

The seal of the State of New Jersey is centered in the background. It features a circular border with the text "THE GREAT SEAL OF THE STATE OF NEW JERSEY". Inside the circle is a shield supported by two figures, with a horse and a plow above them. The shield contains a ship and a plow.

**STATE OF NEW JERSEY
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

**Chris Christie, Governor
Kim Guadagno, Lieutenant Governor**



STATE OF NEW JERSEY



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2012

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lieutenant Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

CHARLENE M. HOLZBAUR
Director
Office of Management and Budget

Robert L. Peden
Deputy Director
Office of Management and
Budget

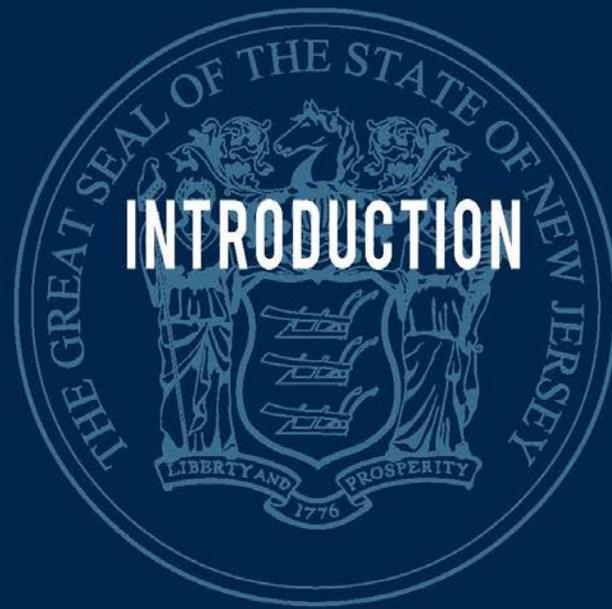
James F. Kelly
Manager
Financial Reporting

(This page left intentionally blank)

**STATE OF NEW JERSEY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2012
 TABLE OF CONTENTS**

INTRODUCTION	Page
Letter of Transmittal	1
Certificate of Achievement	7
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	26
Statement of Activities	28
Governmental Funds Financial Statements	
Balance Sheet	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures and Changes in Fund Balances.....	32
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Proprietary Funds Financial Statements	
Statement of Net Assets	34
Statement of Revenues, Expenses and Changes in Fund Net Assets	35
Statement of Cash Flows	36
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Assets	38
Statement of Changes in Fiduciary Net Assets	40
Component Units Financial Statements	
Statement of Net Assets	42
Statement of Activities	44
Index to the Notes to the Financial Statements	46
Notes to the Financial Statements	47
Required Supplementary Information	
Budgetary Comparison Schedule	100
Budgetary Comparison Schedule – Budget to GAAP Reconciliation Major Funds	103
Notes to Required Supplementary Information	105
Schedule of Funding Progress All Pension Trust Funds	106
Combining Financial Statements	
Governmental Funds - Major Fund – General Fund	
Balance Sheet	108
Statement of Revenues, Expenditures and Changes in Fund Balances.....	126

	Page
Governmental Funds – Non-Major Funds	
Balance Sheet – By Fund Type	144
Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type	145
Special Revenue Funds	
Balance Sheet	146
Statement of Revenues, Expenditures and Changes in Fund Balances	166
Capital Projects Funds	
Balance Sheet	186
Statement of Revenues, Expenditures and Changes in Fund Balances	190
Fiduciary Funds	
Agency Funds	
Statement of Fiduciary Net Assets	194
Statement of Changes in Assets and Liabilities	198
Pension and Other Employee Benefits Trust Funds	
Statement of Fiduciary Net Assets	202
Statement of Changes in Fiduciary Net Assets	206
Private Purpose Trust Funds	
Statement of Fiduciary Net Assets	210
Statement of Changes in Fiduciary Net Assets	212
Component Units	
Statement of Net Assets – Non-Major Component Units	214
Statement of Activities – Non-Major Component Units	215
Authorities	
Statement of Net Assets	216
Statement of Activities	220
Colleges and Universities	
Statement of Net Assets	224
Statement of Activities	228
Description of Funds	231
Other Information	
Capital Assets	
Schedule of Changes in Gross Capital Assets by Function	259
Schedule of Gross Capital Assets by Function	260
Schedule of Changes in Accumulated Depreciation by Function	263
Schedule of Accumulated Depreciation by Function	264
Accumulated Depreciation as a Percentage of Capital Assets	266
Long-Term Debt	
Schedule of Long-Term Debt	268
Budgetary Schedules	
Budgetary Comparison Schedule Non-Major Governmental Funds	270
Budgetary Comparison Schedule-Budget to GAAP Reconciliation – Non-Major Funds	274
Schedule of Anticipated Revenue	276
Schedule of Appropriated Revenue	285
Schedule of Appropriations and Expenditures	286
STATISTICAL SECTION	
Statistical Section Index	307
Statistical Schedules	308



INTRODUCTION





State of New Jersey

CHRIS CHRISTIE
Governor

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

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

KIM GUADAGNO
Lt. Governor

CHARLENE M. HOLZBAUR
Director

January 9, 2013

Governor Chris Christie
Members of the State Legislature
New Jersey Citizens

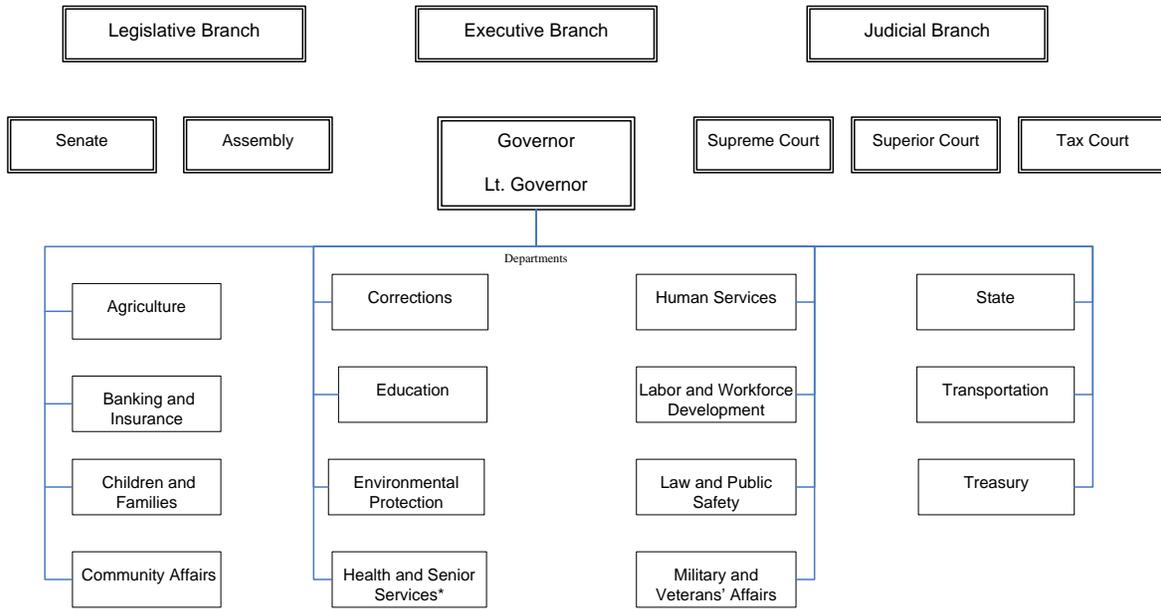
In accordance with the provisions of N.J.S.52:27B-46, it is our pleasure to transmit to you the State of New Jersey's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The Department of the Treasury's Office of Management and Budget prepared this report, and is responsible 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, 2012. 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.

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. Effective December 8, 2011, it became lawful for the Legislature to authorize wagering on sports events at New Jersey casinos and horse racetracks, excluding events that take place in New Jersey or in which any New Jersey college team participates regardless of where the event takes place. The State Constitution divides the powers of government between three co-equal independent branches: Legislative, Executive, and Judicial.



* P.L. 2012 c.17 reorganized the Division of Aging from Health and Senior Services to Human Services and renamed the Department of Health and Senior Services to the Department of Health.

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 60,500 employees in 15 departments as of January 2012. The Executive Branch also oversees the performance of 566 municipalities and 603 school districts, and the incarceration and rehabilitation of approximately 20,800 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 seven 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 8,821,000 as of July 2011 makes New Jersey the eleventh largest state in population, as well as the most densely populated of all the states with an average of 1,189 people per square mile.

The higher education system in New Jersey includes three public research universities, nine State colleges and universities, 19 community colleges, 14 independent four-year colleges and universities, seven proprietary institutions with degree-granting authority, 12 rabbinical schools and theological seminaries, and two independent two-year religious colleges. Effective July 1, 2013, the “New Jersey Medical and Health Sciences Education Restructuring Act” of 2012 abolishes the University of Medicine and Dentistry of New Jersey (UMDNJ), transfers UMDNJ’s various schools and institutes to Rutgers University and Rowan University, respectively, and establishes Rowan University as a public research university. Currently, UMDNJ is classified as a public research university and Rowan University is classified as a State university.

COMPONENT UNITS

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, this CAFR for fiscal year ended June 30, 2012 includes the accounts of 21 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 nation have continued their recovery, but growth has been erratic. Job gains in the State were brisk in the first half of 2012 but employment was little-changed from the spring through October. Nonetheless, in each month through October, payroll employment in New Jersey has been higher than in the same month of 2011. However, the State still needs to gain approximately 200,000 jobs to regain the 2008 peak in employment. In an environment of moderate job growth, and some gains in the labor force, the State unemployment rate moved up to 9.9 percent in August before edging down to 9.7 percent in October, still well above the national rate of 7.9 percent. Personal income of state residents continued to show more marked strength than employment. In the first half of 2012 personal income grew at an annual rate of 7.2 percent in the first quarter and 3.1 percent in the second quarter. The level of personal income has set a new record high in each of the last six quarters.

The economic outlook for the nation remains uncertain, with continuing questions about the near-term and longer-term outlooks for federal tax and spending policy. The possibility of fiscal consolidation—a combination of tax reforms and/or increases and spending cuts—raises risks of some reduction in the near-term growth of demand, though such a policy may improve the longer-term prospects for the national economy and in so doing will improve the attractiveness of the United States as a place to invest and expand business. The implementation of the Affordable Care Act and the changes in financial regulation and supervision sanctioned by the Dodd-Frank Act adds to the near-term uncertainty, though it is now highly unlikely that either statute will be repealed or substantially modified. Limited revenue growth has continued to put downward pressure on public sector spending and employment by states and municipalities. Europe has slipped into recession, which will work to reduce foreign demand for U.S. products while increasing competition for U.S. producers. At the same time, consumer confidence appears to be higher, spending on big-ticket items such as automobiles has strengthened, and there are signs that homebuilding and sales are reviving and housing prices are stabilizing or moving up. The same national forces are apparent in New Jersey. In our case, the aftermath of Superstorm Sandy has raised some additional challenges for the State; some areas of the State, most notably shore communities and businesses, will continue to cope with losses of infrastructure, though there will also be some stimulus to activity as the rebuilding process goes forward. Looking forward, it is likely that the national expansion will continue at a pace comparable to that seen in recent years, with moderate gains in employment and some ongoing reduction in the unemployment rate. Recent actions and announcements by the Federal Reserve indicate further commitments to keep interest rates exceptionally low for a prolonged time; this policy will likely be retained even if there is a change in Federal Reserve leadership in early 2014.

The prospects are that New Jersey's housing sector will improve. Through September, housing permits were on a path to show a substantial increase from 2011, though the dislocations resulting from Superstorm Sandy creates a great deal of near-term uncertainty in this area. Home resales also showed considerable gains in the first half of 2012. It is likely that these trends will continue, with the possibility that the aftermath of the storm will provide some additional impetus to this sector. Motor vehicle sales continue to recover, with purchases of new vehicles through September more than 7.0 percent higher than in the same period of 2011.

For 2012 as a whole, New Jersey payroll employment is projected to average about 1.1 percent higher than in 2011 and grow around 1.3 percent in 2013. The unemployment rate is expected to average 9.5 percent in 2012 and 9.1 percent in 2013. Personal income is expected to grow around 3.2 percent in 2012 and 3.9 percent in 2013.

As unemployment stays high and capacity utilization remains low, underlying inflation is expected to be 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 continue to be 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, 2012, 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

Although State-budgeted Fiscal Year 2012 revenue collections of \$29.1 billion were almost \$3.5 billion less than those collected in pre-recession Fiscal Year 2008, there was a measurable improvement of \$426.8 million when compared to Fiscal Year 2011 revenue collections. In comparison to Fiscal Year 2008, Gross Income Tax collections in Fiscal Year 2012 were almost \$1.5 billion less; however, they also showed a marked increase of \$511.4 million in comparison to Fiscal Year 2011. With the current Fiscal Year 2013 estimate projected to be \$31.7 billion, the State's economic recovery trend remains optimistic. The Statistical Section provides a ten-year history of State-budgeted revenue collections.

Pension and Other Postemployment Benefits (OPEB) Obligations

Pursuant to P.L. 2010, c.1, the State resumed making contributions to the pension plans on a phased-in basis over a seven-year period beginning in Fiscal Year 2012. Previously, the State had 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 \$12.8 billion and a net OPEB obligation of \$16.8 billion as of June 30, 2012. The total unfunded actuarial accrued liability (UAAL) for State and local pension plans was \$41.7 billion as of June 30, 2011, or an increase of \$5.4 billion from June 30, 2010. The increase in the UAAL is mainly attributable to expected actuarial losses including the investment return of 2.52% being lower than the assumed rate of return of 7.95% and the state's pension contribution of 1/7th of the actuarially required amount being less than the full actuarially required amount. This increase would have been larger except for the impact of P.L. 2011, c. 78 which suspended additional cost of living adjustment (COLA) increases for current and future retirees. The total State and local OPEB unfunded actuarial accrued liability at June 30, 2011 was \$60.1 billion, or a decrease of \$11.3 billion from the prior year. For updated information, Fiscal Year 2011 actuarial reports can be accessed via: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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, 2011. 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, 2011

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.



Christopher P. Morille

President

Jeffrey R. Enen

Executive Director

(This page left intentionally blank)





LEGISLATIVE SERVICES COMMISSION

SENATE

CHRISTOPHER J. CONNORS
NIA H. GILL
ROBERT M. GORDON
THOMAS H. KEAN, JR.
JOSEPH M. KYRILLOS, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
LORETTA WEINBERG

GENERAL ASSEMBLY

JOHN F. AMODEO
JON M. BRAMNICK
ANTHONY M. BUCCO
JOHN J. BURZICHELLI
THOMAS P. GIBLIN
LOUIS D. GREENWALD
ALISON LITTELL MCHOSE
SHEILA Y. OLIVER



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) 847-3901

OFFICE OF THE STATE AUDITOR

(609) 847-3470
FAX (609) 633-0834

STEPHEN M. ELLS
State Auditor

GREGORY PICA
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, 2012, 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 deferred outflows and revenues of the aggregate discretely presented component units, 91 percent of the assets and 38 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-D of the basic financial statements, respectively. 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 three component units, the New Jersey Sports and Exposition Authority, the Atlantic City Convention and Visitors 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, 2012, 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.

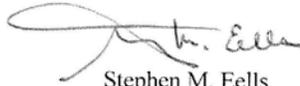
As discussed in Note 2-A, the State of New Jersey adopted the provisions of Governmental Accounting Standards Board Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* as of July 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013 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.

Accounting principles generally accepted in the United States of America require that 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Jersey's basic financial statements. The introductory section, combining financial statements section, other information section, and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements section and the other information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining financial statements section and the other information section are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Stephen M. Eells
State Auditor
January 9, 2013

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, 2012. 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 \$935.4 million from the prior fiscal year. As of June 30, 2012, liabilities exceeded assets and deferred outflows by \$40.6 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 \$51.4 billion. The negative balance is primarily a result of under 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, 2012 component unit assets and deferred outflows exceeded component unit liabilities and deferred inflows by \$17.3 billion. Total component unit assets and deferred outflows grew to \$46.3 billion, a \$0.5 billion increase from the prior fiscal year.

Fund Level

- The State's governmental funds reported June 30, 2012 combined ending fund balances of \$6.9 billion, which is a decrease of \$1.4 billion when compared to the prior fiscal year. Fund balances are segregated into the following categories: nonspendable, restricted, committed, and unassigned. The nonspendable fund balance classification (\$20.4 million) includes amounts that are legally required to remain intact. The restricted fund balance classification (\$4.4 billion) is used when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government. The committed fund balance classification (\$2.0 billion) includes amounts that can only be used for purposes specified in enabling legislation with the consent of both the legislative and executive branches. In contrast to the restricted fund balance classification, amounts in this category may be redeployed for other purposes with appropriate due process. Finally, the unassigned fund balance (\$425.4 million) represents the fund balance amount that has not been restricted or committed to a specific purpose within the General Fund.
- During the fiscal year, the proprietary funds' net assets increased by \$543.0 million resulting in net assets of negative \$241.0 million as of June 30, 2012.

Long-term Debt

- The State's long-term debt obligations increased 9.3 percent to \$71.1 billion, which includes a net increase in bonded debt of \$0.7 billion. During the fiscal year, the State issued \$3.4 billion in bonds. New money issuances represented \$1.3 billion primarily for transportation system improvements, while \$2.1 billion represented five refunding transactions that provided the State with \$156.9 million in net present value savings. During Fiscal Year 2012, the State paid \$3.7 billion in debt service on its long-term obligations.
- Non-bonded portions of the State's long-term debt total \$32.3 billion. This amount represents a \$5.3 billion increase from the prior fiscal year and is mainly attributable to increases in Net Pension Obligation (NPO) as well as the State's Net Other Postemployment Benefits (OPEB) Obligation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Major Features of the Basic Financial Statements

Features	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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	<input type="checkbox"/> Statement of Net Assets <input type="checkbox"/> Statement of Activities	<input type="checkbox"/> Balance Sheet <input type="checkbox"/> Statement of Revenues, Expenditures, and Changes in Fund Balance	<input type="checkbox"/> Statement of Net Assets <input type="checkbox"/> Statement of Revenues, Expenses, and Changes in Net Assets <input type="checkbox"/> Statement of Cash Flows	<input type="checkbox"/> Statement of Fiduciary Net Assets <input type="checkbox"/> 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	<input type="checkbox"/> Revenues for which cash is received during or soon after the end of the fiscal year <input type="checkbox"/> Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

- **Statement of Net 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. Operating as business-type activities, financial statements of component units are presented discretely in either the major or non-major categories in both the Statement of Net Assets and the Statement of Activities based upon the relative size of assets, liabilities, revenues, and expenses in relation to the total. The State's component units currently consist of twelve senior public institutions of higher education as well as 21 authorities; of the latter 21, five (the Garden State Preservation Trust, the New Jersey Building Authority, the New Jersey Schools Development Authority, the New Jersey Transportation Trust Fund Authority, and the Tobacco Settlement Financing Corporation) are blended into governmental activities. A complete list of the State's component units is shown in Note 1B – Summary of Significant Accounting Policies – Financial Reporting Entity and Note 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

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

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

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

Fund Financial Statements

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

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

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

- **Proprietary Funds Financial Statements** Proprietary funds are used to account for State business-type activities. Since these funds charge fees to external users, they are known as enterprise funds. Proprietary funds provide the same information as government-wide financial statements and use the accrual basis of accounting.
- **Fiduciary Funds Financial Statements** Fiduciary funds, which include State pension fund systems, are used to account for resources held by the State for the benefit of parties outside of State government. Fiduciary funds are reported using the accrual basis of accounting in separate Statements of Fiduciary Net 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 assists the reader in understanding the data provided in the government-wide financial statements and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a required supplementary information section. This section includes budgetary schedules that reconcile the statutory intent of the program with fund balances in accordance with generally accepted accounting principles at fiscal year end as well as variances between the final budget and actual results on a budgetary basis. Also, there 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 2012 with combined net assets for the primary government totaling a negative \$40.6 billion. This amount represents a reduction of net assets of \$6.4 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, including but not limited to the Net Pension Obligation and the Net OPEB Obligation, 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	
	2012	2011	2012	2011	2012	2011
Current and other noncurrent assets	\$ 10,889.0	\$ 12,574.9	\$ 1,518.7	\$ 1,534.2	\$ 12,407.7	\$ 14,109.1
Capital assets, net	23,567.0	22,799.8	-	-	23,567.0	22,799.8
Total Assets	34,456.0	35,374.7	1,518.7	1,534.2	35,974.7	36,908.9
Deferred outflows	23.7	24.9	-	-	23.7	24.9
Total Assets and Deferred Outflows	34,479.7	35,399.6	1,518.7	1,534.2	35,998.4	36,933.8
Current liabilities	5,898.4	5,255.5	400.7	434.7	6,299.1	5,690.2
Noncurrent liabilities	68,987.2	63,564.3	1,359.0	1,883.5	70,346.2	65,447.8
Total Liabilities	74,885.6	68,819.8	1,759.7	2,318.2	76,645.3	71,138.0
Net Assets:						
Invested in capital assets, net of related debt	7,192.2	6,999.7	-	-	7,192.2	6,999.7
Restricted	3,536.3	3,877.3	12.1	10.9	3,548.4	3,888.2
Unrestricted	(51,134.4)	(44,297.2)	(253.1)	(794.9)	(51,387.5)	(45,092.1)
Total Net Assets	\$ (40,405.9)	\$ (33,420.2)	\$ (241.0)	\$ (784.0)	\$ (40,646.9)	\$ (34,204.2)

Changes in Net Assets

The State's Fiscal Year 2012 net assets decreased by \$6.4 billion. Approximately 48.7 percent of the State's total revenues came from general taxes, while 30.2 percent was derived from operating grants. Charges for services amounted to 19.4 percent of total revenues, while other items such as capital grants, interest earnings, and miscellaneous revenues accounted for the remainder. State expenses cover a range of services. The largest expense, 24.9 percent, was for educational, cultural, and intellectual development, which includes approximately \$186.8 million disbursed by the New Jersey Schools Development Authority (a blended component unit) to help finance school facilities construction. Physical and mental health amounted to 19.3 percent of total expenses, while government direction, management and control amounted to 18.8 percent. Other major expenditures focused on economic planning, development, and security; public safety and criminal justice; and unemployment compensation. During Fiscal Year 2012, governmental activity expenses exceeded program revenues; this imbalance was mainly funded through \$28.2 billion of general revenues (mostly taxes and transfers). The remaining \$7.0 billion resulted in a decrease in net assets. Offsetting the governmental net asset decrease, Business-type Activities reflected a net asset increase of \$543.0 million as the Unemployment Compensation Fund's available resources exceeded the need to pay claims.

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

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 4,820.9	\$ 4,736.1	\$ 5,852.8	\$ 5,457.1	\$ 10,673.7	\$ 10,193.2
Operating grants	13,238.6	13,326.1	3,309.1	4,408.5	16,547.7	17,734.6
Capital grants	325.8	139.6	-	-	325.8	139.6
General revenues						
General taxes	26,666.3	26,569.4	-	-	26,666.3	26,569.4
Interest earnings	(274.9)	48.9	(0.9)	-	(275.8)	48.9
Miscellaneous	851.2	762.0	-	-	851.2	762.0
Total Revenues	45,627.9	45,582.1	9,161.0	9,865.6	54,788.9	55,447.7
Expenses						
Public safety and criminal justice	3,274.0	3,169.3	-	-	3,274.0	3,169.3
Physical and mental health	11,794.4	11,392.4	-	-	11,794.4	11,392.4
Educational, cultural, and intellectual development	15,249.5	14,091.6	-	-	15,249.5	14,091.6
Community development and environmental management	1,560.6	1,694.1	-	-	1,560.6	1,694.1
Economic planning, development, and security	6,861.9	6,729.5	-	-	6,861.9	6,729.5
Transportation programs	1,715.9	1,927.5	-	-	1,715.9	1,927.5
Government direction, management, and control	11,489.5	11,671.6	-	-	11,489.5	11,671.6
Special government services	342.1	348.9	-	-	342.1	348.9
Interest expense	1,275.8	1,227.7	-	-	1,275.8	1,227.7
State Lottery Fund	-	-	1,845.6	1,724.3	1,845.6	1,724.3
Unemployment Compensation Fund	-	-	5,822.3	7,206.6	5,822.3	7,206.6
Total Expenses	53,563.7	52,252.6	7,667.9	8,930.9	61,231.6	61,183.5
Excess (Deficiency) Before Transfers	(7,935.8)	(6,670.5)	1,493.1	934.7	(6,442.7)	(5,735.8)
Transfers	950.1	1,451.5	(950.1)	(952.3)	-	499.2
Increase (Decrease) in Net Assets	(6,985.7)	(5,219.0)	543.0	(17.6)	(6,442.7)	(5,236.6)
Net Assets - July 1	(33,420.2)	(28,201.2)	(784.0)	(766.4)	(34,204.2)	(28,967.6)
Net Assets - June 30	\$ (40,405.9)	\$ (33,420.2)	\$ (241.0)	\$ (784.0)	\$ (40,646.9)	\$ (34,204.2)

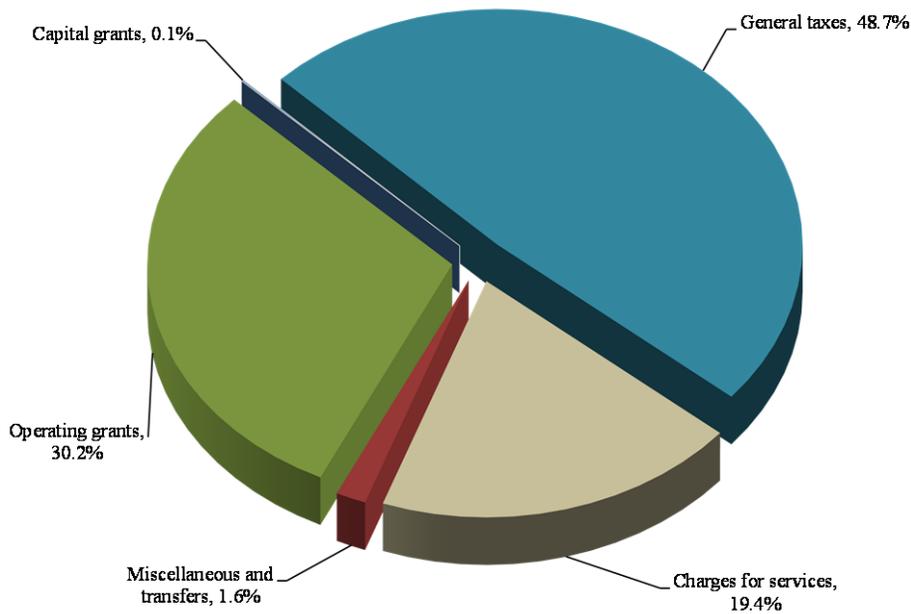
Primary Government – Fiscal Year 2012 Revenues and Expenses

During Fiscal Year 2012, State revenues, including transfers, totaled \$54.8 billion or a decrease of \$1.1 billion when compared to the prior fiscal year. This decrease in total revenues is primarily attributable to an overall decrease in operating grants and contributions. General taxes totaled \$26.7 billion and accounted for 48.7 percent of total State revenues for Fiscal Year 2012. The State’s Gross Income Tax totaled \$11.1 billion, the Sales and Use Tax totaled \$8.1 billion, and the Corporation Business Tax totaled \$2.0 billion. The State’s three major taxes comprised 79.7 percent of the total general taxes that were collected during Fiscal Year 2012. The State’s economy showed a slight improvement, as indicated by the \$96.9 million increase in general taxes when compared to Fiscal Year 2011.

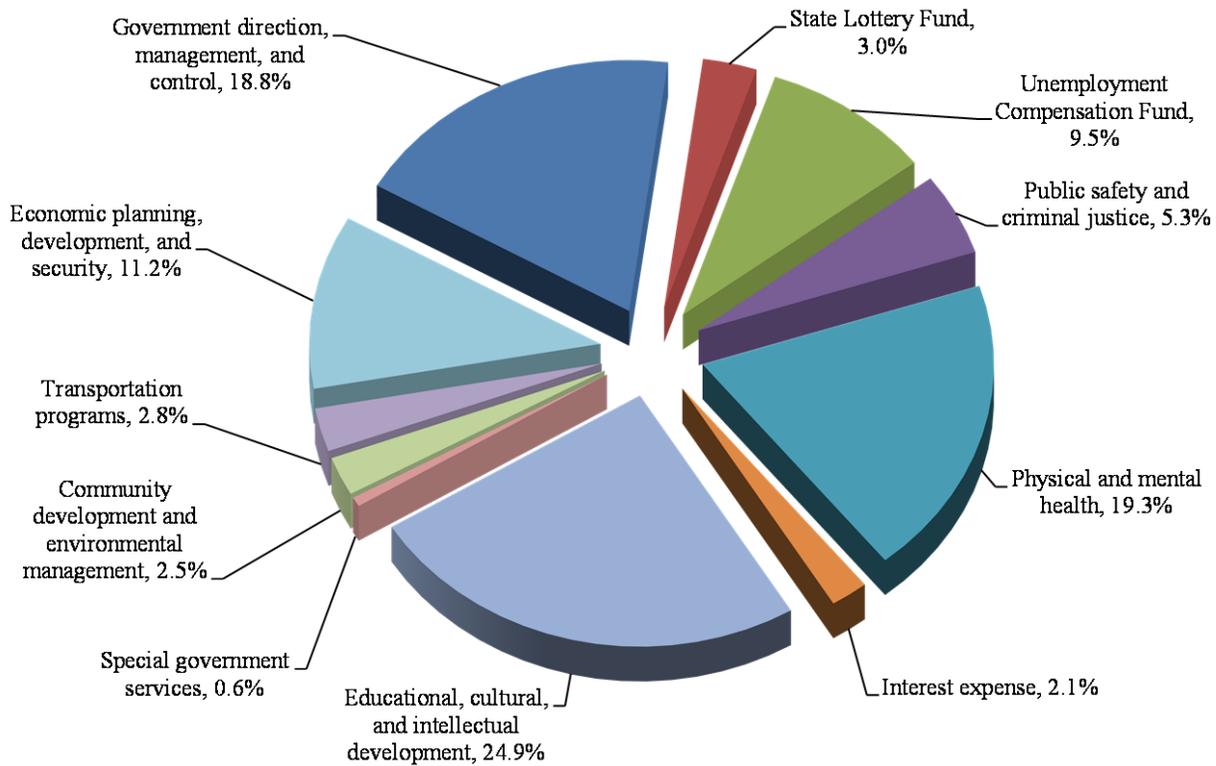
Fiscal Year 2012 expenses totaled \$61.2 billion, for an increase of \$48.1 million in comparison to the prior fiscal year. State spending increased by \$1.2 billion in educational, cultural, and intellectual development, \$402.0 million in physical and mental health, and \$132.4 million in economic planning, development, and security, which were offset by decreases of \$1.4 billion in unemployment compensation, \$211.6 million in transportation programs, and \$182.1 million in government direction, management, and control.

The following pie charts depict primary government activities for revenues and expenses for the fiscal year ended June 30, 2012:

**Revenues – Primary Government
Fiscal Year Ended June 30, 2012**



**Expenses – Primary Government
Fiscal Year Ended June 30, 2012**



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

Component Units

Combined operating revenues and expenses for the State’s component units for Fiscal Year 2012 amounted to \$10.5 billion and \$11.7 billion, respectively. Total operations along with other revenue and expenses contributed to total combined net assets at fiscal year end of \$17.3 billion. The component units received \$1.1 billion in State appropriations during Fiscal Year 2012.

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, 2012 fund balances of \$6.9 billion. The \$1.4 billion decrease in fund balance was primarily from lower Fiscal Year 2012 revenues.

General Fund

The General Fund is the State’s chief operating fund and is the fund into which all State revenues, not otherwise restricted by statute, are deposited. The General Fund’s ending fund balance totaled \$2.9 billion, of which \$425.4 million represented unassigned fund balance.

On a budgetary basis, general revenues of \$28.8 billion were \$3.8 billion lower than the final budget. The negative variance was primarily the result of unearned federal and other grant revenues of \$1.6 billion, declines of \$1.1 billion in other revenues, and \$990.7 million in taxes. 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 \$3.4 billion lower than original appropriations as set forth in the annual Appropriations Act plus supplemental appropriations enacted during the fiscal year. A major cause for under-spending resulted from the overestimate of federal funds; this practice allows the State to receive the maximum federal dollars that become available. During Fiscal Year 2012, the State’s appropriation of federal funds and other grants exceeded expenditures by \$1.6 billion; these excess appropriations are available for use in future years. From a Fiscal Year 2012 program perspective, under-spending transpired in physical and mental health (\$874.9 million); public safety and

criminal justice (\$658.7 million); community development and environmental management (\$628.3 million); economic planning, development, and security (\$562.4 million); government direction, management, and control (\$264.9 million); educational, cultural, and intellectual development (\$176.4 million); special government services (\$110.1 million); and transportation programs (\$82.9 million).

Property Tax Relief Fund

The Property Tax Relief Fund accounts for revenues from the Gross Income Tax and one-half percent of the Sales and Use Tax that is constitutionally dedicated for property tax relief. Appropriations from this fund must be used exclusively for the constitutional purpose of reducing or offsetting property taxes. During Fiscal Year 2012, \$12.2 billion of property tax relief expenditures were made. The Property Tax Relief Fund's Fiscal Year 2012 ending fund balance was \$6.0 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 2012, gross revenues totaled \$2.8 billion, of which \$1.6 billion was returned in prizes, \$950.1 million went to state education and institutions, \$227.9 million was paid to sales agents and ticket vendors, and \$36.8 million covered Lottery operational and promotional expenses. As of June 30, 2012, the State Lottery, since its inception, has generated over \$55.0 billion in gross revenues, \$29.5 billion in prizes, and contributed \$21.0 billion to the State.

Unemployment Compensation Fund

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

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 November 30, 2012, \$750.5 million of such advances are outstanding. Until the economic conditions in the State improve, the use of such advances is likely to continue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

The Fiscal Year 2012 capital appropriation included \$2.9 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 \$435.0 million for State highway infrastructure, \$190.0 million for local highways, and \$622.0 million for mass transit. During Fiscal Year 2012, the New Jersey Economic Development Authority did not issue any School Facilities Construction Bonds to help fund the New Jersey Schools Development Authority's program; accordingly, as of June 30, 2012, a total of \$8.6 billion of the \$12.5 billion school facilities construction bond program has been issued. The constitutional dedication of 4.0 percent of the Corporation Business Tax was appropriated to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

Capital asset data is shown below. The State's investment in capital assets, net of accumulated depreciation, totaled \$23.6 billion as of June 30, 2012. Depreciation expense charges for Fiscal Year 2012 totaled \$814.3 million.

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

	Total Primary Government	
	2012	2011
Land and Easements	\$ 4,824.3	\$ 4,765.1
Land Improvements	82.2	85.9
Buildings and Improvements	1,566.9	1,591.1
Machinery, Equipment and Software	397.1	412.6
Infrastructure	14,102.2	12,057.4
Sub-Total	20,972.7	18,912.1
Construction-In-Progress	2,594.3	3,887.7
Total	<u>\$ 23,567.0</u>	<u>\$ 22,799.8</u>

Notes:

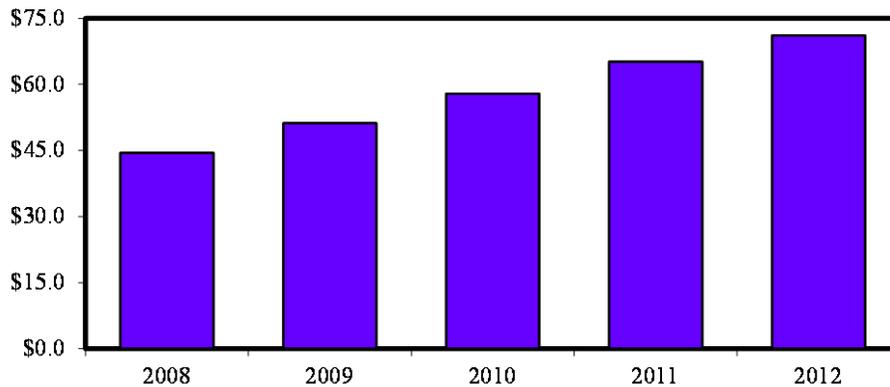
Funding for capital investment requirements is derived either from the State’s operating budget or from legislative-approved or voter-approved bonded debt.

For more detailed information about the State’s capital assets, see Note 7 – Capital Assets.

Debt Administration

As of June 30, 2012, New Jersey’s outstanding long-term obligations for governmental activities totaled \$71.1 billion, a \$6.0 billion increase over the prior fiscal year. Of the \$6.0 billion increase, \$5.3 billion is attributable to increases in the Net Pension Obligation and Net OPEB Obligation. Long-term bonded debt obligations totaled \$38.8 billion, while other long-term obligations totaled \$32.3 billion. In addition, the State has \$9.5 billion of legislatively authorized bonding capacity that has not yet been issued. As of June 30, 2012, the legislatively authorized but unissued debt increased by \$2.2 billion (See Statistical Section – Legislatively Authorized But Unissued Debt, 2012 and 2011). The State’s long-term obligations for the past five fiscal years are shown below:

Long-Term Obligations
Fiscal Year 2008 to Fiscal Year 2012
(Expressed in Billions)



Note:

For more detailed information about the State’s long-term debt activity, see Note 10 – Long-Term Obligations.

ECONOMIC CONDITION AND OUTLOOK

New Jersey's economy has continued to recover. In each month through October 2012 payroll employment in New Jersey was higher than in the same month of 2011. In an environment of moderate job growth and some gains in the labor force, the State unemployment rate moved up to 9.9 percent in August before edging down to 9.7 percent in October, still well above the national rate of 7.9 percent. New Jersey economic forecasts as of November 2012 from the Treasury Department's Office of the Chief Economist, as well as from Global Insight, Moody's, and Rutgers University, all call for ongoing improvement in economic conditions through the end of 2013. However, it is likely that the after-effects of Superstorm Sandy will add substantial short-term volatility to New Jersey's economy, followed by some added impetus to growth as the rebuilding process takes hold.

New Jersey's economic outlook also hinges, critically, on the national economy. Resolution of current controversies about federal taxes and spending and the maintenance of supportive monetary policies are critical to sustaining consumer and business confidence and the recovery in national and state economies. Stability in both national and international financial markets are also key elements in providing an environment for growth in the state.

The State and the nation may experience some near-term deterioration in growth and the expected pace of economic expansion may decline if consumers, investors, and businesses are negatively affected by concerns regarding long term federal budget sustainability, the impact of federal health care reform on business costs, lack of credit availability, U.S. and international financial market stresses, any slowdown in the pace of global economic recovery, and geopolitical tensions, particularly those which lead to any substantial restrictions on energy supplies from the Middle East. To a large extent, the future direction of the economy, nationally and in the State, hinges on the assumptions regarding the strength of the current economic recovery, energy prices, and stability in the financial markets. Based on the information available as of the date hereof, economic conditions in the State should improve over the next year, but the recovery remains vulnerable.

REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012 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, 2012, or for additional information should be addressed to the State of New Jersey, Office of Management and Budget, P.O. Box 221, 33 West State Street, Trenton, New Jersey, 08625. Historical copies of the Comprehensive Annual Financial Report, the State Budget, and the Appropriations Handbook are accessible via: <http://www.state.nj.us/treasury/omb>.

(This page left intentionally blank)

*Basic Financial
Statements*

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 120,875,783	\$ 3,105,731	\$ 123,981,514	\$ 3,745,950,391
Investments	3,938,588,388	269,283,320	4,207,871,708	5,234,051,868
Receivables, net of allowances for uncollectibles				
Federal government	691,812,743	89,400,695	781,213,438	182,669,641
Departmental accounts	2,987,454,427	865,089,876	3,852,544,303	-
Loans	1,675,318,169	-	1,675,318,169	269,269,082
Mortgages	-	-	-	98,075,000
Other	805,917,205	81,291,854	887,209,059	744,554,407
Internal balances	109,711,045	(109,711,045)	-	-
Due from external parties	9,604,905	-	9,604,905	155,523,345
Inventories	-	-	-	153,076,425
Deferred charges	-	14,453,490	14,453,490	-
Other	323,805,084	-	323,805,084	221,476,077
Total Current Assets	10,663,087,749	1,212,913,921	11,876,001,670	10,804,646,236
Noncurrent Assets				
Investments	-	305,775,771	305,775,771	5,460,981,310
Receivables, net of allowances for uncollectibles				
Loans	-	-	-	3,787,501,833
Mortgages	-	-	-	2,567,486,208
Other	-	-	-	120,578,131
Pension assets	5,935,136	-	5,935,136	-
Capital assets - nondepreciated	7,418,569,647	-	7,418,569,647	5,518,540,752
Capital assets - depreciated, net	16,148,480,937	-	16,148,480,937	17,391,503,917
Derivative instrument asset	-	-	-	16,574,020
Other	219,989,772	-	219,989,772	416,381,887
Total Noncurrent Assets	23,792,975,492	305,775,771	24,098,751,263	35,279,548,058
Deferred Outflows	23,660,386	-	23,660,386	203,393,690
Total Assets and Deferred Outflows	34,479,723,627	1,518,689,692	35,998,413,319	46,287,587,984

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

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	2,125,659,625	196,216,799	2,321,876,424	1,149,325,345
Due to external parties	48,178,274	-	48,178,274	241,918,983
Interest payable	283,343,259	-	283,343,259	312,436,572
Deferred revenue	276,448,981	-	276,448,981	298,313,817
Current portion of long-term liabilities	2,775,248,332	94,163,004	2,869,411,336	927,454,241
Other	389,533,196	110,346,244	499,879,440	546,173,188
Total Current Liabilities	5,898,411,667	400,726,047	6,299,137,714	3,475,622,146
Noncurrent Liabilities				
Advance from federal government	-	1,052,178,034	1,052,178,034	-
Net pension obligation	12,838,529,449	-	12,838,529,449	31,406,499
Net OPEB obligation	16,818,300,000	-	16,818,300,000	644,962,617
Pollution remediation obligation	92,174,562	-	92,174,562	51,087,150
Derivative instrument liability	672,613,876	-	672,613,876	262,589,013
Other	38,565,586,819	306,815,323	38,872,402,142	24,313,456,128
Total Noncurrent Liabilities	68,987,204,706	1,358,993,357	70,346,198,063	25,303,501,407
Deferred Inflows	-	-	-	227,646,563
Total Liabilities and Deferred Inflows	74,885,616,373	1,759,719,404	76,645,335,777	29,006,770,116
NET ASSETS				
Invested in capital assets, net of related debt	7,192,227,532	-	7,192,227,532	9,092,326,604
Restricted for:				
Capital projects	-	-	-	110,804,528
Public safety and criminal justice	152,570	-	152,570	-
Physical and mental health	2,297,637	-	2,297,637	-
Educational, cultural, and intellectual development	466,445,451	-	466,445,451	-
Community development and environmental management	2,689,857,245	-	2,689,857,245	-
Economic planning, development and security	375,198,981	-	375,198,981	-
Transportation programs	2,374,581	-	2,374,581	-
Debt service	-	-	-	1,051,510,615
Other	-	12,083,292	12,083,292	4,837,223,860
Unrestricted	(51,134,446,743)	(253,113,004)	(51,387,559,747)	2,188,952,261
Total Net Assets	\$ (40,405,892,746)	\$ (241,029,712)	\$ (40,646,922,458)	\$ 17,280,817,868

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions - Programs				
Primary Government				
Governmental activities:				
Public safety and criminal justice	\$ 3,274,015,158	\$ 1,120,402,116	\$ 399,903,731	\$ 1,595,142
Physical and mental health	11,794,396,012	858,698,740	1,072,229,124	-
Educational, cultural, and intellectual development	15,249,457,993	111,727,701	1,231,002,163	-
Community development and environmental management	1,560,623,235	271,111,096	709,189,836	75,937,317
Economic planning, development, and security	6,861,920,730	1,313,185,629	898,845,974	-
Transportation programs	1,715,935,105	30,523,659	924,543,439	248,261,148
Government direction, management, and control	11,489,454,219	971,228,556	7,991,196,198	-
Special government services	342,084,534	143,961,034	11,715,587	-
Interest expense	1,275,826,916	-	-	-
Total governmental activities	<u>53,563,713,902</u>	<u>4,820,838,531</u>	<u>13,238,626,052</u>	<u>325,793,607</u>
Business-type activities:				
State Lottery Fund	1,845,655,927	2,797,638,855	204,726	-
Unemployment Compensation Fund	5,822,265,305	3,055,168,945	3,308,900,613	-
Total business-type activities	<u>7,667,921,232</u>	<u>5,852,807,800</u>	<u>3,309,105,339</u>	<u>-</u>
Total Primary Government	<u>\$ 61,231,635,134</u>	<u>\$ 10,673,646,331</u>	<u>\$ 16,547,731,391</u>	<u>\$ 325,793,607</u>
Component Units				
Authorities	\$ 5,843,791,283	\$ 2,540,591,984	\$ 1,427,039,267	\$ 1,324,064,034
Colleges and Universities	5,853,967,500	3,165,107,712	2,056,876,072	27,841,714
Total Component Units	<u>\$ 11,697,758,783</u>	<u>\$ 5,705,699,696</u>	<u>\$ 3,483,915,339</u>	<u>\$ 1,351,905,748</u>
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, 2011 (Restated)

Net Assets - June 30, 2012

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
\$ (1,752,114,169)	\$ -	\$ (1,752,114,169)	\$ -
(9,863,468,148)	-	(9,863,468,148)	-
(13,906,728,129)	-	(13,906,728,129)	-
(504,384,986)	-	(504,384,986)	-
(4,649,889,127)	-	(4,649,889,127)	-
(512,606,859)	-	(512,606,859)	-
(2,527,029,465)	-	(2,527,029,465)	-
(186,407,913)	-	(186,407,913)	-
<u>(1,275,826,916)</u>	<u>-</u>	<u>(1,275,826,916)</u>	<u>-</u>
<u>(35,178,455,712)</u>	<u>-</u>	<u>(35,178,455,712)</u>	<u>-</u>
-	952,187,654	952,187,654	-
-	541,804,253	541,804,253	-
-	1,493,991,907	1,493,991,907	-
<u>(35,178,455,712)</u>	<u>1,493,991,907</u>	<u>(33,684,463,805)</u>	<u>-</u>
-	-	-	(196,991,811)
-	-	-	155,149,057
-	-	-	<u>(41,842,754)</u>
11,128,418,349	-	11,128,418,349	-
8,080,130,928	-	8,080,130,928	-
2,037,103,743	-	2,037,103,743	-
5,420,657,071	-	5,420,657,071	-
(274,863,927)	(885,793)	(275,749,720)	-
-	-	-	1,114,395,246
851,208,367	-	851,208,367	-
<u>950,082,268</u>	<u>(950,082,268)</u>	<u>-</u>	<u>-</u>
<u>28,192,736,799</u>	<u>(950,968,061)</u>	<u>27,241,768,738</u>	<u>1,114,395,246</u>
(6,985,718,913)	543,023,846	(6,442,695,067)	(41,842,754)
<u>(33,420,173,833)</u>	<u>(784,053,558)</u>	<u>(34,204,227,391)</u>	<u>17,322,660,622</u>
<u>\$ (40,405,892,746)</u>	<u>\$ (241,029,712)</u>	<u>\$ (40,646,922,458)</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 55,245,368	\$ -	\$ 65,630,415	\$ 120,875,783
Investments	1,204,543,259	-	2,734,045,129	3,938,588,388
Receivables, net of allowances for uncollectibles				
Federal government	458,583,519	-	100,183,528	558,767,047
Departmental accounts	1,985,912,853	535,627,253	465,914,321	2,987,454,427
Loans	380,033,966	-	1,295,284,203	1,675,318,169
Other	174,704,971	-	223,023,720	397,728,691
Due from other funds	841,097,664	11,197,067	364,583,816	1,216,878,547
Other	4,986,001	-	6,198,444	11,184,445
Total Assets	<u>\$ 5,105,107,601</u>	<u>\$ 546,824,320</u>	<u>\$ 5,254,863,576</u>	<u>\$ 10,906,795,497</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accruals	\$ 1,500,549,489	\$ 48,564,993	\$ 576,545,143	\$ 2,125,659,625
Deferred revenue	269,582,724	-	122,396,257	391,978,981
Due to other funds	233,759,535	349,301,368	562,679,968	1,145,740,871
Other	200,483,708	143,000,714	46,048,774	389,533,196
Total Liabilities	<u>2,204,375,456</u>	<u>540,867,075</u>	<u>1,307,670,142</u>	<u>4,052,912,673</u>
Fund Balances				
Nonspendable	20,416,073	-	-	20,416,073
Restricted	884,257,776	-	3,494,595,906	4,378,853,682
Committed	1,570,702,994	5,957,245	452,597,528	2,029,257,767
Unassigned	425,355,302	-	-	425,355,302
Total Fund Balances	<u>2,900,732,145</u>	<u>5,957,245</u>	<u>3,947,193,434</u>	<u>6,853,882,824</u>
Total Liabilities and Fund Balances	<u>\$ 5,105,107,601</u>	<u>\$ 546,824,320</u>	<u>\$ 5,254,863,576</u>	<u>\$ 10,906,795,497</u>

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

STATE OF NEW JERSEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances - governmental funds \$ 6,853,882,824

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

Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 541,234,210

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. 312,620,639

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	\$ 22,311,960,151	
Buildings and improvements	3,411,076,332	
Land and land improvements	5,046,986,894	
Other capital assets	3,567,743,645	
Accumulated depreciation	<u>(10,770,716,438)</u>	23,567,050,584

Deferred tobacco settlement revenue recorded in the fund perspective is recognized as revenue and not deferred in the statement of net assets. 115,530,000

Deferred outflows are not current resources and therefore are not reported in the fund perspective. 23,660,386

The pension and other assets are not current resources and therefore are not reported in the fund perspective. 225,924,908

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	(283,343,259)	
Current portion of long-term obligations	<u>(2,775,248,332)</u>	(3,058,591,591)
Noncurrent Liabilities		
Bonds and notes payable	(22,271,915,001)	
Installment obligations	(17,153,001,876)	
Loans payable	(1,279,358,087)	
Capital leases	(502,842,502)	
Compensated absences	(274,181,248)	
Unamortized deferral on refunding bonds	994,775,062	
Unamortized premium	(1,518,506,080)	
Tobacco Settlement Financing Corporation Bonds	(4,424,327,441)	
Unamortized discount on Capital Appreciation Bonds	7,863,770,354	
Net pension obligation	(12,838,529,449)	
Net OPEB obligation	(16,818,300,000)	
Pollution remediation obligation	(92,174,562)	
Derivative instrument liability	<u>(672,613,876)</u>	<u>(68,987,204,706)</u>

Net assets of governmental activities \$ (40,405,892,746)

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, 2012

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 13,322,342,618	\$ 11,751,670,559	\$ 1,563,804,021	\$ 26,637,817,198
Federal and other grants	11,426,543,840	-	899,043,782	12,325,587,622
Licenses and fees	1,168,023,182	-	106,240,408	1,274,263,590
Services and assessments	1,617,823,551	-	1,242,959,897	2,860,783,448
Investment earnings	11,749,692	-	8,740,159	20,489,851
Contributions	1,140	-	79,135	80,275
Other	2,775,135,360	-	532,860,226	3,307,995,586
Total Revenues	<u>30,321,619,383</u>	<u>11,751,670,559</u>	<u>4,353,727,628</u>	<u>46,427,017,570</u>
EXPENDITURES				
Current:				
Public safety and criminal justice	3,253,200,559	-	107,539,960	3,360,740,519
Physical and mental health	11,394,035,518	130,584,126	283,139,982	11,807,759,626
Educational, cultural, and intellectual development	4,459,445,345	10,820,331,293	219,301,069	15,499,077,707
Community development and environmental management	1,301,588,529	248,077,470	137,445,697	1,687,111,696
Economic planning, development, and security	5,547,246,713	29,678,000	1,340,638,439	6,917,563,152
Transportation programs	516,392,408	-	1,949,837,796	2,466,230,204
Government direction, management, and control	5,453,092,689	948,011,001	221,834,014	6,622,937,704
Special government services	340,382,154	-	169,518	340,551,672
Capital Outlay	122,514,647	-	-	122,514,647
Debt Service:				
Principal	182,230,000	-	398,244,311	580,474,311
Interest	95,132,261	-	825,519,418	920,651,679
Total Expenditures	<u>32,665,260,823</u>	<u>12,176,681,890</u>	<u>5,483,670,204</u>	<u>50,325,612,917</u>
Excess (deficiency) of revenues over expenditures	<u>(2,343,641,440)</u>	<u>(425,011,331)</u>	<u>(1,129,942,576)</u>	<u>(3,898,595,347)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	1,315,000,000	1,315,000,000
Transfers from other funds	2,473,321,153	-	2,311,472,254	4,784,793,407
Transfers to other funds	(1,113,035,206)	-	(2,721,667,085)	(3,834,702,291)
Other sources	1,841,499,189	-	447,649,309	2,289,148,498
Other uses	(1,718,877,171)	-	(395,657,456)	(2,114,534,627)
Total other financing sources (uses)	<u>1,482,907,965</u>	<u>-</u>	<u>956,797,022</u>	<u>2,439,704,987</u>
Net Change in Fund Balance	<u>(860,733,475)</u>	<u>(425,011,331)</u>	<u>(173,145,554)</u>	<u>(1,458,890,360)</u>
Fund Balances - July 1, 2011 (Restated)	<u>3,761,465,620</u>	<u>430,968,576</u>	<u>4,120,338,988</u>	<u>8,312,773,184</u>
Fund Balances - June 30, 2012	<u>\$ 2,900,732,145</u>	<u>\$ 5,957,245</u>	<u>\$ 3,947,193,434</u>	<u>\$ 6,853,882,824</u>

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

STATE OF NEW JERSEY
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balance - total governmental funds \$ (1,458,890,360)

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	\$ 1,507,885,311	
Depreciation expense	(740,617,901)	
Excess of capital outlay over depreciation expense		767,267,410

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. (1,315,000,000)

Some capital additions were financed through capital leases, certificates of participation and installment obligations. In the governmental funds these arrangements are considered a source of financing, but in the statement of net assets, these arrangements are reported as an obligation. (122,514,647)

The changes in fair value related to nonqualifying swap agreements are not considered current resources and are only reported in the statement of activities. (287,363,282)

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	570,595,000	
Capital lease payments	66,741,932	
Installment obligation retirement	417,418,779	
Certificates of participation retirement	23,508,771	
Tobacco Settlement Financing Corp. bond retirement	25,820,000	
Total long-term obligations repayment		1,104,084,482

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 2012 receivable balances increased by this amount. 62,609,582

Some revenues recorded in the statement of activities do not provide current financial resources and therefore are deferred in the fund perspective. (33,710,000)

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	93,767,032	
Decrease in deferral on refunding issues	(163,756,318)	
Increase in deferred issuance costs	(23,185,103)	
Decrease in bond discount	(879,685)	
Total capitalized and amortized items		(94,054,074)

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	(337,235,308)	
Decrease in compensated absences, medicaid, and other	36,376,819	
Decrease in pension assets	(515,016)	
Increase in net pension and OPEB obligations	(5,298,110,079)	
Increase in pollution remediation obligation	(11,774,096)	
Increase in other assets	3,109,656	
Total additional expenditures and revenue reductions		(5,608,148,024)

Change in net assets of governmental activities \$ (6,985,718,913)

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

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	State Lottery Fund	Unemployment Compensation Fund	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,650,488	\$ 455,243	\$ 3,105,731
Investments	269,182,306	101,014	269,283,320
Receivables, net of allowances for uncollectibles			
Federal government	-	89,400,695	89,400,695
Departmental accounts	-	865,089,876	865,089,876
Other	11,526,442	69,765,412	81,291,854
Due from other funds	-	17,882,840	17,882,840
Deferred charges	13,912,288	541,202	14,453,490
Total Current Assets	297,271,524	1,043,236,282	1,340,507,806
Noncurrent Assets			
Investments	305,775,771	-	305,775,771
Total Assets	603,047,295	1,043,236,282	1,646,283,577
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	82,250,918	113,965,881	196,216,799
Due to other funds	107,734,758	19,859,127	127,593,885
Current portion of long-term obligations	94,163,004	-	94,163,004
Other	-	110,346,244	110,346,244
Total Current Liabilities	284,148,680	244,171,252	528,319,932
Noncurrent Liabilities			
Advance from federal government	-	1,052,178,034	1,052,178,034
Due in more than one year	306,815,323	-	306,815,323
Total Noncurrent Liabilities	306,815,323	1,052,178,034	1,358,993,357
Total Liabilities	590,964,003	1,296,349,286	1,887,313,289
NET ASSETS			
Restricted for:			
Other purposes	12,083,292	-	12,083,292
Unrestricted	-	(253,113,004)	(253,113,004)
Total Net Assets	\$ 12,083,292	\$ (253,113,004)	\$ (241,029,712)

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, 2012

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Sales and charges for services	\$ 2,758,899,785	\$ -	\$ 2,758,899,785
Assessments	-	2,980,147,356	2,980,147,356
From federal agencies	-	3,308,900,613	3,308,900,613
Other	<u>38,739,070</u>	<u>440,254</u>	<u>39,179,324</u>
Total Operating Revenues	<u>2,797,638,855</u>	<u>6,289,488,223</u>	<u>9,087,127,078</u>
OPERATING EXPENSES			
Unemployment compensation	-	5,822,265,305	5,822,265,305
Lottery prize awards	1,617,771,751	-	1,617,771,751
Other	<u>227,884,176</u>	<u>-</u>	<u>227,884,176</u>
Total Operating Expenses	<u>1,845,655,927</u>	<u>5,822,265,305</u>	<u>7,667,921,232</u>
Operating Income (Loss)	<u>951,982,928</u>	<u>467,222,918</u>	<u>1,419,205,846</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	(681,067)	-	(681,067)
Other	<u>-</u>	<u>74,581,335</u>	<u>74,581,335</u>
Total Nonoperating Revenues (Expenses)	<u>(681,067)</u>	<u>74,581,335</u>	<u>73,900,268</u>
Income (Loss) Before Transfers	951,301,861	541,804,253	1,493,106,114
Transfers to other funds	<u>(950,082,268)</u>	<u>-</u>	<u>(950,082,268)</u>
Change in Net Assets	1,219,593	541,804,253	543,023,846
Net Assets - July 1, 2011	<u>10,863,699</u>	<u>(794,917,257)</u>	<u>(784,053,558)</u>
Net Assets - June 30, 2012	<u>\$ 12,083,292</u>	<u>\$ (253,113,004)</u>	<u>\$ (241,029,712)</u>

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

**STATE OF NEW JERSEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts received from customers	\$ 1,385,166,786	\$ -	\$ 1,385,166,786
Receipts from federal and local agencies	-	3,534,998,725	3,534,998,725
Receipts from assessments	-	2,742,830,405	2,742,830,405
Payments to suppliers	(38,758,860)	-	(38,758,860)
Payments to prize winners	(412,972,456)	-	(412,972,456)
Claims paid	-	(5,781,986,902)	(5,781,986,902)
Other receipts (payments)	44,212,824	-	44,212,824
Net cash provided (used) by operating activities	<u>977,648,294</u>	<u>495,842,228</u>	<u>1,473,490,522</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loan from (payment to) federal government	-	(494,878,435)	(494,878,435)
Transfers to other funds	(953,000,111)	-	(953,000,111)
Other	-	(747,865)	(747,865)
Net cash provided (used) by noncapital financing activities	<u>(953,000,111)</u>	<u>(495,626,300)</u>	<u>(1,448,626,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,215,541,000	-	1,215,541,000
Purchase of investments	(1,238,140,000)	-	(1,238,140,000)
Net cash provided (used) by investing activities	<u>(22,599,000)</u>	<u>-</u>	<u>(22,599,000)</u>
Net increase (decrease) in cash and cash equivalents	2,049,183	215,928	2,265,111
Cash and cash equivalents - July 1, 2011	601,305	239,315	840,620
Cash and cash equivalents - June 30, 2012	<u>\$ 2,650,488</u>	<u>\$ 455,243</u>	<u>\$ 3,105,731</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 951,982,928	\$ 467,222,918	\$ 1,419,205,846
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Net changes in assets and liabilities:			
Current assets	31,122,650	20,965,284	52,087,934
Noncurrent assets	29,654,840	-	29,654,840
Current liabilities	10,667,182	7,654,026	18,321,208
Noncurrent liabilities	(45,779,306)	-	(45,779,306)
Net cash provided (used) by operating activities	<u>\$ 977,648,294</u>	<u>\$ 495,842,228</u>	<u>\$ 1,473,490,522</u>

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	Agency Funds	Investment Trust Fund
ASSETS		
Cash and cash equivalents	\$ 9,054,786	\$ 515
Securities lending collateral	-	-
Investments	100,021,751	2,538,953,795
Receivables, net of allowances for uncollectibles		
Members	43,835	-
Employers	852,147	-
Interest and dividends	-	-
Other	-	118,039,530
Due from other funds	32,621,627	-
Other	-	-
Total Assets	142,594,146	2,656,993,840
LIABILITIES		
Accounts payable	141,921,370	-
Benefits payable	-	-
Securities lending collateral and rebates payable	-	-
Due to other funds	672,776	1,877,586
Total Liabilities	142,594,146	1,877,586
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	\$ -	\$ 2,655,116,254

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

Pension and Other Employee Benefits Trust Funds	Private Purpose Trust Funds
\$ 721,882,694	\$ 2,574,620
1,209,086,214	-
74,028,878,813	12,448,072
176,414,212	-
3,034,973,673	-
5,406,223	-
-	-
1,304,988,771	-
16,074,243	-
<u>80,497,704,843</u>	<u>15,022,692</u>
132,747,277	4,282,917
1,267,168,212	-
1,207,235,246	-
7,256,705	315,434
<u>2,614,407,440</u>	<u>4,598,351</u>
<u>\$ 77,883,297,403</u>	<u>\$ 10,424,341</u>

STATE OF NEW JERSEY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Investment Trust Fund</u>	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS			
Contributions:			
Members	\$ -	\$ 2,309,269,955	\$ -
Employers	-	6,907,585,164	-
Other	<u>13,491,167,281</u>	<u>4,251,107</u>	<u>-</u>
Total Contributions	<u>13,491,167,281</u>	<u>9,221,106,226</u>	<u>-</u>
Investment Income:			
Net increase (decrease) in fair value of investments	-	(222,910,462)	-
Interest and dividends	<u>3,507,537</u>	<u>1,958,041,278</u>	<u>19,277</u>
Total Investment Income	<u>3,507,537</u>	<u>1,735,130,816</u>	<u>19,277</u>
Less investment expense	<u>-</u>	<u>13,056,983</u>	<u>-</u>
Net Investment Income	<u>3,507,537</u>	<u>1,722,073,833</u>	<u>19,277</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,277,212</u>
Total Additions	<u>13,494,674,818</u>	<u>10,943,180,059</u>	<u>1,296,489</u>
DEDUCTIONS			
Benefit payments	-	13,923,434,132	-
Refunds of contributions	-	157,270,934	-
Refunds and transfers to other systems	-	-	8,848
Administrative expense	1,877,586	46,498,279	-
Payments in accordance with trust agreements	-	-	736,978
Distributions to shareholders	<u>14,183,849,500</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>14,185,727,086</u>	<u>14,127,203,345</u>	<u>745,826</u>
Total Changes in Net Assets Held in Trust	(691,052,268)	(3,184,023,286)	550,663
Net Assets - July 1, 2011	<u>3,346,168,522</u>	<u>81,067,320,689</u>	<u>9,873,678</u>
Net Assets - June 30, 2012	<u>\$ 2,655,116,254</u>	<u>\$ 77,883,297,403</u>	<u>\$ 10,424,341</u>

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2012**

	<u>New Jersey Transit Corporation</u>	<u>New Jersey Turnpike Authority</u>	<u>Rutgers, The State University of New Jersey</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 114,809,772	\$ 203,513,456	\$ 413,579,000
Investments	30,477,409	577,821,037	330,738,000
Receivables, net of allowances for uncollectibles			
Federal government	124,257,603	-	-
Loans	-	-	-
Mortgages	-	-	-
Other	39,503,250	47,965,099	155,942,000
Due from external parties	93,742,559	3,638,603	-
Inventories	114,531,017	16,197,661	4,012,000
Other	10,496,351	24,864,867	14,143,000
Total Current Assets	<u>527,817,961</u>	<u>874,000,723</u>	<u>918,414,000</u>
Noncurrent Assets			
Investments	1,402,534,548	1,634,697,898	882,048,000
Receivables, net of allowances for uncollectibles			
Loans	-	-	-
Mortgages	-	-	-
Other	4,487,550	217,165	98,738,000
Capital assets - nondepreciated	1,370,085,640	2,701,790,032	487,380,000
Capital assets - depreciated, net	6,027,642,528	4,053,161,663	1,730,908,000
Derivative instrument asset	-	-	-
Other	17,008	137,081,122	16,229,000
Total Noncurrent Assets	<u>8,804,767,274</u>	<u>8,526,947,880</u>	<u>3,215,303,000</u>
Deferred Outflows	<u>10,750,452</u>	<u>88,029,208</u>	<u>44,689,000</u>
Total Assets and Deferred Outflows	<u>9,343,335,687</u>	<u>9,488,977,811</u>	<u>4,178,406,000</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	252,695,994	161,759,357	175,042,000
Due to external parties	26,890,815	189,101,524	-
Interest payable	-	208,887,966	7,333,000
Deferred revenue	-	3,967,650	61,991,000
Current portion of long-term obligations	282,911,483	135,666,660	40,818,000
Other	128,861,043	198,650	81,505,000
Total Current Liabilities	<u>691,359,335</u>	<u>699,581,807</u>	<u>366,689,000</u>
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	294,739,481	208,258,200	-
Pollution remediation	17,647,150	31,090,000	-
Derivative instrument liability	-	141,400,963	44,689,000
Other	3,019,208,873	8,378,019,541	1,075,887,000
Total Noncurrent Liabilities	<u>3,331,595,504</u>	<u>8,758,768,704</u>	<u>1,120,576,000</u>
Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>4,022,954,839</u>	<u>9,458,350,511</u>	<u>1,487,265,000</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,662,256,988	(119,761,434)	1,201,661,000
Restricted for:			
Capital projects	4,970,767	-	43,425,000
Debt service	-	133,839,244	-
Other purposes	-	-	777,512,000
Unrestricted	<u>(346,846,907)</u>	<u>16,549,490</u>	<u>668,543,000</u>
Total Net Assets	<u>\$ 5,320,380,848</u>	<u>\$ 30,627,300</u>	<u>\$ 2,691,141,000</u>

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

<u>University of Medicine and Dentistry of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 203,178,000	\$ 2,810,870,163	\$ 3,745,950,391
44,941,000	4,250,074,422	5,234,051,868
7,118,000	51,294,038	182,669,641
4,833,000	264,436,082	269,269,082
-	98,075,000	98,075,000
301,897,000	199,247,058	744,554,407
-	58,142,183	155,523,345
16,798,000	1,537,747	153,076,425
22,618,000	149,353,859	221,476,077
<u>601,383,000</u>	<u>7,883,030,552</u>	<u>10,804,646,236</u>
169,974,000	1,371,726,864	5,460,981,310
33,605,000	3,753,896,833	3,787,501,833
-	2,567,486,208	2,567,486,208
-	17,135,416	120,578,131
29,079,000	930,206,080	5,518,540,752
835,208,000	4,744,583,726	17,391,503,917
-	16,574,020	16,574,020
80,179,000	182,875,757	416,381,887
<u>1,148,045,000</u>	<u>13,584,484,904</u>	<u>35,279,548,058</u>
-	59,925,030	203,393,690
<u>1,749,428,000</u>	<u>21,527,440,486</u>	<u>46,287,587,984</u>
275,551,000	284,276,994	1,149,325,345
-	25,926,644	241,918,983
3,552,000	92,663,606	312,436,572
75,717,000	156,638,167	298,313,817
18,273,000	449,785,098	927,454,241
-	335,608,495	546,173,188
<u>373,093,000</u>	<u>1,344,899,004</u>	<u>3,475,622,146</u>
-	31,406,499	31,406,499
-	141,964,936	644,962,617
-	2,350,000	51,087,150
-	76,499,050	262,589,013
698,883,000	11,141,457,714	24,313,456,128
<u>698,883,000</u>	<u>11,393,678,199</u>	<u>25,303,501,407</u>
-	227,646,563	227,646,563
<u>1,071,976,000</u>	<u>12,966,223,766</u>	<u>29,006,770,116</u>
282,443,000	2,065,727,050	9,092,326,604
10,455,000	51,953,761	110,804,528
2,212,000	915,459,371	1,051,510,615
366,104,000	3,693,607,860	4,837,223,860
16,238,000	1,834,468,678	2,188,952,261
<u>\$ 677,452,000</u>	<u>\$ 8,561,216,720</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>New Jersey Transit Corporation</u>	<u>New Jersey Turnpike Authority</u>	<u>Rutgers, The State University of New Jersey</u>
Expenses	\$ 2,529,270,531	\$ 1,128,169,483	\$ 1,936,277,000
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	960,282,114	1,025,217,662	905,432,000
Operating grants and contributions	758,519,052	12,850,505	815,250,000
Capital grants and contributions	<u>468,187,818</u>	<u>-</u>	<u>7,607,000</u>
Net (Expense) Revenue	<u>(342,281,547)</u>	<u>(90,101,316)</u>	<u>(207,988,000)</u>
General Revenue			
Payments from State	<u>285,026,996</u>	<u>8,074,367</u>	<u>262,360,000</u>
Total General Revenue	<u>285,026,996</u>	<u>8,074,367</u>	<u>262,360,000</u>
Change in Net Assets	(57,254,551)	(82,026,949)	54,372,000
Net Assets - Beginning of Year (Restated)	<u>5,377,635,399</u>	<u>112,654,249</u>	<u>2,636,769,000</u>
Net Assets - End of Year	<u>\$ 5,320,380,848</u>	<u>\$ 30,627,300</u>	<u>\$ 2,691,141,000</u>

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

<u>University of Medicine and Dentistry of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 1,825,779,000	\$ 4,278,262,769	\$ 11,697,758,783
1,103,928,000	1,710,839,920	5,705,699,696
502,231,000	1,395,064,782	3,483,915,339
4,826,000	871,284,930	1,351,905,748
<u>(214,794,000)</u>	<u>(301,073,137)</u>	<u>(1,156,238,000)</u>
<u>205,938,000</u>	<u>352,995,883</u>	<u>1,114,395,246</u>
<u>205,938,000</u>	<u>352,995,883</u>	<u>1,114,395,246</u>
(8,856,000)	51,922,746	(41,842,754)
<u>686,308,000</u>	<u>8,509,293,974</u>	<u>17,322,660,622</u>
<u>\$ 677,452,000</u>	<u>\$ 8,561,216,720</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
INDEX**

Note		Page
1	Summary of Significant Accounting Policies	47
2	Other Accounting Disclosures	56
3	Cash and Cash Equivalents	58
4	Investments	59
5	Securities Lending Collateral	65
6	Receivables	65
7	Capital Assets	66
8	Interfund Transactions	68
9	Short-term Debt	69
10	Long-term Obligations	70
11	Risk Management and Insurance Coverage	75
12	Derivatives	76
13	Other Liabilities – Current	79
14	Net Assets Restricted By Enabling Legislation/Governmental Fund Balances.....	79
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	97

**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, 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

Atlantic City Convention and Visitors Authority
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

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
- b. Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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 or 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, 2012, 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 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, advance from federal government, 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. Nonspendable** - Fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).
- 2. Restricted** - Fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers or imposed by law through constitutional provisions, or through enabling legislation.
- 3. Committed** - Fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- 4. Assigned** - Fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- 5. Unassigned** - Fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Based on the definitions of the restricted, committed, and assigned fund balance classifications, positive unassigned amounts can exist only in the General Fund. The State's General Fund reflects both committed and unassigned fund balances. Initially, expenditures are made from existing committed fund balances, and if necessary, additional expenditures are made from unassigned fund balances.

K. Fiscal Year End Differences

The following component units have fiscal years that ended on December 31, 2011:

Component Units - Authorities

Atlantic City Convention and Visitors Authority
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/Reclassifications

The State has adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*-an amendment of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the provisions of this statement are effective for financial statements for periods beginning after June 15, 2011.

As a result of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the following fund has been reclassified.

<u>Fund Name</u>	<u>Fund Classification June 30, 2011</u>	<u>Fund Classification June 30, 2012</u>
Remediation Guarantee Fund	General Fund	Special Revenue Fund

B. Deficit Net Asset Balance

The Health Benefits Fund-State is on an actuarial basis of accounting, therefore, it has recorded a claims liability of \$178 million. There are sufficient cash balances to pay claims that are billed to the fund. In order to pay unemployment claims in excess of available resources, it was necessary for the Unemployment Compensation Fund to borrow from the federal government, resulting in a deficit net asset balance of \$253.1 million.

C. Deficit Fund Balance

It is anticipated that bond sales during Fiscal Year 2013 will relieve the current deficit fund balances of the 2009 Farmland Preservation Fund, the 2009 Green Acres Fund, and the 2009 Historic Preservation Fund.

D. 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, 2011 disclosed the following (expressed in millions):

Financial Position	
	<u>Combined Total</u>
Total Assets	\$ 33,917.7
Total Liabilities	<u>22,191.8</u>
Net Assets	<u>\$ 11,725.9</u>
Operating Results	
Operating Revenues	\$ 4,014.9
Operating Expenses	(2,564.9)
Depreciation and Amortization	<u>(930.3)</u>
Income from Operations	519.7
Non-operating Revenues (Expense), Net	<u>181.6</u>
Net Income	<u>\$ 701.3</u>
Changes in Net Assets	
Balance January 1, 2011	\$ 11,024.6
Net Income	<u>701.3</u>
Balance December 31, 2011	<u>\$ 11,725.9</u>

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, 2011, Port Authority debt consisted of the following (expressed in millions):

Bonds, Notes, and Other Obligations	
Consolidated Bonds and Notes	\$ 15,550.0
Special Project Bonds	1,741.4
Operating Asset Financing	474.1
Capital Asset Financing	<u>1,783.1</u>
	19,548.6
Less: Unamortized Discount and Premium	<u>(1.2)</u>
Total	<u>\$ 19,547.4</u>

E. 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 \$640.1 million, the amount of the present value of future lease payments by the State to the New Jersey Building Authority as of December 31, 2011.

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, an additional \$1.3 billion 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, 2012 the State's bank balances amounted to \$281.1 million. Of these balances, \$2.2 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, international governments and agencies; bank loans; interest rate swap transactions; credit default swaps; fixed income exchange traded funds; U.S. Treasury futures contracts; 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 funds; real estate funds; 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.

Approximately \$399.9 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
	<u>As Investments</u>
Domestic fixed income securities	\$ 24,716.5
Domestic equities	19,733.2
International equities	13,943.8
Absolute return strategy funds	5,547.0
Private equities	5,489.0
Real estate funds	3,106.7
International fixed income securities	2,877.2
Real assets	1,448.2
Bank loan funds	1,365.0
Mortgages	963.9
Annuity contracts	399.9
Mutual funds	293.4
Put options	<u>0.7</u>
Total investments	79,884.5
Unallocated administrative expenses and transaction exchanges	<u>1,309.4</u>
Net amount recorded as investments	<u><u>\$ 81,193.9</u></u>

As Reported on the Government-wide Statement of Net Assets and Statement of Fiduciary Net Assets (expressed in millions):

	Current	Non-Current	
	<u>Investments</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 3,938.5	\$ -	\$ 3,938.5
Business-type activities	269.3	305.8	575.1
Fiduciary funds	<u>76,680.3</u>	<u>-</u>	<u>76,680.3</u>
Total	<u><u>\$ 80,888.1</u></u>	<u><u>\$ 305.8</u></u>	<u><u>\$ 81,193.9</u></u>

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, 2012 the following limits were in effect:

Category	Minimum Rating (1)			Limitation of Issuers' Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
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; not more than 10% of fund assets (or 20% of the Common Pension Fund B account within the Common Pension Fund pool) can be invested in this category
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 of the fund; limited to 5% of the shares or units outstanding
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-	-	-	-
State and municipal obligations	A3	A-	A-	10%	10%	Limit of 2% of fund assets can be invested in debt of any one entity maturing more than 12 months from purchase
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

(1) Short term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

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.

