449
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants	3,255	2,517
20.602	Occupant Protection Incentive Grants	586	458
20.609	Safety Belt Performance Grants	1,548	920
20.610	State Traffic Safety Information System Improvement Grants	838	4
20.611	Incentive Grant to Prohibit Racial Profiling	135	124
20.612	Incentive Grant program to Increase Motorcyclist Safety	22	—
20.613	Child Safety and Child Booster Seats Incentive Grants	656	477
	Total Highway Safety Cluster	12,143	6,949
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	418	386
20.CON	Contractual Agreements – Fatal Accident Reporting System	300	—
	Total U.S. Department of Transportation	925,664	44,180
	Equal Employment Opportunity Commission		
30.002	Employment Discrimination - State & Local Fair Employment Practices Agency Contracts	1	—
	Total Equal Employment Opportunity Commission	1	—
	National Foundation on the Arts and the Humanities:		
45.025	Promotion of the Arts: Partnership Agreements	920	427
45.025	ARRA - Promotion of the Arts: Partnership Agreements	332	332
	Total Promotion of the Arts: Partnership Agreements	1,252	759
	Total National Foundation on the Arts and the Humanities	1,252	759
	U.S. Department of Veterans Affairs:		
64.005	Grants to States for Construction of State Home Facilities	92	—
64.125	Vocational and Educational Counseling for Servicemembers and Veterans	422	—
64.203	State Cemetery Grants	628	—
	Total U.S. Department of Veterans Affairs	1,142	—
	U.S. Environmental Protection Agency:		
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to Clean Air Act	623	70
66.040	State Clean Diesel Grant Program	72	—
66.040	ARRA - State Clean Diesel Grant Program	411	—
	Total State Clean Diesel Grant Program	483	—

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
66.202	Congressionally Mandated Projects	$ 79	—
66.436	Surveys, Studies, Investigations, Demonstrations, Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	8	—
66.454	Water Quality Management Planning	299	131
66.454	ARRA - Water Quality Management Planning	326	326
	Total Water Quality Management Planning	625	457
66.456	National Estuary Program	5	—
66.458	Capitalization Grants for Clean Water State Revolving Funds	46,181	44,934
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds	48,354	48,354
	Total Capitalization Grants for Clean Water State Revolving Funds	94,535	93,288
66.467	Wastewater Operator Training Grant Program	20	—
66.468	Capitalization Grants for Drinking Water State Revolving Funds	21,181	17,093
66.468	ARRA - Capitalization Grants for Drinking Water State Revolving Funds	16,007	16,007
	Total Capitalization Grants for Drinking Water State Revolving Funds	37,188	33,100
66.471	State Grants to Reimburse Operators of Small Water Systems for Training & Certification Costs	3	—
66.472	Beach Monitoring & Notification Program Implementation Grant	574	248
66.474	Water Protection Grants to the States	23	—
66.479	Wetland Program Grants - State/Tribal Environmental Outcome Wetland Demonstration Program	113	—
66.511	Office of Research & Development Consolidated Research/Training/Fellowships	56	—
66.605	Performance Partnership Grants	11,550	4,070
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	420	—
66.611	Environmental Policy and Innovation Grants	22	—
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	156	—
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	314	—
66.708	Pollution Prevention Grants Program	13	—
66.709	Multi-Media Capacity Building Grants for States and Tribes	43	—
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	1,342	—
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	1,128	—
66.805	Leaking Underground Storage Tank Trust Fund Program	1,519	—
66.805	ARRA - Leaking Underground Storage Tank Trust Fund Program	961	—
	Total Leaking Underground Storage Tank Trust Fund Program	2,480	—
66.809	Superfund State and Indian Tribe Core Program Cooperative Agreements	(7)	—
66.817	State and Tribal Response Program Grants	740	—
66.951	Environmental Education Grants	2	—
	Total U.S. Environmental Protection Agency	152,538	131,233
	U.S. Department of Energy:		
81.041	State Energy Program	765	556
81.042	Weatherization Assistance for Low-Income Persons	6,831	6,285
81.042	ARRA - Weatherization Assistance for Low-Income Persons	17,215	16,732
	Total Weatherization Assistance for Low-Income Persons	24,046	23,017
81.089	Fossil Energy Research and Development	7	—
81.117	Energy Efficiency and Renewable Energy Information, Dissemination, Outreach, Training and Technical Analysis/Assistance	5	5
81.ADM	Administration Costs Consolidations	61	—
	Total U.S. Department of Energy	24,884	23,578
	U.S. Department of Education:		
84.002	Adult Education - Basic Grants to States	16,539	17,586
	Title I, Part A Cluster:		
84.010	Title 1 Grants to Local Educational Agencies	264,631	259,975
84.389	ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	49,822	49,822
	Total Title 1, Part A Cluster	314,453	309,797
84.011	Migrant Education: State Grant Program	1,208	1,123
84.013	Title I State Agency Program for Neglected and Delinquent Children	3,031	638

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	Special Education Cluster (IDEA):		
84.027	Special Education - Grants to States	$ 372,405	351,478
84.173	Special Education – Preschool Grants	10,348	10,088
84.391	ARRA - Special Education - Grants to States, Recovery Act	120,704	120,647
84.392	ARRA - Special Education - Preschool Grants, Recovery Act	2,922	2,918
	Total Special Education Cluster (IDEA)	506,379	485,131
84.032	Federal Family Education Loans (Guaranty Agencies)	768,382	—
84.048	Career and Technical Education - Basic Grants to States	27,949	25,379
84.069	Leveraging Educational Assistance Partnership	1,874	—
	Vocational Rehabilitation Cluster:		
84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	59,598	27,297
84.390	ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	1,081	826
	Total Vocational Rehabilitation Cluster	60,679	28,123
84.144	Migrant Education - Coordination Program	1	—
	Independent Living State Grants Cluster:		
84.169	Independent Living State Grants	762	762
	Total Independent Living State Grants Cluster	762	762
	Independent Living Services for Older Individuals Who Are Blind Cluster:		
84.177	Rehabilitation Services: Independent Living Services for Older Individuals Who are Blind	1,009	1,009
84.399	ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	57	57
	Total Independent Living Services for Older Individuals Who Are Blind Cluster	1,066	1,066
	Early Intervention Services (IDEA) Cluster:		
84.181	Special Education - Grants for Infants and Families	10,148	7,180
84.393	ARRA - Special Education - Grants for Infants and Families, Recovery Act	6,013	6,013
	Total Early Intervention Services (IDEA) Cluster	16,161	13,193
84.185	Byrd Honors Scholarships	1,073	—
84.186	Safe and Drug-Free Schools and Communities: State Grants	6,496	5,962
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	79	79
	Education of Homeless Children and Youth Cluster:		
84.196	Education for Homeless Children and Youth	540	430
84.387	ARRA - Education for Homeless Children and Youth, Recovery Act	194	194
	Total Education for Homeless Children and Youth Cluster	734	624
84.213	Even Start: State Educational Agencies	1,287	1,222
84.215	Fund for the Improvement of Education	676	556
84.224	Assistive Technology	466	456
84.243	Tech-Prep Education	3,901	3,770
84.265	Rehabilitation Training: State Vocational Rehabilitation Unit In-service Training	37	7
84.282	Charter Schools	2,227	2,108
84.287	Twenty-First Century Community Learning Centers	17,528	16,681
84.293	Foreign Language Assistance	47	—
84.298	State Grants for Innovative Programs	83	108
	Education Technology State Grants Cluster:		
84.318	Education Technology State Grants	3,804	3,609
84.386	ARRA - Education Technology State Grants, Recovery Act	690	676
	Total Education Technology State Grants Cluster	4,494	4,285
84.326	Special Education - Technical Assistance & Dissemination to Improve Services and Results for Children with Disabilities	6	—
84.330	Advanced Placement Program	329	—
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	391	—
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR-UP)	3,178	2,751
	Teacher Quality Partnership Grants Cluster:		
84.336	Teacher Quality Enhancement Grants	572	6
	Total Teacher Quality Partnership Grants Cluster	572	6
84.357	Reading First State Program	8,081	6,688
84.358	Rural Education	5	5
84.365	English Language Acquisition Grants	15,523	14,658
84.366	Mathematics and Science Partnerships	1,971	1,778
84.367	Improving Teacher Quality State Grants	59,964	57,551
84.369	Grants for State Assessments and Related Activities	9,779	—

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	School Improvement Grants Cluster:		
84.377	School Improvement Grants	$ 3,286	3,211
	Total School Improvement Grants Cluster	3,286	3,211
84.378	College Access Challenge Grant Program	551	551
	State Fiscal Stabilization Fund Cluster:		
84.394	ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	1,080,504	1,017,153
84.397	ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act	79,606	39,087
	Total State Fiscal Stabilization Fund Cluster	1,160,110	1,056,240
84.CON	Contractual Agreements – National Center Educational Statistics	251	—
	Total U.S. Department of Education	3,021,609	2,062,095
	U.S. Election Assistance Commission:		
90.401	Help America Vote Act Requirements Payments	3,803	—
	Total U.S. Election Assistance Commission	3,803	—
	U.S. Department of Health and Human Services:		
93.006	State and Territorial and Technical Assistance Capacity Development Minority HIV/AIDS Demonstration Program	117	—
93.041	Special Programs for the Aging: Title VII, Chapter 3: Programs for Prevention of Elder Abuse, Neglect, and Exploitation	139	—
93.042	Special Programs for the Aging: Title VII, Chapter 2: Long Term Care Ombudsman Services for Older Individuals	387	152
93.043	Special Programs for the Aging: Title III, Part D: Disease Prevention and Health Promotion Services	539	539
	Aging Cluster:		
93.044	Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers	9,200	9,200
93.045	Special Programs for the Aging: Title III, Part C: Nutrition Services	16,534	15,386
93.053	Nutrition Services Incentive Program	3,757	3,757
93.705	ARRA - Aging Home-Delivered Nutrition Services for States, Recovery Act	738	738
93.707	ARRA - Aging Congregate Nutrition Services for States, Recovery Act	1,454	1,454
	Total Aging Cluster	31,683	30,535
93.048	Special Programs for the Aging: Title IV & Title II Discretionary Projects	725	462
93.051	Alzheimer's Disease Demonstration Grants to States	264	250
93.052	National Family Caregiver Support, Title III, Part E	3,949	3,951
93.069	Public Health Emergency Preparedness	33,611	18,650
93.069	Public Health Emergency Preparedness (nonmonetary)	21,761	—
	Total Public Health Emergency Preparedness	55,372	18,650
93.071	Medicare Enrollment Assistance Program	111	98
93.086	Healthy Marriage Promotion & Responsible Fatherhood Grants	281	55
93.110	Maternal and Child Health Federal Consolidated Programs	64	—
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	4,145	2,668
93.127	Emergency Medical Services for Children	133	—
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	210	66
93.136	Injury Prevention and Control Research and State and Community Based Programs	1,562	1,323
93.142	NIEHS Hazardous Waste Worker Health and Safety Training	79	—
93.150	Projects for Assistance in Transition from Homelessness	2,156	2,084
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	1,854	1,629
93.165	Grants to States for Loan Repayment Program	60	—
93.197	Childhood Lead Poisoning Prevention Projects: State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	841	474
93.204	Surveillance of Hazardous Substance Emergency Events	40	—
93.217	Family Planning Services	3,189	2,664
93.234	Traumatic Brain Injury: State Demonstration Grant Program	35	3,380
93.240	State Capacity Building	495	—
93.243	Substance Abuse and Mental Health Services: Projects of Regional and National Significance	3,870	—
93.251	Universal Newborn Hearing Screening	172	115
93.262	Occupational Safety and Health Program	386	—

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	Immunization Cluster:		
93.268	Immunization Grants	$ 5,185	1,627
93.268	Immunization Grants (nonmonetary)	56,207	—
	Total Immunization Grants	61,392	1,627
93.712	ARRA - Immunization (nonmonetary)	5,747	—
	Total Immunization Cluster	67,139	1,627
93.283	Centers for Disease Control and Prevention: Investigations and Technical Assistance	8,886	3,254
93.293	Public Health Law Social Distancing Project	625	93
93.402	ARRA - State Loan Repayment Program	120	—
93.414	ARRA - State Primary Care Offices	34	12
93.556	Promoting Safe and Stable Families	5,217	5,197
	TANF Cluster:		
93.558	Temporary Assistance for Needy Families	380,411	332,302
93.714	ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	145,480	4,681
	Total TANF Cluster	525,891	336,983
93.563	Child Support Enforcement	122,821	28,549
93.563	ARRA - Child Support Enforcement	44,489	—
	Total Child Support Enforcement	167,310	28,549
93.564	Child Support Enforcement Research	92	—
93.566	Refugee and Entrant Assistance: State Administered Programs	2,197	1,966
93.568	Low-Income Home Energy Assistance	163,679	23,095
	CSBG Cluster:		
93.569	Community Services Block Grant	14,485	13,580
93.710	ARRA - Community Services Block Grant	14,402	14,402
	Total CSBG Cluster	28,887	27,982
	CCDF Cluster:		
93.575	Child Care and Development Block Grant	135,286	134,530
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	60,723	59,152
93.713	ARRA - Child Care and Development Block Grant	18,819	18,718
	Total CCDF Cluster	214,828	212,400
93.576	Refugee and Entrant Assistance: Discretionary Grants	183	138
93.585	Empowerment Zones Program	1,521	1,521
93.586	State Court Improvement Program	888	—
93.590	Community Based Child Abuse Prevention Grants	1,364	1,014
93.597	Grants to States for Access and Visitation Programs	252	—
93.599	Chafee Education and Training Vouchers Program (ETV)	1,073	1,073
	Head Start Cluster:		
93.600	Head Start	181	—
	Total Head Start Cluster	181	—
93.617	Voting Access for Individuals with Disabilities Grants to State	226	160
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,540	560
93.643	Children's Justice Grants to States	393	393
93.645	Child Welfare Services: State Grants	5,929	—
93.658	Foster Care - Title IV-E	74,108	2,174
93.658	ARRA - Foster Care - Title IV-E	3,219	—
	Total Foster Care - Title IV-E	77,327	2,174
93.659	Adoption Assistance	52,301	—
93.659	ARRA - Adoption Assistance	4,006	—
	Total Adoption Assistance	56,307	—
93.667	Social Services Block Grant	62,448	40,897
93.669	Child Abuse and Neglect State Grants	736	736
93.670	Child Abuse and Neglect Discretionary Activities	781	781
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters: Grants to States and Indian Tribes	2,013	2,013
93.674	Chafee Foster Care Independence Program	2,333	2,333

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
93.717	ARRA - Preventing Healthcare-Associated Infections	$ 1	—
93.725	ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	19	—
93.767	Children's Health Insurance Program	528,105	526,157
93.768	Medicaid Infrastructure Grants – To Support the Competitive Employment of People With Disabilities	257	15
	Medicaid Cluster:		
93.775	State Medicaid Fraud Control Units	3,444	—
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	10,286	—
93.777	ARRA - State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	117	—
	Total State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	10,403	—
93.778	Medical Assistance Program	4,785,992	4,067,324
93.778	ARRA - Medical Assistance Program	1,111,518	1,067,312
	Total Medical Assistance Program	5,897,510	5,134,636
	Total Medicaid Cluster	5,911,357	5,134,636
93.793	Medicaid Transformation Grants	312	—
93.779	Centers For Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,430	478
93.790	Alternate Non-Emergency Service Providers or Networks	2,120	—
93.791	Money Follows the Person Rebalancing Demonstration	374	374
93.889	National Bioterrorism Hospital Preparedness Program	12,759	7,921
93.913	Grants to States for Operation of Offices of Rural Health	118	116
93.917	HIV Care Formula Grants	67,577	63,843
93.926	Healthy Start Initiative	358	232
93.940	HIV Prevention Activities: Health Department Based	13,834	8,377
93.941	HIV Demonstration, Research, Public and Professional Education Project	246	—
93.944	Human Immunodeficiency Virus (HIV) Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	3,577	—
93.946	Cooperative Agreements to Support State Based Safe Motherhood and Infant Health Initiative Programs	91	—
93.958	Block Grants for Community Mental Health Services	10,374	10,164
93.959	Block Grants for Prevention and Treatment of Substance Abuse	43,538	36,303
93.977	Preventive Health Services: Sexually Transmitted Diseases Control Grants	2,879	200
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	99	99
93.991	Preventive Health and Health Services Block Grant	3,136	1,429
93.994	Maternal and Child Health Services Block Grant to the States	10,080	3,596
93.CON	Contractual Agreement	2,168	—
93.UNA	Federal Civil Monetary	33	—
	Total U.S. Department of Health and Human Services	8,128,100	6,557,986
	Corporation for National and Community Service:		
94.003	State Commissions	334	—
94.004	Learn and Serve America: School and Community Based Programs	565	396
94.006	AmeriCorps	2,177	1,911
94.006	ARRA - AmeriCorps	492	452
	Total AmeriCorps	2,669	2,363
94.007	Program Development and Innovation Grants	92	—
94.009	Training & Technical Assistance	102	—
	Foster Grandparents/Senior Companion Cluster:		
94.011	Foster Grandparent Program	716	525
	Total Foster Grandparents/Senior Companion Cluster	716	525
94.013	Volunteers in Service to America	15	—
	Total Corporation for National and Community Service	4,493	3,284
	Social Security Administration:		
	Disability Insurance/SSI Cluster:		
96.001	Social Security - Disability Insurance	52,141	364
	Total Disability Insurance/SSI Cluster	52,141	364
96.UNA	Unassigned catalog number from Federal Government	11	—
	Total Social Security Administration	52,152	364

(Continued)

STATE OF NEW JERSEY

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

(Amounts in thousands)

Federal CFDA number	Federal agency/program title or cluster	Amounts: Expenditures	Amounts: Passed through to subrecipients
	U.S. Department of Homeland Security:		
	Homeland Security Cluster:		
97.053	Citizen Corps	$ 253	8
97.067	Homeland Security Grant Program	17,710	14,351
97.071	Metropolitan Medical Response System	288	288
97.073	State Homeland Security Program	573	490
	Total Homeland Security Cluster	18,824	15,137
97.008	Non-Profit Security Program	20,979	11,427
97.012	Boating Safety Financial Assistance	1,909	—
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	180	180
97.023	Community Assistance Program – State Support Services Element	249	—
97.029	Flood Mitigation Assistance	870	870
	Public Assistance Grants Cluster:		
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	3,938	3,938
	Total Public Assistance Grants Cluster	3,938	3,938
	Hazard Mitigation Grants Cluster:		
97.039	Hazard Mitigation Grant	4,803	4,765
	Total Hazard Mitigation Grants	4,803	4,765
97.041	National Dam Safety Program	56	—
97.042	Emergency Management Performance Grants	6,036	1,787
97.043	State Fire Training Systems Grant	17	—
97.045	Cooperating Technical Partners	4	—
97.047	Pre-Disaster Mitigation	117	117
97.056	Port Security Grant Program	790	486
97.070	Map Modernization Management Support	89	—
97.075	Rail and Transit Security Grant Program	151	—
97.078	Buffer Zone Protection Plan (BZPP)	3,202	3,199
97.091	Homeland Security Biowatch Program	384	—
97.092	Repetitive Flood Claims	32	32
	Total U.S. Department of Homeland Security	62,630	41,938
	Totals	$ 22,897,375	9,400,255

See accompanying notes to the schedule of expenditures of Federal awards.

(1) Basis of Presentation

(a) Reporting Entity

The schedule of expenditures of Federal awards (the Schedule) includes all Federal award programs administered by the State of New Jersey (the State) except for component units for the fiscal year ended June 30, 2010. The State of New Jersey financial reporting entity is described in note 1B of the State's Comprehensive Annual Financial Report. Accordingly, the accompanying Schedule presents the Federal awards programs administered by the State of New Jersey, as defined above, for the year ended June 30, 2010.

(b) Federal Family Education Loan Program

The State of New Jersey administers the Federal Family Education Loan Program – Guaranty Program (FFELP). During the fiscal year ended June 30, 2010 new loans guaranteed amounted to approximately $635,948,000, loans repurchased during the year amounted to approximately $116,433,000 and administrative costs amounted to approximately $16,001,000 and are included in the accompanying Schedule. The principal outstanding for guaranteed loans at June 30, 2010 was $3,921,674,000. The loans guaranteed under the FFELP in previous years are not included in the accompanying Schedule.

(c) Federal Awards Programs Numbers

Certain programs presented in the accompanying Schedule includes Federal award programs that have not been assigned a Catalog of Federal Domestic Assistance (CFDA) number, which are reported by the respective Federal Agency and titled "UNA". Programs under direct contract are titled "CON". The Administration Costs Consolidations under the U.S. Department of Energy is labeled "ADM".

(d) Supplemental Nutrition Assistance Program

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.38 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2010.

(2) Basis of Accounting

(a) General

The accompanying Schedule includes the expenditures for each Federal financial assistance program of the State of New Jersey and is presented on the cash basis of accounting, which is based on cash disbursements for the period.

(b) Highway Planning and Construction Program

The amount presented in the Highway Planning and Construction Program (20.205) represents the summary of billings from the Department of Transportation to the Federal Government which include expenditures currently determined to be chargeable to the Federal program.

(c) Nonmonetary Federal Awards

The amounts identified in the Schedule as surplus foods, food stamps, commodities, and vaccines represent the dollar value of items consumed.

(3) Matching Costs

Matching costs, i.e., the non-Federal share of certain program costs, are not included in the accompanying Schedule.

(4) Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the cash basis explained in note 2.

(5) Contingencies

The State of New Jersey's participation in Federal funding is subject to review by the U.S. Department of Health and Human Services (HHS) as cognizant agency. HHS coordinates the review of findings and questioned costs with other Federal agencies. HHS and the other Federal agencies determine the ultimate allowability of expenditures charged to the Federal grants. The State of New Jersey is unable to determine the amounts, if any, that Federal agencies will disallow. Management is of the opinion that a liability, if any, resulting from any financial or compliance audits would not have a material effect on the Schedule.

The State of New Jersey is a party to various legal actions arising in the ordinary course of business. While it is not possible at this time to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the Schedule.

KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Governor
State of New Jersey:

Compliance

We have audited the State of New Jersey's (the State) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2010. The State's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The schedule of expenditures of Federal awards and our audit described below does not include expenditures of Federal awards for those entities determined to be component units of the State of New Jersey for financial statement purposes. These entities may be required to have their own independent audit in compliance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State's compliance with those requirements.

Disclaimer

As described in items 10-1 and 10-2 in the accompanying schedule of findings and questioned costs, we were unable to obtain sufficient documentation supporting the compliance of the State with the Medicaid Cluster and the Children's Health Insurance Program regarding activities allowed or unallowed, allowable costs/cost principles, and eligibility. Therefore, we were unable to express, and we do not express, an opinion on the compliance of the State with the requirements applicable to its Medicaid Cluster and Children's Health Insurance Program.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Qualifications

As identified in the following table and described in the accompanying schedule of findings and questioned costs, the State did not comply with certain compliance requirements that are applicable to certain of its major Federal programs. Compliance with such requirements is necessary, in our opinion, for the State to comply with the requirements applicable to the identified major Federal programs.

Federal awarding agency	State administering agency	Federal program	Compliance requirement	Finding number
U.S. Department of Agriculture/ U.S. Department of Health and Human Services	Department of Human Services/ Department of Health and Senior Senior Services	SNAP Cluster (including ARRA)/TANF Cluster (including ARRA)/ CCDF Cluster (including ARRA)	Subrecipient monitoring	10-5
U.S. Department of Health and Human Services	Department of Human Services	Child Support Enforcement (including ARRA)	Reporting	10-6
U.S. Department of Health and Human Services	Department of Human Services	CCDF Cluster (including ARRA)	Subrecipient monitoring	10-7
U.S. Department of Health and Human Services	Department of Human Services	Block Grants for the Prevention and Treatment of Substance Abuse	Activities allowed or unallowed/ Allowable costs/ cost principles/ Period of availability/ Subrecipient monitoring	10-8
U.S. Department of Health and Human Services	Department of Human Services	Block Grants for the Prevention and Treatment of Substance Abuse	Subrecipient monitoring	10-9
U.S. Department of Education	Department of Human Services	Vocational Rehabilitation Cluster (including ARRA)	Activities allowed or unallowed/ Allowable costs/ cost principles	10-10
U.S. Department of Agriculture	Department of Agriculture	Child Nutrition Cluster	Special tests and provisions	10-15
U.S. Department of Health and Human Services	Department of Health and Senior Services	HIV Care Formula Grants	Earmarking	10-19
U.S. Department of Health and Human Services	Department of Health and Senior Services	Public Health Emergency Preparedness	Reporting	10-20
U.S. Department of Transportation	Department of Transportation	Highway Planning and Construction Cluster (including ARRA)	Davis-Bacon Act	10-24
U.S. Department of Transportation	Department of Transportation	Highway Planning and Construction Cluster (including ARRA)	Subrecipient monitoring	10-25
U.S. Department of Defense	Department of Military and Veterans Affairs	National Guard Military Operations and Maintenance (O&M) Projects (including ARRA)	Reporting	10-26

Federal awarding agency	State administering agency	Federal program	Compliance requirement	Finding number
Environmental Protection Agency	Department of Environmental Protection	Capitalization Grants for Clean Water State Revolving Funds (including ARRA)	Subrecipient monitoring/ Special tests and provisions	10-28
Environmental Protection Agency	Department of Environmental Protection	Capitalization Grants for Drinking Water State Revolving Funds (including ARRA)	Subrecipient monitoring/ Special tests and provisions	10-29
U.S. Department of Health and Human Services	Department of Community Affairs	Low-Income Home Energy Assistance	Subrecipient monitoring	10-32

In our opinion, except for the noncompliance described in the preceding table, the State complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major Federal programs, except for Medicaid Cluster and Children's Health Insurance Program which we disclaimed an opinion as discussed in the fourth paragraph, for the year ended June 30, 2010. The results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 10-3, 10-4, 10-11, 10-13, 10-14, 10-21, 10-31, and 10-33.

Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the State's internal control over compliance with the requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items: 10-3, 10-5, 10-6, 10-7, 10-8, 10-9, 10-10, 10-12, 10-15, 10-16, 10-17, 10-19, 10-20, 10-24, 10-25, 10-26, 10-28, 10-29, and 10-32 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items: 10-3, 10-4, 10-5, 10-6, 10-7, 10-8, 10-9, 10-10, 10-11, 10-12, 10-13, 10-14, 10-15, 10-16, 10-17, 10-18, 10-19, 10-20, 10-21, 10-22, 10-23, 10-24, 10-25, 10-26, 10-27, 10-28, 10-29, 10-30, 10-31, 10-32, and 10-33 to be significant deficiencies.

The State's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State's responses, and accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management of the State of New Jersey, others within the entity, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

April 25, 2011

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

(1) Summary of Auditors' Results

Basic Financial Statements

(a) An unqualified opinion was issued by the State Auditor, State of New Jersey, on the basic financial statements of the State of New Jersey as of and for the year ended June 30, 2010.

(b) The audit by the State Auditor, State of New Jersey, disclosed no material weaknesses and one significant deficiency was reported in connection with the basic financial statements of the State of New Jersey as of and for the year ended June 30, 2010.

(c) The audit by the State Auditor, State of New Jersey disclosed no instances of noncompliance which are material to the basic financial statements of the State of New Jersey as of and for the year ended June 30, 2010.

Single Audit

(d) This audit of Federal financial assistance disclosed material weaknesses and significant deficiencies which were reported in connection with major Federal programs of the State of New Jersey for the year ended June 30, 2010.

(e) The type of report issued on compliance for major programs:

Disclaimer:

Medicaid Cluster (including ARRA)
Children's Health Insurance Program

Qualifications:

Block Grants for the Prevention and Treatment of Substance Abuse
SNAP Cluster (including ARRA)
TANF Cluster (including ARRA)
CCDF Cluster (including ARRA)
Child Support Enforcement (including ARRA)
Vocational Rehabilitation Cluster (including ARRA)
Child Nutrition Cluster
Low-Income Home Energy Assistance
HIV Care Formula Grants
Public Health Emergency Preparedness
Highway Planning and Construction Cluster (including ARRA)
National Guard Military Operations and Maintenance (O&M) Projects (including ARRA)
Capitalization Grants for Clean Water State Revolving Funds (including ARRA)
Capitalization Grants for Drinking Water State Revolving Funds (including ARRA)

The opinions for all other major programs are unqualified.

(f) There were audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 for the year ended June 30, 2010.