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, 2012. 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	\$ 1,515.9	\$ -	\$ -	\$ -	\$ -	\$ -
United States Treasury notes	3,816.4	-	-	-	-	-
United States Treasury TIPS	1,821.5	-	-	-	-	-
United States Treasury bonds	1,000.5	-	-	-	-	-
United States Treasury strips	583.7	-	-	-	-	-
United States Government Agency	289.1	5.4	4.8	-	-	-
Mortgages/FHLMC/FNMA/GNMA	363.5	-	-	-	-	-
Domestic corporate obligations	928.7	1,005.7	3,487.1	3,837.7	351.1	-
International corporate obligations	10.5	-	370.7	275.2	38.9	-
Foreign government obligations	618.2	1,431.4	54.1	-	-	-
SBA pass through certificates	158.8	-	-	-	-	-
Asset backed obligations	16.6	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	1,646.7
Commercial paper	-	-	-	-	-	1,096.0
Other	94.4	815.7	244.9	18.1	1.2	-
Total	<u>\$ 11,217.8</u>	<u>\$ 3,258.2</u>	<u>\$ 4,161.6</u>	<u>\$ 4,131.0</u>	<u>\$ 391.2</u>	<u>\$ 2,742.7</u>

	Standard & Poor's Rating					
	AAA	AA	A	BBB	B	A-1+
Domestic corporate obligations	\$ -	\$ 86.5	\$ 164.8	\$ 92.6	\$ 12.7	\$ -
International corporate obligations	-	18.1	-	-	0.3	-
Certificates of deposit	-	-	-	-	-	220.0
Other	56.6	53.8	17.7	-	-	-
Total	<u>\$ 56.6</u>	<u>\$ 158.4</u>	<u>\$ 182.5</u>	<u>\$ 92.6</u>	<u>\$ 13.0</u>	<u>\$ 220.0</u>

The tables do not include various domestic corporate obligations given a Moody's rating of B (\$487.0 million), Ca (\$0.8 million), Caa (\$171.3 million), and a Standard and Poor's rating of BB (\$0.2 million), CCC (\$5.2 million), international corporate obligations given a Moody's rating of B (\$36.1 million), and Caa (\$12.5 million).

In addition, the Police and Firemen's mortgages of \$963.9 million, domestic corporate obligations of \$46.2 million, foreign government obligations of \$18.1 million, asset backed obligations of \$51.4 million, and other various investment types of \$130.2 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, 2012 (expressed in millions):

	Maturities in Years				
	Total Fair Value	Less than 1	1-5	6-10	More than 10
United States Treasury bills	\$ 1,515.9	\$ 1,515.9	\$ -	\$ -	\$ -
United States Treasury notes	3,816.4	3,801.3	15.1	-	-
United States Treasury TIPS	1,821.5	-	56.1	249.1	1,516.3
United States Treasury bonds	1,000.5	10.3	175.8	93.5	720.9
United States Treasury strips	583.7	-	-	-	583.7
United States Government Agency	299.3	0.4	12.9	190.3	95.7
Mortgages/FHLMC/FNMA/GNMA	363.5	-	2.5	1.6	359.4
Domestic corporate obligations	10,677.7	269.7	937.9	3,889.7	5,580.4
International corporate obligations	755.4	-	44.7	265.4	445.3
Foreign government obligations	2,121.8	-	156.9	1,136.3	828.6
Police & Firemen's mortgages	963.9	-	2.0	6.6	955.3
SBA pass through certificates	158.8	-	5.4	153.4	-
Asset backed obligations	68.0	-	-	16.6	51.4
Certificates of deposit	1,866.7	1,866.7	-	-	-
Commercial paper	1,096.0	1,096.0	-	-	-
Other	1,298.8	3.0	20.1	26.4	1,249.3
Total	\$ 28,407.9	\$ 8,563.3	\$ 1,429.4	\$ 6,028.9	\$ 12,386.3

Due to unavailability, the table does not include terms for the category of other investment types totaling \$133.7 million.

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, agency, and corporate 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 capitalization of the companies included in the MSCI All-Country World Ex-United States Index of 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 contract receivables at June 30, 2012 totaling \$423.3 million and payables totaling approximately \$420.9 million (with a \$2.4 million net gain). At June 30, 2012, the credit ratings of the counterparties to the forward currency contracts had credit ratings of no less than A3 using Moody's rating scale. At June 30, 2012, 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	\$ 405.0	\$ 405.0	\$ -
Brazilian real	172.8	172.8	-
Canadian dollar	992.0	992.0	-
Czech koruna	2.6	2.6	-
Danish krone	99.0	99.0	-
Egyptian pound	20.4	20.4	-
Euro dollar	2,043.8	1,683.3	360.5
Hong Kong dollar	539.7	539.7	-
Hungarian forint	18.2	18.2	-
Indonesian rupiah	78.4	78.4	-
Israeli shekel	7.5	7.5	-
Japanese yen	1,987.3	1,987.3	-
Malaysian ringgit	38.0	38.0	-
Mexican peso	44.0	44.0	-
Norwegian krone	107.9	107.9	-
Pakistan rupee	7.4	7.4	-
Philippines peso	29.4	29.4	-
Polish zolty	19.9	19.9	-
Singapore dollar	219.2	219.2	-
South African rand	148.3	148.3	-
South Korean won	303.6	303.6	-
Swedish krona	358.1	358.1	-
Swiss franc	716.2	716.2	-
Taiwan new dollar	14.1	14.1	-
Thailand baht	66.0	66.0	-
Turkish lira	78.8	78.8	-
United Kingdom sterling	1,293.7	1,281.3	12.4
Total	\$ 9,811.3	\$ 9,438.4	\$ 372.9

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. Effective April 18, 2011, State regulations require that not more than 38 percent of the market value of the Pension Fund can be invested in alternative investments, with limits on the individual categories of real estate (nine percent), real assets (seven percent), private equity (12 percent), and absolute return strategy (15 percent). Prior to that, the overall limitation was 28 percent with a seven percent limit on each of the individual categories. 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 State Investment Council policies permit Common Pension Funds A, B, D and E and several of the direct pension plan portfolios to participate in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the Funds have rights to the collateral received. All of the publicly traded securities held in Common Pension Funds A, B, D and E, and certain securities held directly by the pension plans, 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% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. Collateral is marked to market daily and adjusted as needed to maintain the required minimum level.

Effective December 2010, for loans of U.S. government securities or sovereign debt issued by non-U.S. governments, in the event that the market value of the collateral falls below 100% of the market value of the outstanding loaned securities to an individual borrower, or the market value of the collateral of all loans of such securities falls below the collateral requirement, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the market value of such additional collateral together with collateral previously delivered meets the collateral requirements.

For securities exposed to credit risk in the collateral portfolio, the following table disclosures aggregate fair value, by major credit quality rating category at June 30, 2012 (expressed in millions):

	Rating		
	Aaa/AAA	Not Rated	Total
Repurchase Agreements	\$ 1,203.3	\$ -	\$ 1,203.3
Cash	-	3.9	3.9
Totals	<u>\$ 1,203.3</u>	<u>\$ 3.9</u>	<u>\$ 1,207.2</u>

Custodial credit risk for investments is the risk that the Pension Funds will not recover the value of the investments, which are in the possession of an outside party, if the counterparty to the transaction does not fulfill its obligations. The repurchase agreements' underlying securities are held in the Pension Fund's name.

As of June 30, 2012, the Pension Funds had outstanding loaned investment securities with an aggregate fair value of \$1,202.2 million. In accordance with GASB accounting standards, the non-cash collateral is not reflected in the financial statements. There were no borrowers 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 \$3.4 billion of Federal government awards consisting of encumbrances which are considered unearned and unrecorded as of June 30, 2012.

Federal receivable balances in the Unemployment Compensation Fund (\$89.4 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 \$3.9 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, 2012 are deemed to be collectible, and are reflected net of allowances (\$549.1 million).

C. Loans

Loans receivable of \$1.7 billion are reduced by allowances of \$65.9 million and include \$1.5 billion due from local units of government and other recipients for environmental projects, \$30.3 million loaned for economic development within local units of government, and \$15.1 million loaned for housing and mortgage assistance.

D. Other

Other receivables totaling \$987.6 million are reduced by allowances of \$508.6 million and include tax receivables due of \$408.2 million, \$172.8 million due from the Port Authority of New York and New Jersey, \$115.5 million from the tobacco companies, and \$32.7 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, 2012 is as follows (expressed in millions):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets, not being depreciated:					
Land and easements	\$ 4,765.1	\$ 56.7	\$ -	\$ 2.5	\$ 4,824.3
Construction in progress*	3,887.7	1,392.8	-	(2,686.2)	2,594.3
Capital assets, being depreciated:					
Land improvements	219.2	-	-	3.5	222.7
Buildings and improvements	3,380.8	37.6	90.9	83.5	3,411.0
Machinery, equipment, and software	878.9	39.5	6.6	61.6	973.4
Infrastructure	<u>19,698.2</u>	<u>-</u>	<u>-</u>	<u>2,613.8</u>	<u>22,312.0</u>
Total at historical cost	<u>32,829.9</u>	<u>1,526.6</u>	<u>97.5</u>	<u>78.7</u>	<u>34,337.7</u>
Less accumulated depreciation:					
Land improvements	133.3	7.3	-	(0.1)	140.5
Buildings and improvements	1,789.7	124.4	83.9	13.9	1,844.1
Machinery, equipment, and software	466.3	115.3	5.3	-	576.3
Infrastructure	<u>7,640.8</u>	<u>567.3</u>	<u>-</u>	<u>1.7</u>	<u>8,209.8</u>
Total accumulated depreciation	<u>10,030.1</u>	<u>814.3</u>	<u>89.2</u>	<u>15.5</u>	<u>10,770.7</u>
Governmental activities capital assets, net	<u>\$ 22,799.8</u>	<u>\$ 712.3</u>	<u>\$ 8.3</u>	<u>\$ 63.2</u>	<u>\$ 23,567.0</u>

* 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:

<u>Asset</u>	<u>Years</u>
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):

	<u>Amount</u>
Public safety and criminal justice	\$ 82.5
Physical and mental health	23.6
Educational, cultural, and intellectual development	22.1
Community development and environmental management	22.6
Economic planning, development, and security	24.3
Transportation programs	575.4
Government direction, management, and control	56.6
Special government services	7.2
	<u>\$ 814.3</u>

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, 2012 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	\$ -	\$ 1.5	\$ 183.0	\$ -	\$ 1.1	\$ 48.2	\$ 233.8
Property Tax Relief Fund	328.9	-	3.5	-	16.8	-	349.2
Non-Major Governmental Funds	402.1	1.3	159.3	-	-	-	562.7
State Lottery Fund	107.7	-	-	-	-	-	107.7
Unemployment Compensation Fund	-	1.2	18.7	-	-	-	19.9
Fiduciary Funds	2.4	7.2	-	-	-	0.5	10.1
Total Due from	<u>\$ 841.1</u>	<u>\$ 11.2</u>	<u>\$ 364.5</u>	<u>\$ -</u>	<u>\$ 17.9</u>	<u>\$ 48.7</u>	<u>\$ 1,283.4</u>
Due to:							
General Fund	\$ -	\$ 328.9	\$ 402.1	\$ 107.7	\$ -	\$ 2.4	\$ 841.1
Property Tax Relief Fund	1.5	-	1.3	-	1.2	7.2	11.2
Non-Major Governmental Funds	183.0	3.5	159.3	-	18.7	-	364.5
Unemployment Compensation Fund	1.1	16.8	-	-	-	-	17.9
Fiduciary Funds	48.2	-	-	-	-	0.5	48.7
Total Due to	<u>\$ 233.8</u>	<u>\$ 349.2</u>	<u>\$ 562.7</u>	<u>\$ 107.7</u>	<u>\$ 19.9</u>	<u>\$ 10.1</u>	<u>\$ 1,283.4</u>

B. Transfer In/(Out)

Interfund transfers for the fiscal year ended June 30, 2012 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	\$ -	\$ -	\$ (1,523.2)	\$ (950.1)	\$ -	\$ -	\$ (2,473.3)
Non-Major Governmental Funds	(1,113.0)	-	(1,198.5)	-	-	-	(2,311.5)
Total Transfers (Out)	<u>\$ (1,113.0)</u>	<u>\$ -</u>	<u>\$ (2,721.7)</u>	<u>\$ (950.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,784.8)</u>
Transfers in from:							
General Fund	\$ -	\$ -	\$ 1,113.0	\$ -	\$ -	\$ -	\$ 1,113.0
Non-Major Governmental Funds	1,523.2	-	1,198.5	-	-	-	2,721.7
State Lottery Fund	950.1	-	-	-	-	-	950.1
Total Transfers In	<u>\$ 2,473.3</u>	<u>\$ -</u>	<u>\$ 2,311.5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,784.8</u>
Net Transfers	<u>\$ 1,360.3</u>	<u>\$ -</u>	<u>\$ (410.2)</u>	<u>\$ (950.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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. For Fiscal Year 2012, the State, under a resolution executed by the Treasurer on July 1, 2011, authorized the issuance of Tax and Revenue Anticipation Notes (TRAN). On September 1, 2011 the State issued \$600 million of TRAN which matured on June 21, 2012 through a private placement. The State issued an additional \$1.1 billion of TRAN on October 28, 2011, which also matured on June 21, 2012 through a private placement. These notes bear interest from their date of issuance through maturity or earlier redemption by the State at a fluctuating rate per annum equal to the adjusted Securities Industry and Financial Markets Association (SIFMA) rate plus a spread. On December 15, 2011, the State issued \$2.15 billion of TRAN that bear an interest rate of 2.0 percent per annum. These notes matured on June 21, 2012. Part of the proceeds from these notes were used to refund and retire the \$1.7 billion of TRAN issued under private placements on September 1, 2011 and October 28, 2011.

Short-term debt activity for the year ended June 30, 2012 was as follows (expressed in millions):

	Outstanding July 1, 2011	Issued	Redeemed	Outstanding June 30, 2012
Tax and Revenue Anticipation Notes	\$ -	\$ 3,850.0	\$ (3,850.0)	\$ -

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 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			Amounts	
	July 1, 2011	Additions	Deductions	Outstanding June 30, 2012	Due Within One Year
Governmental Activities					
<u>Bonded Debt</u>					
General Obligation Bonds	\$ 2,566.9	\$ -	\$ 182.2	\$ 2,384.7	\$ 333.8
Revenue Bonds Payable	19,770.6	1,650.6	722.2	20,699.0	477.9
Capital Leases	232.5	-	19.9	212.6	10.7
Installment Obligations	18,714.6	1,579.3	2,000.0	18,293.9	1,213.5
Certificates of Participation	85.4	38.4	23.5	100.3	27.7
Tobacco Settlement Financing Corp. Bonds (TSFC)	4,469.0	-	24.9	4,444.1	19.8
Unamortized Premium	1,404.0	260.4	145.8	1,518.6	-
Unamortized Deferral on Refunding	(970.5)	(188.1)	(163.8)	(994.8)	-
Unamortized Interest on Capital Appreciation Bonds	(8,216.2)	-	(352.4)	(7,863.8)	-
<u>Non-Bonded Debt</u>					
Accumulated Sick and Vacation Payable	623.2	331.9	349.0	606.1	331.9
Capital Leases	311.2	75.5	46.9	339.8	39.0
Loans Payable	1,279.4	-	-	1,279.4	-
Net OPEB Obligation	13,501.0	4,696.7	1,379.4	16,818.3	-
Net Pension Obligation	10,857.7	1,980.8	-	12,838.5	-
Pollution Remediation Obligation	80.4	11.8	-	92.2	-
Other	340.3	225.8	245.0	321.1	321.1
Subtotal Governmental Activities	65,049.5	10,663.1	4,622.6	71,090.0	2,775.4
Business-type Activities					
Accumulated Sick and Vacation Payable	\$ 1.0	\$ 0.6	\$ 0.6	\$ 1.0	\$ 0.6
Advance from Federal Government	1,547.1	2,581.0	3,075.9	1,052.2	-
Deposit Fund Contracts	445.7	43.6	89.4	399.9	94.2
Subtotal Business-type Activities	1,993.8	2,625.2	3,165.9	1,453.1	94.8
Total Governmental and Business-type Activities	\$ 67,043.3	\$ 13,288.3	\$ 7,788.5	\$ 72,543.1	\$ 2,870.2

B. Debt Service Payments

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

Fiscal Year	Debt Service						Total
	General Obligation Bonds	Revenue Bonds	Capital Leases	Installment Obligations	Certificates of Participation	TSFC*	
2013	\$ 333.8	\$ 478.0	\$ 49.7	\$ 1,213.5	\$ 27.7	\$ 19.8	\$ 2,122.5
2014	232.7	505.5	45.6	774.4	23.7	21.8	1,603.7
2015	298.3	535.7	40.9	827.7	19.6	23.8	1,746.0
2016	351.0	564.0	40.9	1,095.5	11.4	41.1	2,103.9
2017	222.4	583.5	43.4	1,066.2	8.9	57.3	1,981.7
2018-2022	906.4	3,434.4	184.5	5,585.9	9.0	381.1	10,501.3
2023-2027	40.1	4,270.5	107.5	4,600.6	-	480.3	9,499.0
2028-2032	-	3,697.2	34.3	2,261.9	-	611.5	6,604.9
2033-2037	-	3,436.4	5.6	788.7	-	777.8	5,008.5
2038-2042	-	3,193.8	-	79.5	-	2,029.6	5,302.9
Total Principal	<u>2,384.7</u>	<u>20,699.0</u>	<u>552.4</u>	<u>18,293.9</u>	<u>100.3</u>	<u>4,444.1</u>	<u>46,474.4</u>
2013	115.3	673.0	47.7	677.3	1.4	154.5	1,669.2
2014	96.4	646.8	43.7	648.6	1.3	153.5	1,590.3
2015	84.1	619.9	40.5	626.4	0.6	152.4	1,523.9
2016	68.7	592.0	36.5	598.4	0.4	151.2	1,447.2
2017	53.8	562.7	32.3	562.1	0.3	149.2	1,360.4
2018-2022	112.8	2,349.5	97.8	2,257.1	0.1	698.6	5,515.9
2023-2027	1.4	1,440.9	33.1	1,538.9	-	603.0	3,617.3
2028-2032	-	909.8	3.5	450.3	-	475.2	1,838.8
2033-2037	-	608.8	0.8	107.5	-	313.0	1,030.1
2038-2042	-	249.1	-	2.9	-	99.0	351.0
Total Interest	<u>532.5</u>	<u>8,652.5</u>	<u>335.9</u>	<u>7,469.5</u>	<u>4.1</u>	<u>2,949.6</u>	<u>19,944.1</u>
2013	449.1	1,151.0	97.4	1,890.8	29.1	174.3	3,791.7
2014	329.1	1,152.3	89.3	1,423.0	25.0	175.3	3,194.0
2015	382.4	1,155.6	81.4	1,454.1	20.2	176.2	3,269.9
2016	419.7	1,156.0	77.4	1,693.9	11.8	192.3	3,551.1
2017	276.2	1,146.2	75.7	1,628.3	9.2	206.5	3,342.1
2018-2022	1,019.2	5,783.9	282.3	7,843.0	9.1	1,079.7	16,017.2
2023-2027	41.5	5,711.4	140.6	6,139.5	-	1,083.3	13,116.3
2028-2032	-	4,607.0	37.8	2,712.2	-	1,086.7	8,443.7
2033-2037	-	4,045.2	6.4	896.2	-	1,090.8	6,038.6
2038-2042	-	3,442.9	-	82.4	-	2,128.6	5,653.9
Total Principal and Interest	<u>\$ 2,917.2</u>	<u>\$ 29,351.5</u>	<u>\$ 888.3</u>	<u>\$ 25,763.4</u>	<u>\$ 104.4</u>	<u>\$ 7,393.7</u>	<u>\$ 66,418.5</u>

* 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, 2012, the State had \$2.4 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, no General Obligation debt was issued. The amount provided by the State's General Fund for debt service payments for Fiscal Year 2012 was \$316.0 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, 2012, the amount of defeased general obligation debt outstanding, but removed from the State's long-term obligations amounted to \$549.0 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 (GSPT), and the New Jersey Transportation Trust Fund Authority (TTFA). During Fiscal Year 2012, the TTFA issued \$1.3 billion of bonds used to fund transportation system improvements. The NJBA issued \$54.4 million of refunding bonds in order to defease \$54.5 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 four years were decreased by \$1.0 million which resulted in \$0.9 million in present value savings. During Fiscal Year 2012, GSPT issued \$281.1 million of refunding bonds in order to defease \$279.3 million of existing debt. Total debt service payments over the next 17 years were decreased by \$30.1 million which resulted in \$29.4 million in present value savings. Total authorized but unissued revenue bonds equal \$3.8 billion as of June 30, 2012. Due to the nation's credit crisis, inefficiencies in the auction rate market resulted in TTFA having to remarket \$297.5 million of bonds during the fiscal year.

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 2012, these authorities issued \$1.6 billion of refunding bonds that were issued in order to defease \$1.6 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 22 years were decreased by \$268.5 million and resulted in a net present value gain of \$126.6 million. The State's installment obligations outstanding as of June 30, 2012 total \$18.3 billion. Total authorized but unissued installment obligations equal \$4.8 billion as of June 30, 2012.

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 (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 2012, the State issued \$1.9 billion of refunding bonds that are to be amortized over a time period of three years to nine 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 \$994.8 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, 2012 is estimated to be \$16.8 billion.

P. Net Pension Obligation

Net Pension Obligation (NPO) represents a \$12.8 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 cleanup 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, 2012 is \$92.2 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 (\$223.2 million of which \$108.5 million is federally reimbursable) which have been incurred but not reported. This obligation also includes \$97.8 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, 2012, the Unemployment Compensation Fund owed the Federal Government \$1.1 billion. These funds were used in order to pay unemployment benefits. Until the economic conditions in the State improve, such borrowings are likely to continue.

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 \$399.9 million are recorded as 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, 2011, 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 2012 in the amount of \$19.8 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, 2012 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 2012 and Fiscal Year 2011 are detailed below (expressed in millions):

<u>Type of Claim</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Tort	\$ 12.1	\$ 24.5
Workers' compensation	96.9	98.6
Automobile	2.6	3.2

Property exposure is handled by a commercial insurance carrier. There were no reductions in commercial insurance coverage during the fiscal year ended June 30, 2012. 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. The State currently has two policies in place. The first of which is set to expire on December 1, 2012, and the second 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 and the New Jersey Economic Development 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, 2012 the State has 21 active swap agreements with 9 swap providers for a combined, notional amount of \$2.5 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. On June 8, 2010 the State terminated one of these swaps in the notional amount of \$250 million. The swap that remains outstanding leaves the State with a net fixed rate of interest on the related agreement through September 1, 2015.

On January 20, 2011 the State terminated various outstanding New Jersey Economic Development Authority swap agreements. The notional amount of the swap agreements was \$784.8 million and the termination payment amount paid to the swap providers was \$122.6 million.

On February 22, 2011 the State terminated additional outstanding New Jersey Economic Development Authority swap agreements. The notional amount of the swap agreements was \$488.4 million and the termination payment amount paid to the swap providers was \$63.2 million.

On December 22, 2011 the State terminated five outstanding New Jersey Transportation Trust Fund Authority swap agreements. The notional amount of the swap agreements was \$345.0 million, and there was no termination payment made to the swap providers.

<u>Issuer/Counterparty</u>	<u>Notional Amount (\$ Millions)</u>	<u>Effective Date</u>	<u>Fixed Rate</u>	<u>Floating Index</u>
<u>NJ Economic Development Authority(NJEDA)</u>				
School Facilities Construction Program				
Variable-to-Fixed Swaps				
Bank of America, N.A.	\$ 96.829	9/1/06	4.407	71.98% 1-month LIBOR
Bank of America, N.A.	312.751	5/1/10	4.251	62% 1-month LIBOR + 40 bps
Bank of Montreal*	244.200	11/1/09	3.153	No Floating Payment
		11/1/12	4.549	62% 1-month LIBOR + 40 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	78.168	3/1/06	4.296	70.8% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	91.660	9/1/06	4.407	71.98% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	112.069	9/1/07	4.399	71.57% 1-month LIBOR
IXIS Financial Products, LLC.	214.948	11/1/08	4.489	62% 1-month LIBOR + 40 bps
Royal Bank of Canada	138.193	5/1/09	4.512	62% 1-month LIBOR + 40 bps
UBS AG, Stamford Branch	64.323	9/1/04	4.063	71.13% 1-month LIBOR
UBS AG, Stamford Branch	67.110	3/1/05	4.176	74.24% 1-month LIBOR
UBS AG, Stamford Branch	116.098	9/1/07	4.399	71.57% 1-month LIBOR
Wells Fargo Bank, N.A.	140.596	9/1/04	4.063	71.13% 1-month LIBOR
Wells Fargo Bank, N.A.	72.583	3/1/05	4.176	74.24% 1-month LIBOR
Wells Fargo Bank, N.A.	163.445	3/1/06	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	<u>2,293.488</u>			
<u>NJ Building Authority(NJBA)</u>				
Citibank, N.A., New York	\$ 66.950	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Citibank, N.A., New York	28.690	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	22.310	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	9.570	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	22.310	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	9.570	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Total NJBA	<u>159.400</u>			
Total	<u>\$ 2,452.888</u>			

* 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 \$2,452.9 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, 2012, the State, acting through its public authorities, is party to 21 swap agreements. General interest rates have declined since the execution of the swap agreements which were executed between August 20, 2003 and May 1, 2010. As a result, the projected net present value of the State's entire portfolio as of June 30, 2012 is negative \$672.6 million. A breakdown of this amount is shown below (\$ millions):

<u>Governmental Activities</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2012</u>	
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Cash Flow Hedges:				
Pay fixed interest rate swaps				
NJ Building Authority	Deferred Outflows	\$ (5.483)	Debt	\$ (23.660)
NJ Transportation Trust Fund Authority	Deferred Outflows	6.733	Debt	-
Total Cash Flow Hedges		<u>1.250</u>		<u>(23.660)</u>
Investment Derivatives:				
Pay fixed interest rate swaps				
NJ Economic Development Authority				
School Facilities Construction Program	Investment earnings	\$ (287.278)	Investment	\$ (648.954)
NJ Transportation Trust Fund Authority	Investment earnings	(0.086)	Investment	-
Total Investment Derivatives:		<u>(287.364)</u>		<u>(648.954)</u>
Total		<u>\$ (286.114)</u>		<u>\$ (672.614)</u>

The fair values of the swaps take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair market values were calculated using the zero-coupon method. The zero-coupon method calculates the future net settlement payments required by each swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

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, 2012. 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, 2012.

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 \$430.6 million.

In addition, the Unemployment Compensation Interest Repayment Fund reflects other liabilities of \$34.5 million to the federal government representing interest accrued on outstanding loans to the Unemployment Compensation Fund. The New Jersey Schools Development Authority reflects other liabilities of \$11.2 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 - NET ASSETS RESTRICTED BY ENABLING LEGISLATION/GOVERNMENTAL FUND BALANCES

A. Net Assets Restricted by Enabling Legislation

As of June 30, 2012, \$3.5 billion of restricted net assets are reported in the Statement of Net Assets. Net assets are restricted when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government. Unexpended debt proceeds that are recorded as assets and restricted fund balance in the governmental funds (\$862.9 million) have been deducted from the restricted net asset balance.

B. Governmental Fund Balances

In the governmental fund financial statements, fund balances are segregated into the following categories: nonspendable, restricted, committed, and unassigned.

Nonspendable

The nonspendable fund balance classification includes amounts in the New Jersey Cultural Trust Fund (\$20.0 million) and the State of New Tischler Memorial Fund (\$0.4 million) that are legally required to remain intact.

Restricted

Similar to the net assets restricted by enabling legislation definition, the restricted fund balance classification is used when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government.

Committed

The committed fund balance classification is used for amounts that can only be used for purposes specified in enabling legislation, with the consent of both the legislative and executive branches. In contrast to the restricted fund balance classification, amounts in this category may be redeployed for other purposes with appropriate due process.

As mentioned above, both restricted and committed fund balances, respectively, may only be used for purposes specified in enabling legislation. Within these balances, however, money has been set aside (encumbered) pending vendor

performance. In addition, within these balances are long-term loans and other items such as legally mandated reserves and escrow balances that represent balances that are not currently available for expenditure in subsequent accounting periods.

The following table reflects restricted and committed fund balances in the aggregate that have been encumbered or are currently unavailable for current expenditure as of June 30, 2012 (expressed in millions):

Major Components of:	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted Fund Balances	\$ 884.2	\$ -	\$ 3,494.5	\$ 4,378.7
Encumbrances	299.2	-	384.3	683.5
Long-term loans	355.6	-	1,278.6	1,634.2
School Bond Reserve	-	-	82.9	82.9
Committed Fund Balances	\$ 1,570.7	\$ 6.0	\$ 452.7	\$ 2,029.4
Encumbrances	620.2	3.5	151.4	775.1
Long-term loans	24.5	-	11.6	36.1

Restricted Fund Balance – School Bond Reserve:

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, \$82.9 million has been reserved as of June 30, 2012.

Unassigned

Unassigned balance is \$425.4 million. This classification represents fund balance that has not been restricted or committed to specific purposes within the General Fund (\$441.4 million) and is offset by negative residual balances (\$16.0 million) whereby expenditures have exceeded available resources.

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):

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Refunding debt issued	\$ 1,718.9	\$ 395.7	\$ 2,114.6
Capital lease acquisitions	75.5	-	75.5
Premium related to new debt issuances	0.1	51.9	52.0
Certificates of participation issued	38.4	-	38.4
Installment obligations issued	8.6	-	8.6
Payments to escrow agents on refunding bonds	(1,718.9)	(395.6)	(2,114.5)
Other Financing Sources (Uses) - Other	<u>\$ 122.6</u>	<u>\$ 52.0</u>	<u>\$ 174.6</u>

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, 2012 are as follows (expressed in millions):

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 46.2
2014	33.8
2015	26.0
2016	21.5
2017	16.9
2018-2022	32.2
2023-2027	3.8
2028-2030	<u>0.8</u>
Total Future Minimum Lease Payments	<u>\$ 181.2</u>

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 (CPFPPF)--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 Pension Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, c.78, it provided 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 CPFPPF, POPF, and CPF. Cost-of-living increases provided under the State's Pension Adjustment Program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable. The State also administers the Defined Contribution Retirement Program, which is not presented in the Pension statements in the CAFR

The cost of living increase for PFRS, PERS, TPAF, SPRS, and JRS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS Prosecutors Part active member rates increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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 July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPE, JRS, and SPRS) is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, respectively, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 billion, respectively.

The required supplementary information regarding the funded status and funding progress of the retirement systems includes 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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the revised July 1, 2011 actuarial valuations, 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 (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent except for POPF (5 percent) and CPFPPF (2 percent), and (b) revised projected salary increases which vary by fund and are presented on the following pages.

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, 2012 for CPFPPF 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, 2012 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, represents the APC divided by the covered payroll as reflected in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2010. In Fiscal Year 2011, the State made a decision to reduce the PFRS lag period between the valuation year and the contribution year from three years to two years which brings the PFRS in line with the other pension trust funds.

	<u>CPFPF</u>	<u>JRS</u>	<u>PFRS</u>
Annual Pension Cost (APC)			
State:			
June 30, 2010	\$ 1,110,290	\$ 33,693,313	\$ 7,326,383
June 30, 2011	(785,728)	40,312,651	7,629,519 *
June 30, 2012	712,146	41,418,589	61,707,967
Local:			
June 30, 2010	-	-	751,395,802
June 30, 2011	-	-	882,095,029
June 30, 2012	-	-	763,182,795
Contributions Made			
State:			
June 30, 2010	-	1,032,857	7,326,383
June 30, 2011	-	651,718 *	7,629,519 *
June 30, 2012	173,790	6,437,938	61,707,967
Local:			
June 30, 2010	-	-	751,395,802
June 30, 2011	-	-	882,095,029 *
June 30, 2012	-	-	763,182,795
Percentage of APC Contributed			
State:			
June 30, 2010	-	3.1%	100.0%
June 30, 2011	-	1.6%*	100.0%
June 30, 2012	24.4%	15.5%	100.0%
Local:			
June 30, 2010	-	-	100.0%
June 30, 2011	-	-	100.0%
June 30, 2012	-	-	100.0%
Net Pension Obligation			
State:			
June 30, 2010	1,314,442	85,719,478	-
June 30, 2011	528,714	125,380,411 *	-
June 30, 2012	1,067,070	160,361,062	-
Local:			
June 30, 2010	-	-	-
June 30, 2011	-	-	-
June 30, 2012	-	-	-
Contribution rates			
State	N/A	57.7%	11.6%
State-related employers	N/A	N/A	23.9%
Employees	N/A	4.3%	10.0%
Significant Actuarial Assumptions and Methods			
Date of actuarial valuation	6/30/11	6/30/11	6/30/11
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar Closed	Level Dollar Open	Level Dollar Open
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%	7.95%	7.95%
Projected salary increases	N/A	2.50%	6.32%
Cost-of-Living adjustments	N/A	0.00%	0.00%

* Restated

		<u>POPF</u>	<u>PERS</u>	<u>SPRS</u>	<u>TPAF</u>
Annual Pension Cost (APC)					
State:	June 30, 2010	\$ 21,555	\$ 27,910,317	\$ 100,220,381	\$ 1,896,879,039
	June 30, 2011	276,668	31,079,384 *	125,084,190	2,254,837,321
	June 30, 2012	515,016	157,964,207	93,578,396	2,184,639,605
Local:	June 30, 2010	-	612,372,679	-	-
	June 30, 2011	-	800,936,802 *	-	-
	June 30, 2012	-	825,980,958	-	-
Contributions Made					
State:	June 30, 2010	-	27,910,317	1,018,200	33,199,655
	June 30, 2011	-	31,079,384 *	2,201,604 *	30,655,332 *
	June 30, 2012	-	157,964,207	14,610,249	317,927,358
Local:	June 30, 2010	-	612,372,679	-	-
	June 30, 2011	-	800,936,802 *	-	-
	June 30, 2012	-	825,980,958	-	-
Percentage of APC Contributed					
State:	June 30, 2010	-	100.0%	1.0%	1.8%
	June 30, 2011	-	100.0%	1.8% *	1.4% *
	June 30, 2012	-	100.0%	15.6%	14.6%
Local:	June 30, 2010	-	100.0%	-	-
	June 30, 2011	-	100.0%	-	-
	June 30, 2012	-	100.0%	-	-
Net Pension Obligation					
State:	June 30, 2010	(6,726,820)	-	504,720,735	7,879,635,613
	June 30, 2011	(6,450,152)	-	627,603,321 *	10,103,817,602 *
	June 30, 2012	(5,935,136)	-	706,571,468	11,970,529,849
Local:	June 30, 2010	-	-	-	-
	June 30, 2011	-	-	-	-
	June 30, 2012	-	-	-	-
Contribution rates					
State		N/A	3.5%	32.3%	21.8%
State-related employers		N/A	11.1%	N/A	N/A
Employees		N/A	6.5%	9.0%	6.5%
			(10% for County Prosecutors)		
Significant Actuarial Assumptions and Methods					
Date of actuarial valuation		6/30/11	6/30/11	6/30/11	6/30/11
Actuarial cost method		Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method		Level Dollar Closed	Level Dollar Open	Level Dollar Open	Level Dollar Open
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%	7.95%	7.95%	7.95%
Projected salary increases		N/A	4.52%	3.45%	3.90%
Cost-of-Living adjustments		N/A	0.00%	0.00%	0.00%

* 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, 2012 are presented below:

	SINGLE EMPLOYER PLANS		
	JRS	POPF	SPRS
Annual Required Contribution, June 30, 2012	\$ 42,475,660	\$ (5,935,136)	\$ 98,869,662
Interest adjustment on NPO	10,343,884	(322,508)	51,777,274
Adjustment to Annual Required Contribution	<u>(11,400,955)</u>	<u>6,772,660</u>	<u>(57,068,540)</u>
APC as of June 30, 2012	41,418,589	515,016	93,578,396
Total Fiscal Year 2012 Contributions	<u>6,437,938</u>	<u>-</u>	<u>14,610,249</u>
Increase (Decrease) in NPO	34,980,651	515,016	78,968,147
NPO as of June 30, 2011	125,380,411 *	(6,450,152)	627,603,321 *
NPO as of June 30, 2012	<u>\$ 160,361,062</u>	<u>\$ (5,935,136)</u>	<u>\$ 706,571,468</u>

	COST SHARING PLANS WITH SPECIAL FUNDING SITUATIONS		
	CPFPE	TPAF	Total All Plans
Annual Required Contribution, June 30, 2012	\$ 1,240,860	\$ 2,269,823,968	\$ 2,406,475,014
Interest adjustment on NPO	10,574	833,564,952	895,374,176
Adjustment to Annual Required Contribution	<u>(539,288)</u>	<u>(918,749,315)</u>	<u>(980,985,438)</u>
APC as of June 30, 2012	712,146	2,184,639,605	2,320,863,752
Total Fiscal Year 2012 Contributions	<u>173,790</u>	<u>317,927,358</u>	<u>339,149,335</u>
Increase (Decrease) in NPO	538,356	1,866,712,247	1,981,714,417
NPO as of June 30, 2011	528,714	10,103,817,602 *	10,850,879,896 *
NPO as of June 30, 2012	<u>\$ 1,067,070</u>	<u>\$ 11,970,529,849</u>	<u>\$ 12,832,594,313</u>

* 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a four-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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 July 1, 2011, the most recent actuarial valuation date, the unfunded actuarial accrued liability for OPEB is \$48.9 billion which is made up of \$18.0 billion for state active and retired members and \$30.9 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 July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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 \$36.6 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, 2012 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 represents the AOC divided by the covered payroll as reflected in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2011.

			<u>OPEB - STATE</u>	
Annual OPEB Cost (AOC)			Significant Actuarial Assumptions and Methods	
State:	June 30, 2010	\$ 4,719,500,000	Date of actuarial valuation	6/30/11
	June 30, 2011	4,917,000,000	Actuarial cost method	Projected Unit Credit
	June 30, 2012	4,696,700,000	Amortization method	Level Percent Open
Contributions Made			Remaining amortization period	30 years
State:	June 30, 2010	\$ 1,327,000,000	Actuarial assumptions	
	June 30, 2011	1,444,900,000	Investment rate of return	4.50% (assuming no prefunding)
	June 30, 2012	1,379,400,000	Projected salary increases	N/A
Percentage of AOC Contributed			Cost-of-Living adjustments	N/A
State:	June 30, 2010	28.1%		
	June 30, 2011	29.4%		
	June 30, 2012	29.4%		
Net OPEB Obligation (NOO)				
State:	June 30, 2010	\$ 10,028,800,000		
	June 30, 2011	13,501,000,000		
	June 30, 2012	16,818,300,000		
Contribution rates				
State		22.5%		
Employees		N/A		

For medical benefits, the healthcare cost trend rate assumption initially is at 8.0 percent or 9.0 percent (depending on the medical plan) and decreases to a 5.0 percent long-term trend rate for all medical benefits after six or eight years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 9.0 percent or 9.5 percent (depending on the retirement status), decreasing to a 5.0 percent long-term trend rate after eight or nine years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 5.0 percent throughout 11 years.

The AOC and NOO for the State-funded post-retirement medical obligations for the fiscal year ending June 30, 2012 are presented below:

Annual Required Contribution, June 30, 2012	\$ 4,918,000,000
Interest Adjustment on NOO	607,500,000
Adjustment to Annual Required Contribution	(828,800,000)
AOC as of June 30, 2012	4,696,700,000
Total Fiscal Year 2012 Contributions	1,379,400,000
Increase in NOO	3,317,300,000
NOO as of June 30, 2011	13,501,000,000
NOO as of June 30, 2012	<u>\$ 16,818,300,000</u>

NOTE 18 – COMPONENT UNITS

A. Authorities

Managed independently of the appropriated budget process, the Authorities are legally separate entities with powers generally vested in a governing board. Established for the benefit of the State's citizenry, Authorities exist for a variety of purposes such as financing economic development, public transportation, low-cost housing, environmental protection, and capital development for health and education. Unlike the State itself, Authorities are not subject to State constitutional restrictions on the incurrence of debt; however, similar to the State, Authorities may issue bonds and notes within legislatively authorized amounts.

With the approval of the State Senate, the Governor 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 annual budget information on operations and capital construction to the Governor and the State Legislature. From time to time, the Governor has 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.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, all other Authorities have been presented discretely as major and non-major component units in the State's financial statements. These component units are included in the State's reporting entity because of the significance of their operational or financial relationship with the State. 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:

Atlantic City Convention & Visitors Authority (N.J.S.A. 52:27H-29 et seq.)
2314 Pacific Avenue
Atlantic City, New Jersey 08401
<http://www.atlanticcitynj.com>

The Atlantic City Convention & Visitors Authority was established to promote the tourist, resort, convention, and casino industries, as well as operate and maintain the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall. The Authority serves as the destination's principal marketing arm, stimulating economic growth through convention and leisure tourism development.

Casino Reinvestment Development Authority (N.J.S.A. 5:12-153)
15 S. Pennsylvania Avenue
Atlantic City, New Jersey 08401
<http://www.njcrda.com>

The Casino Reinvestment Development Authority (CRDA) was created to maintain public confidence in the casino gaming industry as a tool of urban redevelopment throughout New Jersey, and to facilitate the direct redevelopment of blighted areas by providing eligible projects in which licensees (casinos) can invest. CRDA encourages investment in, or financing of, projects which are made as part of a comprehensive plan to improve blighted areas or targeted to benefit low- through middle-income residents. CRDA 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
<http://www.hesaa.org>

New Jersey's Higher Education Student Assistance Authority (HESAA) was established to provide a single statewide agency for the coordination and delivery of student financial assistance. HESAA 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. In addition to administering the delivery of a number of need- and merit-based State scholarship programs, to include Tuition Aid Grants (TAG), New Jersey Student Tuition Assistance Reward Scholarship (NJSTARS), and World Trade Center Scholarship Fund, HESAA oversees the State's 529 College Savings Program, known as the New Jersey Better Educational Savings Trust (NJBEST).

New Jersey Economic Development Authority (N.J.S.A. 34:1B-4)
36 West State Street, P.O. Box 990
Trenton, New Jersey 08625-0990
<http://www.njeda.com>

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

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

The New Jersey Educational Facilities Authority (NJEFA) 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 their debt instruments (bonds, notes, and other obligations). NJEFA may finance academic and auxiliary facilities for the State's public and independent institutions of higher education.

New Jersey Environmental Infrastructure Trust (N.J.S.A. 58:11B-4)
3131 Princeton Pike, Bldg. 6, Suite 201
Lawrenceville, New Jersey 08648
<http://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, as well as 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 08625-0366
<http://www.njhcffa.com>

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

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
<http://www.state.nj.us/dca/hmfa>

The Housing and Mortgage Finance Agency (HMFA) 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, HMFA 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, HMFA 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)
One DeKorte Park Plaza
Lyndhurst, New Jersey 07071
<http://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). If needed, the Commission is able to raise funds through the issuance of tax-exempt bonds and notes.

New Jersey Redevelopment Authority (P.L. 1996, c.62)
150 West State Street, P.O. Box 790
Trenton, New Jersey 08625
<http://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
<http://www.njsea.com>

The New Jersey Sports and Exposition Authority (NJSEA) owns, operates, and manages a variety of sports, entertainment, wagering, and convention facilities throughout New Jersey; it also has been responsible for the financing, construction, and management of the Meadowlands Racetrack, the IZOD Center, and the MetLife stadium. In addition to being authorized to issue bonds and notes and provide the terms and security thereof, NJSEA is charged with the responsibility to own, operate, and build various facilities for athletic and entertainment events, trade shows, and other expositions located throughout the State.

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

New Jersey Transit Corporation (NJ TRANSIT) is empowered to acquire, own, operate, and contract for the operation of public transportation services. Both the State, by legislative appropriation, and the federal government, by defined formula grants under the Federal Transit Administration, provide NJ TRANSIT with operating subsidies. NJ TRANSIT uses these subsidies to operate public transportation services through 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 the cost of maintaining right-of-way as well as propulsion costs.

New Jersey Turnpike Authority (N.J.S.A. 27:23-3)
581 Main Street, P.O. Box 5042
Woodbridge, New Jersey 07095-5042
<http://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. Subject to prior approval by the Governor and by either or both the State Treasurer and the Director, Division of Budget and Accounting, the Authority also may issue turnpike revenue bonds or notes that are payable solely from Authority tolls and other revenues. 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
<http://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. Upon the request of a municipality, county, the State, or agencies thereof, the Authority may 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)
101 Joseph A. Balzano Blvd.
Camden, New Jersey 08103
<http://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, to include 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
<http://www.sjta.com>

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

B. Colleges and Universities

Enactment of P.L. 1986, c.42 and c.43, provided autonomous status for New Jersey's nine State colleges and universities. Prior to the July 1, 1987 effective date of this legislation, revenues and expenses for these public institutions of higher education were included in the General Fund of the State of New Jersey.

The financial statements of all twelve of the State's Senior Public institutions of higher education (three Public Research universities and the aforementioned nine State 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*. Due to the significance of their operational or financial relationships and fiscal dependency with the State, these component units are included in the State's reporting entity. State appropriations, tuition, federal grants, and private donations and grants provide funding for these institutions. Based upon the relative size of assets, liabilities, revenues, and expenses in relation to the total, the financial statements of these institutions have been presented discretely in either the major or non-major categories in both the Statement of Net Assets and the Statement of Activities. In addition, pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the financial statements of all twelve institutions include financial activities related to their foundations and other similar organizations.

Effective July 1, 2013, the "New Jersey Medical and Health Sciences Education Restructuring Act" of 2012 abolishes the University of Medicine and Dentistry of New Jersey (UMDNJ), transfers UMDNJ's various schools and institutes to Rutgers University and Rowan University, respectively, and establishes Rowan University as a public research university. Currently, UMDNJ is classified as a public research university and Rowan University is classified as a State university.

Separately issued independent audited financial statements and accompanying notes may be obtained directly from the State's Senior Public institutions of higher education at the following addresses and websites:

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

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

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

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

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

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

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

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

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

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

William Paterson University of New Jersey
(N.J.S.A. 18A:62-1)
358 Hamburg Turnpike
Wayne, New Jersey 07470
<http://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, 2012, 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, 2012 there was approximately \$366.0 million of overpayments.

New Jersey Lawyers' Fund for Client Protection

Claims of approximately \$19.6 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 \$12.3 million. The ultimate disposition of these claims is not determinable at this time.

New Jersey Spill Compensation Fund

Various claims totaling approximately \$37.0 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, 2012 there were approximately \$964.0 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 2012 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 (NPM) adjustment. On November 3, 2011, the participating manufacturers released the State from the 2003 diligent enforcement action arbitration. As a result, when the multi-state arbitration is finally concluded, the Tobacco Settlement Financing Corporation will receive the \$30 million withheld in 2006 relating to 2003. On April 15, 2011, notice was given by the tobacco companies to the State that they are seeking arbitration of diligent enforcement disputes for the years 2004 through 2008. While New Jersey believes it has meritorious defenses to any claim by participating manufacturers for 2004 through 2008 NPM adjustments, it could stand to lose between \$27 million and \$49 million. For 2004 through 2012, New Jersey's Master Settlement Agreement (MSA) payments are at risk, with a potential liability of between \$162.0 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 \$25.7 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, 2012, audits of expenditures for Fiscal Year 2011 and prior years may not be completed. Disallowances which may result from these audits are not determinable at this time. As of June 30, 2012, it is management's opinion that disallowances, if any, would not be material.

NOTE 20 – SUBSEQUENT EVENTS

Short-term Debt

For Fiscal Year 2013, the State authorized the issuance of short-term notes. The short-term note proceeds are 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 July 9, 2012, the State issued \$1.2 billion of Tax and Revenue Anticipation Notes, Series Fiscal 2013A and on August 31, 2012, the State issued \$900 million of Tax and Revenue Anticipation Notes, Series Fiscal 2013B. Both series were issued at a rate of LIBOR plus 0.25 percent per annum, adjusting monthly, with accrued interest payable at final maturity of June 27, 2013. On November 20, 2012, the State issued \$2.6 billion of Tax and Revenue Anticipation Notes, Series Fiscal 2013C, a portion of which refunded the Series Fiscal 2013A and 2013B notes in their entirety prior to their maturity. The Series Fiscal 2013C notes bear interest at a fixed rate of 2.5 percent per annum with interest payable at final maturity on June 27, 2013. The State may issue additional short-term notes in Fiscal Year 2013.

Long-term Obligations

On August 30, 2012, the New Jersey Economic Development Authority issued \$24.2 million of School Facilities Construction Refunding Bonds, 2012 Series LL. The bonds were issued at a rate of 0.75 percent per annum, with a final maturity of October 31, 2012. On October 3, 2012, the New Jersey Economic Development Authority issued \$399.4 million of School Facilities Construction Bonds, consisting of \$136.9 million 2012 Series KK Bonds, \$24.3 million 2012 Series MM Refunding Bonds, \$119.1 million 2012 Series G Notes, and \$119.1 million 2012 Series H Notes. Interest on the 2012 Series KK bonds ranges from 3.0 to 5.0 percent per annum and is payable on March 1 and September 1, commencing on September 1, 2013. Final maturity is March 1, 2038. The Series MM bonds were issued to refund the 2012 Series LL in their entirety prior to their maturity. Interest on the Series MM bonds ranges from 1.047 to 1.651 percent per annum and is payable on March 1 and September 1, commencing on September 1, 2013. Final maturity is September 1, 2017. Interest on the 2012 Series G notes varies at a rate of SIFMA plus 0.58 percent per annum, and is payable on the first business day of each month, commencing on November 1, 2012. Final maturity is February 1, 2015. Interest on the 2012 Series H notes varies at a rate of SIFMA plus 0.90 percent per annum, and is payable on the first business day of each month, commencing on November 1, 2012. Final maturity is February 1, 2017.

On October 17, 2012, The South Jersey Port Corporation issued \$60.1 million of refunding bonds, Series 2012 Q. Interest on the bonds ranges from 3.0 to 3.25 percent per annum and is payable on January 1 and July 1, commencing on July 1, 2013. Final maturity of the bonds is January 1, 2033. Also on October 17, 2012, the South Jersey Port Corporation issued \$16.0 million of refunding bonds, Series 2012 R. Interest on the bonds is 4.0 percent per annum and payable on January 1 and July 1, commencing on July 1, 2013. Final maturity of the bonds is January 1, 2024.

On December 11, 2012, the New Jersey Transportation Trust Fund Authority issued \$326.3 million of its Transportation System Bonds, 2012 Series A and \$920.7 million of its Transportation Program Bonds, 2012 Series AA. Interest on the 2012 Series A bonds is at a fixed rate of 5.0 percent per annum and is payable on June 15 and December 15, commencing on June 15, 2013. Final maturity is June 15, 2042. Interest on the 2012 Series AA bonds ranges from 2.0 to 5.0 percent per annum and is payable on June 15 and December 15, commencing on June 15, 2013. Final maturity is June 15, 2038.

On December 18, 2012 the New Jersey Building Authority issued \$20.0 million of its State Building Revenue Bond Anticipation Notes, 2012 Series. Interest on the notes is at a fixed rate of 1.50 percent per annum and is payable at final maturity on December 18, 2013. The Building Authority expects to issue bonds or notes in Fiscal Year 2013 to refund the 2012 Series notes prior to their maturity.

Superstorm Sandy

On October 29, 2012, Superstorm Sandy made landfall five miles south of Atlantic City. The storm caused widespread damage to State, county and municipal infrastructures. As in past events, including the recovery from the impact of Tropical Storm Irene in 2011, the State expects to secure substantial federal assistance, including reimbursement of certain associated costs from the Federal Emergency Management Agency (“FEMA”) to allow the State to recover a substantial portion of storm-related losses.

On November 1, 2012, President Barack Obama approved an adjustment of the federal cost share for the storm from 75% to 100% for 15 days (October 30 to November 14) for emergency power restoration and emergency public transportation assistance, including direct federal assistance, for those areas of New Jersey within counties designated as federal disaster areas. On November 5, 2012, FEMA Public Assistance was made available in all twenty-one (21) counties of the State.

Currently, the State, its counties and municipal governments are in the process of tabulating the associated costs and expenses as a result of the storm preparation, evacuation and shutdown as well as the costs for remediation, clean-up, mitigation and the restoration of services. These costs will be categorized by agency and expense type according to FEMA allowances. The State intends to maximize its recovery from all available FEMA sources, subject to any sublimits and retentions. The amount and timing for receipt of funds from FEMA cannot be predicted at this time.

It is not yet possible for the State to estimate the impact of Superstorm Sandy-related losses on revenue collections or expenditures.

(This page left intentionally blank)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR JUNE 30, 2012**

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
REVENUES				
Taxes	\$ 14,076,928,000	\$ 14,313,031,000	\$ 13,322,342,618	\$ (990,688,382)
Federal and other grants	11,304,781,954	11,682,410,084	10,103,525,582	(1,578,884,502)
Licenses and fees	1,282,378,600	1,195,150,336	1,167,970,915	(27,179,421)
Services and assessments	2,168,922,778	1,733,711,705	1,617,823,549	(115,888,156)
Investment earnings	11,000	729,723	1,352,304	622,581
Contributions	1,000	1,000	1,140	140
Other	3,283,585,031	3,709,871,888	2,577,759,261	(1,132,112,627)
Total Revenues	<u>32,116,608,363</u>	<u>32,634,905,736</u>	<u>28,790,775,369</u>	<u>(3,844,130,367)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	2,553,159,000	2,887,760,825	2,743,407,484	(144,353,341)
Total Other Financing Sources	<u>2,553,159,000</u>	<u>2,887,760,825</u>	<u>2,743,407,484</u>	<u>(144,353,341)</u>
Total Revenues and Other Financing Sources	<u>34,669,767,363</u>	<u>35,522,666,561</u>	<u>31,534,182,853</u>	<u>(3,988,483,708)</u>
EXPENDITURES				
Public safety and criminal justice	3,735,125,273	3,925,234,780	3,266,581,527	658,653,253
Physical and mental health	12,193,413,156	12,310,549,775	11,435,638,666	874,911,109
Educational, cultural, and intellectual development	4,562,138,371	4,273,242,976	4,096,867,086	176,375,890
Community development and environmental management	1,907,764,541	1,896,189,187	1,267,896,531	628,292,656
Economic planning, development, and security	4,753,534,812	4,771,876,900	4,209,450,450	562,426,450
Transportation programs	741,395,275	659,918,715	577,065,136	82,853,579
Government direction, management, and control	5,659,691,706	5,879,262,744	5,614,366,858	264,895,886
Special government services	445,383,560	451,079,181	340,948,281	110,130,900
Total Expenditures	<u>33,998,446,694</u>	<u>34,167,354,258</u>	<u>30,808,814,535</u>	<u>3,358,539,723</u>
OTHER FINANCING USES				
Transfers to other funds	1,108,650,368	1,276,654,368	1,108,650,368	168,004,000
Total Other Financing Uses	<u>1,108,650,368</u>	<u>1,276,654,368</u>	<u>1,108,650,368</u>	<u>168,004,000</u>
Total Expenditures and Other Financing Uses	<u>35,107,097,062</u>	<u>35,444,008,626</u>	<u>31,917,464,903</u>	<u>3,526,543,723</u>
Net Change in Fund Balance	(437,329,699)	78,657,935	(383,282,050)	(461,939,985)
Fund Balances - July 1, 2011	<u>692,950,000</u>	<u>864,124,867</u>	<u>864,124,867</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 255,620,301</u>	<u>\$ 942,782,802</u>	<u>\$ 480,842,817</u>	<u>\$ (461,939,985)</u>

Property Tax Relief Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
\$ 11,935,088,935	\$ 11,687,488,935	\$ 11,751,670,559	\$ 64,181,624
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>11,935,088,935</u>	<u>11,687,488,935</u>	<u>11,751,670,559</u>	<u>64,181,624</u>
-	-	-	-
-	-	-	-
<u>11,935,088,935</u>	<u>11,687,488,935</u>	<u>11,751,670,559</u>	<u>64,181,624</u>
-	-	-	-
-	126,212,112	130,584,126	(4,372,014)
10,509,712,214	10,496,699,868	10,823,130,465	(326,430,597)
244,221,226	239,910,670	248,077,470	(8,166,800)
-	28,684,368	29,678,000	(993,632)
-	-	-	-
797,675,494	966,519,916	947,978,152	18,541,764
-	-	-	-
<u>11,551,608,934</u>	<u>11,858,026,934</u>	<u>12,179,448,213</u>	<u>(321,421,279)</u>
-	164,733,000	-	164,733,000
-	164,733,000	-	164,733,000
<u>11,551,608,934</u>	<u>12,022,759,934</u>	<u>12,179,448,213</u>	<u>(156,688,279)</u>
383,480,001	(335,270,999)	(427,777,654)	(92,506,655)
-	5,805,000	5,805,000	-
<u>\$ 383,480,001</u>	<u>\$ (329,465,999)</u>	<u>\$ (421,972,654)</u>	<u>\$ (92,506,655)</u>

(Continued on next page)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR JUNE 30, 2012**

	Total Major Governmental Funds			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 26,012,016,935	\$ 26,000,519,935	\$ 25,074,013,177	\$ (926,506,758)
Federal and other grants	11,304,781,954	11,682,410,084	10,103,525,582	(1,578,884,502)
Licenses and fees	1,282,378,600	1,195,150,336	1,167,970,915	(27,179,421)
Services and assessments	2,168,922,778	1,733,711,705	1,617,823,549	(115,888,156)
Investment earnings	11,000	729,723	1,352,304	622,581
Contributions	1,000	1,000	1,140	140
Other	3,283,585,031	3,709,871,888	2,577,759,261	(1,132,112,627)
Total Revenues	<u>44,051,697,298</u>	<u>44,322,394,671</u>	<u>40,542,445,928</u>	<u>(3,779,948,743)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	2,553,159,000	2,887,760,825	2,743,407,484	(144,353,341)
Total Other Financing Sources	<u>2,553,159,000</u>	<u>2,887,760,825</u>	<u>2,743,407,484</u>	<u>(144,353,341)</u>
Total Revenues and Other Financing Sources	<u>46,604,856,298</u>	<u>47,210,155,496</u>	<u>43,285,853,412</u>	<u>(3,924,302,084)</u>
EXPENDITURES				
Public safety and criminal justice	3,735,125,273	3,925,234,780	3,266,581,527	658,653,253
Physical and mental health	12,193,413,156	12,436,761,887	11,566,222,792	870,539,095
Educational, cultural, and intellectual development	15,071,850,585	14,769,942,844	14,919,997,551	(150,054,707)
Community development and environmental management	2,151,985,767	2,136,099,857	1,515,974,001	620,125,856
Economic planning, development, and security	4,753,534,812	4,800,561,268	4,239,128,450	561,432,818
Transportation programs	741,395,275	659,918,715	577,065,136	82,853,579
Government direction, management, and control	6,457,367,200	6,845,782,660	6,562,345,010	283,437,650
Special government services	445,383,560	451,079,181	340,948,281	110,130,900
Total Expenditures	<u>45,550,055,628</u>	<u>46,025,381,192</u>	<u>42,988,262,748</u>	<u>3,037,118,444</u>
OTHER FINANCING USES				
Transfers to other funds	1,108,650,368	1,441,387,368	1,108,650,368	332,737,000
Total Other Financing Uses	<u>1,108,650,368</u>	<u>1,441,387,368</u>	<u>1,108,650,368</u>	<u>332,737,000</u>
Total Expenditures and Other Financing Uses	<u>46,658,705,996</u>	<u>47,466,768,560</u>	<u>44,096,913,116</u>	<u>3,369,855,444</u>
Net Change in Fund Balance	(53,849,698)	(256,613,064)	(811,059,704)	(554,446,640)
Fund Balances - July 1, 2011	<u>692,950,000</u>	<u>869,929,867</u>	<u>869,929,867</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 639,100,302</u>	<u>\$ 613,316,803</u>	<u>\$ 58,870,163</u>	<u>\$ (554,446,640)</u>

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>
Sources/inflows of resources:		
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 31,534,182,853	\$ 11,751,670,559
Differences - budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	1,323,018,257	-
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.	504,827,941	-
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.	<u>1,336,671,250</u>	<u>-</u>
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 34,698,700,301</u>	<u>\$ 11,751,670,559</u>
GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:		
Total revenues	\$ 30,113,793,654	
Transfers from other funds	2,743,407,458	
Other sources	<u>1,841,499,189</u>	
Total revenues and other financing sources	<u>\$ 34,698,700,301</u>	

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>
Uses/outflows of resources:		
Total expenditures and other financing uses - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 31,917,464,903	\$ 12,179,448,213
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.	(1,194,128,431)	(2,799,172)
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.	1,473,692,854	32,849
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	8,669,114	-
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	1,323,018,257	-
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.	504,827,941	-
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	<u>1,336,671,250</u>	<u>-</u>
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 35,370,215,888</u>	<u>\$ 12,176,681,890</u>
 GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:		
Total expenditures	\$ 32,537,637,428	
Transfers to other funds	1,113,701,289	
Other uses	<u>1,718,877,171</u>	
Total expenditures and other financing uses	<u>\$ 35,370,215,888</u>	

STATE OF NEW JERSEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2009	-	56,782,500,000	56,782,500,000	-	20,794,400,000	273.1%
June 30, 2010	-	59,281,900,000	59,281,900,000	-	20,870,000,000	284.1%
June 30, 2011	-	48,949,700,000	48,949,700,000	-	20,286,700,000	241.3%
PERS - State						
June 30, 2009	10,692,585,100	18,947,194,579	8,254,609,479	56.4%	4,627,092,235	178.4%
June 30, 2010	10,252,640,127	17,429,178,021	7,176,537,894	58.8%	4,564,850,886	157.2%
June 30, 2011	9,938,069,705	18,290,829,021	8,352,759,316	54.3%	4,608,926,826	181.2%
PERS - Local						
June 30, 2009	18,165,648,669	25,523,208,576	7,357,559,907	71.2%	7,368,354,906	99.9%
June 30, 2010	18,481,952,370	23,918,658,044	5,436,705,674	77.3%	7,416,503,897	73.3%
June 30, 2011	18,996,299,489	24,679,095,575	5,682,796,086	77.0%	7,000,115,900	81.2%
TPAF						
June 30, 2009	34,838,211,259	54,576,061,024	19,737,849,765	63.8%	9,747,020,060	202.5%
June 30, 2010	33,265,326,627	49,543,347,849	16,278,021,222	67.1%	10,025,401,658	162.4%
June 30, 2011	32,289,888,420	51,406,540,290	19,116,651,870	62.8%	9,682,318,739	197.4%
PFRS - State						
June 30, 2009	2,254,766,935	3,993,259,480	1,738,492,545	56.5%	525,862,047	330.6%
June 30, 2010	2,190,654,958	3,672,361,258	1,481,706,300	59.7%	530,747,536	279.2%
June 30, 2011	2,143,492,414	3,926,525,679	1,783,033,265	54.6%	526,058,270	338.9%
PFRS - Local						
June 30, 2009	20,724,453,343	28,448,841,765	7,724,388,422	72.8%	3,147,812,476	245.4%
June 30, 2010	20,367,865,987	25,601,998,126	5,234,132,139	79.6%	3,189,786,833	164.1%
June 30, 2011	21,027,839,958	26,978,632,188	5,950,792,230	77.9%	3,123,358,027	190.5%
SPRS						
June 30, 2009	2,063,962,877	2,825,455,568	761,492,691	73.0%	287,267,502	265.1%
June 30, 2010	2,019,350,048	2,497,094,137	477,744,089	80.9%	289,980,657	164.8%
June 30, 2011	2,002,813,881	2,581,950,846	579,136,965	77.6%	275,219,752	210.4%
JRS						
June 30, 2009	354,399,646	594,043,375	239,643,729	59.7%	70,133,372	341.7%
June 30, 2010	329,030,387	554,540,403	225,510,016	59.3%	71,746,413	314.3%
June 30, 2011	305,245,844	585,700,787	280,454,943	52.1%	67,437,125	415.9%
CPFPPF						
June 30, 2009	13,515,949	14,024,132	508,183	96.4%	-	N/A
June 30, 2010	10,632,228	11,824,904	1,192,676	89.9%	-	N/A
June 30, 2011	8,126,894	9,179,981	1,053,087	88.5%	-	N/A
POPF						
June 30, 2009	11,986,919	6,136,441	(5,850,478)	195.3%	-	N/A
June 30, 2010	11,018,367	5,635,024	(5,383,343)	195.5%	-	N/A
June 30, 2011	9,997,650	5,096,792	(4,900,858)	196.2%	-	N/A

Note: Fiscal Year Pension Actuarial Reports, prepared as of July 1, are available at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.htm>.