(g) The major Federal programs of the State of New Jersey for the year ended June 30, 2010 were as follows:

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Agriculture			
Child Nutrition Cluster	10.553, 10.555, 10.556	1NJ300304	10/1/01 - 9/30/02
	10.559	1NJ300304	10/1/02 - 9/30/03
		1NJ300304	10/1/03 - 9/30/04
		1NJ300304	10/1/04 - 9/30/05
		1NJ300304	10/1/05 - 9/30/06
		1NJ300304	10/1/06 - 9/30/07
		1NJ300304	10/1/07 - 9/30/08
		1NJ300304	10/1/08 - 9/30/09
		1NJ300304	10/1/09 - 9/30/10

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558	1NJ300304	10/1/02 - 9/30/03
		1NJ300304	10/1/06 - 9/30/07
		1NJ300304	10/1/07 - 9/30/08
		1NJ300304	10/1/08 - 9/30/09
		1NJ300304	10/1/09 - 9/30/10
U.S. Department of Agriculture			
SNAP Cluster	10.551	12-35-344109	10/1/08 - 9/30/09
		12-35-344110	10/1/09 - 9/30/10
	10.561	12-35-344108	10/1/07 - 9/30/08
		12-35-344109	10/1/08 - 9/30/09
		12-35-344110	10/1/09 - 9/30/10
	10.561 (ARRA)	12-35-344110	10/1/09 - 9/30/10
U.S. Department of Agriculture			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	1NJ700704	10/1/07 - 9/30/08
		1NJ700704	10/1/08 - 9/30/09
		1NJ700704	10/1/09 - 9/30/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Defense			
National Guard Military Operations and Maintenance (O&M) Projects	12.401	DAHA280222001	10/1/01 - 12/31/11
		DAHA280421001	10/1/05 - 12/31/11
		DAHA280421002	10/1/06 - 6/30/11
		DAHA280421003	10/1/08 - 1/31/11
		DAHA280421004	10/1/07 - 1/31/11
		DAHA280421005	10/1/06 - 1/31/11
		DAHA280421007	10/1/09 - 1/31/11
		DAHA280421008	10/1/09 - 1/31/11
		DAHA280421010	10/1/08 - 12/31/11
		DAHA280421014	10/1/08 - 1/31/11
		DAHA280421021	10/1/06 - 12/31/11
		DAHA280421022	10/1/08 - 1/31/11
		DAHA280421023	10/1/08 - 1/31/11
		DAHA280421024	10/1/09 - 1/31/11
		DAHA280421040	10/1/08 - 1/31/11
	12.401 (ARRA)	W912-09-2-9001	5/20/09 - 12/31/11
		W912KN-09-2-9001	5/20/09 - 6/30/11

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Housing and Urban Development			
Housing Voucher Cluster	14.871	NJ912AF0055	7/1/09 - 7/31/09
		NJ912AF0056	7/1/09 - 7/31/09
		NJ912AFHV11	7/1/09 - 7/31/09
		NJ912AF0057	8/1/09 - 8/31/09
		NJ912AF2008	8/1/09 - 8/31/09
		NJ912AF0058	9/1/09 - 9/30/09
		NJ912AF0060	9/1/09 - 9/30/09
		NJ912VO0491	10/1/08 - 9/30/09
		NJ912VO0501	7/1/09 - 9/30/09
		NJ912AF0059	10/1/09 - 10/31/09
		NJ912VO0502	10/1/09 - 10/31/09
		NJ912AF0061	11/1/09 - 11/30/09
		NJ912VO0503	11/1/09 - 11/30/09
		NJ912AF0062	12/1/09 - 12/31/09
		NJ912AFHV12	12/1/09 - 12/31/09
		NJ912VO0504	12/1/09 - 12/31/09
		NJ912AF0063	1/1/10 - 2/28/10
		NJ912VO0505	1/1/10 - 2/28/10
		NJ912AF0064	3/1/10 - 3/31/10
		NJ912VO0506	3/1/10 - 3/31/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Housing and Urban Development			
Housing Voucher Cluster (continued)		NJ912AF0066	4/1/10 - 4/30/10
		NJ912AF0067	5/1/10 - 5/31/10
		NJ912AFHV13	5/1/10 - 5/31/10
		NJ912VOFFR1	5/1/10 - 5/31/10
		NJ912VOPR09	5/1/10 - 5/31/10
		NJ912AF0068	6/1/10 - 6/30/10
		NJ912AF2009	6/1/10 - 6/30/10
U.S. Department of Labor			
Unemployment Insurance	17.225	UI-14449-05-55	10/1/04 - 12/31/07
		UI-15135-06-55	10/1/05 - 12/31/08
		UI-15814-07-55	10/1/06 - 12/31/09
		UI-16762-08-55	10/1/07 - 12/31/10
		UI-18036-09-55	10/1/08 - 12/31/11
		UI-19598-10-55	10/1/09 - 12/31/12
	17.225 (ARRA)	UI-18036-09-55	10/1/08 - 12/31/11
U.S. Department of Labor			
Workforce Investment Act Cluster	17.258, 17.259, 17.260	AA-14690-05-55	4/01/05 - 6/30/08
		AA-15494-06-55	4/01/06 - 6/30/09
		AA-16044-07-55	4/01/07 - 6/30/10
		AA-17137-08-55	4/01/08 - 6/30/11
	17.258, 17.259, 17.260 (ARRA)	AA-17137-08-55	2/17/09 - 6/30/11

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Transportation			
Highway Planning and Construction Cluster	20.205	Various	Various
	20.205 (ARRA)	Various	Various
	20.219	Various	Various
Environmental Protection Agency			
Capitalization Grants for Clean Water State Revolving Funds	66.458	CS340001-94	9/1/94 - 9/30/14
		CS340001-95	7/1/95 - 9/30/11
		CS340001-96	1/17/96 - 9/30/14
		CS340001-97	9/30/97 - 9/30/12
		CS340001-98	9/30/98 - 9/30/14
		CS340001-99	7/1/99 - 9/30/16
		CS340001-00	7/1/00 - 9/30/20
		CS340001-01	7/25/01 - 9/30/25
		CS342003-03	7/1/03 - 9/30/29
		CS340001-05	7/1/05 - 6/30/36
		CS340001-06	7/1/06 - 6/30/31
		CS340001-07	7/1/07 - 6/30/31
		CS340001-08	7/1/08 - 6/30/31
		CS340001-09	7/1/09 - 6/30/31
		CS340001-10	7/1/10 - 6/30/33
	66.458 (ARRA)	2W34000209	7/1/09 - 6/30/15

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
Environmental Protection Agency			
Capitalization Grants for Drinking Water State Revolving Funds	66.468	FS992902-97	7/1/97 - 9/30/12
		FS992903-98	7/1/97 - 9/30/12
		FS992903-99	10/1/99 - 6/30/14
		FS992903-00	7/14/00 - 8/30/15
		FS992903-01	7/25/01 - 9/30/15
		FS992903-02	7/1/02 - 9/30/17
		FS992903-03	7/1/03 - 8/30/18
		FS992903-04	7/1/04 - 8/30/19
		FS992903-07	7/1/04 - 8/30/20
		FS992903-08	7/1/08 - 8/30/21
		FS992903-09	7/1/09 - 8/30/20
		FS992903-10	7/1/10 - 8/30/21
	66.468 (ARRA)	2F97231909	10/1/08 - 12/31/13
U.S. Department of Education			
Title I, Part A Cluster	84.010	S010A050030	7/1/05 - 9/30/06
		S010A060030	7/1/06 - 9/30/07
		S010A070030	7/1/07 - 9/30/08
		S010A080030	7/1/08 - 9/30/09
		S010A090030	7/1/09 - 9/30/10
	84.389 (ARRA)	S389A090030	2/17/09 - 9/30/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Education			
Federal Family Education Loan Program - Guaranty Agencies	84.032	N/A	7/1/06 - 6/30/07
		N/A	7/1/07 - 6/30/08
		N/A	7/1/08 - 6/30/09
		N/A	7/1/09 - 6/30/10
U.S. Department of Education			
Special Education Cluster (IDEA)	84.027	H027A050100A	7/1/05 - 9/30/06
		H027A060100A	7/1/06 - 9/30/07
		H027A070100A	7/1/07 - 9/30/08
		H027A080100A	7/1/08 - 9/30/09
		H027A090100A	7/1/09 - 9/30/10
	84.173	H173A050114	7/1/05 - 9/30/06
		H173A060114	7/1/06 - 9/30/07
		H173A070114	7/1/07 - 9/30/08
		H173A080114	7/1/08 - 9/30/09
		H173A080114	7/1/09 - 9/30/10
	84.391 (ARRA)	H391A090100A	2/17/09 - 9/30/10
	84.392 (ARRA)	H392A090114A	2/17/09 - 9/30/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Education			
Vocational Rehabilitation Cluster	84.126	H126A070043	10/1/06 - 9/30/07
		H126A080043	10/1/07 - 9/30/08
		H126A0800423	10/1/07 - 9/30/08
		H126A090043	10/1/08 - 9/30/09
		H126A0900423	10/1/08 - 9/30/09
		H126A100043	10/1/09 - 9/30/10
		H126A1000423	10/1/09 - 9/30/10
	84.390 (ARRA)	H390A090043	2/17/09 - 9/30/10
		H390A090044	2/17/09 - 12/31/11
U.S. Department of Education			
Improving Teacher Quality State Grants	84.367	S367A030029	7/1/03 - 9/30/04
		S367A040029	7/1/04 - 9/30/05
		S367A050029	7/1/05 - 9/30/06
		S367A060029	7/1/06 - 9/30/07
		S367A070029	7/1/07 - 9/30/08
		S367A080029A	7/1/08 - 9/30/09
		S367A090029A	7/1/09 - 9/30/10
		S367B030029	7/1/03 - 9/30/04
		S367B040029	7/1/04 - 9/30/05
		S367B050029	7/1/05 - 9/30/06
		S367B060027	7/1/06 - 9/30/07

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Education			
Improving Teacher Quality State Grants (continued)	84.367	S367B070027	7/1/07 - 9/30/08
		S367B080027	7/1/08 - 9/30/09
		S367B090027	7/1/09 - 9/30/10
U.S. Department of Education			
State Fiscal Stabilization Fund Cluster	84.394 (ARRA)	S394A090031	6/4/09 - 9/30/10
	84.397 (ARRA)	S397A090031	6/4/09 - 9/30/10
U.S. Department of Health & Human Services			
Public Health Emergency Preparedness (including nonmonetary)	93.069	5U90TP217004-09	8/10/08 - 8/9/09
		5U90TP217004-10	8/10/09 - 8/9/10
		1H75TP000372-01	7/31/09 - 7/30/11
U.S. Department of Health & Human Services			
Immunization Cluster	93.268	H23/CCH222576	1/1/09 - 12/31/09
		H23/CCH222576	1/1/10 - 12/31/10
	93.712 (ARRA)	ARRA	6/1/09 - 9/30/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Health & Human Services			
TANF Cluster	93.558	G0802NJTANF	10/1/07 - 9/30/09
		G0902NJTANF	10/1/08 - 9/30/11
		G1002NJTANF	10/1/09 - 9/30/12
	93.714 (ARRA)	G0901NJTAN2	10/1/09 - 9/30/11
U.S. Department of Health & Human Services			
Child Support Enforcement	93.563	G0804NJ4004	10/1/07 - 9/30/09
		G0904NJ4004	10/1/08 - 9/30/10
		G1004NJ4004	10/1/09 - 9/30/11
	93.563 (ARRA)	G0904NJ4002	10/1/09 - 9/30/12
		G1004NJ4004	10/1/09 - 9/30/12
U.S. Department of Health & Human Services			
Low-Income Home Energy Assistance	93.568	G-0601NJLIEA	10/1/05 - 9/30/07
		G-0701NJLIEA	10/1/06 - 9/30/08
		G-0801NJLIEA	10/1/07 - 9/30/09
		G-0901NJLIEA	10/1/08 - 9/30/10
		G-1001NJLIEA	10/1/09 - 9/30/11

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Health & Human Services			
CCDF Cluster	93.575	G0801NJCCD2	10/1/07 - 9/30/09
		G0901NJCCD2	10/1/08 - 9/30/10
		G1001NJCCD2	10/1/09 - 9/30/12
	93.596	G0801NJCCDA	10/1/07 - 9/30/09
		G0901NJCCDA	10/1/08 - 9/30/10
		G0901NJCCDF	10/1/08 - 9/30/10
		G1001NJCCDF	10/1/08 - 9/30/12
	93.713 (ARRA)	G0901NJCCD7	4/1/09 - 9/30/10
U.S. Department of Health & Human Services			
Foster Care - Title IV-E	93.658	G0801NJ1401	10/1/07 - 9/30/09
		G0901NJ1401	10/1/08 - 9/30/10
	93.658 (ARRA)	G0902NJ1402	10/1/08 - 9/30/10
		G1002NJ1402	10/1/08 - 9/30/10
U.S. Department of Health & Human Services			
Adoption Assistance	93.659	G0801NJ1407	10/1/07 - 9/30/09
		G0901NJ1407	10/1/08 - 9/30/10
	93.659 (ARRA)	G0902NJ1403	10/1/08 - 9/30/10
		G1002NJ1403	10/1/08 - 9/30/10

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Health & Human Services			
Social Services Block Grant	93.667	0801NJSOSR	10/7/07 - 9/30/08
		0901NJSOSR	10/1/08 - 9/30/09
		1001NJSOSR	10/1/09 - 9/30/10
U.S. Department of Health & Human Services			
Children's Health Insurance Program	93.767	0705NJ5021	7/1/06 - 6/30/08
		0805NJ5021	7/1/07 - 6/30/09
		0905NJ5021	7/1/08 - 6/30/10
		1005NJ5021	7/1/09 - 6/30/11
U.S. Department of Health & Human Services			
Medicaid Cluster	93.775, 93.777, 93.778	0705NJ5028	7/1/06 - 6/30/08
		0705NJ5048	7/1/06 - 6/30/08
		0805NJ5028	7/1/07 - 6/30/09
		0805NJ5048	7/1/07 - 6/30/09
		0905NJ5048	7/1/08 - 6/30/10
		0905NJ5028	7/1/08 - 6/30/10
		1005NJ5MAP	7/1/09 - 6/30/11
		1005NJ5ADM	7/1/09 - 6/30/11
	93.778 (ARRA)	0905NJARRA	10/1/08 - 6/30/10
		1005NJARRA	10/1/09 - 6/30/11

(Continued)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2010

Major Program/Cluster	CFDA Number	Federal Award Number	Federal Award Period
U.S. Department of Health & Human Services			
HIV Care Formula Grants	93.917	6 X 07 HA 00017	4/1/04 - 3/31/05
		6 X 07 HA 00017	4/1/05 - 3/31/06
		6 X 07 HA 00017	4/1/06 - 3/31/07
		2 X 07 HA 00017	4/1/07 - 3/31/08
		2 X 07 HA 00017-18	4/1/08 - 3/31/09
		2 X 07 HA 0017-19	4/1/09 - 3/31/10
		2 X 07 HA 0017-11	4/1/10 - 3/31/11
U.S. Department of Health & Human Services			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	08B1NJSAPT	7/1/07 - 6/30/09
		09B1NJSAPT	7/1/08 - 6/30/10
		10B1NJSAPT	7/1/09 - 6/30/12
Social Security Administration			
Disability Insurance/SSI Cluster	96.001	DDDCOMB2007	10/1/06 - 9/30/07
		DDDCOMB2008	10/1/07 - 9/30/08
		DDDCOMB2009	10/1/08 - 9/30/09
		DDDCOMB2010	10/1/09 - 9/30/10

(Continued)

(h) The dollar threshold used to distinguish between type A and type B programs was $40,396,336 for Federal awards for the year ended June 30, 2010.

(i) The State of New Jersey did not qualify as a low risk auditee for the year ended June 30, 2010.

(2) Findings Related to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:

Findings related to the basic financial statements of the State of New Jersey for the year ended June 30, 2010 were reported in accordance with *Government Auditing Standards* by the State Auditor, State of New Jersey, under separate cover.

(3) Findings and Questioned Costs Relating to Federal Awards:

See appendix of findings items 10-1 to 10-33.

APPENDIX OF FINDINGS

Medicaid Cluster (93.775, 93.777, 93.778)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-1 Disclaimer of Opinion: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Criteria

Activities Allowed or Unallowed

1. Funds can only be used for Medicaid benefit payments (as specified in the State plan, Federal regulations, or an approved waiver), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180).

2. *Case Management Services* – The State plan may provide for case management services as an optional medical assistance service. The term "case management services" means services that will assist individuals eligible under the plan in gaining access to needed medical, social, educational, and other services.

   Medicaid case management services are divided into two separate categories:

   Administrative case management – Services must be identifiable with Title XIX benefit (e.g., outreach services provided by public school districts to Medicaid recipients).

   Medical/targeted case management – Services must be provided to an eligible Medicaid recipient. Services do not have to be specifically medical in nature and can include securing shelter, personal needs, etc. (e.g., services provided by community mental health boards, county offices of aging).

   Case management services is an area of risk because of the high growth of expenditures and prior experience that indicates problems with the documentation of case management expenditures.

   With the exception of case management services provided through capitation (a process in which payment is made on a per beneficiary basis) or prepaid health plans, Federal regulations typically require the following documentation for case management services: date of service; name of recipient; name of provider agency and person providing the service; nature, extent, or units of service; and, place of service (Pub. L. No. 99-272, Section 9508; 42 CFR part 434).

3. *Managed Care* – A State may obtain a waiver of statutory requirements in order to develop a system that more effectively addresses the health care needs of its population. For example, a waiver may involve the use of a program of managed care for selected elements of the client population or allow the use of program funds to serve specified populations that would be otherwise ineligible (Section 1115 of the Social Security Act). Managed care providers must be eligible to participate in the program at the time services are rendered, payments to managed care plans should only be for eligible clients for the proper period, and the capitation payment should be properly calculated. Medicaid medical services payments (e.g., hospital and doctors charges) should not be made for services that are covered by

managed care. States should ensure that capitated payments to providers are discontinued when a beneficiary is no longer enrolled for services. Requirements related to beneficiaries' access to managed care services are covered under III.N.6 Special Tests and Provisions – Managed Care.

4. *Medicaid Health Insurance Premiums* – A State may enroll certain Medicare-eligible recipients under Medicare Part B and pay the premium, deductibles, cost sharing, and other charges (42 CFR section 431.625).

5. *Disproportionate Share Hospital* – Federal financial participation is available for aggregate payments to hospitals that serve a disproportionate number of low-income patients with special needs. The State plan must specifically define a disproportionate share hospital and the method of calculating the rate for these hospitals. Specific limits for the total disproportionate share hospital payments for the State and the individual hospitals are contained in the legislation (Section 1923 of the Social Security Act and 42 USC 1396(r)).

6. *Home and Community-Based Services* – A State may obtain a waiver of statutory requirements to provide an array of home and community-based services which may permit an individual to avoid institutionalization (42 CFR part 441, subpart G). The HHS OIG has issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the *Federal Register* on August 10, 1995, (page 40847) and is available on the Internet from the HHS OIG home page, Special Fraud Alerts section (http://oig.hhs.gov/fraud/fraudalerts.html).

Allowable Costs/Cost Principles

Recoveries, Refunds, and Rebates (Costs must be the net of all applicable credits)

1. States must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought (42 CFR sections 433.135 through 433.154).

2. The State is required to credit the Medicaid program for (1) State warrants that are canceled and uncashed checks beyond 180 days of issuance (escheated warrants) and (2) overpayments made to providers of medical services within specified time frames. In most cases, the State must refund provider overpayments to the Federal Government within 60 days of identification of the overpayment, regardless of whether the overpayment was collected from the provider (42 CFR sections 433.300 through 433.320, and 433.40).

3. Section 1903(w)(1) of the Social Security Act (as amended by Pub. L. No. 102-234) provides that, effective January 1, 1992, before calculating the amount of Federal financial participation, certain revenues received by a State will be deducted from the State's medical assistance expenditures. The revenues to be deducted are (1) donations made by health providers and entities related to providers (except for *bona fide* donations and, subject to a limitation, donations made by providers for the direct costs of out-stationed eligibility workers); and (2) impermissible health care-related taxes that exceed a specified limit (42 USC 1396(b)(w); 42 CFR section 433.57).

"Provider-related donations" are any donations or other voluntary payments (in-cash or in-kind) made directly or indirectly to a State or unit of local government by (1) a health care provider, (2) an entity related to a health care provider, or (3) an entity providing goods or services under the State plan and paid as administrative expenses. "Bona fide provider-related donations" are donations that have no direct or indirect relationship to payments made under Title XIX (42 USC 1396 *et seq.*) to (1) that provider, (2) providers furnishing the same class of items and services as that provider, or (3) any related entity (42 CFR sections 433.58(d) and 433.66(b)).

Permissible health care-related taxes are those taxes which are broad-based taxes, uniformly applied to a class of health care items, services, or providers, and which do not hold a taxpayer harmless for the costs of the tax, or a tax program for which CMS has granted a waiver. Health care-related taxes that do not meet these requirements are impermissible health care-related taxes (42 CFR section 433.68(b)).

The provisions of Pub. L. No. 102-234 apply to all 50 States and the District of Columbia, except those States whose entire Medicaid program is operated under a waiver granted under section 1115 of the Social Security Act (42 CFR part 433; *Federal Register,* August 13, 1993, 58 FR 43156-43183).

4. Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to CMS of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on these data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

Eligibility for Individuals

a. States have flexibility in determining eligibility levels for individuals for whom the State will receive enhanced matching funds within the guidelines established under the Act. Generally, a State may not cover children with higher family income without covering children with a lower family income, nor deny eligibility based on a child having a preexisting medical condition. States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children. State plans should be consulted for specific information concerning individual eligibility requirements (42 USC 1397bb(b)).

   States have the option to extend eligibility to low-income targeted pregnant women. There is no income eligibility level for pregnant women in CHIP that is lower than the State's Medicaid level, and States must cover pregnant women up to 185% of the Federal poverty level before they can elect the option to include pregnant women in the CHIP State plan (Pub. L. No. 111-3, Section 111).

b. Qualified aliens, as defined at 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for a separate child health program under title XXI (CHIP) for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8 USC 1613. States must provide coverage under a separate child health program under title XXI to all other otherwise eligible qualified aliens who are not barred from coverage under 8 USC 1613 (42 CFR section 457.320(b)(6)).

c. States may elect to provide medical assistance, notwithstanding section 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, to children and pregnant women who are lawfully residing in the United States and who are otherwise eligible for such assistance. This optional coverage in CHIP is only applicable if the State has elected to apply this allowance with respect to such category of children or pregnant women under title XIX Pub. L. No. 111-3, Section 214).

Condition

The State of New Jersey, Department of Human Services, Division of Medical Assistance and Health Services, utilizes its Bureau of Quality Control (the Bureau) to perform Medicaid Eligibility Quality Control (MEQC) and Payment Error Rate Measurement positive case reviews of eligibility determinations, performed by the respective County Welfare Agencies (CWAs).

Our audit noted the Bureau did not perform any MEQC eligibility reviews for the period July 1, 2009 through June 30, 2010.

Total program expenditures for Medicaid included on the schedule of expenditures of federal awards were $5,911,356,894 for the State fiscal year 2010.

A similar finding was included in the 2009, 2008 and 2007 prior year single audit reports as items 09-1, 08-1 and 07-42, respectively.

Cause

The Bureau did not perform all case reviews within the specified time periods.

Effect

Payments under the Medicaid program may be processed on behalf of ineligible clients for services received in a given fiscal year.

Recommendation

We recommend that the Department implement procedures to monitor and perform eligibility reviews of eligibility determinations performed at the CWAs on a timely basis.

Related Noncompliance

We were unable to determine compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Children's Health Insurance Program (93.767)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-2 Disclaimer of Opinion: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

Criteria

Activities Allowed or Unallowed

1. *Activities Allowed* – States have general flexibility in allocating their individual allotments toward activities needed to conduct the CHIP (42 USC 1397ee(a)). In addition to expenditures for child health assistance under the plan for targeted low-income children, other allowable activities, to the extent permitted by 42 USC 1397ee(c), include payment of other child health assistance for targeted low-income children; expenditures for health services initiatives for improving the health of children (targeted and other low income) under the plan; expenditures for outreach activities; and other reasonable costs incurred by the State to administer the plan (42 USC 1397ee).

2. *Activities Unallowed* – Federal funds may not be expended under the State plan to pay for any abortion or to assist in the purchase, in whole or in part, of health coverage that includes coverage of abortion, except if necessary to save the life of the mother or if the pregnancy is the result of incest or rape (42 USC 1397ee(c)).

Allowable Costs/Cost Principles

a. Basic Guidelines

The basic guidelines affecting allowability of costs are identified in OMB Circular A-87 (A-87), Attachment A, section C. Cost must meet the following general criteria to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance and administration of Federal awards. (Refer to A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)

(b) Be allocable to Federal awards under the provisions of A-87. (Refer to A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)

(c) Be authorized or not prohibited under State or local laws or regulations.

(d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

(e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

(f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

(i) Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)

(j) Be adequately documented.

b. Selected Items of Cost

(1) Sections 1 through 43 of A-87, Attachment B, provide the principles to be applied in establishing the allowability or unallowability of certain items of cost. (For a listing of costs, refer to Exhibit 1 of this part of the Supplement.) These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost in this section of A-87 is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

(2) A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in A-87, Attachment A.

c. Submission Requirements

(1) Submission requirements are identified in A-87, Attachment C, paragraph D.

(2) A State is required to submit a State-wide central service CAP to HHS for each year in which it claims central service costs under Federal awards.

(3) A local government that has been designated as a “major local government” by OMB is required to submit a central service CAP to its cognizant agency annually. All other local governments claiming central service costs must develop a CAP in accordance with the requirements described in A-87 and maintain the plan and related supporting documentation for audit. Local governments are not required to submit the plan for Federal approval unless they are specifically requested to do so by the cognizant agency. If a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiating and/or monitoring the local government’s plan.

(4) All central service CAPs will be prepared and, when required, submitted within the 6 months prior to the beginning of the governmental unit’s fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency.

d. Documentation Requirements

(1) The central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under Federal awards. Costs of central services omitted from the CAP will not be reimbursed.

(2) The documentation requirements for all central service CAPs are contained in A-87, Attachment C, paragraph E. All plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the record retention requirements contained in the A-102 Common Rule.

e. Required Certification – No proposal to establish a central service CAP, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be accepted and approved unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as set forth in A-87, Attachment C.

f. Allocated Central Service Costs (Section I Costs) – A carry-forward adjustment is not permitted for a central service activity that was not included in the previously approved plan or for unallowable costs that must be reimbursed immediately (A-87, Attachment C, paragraph G.3).

g. Billed Central Service Costs (Section II Costs)

(1) Internal service funds for central service activities are allowed a working capital reserve of up to 60 days cash expenses for normal operating purposes (A-87, Attachment C, paragraph G.2). A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.

(2) Adjustments of billed central services are required when there is a difference between the revenue generated by each billed service and the actual allowable costs (A-87, Attachment C, paragraph G.4). The adjustments will be made through one of the following methods:

(a) A cash refund to the Federal Government for the Federal share of the adjustment, if revenue exceeds costs,

(b) Credits to the amounts charged to the individual programs,

(c) Adjustments to future billing rates, or

(d) Adjustments to allocated central service costs (Section I) if the total amount of the adjustment for a particular service does not exceed $500,000.

(3) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer (A-87, Attachment B, paragraph 22).

Eligibility for Individuals

a. States have flexibility in determining eligibility levels for individuals for whom the State will receive enhanced matching funds within the guidelines established under the Act. Generally, a State may not cover children with higher family income without covering children with a lower family income, nor deny eligibility based on a child having a preexisting medical condition. States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children. State plans should be consulted for specific information concerning individual eligibility requirements (42 USC 1397bb(b)).

   States have the option to extend eligibility to low-income targeted pregnant women. There is no income eligibility level for pregnant women in CHIP that is lower than the State's Medicaid level, and States must cover pregnant women up to 185% of the Federal poverty level before they can elect the option to include pregnant women in the CHIP State plan (Pub. L. No. 111-3, Section 111).

b. Qualified aliens, as defined at 8 USC 1641, who entered the United States on or after August 22, 1996, are not eligible for a separate child health program under title XXI (CHIP) for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8 USC 1613. States must provide coverage under a separate child health program under title XXI to all other otherwise eligible qualified aliens who are not barred from coverage under 8 USC 1613 (42 CFR section 457.320(b)(6)).

c. States may elect to provide medical assistance, notwithstanding section 401(a), 402(b), 403, and 421 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, to children and pregnant women who are lawfully residing in the United States and who are otherwise eligible for such assistance. This optional coverage in CHIP is only applicable if the State has elected to apply this allowance with respect to such category of children or pregnant women under title XIX Pub. L. No. 111-3, Section 214).

Condition

The State of New Jersey, Department of Human Services, Division of Medical Assistance and Health Services, utilizes its Bureau of Quality Control (the Bureau) to perform Medicaid Eligibility Quality Control (MEQC) and Payment Error Rate Measurement positive case reviews of eligibility determinations performed by the respective County Welfare Agencies (CWAs) for recipients under the Children's Health Insurance Program (CHIP).

The Bureau did not perform any eligibility reviews for the period January 1, 2010 through June 30, 2010.

Total program expenditures for CHIP included on the schedule of expenditures of federal awards was $528,105,475 for the State fiscal year 2010.

Cause

The Bureau did not perform all case reviews within the specified time periods.

Effect

Payments under the CHIP program may be processed on behalf of ineligible clients for services received in a given fiscal year.

Recommendation

We recommend that the Department implement procedures to monitor and perform eligibility reviews of eligibility determinations performed at the CWAs on a timely basis.