*Combining
Financial Statements*

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2012**

	<u>General Fund</u>	<u>Beaches and Harbor Fund</u>	<u>2007 Blue Acres Fund</u>
ASSETS			
Cash and cash equivalents	\$ 30,861,411	\$ 257,240	\$ 347,229
Investments	594,553,915	656,393	1,343,496
Receivables, net of allowances for uncollectibles			
Federal government	458,583,519	-	-
Departmental accounts	1,985,912,853	-	-
Loans	24,461,703	-	-
Other	172,823,084	-	-
Due from other funds	867,840,869	-	-
Other	4,986,001	-	-
Total Assets	<u>\$ 4,140,023,355</u>	<u>\$ 913,633</u>	<u>\$ 1,690,725</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 1,371,923,310	\$ -	\$ 89,985
Deferred revenue	269,582,724	-	-
Due to other funds	237,539,106	1,280	-
Other	200,483,708	-	-
Total Liabilities	<u>2,079,528,848</u>	<u>1,280</u>	<u>89,985</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	90,024,387	912,353	1,600,740
Committed	1,529,098,445	-	-
Unassigned	441,371,675	-	-
Total Fund Balances	<u>2,060,494,507</u>	<u>912,353</u>	<u>1,600,740</u>
Total Liabilities and Fund Balances	<u>\$ 4,140,023,355</u>	<u>\$ 913,633</u>	<u>\$ 1,690,725</u>

<u>Clean Waters Fund</u>	<u>Cultural Centers and Historic Preservation Fund</u>	<u>2003 Dam, Lake, and Stream Project Revolving Loan Fund</u>	<u>2003 Dam, Lake, Stream and Flood Control Project Fund</u>
\$ 52,829	\$ 15,250	\$ 1,053,623	\$ 542,940
20,121	71,996	34,995,066	13,437,070
-	-	-	-
-	-	-	-
-	-	45,585,161	-
-	24,000	228,617	-
-	-	-	12,241
-	-	-	-
<u>\$ 72,950</u>	<u>\$ 111,246</u>	<u>\$ 81,862,467</u>	<u>\$ 13,992,251</u>
\$ -	\$ 10,000	\$ -	\$ -
-	-	-	-
43	100,112	-	22,770
-	-	-	-
<u>43</u>	<u>110,112</u>	<u>-</u>	<u>22,770</u>
-	-	-	-
72,907	1,134	81,862,467	13,969,481
-	-	-	-
-	-	-	-
<u>72,907</u>	<u>1,134</u>	<u>81,862,467</u>	<u>13,969,481</u>
<u>\$ 72,950</u>	<u>\$ 111,246</u>	<u>\$ 81,862,467</u>	<u>\$ 13,992,251</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	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	\$ 3,374,166	\$ 33,654	\$ 425,063
Investments	8,847,730	2,035,096	3,185,433
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	5,397,761	-	-
Other	38,074	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	\$ 17,657,731	\$ 2,068,750	\$ 3,610,496
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 135,000
Deferred revenue	-	-	-
Due to other funds	-	29,258	6,041
Other	-	-	-
Total Liabilities	-	29,258	141,041
Fund Balances			
Nonspendable	-	-	-
Restricted	17,657,731	2,039,492	3,469,455
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	17,657,731	2,039,492	3,469,455
Total Liabilities and Fund Balances	\$ 17,657,731	\$ 2,068,750	\$ 3,610,496

<u>Dredging and Containment Facility Fund</u>	<u>1996 Economic Development Site Fund</u>	<u>Emergency Flood Control Fund</u>	<u>Emergency Services Fund</u>
\$ 219,581	\$ 55,578	\$ 127,787	\$ 114,248
710,378	7,823	225,807	2,103,350
-	-	-	-
-	-	-	-
-	423,892	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 929,959</u>	<u>\$ 487,293</u>	<u>\$ 353,594</u>	<u>\$ 2,217,598</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
711,000	-	350	-
-	-	-	-
<u>711,000</u>	<u>-</u>	<u>350</u>	<u>-</u>
-	-	-	-
218,959	487,293	353,244	-
-	-	-	2,217,598
-	-	-	-
<u>218,959</u>	<u>487,293</u>	<u>353,244</u>	<u>2,217,598</u>
<u>\$ 929,959</u>	<u>\$ 487,293</u>	<u>\$ 353,594</u>	<u>\$ 2,217,598</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>1996 Environmental Cleanup Fund</u>	<u>1989 Farmland Preservation Fund</u>	<u>1992 Farmland Preservation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 18,990	\$ 8,998	\$ 47,757
Investments	1,440,640	32,935	452,793
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 500,550</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	-	-	451,778
Other	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>451,778</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	1,459,630	41,933	48,772
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>1,459,630</u>	<u>41,933</u>	<u>48,772</u>
Total Liabilities and Fund Balances	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 500,550</u>

<u>1995 Farmland Preservation Fund</u>	<u>2007 Farmland Preservation Fund</u>	<u>2009 Farmland Preservation Fund</u>	<u>2007 Green Acres Fund</u>
\$ 2,253	\$ -	\$ 133,600	\$ 692,047
2,551,014	29,387,954	195,260	27,203,612
-	-	-	-
-	-	-	-
-	-	-	222,500
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 2,553,267</u>	<u>\$ 29,387,954</u>	<u>\$ 328,860</u>	<u>\$ 28,118,159</u>
\$ 11,245	\$ 1,459,315	\$ 658,053	\$ 59,127
-	-	-	-
1,332,815	-	6,100,000	250,000
-	-	-	-
<u>1,344,060</u>	<u>1,459,315</u>	<u>6,758,053</u>	<u>309,127</u>
-	-	-	-
1,209,207	27,928,639	-	27,809,032
-	-	-	-
-	-	(6,429,193)	-
<u>1,209,207</u>	<u>27,928,639</u>	<u>(6,429,193)</u>	<u>27,809,032</u>
<u>\$ 2,553,267</u>	<u>\$ 29,387,954</u>	<u>\$ 328,860</u>	<u>\$ 28,118,159</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>2009 Green Acres Fund</u>	<u>Green Trust Fund</u>	<u>Hazardous Discharge Fund of 1981</u>
ASSETS			
Cash and cash equivalents	\$ 47,468	\$ 1,201,440	\$ 711
Investments	325,161	32,174,235	180,518
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	32,163,034	-
Other	-	147,215	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 372,629</u>	<u>\$ 65,685,924</u>	<u>\$ 181,229</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	8,500,000	-	280
Other	-	-	-
Total Liabilities	<u>8,500,000</u>	<u>-</u>	<u>280</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	65,685,924	180,949
Committed	-	-	-
Unassigned	(8,127,371)	-	-
Total Fund Balances	<u>(8,127,371)</u>	<u>65,685,924</u>	<u>180,949</u>
Total Liabilities and Fund Balances	<u>\$ 372,629</u>	<u>\$ 65,685,924</u>	<u>\$ 181,229</u>

<u>Hazardous Discharge Fund of 1986</u>	<u>Higher Education Facility Renovation and Rehabilitation Fund</u>	<u>1992 Historic Preservation Fund</u>	<u>1995 Historic Preservation Fund</u>
\$ 1,089,335	\$ 16,354	\$ 192,209	\$ 29,783
18,901,528	121,247	145,728	91,904
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 337,937</u>	<u>\$ 121,687</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	274,805	62,233
-	-	-	-
<u>-</u>	<u>-</u>	<u>274,805</u>	<u>62,233</u>
-	-	-	-
19,990,863	137,601	63,132	59,454
-	-	-	-
-	-	-	-
<u>19,990,863</u>	<u>137,601</u>	<u>63,132</u>	<u>59,454</u>
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 337,937</u>	<u>\$ 121,687</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>2007 Historic Preservation fund</u>	<u>2009 Historic Preservation Fund</u>	<u>Historic Preservation Revolving Loan Fund</u>
ASSETS			
Cash and cash equivalents	\$ 48,873	\$ -	\$ 471,320
Investments	680,615	210,033	4,059,674
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	34,072
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 729,488</u>	<u>\$ 210,033</u>	<u>\$ 4,565,066</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 319,842	\$ -
Deferred revenue	-	-	-
Due to other funds	-	1,350,000	-
Other	-	-	-
Total Liabilities	<u>-</u>	<u>1,669,842</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	729,488	-	4,565,066
Committed	-	-	-
Unassigned	-	(1,459,809)	-
Total Fund Balances	<u>729,488</u>	<u>(1,459,809)</u>	<u>4,565,066</u>
Total Liabilities and Fund Balances	<u>\$ 729,488</u>	<u>\$ 210,033</u>	<u>\$ 4,565,066</u>

<u>Housing Assistance Fund</u>	<u>Jobs, Education and Competitiveness Fund</u>	<u>Judiciary Superior Court - Miscellaneous Fund</u>	<u>1996 Lake Restoration Fund</u>	<u>Long Term Obligation and Capital Expenditure Fund</u>
\$ 638,856	\$ 138,037	\$ 297,822	\$ 432,236	\$ -
4,115,726	472,105	646,179	541,894	-
-	-	-	-	-
-	-	-	-	-
1,284,776	-	-	650,191	-
1,051	-	-	1,337	-
-	-	-	-	5,244,970
-	-	-	-	-
<u>\$ 6,040,409</u>	<u>\$ 610,142</u>	<u>\$ 944,001</u>	<u>\$ 1,625,658</u>	<u>\$ 5,244,970</u>
\$ -	\$ -	\$ 940,584	\$ -	\$ 2,773
-	-	-	-	-
7,425	472,835	3,417	-	-
-	-	-	-	-
<u>7,425</u>	<u>472,835</u>	<u>944,001</u>	<u>-</u>	<u>2,773</u>
-	-	-	-	-
6,032,984	137,307	-	1,625,658	-
-	-	-	-	5,242,197
-	-	-	-	-
<u>6,032,984</u>	<u>137,307</u>	<u>-</u>	<u>1,625,658</u>	<u>5,242,197</u>
<u>\$ 6,040,409</u>	<u>\$ 610,142</u>	<u>\$ 944,001</u>	<u>\$ 1,625,658</u>	<u>\$ 5,244,970</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>Mortgage Assistance Fund</u>	<u>Natural Resources Fund</u>	<u>1995 New Jersey Coastal Blue Acres Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 67,624	\$ 4,705	\$ 541,202
Investments	2,302,238	1,386,373	1,894,728
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	13,809,839	-	592,362
Other	887,339	-	3,728
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 17,067,040</u>	<u>\$ 1,391,078</u>	<u>\$ 3,032,020</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	891,163	2,214	-
Other	-	-	-
Total Liabilities	<u>891,163</u>	<u>2,214</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	16,175,877	1,388,864	3,032,020
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>16,175,877</u>	<u>1,388,864</u>	<u>3,032,020</u>
Total Liabilities and Fund Balances	<u>\$ 17,067,040</u>	<u>\$ 1,391,078</u>	<u>\$ 3,032,020</u>

<u>New Jersey Cultural Trust Fund</u>	<u>New Jersey Federal-State Rural Rehabilitation Fund</u>	<u>1989 New Jersey Green Acres Fund</u>	<u>1992 New Jersey Green Acres Fund</u>	<u>1995 New Jersey Green Acres Fund</u>
\$ 1,187,906	\$ 362	\$ 113	\$ 467,706	\$ 10,964
20,038,181	699,016	1,848,452	167	938,454
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
35,419	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 21,261,506</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 949,418</u>
\$ 79,767	\$ -	\$ -	\$ -	\$ 89
-	-	-	-	-
-	-	-	-	841,138
-	-	-	-	-
<u>79,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,227</u>
20,000,000	-	-	-	-
-	-	1,848,565	467,873	108,191
1,181,739	699,378	-	-	-
-	-	-	-	-
<u>21,181,739</u>	<u>699,378</u>	<u>1,848,565</u>	<u>467,873</u>	<u>108,191</u>
<u>\$ 21,261,506</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 949,418</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>1989 New Jersey Green Trust Fund</u>	<u>1992 New Jersey Green Trust Fund</u>	<u>1995 New Jersey Green Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,327,079	\$ 2,106,122	\$ 1,750,932
Investments	36,164,125	12,316,357	7,141,507
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	22,998,221	19,914,231	33,328,015
Other	142,019	102,785	199,351
Due from other funds	-	-	17,334
Other	-	-	-
Total Assets	<u>\$ 61,631,444</u>	<u>\$ 34,439,495</u>	<u>\$ 42,437,139</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 60,229	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	-	17,334	-
Other	-	-	-
Total Liabilities	<u>60,229</u>	<u>17,334</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	61,571,215	34,422,161	42,437,139
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>61,571,215</u>	<u>34,422,161</u>	<u>42,437,139</u>
Total Liabilities and Fund Balances	<u>\$ 61,631,444</u>	<u>\$ 34,439,495</u>	<u>\$ 42,437,139</u>

1995 New Jersey Inland Blue Acres Fund	New Jersey Local Development Financing Fund	Pinelands Infrastructure Trust Fund	Resource Recovery and Solid Waste Disposal Facility Fund	Shore Protection Fund
\$ 1,147	\$ -	\$ 125,115	\$ 33,533	\$ 253,157
2,992	29,439,559	10,383,037	461,010	8,061,893
-	-	-	-	-
-	-	-	-	-
-	21,386,752	903,285	-	246,843
-	42,325	10,828	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,139</u>	<u>\$ 50,868,636</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,561,893</u>
\$ -	\$ 37,560	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	12,984
-	-	-	-	-
<u>-</u>	<u>37,560</u>	<u>-</u>	<u>-</u>	<u>12,984</u>
-	-	-	-	-
4,139	50,831,076	11,422,265	494,543	8,548,909
-	-	-	-	-
-	-	-	-	-
<u>4,139</u>	<u>50,831,076</u>	<u>11,422,265</u>	<u>494,543</u>	<u>8,548,909</u>
<u>\$ 4,139</u>	<u>\$ 50,868,636</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,561,893</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>State Land Acquisition and Development Fund</u>	<u>State of New Jersey Tischler Memorial Fund</u>	<u>Stormwater Management and Combined Sewer Overflow Abatement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 124,161	\$ -	\$ 65,955
Investments	240,512	806,448	2,651,888
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 364,673</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	567	-	-
Other	-	-	-
Total Liabilities	<u>567</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	416,073	-
Restricted	364,106	-	2,717,843
Committed	-	390,375	-
Unassigned	-	-	-
Total Fund Balances	<u>364,106</u>	<u>806,448</u>	<u>2,717,843</u>
Total Liabilities and Fund Balances	<u>\$ 364,673</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>

Unclaimed Personal Property Trust Fund	Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund	1992 Wastewater Treatment Fund	Water Conservation Fund	2003 Water Resources and Wastewater Treatment Fund
\$ -	\$ 599,540	\$ 2,010,654	\$ 87,938	\$ 118,235
159,324,538	12,900,444	20,145,660	704,726	12,943,756
-	-	-	-	-
-	-	-	-	-
-	8,516,703	20,958,350	-	25,995,616
-	-	-	-	-
306,586	-	-	-	-
-	-	-	-	-
<u>\$ 159,631,124</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 792,664</u>	<u>\$ 39,057,607</u>

\$ 124,762,610	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
2,995,252	-	-	1,091	-
-	-	-	-	-
<u>127,757,862</u>	<u>-</u>	<u>-</u>	<u>1,091</u>	<u>-</u>

-	-	-	-	-
-	22,016,687	43,114,664	791,573	39,057,607
31,873,262	-	-	-	-
-	-	-	-	-
<u>31,873,262</u>	<u>22,016,687</u>	<u>43,114,664</u>	<u>791,573</u>	<u>39,057,607</u>
<u>\$ 159,631,124</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 792,664</u>	<u>\$ 39,057,607</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>Water Supply Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 372,530	\$ -	\$ 55,245,368
Investments	75,622,769	-	1,204,543,259
Receivables, net of allowances for uncollectibles			
Federal government	-	-	458,583,519
Departmental accounts	-	-	1,985,912,853
Loans	101,160,659	-	380,033,966
Other	17,799	-	174,704,971
Due from other funds	-	(32,324,336)	841,097,664
Other	-	-	4,986,001
Total Assets	<u>\$ 177,173,757</u>	<u>\$ (32,324,336)</u>	<u>\$ 5,105,107,601</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 1,500,549,489
Deferred revenue	-	-	269,582,724
Due to other funds	4,106,580	(32,324,336)	233,759,535
Other	-	-	200,483,708
Total Liabilities	<u>4,106,580</u>	<u>(32,324,336)</u>	<u>2,204,375,456</u>
Fund Balances			
Nonspendable	-	-	20,416,073
Restricted	173,067,177	-	884,257,776
Committed	-	-	1,570,702,994
Unassigned	-	-	425,355,302
Total Fund Balances	<u>173,067,177</u>	<u>-</u>	<u>2,900,732,145</u>
Total Liabilities and Fund Balances	<u>\$ 177,173,757</u>	<u>\$ (32,324,336)</u>	<u>\$ 5,105,107,601</u>

(This page left intentionally blank)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Beaches and Harbor Fund</u>	<u>2007 Blue Acres Fund</u>
REVENUES			
Taxes	\$ 13,322,342,618	\$ -	\$ -
Federal and other grants	11,426,543,840	-	-
Licenses and fees	1,167,970,915	-	-
Services and assessments	1,617,823,551	-	-
Investment earnings	1,352,304	1,280	7,236
Contributions	1,140	-	-
Other	<u>2,577,759,286</u>	-	-
Total Revenues	<u>30,113,793,654</u>	<u>1,280</u>	<u>7,236</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	3,249,627,443	-	-
Physical and mental health	11,394,035,518	-	-
Educational, cultural, and intellectual development	4,457,738,611	-	-
Community development and environmental management	1,221,350,885	440,000	6,222,819
Economic planning, development, and security	5,544,842,231	-	-
Transportation programs	516,302,027	-	-
Government direction, management, and control	5,413,481,651	-	247,149
Special government services	340,382,154	-	-
Capital Outlay	122,514,647	-	-
Debt Service:			
Principal	182,230,000	-	-
Interest	<u>95,132,261</u>	-	-
Total Expenditures	<u>32,537,637,428</u>	<u>440,000</u>	<u>6,469,968</u>
Excess (deficiency) of revenues over expenditures	<u>(2,423,843,774)</u>	<u>(438,720)</u>	<u>(6,462,732)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,743,407,458	-	-
Transfers to other funds	(1,113,701,289)	(1,280)	-
Other sources	1,841,499,189	-	-
Other uses	<u>(1,718,877,171)</u>	-	-
Total other financing sources (uses)	<u>1,752,328,187</u>	<u>(1,280)</u>	<u>-</u>
Net Change in Fund Balance	<u>(671,515,587)</u>	<u>(440,000)</u>	<u>(6,462,732)</u>
Fund Balances - July 1, 2011	<u>2,732,010,094</u>	<u>1,352,353</u>	<u>8,063,472</u>
Fund Balances - June 30, 2012	<u>\$ 2,060,494,507</u>	<u>\$ 912,353</u>	<u>\$ 1,600,740</u>

<u>Clean Waters Fund</u>	<u>Cultural Centers and Historic Preservation Fund</u>	<u>2003 Dam, Lake, and Stream Project Revolving Loan Fund</u>	<u>2003 Dam, Lake, Stream and Flood Control Project Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
43	112	57,688	22,770
-	-	-	-
-	-	797,949	-
<u>43</u>	<u>112</u>	<u>855,637</u>	<u>22,770</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	255,000	2,272,538
-	10,000	-	-
-	-	-	-
80,308	-	20,601	195,700
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,308</u>	<u>10,000</u>	<u>275,601</u>	<u>2,468,238</u>
<u>(80,265)</u>	<u>(9,888)</u>	<u>580,036</u>	<u>(2,445,468)</u>
-	-	-	-
(43)	(112)	-	(22,770)
-	-	-	-
-	-	-	-
<u>(43)</u>	<u>(112)</u>	<u>-</u>	<u>(22,770)</u>
<u>(80,308)</u>	<u>(10,000)</u>	<u>580,036</u>	<u>(2,468,238)</u>
153,215	11,134	81,282,431	16,437,719
<u>\$ 72,907</u>	<u>\$ 1,134</u>	<u>\$ 81,862,467</u>	<u>\$ 13,969,481</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1992 Dam Restoration and Clean Waters Trust Fund</u>	<u>1989 Development Potential Bank Transfer Fund</u>	<u>Developmental Disabilities Waiting List Reduction Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	13,762	8,354	6,041
Contributions	-	-	-
Other	112,691	-	-
Total Revenues	<u>126,453</u>	<u>8,354</u>	<u>6,041</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	1,091,846
Community development and environmental management	-	5,150,500	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	388,085	448,494	-
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>388,085</u>	<u>5,598,994</u>	<u>1,091,846</u>
Excess (deficiency) of revenues over expenditures	<u>(261,632)</u>	<u>(5,590,640)</u>	<u>(1,085,805)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	(29,258)	(6,041)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(29,258)</u>	<u>(6,041)</u>
Net Change in Fund Balance	<u>(261,632)</u>	<u>(5,619,898)</u>	<u>(1,091,846)</u>
Fund Balances - July 1, 2011	<u>17,919,363</u>	<u>7,659,390</u>	<u>4,561,301</u>
Fund Balances - June 30, 2012	<u>\$ 17,657,731</u>	<u>\$ 2,039,492</u>	<u>\$ 3,469,455</u>

<u>Dredging and Containment Facility Fund</u>	<u>1996 Economic Development Site Fund</u>	<u>Emergency Flood Control Fund</u>	<u>Emergency Services Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,636	12	350	6,408
-	-	-	-
-	-	-	-
<u>1,636</u>	<u>12</u>	<u>350</u>	<u>6,408</u>
-	-	-	3,499,675
-	-	-	-
-	-	-	-
215,000	-	-	4,410
-	-	-	-
90,381	-	-	-
51,350	1,250,000	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>356,731</u>	<u>1,250,000</u>	<u>-</u>	<u>3,504,085</u>
<u>(355,095)</u>	<u>(1,249,988)</u>	<u>350</u>	<u>(3,497,677)</u>
-	-	-	-
(711,000)	-	(350)	-
-	-	-	-
-	-	-	-
<u>(711,000)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>
<u>(1,066,095)</u>	<u>(1,249,988)</u>	<u>-</u>	<u>(3,497,677)</u>
1,285,054	1,737,281	353,244	5,715,275
<u>\$ 218,959</u>	<u>\$ 487,293</u>	<u>\$ 353,244</u>	<u>\$ 2,217,598</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1996 Environmental Cleanup Fund</u>	<u>1989 Farmland Preservation Fund</u>	<u>1992 Farmland Preservation Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	2,577	59	700
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>2,577</u>	<u>59</u>	<u>700</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	164,175	-	9,600
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	22,699	451,778
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>164,175</u>	<u>22,699</u>	<u>461,378</u>
Excess (deficiency) of revenues over expenditures	<u>(161,598)</u>	<u>(22,640)</u>	<u>(460,678)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(161,598)</u>	<u>(22,640)</u>	<u>(460,678)</u>
Fund Balances - July 1, 2011	<u>1,621,228</u>	<u>64,573</u>	<u>509,450</u>
Fund Balances - June 30, 2012	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 48,772</u>

<u>1995 Farmland Preservation Fund</u>	<u>2007 Farmland Preservation Fund</u>	<u>2009 Farmland Preservation Fund</u>	<u>2007 Green Acres Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
4,160	53,325	260	60,612
-	-	-	-
-	-	-	1,137
<u>4,160</u>	<u>53,325</u>	<u>260</u>	<u>61,749</u>
-	-	-	-
-	-	-	-
-	-	-	-
322,838	9,516,414	6,429,453	19,893,597
-	-	-	-
-	-	-	-
1,500,797	1,503,489	-	1,112,170
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,823,635</u>	<u>11,019,903</u>	<u>6,429,453</u>	<u>21,005,767</u>
<u>(1,819,475)</u>	<u>(10,966,578)</u>	<u>(6,429,193)</u>	<u>(20,944,018)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(1,819,475)</u>	<u>(10,966,578)</u>	<u>(6,429,193)</u>	<u>(20,944,018)</u>
3,028,682	38,895,217	-	48,753,050
<u>\$ 1,209,207</u>	<u>\$ 27,928,639</u>	<u>\$ (6,429,193)</u>	<u>\$ 27,809,032</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2009 Green Acres Fund</u>	<u>Green Trust Fund</u>	<u>Hazardous Discharge Fund of 1981</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	161	53,802	280
Contributions	-	-	-
Other	-	744,717	-
Total Revenues	<u>161</u>	<u>798,519</u>	<u>280</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	8,127,532	7,759,541	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	1,181,082	-
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>8,127,532</u>	<u>8,940,623</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(8,127,371)</u>	<u>(8,142,104)</u>	<u>280</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(280)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(280)</u>
Net Change in Fund Balance	<u>(8,127,371)</u>	<u>(8,142,104)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>-</u>	<u>73,828,028</u>	<u>180,949</u>
Fund Balances - June 30, 2012	<u>\$ (8,127,371)</u>	<u>\$ 65,685,924</u>	<u>\$ 180,949</u>

<u>Hazardous Discharge Fund of 1986</u>	<u>Higher Education Facility Renovation and Rehabilitation Fund</u>	<u>1992 Historic Preservation Fund</u>	<u>1995 Historic Preservation Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
29,230	188	226	143
-	-	-	-
-	-	-	-
<u>29,230</u>	<u>188</u>	<u>226</u>	<u>143</u>
-	-	-	-
-	-	-	-
-	-	-	-
226,555	-	-	-
-	-	21,342	-
-	-	-	-
-	-	-	64,293
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>226,555</u>	<u>-</u>	<u>21,342</u>	<u>64,293</u>
<u>(197,325)</u>	<u>188</u>	<u>(21,116)</u>	<u>(64,150)</u>
166,083	-	-	-
-	-	(274,805)	-
-	-	-	-
-	-	-	-
<u>166,083</u>	<u>-</u>	<u>(274,805)</u>	<u>-</u>
<u>(31,242)</u>	<u>188</u>	<u>(295,921)</u>	<u>(64,150)</u>
20,022,105	137,413	359,053	123,604
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 63,132</u>	<u>\$ 59,454</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2007 Historic Preservation Fund</u>	<u>2009 Historic Preservation Fund</u>	<u>Historic Preservation Revolving Loan Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	1,205	33	6,288
Contributions	-	-	-
Other	-	-	1,624
Total Revenues	<u>1,205</u>	<u>33</u>	<u>7,912</u>
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	239,527	1,459,842	-
Transportation programs	-	-	-
Government direction, management, and control	41,191	-	50,582
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>280,718</u>	<u>1,459,842</u>	<u>50,582</u>
Excess (deficiency) of revenues over expenditures	<u>(279,513)</u>	<u>(1,459,809)</u>	<u>(42,670)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(279,513)</u>	<u>(1,459,809)</u>	<u>(42,670)</u>
Fund Balances - July 1, 2011	<u>1,009,001</u>	<u>-</u>	<u>4,607,736</u>
Fund Balances - June 30, 2012	<u>\$ 729,488</u>	<u>\$ (1,459,809)</u>	<u>\$ 4,565,066</u>

<u>Housing Assistance Fund</u>	<u>Jobs, Education and Competitiveness Fund</u>	<u>1996 Lake Restoration Fund</u>	<u>Long Term Obligation and Capital Expenditure Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
6,374	731	942	-
-	-	-	-
1,051	-	13,907	-
<u>7,425</u>	<u>731</u>	<u>14,849</u>	<u>-</u>
-	-	-	73,441
-	-	-	-
-	-	-	614,888
-	-	-	-
-	-	-	-
-	-	-	-
-	472,104	511,242	93,902
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	472,104	511,242	782,231
<u>7,425</u>	<u>(471,373)</u>	<u>(496,393)</u>	<u>(782,231)</u>
-	-	-	-
(7,425)	(731)	-	-
-	-	-	-
-	-	-	-
<u>(7,425)</u>	<u>(731)</u>	<u>-</u>	<u>-</u>
-	(472,104)	(496,393)	(782,231)
6,032,984	609,411	2,122,051	6,024,428
<u>\$ 6,032,984</u>	<u>\$ 137,307</u>	<u>\$ 1,625,658</u>	<u>\$ 5,242,197</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Mortgage Assistance Fund</u>	<u>Natural Resources Fund</u>	<u>1995 New Jersey Coastal Blue Acres Trust Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	3,824	2,214	3,004
Contributions	-	-	-
Other	1,698,339	-	12,399
Total Revenues	<u>1,702,163</u>	<u>2,214</u>	<u>15,403</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	33,586	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	177,841	359,707
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>-</u>	<u>211,427</u>	<u>359,707</u>
Excess (deficiency) of revenues over expenditures	<u>1,702,163</u>	<u>(209,213)</u>	<u>(344,304)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(891,163)	(2,214)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(891,163)</u>	<u>(2,214)</u>	<u>-</u>
Net Change in Fund Balance	811,000	(211,427)	(344,304)
Fund Balances - July 1, 2011	15,364,877	1,600,291	3,376,324
Fund Balances - June 30, 2012	<u>\$ 16,175,877</u>	<u>\$ 1,388,864</u>	<u>\$ 3,032,020</u>

<u>New Jersey Cultural Trust Fund</u>	<u>New Jersey Federal-State Rural Rehabilitation Fund</u>	<u>1989 New Jersey Green Acres Fund</u>	<u>1992 New Jersey Green Acres Fund</u>	<u>1995 New Jersey Green Acres Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
269,674	1,081	3,191	168	2,695
-	-	-	-	-
-	-	-	-	-
<u>269,674</u>	<u>1,081</u>	<u>3,191</u>	<u>168</u>	<u>2,695</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	9,333	-	249,765
-	-	-	-	-
-	-	-	-	-
608,937	-	1,629,831	820,642	3,882,797
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>608,937</u>	<u>-</u>	<u>1,639,164</u>	<u>820,642</u>	<u>4,132,562</u>
<u>(339,263)</u>	<u>1,081</u>	<u>(1,635,973)</u>	<u>(820,474)</u>	<u>(4,129,867)</u>
500,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
160,737	1,081	(1,635,973)	(820,474)	(4,129,867)
21,021,002	698,297	3,484,538	1,288,347	4,238,058
<u>\$ 21,181,739</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 108,191</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1989 New Jersey Green Trust Fund</u>	<u>1992 New Jersey Green Trust Fund</u>	<u>1995 New Jersey Green Trust Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	54,654	22,477	16,216
Contributions	-	-	-
Other	510,717	405,397	782,388
Total Revenues	<u>565,371</u>	<u>427,874</u>	<u>798,604</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	3,443,379	3,565,412	2,224,322
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	3,008,537	3,951,732	7,548,391
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>6,451,916</u>	<u>7,517,144</u>	<u>9,772,713</u>
Excess (deficiency) of revenues over expenditures	<u>(5,886,545)</u>	<u>(7,089,270)</u>	<u>(8,974,109)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(5,886,545)</u>	<u>(7,089,270)</u>	<u>(8,974,109)</u>
Fund Balances - July 1, 2011	<u>67,457,760</u>	<u>41,511,431</u>	<u>51,411,248</u>
Fund Balances - June 30, 2012	<u>\$ 61,571,215</u>	<u>\$ 34,422,161</u>	<u>\$ 42,437,139</u>

1995 New Jersey Inland Blue Acres Fund	New Jersey Local Development Financing Fund	Pinelands Infrastructure Trust Fund	Resource Recovery and Solid Waste Disposal Facility Fund	Shore Protection Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	52,267	-	-	-
-	-	-	-	-
5	12,061	15,575	748	12,984
-	-	-	-	-
-	668,341	35,869	-	-
<u>5</u>	<u>732,669</u>	<u>51,444</u>	<u>748</u>	<u>12,984</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	673,771	-	-	-
-	-	-	-	-
-	-	826,466	173,299	1,893,875
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	673,771	826,466	173,299	1,893,875
<u>5</u>	<u>58,898</u>	<u>(775,022)</u>	<u>(172,551)</u>	<u>(1,880,891)</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5</u>	<u>58,898</u>	<u>(775,022)</u>	<u>(172,551)</u>	<u>(1,893,875)</u>
4,134	50,772,178	12,197,287	667,094	10,442,784
<u>\$ 4,139</u>	<u>\$ 50,831,076</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,548,909</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>State Land Acquisition and Development Fund</u>	<u>State of New Jersey Tischler Memorial Fund</u>	<u>Stormwater Management and Combined Sewer Overflow Abatement Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	567	1,233	4,107
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>567</u>	<u>1,233</u>	<u>4,107</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	237,116	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	62,050
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>237,116</u>	<u>-</u>	<u>62,050</u>
Excess (deficiency) of revenues over expenditures	<u>(236,549)</u>	<u>1,233</u>	<u>(57,943)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(567)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(567)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(237,116)</u>	<u>1,233</u>	<u>(57,943)</u>
Fund Balances - July 1, 2011	<u>601,222</u>	<u>805,215</u>	<u>2,775,786</u>
Fund Balances - June 30, 2012	<u>\$ 364,106</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>

<u>Unclaimed Personal Property Trust fund</u>	<u>Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund</u>	<u>1992 Wastewater Treatment Fund</u>	<u>Water Conservation Fund</u>	<u>2003 Water Resources and Wastewater Treatment Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,418,444	18,239	32,613	1,091	33,900
-	-	-	-	-
191,394,536	19,488	-	-	-
<u>200,812,980</u>	<u>37,727</u>	<u>32,613</u>	<u>1,091</u>	<u>33,900</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,091,118	-	224,350	-	247,199
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,091,118	-	224,350	-	247,199
<u>196,721,862</u>	<u>37,727</u>	<u>(191,737)</u>	<u>1,091</u>	<u>(213,299)</u>
-	-	-	-	-
(264,017,612)	-	-	(1,091)	-
-	-	-	-	-
-	-	-	-	-
(264,017,612)	-	-	(1,091)	-
<u>(67,295,750)</u>	<u>37,727</u>	<u>(191,737)</u>	<u>-</u>	<u>(213,299)</u>
99,169,012	21,978,960	43,306,401	791,573	39,270,906
<u>\$ 31,873,262</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 791,573</u>	<u>\$ 39,057,607</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Water Supply Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 13,322,342,618
Federal and other grants	-	-	11,426,543,840
Licenses and fees	-	-	1,168,023,182
Services and assessments	-	-	1,617,823,551
Investment earnings	119,635	-	11,749,692
Contributions	-	-	1,140
Other	175,524	-	2,775,135,360
Total Revenues	<u>295,159</u>	<u>-</u>	<u>30,321,619,383</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	3,253,200,559
Physical and mental health	-	-	11,394,035,518
Educational, cultural, and intellectual development	-	-	4,459,445,345
Community development and environmental management	3,464,759	-	1,301,588,529
Economic planning, development, and security	-	-	5,547,246,713
Transportation programs	-	-	516,392,408
Government direction, management, and control	417,250	-	5,453,092,689
Special government services	-	-	340,382,154
Capital Outlay	-	-	122,514,647
Debt Service:			
Principal	-	-	182,230,000
Interest	-	-	95,132,261
Total Expenditures	<u>3,882,009</u>	<u>-</u>	<u>32,665,260,823</u>
Excess (deficiency) of revenues over expenditures	<u>(3,586,850)</u>	<u>-</u>	<u>(2,343,641,440)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	(270,752,388)	2,473,321,153
Transfers to other funds	(4,106,579)	270,752,388	(1,113,035,206)
Other sources	-	-	1,841,499,189
Other uses	-	-	(1,718,877,171)
Total other financing sources (uses)	<u>(4,106,579)</u>	<u>-</u>	<u>1,482,907,965</u>
Net Change in Fund Balance	<u>(7,693,429)</u>	<u>-</u>	<u>(860,733,475)</u>
Fund Balances - July 1, 2011	<u>180,760,606</u>	<u>-</u>	<u>3,761,465,620</u>
Fund Balances - June 30, 2012	<u>\$ 173,067,177</u>	<u>\$ -</u>	<u>\$ 2,900,732,145</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 63,192,388	\$ 2,438,027	\$ 65,630,415
Investments	2,704,989,113	29,056,016	2,734,045,129
Receivables, net of allowances for uncollectibles			
Federal government	537,926	99,645,602	100,183,528
Departmental accounts	431,012,903	34,901,418	465,914,321
Loans	1,290,284,203	5,000,000	1,295,284,203
Other	190,304,472	32,719,248	223,023,720
Due from other funds	257,599,368	106,984,448	364,583,816
Other	6,198,444	-	6,198,444
Total Assets	<u>\$ 4,944,118,817</u>	<u>\$ 310,744,759</u>	<u>\$ 5,254,863,576</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 447,844,371	\$ 128,700,772	\$ 576,545,143
Deferred revenue	122,396,257	-	122,396,257
Due to other funds	428,011,664	134,668,304	562,679,968
Other	46,048,774	-	46,048,774
Total Liabilities	<u>1,044,301,066</u>	<u>263,369,076</u>	<u>1,307,670,142</u>
Fund Balances			
Restricted	3,478,942,716	15,653,190	3,494,595,906
Committed	420,875,035	31,722,493	452,597,528
Total Fund Balances	<u>3,899,817,751</u>	<u>47,375,683</u>	<u>3,947,193,434</u>
Total Liabilities and Fund Balances	<u>\$ 4,944,118,817</u>	<u>\$ 310,744,759</u>	<u>\$ 5,254,863,576</u>

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, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Taxes	\$ 1,563,804,021	\$ -	\$ 1,563,804,021
Federal and other grants	159,778,386	739,265,396	899,043,782
Licenses and fees	106,240,408	-	106,240,408
Services and assessments	1,242,523,086	436,811	1,242,959,897
Investment earnings	8,675,287	64,872	8,740,159
Contributions	79,135	-	79,135
Other	521,701,044	11,159,182	532,860,226
Total Revenues	<u>3,602,801,367</u>	<u>750,926,261</u>	<u>4,353,727,628</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	93,298,296	14,241,664	107,539,960
Physical and mental health	283,139,982	-	283,139,982
Educational, cultural, and intellectual development	219,293,973	7,096	219,301,069
Community development and environmental management	137,445,697	-	137,445,697
Economic planning, development, and security	1,340,581,807	56,632	1,340,638,439
Transportation programs	28,325,202	1,921,512,594	1,949,837,796
Government direction, management, and control	216,704,008	5,130,006	221,834,014
Special government services	169,518	-	169,518
Debt Service:			
Principal	398,244,311	-	398,244,311
Interest	825,519,418	-	825,519,418
Total Expenditures	<u>3,542,722,212</u>	<u>1,940,947,992</u>	<u>5,483,670,204</u>
Excess (deficiency) of revenues over expenditures	<u>60,079,155</u>	<u>(1,190,021,731)</u>	<u>(1,129,942,576)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,315,000,000	-	1,315,000,000
Transfers from other funds	1,141,973,637	1,169,498,617	2,311,472,254
Transfers to other funds	(2,721,634,077)	(33,008)	(2,721,667,085)
Other sources	447,649,309	-	447,649,309
Other uses	(395,657,456)	-	(395,657,456)
Total other financing sources (uses)	<u>(212,668,587)</u>	<u>1,169,465,609</u>	<u>956,797,022</u>
Net Change in Fund Balance	<u>(152,589,432)</u>	<u>(20,556,122)</u>	<u>(173,145,554)</u>
Fund Balances - July 1, 2011	<u>4,052,407,183</u>	<u>67,931,805</u>	<u>4,120,338,988</u>
Fund Balances - June 30, 2012	<u>\$ 3,899,817,751</u>	<u>\$ 47,375,683</u>	<u>\$ 3,947,193,434</u>

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	<u>Alcohol Education, Rehabilitation and Enforcement Fund</u>	<u>Atlantic City Parking Fees Fund</u>	<u>Atlantic City Projects-Room Fund</u>
ASSETS			
Cash and cash equivalents	\$ 154,064	\$ 42,864	\$ 353,382
Investments	6,782,350	59,978	4,331,452
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	2,704,317	858,301
Loans	-	-	-
Other	-	-	-
Due from other funds	1,833,333	-	1,049,568
Other	-	-	-
Total Assets	<u>\$ 8,769,747</u>	<u>\$ 2,807,159</u>	<u>\$ 6,592,703</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 939,111	\$ 2,356,439	\$ 6,592,703
Deferred revenue	-	-	-
Due to other funds	2,040,388	450,720	-
Other	-	-	-
Total Liabilities	<u>2,979,499</u>	<u>2,807,159</u>	<u>6,592,703</u>
Fund Balances			
Restricted	-	-	-
Committed	5,790,248	-	-
Total Fund Balances	<u>5,790,248</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,769,747</u>	<u>\$ 2,807,159</u>	<u>\$ 6,592,703</u>

<u>Atlantic City Tourism Promotion Fund</u>	<u>Board of Bar Examiners</u>	<u>Boarding House Rental Assistance Fund</u>	<u>Body Armor Replacement Fund</u>
\$ 2,911,162	\$ 11,280	\$ 749,548	\$ 1,612,015
847,347	6,664,218	168,456	4,530,485
-	-	-	-
1,988,869	-	-	-
-	-	349,605	-
-	-	2,947	-
-	-	-	10,535
-	-	-	-
<u>\$ 5,747,378</u>	<u>\$ 6,675,498</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>
\$ 4,697,810	\$ 1,675,315	\$ -	\$ -
-	-	-	-
1,049,568	-	-	-
-	-	-	-
<u>5,747,378</u>	<u>1,675,315</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	5,000,183	1,270,556	6,153,035
-	5,000,183	1,270,556	6,153,035
<u>\$ 5,747,378</u>	<u>\$ 6,675,498</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Casino Simulcasting Fund</u>
ASSETS			
Cash and cash equivalents	\$ 50,350	\$ -	\$ 291,369
Investments	-	-	18,252
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	8,866,439	44,824,396	28,286
Loans	-	-	-
Other	-	-	-
Due from other funds	2,049,222	1,241,324	-
Other	-	-	-
Total Assets	<u>\$ 10,966,011</u>	<u>\$ 46,065,720</u>	<u>\$ 337,907</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 4,062,144	\$ 13,392,439	\$ -
Deferred revenue	3,287,568	27,000	-
Due to other funds	-	-	337,907
Other	-	-	-
Total Liabilities	<u>7,349,712</u>	<u>13,419,439</u>	<u>337,907</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>3,616,299</u>	<u>32,646,281</u>	<u>-</u>
Total Fund Balances	<u>3,616,299</u>	<u>32,646,281</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,966,011</u>	<u>\$ 46,065,720</u>	<u>\$ 337,907</u>

<u>Casino Simulcasting Special Fund</u>	<u>Catastrophic Illness in Children Relief Fund</u>	<u>Clean Communities Account Fund</u>	<u>Clean Energy Fund</u>
\$ 405,582	\$ 1,101,640	\$ 878,008	\$ 6,560,293
2,101,034	551,096	3,012,944	140,661,221
-	-	-	-
216,974	7,673,304	500,178	27,426,581
-	-	-	-
-	-	-	24,027,336
-	443,555	-	-
-	-	-	-
<u>\$ 2,723,590</u>	<u>\$ 9,769,595</u>	<u>\$ 4,391,130</u>	<u>\$ 198,675,431</u>
\$ -	\$ 16,468	\$ 12,000	\$ 56,026,395
-	-	-	-
-	7,677,647	-	30,096,555
-	-	-	-
<u>-</u>	<u>7,694,115</u>	<u>12,000</u>	<u>86,122,950</u>
-	2,075,480	-	-
<u>2,723,590</u>	<u>-</u>	<u>4,379,130</u>	<u>112,552,481</u>
<u>2,723,590</u>	<u>2,075,480</u>	<u>4,379,130</u>	<u>112,552,481</u>
<u>\$ 2,723,590</u>	<u>\$ 9,769,595</u>	<u>\$ 4,391,130</u>	<u>\$ 198,675,431</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Clean Water State Revolving Fund</u>	<u>Disciplinary Oversight Committee</u>	<u>Division of Motor Vehicles Surcharge Fund</u>
ASSETS			
Cash and cash equivalents	\$ 6,354,547	\$ 313,693	\$ 1,803,058
Investments	-	7,076,831	9,721
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	3,899,840
Loans	73,040,398	-	-
Other	-	-	-
Due from other funds	3,581,688	-	-
Other	-	-	-
Total Assets	<u>\$ 82,976,633</u>	<u>\$ 7,390,524</u>	<u>\$ 5,712,619</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 3,007,046	\$ 5,712,619
Deferred revenue	3,581,689	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	<u>3,581,689</u>	<u>3,007,046</u>	<u>5,712,619</u>
Fund Balances			
Restricted	79,394,944	-	-
Committed	-	4,383,478	-
Total Fund Balances	<u>79,394,944</u>	<u>4,383,478</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 82,976,633</u>	<u>\$ 7,390,524</u>	<u>\$ 5,712,619</u>

<u>Drinking Water State Revolving Fund</u>	<u>Emergency Medical Technician Training Fund</u>	<u>Enterprise Zone Assistance Fund</u>	<u>Fund for Support of Free Public Schools</u>
\$ 1,139,019	\$ 754,129	\$ 1,826,478	\$ 124,149
99,036,003	42,886	1,157,290	133,516,910
537,926	-	-	-
-	-	21,483,247	-
236,404,301	-	-	-
-	-	-	257,449
-	-	-	5,677,024
-	-	-	-
<u>\$ 337,117,249</u>	<u>\$ 797,015</u>	<u>\$ 24,467,015</u>	<u>\$ 139,575,532</u>
\$ 166,895	\$ 1,571	\$ -	\$ -
-	-	-	-
537,926	59,672	18,761,264	201,218
-	-	-	-
<u>704,821</u>	<u>61,243</u>	<u>18,761,264</u>	<u>201,218</u>
336,412,428	-	-	139,374,314
-	<u>735,772</u>	<u>5,705,751</u>	-
<u>336,412,428</u>	<u>735,772</u>	<u>5,705,751</u>	<u>139,374,314</u>
<u>\$ 337,117,249</u>	<u>\$ 797,015</u>	<u>\$ 24,467,015</u>	<u>\$ 139,575,532</u>

(Continued on the next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Garden State Farmland Preservation Trust Fund</u>	<u>Garden State Green Acres Preservation Trust Fund</u>	<u>Garden State Historic Preservation Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 841,678	\$ 1,165,034	\$ 557,408
Investments	66,710,350	87,530,950	13,241,788
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	53,217,422	-
Other	-	287,145	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 67,552,028</u>	<u>\$ 142,200,551</u>	<u>\$ 13,799,196</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 637,969	\$ 532,985	\$ 99,734
Deferred revenue	-	-	-
Due to other funds	946,125	1,165,576	241,049
Other	-	-	-
Total Liabilities	<u>1,584,094</u>	<u>1,698,561</u>	<u>340,783</u>
Fund Balances			
Restricted	65,967,934	140,501,990	13,458,413
Committed	-	-	-
Total Fund Balances	<u>65,967,934</u>	<u>140,501,990</u>	<u>13,458,413</u>
Total Liabilities and Fund Balances	<u>\$ 67,552,028</u>	<u>\$ 142,200,551</u>	<u>\$ 13,799,196</u>

<u>Global Warming Solutions Fund</u>	<u>Gubernatorial Elections Fund</u>	<u>Hazardous Discharge Site Cleanup Fund</u>	<u>Health Care Subsidy Fund</u>
\$ -	\$ -	\$ 2,878,391	\$ 3,243,131
11,280,191	-	160,245,163	34,314,292
-	-	-	-
-	420,480	3,892,159	31,735,243
-	-	-	-
-	-	8,000,000	-
-	621,926	-	14,682,347
-	-	-	-
<u>\$ 11,280,191</u>	<u>\$ 1,042,406</u>	<u>\$ 175,015,713</u>	<u>\$ 83,975,013</u>
\$ 2,191,267	\$ -	\$ 94,701	\$ -
-	-	-	-
1,830,000	-	15,248,324	83,287,669
-	-	-	-
<u>4,021,267</u>	<u>-</u>	<u>15,343,025</u>	<u>83,287,669</u>
-	-	159,672,688	-
<u>7,258,924</u>	<u>1,042,406</u>	<u>-</u>	<u>687,344</u>
<u>7,258,924</u>	<u>1,042,406</u>	<u>159,672,688</u>	<u>687,344</u>
<u>\$ 11,280,191</u>	<u>\$ 1,042,406</u>	<u>\$ 175,015,713</u>	<u>\$ 83,975,013</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Horse Racing Injury Compensation Fund</u>	<u>Lead Hazard Control Assistance Fund</u>	<u>Luxury Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 147,847	\$ -	\$ 5,346
Investments	131,467	882,866	230,128
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	7,601,715
Loans	-	10,634,287	-
Other	-	215,840	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 279,314</u>	<u>\$ 11,732,993</u>	<u>\$ 7,837,189</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 113,005	\$ 7,837,189
Deferred revenue	-	-	-
Due to other funds	-	521,056	-
Other	-	-	-
Total Liabilities	<u>-</u>	<u>634,061</u>	<u>7,837,189</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>279,314</u>	<u>11,098,932</u>	<u>-</u>
Total Fund Balances	<u>279,314</u>	<u>11,098,932</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 279,314</u>	<u>\$ 11,732,993</u>	<u>\$ 7,837,189</u>

<u>Mandatory Continuing Legal Education Fund</u>	<u>Mortgage Servicing Settlement Fund</u>	<u>Municipal Landfill Closure and Remediation Fund</u>	<u>New Home Warranty Security Fund</u>	<u>New Jersey Building Authority</u>
\$ 4,791	\$ -	\$ 68,135	\$ 1,612,431	\$ 66,562
630,280	-	-	5,347,435	24,807,091
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	72,110,727	-	-	-
-	-	-	-	-
<u>\$ 635,071</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,959,866</u>	<u>\$ 24,873,653</u>
\$ 322,924	\$ -	\$ -	\$ -	\$ 22,705,464
-	-	-	-	-
-	-	-	626,241	-
-	-	-	-	200,807
<u>322,924</u>	<u>-</u>	<u>-</u>	<u>626,241</u>	<u>22,906,271</u>
-	-	-	-	1,967,382
<u>312,147</u>	<u>72,110,727</u>	<u>68,135</u>	<u>6,333,625</u>	<u>-</u>
<u>312,147</u>	<u>72,110,727</u>	<u>68,135</u>	<u>6,333,625</u>	<u>1,967,382</u>
<u>\$ 635,071</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,959,866</u>	<u>\$ 24,873,653</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>New Jersey Lawyers' Assistance Program</u>	<u>New Jersey Lawyer's Fund for Client Protection</u>	<u>New Jersey Racing Industry Special Fund</u>
ASSETS			
Cash and cash equivalents	\$ 5,911	\$ 3,128,416	\$ 1,989,433
Investments	1,729,644	19,856,706	2,878,344
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	1,597,372
Loans	-	-	-
Other	-	66,593	-
Due from other funds	-	-	-
Other	-	32,867	-
Total Assets	<u>\$ 1,735,555</u>	<u>\$ 23,084,582</u>	<u>\$ 6,465,149</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 191,211	\$ 315,960	\$ 1,769,142
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	<u>191,211</u>	<u>315,960</u>	<u>1,769,142</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>1,544,344</u>	<u>22,768,622</u>	<u>4,696,007</u>
Total Fund Balances	<u>1,544,344</u>	<u>22,768,622</u>	<u>4,696,007</u>
Total Liabilities and Fund Balances	<u>\$ 1,735,555</u>	<u>\$ 23,084,582</u>	<u>\$ 6,465,149</u>

<u>New Jersey Schools Development Authority</u>	<u>New Jersey Spill Compensation Fund</u>	<u>New Jersey Spinal Cord Research Fund</u>	<u>New Jersey Transportation Trust Fund Authority</u>	<u>New Jersey Workforce Development Partnership Fund</u>
\$ 2,044,610	\$ 1,989,279	\$ 777,562	\$ 97,254	\$ 291,538
360,427,072	6,105,465	10,671,604	428,835,505	24,696,830
-	-	-	-	-
-	-	745	-	29,778,567
-	-	-	-	-
2,824,890	11,100,039	-	-	-
-	-	3,996,481	94,904,008	2,740,064
-	-	-	6,165,577	-
<u>\$ 365,296,572</u>	<u>\$ 19,194,783</u>	<u>\$ 15,446,392</u>	<u>\$ 530,002,344</u>	<u>\$ 57,506,999</u>
\$ 67,116,982	\$ 14,284	\$ 466,070	\$ -	\$ 3,633,489
-	-	-	-	-
-	9,056,676	133,826	106,984,448	10,484,077
11,153,524	-	-	147,000	14,327
<u>78,270,506</u>	<u>9,070,960</u>	<u>599,896</u>	<u>107,131,448</u>	<u>14,131,893</u>
287,026,066	-	-	422,870,896	43,375,106
-	10,123,823	14,846,496	-	-
<u>287,026,066</u>	<u>10,123,823</u>	<u>14,846,496</u>	<u>422,870,896</u>	<u>43,375,106</u>
<u>\$ 365,296,572</u>	<u>\$ 19,194,783</u>	<u>\$ 15,446,392</u>	<u>\$ 530,002,344</u>	<u>\$ 57,506,999</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>Petroleum Overcharge Reimbursement Fund</u>	<u>Pollution Prevention Fund</u>	<u>Real Estate Guaranty Fund</u>
ASSETS			
Cash and cash equivalents	\$ 340,065	\$ 474,875	\$ 337,206
Investments	3,715,634	139,508	1,699,122
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	1,195,256	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	61,220	48,455
Other	-	-	-
Total Assets	<u>\$ 4,055,699</u>	<u>\$ 1,870,859</u>	<u>\$ 2,084,783</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	412,327	1,423,415	-
Other	-	-	-
Total Liabilities	<u>412,327</u>	<u>1,423,415</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>3,643,372</u>	<u>447,444</u>	<u>2,084,783</u>
Total Fund Balances	<u>3,643,372</u>	<u>447,444</u>	<u>2,084,783</u>
Total Liabilities and Fund Balances	<u>\$ 4,055,699</u>	<u>\$ 1,870,859</u>	<u>\$ 2,084,783</u>

<u>Remediation Guarantee Fund</u>	<u>Safe Drinking Water Fund</u>	<u>Sanitary Landfill Facility Contingency Fund</u>	<u>State Disability Benefit Fund</u>	<u>State-Owned Real Property Fund</u>
\$ 698,367	\$ 1,224,236	\$ 1,036,576	\$ 26,323	\$ 1,622,820
9,110,957	2,914,669	17,765,415	117,179,509	2,124,691
-	-	-	-	-
-	79,787	55,544	165,164,029	-
-	-	-	-	-
-	-	-	1,224,179	-
-	-	-	17,879,553	-
-	-	-	-	-
<u>\$ 9,809,324</u>	<u>\$ 4,218,692</u>	<u>\$ 18,857,535</u>	<u>\$ 301,473,593</u>	<u>\$ 3,747,511</u>
\$ -	\$ -	\$ -	\$ 36,222,786	\$ -
-	-	-	-	-
-	2,718,713	-	7,848,311	-
-	-	-	63,443	-
<u>-</u>	<u>2,718,713</u>	<u>-</u>	<u>44,134,540</u>	<u>-</u>
9,809,324	-	-	257,339,053	-
-	1,499,979	18,857,535	-	3,747,511
<u>9,809,324</u>	<u>1,499,979</u>	<u>18,857,535</u>	<u>257,339,053</u>	<u>3,747,511</u>
<u>\$ 9,809,324</u>	<u>\$ 4,218,692</u>	<u>\$ 18,857,535</u>	<u>\$ 301,473,593</u>	<u>\$ 3,747,511</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>State Recycling Fund</u>	<u>Superior Court of New Jersey Trust Fund</u>	<u>Supplemental Workforce Fund for Basic Skills</u>
ASSETS			
Cash and cash equivalents	\$ 717,669	\$ 347,733	\$ 594,185
Investments	16,464,116	185,861,899	7,363,587
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	11,258	-	8,504,406
Loans	-	-	-
Other	-	-	-
Due from other funds	5,673,103	-	343,708
Other	-	-	-
Total Assets	<u>\$ 22,866,146</u>	<u>\$ 186,209,632</u>	<u>\$ 16,805,886</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 2,121	\$ 185,910,281	\$ 682,432
Deferred revenue	-	-	-
Due to other funds	1,357,930	-	1,083,812
Other	-	-	-
Total Liabilities	<u>1,360,051</u>	<u>185,910,281</u>	<u>1,766,244</u>
Fund Balances			
Restricted	-	-	15,039,642
Committed	21,506,095	299,351	-
Total Fund Balances	<u>21,506,095</u>	<u>299,351</u>	<u>15,039,642</u>
Total Liabilities and Fund Balances	<u>\$ 22,866,146</u>	<u>\$ 186,209,632</u>	<u>\$ 16,805,886</u>

Tobacco Settlement Financing Corporation	Tobacco Settlement Fund	Tourism Improvement and Development Act	Trial Attorney Certification Program	Unclaimed Child Support Trust Fund
\$ -	\$ 72	\$ 52,760	\$ 3,192	\$ 320,177
293,170,000	3,469	907	187,069	2,721,435
-	-	-	-	-
-	-	1,309,451	-	-
-	-	-	-	-
115,500,000	-	-	2,036	-
-	27,419,700	-	-	-
-	-	-	-	-
<u>\$ 408,670,000</u>	<u>\$ 27,423,241</u>	<u>\$ 1,363,118</u>	<u>\$ 192,297</u>	<u>\$ 3,041,612</u>
\$ 23,300	\$ -	\$ 1,238,118	\$ 80,788	\$ -
115,500,000	-	-	-	-
27,419,700	27,419,700	125,000	-	-
-	-	-	-	-
<u>142,943,000</u>	<u>27,419,700</u>	<u>1,363,118</u>	<u>80,788</u>	<u>-</u>
265,727,000	-	-	-	-
-	3,541	-	111,509	3,041,612
<u>265,727,000</u>	<u>3,541</u>	<u>-</u>	<u>111,509</u>	<u>3,041,612</u>
<u>\$ 408,670,000</u>	<u>\$ 27,423,241</u>	<u>\$ 1,363,118</u>	<u>\$ 192,297</u>	<u>\$ 3,041,612</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Unclaimed Utility Deposits Trust Fund</u>	<u>Unemployment Compensation Auxiliary Fund</u>	<u>Unemployment Compensation Interest Repayment Fund</u>
ASSETS			
Cash and cash equivalents	\$ 74,301	\$ 154	\$ -
Investments	7,428,230	3,448,501	7,806,458
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	32,990,421
Loans	-	-	-
Other	-	4,400,000	-
Due from other funds	-	-	1,141,047
Other	-	-	-
Total Assets	<u>\$ 7,502,531</u>	<u>\$ 7,848,655</u>	<u>\$ 41,937,926</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	8,997	3,623,050	-
Other	-	-	34,469,673
Total Liabilities	<u>8,997</u>	<u>3,623,050</u>	<u>34,469,673</u>
Fund Balances			
Restricted	-	-	-
Committed	7,493,534	4,225,605	7,468,253
Total Fund Balances	<u>7,493,534</u>	<u>4,225,605</u>	<u>7,468,253</u>
Total Liabilities and Fund Balances	<u>\$ 7,502,531</u>	<u>\$ 7,848,655</u>	<u>\$ 41,937,926</u>

Universal Services Fund	University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund	Vietnam Veterans' Memorial Fund	Volunteer Emergency Service Organizations Loan Fund	Wastewater Treatment Fund
\$ 2,984,934	\$ 1,282,880	\$ 7,376	\$ 708,485	\$ 1,304,306
30,523,078	355,517	318	2,112,508	321,617,733
-	-	-	-	-
20,772,928	2,161,000	-	-	-
-	-	-	630,173	916,008,017
22,396,018	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 76,676,958</u>	<u>\$ 3,799,397</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>
\$ 16,302,117	\$ 681,097	\$ -	\$ -	\$ -
-	-	-	-	-
59,346,159	-	-	-	-
-	-	-	-	-
<u>75,648,276</u>	<u>681,097</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,238,930,056
<u>1,028,682</u>	<u>3,118,300</u>	<u>7,694</u>	<u>3,451,166</u>	<u>-</u>
<u>1,028,682</u>	<u>3,118,300</u>	<u>7,694</u>	<u>3,451,166</u>	<u>1,238,930,056</u>
<u>\$ 76,676,958</u>	<u>\$ 3,799,397</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>Water Supply Replacement Trust Fund</u>	<u>Worker and Community Right to Know Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 951	\$ 681,358	\$ 63,192,388
Investments	74,697	78,441	2,704,989,113
Receivables, net of allowances for uncollectibles			
Federal government	-	-	537,926
Departmental accounts	-	3,271,810	431,012,903
Loans	-	-	1,290,284,203
Other	-	-	190,304,472
Due from other funds	-	90,780	257,599,368
Other	-	-	6,198,444
Total Assets	<u>\$ 75,648</u>	<u>\$ 4,122,389</u>	<u>\$ 4,944,118,817</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 447,844,371
Deferred revenue	-	-	122,396,257
Due to other funds	-	3,486,618	428,011,664
Other	-	-	46,048,774
Total Liabilities	<u>-</u>	<u>3,486,618</u>	<u>1,044,301,066</u>
Fund Balances			
Restricted	-	-	3,478,942,716
Committed	75,648	635,771	420,875,035
Total Fund Balances	<u>75,648</u>	<u>635,771</u>	<u>3,899,817,751</u>
Total Liabilities and Fund Balances	<u>\$ 75,648</u>	<u>\$ 4,122,389</u>	<u>\$ 4,944,118,817</u>

(This page left intentionally blank)

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, 2012

	<u>Alcohol Education, Rehabilitation and Enforcement Fund</u>	<u>Atlantic City Parking Fees Fund</u>	<u>Atlantic City Projects-Room Fund</u>
REVENUES			
Taxes	\$ 11,000,000	\$ 25,284,350	\$ 31,928,908
Federal and other grants	-	-	-
Licenses and fees	2,078,400	-	-
Services and assessments	-	-	-
Investment earnings	9,328	338	4,097
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>13,087,728</u>	<u>25,284,688</u>	<u>31,933,005</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	1,652,807	-	-
Physical and mental health	9,830,812	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	25,387,191	36,317,963
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>11,483,619</u>	<u>25,387,191</u>	<u>36,317,963</u>
Excess (deficiency) of revenues over expenditures	<u>1,604,109</u>	<u>(102,503)</u>	<u>(4,384,958)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,488,516)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(1,488,516)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>115,593</u>	<u>(102,503)</u>	<u>(4,384,958)</u>
Fund Balances - July 1, 2011	<u>5,674,655</u>	<u>102,503</u>	<u>4,384,958</u>
Fund Balances - June 30, 2012	<u>\$ 5,790,248</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Atlantic City Tourism Promotion Fund</u>	<u>Board of Bar Examiners</u>	<u>Boarding House Rental Assistance Fund</u>	<u>Body Armor Replacement Fund</u>
\$ 4,234,369	\$ -	\$ -	\$ -
-	-	-	-
-	3,025,668	-	-
-	-	-	-
1,373	9,112	261	7,574
-	-	-	-
-	80,660	8,027	4,073,443
<u>4,235,742</u>	<u>3,115,440</u>	<u>8,288</u>	<u>4,081,017</u>
-	3,139,926	-	4,259,200
-	-	-	-
-	-	-	-
-	-	-	-
5,007,202	-	-	-
-	-	-	-
84,493	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>5,091,695</u>	<u>3,139,926</u>	<u>-</u>	<u>4,259,200</u>
<u>(855,953)</u>	<u>(24,486)</u>	<u>8,288</u>	<u>(178,183)</u>
-	-	-	-
-	-	-	29,968
-	-	-	(19,432)
-	-	-	-
-	-	-	-
-	-	-	10,536
<u>(855,953)</u>	<u>(24,486)</u>	<u>8,288</u>	<u>(167,647)</u>
855,953	5,024,669	1,262,268	6,320,682
<u>\$ -</u>	<u>\$ 5,000,183</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>

(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, 2012

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Casino Simulcasting Fund</u>
REVENUES			
Taxes	\$ -	\$ 238,876,603	\$ -
Federal and other grants	-	-	-
Licenses and fees	51,397,177	-	-
Services and assessments	-	-	-
Investment earnings	10,837	-	28
Contributions	-	-	-
Other	-	83,364,264	337,879
Total Revenues	<u>51,408,014</u>	<u>322,240,867</u>	<u>337,907</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	44,472,333	-	-
Physical and mental health	-	268,782,078	-
Educational, cultural, and intellectual development	-	32,516,000	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	2,196,000	-
Transportation programs	-	20,885,266	-
Government direction, management, and control	7,781,953	-	-
Special government services	-	92,000	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>52,254,286</u>	<u>324,471,344</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(846,272)</u>	<u>(2,230,477)</u>	<u>337,907</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	5,388,828	-
Transfers to other funds	-	-	(337,907)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,388,828</u>	<u>(337,907)</u>
Net Change in Fund Balance	<u>(846,272)</u>	<u>3,158,351</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>4,462,571</u>	<u>29,487,930</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 3,616,299</u>	<u>\$ 32,646,281</u>	<u>\$ -</u>

<u>Casino Simulcasting Special Fund</u>	<u>Catastrophic Illness in Children Relief Fund</u>	<u>Clean Communities Account Fund</u>	<u>Clean Energy Fund</u>
\$ -	\$ -	\$ 18,616,945	\$ -
-	-	-	44,857,341
-	-	-	-
-	8,047,847	-	370,588,825
3,870	2,172	7,536	781,129
-	100	-	-
<u>3,635,487</u>	<u>-</u>	<u>-</u>	<u>40,769</u>
<u>3,639,357</u>	<u>8,050,119</u>	<u>18,624,481</u>	<u>416,268,064</u>
3,687,861	-	-	-
-	81,355	-	-
-	-	-	-
-	-	18,200,601	-
-	-	-	266,085,946
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,687,861</u>	<u>81,355</u>	<u>18,200,601</u>	<u>266,085,946</u>
<u>(48,504)</u>	<u>7,968,764</u>	<u>423,880</u>	<u>150,182,118</u>
-	-	-	-
-	-	-	-
-	(7,677,647)	-	(255,096,555)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(48,504)</u>	<u>(7,677,647)</u>	<u>-</u>	<u>(255,096,555)</u>
2,772,094	291,117	423,880	(104,914,437)
<u>2,772,094</u>	<u>1,784,363</u>	<u>3,955,250</u>	<u>217,466,918</u>
<u>\$ 2,723,590</u>	<u>\$ 2,075,480</u>	<u>\$ 4,379,130</u>	<u>\$ 112,552,481</u>

(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, 2012

	<u>Clean Water State Revolving Fund</u>	<u>Disciplinary Oversight Committee</u>	<u>Division of Motor Vehicles Surcharge Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	33,053,693	-	-
Licenses and fees	-	10,848,538	-
Services and assessments	-	-	146,960,331
Investment earnings	25	19,613	2,110
Contributions	-	-	-
Other	-	432,699	-
Total Revenues	<u>33,053,718</u>	<u>11,300,850</u>	<u>146,962,441</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	10,873,691	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	8,944,175	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	146,962,441
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>8,944,175</u>	<u>10,873,691</u>	<u>146,962,441</u>
Excess (deficiency) of revenues over expenditures	<u>24,109,543</u>	<u>427,159</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,370,605)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(1,370,605)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>22,738,938</u>	<u>427,159</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>56,656,006</u>	<u>3,956,319</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 79,394,944</u>	<u>\$ 4,383,478</u>	<u>\$ -</u>

<u>Drinking Water State Revolving Fund</u>	<u>Emergency Medical Technician Training Fund</u>	<u>Enterprise Zone Assistance Fund</u>	<u>Fund for Support of Free Public Schools</u>	<u>Garden State Farmland Preservation Trust Fund</u>
\$ -	\$ -	\$ 101,322,267	\$ -	\$ -
21,598,229	-	-	-	-
-	-	-	11,391,764	-
-	2,074,333	-	-	-
108,382	174	112,012	166,585	120,206
-	-	-	-	-
-	-	-	-	156,335
<u>21,706,611</u>	<u>2,074,507</u>	<u>101,434,279</u>	<u>11,558,349</u>	<u>276,541</u>
-	-	-	-	-
-	1,539,709	-	-	-
-	-	-	-	-
4,110,964	-	16,013,341	-	16,254,776
-	-	146,559,800	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,110,964</u>	<u>1,539,709</u>	<u>162,573,141</u>	<u>-</u>	<u>16,254,776</u>
<u>17,595,647</u>	<u>534,798</u>	<u>(61,138,862)</u>	<u>11,558,349</u>	<u>(15,978,235)</u>
-	-	-	-	-
28,105,770	-	-	-	-
(3,010,780)	(59,673)	(100,426,242)	(5,915,958)	(2,824,125)
-	-	-	-	-
-	-	-	-	-
<u>25,094,990</u>	<u>(59,673)</u>	<u>(100,426,242)</u>	<u>(5,915,958)</u>	<u>(2,824,125)</u>
<u>42,690,637</u>	<u>475,125</u>	<u>(161,565,104)</u>	<u>5,642,391</u>	<u>(18,802,360)</u>
<u>293,721,791</u>	<u>260,647</u>	<u>167,270,855</u>	<u>133,731,923</u>	<u>84,770,294</u>
<u>\$ 336,412,428</u>	<u>\$ 735,772</u>	<u>\$ 5,705,751</u>	<u>\$ 139,374,314</u>	<u>\$ 65,967,934</u>

(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, 2012

	Garden State Green Acres Preservation Trust Fund	Garden State Historic Preservation Trust Fund	Garden State Preservation Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	1,588,166	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	152,380	22,311	-
Contributions	-	-	-
Other	1,844,381	641	-
Total Revenues	<u>3,584,927</u>	<u>22,952</u>	<u>-</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	32,839,365	-	-
Economic planning, development, and security	-	2,278,977	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	44,650,000
Interest	-	-	45,333,245
Total Expenditures	<u>32,839,365</u>	<u>2,278,977</u>	<u>89,983,245</u>
Excess (deficiency) of revenues over expenditures	<u>(29,254,438)</u>	<u>(2,256,025)</u>	<u>(89,983,245)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	89,983,245
Transfers to other funds	(5,665,576)	(241,049)	-
Other sources	-	-	335,742,746
Other uses	-	-	(335,742,746)
Total other financing sources (uses)	<u>(5,665,576)</u>	<u>(241,049)</u>	<u>89,983,245</u>
Net Change in Fund Balance	<u>(34,920,014)</u>	<u>(2,497,074)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>175,422,004</u>	<u>15,955,487</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 140,501,990</u>	<u>\$ 13,458,413</u>	<u>\$ -</u>

Global Warming Solutions Fund	Gubernatorial Elections Fund	Hazardous Discharge Site Cleanup Fund	Health Care Subsidy Fund	Horse Racing Injury Compensation Fund
\$ -	\$ -	\$ -	\$ 429,515,680	\$ -
-	-	-	-	-
-	-	6,678,038	-	-
-	-	48,015,722	286,483,205	1,760,360
12,180	-	235,214	55,387	472
-	-	-	-	-
8,213,358	561,095	-	-	-
<u>8,225,538</u>	<u>561,095</u>	<u>54,928,974</u>	<u>716,054,272</u>	<u>1,760,832</u>
-	-	-	-	2,400,909
-	-	-	-	-
-	-	-	-	-
2,469,014	-	5,781,543	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,469,014</u>	<u>-</u>	<u>5,781,543</u>	<u>-</u>	<u>2,400,909</u>
<u>5,756,524</u>	<u>561,095</u>	<u>49,147,431</u>	<u>716,054,272</u>	<u>(640,077)</u>
-	-	-	-	-
-	-	638,359	-	-
(1,830,000)	-	(36,813,487)	(728,816,907)	-
-	-	-	-	-
-	-	-	-	-
<u>(1,830,000)</u>	<u>-</u>	<u>(36,175,128)</u>	<u>(728,816,907)</u>	<u>-</u>
3,926,524	561,095	12,972,303	(12,762,635)	(640,077)
3,332,400	481,311	146,700,385	13,449,979	919,391
<u>\$ 7,258,924</u>	<u>\$ 1,042,406</u>	<u>\$ 159,672,688</u>	<u>\$ 687,344</u>	<u>\$ 279,314</u>

(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, 2012

	<u>Lead Hazard Control Assistance Fund</u>	<u>Legal Services Fund</u>	<u>Luxury Tax Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 33,336,623
Federal and other grants	-	-	-
Licenses and fees	1,610,997	9,557,048	-
Services and assessments	-	-	-
Investment earnings	3,104	-	356
Contributions	-	-	-
Other	1,933	-	-
Total Revenues	<u>1,616,034</u>	<u>9,557,048</u>	<u>33,336,979</u>
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	1,090,672	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	33,572,097
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>1,090,672</u>	<u>-</u>	<u>33,572,097</u>
Excess (deficiency) of revenues over expenditures	<u>525,362</u>	<u>9,557,048</u>	<u>(235,118)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(521,056)	(9,557,048)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(521,056)</u>	<u>(9,557,048)</u>	<u>-</u>
Net Change in Fund Balance	4,306	-	(235,118)
Fund Balances - July 1, 2011	11,094,626	-	235,118
Fund Balances - June 30, 2012	<u>\$ 11,098,932</u>	<u>\$ -</u>	<u>\$ -</u>

Mandatory Continuing Legal Education Fund	Mortgage Servicing Settlement Fund	Municipal Landfill Closure and Remediation Fund	New Home Warranty Security Fund	New Jersey Building Authority
\$ -	\$ -	\$ 6,945,112	\$ -	\$ -
-	-	-	-	-
807,965	-	-	533,442	-
-	-	-	2,183,958	-
1,580	-	-	14,647	27,819
-	-	-	-	-
-	<u>72,110,727</u>	-	<u>32,766</u>	-
<u>809,545</u>	<u>72,110,727</u>	<u>6,945,112</u>	<u>2,764,813</u>	<u>27,819</u>
497,398	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	6,945,112	934,326	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	23,673,184
-	-	-	-	-
-	-	-	-	21,680,263
-	-	-	-	<u>26,876,848</u>
<u>497,398</u>	<u>-</u>	<u>6,945,112</u>	<u>934,326</u>	<u>72,230,295</u>
<u>312,147</u>	<u>72,110,727</u>	<u>-</u>	<u>1,830,487</u>	<u>(72,202,476)</u>
-	-	-	-	-
-	-	-	-	49,960,467
-	-	-	(3,626,241)	-
-	-	-	-	59,964,577
-	-	-	-	<u>(59,914,710)</u>
-	-	-	<u>(3,626,241)</u>	<u>50,010,334</u>
<u>312,147</u>	<u>72,110,727</u>	<u>-</u>	<u>(1,795,754)</u>	<u>(22,192,142)</u>
-	-	68,135	8,129,379	24,159,524
<u>\$ 312,147</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,333,625</u>	<u>\$ 1,967,382</u>

(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, 2012

	<u>New Jersey Lawyers' Assistance Program</u>	<u>New Jersey Lawyers' Fund for Client Protection</u>	<u>New Jersey Racing Industry Special Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	806,097	4,014,124	-
Services and assessments	-	-	481,299
Investment earnings	2,549	211,731	4,208
Contributions	-	-	-
Other	-	769,219	15,403,570
Total Revenues	<u>808,646</u>	<u>4,995,074</u>	<u>15,889,077</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	701,165	4,086,010	16,887,724
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	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>701,165</u>	<u>4,086,010</u>	<u>16,887,724</u>
Excess (deficiency) of revenues over expenditures	<u>107,481</u>	<u>909,064</u>	<u>(998,647)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>107,481</u>	<u>909,064</u>	<u>(998,647)</u>
Fund Balances - July 1, 2011	<u>1,436,863</u>	<u>21,859,558</u>	<u>5,694,654</u>
Fund Balances - June 30, 2012	<u>\$ 1,544,344</u>	<u>\$ 22,768,622</u>	<u>\$ 4,696,007</u>

<u>New Jersey Schools Development Authority</u>	<u>New Jersey Spill Compensation Fund</u>	<u>New Jersey Spinal Cord Research Fund</u>	<u>New Jersey Transportation Trust Fund Authority</u>	<u>New Jersey Workforce Development Partnership Fund</u>
\$ -	\$ 28,043,560	\$ -	\$ -	\$ 101,065,430
-	-	-	38,722,469	-
4,579	3,182,066	-	-	-
-	-	-	-	-
546,039	13,848	15,780	454,024	65,710
-	-	-	-	-
312,182	342,360	3,996,481	66,000,000	-
<u>862,800</u>	<u>31,581,834</u>	<u>4,012,261</u>	<u>105,176,493</u>	<u>101,131,140</u>
-	-	-	-	-
-	-	2,906,028	-	-
186,777,973	-	-	-	-
-	4,043,224	-	-	-
-	-	-	-	28,465,186
-	-	-	7,439,936	-
-	-	-	-	-
-	-	-	-	-
-	-	-	306,094,048	-
-	-	-	597,726,325	-
<u>186,777,973</u>	<u>4,043,224</u>	<u>2,906,028</u>	<u>911,260,309</u>	<u>28,465,186</u>
<u>(185,915,173)</u>	<u>27,538,610</u>	<u>1,106,233</u>	<u>(806,083,816)</u>	<u>72,665,954</u>
-	-	-	1,315,000,000	-
-	-	-	956,667,000	-
-	(24,207,129)	(133,826)	(1,169,498,617)	(79,881,962)
-	-	-	51,941,986	-
-	-	-	-	-
-	(24,207,129)	(133,826)	1,154,110,369	(79,881,962)
<u>(185,915,173)</u>	<u>3,331,481</u>	<u>972,407</u>	<u>348,026,553</u>	<u>(7,216,008)</u>
472,941,239	6,792,342	13,874,089	74,844,343	50,591,114
<u>\$ 287,026,066</u>	<u>\$ 10,123,823</u>	<u>\$ 14,846,496</u>	<u>\$ 422,870,896</u>	<u>\$ 43,375,106</u>

(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, 2012

	<u>Petroleum Overcharge Reimbursement Fund</u>	<u>Pollution Prevention Fund</u>	<u>Real Estate Guaranty Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	48,455
Services and assessments	-	1,286,526	-
Investment earnings	6,174	714	2,628
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>6,174</u>	<u>1,287,240</u>	<u>51,083</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	1,500,000	-	-
Economic planning, development, and security	-	-	12,798
Transportation programs	-	-	-
Government direction, management, and control	300,295	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>1,800,295</u>	<u>-</u>	<u>12,798</u>
Excess (deficiency) of revenues over expenditures	<u>(1,794,121)</u>	<u>1,287,240</u>	<u>38,285</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(412,326)	(1,423,415)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(412,326)</u>	<u>(1,423,415)</u>	<u>-</u>
Net Change in Fund Balance	<u>(2,206,447)</u>	<u>(136,175)</u>	<u>38,285</u>
Fund Balances - July 1, 2011	<u>5,849,819</u>	<u>583,619</u>	<u>2,046,498</u>
Fund Balances - June 30, 2012	<u>\$ 3,643,372</u>	<u>\$ 447,444</u>	<u>\$ 2,084,783</u>

<u>Remediation Guarantee Fund</u>	<u>Safe Drinking Water Fund</u>	<u>Sanitary Landfill Facility Contingency Fund</u>	<u>State Disability Benefit Fund</u>	<u>State-Owned Real Property Fund</u>
\$ 3,952,580	\$ 2,822,735	\$ -	\$ 468,653,872	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	1,718,714	30,077,088	-
9,353	4,315	24,800	259,518	2,574
-	-	-	-	-
-	-	695	2,208,293	661,400
<u>3,961,933</u>	<u>2,827,050</u>	<u>1,744,209</u>	<u>501,198,771</u>	<u>663,974</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	120,715	-	-
-	-	-	516,567,225	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>120,715</u>	<u>516,567,225</u>	<u>-</u>
<u>3,961,933</u>	<u>2,827,050</u>	<u>1,623,494</u>	<u>(15,368,454)</u>	<u>663,974</u>
-	-	-	-	-
-	-	-	-	1,200,000
-	(2,718,713)	-	(39,652,427)	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(2,718,713)</u>	<u>-</u>	<u>(39,652,427)</u>	<u>1,200,000</u>
<u>3,961,933</u>	<u>108,337</u>	<u>1,623,494</u>	<u>(55,020,881)</u>	<u>1,863,974</u>
<u>5,847,391</u>	<u>1,391,642</u>	<u>17,234,041</u>	<u>312,359,934</u>	<u>1,883,537</u>
<u>\$ 9,809,324</u>	<u>\$ 1,499,979</u>	<u>\$ 18,857,535</u>	<u>\$ 257,339,053</u>	<u>\$ 3,747,511</u>

(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, 2012

	<u>State Recycling Fund</u>	<u>Superior Court of New Jersey Trust Fund</u>	<u>Supplemental Workforce Fund for Basic Skills</u>
REVENUES			
Taxes	\$ 24,312,987	\$ -	\$ 28,341,819
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	31,388	317,906	17,690
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>24,344,375</u>	<u>317,906</u>	<u>28,359,509</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	466,412	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	19,031,532	-	-
Economic planning, development, and security	-	-	26,283,281
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>19,031,532</u>	<u>466,412</u>	<u>26,283,281</u>
Excess (deficiency) of revenues over expenditures	<u>5,312,843</u>	<u>(148,506)</u>	<u>2,076,228</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(21,357,930)	-	(1,055,220)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(21,357,930)</u>	<u>-</u>	<u>(1,055,220)</u>
Net Change in Fund Balance	<u>(16,045,087)</u>	<u>(148,506)</u>	<u>1,021,008</u>
Fund Balances - July 1, 2011	<u>37,551,182</u>	<u>447,857</u>	<u>14,018,634</u>
Fund Balances - June 30, 2012	<u>\$ 21,506,095</u>	<u>\$ 299,351</u>	<u>\$ 15,039,642</u>

<u>Tobacco Settlement Financing Corporation</u>	<u>Tobacco Settlement Fund</u>	<u>Tourism Improvement and Development Act</u>	<u>Trial Attorney Certification Program</u>	<u>Unclaimed Child Support Trust Fund</u>
\$ -	\$ -	\$ 5,550,181	\$ -	\$ -
-	-	-	-	-
-	-	-	256,050	-
-	-	-	-	-
4,133,000	3,562	49	1,800	4,209
-	-	-	-	-
<u>184,393,000</u>	<u>46,907,859</u>	<u>-</u>	<u>5,000</u>	<u>157,921</u>
<u>188,526,000</u>	<u>46,911,421</u>	<u>5,550,230</u>	<u>262,850</u>	<u>162,130</u>
-	-	-	172,860	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	5,425,190	-	-
-	-	-	-	-
94,000	-	53,667	-	16,457
-	-	-	-	-
25,820,000	-	-	-	-
<u>155,583,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>181,497,000</u>	<u>-</u>	<u>5,478,857</u>	<u>172,860</u>	<u>16,457</u>
<u>7,029,000</u>	<u>46,911,421</u>	<u>71,373</u>	<u>89,990</u>	<u>145,673</u>
-	-	-	-	-
-	-	-	-	-
-	(82,461,651)	(125,000)	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(82,461,651)</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>
<u>7,029,000</u>	<u>(35,550,230)</u>	<u>(53,627)</u>	<u>89,990</u>	<u>145,673</u>
258,698,000	35,553,771	53,627	21,519	2,895,939
<u>\$ 265,727,000</u>	<u>\$ 3,541</u>	<u>\$ -</u>	<u>\$ 111,509</u>	<u>\$ 3,041,612</u>

(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, 2012

	<u>Unclaimed Utility Deposits Trust Fund</u>	<u>Unemployment Compensation Auxiliary Fund</u>	<u>Unemployment Compensation Interest Repayment Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	40,971,051
Investment earnings	63,451	8,426	9,321
Contributions	-	-	-
Other	4,937,961	20,288,531	-
Total Revenues	<u>5,001,412</u>	<u>20,296,957</u>	<u>40,980,372</u>
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	-	-	48,372,150
Transportation programs	-	-	-
Government direction, management, and control	4,165,421	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>4,165,421</u>	<u>-</u>	<u>48,372,150</u>
Excess (deficiency) of revenues over expenditures	<u>835,991</u>	<u>20,296,957</u>	<u>(7,391,778)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(8,997)	(18,115,896)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(8,997)</u>	<u>(18,115,896)</u>	<u>-</u>
Net Change in Fund Balance	826,994	2,181,061	(7,391,778)
Fund Balances - July 1, 2011	<u>6,666,540</u>	<u>2,044,544</u>	<u>14,860,031</u>
Fund Balances - June 30, 2012	<u>\$ 7,493,534</u>	<u>\$ 4,225,605</u>	<u>\$ 7,468,253</u>

Universal Services Fund	University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund	Vietnam Veterans' Memorial Fund	Volunteer Emergency Service Organizations Loan Fund	Wastewater Treatment Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	19,958,488
-	-	-	-	-
289,715,863	8,694,000	-	-	-
33,428	2,055	-	3,267	527,400
-	-	79,035	-	-
-	-	-	18,041	404,067
<u>289,749,291</u>	<u>8,696,055</u>	<u>79,035</u>	<u>21,308</u>	<u>20,889,955</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	257,009
210,948,400	19,583,826	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	77,518	-	-
-	-	-	-	-
-	-	-	-	-
<u>210,948,400</u>	<u>19,583,826</u>	<u>77,518</u>	<u>-</u>	<u>257,009</u>
<u>78,800,891</u>	<u>(10,887,771)</u>	<u>1,517</u>	<u>21,308</u>	<u>20,632,946</u>
-	-	-	-	-
-	10,000,000	-	-	-
(84,346,159)	-	-	-	(28,105,770)
-	-	-	-	-
-	-	-	-	-
<u>(84,346,159)</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>(28,105,770)</u>
<u>(5,545,268)</u>	<u>(887,771)</u>	<u>1,517</u>	<u>21,308</u>	<u>(7,472,824)</u>
6,573,950	4,006,071	6,177	3,429,858	1,246,402,880
<u>\$ 1,028,682</u>	<u>\$ 3,118,300</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>

(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, 2012

	<u>Water Supply Replacement Trust Fund</u>	<u>Worker and Community Right to Know Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 1,563,804,021
Federal and other grants	-	-	159,778,386
Licenses and fees	-	-	106,240,408
Services and assessments	-	3,463,964	1,242,523,086
Investment earnings	116	2,042	8,675,287
Contributions	-	-	79,135
Other	-	-	521,701,044
Total Revenues	<u>116</u>	<u>3,466,006</u>	<u>3,602,801,367</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	93,298,296
Physical and mental health	-	-	283,139,982
Educational, cultural, and intellectual development	-	-	219,293,973
Community development and environmental management	-	-	137,445,697
Economic planning, development, and security	-	-	1,340,581,807
Transportation programs	-	-	28,325,202
Government direction, management, and control	-	-	216,704,008
Special government services	-	-	169,518
Debt Service:			
Principal	-	-	398,244,311
Interest	-	-	825,519,418
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,542,722,212</u>
Excess (deficiency) of revenues over expenditures	<u>116</u>	<u>3,466,006</u>	<u>60,079,155</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	1,315,000,000
Transfers from other funds	-	-	1,141,973,637
Transfers to other funds	-	(2,830,235)	(2,721,634,077)
Other sources	-	-	447,649,309
Other uses	-	-	(395,657,456)
Total other financing sources (uses)	<u>-</u>	<u>(2,830,235)</u>	<u>(212,668,587)</u>
Net Change in Fund Balance	<u>116</u>	<u>635,771</u>	<u>(152,589,432)</u>
Fund Balances - July 1, 2011	<u>75,532</u>	<u>-</u>	<u>4,052,407,183</u>
Fund Balances - June 30, 2012	<u>\$ 75,648</u>	<u>\$ 635,771</u>	<u>\$ 3,899,817,751</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	<u>Correctional Facilities Construction Fund</u>	<u>Correctional Facilities Construction Fund of 1987</u>	<u>Energy Conservation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 14,097	\$ 15,733	\$ 6,202
Investments	575,868	396,991	273,916
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Total Assets	<u>\$ 589,965</u>	<u>\$ 412,724</u>	<u>\$ 280,118</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 15,976	\$ -
Due to other funds	<u>575,939</u>	<u>258,204</u>	<u>424</u>
Total Liabilities	<u>575,939</u>	<u>274,180</u>	<u>424</u>
Fund Balances			
Restricted	14,026	138,544	279,694
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>14,026</u>	<u>138,544</u>	<u>279,694</u>
Total Liabilities and Fund Balances	<u>\$ 589,965</u>	<u>\$ 412,724</u>	<u>\$ 280,118</u>

<u>Human Services Facilities Construction Fund</u>	<u>Motor Vehicle Commission Fund</u>	<u>New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund</u>
\$ 119,951	\$ 1,820,452	\$ 6,452
5,670	8,829,188	6,167,798
-	-	-
-	-	-
-	-	-
-	32,716,846	-
-	-	-
<u>\$ 125,621</u>	<u>\$ 43,366,486</u>	<u>\$ 6,174,250</u>
\$ 15,573	\$ 1,643,993	\$ -
<u>23</u>	<u>10,000,000</u>	<u>3,799,669</u>
<u>15,596</u>	<u>11,643,993</u>	<u>3,799,669</u>
110,025	-	2,374,581
-	31,722,493	-
<u>110,025</u>	<u>31,722,493</u>	<u>2,374,581</u>
<u>\$ 125,621</u>	<u>\$ 43,366,486</u>	<u>\$ 6,174,250</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS (Continued)
JUNE 30, 2012**

	<u>Public Purpose Buildings and Community-Based Facilities Construction Fund</u>	<u>Public Purpose Buildings Construction Fund</u>	<u>Special Transportation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 144,955	\$ 105,174	\$ -
Investments	750,497	2,545	-
Receivables, net of allowances for uncollectibles			
Federal government	-	-	99,645,602
Departmental accounts	-	-	34,901,418
Loans	-	-	5,000,000
Other	-	-	2,402
Due from other funds	-	-	106,984,448
Total Assets	<u>\$ 895,452</u>	<u>\$ 107,719</u>	<u>\$ 246,533,870</u>
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 127,025,230
Due to other funds	<u>505,125</u>	<u>120</u>	<u>119,508,640</u>
Total Liabilities	<u>505,125</u>	<u>120</u>	<u>246,533,870</u>
 Fund Balances			
Restricted	390,327	107,599	-
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>390,327</u>	<u>107,599</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 895,452</u>	<u>\$ 107,719</u>	<u>\$ 246,533,870</u>

<u>State Facilities for Handicapped Fund</u>	<u>1999 Statewide Transportation and Local Bridge Fund</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 904	\$ 204,107	\$ 2,438,027
3,629	12,049,914	29,056,016
-	-	99,645,602
-	-	34,901,418
-	-	5,000,000
-	-	32,719,248
-	-	106,984,448
<u>\$ 4,533</u>	<u>\$ 12,254,021</u>	<u>\$ 310,744,759</u>
\$ -	\$ -	\$ 128,700,772
-	20,160	134,668,304
-	20,160	263,369,076
4,533	12,233,861	15,653,190
-	-	31,722,493
<u>4,533</u>	<u>12,233,861</u>	<u>47,375,683</u>
<u>\$ 4,533</u>	<u>\$ 12,254,021</u>	<u>\$ 310,744,759</u>

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, 2012

	<u>Correctional Facilities Construction Fund</u>	<u>Correctional Facilities Construction Fund of 1987</u>	<u>Energy Conservation Fund</u>
REVENUES			
Federal and other grants	\$ -	\$ -	\$ -
Services and assessments	-	-	-
Investment earnings	892	654	424
Other	-	-	-
Total Revenues	<u>892</u>	<u>654</u>	<u>424</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	61,809	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	<u>575,047</u>	<u>257,550</u>	<u>-</u>
Total Expenditures	<u>575,047</u>	<u>319,359</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(574,155)</u>	<u>(318,705)</u>	<u>424</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	<u>(892)</u>	<u>(654)</u>	<u>(424)</u>
Total other financing sources (uses)	<u>(892)</u>	<u>(654)</u>	<u>(424)</u>
Net Change in Fund Balance	<u>(575,047)</u>	<u>(319,359)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>589,073</u>	<u>457,903</u>	<u>279,694</u>
Fund Balances - June 30, 2012	<u>\$ 14,026</u>	<u>\$ 138,544</u>	<u>\$ 279,694</u>

<u>Human Services Facilities Construction Fund</u>	<u>Motor Vehicle Commission Fund</u>	<u>New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund</u>
\$ -	\$ -	\$ -
-	-	-
23	31,847	9,551
-	-	-
<u>23</u>	<u>31,847</u>	<u>9,551</u>
-	13,991,244	-
-	-	-
-	-	-
-	-	-
-	-	-
-	3,350	3,790,118
-	13,994,594	3,790,118
23	(13,962,747)	(3,780,567)
-	-	-
(23)	-	(9,551)
(23)	-	(9,551)
-	(13,962,747)	(3,790,118)
<u>110,025</u>	<u>45,685,240</u>	<u>6,164,699</u>
<u>\$ 110,025</u>	<u>\$ 31,722,493</u>	<u>\$ 2,374,581</u>

(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, 2012

	Public Purpose Buildings and Community-Based Facilities Construction Fund	Public Purpose Buildings Construction Fund	Special Transportation Fund
REVENUES			
Federal and other grants	\$ -	\$ -	\$ 739,265,396
Services and assessments	-	-	436,811
Investment earnings	1,184	120	-
Other	133,538	-	11,025,644
Total Revenues	<u>134,722</u>	<u>120</u>	<u>750,727,851</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	63,113	125,498	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	56,632	-	-
Transportation programs	-	-	1,920,226,468
Government direction, management, and control	503,941	-	-
Total Expenditures	<u>623,686</u>	<u>125,498</u>	<u>1,920,226,468</u>
Excess (deficiency) of revenues over expenditures	<u>(488,964)</u>	<u>(125,378)</u>	<u>(1,169,498,617)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	1,169,498,617
Transfers to other funds	(1,184)	(120)	-
Total other financing sources (uses)	<u>(1,184)</u>	<u>(120)</u>	<u>1,169,498,617</u>
Net Change in Fund Balance	(490,148)	(125,498)	-
Fund Balances - July 1, 2011	<u>880,475</u>	<u>233,097</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 390,327</u>	<u>\$ 107,599</u>	<u>\$ -</u>

<u>State Facilities for Handicapped Fund</u>	<u>1999 Statewide Transportation and Local Bridge Fund</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ 739,265,396
-	-	436,811
17	20,160	64,872
-	-	11,159,182
<u>17</u>	<u>20,160</u>	<u>750,926,261</u>
-	-	14,241,664
-	-	-
7,096	-	7,096
-	-	56,632
-	1,286,126	1,921,512,594
-	-	5,130,006
<u>7,096</u>	<u>1,286,126</u>	<u>1,940,947,992</u>
<u>(7,079)</u>	<u>(1,265,966)</u>	<u>(1,190,021,731)</u>
-	-	1,169,498,617
-	(20,160)	(33,008)
-	(20,160)	1,169,465,609
(7,079)	(1,286,126)	(20,556,122)
<u>11,612</u>	<u>13,519,987</u>	<u>67,931,805</u>
<u>\$ 4,533</u>	<u>\$ 12,233,861</u>	<u>\$ 47,375,683</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2012**

	<u>Alternate Benefit Program Fund</u>	<u>Dental Expense Program</u>	<u>Judiciary Bail Fund</u>
ASSETS			
Cash and cash equivalents	\$ 752,115	\$ 1,048,014	\$ 444,044
Investments	558,756	26,256,866	26,183,965
Receivables, net of allowances for uncollectibles			
Members	43,835	-	-
Employers	-	-	-
Due from other funds	<u>30,773,050</u>	<u>1,839,142</u>	<u>-</u>
Total Assets	<u><u>\$ 32,127,756</u></u>	<u><u>\$ 29,144,022</u></u>	<u><u>\$ 26,628,009</u></u>
LIABILITIES			
Accounts payable and accruals	\$ 32,028,529	\$ 29,050,956	\$ 26,628,009
Due to other funds	<u>99,227</u>	<u>93,066</u>	<u>-</u>
Total Liabilities	<u><u>\$ 32,127,756</u></u>	<u><u>\$ 29,144,022</u></u>	<u><u>\$ 26,628,009</u></u>

<u>Judiciary Child Support and Paternity Fund</u>	<u>Judiciary Probation Fund</u>	<u>Judiciary Special Civil Fund</u>
\$ 3,186,153	\$ 205,075	\$ 54,662
23,956,768	7,949,518	2,408,967
-	-	-
-	-	-
-	-	-
<u>\$ 27,142,921</u>	<u>\$ 8,154,593</u>	<u>\$ 2,463,629</u>
\$ 27,142,921	\$ 8,154,593	\$ 2,463,629
-	-	-
<u>\$ 27,142,921</u>	<u>\$ 8,154,593</u>	<u>\$ 2,463,629</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS (Continued)
JUNE 30, 2012

	<u>Luxury Tax Development Fund</u>	<u>Pension Adjustment Fund</u>	<u>Resource Recovery Investment Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 305,079	\$ 610,514	\$ 99,784
Investments	7,088,480	1,420,116	471,464
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	852,147	-
Due from other funds	-	9,435	-
Total Assets	<u>\$ 7,393,559</u>	<u>\$ 2,892,212</u>	<u>\$ 571,248</u>
LIABILITIES			
Accounts payable and accruals	\$ 7,393,559	\$ 2,412,989	\$ 571,248
Due to other funds	-	479,223	-
Total Liabilities	<u>\$ 7,393,559</u>	<u>\$ 2,892,212</u>	<u>\$ 571,248</u>

<u>Solid Waste Service Tax Fund</u>	<u>Wage and Hour Trust Fund</u>	<u>Total Agency Funds</u>
\$ 81,347	\$ 2,267,999	\$ 9,054,786
927,371	2,799,480	100,021,751
-	-	43,835
-	-	852,147
-	-	32,621,627
<u>\$ 1,008,718</u>	<u>\$ 5,067,479</u>	<u>\$ 142,594,146</u>
\$ 1,008,718	\$ 5,066,219	\$ 141,921,370
-	1,260	672,776
<u>\$ 1,008,718</u>	<u>\$ 5,067,479</u>	<u>\$ 142,594,146</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ALTERNATE BENEFIT PROGRAM FUND				
Assets				
Cash and cash equivalents	\$ 63,944	\$ 153,994,782	\$ 153,306,611	\$ 752,115
Investments	385,247	175,007,751	174,834,242	558,756
Receivables, net - members	43,667	43,835	43,667	43,835
Due from other funds	25,413,496	30,773,050	25,413,496	30,773,050
Total Assets	<u>\$ 25,906,354</u>	<u>\$ 359,819,418</u>	<u>\$ 353,598,016</u>	<u>\$ 32,127,756</u>
Liabilities				
Accounts payable	\$ 25,715,563	\$ 32,797,605	\$ 26,484,639	\$ 32,028,529
Due to other funds	190,791	99,227	190,791	99,227
Total Liabilities	<u>\$ 25,906,354</u>	<u>\$ 32,896,832</u>	<u>\$ 26,675,430</u>	<u>\$ 32,127,756</u>
DENTAL EXPENSE PROGRAM				
Assets				
Cash and cash equivalents	\$ 458,316	\$ 36,897,970	\$ 36,308,272	\$ 1,048,014
Investments	18,275,013	197,598,272	189,616,419	26,256,866
Due from other funds	-	1,839,142	-	1,839,142
Total Assets	<u>\$ 18,733,329</u>	<u>\$ 236,335,384</u>	<u>\$ 225,924,691</u>	<u>\$ 29,144,022</u>
Liabilities				
Accounts payable	\$ 18,596,234	\$ 63,563,843	\$ 53,109,121	\$ 29,050,956
Due to other funds	137,095	39,036	83,065	93,066
Total Liabilities	<u>\$ 18,733,329</u>	<u>\$ 63,602,879</u>	<u>\$ 53,192,186</u>	<u>\$ 29,144,022</u>
JUDICIARY BAIL FUND				
Assets				
Cash and cash equivalents	\$ 255,408	\$ 94,379,842	\$ 94,191,206	\$ 444,044
Investments	25,982,965	14,090,753	13,889,753	26,183,965
Total Assets	<u>\$ 26,238,373</u>	<u>\$ 108,470,595</u>	<u>\$ 108,080,959</u>	<u>\$ 26,628,009</u>
Liabilities				
Accounts payable	\$ 26,238,373	\$ 79,047,563	\$ 78,657,927	\$ 26,628,009
Due to other funds	-	80,753	80,753	-
Total Liabilities	<u>\$ 26,238,373</u>	<u>\$ 79,128,316</u>	<u>\$ 78,738,680</u>	<u>\$ 26,628,009</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
JUDICIARY CHILD SUPPORT AND PATERNITY FUND				
Assets				
Cash and cash equivalents	\$ 4,409,541	\$ 2,931,218,274	\$ 2,932,441,662	\$ 3,186,153
Investments	22,837,709	154,608,719	153,489,660	23,956,768
Total Assets	<u>\$ 27,247,250</u>	<u>\$ 3,085,826,993</u>	<u>\$ 3,085,931,322</u>	<u>\$ 27,142,921</u>
Liabilities				
Accounts payable	\$ 27,247,250	\$ 1,428,802,305	\$ 1,428,906,634	\$ 27,142,921
Total Liabilities	<u>\$ 27,247,250</u>	<u>\$ 1,428,802,305</u>	<u>\$ 1,428,906,634</u>	<u>\$ 27,142,921</u>
JUDICIARY PROBATION FUND				
Assets				
Cash and cash equivalents	\$ 84,720	\$ 65,270,829	\$ 65,150,474	\$ 205,075
Investments	8,995,519	16,022,741	17,068,742	7,949,518
Total Assets	<u>\$ 9,080,239</u>	<u>\$ 81,293,570</u>	<u>\$ 82,219,216</u>	<u>\$ 8,154,593</u>
Liabilities				
Accounts payable	\$ 9,080,239	\$ 48,783,004	\$ 49,708,650	\$ 8,154,593
Due to other funds	-	25,742	25,742	-
Total Liabilities	<u>\$ 9,080,239</u>	<u>\$ 48,808,746</u>	<u>\$ 49,734,392</u>	<u>\$ 8,154,593</u>
JUDICIARY SPECIAL CIVIL FUND				
Assets				
Cash and cash equivalents	\$ 52,206	\$ 55,058,546	\$ 55,056,090	\$ 54,662
Investments	1,911,967	20,275,910	19,778,910	2,408,967
Total Assets	<u>\$ 1,964,173</u>	<u>\$ 75,334,456</u>	<u>\$ 74,835,000</u>	<u>\$ 2,463,629</u>
Liabilities				
Accounts payable	\$ 1,964,173	\$ 35,252,212	\$ 34,752,756	\$ 2,463,629
Due to other funds	-	2,910	2,910	-
Total Liabilities	<u>\$ 1,964,173</u>	<u>\$ 35,255,122</u>	<u>\$ 34,755,666</u>	<u>\$ 2,463,629</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
LUXURY TAX DEVELOPMENT FUND				
Assets				
Cash and cash equivalents	\$ 235,062	\$ 1,570,017	\$ 1,500,000	\$ 305,079
Investments	8,575,813	12,667	1,500,000	7,088,480
Total Assets	<u>\$ 8,810,875</u>	<u>\$ 1,582,684</u>	<u>\$ 3,000,000</u>	<u>\$ 7,393,559</u>
Liabilities				
Accounts payable	\$ 8,810,875	\$ 1,582,684	\$ 3,000,000	\$ 7,393,559
Total Liabilities	<u>\$ 8,810,875</u>	<u>\$ 1,582,684</u>	<u>\$ 3,000,000</u>	<u>\$ 7,393,559</u>
PENSION ADJUSTMENT FUND				
Assets				
Cash and cash equivalents	\$ 1,878,696	\$ 3,105,846	\$ 4,374,028	\$ 610,514
Investments	476,192	5,552,470	4,608,546	1,420,116
Receivables, net - employers	1,274,762	3,861,184	4,283,799	852,147
Due from other funds	68,491	22,394	81,450	9,435
Total Assets	<u>\$ 3,698,141</u>	<u>\$ 12,541,894</u>	<u>\$ 13,347,823</u>	<u>\$ 2,892,212</u>
Liabilities				
Accounts payable	\$ 2,946,107	\$ -	\$ 533,118	\$ 2,412,989
Due to other funds	752,034	7,669,221	7,942,032	479,223
Total Liabilities	<u>\$ 3,698,141</u>	<u>\$ 7,669,221</u>	<u>\$ 8,475,150</u>	<u>\$ 2,892,212</u>
RESOURCE RECOVERY INVESTMENT TAX FUND				
Assets				
Cash and cash equivalents	\$ 99,784	\$ -	\$ -	\$ 99,784
Investments	470,735	729	-	471,464
Total Assets	<u>\$ 570,519</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 571,248</u>
Liabilities				
Accounts payable	\$ 570,519	\$ 729	\$ -	\$ 571,248
Total Liabilities	<u>\$ 570,519</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 571,248</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
SOLID WASTE SERVICE TAX FUND				
Assets				
Cash and cash equivalents	\$ 81,347	\$ -	\$ -	\$ 81,347
Investments	925,937	1,434	-	927,371
Total Assets	<u>\$ 1,007,284</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 1,008,718</u>
Liabilities				
Accounts payable	\$ 1,007,284	\$ 1,434	\$ -	\$ 1,008,718
Total Liabilities	<u>\$ 1,007,284</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 1,008,718</u>
 WAGE AND HOUR TRUST FUND				
Assets				
Cash and cash equivalents	\$ 1,896,756	\$ 2,007,946	\$ 1,636,703	\$ 2,267,999
Investments	2,798,219	1,261	-	2,799,480
Total Assets	<u>\$ 4,694,975</u>	<u>\$ 2,009,207</u>	<u>\$ 1,636,703</u>	<u>\$ 5,067,479</u>
Liabilities				
Accounts payable	\$ 4,694,025	\$ 2,007,946	\$ 1,635,752	\$ 5,066,219
Due to other funds	950	1,261	951	1,260
Total Liabilities	<u>\$ 4,694,975</u>	<u>\$ 2,009,207</u>	<u>\$ 1,636,703</u>	<u>\$ 5,067,479</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 9,515,780	\$ 3,343,504,052	\$ 3,343,965,046	\$ 9,054,786
Investments	91,635,316	583,172,707	574,786,272	100,021,751
Receivables, net - members	43,667	43,835	43,667	43,835
Receivables, net - employers	1,274,762	3,861,184	4,283,799	852,147
Due from other funds	25,481,987	32,634,586	25,494,946	32,621,627
Total Assets	<u>\$ 127,951,512</u>	<u>\$ 3,963,216,364</u>	<u>\$ 3,948,573,730</u>	<u>\$ 142,594,146</u>
Liabilities				
Accounts payable	\$ 126,870,642	\$ 1,691,839,325	\$ 1,676,788,597	\$ 141,921,370
Due to other funds	1,080,870	7,918,150	8,326,244	672,776
Total Liabilities	<u>\$ 127,951,512</u>	<u>\$ 1,699,757,475</u>	<u>\$ 1,685,114,841</u>	<u>\$ 142,594,146</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2012

	<u>Alternate Benefit Long-Term Disability Fund</u>	<u>Central Pension Fund</u>	<u>Consolidated Police and Firemen's Pension Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 39,061	\$ 425,590
Securities lending collateral	-	-	-
Investments	1,232,900	1,837	4,394,113
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	-	-
Interest and dividends	-	1	22
Due from other funds	323,165	-	24,724
Other	-	-	415,095
Total Assets	<u>1,556,065</u>	<u>40,899</u>	<u>5,259,544</u>
LIABILITIES			
Accounts payable	-	19,048	-
Benefits payable	-	20,954	390,754
Securities lending collateral and rebates payable	-	-	-
Due to other funds	-	897	9,930
Total Liabilities	<u>-</u>	<u>40,899</u>	<u>400,684</u>
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,556,065</u>	<u>\$ -</u>	<u>\$ 4,858,860</u>

<u>Health Benefits Program Fund - Local Education</u>	<u>Health Benefits Program Fund - Local Government</u>	<u>Health Benefits Program Fund - State</u>	<u>Judicial Retirement System</u>
\$ 7,634,917	\$ 3,170,749	\$ 382,903	\$ 3,708,778
-	-	-	3,840,518
384,879,343	191,706,595	94,067,107	230,909,713
-	-	-	71,376
-	-	-	-
-	-	-	38
38,176,040	64,351,220	-	1,049,063
28,313	45,087	8,069,109	-
<u>430,718,613</u>	<u>259,273,651</u>	<u>102,519,119</u>	<u>239,579,486</u>
1,421,638	1,084,568	4,245,989	227
245,404,980	110,261,915	198,416,605	3,628,461
-	-	-	3,834,649
-	-	-	80,484
<u>246,826,618</u>	<u>111,346,483</u>	<u>202,662,594</u>	<u>7,543,821</u>
<u>\$ 183,891,995</u>	<u>\$ 147,927,168</u>	<u>\$ (100,143,475)</u>	<u>\$ 232,035,665</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS (Continued)
JUNE 30, 2012

	<u>New Jersey State Employees' Deferred Compensation Plan</u>	<u>Police and Firemen's Retirement System</u>	<u>Prison Officers' Pension Fund</u>
ASSETS			
Cash and cash equivalents	\$ 12,231	\$ 156,279,415	\$ 367,693
Securities lending collateral	-	329,622,358	-
Investments	2,585,539,841	19,584,640,095	8,823,537
Receivables, net of allowances for uncollectibles			
Members	-	47,526,660	-
Employers	-	984,286,033	-
Interest and dividends	1,178,243	3,942,398	8
Due from other funds	160,230	387,801,289	-
Other	-	111,108	-
Total Assets	<u>2,586,890,545</u>	<u>21,494,209,356</u>	<u>9,191,238</u>
LIABILITIES			
Accounts payable	846,662	4,142,032	67
Benefits payable	-	152,048,749	145,507
Securities lending collateral and rebates payable	-	329,113,056	-
Due to other funds	-	1,820,954	1,428
Total Liabilities	<u>846,662</u>	<u>487,124,791</u>	<u>147,002</u>
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 2,586,043,883</u>	<u>\$ 21,007,084,565</u>	<u>\$ 9,044,236</u>

<u>Public Employees' Retirement System</u>	<u>State Police Retirement System</u>	<u>Supplemental Annuity Collective Trust</u>	<u>Teachers' Pension and Annuity Fund</u>	<u>Total Pension and Other Employee Benefits Trust Funds</u>
\$ 237,096,071	\$ 14,482,638	\$ 721,528	\$ 297,561,120	\$ 721,882,694
407,441,067	29,163,423	-	439,018,848	1,209,086,214
23,867,346,297	1,709,074,059	154,376,675	25,211,886,701	74,028,878,813
53,075,058	-	247,652	75,493,466	176,414,212
1,981,309,247	-	-	69,378,393	3,034,973,673
2,633	148	279,536	3,196	5,406,223
556,128,548	20,140,530	-	236,833,962	1,304,988,771
3,636,813	76,940	21,931	3,669,847	16,074,243
<u>27,106,035,734</u>	<u>1,772,937,738</u>	<u>155,647,322</u>	<u>26,333,845,533</u>	<u>80,497,704,843</u>
68,258,739	54,074	239,130	52,435,103	132,747,277
245,496,314	13,697,535	2,528,816	295,127,622	1,267,168,212
406,820,294	29,118,498	-	438,348,749	1,207,235,246
2,022,389	219,806	3,008	3,097,809	7,256,705
<u>722,597,736</u>	<u>43,089,913</u>	<u>2,770,954</u>	<u>789,009,283</u>	<u>2,614,407,440</u>
<u>\$ 26,383,437,998</u>	<u>\$ 1,729,847,825</u>	<u>\$ 152,876,368</u>	<u>\$ 25,544,836,250</u>	<u>\$ 77,883,297,403</u>

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, 2012

	<u>Alternate Benefit Long-Term Disability Fund</u>	<u>Central Pension Fund</u>	<u>Consolidated Police and Firemen's Pension Fund</u>
ADDITIONS			
Contributions:			
Members	\$ -	\$ -	\$ -
Employers	3,323,165	168,000	193,183
Other	-	22,155	3,234,585
Total Contributions	<u>3,323,165</u>	<u>190,155</u>	<u>3,427,768</u>
Investment Income:			
Net increase (decrease) in fair value of investments	(156)	-	(7,849)
Interest and dividends	4,288	119	12,882
Total Investment Income	4,132	119	5,033
Less investment expense	-	-	4,823
Net Investment Income	<u>4,132</u>	<u>119</u>	<u>210</u>
Total Additions	<u>3,327,297</u>	<u>190,274</u>	<u>3,427,978</u>
DEDUCTIONS			
Benefit payments	3,323,165	189,481	5,046,645
Refunds of contributions	-	793	-
Administrative expense	-	-	14,152
Total Deductions	<u>3,323,165</u>	<u>190,274</u>	<u>5,060,797</u>
Total Changes in Net Assets Held in Trust	4,132	-	(1,632,819)
Net Assets - July 1, 2011	<u>1,551,933</u>	<u>-</u>	<u>6,491,679</u>
Net Assets - June 30, 2012	<u>\$ 1,556,065</u>	<u>\$ -</u>	<u>\$ 4,858,860</u>

<u>Health Benefits Program Fund - Local Education</u>	<u>Health Benefits Program Fund - Local Government</u>	<u>Health Benefits Program Fund - State</u>	<u>Judicial Retirement System</u>
\$ 49,519,373	\$ 43,109,391	\$ 152,051,630	\$ 2,476,205
2,096,978,330	932,727,716	1,691,931,065	6,061,953
-	-	-	-
<u>2,146,497,703</u>	<u>975,837,107</u>	<u>1,843,982,695</u>	<u>8,538,158</u>
(67,295)	(20,975)	(23,086)	(690,294)
<u>872,151</u>	<u>391,077</u>	<u>209,428</u>	<u>5,660,584</u>
804,856	370,102	186,342	4,970,290
-	-	-	16,076
<u>804,856</u>	<u>370,102</u>	<u>186,342</u>	<u>4,954,214</u>
<u>2,147,302,559</u>	<u>976,207,209</u>	<u>1,844,169,037</u>	<u>13,492,372</u>
2,328,944,099	979,913,607	1,957,384,329	45,955,546
-	-	-	45,641
<u>3,654,752</u>	<u>1,513,167</u>	<u>3,100,752</u>	<u>159,888</u>
<u>2,332,598,851</u>	<u>981,426,774</u>	<u>1,960,485,081</u>	<u>46,161,075</u>
(185,296,292)	(5,219,565)	(116,316,044)	(32,668,703)
<u>369,188,287</u>	<u>153,146,733</u>	<u>16,172,569</u>	<u>264,704,368</u>
<u>\$ 183,891,995</u>	<u>\$ 147,927,168</u>	<u>\$ (100,143,475)</u>	<u>\$ 232,035,665</u>

(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, 2012

	<u>New Jersey State Employees' Deferred Compensation Plan</u>	<u>Police and Firemen's Retirement System</u>	<u>Prison Officers' Pension Fund</u>
ADDITIONS			
Contributions:			
Members	\$ 178,243,724	\$ 374,688,168	\$ -
Employers	-	842,084,854	-
Other	-	-	994,367
Total Contributions	<u>178,243,724</u>	<u>1,216,773,022</u>	<u>994,367</u>
Investment Income:			
Net increase (decrease) in fair value of investments	9,688,428	(167,607,023)	(3,095)
Interest and dividends	10,342,361	540,454,848	15,406
Total Investment Income	<u>20,030,789</u>	<u>372,847,825</u>	<u>12,311</u>
Less investment expense	196,104	1,351,653	2,366
Net Investment Income	<u>19,834,685</u>	<u>371,496,172</u>	<u>9,945</u>
Total Additions	<u>198,078,409</u>	<u>1,588,269,194</u>	<u>1,004,312</u>
DEDUCTIONS			
Benefit payments	118,211,742	1,862,401,613	1,950,804
Refunds of contributions	-	7,551,462	-
Administrative expense	465,127	3,919,438	6,922
Total Deductions	<u>118,676,869</u>	<u>1,873,872,513</u>	<u>1,957,726</u>
Total Changes in Net Assets Held in Trust	79,401,540	(285,603,319)	(953,414)
Net Assets - July 1, 2011	<u>2,506,642,343</u>	<u>21,292,687,884</u>	<u>9,997,650</u>
Net Assets - June 30, 2012	<u>\$ 2,586,043,883</u>	<u>\$ 21,007,084,565</u>	<u>\$ 9,044,236</u>

<u>Public Employees' Retirement System</u>	<u>State Police Retirement System</u>	<u>Supplemental Annuity Collective Trust</u>	<u>Teachers' Pension and Annuity Fund</u>	<u>Total Pension and Other Employee Benefits Trust Funds</u>
\$ 793,993,077	\$ 23,233,207	\$ 6,346,823	\$ 685,608,357	\$ 2,309,269,955
997,437,885	13,578,328	-	323,100,685	6,907,585,164
-	-	-	-	4,251,107
<u>1,791,430,962</u>	<u>36,811,535</u>	<u>6,346,823</u>	<u>1,008,709,042</u>	<u>9,221,106,226</u>
(37,727,048)	3,328,478	2,432,656	(32,213,203)	(222,910,462)
<u>673,708,165</u>	<u>45,682,579</u>	<u>3,508,768</u>	<u>677,178,622</u>	<u>1,958,041,278</u>
635,981,117	49,011,057	5,941,424	644,965,419	1,735,130,816
<u>7,407,519</u>	<u>95,312</u>	<u>-</u>	<u>3,983,130</u>	<u>13,056,983</u>
<u>628,573,598</u>	<u>48,915,745</u>	<u>5,941,424</u>	<u>640,982,289</u>	<u>1,722,073,833</u>
<u>2,420,004,560</u>	<u>85,727,280</u>	<u>12,288,247</u>	<u>1,649,691,331</u>	<u>10,943,180,059</u>
2,900,539,904	163,065,369	17,890,338	3,538,617,490	13,923,434,132
108,618,263	143,320	-	40,911,455	157,270,934
<u>21,841,723</u>	<u>298,961</u>	<u>-</u>	<u>11,523,397</u>	<u>46,498,279</u>
<u>3,030,999,890</u>	<u>163,507,650</u>	<u>17,890,338</u>	<u>3,591,052,342</u>	<u>14,127,203,345</u>
(610,995,330)	(77,780,370)	(5,602,091)	(1,941,361,011)	(3,184,023,286)
<u>26,994,433,328</u>	<u>1,807,628,195</u>	<u>158,478,459</u>	<u>27,486,197,261</u>	<u>81,067,320,689</u>
<u>\$ 26,383,437,998</u>	<u>\$ 1,729,847,825</u>	<u>\$ 152,876,368</u>	<u>\$ 25,544,836,250</u>	<u>\$ 77,883,297,403</u>

**STATE OF NEW JERSEY
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2012**

	<u>Insurance Annuity Trust Fund</u>	<u>Motor Vehicle Security Responsibility Fund</u>
ASSETS		
Cash and cash equivalents	\$ 100	\$ 27,993
Investments	162,339	234,921
Total Assets	<u>162,439</u>	<u>262,914</u>
LIABILITIES		
Accounts payable	-	262,451
Due to other funds	-	364
Total Liabilities	<u>-</u>	<u>262,815</u>
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 162,439</u>	<u>\$ 99</u>

<u>Unclaimed County Deposits Trust Fund</u>	<u>Unclaimed Insurance Payments on Deposit Accounts Fund</u>	<u>Total Private Purpose Trust Funds</u>
\$ 1,433,776	\$ 1,112,751	\$ 2,574,620
5,237,352	6,813,460	12,448,072
<u>6,671,128</u>	<u>7,926,211</u>	<u>15,022,692</u>
4,020,466	-	4,282,917
283,989	31,081	315,434
<u>4,304,455</u>	<u>31,081</u>	<u>4,598,351</u>
<u>\$ 2,366,673</u>	<u>\$ 7,895,130</u>	<u>\$ 10,424,341</u>

**STATE OF NEW JERSEY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Insurance Annuity Trust Fund	Motor Vehicle Security Responsibility Fund
ADDITIONS		
Investment income:		
Interest and dividends	\$ 242	\$ 364
Total Investment Income	242	364
Miscellaneous	6,000	-
Total Additions	6,242	364
DEDUCTIONS		
Refunds and transfers to other systems	-	364
Payments in accordance with trust agreements	-	-
Total Deductions	-	364
Total Changes in Net Assets Held in Trust	6,242	-
Net Assets - July 1, 2011	156,197	99
Net Assets - June 30, 2012	\$ 162,439	\$ 99

<u>Unclaimed County Deposits Trust Fund</u>	<u>Unclaimed Insurance Payments on Deposit Accounts Fund</u>	<u>Total Private Purpose Trust Funds</u>
\$ 8,127	\$ 10,544	\$ 19,277
8,127	10,544	19,277
<u>31,204</u>	<u>1,240,008</u>	<u>1,277,212</u>
<u>39,331</u>	<u>1,250,552</u>	<u>1,296,489</u>
-	8,484	8,848
<u>144,741</u>	<u>592,237</u>	<u>736,978</u>
<u>144,741</u>	<u>600,721</u>	<u>745,826</u>
(105,410)	649,831	550,663
<u>2,472,083</u>	<u>7,245,299</u>	<u>9,873,678</u>
<u>\$ 2,366,673</u>	<u>\$ 7,895,130</u>	<u>\$ 10,424,341</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
JUNE 30, 2012

	<u>Authorities</u>	<u>Colleges and Universities</u>	<u>Total Non-Major Component Units</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,222,076,853	\$ 588,793,310	\$ 2,810,870,163
Investments	3,791,099,525	458,974,897	4,250,074,422
Receivables, net of allowances for uncollectibles			
Federal government	11,232,681	40,061,357	51,294,038
Loans	261,180,008	3,256,074	264,436,082
Mortgages	98,075,000	-	98,075,000
Other	137,504,891	61,742,167	199,247,058
Due from external parties	39,485,868	18,656,315	58,142,183
Inventories	1,537,747	-	1,537,747
Other	14,322,395	135,031,464	149,353,859
Total Current Assets	<u>6,576,514,968</u>	<u>1,306,515,584</u>	<u>7,883,030,552</u>
Noncurrent Assets			
Investments	828,238,844	543,488,020	1,371,726,864
Receivables, net of allowances for uncollectibles			
Loans	3,741,209,146	12,687,687	3,753,896,833
Mortgages	2,567,486,208	-	2,567,486,208
Other	1,675,000	15,460,416	17,135,416
Capital assets - nondepreciated	470,121,664	460,084,416	930,206,080
Capital assets - depreciated, net	1,519,674,755	3,224,908,971	4,744,583,726
Derivative instrument asset	16,574,020	-	16,574,020
Other	72,215,312	110,660,445	182,875,757
Total Noncurrent Assets	<u>9,217,194,949</u>	<u>4,367,289,955</u>	<u>13,584,484,904</u>
Deferred Outflows	59,925,030	-	59,925,030
Total Assets and Deferred Outflows	<u>15,853,634,947</u>	<u>5,673,805,539</u>	<u>21,527,440,486</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	119,518,289	164,758,705	284,276,994
Due to external parties	24,844,625	1,082,019	25,926,644
Interest payable	61,068,408	31,595,198	92,663,606
Deferred revenue	87,119,377	69,518,790	156,638,167
Current portion of long-term obligations	376,395,107	73,389,991	449,785,098
Other	296,081,978	39,526,517	335,608,495
Total Current Liabilities	<u>965,027,784</u>	<u>379,871,220</u>	<u>1,344,899,004</u>
Noncurrent liabilities			
Net pension obligation	31,406,499	-	31,406,499
Net OPEB obligation	141,964,936	-	141,964,936
Pollution remediation	2,350,000	-	2,350,000
Derivative instrument liability	76,499,050	-	76,499,050
Other	8,426,653,270	2,714,804,444	11,141,457,714
Total Noncurrent Liabilities	<u>8,678,873,755</u>	<u>2,714,804,444</u>	<u>11,393,678,199</u>
Deferred Inflows	-	227,646,563	227,646,563
Total Liabilities and Deferred Inflows	<u>9,643,901,539</u>	<u>3,322,322,227</u>	<u>12,966,223,766</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,076,084,864	989,642,186	2,065,727,050
Restricted for:			
Capital projects	23,556,875	28,396,886	51,953,761
Debt service	844,716,785	70,742,586	915,459,371
Other purposes	3,309,013,816	384,594,044	3,693,607,860
Unrestricted	956,361,068	878,107,610	1,834,468,678
Total Net Assets	<u>\$ 6,209,733,408</u>	<u>\$ 2,351,483,312</u>	<u>\$ 8,561,216,720</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Authorities</u>	<u>Colleges and Universities</u>	<u>Total Non-Major Component Units</u>
Expenses	\$ 2,186,351,269	\$ 2,091,911,500	\$ 4,278,262,769
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	555,092,208	1,155,747,712	1,710,839,920
Operating grants and contributions	655,669,710	739,395,072	1,395,064,782
Capital grants and contributions	<u>855,876,216</u>	<u>15,408,714</u>	<u>871,284,930</u>
Net (Expense) Revenue	<u>(119,713,135)</u>	<u>(181,360,002)</u>	<u>(301,073,137)</u>
General Revenue			
Payments from State	<u>62,002,824</u>	<u>290,993,059</u>	<u>352,995,883</u>
Total General Revenue	<u>62,002,824</u>	<u>290,993,059</u>	<u>352,995,883</u>
Change in Net Assets	(57,710,311)	109,633,057	51,922,746
Net Assets - Beginning of Year (Restated)	<u>6,267,443,719</u>	<u>2,241,850,255</u>	<u>8,509,293,974</u>
Net Assets - End of Year	<u>\$ 6,209,733,408</u>	<u>\$ 2,351,483,312</u>	<u>\$ 8,561,216,720</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES
JUNE 30, 2012

	<u>Atlantic City Convention and Visitors Authority</u>	<u>Casino Reinvestment Development Authority</u>	<u>Higher Education Student Assistance Authority</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,483,088	\$ 132,343,552	\$ 523,025,204
Investments	34,349,383	42,733,856	3,190,329,354
Receivables, net of allowances for uncollectibles			
Federal government	-	-	11,232,681
Loans	-	-	85,760,233
Mortgages	-	-	-
Other	658,554	11,488,355	53,747,299
Due from external parties	13,228,684	-	1,959,184
Inventories	13,853	-	-
Other	1,125,564	-	-
Total Current Assets	<u>53,859,126</u>	<u>186,565,763</u>	<u>3,866,053,955</u>
Noncurrent Assets			
Investments	-	-	-
Receivables, net of allowances for uncollectibles			
Loans	-	-	2,019,614,791
Mortgages	-	97,634,208	-
Other	-	-	-
Capital assets - nondepreciated	81,311,000	99,199,473	-
Capital assets - depreciated, net	312,228,360	26,163,276	579,538
Derivative instrument asset	-	-	16,574,020
Other	1,044,241	19,254,909	10,537,488
Total Noncurrent Assets	<u>394,583,601</u>	<u>242,251,866</u>	<u>2,047,305,837</u>
Deferred Outflows	-	-	-
Total Assets and Deferred Outflows	<u>448,442,727</u>	<u>428,817,629</u>	<u>5,913,359,792</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	4,142,746	17,223,738	12,972,613
Due to external parties	-	-	217,918
Interest payable	9,197,491	3,508,073	9,241,850
Deferred revenue	2,413,333	-	-
Current portion of long-term obligations	7,225,000	21,889,080	117,855,000
Other	-	-	35,473,379
Total Current Liabilities	<u>22,978,570</u>	<u>42,620,891</u>	<u>175,760,760</u>
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	-	-	-
Pollution remediation	-	-	-
Derivative instrument liability	-	-	16,574,020
Other	103,088,297	436,166,939	2,404,520,716
Total Noncurrent Liabilities	<u>103,088,297</u>	<u>436,166,939</u>	<u>2,421,094,736</u>
Deferred Inflows	-	-	-
Total Liabilities and Deferred Inflows	<u>126,066,867</u>	<u>478,787,830</u>	<u>2,596,855,496</u>
NET ASSETS			
Invested in capital assets, net of related debt	284,589,360	17,628,283	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	34,730,406	150,252,419
Other purposes	5,519,884	-	3,166,251,877
Unrestricted	<u>32,266,616</u>	<u>(102,328,890)</u>	<u>-</u>
Total Net Assets	<u>\$ 322,375,860</u>	<u>\$ (49,970,201)</u>	<u>\$ 3,316,504,296</u>

<u>New Jersey Economic Development Authority</u>	<u>New Jersey Educational Facilities Authority</u>	<u>New Jersey Environmental Infrastructure Trust</u>	<u>New Jersey Health Care Facilities Financing Authority</u>
\$ 91,447,880	\$ 94,026	\$ 267,753,247	\$ 26,000
89,073,954	4,413,444	232,322,593	5,371,000
-	-	-	-
40,923,554	-	96,866,196	286,000
-	-	-	-
-	-	26,696,405	2,083,000
-	27,147	-	-
-	-	-	-
1,107,788	15,426	64,234	3,288,000
<u>222,553,176</u>	<u>4,550,043</u>	<u>623,702,675</u>	<u>11,054,000</u>
237,456,108	-	79,057,046	-
162,197,763	-	1,228,740,528	1,190,000
-	-	-	-
-	-	-	-
23,397,313	-	-	-
78,152,493	110,140	87,741	50,000
-	-	-	-
138,970	-	9,422,406	-
<u>501,342,647</u>	<u>110,140</u>	<u>1,317,307,721</u>	<u>1,240,000</u>
2,171,742	-	-	-
<u>726,067,565</u>	<u>4,660,183</u>	<u>1,941,010,396</u>	<u>12,294,000</u>
7,110,816	254,185	21,595,615	485,000
-	-	-	-
505,384	-	-	-
1,228,423	-	-	1,605,000
8,638,685	-	95,776,484	-
4,267,100	-	-	-
<u>21,750,408</u>	<u>254,185</u>	<u>117,372,099</u>	<u>2,090,000</u>
-	-	-	-
-	780,480	-	-
-	-	-	-
2,171,742	-	-	-
<u>72,035,474</u>	<u>30,361</u>	<u>1,517,616,137</u>	<u>-</u>
74,207,216	810,841	1,517,616,137	-
-	-	-	-
<u>95,957,624</u>	<u>1,065,026</u>	<u>1,634,988,236</u>	<u>2,090,000</u>
55,803,672	110,140	-	50,000
-	-	-	-
-	-	256,595,153	-
24,609,225	-	11,808,408	-
549,697,044	3,485,017	37,618,599	10,154,000
<u>\$ 630,109,941</u>	<u>\$ 3,595,157</u>	<u>\$ 306,022,160</u>	<u>\$ 10,204,000</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES (Continued)
JUNE 30, 2012

	New Jersey Housing and Mortgage Finance Agency	New Jersey Meadowlands Commission	New Jersey Redevelopment Authority
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 916,439,000	\$ 21,906,883	\$ 1,868,350
Investments	32,995,000	16,204,212	-
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Loans	-	-	21,779,025
Mortgages	98,075,000	-	-
Other	6,420,000	4,720,873	7,923,483
Due from external parties	1,725,000	-	-
Inventories	-	-	-
Other	773,000	-	16,815
Total Current Assets	<u>1,056,427,000</u>	<u>42,831,968</u>	<u>31,587,673</u>
Noncurrent Assets			
Investments	471,609,000	1,770,208	20,069,209
Receivables, net of allowances for uncollectibles			
Loans	318,002,000	-	7,164,424
Mortgages	2,469,852,000	-	-
Other	1,675,000	-	-
Capital assets - nondepreciated	1,225,000	31,439,401	-
Capital assets - depreciated, net	9,625,000	10,912,799	53,942
Derivative instrument asset	-	-	-
Other	18,551,000	25,000	-
Total Noncurrent Assets	<u>3,290,539,000</u>	<u>44,147,408</u>	<u>27,287,575</u>
Deferred Outflows	<u>23,384,000</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows	<u>4,370,350,000</u>	<u>86,979,376</u>	<u>58,875,248</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	4,850,000	4,843,455	87,326
Due to external parties	23,970,000	-	448,374
Interest payable	25,804,000	-	-
Deferred revenue	-	1,897,180	-
Current portion of long-term obligations	101,605,000	-	-
Other	221,312,000	1,023,881	-
Total Current Liabilities	<u>377,541,000</u>	<u>7,764,516</u>	<u>535,700</u>
Noncurrent Liabilities			
Net pension obligation	-	1,071,168	-
Net OPEB obligation	48,026,000	5,726,263	-
Pollution remediation	-	-	-
Derivative instrument liability	23,384,000	-	-
Other	3,024,115,000	5,580,173	-
Total Noncurrent Liabilities	<u>3,095,525,000</u>	<u>12,377,604</u>	<u>-</u>
Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>3,473,066,000</u>	<u>20,142,120</u>	<u>535,700</u>
NET ASSETS			
Invested in capital assets, net of related debt	10,850,000	42,352,200	53,942
Restricted for:			
Capital projects	-	-	18,795,004
Debt service	315,257,000	-	-
Other purposes	65,849,000	19,366,614	-
Unrestricted	<u>505,328,000</u>	<u>5,118,442</u>	<u>39,490,602</u>
Total Net Assets	<u>\$ 897,284,000</u>	<u>\$ 66,837,256</u>	<u>\$ 58,339,548</u>

New Jersey Sports and Exposition Authority	New Jersey Water Supply Authority	South Jersey Port Corporation	South Jersey Transportation Authority	Total Non-Major Authorities
\$ 9,304,000	\$ 35,066,623	\$ 108,547,872	\$ 109,771,128	\$ 2,222,076,853
25,420,000	-	9,753,948	108,132,781	3,791,099,525
-	-	-	-	11,232,681
-	-	-	15,565,000	261,180,008
-	-	-	-	98,075,000
6,208,000	4,765,659	5,227,633	7,565,630	137,504,891
2,698,800	-	19,847,053	-	39,485,868
-	-	1,401,433	122,461	1,537,747
-	4,680,612	930,237	2,320,719	14,322,395
<u>43,630,800</u>	<u>44,512,894</u>	<u>145,708,176</u>	<u>243,477,719</u>	<u>6,576,514,968</u>
-	18,277,273	-	-	828,238,844
4,299,640	-	-	-	3,741,209,146
-	-	-	-	2,567,486,208
-	-	-	-	1,675,000
-	33,906,234	18,235,317	181,407,926	470,121,664
322,218,000	110,082,452	198,479,633	450,931,381	1,519,674,755
-	-	-	-	16,574,020
2,302,360	2,863,810	-	8,075,128	72,215,312
<u>328,820,000</u>	<u>165,129,769</u>	<u>216,714,950</u>	<u>640,414,435</u>	<u>9,217,194,949</u>
-	-	-	34,369,288	59,925,030
<u>372,450,800</u>	<u>209,642,663</u>	<u>362,423,126</u>	<u>918,261,442</u>	<u>15,853,634,947</u>
18,030,300	2,419,651	11,435,482	14,067,362	119,518,289
-	-	-	208,333	24,844,625
458,500	-	8,561,191	3,791,919	61,068,408
77,476,000	1,512,896	537,751	448,794	87,119,377
-	5,884,725	9,780,000	7,741,133	376,395,107
13,991,000	-	207,042	19,807,576	296,081,978
<u>109,955,800</u>	<u>9,817,272</u>	<u>30,521,466</u>	<u>46,065,117</u>	<u>965,027,784</u>
29,189,400	-	1,145,931	-	31,406,499
8,453,000	-	2,920,762	76,058,431	141,964,936
2,350,000	-	-	-	2,350,000
-	-	-	34,369,288	76,499,050
<u>17,906,600</u>	<u>85,576,278</u>	<u>284,311,286</u>	<u>475,706,009</u>	<u>8,426,653,270</u>
57,899,000	85,576,278	288,377,979	586,133,728	8,678,873,755
-	-	-	-	-
<u>167,854,800</u>	<u>95,393,550</u>	<u>318,899,445</u>	<u>632,198,845</u>	<u>9,643,901,539</u>
326,216,000	78,090,867	1,247,406	259,092,994	1,076,084,864
-	-	-	4,761,871	23,556,875
-	11,924,238	25,728,619	50,228,950	844,716,785
4,802,000	-	1,401,433	9,405,375	3,309,013,816
(126,422,000)	24,234,008	15,146,223	(37,426,593)	956,361,068
<u>\$ 204,596,000</u>	<u>\$ 114,249,113</u>	<u>\$ 43,523,681</u>	<u>\$ 286,062,597</u>	<u>\$ 6,209,733,408</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Atlantic City Convention and Visitors Authority</u>	<u>Casino Reinvestment Development Authority</u>	<u>Higher Education Student Assistance Authority</u>
Expenses	\$ 48,966,466	\$ 93,231,865	\$ 1,076,544,313
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	56,341,963	45,055,839	36,416,435
Operating grants and contributions	37,367	10,772,387	278,419,163
Capital grants and contributions	<u>100,000</u>	<u>326,103</u>	<u>849,715,850</u>
Net (Expense) Revenue	<u>7,512,864</u>	<u>(37,077,536)</u>	<u>88,007,135</u>
General Revenue			
Payments from State	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	7,512,864	(37,077,536)	88,007,135
Net Assets - Beginning of Year (Restated)	<u>314,862,996</u>	<u>(12,892,665)</u>	<u>3,228,497,161</u>
Net Assets - End of Year	<u>\$ 322,375,860</u>	<u>\$ (49,970,201)</u>	<u>\$ 3,316,504,296</u>

<u>New Jersey Economic Development Authority</u>	<u>New Jersey Educational Facilities Authority</u>	<u>New Jersey Environmental Infrastructure Trust</u>	<u>New Jersey Health Care Facilities Financing Authority</u>
\$ 114,208,196	\$ 10,841,726	\$ 60,241,003	\$ 3,197,000
35,323,196	3,355,088	5,974,230	4,045,000
11,425,117	9,425	60,665,237	57,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(67,459,883)	(7,477,213)	6,398,464	905,000
<u>38,105,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>38,105,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
(29,354,561)	(7,477,213)	6,398,464	905,000
<u>659,464,502</u>	<u>11,072,370</u>	<u>299,623,696</u>	<u>9,299,000</u>
<u>\$ 630,109,941</u>	<u>\$ 3,595,157</u>	<u>\$ 306,022,160</u>	<u>\$ 10,204,000</u>

(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, 2012

	<u>New Jersey Housing and Mortgage Finance Agency</u>	<u>New Jersey Meadowlands Commission</u>	<u>New Jersey Redevelopment Authority</u>
Expenses	\$ 336,084,000	\$ 43,810,284	\$ 2,882,216
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	31,196,000	28,366,812	477,017
Operating grants and contributions	248,642,000	11,444,379	2,060,286
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Net (Expense) Revenue	<u>(56,246,000)</u>	<u>(3,999,093)</u>	<u>(344,913)</u>
General Revenue			
Payments from State	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(56,246,000)	(3,999,093)	(344,913)
Net Assets - Beginning of Year (Restated)	<u>953,530,000</u>	<u>70,836,349</u>	<u>58,684,461</u>
Net Assets - End of Year	<u>\$ 897,284,000</u>	<u>\$ 66,837,256</u>	<u>\$ 58,339,548</u>

<u>New Jersey Sports and Exposition Authority</u>	<u>New Jersey Water Supply Authority</u>	<u>South Jersey Port Corporation</u>	<u>South Jersey Transportation Authority</u>	<u>Total Non-Major Authorities</u>
\$ 204,398,947	\$ 28,616,001	\$ 41,435,328	\$ 121,893,924	\$ 2,186,351,269
155,098,000	28,188,326	19,208,160	106,046,142	555,092,208
22,346,947	644,447	3,976,635	5,169,320	655,669,710
-	-	683,008	5,051,255	855,876,216
<u>(26,954,000)</u>	<u>216,772</u>	<u>(17,567,525)</u>	<u>(5,627,207)</u>	<u>(119,713,135)</u>
-	-	<u>23,897,502</u>	-	<u>62,002,824</u>
-	-	<u>23,897,502</u>	-	<u>62,002,824</u>
(26,954,000)	216,772	6,329,977	(5,627,207)	(57,710,311)
<u>231,550,000</u>	<u>114,032,341</u>	<u>37,193,704</u>	<u>291,689,804</u>	<u>6,267,443,719</u>
<u>\$ 204,596,000</u>	<u>\$ 114,249,113</u>	<u>\$ 43,523,681</u>	<u>\$ 286,062,597</u>	<u>\$ 6,209,733,408</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
JUNE 30, 2012

	<u>The College of New Jersey</u>	<u>Kean University</u>	<u>Montclair State University</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,223,000	\$ 170,513,521	\$ 16,780,412
Investments	72,313,000	23,524,065	135,902,938
Receivables, net of allowances for uncollectibles			
Federal government	4,050,000	1,267,671	3,506,750
Loans	833,000	219,224	454,326
Other	2,991,000	6,988,853	8,796,426
Due from external parties	2,606,000	3,476,434	2,283,006
Inventories	-	-	-
Other	13,138,000	237,544	1,798,206
Total Current Assets	<u>100,154,000</u>	<u>206,227,312</u>	<u>169,522,064</u>
Noncurrent Assets			
Investments	43,518,000	7,487,790	94,771,059
Receivables, net of allowances for uncollectibles			
Loans	2,718,000	1,482,611	2,993,445
Other	-	270,659	2,537,203
Capital assets - nondepreciated	95,443,000	39,742,505	81,945,485
Capital assets - depreciated, net	487,184,000	360,937,830	699,096,255
Other	51,009,000	4,859,306	4,767,429
Total Noncurrent Assets	<u>679,872,000</u>	<u>414,780,701</u>	<u>886,110,876</u>
Total Assets and Deferred Outflows	<u>780,026,000</u>	<u>621,008,013</u>	<u>1,055,632,940</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	11,425,000	14,168,716	23,947,372
Due to external parties	-	-	-
Interest payable	8,612,000	7,049,546	7,932,608
Deferred revenue	2,928,000	8,993,307	13,721,537
Current portion of long-term obligations	3,630,000	9,509,601	12,296,896
Other	3,090,000	3,692,112	5,957,939
Total Current Liabilities	<u>29,685,000</u>	<u>43,413,282</u>	<u>63,856,352</u>
Noncurrent liabilities			
Other	377,787,000	359,143,049	355,152,567
Total Noncurrent Liabilities	<u>377,787,000</u>	<u>359,143,049</u>	<u>355,152,567</u>
Deferred Inflows			
	-	-	227,646,563
Total Liabilities and Deferred Inflows	<u>407,472,000</u>	<u>402,556,331</u>	<u>646,655,482</u>
NET ASSETS			
Invested in capital assets, net of related debt	224,346,000	78,714,374	182,801,298
Restricted for:			
Capital projects	-	28,396,886	-
Debt service	-	6,605,194	17,879,138
Other purposes	20,660,000	23,434,676	60,782,321
Unrestricted	127,548,000	81,300,552	147,514,701
Total Net Assets	<u>\$ 372,554,000</u>	<u>\$ 218,451,682</u>	<u>\$ 408,977,458</u>

<u>New Jersey City University</u>	<u>New Jersey Institute of Technology</u>	<u>Ramapo College of New Jersey</u>	<u>The Richard Stockton College of New Jersey</u>	<u>Rowan University</u>
\$ 7,846,204	\$ 37,474,000	\$ 67,227,000	\$ 7,480,834	\$ 139,983,636
47,005,645	19,530,000	1,136,000	97,938,437	5,607,208
1,774,232	21,590,000	-	871,719	4,023,908
-	321,000	189,000	316,237	-
7,556,445	6,983,000	6,354,000	8,311,138	5,091,002
-	3,125,000	-	578,118	2,844,552
-	-	-	-	-
280,069	2,014,000	62,718,000	28,269,379	26,267,334
<u>64,462,595</u>	<u>91,037,000</u>	<u>137,624,000</u>	<u>143,765,862</u>	<u>183,817,640</u>
30,382,981	175,114,000	12,389,000	20,230,855	142,233,917
702,933	1,555,000	761,000	1,997,343	-
1,148,851	-	3,880,000	1,464,683	4,728,768
19,573,363	-	9,767,000	43,071,052	157,575,798
157,910,471	234,926,000	256,308,000	264,345,342	413,380,254
3,077,050	7,284,000	-	2,575,376	32,718,792
<u>212,795,649</u>	<u>418,879,000</u>	<u>283,105,000</u>	<u>333,684,651</u>	<u>750,637,529</u>
<u>277,258,244</u>	<u>509,916,000</u>	<u>420,729,000</u>	<u>477,450,513</u>	<u>934,455,169</u>
9,794,228	13,079,000	12,782,000	28,591,025	27,957,613
-	1,076,000	-	-	-
3,313,044	4,688,000	-	-	-
1,489,019	11,433,000	3,802,000	4,120,601	9,574,489
3,132,459	9,621,000	5,999,000	6,279,333	16,003,788
8,232,215	8,086,000	3,124,000	2,446,893	71,783
<u>25,960,965</u>	<u>47,983,000</u>	<u>25,707,000</u>	<u>41,437,852</u>	<u>53,607,673</u>
142,749,551	250,056,000	277,132,000	251,814,601	525,629,468
142,749,551	250,056,000	277,132,000	251,814,601	525,629,468
-	-	-	-	-
<u>168,710,516</u>	<u>298,039,000</u>	<u>302,839,000</u>	<u>293,252,453</u>	<u>579,237,141</u>
56,247,595	76,643,000	33,487,000	66,979,103	74,679,670
-	-	-	-	-
3,023,040	4,430,000	-	6,188,684	22,496,225
9,193,231	66,992,000	22,252,000	20,452,034	140,490,852
40,083,862	63,812,000	62,151,000	90,578,239	117,551,281
<u>\$ 108,547,728</u>	<u>\$ 211,877,000</u>	<u>\$ 117,890,000</u>	<u>\$ 184,198,060</u>	<u>\$ 355,218,028</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES (Continued)
JUNE 30, 2012

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 7,511,821	\$ 129,752,882	\$ 588,793,310
Investments	43,869,507	12,148,097	458,974,897
Receivables, net of allowances for uncollectibles			
Federal government	2,100,979	876,098	40,061,357
Loans	-	923,287	3,256,074
Other	4,409,806	4,260,497	61,742,167
Due from external parties	596,546	3,146,659	18,656,315
Other	308,932	-	135,031,464
Total Current Assets	58,797,591	151,107,520	1,306,515,584
Noncurrent Assets			
Investments	9,884,580	7,475,838	543,488,020
Receivables, net of allowances for uncollectibles			
Loans	-	477,355	12,687,687
Other	-	1,430,252	15,460,416
Capital assets - nondepreciated	5,355,944	7,610,269	460,084,416
Capital assets - depreciated, net	29,320,617	321,500,202	3,224,908,971
Other	-	4,369,492	110,660,445
Total Noncurrent Assets	44,561,141	342,863,408	4,367,289,955
Total Assets and Deferred Outflows	103,358,732	493,970,928	5,673,805,539
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	5,947,507	17,066,244	164,758,705
Due to external parties	6,019	-	1,082,019
Interest payable	-	-	31,595,198
Deferred revenue	9,896,011	3,560,826	69,518,790
Current portion of long-term obligations	676,925	6,240,989	73,389,991
Other	1,576,809	3,248,766	39,526,517
Total Current Liabilities	18,103,271	30,116,825	379,871,220
Noncurrent liabilities			
Net pension obligation	-	-	-
Other	10,022,400	165,317,808	2,714,804,444
Total Noncurrent Liabilities	10,022,400	165,317,808	2,714,804,444
Deferred Inflows			
	-	-	227,646,563
Total Liabilities and Deferred Inflows	28,125,671	195,434,633	3,322,322,227
NET ASSETS			
Invested in capital assets, net of related debt	30,840,127	164,904,019	989,642,186
Restricted for:			
Capital projects	-	-	28,396,886
Debt service	-	10,120,305	70,742,586
Other purposes	6,489,569	13,847,361	384,594,044
Unrestricted	37,903,365	109,664,610	878,107,610
Total Net Assets	\$ 75,233,061	\$ 298,536,295	\$ 2,351,483,312

(This page left intentionally blank)

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>The College of New Jersey</u>	<u>Kean University</u>	<u>Montclair State University</u>
Expenses	\$ 196,828,000	\$ 231,150,544	\$ 322,347,780
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	131,106,000	131,294,290	212,736,383
Operating grants and contributions	46,395,000	81,756,567	98,312,730
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>4,081,819</u>
Net (Expense) Revenue	<u>(19,327,000)</u>	<u>(18,099,687)</u>	<u>(7,216,848)</u>
General Revenue			
Payments from State	<u>29,317,000</u>	<u>32,837,000</u>	<u>38,613,000</u>
Total General Revenue	<u>29,317,000</u>	<u>32,837,000</u>	<u>38,613,000</u>
Change in Net Assets	9,990,000	14,737,313	31,396,152
Net Assets - Beginning of Year (Restated)	<u>362,564,000</u>	<u>203,714,369</u>	<u>377,581,306</u>
Net Assets - End of Year	<u>\$ 372,554,000</u>	<u>\$ 218,451,682</u>	<u>\$ 408,977,458</u>

<u>New Jersey City University</u>	<u>New Jersey Institute of Technology</u>	<u>Ramapo College of New Jersey</u>	<u>The Richard Stockton College of New Jersey</u>	<u>Rowan University</u>
\$ 175,107,038	\$ 270,812,000	\$ 131,235,000	\$ 197,127,249	\$ 272,465,019
87,558,590	109,470,000	89,577,000	89,160,888	140,844,597
64,918,566	124,159,000	39,543,000	97,132,620	85,413,484
436,010	159,000	618,000	-	9,399,105
<u>(22,193,872)</u>	<u>(37,024,000)</u>	<u>(1,497,000)</u>	<u>(10,833,741)</u>	<u>(36,807,833)</u>
<u>26,056,000</u>	<u>37,697,000</u>	<u>16,130,000</u>	<u>19,839,000</u>	<u>49,123,000</u>
<u>26,056,000</u>	<u>37,697,000</u>	<u>16,130,000</u>	<u>19,839,000</u>	<u>49,123,000</u>
3,862,128	673,000	14,633,000	9,005,259	12,315,167
<u>104,685,600</u>	<u>211,204,000</u>	<u>103,257,000</u>	<u>175,192,801</u>	<u>342,902,861</u>
<u>\$ 108,547,728</u>	<u>\$ 211,877,000</u>	<u>\$ 117,890,000</u>	<u>\$ 184,198,060</u>	<u>\$ 355,218,028</u>

(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, 2012

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
Expenses	\$ 82,890,266	\$ 211,948,604	\$ 2,091,911,500
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	43,107,851	120,892,113	1,155,747,712
Operating grants and contributions	33,623,321	68,140,784	739,395,072
Capital grants and contributions	-	714,780	15,408,714
Net (Expense) Revenue	(6,159,094)	(22,200,927)	(181,360,002)
General Revenue			
Payments from State	8,633,059	32,748,000	290,993,059
Total General Revenue	8,633,059	32,748,000	290,993,059
Change in Net Assets	2,473,965	10,547,073	109,633,057
Net Assets - Beginning of Year (Restated)	72,759,096	287,989,222	2,241,850,255
Net Assets - End of Year	\$ 75,233,061	\$ 298,536,295	\$ 2,351,483,312

**STATE OF NEW JERSEY
DESCRIPTION OF FUNDS**

Alcohol Education, Rehabilitation and Enforcement Fund (P.L. 1983, c.531)

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 \$100 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 and a portion to the Atlantic City Projects-Room Fund. Amounts expended are solely for the purpose of promoting tourism, conventions, resorts, and casino gaming.

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

General 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)

General 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.

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. Additional collections from solar alternative compliance payments (SACP) are due to be refunded directly to the rate payers by the electric public utilities.

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

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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 \$140 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General Fund

An amount of \$50 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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.

2009 Farmland Preservation Fund (P.L. 2009, c.117)

General Fund

An amount of \$146 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 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)

General 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.

2009 Green Acres Fund (P.L. 2009, c.117)

General Fund

An amount of \$218 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 to provide monies for public acquisition and development of land for recreation and conservation purposes.

Green Trust Fund (P.L. 1983, c.354)

General 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)

General 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)

General 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, 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)

General 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)

General 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)

General Fund

An amount of \$10 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, and Blue Acres Bond 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)

General 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.

2009 Historic Preservation Fund (P.L. 2009, c.117)

General Fund

An amount of \$12 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 for the purpose of providing State matching grants to assist State agencies or entities, local government units, and qualifying tax-exempt, nonprofit organizations to meet the cost of preservation of historic properties.

Historic Preservation Revolving Loan Fund (P.L. 1991, c.41)

General 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)

General 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)

General 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.

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.

Judiciary Superior Court - Miscellaneous Fund (N.J. Court Rules, Parts II, IV, V, VI, VIII)

General Fund

The purpose of this fund is to serve as a repository for the collection and disbursement of various fees, fines, and costs collected by court divisions of the Superior Court of New Jersey. These monies are separate and distinct from those included under the Superior Court of New Jersey Trust Fund.

1996 Lake Restoration Fund (P.L. 1996, c.70)

General 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.

Long Term Obligation and Capital Expenditure Fund (P.L. 2008, c.22)

General Fund

Monies remaining in the fund have been appropriated for various capital construction projects throughout the State.

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.

Mandatory Continuing Legal Education Fund (R: 1:42)

Special Revenue Fund

This fund was established to assist the Supreme Court of New Jersey in the administration of the continuing legal education of attorneys holding license to practice in the State of New Jersey. Revenues are generated by payments made by continuing legal education providers and attorneys.

Mortgage Assistance Fund (P.L. 1976, c.94)

General 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.

Mortgage Servicing Settlement Fund

Special Revenue Fund

This fund was established for proceeds from the country's five largest mortgage loan servicers resulting from an agreement between these loan servicers, 49 state attorney generals, and the federal government. Payments to the states are to be used to help fund consumer protection and state foreclosure protection efforts. The State will spend its share of the settlement proceeds on one or more of the following programs; Affordable Housing, Local Planning Services, Developmental Disabilities Residential Services, State Rental Assistance Program, Homelessness Prevention, Shelter Assistance, Community Based Senior Programs, Mental Health Residential Programs, Social Services for the Homeless, and/or Temporary Assistance for Needy Families.

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)

General 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.

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)

General Fund

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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.

New Jersey Federal-State Rural Rehabilitation Fund (N.J.S.A. 52:18A-1 et seq.)

General Fund

This fund was established to receive monies from the federal government which are available for loans to farmers in New Jersey.

1989 New Jersey Green Acres Fund (P.L. 1989, c.183)

General 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)

General 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)

General Fund

An amount of \$115 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, and 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)

General 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)

General 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)

General Fund

An amount of \$135 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General Fund

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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 Abbots. 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 Abbots 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)

General 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 developmentally disabled, \$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 intellectually disabled. 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)

General 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)

General 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, family leave 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)

General 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 of New Jersey Tischler Memorial Fund (N.J.S.A. 52:18A-1 et seq.)

General Fund

This fund was established under the authority of the State Treasurer in accordance with the terms of a bequest to the State of New Jersey. The principal amount of the bequest is to be invested in a prudent manner and the income from such investment is to be used for library materials.

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)

General 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 (P.L. 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 (P.L. 2002, c.32)

Special Revenue Fund

The Tobacco Settlement Financing Corporation 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 (General Provisions of Annual Appropriations Act)

Special Revenue Fund

Receipts equaling 23.74 percent as well as any unpledged revenues from the Master Settlement Agreement (MSA) reached between 46 states and the major tobacco companies are deposited into this fund and made available to the General Fund.

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 Personal Property Trust Fund (P.L. 1989, c.58)

General Fund

The funds received by the State from holders reporting unclaimed property to the State Treasurer, and monies remitted to the Unclaimed Property administrator as a result of audit findings, are deposited into the Unclaimed Personal Property Trust Fund (UPPTF). The Unclaimed Property program established by the State Legislature essentially provides that after certain periods of time have expired during which monies have remained inactive or unclaimed or instruments have remained outstanding or unnegotiated, a presumption arises that the property has been abandoned. The abandonment period for bank accounts (savings, checking, and certificates of deposit), bank checks, money orders, travelers checks, credits, accounts payable, and dividend checks is three years. Payroll checks, utility deposits, and funds held by governmental agencies are deemed abandoned after one year. Insurance funds relating to annuities and matured life insurance policies are considered abandoned after three years. Life insurance proceeds payable as a result of an insured attaining limiting age are abandoned after two years.

Once unclaimed property is received by the State, the State Treasurer serves as the custodian, conservator, and trustee of the unclaimed property for the benefit of the original or apparent owner. Unless the administrator deems it prudent and advisable to do otherwise, 75 percent of all funds received shall be transferred to the General State Fund. The remaining portion shall be retained in the trust fund, administered and invested by the State Treasurer, and used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

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.

Unemployment Compensation Interest Repayment Fund (N.J.S.A. 21-14.3)

Special Revenue Fund

This fund shall be used solely for the purpose of paying interest due on advances made by the federal government to the State of New Jersey Unemployment Trust Fund. A special assessment on applicable employers shall be deposited into this fund and used to pay interest expenses. Any residual balances may be transferred to the Unemployment Compensation Auxiliary Fund.

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)

General 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)

General 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)

General 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)

General 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)

General 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.

(This page left intentionally blank)

*Other
Information*

(This page left intentionally blank)

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN GROSS CAPITAL ASSETS BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers/ Adjustments*</u>	<u>Balance June 30, 2012</u>
FUNCTION:					
Public safety and criminal justice	\$ 2,066,915,718	\$ 118,293,976	\$ 86,387,331	\$ 19,864,396	\$ 2,118,686,759
Physical and mental health	345,094,492	12,160,653	754,874	(924,640)	355,575,631
Educational, cultural, and intellectual development	480,345,750	16,932,666	261,489	10,093,301	507,110,228
Community development and environmental management	2,973,203,403	58,160,723	2,784,234	49,555,075	3,078,134,967
Economic planning, development, and security	283,586,277	7,330,874	4,137,061	1,791,241	288,571,331
Transportation programs	25,549,118,365	1,282,159,004	352,233	(2,058,326)	26,828,866,810
Government direction, management, and control	893,566,626	29,191,871	2,073,640	1,071,693	921,756,550
Special government services	<u>238,051,080</u>	<u>2,381,178</u>	<u>724,633</u>	<u>(642,879)</u>	<u>239,064,746</u>
Total Gross Capital Assets By Function	<u>\$ 32,829,881,711</u>	<u>\$ 1,526,610,945</u>	<u>\$ 97,475,495</u>	<u>\$ 78,749,861</u>	<u>\$ 34,337,767,022</u>

* 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, 2012**

	<u>Land and Easements</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
FUNCTION:			
Public safety and criminal justice	\$ 23,220,324	\$ 66,917,967	\$ 1,360,803,602
Physical and mental health	321,653	7,351,281	232,637,318
Educational, cultural, and intellectual development	7,733,148	14,997,359	358,396,741
Community development and environmental management	2,425,681,646	80,326,890	337,994,838
Economic planning, development, and security	1,262,279	221,819	192,127,719
Transportation programs	2,349,518,303	9,383,769	203,628,415
Government direction, management, and control	14,144,231	42,920,023	502,791,955
Special government services	<u>2,408,922</u>	<u>577,280</u>	<u>222,695,744</u>
Total Gross Capital Assets By Function	<u>\$ 4,824,290,506</u>	<u>\$ 222,696,388</u>	<u>\$ 3,411,076,332</u>

<u>Machinery, Equipment, and Software</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 248,625,678	\$ 61,243,021	\$ 357,876,167	\$ 2,118,686,759
74,132,389	6,707,036	34,425,954	355,575,631
80,021,302	13,154,048	32,807,630	507,110,228
28,118,812	151,488,929	54,523,852	3,078,134,967
88,851,496	1,276,527	4,831,491	288,571,331
132,915,575	22,071,532,036	2,061,888,712	26,828,866,810
316,599,857	6,558,554	38,741,930	921,756,550
4,199,395	-	9,183,405	239,064,746
\$ 973,464,504	\$ 22,311,960,151	\$ 2,594,279,141	\$ 34,337,767,022

(This page left intentionally blank)

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FUNCTION:	<u>Balance July 1, 2011</u>	<u>Depreciation Expense</u>	<u>Deductions</u>	<u>Transfers/ Adjustments*</u>	<u>Balance June 30, 2012</u>
Public safety and criminal justice	\$ 958,273,609	\$ 82,476,196	\$ 84,113,819	\$ 76,617,203	\$ 1,033,253,189
Physical and mental health	143,906,935	23,632,187	470,633	(672,317)	166,396,172
Educational, cultural, and intellectual development	264,885,522	22,149,444	92,654	5,164,403	292,106,715
Community development and environmental management	307,565,368	22,554,462	1,648,250	9,306,521	337,778,101
Economic planning, development, and security	156,990,971	24,323,011	-	(1,366,207)	179,947,775
Transportation programs	7,755,152,610	575,358,044	328,593	449,753	8,330,631,814
Government direction, management, and control	369,258,040	56,600,176	1,803,685	(74,300,867)	349,753,664
Special government services	74,065,482	7,235,155	724,633	273,004	80,849,008
Total Accumulated Depreciation By Function	<u>\$ 10,030,098,537</u>	<u>\$ 814,328,675</u>	<u>\$ 89,182,267</u>	<u>\$ 15,471,493</u>	<u>\$ 10,770,716,438</u>

* Transfers/Adjustments represent a revaluation and reclassification of accumulated depreciation among statewide functions.

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF ACCUMULATED DEPRECIATION BY FUNCTION
JUNE 30, 2012**

FUNCTION:	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Public safety and criminal justice	\$ 50,361,380	\$ 806,167,002
Physical and mental health	1,137,452	122,605,743
Educational, cultural, and intellectual development	8,102,349	228,035,890
Community development and environmental management	59,470,873	212,192,155
Economic planning, development, and security	220,582	99,769,351
Transportation programs	6,802,726	92,168,345
Government direction, management, and control	14,005,577	205,208,596
Special government services	<u>410,987</u>	<u>77,977,262</u>
Total Gross Capital Assets By Function	<u>\$ 140,511,926</u>	<u>\$ 1,844,124,344</u>

<u>Machinery, Equipment, and Software</u>	<u>Infrastructure</u>	<u>Total</u>
\$ 160,647,594	\$ 16,077,213	\$ 1,033,253,189
40,876,494	1,776,483	166,396,172
49,399,994	6,568,482	292,106,715
20,854,313	45,260,760	337,778,101
79,142,708	815,134	179,947,775
95,275,133	8,136,385,610	8,330,631,814
127,638,054	2,901,437	349,753,664
2,460,759	-	80,849,008
<u>\$ 576,295,049</u>	<u>\$ 8,209,785,119</u>	<u>\$ 10,770,716,438</u>

STATE OF NEW JERSEY
ACCUMULATED DEPRECIATION AS A PERCENTAGE OF CAPITAL ASSETS*
FOR THE FISCAL YEAR ENDED JUNE 30

<u>Capital Asset Category</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land Improvements	63.1 %	60.8 %	58.9 %	57.4 %	55.8 %
Buildings and Improvements	54.1	52.9	50.8	48.4	54.5
Equipment	72.7	71.6	66.2	62.2	59.5
Software	45.6	32.9	36.2	45.2	28.2
Infrastructure	36.8	38.8	38.5	38.2	38.1

* Calculated by dividing the Capital Asset by Accumulated Depreciation for that category.