Related Noncompliance

We were unable to determine compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Medicaid Cluster (93.775, 93.777, 93.778)

State Agency: Department of Health and Senior Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-3 Suspension and Debarment

Criteria

Governmentwide requirements for nonprocurement suspension and debarment are contained in the OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension. The OMB guidance, which superseded the suspension and debarment common rule published November 26, 2003, is substantially the same as that rule.

Nonfederal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed $25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the governmentwide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a nonfederal entity enters into a covered transaction with an entity at a lower-tier, the nonfederal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (http://epls.arnet.gov).

Condition

The Department does not have a process in place to ensure that subrecipients are not suspended and debarred. Based on our audit procedures, none of the subrecipients were listed on the Excluded Parties List System maintained by General Services Administration (GSA), and therefore do not appear to be suspended or debarred.

The amounts passed to subrecipients for the State fiscal year 2010 was $5,134,636,421.

Cause

The Department did not obtain suspension and debarment certifications from the program's subrecipients.

Effect

Federal funds could be granted to subrecipients that have been suspended or debarred.

Recommendation

We recommend that the Department implement procedures to obtain suspension and debarment certifications from all subrecipients.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Children's Health Insurance Program (93.767)

Medicaid Cluster (93.775, 93.777, 93.778)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-4 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria

Children's Health Insurance Program – Program Specific

Activities Allowed or Unallowed

1. *Activities Allowed* – States have general flexibility in allocating their individual allotments toward activities needed to conduct the CHIP (42 USC 1397ee(a)). In addition to expenditures for child health assistance under the plan for targeted low-income children, other allowable activities, to the extent permitted by 42 USC 1397ee(c), include payment of other child health assistance for targeted low-income children; expenditures for health services initiatives for improving the health of children (targeted and other low income) under the plan; expenditures for outreach activities; and other reasonable costs incurred by the State to administer the plan (42 USC 1397ee).

2. *Activities Unallowed* – Federal funds may not be expended under the State plan to pay for any abortion or to assist in the purchase, in whole or in part, of health coverage that includes coverage of abortion, except if necessary to save the life of the mother or if the pregnancy is the result of incest or rape (42 USC 1397ee(c)).

Medicaid Cluster – Program Specific

Activities Allowed or Unallowed

1. Funds can only be used for Medicaid benefit payments (as specified in the State plan, Federal regulations, or an approved waiver), expenditures for administration and training, expenditures for the State Survey and Certification Program, and expenditures for State Medicaid Fraud Control Units (42 CFR sections 435.10, 440.210, 440.220, and 440.180).

2. *Case Management Services* – The State plan may provide for case management services as an optional medical assistance service. The term "case management services" means services that will assist individuals eligible under the plan in gaining access to needed medical, social, educational, and other services.

   Medicaid case management services are divided into two separate categories:

   Administrative case management – Services must be identifiable with Title XIX benefit (e.g., outreach services provided by public school districts to Medicaid recipients).

   Medical/targeted case management – Services must be provided to an eligible Medicaid recipient. Services do not have to be specifically medical in nature and can include securing shelter, personal needs, etc. (e.g., services provided by community mental health boards, county offices of aging).

Case management services is an area of risk because of the high growth of expenditures and prior experience that indicates problems with the documentation of case management expenditures.

With the exception of case management services provided through capitation (a process in which payment is made on a per beneficiary basis) or prepaid health plans, Federal regulations typically require the following documentation for case management services: date of service; name of recipient; name of provider agency and person providing the service; nature, extent, or units of service; and, place of service (Pub. L. No. 99-272, Section 9508; 42 CFR part 434).

3. *Managed Care* – A State may obtain a waiver of statutory requirements in order to develop a system that more effectively addresses the health care needs of its population. For example, a waiver may involve the use of a program of managed care for selected elements of the client population or allow the use of program funds to serve specified populations that would be otherwise ineligible (Section 1115 of the Social Security Act). Managed care providers must be eligible to participate in the program at the time services are rendered, payments to managed care plans should only be for eligible clients for the proper period, and the capitation payment should be properly calculated. Medicaid medical services payments (e.g., hospital and doctors charges) should not be made for services that are covered by managed care. States should ensure that capitated payments to providers are discontinued when a beneficiary is no longer enrolled for services. Requirements related to beneficiaries' access to managed care services are covered under III.N.6 Special Tests and Provisions – Managed Care.

4. *Medicaid Health Insurance Premiums* – A State may enroll certain Medicare-eligible recipients under Medicare Part B and pay the premium, deductibles, cost sharing, and other charges (42 CFR section 431.625).

5. *Disproportionate Share Hospital* – Federal financial participation is available for aggregate payments to hospitals that serve a disproportionate number of low-income patients with special needs. The State plan must specifically define a disproportionate share hospital and the method of calculating the rate for these hospitals. Specific limits for the total disproportionate share hospital payments for the State and the individual hospitals are contained in the legislation (Section 1923 of the Social Security Act and 42 USC 1396(r)).

6. *Home and Community-Based Services* – A State may obtain a waiver of statutory requirements to provide an array of home and community-based services which may permit an individual to avoid institutionalization (42 CFR part 441, subpart G). The HHS OIG has issued a special fraud alert concerning home health care. Problems noted include cost report frauds, billing for excessive services or services not rendered, and use of unlicensed staff. The full alert was published in the *Federal Register* on August 10, 1995, (page 40847) and is available on the Internet from the HHS OIG home page, Special Fraud Alerts section (http://oig.hhs.gov/fraud/fraudalerts.html).

Allowable Costs/Cost Principles

Recoveries, Refunds, and Rebates (Costs must be the net of all applicable credits)

1. States must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought (42 CFR sections 433.135 through 433.154).

2. The State is required to credit the Medicaid program for (1) State warrants that are canceled and uncashed checks beyond 180 days of issuance (escheated warrants) and (2) overpayments made to providers of medical services within specified time frames. In most cases, the State must refund provider overpayments to the Federal Government within 60 days of identification of the overpayment, regardless of whether the overpayment was collected from the provider (42 CFR sections 433.300 through 433.320, and 433.40).

3. Section 1903(w)(1) of the Social Security Act (as amended by Pub. L. No. 102-234) provides that, effective January 1, 1992, before calculating the amount of Federal financial participation, certain revenues received by a State will be deducted from the State's medical assistance expenditures. The revenues to be deducted are (1) donations made by health providers and entities related to providers (except for *bona fide* donations and, subject to a limitation, donations made by providers for the direct costs of out-stationed eligibility workers); and (2) impermissible health care-related taxes that exceed a specified limit (42 USC 1396(b)(w); 42 CFR section 433.57).

   "Provider-related donations" are any donations or other voluntary payments (in-cash or in-kind) made directly or indirectly to a State or unit of local government by (1) a health care provider, (2) an entity related to a health care provider, or (3) an entity providing goods or services under the State plan and paid as administrative expenses. "Bona fide provider-related donations" are donations that have no direct or indirect relationship to payments made under Title XIX (42 USC 1396 *et seq.*) to (1) that provider, (2) providers furnishing the same class of items and services as that provider, or (3) any related entity (42 CFR sections 433.58(d) and 433.66(b)).

   Permissible health care-related taxes are those taxes which are broad-based taxes, uniformly applied to a class of health care items, services, or providers, and which do not hold a taxpayer harmless for the costs of the tax, or a tax program for which CMS has granted a waiver. Health care-related taxes that do not meet these requirements are impermissible health care-related taxes (42 CFR section 433.68(b)).

   The provisions of Pub. L. No. 102-234 apply to all 50 States and the District of Columbia, except those States whose entire Medicaid program is operated under a waiver granted under section 1115 of the Social Security Act (42 CFR part 433; *Federal Register*, August 13, 1993, 58 FR 43156-43183).

4. Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to CMS of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on these data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

Allowable Costs/Cost Principles – General Requirements

a. Basic Guidelines

The basic guidelines affecting allowability of costs are identified in OMB Circular A-87 (A-87), Attachment A, section C. Cost must meet the following general criteria to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance and administration of Federal awards. (Refer to A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)

(b) Be allocable to Federal awards under the provisions of A-87. (Refer to A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)

(c) Be authorized or not prohibited under State or local laws or regulations.

(d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

(e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

(f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

(i) Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)

(j) Be adequately documented.

b. Selected Items of Cost

(1) Sections 1 through 43 of A-87, Attachment B, provide the principles to be applied in establishing the allowability or unallowability of certain items of cost. (For a listing of costs, refer to Exhibit 1 of this part of the Supplement.) These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost in this section of A-87 is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

(2) A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in A-87, Attachment A.

c. Submission Requirements

(1) Submission requirements are identified in A-87, Attachment C, paragraph D.

(2) A State is required to submit a State-wide central service CAP to HHS for each year in which it claims central service costs under Federal awards.

(3) A local government that has been designated as a "major local government" by OMB is required to submit a central service CAP to its cognizant agency annually. All other local governments claiming central service costs must develop a CAP in accordance with the requirements described in A-87 and maintain the plan and related supporting documentation for audit. Local governments are not required to submit the plan for Federal approval unless they are specifically requested to do so by the cognizant agency. If a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiating and/or monitoring the local government's plan.

(4) All central service CAPs will be prepared and, when required, submitted within the 6 months prior to the beginning of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency.

d. Documentation Requirements

(1) The central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under Federal awards. Costs of central services omitted from the CAP will not be reimbursed.

(2) The documentation requirements for all central service CAPs are contained in A-87, Attachment C, paragraph E. All plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the record retention requirements contained in the A-102 Common Rule.

e. Required Certification – No proposal to establish a central service CAP, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be accepted and approved unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as set forth in A-87, Attachment C.

f. Allocated Central Service Costs (Section I Costs) – A carry-forward adjustment is not permitted for a central service activity that was not included in the previously approved plan or for unallowable costs that must be reimbursed immediately (A-87, Attachment C, paragraph G.3).

g. Billed Central Service Costs (Section II Costs)

(1) Internal service funds for central service activities are allowed a working capital reserve of up to 60 days cash expenses for normal operating purposes (A-87, Attachment C, paragraph G.2). A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.

(2) Adjustments of billed central services are required when there is a difference between the revenue generated by each billed service and the actual allowable costs (A-87, Attachment C, paragraph G.4). The adjustments will be made through one of the following methods:

    (a) A cash refund to the Federal Government for the Federal share of the adjustment, if revenue exceeds costs,

    (b) Credits to the amounts charged to the individual programs,

    (c) Adjustments to future billing rates, or

    (d) Adjustments to allocated central service costs (Section I) if the total amount of the adjustment for a particular service does not exceed $500,000.

(3) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer (A-87, Attachment B, paragraph 22).

Condition

The Department of Human Services, Division of Medical Assistance and Health Services (the Division), prepares quarterly cost allocation plans to allocate costs for each of its programs and for central operations of the Division. We tested a sample of underlying transactions allocated by each of the quarterly cost allocation plans during State fiscal year 2010 plans and noted the following exception:

- The Department did not properly review one timesheet and therefore incorrectly paid the employee for an additional 8.5 hours over actual as the employee took paid time off. The total amount of overpayment for this timesheet was approximately $360. Total personal service expenditures included in the sample was $73,640. Total personal service expenditures from which the sample was drawn were $2,008,402 and total aggregate personal service expenditures for the programs noted above were $583,625,187 during State fiscal year 2010.

Cause

Personal services transactions were not properly reviewed.

Effect

Personal services expenditures may not be appropriately reviewed and approved and may not be appropriately allocated or documented.

Recommendation

We recommend that the Department strengthen internal controls over the process for proper review and authorization of personal services expenditures and to ensure supporting documentation for personal services expenditures is properly maintained.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

$360

View of Responsible Official

See management's corrective action plan.

SNAP Cluster (10.551, 10.561)

TANF Cluster (93.558, 93.714)

CCDF Cluster (93.575, 93.596, 93.713)

Medicaid Cluster (93.775, 93.777, 93.778)

State Agency: Department of Human Services
Department of Health and Senior Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Finding: 10-5 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or $300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Ensuring Accountability of For-Profit Subrecipients* – Awards also may be passed through to for-profit entities. For-profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for-profit subrecipients are not subject to the audit requirements of OMB Circular A-133, pass-through entities are responsible for establishing requirements, as needed, to ensure for-profit subrecipient accountability for the use of funds.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal

Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage passed through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of awards* – Larger dollar awards are of greater risk.
- *Subrecipient risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The Departments did not verify on the Central Contractor Registration (CCR) that all subrecipients, which include County Welfare Agencies (CWAs), Child Care Resource and Referral (CCR&R) agencies and other long-term care facilities, were currently registered, as required by the American Recovery and Reinvestment Act of 2009 (ARRA).

Total ARRA funds passed through to the subrecipients during State fiscal year 2010 were as follows: SNAP Cluster – $3,766,384 (State Administrative Matching Grants); TANF Cluster – $4,681,153; CCDF Cluster – $18,717,852; and Medicaid Cluster – $1,067,312,403 (of which $761,360,009 relates to the Department of Human Services and $275,926,394 relates to the Department of Health and Senior Services).

Cause

The Departments did not have a process in place to verify that all subrecipients receiving ARRA funds had a valid CCR registration.

Effect

ARRA funds may be passed through to subrecipients who are not in compliance with the requirements under ARRA.

Recommendation

We recommend that the Departments ensure that all subrecipients receiving ARRA funds are properly registered on the CCR and documentation of such review is maintained by the Departments.

Related Noncompliance

Based on the above, the Departments were not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Child Support Enforcement (93.563)

ARRA – Child Support Enforcement (93.563)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-6 Reporting

Criteria

The state is required to submit the OCSE 34A Child Support Enforcement Quarterly Report of Collections (OMB No. 0970 0181).

Condition

The information used to compile the OCSE 34A Child Support Enforcement Program Quarterly Report of Collections is collected from the Automated Child Support Enforcement (ACSES) system. The Department of Human Services prepares monthly and quarterly reconciliations to compare the collections and distributions for the month and the quarter from the OCSE 34A report to the child support bank accounts. After preparation of the reconciliations, there are remaining irreconcilable differences, which vary on a monthly and quarterly basis from approximately $19.7 million to $57.6 million. The Department of Human Services identified possible general reasons for the differences, which cannot be substantiated.

A similar finding was included in the 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2003, 2002, 2001 and 2000 prior year single audit reports as items 09-7, 08-2, 07-5, 06-1, 05-7, 04-18, 03-7, 02-6, 01-6, and 00-30, respectively.

Cause

The transaction volume in ACSES and the child support bank accounts is very large, and many transactions have additional information which cannot be captured through the manual reconciliation process. There are no specific system produced reports addressing all reconciling items. The Department expects the unexplained differences will continue until the re-engineering of ACSES is completed.

Effect

There are remaining unexplained differences between the OCSE 34A report of collections and distributions and the bank account transactions.

Recommendation

We recommend that the Department continue to perform reconciliations between the child support bank accounts and OCSE 34A report, and improve the reconciliation procedures and methodology.

Related Noncompliance

Based on the above, the Department was not fully in compliance with the above requirement.

Questioned Costs

$19.7 million to $57.6 million (Represents the unreconciled differences range)

View of Responsible Official

See management's corrective action plan.

CCDF Cluster (93.575, 93.596, 93.713)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-7 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or $300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Ensuring Accountability of For-Profit Subrecipients* – Awards also may be passed through to for-profit entities. For-profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for-profit subrecipients are not subject to the audit requirements of OMB Circular A-133, pass-through entities are responsible for establishing requirements, as needed, to ensure for-profit subrecipient accountability for the use of funds.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage passed through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of awards* – Larger dollar awards are of greater risk.
- *Subrecipient risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The Department of Human Services, Division of Family Development (the Division) conducts site visits over the various subrecipients that it provides funding under the Child Care Cluster (CCC). A supervisor reviews the results of the monitoring review before any conclusion is made about a subrecipient's compliance with program requirements and issues a letter documenting whether or not a subrecipient was in compliance. If there are issues that require a corrective action plan, the supervisor's letter documents the requirements and deadlines.

The following were noted during our testwork:

- For three of forty subrecipient monitoring files selected for testwork, the subrecipient did not submit a corrective action by the deadline, and the Division did not follow up until over 90 days later.
- For two of forty subrecipient monitoring files selected for testwork, the Division did not properly communicate findings noted in the subrecipient's monitoring report to the subrecipient, which would require the subrecipient to submit an appropriate corrective action plan to the Division relating to the findings noted.
- For two of forty subrecipient monitoring files selected for testwork, the Division did not perform any monitoring reviews during State fiscal year 2010 due to a specialist not being available to perform the

reviews. The contract amounts provided to the two subrecipients totaled $136,343 for the State fiscal year 2010.

- For five of forty subrecipient monitoring files selected for testwork, the Division did not perform a monitoring review until after the contract period ended. The contract amounts provided to the five subrecipients totaled $1,968,523 for the State fiscal year 2010.

Total payments to subgrantees included in our sample was $95,422,875. Total payments to subgrantees during State fiscal year 2010 were $212,501,518.

A similar finding was included in the 2009, 2008 and 2007 prior year single audit reports as items 09-8, 08-4, and 07-7, respectively.

Cause

There were inconsistencies in practice and missing documentation throughout the subrecipient monitoring files maintained by the Division.

Effect

The State of New Jersey may be awarding funding to agencies that are not fulfilling their obligations as subrecipients. Further, the State is not properly monitoring its subrecipients.

Recommendation

We recommend that the Department strengthen its procedures over the monitoring reviews of subrecipients, including document retention and follow-up of corrective action plans submitted by the subrecipients.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-8 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, and Subrecipient Monitoring

Criteria

Activities Allowed or Unallowed

1. The State shall not use grant funds to provide inpatient hospital services except when it is determined by a physician that: (a) the primary diagnosis of the individual is SA and the physician certifies this fact; (b) the individual cannot be safely treated in a community based nonhospital, residential treatment program; (c) the service can reasonably be expected to improve an individual's condition or level of functioning; and (d) the hospital based SA program follows national standards of SA professional practice. Additionally, the daily rate of payment provided to the hospital for providing the services to the individual cannot exceed the comparable daily rate provided for community based nonhospital residential programs of treatment for SA and the grant may be expended for such services only to the extent that it is medically necessary (i.e., only for those days that the patient cannot be safely treated in a residential community based program) (42 USC 300x-31(a) and (b); 45 CFR sections 96.135(a)(1) and (c)).

2. Grant funds may be used for loans from a revolving loan fund for provision of housing in which individuals recovering from alcohol and drug abuse may reside in groups. Individual loans may not exceed $4000 (45 CFR section 96.129).

3. Grant funds shall not be used to make cash payments to intended recipients of health services (42 USC 300x-31(a); 45 CFR section 96.135(a)(2)).

4. Grant funds shall not be used to purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or any other facility, or purchase major medical equipment. The Secretary may provide a waiver of the restriction for the construction of a new facility or rehabilitation of an existing facility, but not for land acquisition (42 USC 300x-31(a); 45 CFR sections 96.135(a)(3) and (d)).

5. The State shall not use grant funds to satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funding (42 USC 300x-31(a); 45 CFR section 96.135(a)(4)). June 2010 SAPT HHS A-133 Compliance Supplement 4-93.959-4

6. Grant funds may not be used to provide financial assistance (i.e., a subgrant) to any entity other than a public or non-profit entity. A State is not precluded from entering into a procurement contract for services, since payments under such a contract are not financial assistance to the contractor (42 USC 300x-31(a); 45 CFR section 96.135 (a)(5)).

7. The State shall not expend grant funds to provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs (42 USC 300ee-5; 45 CFR section 96.135 (a)(6) and Pub. L. 106-113, section 505).

8. Grant funds may not be used to enforce State laws regarding sale of tobacco products to individuals under age of 18, except that grant funds may be expended from the primary prevention set-aside of SAPT under 45 CFR section 96.124(b)(1) for carrying out the administrative aspects of the requirements such as the development of the sample design and the conducting of the inspections (45 CFR section 96.130 (j)).

9. No funds provided directly from SAMHSA or the relevant State or local government to organizations participating in applicable programs may be expended for inherently religious activities, such as worship, religious instruction, or proselytization (42 USC 300x-65 and 42 USC 290kk; 42 CFR section 54.4).

Allowable Costs/Cost Principles

As discussed in Appendix I of this Supplement, Federal Programs Excluded from the A-102 Common Rule, SAPT is exempt from the provisions of OMB cost principles circulars. State cost principles requirements apply to SAPT.

Period of Availability of Federal Funds

Any amounts awarded to the State for a fiscal year shall be available for obligation and expenditure until the end of the fiscal year following the fiscal year for which the amounts were awarded (42 USC 300x-62).

Subrecipient Monitoring

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or $300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program Complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage Passed Through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of Awards* – Larger dollar awards are of greater risk.
- *Subrecipient Risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

For one of forty pass through grant payments selected for testwork, the contract file for the subrecipient did not include support for the expenditure amount and did not include the ledger sheet that allows the Division of Addiction Services to monitor allowable expenditures for subrecipients and ensure the expenditures are within the period of availability.

The amount of the unsupported pass through grant expenditure was $43,905 and the total amount included in the sample was $28,772,358. The total amount passed through to subrecipients for State fiscal year 2010 was $36,303,287.

Cause

The Division did not ensure that all pass through grant expenditures were properly supported and monitored to ensure compliance with program requirements.

Effect

Subrecipients may have unallowable expenditures that are not properly monitored or within the period of availability.

Recommendation

We recommend that the Division strengthen its procedures to ensure that all expenditures are properly supported and monitored throughout the terms of the contract.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

$43,905

View of Responsible Official

See management's corrective action plan.

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-9 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or $300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program Complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage Passed Through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of Awards* – Larger dollar awards are of greater risk.
- *Subrecipient Risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient

may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

Reporting

The oversight of Treatment and Prevention Contracts and Letter of Agreement Monitoring is performed by the Department of Human Services, Division of Addiction Services (the Division). Quarterly expenditure reports are required to be reviewed and approved, as evidenced by a signature of the respective reviewer. These reports are due from the subrecipient within 10 working days of the end of the period to the Division, or 60 days if the subrecipient is reporting their final report, and are required to be reviewed by the Division within 30 days of receipt. If there are adjustments required on the expenditure report, the reviewer contacts the subrecipient to discuss the issue, requests a new version and reviews and approves the final expenditure report.

The following was noted during our testwork:

- For nine of forty subrecipients selected for testwork, we noted the expenditure reports were received beyond the 10 working days of the end of the respective period without any evidence of follow-up by the Division.

Site Visits

In order to complete the compliance monitoring of its various subrecipients, the Division is divided into two units: Prevention Agency and Treatment Agency. Each unit has different monitoring processes. The Treatment Agency does their site visits at least once a calendar year, while, the Prevention Agency conducts about two site visits a year – one informal and one formal. At the conclusion of all site visits, the monitor may have findings that require corrective action, or the monitor may provide best practice suggestions to the subrecipient. These conclusions are communicated to the subrecipient in a report, which is signed and submitted by members of the respective agency and is reviewed and approved by the respective supervisor.

The following was noted during our testwork:

- For one of sixteen Prevention Agency subrecipients selected for testwork, we noted that the site visit was not performed for the contract period during State fiscal year 2010.

The amount expended for the subrecipients noted in the above conditions was $11,327,732 and the total amount included in the sample was $23,887,386. The total amount passed through to subrecipients for State fiscal year 2010 was $36,303,287.

A similar finding was included in the 2009, 2008, and 2007 prior year single audit reports as items 09-4, 08-3, and 07-2, respectively.

Cause

The Division did not ensure that the expenditure and audit reports submitted by subrecipients were completed and reviewed and approved timely by both a reviewer and supervisor, and that site visits over subrecipients were conducted by a monitor, and reviewed and approved timely by a supervisor.

Effect

Subrecipients may not be conforming with performance goals, administrative standards, financial management rules, eligibility and other Federal requirements.

Recommendation

We recommend that the Division strengthen its procedures to ensure that all expenditure and audit reports for subrecipients are completed and reviewed and approved timely by both the reviewer and supervisor and site visits for subrecipients are conducted by a monitor and reviewed and approved by a supervisor.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Vocational Rehabilitation Cluster (84.126, 84.390)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Education

Finding: 10-10 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria

Activities Allowed or Unallowed

1. *Services to Individuals*

   Services provided under the VR programs are any services described in an IPE necessary to assist an individual with a disability in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice of the individual. Section 103(a) of the Act (29 USC 723(a)) contains examples of the types of services that can be provided.

2. *Services to Groups*

   The State VR Agency may provide other services to groups of individuals with disabilities (Section 103(b) of the Act (29 USC 723 (b))):

   a. In the case of any type of small business operated by individuals with significant disabilities the operation of which can be improved by management services and supervision provided by the designated State agency, the provision of such services and supervision, along or together with the acquisition by the designated State agency of vending facilities or other equipment and initial stock and supplies.

   b. *Community Rehabilitation Programs* – The establishment, development, or improvement of a public or other nonprofit community rehabilitation program including, under special circumstances, the construction of a facility for a public on nonprofit community rehabilitation program.

   c. The provision of other services, that promise to contribute substantially to the rehabilitation of a group of individuals but that are not related directly to the individualized plan for employment of any one individual with a disability.

   d. Telecommunications systems that have the potential for substantially improving vocational rehabilitation service delivery methods and developing appropriate programming to meet the particular needs of individuals with disabilities.

   e. Special services to provide non-visual access to information for individuals who are blind, including telecommunications, Braille, sound recordings or other appropriate media; captioned television, films, or video cassettes for individuals who are deaf or hard of hearing; tactile materials for individuals who are deaf-blind; and other special services that provide information through tactile, vibratory, auditory, and visual media.

f. Technical assistance and support services to businesses that are not subject to Title I of the Americans with Disabilities Act of 1990, and that are seeking to employ individuals with disabilities.

g. Consultative and technical assistance services to assist educational agencies in planning for the transition of students with disabilities from school to post-school activities, including employment.

3. Participation in a One-Stop Service Delivery System

Any service or administrative cost charged to the VR programs through participation in the one-stop service delivery system must be: (a) allowable under the program's authorizing statute and regulations; (b) allocable to the program under the State VR agency's cost allocation plan; and (c) consistent with the MOU between the State VR agency and the Local Workforce Investment Board. The MOU is the primary vehicle by which the State VR agency sets forth how it will participate in the one-stop service delivery system and how it will share in the cost of operating the system (29 USC 2841(b)(1)(B)(iv); 34 CFR section 361.4; 20 CFR part 662; Notice: *Resource Sharing for Workforce Investment Act One-Stop Centers: Methodologies for Paying or Funding Each Partner Program's Fair Share of Allocable One-Stop Costs*, issued May 31, 2001 (66 FR 29637)).

The MOU identifies the resources the State VR agency will provide for compliance with 20 CFR section 662.270, which requires the VR programs to support a fair share of the one-stop system's common administrative costs. The amount provided must be proportionate to the use of the system by individuals attributable to this program. The MOU may provide for cash payments of billings from the one-stop operator, or for providing goods and services that benefit the system's operation. Examples of goods and services that the VR agency may provide for this purpose include: (a) making VR staff available to provide training or technical assistance to other partners in such areas as disability, accessibility, adaptive equipment, and rehabilitation engineering; (b) VR staff participation in cooperative efforts with employers to promote job placement (such as job analysis and employer visits); and (c) applying VR staff and other resources to the VR program's participation in information and financial management systems that link all partners to one another.

Allowable Costs/Cost Principles – General Requirements

a. Basic Guidelines

The basic guidelines affecting allowability of costs are identified in OMB Circular A-87 (A-87), Attachment A, section C. Cost must meet the following general criteria to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance and administration of Federal awards. (Refer to A-87, Attachment A, paragraph C.2 for additional information on reasonableness of costs.)

(b) Be allocable to Federal awards under the provisions of A-87. (Refer to A-87, Attachment A, paragraph C.3 for additional information on allocable costs.)

(c) Be authorized or not prohibited under State or local laws or regulations.

(d) Conform to any limitations or exclusions set forth in A-87, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.

(e) Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.

(f) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(g) Be determined in accordance with generally accepted accounting principles, except as otherwise provided in A-87.

(h) Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.

(i) Be net of all applicable credits. (Refer to A-87, Attachment A, paragraph C.4 for additional information on applicable credits.)

(j) Be adequately documented.

b. Selected Items of Cost

(1) Sections 1 through 43 of A-87, Attachment B, provide the principles to be applied in establishing the allowability or unallowability of certain items of cost. (For a listing of costs, refer to Exhibit 1 of this part of the Supplement.) These principles apply whether a cost is treated as direct or indirect. Failure to mention a particular item of cost in this section of A-87 is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

(2) A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in A-87, Attachment A.

c. Submission Requirements

(1) Submission requirements are identified in A-87, Attachment C, paragraph D.

(2) A State is required to submit a State-wide central service CAP to HHS for each year in which it claims central service costs under Federal awards.