(This page left intentionally blank)

**STATE OF NEW JERSEY
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR JUNE 30, 2012**

	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 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	6,134,329,598	-	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	\$ 10,834,329,598	\$ 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			

<u>Outstanding July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding June 30, 2012</u>
\$ 750,000	\$ -	\$ -	\$ 750,000
73,255,000	-	-	73,255,000
6,005,000	-	-	6,005,000
60,000	-	-	60,000
3,955,000	-	-	3,955,000
59,680,000	-	-	59,680,000
11,315,000	-	-	11,315,000
-	-	-	-
-	-	-	-
-	-	-	-
780,000	-	-	780,000
4,600,000	-	-	4,600,000
-	-	-	-
11,335,000	-	-	11,335,000
1,925,000	-	-	1,925,000
535,000	-	-	535,000
47,020,000	-	-	47,020,000
890,000	-	-	890,000
2,295,295,000	-	182,230,000	2,113,065,000
925,000	-	-	925,000
35,460,000	-	-	35,460,000
4,535,000	-	-	4,535,000
8,575,000	-	-	8,575,000
<u>2,566,895,000</u>	<u>-</u>	<u>182,230,000</u>	<u>2,384,665,000</u>
19,770,565,000	1,650,575,000	722,190,000	20,698,950,000
232,565,000	-	19,865,000	212,700,000
18,714,603,378	1,579,315,000	2,000,003,779	18,293,914,599
85,412,914	38,409,919	23,508,771	100,314,062
4,469,032,756	-	24,940,315	4,444,092,441
(970,473,476)	(188,057,905)	(163,756,319)	(994,775,062)
(8,216,198,571)	-	(352,428,217)	(7,863,770,354)
1,403,948,619	260,373,850	145,816,389	1,518,506,080
<u>38,056,350,620</u>	<u>3,340,615,864</u>	<u>2,602,369,718</u>	<u>38,794,596,766</u>
623,185,039	331,865,567	349,003,791	606,046,815
311,219,461	75,474,728	46,876,932	339,817,257
1,279,358,087	-	-	1,279,358,087
13,501,000,000	4,696,700,000	1,379,400,000	16,818,300,000
10,857,719,370	1,980,810,079	-	12,838,529,449
80,400,466	11,774,096	-	92,174,562
340,254,820	225,789,814	245,028,409	321,016,225
<u>26,993,137,243</u>	<u>7,322,414,284</u>	<u>2,020,309,132</u>	<u>32,295,242,395</u>
<u>\$ 65,049,487,863</u>	<u>\$ 10,663,030,148</u>	<u>\$ 4,622,678,850</u>	<u>\$ 71,089,839,161</u>

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Casino Control Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	54,548,964	54,507,964	51,397,177	(3,110,787)
Investment earnings	20,000	18,000	10,837	(7,163)
Other	-	-	-	-
Total Revenues	<u>54,568,964</u>	<u>54,525,964</u>	<u>51,408,014</u>	<u>(3,117,950)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>54,568,964</u>	<u>54,525,964</u>	<u>51,408,014</u>	<u>(3,117,950)</u>
EXPENDITURES				
Public safety and criminal justice	47,320,203	47,113,691	44,810,582	2,303,109
Physical and mental health	-	-	-	-
Educational, cultural, and intellectual development	-	-	-	-
Economic planning, development, and security	-	-	-	-
Transportation programs	-	-	-	-
Government direction, management, and control	9,964,839	9,921,351	7,595,166	2,326,185
Special government services	-	-	-	-
Total Expenditures	<u>57,285,042</u>	<u>57,035,042</u>	<u>52,405,748</u>	<u>4,629,294</u>
Net Change in Fund Balance	(2,716,078)	(2,509,078)	(997,734)	1,511,344
Fund Balances - July 1, 2011	<u>2,716,078</u>	<u>2,759,000</u>	<u>2,759,000</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ 249,922</u>	<u>\$ 1,761,266</u>	<u>\$ 1,511,344</u>

Casino Revenue Fund

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$ 247,749,000	\$ 243,774,000	\$ 238,876,603	\$ (4,897,397)
-	-	-	-
-	-	-	-
<u>83,327,236</u>	<u>83,327,236</u>	<u>83,364,264</u>	<u>37,028</u>
<u>331,076,236</u>	<u>327,101,236</u>	<u>322,240,867</u>	<u>(4,860,369)</u>
<u>400,000</u>	<u>400,000</u>	<u>5,388,828</u>	<u>4,988,828</u>
<u>400,000</u>	<u>400,000</u>	<u>5,388,828</u>	<u>4,988,828</u>
<u>331,476,236</u>	<u>327,501,236</u>	<u>327,629,695</u>	<u>128,459</u>
-	-	-	-
271,551,236	270,983,527	268,359,656	2,623,871
32,516,000	32,448,022	32,516,000	(67,978)
2,196,000	2,191,409	2,196,000	(4,591)
25,121,000	25,068,482	25,121,000	(52,518)
-	-	-	-
<u>92,000</u>	<u>91,808</u>	<u>92,000</u>	<u>(192)</u>
<u>331,476,236</u>	<u>330,783,248</u>	<u>328,284,656</u>	<u>2,498,592</u>
-	(3,282,012)	(654,961)	2,627,051
-	-	-	-
<u>\$ -</u>	<u>\$ (3,282,012)</u>	<u>\$ (654,961)</u>	<u>\$ 2,627,051</u>

(Continued on next page)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Gubernatorial Elections Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	-
Investment earnings	-	-	-	-
Other	863,761	863,761	457,542	(406,219)
Total Revenues	<u>863,761</u>	<u>863,761</u>	<u>457,542</u>	<u>(406,219)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>863,761</u>	<u>863,761</u>	<u>457,542</u>	<u>(406,219)</u>
EXPENDITURES				
Public safety and criminal justice	163,761	163,701	-	163,701
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	<u>163,761</u>	<u>163,701</u>	<u>-</u>	<u>163,701</u>
Net Change in Fund Balance	700,000	700,060	457,542	(242,518)
Fund Balances - July 1, 2011	<u>700,000</u>	<u>481,000</u>	<u>481,000</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 1,400,000</u>	<u>\$ 1,181,060</u>	<u>\$ 938,542</u>	<u>\$ (242,518)</u>

Total Non-Major Governmental Funds

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$ 247,749,000	\$ 243,774,000	\$ 238,876,603	\$ (4,897,397)
54,548,964	54,507,964	51,397,177	(3,110,787)
20,000	18,000	10,837	(7,163)
<u>84,190,997</u>	<u>84,190,997</u>	<u>83,821,806</u>	<u>(369,191)</u>
<u>386,508,961</u>	<u>382,490,961</u>	<u>374,106,423</u>	<u>(8,384,538)</u>
400,000	400,000	5,388,828	4,988,828
<u>400,000</u>	<u>400,000</u>	<u>5,388,828</u>	<u>4,988,828</u>
386,908,961	382,890,961	379,495,251	(3,395,710)
47,483,964	47,277,392	44,810,582	2,466,810
271,551,236	270,983,527	268,359,656	2,623,871
32,516,000	32,448,022	32,516,000	(67,978)
2,196,000	2,191,409	2,196,000	(4,591)
25,121,000	25,068,482	25,121,000	(52,518)
9,964,839	9,921,351	7,595,166	2,326,185
92,000	91,808	92,000	(192)
<u>388,925,039</u>	<u>387,981,991</u>	<u>380,690,404</u>	<u>7,291,587</u>
(2,016,078)	(5,091,030)	(1,195,153)	3,895,877
3,416,078	3,240,000	3,240,000	-
<u>\$ 1,400,000</u>	<u>\$ (1,851,030)</u>	<u>\$ 2,044,847</u>	<u>\$ 3,895,877</u>

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - NON-MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Gubernatorial Elections Fund</u>
Sources/inflows of resources:			
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 51,408,014	\$ 327,629,695	\$ 457,542
Differences - budget to GAAP:			
Revenue Refund	-	-	103,553
<hr/>			
Total revenues and other financing sources as reported on the GAAP - basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 51,408,014</u>	<u>\$ 327,629,695</u>	<u>\$ 561,095</u>
Uses/outflows of resources:			
Total expenditures and other financing uses - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 52,405,748	\$ 328,284,656	\$ 163,701
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.	(395,111)	(23,499,797)	-
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.	243,649	19,686,485	(163,701)
<hr/>			
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 52,254,286</u>	<u>\$ 324,471,344</u>	<u>\$ -</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
MAJOR TAXES				
Sales	\$ 8,153,000,000	\$ 7,935,769,970	97	\$ (217,230,030)
Sales Tax Dedication	(628,000,000)	(603,834,272)	96	24,165,728
Sales Tax Energy	368,400,000	144,360,958	39	(224,039,042)
Corporation Business	2,261,000,000	2,032,349,675	90	(228,650,325)
Corporate Business Energy	79,700,000	4,754,068	6	(74,945,932)
Transfer Inheritance	666,900,000	641,867,808	96	(25,032,192)
Motor Fuels	535,000,000	539,714,372	101	4,714,372
Insurance Premium	499,197,000	528,326,684	106	29,129,684
Motor Vehicles Fees	492,731,000	463,890,981	94	(28,840,019)
Petroleum Products Gross Receipts	222,800,000	223,252,752	100	452,752
Cigarette	205,500,000	288,388,494	140	82,888,494
Corporation Banks and Financial Institutions	201,900,000	106,378,294	53	(95,521,706)
Realty Transfer	191,050,000	187,824,891	98	(3,225,109)
Alcoholic Beverage Excise	93,357,000	102,304,726	110	8,947,726
Tobacco Products Wholesale Sales	20,427,000	20,941,068	103	514,068
Public Utility Excise (Reform)	13,500,000	14,372,712	106	872,712
TOTAL MAJOR TAXES	<u>13,376,462,000</u>	<u>12,630,663,181</u>	94	<u>(745,798,819)</u>
MISCELLANEOUS TAXES, FEES, REVENUES				
Executive Branch:				
Department of Agriculture:				
Fertilizer Inspection Fees	366,000	366,000	100	-
Miscellaneous Revenue	3,000	2,830	94	(170)
Total Department of Agriculture	<u>369,000</u>	<u>368,830</u>	100	<u>(170)</u>
Department of Banking and Insurance:				
Actuarial Services	55,000	103,169	188	48,169
Banking - Assessments	10,000,000	10,683,708	107	683,708
Banking - Licenses and Other Fees	2,950,000	2,093,891	71	(856,109)
Fraud Fines	2,500,000	1,161,299	46	(1,338,701)
HMO Covered Lives	1,600,000	1,030,208	64	(569,792)
Insurance - Examination Billings	2,500,000	2,195,555	88	(304,445)
Insurance - Special Purpose Assessment	31,000,000	35,325,272	114	4,325,272
Insurance Fraud Prevention	24,150,000	25,540,987	106	1,390,987
Insurance Licenses and Other Fees	39,814,000	43,637,244	110	3,823,244
Real Estate Commission	4,355,000	3,511,177	81	(843,823)
Total Department of Banking and Insurance	<u>118,924,000</u>	<u>125,282,510</u>	105	<u>6,358,510</u>
Department of Children and Families:				
Child Care Licensing/Adoption Law	340,000	328,790	97	(11,210)
Marriage License Fees	1,260,000	1,179,800	94	(80,200)
Total Department of Children and Families	<u>1,600,000</u>	<u>1,508,590</u>	94	<u>(91,410)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER (UNDER) ANTICIPATION</u>
Department of Community Affairs:				
Affordable Housing and Neighborhood Preservation - Fair Housing	28,118,000	28,118,000	100	-
Construction Fees	15,366,000	15,366,000	100	-
Divorce Filing Fees	1,350,000	1,432,550	106	82,550
Fire Safety	16,728,000	16,728,000	100	-
Housing Inspection Fees	9,824,000	9,824,000	100	-
Miscellaneous Revenue	-	330	-	330
Planned Real Estate Development Fees	828,000	721,558	87	(106,442)
Total Department of Community Affairs	<u>72,214,000</u>	<u>72,190,438</u>	100	<u>(23,562)</u>
Department of Corrections:				
Miscellaneous Revenue	-	56,240	-	56,240
Total Department of Corrections	<u>-</u>	<u>56,240</u>	-	<u>56,240</u>
Department of Education:				
Audit of Recoveries	650,000	503,034	77	(146,966)
Audit of Enrollments	420,000	1,220,370	291	800,370
Local School District Loan Recoveries - NJEDA	5,813,000	5,773,801	99	(39,199)
Nonpublic Schools Handicapped and Auxiliary Recoveries	3,000,000	12,732,437	424	9,732,437
Nonpublic Schools Textbook Recoveries	1,000,000	1,008,955	101	8,955
School Construction Inspection Fees	100,000	411,468	411	311,468
State Board of Examiners	4,500,000	4,765,453	106	265,453
Total Department of Education	<u>15,483,000</u>	<u>26,415,518</u>	171	<u>10,932,518</u>
Department of Environmental Protection:				
Air Pollution Fees - Minor Sources	6,300,000	6,290,517	100	(9,483)
Air Pollution Fees - Title V Operating Permits	7,400,000	6,468,974	87	(931,026)
Air Pollution Fines	2,500,000	1,619,873	65	(880,127)
Clean Water Enforcement Act	2,300,000	1,780,150	77	(519,850)
Coastal Area Facility Review Act	1,570,000	1,253,211	80	(316,789)
Endangered Species Tax Checkoff	158,000	158,000	100	-
Environmental Infrastructure Financing Program Administrative Fee	5,000,000	5,000,000	100	-
Excess Diversion	170,000	267,142	157	97,142
Freshwater Wetlands Fees	2,797,000	2,143,041	77	(653,959)
Freshwater Wetlands Fines	300,000	472,351	157	172,351
Hazardous Waste Fees	3,260,000	3,039,462	93	(220,538)
Hazardous Waste Fines	450,000	1,125,784	250	675,784
Highlands Permitting	-	205	-	205
Hunters' and Anglers' Licenses	11,500,000	11,500,000	100	-
Industrial Site Recovery Act	25,000	42,675	171	17,675
Laboratory Certification Fees	900,000	810,094	90	(89,906)
Laboratory Certification Fines	35,000	48,123	137	13,123

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012		REALIZATION OVER (UNDER) ANTICIPATION
		AMOUNT	PERCENT	
Marina Rentals	885,000	885,000	100	-
Marine Lands - Preparation and Filing Fees	159,000	116,686	73	(42,314)
Medical Waste	4,600,000	4,551,823	99	(48,177)
Miscellaneous Revenue	-		-	-
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	90,000	98,763	110	8,763
Pesticide Control Fees	4,400,000	4,400,000	100	-
Pesticide Control Fines	80,000	61,010	76	(18,990)
Radiation Protection Fees	3,100,000	3,051,507	98	(48,493)
Radiation Protection Fines	150,000	125,575	84	(24,425)
Radon Testers Certification	230,000	219,862	96	(10,138)
Shellfish and Marine Fisheries	1,000	6,114	611	5,114
Solid and Hazardous Waste Disclosure	-	173,550	-	173,550
Solid Waste - Utility Regulation Assessments	3,100,000	3,100,000	100	-
Solid Waste Fines	600,000	951,797	159	351,797
Solid Waste Management Fees	6,730,000	6,082,606	90	(647,394)
Spring Meadow Golf Course	-	(15,263)	-	(15,263)
Stream Encroachment	2,970,000	2,696,270	91	(273,730)
Toxic Catastrophe Prevention Fees	1,560,000	1,630,267	105	70,267
Toxic Catastrophe Prevention Fines	150,000	70,355	47	(79,645)
Treatment Works Approval	1,890,000	1,026,611	54	(863,389)
Underground Storage Tanks Fees	525,000	701,155	134	176,155
Water Allocation	2,423,000	2,423,000	100	-
Water Supply Management Regulations	1,500,000	1,244,140	83	(255,860)
Water/Wastewater Operators Licenses	210,000	210,000	100	-
Waterfront Development Fees	3,000,000	2,421,282	81	(578,718)
Waterfront Development Fines	20,000	33,838	169	13,838
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	50,000	22,758	46	(27,242)
Total Department of Environmental Protection	105,232,000	100,452,308	95	(4,779,692)
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	173,928	43	(226,072)
Total Department of Health and Senior Services	8,390,000	8,163,928	97	(226,072)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Department of Human Services:				
Early Periodic Screening, Diagnosis, and Treatment	1,420,000	758,133	53	(661,867)
Medicaid Uncompensated Care - Acute	222,564,000	219,280,159	99	(3,283,841)
Medicaid Uncompensated Care - Mental Health	40,275,000	30,844,038	77	(9,430,962)
Medicaid Uncompensated Care - Psychiatric	178,685,000	180,123,955	101	1,438,955
Medicaid Assistance - Federal Match on PAAD	-	53,466	-	53,466
Miscellaneous Revenue	4,582,000	20,314,043	443	15,732,043
Patients' and Residents' Cost Recovery - Developmental Disabilities	19,914,000	19,434,000	98	(480,000)
Patients' and Residents' Cost Recovery - Psychiatric Hospitals	95,691,000	78,170,216	82	(17,520,784)
School Based Medicaid	14,199,000	39,689,718	280	25,490,718
Total Department of Human Services	577,330,000	588,667,728	102	11,337,728
Department of Labor and Workforce Development:				
Miscellaneous Revenue	155,000	154,850	100	(150)
Special Compensation Fund	1,862,000	1,862,000	100	-
Workers' Compensation Assessment	13,183,000	13,183,000	100	-
Workplace Standards - Licenses, Permits, and Fines	6,351,000	6,351,000	100	-
Total Department of Labor and Workforce Development	21,551,000	21,550,850	100	(150)
Department of Law and Public Safety:				
Beverage Licenses	3,960,000	3,960,000	100	-
Casino Fines	-	495,476	-	495,476
Charities Registration Section	695,000	695,000	100	-
Consumer Affairs	-	900	-	900
Controlled Dangerous Substances	100,000	100,000	100	-
Forfeiture Funds	250,000	250,000	100	-
Legalized Games of Chance Control	1,200,000	1,200,000	100	-
Miscellaneous Revenue	20,000	553,695	2,768	533,695
New Jersey Cemetery Board	55,000	55,000	100	-
Pleasure Boat Licenses	2,280,000	2,185,446	96	(94,554)
Private Employment Agencies	258,000	258,000	100	-
Securities Enforcement	13,394,000	13,394,000	100	-
State Board of Architects	125,000	125,000	100	-
State Board of Audiology and Speech- Language Pathology Advisory	123,000	123,000	100	-
State Board of Certified Public Accountants	1,111,000	1,111,000	100	-
State Board of Chiropractors	113,000	113,000	100	-
State Board of Court Reporting	124,000	124,000	100	-
State Board of Dentistry	2,464,000	2,464,000	100	-
State Board of Electrical Contractors	839,000	839,000	100	-
State Board of HVAC Contractors	5,000	-	-	(5,000)
State Board of Marriage Counselor Examiners	176,000	176,000	100	-
State Board of Medical Examiners	3,161,000	3,161,000	100	-
State Board of Mortuary Science	162,000	162,000	100	-
State Board of Nursing	3,707,000	3,707,000	100	-
State Board of Occupational Therapists and Assistants	56,000	56,000	100	-

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	347,000	347,000	100	-
State Board of Pharmacy	578,000	578,000	100	-
State Board of Physical Therapy	115,000	115,000	100	-
State Board of Professional Engineers and Land Surveyors	878,000	878,000	100	-
State Board of Professional Planners	193,000	193,000	100	-
State Board of Psychological Examiners	4,000	4,000	100	-
State Board of Real Estate Appraisers	270,000	270,000	100	-
State Board of Respiratory Care	288,000	288,000	100	-
State Police - Fingerprint Fees	3,694,000	3,694,000	100	-
State Police - Other Licenses	227,000	351,950	155	124,950
State Police - Private Detective Licenses	200,000	177,135	89	(22,865)
Victims of Violent Crime Compensation	3,372,000	3,372,000	100	-
Weights and Measures - General	2,612,000	2,612,000	100	-
Total Department of Public Law and Safety	<u>47,156,000</u>	<u>48,188,602</u>	102	<u>1,032,602</u>
Department of Military and Veterans' Affairs:				
Soldiers' Homes	49,050,000	45,506,861	93	(3,543,139)
Total Department of Military and Veterans' Affairs	<u>49,050,000</u>	<u>45,506,861</u>	93	<u>(3,543,139)</u>
Department of State:				
Governor's Teaching Scholars Program Loan Repayment	13,000	11,757	90	(1,243)
Miscellaneous Revenue	5,000	(8,051)	(161)	(13,051)
Total Department of State	<u>18,000</u>	<u>3,706</u>	21	<u>(14,294)</u>
Department of Transportation:				
Air Safety Fund	680,000	306,938	45	(373,062)
Applications and Highway Permits	1,300,000	1,300,000	100	-
Autonomous Transportation Authorities	77,500,000	77,708,333	100	208,333
Drunk Driving Fines	350,000	400,000	114	50,000
Good Driver	71,800,000	73,938,163	103	2,138,163
Interest on Purchase of Right of Way	5,000	-	-	(5,000)
Logo Sign Program Fees	300,000	300,000	100	-
Maritime Program Receipts	2,200,000	2,143,835	97	(56,165)
Miscellaneous Revenue	10,000	47,815	-	37,815
Outdoor Advertising	740,000	740,000	100	-
Total Department of Transportation	<u>154,885,000</u>	<u>156,885,084</u>	101	<u>2,000,084</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	<u>REALIZED TO JUNE 30, 2012</u>		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
Department of the Treasury:				
Assessment on Real Property Greater Than \$1 Million	64,250,000	84,958,956	132	20,708,956
Assessments - Cable TV	4,770,000	5,129,000	108	359,000
Assessments - Public Utility	26,222,000	30,625,030	117	4,403,030
Casino Fines	-	163,051	-	163,051
CATV Universal Access	5,000,000	6,423,399	128	1,423,399
Coin Operated Telephones	3,400,000	3,877,997	114	477,997
Commercial Recording - Expedited	1,000,000	1,000,000	100	-
Commissions (Notary)	1,200,000	1,210,977	101	10,977
Dispute Settlement Mediation	-	50,000	-	50,000
Domestic Security	30,000,000	32,191,180	107	2,191,180
Dormitory Safety Trust Fund - Debt Service Recovery	5,662,000	-	-	(5,662,000)
Equipment Leasing Fund - Debt Service Recovery	114,000	114,300	100	300
Escrow Interest - Construction Accounts	6,000	(2,321)	(39)	(8,321)
General Revenue - Fees (Commercial Recording and UCC)	53,000,000	53,707,237	101	707,237
Higher Education Capital Improvement Fund - Debt Service Recovery	15,297,000	-	-	(15,297,000)
Hotel/Motel Occupancy Tax	75,000,000	85,182,162	114	10,182,162
Investment Earnings	-	654,134	-	654,134
Licenses, Fines, Permits, Penalties and Fees	50,000	-	-	(50,000)
Miscellaneous Revenue	867,000	963,580	111	96,580
New Jersey Public Records Preservation	32,200,000	31,568,534	98	(631,466)
Nuclear Emergency Response Assessment	4,387,000	5,161,000	118	774,000
Public Defender Client Receipts	3,400,000	3,203,537	94	(196,463)
Public Utility Fines	1,000,000	267,465	27	(732,535)
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	105,000,000	114,645,841	109	9,645,841
Railroad Tax - Class II	4,200,000	5,650,975	135	1,450,975
Railroad Tax - Franchise	3,300,000	7,093,932	215	3,793,932
Rate Counsel - Assessments	7,000,000	7,000,000	100	-
Surplus Property	1,900,000	1,886,250	99	(13,750)
Tax Referral Cost Recovery Fee	5,400,000	5,279,911	98	(120,089)
Telephone Assessment	126,000,000	124,939,069	99	(1,060,931)
Tire Clean-Up Surcharge	9,000,000	8,730,627	97	(269,373)
Transitional Energy Facilities Assessment	178,700,000	111,499,951	62	(67,200,049)
Total Department of Treasury	<u>767,325,000</u>	<u>733,175,774</u>	96	<u>(34,149,226)</u>
Other Sources:				
Miscellaneous Revenue	11,500,000	10,511,384	91	(988,616)
Total Other Sources	<u>11,500,000</u>	<u>10,511,384</u>	91	<u>(988,616)</u>
Interdepartmental Accounts:				
Administration and Investment of Pension and Health Benefit Funds - Recoveries	2,754,000	2,820,840	102	66,840
Employee Maintenance Deductions	300,000	195,357	65	(104,643)
Fringe Benefit Recoveries from Colleges and Universities	145,616,000	156,550,153	108	10,934,153
Fringe Benefit Recoveries from Federal and Other Funds	240,739,000	256,748,236	107	16,009,236

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
Fringe Benefit Recoveries from School Districts	34,500,000	45,645,406	132	11,145,406
Indirect Cost Recoveries - DEP Other Funds	8,860,000	10,494,525	118	1,634,525
Market Transition Facility Revenue Fund	23,500,000	21,609,985	92	(1,890,015)
Rent of State Building Space	3,050,000	3,468,289	114	418,289
Social Security Recoveries from Federal and Other Funds	64,941,000	63,066,380	97	(1,874,620)
Total Interdepartmental Accounts	<u>524,260,000</u>	<u>560,599,171</u>	107	<u>36,339,171</u>
Judicial Branch:				
Court Fees	69,272,000	56,593,540	82	(12,678,460)
Total Judicial Branch	<u>69,272,000</u>	<u>56,593,540</u>	82	<u>(12,678,460)</u>
TOTAL MISCELLANEOUS TAXES, FEES, REVENUES	<u>2,544,559,000</u>	<u>2,556,121,062</u>	100	<u>11,562,062</u>
INTERFUND TRANSFERS				
Beaches and Harbor Fund	4,000	1,280	-	(2,720)
Clean Energy Fund	10,000,000	210,000,000	-	200,000,000
Clean Waters Fund	10,000	43	-	(9,957)
Correctional Facilities Construction Fund	1,000	892	-	(108)
Correctional Facilities Construction Fund of 1987	2,000	654	-	(1,346)
Cultural Center and Historical Preservation Fund	-	112	-	112
Dam, Lake, Stream and Flood Control Project Fund - 2003	61,000	22,770	-	(38,230)
Developmental Disabilities Waiting List Reduction Fund	13,000	6,041	-	(6,959)
Dredging and Containment Facility Fund	424,000	424,000	-	-
Emergency Flood Control	-	350	-	350
Energy Conservation Fund	1,000	424	-	(576)
Enterprise Zone Assistance Fund	88,597,000	97,788,461	-	9,191,461
Fund for the Support of Free Public Schools	4,662,000	4,449,854	-	(212,146)
Garden State Farmland Preservation Trust Fund	1,992,000	1,917,005	-	(74,995)
Garden State Green Acres Preservation Trust Fund	5,552,000	5,329,641	-	(222,359)
Garden State Historic Preservation Trust Fund	654,000	515,854	-	(138,146)
Hazardous Discharge Fund	1,000	280	-	(720)
Hazardous Discharge Site Cleanup Fund	18,000,000	17,944,441	-	(55,559)
Housing Assistance Fund	16,000	7,425	-	(8,575)
Human Services Facilities Construction Fund	-	23	-	23
Jobs, Education and Competitiveness Fund	-	731	-	731
Judiciary Bail Fund	150,000	41,005	-	(108,995)
Judiciary Child Support and Paternity Fund	60,000	-	-	(60,000)
Judiciary Probation Fund	50,000	11,522	-	(38,478)
Judiciary Special Civil Fund	20,000	1,831	-	(18,169)
Judiciary Superior Court Miscellaneous Fund	20,000	3,417	-	(16,583)
Legal Services Fund	11,000,000	9,557,048	-	(1,442,952)
Mortgage Assistance Fund	707,000	891,163	-	184,163
Motor Vehicle Security Responsibility Fund	1,000	364	-	(636)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO June 30, 2012	<u>REALIZED TO JUNE 30, 2012</u>		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
NJ Bridge Rehabilitation and Improvement and R.R. Right-of-Way Preservation Fund	21,000	9,551	45	(11,449)
Natural Resources Fund	4,000	2,214	55	(1,786)
New Jersey Spill Compensation Fund	16,316,000	16,120,295	99	(195,705)
New Jersey Workforce Development Partnership Fund	17,867,000	24,761,023	139	6,894,023
Pollution Prevention Fund	1,579,000	1,423,415	90	(155,585)
Public Purpose Building Construction	-	120	-	120
Public Purpose Buildings and Community-Based Facilities Construction Fund	3,000	1,184	39	(1,816)
Safe Drinking Water Fund	2,503,000	2,296,017	92	(206,983)
Shore Protection Fund	35,000	12,984	37	(22,016)
Solid Waste Service Tax Fund	1,000	-	-	(1,000)
State Disability Benefit Fund	37,888,000	31,521,329	83	(6,366,671)
State Land Acquisition and Development Fund	1,000	567	57	(433)
State Lottery Fund	1,030,000,000	950,082,267	92	(79,917,733)
State Lottery Fund - Administration	22,212,000	21,652,491	97	(559,509)
State Recycling Fund	20,000,000	20,000,000	100	-
State of New Jersey Cash Management Fund	2,300,000	1,877,586	82	(422,414)
Statewide Transportation and Local Bridge Fund	50,000	20,160	40	(29,840)
Supplemental Workforce Fund for Basic Skills	2,000,000	1,055,220	53	(944,780)
Tobacco Settlement Fund	54,564,000	82,461,651	151	27,897,651
Unclaimed Insurance Payments	-	8,484	-	8,484
Unclaimed Personal Property Trust Fund	192,000,000	257,000,000	134	65,000,000
Unclaimed Utility Deposits Trust Fund	21,000	8,997	43	(12,003)
Unemployment Compensation Auxiliary Fund	18,057,000	18,056,522	100	(478)
Universal Services Fund	72,652,000	72,652,000	100	-
Wage and Hour Trust Fund	40,000	1,261	3	(38,739)
Water Conservation Fund	3,000	1,091	36	(1,909)
Water Supply Fund	4,157,000	4,079,630	98	(77,370)
Worker and Community Right to Know Fund	3,909,000	2,830,235	72	(1,078,765)
TOTAL INTERFUND TRANSFERS	<u>1,640,181,000</u>	<u>1,856,852,925</u>	113	<u>216,671,925</u>
 TOTAL REVENUES, GENERAL FUND	 <u>\$ 17,561,202,000</u>	 <u>\$ 17,043,637,168</u>	 97	 <u>\$ (517,564,832)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Licenses and Fees	\$ 53,126,000	\$ 51,397,177	97	\$ (1,728,823)
Investment Earnings	20,000	10,837	54	(9,163)
TOTAL CASINO CONTROL FUND	<u>\$ 53,146,000</u>	<u>\$ 51,408,014</u>	97	<u>\$ (1,737,986)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Gross Revenue Tax	\$ 234,822,000	\$ 227,193,971	97	\$ (7,628,029)
Other Casino Taxes and Fees	12,927,000	11,792,345	91	(1,134,655)
Casino Simulcasting Fund	400,000	337,907	84	(62,093)
TOTAL CASINO REVENUE FUND	<u>\$ 248,149,000</u>	<u>\$ 239,324,223</u>	96	<u>\$ (8,824,777)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO June 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Taxpayers' Designations	\$ 700,000	\$ 457,541	65	\$ (242,459)
TOTAL GUBERNATORIAL ELECTIONS FUND	<u>\$ 700,000</u>	<u>\$ 457,541</u>	65	<u>\$ (242,459)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO June 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Gross Income Tax	\$ 11,132,000,000	\$ 11,128,418,349	100	\$ (3,581,651)
Sales Tax Dedication	645,500,000	623,252,210	97	(22,247,790)
TOTAL PROPERTY TAX RELIEF FUND	<u>\$ 11,777,500,000</u>	<u>\$ 11,751,670,559</u>	100	<u>\$ (25,829,441)</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>STATE</u>	<u>FEDERAL</u>	<u>DEDICATED AND REVOLVING</u>	<u>TOTAL</u>
LEGISLATIVE BRANCH	\$ -	\$ -	\$ 1,962	\$ 1,962
EXECUTIVE BRANCH				
Chief Executive	-	-	702,944	702,944
Agriculture	2,555,854	364,091,794	6,473,632	373,121,280
Banking and Insurance	45,600	1,827,708	1,252,154	3,125,462
Children and Families	-	171,492,007	51,678,408	223,170,415
Community Affairs	17,312,775	461,595,221	63,104,439	542,012,435
Corrections	-	1,563,857	57,821,215	59,385,072
Education	1,200,000	1,222,572,874	16,050,014	1,239,822,888
Environmental Protection	35,741,749	58,853,799	46,378,613	140,974,161
Health and Senior Services	13,577,231	366,033,248	339,168,446	718,778,925
Human Services	474,331,046	7,845,522,815	797,959,087	9,117,812,948
Labor and Workforce Development	50,861,041	385,978,289	176,499,240	613,338,570
Law and Public Safety	131,113,452	264,445,976	175,954,219	571,513,647
Military and Veterans' Affairs	2,960,805	38,664,638	213,075	41,838,518
State	6,919	24,702,641	14,989,725	39,699,285
Transportation	2,468,097	9,073,620	647,873,087	659,414,804
Treasury	88,670,355	28,645,786	1,237,303,277	1,354,619,418
Interdepartmental	173,992	-	43,270,256	43,444,248
TOTAL EXECUTIVE BRANCH	<u>821,018,916</u>	<u>11,245,064,273</u>	<u>3,676,691,831</u>	<u>15,742,775,020</u>
JUDICIAL BRANCH	<u>2,837,471</u>	<u>3,727,341</u>	<u>64,298,778</u>	<u>70,863,590</u>
TOTAL APPROPRIATED REVENUE	<u>\$ 823,856,387</u>	<u>\$ 11,248,791,614</u>	<u>\$ 3,740,992,571</u>	<u>\$ 15,813,640,572</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>STATE</u>	<u>FEDERAL</u>	<u>DEDICATED AND REVOLVING</u>	<u>TOTAL</u>
EXECUTIVE BRANCH				
Health and Senior Services	\$ 83,304,914	\$ -	\$ -	\$ 83,304,914
TOTAL APPROPRIATED REVENUE	<u>\$ 83,304,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,304,914</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Legislative Branch	\$ 73,653,780	\$ 18,741,578	\$ 77,729,558
Executive Branch			
Chief Executive's Office	5,681,000	857,884	6,440,919
Agriculture	7,156,000	3,372,160	9,880,717
Banking and Insurance	62,970,000	1,135,521	56,232,482
Children and Families	315,151,000	13,280,394	310,235,406
Community Affairs	38,694,000	12,734,923	45,235,546
Corrections	963,606,000	29,237,639	936,701,103
Education	76,404,240	4,509,838	76,106,430
Environmental Protection	209,711,604	65,329,082	241,418,957
Health and Senior Services	52,216,000	29,357,636	68,116,716
Human Services	662,281,000	90,769,935	660,595,360
Labor and Workforce Development	89,778,000	57,903,077	125,857,307
Law and Public Safety	492,566,000	263,730,197	647,694,919
Military and Veterans' Affairs	90,953,642	7,076,120	88,653,891
State	29,004,000	2,996,446	26,526,426
Transportation	45,385,000	16,844,232	47,707,097
Treasury	440,765,729	112,294,491	512,882,633
Miscellaneous Executive Commissions	976,000	30,115	1,003,011
Interdepartmental Accounts	2,383,613,937	(39,442,428)	2,239,646,426
Total Executive Branch	<u>5,966,913,152</u>	<u>672,017,262</u>	<u>6,100,935,346</u>
Judicial Branch	<u>663,535,000</u>	<u>13,348,307</u>	<u>626,448,605</u>
TOTAL DIRECT STATE SERVICES	<u>\$ 6,704,101,932</u>	<u>\$ 704,107,147</u>	<u>\$ 6,805,113,509</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 623,751	\$ -	\$ 14,042,049
-	91,943	6,022
193,447	1,900	452,096
1,742,908	5,402,607	727,524
2,231,385	15,964,603	-
1,997,684	447,352	3,748,341
7,936,926	43,730,485	4,475,125
1,279,463	1,391,430	2,136,755
8,050,397	3,919,908	21,651,424
7,864,244	4,582,743	1,009,933
27,033,469	47,305,481	18,116,625
6,824,485	13,552,936	1,446,349
7,511,979	4,285,146	96,804,153
3,411,824	4,126,459	1,837,588
1,834,128	1,312,620	2,327,272
3,022,204	4,043,197	7,456,734
21,377,938	9,650,061	9,149,588
4	-	3,100
6,421,436	65,249,859	32,853,788
<u>108,733,921</u>	<u>225,058,730</u>	<u>204,202,417</u>
<u>24,019,051</u>	<u>(8,900)</u>	<u>26,424,551</u>
<u>\$ 133,376,723</u>	<u>\$ 225,049,830</u>	<u>\$ 244,669,017</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GRANTS-IN-AID			
Executive Branch			
Agriculture	\$ 6,818,000	\$ 588,176	\$ 6,894,558
Children and Families	743,295,000	(12,293,092)	694,917,588
Community Affairs	19,220,000	8,022,925	21,163,833
Corrections	106,298,000	(75,000)	103,062,977
Education	1,665,000	-	1,620,000
Environmental Protection	17,332,000	75,872,993	14,352,571
Health and Senior Services	1,162,933,000	41,509,079	1,105,464,898
Human Services	4,186,928,379	507,853,969	4,548,076,270
Labor and Workforce Development	64,756,000	600,678	56,968,432
Law and Public Safety	17,248,000	(4,273)	8,971,198
Military and Veterans' Affairs	3,074,000	55,945	2,025,383
State	1,104,829,000	28,380,805	1,099,107,300
Transportation	309,400,000	15,070	285,027,000
Treasury	313,476,000	997,312	284,151,202
Interdepartmental Accounts	885,805,000	(866,492)	880,156,211
Total Executive Branch	<u>8,943,077,379</u>	<u>650,658,095</u>	<u>9,111,959,421</u>
TOTAL GRANTS-IN-AID	<u>\$ 8,943,077,379</u>	<u>\$ 650,658,095</u>	<u>\$ 9,111,959,421</u>
STATE AID			
Executive Branch			
Agriculture	\$ 5,623,000	\$ 66	\$ 5,615,088
Community Affairs	1,600,000	309,903	1,477,095
Corrections	20,500,000	-	20,500,000
Education	145,101,824	81,683,001	225,637,782
Environmental Protection	8,680,000	1,007,979	5,942,882
Health and Senior Services	7,152,000	-	5,984,058
Human Services	365,770,874	1,850,374	344,460,154
Labor and Workforce Development	-	-	(1,099)
Law and Public Safety	-	9,321,872	2,267,407
State	15,005,000	309,233	14,932,278
Treasury	199,229,575	6,933,277	199,404,212
Total Executive Branch	<u>768,662,273</u>	<u>101,415,705</u>	<u>826,219,857</u>
TOTAL STATE AID	<u>\$ 768,662,273</u>	<u>\$ 101,415,705</u>	<u>\$ 826,219,857</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 1,768	\$ 509,850
1,500,441	34,313,680	270,199
2,839,910	922,500	2,316,682
3,074,221	(45,878)	131,680
-	45,000	-
330,084	-	78,522,338
20,819,902	71,851,426	6,305,853
57,396,698	30,391,372	58,918,008
8,224,163	163,405	678
8,108,682	163,847	-
88,986	188,254	827,322
5,379,612	20,916,158	7,806,735
-	24,373,000	15,070
155,550	26,704,746	3,461,814
2,200	4,778,618	1,479
<u>107,920,449</u>	<u>214,767,896</u>	<u>159,087,708</u>
<u>\$ 107,920,449</u>	<u>\$ 214,767,896</u>	<u>\$ 159,087,708</u>
\$ -	\$ 7,901	\$ 77
-	182,808	250,000
-	-	-
1,049,463	97,580	-
3,646,282	42,773	56,042
1,167,942	-	-
-	22,683,430	477,664
838	261	-
757,888	-	6,296,577
625	72,097	309,233
3,713,935	1,807,523	1,237,182
<u>10,336,973</u>	<u>24,894,373</u>	<u>8,626,775</u>
<u>\$ 10,336,973</u>	<u>\$ 24,894,373</u>	<u>\$ 8,626,775</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
CAPITAL CONSTRUCTION			
Legislative Branch	\$ -	\$ 2,336,089	\$ -
Executive Branch			
Agriculture	-	8,382	-
Corrections	-	19,092,703	3,310,247
Education	-	2,951,940	64,888
Environmental Protection	91,653,000	97,634,093	39,022,426
Human Services	-	5,534,369	170,136
Law and Public Safety	-	7,023,579	2,285,605
Military and Veterans' Affairs	-	24,138	(290,672)
Transportation	956,667,000	-	956,667,000
Treasury	-	5,995,628	2,039,037
Interdepartmental Accounts	176,294,000	19,040,254	163,366,459
Total Executive Branch	<u>1,224,614,000</u>	<u>157,305,086</u>	<u>1,166,635,126</u>
TOTAL CAPITAL CONSTRUCTION	<u>\$ 1,224,614,000</u>	<u>\$ 159,641,175</u>	<u>\$ 1,166,635,126</u>
DEBT SERVICE			
Executive Branch			
Environmental Protection	\$ 6,819,000	\$ 934,333	\$ 6,031,761
Treasury	270,115,000	10,599,959	271,330,500
Total Executive Branch	<u>276,934,000</u>	<u>11,534,292</u>	<u>277,362,261</u>
TOTAL DEBT SERVICE	<u>\$ 276,934,000</u>	<u>\$ 11,534,292</u>	<u>\$ 277,362,261</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 420	\$ 2,335,669
-	8,382	-
1,048,805	2,257,965	12,475,686
25,275	261,797	2,599,980
67,800,969	-	82,463,698
494,228	306,119	4,563,886
2,164,165	472,676	2,101,133
304,882	9,928	-
-	-	-
49,972	37,451	3,869,168
2,965,056	2,404,209	26,598,530
<u>74,853,352</u>	<u>5,758,527</u>	<u>134,672,081</u>
<u>\$ 74,853,352</u>	<u>\$ 5,758,947</u>	<u>\$ 137,007,750</u>
-	1,721,572	-
-	9,384,459	-
-	11,106,031	-
<u>\$ -</u>	<u>\$ 11,106,031</u>	<u>\$ -</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
FEDERAL			
Legislative Branch	\$ -	\$ 2,707	\$ 1,950
Executive Branch			
Agriculture	418,669,663	(16,891,423)	323,694,072
Banking and Insurance	9,236,000	86,557	1,576,874
Children and Families	447,015,312	40,451,002	442,004,258
Community Affairs	450,615,000	144,067,790	383,261,068
Corrections	12,200,950	8,285,166	4,120,956
Education	878,537,648	72,554,751	585,381,630
Environmental Protection	258,178,120	30,201,712	47,643,372
Health and Senior Services	1,943,653,478	84,946,446	1,634,319,010
Human Services	5,223,260,019	72,214,889	4,709,464,753
Labor and Workforce Development	511,627,866	89,079,274	349,616,951
Law and Public Safety	429,426,804	139,125,843	200,859,476
Military and Veterans' Affairs	98,149,732	10,332,526	36,164,062
State	37,792,213	2,641,172	23,006,781
Transportation	22,625,000	9,971,960	11,008,061
Treasury	43,166,745	17,273,194	26,787,904
Total Executive Branch	<u>10,784,154,550</u>	<u>704,340,859</u>	<u>8,778,909,228</u>
Judicial Branch	<u>111,038,000</u>	<u>4,760,388</u>	<u>106,501,725</u>
TOTAL FEDERAL	<u>\$ 10,895,192,550</u>	<u>\$ 709,103,954</u>	<u>\$ 8,885,412,903</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ 757
48,760,958	-	29,323,210
11,277	-	7,734,406
8,621,171	-	36,840,885
26,766,101	-	184,655,621
6,752,643	-	9,612,517
282,098,690	-	83,612,079
12,925,964	-	227,810,496
84,523,860	-	309,757,054
51,600,683	-	534,409,472
64,107,476	-	186,982,713
37,769,160	-	329,924,011
4,454,587	-	67,863,609
3,839,770	-	13,586,834
10,434	-	21,578,465
29,701,894	-	3,950,141
<u>661,944,668</u>	<u>-</u>	<u>2,047,641,513</u>
<u>(450,495)</u>	<u>-</u>	<u>9,747,158</u>
<u>\$ 661,494,173</u>	<u>\$ -</u>	<u>\$ 2,057,389,428</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
REVOLVING FUNDS			
Legislative Branch	\$ -	\$ 3,202	\$ 3,202
Executive Branch			
Community Affairs	-	14,713,873	10,875,906
Corrections	-	29,134,382	28,766,564
Education	-	3,219,492	2,397,000
Environmental Protection	-	946,076	603,885
Health and Senior Services	-	24,204,898	14,930,523
Human Services	-	12,122,068	9,652,734
Labor and Workforce Development	-	1,399,464	(1,419,889)
Law and Public Safety	-	632,565	12,160
State	-	1,174,725	717,714
Transportation	-	19,249,365	18,327,620
Treasury	-	99,708,558	77,474,622
Total Executive Branch	-	206,505,466	162,338,839
TOTAL REVOLVING FUNDS	\$ -	\$ 206,508,668	\$ 162,342,041

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ -
1,436,862	-	2,401,105
570,502	-	(202,684)
134,770	-	687,722
5,881	-	336,310
1,633,942	-	7,640,433
146,403	-	2,322,931
2,193,376	-	625,977
236,915	-	383,490
22,038	-	434,973
639,199	-	282,546
<u>11,749,474</u>	<u>168,020</u>	<u>10,316,442</u>
<u>18,769,362</u>	<u>168,020</u>	<u>25,229,245</u>
<u>\$ 18,769,362</u>	<u>\$ 168,020</u>	<u>\$ 25,229,245</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
ALL OTHER			
Legislative Branch	\$ -	\$ 24,823	\$ 17,277
Executive Branch			
Chief Executive's Office	-	1,631,719	830,571
Agriculture	-	11,068,592	6,819,219
Banking and Insurance	-	1,803,711	1,160,989
Children and Families	-	62,079,747	60,049,142
Community Affairs	-	90,051,903	49,971,424
Corrections	-	35,408,459	26,699,412
Education	-	21,691,328	14,782,348
Environmental Protection	-	95,000,300	48,594,823
Health and Senior Services	-	382,861,319	301,058,912
Human Services	-	795,973,411	770,122,004
Labor and Workforce Development	-	194,839,674	185,839,326
Law and Public Safety	-	246,804,579	201,175,517
Military and Veterans' Affairs	-	1,704,939	600,815
State	-	20,531,306	14,081,947
Transportation	-	628,488,910	416,874,294
Treasury	-	1,407,078,796	1,303,269,710
Interdepartmental Accounts	-	31,654,701	31,529,533
Total Executive Branch	-	4,028,673,394	3,433,459,986
Judicial Branch	-	106,156,810	51,930,801
TOTAL ALL OTHER	\$ -	\$ 4,134,855,027	\$ 3,485,408,064

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ 7,546
-	-	801,148
94,383	-	4,154,990
-	-	642,722
96,575	-	1,934,030
9,605,705	44,411	30,430,363
775,250	850,340	7,083,457
659,812	-	6,249,168
12,574,111	1,900,079	31,931,287
20,766,173	19,556,858	41,479,376
5,515,930	44,769	20,290,708
471,334	6,000,000	2,529,014
16,138,172	4,133,172	25,357,718
112,684	-	991,440
296,577	-	6,152,782
94,903,192	25,612,749	91,098,675
16,594,923	37,060,942	50,153,221
45,365	-	79,803
<u>178,650,186</u>	<u>95,203,320</u>	<u>321,359,902</u>
<u>8,727,214</u>	<u>-</u>	<u>45,498,795</u>
<u>\$ 187,377,400</u>	<u>\$ 95,203,320</u>	<u>\$ 366,866,243</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GENERAL FUND SUMMARY			
Legislative Branch	\$ 73,653,780	\$ 21,108,399	\$ 77,751,987
Executive Branch			
Chief Executive's Office	5,681,000	2,489,603	7,271,490
Agriculture	438,266,663	(1,854,047)	352,903,654
Banking and Insurance	72,206,000	3,025,789	58,970,345
Children and Families	1,505,461,312	103,518,051	1,507,206,394
Community Affairs	510,129,000	269,901,317	511,984,872
Corrections	1,102,604,950	121,083,349	1,123,161,259
Education	1,101,708,712	186,610,350	905,990,078
Environmental Protection	592,373,724	366,926,568	403,610,677
Health and Senior Services	3,165,954,478	562,879,378	3,129,874,117
Human Services	10,438,240,272	1,486,319,015	11,042,541,411
Labor and Workforce Development	666,161,866	343,822,167	716,861,028
Law and Public Safety	939,240,804	666,634,362	1,063,266,282
Military and Veterans' Affairs	192,177,374	19,193,668	127,153,479
State	1,186,630,213	56,033,687	1,178,372,446
Transportation	1,334,077,000	674,569,537	1,735,611,072
Treasury	1,266,753,049	1,660,881,215	2,677,339,820
Miscellaneous Executive Commissions	976,000	30,115	1,003,011
Interdepartmental Accounts	3,445,712,937	10,386,035	3,314,698,629
Total Executive Branch	<u>27,964,355,354</u>	<u>6,532,450,159</u>	<u>29,857,820,064</u>
Judicial Branch	<u>774,573,000</u>	<u>124,265,505</u>	<u>784,881,131</u>
TOTAL GENERAL FUND SUMMARY	<u>\$ 28,812,582,134</u>	<u>\$ 6,677,824,063</u>	<u>\$ 30,720,453,182</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 623,751	\$ 420	\$ 16,386,021
-	91,943	807,170
49,048,788	19,951	34,440,223
1,754,185	5,402,607	9,104,652
12,449,572	50,278,283	39,045,114
42,646,262	1,597,071	223,802,112
20,158,347	46,792,912	33,575,781
285,247,473	1,795,807	95,285,704
105,333,688	7,584,332	442,771,595
136,776,063	95,991,027	366,192,649
142,187,411	100,731,171	639,099,294
81,821,672	19,716,602	191,584,731
72,686,961	9,054,841	460,867,082
8,372,962	4,324,641	71,519,960
11,372,750	22,300,875	30,617,829
98,575,029	54,028,946	120,431,490
83,343,686	84,813,202	82,137,556
4	-	3,100
9,434,057	72,432,686	59,533,600
<u>1,161,208,910</u>	<u>576,956,897</u>	<u>2,900,819,642</u>
<u>32,295,770</u>	<u>(8,900)</u>	<u>81,670,504</u>
<u>\$ 1,194,128,431</u>	<u>\$ 576,948,417</u>	<u>\$ 2,998,876,167</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	\$ 46,754,000	\$ 566,203	\$ 44,442,486
Treasury	9,108,000	856,838	7,568,150
TOTAL CASINO CONTROL FUND	<u>\$ 55,862,000</u>	<u>\$ 1,423,041</u>	<u>\$ 52,010,636</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Health and Senior Services	\$ 871,000	\$ 22,322	\$ 650,855
Law and Public Safety	92,000	-	92,000
GRANTS-IN-AID			
Executive Branch			
Health and Senior Services	89,412,000	83,304,914	168,787,524
Human Services	130,457,000	-	130,457,000
Labor and Workforce Development	2,196,000	-	2,196,000
STATE AID			
Executive Branch			
Transportation	25,121,000	-	2,601,480
TOTAL CASINO REVENUE FUND	<u>\$ 248,149,000</u>	<u>\$ 83,327,236</u>	<u>\$ 304,784,859</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 368,095	\$ 2,101,486	\$ 408,136
27,016	1,361,883	1,007,789
\$ 395,111	\$ 3,463,369	\$ 1,415,925

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 73,194	\$ 144,821	\$ 24,452
-	-	-
907,083	3,022,307	-
-	-	-
-	-	-
22,519,520	-	-
\$ 23,499,797	\$ 3,167,128	\$ 24,452

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	\$ -	\$ 163,761	\$ -
TOTAL GUBERNATORIAL ELECTIONS FUND	<u>\$ -</u>	<u>\$ 163,761</u>	<u>\$ -</u>

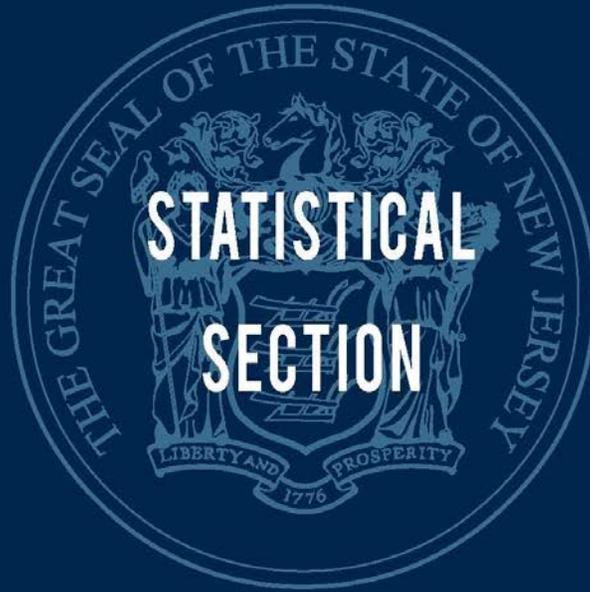
**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GRANTS-IN-AID			
Executive Branch			
Treasury	\$ 671,100,000	\$ -	\$ 620,339,771
STATE AID			
Executive Branch			
Community Affairs	685,979,000	(260,983,926)	424,678,147
Education	10,407,526,535	420,601,215	10,788,255,309
Human Services	160,262,126	-	160,262,126
Treasury	186,334,874	(2,028,354)	183,113,687
TOTAL PROPERTY TAX RELIEF FUND	<u>\$ 12,111,202,535</u>	<u>\$ 157,588,935</u>	<u>\$ 12,176,649,040</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 60,210	\$ 103,551
<u>\$ -</u>	<u>\$ 60,210</u>	<u>\$ 103,551</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 50,760,229	\$ -
-	316,927	-
2,799,172	37,073,269	-
-	-	-
<u>-</u>	<u>1,192,833</u>	<u>-</u>
<u>\$ 2,799,172</u>	<u>\$ 89,343,258</u>	<u>\$ -</u>

(This page left intentionally blank)





**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	308
Changes in Net Assets	310
Fund Balances – Governmental Funds	314
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	316
Fund Balance Summary for Budgeted Funds	318
Revenue Capacity Information	
These schedules contain information on the State's most significant revenue sources.	
Revenue Summary for Budgeted Funds	320
Real Gross State Product by Industry	322
Gross Income Tax Rates	324
Gross Income Tax (GIT) Filers and Liability by Income Level	324
Taxable Sales by Category	325
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-Bonded.....	326
Ratio of Outstanding Long-Term Debt - Non-Bonded	328
State Constitution – Legal Debt Limitations	330
Calculation of Legal Limits	330
Legislatively Authorized but Unissued Debt	331
Debt Service Coverage Ratio	332
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	334
Population and Employment Trends	335
Valuations of Taxable Real Property, Personal, and Per Capita Income	335
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	336
Expenditures for Budgeted Funds	337
Full-Time Paid Employees	338
Operating Indicators	340
Capital Asset Statistics	342

**STATE OF NEW JERSEY
NET ASSETS BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009*</u>
<u>Governmental Activities</u>				
Invested in capital assets, net of related debt	\$ 7,192.2	\$ 6,999.7	\$ 6,439.8	\$ 7,362.1
Restricted	3,536.3	3,877.3	4,364.6	4,298.6
Unrestricted	<u>(51,134.4)</u>	<u>(44,297.2)</u>	<u>(39,005.6)</u>	<u>(33,419.6)</u>
Total	<u>(40,405.9)</u>	<u>(33,420.2)</u>	<u>(28,201.2)</u>	<u>(21,758.9)</u>
<u>Business-type Activities</u>				
Restricted	12.1	10.9	10.2	321.0
Unrestricted	<u>(253.1)</u>	<u>(794.9)</u>	<u>(776.6)</u>	<u>-</u>
Total	<u>(241.0)</u>	<u>(784.0)</u>	<u>(766.4)</u>	<u>321.0</u>
<u>Total Primary Government</u>				
Invested in capital assets, net of related debt	7,192.2	6,999.7	6,439.8	7,362.1
Restricted	3,548.4	3,888.2	4,374.8	4,619.6
Unrestricted	<u>(51,387.5)</u>	<u>(45,092.1)</u>	<u>(39,782.2)</u>	<u>(33,419.6)</u>
Total	<u>\$ (40,646.9)</u>	<u>\$ (34,204.2)</u>	<u>\$ (28,967.6)</u>	<u>\$ (21,437.9)</u>

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.

<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 7,135.6	\$ 6,452.0	\$ 5,981.9	\$ 6,575.3	\$ 6,167.1	\$ 4,907.4
5,492.5	5,796.5	5,625.8	4,795.3	3,715.3	4,175.0
<u>(26,403.0)</u>	<u>(20,753.5)</u>	<u>(19,723.0)</u>	<u>(18,987.8)</u>	<u>(14,270.9)</u>	<u>(10,881.7)</u>
<u>(13,774.9)</u>	<u>(8,505.0)</u>	<u>(8,115.3)</u>	<u>(7,617.2)</u>	<u>(4,388.5)</u>	<u>(1,799.3)</u>
1,316.7	1,143.2	1,500.6	1,682.9	1,697.7	2,219.8
-	-	(2.8)	(1.3)	-	-
<u>1,316.7</u>	<u>1,143.2</u>	<u>1,497.8</u>	<u>1,681.6</u>	<u>1,697.7</u>	<u>2,219.8</u>
7,135.6	6,452.0	5,981.9	6,575.3	6,167.1	4,907.4
6,809.2	6,939.7	7,126.4	6,478.2	5,413.0	6,394.8
<u>(26,403.0)</u>	<u>(20,753.5)</u>	<u>(19,725.8)</u>	<u>(18,989.1)</u>	<u>(14,270.9)</u>	<u>(10,881.7)</u>
<u>\$ (12,458.2)</u>	<u>\$ (7,361.8)</u>	<u>\$ (6,617.5)</u>	<u>\$ (5,935.6)</u>	<u>\$ (2,690.8)</u>	<u>\$ 420.5</u>

STATE OF NEW JERSEY
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities			
Expenses			
Public safety and criminal justice	\$ 3,274.0	\$ 3,169.2	\$ 3,133.2
Physical and mental health	11,794.4	11,392.4	10,989.6
Educational, cultural, and intellectual development	15,249.5	14,091.6	15,013.1
Community development and environmental management	1,560.6	1,694.1	2,166.9
Economic planning, development, and security	6,861.9	6,729.5	6,663.1
Transportation programs	1,715.9	1,927.5	2,017.7
Government direction, management, and control	11,489.5	11,671.6	11,627.1
Special government services	342.1	348.9	337.9
Interest expense	1,275.8	1,227.7	1,125.9
Total Expenses	<u>53,563.7</u>	<u>52,252.5</u>	<u>53,074.5</u>
Program Revenues			
Charges for services			
Public safety and criminal justice	1,120.4	1,033.6	1,038.8
Physical and mental health	858.7	912.3	875.7
Educational, cultural, and intellectual development	111.7	119.8	118.8
Community development and environmental management	271.1	302.5	381.5
Economic planning, development, and security	1,313.2	1,190.5	1,207.8
Transportation programs	30.5	27.5	24.0
Government direction, management, and control	971.3	995.3	846.8
Special government services	144.0	154.5	128.2
Operating grants and contributions	13,238.6	13,326.1	14,240.8
Capital grants and contributions	325.8	139.6	212.5
Total Program Revenues	<u>18,385.3</u>	<u>18,201.7</u>	<u>19,074.9</u>
Net (Expense) Revenue	(35,178.4)	(34,050.8)	(33,999.6)
General Revenues and Transfers			
Taxes	26,666.3	26,569.4	25,745.0
Investment earnings	(274.9)	48.9	(63.1)
Miscellaneous	851.2	762.0	818.9
Transfers	950.1	1,451.5	1,056.5
Special Item - gain on sale of tobacco rights	-	-	-
Total General Revenue and Transfers	<u>28,192.7</u>	<u>28,831.8</u>	<u>27,557.3</u>
Change in Net Assets	(6,985.7)	(5,219.0)	(6,442.3)
Net Assets - July 1	<u>(33,420.2)</u>	<u>(28,201.2)</u>	<u>(21,758.9)</u>
Net Assets - June 30	<u>\$ (40,405.9)</u>	<u>\$ (33,420.2)</u>	<u>\$ (28,201.2)</u>

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.

<u>2009*</u>	<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 3,087.7	\$ 3,211.8	\$ 3,189.7	\$ 2,827.9	\$ 2,916.8	\$ 2,652.5	\$ 2,504.5
10,589.0	10,177.4	9,682.1	9,729.9	9,565.4	8,809.3	9,305.6
14,681.3	15,552.6	14,968.4	14,200.5	13,609.3	12,562.2	10,686.3
2,271.8	2,502.0	2,484.5	2,205.4	1,997.6	1,228.7	1,959.0
6,126.8	5,487.7	5,300.7	4,914.9	4,123.7	3,714.1	4,046.6
1,859.2	1,717.9	2,913.0	2,435.1	1,724.2	1,774.0	1,561.1
11,846.1	11,598.7	5,835.8	8,251.4	8,086.4	6,027.8	5,763.2
364.5	344.1	327.5	239.6	291.6	264.9	236.3
1,092.4	1,048.3	975.0	537.0	791.6	750.4	574.7
<u>51,918.8</u>	<u>51,640.5</u>	<u>45,676.7</u>	<u>45,341.7</u>	<u>43,106.6</u>	<u>37,783.9</u>	<u>36,637.3</u>
1,027.1	1,046.9	1,080.3	1,036.6	1,003.4	968.7	1,136.0
851.7	853.2	714.0	834.6	782.5	703.6	626.2
119.9	117.1	111.1	115.8	112.6	97.3	319.4
283.2	282.7	271.5	267.6	258.4	244.6	270.8
1,185.2	1,055.9	1,044.9	928.3	699.2	517.7	569.4
27.3	11.7	15.5	19.6	15.3	15.1	5.8
910.0	941.0	1,081.7	1,652.3	1,595.1	693.5	876.4
148.3	118.0	131.7	145.8	135.0	100.5	96.7
11,375.9	10,231.0	10,032.7	9,708.5	9,156.4	8,985.0	9,151.1
204.1	116.6	108.5	174.3	125.8	140.9	30.6
<u>16,132.7</u>	<u>14,774.1</u>	<u>14,591.9</u>	<u>14,883.4</u>	<u>13,883.7</u>	<u>12,466.9</u>	<u>13,082.4</u>
(35,786.1)	(36,866.4)	(31,084.8)	(30,458.3)	(29,222.9)	(25,317.0)	(23,554.9)
26,910.6	30,441.3	28,983.4	26,714.1	23,308.2	20,940.6	19,347.3
(263.5)	181.3	271.7	183.0	84.3	59.8	61.1
890.5	753.6	752.9	1,627.3	1,569.1	1,939.1	1,647.5
264.5	220.3	883.2	1,435.8	1,032.6	(211.7)	716.9
-	-	-	-	-	-	5.5
<u>27,802.1</u>	<u>31,596.5</u>	<u>30,891.2</u>	<u>29,960.2</u>	<u>25,994.2</u>	<u>22,727.8</u>	<u>21,778.3</u>
(7,984.0)	(5,269.9)	(193.6)	(498.1)	(3,228.7)	(2,589.2)	(1,776.6)
<u>(13,774.9)</u>	<u>(8,505.0)</u>	<u>(8,311.4)</u>	<u>(7,617.2)</u>	<u>(4,388.5)</u>	<u>(1,799.3)</u>	<u>(22.7)</u>
<u>\$ (21,758.9)</u>	<u>\$ (13,774.9)</u>	<u>\$ (8,505.0)</u>	<u>\$ (8,115.3)</u>	<u>\$ (7,617.2)</u>	<u>\$ (4,388.5)</u>	<u>\$ (1,799.3)</u>

STATE OF NEW JERSEY
CHANGES IN NET ASSETS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Business-type Activities</u>			
Expenses			
State Lottery Fund	\$ 1,845.6	\$ 1,724.3	\$ 1,705.0
Unemployment Compensation Fund	5,822.3	7,206.7	8,214.4
Other	-	-	-
Total Expenses	<u>7,667.9</u>	<u>8,931.0</u>	<u>9,919.4</u>
Program Revenues			
Charges for services			
State Lottery Fund	2,797.6	2,676.9	2,648.3
Unemployment Compensation Fund	3,055.2	2,780.3	2,172.5
Other	-	-	-
Operating grants	3,309.1	4,408.5	4,953.4
Total Program Revenues	<u>9,161.9</u>	<u>9,865.7</u>	<u>9,774.2</u>
Net (Expense) Revenue	1,494.0	934.7	(145.2)
General Revenues and Transfers			
Investment earnings	(0.9)	-	-
Transfers	(950.1)	(952.3)	(942.2)
Total General Revenue and Transfers	<u>(951.0)</u>	<u>(952.3)</u>	<u>(942.2)</u>
Change in Net Assets	543.0	(17.6)	(1,087.4)
Net Assets - July 1	<u>(784.0)</u>	<u>(766.4)</u>	<u>321.0</u>
Net Assets - June 30	<u>\$ (241.0)</u>	<u>\$ (784.0)</u>	<u>\$ (766.4)</u>
<u>Total Primary Government</u>			
Expenses	\$ 61,231.6	\$ 61,183.5	\$ 62,993.9
Program revenues	27,547.2	28,067.4	28,849.1
Net (Expense) Revenue	<u>(33,684.4)</u>	<u>(33,116.1)</u>	<u>(34,144.8)</u>
General revenues and other changes in net assets	27,241.7	27,879.5	26,615.1
Change in Net Assets	(6,442.7)	(5,236.6)	(7,529.7)
Net Assets - July 1	<u>(34,204.2)</u>	<u>(28,967.6)</u>	<u>(21,437.9)</u>
Net Assets - June 30	<u>\$ (40,646.9)</u>	<u>\$ (34,204.2)</u>	<u>\$ (28,967.6)</u>

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.

<u>2009*</u>	<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,645.7	\$ 1,667.6	\$ 1,544.2	\$ 1,573.3	\$ 1,476.4	\$ 1,413.2	\$ 1,339.0
5,283.6	2,119.2	1,937.4	1,828.5	1,948.5	2,481.5	2,876.3
-	-	-	1,959.0	1,860.6	1,700.7	1,367.1
<u>6,929.3</u>	<u>3,786.8</u>	<u>3,481.6</u>	<u>5,360.8</u>	<u>5,285.5</u>	<u>5,595.4</u>	<u>5,582.4</u>
2,538.1	2,579.3	2,392.3	2,441.5	2,305.7	2,231.1	2,113.0
1,855.2	1,980.0	1,915.1	1,447.0	1,768.3	1,407.2	1,177.4
-	-	-	1,971.4	1,824.4	1,679.2	1,416.0
<u>2,351.9</u>	<u>71.3</u>	<u>73.3</u>	<u>102.9</u>	<u>103.6</u>	<u>481.8</u>	<u>897.8</u>
<u>6,745.2</u>	<u>4,630.6</u>	<u>4,380.7</u>	<u>5,962.8</u>	<u>6,002.0</u>	<u>5,799.3</u>	<u>5,604.2</u>
(184.1)	843.8	899.1	602.0	716.5	203.9	21.8
-	-	-	-	-	-	-
<u>(811.6)</u>	<u>(670.3)</u>	<u>(883.2)</u>	<u>(785.8)</u>	<u>(732.6)</u>	<u>(726.0)</u>	<u>(716.9)</u>
<u>(811.6)</u>	<u>(670.3)</u>	<u>(883.2)</u>	<u>(785.8)</u>	<u>(732.6)</u>	<u>(726.0)</u>	<u>(716.9)</u>
(995.7)	173.5	15.9	(183.8)	(16.1)	(522.1)	(695.1)
<u>1,316.7</u>	<u>1,143.2</u>	<u>1,127.3</u>	<u>1,681.6</u>	<u>1,697.7</u>	<u>2,219.8</u>	<u>2,914.9</u>
<u>\$ 321.0</u>	<u>\$ 1,316.7</u>	<u>\$ 1,143.2</u>	<u>\$ 1,497.8</u>	<u>\$ 1,681.6</u>	<u>\$ 1,697.7</u>	<u>\$ 2,219.8</u>
\$ 58,848.1	\$ 55,427.3	\$ 49,158.3	\$ 50,702.5	\$ 48,392.1	\$ 43,379.3	\$ 42,219.7
<u>22,877.9</u>	<u>19,404.7</u>	<u>18,972.6</u>	<u>20,846.2</u>	<u>19,885.7</u>	<u>18,266.2</u>	<u>18,686.6</u>
<u>(35,970.2)</u>	<u>(36,022.6)</u>	<u>(30,185.7)</u>	<u>(29,856.3)</u>	<u>(28,506.4)</u>	<u>(25,113.1)</u>	<u>(23,533.1)</u>
<u>26,990.5</u>	<u>30,926.2</u>	<u>30,008.0</u>	<u>29,174.4</u>	<u>25,261.6</u>	<u>22,001.8</u>	<u>21,061.4</u>
<u>(8,979.7)</u>	<u>(5,096.4)</u>	<u>(177.7)</u>	<u>(681.9)</u>	<u>(3,244.8)</u>	<u>(3,111.3)</u>	<u>(2,471.7)</u>
<u>(12,458.2)</u>	<u>(7,361.8)</u>	<u>(7,184.1)</u>	<u>(5,935.6)</u>	<u>(2,690.8)</u>	<u>420.5</u>	<u>2,892.2</u>
<u>\$ (21,437.9)</u>	<u>\$ (12,458.2)</u>	<u>\$ (7,361.8)</u>	<u>\$ (6,617.5)</u>	<u>\$ (5,935.6)</u>	<u>\$ (2,690.8)</u>	<u>\$ 420.5</u>

STATE OF NEW JERSEY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	<u>2012</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>
<u>General Fund</u>				
Reserved				
Encumbrances	\$ -	\$ -	\$ 799.0	\$ 868.4
Surplus Revenue	-	-	-	-
Other	-	-	47.3	46.2
Unreserved	-	-	1,833.9	2,185.5
Nonspendable	20.4	20.4	-	-
Restricted	884.2	985.9	-	-
Committed	1,570.7	1,896.9	-	-
Unassigned	425.4	864.1	-	-
Total General Fund	<u>2,900.7</u>	<u>3,767.3</u>	<u>2,680.2</u>	<u>3,100.1</u>
<u>All Other Governmental Funds</u>				
Reserved				
Encumbrances	-	-	1,127.3	1,195.1
Other	-	-	1,882.0	1,716.6
Unreserved	-	-	1,697.2	2,122.1
Restricted	3,494.6	3,417.8	-	-
Committed	458.6	1,127.7	-	-
Total All Other Governmental Funds	<u>3,953.2</u>	<u>4,545.5</u>	<u>4,706.5</u>	<u>5,033.8</u>
<u>Total</u>				
Reserved				
Encumbrances	-	-	1,926.3	2,063.5
Surplus Revenue	-	-	-	-
Other	-	-	1,929.3	1,762.8
Unreserved	-	-	3,531.1	4,307.6
Nonspendable	20.4	20.4	-	-
Restricted	4,378.8	4,403.7	-	-
Committed	2,029.3	3,024.6	-	-
Unassigned	425.4	864.1	-	-
Total Governmental Funds	<u>\$ 6,853.9</u>	<u>\$ 8,312.8</u>	<u>\$ 7,386.7</u>	<u>\$ 8,133.9</u>

Note:

* As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 53 Special Revenue Funds have been reclassified to the General Fund. In addition, new fund balance classifications are required.

Information presented is based on the modified accrual basis of accounting.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 923.9	\$ 974.4	\$ 907.6	\$ 839.3	\$ 664.4	\$ 630.8
734.7	484.6	559.8	288.7	282.4	-
65.8	251.4	368.1	369.9	312.8	377.2
2,816.9	2,891.4	2,522.7	1,689.5	1,491.6	1,243.8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,541.3</u>	<u>4,601.8</u>	<u>4,358.2</u>	<u>3,187.4</u>	<u>2,751.2</u>	<u>2,251.8</u>
1,247.4	1,232.2	896.8	629.3	680.9	700.1
1,633.1	1,538.6	1,605.3	1,601.6	1,632.2	1,064.1
2,732.8	3,255.2	4,596.9	2,781.7	2,072.0	4,372.0
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,613.3</u>	<u>6,026.0</u>	<u>7,099.0</u>	<u>5,012.6</u>	<u>4,385.1</u>	<u>6,136.2</u>
2,171.3	2,206.6	1,804.4	1,468.6	1,345.3	1,330.9
734.7	484.6	559.8	288.7	282.4	-
1,698.9	1,790.0	1,973.4	1,971.5	1,945.0	1,441.3
5,549.7	6,146.6	7,119.6	4,471.2	3,563.6	5,615.8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,154.6</u>	<u>\$ 10,627.8</u>	<u>\$ 11,457.2</u>	<u>\$ 8,200.0</u>	<u>\$ 7,136.3</u>	<u>\$ 8,388.0</u>

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)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES				
Taxes	\$ 26,637.8	\$ 26,555.1	\$ 25,858.7	\$ 26,939.0
Federal and other grants	12,325.6	12,781.7	13,592.6	10,694.3
Licenses and fees	1,274.3	1,296.4	1,239.4	1,194.1
Services and assessments	2,860.8	2,792.6	2,695.3	2,712.1
Investment earnings	20.5	51.0	41.6	75.0
Contributions	0.1	0.1	-	0.1
Other	3,308.0	2,611.6	2,773.7	2,834.4
Total Revenues	<u>46,427.1</u>	<u>46,088.5</u>	<u>46,201.3</u>	<u>44,449.0</u>
EXPENDITURES				
Public safety and criminal justice	3,360.7	3,267.1	3,321.5	3,279.2
Physical and mental health	11,807.8	11,407.5	11,007.5	10,628.6
Educational, cultural, and intellectual development	15,499.1	14,313.6	15,233.0	14,892.1
Community development and environmental management	1,687.1	1,766.8	2,272.4	2,437.0
Economic planning, development, and security	6,917.6	6,773.5	6,706.5	6,203.0
Transportation programs	2,466.2	2,919.6	3,092.7	2,835.4
Government direction, management, and control	6,622.9	6,170.6	6,775.3	7,168.3
Special government services	340.6	350.5	338.8	346.0
Capital Outlay	122.5	81.7	39.1	32.0
Debt Service:				
Principal	580.5	423.3	486.4	639.1
Interest	920.7	834.7	856.7	843.7
Total Expenditures	<u>50,325.7</u>	<u>48,308.9</u>	<u>50,129.9</u>	<u>49,304.4</u>
Excess (deficiency) of revenues over expenditures	<u>(3,898.6)</u>	<u>(2,220.4)</u>	<u>(3,928.6)</u>	<u>(4,855.4)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,315.0	1,600.0	1,365.9	1,539.0
Transfers from (to) other funds	950.1	1,451.5	1,056.5	267.5
Other	174.6	95.0	759.0	1,035.2
Total	<u>2,439.7</u>	<u>3,146.5</u>	<u>3,181.4</u>	<u>2,841.7</u>
Change in Fund Balance	(1,458.9)	926.1	(747.2)	(2,013.7)
Fund balances - July 1	<u>8,312.8</u>	<u>7,386.7</u>	<u>8,133.9</u>	<u>10,147.6</u> ***
Fund balances - June 30	<u>\$ 6,853.9</u>	<u>\$ 8,312.8</u>	<u>\$ 7,386.7</u>	<u>\$ 8,133.9</u>
Debt Service as a percentage of noncapital expenditures:**	3.1%	2.7%	2.8%	3.1%

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.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	30,404.5	\$ 29,123.4	\$ 25,909.3	\$ 23,395.5	\$ 21,008.9	\$ 19,491.1
	9,480.3	9,389.9	9,122.2	8,594.9	8,495.2	7,954.5
	1,252.9	1,361.5	959.8	930.6	811.5	979.1
	2,613.8	2,525.4	2,493.6	2,172.7	1,835.3	1,798.6
	321.3	440.8	321.7	149.2	96.9	103.0
	0.5	0.1	662.6	646.7	281.9	510.3
	2,537.4	2,424.7	3,628.9	3,508.8	3,213.8	6,560.9
	<u>46,610.7</u>	<u>45,265.8</u>	<u>43,098.1</u>	<u>39,398.4</u>	<u>35,743.5</u>	<u>37,397.5</u>
	3,317.5	3,247.0	3,155.7	2,989.7	2,733.5	2,548.0
	10,251.2	9,703.7	9,732.6	9,603.5	8,826.6	9,315.2
	15,760.9	15,173.6	14,405.1	13,909.5	12,723.6	10,813.0
	2,659.1	2,618.8	2,446.6	2,341.5	2,160.1	2,050.0
	5,603.1	5,376.6	4,981.2	4,233.2	3,763.6	4,087.1
	2,788.1	2,855.2	3,106.2	2,483.8	2,551.9	2,225.7
	7,946.5	6,783.5	7,134.2	7,335.6	5,505.4	5,476.9
	331.8	328.0	313.3	299.9	270.9	239.1
	318.6	105.0	573.5	237.6	326.3	863.1
	613.9	558.2	48.2	390.5	483.4	418.7
	805.4	779.7	361.3	623.3	650.5	457.8
	<u>50,396.1</u>	<u>47,529.3</u>	<u>46,257.9</u>	<u>44,448.1</u>	<u>39,995.8</u>	<u>38,494.6</u>
	<u>(3,785.4)</u>	<u>(2,263.5)</u>	<u>(3,159.8)</u>	<u>(5,049.7)</u>	<u>(4,252.3)</u>	<u>(1,097.1)</u>
	1,507.7	48.8	2,850.1	1,000.5	1,139.8	895.0
	220.3	883.3	1,435.8	1,032.6	(211.7)	716.9
	1,584.2	698.1	2,131.1	4,080.3	2,072.5	2,289.3
	<u>3,312.2</u>	<u>1,630.2</u>	<u>6,417.0</u>	<u>6,113.4</u>	<u>3,000.6</u>	<u>3,901.2</u>
	(473.2)	(633.3)	3,257.2	1,063.7	(1,251.7)	2,804.1
	10,627.8	11,261.1 *	8,200.0	7,136.3	8,388.0	5,583.9
\$	<u>10,154.6</u>	<u>\$ 10,627.8</u>	<u>\$ 11,457.2</u>	<u>\$ 8,200.0</u>	<u>\$ 7,136.3</u>	<u>\$ 8,388.0</u>
	2.9%	2.8%	0.9%	2.3%	2.9%	2.3%

STATE OF NEW JERSEY
FUND BALANCE SUMMARY FOR BUDGETED FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

<u>Budgeted Fund</u>	Comprehensive Annual Financial Report			
	2012	2011	2010	2009
General Fund	\$ 441.4	\$ 864.1	\$ 794.3	\$ 614.2
Surplus Revenue Fund	-	-	-	-
Property Tax Relief Fund	2.4	5.8	10.0	-
Casino Control Fund	1.8	2.8	-	(0.4)
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	1.0	0.5	-	-
Total	<u>\$ 446.6</u>	<u>\$ 873.2</u>	<u>\$ 804.3</u>	<u>\$ 613.8</u>

<u>Budgeted Fund</u>	Appropriations Act			
	2012	2011	2010	2009
General Fund	\$ 255.6	\$ 302.5	\$ 501.0	\$ 116.8
Surplus Revenue Fund	-	-	-	483.2
Property Tax Relief Fund	383.5	-	-	-
Casino Control Fund	-	-	-	-
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	1.4	0.7	-	-
Total	<u>\$ 640.5</u>	<u>\$ 303.2</u>	<u>\$ 501.0</u>	<u>\$ 600.0</u>

<u>Budgeted Fund</u>	Dollar Variance			
	2012	2011	2010	2009
General Fund	\$ 185.8	\$ 561.6	\$ 293.3	\$ 497.4
Surplus Revenue Fund	-	-	-	(483.2)
Property Tax Relief Fund	(381.1)	5.8	10.0	-
Casino Control Fund	1.8	2.8	-	(0.4)
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	(0.4)	(0.2)	-	-
Total	<u>\$ (193.9)</u>	<u>\$ 570.0</u>	<u>\$ 303.3</u>	<u>\$ 13.8</u>

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2008	2007	2006	2005	2004	2003
\$ 469.8	\$ 1,410.4	\$ 1,216.7	\$ 461.7	\$ 376.5	\$ 373.0
734.7	484.6	559.8	288.6	282.4	-
99.0	690.7	2.6	27.9	175.2	-
3.0	1.5	(1.6)	1.3	4.9	4.3
-	1.0	1.0	-	22.7	-
-	-	-	-	-	-
<u>\$ 1,306.5</u>	<u>\$ 2,588.2</u>	<u>\$ 1,778.5</u>	<u>\$ 779.5</u>	<u>\$ 861.7</u>	<u>\$ 377.3</u>

2008	2007	2006	2005	2004	2003
\$ 102.5	\$ 765.0	\$ 311.6	\$ 109.6	\$ 248.6	\$ 110.4
489.8	448.6	288.4	288.0	-	-
-	46.0	-	-	-	-
-	-	-	2.4	-	-
10.0	-	-	-	1.5	-
-	-	-	-	-	-
<u>\$ 602.3</u>	<u>\$ 1,259.6</u>	<u>\$ 600.0</u>	<u>\$ 400.0</u>	<u>\$ 250.1</u>	<u>\$ 110.4</u>

2008	2007	2006	2005	2004	2003
\$ 367.3	\$ 645.4	\$ 905.1	\$ 352.1	\$ 127.9	\$ 262.6
244.9	36.0	271.4	0.6	282.4	-
99.0	644.7	2.6	27.9	175.2	-
3.0	1.5	(1.6)	(1.1)	4.9	4.3
(10.0)	1.0	1.0	-	21.2	-
-	-	-	-	-	-
<u>\$ 704.2</u>	<u>\$ 1,328.6</u>	<u>\$ 1,178.5</u>	<u>\$ 379.5</u>	<u>\$ 611.6</u>	<u>\$ 266.9</u>

STATE OF NEW JERSEY
REVENUE SUMMARY FOR BUDGETED FUNDS*
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

<u>Major Tax</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Gross Income Tax	\$ 11,128.4	\$ 10,617.0	\$ 10,322.9	\$ 10,476.3
Sales and Use Tax	8,099.7	8,144.4	7,898.2	8,264.2
Corporation Business Tax	2,037.0	2,344.4	2,144.6	2,665.2
Other Major Taxes	3,117.3	2,902.2	2,831.7	2,884.5
Miscellaneous Taxes, Fees	3,463.3	3,394.6	3,398.4	3,292.4
State Lottery	950.1	930.0	924.0	887.2
Casino Taxes and Fees	290.7	327.1	360.2	415.5
Total	<u>\$ 29,086.5</u>	<u>\$ 28,659.7</u>	<u>\$ 27,880.0</u>	<u>\$ 28,885.3</u>

* 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

<u>Major Tax</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Gross Income Tax	38.3 %	37.1 %	37.0 %	36.3 %
Sales and Use Tax	27.8	28.5	28.3	28.6
Corporation Business Tax	7.0	8.2	7.7	9.2
Other Major Taxes	10.7	10.1	10.2	10.0
Miscellaneous Taxes, Fees	11.9	11.8	12.2	11.4
State Lottery	3.3	3.2	3.3	3.1
Casino Taxes and Fees	1.0	1.1	1.3	1.4
Total	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

* 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.

	2008	2007	2006	2005	2004	2003
\$	12,605.5	\$ 11,727.2	\$ 10,506.6	\$ 9,537.9	\$ 7,400.7	\$ 6,735.3
	8,915.5	8,609.6	6,853.4	6,552.2	6,261.7	5,936.1
	3,062.4	3,084.9	3,007.8	2,368.1	2,370.2	2,525.4
	3,033.7	2,967.0	3,544.7	3,244.0	3,028.0	2,837.3
	3,598.9	3,465.9	3,324.0	4,988.5	4,472.4	4,265.2
	882.1	828.3	844.2	812.0	795.0	765.4
	486.0	525.8	570.3	540.0	532.7	413.9
\$	<u>32,584.1</u>	<u>\$ 31,208.7</u>	<u>\$ 28,651.0</u>	<u>\$ 28,042.7</u>	<u>\$ 24,860.7</u>	<u>\$ 23,478.6</u>

	2008	2007	2006	2005	2004	2003
	38.7 %	37.6 %	36.7 %	34.0 %	29.8 %	28.7 %
	27.4	27.6	23.9	23.4	25.2	25.3
	9.4	9.9	10.5	8.4	9.5	10.7
	9.3	9.4	12.4	11.6	12.2	12.1
	11.0	11.1	11.6	17.8	18.0	18.2
	2.7	2.7	2.9	2.9	3.2	3.2
	1.5	1.7	2.0	1.9	2.1	1.8
	<u>100.0 %</u>					

STATE OF NEW JERSEY
REAL GROSS STATE PRODUCT BY INDUSTRY
FOR THE CALENDAR YEAR ENDED DECEMBER 31
(Expressed in Billions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gross State Product *	\$ 426.8	\$ 428.9	\$ 422.4	\$ 443.8
<u>Goods Producing Sector</u>				
Agriculture, forestry, fishing, and hunting	0.6	0.7	0.8	0.7
Mining	-	-	0.1	-
Manufacturing	33.3	33.0	32.9	37.8
Construction	12.5	12.7	12.9	14.6
<u>Private Service Producing Sector</u>				
Transportation and warehousing	13.7	13.8	13.1	14.6
Information	22.4	21.8	21.8	22.8
Utilities	6.5	7.2	6.3	7.4
Wholesale trade	32.1	31.6	30.3	35.5
Retail trade	29.9	29.4	26.8	27.5
Finance and insurance	36.7	37.0	35.0	33.9
Real estate, rental, and leasing	69.0	74.0	76.7	77.2
Services **	117.4	114.9	116.5	117.4
Other services	8.2	8.3	8.2	8.7
<u>Government Sector</u>	45.2	45.3	45.5	45.9
Total Personal Income ***	469.1	450.0	433.8	454.2

Notes:

* Gross State Product data, which is expressed in billions of chained Calendar Year 2005 dollars, has been revised for Calendar Years 2002 through 2010. Industry numbers do not sum to the total because of technical considerations.

** 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.

*** Total Personal Income data, which is expressed in billions of current dollars, has been revised for Calendar Years 2008 through 2010.

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	443.5	\$ 440.3	\$ 430.2	\$ 424.5	\$ 416.4	\$ 408.4
	0.7	0.8	0.7	0.6	0.6	0.6
	0.1	0.1	0.1	0.2	0.2	0.3
	39.8	38.6	37.7	40.8	42.0	39.9
	15.6	16.9	17.8	18.7	18.8	19.5
	14.0	13.9	13.8	12.7	11.8	11.1
	23.3	21.5	20.7	19.8	18.0	17.8
	6.8	6.5	6.8	7.1	6.7	6.4
	35.9	34.0	33.8	34.5	33.9	31.3
	29.1	28.8	28.2	28.3	29.1	28.6
	34.0	39.7	36.5	31.8	32.2	34.4
	75.8	74.3	71.9	71.2	67.8	65.1
	114.5	111.8	108.4	105.6	103.6	101.4
	9.2	9.2	9.3	9.3	9.2	9.5
	45.7	44.4	44.4	44.3	43.5	43.3
	436.1	411.4	379.7	365.3	347.7	341.6

**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*
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	3.27
2010	8.97	500,000	500,000	500,000	3.12
2011	8.97	500,000	500,000	500,000	3.21
2012	8.97	500,000	500,000	500,000	2.99

* Net tax divided by New Jersey Gross Income for full-time resident returns with a tax liability.
Data for 2011 and 2012 are estimates based on projections.

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
GROSS INCOME TAX (GIT) FILERS AND LIABILITY BY INCOME LEVEL
2010 AS COMPARED TO 2001
(GIT Liability Expressed in Millions)**

Income Level	2010				2001			
	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	44,044	1.6 %	\$ 3,195.2	36.9 %	28,432	1.1 %	\$ 1,713.7	30.3 %
\$250,001 - \$500,000	104,055	3.9	1,312.9	15.1	61,274	2.5	786.0	13.9
\$100,001 - \$250,000	646,454	24.3	2,755.9	31.7	424,134	17.2	1,731.2	30.6
\$75,001 - \$100,000	296,540	11.1	518.8	6.0	305,016	12.4	518.0	9.2
\$50,001 - \$75,000	482,190	18.1	520.9	6.0	448,543	18.2	467.9	8.3
\$35,001 - \$50,000	398,992	15.0	219.5	2.5	416,867	16.9	239.6	4.2
\$20,001 - \$35,000	438,981	16.5	124.5	1.4	545,799	22.1	165.4	2.9
\$10,001 - \$20,000	254,444	9.5	38.6	0.4	238,350	9.6	36.7	0.6
Total	2,665,700	100.0 %	\$ 8,686.3	100.0 %	2,468,415	100.0 %	\$ 5,658.5	100.0 %

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
TAXABLE SALES BY CATEGORY
FOR THE CALENDAR YEAR ENDED DECEMBER 31**

Year	Dollar Amount (Expressed in Millions)							Sales and Use Tax Rate*
	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total	
2002	\$ 3,257.3	\$ 3,510.2	\$ 50,935.5	\$ 23,411.0	\$ 1,492.7	\$ 969.0	\$ 83,575.7	6.0 %
2003	3,242.1	3,639.6	53,759.1	23,218.0	1,601.1	1,113.5	86,573.4	6.0
2004	3,765.9	3,989.7	56,323.9	23,484.8	1,733.7	1,232.4	90,530.4	6.0
2005	4,444.0	4,184.4	58,128.6	24,109.2	1,907.7	1,301.6	94,075.5	6.0
2006	5,012.6	4,447.5	58,753.8	25,560.4	2,089.2	1,421.9	97,285.4	7.0
2007	5,444.0	4,736.0	59,744.4	29,449.5	2,216.1	1,618.6	103,208.6	7.0
2008	5,654.4	4,414.6	57,070.2	29,065.3	2,169.9	1,880.3	100,254.7	7.0
2009	5,158.8	4,010.3	53,338.2	27,480.6	1,823.2	1,835.6	93,646.7	7.0
2010	5,318.7	4,164.1	54,131.5	28,231.9	1,862.3	1,813.6	95,522.1	7.0
2011	6,556.2	4,813.2	57,583.7	29,968.6	2,300.9	1,867.4	103,090.0	7.0

Year	Percent Distribution										
	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total				
2002	3.9 %	4.2 %	60.9 %	28.0 %	1.8 %	1.2 %	100.0 %				
2003	3.7	4.2	62.1	26.8	1.8	1.4	100.0				
2004	4.2	4.4	62.2	25.9	1.9	1.4	100.0				
2005	4.7	4.4	61.8	25.6	2.0	1.5	100.0				
2006	5.2	4.6	60.4	26.3	2.1	1.4	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				
2010	5.6	4.4	56.7	29.6	2.0	1.7	100.0				
2011	6.4	4.7	55.8	29.1	2.2	1.8	100.0				

Notes:

* 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, Office of Revenue & Economic Analysis.

STATE OF NEW JERSEY
RATIO OF OUTSTANDING LONG-TERM BONDED DEBT
2003-2012
(Expressed in Thousands Except for General Long-Term Debt Ratios)

<u>Governmental Activities</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Bonded Debt</u>			
General Obligation Bonds	\$ 2,384,665	\$ 2,566,895	\$ 2,596,740
Revenue Bonds Payable	20,698,950	19,770,565	18,576,710
Capital Leases	212,700	232,565	251,460
Installment Obligations	18,293,915	18,714,603	18,968,688
Certificates of Participation	100,314	85,413	30,546
Tobacco Settlement Financing Corporation	4,444,092	4,469,033	4,492,958
Unamortized Deferral on Refunding	1,518,506	(970,473)	(773,135)
Unamortized Interest on Capital Appreciation Bonds	(994,775)	(8,216,199)	(8,556,994)
Unamortized Premium	(7,863,770)	1,403,949	1,323,722
Total Bonded Debt	<u>\$ 38,794,597</u>	<u>\$ 38,056,351</u>	<u>\$ 36,910,695</u>
New Jersey Total Personal Income	\$ 481,961,800	\$ 469,115,000	\$ 450,004,000
Percentage of Personal Income*	8.0%	8.1%	8.2%
New Jersey Population	8,851	8,821	8,733
General Obligation Debt Per Capita	\$ 269.42	\$ 291.00	\$ 297.35
Total Long-Term Debt Per Capita*	\$ 4,383.08	\$ 4,314.29	\$ 4,226.58

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 2012 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, Office of Revenue & Economic Analysis.
United States Census Bureau, Population Division.

	2009	2008	2007	2006	2005	2004	2003
\$	2,526,710	\$ 2,818,535	\$ 2,864,690	\$ 3,132,755	\$ 3,156,375	\$ 3,301,005	\$ 3,366,605
	16,838,010	13,702,395	12,739,620	12,975,955	7,856,005	7,229,340	6,520,530
	269,440	286,555	297,830	308,575	130,340	137,535	126,960
	18,716,431	18,218,030	17,185,158	16,896,002	15,373,185	11,741,335	10,149,031
	35,130	54,708	58,836	60,559	66,148	77,392	81,662
	4,524,563	4,591,409	4,643,694	3,248,580	3,280,155	3,329,406	3,345,107
	(793,694)	(865,654)	(924,227)	(604,570)	(533,008)	(223,754)	(211,909)
	(7,960,065)	(6,347,598)	(6,522,644)	(5,673,484)	(3,211,862)	(3,311,643)	(3,435,380)
	<u>1,356,541</u>	<u>1,412,761</u>	<u>1,397,407</u>	<u>1,500,850</u>	<u>1,204,377</u>	<u>498,641</u>	<u>365,248</u>
\$	<u>35,513,066</u>	<u>33,871,141</u>	<u>31,740,364</u>	<u>31,845,222</u>	<u>27,321,715</u>	<u>22,779,257</u>	<u>20,307,854</u>
\$	433,835,000	\$ 454,206,000	\$ 436,120,000	\$ 411,429,000	\$ 379,650,000	\$ 365,260,000	\$ 347,692,000
	8.2%	7.5%	7.3%	7.7%	7.2%	6.2%	5.8%
	8,708	8,663	8,636	8,624	8,622	8,612	8,583
\$	290.16	\$ 325.35	\$ 331.71	\$ 363.26	\$ 366.08	\$ 383.30	\$ 392.24
\$	4,078.21	\$ 3,909.86	\$ 3,675.35	\$ 3,692.63	\$ 3,168.84	\$ 2,645.06	\$ 2,366.01

STATE OF NEW JERSEY
NON-BONDED DEBT
2003-2012
(Expressed in Thousands)

<u>Governmental Activities</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Non-Bonded Debt</u>			
Accumulated Sick and Vacation Payable	\$ 606,047	\$ 623,185	\$ 566,750
Capital Leases	339,817	311,219	351,766
Loans Payable	1,279,358	1,279,358	1,279,358
Net Other Postemployment Benefits (OPEB) Obligation	16,818,300	13,501,000	10,028,800
Net Pension Obligation	12,838,529	10,857,719	8,403,007
Pollution Remediation	92,175	80,401	92,654
Other	<u>321,016</u>	<u>340,255</u>	<u>300,926</u>
Total Non-Bonded Debt	<u>32,295,242</u>	<u>26,993,137</u>	<u>21,023,261</u>
Total Bonded Debt	<u>38,794,597</u>	<u>38,056,351</u>	<u>36,910,695</u>
Grand Total	<u>\$ 71,089,839</u>	<u>\$ 65,049,488</u>	<u>\$ 57,933,956</u>

Sources:

New Jersey Department of the Treasury, Office of Management and Budget.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 635,820	\$ 595,856	\$ 578,527	\$ 518,561	\$ 488,913	\$ 466,126	\$ 449,934
379,729	410,552	384,982	430,768	538,926	553,984	515,331
1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358
6,636,300	3,177,400	-	-	-	-	-
6,365,698	4,759,367	3,761,279	2,953,944	1,796,799	845,563	115,033
101,829	-	-	-	-	-	-
<u>304,727</u>	<u>276,655</u>	<u>251,089</u>	<u>417,733</u>	<u>397,545</u>	<u>377,766</u>	<u>332,019</u>
<u>15,703,461</u>	<u>10,499,188</u>	<u>6,255,235</u>	<u>5,600,364</u>	<u>4,501,541</u>	<u>3,522,797</u>	<u>2,691,675</u>
<u>35,513,066</u>	<u>33,871,141</u>	<u>31,740,364</u>	<u>31,845,222</u>	<u>27,321,715</u>	<u>22,779,257</u>	<u>20,307,854</u>
<u>\$ 51,216,527</u>	<u>\$ 44,370,329</u>	<u>\$ 37,995,599</u>	<u>\$ 37,445,586</u>	<u>\$ 31,823,256</u>	<u>\$ 26,302,054</u>	<u>\$ 22,999,529</u>

**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)**

<u>Fiscal Year</u>	<u>Total Appropriations For Budgeted Funds</u>	<u>Legal Debt Limit</u>
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
2011	29,447.2	294.5
2012	30,332.6	303.3

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
LEGISLATIVELY AUTHORIZED BUT UNISSUED DEBT, 2012 AND 2011
(Expressed in Millions)

Debt Program *	Year	Amount Authorized	Unissued As Of	
			6/30/2012	6/30/2011
<u>General Obligation Bonds</u>				
Clean Waters	1976	\$ 120.0	\$ 3.4	\$ 3.4
Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project	2003	200.0	42.2	42.2
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	59.0
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	400.0
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	12.9
New Jersey Open Space Preservation	1989	300.0	22.6	22.6
Pinelands Infrastructure Trust	1985	30.0	6.8	6.8
Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development	1996	300.0	116.5	116.5
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	13.0
Water Supply	1981	350.0	73.1	73.1
Total General Obligation Bonds		3,490.0	893.2	893.2
<u>Revenue Bonds Payable</u>				
<u>Transportation Trust Fund Authority **</u>				
Transportation System Bonds	2006	8,000.0	326.3	1,641.3
Transportation Program Bonds	2012	3,458.3	3,458.3	N/A
Total Revenue Bonds Payable		11,458.3	3,784.6	1,641.3
<u>Installment Obligations</u>				
<u>Economic Development Authority</u>				
Market Transition Facility	1994	750.0	44.7	44.7
School Facilities Construction ***	2000	8,600.0	454.1	454.1
School Facilities Construction ***	2008	3,950.0	3,447.0	3,447.0
Stem Cell, Life Sciences, and Biomedical Research Facilities	2006	270.0	270.0	270.0
<u>Educational Facilities Authority</u>				
Dormitory Safety Trust Fund	2000	90.0	10.8	10.8
Higher Education Capital Improvement Fund	1999	550.0	165.7	140.9
Higher Education Equipment Leasing Fund	1993	100.0	100.0	99.6
Higher Education Facilities Trust Fund	1993	220.0	220.0	220.0
Higher Education Technology Infrastructure Fund	1997	55.0	55.0	55.0
Public Library Project Fund	1999	45.0	13.5	11.4
Total Installment Obligations		14,630.0	4,780.8	4,753.5
Grand Total		\$ 29,578.3	\$ 9,458.6	\$ 7,288.0

Notes:

For debt issued after June 30, 2012, 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 2012.

*** Prior year data revised due to inclusion of \$50.1 million authorized for vocational schools.

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, occurred on July 1, 2011.

Fiscal Year	Motor Vehicle Surcharges	Debt Service			MTF/MVC Surplus	Coverage Ratio
		Principal	Interest	Total		
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
2011	131.8	67.8	3.9	71.7	60.1	1.8
2012	121.9	43.3	1.1	44.4	77.5	2.7

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			Coverage Ratio
				Principal	Interest	Total	
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
2011	27.5	60.1	87.6	-	37.8	37.8	2.3
2012	25.1	77.5	102.6	27.7	37.2	64.9	1.6

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 New Jersey Motor Vehicle Commission Bonds, Series 2003A, or after final retirement of these bonds on July 1, 2015. 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			Coverage Ratio
		Principal	Interest	Total	
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
2011	49.8	-	5.5	5.5	9.1
2012	37.7	-	5.5	5.5	6.9

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 *			Coverage Ratio
				Principal	Interest	Total	
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
2011	172.6	258.7	431.3	24.8	156.7	181.5	2.4
2012	184.4	265.7	450.1	25.8	155.6	181.4	2.5

Cigarette Tax Revenue Bonds, Series 2004

Cigarette Tax Revenue Refunding Bonds, Series 2012

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. The surplus is returned to the General Fund. Scheduled final retirement of these bonds occurs on July 1, 2034.

Fiscal Year	Cigarette Dedication	Existing Surplus	Net Available Revenue	Debt Service *			Coverage Ratio
				Principal	Interest	Total	
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
2011	145.5	-	145.5	82.9	61.6	144.5	1.0
2012	136.5	-	136.5	101.5	36.3	137.8	1.0

* Includes optional accelerated payments.

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
2011 AS COMPARED TO 2002**

2011 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	69,901	1.7 %
2	Wakefern Food Corporation (ShopRite)	35,952	0.9
3	Wal-Mart Stores, Inc.	17,888	0.4
4	Verizon Communications	15,800	0.4
5	United Parcel Service (UPS)	14,788	0.4
6	Johnson & Johnson	13,500	0.3
7	United Continental Holdings (formerly Continental Airlines)	13,440	0.3
8	Caesars Entertainment Corporation (formerly Harrah's Entertainment, LLC.)	13,065	0.3
9	The Great Atlantic & Pacific Tea Company (A&P)	12,373	0.3
10	Bank of America	12,000	0.3
		218,707	5.3 %

2002 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	72,823	1.8 %
2	Wakefern Food Corporation (ShopRite)	31,800	0.8
3	United Parcel Service (UPS)	18,000	0.4
4	Verizon Communications	17,151	0.4
5	American Telephone & Telegraph (AT&T)	16,000	0.4
6	Park Place Entertainment	15,840	0.4
7	Trump Hotel & Casino Resorts	14,204	0.4
8	Pathmark Stores, Inc.	13,500	0.3
9	Home Depot	12,500	0.3
10	Merck & Company, Inc.	12,434	0.3
		224,252	5.5 %

Notes:

Aggregate New Jersey resident employment for Calendar Years 2011 and 2002 totaled 4.132 million and 4.092 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. (2012, August). 40th annual top 100 employers. *New Jersey Business*, 58(8), 24-33.
Saliba, G. N. (2003, May). 31st annual top 100 employers. *New Jersey Business*, 49(5), 59-66.
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 the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
POPULATION AND EMPLOYMENT TRENDS
(Expressed in Thousands)**

<u>Year</u>	<u>New Jersey Population</u>	<u>Civilian Labor Force</u>	<u>Resident Employment</u>	<u>Resident Unemployment</u>	<u>New Jersey Unemployment Rate</u>	<u>United States Unemployment Rate</u>
2002	8,544	4,343	4,091	252	5.8 %	5.8 %
2003	8,583	4,344	4,089	255	5.9	6.0
2004	8,612	4,347	4,134	213	4.9	5.5
2005	8,622	4,404	4,208	196	4.5	5.1
2006	8,624	4,465	4,257	208	4.7	4.6
2007	8,636	4,457	4,266	191	4.3	4.6
2008	8,663	4,509	4,261	248	5.5	5.8
2009	8,708	4,548	4,140	408	9.1	9.3
2010	8,733	4,553	4,116	437	9.6	9.6
2011	8,821	4,556	4,132	424	9.3	8.9

Notes:

New Jersey Population data for 2002 through 2010 has been revised.

Resident Employment, Resident Unemployment and Civilian Labor Force data for 2008 through 2010 has been revised.

New Jersey Unemployment Rate data for 2010 has been revised.

Sources:

United States Census Bureau, Population Division.

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
VALUATIONS OF TAXABLE REAL PROPERTY, PERSONAL, AND PER CAPITA INCOME
(Expressed in Thousands Except as Indicated)**

<u>Year</u>	<u>New Jersey Population *</u>	<u>Assessed Valuation of Property</u>	<u>True Valuation of Property</u>	<u>Personal Income (Millions) **</u>	<u>Per Capita Income *</u>
2002	8,544	\$ 524,816,215	\$ 720,179,653	\$ 341,558	\$ 39,976
2003	8,583	567,908,706	820,922,044	347,692	40,507
2004	8,612	606,248,658	937,193,205	365,260	42,415
2005	8,622	664,530,816	1,079,838,476	379,650	44,034
2006	8,624	743,219,514	1,235,285,449	411,429	47,709
2007	8,636	833,112,487	1,326,296,906	436,120	50,500
2008	8,663	891,585,206	1,355,003,641	454,206	52,428
2009	8,708	957,324,378	1,331,603,905	433,835	49,822
2010	8,733	981,864,678	1,341,214,326	450,004	51,530
2011	8,821	986,325,995	1,235,474,241	469,115	53,181

* Data for 2002 through 2010 has been revised.

** Data for 2008 through 2010 has been revised.

Sources:

United States Census Bureau, Population Division.

New Jersey Department of the Treasury, Office of Revenue & 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						Total
	State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service		
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	
2011	6,707.0	9,169.3	11,486.4	1,174.2	120.4	28,657.3	
2012	6,992.3	10,142.6	12,420.8	1,241.5	277.3	31,074.5	

Percent Distribution

Fiscal Year	Direct						Total
	State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service		
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	
2011	23.4	32.0	40.1	4.1	0.4	100.0	
2012	22.5	32.6	40.0	4.0	0.9	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, 2012
(Expressed in Millions)

<u>Government Branch</u>	<u>Direct State Services</u>	<u>Grants- In-Aid</u>	<u>State Aid</u>	<u>Capital Construction</u>	<u>Debt Service</u>	<u>Total</u>
Executive Branch						
Chief Executive Office	\$ 6.4	\$ -	\$ -	\$ -	\$ -	\$ 6.4
Agriculture	10.1	6.9	5.6	-	-	22.6
Banking and Insurance	58.0	-	-	-	-	58.0
Children and Families	312.5	696.4	-	-	-	1,008.9
Community Affairs	47.2	24.0	426.2	-	-	497.4
Corrections	944.6	106.1	20.5	4.4	-	1,075.6
Education	77.4	1.6	11,017.8	0.1	-	11,096.9
Environmental Protection	249.5	14.7	9.6	106.8	6.0	386.6
Health and Senior Services	76.7	1,296.0	7.2	-	-	1,379.9
Human Services	687.6	4,735.9	504.7	0.7	-	5,928.9
Labor and Workforce Development	132.7	67.4	-	-	-	200.1
Law and Public Safety	700.1	17.1	3.0	4.4	-	724.6
Military and Veterans' Affairs	92.1	2.1	-	-	-	94.2
State	28.4	1,104.5	14.9	-	-	1,147.8
Transportation	50.7	285.0	25.1	956.7	-	1,317.5
Treasury	542.4	904.7	386.2	2.1	271.3	2,106.7
Miscellaneous	1.0	-	-	-	-	1.0
Interdepartmental	2,246.1	880.2	-	166.3	-	3,292.6
Subtotal	<u>6,263.5</u>	<u>10,142.6</u>	<u>12,420.8</u>	<u>1,241.5</u>	<u>277.3</u>	<u>30,345.7</u>
Legislative Branch	78.4	-	-	-	-	78.4
Judicial Branch	650.4	-	-	-	-	650.4
Grand Total	<u>\$ 6,992.3</u>	<u>\$ 10,142.6</u>	<u>\$ 12,420.8</u>	<u>\$ 1,241.5</u>	<u>\$ 277.3</u>	<u>\$ 31,074.5</u>

* 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
FOR THE CALENDAR YEAR STARTING JANUARY 1**

Department/Agency	2012	2011	2010
Executive Branch			
Agriculture	205	207	216
Banking and Insurance	487	500	419
Chief Executive's Office	111	104	90
Children and Families	6,494	6,790	6,866
Community Affairs	931	1,025	1,064
Corrections	8,195	8,381	8,898
Parole Board	615	639	676
Education	761	768	804
Environmental Protection	2,744	2,842	2,956
Health and Senior Services	1,562	1,672	1,764
Human Services	14,570	14,838	15,166
Labor and Workforce Development	2,977	3,080	3,128
Civil Service Commission	224	222	237
Public Employment Relations Commission	31	31	33
Law and Public Safety	6,596	6,835	7,194
Election Law Enforcement Commission	63	65	71
State Ethics Commission	11	12	12
Juvenile Justice Commission	1,326	1,462	1,574
Victims of Crime Compensation Office	32	32	35
Military and Veterans' Affairs	1,471	1,488	1,475
State	214	194	208
Commission on Higher Education	15	13	16
Public Broadcasting Authority	N/A	124	132
Higher Education Student Assistance Authority	152	163	170
Transportation	5,155	5,400	5,695
Treasury	3,341	3,450	3,515
Casino Control Commission	58	262	281
Office of Administrative Law	96	99	93
Office of Information Technology	717	779	809
Office of the Public Defender	1,086	1,060	1,065
Board of Public Utilities	244	259	267
Miscellaneous Executive Commissions	1	1	2
Total	<u>60,485</u>	<u>62,797</u>	<u>64,931</u>
Legislative Branch	492	487	515
Judicial Branch	8,924	8,944	9,090
Grand Total	<u><u>69,901</u></u>	<u><u>72,228</u></u>	<u><u>74,536</u></u>

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 L. 2010 c. 104, in Fiscal Year 2012, the New Jersey Public Broadcasting Authority sold its licenses and certain related assets to the New York Public Radio and WHYI.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2009	2008	2007	2006	2005	2004	2003
224	245	256	266	262	254	247
423	464	480	506	501	481	486
83	84	92	93	109	111	118
6,913	6,986	6,482	N/A	N/A	N/A	N/A
1,076	1,129	1,149	1,151	1,098	1,045	1,015
9,311	9,259	9,338	9,417	9,419	9,257	9,344
696	695	724	720	714	652	699
850	883	922	962	952	971	920
3,051	3,241	3,305	3,437	3,437	3,296	3,248
1,850	1,978	2,060	2,172	2,151	2,136	1,953
15,449	15,684	15,739	21,840	20,977	20,152	19,278
3,167	3,418	3,583	3,777	3,765	3,672	3,458
294	326	338	375	442	399	376
34	36	33	34	36	34	36
7,341	7,590	7,848	8,106	7,772	7,405	7,137
71	68	71	75	53	45	46
13	13	15	13	9	8	8
1,624	1,685	1,750	1,776	1,774	1,705	1,585
30	38	46	47	49	48	46
1,486	1,511	1,493	1,494	1,473	1,419	1,358
212	215	196	198	199	185	187
18	18	18	17	19	19	22
138	150	156	158	159	159	157
183	191	196	198	201	210	193
5,880	6,161	6,415	6,669	6,448	6,049	5,109
3,579	3,757	3,792	3,774	3,784	3,599	3,612
293	312	336	346	349	350	325
98	104	107	113	112	110	109
816	894	907	950	938	923	929
1,031	1,070	1,023	1,094	1,044	951	877
268	283	301	346	345	336	319
2	2	2	2	2	2	2
<u>66,504</u>	<u>68,490</u>	<u>69,173</u>	<u>70,126</u>	<u>68,593</u>	<u>65,983</u>	<u>63,199</u>
520	512	523	503	512	520	506
9,205	9,495	9,495	9,556	9,424	9,343	9,118
<u>76,229</u>	<u>78,497</u>	<u>79,191</u>	<u>80,185</u>	<u>78,529</u>	<u>75,846</u>	<u>72,823</u>

**STATE OF NEW JERSEY
OPERATING INDICATORS
FOR THE FISCAL YEAR ENDED JUNE 30**

<u>Department/Agency</u>	<u>2012*</u>	<u>2011**</u>	<u>2010**</u>
Agriculture			
Farmland Preservation			
Cumulative acres permanently preserved	201,078	193,078	185,709
Children and Families			
Active caseload - children receiving services	169,557	159,689	158,117
Corrections			
Average daily population - State Facilities	20,820	21,504	21,454
Parole Board			
Parolees under supervision	16,069	16,151	15,929
Total hearings	31,018	30,858	33,095
State hearings	21,850	21,428	23,996
Education			
Resident enrollment	1,421,576	1,427,344	1,436,208
Support per pupil	\$ 18,436	\$ 17,869	\$ 17,849
Local	\$ 10,178	\$ 10,083	\$ 9,664
State	\$ 7,421	\$ 6,872	\$ 6,518
Federal	\$ 837	\$ 914	\$ 1,667
Health and Senior Services			
Family Health Services			
Newborns screened-metabolic & genetic disorders	107,000	102,315	105,000
HealthStart (prenatal)	30,000	29,175	28,500
AIDS Services			
Number of clients tested and counseled	105,000	103,749	75,000
Pharmaceutical Assistance to the Aged & Disabled			
Aged: Average monthly eligibles	107,936	109,728	112,660
Aged: Annual prescriptions	2,914,272	3,397,179	3,555,550
Disabled: Average monthly eligibles	28,258	26,912	25,354
Disabled: Annual prescriptions	762,966	913,932	897,532
Human Services			
Work First New Jersey			
Average monthly recipients	108,371	105,647	98,418
Average monthly grant	\$ 132	\$ 133	\$ 133
Labor and Workforce Development			
Unemployment Insurance			
Covered workers	3,693,800	3,671,400	3,681,516
State Disability Insurance Plan			
Covered workers	2,702,700	2,686,300	2,693,600
Claims received	157,164	163,714	171,100
Law and Public Safety			
State Police Operations			
Criminal investigations	19,500	19,343	15,186
Accident investigations	41,000	40,731	34,578
General investigations	700,000	733,462	809,584
Transportation			
Motor Vehicle Services			
Registrations and title documents issued	9,834,371	9,806,553	10,297,294
Total licensed drivers	5,078,814	5,078,814	5,484,565
Total registered vehicles	5,353,618	5,343,306	5,724,040
Total NJ inspections/reinspections	2,380,036	2,354,057	3,139,621

Notes:

* Fiscal Year 2012 amounts are estimates.

** Fiscal Years 2011 and 2010 have been revised.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	179,303	167,752	158,721	147,925	137,947	127,038	110,476
	150,356	142,339	156,707	148,745	121,568	N/A	N/A
	22,125	22,680	22,908	23,008	22,932	23,006	22,867
	15,656	14,770	14,320	14,009	13,297	13,297	13,234
	35,597	39,343	41,499	45,733	44,338	42,377	39,910
	25,285	28,716	29,348	29,292	29,007	26,902	25,481
	1,434,581	1,433,498	1,440,767	1,448,232	1,446,815	1,441,748	1,424,773
\$	17,193	\$ 17,038	\$ 16,256	\$ 15,040	\$ 14,159	\$ 13,234	\$ 12,505
\$	9,242	\$ 9,045	\$ 8,689	\$ 8,108	\$ 7,597	\$ 7,103	\$ 6,702
\$	7,393	\$ 7,454	\$ 7,002	\$ 6,375	\$ 6,032	\$ 5,628	\$ 5,344
\$	558	\$ 539	\$ 565	\$ 557	\$ 530	\$ 503	\$ 459
	108,909	111,123	111,607	110,851	110,473	113,404	113,032
	27,134	27,806	29,167	35,439	36,500	35,000	31,000
	75,000	75,000	76,828	74,277	68,700	67,789	67,067
	124,327	130,051	138,084	146,142	148,280	148,349	147,841
	4,058,033	4,432,138	4,407,641	5,489,094	5,838,243	5,477,045	5,304,535
	29,225	28,563	28,509	29,492	28,274	27,902	27,247
	1,059,114	1,107,102	1,040,008	1,419,155	1,396,133	1,334,832	1,258,811
	96,889	99,500	103,094	112,192	116,188	112,280	107,143
\$	132	\$ 130	\$ 132	\$ 131	\$ 130	\$ 129	\$ 128
	3,794,084	3,904,700	3,899,300	3,877,600	3,836,301	3,813,549	3,778,630
	2,776,000	2,856,900	2,852,800	2,837,000	2,806,700	2,790,000	2,764,500
	171,241	171,368	171,885	168,188	172,919	174,232	170,958
	15,015	18,810	23,452	17,460	16,287	13,079	12,552
	33,163	42,238	44,415	43,858	45,001	41,263	39,724
	810,413	807,760	833,975	805,131	802,280	565,156	573,098
	10,175,714	11,078,091	9,528,128	9,774,684	10,202,096	10,386,777	10,558,682
	5,500,932	5,501,596	5,519,976	5,629,451	5,668,712	5,741,036	5,706,951
	5,701,297	5,846,217	6,362,199	6,537,486	6,781,736	7,055,501	7,302,521
	3,033,389	3,002,727	2,896,889	3,006,193	3,000,324	3,171,458	3,243,086

**STATE OF NEW JERSEY
CAPITAL ASSET STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30**

Function	2012	2011	2010
Public safety and criminal justice			
Adult and juvenile correctional institutions	31	32	32
State police stations	38	43	34
State police officers	2,669	2,814	3,001
Motor vehicle facilities	65	65	70
Number of active armories	31	31	31
Total acreage dedicated to function	7,045	7,040	7,054
Total buildings dedicated to function*	1,673	1,667	1,660
Physical and mental health			
Number of mental health facilities	4	5	5
Average daily population	1,732	1,791	1,870
Total acreage dedicated to function	629	629	629
Total buildings dedicated to function*	327	327	327
Educational, cultural, and intellectual development			
Number of schools	28	28	29
Number of developmental centers	7	7	7
Average number of residents	2,434	2,587	2,703
Total acreage dedicated to function	3,390	3,390	3,390
Total buildings dedicated to function*	542	542	542
Community development and environmental management			
State parks, historic sites, natural areas, marinas, other	231	231	231
Land preservation acres (easements/farmland)	78,840	76,856	75,781
Total acreage dedicated to function (includes preservation)	800,550	794,424	787,861
Total buildings dedicated to function*	2,204	2,195	2,181
Economic planning, development, and security			
Number of residential centers*	4	4	7
Number of group homes	1,179	1,150	1,143
Total acreage dedicated to function	1,783	1,754	1,747
Total buildings dedicated to function*	1,340	1,310	1,307
Transportation programs			
Lane miles, state highways**	13,305	13,305	13,518
Bridges, state owned	2,578	2,585	2,585
Facilities	88	87	87
Total acreage dedicated to function	33,490	33,488	33,421
Total buildings dedicated to function*	604	605	577
Government direction, management, and control			
Total acreage dedicated to function	4,328	4,328	4,311
Total buildings dedicated to function*	344	344	343
Special government services			
Veteran homes	3	3	3
Veterans in residence	914	911	913
Total acreage dedicated to function	77	77	77
Total buildings dedicated to function*	41	41	41

Notes:

* Data for 2011 through 2003 has been revised.

** In 2011, DOT modified the methodology for converting outer shoulders, inner shoulders, and ramps to lane miles.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
35	38	38	38	39	39	39
34	34	35	35	35	35	35
3,050	3,030	2,971	2,963	2,823	2,669	2,664
72	75	77	80	80	80	80
32	32	33	33	33	33	33
7,009	6,792	6,724	6,725	6,712	6,712	6,667
1,653	1,635	1,618	1,591	1,574	1,556	1,535
5	5	5	5	6	6	6
2,005	2,135	2,223	2,303	2,284	2,237	2,240
629	651	1,038	1,038	1,038	1,023	1,023
327	327	321	319	317	317	316
31	31	31	30	30	30	30
7	7	7	7	7	7	7
2,785	2,897	2,987	3,061	3,096	3,145	3,233
3,390	4,046	4,552	4,552	4,551	4,551	4,551
538	533	519	515	512	508	508
231	231	231	231	230	230	230
71,199	69,339	67,062	54,455	50,896	39,026	31,884
775,521	767,174	755,431	727,959	706,240	675,552	664,436
2,165	2,158	2,155	2,122	2,103	2,082	2,066
6	6	6	6	5	5	3
1,133	1,108	1,076	1,047	1,003	969	951
1,737	1,712	1,679	1,676	1,627	1,593	1,575
1,363	1,258	1,219	1,176	1,118	1,079	1,054
13,508	13,493	13,485	11,178	11,120	11,107	11,073
2,577	2,578	2,579	2,581	2,364	2,366	2,349
87	87	89	89	89	89	89
33,376	33,369	33,364	33,352	33,351	31,411	29,704
569	554	528	521	504	492	488
4,315	3,849	3,044	3,044	3,044	3,044	3,039
343	343	341	339	335	329	329
3	3	3	3	3	3	3
913	914	932	875	815	786	767
77	77	76	76	76	76	76
41	41	41	36	33	33	32



ACKNOWLEDGEMENTS

Report Prepared by:

Office of Management and Budget
Financial Reporting

Jennifer Barker
James Dermody
Kathleen Fell
Eunice Kou
Joseph Lombardo

Nancy Marcocci
Dominic Marrocco
Christopher Mathews
Michele Ridge
Steven Sagnip

Special Appreciation to:

Julia Bossi
Angelo Casale

William Shannon
Sandra Smith

The seal of the State of New Jersey is centered in the background. It features a circular border with the text "THE GREAT SEAL OF THE STATE OF NEW JERSEY". Inside the circle is a shield supported by two figures: a Native American on the left and a European on the right. Above the shield is a crest with a horse and a figure. The shield itself contains a plow and a sheaf of wheat.

**STATE OF NEW JERSEY
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2012

**Chris Christie, Governor
Kim Guadagno, Lieutenant Governor**



STATE OF NEW JERSEY



COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2012

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lieutenant Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

CHARLENE M. HOLZBAUR
Director
Office of Management and Budget

Robert L. Peden
Deputy Director
Office of Management and
Budget

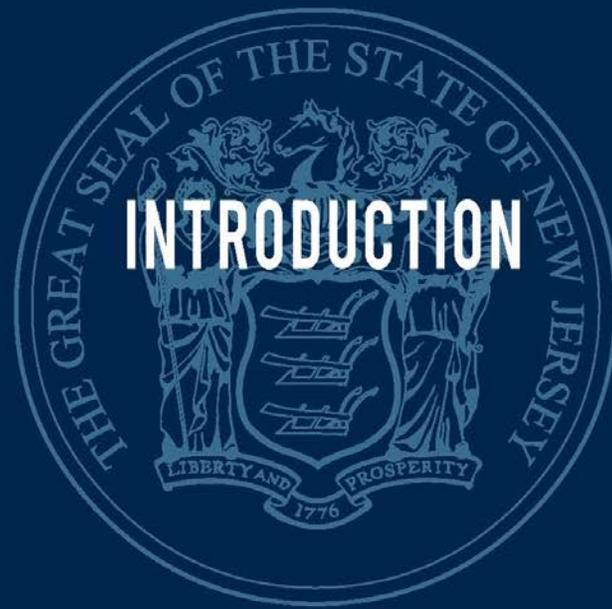
James F. Kelly
Manager
Financial Reporting

(This page left intentionally blank)

**STATE OF NEW JERSEY
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2012
 TABLE OF CONTENTS**

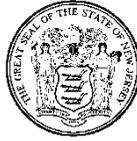
INTRODUCTION	Page
Letter of Transmittal	1
Certificate of Achievement	7
FINANCIAL SECTION	
Independent Auditor’s Report	11
Management’s Discussion and Analysis	14
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	26
Statement of Activities	28
Governmental Funds Financial Statements	
Balance Sheet	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	31
Statement of Revenues, Expenditures and Changes in Fund Balances.....	32
Reconciliation of the Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	33
Proprietary Funds Financial Statements	
Statement of Net Assets	34
Statement of Revenues, Expenses and Changes in Fund Net Assets	35
Statement of Cash Flows	36
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Assets	38
Statement of Changes in Fiduciary Net Assets	40
Component Units Financial Statements	
Statement of Net Assets	42
Statement of Activities	44
Index to the Notes to the Financial Statements	46
Notes to the Financial Statements	47
Required Supplementary Information	
Budgetary Comparison Schedule	100
Budgetary Comparison Schedule – Budget to GAAP Reconciliation Major Funds	103
Notes to Required Supplementary Information	105
Schedule of Funding Progress All Pension Trust Funds	106
Combining Financial Statements	
Governmental Funds - Major Fund – General Fund	
Balance Sheet	108
Statement of Revenues, Expenditures and Changes in Fund Balances.....	126

	Page
Governmental Funds – Non-Major Funds	
Balance Sheet – By Fund Type	144
Statement of Revenues, Expenditures and Changes in Fund Balances – By Fund Type	145
Special Revenue Funds	
Balance Sheet	146
Statement of Revenues, Expenditures and Changes in Fund Balances	166
Capital Projects Funds	
Balance Sheet	186
Statement of Revenues, Expenditures and Changes in Fund Balances	190
Fiduciary Funds	
Agency Funds	
Statement of Fiduciary Net Assets	194
Statement of Changes in Assets and Liabilities	198
Pension and Other Employee Benefits Trust Funds	
Statement of Fiduciary Net Assets	202
Statement of Changes in Fiduciary Net Assets	206
Private Purpose Trust Funds	
Statement of Fiduciary Net Assets	210
Statement of Changes in Fiduciary Net Assets	212
Component Units	
Statement of Net Assets – Non-Major Component Units	214
Statement of Activities – Non-Major Component Units	215
Authorities	
Statement of Net Assets	216
Statement of Activities	220
Colleges and Universities	
Statement of Net Assets	224
Statement of Activities	228
Description of Funds	231
Other Information	
Capital Assets	
Schedule of Changes in Gross Capital Assets by Function	259
Schedule of Gross Capital Assets by Function	260
Schedule of Changes in Accumulated Depreciation by Function	263
Schedule of Accumulated Depreciation by Function	264
Accumulated Depreciation as a Percentage of Capital Assets	266
Long-Term Debt	
Schedule of Long-Term Debt	268
Budgetary Schedules	
Budgetary Comparison Schedule Non-Major Governmental Funds	270
Budgetary Comparison Schedule-Budget to GAAP Reconciliation – Non-Major Funds	274
Schedule of Anticipated Revenue	276
Schedule of Appropriated Revenue	285
Schedule of Appropriations and Expenditures	286
STATISTICAL SECTION	
Statistical Section Index	307
Statistical Schedules	308



INTRODUCTION





State of New Jersey

CHRIS CHRISTIE
Governor

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

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

KIM GUADAGNO
Lt. Governor

CHARLENE M. HOLZBAUR
Director

January 9, 2013

Governor Chris Christie
Members of the State Legislature
New Jersey Citizens

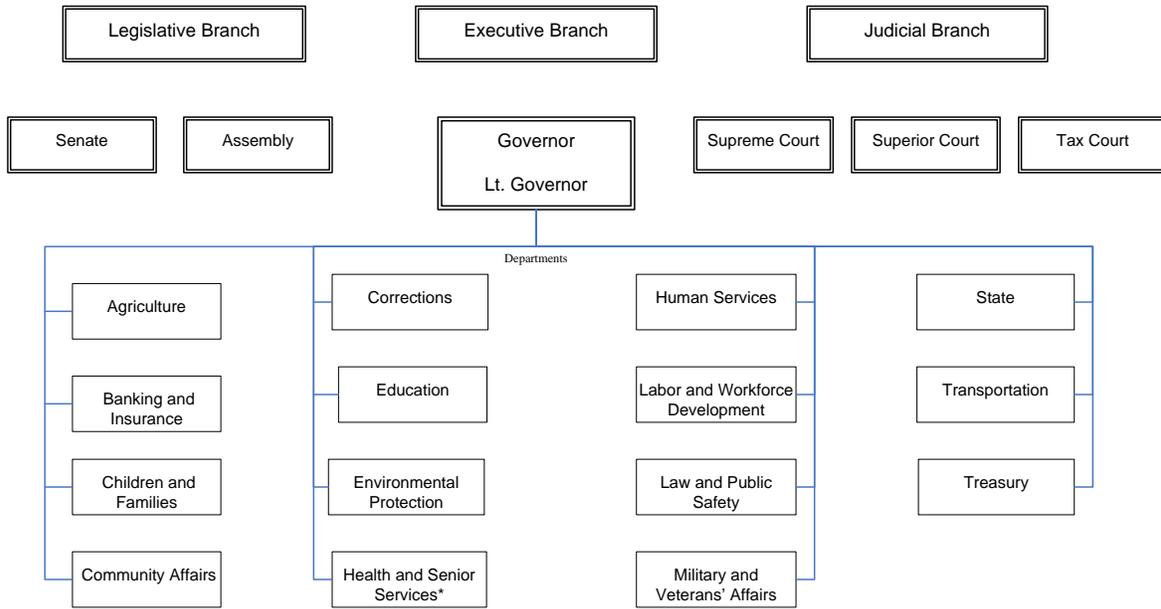
In accordance with the provisions of N.J.S.52:27B-46, it is our pleasure to transmit to you the State of New Jersey's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. The Department of the Treasury's Office of Management and Budget prepared this report, and is responsible 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, 2012. 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.

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. Effective December 8, 2011, it became lawful for the Legislature to authorize wagering on sports events at New Jersey casinos and horse racetracks, excluding events that take place in New Jersey or in which any New Jersey college team participates regardless of where the event takes place. The State Constitution divides the powers of government between three co-equal independent branches: Legislative, Executive, and Judicial.



* P.L. 2012 c.17 reorganized the Division of Aging from Health and Senior Services to Human Services and renamed the Department of Health and Senior Services to the Department of Health.

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 60,500 employees in 15 departments as of January 2012. The Executive Branch also oversees the performance of 566 municipalities and 603 school districts, and the incarceration and rehabilitation of approximately 20,800 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 seven 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 8,821,000 as of July 2011 makes New Jersey the eleventh largest state in population, as well as the most densely populated of all the states with an average of 1,189 people per square mile.

The higher education system in New Jersey includes three public research universities, nine State colleges and universities, 19 community colleges, 14 independent four-year colleges and universities, seven proprietary institutions with degree-granting authority, 12 rabbinical schools and theological seminaries, and two independent two-year religious colleges. Effective July 1, 2013, the "New Jersey Medical and Health Sciences Education Restructuring Act" of 2012 abolishes the University of Medicine and Dentistry of New Jersey (UMDNJ), transfers UMDNJ's various schools and institutes to Rutgers University and Rowan University, respectively, and establishes Rowan University as a public research university. Currently, UMDNJ is classified as a public research university and Rowan University is classified as a State university.

COMPONENT UNITS

In accordance with the requirements of GASB Statement No. 14, *The Financial Reporting Entity*, this CAFR for fiscal year ended June 30, 2012 includes the accounts of 21 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 nation have continued their recovery, but growth has been erratic. Job gains in the State were brisk in the first half of 2012 but employment was little-changed from the spring through October. Nonetheless, in each month through October, payroll employment in New Jersey has been higher than in the same month of 2011. However, the State still needs to gain approximately 200,000 jobs to regain the 2008 peak in employment. In an environment of moderate job growth, and some gains in the labor force, the State unemployment rate moved up to 9.9 percent in August before edging down to 9.7 percent in October, still well above the national rate of 7.9 percent. Personal income of state residents continued to show more marked strength than employment. In the first half of 2012 personal income grew at an annual rate of 7.2 percent in the first quarter and 3.1 percent in the second quarter. The level of personal income has set a new record high in each of the last six quarters.

The economic outlook for the nation remains uncertain, with continuing questions about the near-term and longer-term outlooks for federal tax and spending policy. The possibility of fiscal consolidation—a combination of tax reforms and/or increases and spending cuts—raises risks of some reduction in the near-term growth of demand, though such a policy may improve the longer-term prospects for the national economy and in so doing will improve the attractiveness of the United States as a place to invest and expand business. The implementation of the Affordable Care Act and the changes in financial regulation and supervision sanctioned by the Dodd-Frank Act adds to the near-term uncertainty, though it is now highly unlikely that either statute will be repealed or substantially modified. Limited revenue growth has continued to put downward pressure on public sector spending and employment by states and municipalities. Europe has slipped into recession, which will work to reduce foreign demand for U.S. products while increasing competition for U.S. producers. At the same time, consumer confidence appears to be higher, spending on big-ticket items such as automobiles has strengthened, and there are signs that homebuilding and sales are reviving and housing prices are stabilizing or moving up. The same national forces are apparent in New Jersey. In our case, the aftermath of Superstorm Sandy has raised some additional challenges for the State; some areas of the State, most notably shore communities and businesses, will continue to cope with losses of infrastructure, though there will also be some stimulus to activity as the rebuilding process goes forward. Looking forward, it is likely that the national expansion will continue at a pace comparable to that seen in recent years, with moderate gains in employment and some ongoing reduction in the unemployment rate. Recent actions and announcements by the Federal Reserve indicate further commitments to keep interest rates exceptionally low for a prolonged time; this policy will likely be retained even if there is a change in Federal Reserve leadership in early 2014.

The prospects are that New Jersey's housing sector will improve. Through September, housing permits were on a path to show a substantial increase from 2011, though the dislocations resulting from Superstorm Sandy creates a great deal of near-term uncertainty in this area. Home resales also showed considerable gains in the first half of 2012. It is likely that these trends will continue, with the possibility that the aftermath of the storm will provide some additional impetus to this sector. Motor vehicle sales continue to recover, with purchases of new vehicles through September more than 7.0 percent higher than in the same period of 2011.

For 2012 as a whole, New Jersey payroll employment is projected to average about 1.1 percent higher than in 2011 and grow around 1.3 percent in 2013. The unemployment rate is expected to average 9.5 percent in 2012 and 9.1 percent in 2013. Personal income is expected to grow around 3.2 percent in 2012 and 3.9 percent in 2013.

As unemployment stays high and capacity utilization remains low, underlying inflation is expected to be 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 continue to be 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, 2012, 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

Although State-budgeted Fiscal Year 2012 revenue collections of \$29.1 billion were almost \$3.5 billion less than those collected in pre-recession Fiscal Year 2008, there was a measurable improvement of \$426.8 million when compared to Fiscal Year 2011 revenue collections. In comparison to Fiscal Year 2008, Gross Income Tax collections in Fiscal Year 2012 were almost \$1.5 billion less; however, they also showed a marked increase of \$511.4 million in comparison to Fiscal Year 2011. With the current Fiscal Year 2013 estimate projected to be \$31.7 billion, the State's economic recovery trend remains optimistic. The Statistical Section provides a ten-year history of State-budgeted revenue collections.

Pension and Other Postemployment Benefits (OPEB) Obligations

Pursuant to P.L. 2010, c.1, the State resumed making contributions to the pension plans on a phased-in basis over a seven-year period beginning in Fiscal Year 2012. Previously, the State had 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 \$12.8 billion and a net OPEB obligation of \$16.8 billion as of June 30, 2012. The total unfunded actuarial accrued liability (UAAL) for State and local pension plans was \$41.7 billion as of June 30, 2011, or an increase of \$5.4 billion from June 30, 2010. The increase in the UAAL is mainly attributable to expected actuarial losses including the investment return of 2.52% being lower than the assumed rate of return of 7.95% and the state's pension contribution of 1/7th of the actuarially required amount being less than the full actuarially required amount. This increase would have been larger except for the impact of P.L. 2011, c. 78 which suspended additional cost of living adjustment (COLA) increases for current and future retirees. The total State and local OPEB unfunded actuarial accrued liability at June 30, 2011 was \$60.1 billion, or a decrease of \$11.3 billion from the prior year. For updated information, Fiscal Year 2011 actuarial reports can be accessed via: <http://www.state.nj.us/treasury/pensions/actuarial-rpts.shtml>.

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, 2011. 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. Holzbaaur
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, 2011

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.



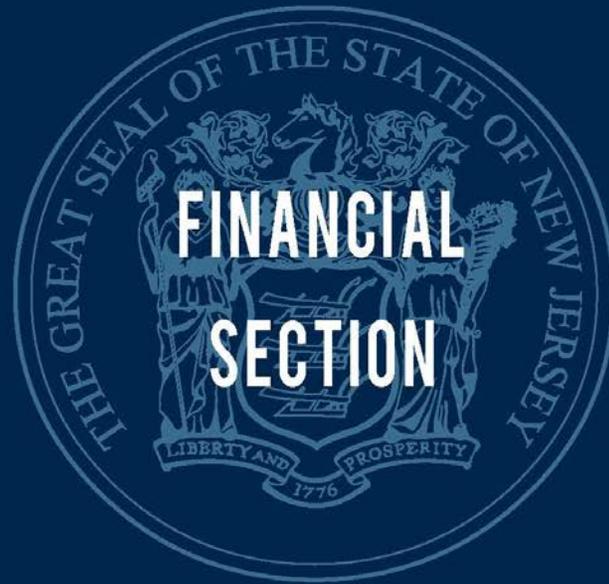
Christopher P. Morille

President

Jeffrey R. Enen

Executive Director

(This page left intentionally blank)





LEGISLATIVE SERVICES COMMISSION

SENATE

CHRISTOPHER J. CONNORS
NIA H. GILL
ROBERT M. GORDON
THOMAS H. KEAN, JR.
JOSEPH M. KYRILLOS, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
LORETTA WEINBERG

GENERAL ASSEMBLY

JOHN F. AMODEO
JON M. BRAMNICK
ANTHONY M. BUCCO
JOHN J. BURZICHELLI
THOMAS P. GIBLIN
LOUIS D. GREENWALD
ALISON LITTELL MCHOSE
SHEILA Y. OLIVER



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) 847-3901

OFFICE OF THE STATE AUDITOR

(609) 847-3470
FAX (609) 633-0834

STEPHEN M. ELLS
State Auditor

GREGORY PICA
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, 2012, 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 deferred outflows and revenues of the aggregate discretely presented component units, 91 percent of the assets and 38 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-D of the basic financial statements, respectively. 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 three component units, the New Jersey Sports and Exposition Authority, the Atlantic City Convention and Visitors 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, 2012, 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.

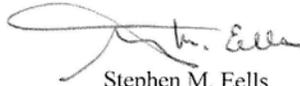
As discussed in Note 2-A, the State of New Jersey adopted the provisions of Governmental Accounting Standards Board Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions* as of July 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2013 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.

Accounting principles generally accepted in the United States of America require that 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of New Jersey's basic financial statements. The introductory section, combining financial statements section, other information section, and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements section and the other information section have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described previously, and the reports of the other auditors, the combining financial statements section and the other information section are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Stephen M. Eells
State Auditor
January 9, 2013

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, 2012. 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 \$935.4 million from the prior fiscal year. As of June 30, 2012, liabilities exceeded assets and deferred outflows by \$40.6 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 \$51.4 billion. The negative balance is primarily a result of under 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, 2012 component unit assets and deferred outflows exceeded component unit liabilities and deferred inflows by \$17.3 billion. Total component unit assets and deferred outflows grew to \$46.3 billion, a \$0.5 billion increase from the prior fiscal year.

Fund Level

- The State's governmental funds reported June 30, 2012 combined ending fund balances of \$6.9 billion, which is a decrease of \$1.4 billion when compared to the prior fiscal year. Fund balances are segregated into the following categories: nonspendable, restricted, committed, and unassigned. The nonspendable fund balance classification (\$20.4 million) includes amounts that are legally required to remain intact. The restricted fund balance classification (\$4.4 billion) is used when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government. The committed fund balance classification (\$2.0 billion) includes amounts that can only be used for purposes specified in enabling legislation with the consent of both the legislative and executive branches. In contrast to the restricted fund balance classification, amounts in this category may be redeployed for other purposes with appropriate due process. Finally, the unassigned fund balance (\$425.4 million) represents the fund balance amount that has not been restricted or committed to a specific purpose within the General Fund.
- During the fiscal year, the proprietary funds' net assets increased by \$543.0 million resulting in net assets of negative \$241.0 million as of June 30, 2012.

Long-term Debt

- The State's long-term debt obligations increased 9.3 percent to \$71.1 billion, which includes a net increase in bonded debt of \$0.7 billion. During the fiscal year, the State issued \$3.4 billion in bonds. New money issuances represented \$1.3 billion primarily for transportation system improvements, while \$2.1 billion represented five refunding transactions that provided the State with \$156.9 million in net present value savings. During Fiscal Year 2012, the State paid \$3.7 billion in debt service on its long-term obligations.
- Non-bonded portions of the State's long-term debt total \$32.3 billion. This amount represents a \$5.3 billion increase from the prior fiscal year and is mainly attributable to increases in Net Pension Obligation (NPO) as well as the State's Net Other Postemployment Benefits (OPEB) Obligation.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Major Features of the Basic Financial Statements

Features	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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	<input type="checkbox"/> Statement of Net Assets <input type="checkbox"/> Statement of Activities	<input type="checkbox"/> Balance Sheet <input type="checkbox"/> Statement of Revenues, Expenditures, and Changes in Fund Balance	<input type="checkbox"/> Statement of Net Assets <input type="checkbox"/> Statement of Revenues, Expenses, and Changes in Net Assets <input type="checkbox"/> Statement of Cash Flows	<input type="checkbox"/> Statement of Fiduciary Net Assets <input type="checkbox"/> 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	<input type="checkbox"/> Revenues for which cash is received during or soon after the end of the fiscal year <input type="checkbox"/> Expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

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

- **Statement of Net 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. Operating as business-type activities, financial statements of component units are presented discretely in either the major or non-major categories in both the Statement of Net Assets and the Statement of Activities based upon the relative size of assets, liabilities, revenues, and expenses in relation to the total. The State's component units currently consist of twelve senior public institutions of higher education as well as 21 authorities; of the latter 21, five (the Garden State Preservation Trust, the New Jersey Building Authority, the New Jersey Schools Development Authority, the New Jersey Transportation Trust Fund Authority, and the Tobacco Settlement Financing Corporation) are blended into governmental activities. A complete list of the State's component units is shown in Note 1B – Summary of Significant Accounting Policies – Financial Reporting Entity and Note 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

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

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

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

Fund Financial Statements

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

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

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

- **Proprietary Funds Financial Statements** Proprietary funds are used to account for State business-type activities. Since these funds charge fees to external users, they are known as enterprise funds. Proprietary funds provide the same information as government-wide financial statements and use the accrual basis of accounting.
- **Fiduciary Funds Financial Statements** Fiduciary funds, which include State pension fund systems, are used to account for resources held by the State for the benefit of parties outside of State government. Fiduciary funds are reported using the accrual basis of accounting in separate Statements of Fiduciary Net 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 assists the reader in understanding the data provided in the government-wide financial statements and fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a required supplementary information section. This section includes budgetary schedules that reconcile the statutory intent of the program with fund balances in accordance with generally accepted accounting principles at fiscal year end as well as variances between the final budget and actual results on a budgetary basis. Also, there 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 2012 with combined net assets for the primary government totaling a negative \$40.6 billion. This amount represents a reduction of net assets of \$6.4 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, including but not limited to the Net Pension Obligation and the Net OPEB Obligation, 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	
	2012	2011	2012	2011	2012	2011
Current and other noncurrent assets	\$ 10,889.0	\$ 12,574.9	\$ 1,518.7	\$ 1,534.2	\$ 12,407.7	\$ 14,109.1
Capital assets, net	23,567.0	22,799.8	-	-	23,567.0	22,799.8
Total Assets	34,456.0	35,374.7	1,518.7	1,534.2	35,974.7	36,908.9
Deferred outflows	23.7	24.9	-	-	23.7	24.9
Total Assets and Deferred Outflows	34,479.7	35,399.6	1,518.7	1,534.2	35,998.4	36,933.8
Current liabilities	5,898.4	5,255.5	400.7	434.7	6,299.1	5,690.2
Noncurrent liabilities	68,987.2	63,564.3	1,359.0	1,883.5	70,346.2	65,447.8
Total Liabilities	74,885.6	68,819.8	1,759.7	2,318.2	76,645.3	71,138.0
Net Assets:						
Invested in capital assets, net of related debt	7,192.2	6,999.7	-	-	7,192.2	6,999.7
Restricted	3,536.3	3,877.3	12.1	10.9	3,548.4	3,888.2
Unrestricted	(51,134.4)	(44,297.2)	(253.1)	(794.9)	(51,387.5)	(45,092.1)
Total Net Assets	\$ (40,405.9)	\$ (33,420.2)	\$ (241.0)	\$ (784.0)	\$ (40,646.9)	\$ (34,204.2)

Changes in Net Assets

The State's Fiscal Year 2012 net assets decreased by \$6.4 billion. Approximately 48.7 percent of the State's total revenues came from general taxes, while 30.2 percent was derived from operating grants. Charges for services amounted to 19.4 percent of total revenues, while other items such as capital grants, interest earnings, and miscellaneous revenues accounted for the remainder. State expenses cover a range of services. The largest expense, 24.9 percent, was for educational, cultural, and intellectual development, which includes approximately \$186.8 million disbursed by the New Jersey Schools Development Authority (a blended component unit) to help finance school facilities construction. Physical and mental health amounted to 19.3 percent of total expenses, while government direction, management and control amounted to 18.8 percent. Other major expenditures focused on economic planning, development, and security; public safety and criminal justice; and unemployment compensation. During Fiscal Year 2012, governmental activity expenses exceeded program revenues; this imbalance was mainly funded through \$28.2 billion of general revenues (mostly taxes and transfers). The remaining \$7.0 billion resulted in a decrease in net assets. Offsetting the governmental net asset decrease, Business-type Activities reflected a net asset increase of \$543.0 million as the Unemployment Compensation Fund's available resources exceeded the need to pay claims.

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

	Governmental Activities		Business-type Activities		Primary Government Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 4,820.9	\$ 4,736.1	\$ 5,852.8	\$ 5,457.1	\$ 10,673.7	\$ 10,193.2
Operating grants	13,238.6	13,326.1	3,309.1	4,408.5	16,547.7	17,734.6
Capital grants	325.8	139.6	-	-	325.8	139.6
General revenues						
General taxes	26,666.3	26,569.4	-	-	26,666.3	26,569.4
Interest earnings	(274.9)	48.9	(0.9)	-	(275.8)	48.9
Miscellaneous	851.2	762.0	-	-	851.2	762.0
Total Revenues	45,627.9	45,582.1	9,161.0	9,865.6	54,788.9	55,447.7
Expenses						
Public safety and criminal justice	3,274.0	3,169.3	-	-	3,274.0	3,169.3
Physical and mental health	11,794.4	11,392.4	-	-	11,794.4	11,392.4
Educational, cultural, and intellectual development	15,249.5	14,091.6	-	-	15,249.5	14,091.6
Community development and environmental management	1,560.6	1,694.1	-	-	1,560.6	1,694.1
Economic planning, development, and security	6,861.9	6,729.5	-	-	6,861.9	6,729.5
Transportation programs	1,715.9	1,927.5	-	-	1,715.9	1,927.5
Government direction, management, and control	11,489.5	11,671.6	-	-	11,489.5	11,671.6
Special government services	342.1	348.9	-	-	342.1	348.9
Interest expense	1,275.8	1,227.7	-	-	1,275.8	1,227.7
State Lottery Fund	-	-	1,845.6	1,724.3	1,845.6	1,724.3
Unemployment Compensation Fund	-	-	5,822.3	7,206.6	5,822.3	7,206.6
Total Expenses	53,563.7	52,252.6	7,667.9	8,930.9	61,231.6	61,183.5
Excess (Deficiency) Before Transfers	(7,935.8)	(6,670.5)	1,493.1	934.7	(6,442.7)	(5,735.8)
Transfers	950.1	1,451.5	(950.1)	(952.3)	-	499.2
Increase (Decrease) in Net Assets	(6,985.7)	(5,219.0)	543.0	(17.6)	(6,442.7)	(5,236.6)
Net Assets - July 1	(33,420.2)	(28,201.2)	(784.0)	(766.4)	(34,204.2)	(28,967.6)
Net Assets - June 30	\$ (40,405.9)	\$ (33,420.2)	\$ (241.0)	\$ (784.0)	\$ (40,646.9)	\$ (34,204.2)

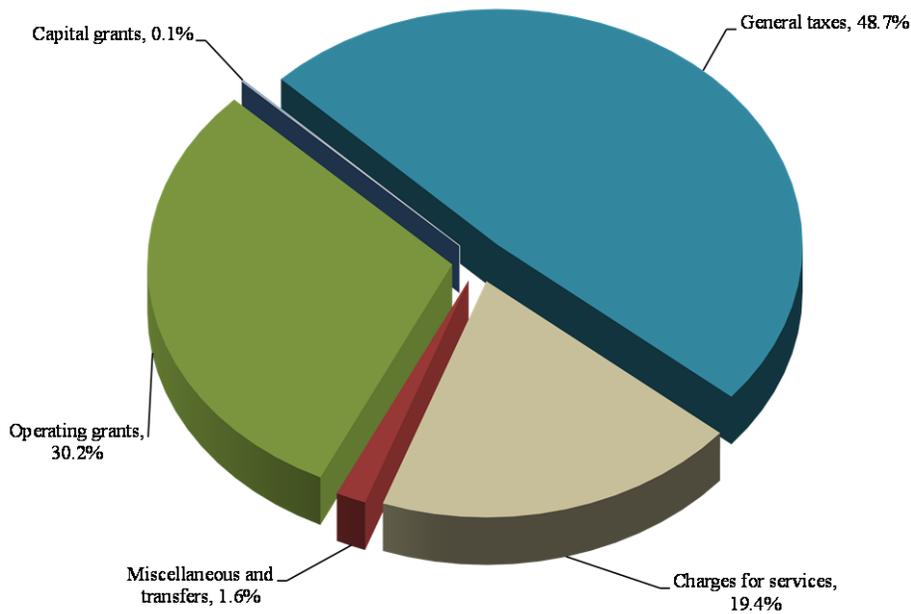
Primary Government – Fiscal Year 2012 Revenues and Expenses

During Fiscal Year 2012, State revenues, including transfers, totaled \$54.8 billion or a decrease of \$1.1 billion when compared to the prior fiscal year. This decrease in total revenues is primarily attributable to an overall decrease in operating grants and contributions. General taxes totaled \$26.7 billion and accounted for 48.7 percent of total State revenues for Fiscal Year 2012. The State’s Gross Income Tax totaled \$11.1 billion, the Sales and Use Tax totaled \$8.1 billion, and the Corporation Business Tax totaled \$2.0 billion. The State’s three major taxes comprised 79.7 percent of the total general taxes that were collected during Fiscal Year 2012. The State’s economy showed a slight improvement, as indicated by the \$96.9 million increase in general taxes when compared to Fiscal Year 2011.

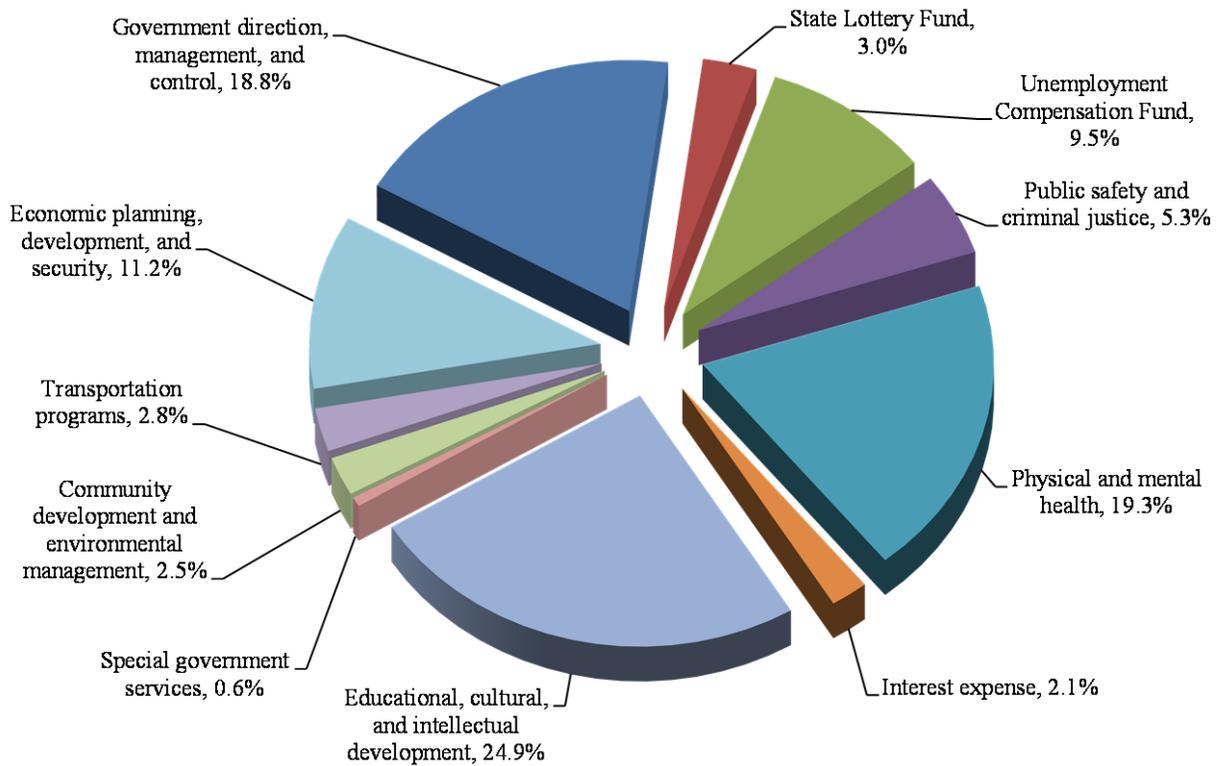
Fiscal Year 2012 expenses totaled \$61.2 billion, for an increase of \$48.1 million in comparison to the prior fiscal year. State spending increased by \$1.2 billion in educational, cultural, and intellectual development, \$402.0 million in physical and mental health, and \$132.4 million in economic planning, development, and security, which were offset by decreases of \$1.4 billion in unemployment compensation, \$211.6 million in transportation programs, and \$182.1 million in government direction, management, and control.