(3) A local government that has been designated as a “major local government” by OMB is required to submit a central service CAP to its cognizant agency annually. All other local governments claiming central service costs must develop a CAP in accordance with the requirements described in A-87 and maintain the plan and related supporting documentation for audit. Local governments are not required to submit the plan for Federal approval unless they are specifically requested to do so by the cognizant agency. If a local government receives funds as a subrecipient only, the primary recipient will be responsible for negotiating and/or monitoring the local government’s plan.

(4) All central service CAPs will be prepared and, when required, submitted within the 6 months prior to the beginning of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the cognizant agency.

d. Documentation Requirements

(1) The central service CAP must include all central service costs that will be claimed (either as an allocated or a billed cost) under Federal awards. Costs of central services omitted from the CAP will not be reimbursed.

(2) The documentation requirements for all central service CAPs are contained in A-87, Attachment C, paragraph E. All plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the record retention requirements contained in the A-102 Common Rule.

e. Required Certification – No proposal to establish a central service CAP, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be accepted and approved unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan as set forth in A-87, Attachment C.

f. Allocated Central Service Costs (Section I Costs) – A carry-forward adjustment is not permitted for a central service activity that was not included in the previously approved plan or for unallowable costs that must be reimbursed immediately (A-87, Attachment C, paragraph G.3).

g. Billed Central Service Costs (Section II Costs)

(1) Internal service funds for central service activities are allowed a working capital reserve of up to 60 days cash expenses for normal operating purposes (A-87, Attachment C, paragraph G.2). A working capital reserve exceeding 60 days may be approved by the cognizant Federal agency in exceptional cases.

(2) Adjustments of billed central services are required when there is a difference between the revenue generated by each billed service and the actual allowable costs (A-87, Attachment C, paragraph G.4). The adjustments will be made through one of the following methods:

    (a) A cash refund to the Federal Government for the Federal share of the adjustment, if revenue exceeds costs,

    (b) Credits to the amounts charged to the individual programs,

    (c) Adjustments to future billing rates, or

    (d) Adjustments to allocated central service costs (Section I) if the total amount of the adjustment for a particular service does not exceed $500,000.

(3) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer (A-87, Attachment B, paragraph 22).

Condition

Cost allocation plans (CAPs) represent the cost finding and reporting methodology employed to determine the reasonable, allowable, and allocable, administrative costs incurred by the Department and its Divisions during the administration of its various program activities. Administrative costs include all expenditures for salaries, wages, fringe benefits, rent, equipment and supplies. Quarterly, a cost report is prepared based on the approved Cost Allocation Plan. The cost report reflects the administrative chargeable to the different Divisions and Programs of the Department and the Divisions for use in preparing claims for Federal reimbursement.

The Department of Human Services (the Department), Commission for the Blind and Visually Impaired (CBVI) is one of two state agencies responsible for the administration of the Vocational Rehabilitation Cluster. During our testwork over the CAPs, CBVI did not prepare or submit to the Department the quarterly CAPs for the quarters ending December 31, 2009, March 31, 2010 and June 30, 2010.

Total program expenditures related to the Department were $12,286,198.

A similar finding was included in the 2009 and 2008 prior year single audit reports as items 09-6 and 08-7, respectively.

Cause

Cost allocation plans are not prepared.

Effect

Cost allocation plans are not prepared and submitted in a timely manner.

Recommendation

We recommend that the Department prepare the CAPs in a timely manner to timely submit expenditures incurred by the program.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Vocational Rehabilitation Cluster (84.126, 84.390)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Education

Finding: 10-11 Reporting

Criteria

Financial Reporting

1. *Financial Status Report (FSR) (SF-269 (OMB No. 0348-0039) or SF-269A (OMB No. 0348-0038)).* In general, these forms, which have been used by recipients of (1) nonconstruction awards to report expenditures, unobligated balances, and other information on the status of funds and (2) construction awards when the FSR was required in lieu of the SF-271, have been replaced by the SF-425, *Federal Financial Report* (OMB No. 0348-0061). The FSR still is being shown as a standard report and, as appropriate, Applicable, given that (1) some entities may have submitted reports during this audit period using this form or (2) some agencies or programs may be converting to use of the new form later than October 1, 2009. See below for information concerning the transition to the Federal Financial Report (SF-425/42A).

2. *Federal Financial Report (FFR) (SF-425/SF-425A (OMB No. 0348-0061)).* Recipients use the FFR as a standardized format to report the financial status of their Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c). See below for information concerning the transition to the FFR. References to this report include its applicability as both a financial status and a cash report, unless indicated otherwise.

   For financial reports due to the Federal awarding agencies and, when different, the servicing payment office during the audit period covered by the 2010 Supplement, recipients may be submitting the *Financial Status Report* and/or *Federal Cash Transactions Report* (SF-269 or 269A) and/or SF-272) and/or the *Federal Financial Report* (SF-425/SF-425A), depending on the report due date and Federal awarding agency/program requirements. The SF-425 (which includes the SF-425A) has been added as a new "e." under L.1, "Reporting – Financial Reporting" in Parts 4 and 5 of the Supplement. As indicated above, the Supplement will continue to show the SF 269 and SF-272 in the list of standard financial reports until the transition is complete.

   The award terms and conditions will specify the initial reporting period for which use of the SF-425 will be required. In addition, where a transition date other than October 1, 2009 was adopted for a program included in the Supplement, it may be shown in Part 4 or 5. Electronic versions of the existing and new standard forms are located on OMB's Internet home page (http://www.whitehouse.gov/omb/grants_forms).

3. *RSA-2, Program Cost Report (OMB No. 1820-0017).* State VR agencies submit the RSA-2 annually.

Condition

The Department of Human Services (the Department), Commission for the Blind and Visually Impaired (CBVI), is one of two State agencies responsible for the administration of the Vocational Rehabilitation Cluster.

During our testwork over reporting, CBVI did not submit the SF-425 financial report for the quarter ending December 31, 2009 and the RSA-2 financial report for Federal fiscal year ending September 30, 2009 within the required timeframes. The SF-425 and RSA-2 financial reports were submitted 4 and 93 days past the required deadlines, respectively.

Cause

The reports were not submitted within the required timeframe.

Effect

Federal financial reports are not submitted by required due dates.

Recommendation

We recommend that the Department prepare the financial reports in a timely manner to submit them within the required timeframe.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

SNAP Cluster (10.551, 10.561)

TANF Cluster (93.558, 93.714)

State Agency: Office of Information Technology

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Finding: 10-12 Other Requirement – Information Technology General Controls

Criteria

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. OMB Circular A-133 requires auditors to obtain an understanding of the non-Federal entity's internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned.

As part of an entity's internal controls to reasonably ensure compliance over Federal laws and regulations, an entity must maintain an effective control environment over their information technology systems used to generate and process information to administer Federal programs in accordance with the respective rules and regulations that govern the program.

Condition

The State of New Jersey, Office of Information Technology (OIT) oversees the mainframes, servers, networks, and databases that make up the state's technical infrastructure, which includes the Family Assistance Management Information System (FAMIS). As part of OIT's oversight for FAMIS, OIT develops and maintains a general information technology (IT) control environment to ensure the overall effectiveness of the application controls directly associated with FAMIS.

We noted the following deficiencies in the design of IT general controls over FAMIS:

1. Access at the Data Center

- During State fiscal year 2010, there were 544 individuals that have access cards to the Data Center, which is the central location that hosts critical information technology systems utilized by the State of New Jersey to administer certain Federal programs. We noted that not all of these individuals require access to the Data Center.
- Access to the Data Center Server Room is not limited only to individuals that require such access based on their job function or assigned responsibilities.
- During State fiscal year 2010, there were no formal review procedures performed by OIT to determine which individuals should have access to the Data Center Server Room based their job function or assigned responsibilities.

2. Database Access/Monitoring of Database Access

- Two general database accounts are shared by system administrators and administrative access to the database and network is not logged or monitored.
- Due to BULL mainframe system limitation, root user account is shared by system administrators.
- Due to HAPS scheduler limitations, a generic user account is shared by job schedule administrators to schedule batch jobs.

3. Formal Testing and Sign-Off Process for Operation System Changes

- Formal documentation is not maintained for the approval and testing of patches applied to the Bull operating system.

A similar finding was included in the 2009, 2008 and 2007 prior year single audit reports as items 09-10, 08-44, and 07-8, respectively.

Cause

1. Access at the Data Center

- Formalized procedures for review of individuals that have access to the Data Center to validate that they require access to the Server Room is not conducted.

2. Database Access/Monitoring of Database Access

- A review of accounts for system administrators and access to the database and network is not properly documented. Also, system limitation restricts management from creating individual accounts for those sharing access.

3. Formal Testing and Sign-Off Process for Operation System Changes

- OIT does not have a formalized implemented policy for documenting the operating system changes. Currently the operating system changes and the pertinent approval and testing of these changes is not documented.

Effect

1. Access at the Data Center

- There is a risk of inappropriate access to the servers that house critical data for the State to administer its Federal programs.

2. Database Access/Monitoring of Database Access

- A lack of system controls and configuration, as well as inappropriate monitoring of access to data, could result in inaccurate data being stored and inappropriate use of information.

3. Formal Testing and Sign-Off Process for Operation System Changes

- Without a formal testing and approval documentation in place to validate that only the approved operating system and database patches are implemented, there is a risk that unauthorized patches or upgrades are applied to the FAMIS infrastructure which can adversely impact functioning and integrity of FAMIS data.

Recommendation

1. Access at the Data Center

- We recommend that OIT perform the following with regard to access to the Data Center:
  - Provide access to only those individuals that are required and approved to enter the Data Center and Server Room;
  - Perform reviews of users that can access the Data Center and Server Room and identify individuals that should be removed; and
  - Perform reviews of those individuals who have accessed the Data Center and Server Room on a continuous basis to determine that only appropriate individuals were allowed access to the Data Center and Server Room.

2. Database Access/Monitoring of Database Access

- We recommend that OIT establish procedures to review and monitor system access rights for shared accounts.

3. Formal Testing and Sign-Off Process for Operation System Changes

- We recommend that OIT implement a formalized policy for documenting the operating system and database changes. The operating system and database patches should be formally documented and testing evidence and approvals retained as part of this process.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Cost

None

View of Responsible Official

See management's corrective action plan.

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)

State Agency: Department of Agriculture

Federal Agency: U.S. Department of Agriculture

Finding: 10-13 Reporting

Criteria

Financial Reporting

FNS-13, *Annual Report of State Revenue Matching (OMB No. 0584 – 0075)* – This report is due 120 days after the end of each school year and identifies the State revenues to be counted toward meeting the State revenue matching requirement (7 CFR section 210.17(g)).

Special Reporting

State Agency Special Reporting

To receive funds for the Child Nutrition Cluster programs, a State agency administering one or more of these programs compiles the data gathered on its subrecipients' claims for reimbursement into monthly reports to its FNS regional office. Such reports present the number of meals, by category and type, served by SFAs or sponsors under the State agency's oversight during the report period.

An initial monthly report, which may contain estimated participation figures, is due 30 days after the close of the report month. A final report containing only actual participation data is due 90 days after the close of the report month. A final closeout report is also required in accordance with the FNS closeout-schedule. Revisions to the data presented in a 90-day report must be submitted by the last day of the quarter in which they are identified. However, the State agency must immediately submit an amended report if, at any time following the submission of the 90-day report, identified changes to the data cause the State agency's level of funding to change by more than (plus or minus) 0.5%. The specific reports for each program are described below.

(1) FNS-10, *Report of School Program Operations (OMB No. 0584-0002)* – This report captures meals served under the NSLP and SBP, and half-pints of milk served under the SMP (7 CFR sections 210.5(d), 210.8, 215.10, 215.11, 220.11, and 220.13).

(2) FNS-418, *Report of the Summer Food Service Program for Children (OMB No. 0584-0280)* – This report documents the number of meals served under the SFSPC by sponsors under the State agency's oversight. Unlike the FNS-10, which is submitted year round, the FNS-418 is filed only for the months when the program is in operation (7 CFR sections 225.8(b) and 225.9(d)(5)).

Condition

Five out of nine reports selected for testwork were not submitted within the timeframe as required by the compliance requirements above. The Department did not file the following reports by their respective due date:

- FNS-13 report for the period end June 30, 2010; report was due on October 28, 2010 and was submitted on October 29, 2010.
- FNS-10 (90 day) report for the period end June 30, 2010; report was due on September 28, 2010 and was submitted on October 1, 2010.
- FNS-44 (30 day) report for the period end June 30, 2010; report was due on July 30, 2010 and was submitted on August 2, 2010.
- FNS-418 (90 day) report for the period end June 30, 2010; report was due on September 28, 2010 and was submitted on October 1, 2010.
- FNS-418 (30 day) report for the period end June 30, 2010; report was due on July 30, 2010 and was submitted on August 2, 2010.

Cause

The Department does not closely monitor the reporting due dates to ensure that all reports are submitted in a timely manner.

Effect

The reports were not submitted in a timely manner.

Recommendation

We recommend that the Department implement procedures to ensure the reports are submitted before the deadline required by the Federal Government.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Child and Adult Care Food Program (10.558)

State Agency: Department of Agriculture

Federal Agency: U.S. Department of Agriculture

Finding: 10-14 Reporting

Criteria

Special Reporting

State Agency Special Reporting

FNS-44, *Report of the Child and Adult Care Food Program (OMB No. 0584-0078)* – To receive CACFP funds, a State agency administering the program compiles the data gathered on its subrecipients' claims for reimbursement into monthly reports to its FNS regional office. Such reports present the number of meals served, by category and type, in institutions under the State agency's oversight during the report month.

An initial monthly report, which may contain estimated participation figures, is due 30 days after the close of the report month. A final report containing only actual participation data is due 90 days after the close of the report month. A final closeout report is also required, in accordance with the FNS closeout schedule. Revisions to the data presented in a 90-day report must be submitted by the last day of the quarter in which they are identified. However, the State agency must immediately submit an amended report if, at any time following the submission of the 90 day report, identified changes to the data cause the State agency's level of funding to change by more than (plus or minus) 0.5%.

Condition

Four out of six reports selected for testwork were not submitted within the timeframe as required by the compliance requirement above. The Department did not file the following reports by their respective due date:

- FNS-44 (90 day) report for the period end June 30, 2010; report was due on September 28, 2010 and was submitted on October 1, 2010.
- FNS-44 (30 day) report for the period end June 30, 2010; report was due on July 30, 2010 and was submitted on August 2, 2010.
- FNS-44 (90 day) report for the period end December 31, 2009; report was due on March 31, 2010 and was submitted on April 1, 2010.
- FNS-44 (30 day) report for the period end December 31, 2009; report was due on January 30, 2010 and was submitted on February 1, 2010.

Cause

The Department does not closely monitor the reporting due dates to ensure that all reports are submitted in a timely manner.

Effect

The reports were not submitted in a timely manner.

Recommendation

We recommend that the Department implement procedures to ensure the reports are submitted before the deadline required by the Federal Government.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)

State Agency: Department of Agriculture

Federal Agency: U.S. Department of Agriculture

Finding: 10-15 Special Tests and Provisions

Criteria

A School Food Authority (SFA) is required to account for all revenues and expenditures of its non-profit school food service in accordance with State requirements. A SFA must operate its food services on a non-profit basis; all revenue generated by the school food service must be used to operate and improve its food services.

Condition

The Department did not perform a complete review of school food service accounting records for all of the SFAs receiving funding through this cluster to ensure the SFA is accounting for all revenues and expenditures of its non-profit school food services in accordance with State requirements.

Out of a sample of 40 selections, for 15 SFAs, the reviewer did not properly sign off on the Audit Checklist; for 4 SFAs, an audit was not performed even though required under State requirements and for 1 SFA, the Department could not produce the audit checklist.

The amount of funds passed through to SFAs for the State fiscal year was $242,778,000.

A similar finding was included in the 2009 and 2008 prior year single audit reports as items 09-17 and 08-24, respectively.

Cause

The Department does not have a qualified permanent individual identified to perform the necessary reviews of the SFAs to ensure that the SFAs are in compliance with the school food accounting requirements. Through state fiscal year 2010, the Department utilized numerous temporary employees and had difficulty maintaining accurate records of which audits were already reviewed and which were not.

Effect

The SFAs may not be properly segregating their school food services accounting from other accounts.

Recommendation

We recommend that the Department identify a qualified permanent individual to review and perform the follow up procedures, as applicable, on audit reports obtained from SFAs. Furthermore, we recommend the Department ensure individuals who are reviewing the audit reports, sign off on the respective checklists and maintain an accurate record of all audit reports reviewed.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Adoption Assistance (93.659)

ARRA – Adoption Assistance (93.659)

State Agency: Department of Children and Families

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-16 Eligibility

Criteria

a. Adoption assistance subsidy payments may be paid on behalf of a child only if all of the following requirements are met:

(1) The child is eligible, or would have been eligible, for the former Aid to Families with Dependent Children (AFDC) program (i.e., met the State-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) except for his/her removal from the home of a relative pursuant to either a voluntary placement agreement or as a result of a judicial determination to the effect that continuation in the home of removal would have been contrary to the welfare of the child; the child is eligible for Supplemental Security Income; or is a child whose costs in a foster family home or child care institution are covered by the foster care maintenance payments being made with respect to his/her minor parent (42 USC 673(a)(2)(A)).

(2) The child was determined by the State to be a child with special needs (42 USC 673(c)).

(3) The State has made reasonable efforts to place the child for adoption without a subsidy (42 USC 673(c)).

(4) The agreement for the subsidy was signed and was in effect before the final decree of adoption and contains information concerning the nature of services; the amount and duration of the subsidy; the child's eligibility for Title XX services and Title XIX Medicaid; and covers the child should he/she move out of State with the adoptive family (42 USC 675(3)).

b. Nonrecurring expenses of adoption may be paid on behalf of a child only if all of the following requirements are met:

(1) The agreement, as a separate document or part of an agreement for State or Federal Adoption assistance payment or services, was signed prior to the final decree of adoption (45 CFR section 1356.41).

(2) The agreement indicates the nature and amount of the nonrecurring expenses to be paid (45 CFR section 1356.41(a)).

(3) The State has determined that the child is a child with special needs (45 CFR section 1356.41(d)).

(4) The child has been placed for adoption in accordance with applicable State and local laws (45 CFR section 1356.41(d)).

c. There may be no income-eligibility requirement (means test) for the prospective adoptive parent(s) in determining eligibility for adoption assistance subsidy payments or nonrecurring expenses of adoption (45 CFR sections 1356.40(c) and 1356.41(c)).

Condition

As part of the Department's policy, adoptive parents are required to sign and return a subsidy agreement renewal form on an annual basis. We noted for eight of sixty five cases selected for testwork the subsidy agreement renewal form was not included in the file. It was noted that seven were not sent to the adoptive parents and one was not returned from the adoptive parents. There are no questioned costs associated with these cases as the renewal form is required to comply with Department policy and is not required on an annual basis according to Federal regulations.

A similar finding was included in the 2009, 2008 and 2007 prior year single audit reports as items 09-26, 08-25 and 07-41, respectively.

Cause

The Department did not ensure that all required forms were included in the files and signed by the appropriate parties in a timely manner.

Effect

Payments could be made on behalf of recipients that no longer have children in their care.

Recommendation

The Department should ensure that the adoption assistance documentation is complete, accurate and timely for proper payment determination.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Foster Care – Title IV-E (93.658)

ARRA – Foster Care – Title IV-E (93.658)

Adoption Assistance (93.659)

ARRA – Adoption Assistance (93.659)

State Agency: Office of Information Technology
Department of Children and Families
Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-17 Other Requirement – Information Technology General Controls

Criteria

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. OMB Circular A-133 requires auditors to obtain an understanding of the non-Federal entity's internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned.

As part of an entity's internal controls to reasonably ensure compliance over Federal laws and regulations, an entity must maintain an effective control environment over their information technology systems used to generate and process information to administer Federal programs in accordance with the respective rules and regulations that govern the program.

Condition

The State of New Jersey, Enterprise Business Services Unit (EBSU) of the Department of Human Services (DHS) oversees the administration of servers, networks, and databases that make up the technical infrastructure for New Jersey Statewide Protective Investigation, Reporting and Information Tool (NJSPIRIT) application. NJSPIRIT application management is provided by Department of Children and Family Services (DCF) staff that includes loaned staff from State of New Jersey's Office of Information Technology (OIT). EBSU and DCF staff develop and maintain a general information technology (IT) control environment to ensure the overall effectiveness of the application controls directly associated with NJSPIRIT.

We noted the following deficiencies in the design of IT general controls over NJSPIRIT.

1. NJSPIRIT Password Rules

- Password rules for NJSPIRIT are not strictly enforced.

2. *Disaster Recovery Test*

   - A disaster recovery test was not performed for NJSPIRIT during State fiscal year 2010.

3. *Sensitive Access and Segregation of Duties*

   - A segregation of duties conflict exists due to a user having access in the Contract Management System for the creation of vendors, as well as access on the NJSPIRIT application to approve payments.

4. *User Access Provisioning and Monitoring*

   - User access modifications to NJSPIRIT and supporting approvals could not be validated as the NJSPIRIT application does not maintain a system log of changes that were made during State fiscal year 2010.

A similar finding was included in the 2009 and 2008 prior year single audit reports as items 09-28 and 08-6, respectively.

Cause

1. *NJSPIRIT Password Rules*

   - The NJSPIRIT application relies on the DCF portal for user authentication. Upon successful authentication by the portal, users can log in directly to the NJSPIRIT application if he/she has a valid user ID in NJSPIRIT. During State fiscal year 2010, password rules for the DCF portal were not configured. As the NJSPIRIT application relies on the DCF portal for user authentication and password controls, the password rules for the NJSPIRIT application were not enforced.

2. *Disaster Recovery Test*

   - During State fiscal year 2010, disaster recovery tests were not performed for the NJSPIRIT application.

3. *Sensitive Access and Segregation of Duties*

   - One user has full access in the Contract Management System and also has supervisory rights in the NJSPIRIT application. This allows the user to create/update vendors in the Contract Management System, and also allows the user to process/approve payments within NJSPIRIT. Access should be restricted where the user cannot perform both these functions.

4. *User Access Provisioning and Monitoring*

   - The NJSPIRIT application does not maintain a system log regarding changes that have been made to user account access. As a result, it was not possible to obtain an accurate population of user account access changes during State fiscal year 2010.

Effect

1. *NJSPIRIT Password Rules*

   - There is an increased risk that unauthorized users may obtain access to the NJSPIRIT application without the enforcement of password parameters.

2. *Disaster Recovery Test*

   - The absence of periodic recovery tests may prevent recovery of the NJSPIRIT application data in case of a disaster.

3. *Sensitive Access and Segregation of Duties*

   - The absence of proper segregation of duties between vendor management and payment functions may result in unauthorized or improper payments to vendors.

4. *User Access Provisioning and Monitoring*

   - The absence of a system log of changes made to user accounts in the NJSPIRIT application does not provide management a clear understanding of the total population of changes made to user accounts in the NJSPIRIT application during a fiscal year. Therefore, management is not being able to validate that the total population of user access changes have followed the appropriate change process and approval policies, and that all users are granted appropriate levels of access.

Recommendation

1. *NJSPIRIT Password Rules*

   - We recommend that a formal set of password rules be established for the NJSPIRIT application.

2. *Disaster Recovery Test*

   - We recommend that disaster recovery procedures are planned and periodic disaster recovery tests are performed.

3. *Sensitive Access and Segregation of Duties*

   - We recommend that user rights are updated to ensure proper segregation of duties for those users with ability to create vendors in Contract Management System do not have the ability to process/approve payments in the NJSPIRIT application.

4. *User Access Provisioning and Monitoring*

   - We recommend that all user access modification requests related to the NJSPIRIT application are properly documented, approved and maintained and a system log of user accounts that have had access modifications, including the details of what was modified and when, are also maintained.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Cost

None

View of Responsible Official

See management's corrective action plan.

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

Public Health Emergency Preparedness (93.069)

Immunization Cluster (93.268, 93.712)

HIV Care Formula Grants (93.917)

State Agency: Department of Health and Senior Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Finding: 10-18 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

  Ensuring Accountability of For-Profit Subrecipients – Awards also may be passed through to for-profit entities. For-profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for-profit subrecipients are not subject to the audit requirements of OMB Circular A-133, pass-through entities are responsible for establishing requirements, as needed, to ensure for-profit subrecipient accountability for the use of funds.

- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage passed through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of awards* – Larger dollar awards are of greater risk.
- *Subrecipient risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Monitoring System to track the receipt and desk reviews of subrecipient OMB Circular A-133 audit reports. The State has assigned various State of New Jersey Departments as cognizant agencies. It is each cognizant agency's responsibility to:

- Review online GSA reports;
- Determine if subrecipients assigned to their department are subject to State of New Jersey and/or federal single audits;
- Perform desk reviews of the audit reports, and;
- Update the GSA system online.

The Department of Health and Senior Services (the Department) is a cognizant agency responsible for the performance of the above duties of its subrecipients which includes hospitals, nursing homes, and other healthcare related entities.

For one of the ten desk reviews performed by the Department, the GSA Monitoring System was not updated to reflect findings noted related to the subrecipient's OMB Circular A-133 and financial statement audits.

The subrecipients receive funding from various Federal programs that amounted to approximately $1.62 billion for State fiscal year 2010. The four major programs audited at the Department of Health and Senior Services for the State fiscal year 2010 were Special Supplemental Nutrition Program for Women, Infants, and Children, Public Health Emergency Preparedness, Immunization Grants/ARRA-Immunization, and HIV Care Formula Grants. The total payments to subrecipients for these four programs were $20,935,952, $18,650,486, $1,627,357, and $63,842,793 respectively.

A similar finding was included in the 2009 prior year single audit report as item 09-29.

Cause

The Department did not properly update the GSA Monitoring System to reflect the findings noted in the subrecipients' OMB Circular A-133 audit reports.

Effect

Information regarding monitoring of subrecipients may not be properly updated in the GSA Monitoring System to allow other State departments and agencies to perform any follow-up procedures if they pass funds through to the same subrecipients.

Recommendation

We recommend that the Department ensure that all findings related to subrecipients' audit reports conducted in accordance with OMB Circular A-133 are properly reflected in the GSA Monitoring System.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

HIV Care Formula Grants (93.917)

State Agency: Department of Health and Senior Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-19 Earmarking

Criteria

a. The State may not use more than 10% of the amounts received under the grant for planning and evaluation activities (42 USC 300ff-28(b)(2)).

b. The State may not use more than 10% of the funds amounts received under the grant for administration (42 USC 300ff-28(b)(3)).

c. A State may not use more than a total of 15% of the amounts received for the combined costs for administration, planning, and evaluation. States and territories that receive a minimum allotment (between $200,000 and $500,000) may expend up to the amount required to support one full-time equivalent employee for any or all of these purposes (42 USC 300ff-28(b)(5)).

d. The aggregate of expenditures for administrative expenses by entities and subcontractors (including consortia) funded directly by the State from grant funds (first-line entities) may not exceed 10% of the total allocation of grant funds to the State (without regard to whether particular entities spend more than 10% for such purposes) (42 USC 300ff-28(b)(3)(B)).

e. For the purpose of providing health and support services to women, youth, infants, and children with HIV disease, including treatment measures to prevent the perinatal transmission of HIV, a State shall use for each of these populations not less than the percentage of Title II or Part B funds in a fiscal year constituted by the ratio of the population involved (women, youth, infants, or children) in the State with AIDS to the general population in the State of individuals with AIDS (42 USC 300ff-21(b)). This information is provided to the State by HRSA in the annual application guidance (Appendix II, Estimated Number/Percent of Women, Infants, and Children Living with AIDS in States and Territories).

f. A State shall use a portion of the funds awarded to establish a program to provide therapeutics to treat HIV/AIDS or prevent the serious deterioration of health arising from HIV/AIDS in eligible individuals, including measures for the prevention and treatment of opportunistic infections. The amount of this specific earmark for ADAP will be provided in the grant agreement. Of the amount earmarked in the grant agreement for this purpose, the State may use not more than 5% to encourage, support, and enhance adherence to and compliance with treatment regimens (including related medical monitoring) unless the Secretary (or designee) approves a 10% limit (42 USC 300ff-26(c)).

g. A State shall establish a quality management program to determine whether the services provided under the grant are consistent with the most recent Public Health Service guidelines for the treatment of HIV disease and related opportunistic infection and, as applicable, to develop strategies for bringing these services into conformity with the guidelines. Funds used for this purpose may not exceed the lesser of 5% of the amount received under the grant or $3,000,000, and are not considered administrative expenses for purposes of the limitation under paragraph 3.b above (42 USC 300ff-28(b)(3)(E)).

h. Unless waived by the Secretary, HHS (or designee), not less than 75% of the amount remaining after reserving amounts for State administration and a clinical quality management program shall be used to provide core medical services to eligible individuals with HIV/AIDS (including services regarding the co-occurring conditions of those individuals) (42 USC 300ff-22(b)).

Condition

The Department did not meet the Women, Infants, Children and Youth earmarking requirement. The percentage of expenditures communicated to the Department was 36.00%, while the Department only provided 35.24% of Ryan White Part B funds to Women, Infants, Children and Youth. A waiver must be filed if, and when, a requirement is not being met; however for the current grant period, no waiver was filed.

Cause

The Department did not closely monitor compliance with the earmarking requirement, therefore did not comply with the earmarking requirements, in regards to the Women, Infants, Children and Youth requirement.

Effect

The State did not maintain their expenditures for Women, Infant, Children, and Youth at a percentage of Ryan White Part B funds at, or above, the requirement stipulated in the application.

Recommendation

We recommend that the Department strengthen their monitoring procedures to ensure the State is in compliance with the earmarking requirements. If the Department will not meet the requirement, they should file a waiver to the Federal government in a timely manner.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

$319,087

View of Responsible Official

See management's corrective action plan.

Public Health Emergency Preparedness (93.069)

State Agency: Department of Health and Senior Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-20 Reporting

Criteria

Financial Reporting

Recipients should use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form). These other forms may include financial, performance, and special reporting. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. If the Federal awarding agency requires accrual information and the recipient's accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis. The awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of the prescribed formats.

Federal Financial Report (FFR) (SF-425/SF-425A (OMB No. 0348-0061)). Recipients use the FFR as a standardized format to report the financial status of their Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c). See below for information concerning the transition to the FFR. References to this report include its applicability as both a financial status and a cash report, unless indicated otherwise.

Condition

For one of the two SF-425 reports selected for testwork, the cash disbursements included on the SF-425 for the quarter ended June 30, 2010 did not agree to supporting documentation provided by the Department. The disbursements included on the SF-425 totaled $6,973,632 and the supporting documentation provided by the Department totaled $7,409,880. The reported amount of cash disbursements included in the SF-425 was not accurate for the quarter ended June 30, 2010.

Cause

The Department did not properly review the supporting documentation and the SF-425 report to ensure that the cash disbursements agreed between the report and supporting documentation.

Effect

Cash disbursements reported on the SF-425 reports are not accurately stated based on supporting documentation.

Recommendation

We recommend that the Department strengthen review procedures to ensure that all amounts included within the SF-425 reports agree to supporting documentation.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Disability Insurance/SSI Cluster (96.001)

State Agency: Department of Labor and Workforce Development

Federal Agency: Social Security Administration

Finding: 10-21 Activities Allowed or Unallowed/ Allowable Cost/Cost Principles

Criteria

Activities Allowed or Unallowed

DDSs make disability determinations based on the law and regulations and on written guidelines issued by SSA. Each State making disability determinations is entitled to receive from the Trust funds reimbursement for the cost of making those disability determinations for SSA. Activities shall be in accordance with the budget request approved by SSA. Purchased medical services, such as Medical Evidence of Record (MER) and Consultative Examinations (CE), must be in accordance with the DDS's fee schedule for purchased medical services. Activities allowed under the disability programs include personnel services, purchased medical services, indirect costs and other nonpersonnel costs (42 USC 421 (e) and (f); 20 CFR section 404.1626).

Allowable Costs/Cost Principles

1. *Direct Costs* – The SSA Program Operations Manual System (POMS) contains guidance on direct costs for both the DI and SSI programs. Personnel services (POMS DI 39518) include personnel costs and employee benefits. Purchased medical services (POMS DI 39545) include MER and CE. Other nonpersonnel costs include travel (POMS DI 39524), space (POMS DI 39527), equipment (POMS DI 39530), and contracted services (POMS DI 39542).

2. *Indirect Costs* – Indirect costs which may be charged to the disability program generally arise from three sources: (a) administrative costs of the parent agency related to DDS; (b) business costs associated with the accounting, billing, and procurement services provided by the parent agency for the DDS; and (c) automated services provided to the DDS that are operated by the parent agency. Indirect costs charged to the disability program should be based on the rate approved by the cognizant Federal agency as evidenced by a written agreement.

3. *Non-SSA Work* – Some DDSs make disability determinations for claims not related to SSA benefits. When a DDS performs non-SSA work, a Memorandum of Understanding should exist between the State and the SSA Regional Commissioner that outlines the specifics of the non-SSA work. The SSA should not be charged the costs on the non-SSA program work (POMS DI 39563).

Condition

For one of twenty-five other than personal service (OTPS) expenditures selected for testwork, the Department made a duplicate payment for $1,470 in error on the same invoice; however, the Department did not request a refund from the vendor for the overpayment.

Total OTPS expenditures included in our sample were $2,695,429 and total OTPS expenditures included on the schedule of expenditures of federal awards were $2,727,650.

Cause

The Department does not have adequate internal controls over processing of payments made during the State fiscal year 2010 to ensure payments are not duplicated related to the same invoice.

Effect

A duplicated payment was made that was not allowable.

Recommendation

We recommend that the Department strengthen monitoring and review procedures over all expenditures to ensure that all amounts are proper.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Cost

$1,470

View of Responsible Official

See management's corrective action plan.

Unemployment Insurance (17.225)

ARRA – Unemployment Insurance (17.225)

State Agency: Department of Labor and Workforce Development

Federal Agency: U.S. Department of Labor

Finding: 10-22 Cash Management

Criteria

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients.

Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to $100 per year may be kept for administrative expenses. Interest earned by non-State non-profit entities on Federal fund balances in excess of $250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR part 205 (Subpart B).

The requirements for cash management are contained in the OMB Circular 102 (Paragraph 2.a.), the A-102 Common Rule (§___.21), OMB Circular A-110 (§___.22), Treasury regulations at 31 CFR part 205, Federal awarding agency regulations, and the terms and conditions of the award.

Condition

Unemployment Trust Fund draws from the Federal Government are deposited into the Department of Labor and Workforce Development's Master Account with its financial institution (the Master Account) and allocated to other accounts upon review. We noted for one of thirty-three drawdowns, an incorrect amount was transferred into the Federal Additional Compensation Program (FAC). The incorrect transfer resulted in an overstatement in the FAC dedicated account of $95,000.

There are no questioned costs at June 30, 2010 as the drawdown amount was adequately supported by the Department's underlying records and supporting documentation.

Cause

The review of the daily reconciliation between the bank accounts and the amount on the drawdown request form to ensure funds were properly deposited into the respective bank accounts was not performed properly.

Effect

Dedicated bank accounts to account for specific program funding may have insufficient funds to make benefit payments.

Recommendation

We recommend that the Department strengthen their review procedures to ensure each drawdown is deposited into the appropriate bank account.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Vocational Rehabilitation Cluster (84.126, 84.390)

State Agency: Department of Labor and Workforce Development

Federal Agency: U.S. Department of Education

Finding: 10-23 Cash Management

Criteria

When entities are funded on a reimbursement basis, program costs must be paid for by entity funds before reimbursement is requested from the Federal Government. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients.

Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to $100 per year may be kept for administrative expenses. Interest earned by non-State non-profit entities on Federal fund balances in excess of $250 is required to be remitted to Department of Health and Human Services, Payment Management System, P.O. Box 6021, Rockville, MD 20852.

U.S. Department of the Treasury (Treasury) regulations at 31 CFR part 205, which implement the Cash Management Improvement Act of 1990 (CMIA), as amended (Pub. L. No. 101-453; 31 USC 6501 et seq.), require State recipients to enter into agreements that prescribe specific methods of drawing down Federal funds (funding techniques) for selected large programs. The agreements also specify the terms and conditions in which an interest liability would be incurred. Programs not covered by a Treasury-State Agreement are subject to procedures prescribed by Treasury in Subpart B of 31 CFR part 205 (Subpart B).

The requirements for cash management are contained in the OMB Circular 102 (Paragraph 2.a.), the A-102 Common Rule (§___.21), OMB Circular A-110 (§___.22), Treasury regulations at 31 CFR part 205, Federal awarding agency regulations, and the terms and conditions of the award.

Condition

The Vocational Rehabilitation program funds are drawn down daily by the Department for client service activity on a reimbursement basis. The Department utilizes the ESUM table from NJCFS to calculate the daily draw which represents actual expenditures processed in the NJCFS system the day before. For three of fifty-seven client drawdowns selected for testwork, the Department did not draw down Federal funds based upon supporting documentation, resulting in Federal funds being under drawn by $101,529.

A similar finding was included in the 2009 and 2008 prior year single audit reports as items 09-30 and 08-40, respectively.

Cause

The drawdowns did not agree to the underlying NJCFS documentation maintained by the Department due to manual errors in the calculation.

Effect

Cash drawdowns may not be complete and accurate.

Recommendation

We recommend that the Department implement procedures to ensure the amounts drawn from the Federal Government are in accordance with the Department's policy and in accordance with Federal regulations.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Highway Planning and Construction Cluster (20.205, 20.219)

State Agency: Department of Transportation

Federal Agency: U.S. Department of Transportation

Finding: 10-24 Davis-Bacon Act

Criteria

When required by the Davis-Bacon Act, the Department of Labor's (DOL) governmentwide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of $2000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

Nonfederal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contacts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6). This reporting is often done using Optional Form WH-347, which includes the required statement of compliance (*OMB No. 1215-0149*).

The requirements of the Davis-Bacon Act are applicable to construction work on highway projects on Federal-aid highways or with ADHS funds. These requirements are not applicable to Federal-aid construction projects that are not located within the right-of-way of a Federal-aid highway. FHWA has provided guidance on the applicability of Davis-Bacon Act requirements on the Internet at: http://www.fhwa.dot.gov/construction/contracts/080625.cfm (23 USC 113 and 40 USC 14701).

Condition

To perform testwork over the above requirement, we selected forty projects and further selected one monthly payroll summary from each project. The total project expenditures included in the sample were $273,491,150. We noted the following exceptions:

- For thirteen projects (with expenditures totaling $72,294,312), the payroll summaries were submitted less than monthly.
- For one project (with expenditures totaling $21,146), the payroll summary selected was not signed by the resident engineer.
- For eighteen projects (with expenditures totaling $64,796,740), the payroll summaries did not contain evidence of wage rate inspections for the summary selected. Additionally for one of the eighteen, no monthly summaries were provided.

We further selected one payroll certification from each of the forty monthly payroll summaries and selected one employee from each and noted the following exceptions:

- For one of the forty selected, the required certification was not submitted with the payroll. The total paid to the employee selected from this payroll was $320.
- For two of the forty selected, the required certifications were not signed by the contractor. The employees selected from these two certifications were paid $1,003. For one of the two selected, the related payroll did not specify the job classification of the worker, and as such, we could not verify if the appropriate prevailing wage/fringe rate was paid. This employee was paid $430.
- For one of the forty selected, we were unable to determine the prevailing wage rate as the certification specified that fringe rates were paid in cash except to union employees, but the information in the payroll provided did not provide the detail to verify that the prevailing wage and/or fringe rate was in fact paid. The employee selected from this payroll certification was paid $2,280.
- For two of the forty selected, the contractor did not specify whether fringe benefits were paid to applicable programs or in cash, and the information in the payroll provided did not provide the detail to verify that the prevailing wage and/or fringe rate was in fact paid. The employees selected from these two certifications were paid a total of $2,024.
- For one of the forty selected, the payroll support submitted indicated hours worked for the selected employee, but did not list any pay data to allow us to determine if the prevailing wage rate was paid or the actual amount paid to the employee.

A similar finding was included in the 2009 prior year single audit report as item 09-34.

Cause

The Department does not have procedures in place to ensure that all monthly payroll summaries and certifications are being submitted. Furthermore, the procedures in place to ensure accurate reporting are not being followed. This is due in part to the large volume of projects and payroll submissions, and the lack of manpower committed to processing and reviewing the submissions.

Effect

Contractors and sub-contractors may not be paying prevailing wage and benefit rates, resulting in noncompliance with Federal regulations.

Recommendation

We recommend that the Department implement procedures to ensure that all payroll summaries and certifications are submitted and reviewed on a timely basis.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of the Responsible Official

See management's corrective action plan.

Highway Planning and Construction Cluster (20.205, 20.219)

State Agency: Department of Transportation

Federal Agency: U.S. Department of Transportation

Finding: 10-25 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A133 have met the audit requirements of OMB Circular A133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Ensuring Accountability of For Profit Subrecipients* – Awards also may be passed through to for profit entities. For profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for profit subrecipients are not subject to the audit requirements of OMB Circular A133, pass-through entities are responsible for establishing requirements, as needed, to ensure for profit subrecipient accountability for the use of funds.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

Condition

For seven of twenty-five sampled projects, we noted the Department did not identify to the subrecipient at the time of the award the Federal award information (i.e., CFDA title and number; award name and number) as required by the subrecipient monitoring compliance requirement stated above. The expenditures for fiscal

year ended June 30, 2010 for the seven projects totaled $9,238,645. The total expenditures tested in our sample was $24,965,703.

Cause

The Department did not complete the respective fields (identifying the Federal award information) on the Federal Aid Agreements for these subrecipients.

Effect

Failure to identify the Federal award information (CFDA title and number; award name and number) to the subrecipients could lead to noncompliance with the Federal compliance requirements applicable to the program and failure to include the Federal program in the subrecipient's OMB A-133 audit, if required.

Recommendation

We recommend that the Department implement procedures to ensure the Federal award information (e.g., CFDA title and number; award name and number; and name of Federal awarding agency) is identified to subrecipients at the time of the award.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

National Guard Military Operations and Maintenance (O&M) Projects (12.401)

ARRA – National Guard Military Operations and Maintenance (O&M) Projects (12.401)

State Agency: Department of Military and Veterans Affairs

Federal Agency: U.S. Department of Defense

Finding: 10-26 Reporting

Criteria

American Recovery and Reinvestment Act Reporting

Section 1512 of ARRA includes reporting requirements applicable to recipients of awards under ARRA Division A. This section (III.L, Reporting) is relevant only for awards received as a prime recipient (as defined below). This section is not applicable to awards received by a 1st tier-subrecipient (as defined in Appendix VII) or by a lower-level subrecipient. An entity could have received awards as both a recipient and a subrecipient within a major program.

Condition

When reconciling the amounts reported on the Section 1512 reports, the following discrepancies were noted:

- Reports submitted for the period July 1, 2009 through June 30, 2010, some of the expenditures were charged in full to the appropriation established to accumulate only the 50% Federal share, which resulted in an overstatement of the project's progress.
- The manner in which the disbursements on the Section 1512 reporting was inconsistent. Some quarters showed cumulative disbursements to vendors, while others showed only the amount for the specific quarter.
- Some of the vendors that were being paid with the ARRA funds were omitted from the Section 1512 reports.

The amount reported on the Schedule of Expenditures of Federal Awards and the SF-270, Request for Advance or Reimbursement Report for the ARRA portion of the program was $808,610. After our audit inquiry the Department analyzed the ARRA expenditures and determined the actual amount expended was $838,695.

Cause

The Section 1512 reports were not properly reviewed.

Effect

The amounts reported to the Federal Government by the Department were not complete and accurate.

Recommendation

We recommend that all information on the Section 1512 reports be reviewed prior to submission.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Title I, Part A Cluster (84.010, 84.389)

Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392)

Improving Teacher Quality State Grants (84.367)

State Fiscal Stabilization Fund Cluster (84.394, 84.397)

State Agency: Department of Education

Federal Agency: U.S. Department of Education

Finding: 10-27 Subrecipient Monitoring

Criteria

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 (or $300,000 prior to that date) as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Ensuring Accountability of For-Profit Subrecipients* – Awards also may be passed through to for-profit entities. For-profit subrecipients are accountable to the pass-through entity for the use of Federal funds provided. Because for-profit subrecipients are not subject to the audit requirements of OMB Circular A-133, pass-through entities are responsible for establishing requirements, as needed, to ensure for-profit subrecipient accountability for the use of funds.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

- *Program complexity* – Programs with complex compliance requirements have a higher risk of noncompliance.
- *Percentage passed through* – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.
- *Amount of awards* – Larger dollar awards are of greater risk.
- *Subrecipient risk* – Subrecipients may be evaluated as higher risk or lower risk to determine the need for closer monitoring. Generally, new subrecipients would require closer monitoring. For existing subrecipients, based on results of during-the-award monitoring and subrecipient audits, a subrecipient may warrant closer monitoring (e.g., the subrecipient has (1) a history of noncompliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems).

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.
- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Monitoring System to track the receipt and desk reviews of subrecipient OMB Circular A-133 audit reports. The State has assigned various State of New Jersey Departments as cognizant agencies. It is each cognizant agency's responsibility to:

- Review online GSA reports;
- Determine if subrecipients assigned to their department are subject to State of New Jersey and/or federal single audits;
- Perform desk reviews of the audit reports, and;
- Update the GSA system online.

The Department of Education, Office of Fiscal Accountability and Compliance (the Office), is a cognizant agency responsible for the performance of the above duties of its subrecipients which include school districts, boards of education, various educational related institutions, and charter schools. During the State fiscal year 2010, 250 subrecipients were required to submit OMB Circular A-133 audit reports to the Office. Although the Department performed the desk reviews of the 250 OMB Circular A-133 audit reports, it did not update the GSA online system to reflect such reviews as being completed or the findings noted, as applicable.

A similar finding was included in the 2009 and 2008 prior year single audit reports as items 09-42, 08-46, respectively.

Cause

The Office did not properly update the GSA Monitoring System after completing desk reviews of subrecipients' OMB Circular A-133 audit reports.

Effect

Information regarding monitoring of subrecipients may not be properly updated in the GSA Monitoring System to allow other State departments and agencies to perform any follow-up procedures if they pass funds through to the same subrecipients.

Recommendation

We recommend that the Department ensure that the GSA Monitoring System is updated in a timely manner to ensure proper reporting of OMB Circular A-133 desk reviews.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Capitalization Grants for Clean Water State Revolving Funds (66.458)

ARRA – Capitalization Grants for Clean Water State Revolving Funds (66.458)

State Agency: Department of Environmental Protection

Federal Agency: Environmental Protection Agency

Finding: 10-28 Subrecipient Monitoring and Special Tests and Provisions

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending ($500,000) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 (the revised circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.

- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- Regular *Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Special Tests and Provisions

R3 – Subrecipient Monitoring

Federal agencies must require recipients to agree to: (1) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; and (2) require their subrecipients to provide similar identification in their SEFA and SF-SAC. Additional information, including presentation requirements for the SEFA and SF-SAC, is provided in Appendix VII (2 CFR section 176.210).

Condition

For 22 of the 25 subrecipients selected for testwork, the Department did not communicate the Federal award information to the subrecipient (e.g. the related CFDA title and number, award name, name of Federal agency). For 11 of 12 subrecipients that received ARRA funds, the Department did not communicate the Federal award information at the time of the disbursement of funds. The 22 subrecipients included in our sample received loan amounts of $18,879,502 (including $8,084,408 of ARRA). The total amount sampled was $27,510,675 (including $9,570,345 of ARRA) and the total amount loaned to subrecipients for the fiscal year was $93,288,341 (including $44,934,061 of ARRA).

Cause

The Department did not establish procedures within their award documentation or disbursement of ARRA funds to subrecipients to properly communicate required Federal award information.

Effect

The subrecipient may not be aware of the related grant that it is working on as well as the proper compliance requirements associated with the grant program and properly include the expenditures of the Federal program on its OMB Circular A-133 audit, if required.

Recommendation

We recommend that the Department establish procedures to properly communicate the required Federal award information to the subrecipient at the time of the award and at the disbursement of ARRA funds.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Capitalization Grants for Drinking Water State Revolving Funds (66.468)

ARRA – Capitalization Grants for Drinking Water State Revolving Funds (66.468)

State Agency: Department of Environmental Protection

Federal Agency: Environmental Protection Agency

Finding: 10-29 Subrecipient Monitoring and Special Tests and Provisions

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- *Award Identification* – At the time of the award, identifying to the subrecipient the Federal award information (e.g., CFDA title and number, award name, name of Federal agency) and applicable compliance requirements.
- *During-the-Award Monitoring* – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- *Subrecipient Audits* – (1) Ensuring that subrecipients expending ($500,000) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 (the revised circular is available on the Internet at http://www.whitehouse.gov/omb/circulars/a133/a133.html) and that the required audits are completed within 9 months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Pass-Through Entity Impact* – Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.
- *Central Contractor Registration* – Identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a Dun and Bradstreet Data Universal Numbering System (DUNS) number, and maintain the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)).

During-the-Award Monitoring

Following are examples of factors that may affect the nature, timing, and extent of during-the-award monitoring:

Monitoring activities normally occur throughout the year and may take various forms, such as:

- *Reporting* – Reviewing financial and performance reports submitted by the subrecipient.

- *Site Visits* – Performing site visits at the subrecipient to review financial and programmatic records and observe operations.
- *Regular Contact* – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Special Tests and Provisions

R3 – Subrecipient Monitoring

Federal agencies must require recipients to agree to: (1) separately identify to each subrecipient, and document at the time of the subaward and disbursement of funds, the Federal award number, CFDA number, and the amount of ARRA funds; and (2) require their subrecipients to provide similar identification in their SEFA and SF-SAC. Additional information, including presentation requirements for the SEFA and SF-SAC, is provided in Appendix VII (2 CFR section 176.210).

Condition

For 21 of the 25 subrecipients selected for testwork, the Department did not communicate the Federal award information to the subrecipient at the time of the award (e.g. the related CFDA title and number, award name, name of Federal agency). For 8 of 12 subrecipients that received ARRA funds, the Department did not communicate the Federal award information at the time of the disbursement of funds. The 21 subrecipients included in our sample received loan amounts of $8,317,755 (including $2,794,146 of ARRA). The total amount sampled was $10,604,576 (including $5,080,967 of ARRA) and the total amount loaned to subrecipients for the fiscal year was $33,100,680 (including $17,093,491 of ARRA).

Cause

The Department did not establish procedures within their award documentation or disbursement of ARRA funds to subrecipients to properly communicate required Federal award information.

Effect

The subrecipient may not be aware of the related grant that it is working on as well as the proper compliance requirements associated with the grant program and properly include the expenditures of the Federal program on its OMB Circular A-133 audit, if required.

Recommendation

We recommend that the Department establish procedures to properly communicate the required Federal award information to the subrecipient at the time of the award and at the disbursement of ARRA funds.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392)

State Fiscal Stabilization Fund Cluster (84.394, 84.397)

Social Services Block Grant (93.667)

Medicaid Cluster (93.775, 93.777, 93.778)

State Agency: Department of Treasury, Office of Management and Budget

Federal Agencies: U.S. Department of Education
U.S. Department of Health and Human Services

Finding: 10-30 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Criteria

Section II costs – Direct Costs are chargeable to grant programs in accordance with Circular Letter A-87 and OASC-10.

Condition

The State of New Jersey, Department of Treasury, Office of Management and Budget prepares a Fringe Benefit Rate Proposal for negotiation with the United States Department of Health and Human Services. The negotiated fringe benefit rate is used by all State agencies, including State colleges, for estimating and computing actual charges for fringe benefit costs related to Federal programs in their indirect cost rate proposals, as well as, for direct billing of fringe benefit costs. The negotiated fringe benefit rate applies to personnel who are members of the Public Employees' Retirement System (PERS), Teacher's Alternate Benefit Plan (TABP), Teacher's Pension and Annuity Fund (TPAF), and Police and Fire Retirement System (PFRS), and all employees who are not members of a pension plan, but are covered for health benefits.

During our audit, we noted a mathematical, manual error in the computation of workers compensation appropriations disaggregated amongst the groups receiving benefits. This error was not detected through the State's limited review prior to submission of the plan to the Federal Government. This error only impacted the calculation of the negotiated PFRS fringe benefit rate. If the error did not occur, the PFRS fringe benefit rate would have been negotiated at 31.5% instead of 31.1%.

For the Medicaid Cluster, the PFRS fringe benefits are allocated to various organizations through the Division of Medical Assistance and Health Services (DMAHS) quarterly Cost Allocation Plans.

However, the amounts charged for fringe benefits for the Special Education Cluster, State Fiscal Stabilization Cluster, Social Services Block Grant program, and Medicaid Cluster were less than what could have been charged using both rates noted above.

A similar finding was included in the 2009 prior year single audit report as item 09-12.

Cause

There was a manual error data entering certain amounts in the spreadsheets utilized to calculate the fringe benefit rate.

Effect

The State of New Jersey utilized an incorrect fringe benefit rate for PFRS in State fiscal year 2010.

Recommendation

We recommend that the State strengthen its procedures in the preparation and the review of the proposed fringe benefit rate plan to ensure that all costs and amounts entered to prepare the proposed fringe benefit rate are correct.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Low-Income Home Energy Assistance (93.568)

State Agency: Department of Community Affairs

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-31 Reporting

Criteria

Financial Reporting

Recipients should use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form). These other forms may include financial, performance, and special reporting. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. If the Federal awarding agency requires accrual information and the recipient's accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis. The awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of the prescribed formats.

Financial Status Report (FSR) (SF-269 (OMB No. 0348-0039) or SF-269A (OMB No. 0348-0038)). Recipients use the FSR to report the status of funds for all nonconstruction projects and for construction projects when the FSR is required in lieu of the SF-271.

Condition

For Federal fiscal year 2009, the Federal Financial Status (SF-269A) Report did not include the Federal share of the indirect expense (number 11) on the form. After review of the supporting documentation, it was determined that an amount should have been reported on the SF-269A, of $100,156, as the Federal share of the indirect expenses.

Cause

The Department does not have adequate policies and procedures in place to ensure that the Federal financial report is properly completed, supported by accurate documentation and reviewed by a supervisor prior to its submission.

Effect

The Department did not report the correct Federal share of the indirect expenses to the Federal Government for the year ended June 30, 2010.

Recommendation

We recommend the Department implement procedures to ensure the Federal financial reporting is properly completed, supported by accurate documentation and reviewed by a supervisor prior to its submission.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

Low-Income Home Energy Assistance (93.568)

State Agency: Department of Community Affairs

Federal Agency: U.S. Department of Health and Human Services

Finding: 10-32 Subrecipient Monitoring

Criteria

Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

The LIHEAP Model Plan provided that each grantee is to be monitored at least once in a three year period beginning with Federal fiscal year 2008.

Condition

For four of the thirteen monitoring reports selected for testwork, the State was unable to provide any reports or supporting documentation noting that the reports had been monitored within the last three years. The amount passed through to the four subrecipients was $17,988. The total amount of funds passed through to subrecipients in our sample was $3,041,251 and for the fiscal year ended June 30, 2010 was $23,095,309.

Cause

The Department does not have adequate policies and procedures in place to ensure that subrecipient monitoring is properly completed, supported by accurate documentation and reviewed by a supervisor prior to its submission.

Effect

The subrecipients that are not properly monitored may be spending Federal funds on unallowable activities.

Recommendation

We recommend the Department implement procedures to properly schedule timely reviews to ensure that subrecipient monitoring is properly completed within the required period.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

Housing Voucher Cluster (14.871)

State Agency: Department of Community Affairs

Federal Agency: U.S. Department of Housing and Urban Development

Finding: 10-33 Special Tests and Provisions

Criteria

Depository Agreements

Public Housing Authorities (PHAs) are required to enter into depository agreements with their financial institutions in the form required by U.S. Housing and Urban Development (HUD). The agreements serve as safeguards for Federal funds and provide third-party rights to HUD (24 CFR section 982.156).

Condition

Program revenue related to the Section 8 Housing Voucher is deposited into a General Treasury account, which is also used for depositing other State funds. The State of New Jersey, Department of Treasury has a depository agreement on file for the General Treasury Account with its financial institution (Treasury/financial institution) however, it does not include all of the provisions on the standard HUD depository agreement. To satisfy the requirement to enter into a depository agreement to comply with the Federal requirements, the Department of Community Affairs (PHA) entered into a depository agreement with the Department of Treasury (Department/Department) dating back to the late 1970's under the direction of the U.S. Department of Housing and Urban Development.

The two depository agreements on file (Treasury/financial institution and Department/Department) contain ten of the twelve terms included in the standard HUD depository agreement (form HUD-51999 (6/91)). The provisions that are not included require HUD to be a third-party beneficiary of the agreement and require all modifications of the agreement to be approved by HUD.

Cause

The depository agreements were not updated for the inclusion of additional provisions on the standard HUD depository agreement as required by the Federal government.

Effect

Certain safeguarding and third-party rights to HUD are not included in the current agreements.

Recommendation

We recommend that the Department update the depository agreement it has to address the missing terms noted above.