The following pie charts depict primary government activities for revenues and expenses for the fiscal year ended June 30, 2012:

**Revenues – Primary Government
Fiscal Year Ended June 30, 2012**



**Expenses – Primary Government
Fiscal Year Ended June 30, 2012**



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

Component Units

Combined operating revenues and expenses for the State’s component units for Fiscal Year 2012 amounted to \$10.5 billion and \$11.7 billion, respectively. Total operations along with other revenue and expenses contributed to total combined net assets at fiscal year end of \$17.3 billion. The component units received \$1.1 billion in State appropriations during Fiscal Year 2012.

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, 2012 fund balances of \$6.9 billion. The \$1.4 billion decrease in fund balance was primarily from lower Fiscal Year 2012 revenues.

General Fund

The General Fund is the State’s chief operating fund and is the fund into which all State revenues, not otherwise restricted by statute, are deposited. The General Fund’s ending fund balance totaled \$2.9 billion, of which \$425.4 million represented unassigned fund balance.

On a budgetary basis, general revenues of \$28.8 billion were \$3.8 billion lower than the final budget. The negative variance was primarily the result of unearned federal and other grant revenues of \$1.6 billion, declines of \$1.1 billion in other revenues, and \$990.7 million in taxes. 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 \$3.4 billion lower than original appropriations as set forth in the annual Appropriations Act plus supplemental appropriations enacted during the fiscal year. A major cause for under-spending resulted from the overestimate of federal funds; this practice allows the State to receive the maximum federal dollars that become available. During Fiscal Year 2012, the State’s appropriation of federal funds and other grants exceeded expenditures by \$1.6 billion; these excess appropriations are available for use in future years. From a Fiscal Year 2012 program perspective, under-spending transpired in physical and mental health (\$874.9 million); public safety and

criminal justice (\$658.7 million); community development and environmental management (\$628.3 million); economic planning, development, and security (\$562.4 million); government direction, management, and control (\$264.9 million); educational, cultural, and intellectual development (\$176.4 million); special government services (\$110.1 million); and transportation programs (\$82.9 million).

Property Tax Relief Fund

The Property Tax Relief Fund accounts for revenues from the Gross Income Tax and one-half percent of the Sales and Use Tax that is constitutionally dedicated for property tax relief. Appropriations from this fund must be used exclusively for the constitutional purpose of reducing or offsetting property taxes. During Fiscal Year 2012, \$12.2 billion of property tax relief expenditures were made. The Property Tax Relief Fund's Fiscal Year 2012 ending fund balance was \$6.0 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 2012, gross revenues totaled \$2.8 billion, of which \$1.6 billion was returned in prizes, \$950.1 million went to state education and institutions, \$227.9 million was paid to sales agents and ticket vendors, and \$36.8 million covered Lottery operational and promotional expenses. As of June 30, 2012, the State Lottery, since its inception, has generated over \$55.0 billion in gross revenues, \$29.5 billion in prizes, and contributed \$21.0 billion to the State.

Unemployment Compensation Fund

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

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 November 30, 2012, \$750.5 million of such advances are outstanding. Until the economic conditions in the State improve, the use of such advances is likely to continue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

The Fiscal Year 2012 capital appropriation included \$2.9 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 \$435.0 million for State highway infrastructure, \$190.0 million for local highways, and \$622.0 million for mass transit. During Fiscal Year 2012, the New Jersey Economic Development Authority did not issue any School Facilities Construction Bonds to help fund the New Jersey Schools Development Authority's program; accordingly, as of June 30, 2012, a total of \$8.6 billion of the \$12.5 billion school facilities construction bond program has been issued. The constitutional dedication of 4.0 percent of the Corporation Business Tax was appropriated to fund hazardous discharge cleanup, underground storage tank improvements, and surface water quality projects.

Capital asset data is shown below. The State's investment in capital assets, net of accumulated depreciation, totaled \$23.6 billion as of June 30, 2012. Depreciation expense charges for Fiscal Year 2012 totaled \$814.3 million.

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

	Total Primary Government	
	2012	2011
Land and Easements	\$ 4,824.3	\$ 4,765.1
Land Improvements	82.2	85.9
Buildings and Improvements	1,566.9	1,591.1
Machinery, Equipment and Software	397.1	412.6
Infrastructure	14,102.2	12,057.4
Sub-Total	20,972.7	18,912.1
Construction-In-Progress	2,594.3	3,887.7
Total	<u>\$ 23,567.0</u>	<u>\$ 22,799.8</u>

Notes:

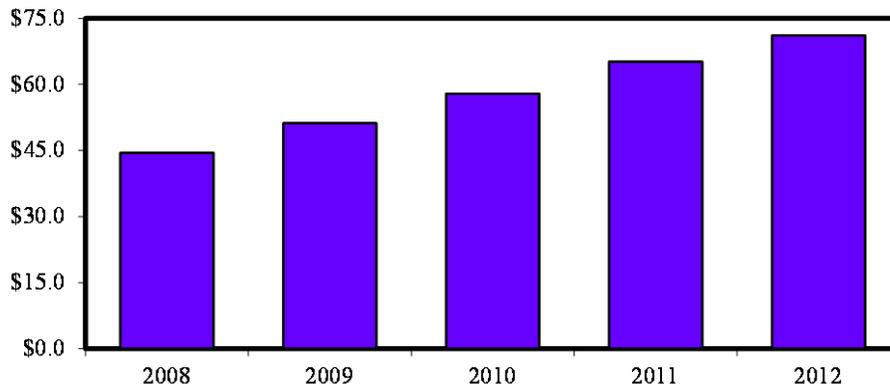
Funding for capital investment requirements is derived either from the State’s operating budget or from legislative-approved or voter-approved bonded debt.

For more detailed information about the State’s capital assets, see Note 7 – Capital Assets.

Debt Administration

As of June 30, 2012, New Jersey’s outstanding long-term obligations for governmental activities totaled \$71.1 billion, a \$6.0 billion increase over the prior fiscal year. Of the \$6.0 billion increase, \$5.3 billion is attributable to increases in the Net Pension Obligation and Net OPEB Obligation. Long-term bonded debt obligations totaled \$38.8 billion, while other long-term obligations totaled \$32.3 billion. In addition, the State has \$9.5 billion of legislatively authorized bonding capacity that has not yet been issued. As of June 30, 2012, the legislatively authorized but unissued debt increased by \$2.2 billion (See Statistical Section – Legislatively Authorized But Unissued Debt, 2012 and 2011). The State’s long-term obligations for the past five fiscal years are shown below:

Long-Term Obligations
Fiscal Year 2008 to Fiscal Year 2012
(Expressed in Billions)



Note:

For more detailed information about the State’s long-term debt activity, see Note 10 – Long-Term Obligations.

ECONOMIC CONDITION AND OUTLOOK

New Jersey's economy has continued to recover. In each month through October 2012 payroll employment in New Jersey was higher than in the same month of 2011. In an environment of moderate job growth and some gains in the labor force, the State unemployment rate moved up to 9.9 percent in August before edging down to 9.7 percent in October, still well above the national rate of 7.9 percent. New Jersey economic forecasts as of November 2012 from the Treasury Department's Office of the Chief Economist, as well as from Global Insight, Moody's, and Rutgers University, all call for ongoing improvement in economic conditions through the end of 2013. However, it is likely that the after-effects of Superstorm Sandy will add substantial short-term volatility to New Jersey's economy, followed by some added impetus to growth as the rebuilding process takes hold.

New Jersey's economic outlook also hinges, critically, on the national economy. Resolution of current controversies about federal taxes and spending and the maintenance of supportive monetary policies are critical to sustaining consumer and business confidence and the recovery in national and state economies. Stability in both national and international financial markets are also key elements in providing an environment for growth in the state.

The State and the nation may experience some near-term deterioration in growth and the expected pace of economic expansion may decline if consumers, investors, and businesses are negatively affected by concerns regarding long term federal budget sustainability, the impact of federal health care reform on business costs, lack of credit availability, U.S. and international financial market stresses, any slowdown in the pace of global economic recovery, and geopolitical tensions, particularly those which lead to any substantial restrictions on energy supplies from the Middle East. To a large extent, the future direction of the economy, nationally and in the State, hinges on the assumptions regarding the strength of the current economic recovery, energy prices, and stability in the financial markets. Based on the information available as of the date hereof, economic conditions in the State should improve over the next year, but the recovery remains vulnerable.

REQUEST FOR INFORMATION

This Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012 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, 2012, or for additional information should be addressed to the State of New Jersey, Office of Management and Budget, P.O. Box 221, 33 West State Street, Trenton, New Jersey, 08625. Historical copies of the Comprehensive Annual Financial Report, the State Budget, and the Appropriations Handbook are accessible via: <http://www.state.nj.us/treasury/omb>.

(This page left intentionally blank)

*Basic Financial
Statements*

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 120,875,783	\$ 3,105,731	\$ 123,981,514	\$ 3,745,950,391
Investments	3,938,588,388	269,283,320	4,207,871,708	5,234,051,868
Receivables, net of allowances for uncollectibles				
Federal government	691,812,743	89,400,695	781,213,438	182,669,641
Departmental accounts	2,987,454,427	865,089,876	3,852,544,303	-
Loans	1,675,318,169	-	1,675,318,169	269,269,082
Mortgages	-	-	-	98,075,000
Other	805,917,205	81,291,854	887,209,059	744,554,407
Internal balances	109,711,045	(109,711,045)	-	-
Due from external parties	9,604,905	-	9,604,905	155,523,345
Inventories	-	-	-	153,076,425
Deferred charges	-	14,453,490	14,453,490	-
Other	323,805,084	-	323,805,084	221,476,077
Total Current Assets	10,663,087,749	1,212,913,921	11,876,001,670	10,804,646,236
Noncurrent Assets				
Investments	-	305,775,771	305,775,771	5,460,981,310
Receivables, net of allowances for uncollectibles				
Loans	-	-	-	3,787,501,833
Mortgages	-	-	-	2,567,486,208
Other	-	-	-	120,578,131
Pension assets	5,935,136	-	5,935,136	-
Capital assets - nondepreciated	7,418,569,647	-	7,418,569,647	5,518,540,752
Capital assets - depreciated, net	16,148,480,937	-	16,148,480,937	17,391,503,917
Derivative instrument asset	-	-	-	16,574,020
Other	219,989,772	-	219,989,772	416,381,887
Total Noncurrent Assets	23,792,975,492	305,775,771	24,098,751,263	35,279,548,058
Deferred Outflows	23,660,386	-	23,660,386	203,393,690
Total Assets and Deferred Outflows	34,479,723,627	1,518,689,692	35,998,413,319	46,287,587,984

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

STATE OF NEW JERSEY
STATEMENT OF NET ASSETS (Continued)
JUNE 30, 2012

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	2,125,659,625	196,216,799	2,321,876,424	1,149,325,345
Due to external parties	48,178,274	-	48,178,274	241,918,983
Interest payable	283,343,259	-	283,343,259	312,436,572
Deferred revenue	276,448,981	-	276,448,981	298,313,817
Current portion of long-term liabilities	2,775,248,332	94,163,004	2,869,411,336	927,454,241
Other	389,533,196	110,346,244	499,879,440	546,173,188
Total Current Liabilities	5,898,411,667	400,726,047	6,299,137,714	3,475,622,146
Noncurrent Liabilities				
Advance from federal government	-	1,052,178,034	1,052,178,034	-
Net pension obligation	12,838,529,449	-	12,838,529,449	31,406,499
Net OPEB obligation	16,818,300,000	-	16,818,300,000	644,962,617
Pollution remediation obligation	92,174,562	-	92,174,562	51,087,150
Derivative instrument liability	672,613,876	-	672,613,876	262,589,013
Other	38,565,586,819	306,815,323	38,872,402,142	24,313,456,128
Total Noncurrent Liabilities	68,987,204,706	1,358,993,357	70,346,198,063	25,303,501,407
Deferred Inflows	-	-	-	227,646,563
Total Liabilities and Deferred Inflows	74,885,616,373	1,759,719,404	76,645,335,777	29,006,770,116
NET ASSETS				
Invested in capital assets, net of related debt	7,192,227,532	-	7,192,227,532	9,092,326,604
Restricted for:				
Capital projects	-	-	-	110,804,528
Public safety and criminal justice	152,570	-	152,570	-
Physical and mental health	2,297,637	-	2,297,637	-
Educational, cultural, and intellectual development	466,445,451	-	466,445,451	-
Community development and environmental management	2,689,857,245	-	2,689,857,245	-
Economic planning, development and security	375,198,981	-	375,198,981	-
Transportation programs	2,374,581	-	2,374,581	-
Debt service	-	-	-	1,051,510,615
Other	-	12,083,292	12,083,292	4,837,223,860
Unrestricted	(51,134,446,743)	(253,113,004)	(51,387,559,747)	2,188,952,261
Total Net Assets	\$ (40,405,892,746)	\$ (241,029,712)	\$ (40,646,922,458)	\$ 17,280,817,868

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions - Programs				
Primary Government				
Governmental activities:				
Public safety and criminal justice	\$ 3,274,015,158	\$ 1,120,402,116	\$ 399,903,731	\$ 1,595,142
Physical and mental health	11,794,396,012	858,698,740	1,072,229,124	-
Educational, cultural, and intellectual development	15,249,457,993	111,727,701	1,231,002,163	-
Community development and environmental management	1,560,623,235	271,111,096	709,189,836	75,937,317
Economic planning, development, and security	6,861,920,730	1,313,185,629	898,845,974	-
Transportation programs	1,715,935,105	30,523,659	924,543,439	248,261,148
Government direction, management, and control	11,489,454,219	971,228,556	7,991,196,198	-
Special government services	342,084,534	143,961,034	11,715,587	-
Interest expense	1,275,826,916	-	-	-
Total governmental activities	<u>53,563,713,902</u>	<u>4,820,838,531</u>	<u>13,238,626,052</u>	<u>325,793,607</u>
Business-type activities:				
State Lottery Fund	1,845,655,927	2,797,638,855	204,726	-
Unemployment Compensation Fund	5,822,265,305	3,055,168,945	3,308,900,613	-
Total business-type activities	<u>7,667,921,232</u>	<u>5,852,807,800</u>	<u>3,309,105,339</u>	<u>-</u>
Total Primary Government	<u>\$ 61,231,635,134</u>	<u>\$ 10,673,646,331</u>	<u>\$ 16,547,731,391</u>	<u>\$ 325,793,607</u>
Component Units				
Authorities	\$ 5,843,791,283	\$ 2,540,591,984	\$ 1,427,039,267	\$ 1,324,064,034
Colleges and Universities	5,853,967,500	3,165,107,712	2,056,876,072	27,841,714
Total Component Units	<u>\$ 11,697,758,783</u>	<u>\$ 5,705,699,696</u>	<u>\$ 3,483,915,339</u>	<u>\$ 1,351,905,748</u>
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, 2011 (Restated)

Net Assets - June 30, 2012

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
\$ (1,752,114,169)	\$ -	\$ (1,752,114,169)	\$ -
(9,863,468,148)	-	(9,863,468,148)	-
(13,906,728,129)	-	(13,906,728,129)	-
(504,384,986)	-	(504,384,986)	-
(4,649,889,127)	-	(4,649,889,127)	-
(512,606,859)	-	(512,606,859)	-
(2,527,029,465)	-	(2,527,029,465)	-
(186,407,913)	-	(186,407,913)	-
<u>(1,275,826,916)</u>	<u>-</u>	<u>(1,275,826,916)</u>	<u>-</u>
<u>(35,178,455,712)</u>	<u>-</u>	<u>(35,178,455,712)</u>	<u>-</u>
-	952,187,654	952,187,654	-
-	541,804,253	541,804,253	-
-	1,493,991,907	1,493,991,907	-
<u>(35,178,455,712)</u>	<u>1,493,991,907</u>	<u>(33,684,463,805)</u>	<u>-</u>
-	-	-	(196,991,811)
-	-	-	155,149,057
-	-	-	<u>(41,842,754)</u>
11,128,418,349	-	11,128,418,349	-
8,080,130,928	-	8,080,130,928	-
2,037,103,743	-	2,037,103,743	-
5,420,657,071	-	5,420,657,071	-
(274,863,927)	(885,793)	(275,749,720)	-
-	-	-	1,114,395,246
851,208,367	-	851,208,367	-
<u>950,082,268</u>	<u>(950,082,268)</u>	<u>-</u>	<u>-</u>
<u>28,192,736,799</u>	<u>(950,968,061)</u>	<u>27,241,768,738</u>	<u>1,114,395,246</u>
(6,985,718,913)	543,023,846	(6,442,695,067)	(41,842,754)
<u>(33,420,173,833)</u>	<u>(784,053,558)</u>	<u>(34,204,227,391)</u>	<u>17,322,660,622</u>
<u>\$ (40,405,892,746)</u>	<u>\$ (241,029,712)</u>	<u>\$ (40,646,922,458)</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 55,245,368	\$ -	\$ 65,630,415	\$ 120,875,783
Investments	1,204,543,259	-	2,734,045,129	3,938,588,388
Receivables, net of allowances for uncollectibles				
Federal government	458,583,519	-	100,183,528	558,767,047
Departmental accounts	1,985,912,853	535,627,253	465,914,321	2,987,454,427
Loans	380,033,966	-	1,295,284,203	1,675,318,169
Other	174,704,971	-	223,023,720	397,728,691
Due from other funds	841,097,664	11,197,067	364,583,816	1,216,878,547
Other	4,986,001	-	6,198,444	11,184,445
Total Assets	<u>\$ 5,105,107,601</u>	<u>\$ 546,824,320</u>	<u>\$ 5,254,863,576</u>	<u>\$ 10,906,795,497</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accruals	\$ 1,500,549,489	\$ 48,564,993	\$ 576,545,143	\$ 2,125,659,625
Deferred revenue	269,582,724	-	122,396,257	391,978,981
Due to other funds	233,759,535	349,301,368	562,679,968	1,145,740,871
Other	200,483,708	143,000,714	46,048,774	389,533,196
Total Liabilities	<u>2,204,375,456</u>	<u>540,867,075</u>	<u>1,307,670,142</u>	<u>4,052,912,673</u>
Fund Balances				
Nonspendable	20,416,073	-	-	20,416,073
Restricted	884,257,776	-	3,494,595,906	4,378,853,682
Committed	1,570,702,994	5,957,245	452,597,528	2,029,257,767
Unassigned	425,355,302	-	-	425,355,302
Total Fund Balances	<u>2,900,732,145</u>	<u>5,957,245</u>	<u>3,947,193,434</u>	<u>6,853,882,824</u>
Total Liabilities and Fund Balances	<u>\$ 5,105,107,601</u>	<u>\$ 546,824,320</u>	<u>\$ 5,254,863,576</u>	<u>\$ 10,906,795,497</u>

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

STATE OF NEW JERSEY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2012

Total fund balances - governmental funds \$ 6,853,882,824

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

Some of the State's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. 541,234,210

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. 312,620,639

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	\$ 22,311,960,151	
Buildings and improvements	3,411,076,332	
Land and land improvements	5,046,986,894	
Other capital assets	3,567,743,645	
Accumulated depreciation	<u>(10,770,716,438)</u>	23,567,050,584

Deferred tobacco settlement revenue recorded in the fund perspective is recognized as revenue and not deferred in the statement of net assets. 115,530,000

Deferred outflows are not current resources and therefore are not reported in the fund perspective. 23,660,386

The pension and other assets are not current resources and therefore are not reported in the fund perspective. 225,924,908

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	(283,343,259)	
Current portion of long-term obligations	<u>(2,775,248,332)</u>	(3,058,591,591)
Noncurrent Liabilities		
Bonds and notes payable	(22,271,915,001)	
Installment obligations	(17,153,001,876)	
Loans payable	(1,279,358,087)	
Capital leases	(502,842,502)	
Compensated absences	(274,181,248)	
Unamortized deferral on refunding bonds	994,775,062	
Unamortized premium	(1,518,506,080)	
Tobacco Settlement Financing Corporation Bonds	(4,424,327,441)	
Unamortized discount on Capital Appreciation Bonds	7,863,770,354	
Net pension obligation	(12,838,529,449)	
Net OPEB obligation	(16,818,300,000)	
Pollution remediation obligation	(92,174,562)	
Derivative instrument liability	<u>(672,613,876)</u>	<u>(68,987,204,706)</u>

Net assets of governmental activities \$ (40,405,892,746)

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, 2012

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 13,322,342,618	\$ 11,751,670,559	\$ 1,563,804,021	\$ 26,637,817,198
Federal and other grants	11,426,543,840	-	899,043,782	12,325,587,622
Licenses and fees	1,168,023,182	-	106,240,408	1,274,263,590
Services and assessments	1,617,823,551	-	1,242,959,897	2,860,783,448
Investment earnings	11,749,692	-	8,740,159	20,489,851
Contributions	1,140	-	79,135	80,275
Other	2,775,135,360	-	532,860,226	3,307,995,586
Total Revenues	<u>30,321,619,383</u>	<u>11,751,670,559</u>	<u>4,353,727,628</u>	<u>46,427,017,570</u>
EXPENDITURES				
Current:				
Public safety and criminal justice	3,253,200,559	-	107,539,960	3,360,740,519
Physical and mental health	11,394,035,518	130,584,126	283,139,982	11,807,759,626
Educational, cultural, and intellectual development	4,459,445,345	10,820,331,293	219,301,069	15,499,077,707
Community development and environmental management	1,301,588,529	248,077,470	137,445,697	1,687,111,696
Economic planning, development, and security	5,547,246,713	29,678,000	1,340,638,439	6,917,563,152
Transportation programs	516,392,408	-	1,949,837,796	2,466,230,204
Government direction, management, and control	5,453,092,689	948,011,001	221,834,014	6,622,937,704
Special government services	340,382,154	-	169,518	340,551,672
Capital Outlay	122,514,647	-	-	122,514,647
Debt Service:				
Principal	182,230,000	-	398,244,311	580,474,311
Interest	95,132,261	-	825,519,418	920,651,679
Total Expenditures	<u>32,665,260,823</u>	<u>12,176,681,890</u>	<u>5,483,670,204</u>	<u>50,325,612,917</u>
Excess (deficiency) of revenues over expenditures	<u>(2,343,641,440)</u>	<u>(425,011,331)</u>	<u>(1,129,942,576)</u>	<u>(3,898,595,347)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	1,315,000,000	1,315,000,000
Transfers from other funds	2,473,321,153	-	2,311,472,254	4,784,793,407
Transfers to other funds	(1,113,035,206)	-	(2,721,667,085)	(3,834,702,291)
Other sources	1,841,499,189	-	447,649,309	2,289,148,498
Other uses	(1,718,877,171)	-	(395,657,456)	(2,114,534,627)
Total other financing sources (uses)	<u>1,482,907,965</u>	<u>-</u>	<u>956,797,022</u>	<u>2,439,704,987</u>
Net Change in Fund Balance	<u>(860,733,475)</u>	<u>(425,011,331)</u>	<u>(173,145,554)</u>	<u>(1,458,890,360)</u>
Fund Balances - July 1, 2011 (Restated)	<u>3,761,465,620</u>	<u>430,968,576</u>	<u>4,120,338,988</u>	<u>8,312,773,184</u>
Fund Balances - June 30, 2012	<u>\$ 2,900,732,145</u>	<u>\$ 5,957,245</u>	<u>\$ 3,947,193,434</u>	<u>\$ 6,853,882,824</u>

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

STATE OF NEW JERSEY
RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balance - total governmental funds \$ (1,458,890,360)

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	\$ 1,507,885,311	
Depreciation expense	(740,617,901)	
Excess of capital outlay over depreciation expense		767,267,410

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. (1,315,000,000)

Some capital additions were financed through capital leases, certificates of participation and installment obligations. In the governmental funds these arrangements are considered a source of financing, but in the statement of net assets, these arrangements are reported as an obligation. (122,514,647)

The changes in fair value related to nonqualifying swap agreements are not considered current resources and are only reported in the statement of activities. (287,363,282)

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	570,595,000	
Capital lease payments	66,741,932	
Installment obligation retirement	417,418,779	
Certificates of participation retirement	23,508,771	
Tobacco Settlement Financing Corp. bond retirement	25,820,000	
Total long-term obligations repayment		1,104,084,482

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 2012 receivable balances increased by this amount. 62,609,582

Some revenues recorded in the statement of activities do not provide current financial resources and therefore are deferred in the fund perspective. (33,710,000)

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	93,767,032	
Decrease in deferral on refunding issues	(163,756,318)	
Increase in deferred issuance costs	(23,185,103)	
Decrease in bond discount	(879,685)	
Total capitalized and amortized items		(94,054,074)

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	(337,235,308)	
Decrease in compensated absences, medicaid, and other	36,376,819	
Decrease in pension assets	(515,016)	
Increase in net pension and OPEB obligations	(5,298,110,079)	
Increase in pollution remediation obligation	(11,774,096)	
Increase in other assets	3,109,656	
Total additional expenditures and revenue reductions		(5,608,148,024)

Change in net assets of governmental activities \$ (6,985,718,913)

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

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2012**

	State Lottery Fund	Unemployment Compensation Fund	Total Proprietary Funds
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,650,488	\$ 455,243	\$ 3,105,731
Investments	269,182,306	101,014	269,283,320
Receivables, net of allowances for uncollectibles			
Federal government	-	89,400,695	89,400,695
Departmental accounts	-	865,089,876	865,089,876
Other	11,526,442	69,765,412	81,291,854
Due from other funds	-	17,882,840	17,882,840
Deferred charges	13,912,288	541,202	14,453,490
Total Current Assets	297,271,524	1,043,236,282	1,340,507,806
Noncurrent Assets			
Investments	305,775,771	-	305,775,771
Total Assets	603,047,295	1,043,236,282	1,646,283,577
LIABILITIES			
Current Liabilities			
Accounts payable and accruals	82,250,918	113,965,881	196,216,799
Due to other funds	107,734,758	19,859,127	127,593,885
Current portion of long-term obligations	94,163,004	-	94,163,004
Other	-	110,346,244	110,346,244
Total Current Liabilities	284,148,680	244,171,252	528,319,932
Noncurrent Liabilities			
Advance from federal government	-	1,052,178,034	1,052,178,034
Due in more than one year	306,815,323	-	306,815,323
Total Noncurrent Liabilities	306,815,323	1,052,178,034	1,358,993,357
Total Liabilities	590,964,003	1,296,349,286	1,887,313,289
NET ASSETS			
Restricted for:			
Other purposes	12,083,292	-	12,083,292
Unrestricted	-	(253,113,004)	(253,113,004)
Total Net Assets	\$ 12,083,292	\$ (253,113,004)	\$ (241,029,712)

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, 2012

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
OPERATING REVENUES			
Sales and charges for services	\$ 2,758,899,785	\$ -	\$ 2,758,899,785
Assessments	-	2,980,147,356	2,980,147,356
From federal agencies	-	3,308,900,613	3,308,900,613
Other	<u>38,739,070</u>	<u>440,254</u>	<u>39,179,324</u>
Total Operating Revenues	<u>2,797,638,855</u>	<u>6,289,488,223</u>	<u>9,087,127,078</u>
OPERATING EXPENSES			
Unemployment compensation	-	5,822,265,305	5,822,265,305
Lottery prize awards	1,617,771,751	-	1,617,771,751
Other	<u>227,884,176</u>	<u>-</u>	<u>227,884,176</u>
Total Operating Expenses	<u>1,845,655,927</u>	<u>5,822,265,305</u>	<u>7,667,921,232</u>
Operating Income (Loss)	<u>951,982,928</u>	<u>467,222,918</u>	<u>1,419,205,846</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	(681,067)	-	(681,067)
Other	<u>-</u>	<u>74,581,335</u>	<u>74,581,335</u>
Total Nonoperating Revenues (Expenses)	<u>(681,067)</u>	<u>74,581,335</u>	<u>73,900,268</u>
Income (Loss) Before Transfers	951,301,861	541,804,253	1,493,106,114
Transfers to other funds	<u>(950,082,268)</u>	<u>-</u>	<u>(950,082,268)</u>
Change in Net Assets	1,219,593	541,804,253	543,023,846
Net Assets - July 1, 2011	<u>10,863,699</u>	<u>(794,917,257)</u>	<u>(784,053,558)</u>
Net Assets - June 30, 2012	<u>\$ 12,083,292</u>	<u>\$ (253,113,004)</u>	<u>\$ (241,029,712)</u>

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

**STATE OF NEW JERSEY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>State Lottery Fund</u>	<u>Unemployment Compensation Fund</u>	<u>Total Proprietary Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts received from customers	\$ 1,385,166,786	\$ -	\$ 1,385,166,786
Receipts from federal and local agencies	-	3,534,998,725	3,534,998,725
Receipts from assessments	-	2,742,830,405	2,742,830,405
Payments to suppliers	(38,758,860)	-	(38,758,860)
Payments to prize winners	(412,972,456)	-	(412,972,456)
Claims paid	-	(5,781,986,902)	(5,781,986,902)
Other receipts (payments)	44,212,824	-	44,212,824
Net cash provided (used) by operating activities	<u>977,648,294</u>	<u>495,842,228</u>	<u>1,473,490,522</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loan from (payment to) federal government	-	(494,878,435)	(494,878,435)
Transfers to other funds	(953,000,111)	-	(953,000,111)
Other	-	(747,865)	(747,865)
Net cash provided (used) by noncapital financing activities	<u>(953,000,111)</u>	<u>(495,626,300)</u>	<u>(1,448,626,411)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,215,541,000	-	1,215,541,000
Purchase of investments	(1,238,140,000)	-	(1,238,140,000)
Net cash provided (used) by investing activities	<u>(22,599,000)</u>	<u>-</u>	<u>(22,599,000)</u>
Net increase (decrease) in cash and cash equivalents	2,049,183	215,928	2,265,111
Cash and cash equivalents - July 1, 2011	601,305	239,315	840,620
Cash and cash equivalents - June 30, 2012	<u>\$ 2,650,488</u>	<u>\$ 455,243</u>	<u>\$ 3,105,731</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 951,982,928	\$ 467,222,918	\$ 1,419,205,846
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Net changes in assets and liabilities:			
Current assets	31,122,650	20,965,284	52,087,934
Noncurrent assets	29,654,840	-	29,654,840
Current liabilities	10,667,182	7,654,026	18,321,208
Noncurrent liabilities	(45,779,306)	-	(45,779,306)
Net cash provided (used) by operating activities	<u>\$ 977,648,294</u>	<u>\$ 495,842,228</u>	<u>\$ 1,473,490,522</u>

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	Agency Funds	Investment Trust Fund
ASSETS		
Cash and cash equivalents	\$ 9,054,786	\$ 515
Securities lending collateral	-	-
Investments	100,021,751	2,538,953,795
Receivables, net of allowances for uncollectibles		
Members	43,835	-
Employers	852,147	-
Interest and dividends	-	-
Other	-	118,039,530
Due from other funds	32,621,627	-
Other	-	-
Total Assets	142,594,146	2,656,993,840
LIABILITIES		
Accounts payable	141,921,370	-
Benefits payable	-	-
Securities lending collateral and rebates payable	-	-
Due to other funds	672,776	1,877,586
Total Liabilities	142,594,146	1,877,586
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	\$ -	\$ 2,655,116,254

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

Pension and Other Employee Benefits Trust Funds	Private Purpose Trust Funds
\$ 721,882,694	\$ 2,574,620
1,209,086,214	-
74,028,878,813	12,448,072
176,414,212	-
3,034,973,673	-
5,406,223	-
-	-
1,304,988,771	-
16,074,243	-
<u>80,497,704,843</u>	<u>15,022,692</u>
132,747,277	4,282,917
1,267,168,212	-
1,207,235,246	-
7,256,705	315,434
<u>2,614,407,440</u>	<u>4,598,351</u>
<u>\$ 77,883,297,403</u>	<u>\$ 10,424,341</u>

**STATE OF NEW JERSEY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Investment Trust Fund</u>	<u>Pension and Other Employee Benefits Trust Funds</u>	<u>Private Purpose Trust Funds</u>
ADDITIONS			
Contributions:			
Members	\$ -	\$ 2,309,269,955	\$ -
Employers	-	6,907,585,164	-
Other	<u>13,491,167,281</u>	<u>4,251,107</u>	<u>-</u>
Total Contributions	<u>13,491,167,281</u>	<u>9,221,106,226</u>	<u>-</u>
Investment Income:			
Net increase (decrease) in fair value of investments	-	(222,910,462)	-
Interest and dividends	<u>3,507,537</u>	<u>1,958,041,278</u>	<u>19,277</u>
Total Investment Income	<u>3,507,537</u>	<u>1,735,130,816</u>	<u>19,277</u>
Less investment expense	<u>-</u>	<u>13,056,983</u>	<u>-</u>
Net Investment Income	<u>3,507,537</u>	<u>1,722,073,833</u>	<u>19,277</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,277,212</u>
Total Additions	<u>13,494,674,818</u>	<u>10,943,180,059</u>	<u>1,296,489</u>
DEDUCTIONS			
Benefit payments	-	13,923,434,132	-
Refunds of contributions	-	157,270,934	-
Refunds and transfers to other systems	-	-	8,848
Administrative expense	1,877,586	46,498,279	-
Payments in accordance with trust agreements	-	-	736,978
Distributions to shareholders	<u>14,183,849,500</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>14,185,727,086</u>	<u>14,127,203,345</u>	<u>745,826</u>
Total Changes in Net Assets Held in Trust	(691,052,268)	(3,184,023,286)	550,663
Net Assets - July 1, 2011	<u>3,346,168,522</u>	<u>81,067,320,689</u>	<u>9,873,678</u>
Net Assets - June 30, 2012	<u>\$ 2,655,116,254</u>	<u>\$ 77,883,297,403</u>	<u>\$ 10,424,341</u>

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

(This page left intentionally blank)

**STATE OF NEW JERSEY
STATEMENT OF NET ASSETS
COMPONENT UNITS
JUNE 30, 2012**

	<u>New Jersey Transit Corporation</u>	<u>New Jersey Turnpike Authority</u>	<u>Rutgers, The State University of New Jersey</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 114,809,772	\$ 203,513,456	\$ 413,579,000
Investments	30,477,409	577,821,037	330,738,000
Receivables, net of allowances for uncollectibles			
Federal government	124,257,603	-	-
Loans	-	-	-
Mortgages	-	-	-
Other	39,503,250	47,965,099	155,942,000
Due from external parties	93,742,559	3,638,603	-
Inventories	114,531,017	16,197,661	4,012,000
Other	10,496,351	24,864,867	14,143,000
Total Current Assets	<u>527,817,961</u>	<u>874,000,723</u>	<u>918,414,000</u>
Noncurrent Assets			
Investments	1,402,534,548	1,634,697,898	882,048,000
Receivables, net of allowances for uncollectibles			
Loans	-	-	-
Mortgages	-	-	-
Other	4,487,550	217,165	98,738,000
Capital assets - nondepreciated	1,370,085,640	2,701,790,032	487,380,000
Capital assets - depreciated, net	6,027,642,528	4,053,161,663	1,730,908,000
Derivative instrument asset	-	-	-
Other	17,008	137,081,122	16,229,000
Total Noncurrent Assets	<u>8,804,767,274</u>	<u>8,526,947,880</u>	<u>3,215,303,000</u>
Deferred Outflows	<u>10,750,452</u>	<u>88,029,208</u>	<u>44,689,000</u>
Total Assets and Deferred Outflows	<u>9,343,335,687</u>	<u>9,488,977,811</u>	<u>4,178,406,000</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	252,695,994	161,759,357	175,042,000
Due to external parties	26,890,815	189,101,524	-
Interest payable	-	208,887,966	7,333,000
Deferred revenue	-	3,967,650	61,991,000
Current portion of long-term obligations	282,911,483	135,666,660	40,818,000
Other	128,861,043	198,650	81,505,000
Total Current Liabilities	<u>691,359,335</u>	<u>699,581,807</u>	<u>366,689,000</u>
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	294,739,481	208,258,200	-
Pollution remediation	17,647,150	31,090,000	-
Derivative instrument liability	-	141,400,963	44,689,000
Other	3,019,208,873	8,378,019,541	1,075,887,000
Total Noncurrent Liabilities	<u>3,331,595,504</u>	<u>8,758,768,704</u>	<u>1,120,576,000</u>
Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows	<u>4,022,954,839</u>	<u>9,458,350,511</u>	<u>1,487,265,000</u>
NET ASSETS			
Invested in capital assets, net of related debt	5,662,256,988	(119,761,434)	1,201,661,000
Restricted for:			
Capital projects	4,970,767	-	43,425,000
Debt service	-	133,839,244	-
Other purposes	-	-	777,512,000
Unrestricted	<u>(346,846,907)</u>	<u>16,549,490</u>	<u>668,543,000</u>
Total Net Assets	<u>\$ 5,320,380,848</u>	<u>\$ 30,627,300</u>	<u>\$ 2,691,141,000</u>

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

<u>University of Medicine and Dentistry of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 203,178,000	\$ 2,810,870,163	\$ 3,745,950,391
44,941,000	4,250,074,422	5,234,051,868
7,118,000	51,294,038	182,669,641
4,833,000	264,436,082	269,269,082
-	98,075,000	98,075,000
301,897,000	199,247,058	744,554,407
-	58,142,183	155,523,345
16,798,000	1,537,747	153,076,425
22,618,000	149,353,859	221,476,077
<u>601,383,000</u>	<u>7,883,030,552</u>	<u>10,804,646,236</u>
169,974,000	1,371,726,864	5,460,981,310
33,605,000	3,753,896,833	3,787,501,833
-	2,567,486,208	2,567,486,208
-	17,135,416	120,578,131
29,079,000	930,206,080	5,518,540,752
835,208,000	4,744,583,726	17,391,503,917
-	16,574,020	16,574,020
80,179,000	182,875,757	416,381,887
<u>1,148,045,000</u>	<u>13,584,484,904</u>	<u>35,279,548,058</u>
-	59,925,030	203,393,690
<u>1,749,428,000</u>	<u>21,527,440,486</u>	<u>46,287,587,984</u>
275,551,000	284,276,994	1,149,325,345
-	25,926,644	241,918,983
3,552,000	92,663,606	312,436,572
75,717,000	156,638,167	298,313,817
18,273,000	449,785,098	927,454,241
-	335,608,495	546,173,188
<u>373,093,000</u>	<u>1,344,899,004</u>	<u>3,475,622,146</u>
-	31,406,499	31,406,499
-	141,964,936	644,962,617
-	2,350,000	51,087,150
-	76,499,050	262,589,013
698,883,000	11,141,457,714	24,313,456,128
<u>698,883,000</u>	<u>11,393,678,199</u>	<u>25,303,501,407</u>
-	227,646,563	227,646,563
<u>1,071,976,000</u>	<u>12,966,223,766</u>	<u>29,006,770,116</u>
282,443,000	2,065,727,050	9,092,326,604
10,455,000	51,953,761	110,804,528
2,212,000	915,459,371	1,051,510,615
366,104,000	3,693,607,860	4,837,223,860
16,238,000	1,834,468,678	2,188,952,261
<u>\$ 677,452,000</u>	<u>\$ 8,561,216,720</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>New Jersey Transit Corporation</u>	<u>New Jersey Turnpike Authority</u>	<u>Rutgers, The State University of New Jersey</u>
Expenses	\$ 2,529,270,531	\$ 1,128,169,483	\$ 1,936,277,000
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	960,282,114	1,025,217,662	905,432,000
Operating grants and contributions	758,519,052	12,850,505	815,250,000
Capital grants and contributions	<u>468,187,818</u>	<u>-</u>	<u>7,607,000</u>
Net (Expense) Revenue	<u>(342,281,547)</u>	<u>(90,101,316)</u>	<u>(207,988,000)</u>
General Revenue			
Payments from State	<u>285,026,996</u>	<u>8,074,367</u>	<u>262,360,000</u>
Total General Revenue	<u>285,026,996</u>	<u>8,074,367</u>	<u>262,360,000</u>
Change in Net Assets	(57,254,551)	(82,026,949)	54,372,000
Net Assets - Beginning of Year (Restated)	<u>5,377,635,399</u>	<u>112,654,249</u>	<u>2,636,769,000</u>
Net Assets - End of Year	<u>\$ 5,320,380,848</u>	<u>\$ 30,627,300</u>	<u>\$ 2,691,141,000</u>

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

<u>University of Medicine and Dentistry of New Jersey</u>	<u>Non-Major Component Units</u>	<u>Total Component Units</u>
\$ 1,825,779,000	\$ 4,278,262,769	\$ 11,697,758,783
1,103,928,000	1,710,839,920	5,705,699,696
502,231,000	1,395,064,782	3,483,915,339
4,826,000	871,284,930	1,351,905,748
<u>(214,794,000)</u>	<u>(301,073,137)</u>	<u>(1,156,238,000)</u>
<u>205,938,000</u>	<u>352,995,883</u>	<u>1,114,395,246</u>
<u>205,938,000</u>	<u>352,995,883</u>	<u>1,114,395,246</u>
<u>(8,856,000)</u>	<u>51,922,746</u>	<u>(41,842,754)</u>
<u>686,308,000</u>	<u>8,509,293,974</u>	<u>17,322,660,622</u>
<u>\$ 677,452,000</u>	<u>\$ 8,561,216,720</u>	<u>\$ 17,280,817,868</u>

**STATE OF NEW JERSEY
NOTES TO THE FINANCIAL STATEMENTS
INDEX**

Note		Page
1	Summary of Significant Accounting Policies	47
2	Other Accounting Disclosures	56
3	Cash and Cash Equivalents	58
4	Investments	59
5	Securities Lending Collateral	65
6	Receivables	65
7	Capital Assets	66
8	Interfund Transactions	68
9	Short-term Debt	69
10	Long-term Obligations	70
11	Risk Management and Insurance Coverage	75
12	Derivatives	76
13	Other Liabilities – Current	79
14	Net Assets Restricted By Enabling Legislation/Governmental Fund Balances.....	79
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	97

**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, 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

Atlantic City Convention and Visitors Authority
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

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 and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
- b. Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

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 or 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, 2012, 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 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, advance from federal government, 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. **Nonspendable** - Fund balance includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).
2. **Restricted** - Fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers or imposed by law through constitutional provisions, or through enabling legislation.
3. **Committed** - Fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
4. **Assigned** - Fund balance comprises amounts intended to be used by the government for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the General Fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
5. **Unassigned** - Fund balance is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Based on the definitions of the restricted, committed, and assigned fund balance classifications, positive unassigned amounts can exist only in the General Fund. The State’s General Fund reflects both committed and unassigned fund balances. Initially, expenditures are made from existing committed fund balances, and if necessary, additional expenditures are made from unassigned fund balances.

K. Fiscal Year End Differences

The following component units have fiscal years that ended on December 31, 2011:

Component Units - Authorities

- Atlantic City Convention and Visitors Authority
- 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/Reclassifications

The State has adopted GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*-an amendment of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, the provisions of this statement are effective for financial statements for periods beginning after June 15, 2011.

As a result of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the following fund has been reclassified.

<u>Fund Name</u>	<u>Fund Classification June 30, 2011</u>	<u>Fund Classification June 30, 2012</u>
Remediation Guarantee Fund	General Fund	Special Revenue Fund

B. Deficit Net Asset Balance

The Health Benefits Fund-State is on an actuarial basis of accounting, therefore, it has recorded a claims liability of \$178 million. There are sufficient cash balances to pay claims that are billed to the fund. In order to pay unemployment claims in excess of available resources, it was necessary for the Unemployment Compensation Fund to borrow from the federal government, resulting in a deficit net asset balance of \$253.1 million.

C. Deficit Fund Balance

It is anticipated that bond sales during Fiscal Year 2013 will relieve the current deficit fund balances of the 2009 Farmland Preservation Fund, the 2009 Green Acres Fund, and the 2009 Historic Preservation Fund.

D. 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, 2011 disclosed the following (expressed in millions):

Financial Position	
	<u>Combined Total</u>
Total Assets	\$ 33,917.7
Total Liabilities	<u>22,191.8</u>
Net Assets	<u>\$ 11,725.9</u>
Operating Results	
Operating Revenues	\$ 4,014.9
Operating Expenses	(2,564.9)
Depreciation and Amortization	<u>(930.3)</u>
Income from Operations	519.7
Non-operating Revenues (Expense), Net	<u>181.6</u>
Net Income	<u>\$ 701.3</u>
Changes in Net Assets	
Balance January 1, 2011	\$ 11,024.6
Net Income	<u>701.3</u>
Balance December 31, 2011	<u>\$ 11,725.9</u>

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, 2011, Port Authority debt consisted of the following (expressed in millions):

Bonds, Notes, and Other Obligations	
Consolidated Bonds and Notes	\$ 15,550.0
Special Project Bonds	1,741.4
Operating Asset Financing	474.1
Capital Asset Financing	<u>1,783.1</u>
	19,548.6
Less: Unamortized Discount and Premium	<u>(1.2)</u>
Total	<u>\$ 19,547.4</u>

E. 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 \$640.1 million, the amount of the present value of future lease payments by the State to the New Jersey Building Authority as of December 31, 2011.

In accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, an additional \$1.3 billion 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, 2012 the State's bank balances amounted to \$281.1 million. Of these balances, \$2.2 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, international governments and agencies; bank loans; interest rate swap transactions; credit default swaps; fixed income exchange traded funds; U.S. Treasury futures contracts; 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 funds; real estate funds; 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.

Approximately \$399.9 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
	<u>As Investments</u>
Domestic fixed income securities	\$ 24,716.5
Domestic equities	19,733.2
International equities	13,943.8
Absolute return strategy funds	5,547.0
Private equities	5,489.0
Real estate funds	3,106.7
International fixed income securities	2,877.2
Real assets	1,448.2
Bank loan funds	1,365.0
Mortgages	963.9
Annuity contracts	399.9
Mutual funds	293.4
Put options	<u>0.7</u>
Total investments	79,884.5
Unallocated administrative expenses and transaction exchanges	<u>1,309.4</u>
Net amount recorded as investments	<u><u>\$ 81,193.9</u></u>

As Reported on the Government-wide Statement of Net Assets and Statement of Fiduciary Net Assets (expressed in millions):

	Current	Non-Current	
	<u>Investments</u>	<u>Investments</u>	<u>Total</u>
Governmental activities	\$ 3,938.5	\$ -	\$ 3,938.5
Business-type activities	269.3	305.8	575.1
Fiduciary funds	<u>76,680.3</u>	<u>-</u>	<u>76,680.3</u>
Total	<u><u>\$ 80,888.1</u></u>	<u><u>\$ 305.8</u></u>	<u><u>\$ 81,193.9</u></u>

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, 2012 the following limits were in effect:

Category	Minimum Rating (1)			Limitation of Issuers' Outstanding Debt	Limitation of Issue	Other Limitations
	Moody's	S&P	Fitch			
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; not more than 10% of fund assets (or 20% of the Common Pension Fund B account within the Common Pension Fund pool) can be invested in this category
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 of the fund; limited to 5% of the shares or units outstanding
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-	-	-	-
State and municipal obligations	A3	A-	A-	10%	10%	Limit of 2% of fund assets can be invested in debt of any one entity maturing more than 12 months from purchase
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

(1) Short term ratings (e.g. P-1, A-1, F-1) are used for commercial paper and certificates of deposit.

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.

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, 2012. 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	\$ 1,515.9	\$ -	\$ -	\$ -	\$ -	\$ -
United States Treasury notes	3,816.4	-	-	-	-	-
United States Treasury TIPS	1,821.5	-	-	-	-	-
United States Treasury bonds	1,000.5	-	-	-	-	-
United States Treasury strips	583.7	-	-	-	-	-
United States Government Agency	289.1	5.4	4.8	-	-	-
Mortgages/FHLMC/FNMA/GNMA	363.5	-	-	-	-	-
Domestic corporate obligations	928.7	1,005.7	3,487.1	3,837.7	351.1	-
International corporate obligations	10.5	-	370.7	275.2	38.9	-
Foreign government obligations	618.2	1,431.4	54.1	-	-	-
SBA pass through certificates	158.8	-	-	-	-	-
Asset backed obligations	16.6	-	-	-	-	-
Certificates of deposit	-	-	-	-	-	1,646.7
Commercial paper	-	-	-	-	-	1,096.0
Other	94.4	815.7	244.9	18.1	1.2	-
Total	<u>\$ 11,217.8</u>	<u>\$ 3,258.2</u>	<u>\$ 4,161.6</u>	<u>\$ 4,131.0</u>	<u>\$ 391.2</u>	<u>\$ 2,742.7</u>

	Standard & Poor's Rating					
	AAA	AA	A	BBB	B	A-1+
Domestic corporate obligations	\$ -	\$ 86.5	\$ 164.8	\$ 92.6	\$ 12.7	\$ -
International corporate obligations	-	18.1	-	-	0.3	-
Certificates of deposit	-	-	-	-	-	220.0
Other	56.6	53.8	17.7	-	-	-
Total	<u>\$ 56.6</u>	<u>\$ 158.4</u>	<u>\$ 182.5</u>	<u>\$ 92.6</u>	<u>\$ 13.0</u>	<u>\$ 220.0</u>

The tables do not include various domestic corporate obligations given a Moody's rating of B (\$487.0 million), Ca (\$0.8 million), Caa (\$171.3 million), and a Standard and Poor's rating of BB (\$0.2 million), CCC (\$5.2 million), international corporate obligations given a Moody's rating of B (\$36.1 million), and Caa (\$12.5 million).

In addition, the Police and Firemen's mortgages of \$963.9 million, domestic corporate obligations of \$46.2 million, foreign government obligations of \$18.1 million, asset backed obligations of \$51.4 million, and other various investment types of \$130.2 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, 2012 (expressed in millions):

	Maturities in Years				
	Total	Less			More
	Fair Value	than 1	1-5	6-10	than 10
United States Treasury bills	\$ 1,515.9	\$ 1,515.9	\$ -	\$ -	\$ -
United States Treasury notes	3,816.4	3,801.3	15.1	-	-
United States Treasury TIPS	1,821.5	-	56.1	249.1	1,516.3
United States Treasury bonds	1,000.5	10.3	175.8	93.5	720.9
United States Treasury strips	583.7	-	-	-	583.7
United States Government Agency	299.3	0.4	12.9	190.3	95.7
Mortgages/FHLMC/FNMA/GNMA	363.5	-	2.5	1.6	359.4
Domestic corporate obligations	10,677.7	269.7	937.9	3,889.7	5,580.4
International corporate obligations	755.4	-	44.7	265.4	445.3
Foreign government obligations	2,121.8	-	156.9	1,136.3	828.6
Police & Firemen's mortgages	963.9	-	2.0	6.6	955.3
SBA pass through certificates	158.8	-	5.4	153.4	-
Asset backed obligations	68.0	-	-	16.6	51.4
Certificates of deposit	1,866.7	1,866.7	-	-	-
Commercial paper	1,096.0	1,096.0	-	-	-
Other	1,298.8	3.0	20.1	26.4	1,249.3
Total	<u>\$ 28,407.9</u>	<u>\$ 8,563.3</u>	<u>\$ 1,429.4</u>	<u>\$ 6,028.9</u>	<u>\$ 12,386.3</u>

Due to unavailability, the table does not include terms for the category of other investment types totaling \$133.7 million.

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, agency, and corporate 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 capitalization of the companies included in the MSCI All-Country World Ex-United States Index of 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 contract receivables at June 30, 2012 totaling \$423.3 million and payables totaling approximately \$420.9 million (with a \$2.4 million net gain). At June 30, 2012, the credit ratings of the counterparties to the forward currency contracts had credit ratings of no less than A3 using Moody's rating scale. At June 30, 2012, 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	\$ 405.0	\$ 405.0	\$ -
Brazilian real	172.8	172.8	-
Canadian dollar	992.0	992.0	-
Czech koruna	2.6	2.6	-
Danish krone	99.0	99.0	-
Egyptian pound	20.4	20.4	-
Euro dollar	2,043.8	1,683.3	360.5
Hong Kong dollar	539.7	539.7	-
Hungarian forint	18.2	18.2	-
Indonesian rupiah	78.4	78.4	-
Israeli shekel	7.5	7.5	-
Japanese yen	1,987.3	1,987.3	-
Malaysian ringgit	38.0	38.0	-
Mexican peso	44.0	44.0	-
Norwegian krone	107.9	107.9	-
Pakistan rupee	7.4	7.4	-
Philippines peso	29.4	29.4	-
Polish zolty	19.9	19.9	-
Singapore dollar	219.2	219.2	-
South African rand	148.3	148.3	-
South Korean won	303.6	303.6	-
Swedish krona	358.1	358.1	-
Swiss franc	716.2	716.2	-
Taiwan new dollar	14.1	14.1	-
Thailand baht	66.0	66.0	-
Turkish lira	78.8	78.8	-
United Kingdom sterling	1,293.7	1,281.3	12.4
Total	\$ 9,811.3	\$ 9,438.4	\$ 372.9

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. Effective April 18, 2011, State regulations require that not more than 38 percent of the market value of the Pension Fund can be invested in alternative investments, with limits on the individual categories of real estate (nine percent), real assets (seven percent), private equity (12 percent), and absolute return strategy (15 percent). Prior to that, the overall limitation was 28 percent with a seven percent limit on each of the individual categories. 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 State Investment Council policies permit Common Pension Funds A, B, D and E and several of the direct pension plan portfolios to participate in securities lending programs, whereby securities are loaned to brokers or other borrowers and, in return, the Funds have rights to the collateral received. All of the publicly traded securities held in Common Pension Funds A, B, D and E, and certain securities held directly by the pension plans, 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% (U.S. dollar denominated) or 105% (non-U.S. dollar denominated) of the value of the loaned securities at the time the loan is made. Collateral is marked to market daily and adjusted as needed to maintain the required minimum level.

Effective December 2010, for loans of U.S government securities or sovereign debt issued by non-U.S governments, in the event that the market value of the collateral falls below 100% of the market value of the outstanding loaned securities to an individual borrower, or the market value of the collateral of all loans of such securities falls below the collateral requirement, additional collateral shall be transferred by the borrower to the respective funds no later than the close of the next business day so that the market value of such additional collateral together with collateral previously delivered meets the collateral requirements.

For securities exposed to credit risk in the collateral portfolio, the following table disclosures aggregate fair value, by major credit quality rating category at June 30, 2012 (expressed in millions):

	Rating		
	Aaa/AAA	Not Rated	Total
Repurchase Agreements	\$ 1,203.3	\$ -	\$ 1,203.3
Cash	-	3.9	3.9
Totals	<u>\$ 1,203.3</u>	<u>\$ 3.9</u>	<u>\$ 1,207.2</u>

Custodial credit risk for investments is the risk that the Pension Funds will not recover the value of the investments, which are in the possession of an outside party, if the counterparty to the transaction does not fulfill its obligations. The repurchase agreements' underlying securities are held in the Pension Fund's name.

As of June 30, 2012, the Pension Funds had outstanding loaned investment securities with an aggregate fair value of \$1,202.2 million. In accordance with GASB accounting standards, the non-cash collateral is not reflected in the financial statements. There were no borrowers 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 \$3.4 billion of Federal government awards consisting of encumbrances which are considered unearned and unrecorded as of June 30, 2012.

Federal receivable balances in the Unemployment Compensation Fund (\$89.4 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 \$3.9 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, 2012 are deemed to be collectible, and are reflected net of allowances (\$549.1 million).

C. Loans

Loans receivable of \$1.7 billion are reduced by allowances of \$65.9 million and include \$1.5 billion due from local units of government and other recipients for environmental projects, \$30.3 million loaned for economic development within local units of government, and \$15.1 million loaned for housing and mortgage assistance.

D. Other

Other receivables totaling \$987.6 million are reduced by allowances of \$508.6 million and include tax receivables due of \$408.2 million, \$172.8 million due from the Port Authority of New York and New Jersey, \$115.5 million from the tobacco companies, and \$32.7 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, 2012 is as follows (expressed in millions):

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2012</u>
Capital assets, not being depreciated:					
Land and easements	\$ 4,765.1	\$ 56.7	\$ -	\$ 2.5	\$ 4,824.3
Construction in progress*	3,887.7	1,392.8	-	(2,686.2)	2,594.3
Capital assets, being depreciated:					
Land improvements	219.2	-	-	3.5	222.7
Buildings and improvements	3,380.8	37.6	90.9	83.5	3,411.0
Machinery, equipment, and software	878.9	39.5	6.6	61.6	973.4
Infrastructure	<u>19,698.2</u>	<u>-</u>	<u>-</u>	<u>2,613.8</u>	<u>22,312.0</u>
Total at historical cost	<u>32,829.9</u>	<u>1,526.6</u>	<u>97.5</u>	<u>78.7</u>	<u>34,337.7</u>
Less accumulated depreciation:					
Land improvements	133.3	7.3	-	(0.1)	140.5
Buildings and improvements	1,789.7	124.4	83.9	13.9	1,844.1
Machinery, equipment, and software	466.3	115.3	5.3	-	576.3
Infrastructure	<u>7,640.8</u>	<u>567.3</u>	<u>-</u>	<u>1.7</u>	<u>8,209.8</u>
Total accumulated depreciation	<u>10,030.1</u>	<u>814.3</u>	<u>89.2</u>	<u>15.5</u>	<u>10,770.7</u>
Governmental activities capital assets, net	<u>\$ 22,799.8</u>	<u>\$ 712.3</u>	<u>\$ 8.3</u>	<u>\$ 63.2</u>	<u>\$ 23,567.0</u>

* 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:

<u>Asset</u>	<u>Years</u>
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):

	<u>Amount</u>
Public safety and criminal justice	\$ 82.5
Physical and mental health	23.6
Educational, cultural, and intellectual development	22.1
Community development and environmental management	22.6
Economic planning, development, and security	24.3
Transportation programs	575.4
Government direction, management, and control	56.6
Special government services	7.2
	<u>\$ 814.3</u>

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, 2012 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	\$ -	\$ 1.5	\$ 183.0	\$ -	\$ 1.1	\$ 48.2	\$ 233.8
Property Tax Relief Fund	328.9	-	3.5	-	16.8	-	349.2
Non-Major Governmental Funds	402.1	1.3	159.3	-	-	-	562.7
State Lottery Fund	107.7	-	-	-	-	-	107.7
Unemployment Compensation Fund	-	1.2	18.7	-	-	-	19.9
Fiduciary Funds	2.4	7.2	-	-	-	0.5	10.1
Total Due from	<u>\$ 841.1</u>	<u>\$ 11.2</u>	<u>\$ 364.5</u>	<u>\$ -</u>	<u>\$ 17.9</u>	<u>\$ 48.7</u>	<u>\$ 1,283.4</u>
Due to:							
General Fund	\$ -	\$ 328.9	\$ 402.1	\$ 107.7	\$ -	\$ 2.4	\$ 841.1
Property Tax Relief Fund	1.5	-	1.3	-	1.2	7.2	11.2
Non-Major Governmental Funds	183.0	3.5	159.3	-	18.7	-	364.5
Unemployment Compensation Fund	1.1	16.8	-	-	-	-	17.9
Fiduciary Funds	48.2	-	-	-	-	0.5	48.7
Total Due to	<u>\$ 233.8</u>	<u>\$ 349.2</u>	<u>\$ 562.7</u>	<u>\$ 107.7</u>	<u>\$ 19.9</u>	<u>\$ 10.1</u>	<u>\$ 1,283.4</u>

B. Transfer In/(Out)

Interfund transfers for the fiscal year ended June 30, 2012 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	\$ -	\$ -	\$ (1,523.2)	\$ (950.1)	\$ -	\$ -	\$ (2,473.3)
Non-Major Governmental Funds	(1,113.0)	-	(1,198.5)	-	-	-	(2,311.5)
Total Transfers (Out)	<u>\$ (1,113.0)</u>	<u>\$ -</u>	<u>\$ (2,721.7)</u>	<u>\$ (950.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,784.8)</u>
Transfers in from:							
General Fund	\$ -	\$ -	\$ 1,113.0	\$ -	\$ -	\$ -	\$ 1,113.0
Non-Major Governmental Funds	1,523.2	-	1,198.5	-	-	-	2,721.7
State Lottery Fund	950.1	-	-	-	-	-	950.1
Total Transfers In	<u>\$ 2,473.3</u>	<u>\$ -</u>	<u>\$ 2,311.5</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,784.8</u>
Net Transfers	<u>\$ 1,360.3</u>	<u>\$ -</u>	<u>\$ (410.2)</u>	<u>\$ (950.1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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. For Fiscal Year 2012, the State, under a resolution executed by the Treasurer on July 1, 2011, authorized the issuance of Tax and Revenue Anticipation Notes (TRAN). On September 1, 2011 the State issued \$600 million of TRAN which matured on June 21, 2012 through a private placement. The State issued an additional \$1.1 billion of TRAN on October 28, 2011, which also matured on June 21, 2012 through a private placement. These notes bear interest from their date of issuance through maturity or earlier redemption by the State at a fluctuating rate per annum equal to the adjusted Securities Industry and Financial Markets Association (SIFMA) rate plus a spread. On December 15, 2011, the State issued \$2.15 billion of TRAN that bear an interest rate of 2.0 percent per annum. These notes matured on June 21, 2012. Part of the proceeds from these notes were used to refund and retire the \$1.7 billion of TRAN issued under private placements on September 1, 2011 and October 28, 2011.

Short-term debt activity for the year ended June 30, 2012 was as follows (expressed in millions):

	Outstanding July 1, 2011	Issued	Redeemed	Outstanding June 30, 2012
Tax and Revenue Anticipation Notes	\$ -	\$ 3,850.0	\$ (3,850.0)	\$ -

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 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			Amounts	
	July 1, 2011	Additions	Deductions	Outstanding June 30, 2012	Due Within One Year
Governmental Activities					
<u>Bonded Debt</u>					
General Obligation Bonds	\$ 2,566.9	\$ -	\$ 182.2	\$ 2,384.7	\$ 333.8
Revenue Bonds Payable	19,770.6	1,650.6	722.2	20,699.0	477.9
Capital Leases	232.5	-	19.9	212.6	10.7
Installment Obligations	18,714.6	1,579.3	2,000.0	18,293.9	1,213.5
Certificates of Participation	85.4	38.4	23.5	100.3	27.7
Tobacco Settlement Financing Corp. Bonds (TSFC)	4,469.0	-	24.9	4,444.1	19.8
Unamortized Premium	1,404.0	260.4	145.8	1,518.6	-
Unamortized Deferral on Refunding	(970.5)	(188.1)	(163.8)	(994.8)	-
Unamortized Interest on Capital Appreciation Bonds	(8,216.2)	-	(352.4)	(7,863.8)	-
<u>Non-Bonded Debt</u>					
Accumulated Sick and Vacation Payable	623.2	331.9	349.0	606.1	331.9
Capital Leases	311.2	75.5	46.9	339.8	39.0
Loans Payable	1,279.4	-	-	1,279.4	-
Net OPEB Obligation	13,501.0	4,696.7	1,379.4	16,818.3	-
Net Pension Obligation	10,857.7	1,980.8	-	12,838.5	-
Pollution Remediation Obligation	80.4	11.8	-	92.2	-
Other	340.3	225.8	245.0	321.1	321.1
Subtotal Governmental Activities	65,049.5	10,663.1	4,622.6	71,090.0	2,775.4
Business-type Activities					
Accumulated Sick and Vacation Payable	\$ 1.0	\$ 0.6	\$ 0.6	\$ 1.0	\$ 0.6
Advance from Federal Government	1,547.1	2,581.0	3,075.9	1,052.2	-
Deposit Fund Contracts	445.7	43.6	89.4	399.9	94.2
Subtotal Business-type Activities	1,993.8	2,625.2	3,165.9	1,453.1	94.8
Total Governmental and Business-type Activities	\$ 67,043.3	\$ 13,288.3	\$ 7,788.5	\$ 72,543.1	\$ 2,870.2

B. Debt Service Payments

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

Fiscal Year	Debt Service						Total
	General Obligation Bonds	Revenue Bonds	Capital Leases	Installment Obligations	Certificates of Participation	TSFC*	
2013	\$ 333.8	\$ 478.0	\$ 49.7	\$ 1,213.5	\$ 27.7	\$ 19.8	\$ 2,122.5
2014	232.7	505.5	45.6	774.4	23.7	21.8	1,603.7
2015	298.3	535.7	40.9	827.7	19.6	23.8	1,746.0
2016	351.0	564.0	40.9	1,095.5	11.4	41.1	2,103.9
2017	222.4	583.5	43.4	1,066.2	8.9	57.3	1,981.7
2018-2022	906.4	3,434.4	184.5	5,585.9	9.0	381.1	10,501.3
2023-2027	40.1	4,270.5	107.5	4,600.6	-	480.3	9,499.0
2028-2032	-	3,697.2	34.3	2,261.9	-	611.5	6,604.9
2033-2037	-	3,436.4	5.6	788.7	-	777.8	5,008.5
2038-2042	-	3,193.8	-	79.5	-	2,029.6	5,302.9
Total Principal	<u>2,384.7</u>	<u>20,699.0</u>	<u>552.4</u>	<u>18,293.9</u>	<u>100.3</u>	<u>4,444.1</u>	<u>46,474.4</u>
2013	115.3	673.0	47.7	677.3	1.4	154.5	1,669.2
2014	96.4	646.8	43.7	648.6	1.3	153.5	1,590.3
2015	84.1	619.9	40.5	626.4	0.6	152.4	1,523.9
2016	68.7	592.0	36.5	598.4	0.4	151.2	1,447.2
2017	53.8	562.7	32.3	562.1	0.3	149.2	1,360.4
2018-2022	112.8	2,349.5	97.8	2,257.1	0.1	698.6	5,515.9
2023-2027	1.4	1,440.9	33.1	1,538.9	-	603.0	3,617.3
2028-2032	-	909.8	3.5	450.3	-	475.2	1,838.8
2033-2037	-	608.8	0.8	107.5	-	313.0	1,030.1
2038-2042	-	249.1	-	2.9	-	99.0	351.0
Total Interest	<u>532.5</u>	<u>8,652.5</u>	<u>335.9</u>	<u>7,469.5</u>	<u>4.1</u>	<u>2,949.6</u>	<u>19,944.1</u>
2013	449.1	1,151.0	97.4	1,890.8	29.1	174.3	3,791.7
2014	329.1	1,152.3	89.3	1,423.0	25.0	175.3	3,194.0
2015	382.4	1,155.6	81.4	1,454.1	20.2	176.2	3,269.9
2016	419.7	1,156.0	77.4	1,693.9	11.8	192.3	3,551.1
2017	276.2	1,146.2	75.7	1,628.3	9.2	206.5	3,342.1
2018-2022	1,019.2	5,783.9	282.3	7,843.0	9.1	1,079.7	16,017.2
2023-2027	41.5	5,711.4	140.6	6,139.5	-	1,083.3	13,116.3
2028-2032	-	4,607.0	37.8	2,712.2	-	1,086.7	8,443.7
2033-2037	-	4,045.2	6.4	896.2	-	1,090.8	6,038.6
2038-2042	-	3,442.9	-	82.4	-	2,128.6	5,653.9
Total Principal and Interest	<u>\$ 2,917.2</u>	<u>\$ 29,351.5</u>	<u>\$ 888.3</u>	<u>\$ 25,763.4</u>	<u>\$ 104.4</u>	<u>\$ 7,393.7</u>	<u>\$ 66,418.5</u>

* 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, 2012, the State had \$2.4 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, no General Obligation debt was issued. The amount provided by the State's General Fund for debt service payments for Fiscal Year 2012 was \$316.0 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, 2012, the amount of defeased general obligation debt outstanding, but removed from the State's long-term obligations amounted to \$549.0 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 (GSPT), and the New Jersey Transportation Trust Fund Authority (TTFA). During Fiscal Year 2012, the TTFA issued \$1.3 billion of bonds used to fund transportation system improvements. The NJBA issued \$54.4 million of refunding bonds in order to defease \$54.5 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 four years were decreased by \$1.0 million which resulted in \$0.9 million in present value savings. During Fiscal Year 2012, GSPT issued \$281.1 million of refunding bonds in order to defease \$279.3 million of existing debt. Total debt service payments over the next 17 years were decreased by \$30.1 million which resulted in \$29.4 million in present value savings. Total authorized but unissued revenue bonds equal \$3.8 billion as of June 30, 2012. Due to the nation's credit crisis, inefficiencies in the auction rate market resulted in TTFA having to remarket \$297.5 million of bonds during the fiscal year.

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 2012, these authorities issued \$1.6 billion of refunding bonds that were issued in order to defease \$1.6 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 22 years were decreased by \$268.5 million and resulted in a net present value gain of \$126.6 million. The State's installment obligations outstanding as of June 30, 2012 total \$18.3 billion. Total authorized but unissued installment obligations equal \$4.8 billion as of June 30, 2012.

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 (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 2012, the State issued \$1.9 billion of refunding bonds that are to be amortized over a time period of three years to nine 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 \$994.8 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, 2012 is estimated to be \$16.8 billion.

P. Net Pension Obligation

Net Pension Obligation (NPO) represents a \$12.8 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 cleanup 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, 2012 is \$92.2 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 (\$223.2 million of which \$108.5 million is federally reimbursable) which have been incurred but not reported. This obligation also includes \$97.8 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, 2012, the Unemployment Compensation Fund owed the Federal Government \$1.1 billion. These funds were used in order to pay unemployment benefits. Until the economic conditions in the State improve, such borrowings are likely to continue.

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 \$399.9 million are recorded as 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, 2011, 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 2012 in the amount of \$19.8 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, 2012 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 2012 and Fiscal Year 2011 are detailed below (expressed in millions):

<u>Type of Claim</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>
Tort	\$ 12.1	\$ 24.5
Workers' compensation	96.9	98.6
Automobile	2.6	3.2

Property exposure is handled by a commercial insurance carrier. There were no reductions in commercial insurance coverage during the fiscal year ended June 30, 2012. 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. The State currently has two policies in place. The first of which is set to expire on December 1, 2012, and the second 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 and the New Jersey Economic Development 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, 2012 the State has 21 active swap agreements with 9 swap providers for a combined, notional amount of \$2.5 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. On June 8, 2010 the State terminated one of these swaps in the notional amount of \$250 million. The swap that remains outstanding leaves the State with a net fixed rate of interest on the related agreement through September 1, 2015.

On January 20, 2011 the State terminated various outstanding New Jersey Economic Development Authority swap agreements. The notional amount of the swap agreements was \$784.8 million and the termination payment amount paid to the swap providers was \$122.6 million.

On February 22, 2011 the State terminated additional outstanding New Jersey Economic Development Authority swap agreements. The notional amount of the swap agreements was \$488.4 million and the termination payment amount paid to the swap providers was \$63.2 million.

On December 22, 2011 the State terminated five outstanding New Jersey Transportation Trust Fund Authority swap agreements. The notional amount of the swap agreements was \$345.0 million, and there was no termination payment made to the swap providers.

<u>Issuer/Counterparty</u>	<u>Notional Amount (\$ Millions)</u>	<u>Effective Date</u>	<u>Fixed Rate</u>	<u>Floating Index</u>
<u>NJ Economic Development Authority(NJEDA)</u>				
School Facilities Construction Program				
Variable-to-Fixed Swaps				
Bank of America, N.A.	\$ 96.829	9/1/06	4.407	71.98% 1-month LIBOR
Bank of America, N.A.	312.751	5/1/10	4.251	62% 1-month LIBOR + 40 bps
Bank of Montreal*	244.200	11/1/09	3.153	No Floating Payment
		11/1/12	4.549	62% 1-month LIBOR + 40 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	78.168	3/1/06	4.296	70.8% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	91.660	9/1/06	4.407	71.98% 1-month LIBOR
Goldman Sachs Mitsui Marine Derivative, Products L.P.	112.069	9/1/07	4.399	71.57% 1-month LIBOR
IXIS Financial Products, LLC.	214.948	11/1/08	4.489	62% 1-month LIBOR + 40 bps
Royal Bank of Canada	138.193	5/1/09	4.512	62% 1-month LIBOR + 40 bps
UBS AG, Stamford Branch	64.323	9/1/04	4.063	71.13% 1-month LIBOR
UBS AG, Stamford Branch	67.110	3/1/05	4.176	74.24% 1-month LIBOR
UBS AG, Stamford Branch	116.098	9/1/07	4.399	71.57% 1-month LIBOR
Wells Fargo Bank, N.A.	140.596	9/1/04	4.063	71.13% 1-month LIBOR
Wells Fargo Bank, N.A.	72.583	3/1/05	4.176	74.24% 1-month LIBOR
Wells Fargo Bank, N.A.	163.445	3/1/06	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	<u>2,293.488</u>			
<u>NJ Building Authority(NJBA)</u>				
Citibank, N.A., New York	\$ 66.950	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Citibank, N.A., New York	28.690	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	22.310	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Goldman Sachs Mitsui Marine Derivative, Products L.P.	9.570	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	22.310	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Morgan Stanley Capital Services, Inc.	9.570	8/20/03	3.640	62% 1-month LIBOR + 20 bps
Total NJBA	<u>159.400</u>			
Total	<u>\$ 2,452.888</u>			

* 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 \$2,452.9 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, 2012, the State, acting through its public authorities, is party to 21 swap agreements. General interest rates have declined since the execution of the swap agreements which were executed between August 20, 2003 and May 1, 2010. As a result, the projected net present value of the State's entire portfolio as of June 30, 2012 is negative \$672.6 million. A breakdown of this amount is shown below (\$ millions):

<u>Governmental Activities</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2012</u>	
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>
Cash Flow Hedges:				
Pay fixed interest rate swaps				
NJ Building Authority	Deferred Outflows	\$ (5.483)	Debt	\$ (23.660)
NJ Transportation Trust Fund Authority	Deferred Outflows	6.733	Debt	-
Total Cash Flow Hedges		<u>1.250</u>		<u>(23.660)</u>
Investment Derivatives:				
Pay fixed interest rate swaps				
NJ Economic Development Authority				
School Facilities Construction Program	Investment earnings	\$ (287.278)	Investment	\$ (648.954)
NJ Transportation Trust Fund Authority	Investment earnings	(0.086)	Investment	-
Total Investment Derivatives:		<u>(287.364)</u>		<u>(648.954)</u>
Total		<u>\$ (286.114)</u>		<u>\$ (672.614)</u>

The fair values of the swaps take into consideration the prevailing interest rate environment and the specific terms and conditions of each swap. The fair market values were calculated using the zero-coupon method. The zero-coupon method calculates the future net settlement payments required by each swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

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, 2012. 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, 2012.

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 \$430.6 million.