Related Noncompliance

Based on the above, the Department was not fully in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

MANAGEMENT'S CORRECTIVE ACTION PLAN

(Unaudited)

STATE OF NEW JERSEY SINGLE AUDIT

FISCAL YEAR 2010

VIEWS OF RESPONSIBLE OFFICIALS

AND CORRECTIVE ACTION PLANS

TO RESOLVE SINGLE AUDIT FINDINGS

Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Disclaimer of Opinion: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-1 09-1 08-1 07-42	Response: The Division concurs with this audit finding and is committed to completing all MEQC review cycles, which per CMS must be completed sequentially. The Division will continue to work toward completing the MEQC reviews timely, consistent with available resources and federal requirements. The Bureau of Quality Control (BQC) is satisfied that this finding does not represent a weakness in the controls used to ensure the integrity of the QC review process. Corrective Action Plan: BQC will resume MEQC reviews of sampled Title 19 Medicaid cases for the second half of FFY 2008 (April 2008 – September 2008) when the FFY 2010 PERM cycle Title 19 Medicaid cases are completed or there is an increase of available resources (staff, state cars, etc.)	**July 2011** **Claude Singleton** **(609) 588-2958**

Children's Health Insurance Program (93.767)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Disclaimer of Opinion: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-2 No finding in prior year	Response: The Division concurs with this audit finding. However, the review of CHIP eligibility determinations were performed in compliance with 42 CFR 431.50(b)(3) and the State Plan. This eligibility process monitoring activity existed before the inception of PERM and, except that the findings and reports are for internal use, now mimics PERM methodology. Bureau of Quality Control (BQC) staff reviewed CHIP cases (Title 21) for the sample months of July 2009 through December 2009. In December 2010, this staff was reassigned to perform Title 19 Medicaid case reviews to ensure that PERM reporting requirements are met. BQC is satisfied that this finding does not represent a weakness in the controls used to ensure the integrity of the QC review process. Corrective Action Plan: BQC will resume eligibility reviews of sampled Title 21 CHIP cases for the remainder of SFY 2010 (January 2010 – June 2010); when the FFY 2010 PERM cycle Title 19 Medicaid cases are completed or there is an increase of available resources (staff, state cars, etc.)	**July 2011** **Claude Singleton** **(609) 588-2958**

Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Health and Senior Services
Federal Agency: U.S. Department of Health and Human Services

Suspension and Debarment

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-3 No finding in prior year	DHSS-Healthcare Facility Licensure will revise existing procedures for nursing facility initial application and annual license renewal to include a certification statement from each facility stating it is not suspended, debarred, or otherwise excluded from entering into the covered transaction. In addition, Healthcare Facility Licensure staff will verify that parties are not suspended, debarred, or otherwise excluded from entering into a covered transaction by routinely monitoring the Excluded parties List System (EPLS) maintained by the General Services Administration (GSA). Routine monitoring will consist of searching the EPLS for firms under Health and Human Services (HHS) authority. An electronic or paper copy will be signed and maintained by Healthcare Facility Licensing staff who performed the search and who reviewed the report to confirm that no current licensees appear on the list.	**June 1, 2011** **Barbara Goldman** **(609) 633-9034** **Art Verpent** **(609) 984-8181**

Children's Health Insurance Program (93.767)
Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-4 No finding in prior year	Response: A review of the timesheets confirmed that an employee had in fact been paid for time for which she should have been docked. The employee was notified of the overpayment and the time was recouped on PP# 04/2011 (1/29/11 – 2/11/11). Copies of the docking paperwork were provided to the auditor confirming the recoupment. Therefore, this finding with this employee has been resolved. Corrective Action Plan: With the implementation of NJ electronic Cost Accounting and Timesheet System (eCATS), we no longer have this issue. This overpayment occurred with the former manual system in which timesheets were not provided until after the payroll was completed. With the implementation of the eCATS time/payroll system, timesheets actually drive the pay time. Thereby, if a change needs to be made after payroll is submitted, the docking will automatically be applied to the next pay period. The eCATS system has built in edits that ensure any non-paid time-off is properly charged and contains manual and computer generated review so that future risks for non-allowable expenditures are mitigated.	**February 2011** **Kim Burnett** **(609) 588-7870**

SNAP Cluster (10.551, 10.561)
TANF Cluster (93.558, 93.714)
CCDF Cluster (93.575, 93.596, 93.713)
Medicaid Cluster (93.775, 93.777, 93.778)
State Agencies: Department of Human Services
Department of Health and Senior Services
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-5 No finding in prior year	The Division confirmed the registration for a sample of the county agencies however all agencies were not reviewed. The Division will contact the County Welfare Agencies and Child Care Resource & Referral Agencies and request that each agency submit documentation verifying that they are registered with the Central Contractor Registration (CCR).	**June 30, 2011** **Tom Mattaliano** **(609) 588-2056**

Child Support Enforcement (93.563)
ARRA – Child Support Enforcement (93.563)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-6 09-7 08-2 07-5 06-1 05-7 04-18 03-7 02-6 01-6 00-30	DHS is in the process of having a RFP for the collection and disbursement of Child Support Collections Banking and Cash Management. The RFP requires the vendor to be responsible for all collections, deposit, disbursement and reconciliation of collections. It is anticipated that with all Banking and Cash Management being performed by a fully privatized State Disbursement Unit that reconciliation between the Child Support Bank Account and OCSE-34A Report will be complete.	**June 30, 2012** **Alisha Griffin** **(609) 584-5093**

CCDF Cluster (93.575, 93.596, 93.713)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-7 09-8 08-4 07-7	Child Care Operations within the Division of Family Development will continue to revise and strengthen its procedures related to subrecipient monitoring in order to ensure that findings are accurately communicated to the agencies and that they adhere to corrective action submission dates. The new Assistant Director of CCO will meet with the DFD Audit Liaison to review the procedures and work flow processes to ensure monitoring compliance and the efficient use of staff resources.	**June 30, 2011** **Margaret Milliner** **(609) 588-7796**

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, and Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-8 No finding in prior year	Most Contract Administrators (CA) use a standardized template to record contract payments made to Providers. The CA responsible for the Provider noted in this finding uses a separate tracking ledger that is included in the contract file where all payments made to Providers are recorded. Going forward all CAs will use the same standardized template for recording contract payments. Additionally, a separate unit (payment unit) within the fiscal office is charged with recording all payments with respective check numbers. Once a quarterly Report of Expenditures (ROE) is received from a Provider, the CA prepares a form titled the "FS 90." The FS 90 certifies that the Provider has submitted an ROE with allowable expenses. The FS 90 is forwarded to the payment unit to authorize continuing contract payments. The payment unit will not make payments to Providers unless an up to date FS 90 is on file.	**April 25, 2011** **Jose Gonzalez** **(609) 984-6961**

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-9 09-4 08-3 07-2	Reporting: Quarterly Reports of Expenditures (ROEs) are due no later than 30 days after the end of the reporting period. DAS has developed a web-based contract processing system called the Contract Information Management System (CIMS). Starting on July 1, 2010 all ROEs are submitted electronically through CIMS. Effective September 2010, a new feature was added to CIMS that addresses the deficiency cited in this finding. If an ROE is not received within the prescribed submission timeframes CIMS will automatically send out an alert to Providers. The 1st alert is sent one (1) day after the ROE is due to remind Providers the ROE has not been received and is late. If the ROE is still not received within fourteen (14) days after the reporting period ends, a 2nd and final reminder is sent out to Providers advising them that if the ROE is not received within 7 days all contract payments will be suspended.	**Reporting: October 2010** **Site Visits: Beginning May 2, 2011** **Jose Gonzalez** **(609) 984-6961**

	Site Visits: Until, and during a part of SFY 2010, The Center for Family Services was responsible for providing Addictions Hotline of New Jersey services. Prior to and during much of SFY 2010, DAS was in the process of identifying a new provider to deliver Addictions Hotline services. DAS anticipated that the new provider would begin services early in SFY 2010. However, there were numerous delays, and hotline services, provided by 211, did not actually begin until November 2010. DAS convenes bi weekly Contracts Coordinating meetings at which contract, fiscal, programmatic (Prevention & Treatment) and monitoring staff are present. DAS will ensure that the meeting agenda includes the latest contracting issues/developments for staff members to act on to ensure that all required site visits are conducted.	

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Education

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-10 09-6 08-7	By May 31, 2011, Cost Allocation Plans (CAP's) for the quarters ended March 31, 2010 and June 30, 2010 will be completed. The December 31, 2009 CAP was completed February 15, 2011. The Accountant who performed this function left in September 2005. Due to the administrative hiring freeze, this position has remained vacant. Once approval to fill this position is received, the CAP's will be completed in a timely manner.	**CAP Completions:** **Projected by May 31, 2011** **Staffing: Ongoing** **Frank Scheick** **(973) 648-3126**

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Education

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-11 No finding in prior year	The Accountant who performed the function of federal financial reporting left in September 2005. Due to the administrative hiring freeze, this position has remained vacant. Once approval to fill this position is received, the financial reports will be completed in a timely manner.	**Staffing: Ongoing** **Frank Scheick** **(973) 648-3126**

SNAP Cluster (10.551, 10.561)
TANF Cluster (93.558, 93.714)
State Agency: Office of Information Technology
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Other Requirement—Information Technology General Controls

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-12 09-10 08-44 07-8	1. Access at the Data Center Although the staff may have access to the HUB Data Center building, not all have access to the Computer/Server Rooms. The same security system mindset exists in all Office of Information Technology (OIT) buildings. Most Application Development staff granted access to the HUB building cannot access the Computer/Server areas. A list of staff having access to the named areas can be periodically supplied and reviewed. Since the FY10 Audit fieldwork concluded, the access listing to the Computer/Server Rooms has been further reduced. 2. BULL Access/Monitoring of BULL Access OIT will pursue the reviewing and monitoring of the access rights for these shared accounts. Reviewing to inspect the shared account's activity and monitoring to determine the activity's propriety. 3. Formal Testing and Sign-Off Process for Operation System Changes OIT maintained a log documenting patches applied to the operating system. OIT Circular #03-2009 titled, BULL Operating System Formal Change Process for System Upgrades and Corrections describes the documentation and Change Control procedures. Approval of these changes occur with the Deputy CTO; thereby promoting segregation of duties. These approvals will now be evidenced with signed and dated intra-agency memos. Patch log evidence will be expanded to reveal a given patch's life cycle.	1. **Implementation started 01-20-11.** 2. **The procedures will be implemented 06-01-11.** 3. **Logging procedures implemented 04-15-11.** **Stephen Foundos** **(609) 633-8791**

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
State Agency: Department of Agriculture
Federal Agency: U.S. Department of Agriculture

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-13 No finding in prior year	Procedure: On the working day closest to the 20th of each month my staff and I will meet to determine the due dates for reports and the date to start preparing the reports. The preparation of the reports will start a minimum of two working days before the reports are due to insure completion by the due date. This procedure implemented beginning April 2011. All 30-day reports (FNS-10, FNS-44, & FNS-418) will be submitted within 30 days following the last day of the reporting month. All 90-day reports (FNS-10, FNS-44, & FNS-418) will be submitted within 90 days following the last day of the reporting month. The annual FNS-13 report will be submitted within 120 days following the last day of the close of the state fiscal year.	**April 7, 2011** **Robert Gibson** **(609) 984-1197**

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS

Child and Adult Care Food Program (10.558)
State Agency: Department of Agriculture
Federal Agency: U.S. Department of Agriculture

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-14 No finding in prior year	Procedure: On the working day closest to the 20th of each month my staff and I will meet to determine the due dates for reports and the date to start preparing the reports. The preparation of the reports will start a minimum of two working days before the reports are due to insure completion by the due date. This procedure implemented beginning April 2011. The FNS-44 30 day report will be submitted within 30 days following the last day of the reporting month. The FNS-44 90 day report will be submitted within 90 days following the last day of the reporting month.	**April 7, 2011** **Robert Gibson** **(609) 984-1197**

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
State Agency: Department of Agriculture
Federal Agency: U.S. Department of Agriculture

Special Tests and Provisions

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-15 09-17 08-24	The Division of Food and Nutrition has submitted numerous requests and justifications to fill the vacant auditor positions since May 2006. The requests to fill these positions have been denied repeatedly. Since the Division has not been able to fill the vacant auditor positions, we have engaged the services of two temporary employees. The temporary employees have been reviewing school district audits and assisting in the development of auditing procedures for the Division. The reviews encompass the evaluation of revenue and expenditures of school food service accounts to monitor the non-profit status as required by regulation. As part of the new auditing procedures being developed, Child Nutrition has been reviewing sponsor's school audits that received in excess of $100,000 as required by State Circular Letter 04-04-OMB and has revised the Audit Checklist to include a signature. (As a side note, the Division of Food and Nutrition has recently received approval to fill two (2) auditor positions. The position vacancy notices were posted and closed on March 9th. We are currently waiting for lists to be developed and distributed for these positions. Child Nutrition will continue to proceed towards hiring these permanent employees/auditors as quickly as possible.) In the meantime, the temporary employees/auditors will review all School sponsors receiving over $100,000 in a fiscal year. The temporary auditors will properly sign off on the Audit Checklist and maintain it on file. The supervisor will monitor this required task more closely to insure compliance. This procedure was implemented beginning April 2011.	**April 7, 2011** **Robert Gibson** **(609) 984-1197**

Adoption Assistance (93.659)
ARRA – Adoption Assistance (93.659)
State Agency: Department of Children and Families
Federal Agency: U.S. Department of Health and Human Services

Eligibility

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-16 09-26 08-25 07-41	**Subsidy Agreement Renewal:** **1. Subsidy Renewal Agreements related to SFY 2010 was not sent to the adoptive parents. (7 cases)** DCF indicates that SFY 2010 renewals were affected by a complete overhaul of the annual renewal system in order to interface with the implementation of NJSPIRIT (SACWIS system). As a result, through Calendar Year 2009, renewals were sent late and others were blended into Calendar Year 2010. However the new system is now in place and fully functional as confirmed by the fact that the SFY 2011 renewals for these seven cited cases were on file in the record. The list of cases due each month for annual renewal is now generated through NJSPIRIT and monitored by an Administrative Analyst in the Office of Adoption Operations. DCF developed an automated system using bar scan technology to monitor the agreements returned and track those for whom a second mailing is required. DCF will continue this process of monitoring and tracking required agreements. **2. Subsidy Renewal Agreements related to SFY 2010 was sent to the adoptive parents; however, they have not completed and returned it. (1 case)** If an adoptive family does not return the annual renewal agreement, DCF sends a second packet and request for completion approximately 45 days after the initial request. Additionally, subsidy staff attempts to reach the adoptive family by phone to determine what the barrier is to completing the annual agreement. However, federal policy does not allow states to terminate subsidy for an eligible child regardless of whether the family fails to re-sign the agreement. Therefore, there are files in which DCF may have only the federally required initial agreement and lack the signed renewal. DCF maintains an Access database, which records the specific dates of both the initial mailing and the second mailing of the agreement to the family as required by state policy.	**April 5, 2011** **Ellen Kelly** **(609) 984-6080** **April 5, 2011** **Ellen Kelly** **(609) 984-6080**

Foster Care—Title IV-E (93.658)
ARRA – Foster Care—Title IV-E (93.658)
Adoption Assistance (93.659)
ARRA – Adoption Assistance (93.659)
State Agencies: Office of Information Technology
Department of Children and Families
Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Other Requirement—Information Technology General Controls

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-17 09-28 08-6	*1. NJSPIRIT Password Rules* We are in the final stages of implementing our Active Directory Integration and Identity Management Project (ADAM). Once established, ADAM will enforce the rules necessary for compliance. DCF remains on target with the projected completion date of June 2011.	**1. June 30, 2011** **Jason Ciseck - DCF** **(609) 292-6726**

	2. Disaster Recovery Test DCF remains on target with the projected completion of a full DR within FY 2012. A DR test was performed in August 2010 and has provided valuable insight into the planning and design of NJ SPIRIT's new DR environment. The completion of this new DR environment is reliant on OIT purchasing the needed equipment.	**2. June 30, 2012** **Jason Ciseck - DCF** **(609) 292-6726**
	3. Sensitive Access and Segregation of Duties One user was identified in this year's KPMG audit as having the ability to create vendors in the Contract Management System (CMS) and approve payments in NJ SPIRIT. DCF corrected this issue immediately, by changing the user's security within NJ SPIRIT. The user no longer has supervisory approval rights in NJ SPIRIT. In compliance with the auditor's recommendation, DCF will enhance the already existing procedures concerning the addition and modification to both NJ SPIRIT and Contract Management System user accounts. o Whenever a user obtains full approval access in the Contract Management System, a cross reference check of their NJ SPIRIT security will be conducted to ensure they do not have supervisory approval rights. o Whenever a user obtains supervisory approval rights within NJ SPIRIT, a cross reference check of their Contract Management System rights will be conducted to ensure they do not have full approval access. This enhanced (manual) protocol will better eliminate the risk of this type of 'segregation of duties conflict' from happening throughout the year. This enhancement will be in place by 6/1/2011. DCF already has an established annual internal review protocol of all NJ SPIRIT users to ensure that workers do not have the conflicting access noted above. This review takes place in June of every year and serves as an additional safeguard. DCF will explore a NJ SPIRIT enhancement which would allow the application to verify security access between systems (NJ SPIRIT & CMS) to completely eliminate the possibility of this 'segregation of duties conflict' occurring in the future.	**3. June 30, 2012** **Jason Ciseck - DCF** **(609) 292-6726**
	4. *User Access Provisioning and Monitoring* Currently, DCF manually captures all user access modification requests related to NJ SPIRIT throughout the year. DCF has established protocol concerning the documentation, approval, and maintenance of these modifications requests. Due to a decision made by DCF administration, that security is decentralized and these manual records are kept in local offices throughout the State. As an internal check, DCF conducts an annual NJ SPIRIT user access review to ensure that all user access is up to date and correct. At this time, the centralized NJ SPIRIT security unit randomly samples 10% of these offices to further ensure that the day-to-day access modification protocol is being followed throughout the year and proper documentation is kept. DCF acknowledges that this current system is manual and is unable to be audited from within NJ SPIRIT. DCF will pursue the recommendation of maintaining a system log of user accounts. The NJ SPIRIT application will need to be enhanced to allow for the capturing of the historical user account information.	**4. June 30, 2012** **Jason Ciseck - DCF** **(609) 292-6726**

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)
Public Health Emergency Preparedness (93.069)
Immunization Cluster (93.268, 93.712)
HIV Care Formula Grants (93.917)
State Agency: Department of Health and Senior Services
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-18 09-29	DHSS-Financial Services will revise the existing procedures related to updating the GSA Monitoring System. On an annual basis, the Director of Financial Services will assign a staff resource to verify the data entered to the System so that the system accurately reflects the findings on the audit reports.	**June 1, 2011** **Walter C. Valora** **(609) 633-1528** **Marsha Lau** **(609) 633-2764**

HIV Care Formula Grants (93.917)
State Agency: Department of Health and Senior Services
Federal Agency: U.S. Department of Health and Human Services

Earmarking

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-19 No finding in prior year	Management at the Division of HIV, STD and TB Services will conduct of an annual review at the midpoint of the grant period. This review will determine if the Department complies with the earmarking requirement for services provided to Women, Infant, Children, and Youth at a percentage of Ryan White Part B funds at, or above, the requirement stipulated in the application. If it is determined that DHSS is not in compliance, DHSS will seek a waiver from the Health Resources and Services Administration. In addition, Management is conducting an audit of the data used in preparing the FY10 report. If it is determined that the corrected data does in fact, show that the Department was in compliance for this period, the Department will report the audited result to the Health Resources and Services Administration.	**October 1, 2011** **Carmine Grasso** **(609) 984-6328**

Public Health Emergency Preparedness (93.069)
State Agency: Department of Health and Senior Services
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-20 No finding in prior year	DHSS-Financial Services will modify procedures to include a review of the SF-425 Report and its supporting documentation on a quarterly basis by a staff resource not involved with filing the automated report.	**June 1, 2011** **Walter C. Valora** **(609) 633-1528**

Disability Insurance/SSI Cluster (96.001)
State Agency: Department of Labor and Workforce Development
Federal Agency: Social Security Administration

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-21 No finding in prior year	The duplicate payment was the result of a new vendor rebilling for an item billed by the predecessor vendor. A letter has been sent to the new vendor and LWD expects to recover the $1,470 duplicate charge.	**May 31, 2011** **Gerald P. Calamia** **(609) 984-1779**

Unemployment Insurance (17.225)
ARRA – Unemployment Insurance (17.225)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Labor

Cash Management

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-22 No finding in prior year	The Department did over-transfer $95,000 from the Master Account to the Federal FAC Account. This did not result in any harm to the Federal program. The funds were subsequently transferred back to the Master Account.	**Completed – March 2011** **Gerald P. Calamia** **(609) 984-1779**

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Education

Cash Management

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-23 09-30 08-40	The Department did under-draw federal funds for three of the draws tested. Reconciliation of draws to expenditures is completed when the program ends. However, efforts will be enhanced to match all draws to the underlying support.	**Completed – December 2010** **Gerald P. Calamia** **(609) 984-1779**

Highway Planning and Construction Cluster (20.205, 20.219)
State Agency: Department of Transportation
Federal Agency: U.S. Department of Transportation

Davis-Bacon Act

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-24 09-34	Civil Rights/Affirmative Action will provide draft language and corresponding forms to the Bureau of Construction Engineering, the unit responsible for revising and updating the Construction Procedures Handbook.	**April 1, 2011** **(Draft of language and forms development/revision)** **Amadeo Miro** **(609) 530-2151**

Highway Planning and Construction Cluster (20.205, 20.219)
State Agency: Department of Transportation
Federal Agency: U.S. Department of Transportation

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-25 No finding in prior year	CFDA Number and other information were embedded in the current heading of the project specific agreement form as of March 2010 to insure that the recipients will receive the information at the time of the signing of the agreement. Corrective action has been implemented.	**Recommendation implemented March 2010.** **Shukri Abuhuzeima** **(609) 530-4680**

National Guard Military Operations & Maintenance (O&M) Projects (12.401)
ARRA – National Guard Military Operations & Maintenance (O&M) Projects (12.401)
State Agency: Department of Military & Veterans Affairs
Federal Agency: U.S. Department of Defense

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-26 No finding in prior year	The Fiscal Division of the Department of Military and Veterans' Affairs has conducted an extensive analysis and reconciliation of cost data submitted to the Fiscal Division from the Construction, Facilities, Management Office (CFMO) for all quarters as reported on the www.federalreporting.gov website. The reconciliation has been provided and the Fiscal Division will be making all required corrections in the New Jersey Comprehensive Financial System and to the website data for all quarters reported. For future reporting, the Fiscal Division will conduct an extensive review of all data submitted by the CFMO prior to submission to the federal reporting website.	**June 15, 2011** **Roger Bushyeager** **(609) 530-6941**

Title I, Part A Cluster (84.010, 84.389)
Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392)
Improving Teacher Quality State Grants (84.367)
State Fiscal Stabilization Fund Cluster (84.394, 84.397)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-27 09-42 08-46	Response: The Department of Education, Office of Fiscal Accountability and Compliance (OFAC) concurs that updates of the GSA online system were not completed after completing desk reviews of subrecipients' OMB Circular A-133 audit reports. Corrective Action Plan: The OFAC will ensure that updates of the GSA system are performed following completion of desk reviews of subrecipients' OMB Circular A-133 audit reports.	**July 2011** **Lisa D. McCormick** **(609) 292-7742**

Capitalization Grants for Clean Water State Revolving Funds (66.458)
ARRA – Capitalization Grants for Clean Water State Revolving Funds (66.458)
State Agency: Department of Environmental Protection
Federal Agency: Environmental Protection Agency

Subrecipient Monitoring and Special Tests and Provisions

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-28 No finding in prior year	The Municipal Finance and Construction Element will establish a procedure whereby the loan recipients are notified at the time of the award the Federal award information (i.e. CFDA title and number; award name and number; and name of Federal awarding agency) that finances their project. For projects financed with Recovery Act funds, the Element will establish a procedure whereby the loan recipients are also notified with each disbursement the Federal award information (i.e. CFDA title and number; award name and number; and name of Federal awarding agency).	**By March 2012** **Gene Chebra** **(609) 292-8963**

Capitalization Grants for Drinking Water State Revolving Funds (66.468)
ARRA – Capitalization Grants for Drinking Water State Revolving Funds (66.468)
State Agency: Department of Environmental Protection
Federal Agency: Environmental Protection Agency

Subrecipient Monitoring and Special Tests and Provisions

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-29 No finding in prior year	The Municipal Finance and Construction Element will establish a procedure whereby the loan recipients are notified at the time of the award the Federal award information (i.e. CFDA title and number; award name and number; and name of Federal awarding agency) that finances their project. For projects financed with Recovery Act funds, the Element will establish a procedure whereby the loan recipients are also notified with each disbursement the Federal award information (i.e. CFDA title and number; award name and number; and name of Federal awarding agency).	**By March 2012** **Gene Chebra** **(609) 292-8963**

Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392)
State Fiscal Stabilization Fund Cluster (84.394, 84.397)
Social Services Block Grant (93.667)
Medicaid Cluster (93.775, 93.777, 93.778)
State Agencies: Department of Treasury, Office of Management and Budget
Federal Agencies: U.S. Department of Education
U.S. Department of Health and Human Services

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-30 09-12	We agree with your recommendations to strengthen our procedures. The fringe benefit rate development is a manual process as has been noted in previous years. During the current fiscal year, we have developed detailed written procedures, redesigned reports, and reviewed the overall process we use to minimize errors in our rates. Management review has been improved by implementing a more detailed review of supporting documentation. These controls should improve procedures and minimize errors in future rates.	**Implementation started during FY 2011 and is ongoing.** **Constance Marie Willett** **(609) 292-5269**

Low-Income Home Energy Assistance (93.568)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-31 No finding in prior year	Procedures to ensure that Federal financial reporting tasks are accurately and properly completed continue to be strengthened and refined by DCA. The omission noted by KPMG on one (1) SF-269A final report for Line 11 "Indirect Expense" is solely attributable to human error and was not identified in the report review process prior to being submitted to US-HHS. This report was amended and resubmitted to US-HHS on February 1, 2011. It should also be noted that Line 11 was properly completed on the interim SF-269A report submitted for this award and that the accounting records and support maintained was accurate and available. DCA will continue to examine its review and approval process to reduce risk and ensure that any future omissions are identified prior to report submission to the federal funding agency.	**February 2011** **Matt Cohen** **(609) 633-6129**

Low-Income Home Energy Assistance (93.568)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-32 No finding in prior years	The LIHEAP Model Plan submitted to US-HHS for FFY 2010 details that new monitoring procedures were instituted by DCA for the program during FFY 2008. The new procedures implemented are patterned after CSBG program requirements and are more stringent than those required for LIHEAP. Per the Model Plan, a baseline-monitoring visit was to be conducted during FFY 2008 of every energy assistance grantee. The County Welfare Agencies (CWAs) were not included in this initial baseline due to the immaterial annual amount	**September 30, 2011** **Jose Sanchez** **(609) 984-6670**

	of funding provided to these agencies in relation to annual overall LIHEAP program funding provided to other types of subrecipients. The Model Plan states that grantees evaluated and deemed at risk would be monitored in FFY 2009; grantees deemed average would be monitored in FFY 2010; and grantees deemed high functioning would be monitored in FFY 2011. The audit finding cites four CWAs that DCA could not provide full, on-site monitoring documentation for from FFY 2008 to FFY 2010. DCA has grant agreements with 21 CWAs and 7 of these entities were monitored during CY 2010. DCA is currently under contract with Mercadien P.C. to monitor the remaining 14 CWAs (including the 4 cited in the finding) by no later than September 30, 2011. It should be noted that all CWAs and other subrecipients are routinely monitored by DCA through required reporting, regular contact, and general grant administration activities via the department's SAGE system.	

Housing Voucher Cluster (14.871)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Housing and Urban Development

Special Tests and Provisions

FINDING #[1]	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
10-33 No finding in prior year	NJDCA will work cooperatively with the NJ Department of the Treasury-Office of Management and Budget to update the current depository agreement between our two departments to include the two missing provisions cited by KPMG.	**Projected completion: September 30, 2011** **Deborah Heinz** **(609) 633-6177**

STATE OF NEW JERSEY SINGLE AUDIT

FISCAL YEAR 2010

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Disclaimer of Opinion: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-1 08-1 07-42	1. The Division is committed to completing all MEQC review cycles. The Division has made progress to and will continue to work to complete the MEQC reviews timely consistent with available resources and federal requirements. Ongoing. 2. The Division is committed to completing all MEQC review cycles. The Division has made progress to and will continue to work to complete the MEQC reviews timely consistent with available resources and federal requirements. Ongoing. 3. A copy of the original (Food Stamp) signature page was requested from the certifying agency and will be added to the BQC record. BQC Staff was reminded to include a copy of the signature page in the BQC record, for audit purposes. March 2010. 4. BQC is satisfied that this finding does not represent a weakness in the controls used to ensure the integrity of the QC review process. The Supervising Program Support Specialist has been advised to initial and date all approved reviews, without exception. March 2010.	1. Implementation is ongoing. Work on FFY 2008 MEQC cases continues and will accelerate once the federal reporting requirements for FFY 2010 PERM cases are accomplished. 2. Implementation is ongoing. MEQC cycles must proceed in sequential order. Work on FFY 2009 MEQC cases will commence when the reporting requirements for FFY 2008 MEQC case are accomplished. 3. Recommendation implemented in March 2010. 4. Recommendation implemented in March 2010.

SNAP Cluster (10.551, 10.561)
Child Support Enforcement (93.563)
Temporary Assistance for Needy Families (93.558)
Foster Care—Title IV-E (93.658)
Foster Care—Title IV-E, Recovery Act (93.658)
Adoption Assistance (93.659)
Adoption Assistance, Recovery Act (93.659)
Medicaid Cluster (93.775, 93.777, 93.778)
State Children's Insurance Program (93.767)
State Agency: Office of Information Technology
Federal Agency: U.S. Department of Health and Human Services

Special Tests and Provisions

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-2 No finding in prior year	Due to staffing limitations within the Office of Information Technology's (OIT's) iMAC unit as well as prolonged sick leave, the size of the unit shrunk from three people to one person for the period of July 2009 through January 2010. Since there are now two people on board, the Biennial Security Review will be completed on June 30, 2010. The ADP Risk Analysis is awaiting the results of the Data Center Audit currently being performed by the Office of the State Auditor. Important aspects of the Risk Analysis rely on these findings. It is expected this report will be issued between June 30, 2010 and September 30, 2010. The results will be incorporated into the Risk Analysis approximately three months after the date the report is received, but no later than December 31, 2010.	The Biennial Security Review for the CYE 2008 was completed and issued in June 2010. The Biennial Security Review for the CYE 2010 is projected to be completed June 30, 2011. A Risk Analysis Project for CYE 2010 is projected to be completed June 30, 2011. NOTE: iMAC's staffing level decreased last fall to only one.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Health and Senior Services
Federal Agency: U.S. Department of Health and Human Services

Special Tests and Provisions

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-3 No finding in prior year	1) Immediately coordinate with Assessment and Survey—on at least a quarterly basis—a report of the Long Term Care (LTC) facilities inspected and approved for recertification. Continue the receipt of the form denoting the recommendation for recertification. March 2010. 2) Create and implement an Excel spreadsheet of Medicaid approved LTC facilities. This will include the date of the survey, the recertification recommendation, and Medicaid's recertification letter to the LTC facility. April 2010. 3) On at least a quarterly basis, review the report noted in 1 in relation to the spreadsheet to verify the mailing of the Medicaid letter and its inclusion in the facility's file. June 2010 and ongoing. 4) Notify Assessment and Survey of any discrepancy between #s 1 and 2 in writing or email, to ensure proper documentation of Medicaid recertification is completed on a timely basis. June 2010 and ongoing.	Recommendations were implemented in accordance with the dates provided in the original corrective action plan.

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-4 08-3 07-2	**Response to Conditions:** • As of July 1, 2010, the review and processing of expenditure reports will be done on a web-based reporting, review and approval system. Agencies will be immediately notified via this system when reports are delinquent. Beginning July 1, 2010, the required due date for interim expenditure reports will be 30 days following the close of the reporting period and 120 days following the close of contract period for final reports. Contract Administrators are currently held accountable for ensuring that interim reports applicable to contracts within the 2010 fiscal year are received within 10 working days following the close of the period and final reports are received within 60 working days following the close of the contract. Advanced payments are automatically stopped if no verification of receipt of the expenditure report is generated by the Contract Administrator. Files are periodically monitored for such compliance. • As of July 1, 2010, the review and processing of expenditure reports will be done on a web-based reporting, review and approval system. This system will alert both Contract Administrator and Contract Supervisor on the review status of all reports thereby ensuring processing within the 30-day period. Currently, Contract Administrators are held accountable for the 30-day processing time. Files will be periodically monitored for compliance. • The prevention unit has implemented a tracking method in which all contracts are listed on a	• Review and processing of expenditure reports are done on a Web based system beginning with contracts starting 7/1/10. Agencies are permitted to submit expenditure reports 30 days following the end of the quarter (120 days for final). Contract administrators are held accountable for all time frames described in the corrective action plan. The advanced payment procedure remains the same. • Beginning with contracts starting 7/1/10, expenditure reports are reviewed on a web based system. This system alerts the provider agency when expenditure reports are delinquent on the 1st, 14th, and 30th day after the report is due. The system indicates the submission date to the contract administrator and supervisor, thereby allowing easier tracking of review turnaround time. • The Prevention Unit’s tracking procedures remain in place.

	spreadsheet that indicates the due date for each Formal Site Visit. Program Officers utilize the form to indicate when they have conducted a formal site visit for the contracts they oversee. The spreadsheet is reviewed monthly by the prevention director to assure that all visits have been conducted in a timely manner. July 2010.	

Block Grants for the Prevention and Treatment of Substance Abuse (93.959)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Suspension and Debarment

FINDING #1	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-5 No finding in prior year	As of July 1, 2010, the review and processing of contract applications will be done on a web-based reporting, review and approval system. The system will not allow an incomplete or unsigned application to be approved. Applications will require verification that the applying agency is neither suspended nor debarred.	Contract applications are reviewed on a web-based system. Supporting documents (Schedule G, I, etc.) are still submitted as hard copies. The target date for scanning and submitting all documents on the web-based system is 7/1/11.

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Education

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-6 08-7	By April 30, 2010, Cost Allocation Plans (CAP's) for the quarters ended March 31, 2009 and June 30, 2009 will be completed. The Accountant who performed this function left in September 2005. Due to the administrative hiring freeze, this position has remained vacant. Once approval to fill this position is received, the CAPs will be completed in a timely manner. Quarterly CAPs to be implemented April 2010; final implementation is contingent on repeal of hiring freeze.	CAP's for the quarters ended March 31, 2009 and June 30, 2009 were completed by April 28, 2010.

Child Support Enforcement (93.563)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-7 08-2 07-5 06-1 05-7 04-18 03-7	The Division is currently in the process of replacing the ACSES data system. Included in the redesign, is the systems requirement to maintain all information within the NJKiDS system in order to identify all collections and disbursements. As of June 30, 2009 (State Fiscal Year [SFY] 2009), the NJKiDS system was implemented in 19 counties. The remaining two counties were available as of September 1, 2009 (SFY 2010). It should be noted that, while the NJKiDS system is currently operational, it has not been officially certified by the federal government, as there are still outstanding projects that must be completed. It is projected that NJKiDS will be certified by the federal government during State Fiscal	The NJKiDS system is currently operational. NJKiDS received federal certification in July 2010.

02-6 01-6 00-30	Year 2011.	

Child Care Cluster (93.575, 93.596)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-8 08-4 07-7	Team Supervisors will more closely review the monitoring reports to ensure the deficiencies match the responses to the questions on the monitoring tool. If there are items noted that are inconsistent, the report will be sent back to the Specialist for further clarification and editing. April 2010. In order to ensure that monitoring reports are filed properly and monitoring folders are not misplaced or misfiled, Team Supervisors will conduct monthly spot checks of all contracts assigned to their teams effective April 1, 2010. The spot checks will focus on checking for monitoring reports to ensure they have been mailed and folders to ensure they are placed in the correct file cabinet so they can be located when needed.	The supervisors continue to review the monitoring reports for correctness of responses and deficiencies cited. Reports are returned to the assigned Specialist for any inconsistencies found. Once the report is found to be complete and accurate it is signed by the supervisor and forwarded to the support staff for mailing and filing. The original is mailed to the agency/center and a copy is placed in the file.

Child Care Cluster (93.575 and 93.596)
State Agency: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Period of Availability

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-9 08-9	In accordance with the audit recommendation from the Fiscal Year (FY) 2008 audit finding (08-9), the Division initiated procedures (as of August 1, 2009) to ensure that all expenditures for Child Care matching funds are properly reconciled in a timely manner. The procedures are as follows: Once copies of the filed ACF-696 reports are received within the Federal Reconciliation Unit, the Federal Reconciliation liaison has the responsibility to: ▪ Contact the Budget Office to determine the amount and timing of all final expenditure modification (EM) and other, related transactions. ▪ Monitor the progress of the processing of the adjusting documents. ▪ Inform the Manager, Accounting Operations & Technical Services, of issues and/or problems that may interfere with the timely processing of these transactions.	Recommendation implemented on August 1, 2009. Federal reconciliation liaison and budget staff meet on a regular basis to ensure that all expenditures for Child Care matching funds are properly reconciled in a timely manner.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

SNAP Cluster (10.551, 10.561)
Temporary Assistance for Needy Families (93.558)
State Agency: Office of Information Technology
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Other Requirement—Information Technology General Controls

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-10 08-44 07-8	**1. Database Access/Monitoring of Database Access:** There are three unique database IDs assigned to three different (human) resources (System Administrators). The "Audit All" functionality logs all access to the FAMIS data base areas. BULL clients have neither the authority nor ability to alter the BULL mainframe. BULL clients have neither the authority nor ability to alter the HAPS8 software limitation. (HAPS8 is BULL proprietary software.) Access/monitoring implemented August 2009. Further corrective action unlikely due to BULL constraints. **2. Formal Testing and Sign-Off Process for Operation System Changes:** The Affinity Chief Technology Officer (CTO) approves patch implementation. Presently Change Controls procedurally documents patches. Logging patches is part of that process. A formalized policy for documenting is contained in Operations Circular #03-2009 *BULL Operating System Formal Change Process for System Upgrades and Corrections*. The above OIT policy documents operating system change procedures. The operating system patches are maintained by the Office of the Affinity CTO. BULL provided patches are for the Operating System only. Further corrective action unlikely due to BULL constraints.	1. No change to original plan. 2. The BULL System Administrator maintains the operating system patches.

SNAP Cluster (10.551, 10.561)
Temporary Assistance for Needy Families (93.558)
State Agency: Department of Human Services
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-11 08-45 07-9	**Sub-Recipient User Access Policies and Procedures:** A user access policy and procedure document was developed by the Division of Family Development (Division) Office of Information Systems (OIS) and distributed to the sub-recipients on January 20, 2009 and February 19, 2010. The procedures will be updated as necessary and disseminated to the sub-recipients on an annual basis. **Sub-Recipient User Access Monitoring:** To facilitate a smooth transition, discussions related to security monitoring were held with the CWA Security Officers at the August 2009 DCU Coordinator's meeting; the CWA Fiscal Officers at the quarterly meeting in September 2009 and the CWA Directors at their meeting in November 2009. The security audits are conducted by the Division's Audit Liaison. These audits are scheduled to occur on a	A letter was sent to the seven County Welfare Agencies (CWAs) cited in the original plan. The letter included the following: • A summary of the monitoring activities that occurred during the security audit visit; • A recap of all findings or issues discussed at the exit interview; and • A request for submission of a corrective action plan if applicable. As of January 31, 2011, Monmouth and Warren counties have responded with proposed security changes to coincide with their

	three-year rotational basis with approximately seven counties being monitored annually. During the audit, the Audit Liaison: • obtains a list of add and delete requests from the county security officer and pull an appropriate sample for review; • verifies that the individuals identified in the sample delete requests are no longer on the FAMIS system; • verifies that the individuals identified in the sample add requests: o were actual, current employees at the time they were added to the system; o only have access to the systems they require in accordance with their job function. As of April 1, 2010, the Division has completed the required seven (7) monitoring audits for SFY 2010. The county agencies and dates of the audits were as follows: Hunterdon December 1, 2009 Burlington December 3, 2009 Mercer January 26, 2010 Monmouth February 9, 2010 Warren February 18, 2010 Ocean March 8, 2010 Bergen March 23, 2010	respective findings and/or issues. Discussions occurred between DFD and the DHS Office of Auditing (OOA) to incorporate the security audit within the single audit performed on 13 of the 21 County Welfare Agencies annually. These audits are scheduled to begin in CY 2011 for the SFY 2010 time period.

Edward Byrne Memorial Justice Assistance Grant (16.738)
Medicaid Cluster (93.775, 93.777, 93.778)
State Agency: Department of Treasury, Office of Management and Budget
Federal Agencies: U.S. Department of Justice
U.S. Department of Health and Human Services

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-12 No finding in prior year	As noted in the finding, the fringe benefit rate development is a manual process. At this time, there is a managerial review in place to review the calculation. This will continue to prevent errors in future submissions. The error noted was in a projected rate, which will be adjusted to actual in the next fringe rate calculation in State Fiscal Year (SFY) 2011. Because of this and the fact that this finding is an under recovery of fringe benefits there is no recalculation needed to address the negotiated rate for the SFY 2009 audit period.	No change to original plan.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Edward Byrne Memorial Justice Assistance Grant (16.738)
State Agency: Department of Law and Public Safety
Federal Agency: U.S. Department of Justice

Cash Management

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-13 08-12	A similar finding from the Fiscal Year 2008 audit resulted in the implementation of a revised procedure to disburse funds to subrecipients primarily on an expenditure basis. This corrective action became effective in April 2009, and continues to be enforced.	No change to original plan.

Homeland Security Cluster (97.067)
State Agency: Department of Law and Public Safety
Federal Agency: U.S. Department of Homeland Security

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-14 08-18 07-33 06-18 05-31 04-26 03-38 02-34 01-27 00-09	The Office of Homeland Security and Preparedness (OHSP) has implemented an internal control system to ensure Grant Activity Certifications will be provided for all federally funded positions. The OHSP will not process internal salary reimbursements for the Grants Program Management Bureau staff unless certification documentation consistent with OMB Circular A-87 is on file. The OHSP will now require State agencies to provide the first bi-annual certification documentation prior to the transfer of federal funding to their respective appropriation accounts. This will ensure all funding recipients comply with Circular A-87.	OHSP Fiscal requires agencies to provide copies of the Grant Salary and Payroll Certifications attached to the Federal Aid Master (FM) and Transfer of Appropriation (TA) documents prior to processing.

Homeland Security Cluster (97.067)
State Agency: Department of Law and Public Safety
Federal Agency: U.S. Department of Homeland Security

Equipment and Real Property Management

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-15 08-17 07-32 06-22 05-30 04-27 03-39	The Department/Office of Attorney General (OAG) will work on reviewing all purchases to make sure the correct object codes are applied. The Department/OAG requires review by both senior management on the purchasing side and fiscal side review that items coded for purchase, match how it is classified before purchase orders are approved and processed.	Senior management of the Department/OAG continues to review on both the purchasing and fiscal sides to confirm that the item coded for purchase, matches how it is classified before purchase orders are approved and processed.

02-36		

Homeland Security Cluster (97.067)
State Agency: Department of Law and Public Safety
Federal Agency: U.S. Department of Homeland Security

Cash Management, Period of Availability, and Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-16 No finding in prior year	The Department/Office of Attorney General (OAG) has established reasonable procedures to ensure receipt of reports from subrecipients. These reports require supporting documentation for all procurements approved by OHS&P. The Department/OAG requires executive level State agency subrecipients and non-governmental organizations to follow standard State procurement policies for reimbursements. Once these steps have been followed and documents are verified, only then can reimbursements happen. After reimbursements have been made, the documents should be filed in a location that is easy to access and supply for later supporting documentation.	The Department/OAG has tightened its requirements that documents must be verified before reimbursements can happen. After reimbursements have been made, the documents have been filed in a location that is easy to access and supply for later supporting documentation.

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
State Agency: Department of Agriculture
Federal Agency: U.S. Department of Agriculture

Special Tests and Provisions

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-17 08-24	The Division of Food and Nutrition (Division) has submitted numerous requests and justifications to fill the vacant auditor position since May 2006. The requests to fill the position have been denied over and over again. Since the Division has not been able to fill the vacant auditor position, it has engaged the services of two temporary employees last year. One person started work in June 2009 and the other began working in mid-August 2009. The review of school district audits for Fiscal Years (FYs) 2007/2008 began immediately upon their employment. This review encompassed the evaluation of revenue and expenditures of school food service accounts to monitor the non-profit status as required by regulation. We are currently reviewing FY 2009 audits. The Division has completed the review of FYs 2007 and 2008 audits and is now following up on incomplete audits and identified findings, and is proceeding with collection of identified over claims.	As part of the new auditing procedures being developed, Child Nutrition has been reviewing sponsor's school audits that received in excess of $100,000 as required by State Circular Letter 04-04-OMB and has revised the Audit Checklist to include a signature. The Division of Food and Nutrition has recently received approval to fill two (2) auditor positions. In the meantime, the temporary employees/auditors will review all School sponsors receiving over $100,000 in a fiscal year. The temporary auditors will properly sign off on the Audit Checklist and maintain it on file. The supervisor will monitor this required task more closely to insure compliance. This procedure was implemented beginning April 2011.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
State Agency: Department of Agriculture
Federal Agency: U.S. Department of Agriculture

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-18 08-47	Effective July 1, 2009, the Division of Food and Nutrition (Division) has instituted policies and procedures that will track and follow-up on submission of subrecipient OMB Circular A-133 audit reports utilizing the services of the two temporary employees referenced above in the corrective action plan for finding 09-17. The Division Director will coordinate with the fiscal coordinators in both bureaus within the Division to ensure compliance on an annual basis. OMB "Status Report of Grantee Single Audit Reports Late—by Cognizant Department" as of December 12, 2009 currently identifies one delinquent organization.	Fiscal coordinators in both units are coordinating with the Director, and all audits received have been reviewed or followed up. By utilizing the two temporary auditors, we have managed to get caught up and maintain required timelines.

Community Services Block Grant (93.569)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-19 No finding in prior year	Department controls over the reconciliation process using the Department's underlying financial records (SAGE & NJCFS) were enhanced and strengthened during State Fiscal Years (SFYs) 2009 and 2010 as evidenced by the lack of repeat findings being noted for reconciliation requirements under the current audit period to the SEFA. As a result of these enhancements the CSBG, LIHEAP, and DOE Weatherization programs now have an accurate mechanism to ensure that federal FSR reports are prepared based upon reconciled totals and that they agree to this support documentation prior to being approved and submitted to federal funding agencies. FSRs prepared prior to these process enhancements and identified by KPMG with errors under the FY 2009 NJ Single Audit for CSBG have been amended and resubmitted to US-HHS to correct the errors noted.	Reconciliation and reporting requirements have continued to be performed consistently and accurately by the Division of Housing and Community Resources (DHCR) for the CSBG program. A shared folder has been established on the DCA computer network as a centralized location to store and maintain reconciliation and federal reporting documents for various DHCR programs including CSBG. DHCR also hired an Auditor 2 in August 2010 who is assuming the reconciliation duties for this program.

Community Services Block Grant (93.569)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Eligibility

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-20 08-29 07-10 06-44 05-57	**Actions taken:** 1. Policy Bulletin (PB) #09-02 issued June 24, 2009 amends PB #08-02 issued September 24, 2008 (established the criteria for Public Boards), to allow 90 days to fill vacant positions in public agencies. 2. PB #09-03 issued June 24, 2009 amends PB #08-03 issued September 25, 2008 (established the	The DHCR has instituted a process to verify CAP Agency Tripartite board composition and compliance. Beginning with the annual grant award application and continuing periodically throughout the program year, the CSBG Program Supervisor verifies composition of each CAP Agency's Board of Directors

	criteria for private Board), to allow 90 days to fill vacant positions in private agencies. 3. Have baseline on all agencies Boards March 2010. Informing all agencies out of compliance they have 90 days to become compliant. Subsequent review during late Fiscal Year (FY) 2010 of Board Composition for the 11 entities examined detail that 4 of these subgrantees are now in compliance with the tripartite requirements. **Actions in process**: 1. Prepared bid packet for assessment of agencies & provision of technical assistance—currently at State Treasurer's office. Expect to seek bids by fall 2010. 2. NJ Community Action Association received grant to provide Board training. DCA provided a listing of finding related to Boards to them. These issues including tripartite compliance will be part of their training. 3. Beginning in FY 2010, the CSBG program will ensure that supporting documentation is generated from SAGE regarding subgrantee board composition and maintained in the official grant file/or by the program. Due to current system limitations within SAGE it is believed this information is overwritten upon each new funding year or annual agency profile update and may not reflect actual board composition at time of award or during the audit period under review.	through periodic reviews of board member information maintained in the SAGE on-line grant system. If board composition changes from the initial point of application, an updated spreadsheet must be exported from SAGE, printed, and placed in the appropriate grant award file. If the Agency Board is found to be out of compliance at any point during the program grant lifecycle (periodic report submissions & payment requests), a letter is sent to the Agency Director providing 90 days to rectify the non-compliance accordingly. The DCA received notice from NJ Treasury Purchase and Property on 12/3/10 that the bid package was scheduled to be advertised on the web on or around 12/7/10. Board training was provided by NJCAA in September 2010 and included a DCA representative from the CSBG program.

Community Services Block Grant (93.569)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-21 08-30 07-13 06-43 05-51 04-47	The Department of Community Affairs (DCA) has made significant progress in ensuring that corrective action plans are received timely when required from subgrantees as evidenced by the less than 5% late submission rate per KPMG's testing this fiscal year. (1 of 21 tested received outside 60 days.) In the future for instances such as the one noted, DCA will send official follow-up notice of non-compliance once the deadline for submission has expired. Controls will also be strengthened to ensure that sufficient follow-up activities are conducted and documented by program staff for all entities who have submitted a corrective action plan to verify that procedures are being properly implemented. In instances where limited staffing resources prevent continuous on-site verification visits to confirm full compliance with corrective action plan implementation by subgrantees, program staff will ensure that remote activities conducted are documented and follow up correspondence is maintained as a compensating control activity.	The DHCR staff is required to officially follow-up with non-compliant subgrantees within 1 week upon the expiration of the due date for the submission of a requested corrective action plan. Original due dates established are set-up in a manner so that follow-up activities can be conducted timely and achieve compliance with the CSBG program's 60-day submission requirement. Staff must also ensure that subgrantees are correcting deficiencies identified within a 12-month period following the receipt of a corrective action plan.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Low-Income Home Energy Assistance (93.568)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Cash Management

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-22 08-32	Upon the transfer of this program to the DCA from the Department of Human Services in Fiscal Year (FY) 2008, the Department continued to employ the same drawdown methods used by Human Services and was not aware of its non-compliance with the prescribed CMIA prior month actual, mid-monthly funding technique for LIHEAP. Upon discovery of this non-compliance as reported in the prior year (FY 2008) audit, DCA began following the prescribed CMIA funding technique for LIHEAP midway through the current FY 2009 audit period.	Corrective action was implemented by the DCA immediately upon identification of this non-compliance during the conduct of the FY 2008 NJ Single Audit, which was completed and issued during the first quarter of FY 2009 (under an extension to the 9-month issuance requirement from NJ's cognizant agency). The DCA has continued to follow the proper CMIA funding technique from the point in time the non-compliance was communicated to us through the audit (during FY 2009) and originally cited under the FY 2008 audit period.

Low-Income Home Energy Assistance (93.568)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Health and Human Services

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-23 No finding in prior year	Department controls over the reconciliation process using the Department's underlying financial records (SAGE & NJCFS) were enhanced and strengthened during State Fiscal Year (FY) 2009 and 2010 as evidenced by the lack of repeat findings being noted for reconciliation requirements under the current audit period to the SEFA. As a result of these enhancements the CSBG, LIHEAP, and DOE Weatherization programs now have an accurate mechanism to ensure that federal FSR reports are prepared based upon reconciled totals and that they agree to this support documentation prior to being approved and submitted to federal funding agencies. FSRs prepared prior to these process enhancements and identified by KPMG with errors under the FY 2009 NJ Single Audit for LIHEAP have been amended and resubmitted to US-HHS to correct the errors noted.	Reconciliation and reporting requirements continue to be performed consistently and accurately by the DHCR for the LIHEAP program. A shared folder has been established on the DCA computer network as a centralized location to store and maintain reconciliation and federal reporting documents for various DHCR programs including LIHEAP. In August 2010, the DHCR hired an Auditor 2, who is assuming the reconciliation duties for this program.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Weatherization Assistance for Low-Income Persons (81.042)
Weatherization Assistance for Low-Income Persons, Recovery Act (81.042)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Energy

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-24 No finding in prior year	The Division employs a Salary Cost Allocation Program (SCAP) to allocate the percentage of time that an employee will expend work efforts in particular program areas and appropriately proportions salary expenditures accordingly. In addition to the allocation of salary expenditures, SCAP is used prior to the beginning of each Fiscal Year (FY) to develop operating budgets, as well as documentation for future programs. The SCAP process and system has been accepted by the Department as a means for the Division to allocate administrative salary expenditures and has been in effect since FY 1998. The division will explore process changes that provide a certification and/or an after the fact reporting mechanism that is based on the SCAP process methodology currently employed to achieve compliance with the Circular Letter A-87 requirements.	The DHCR will require that divisional persons whose salaries are 100% charged to a single program certify pay on a semi-annual basis. The first certifications were required for the 6-month period ending 12/31/10. The DHCR also plans to implement a supplemental Microsoft Access-based time and effort reporting system beginning in the first quarter of calendar year 2011 for persons whose pay is allocated to multiple programs.

Weatherization Assistance for Low-Income Persons (81.042)
Weatherization Assistance for Low-Income Persons, Recovery Act (81.042)
State Agency: Department of Community Affairs
Federal Agency: U.S. Department of Energy

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-25 No finding in prior year	Department controls over the reconciliation process using the Department's underlying financial records (SAGE & NJCFS) were enhanced and strengthened during State Fiscal Year (SFY) 2009 and 2010 as evidenced by the lack of repeat findings being noted for reconciliation requirements under the current audit period to the SEFA. As a result of these enhancements the CSBG, LIHEAP, and DOE Weatherization programs now have an accurate mechanism to ensure that federal FSR reports are prepared based upon reconciled totals and that they agree to this support documentation prior to being approved and submitted to federal funding agencies. FSRs prepared prior to these process enhancements and identified by KPMG with errors under the FY 2009 NJ Single Audit for DOE-WAP have been amended and resubmitted to US-HHS to correct the errors noted.	Reconciliation and reporting requirements continue to be performed consistently and accurately by the DHCR for the LIHEAP program. A shared folder has been established on the DCA computer network as a centralized location to store and maintain reconciliation and federal reporting documents for various DHCR programs including DOE-WAP. In August 2010, the DHCR hired an Auditor 2, who is assuming the reconciliation duties for this program.

Adoption Assistance (93.659)
Adoption Assistance, Recovery Act (93.659)
State Agency: Department of Children and Families
Federal Agency: U.S. Department of Health and Human Services

Eligibility

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-26 08-25 07-41	**Subsidy Agreement Renewal:** • The Division of Youth and Family Services (DYFS) reinstituted the annual renewal process for adoption subsidies on May 1, 2009—these have run continuously every month since. • DYFS also reinstituted the process of sending a second letter to families who did not return their initial agreements also effective May 1, 2009 (Second letters were sent to all such families for the annual agreement periods from May 2009 through December 2009; second request mailing now in preparation for the January – February 2010 renewals). • DYFS transitioned from the manual tracking system to an automated system in November 2009; at that time DYFS purchased a bar coding system that allows staff to quickly scan the renewal returns and track those that will receive the second request mailing. **IVE Eligibility Prior to Adoption:** The Department will revise its policy to require Title IVE eligibility determinations to be completed after the subsidy agreement is signed or after the finalization of adoption is completed. This change will align the Department policy with federal regulations.	**Subsidy Agreement Renewal:** A new renewal system is now in place and fully functional. The list of cases due each month for annual renewal is now generated through NJSPIRIT and monitored by an Administrative Analyst in the Office of Adoption Operations. DCF developed an automated system using bar scan technology to monitor the agreements returned and track those for whom a second mailing is required. DCF will continue this process of monitoring and tracking required agreements. **IVE Eligibility Prior to Adoption:** If an adoptive family does not return the annual renewal agreement, DCF sends a second packet and request for completion approximately 45 days after the initial request. Additionally, subsidy staff attempts to reach the adoptive family by phone to determine what the barrier is to completing the annual agreement. DCF maintains an Access database, which records the specific dates of both the initial mailing and the second mailing of the agreement to the family as required by state policy.

Foster Care—Title IV-E (93.658)
Foster Care—Title IV-E, Recovery Act (93.658)
State Agency: Department of Children and Families
Federal Agency: U.S. Department of Health and Human Services

Eligibility

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-27 08-27	The Department has improved the process for annual redeterminations by utilizing features in NJSPIRIT. Monitoring and tracking of the redeterminations will continue to further improve timely completion.	Recommendations implemented on dates as outlined in the original plan.

Foster Care—Title IV-E (93.658)
Foster Care—Title IV-E, Recovery Act (93.658)
Adoption Assistance (93.659)
Adoption Assistance, Recovery Act (93.659)
State Agencies: Office of Information Technology
Department of Children and Families
Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Other Requirement—Information Technology General Controls

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-28 08-6	1. NJSPIRIT (NJS) Password Rules: The first stage of this process, the NJS infrastructure upgrade, is complete. The Department of Human Services (DHS) requires further hardware procurement to enable them to set up and establish Active Directory (AD) Integration and identity Management Project (ADAM) for the Department of Children and Families (DCF). The hardware purchases are pending approval. 2. Formal Testing and Sign-off Process for Database Changes: Patches to the databases are implemented by DHS personnel at DCF's request by e-mail. DCF agrees with the recommendation and will jointly develop and implement a written protocol with DHS for requesting, approving, and documenting database patches. 3. Disaster Recovery Test: The NJS infrastructure upgrade is completed. This allows existing servers to be reconfigured and used to complete the disaster recovery script. DHS (EBSU) is scheduled to have this completed in time to conduct a full-scale disaster recovery exercise by July 2011. 4. Sensitive Access and Segregation of Duties: Access was not granted to clerks in the Local Offices. Designated DCF staff from each business office has the security to update or change the Resource Rate table. Formal review was completed in October 2009 and will be completed bi-annually in April and October. Review for October 2009 is complete. Office of Information Technology Resources (ITR) met with the Chief Administrator of the Office of Business Operations. The scheduled meeting took place in January 2010 and security profile solutions are being reviewed. On target for completion June 2010. 5. Formal Sign off for Conversion of Fiscal Balances and Post-go-live Conversion Related Data Updates OITR developed a formal signoff approval process for any future conversions. For all functionality that requires a Fiscal conversion effort, a separate Acceptance Certificate document requires a sign-off by the Office of Accounting. 6. User Access Provisioning and Monitoring Progress toward implementation has been made. In August 2009, ITR developed a formal documented protocol for all user access modification requests for NJSPIRIT. The protocol covers change requests from Area/Local Office staff, Central Office staff, and (Non DCF) Extranet Partners. In August 2009, ITR developed a formal documented protocol for all new user access requests for NJSPIRIT. The protocol covers adding a new Area/Local Office Employee, Central Office Employee,	1. NJSPIRIT (NJS) Password Rules: No change to original plan. 2. Formal Testing and Sign-off Process for Database Changes: Recommendation implemented October 2009. 3. Disaster Recovery Test: No change to original plan. 4. Sensitive Access and Segregation of Duties: DCF will enhance the already existing procedures concerning the addition and modification to both NJ SPIRIT and Contract Management System user accounts. o Whenever a user obtains full approval access in the Contract Management System, a cross reference check of their NJ SPIRIT security will be conducted to ensure they do not have supervisory approval rights. o Whenever a user obtains supervisory approval rights within NJ SPIRIT, a cross reference check of their Contract Management System rights will be conducted to ensure they do not have full approval access. This enhanced protocol will better eliminate the risk of this type of segregation of duties conflict from happening throughout the year. This enhancement will be in place by 6/1/2011. DCF already has an established annual internal review protocol of all NJ SPIRIT users to ensure that workers do not have the conflicting access noted above. This review takes place in June of every year and serves as an additional safeguard. DCF will explore a NJ SPIRIT enhancement which would allow the application to verify security access between systems (NJ SPIRIT & CMS) to completely eliminate the possibility of this segregation of duties conflict' occurring in the future. Full implementation is scheduled for June 2012. 5. Formal Sign off for Conversion of Fiscal Balances and Post-go-live Conversion Related Data Updates: Recommendation implemented October 2009. 6. User Access Provisioning and Monitoring: DCF has

	and (Non DCF) Extranet Partners. In August 2009, a memo was sent from DYFS Director to all Area Directors & Local Office Managers directing the implementation of the protocols used by ITR. Local Offices have been instructed to follow the same protocols used by ITR. Worker Management Assistants (WMA) in the individual offices are expected to enforce these protocols. Biannually, ITR shall test a random sample (10%) of offices to confirm protocol compliance beginning in October 2009. Statewide teleconferences were held to reinforce and ensure local offices were implementing the established protocol. NJ SPIRIT application (ITR—Security Unit): ITR staff will verify that the users permitted access to the application corresponds to the list of employees provided by our Office of Human Resources. This occurred October 27, 2009 and will be done annually in October thereafter. ITR staff will verify annually (beginning April 2010) that users security profiles corresponds with the Table of Organization provided by our Office of Human Resources. Infrastructure User Access (ITR—Network Unit): Implementation of the formal procedure will take place once infrastructure upgrade will be complete by July 2010. All other DHS applications (ITR—Security Unit): A formal procedure has been developed for gaining access to and being removed from multiple DHS applications. Formal reviews are completed annually (April). ITR staff will confirm with management that the lists of users permitted access to the applications are valid. Formal review was completed in October 2009 and will be completed bi-annually in April and October. ITR staff will confirm with management that the lists of users permitted access to the applications are valid.	established protocol concerning the documentation, approval, and maintenance of these modifications requests. That security has been decentralized and these manual records are kept in local offices throughout the State. As an internal check, DCF conducts an annual NJ SPIRIT user access review to ensure that all user access is up to date and correct. At this time, the centralized NJ SPIRIT security unit randomly samples 10% of these offices to further ensure that the day-to-day access modification protocol is being followed throughout the year and proper documentation is kept. DCF acknowledges that this current system is manual and is unable to be audited from within NJ SPIRIT. DCF will pursue the recommendation of maintaining a system log of user accounts. The NJ SPIRIT application will need to be enhanced to allow for the capturing of the historical user account information. Full implementation is scheduled for June 2012.

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)
Special Supplemental Nutrition Program for Women, Infants, and Children, Recovery Act (10.557)
Immunization Grants (93.268)
Centers for Disease Control and Prevention: Investigations and Technical Assistance (93.283)
HIV Care Formula Grants (93.917)
State Agency: Department of Health and Senior Services
Federal Agencies: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-29 No finding in prior year	Management believes that subrecipient monitoring has been completed properly to ensure compliance with federal OMB Circular A-133. We agree that, during the audit period, the Grantee Single Audit (GSA) system was not updated with specific finding codes. The required update to the system with desk review audit codes was brought to the attention of the DHSS Audit Program in April of 2009. In July 2009, a new procedure to capture and update report audit findings using these codes in the GSA System was developed and implemented for all grantees with fiscal years ending during the 2008 year and	The Department will revise the existing procedures related to updating the GSA system. A staff person will be assigned to verify the data entered into the system. This will occur annually in October.

	continues to date.	

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Education

Cash Management

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-30 08-40	The Department has enhanced its internal controls over cash drawdowns for the Vocational Rehabilitation program. While no internal control can preclude human error from ever happening, the enhanced procedures put in place will correct any error on the next drawdown, which is usually done on a daily basis. Additionally, a quarterly reconciliation of cash draws to expenditures will be performed. The enhanced procedures have been put in place on July 1, 2009. Quarterly reconciliation of draws to expenditures is being completed. The latest reconciliation was for the quarter ended December 31, 2009.	Reconciliation of draws to expenditures is completed when the program ends. However, efforts will be enhanced to match all draws to the underlying support.

Vocational Rehabilitation Cluster (84.126, 84.390)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Education

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-31 No finding in prior year	The Department is reviewing the preparation of the SF 269 report in question. The June 30, 2009 SF-269 is correct, however, the documentation supporting it was coded incorrectly. A correcting CR transaction will be done to identify the Program Income with the correct year. Since the June 30, 2009 quarter ending SFR is correct, there are no questioned costs.	The Department continues to review SF 269 reports to assure they are accurate.

Unemployment Insurance (17.225)
Unemployment Insurance, Recovery Act (17.225)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Labor

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-32 No finding in prior year	The Department is reviewing the preparation of the ETA 9130 report for the quarter ended June 30, 2009. This amount is only one-tenth of a percent of the reported expenditures and the errors made were self-corrected in the FSR for September 30, 2009 as year-to-date figures are used to prepare these reports.	The Department continues to review financial reports prior to their submission to the USDOL.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

WIA Cluster (17.258, 17.259, 17.260)
State Agency: Department of Labor and Workforce Development
Federal Agency: U.S. Department of Labor

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-33 No finding in prior year	The Department's position is that the requirement to allocate 30% or more of Youth funds to Out-of-School youth activities should be calculated on the total amount of Youth funds available less the administrative funds applicable to Youth. We are seeking clarification on this issue with the USDOL. As an alternative position, a minimum of 30% of the administrative funds expended should count towards meeting the 30% of out-of-school requirement. The Department is not mandated to meet this requirement until the end of the second program year the funds are available. We are, however, as a result of this finding revising our monitoring programs to review this compliance requirement at the end of the second program year of funding. On a Statewide basis, the State did expend over 30% of its youth funds on Out-of-School youth activities.	The Department instituted an Interim Review Program, which will monitor subrecipients specifically for those compliance areas listed in the audit finding. The USDOL issued a Final Determination Letter (FDL) dated November 30, 2010 accepting the Department's actions and indicating the matter was considered corrected.

Highway Planning and Construction Cluster (20.205, 20.219)
State Agency: Department of Transportation
Federal Agency: U.S. Department of Transportation

Davis-Bacon Act

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-34 No finding in prior year	**Wage Rate Inspections not performed on a monthly basis in accordance with State Policy:** Civil Rights/Affirmative Action (CR/AA) will require that copies of wage rate inspection forms (Form DC-126) be submitted to the Wage Rate Unit along with Form DC-127, Monthly Summary of Contractor's Payroll. The Construction Procedures Handbook will also be revised to reflect this requirement. **Payroll summaries not submitted on a monthly basis:** CR/AA is currently working on procedures, which will include a spreadsheet/log to confirm receipt of the following documents on all active projects: • Prime and subcontractors' certified payrolls; • Contractors' Statement of Compliance; • Form DC 127; and • Form DC- 126. During Resident Engineers' (RE) Workshops, Civil Rights provides a detailed presentation of the RE and contractor's responsibilities as they relate to the Davis-Bacon Act. Further, to ensure that all REs receive training, particularly new REs, CR/AA is working with Capital Program Support to develop a Resident Engineers' Training Video, which will include the RE's responsibilities to actively ensure contractors' compliance with Equal Employment Opportunity (EEO), Affirmative Action (AA), Disadvantaged Business Enterprise (DBE) and Wage Rate (WR) contract provisions on construction projects. This video will include a comprehensive segment on the RE's obligation to collect and review certified payrolls, including the requirement to perform monthly wage rate inspections.	The Division of Civil Rights/Affirmative Action has put processes in place to ensure that copies of wage rate inspection forms (Form DC-126) are submitted monthly to the Wage Rate Unit along with Form DC-127, Monthly Summary of Contractor's Payroll. Additionally, Civil Rights/AA drafted formal procedures to reflect these requirements and has provided this information to the Bureau of Construction Management, who is responsible for updating information in the Construction Procedures Handbook. Finally, due to the lack of funding, changes and shortages in staff, and the need for "face to face" training with Resident Engineers (REs), activities to develop an RE training video have been postponed. Civil Rights/AA has, instead developed plans to provide comprehensive, interactive training on RE responsibilities, which will include a segment on the RE's requirements relative to certified payrolls and wage rate inspections. This training will apply to REs responsible for all NJDOT construction projects (Capital Program Management and Operations) as well as individuals responsible for monitoring the

	The above actions will apply to all NJDOT construction projects (Capital Program Management and Operations). The New Jersey Department of Transportation's (NJDOT's) Construction Division has a Construction Procedure in place for compliance with the federal Davis-Bacon Act. The procedure can be found on the NJDOT Intranet at http://njdotintranet.dot.state.nj.us/divbur/cpm/constr/pdf/handbook.pdf under Section V, Subsection A of the Construction Procedures Handbook. The procedure outlines the duties and responsibilities of Contractor, Resident Engineer, and Division of Civil Rights. The Construction Quality and Assurance Unit of the Bureau of Construction Management performs Office Record Reviews for compliance with record keeping procedures on randomly select construction projects as required by federal Certification Acceptance participation, funding continuation and in accordance with procedures. Frequencies of the review are based on staffing and other priorities. Payrolls, Wage Rate, EEO, and Trainee documentation are part of the Office Record Reviews. The Division Director will send out a directive by April 23, 2010 to all his staff reminding them to follow the established procedures and enforce contract compliance with the contractor.	Local Aid Program. We have scheduled this training to commence in January 2011. The Construction Division Director issued a directive on April 12, 2010 reminding the staff to follow the established procedures and enforce contract compliance with the contractor.

Highway Planning and Construction Cluster (20.205, 20.219)
State Agency: Department of Transportation
Federal Agency: U.S. Department of Transportation

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-35 No finding in prior year	The Division of Local Aid and Economic Development's *Federal Aid Handbook, Procedures for Federal Aid* includes a list of required documentation to be submitted by the subrecipient for reimbursement of partial and final payment vouchers. As a result of FHWA's Financial Integrity Review and Evaluation dated July 2008, the Division of Local Aid developed an enhanced procedure for the systematic review of project billings and costs of major construction projects to verify costs and evaluate the Local Public Agency's (LPA) accounting controls. The NJDOT Office of Internal Audit, within the Office of the Inspector General, and FHWA provided guidance to Local Aid on the risk based sampling of projects. Projects with inactive billings and projects funded through the American Recovery and Reinvestment Act were identified as high risk and candidates for the systematic audits. It has been agreed with FHWA that full testing and verification of contract costs for every federal-aid LPA project is not required. **Corrective Action Plan:** In January 2010, the Division of Local Aid presented FHWA with the final draft procedure for conducting systematic audits of federal-aid LPA projects. The proposal also addressed training requirements for Local Aid staff and a preliminary list of federal-aid projects subject to audit. Preliminary schedules for the audits were also discussed. FHWA concurred in the proposal. In March 2010, the Division met with FHWA to finalize the procedures and checklist developed to assist Local Aid staff in conducting the systematic financial audits of LPA projects. The checklist is comprehensive and utilizes FHWA's Improper Payment Review Workbook as a source. This document provides guidance in monitoring the LPA's accounting and contract administration controls for federal-aid projects. The procedure provides Local Aid staff direction in conducting the financial audits in the	In October 2010, the Division of Local Aid submitted to FHWA for review the final policy and procedure for conducting Systematic Review of Local Public Agency Financial Controls of federal-aid LPA projects. The procedure includes two checklists, a sample announcement letter, a working paper template, and an example working paper. FHWA provided feedback that this satisfies the portion related to FHWA's Financial Integrity Review and Evaluation. Beginning in May 2010, Local Aid initiated a series of financial audits throughout the State. Local Aid set a goal of auditing all 21 counties by the end of the calendar year. As of December 1, 14 of the 21 audits of the counties were conducted. The remaining counties will be audited during the month of December. During calendar year 2011, Local Aid will continue to conduct systematic financial audits on recipients receiving federal funds.

	field. Six projects were identified for audit. In late March and early April 2010, Local Aid staff met with the FHWA. The purpose of the workshops was to discuss conducting of field audits from FHWA's perspective. The second session was held as a follow-up to further refine the Local Aid audit process. A training session was held with Local Aid staff in March 2010. The training provided an overview on audit procedures, discussed the checklist and provided examples of materials to be reviewed during the field audit. Follow up meetings in April 2010 were held with District staff to review audit procedures on specific invoices from previously selected projects. During the week of April 26, and the month of May 2010, Local Aid will conduct a series of systematic financial audits utilizing the procedures and checklist developed. In mid June, Local Aid will schedule a follow up meeting with FHWA to discuss lessons learned from the audit process and will finalize its internal procedures and checklist. Additional audits will be conducted for the remainder of the year, with the goal of conducting an audit on projects in each county by the end of 2010.	
State Fiscal Stabilization Fund—Government Services, Recovery Act (84.397) **State Agency: Department of Corrections** **Federal Agency: U.S. Department of Education** ***Activities Allowed or Unallowed and Allowable Costs/Cost Principles***		
FINDING #[1]	**ORIGINAL CORRECTIVE ACTION PLAN**	**UPDATED PLAN**
09-36 No finding in prior year	In addition to signing the daily timesheets for employees in their unit, the supervisor is also responsible for reviewing and signing the bi-weekly verification sheets. These verification sheets are a print out of the actual Time and Leave Reporting System (TLRS) record for that pay period for each employee, including leave time used and overtime worked. Therefore, we have an internal control in place that if the supervisor misses a signature on an individual timesheet, the supervisor is also required on a bi-weekly basis to review these verification reports with the timesheets and verify that the information entered into the TLRS system is correct. Additionally, the Administrators of the facilities involved have been notified by our auditing unit of the discrepancies identified in the audit report and have been asked to remind the supervisors involved that they are required to sign all employee timesheets. The Office of Human Resources issued a memorandum, dated April 15, 2010, reminding supervisors at each facility that they must sign all employee time sheets.	The employee timekeeping approval process, as described in the original corrective action plan, remains in place. It has proven to be an effective method to ensure that all employee time, including leave and overtime, is reviewed and approved prior to processing.
National Guard Military Operations and Maintenance (O & M) Projects (12.401) **State Agency: Department of Military and Veterans Affairs** **Federal Agency: U.S. Department of Defense** ***Reporting***		
FINDING #[1]	**ORIGINAL CORRECTIVE ACTION PLAN**	**UPDATED PLAN**
09-37 No finding in prior	The Department of Military and Veterans' Affairs will ensure that each respective federal program manager submits a request for reimbursement to the National Guard Bureau based upon the billing information submitted to them by the Department's Fiscal Division. All billings will continue to be	The Department addressed this issue with the United States Property and Finance Office. Federal program managers are submitting requests for reimbursement to the National Guard

year	reviewed carefully by the Fiscal Division's Federal Account Manager.	Bureau based upon the Fiscal Division billing information.

National Guard Military Operations and Maintenance (O & M) Projects (12.401)
State Agency: Department of Military and Veterans Affairs
Federal Agency: U.S. Department of Defense

Davis-Bacon Act and Procurement

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-38 No finding in prior year	The Department of Military and Veterans' Affairs currently does have a sign-out sheet procedure for the contractor files. It is the policy that any individual requiring access to a contract file within the Installations Division sign the contract file out on the sign-out sheet. This current policy will be more strictly enforced. The Department is now confirming that each contractor is submitting the certified payroll prior to any progress payments. There is also an existing approval procedure for contractor change orders. The position of Chief of Construction Management has been filled and is the reviewer of all change order requests and recommends approval to the contracting officer.	The Installations Division is strictly enforcing the existing sign-out procedure for contractor files. Certified payrolls are now being submitted by each contractor prior to any progress payments. The change order approval process remains and the Chief of Construction Management reviews each one and recommends approval/disapproval for each change order request.

National Guard Military Operations and Maintenance (O & M) Projects (12.401)
State Agency: Department of Military and Veterans Affairs
Federal Agency: U.S. Department of Defense

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-39 No finding in prior year	The Department of Military and Veterans' Affairs currently reconciles on a monthly basis to the New Jersey Comprehensive Financial System. The Department will now also reconcile to the amounts as reported on the SEFA.	The Department is now reconciling to the amounts as reported on the SEFA.

Help America Vote Act Requirements Payments (90.401)
State Agency: Department of State
Federal Agency: U.S. Election Assistance Commission

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-40 08-21 07-38 06-36	The Department has included, as part of its outgoing funding notice, verbiage to indicate that the funding source for associated reimbursements is CFDA 90.401 HAVA Funds.	Recommendation implemented Fiscal Year 2009.

STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2010
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Help America Vote Act Requirements Payments (90.401)
State Agency: Department of State
Federal Agency: U.S. Election Assistance Commission

Level of Effort

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-41 No finding in prior year	The Department will implement sending notices out to counties to monitor and ascertain their level of effort respectively. This is the same process utilized by the Department of Law and Public Safety.	The Division of Elections, within the Department of State, has formulated a letter and worksheet, which will be disseminated annually to counties, outlining the requirements & obligations of the federal "Help America Vote Act of 2002" (HAVA) Maintenance of Effort and discerning each county's compliance. Recommendation implemented May 2010.

Special Education Cluster (84.027, 84.173)
Career and Technical Services—Basic Grants to States (84.048)
Improving Teacher Quality State Grants (84.367)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-42 08-46	The Office of Fiscal Accountability and Compliance (OFAC) developed a revised work plan for the review of Single Audit Reports in January 2010 in an effort to ensure compliance with the pass-through entity responsibilities set forth by OMB Circular A-133. Specifically, the work plan consists of two tiers. Tier One requires that all Comprehensive Annual Financial Reports (CAFRs) undergo an initial review. Items checked in the Tier One Initial Review process include, but are not limited to: 1) timely receipt of reports: 2) determining whether the inclusion of a Single Audit Report (SAR) is necessary; 3) ensure that a SAR contains the appropriate reports/schedules and 4) re-calculation of the Type A/B Program threshold. Tier Two involves the quality control reviews (QCR) of selected SARs using a comprehensive 14-page Qualitative Assessment Review checklist developed by the department's Division of Finance (DOF). The population size will consist of the combined federal award and State financial assistance expenditure data received from all New Jersey school districts (via AUDSUM), which resulted in the submission of SARs. Reports that comprise at least 10% of the aggregate combined expenditures that were subject to the Single Audit Act will be selected for QCR. In February 2010, the OFAC met with representatives from KPMG to discuss the revised work-plan and began implementation of the same the following month on a retroactive and prospective basis. Additionally, the OFAC has scheduled a meeting with the DOF to discuss preparation of a Single Audit Summary (SAS) by LEAs based on recommendations from a staff member within OFAC and KPMG representatives. The purpose of this requirement is to achieve operational efficiency and to expedite Tier One Initial Reviews of CAFRs due for the fiscal year ending June 30, 2010 and thereafter. In regards to proper follow-up of SARs that were not received before the required submission deadline, the OFAC will review the appropriate GSA report every January to ensure that all reports due from	On December 22, 2010, the USDOE's program determination stated that the September 23, 2010 update submitted by OMB was acceptable. The update stated that "As of September 15, 2010, 77 OMB Circular A-133 reviews of the 314 audits (CAFRs containing a federal single audit for the fiscal year ended June 30, 2008) referenced in the finding have been completed. In August 2010, an individual from another office within the department opted to transfer to our office, received training, and is currently performing OMB Circular A-133 reviews. In addition, the office has hired someone who is working through the backlog of audits, so this action should clear up the backlog."

	LEAs and non-LEAs have been received. County Offices will be contacted to ascertain if a report due from an LEA that not filed with OFAC was received by their office. If not, a letter will be sent to the school district requiring submission of the CAFR and related documentation within 30 days. Non-LEAs will be contacted initially on the telephone, followed by a letter that requires submission of the SAR within 30 days. Finally, it warrants mention that the implementation of corrective action outlined herein is contingent upon available staffing.	

Career and Technical Education—Basic Grants to States (84.048)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Reporting

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-43 No finding in prior year	The Office of Career and Technical Education will review the current procedures for improvement. The Office will determine the most appropriate methods of storage of the data which could include: • Each updated data table could be saved to a separately dated file and locked to deny erasure or alteration • Remove "extra" data files to reduce the possibility of confusion among data files • Back up the specific files used to submit data for the CAR and/or other reports on a specific drive, in a protected folder. All data reports will be reviewed by the Office Manager and/or the Office Director prior to finalization and submission of the reports.	Recommendations implemented July 2010. A back up file has been created of the specific data submitted on December 31, 2010 in the CAR Accountability spreadsheet. This back up file essentially "freezes in time" the spreadsheets and queries used to create the final CAR data. The file is password protected but accessible to the responsible staff person as well as OCTE management to re-generate the data provided in the CAR Accountability spreadsheet when needed.

Career and Technical Education—Basic Grants to States (84.048)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-44 08-42	Notification of CFDA Number: All award letters to the subrecipients for the Fiscal Year (FY) 2011 grant year have been redesigned to include the federal award information, specifically the CFDA title and number, award name, and the name of the federal agency. The first page of the on-line FY11 EWEG application will include the federal award information, specifically the CFDA title and number, award name, federal website link, and name of federal agency. During-the-Award Monitoring: The Office of Career and Technical Education (OCTE) has established and implemented a plan for on-site monitoring. Staff received information from the Office of Grants Management and other offices to establish the monitoring selection criteria for all grantees. All grants of $500,000 or more will be monitored every two years. A risk analysis process has been established to identify additional subrecipients that require on-site monitoring. Twenty per cent of the eligible grantees will be assessed annually for risk factors. The risk factor assessment will be used to determine the grantees that are most at risk. A monitoring schedule has been created and all monitoring visits will be conducted, including reviewing reports, site visits, and regular contact via telephone, e-mail and	Recommendations implemented on dates as outlined in the original plan.

	other methods of correspondence. Written reports will be filed for each monitoring visit. During the award year, the OCTE staff members are in regular contact with Perkins grant subrecipients, through phone calls and e-mails, to assess progress and answer questions concerning grant activities and expenditures. In addition, the staff members employ a rigorous process during the review and approval of the grant applications to help correct errors and prevent inappropriate activities and expenditures prior to approval of the funding application. The subrecipient's proposed activities and proposed budget are examined for appropriateness based upon the amount of funding available and the subrecipient's performance on federally mandated measurements for academic achievement, skills proficiency, graduation rates, post graduation placement rates, and non-traditional (for gender) participation and completion. Grant program officers also conduct site visits, as needed, for technical assistance during the grant award year to review programs, assess progress, and assist with grant implementation. The office has also adopted a documentation process for technical assistance provide on an on-going basis, via telephone calls, e-mail messages and other contact.	

Career and Technical Education—Basic Grants to States (84.048)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Suspension and Debarment

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-45 08-43	The Fiscal Year (FY) 2010 Perkins grant for subrecipients was released in May 2009. The FY 2010 grant applications have the following language in the Statement of Assurances to which each subrecipient must agree: *"The applicant, as well as its principals (Board of Education, Superintendent, Business Administrator) and subcontractors, for all contracts in excess of $25,000, is not presently debarred, proposed for debarment, declared ineligible, suspended or voluntarily excluded by a federal agency from receiving federal funds in accordance with Executive Orders 12549 and 12686."* This language is also included in the FY 2011 Perkins grant applications and will be added to all future grant applications.	Recommendations implemented on dates as outlined in the original plan, and the language indicated will be incorporated in the statement of assurance of the FY 2012 subrecipient grant application**s.**

Special Education Cluster (84.027, 84.173)
State Agency: Department of Education
Federal Agency: U.S. Department of Education

Subrecipient Monitoring

FINDING #[1]	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
09-46 08-41	The IDEA application is established with electronic parameters that control how IDEA funds are allocated. Technical assistance is provided by both the county level staff and the NJ Office of Special Education Programs (NJOSEP) during the application process to assist subrecipients in creating approvable IDEA budgets. If questionable expenditures are identified, based on county office/NJOSEP review, the application is returned with comment requesting a correction and/ or clarification from the subrecipient (documentation may be requested, if necessary). This process is repeated until an approved application/report is reached. During the review process and throughout the year County staff provide	A fiscal onsite monitoring process of the use of IDEA and IDEA-ARRA funds has been implemented by the New Jersey Department of Education. The monitoring includes the following elements; Program, Maintenance of Effort, Coordinated Early Intervening Services, Nonpublic, Schoolwide Programs, Accounting Records, Personnel, Board Minutes, Procurement/ Bidding/ Competitive Contracting, Construction/ Renovation,

	onsite technical assistance to selected grantees where application/report issues are identified. The NJOSEP has expanded its current process for oversight and monitoring of subgrantees' compliance with federal regulations. Policies and procedures have been developed to establish a monitoring system which will include criteria for selection of districts, monitoring processes (including but not limited to: application review, desk review, telephone interview, on-site monitoring) and the issuance of a report of findings. Based on the criteria for selection of districts, NJOSEP will develop a monitoring schedule of subgrantees. Monitoring reports are posted on the public drive. **Onsite Monitoring**: A committee of DOE staff developed an onsite monitoring system that includes the monitoring of the regular IDEA and ARRA IDEA grants. The committee meetings resulted in : • Development of an IDEA monitoring grant process that includes: o Desk Audit on selected areas of the grants (County Office Staff) for districts not receiving an onsite review o EWEG Review and Approval through the electronic grant system (two tier review) as described above o An onsite monitoring • Establishment of Risk Factors for the IDEA and ARRA IDEA grants • Selection of districts(90) for an onsite review (2009-2010 year) • Formation and training of Regional TEAMs to conduct the onsite review • Development of a document schedule to assist the LEA in preparation for the onsite review • Development of the Pre-review and Onsite review checklist tools • Development of basic report structure Based on the risk assessment analysis 90 districts have been scheduled for an onsite review during the 2009-2010 year. Districts that have significant issues identified through the onsite review will be forwarded to the Office of Fiscal Accountability and Compliance for further review. A district may also be required to complete a CAP, which will be followed up by the county office. This is not resolved yet.	Internal Controls Review, Purchase Order Review, Payroll Review, and Reporting. A report on the use of the funds is issued with findings and required corrections, if appropriate. Based on the risk assessment analysis, 90 districts were scheduled for an onsite review during the 2009-2010 year. Districts that have significant issues identified through the onsite review will be forwarded to the Office of Fiscal Accountability and Compliance for further review. A district may also be required to complete a CAP, which will be followed up by the county office. The Monitoring tool, list of districts and completed reports can be found at http://www.state.nj.us/education/arra/resources/monitor/. Approved reports are in blue. As the document says, ARRA LEAs were also monitored for their 2010 IDEA grants. **Onsite Monitoring**: A committee of DOE staff developed an onsite monitoring system that includes the monitoring of the regular IDEA and ARRA IDEA grants. The committee meetings resulted in : • Development of an IDEA monitoring grant process that includes: o Desk Audit on selected areas of the grants (County Office Staff) for districts not receiving an onsite review o EWEG Review and Approval through the electronic grant system (two tier review) as described above o An onsite monitoring • Establishment of Risk Factors for the IDEA and ARRA IDEA grants • Selection of districts(90) for an onsite review (2009-2010 year) • Formation and training of Regional TEAMs to conduct the onsite review • Development of a document schedule to assist the LEA in preparation for the onsite review • Development of the Pre-review and Onsite review checklist tools • Development of basic report structure All LEAs in the state received a follow up training on what we have found as a result of the monitoring to assist them. All LEAs received training on the grant process and copies of these trainings can be found at http://www.state.nj.us/education/specialed/fund/. Handouts are on files in the program office. The state's completion of the

		federal desk audit (on file in the program office) provides a more in depth understanding of the extent of the review that occurs related to the LEAs and their federal IDEA funds.