In addition, the Unemployment Compensation Interest Repayment Fund reflects other liabilities of \$34.5 million to the federal government representing interest accrued on outstanding loans to the Unemployment Compensation Fund. The New Jersey Schools Development Authority reflects other liabilities of \$11.2 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 - NET ASSETS RESTRICTED BY ENABLING LEGISLATION/GOVERNMENTAL FUND BALANCES

A. Net Assets Restricted by Enabling Legislation

As of June 30, 2012, \$3.5 billion of restricted net assets are reported in the Statement of Net Assets. Net assets are restricted when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government. Unexpended debt proceeds that are recorded as assets and restricted fund balance in the governmental funds (\$862.9 million) have been deducted from the restricted net asset balance.

B. Governmental Fund Balances

In the governmental fund financial statements, fund balances are segregated into the following categories: nonspendable, restricted, committed, and unassigned.

Nonspendable

The nonspendable fund balance classification includes amounts in the New Jersey Cultural Trust Fund (\$20.0 million) and the State of New Tischler Memorial Fund (\$0.4 million) that are legally required to remain intact.

Restricted

Similar to the net assets restricted by enabling legislation definition, the restricted fund balance classification is used when constraints have been placed upon the use of resources through enabling legislation initiated by voter referendum, constitutional provisions, debt covenants, or other external parties such as the federal government.

Committed

The committed fund balance classification is used for amounts that can only be used for purposes specified in enabling legislation, with the consent of both the legislative and executive branches. In contrast to the restricted fund balance classification, amounts in this category may be redeployed for other purposes with appropriate due process.

As mentioned above, both restricted and committed fund balances, respectively, may only be used for purposes specified in enabling legislation. Within these balances, however, money has been set aside (encumbered) pending vendor

performance. In addition, within these balances are long-term loans and other items such as legally mandated reserves and escrow balances that represent balances that are not currently available for expenditure in subsequent accounting periods.

The following table reflects restricted and committed fund balances in the aggregate that have been encumbered or are currently unavailable for current expenditure as of June 30, 2012 (expressed in millions):

Major Components of:	General Fund	Property Tax Relief Fund	Non-Major Governmental Funds	Total Governmental Funds
Restricted Fund Balances	\$ 884.2	\$ -	\$ 3,494.5	\$ 4,378.7
Encumbrances	299.2	-	384.3	683.5
Long-term loans	355.6	-	1,278.6	1,634.2
School Bond Reserve	-	-	82.9	82.9
Committed Fund Balances	\$ 1,570.7	\$ 6.0	\$ 452.7	\$ 2,029.4
Encumbrances	620.2	3.5	151.4	775.1
Long-term loans	24.5	-	11.6	36.1

Restricted Fund Balance – School Bond Reserve:

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, \$82.9 million has been reserved as of June 30, 2012.

Unassigned

Unassigned balance is \$425.4 million. This classification represents fund balance that has not been restricted or committed to specific purposes within the General Fund (\$441.4 million) and is offset by negative residual balances (\$16.0 million) whereby expenditures have exceeded available resources.

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):

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
Refunding debt issued	\$ 1,718.9	\$ 395.7	\$ 2,114.6
Capital lease acquisitions	75.5	-	75.5
Premium related to new debt issuances	0.1	51.9	52.0
Certificates of participation issued	38.4	-	38.4
Installment obligations issued	8.6	-	8.6
Payments to escrow agents on refunding bonds	(1,718.9)	(395.6)	(2,114.5)
Other Financing Sources (Uses) - Other	<u>\$ 122.6</u>	<u>\$ 52.0</u>	<u>\$ 174.6</u>

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, 2012 are as follows (expressed in millions):

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 46.2
2014	33.8
2015	26.0
2016	21.5
2017	16.9
2018-2022	32.2
2023-2027	3.8
2028-2030	<u>0.8</u>
Total Future Minimum Lease Payments	<u>\$ 181.2</u>

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 (CPFPPF)--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 Pension Adjustment Fund (PAF). Prior to the adoption of pension reform legislation, P.L. 2011, c.78, it provided 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 CPFPPF, POPF, and CPF. Cost-of-living increases provided under the State's Pension Adjustment Program are currently suspended as a result of the reform legislation. This benefit is funded by the State as benefit allowances become payable. The State also administers the Defined Contribution Retirement Program, which is not presented in the Pension statements in the CAFR.

The cost of living increase for PFRS, PERS, TPAF, SPRS, and JRS are funded directly by each of the respective systems, but are currently suspended as a result of reform legislation.

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. 2011, c.78, effective June 28, 2011, made various changes to the manner in which TPAF, PERS, PFRS, SPRS, and JRS operate and to the benefit provisions of those systems.

This legislation's provisions impacting employee pension and health benefits include:

- For new members of TPAF and PERS hired on or after June 28, 2011 (Tier 5 members), the years of creditable service needed for early retirement benefits increased from 25 to 30 years and the early retirement age increased from 55 to 65.
- The eligibility age to qualify for a service retirement in the TPAF and PERS increased from age 62 to 65 for Tier 5 members.
- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), decreased from 65 percent of final compensation to 60 percent of final compensation after 25 years of service and from 70 percent of final compensation to 65 percent of final compensation after 30 or more years of service.
- It increased the active member contribution rates as follows: TPAF and PERS active member rates increased from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years; PFRS and PERS Prosecutors Part active member rates increased from 8.5 percent to 10 percent; SPRS active member rates increased from 7.5 percent to 9 percent; and JRS active member rates increased from 3 percent to 12 percent phased-in over seven years for members hired or reappointed on or after June 28, 2011. For Fiscal Year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contributions for TPAF, PERS and JRS members takes place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries was suspended. COLA increases may be reactivated at a future date as permitted by this law.
- It changed the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay method).

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 July 1, 2011, the most recent actuarial valuation date, the aggregate funded ratio for the retirement systems (TPAF, PERS, PFRS, POPF, CPFPE, JRS, and SPRS) is 67.5 percent with an unfunded actuarial accrued liability of \$41.7 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 60.8 percent and \$30.1 billion, respectively, and the aggregate funded ratio and unfunded accrued liability for local PERS and PFRS is 77.5 percent and \$11.6 billion, respectively.

The required supplementary information regarding the funded status and funding progress of the retirement systems includes 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 funding limitations on the pattern of cost sharing between the employer and members in the future.

Actuarial Methods and Assumptions

In the revised July 1, 2011 actuarial valuations, 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 (a) a revised investment rate of return for all the retirement systems from 8.25 percent to 7.95 percent except for POPF (5 percent) and CPFPPF (2 percent), and (b) revised projected salary increases which vary by fund and are presented on the following pages.

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, 2012 for CPFPPF 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, 2012 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, represents the APC divided by the covered payroll as reflected in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2010. In Fiscal Year 2011, the State made a decision to reduce the PFRS lag period between the valuation year and the contribution year from three years to two years which brings the PFRS in line with the other pension trust funds.

	<u>CPFPF</u>	<u>JRS</u>	<u>PFRS</u>
Annual Pension Cost (APC)			
State:			
June 30, 2010	\$ 1,110,290	\$ 33,693,313	\$ 7,326,383
June 30, 2011	(785,728)	40,312,651	7,629,519 *
June 30, 2012	712,146	41,418,589	61,707,967
Local:			
June 30, 2010	-	-	751,395,802
June 30, 2011	-	-	882,095,029
June 30, 2012	-	-	763,182,795
Contributions Made			
State:			
June 30, 2010	-	1,032,857	7,326,383
June 30, 2011	-	651,718 *	7,629,519 *
June 30, 2012	173,790	6,437,938	61,707,967
Local:			
June 30, 2010	-	-	751,395,802
June 30, 2011	-	-	882,095,029 *
June 30, 2012	-	-	763,182,795
Percentage of APC Contributed			
State:			
June 30, 2010	-	3.1%	100.0%
June 30, 2011	-	1.6%*	100.0%
June 30, 2012	24.4%	15.5%	100.0%
Local:			
June 30, 2010	-	-	100.0%
June 30, 2011	-	-	100.0%
June 30, 2012	-	-	100.0%
Net Pension Obligation			
State:			
June 30, 2010	1,314,442	85,719,478	-
June 30, 2011	528,714	125,380,411 *	-
June 30, 2012	1,067,070	160,361,062	-
Local:			
June 30, 2010	-	-	-
June 30, 2011	-	-	-
June 30, 2012	-	-	-
Contribution rates			
State	N/A	57.7%	11.6%
State-related employers	N/A	N/A	23.9%
Employees	N/A	4.3%	10.0%
Significant Actuarial Assumptions and Methods			
Date of actuarial valuation	6/30/11	6/30/11	6/30/11
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar Closed	Level Dollar Open	Level Dollar Open
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%	7.95%	7.95%
Projected salary increases	N/A	2.50%	6.32%
Cost-of-Living adjustments	N/A	0.00%	0.00%

* Restated

		<u>POPF</u>	<u>PERS</u>	<u>SPRS</u>	<u>TPAF</u>
Annual Pension Cost (APC)					
State:	June 30, 2010	\$ 21,555	\$ 27,910,317	\$ 100,220,381	\$ 1,896,879,039
	June 30, 2011	276,668	31,079,384 *	125,084,190	2,254,837,321
	June 30, 2012	515,016	157,964,207	93,578,396	2,184,639,605
Local:	June 30, 2010	-	612,372,679	-	-
	June 30, 2011	-	800,936,802 *	-	-
	June 30, 2012	-	825,980,958	-	-
Contributions Made					
State:	June 30, 2010	-	27,910,317	1,018,200	33,199,655
	June 30, 2011	-	31,079,384 *	2,201,604 *	30,655,332 *
	June 30, 2012	-	157,964,207	14,610,249	317,927,358
Local:	June 30, 2010	-	612,372,679	-	-
	June 30, 2011	-	800,936,802 *	-	-
	June 30, 2012	-	825,980,958	-	-
Percentage of APC Contributed					
State:	June 30, 2010	-	100.0%	1.0%	1.8%
	June 30, 2011	-	100.0%	1.8% *	1.4% *
	June 30, 2012	-	100.0%	15.6%	14.6%
Local:	June 30, 2010	-	100.0%	-	-
	June 30, 2011	-	100.0%	-	-
	June 30, 2012	-	100.0%	-	-
Net Pension Obligation					
State:	June 30, 2010	(6,726,820)	-	504,720,735	7,879,635,613
	June 30, 2011	(6,450,152)	-	627,603,321 *	10,103,817,602 *
	June 30, 2012	(5,935,136)	-	706,571,468	11,970,529,849
Local:	June 30, 2010	-	-	-	-
	June 30, 2011	-	-	-	-
	June 30, 2012	-	-	-	-
Contribution rates					
State		N/A	3.5%	32.3%	21.8%
State-related employers		N/A	11.1%	N/A	N/A
Employees		N/A	6.5%	9.0%	6.5%
			(10% for County Prosecutors)		
Significant Actuarial Assumptions and Methods					
Date of actuarial valuation		6/30/11	6/30/11	6/30/11	6/30/11
Actuarial cost method		Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method		Level Dollar Closed	Level Dollar Open	Level Dollar Open	Level Dollar Open
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%	7.95%	7.95%	7.95%
Projected salary increases		N/A	4.52%	3.45%	3.90%
Cost-of-Living adjustments		N/A	0.00%	0.00%	0.00%

* 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, 2012 are presented below:

	SINGLE EMPLOYER PLANS		
	JRS	POPF	SPRS
Annual Required Contribution, June 30, 2012	\$ 42,475,660	\$ (5,935,136)	\$ 98,869,662
Interest adjustment on NPO	10,343,884	(322,508)	51,777,274
Adjustment to Annual Required Contribution	<u>(11,400,955)</u>	<u>6,772,660</u>	<u>(57,068,540)</u>
APC as of June 30, 2012	41,418,589	515,016	93,578,396
Total Fiscal Year 2012 Contributions	<u>6,437,938</u>	<u>-</u>	<u>14,610,249</u>
Increase (Decrease) in NPO	34,980,651	515,016	78,968,147
NPO as of June 30, 2011	125,380,411 *	(6,450,152)	627,603,321 *
NPO as of June 30, 2012	<u>\$ 160,361,062</u>	<u>\$ (5,935,136)</u>	<u>\$ 706,571,468</u>

	COST SHARING PLANS WITH SPECIAL FUNDING SITUATIONS		
	CPFPE	TPAF	Total All Plans
Annual Required Contribution, June 30, 2012	\$ 1,240,860	\$ 2,269,823,968	\$ 2,406,475,014
Interest adjustment on NPO	10,574	833,564,952	895,374,176
Adjustment to Annual Required Contribution	<u>(539,288)</u>	<u>(918,749,315)</u>	<u>(980,985,438)</u>
APC as of June 30, 2012	712,146	2,184,639,605	2,320,863,752
Total Fiscal Year 2012 Contributions	<u>173,790</u>	<u>317,927,358</u>	<u>339,149,335</u>
Increase (Decrease) in NPO	538,356	1,866,712,247	1,981,714,417
NPO as of June 30, 2011	528,714	10,103,817,602 *	10,850,879,896 *
NPO as of June 30, 2012	<u>\$ 1,067,070</u>	<u>\$ 11,970,529,849</u>	<u>\$ 12,832,594,313</u>

* 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 566 state and local participating employers and contributing entities for Fiscal Year 2012.

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. 2011, c.78, effective October 2011, sets new employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a four-year period for those employed prior to this new legislation's effective date with a minimum contribution required to be at least 1.5% of salary.

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 July 1, 2011, the most recent actuarial valuation date, the unfunded actuarial accrued liability for OPEB is \$48.9 billion which is made up of \$18.0 billion for state active and retired members and \$30.9 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 July 1, 2011, actuarial valuation, the projected unit credit was used as the actuarial cost method. The actuarial assumptions included an assumed investment rate of return of 4.50 percent.

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, 2012, there were 97,661 retirees receiving post-retirement medical benefits, and the State contributed \$958.9 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 \$112.6 million for 8,810 eligible retired members for Fiscal Year 2012. 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 \$146.6 million toward Chapter 126 benefits for 16,618 eligible retired members in Fiscal Year 2012.

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 \$36.6 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, 2012 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 represents the AOC divided by the covered payroll as reflected in the Schedule of Funding Progress per the actuarial valuations as of June 30, 2011.

			<u>OPEB - STATE</u>	
Annual OPEB Cost (AOC)			Significant Actuarial Assumptions and Methods	
State:	June 30, 2010	\$ 4,719,500,000	Date of actuarial valuation	6/30/11
	June 30, 2011	4,917,000,000	Actuarial cost method	Projected Unit Credit
	June 30, 2012	4,696,700,000	Amortization method	Level Percent Open
Contributions Made			Remaining amortization period	30 years
State:	June 30, 2010	\$ 1,327,000,000	Actuarial assumptions	
	June 30, 2011	1,444,900,000	Investment rate of return	4.50% (assuming no prefunding)
	June 30, 2012	1,379,400,000	Projected salary increases	N/A
Percentage of AOC Contributed			Cost-of-Living adjustments	N/A
State:	June 30, 2010	28.1%		
	June 30, 2011	29.4%		
	June 30, 2012	29.4%		
Net OPEB Obligation (NOO)				
State:	June 30, 2010	\$ 10,028,800,000		
	June 30, 2011	13,501,000,000		
	June 30, 2012	16,818,300,000		
Contribution rates				
State		22.5%		
Employees		N/A		

For medical benefits, the healthcare cost trend rate assumption initially is at 8.0 percent or 9.0 percent (depending on the medical plan) and decreases to a 5.0 percent long-term trend rate for all medical benefits after six or eight years. For prescription drug benefits, the initial healthcare cost trend rate assumption is 9.0 percent or 9.5 percent (depending on the retirement status), decreasing to a 5.0 percent long-term trend rate after eight or nine years. For Medicare Part B reimbursement, the healthcare cost trend rate assumption is 5.0 percent throughout 11 years.

The AOC and NOO for the State-funded post-retirement medical obligations for the fiscal year ending June 30, 2012 are presented below:

Annual Required Contribution, June 30, 2012	\$ 4,918,000,000
Interest Adjustment on NOO	607,500,000
Adjustment to Annual Required Contribution	(828,800,000)
AOC as of June 30, 2012	4,696,700,000
Total Fiscal Year 2012 Contributions	1,379,400,000
Increase in NOO	3,317,300,000
NOO as of June 30, 2011	13,501,000,000
NOO as of June 30, 2012	<u>\$ 16,818,300,000</u>

NOTE 18 – COMPONENT UNITS

A. Authorities

Managed independently of the appropriated budget process, the Authorities are legally separate entities with powers generally vested in a governing board. Established for the benefit of the State's citizenry, Authorities exist for a variety of purposes such as financing economic development, public transportation, low-cost housing, environmental protection, and capital development for health and education. Unlike the State itself, Authorities are not subject to State constitutional restrictions on the incurrence of debt; however, similar to the State, Authorities may issue bonds and notes within legislatively authorized amounts.

With the approval of the State Senate, the Governor 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 annual budget information on operations and capital construction to the Governor and the State Legislature. From time to time, the Governor has 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.

In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, all other Authorities have been presented discretely as major and non-major component units in the State's financial statements. These component units are included in the State's reporting entity because of the significance of their operational or financial relationship with the State. 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:

Atlantic City Convention & Visitors Authority (N.J.S.A. 52:27H-29 et seq.)
2314 Pacific Avenue
Atlantic City, New Jersey 08401
<http://www.atlanticcitynj.com>

The Atlantic City Convention & Visitors Authority was established to promote the tourist, resort, convention, and casino industries, as well as operate and maintain the Atlantic City Convention Center, the Historic Boardwalk Hall, and the West Hall. The Authority serves as the destination's principal marketing arm, stimulating economic growth through convention and leisure tourism development.

Casino Reinvestment Development Authority (N.J.S.A. 5:12-153)
15 S. Pennsylvania Avenue
Atlantic City, New Jersey 08401
<http://www.njcrda.com>

The Casino Reinvestment Development Authority (CRDA) was created to maintain public confidence in the casino gaming industry as a tool of urban redevelopment throughout New Jersey, and to facilitate the direct redevelopment of blighted areas by providing eligible projects in which licensees (casinos) can invest. CRDA encourages investment in, or financing of, projects which are made as part of a comprehensive plan to improve blighted areas or targeted to benefit low- through middle-income residents. CRDA 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
<http://www.hesaa.org>

New Jersey's Higher Education Student Assistance Authority (HESAA) was established to provide a single statewide agency for the coordination and delivery of student financial assistance. HESAA 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. In addition to administering the delivery of a number of need- and merit-based State scholarship programs, to include Tuition Aid Grants (TAG), New Jersey Student Tuition Assistance Reward Scholarship (NJSTARS), and World Trade Center Scholarship Fund, HESAA oversees the State's 529 College Savings Program, known as the New Jersey Better Educational Savings Trust (NJBEST).

New Jersey Economic Development Authority (N.J.S.A. 34:1B-4)
36 West State Street, P.O. Box 990
Trenton, New Jersey 08625-0990
<http://www.njeda.com>

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

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

The New Jersey Educational Facilities Authority (NJEFA) 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 their debt instruments (bonds, notes, and other obligations). NJEFA may finance academic and auxiliary facilities for the State's public and independent institutions of higher education.

New Jersey Environmental Infrastructure Trust (N.J.S.A. 58:11B-4)
3131 Princeton Pike, Bldg. 6, Suite 201
Lawrenceville, New Jersey 08648
<http://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, as well as 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 08625-0366
<http://www.njhcffa.com>

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

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
<http://www.state.nj.us/dca/hmfa>

The Housing and Mortgage Finance Agency (HMFA) 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, HMFA 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, HMFA 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)
One DeKorte Park Plaza
Lyndhurst, New Jersey 07071
<http://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). If needed, the Commission is able to raise funds through the issuance of tax-exempt bonds and notes.

New Jersey Redevelopment Authority (P.L. 1996, c.62)
150 West State Street, P.O. Box 790
Trenton, New Jersey 08625
<http://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
<http://www.njsea.com>

The New Jersey Sports and Exposition Authority (NJSEA) owns, operates, and manages a variety of sports, entertainment, wagering, and convention facilities throughout New Jersey; it also has been responsible for the financing, construction, and management of the Meadowlands Racetrack, the IZOD Center, and the MetLife stadium. In addition to being authorized to issue bonds and notes and provide the terms and security thereof, NJSEA is charged with the responsibility to own, operate, and build various facilities for athletic and entertainment events, trade shows, and other expositions located throughout the State.

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

New Jersey Transit Corporation (NJ TRANSIT) is empowered to acquire, own, operate, and contract for the operation of public transportation services. Both the State, by legislative appropriation, and the federal government, by defined formula grants under the Federal Transit Administration, provide NJ TRANSIT with operating subsidies. NJ TRANSIT uses these subsidies to operate public transportation services through 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 the cost of maintaining right-of-way as well as propulsion costs.

New Jersey Turnpike Authority (N.J.S.A. 27:23-3)
581 Main Street, P.O. Box 5042
Woodbridge, New Jersey 07095-5042
<http://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. Subject to prior approval by the Governor and by either or both the State Treasurer and the Director, Division of Budget and Accounting, the Authority also may issue turnpike revenue bonds or notes that are payable solely from Authority tolls and other revenues. 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
<http://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. Upon the request of a municipality, county, the State, or agencies thereof, the Authority may 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)
101 Joseph A. Balzano Blvd.
Camden, New Jersey 08103
<http://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, to include 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
<http://www.sjta.com>

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

B. Colleges and Universities

Enactment of P.L. 1986, c.42 and c.43, provided autonomous status for New Jersey's nine State colleges and universities. Prior to the July 1, 1987 effective date of this legislation, revenues and expenses for these public institutions of higher education were included in the General Fund of the State of New Jersey.

The financial statements of all twelve of the State's Senior Public institutions of higher education (three Public Research universities and the aforementioned nine State 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*. Due to the significance of their operational or financial relationships and fiscal dependency with the State, these component units are included in the State's reporting entity. State appropriations, tuition, federal grants, and private donations and grants provide funding for these institutions. Based upon the relative size of assets, liabilities, revenues, and expenses in relation to the total, the financial statements of these institutions have been presented discretely in either the major or non-major categories in both the Statement of Net Assets and the Statement of Activities. In addition, pursuant to GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the financial statements of all twelve institutions include financial activities related to their foundations and other similar organizations.

Effective July 1, 2013, the "New Jersey Medical and Health Sciences Education Restructuring Act" of 2012 abolishes the University of Medicine and Dentistry of New Jersey (UMDNJ), transfers UMDNJ's various schools and institutes to Rutgers University and Rowan University, respectively, and establishes Rowan University as a public research university. Currently, UMDNJ is classified as a public research university and Rowan University is classified as a State university.

Separately issued independent audited financial statements and accompanying notes may be obtained directly from the State's Senior Public institutions of higher education at the following addresses and websites:

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

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

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

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

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

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

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

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

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

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

William Paterson University of New Jersey
(N.J.S.A. 18A:62-1)
358 Hamburg Turnpike
Wayne, New Jersey 07470
<http://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, 2012, 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, 2012 there was approximately \$366.0 million of overpayments.

New Jersey Lawyers' Fund for Client Protection

Claims of approximately \$19.6 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 \$12.3 million. The ultimate disposition of these claims is not determinable at this time.

New Jersey Spill Compensation Fund

Various claims totaling approximately \$37.0 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, 2012 there were approximately \$964.0 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 2012 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 (NPM) adjustment. On November 3, 2011, the participating manufacturers released the State from the 2003 diligent enforcement action arbitration. As a result, when the multi-state arbitration is finally concluded, the Tobacco Settlement Financing Corporation will receive the \$30 million withheld in 2006 relating to 2003. On April 15, 2011, notice was given by the tobacco companies to the State that they are seeking arbitration of diligent enforcement disputes for the years 2004 through 2008. While New Jersey believes it has meritorious defenses to any claim by participating manufacturers for 2004 through 2008 NPM adjustments, it could stand to lose between \$27 million and \$49 million. For 2004 through 2012, New Jersey's Master Settlement Agreement (MSA) payments are at risk, with a potential liability of between \$162.0 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 \$25.7 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, 2012, audits of expenditures for Fiscal Year 2011 and prior years may not be completed. Disallowances which may result from these audits are not determinable at this time. As of June 30, 2012, it is management's opinion that disallowances, if any, would not be material.

NOTE 20 – SUBSEQUENT EVENTS

Short-term Debt

For Fiscal Year 2013, the State authorized the issuance of short-term notes. The short-term note proceeds are 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 July 9, 2012, the State issued \$1.2 billion of Tax and Revenue Anticipation Notes, Series Fiscal 2013A and on August 31, 2012, the State issued \$900 million of Tax and Revenue Anticipation Notes, Series Fiscal 2013B. Both series were issued at a rate of LIBOR plus 0.25 percent per annum, adjusting monthly, with accrued interest payable at final maturity of June 27, 2013. On November 20, 2012, the State issued \$2.6 billion of Tax and Revenue Anticipation Notes, Series Fiscal 2013C, a portion of which refunded the Series Fiscal 2013A and 2013B notes in their entirety prior to their maturity. The Series Fiscal 2013C notes bear interest at a fixed rate of 2.5 percent per annum with interest payable at final maturity on June 27, 2013. The State may issue additional short-term notes in Fiscal Year 2013.

Long-term Obligations

On August 30, 2012, the New Jersey Economic Development Authority issued \$24.2 million of School Facilities Construction Refunding Bonds, 2012 Series LL. The bonds were issued at a rate of 0.75 percent per annum, with a final maturity of October 31, 2012. On October 3, 2012, the New Jersey Economic Development Authority issued \$399.4 million of School Facilities Construction Bonds, consisting of \$136.9 million 2012 Series KK Bonds, \$24.3 million 2012 Series MM Refunding Bonds, \$119.1 million 2012 Series G Notes, and \$119.1 million 2012 Series H Notes. Interest on the 2012 Series KK bonds ranges from 3.0 to 5.0 percent per annum and is payable on March 1 and September 1, commencing on September 1, 2013. Final maturity is March 1, 2038. The Series MM bonds were issued to refund the 2012 Series LL in their entirety prior to their maturity. Interest on the Series MM bonds ranges from 1.047 to 1.651 percent per annum and is payable on March 1 and September 1, commencing on September 1, 2013. Final maturity is September 1, 2017. Interest on the 2012 Series G notes varies at a rate of SIFMA plus 0.58 percent per annum, and is payable on the first business day of each month, commencing on November 1, 2012. Final maturity is February 1, 2015. Interest on the 2012 Series H notes varies at a rate of SIFMA plus 0.90 percent per annum, and is payable on the first business day of each month, commencing on November 1, 2012. Final maturity is February 1, 2017.

On October 17, 2012, The South Jersey Port Corporation issued \$60.1 million of refunding bonds, Series 2012 Q. Interest on the bonds ranges from 3.0 to 3.25 percent per annum and is payable on January 1 and July 1, commencing on July 1, 2013. Final maturity of the bonds is January 1, 2033. Also on October 17, 2012, the South Jersey Port Corporation issued \$16.0 million of refunding bonds, Series 2012 R. Interest on the bonds is 4.0 percent per annum and payable on January 1 and July 1, commencing on July 1, 2013. Final maturity of the bonds is January 1, 2024.

On December 11, 2012, the New Jersey Transportation Trust Fund Authority issued \$326.3 million of its Transportation System Bonds, 2012 Series A and \$920.7 million of its Transportation Program Bonds, 2012 Series AA. Interest on the 2012 Series A bonds is at a fixed rate of 5.0 percent per annum and is payable on June 15 and December 15, commencing on June 15, 2013. Final maturity is June 15, 2042. Interest on the 2012 Series AA bonds ranges from 2.0 to 5.0 percent per annum and is payable on June 15 and December 15, commencing on June 15, 2013. Final maturity is June 15, 2038.

On December 18, 2012 the New Jersey Building Authority issued \$20.0 million of its State Building Revenue Bond Anticipation Notes, 2012 Series. Interest on the notes is at a fixed rate of 1.50 percent per annum and is payable at final maturity on December 18, 2013. The Building Authority expects to issue bonds or notes in Fiscal Year 2013 to refund the 2012 Series notes prior to their maturity.

Superstorm Sandy

On October 29, 2012, Superstorm Sandy made landfall five miles south of Atlantic City. The storm caused widespread damage to State, county and municipal infrastructures. As in past events, including the recovery from the impact of Tropical Storm Irene in 2011, the State expects to secure substantial federal assistance, including reimbursement of certain associated costs from the Federal Emergency Management Agency (“FEMA”) to allow the State to recover a substantial portion of storm-related losses.

On November 1, 2012, President Barack Obama approved an adjustment of the federal cost share for the storm from 75% to 100% for 15 days (October 30 to November 14) for emergency power restoration and emergency public transportation assistance, including direct federal assistance, for those areas of New Jersey within counties designated as federal disaster areas. On November 5, 2012, FEMA Public Assistance was made available in all twenty-one (21) counties of the State.

Currently, the State, its counties and municipal governments are in the process of tabulating the associated costs and expenses as a result of the storm preparation, evacuation and shutdown as well as the costs for remediation, clean-up, mitigation and the restoration of services. These costs will be categorized by agency and expense type according to FEMA allowances. The State intends to maximize its recovery from all available FEMA sources, subject to any sublimits and retentions. The amount and timing for receipt of funds from FEMA cannot be predicted at this time.

It is not yet possible for the State to estimate the impact of Superstorm Sandy-related losses on revenue collections or expenditures.

(This page left intentionally blank)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR JUNE 30, 2012**

	General Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 14,076,928,000	\$ 14,313,031,000	\$ 13,322,342,618	\$ (990,688,382)
Federal and other grants	11,304,781,954	11,682,410,084	10,103,525,582	(1,578,884,502)
Licenses and fees	1,282,378,600	1,195,150,336	1,167,970,915	(27,179,421)
Services and assessments	2,168,922,778	1,733,711,705	1,617,823,549	(115,888,156)
Investment earnings	11,000	729,723	1,352,304	622,581
Contributions	1,000	1,000	1,140	140
Other	3,283,585,031	3,709,871,888	2,577,759,261	(1,132,112,627)
Total Revenues	<u>32,116,608,363</u>	<u>32,634,905,736</u>	<u>28,790,775,369</u>	<u>(3,844,130,367)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	2,553,159,000	2,887,760,825	2,743,407,484	(144,353,341)
Total Other Financing Sources	<u>2,553,159,000</u>	<u>2,887,760,825</u>	<u>2,743,407,484</u>	<u>(144,353,341)</u>
Total Revenues and Other Financing Sources	<u>34,669,767,363</u>	<u>35,522,666,561</u>	<u>31,534,182,853</u>	<u>(3,988,483,708)</u>
EXPENDITURES				
Public safety and criminal justice	3,735,125,273	3,925,234,780	3,266,581,527	658,653,253
Physical and mental health	12,193,413,156	12,310,549,775	11,435,638,666	874,911,109
Educational, cultural, and intellectual development	4,562,138,371	4,273,242,976	4,096,867,086	176,375,890
Community development and environmental management	1,907,764,541	1,896,189,187	1,267,896,531	628,292,656
Economic planning, development, and security	4,753,534,812	4,771,876,900	4,209,450,450	562,426,450
Transportation programs	741,395,275	659,918,715	577,065,136	82,853,579
Government direction, management, and control	5,659,691,706	5,879,262,744	5,614,366,858	264,895,886
Special government services	445,383,560	451,079,181	340,948,281	110,130,900
Total Expenditures	<u>33,998,446,694</u>	<u>34,167,354,258</u>	<u>30,808,814,535</u>	<u>3,358,539,723</u>
OTHER FINANCING USES				
Transfers to other funds	1,108,650,368	1,276,654,368	1,108,650,368	168,004,000
Total Other Financing Uses	<u>1,108,650,368</u>	<u>1,276,654,368</u>	<u>1,108,650,368</u>	<u>168,004,000</u>
Total Expenditures and Other Financing Uses	<u>35,107,097,062</u>	<u>35,444,008,626</u>	<u>31,917,464,903</u>	<u>3,526,543,723</u>
Net Change in Fund Balance	(437,329,699)	78,657,935	(383,282,050)	(461,939,985)
Fund Balances - July 1, 2011	<u>692,950,000</u>	<u>864,124,867</u>	<u>864,124,867</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 255,620,301</u>	<u>\$ 942,782,802</u>	<u>\$ 480,842,817</u>	<u>\$ (461,939,985)</u>

Property Tax Relief Fund

<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
\$ 11,935,088,935	\$ 11,687,488,935	\$ 11,751,670,559	\$ 64,181,624
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>11,935,088,935</u>	<u>11,687,488,935</u>	<u>11,751,670,559</u>	<u>64,181,624</u>
-	-	-	-
-	-	-	-
<u>11,935,088,935</u>	<u>11,687,488,935</u>	<u>11,751,670,559</u>	<u>64,181,624</u>
-	-	-	-
-	126,212,112	130,584,126	(4,372,014)
10,509,712,214	10,496,699,868	10,823,130,465	(326,430,597)
244,221,226	239,910,670	248,077,470	(8,166,800)
-	28,684,368	29,678,000	(993,632)
-	-	-	-
797,675,494	966,519,916	947,978,152	18,541,764
-	-	-	-
<u>11,551,608,934</u>	<u>11,858,026,934</u>	<u>12,179,448,213</u>	<u>(321,421,279)</u>
-	164,733,000	-	164,733,000
-	164,733,000	-	164,733,000
<u>11,551,608,934</u>	<u>12,022,759,934</u>	<u>12,179,448,213</u>	<u>(156,688,279)</u>
383,480,001	(335,270,999)	(427,777,654)	(92,506,655)
-	5,805,000	5,805,000	-
<u>\$ 383,480,001</u>	<u>\$ (329,465,999)</u>	<u>\$ (421,972,654)</u>	<u>\$ (92,506,655)</u>

(Continued on next page)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR JUNE 30, 2012**

	Total Major Governmental Funds			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 26,012,016,935	\$ 26,000,519,935	\$ 25,074,013,177	\$ (926,506,758)
Federal and other grants	11,304,781,954	11,682,410,084	10,103,525,582	(1,578,884,502)
Licenses and fees	1,282,378,600	1,195,150,336	1,167,970,915	(27,179,421)
Services and assessments	2,168,922,778	1,733,711,705	1,617,823,549	(115,888,156)
Investment earnings	11,000	729,723	1,352,304	622,581
Contributions	1,000	1,000	1,140	140
Other	3,283,585,031	3,709,871,888	2,577,759,261	(1,132,112,627)
Total Revenues	44,051,697,298	44,322,394,671	40,542,445,928	(3,779,948,743)
OTHER FINANCING SOURCES				
Transfers from other funds	2,553,159,000	2,887,760,825	2,743,407,484	(144,353,341)
Total Other Financing Sources	2,553,159,000	2,887,760,825	2,743,407,484	(144,353,341)
Total Revenues and Other Financing Sources	46,604,856,298	47,210,155,496	43,285,853,412	(3,924,302,084)
EXPENDITURES				
Public safety and criminal justice	3,735,125,273	3,925,234,780	3,266,581,527	658,653,253
Physical and mental health	12,193,413,156	12,436,761,887	11,566,222,792	870,539,095
Educational, cultural, and intellectual development	15,071,850,585	14,769,942,844	14,919,997,551	(150,054,707)
Community development and environmental management	2,151,985,767	2,136,099,857	1,515,974,001	620,125,856
Economic planning, development, and security	4,753,534,812	4,800,561,268	4,239,128,450	561,432,818
Transportation programs	741,395,275	659,918,715	577,065,136	82,853,579
Government direction, management, and control	6,457,367,200	6,845,782,660	6,562,345,010	283,437,650
Special government services	445,383,560	451,079,181	340,948,281	110,130,900
Total Expenditures	45,550,055,628	46,025,381,192	42,988,262,748	3,037,118,444
OTHER FINANCING USES				
Transfers to other funds	1,108,650,368	1,441,387,368	1,108,650,368	332,737,000
Total Other Financing Uses	1,108,650,368	1,441,387,368	1,108,650,368	332,737,000
Total Expenditures and Other Financing Uses	46,658,705,996	47,466,768,560	44,096,913,116	3,369,855,444
Net Change in Fund Balance	(53,849,698)	(256,613,064)	(811,059,704)	(554,446,640)
Fund Balances - July 1, 2011	692,950,000	869,929,867	869,929,867	-
Fund Balances - June 30, 2012	\$ 639,100,302	\$ 613,316,803	\$ 58,870,163	\$ (554,446,640)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<u>General Fund</u>	<u>Property Tax Relief Fund</u>
Sources/inflows of resources:		
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 31,534,182,853	\$ 11,751,670,559
Differences - budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	1,323,018,257	-
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.	504,827,941	-
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.	<u>1,336,671,250</u>	<u>-</u>
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 34,698,700,301</u>	<u>\$ 11,751,670,559</u>
GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:		
Total revenues	\$ 30,113,793,654	
Transfers from other funds	2,743,407,458	
Other sources	<u>1,841,499,189</u>	
Total revenues and other financing sources	<u>\$ 34,698,700,301</u>	

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - MAJOR FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**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	\$ 31,917,464,903	\$ 12,179,448,213
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.	(1,194,128,431)	(2,799,172)
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.	1,473,692,854	32,849
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	8,669,114	-
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	1,323,018,257	-
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.	504,827,941	-
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	1,336,671,250	-
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 35,370,215,888	\$ 12,176,681,890
 GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds reconciliation:		
Total expenditures	\$ 32,537,637,428	
Transfers to other funds	1,113,701,289	
Other uses	1,718,877,171	
Total expenditures and other financing uses	\$ 35,370,215,888	

STATE OF NEW JERSEY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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, 2009	-	56,782,500,000	56,782,500,000	-	20,794,400,000	273.1%
June 30, 2010	-	59,281,900,000	59,281,900,000	-	20,870,000,000	284.1%
June 30, 2011	-	48,949,700,000	48,949,700,000	-	20,286,700,000	241.3%
PERS - State						
June 30, 2009	10,692,585,100	18,947,194,579	8,254,609,479	56.4%	4,627,092,235	178.4%
June 30, 2010	10,252,640,127	17,429,178,021	7,176,537,894	58.8%	4,564,850,886	157.2%
June 30, 2011	9,938,069,705	18,290,829,021	8,352,759,316	54.3%	4,608,926,826	181.2%
PERS - Local						
June 30, 2009	18,165,648,669	25,523,208,576	7,357,559,907	71.2%	7,368,354,906	99.9%
June 30, 2010	18,481,952,370	23,918,658,044	5,436,705,674	77.3%	7,416,503,897	73.3%
June 30, 2011	18,996,299,489	24,679,095,575	5,682,796,086	77.0%	7,000,115,900	81.2%
TPAF						
June 30, 2009	34,838,211,259	54,576,061,024	19,737,849,765	63.8%	9,747,020,060	202.5%
June 30, 2010	33,265,326,627	49,543,347,849	16,278,021,222	67.1%	10,025,401,658	162.4%
June 30, 2011	32,289,888,420	51,406,540,290	19,116,651,870	62.8%	9,682,318,739	197.4%
PFRS - State						
June 30, 2009	2,254,766,935	3,993,259,480	1,738,492,545	56.5%	525,862,047	330.6%
June 30, 2010	2,190,654,958	3,672,361,258	1,481,706,300	59.7%	530,747,536	279.2%
June 30, 2011	2,143,492,414	3,926,525,679	1,783,033,265	54.6%	526,058,270	338.9%
PFRS - Local						
June 30, 2009	20,724,453,343	28,448,841,765	7,724,388,422	72.8%	3,147,812,476	245.4%
June 30, 2010	20,367,865,987	25,601,998,126	5,234,132,139	79.6%	3,189,786,833	164.1%
June 30, 2011	21,027,839,958	26,978,632,188	5,950,792,230	77.9%	3,123,358,027	190.5%
SPRS						
June 30, 2009	2,063,962,877	2,825,455,568	761,492,691	73.0%	287,267,502	265.1%
June 30, 2010	2,019,350,048	2,497,094,137	477,744,089	80.9%	289,980,657	164.8%
June 30, 2011	2,002,813,881	2,581,950,846	579,136,965	77.6%	275,219,752	210.4%
JRS						
June 30, 2009	354,399,646	594,043,375	239,643,729	59.7%	70,133,372	341.7%
June 30, 2010	329,030,387	554,540,403	225,510,016	59.3%	71,746,413	314.3%
June 30, 2011	305,245,844	585,700,787	280,454,943	52.1%	67,437,125	415.9%
CPFPPF						
June 30, 2009	13,515,949	14,024,132	508,183	96.4%	-	N/A
June 30, 2010	10,632,228	11,824,904	1,192,676	89.9%	-	N/A
June 30, 2011	8,126,894	9,179,981	1,053,087	88.5%	-	N/A
POPF						
June 30, 2009	11,986,919	6,136,441	(5,850,478)	195.3%	-	N/A
June 30, 2010	11,018,367	5,635,024	(5,383,343)	195.5%	-	N/A
June 30, 2011	9,997,650	5,096,792	(4,900,858)	196.2%	-	N/A

Note: Fiscal Year Pension Actuarial Reports, prepared as of July 1, are available at <http://www.state.nj.us/treasury/pensions/actuarial-rpts.htm>.

*Combining
Financial Statements*

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND
JUNE 30, 2012**

	<u>General Fund</u>	<u>Beaches and Harbor Fund</u>	<u>2007 Blue Acres Fund</u>
ASSETS			
Cash and cash equivalents	\$ 30,861,411	\$ 257,240	\$ 347,229
Investments	594,553,915	656,393	1,343,496
Receivables, net of allowances for uncollectibles			
Federal government	458,583,519	-	-
Departmental accounts	1,985,912,853	-	-
Loans	24,461,703	-	-
Other	172,823,084	-	-
Due from other funds	867,840,869	-	-
Other	4,986,001	-	-
Total Assets	<u>\$ 4,140,023,355</u>	<u>\$ 913,633</u>	<u>\$ 1,690,725</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 1,371,923,310	\$ -	\$ 89,985
Deferred revenue	269,582,724	-	-
Due to other funds	237,539,106	1,280	-
Other	200,483,708	-	-
Total Liabilities	<u>2,079,528,848</u>	<u>1,280</u>	<u>89,985</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	90,024,387	912,353	1,600,740
Committed	1,529,098,445	-	-
Unassigned	441,371,675	-	-
Total Fund Balances	<u>2,060,494,507</u>	<u>912,353</u>	<u>1,600,740</u>
Total Liabilities and Fund Balances	<u>\$ 4,140,023,355</u>	<u>\$ 913,633</u>	<u>\$ 1,690,725</u>

<u>Clean Waters Fund</u>	<u>Cultural Centers and Historic Preservation Fund</u>	<u>2003 Dam, Lake, and Stream Project Revolving Loan Fund</u>	<u>2003 Dam, Lake, Stream and Flood Control Project Fund</u>
\$ 52,829	\$ 15,250	\$ 1,053,623	\$ 542,940
20,121	71,996	34,995,066	13,437,070
-	-	-	-
-	-	-	-
-	-	45,585,161	-
-	24,000	228,617	-
-	-	-	12,241
-	-	-	-
<u>\$ 72,950</u>	<u>\$ 111,246</u>	<u>\$ 81,862,467</u>	<u>\$ 13,992,251</u>
\$ -	\$ 10,000	\$ -	\$ -
-	-	-	-
43	100,112	-	22,770
-	-	-	-
<u>43</u>	<u>110,112</u>	<u>-</u>	<u>22,770</u>
-	-	-	-
72,907	1,134	81,862,467	13,969,481
-	-	-	-
-	-	-	-
<u>72,907</u>	<u>1,134</u>	<u>81,862,467</u>	<u>13,969,481</u>
<u>\$ 72,950</u>	<u>\$ 111,246</u>	<u>\$ 81,862,467</u>	<u>\$ 13,992,251</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>1992 Dam Restoration and Clean Waters Trust Fund</u>	<u>1989 Development Potential Bank Transfer Fund</u>	<u>Developmental Disabilities Waiting List Reduction Fund</u>
ASSETS			
Cash and cash equivalents	\$ 3,374,166	\$ 33,654	\$ 425,063
Investments	8,847,730	2,035,096	3,185,433
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	5,397,761	-	-
Other	38,074	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 17,657,731</u>	<u>\$ 2,068,750</u>	<u>\$ 3,610,496</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 135,000
Deferred revenue	-	-	-
Due to other funds	-	29,258	6,041
Other	-	-	-
Total Liabilities	<u>-</u>	<u>29,258</u>	<u>141,041</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	17,657,731	2,039,492	3,469,455
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>17,657,731</u>	<u>2,039,492</u>	<u>3,469,455</u>
Total Liabilities and Fund Balances	<u>\$ 17,657,731</u>	<u>\$ 2,068,750</u>	<u>\$ 3,610,496</u>

<u>Dredging and Containment Facility Fund</u>	<u>1996 Economic Development Site Fund</u>	<u>Emergency Flood Control Fund</u>	<u>Emergency Services Fund</u>
\$ 219,581	\$ 55,578	\$ 127,787	\$ 114,248
710,378	7,823	225,807	2,103,350
-	-	-	-
-	-	-	-
-	423,892	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 929,959</u>	<u>\$ 487,293</u>	<u>\$ 353,594</u>	<u>\$ 2,217,598</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
711,000	-	350	-
-	-	-	-
<u>711,000</u>	<u>-</u>	<u>350</u>	<u>-</u>
-	-	-	-
218,959	487,293	353,244	-
-	-	-	2,217,598
-	-	-	-
<u>218,959</u>	<u>487,293</u>	<u>353,244</u>	<u>2,217,598</u>
<u>\$ 929,959</u>	<u>\$ 487,293</u>	<u>\$ 353,594</u>	<u>\$ 2,217,598</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>1996 Environmental Cleanup Fund</u>	<u>1989 Farmland Preservation Fund</u>	<u>1992 Farmland Preservation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 18,990	\$ 8,998	\$ 47,757
Investments	1,440,640	32,935	452,793
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 500,550</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	-	-	451,778
Other	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>451,778</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	1,459,630	41,933	48,772
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>1,459,630</u>	<u>41,933</u>	<u>48,772</u>
Total Liabilities and Fund Balances	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 500,550</u>

<u>1995 Farmland Preservation Fund</u>	<u>2007 Farmland Preservation Fund</u>	<u>2009 Farmland Preservation Fund</u>	<u>2007 Green Acres Fund</u>
\$ 2,253	\$ -	\$ 133,600	\$ 692,047
2,551,014	29,387,954	195,260	27,203,612
-	-	-	-
-	-	-	-
-	-	-	222,500
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 2,553,267</u>	<u>\$ 29,387,954</u>	<u>\$ 328,860</u>	<u>\$ 28,118,159</u>
\$ 11,245	\$ 1,459,315	\$ 658,053	\$ 59,127
-	-	-	-
1,332,815	-	6,100,000	250,000
-	-	-	-
<u>1,344,060</u>	<u>1,459,315</u>	<u>6,758,053</u>	<u>309,127</u>
-	-	-	-
1,209,207	27,928,639	-	27,809,032
-	-	-	-
-	-	(6,429,193)	-
<u>1,209,207</u>	<u>27,928,639</u>	<u>(6,429,193)</u>	<u>27,809,032</u>
<u>\$ 2,553,267</u>	<u>\$ 29,387,954</u>	<u>\$ 328,860</u>	<u>\$ 28,118,159</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>2009 Green Acres Fund</u>	<u>Green Trust Fund</u>	<u>Hazardous Discharge Fund of 1981</u>
ASSETS			
Cash and cash equivalents	\$ 47,468	\$ 1,201,440	\$ 711
Investments	325,161	32,174,235	180,518
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	32,163,034	-
Other	-	147,215	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 372,629</u>	<u>\$ 65,685,924</u>	<u>\$ 181,229</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	8,500,000	-	280
Other	-	-	-
Total Liabilities	<u>8,500,000</u>	<u>-</u>	<u>280</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	-	65,685,924	180,949
Committed	-	-	-
Unassigned	(8,127,371)	-	-
Total Fund Balances	<u>(8,127,371)</u>	<u>65,685,924</u>	<u>180,949</u>
Total Liabilities and Fund Balances	<u>\$ 372,629</u>	<u>\$ 65,685,924</u>	<u>\$ 181,229</u>

<u>Hazardous Discharge Fund of 1986</u>	<u>Higher Education Facility Renovation and Rehabilitation Fund</u>	<u>1992 Historic Preservation Fund</u>	<u>1995 Historic Preservation Fund</u>
\$ 1,089,335	\$ 16,354	\$ 192,209	\$ 29,783
18,901,528	121,247	145,728	91,904
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 337,937</u>	<u>\$ 121,687</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	274,805	62,233
-	-	-	-
<u>-</u>	<u>-</u>	<u>274,805</u>	<u>62,233</u>
-	-	-	-
19,990,863	137,601	63,132	59,454
-	-	-	-
-	-	-	-
<u>19,990,863</u>	<u>137,601</u>	<u>63,132</u>	<u>59,454</u>
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 337,937</u>	<u>\$ 121,687</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>2007 Historic Preservation fund</u>	<u>2009 Historic Preservation Fund</u>	<u>Historic Preservation Revolving Loan Fund</u>
ASSETS			
Cash and cash equivalents	\$ 48,873	\$ -	\$ 471,320
Investments	680,615	210,033	4,059,674
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	34,072
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 729,488</u>	<u>\$ 210,033</u>	<u>\$ 4,565,066</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 319,842	\$ -
Deferred revenue	-	-	-
Due to other funds	-	1,350,000	-
Other	-	-	-
Total Liabilities	<u>-</u>	<u>1,669,842</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	729,488	-	4,565,066
Committed	-	-	-
Unassigned	-	(1,459,809)	-
Total Fund Balances	<u>729,488</u>	<u>(1,459,809)</u>	<u>4,565,066</u>
Total Liabilities and Fund Balances	<u>\$ 729,488</u>	<u>\$ 210,033</u>	<u>\$ 4,565,066</u>

<u>Housing Assistance Fund</u>	<u>Jobs, Education and Competitiveness Fund</u>	<u>Judiciary Superior Court - Miscellaneous Fund</u>	<u>1996 Lake Restoration Fund</u>	<u>Long Term Obligation and Capital Expenditure Fund</u>
\$ 638,856	\$ 138,037	\$ 297,822	\$ 432,236	\$ -
4,115,726	472,105	646,179	541,894	-
-	-	-	-	-
-	-	-	-	-
1,284,776	-	-	650,191	-
1,051	-	-	1,337	-
-	-	-	-	5,244,970
-	-	-	-	-
<u>\$ 6,040,409</u>	<u>\$ 610,142</u>	<u>\$ 944,001</u>	<u>\$ 1,625,658</u>	<u>\$ 5,244,970</u>
\$ -	\$ -	\$ 940,584	\$ -	\$ 2,773
-	-	-	-	-
7,425	472,835	3,417	-	-
-	-	-	-	-
<u>7,425</u>	<u>472,835</u>	<u>944,001</u>	<u>-</u>	<u>2,773</u>
-	-	-	-	-
6,032,984	137,307	-	1,625,658	-
-	-	-	-	5,242,197
-	-	-	-	-
<u>6,032,984</u>	<u>137,307</u>	<u>-</u>	<u>1,625,658</u>	<u>5,242,197</u>
<u>\$ 6,040,409</u>	<u>\$ 610,142</u>	<u>\$ 944,001</u>	<u>\$ 1,625,658</u>	<u>\$ 5,244,970</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>Mortgage Assistance Fund</u>	<u>Natural Resources Fund</u>	<u>1995 New Jersey Coastal Blue Acres Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 67,624	\$ 4,705	\$ 541,202
Investments	2,302,238	1,386,373	1,894,728
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	13,809,839	-	592,362
Other	887,339	-	3,728
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 17,067,040</u>	<u>\$ 1,391,078</u>	<u>\$ 3,032,020</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	891,163	2,214	-
Other	-	-	-
Total Liabilities	<u>891,163</u>	<u>2,214</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	16,175,877	1,388,864	3,032,020
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>16,175,877</u>	<u>1,388,864</u>	<u>3,032,020</u>
Total Liabilities and Fund Balances	<u>\$ 17,067,040</u>	<u>\$ 1,391,078</u>	<u>\$ 3,032,020</u>

<u>New Jersey Cultural Trust Fund</u>	<u>New Jersey Federal-State Rural Rehabilitation Fund</u>	<u>1989 New Jersey Green Acres Fund</u>	<u>1992 New Jersey Green Acres Fund</u>	<u>1995 New Jersey Green Acres Fund</u>
\$ 1,187,906	\$ 362	\$ 113	\$ 467,706	\$ 10,964
20,038,181	699,016	1,848,452	167	938,454
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
35,419	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 21,261,506</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 949,418</u>
\$ 79,767	\$ -	\$ -	\$ -	\$ 89
-	-	-	-	-
-	-	-	-	841,138
-	-	-	-	-
<u>79,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>841,227</u>
20,000,000	-	-	-	-
-	-	1,848,565	467,873	108,191
1,181,739	699,378	-	-	-
-	-	-	-	-
<u>21,181,739</u>	<u>699,378</u>	<u>1,848,565</u>	<u>467,873</u>	<u>108,191</u>
<u>\$ 21,261,506</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 949,418</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>1989 New Jersey Green Trust Fund</u>	<u>1992 New Jersey Green Trust Fund</u>	<u>1995 New Jersey Green Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 2,327,079	\$ 2,106,122	\$ 1,750,932
Investments	36,164,125	12,316,357	7,141,507
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	22,998,221	19,914,231	33,328,015
Other	142,019	102,785	199,351
Due from other funds	-	-	17,334
Other	-	-	-
Total Assets	<u>\$ 61,631,444</u>	<u>\$ 34,439,495</u>	<u>\$ 42,437,139</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 60,229	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	-	17,334	-
Other	-	-	-
Total Liabilities	<u>60,229</u>	<u>17,334</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	61,571,215	34,422,161	42,437,139
Committed	-	-	-
Unassigned	-	-	-
Total Fund Balances	<u>61,571,215</u>	<u>34,422,161</u>	<u>42,437,139</u>
Total Liabilities and Fund Balances	<u>\$ 61,631,444</u>	<u>\$ 34,439,495</u>	<u>\$ 42,437,139</u>

1995 New Jersey Inland Blue Acres Fund	New Jersey Local Development Financing Fund	Pinelands Infrastructure Trust Fund	Resource Recovery and Solid Waste Disposal Facility Fund	Shore Protection Fund
\$ 1,147	\$ -	\$ 125,115	\$ 33,533	\$ 253,157
2,992	29,439,559	10,383,037	461,010	8,061,893
-	-	-	-	-
-	-	-	-	-
-	21,386,752	903,285	-	246,843
-	42,325	10,828	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,139</u>	<u>\$ 50,868,636</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,561,893</u>
\$ -	\$ 37,560	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	12,984
-	-	-	-	-
<u>-</u>	<u>37,560</u>	<u>-</u>	<u>-</u>	<u>12,984</u>
-	-	-	-	-
4,139	50,831,076	11,422,265	494,543	8,548,909
-	-	-	-	-
-	-	-	-	-
<u>4,139</u>	<u>50,831,076</u>	<u>11,422,265</u>	<u>494,543</u>	<u>8,548,909</u>
<u>\$ 4,139</u>	<u>\$ 50,868,636</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,561,893</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>State Land Acquisition and Development Fund</u>	<u>State of New Jersey Tischler Memorial Fund</u>	<u>Stormwater Management and Combined Sewer Overflow Abatement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 124,161	\$ -	\$ 65,955
Investments	240,512	806,448	2,651,888
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 364,673</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	567	-	-
Other	-	-	-
Total Liabilities	<u>567</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	416,073	-
Restricted	364,106	-	2,717,843
Committed	-	390,375	-
Unassigned	-	-	-
Total Fund Balances	<u>364,106</u>	<u>806,448</u>	<u>2,717,843</u>
Total Liabilities and Fund Balances	<u>\$ 364,673</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>

Unclaimed Personal Property Trust Fund	Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund	1992 Wastewater Treatment Fund	Water Conservation Fund	2003 Water Resources and Wastewater Treatment Fund
\$ -	\$ 599,540	\$ 2,010,654	\$ 87,938	\$ 118,235
159,324,538	12,900,444	20,145,660	704,726	12,943,756
-	-	-	-	-
-	-	-	-	-
-	8,516,703	20,958,350	-	25,995,616
-	-	-	-	-
306,586	-	-	-	-
-	-	-	-	-
<u>\$ 159,631,124</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 792,664</u>	<u>\$ 39,057,607</u>

\$ 124,762,610	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
2,995,252	-	-	1,091	-
-	-	-	-	-
<u>127,757,862</u>	<u>-</u>	<u>-</u>	<u>1,091</u>	<u>-</u>

-	-	-	-	-
-	22,016,687	43,114,664	791,573	39,057,607
31,873,262	-	-	-	-
-	-	-	-	-
<u>31,873,262</u>	<u>22,016,687</u>	<u>43,114,664</u>	<u>791,573</u>	<u>39,057,607</u>
<u>\$ 159,631,124</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 792,664</u>	<u>\$ 39,057,607</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
GENERAL FUND (Continued)
JUNE 30, 2012**

	<u>Water Supply Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
ASSETS			
Cash and cash equivalents	\$ 372,530	\$ -	\$ 55,245,368
Investments	75,622,769	-	1,204,543,259
Receivables, net of allowances for uncollectibles			
Federal government	-	-	458,583,519
Departmental accounts	-	-	1,985,912,853
Loans	101,160,659	-	380,033,966
Other	17,799	-	174,704,971
Due from other funds	-	(32,324,336)	841,097,664
Other	-	-	4,986,001
Total Assets	<u>\$ 177,173,757</u>	<u>\$ (32,324,336)</u>	<u>\$ 5,105,107,601</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 1,500,549,489
Deferred revenue	-	-	269,582,724
Due to other funds	4,106,580	(32,324,336)	233,759,535
Other	-	-	200,483,708
Total Liabilities	<u>4,106,580</u>	<u>(32,324,336)</u>	<u>2,204,375,456</u>
Fund Balances			
Nonspendable	-	-	20,416,073
Restricted	173,067,177	-	884,257,776
Committed	-	-	1,570,702,994
Unassigned	-	-	425,355,302
Total Fund Balances	<u>173,067,177</u>	<u>-</u>	<u>2,900,732,145</u>
Total Liabilities and Fund Balances	<u>\$ 177,173,757</u>	<u>\$ (32,324,336)</u>	<u>\$ 5,105,107,601</u>

(This page left intentionally blank)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General Fund</u>	<u>Beaches and Harbor Fund</u>	<u>2007 Blue Acres Fund</u>
REVENUES			
Taxes	\$ 13,322,342,618	\$ -	\$ -
Federal and other grants	11,426,543,840	-	-
Licenses and fees	1,167,970,915	-	-
Services and assessments	1,617,823,551	-	-
Investment earnings	1,352,304	1,280	7,236
Contributions	1,140	-	-
Other	<u>2,577,759,286</u>	-	-
Total Revenues	<u>30,113,793,654</u>	<u>1,280</u>	<u>7,236</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	3,249,627,443	-	-
Physical and mental health	11,394,035,518	-	-
Educational, cultural, and intellectual development	4,457,738,611	-	-
Community development and environmental management	1,221,350,885	440,000	6,222,819
Economic planning, development, and security	5,544,842,231	-	-
Transportation programs	516,302,027	-	-
Government direction, management, and control	5,413,481,651	-	247,149
Special government services	340,382,154	-	-
Capital Outlay	122,514,647	-	-
Debt Service:			
Principal	182,230,000	-	-
Interest	<u>95,132,261</u>	-	-
Total Expenditures	<u>32,537,637,428</u>	<u>440,000</u>	<u>6,469,968</u>
Excess (deficiency) of revenues over expenditures	<u>(2,423,843,774)</u>	<u>(438,720)</u>	<u>(6,462,732)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	2,743,407,458	-	-
Transfers to other funds	(1,113,701,289)	(1,280)	-
Other sources	1,841,499,189	-	-
Other uses	<u>(1,718,877,171)</u>	-	-
Total other financing sources (uses)	<u>1,752,328,187</u>	<u>(1,280)</u>	<u>-</u>
Net Change in Fund Balance	<u>(671,515,587)</u>	<u>(440,000)</u>	<u>(6,462,732)</u>
Fund Balances - July 1, 2011	<u>2,732,010,094</u>	<u>1,352,353</u>	<u>8,063,472</u>
Fund Balances - June 30, 2012	<u>\$ 2,060,494,507</u>	<u>\$ 912,353</u>	<u>\$ 1,600,740</u>

<u>Clean Waters Fund</u>	<u>Cultural Centers and Historic Preservation Fund</u>	<u>2003 Dam, Lake, and Stream Project Revolving Loan Fund</u>	<u>2003 Dam, Lake, Stream and Flood Control Project Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
43	112	57,688	22,770
-	-	-	-
-	-	797,949	-
<u>43</u>	<u>112</u>	<u>855,637</u>	<u>22,770</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	255,000	2,272,538
-	10,000	-	-
-	-	-	-
80,308	-	20,601	195,700
-	-	-	-
-	-	-	-
-	-	-	-
<u>80,308</u>	<u>10,000</u>	<u>275,601</u>	<u>2,468,238</u>
<u>(80,265)</u>	<u>(9,888)</u>	<u>580,036</u>	<u>(2,445,468)</u>
-	-	-	-
(43)	(112)	-	(22,770)
-	-	-	-
-	-	-	-
<u>(43)</u>	<u>(112)</u>	<u>-</u>	<u>(22,770)</u>
<u>(80,308)</u>	<u>(10,000)</u>	<u>580,036</u>	<u>(2,468,238)</u>
153,215	11,134	81,282,431	16,437,719
<u>\$ 72,907</u>	<u>\$ 1,134</u>	<u>\$ 81,862,467</u>	<u>\$ 13,969,481</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1992 Dam Restoration and Clean Waters Trust Fund</u>	<u>1989 Development Potential Bank Transfer Fund</u>	<u>Developmental Disabilities Waiting List Reduction Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	13,762	8,354	6,041
Contributions	-	-	-
Other	112,691	-	-
Total Revenues	<u>126,453</u>	<u>8,354</u>	<u>6,041</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	1,091,846
Community development and environmental management	-	5,150,500	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	388,085	448,494	-
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>388,085</u>	<u>5,598,994</u>	<u>1,091,846</u>
Excess (deficiency) of revenues over expenditures	<u>(261,632)</u>	<u>(5,590,640)</u>	<u>(1,085,805)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	(29,258)	(6,041)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(29,258)</u>	<u>(6,041)</u>
Net Change in Fund Balance	<u>(261,632)</u>	<u>(5,619,898)</u>	<u>(1,091,846)</u>
Fund Balances - July 1, 2011	<u>17,919,363</u>	<u>7,659,390</u>	<u>4,561,301</u>
Fund Balances - June 30, 2012	<u>\$ 17,657,731</u>	<u>\$ 2,039,492</u>	<u>\$ 3,469,455</u>

<u>Dredging and Containment Facility Fund</u>	<u>1996 Economic Development Site Fund</u>	<u>Emergency Flood Control Fund</u>	<u>Emergency Services Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
1,636	12	350	6,408
-	-	-	-
-	-	-	-
<u>1,636</u>	<u>12</u>	<u>350</u>	<u>6,408</u>
-	-	-	3,499,675
-	-	-	-
-	-	-	-
215,000	-	-	4,410
-	-	-	-
90,381	-	-	-
51,350	1,250,000	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>356,731</u>	<u>1,250,000</u>	<u>-</u>	<u>3,504,085</u>
<u>(355,095)</u>	<u>(1,249,988)</u>	<u>350</u>	<u>(3,497,677)</u>
-	-	-	-
(711,000)	-	(350)	-
-	-	-	-
-	-	-	-
<u>(711,000)</u>	<u>-</u>	<u>(350)</u>	<u>-</u>
<u>(1,066,095)</u>	<u>(1,249,988)</u>	<u>-</u>	<u>(3,497,677)</u>
1,285,054	1,737,281	353,244	5,715,275
<u>\$ 218,959</u>	<u>\$ 487,293</u>	<u>\$ 353,244</u>	<u>\$ 2,217,598</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1996 Environmental Cleanup Fund</u>	<u>1989 Farmland Preservation Fund</u>	<u>1992 Farmland Preservation Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	2,577	59	700
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>2,577</u>	<u>59</u>	<u>700</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	164,175	-	9,600
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	22,699	451,778
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>164,175</u>	<u>22,699</u>	<u>461,378</u>
Excess (deficiency) of revenues over expenditures	<u>(161,598)</u>	<u>(22,640)</u>	<u>(460,678)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(161,598)</u>	<u>(22,640)</u>	<u>(460,678)</u>
Fund Balances - July 1, 2011	<u>1,621,228</u>	<u>64,573</u>	<u>509,450</u>
Fund Balances - June 30, 2012	<u>\$ 1,459,630</u>	<u>\$ 41,933</u>	<u>\$ 48,772</u>

<u>1995 Farmland Preservation Fund</u>	<u>2007 Farmland Preservation Fund</u>	<u>2009 Farmland Preservation Fund</u>	<u>2007 Green Acres Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
4,160	53,325	260	60,612
-	-	-	-
-	-	-	1,137
<u>4,160</u>	<u>53,325</u>	<u>260</u>	<u>61,749</u>
-	-	-	-
-	-	-	-
-	-	-	-
322,838	9,516,414	6,429,453	19,893,597
-	-	-	-
-	-	-	-
1,500,797	1,503,489	-	1,112,170
-	-	-	-
-	-	-	-
-	-	-	-
<u>1,823,635</u>	<u>11,019,903</u>	<u>6,429,453</u>	<u>21,005,767</u>
<u>(1,819,475)</u>	<u>(10,966,578)</u>	<u>(6,429,193)</u>	<u>(20,944,018)</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>(1,819,475)</u>	<u>(10,966,578)</u>	<u>(6,429,193)</u>	<u>(20,944,018)</u>
3,028,682	38,895,217	-	48,753,050
<u>\$ 1,209,207</u>	<u>\$ 27,928,639</u>	<u>\$ (6,429,193)</u>	<u>\$ 27,809,032</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2009 Green Acres Fund</u>	<u>Green Trust Fund</u>	<u>Hazardous Discharge Fund of 1981</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	161	53,802	280
Contributions	-	-	-
Other	-	744,717	-
Total Revenues	<u>161</u>	<u>798,519</u>	<u>280</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	8,127,532	7,759,541	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	1,181,082	-
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>8,127,532</u>	<u>8,940,623</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(8,127,371)</u>	<u>(8,142,104)</u>	<u>280</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	(280)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(280)</u>
Net Change in Fund Balance	<u>(8,127,371)</u>	<u>(8,142,104)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>-</u>	<u>73,828,028</u>	<u>180,949</u>
Fund Balances - June 30, 2012	<u>\$ (8,127,371)</u>	<u>\$ 65,685,924</u>	<u>\$ 180,949</u>

<u>Hazardous Discharge Fund of 1986</u>	<u>Higher Education Facility Renovation and Rehabilitation Fund</u>	<u>1992 Historic Preservation Fund</u>	<u>1995 Historic Preservation Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
29,230	188	226	143
-	-	-	-
-	-	-	-
<u>29,230</u>	<u>188</u>	<u>226</u>	<u>143</u>
-	-	-	-
-	-	-	-
-	-	-	-
226,555	-	-	-
-	-	21,342	-
-	-	-	-
-	-	-	64,293
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>226,555</u>	<u>-</u>	<u>21,342</u>	<u>64,293</u>
<u>(197,325)</u>	<u>188</u>	<u>(21,116)</u>	<u>(64,150)</u>
166,083	-	-	-
-	-	(274,805)	-
-	-	-	-
-	-	-	-
<u>166,083</u>	<u>-</u>	<u>(274,805)</u>	<u>-</u>
<u>(31,242)</u>	<u>188</u>	<u>(295,921)</u>	<u>(64,150)</u>
20,022,105	137,413	359,053	123,604
<u>\$ 19,990,863</u>	<u>\$ 137,601</u>	<u>\$ 63,132</u>	<u>\$ 59,454</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>2007 Historic Preservation Fund</u>	<u>2009 Historic Preservation Fund</u>	<u>Historic Preservation Revolving Loan Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	1,205	33	6,288
Contributions	-	-	-
Other	-	-	1,624
Total Revenues	<u>1,205</u>	<u>33</u>	<u>7,912</u>
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	239,527	1,459,842	-
Transportation programs	-	-	-
Government direction, management, and control	41,191	-	50,582
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>280,718</u>	<u>1,459,842</u>	<u>50,582</u>
Excess (deficiency) of revenues over expenditures	<u>(279,513)</u>	<u>(1,459,809)</u>	<u>(42,670)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(279,513)</u>	<u>(1,459,809)</u>	<u>(42,670)</u>
Fund Balances - July 1, 2011	<u>1,009,001</u>	<u>-</u>	<u>4,607,736</u>
Fund Balances - June 30, 2012	<u>\$ 729,488</u>	<u>\$ (1,459,809)</u>	<u>\$ 4,565,066</u>

<u>Housing Assistance Fund</u>	<u>Jobs, Education and Competitiveness Fund</u>	<u>1996 Lake Restoration Fund</u>	<u>Long Term Obligation and Capital Expenditure Fund</u>
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
6,374	731	942	-
-	-	-	-
1,051	-	13,907	-
<u>7,425</u>	<u>731</u>	<u>14,849</u>	<u>-</u>
-	-	-	73,441
-	-	-	-
-	-	-	614,888
-	-	-	-
-	-	-	-
-	-	-	-
-	472,104	511,242	93,902
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	472,104	511,242	782,231
<u>7,425</u>	<u>(471,373)</u>	<u>(496,393)</u>	<u>(782,231)</u>
-	-	-	-
(7,425)	(731)	-	-
-	-	-	-
-	-	-	-
<u>(7,425)</u>	<u>(731)</u>	<u>-</u>	<u>-</u>
-	(472,104)	(496,393)	(782,231)
6,032,984	609,411	2,122,051	6,024,428
<u>\$ 6,032,984</u>	<u>\$ 137,307</u>	<u>\$ 1,625,658</u>	<u>\$ 5,242,197</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Mortgage Assistance Fund</u>	<u>Natural Resources Fund</u>	<u>1995 New Jersey Coastal Blue Acres Trust Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	3,824	2,214	3,004
Contributions	-	-	-
Other	1,698,339	-	12,399
Total Revenues	<u>1,702,163</u>	<u>2,214</u>	<u>15,403</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	33,586	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	177,841	359,707
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>-</u>	<u>211,427</u>	<u>359,707</u>
Excess (deficiency) of revenues over expenditures	<u>1,702,163</u>	<u>(209,213)</u>	<u>(344,304)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(891,163)	(2,214)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(891,163)</u>	<u>(2,214)</u>	<u>-</u>
Net Change in Fund Balance	<u>811,000</u>	<u>(211,427)</u>	<u>(344,304)</u>
Fund Balances - July 1, 2011	<u>15,364,877</u>	<u>1,600,291</u>	<u>3,376,324</u>
Fund Balances - June 30, 2012	<u>\$ 16,175,877</u>	<u>\$ 1,388,864</u>	<u>\$ 3,032,020</u>

<u>New Jersey Cultural Trust Fund</u>	<u>New Jersey Federal-State Rural Rehabilitation Fund</u>	<u>1989 New Jersey Green Acres Fund</u>	<u>1992 New Jersey Green Acres Fund</u>	<u>1995 New Jersey Green Acres Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
269,674	1,081	3,191	168	2,695
-	-	-	-	-
-	-	-	-	-
<u>269,674</u>	<u>1,081</u>	<u>3,191</u>	<u>168</u>	<u>2,695</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	9,333	-	249,765
-	-	-	-	-
-	-	-	-	-
608,937	-	1,629,831	820,642	3,882,797
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>608,937</u>	<u>-</u>	<u>1,639,164</u>	<u>820,642</u>	<u>4,132,562</u>
<u>(339,263)</u>	<u>1,081</u>	<u>(1,635,973)</u>	<u>(820,474)</u>	<u>(4,129,867)</u>
500,000	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
160,737	1,081	(1,635,973)	(820,474)	(4,129,867)
21,021,002	698,297	3,484,538	1,288,347	4,238,058
<u>\$ 21,181,739</u>	<u>\$ 699,378</u>	<u>\$ 1,848,565</u>	<u>\$ 467,873</u>	<u>\$ 108,191</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>1989 New Jersey Green Trust Fund</u>	<u>1992 New Jersey Green Trust Fund</u>	<u>1995 New Jersey Green Trust Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	54,654	22,477	16,216
Contributions	-	-	-
Other	510,717	405,397	782,388
Total Revenues	<u>565,371</u>	<u>427,874</u>	<u>798,604</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	3,443,379	3,565,412	2,224,322
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	3,008,537	3,951,732	7,548,391
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>6,451,916</u>	<u>7,517,144</u>	<u>9,772,713</u>
Excess (deficiency) of revenues over expenditures	<u>(5,886,545)</u>	<u>(7,089,270)</u>	<u>(8,974,109)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(5,886,545)</u>	<u>(7,089,270)</u>	<u>(8,974,109)</u>
Fund Balances - July 1, 2011	<u>67,457,760</u>	<u>41,511,431</u>	<u>51,411,248</u>
Fund Balances - June 30, 2012	<u>\$ 61,571,215</u>	<u>\$ 34,422,161</u>	<u>\$ 42,437,139</u>

1995 New Jersey Inland Blue Acres Fund	New Jersey Local Development Financing Fund	Pinelands Infrastructure Trust Fund	Resource Recovery and Solid Waste Disposal Facility Fund	Shore Protection Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	52,267	-	-	-
-	-	-	-	-
5	12,061	15,575	748	12,984
-	-	-	-	-
-	668,341	35,869	-	-
<u>5</u>	<u>732,669</u>	<u>51,444</u>	<u>748</u>	<u>12,984</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	673,771	-	-	-
-	-	-	-	-
-	-	826,466	173,299	1,893,875
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>673,771</u>	<u>826,466</u>	<u>173,299</u>	<u>1,893,875</u>
<u>5</u>	<u>58,898</u>	<u>(775,022)</u>	<u>(172,551)</u>	<u>(1,880,891)</u>
-	-	-	-	-
-	-	-	-	(12,984)
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,984)</u>
<u>5</u>	<u>58,898</u>	<u>(775,022)</u>	<u>(172,551)</u>	<u>(1,893,875)</u>
4,134	50,772,178	12,197,287	667,094	10,442,784
<u>\$ 4,139</u>	<u>\$ 50,831,076</u>	<u>\$ 11,422,265</u>	<u>\$ 494,543</u>	<u>\$ 8,548,909</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>State Land Acquisition and Development Fund</u>	<u>State of New Jersey Tischler Memorial Fund</u>	<u>Stormwater Management and Combined Sewer Overflow Abatement Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	567	1,233	4,107
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>567</u>	<u>1,233</u>	<u>4,107</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	237,116	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	62,050
Special government services	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>237,116</u>	<u>-</u>	<u>62,050</u>
Excess (deficiency) of revenues over expenditures	<u>(236,549)</u>	<u>1,233</u>	<u>(57,943)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	(567)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(567)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(237,116)</u>	<u>1,233</u>	<u>(57,943)</u>
Fund Balances - July 1, 2011	<u>601,222</u>	<u>805,215</u>	<u>2,775,786</u>
Fund Balances - June 30, 2012	<u>\$ 364,106</u>	<u>\$ 806,448</u>	<u>\$ 2,717,843</u>

<u>Unclaimed Personal Property Trust fund</u>	<u>Urban and Rural Centers Unsafe Buildings Demolition Revolving Loan Fund</u>	<u>1992 Wastewater Treatment Fund</u>	<u>Water Conservation Fund</u>	<u>2003 Water Resources and Wastewater Treatment Fund</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
9,418,444	18,239	32,613	1,091	33,900
-	-	-	-	-
191,394,536	19,488	-	-	-
<u>200,812,980</u>	<u>37,727</u>	<u>32,613</u>	<u>1,091</u>	<u>33,900</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,091,118	-	224,350	-	247,199
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,091,118	-	224,350	-	247,199
<u>196,721,862</u>	<u>37,727</u>	<u>(191,737)</u>	<u>1,091</u>	<u>(213,299)</u>
-	-	-	-	-
(264,017,612)	-	-	(1,091)	-
-	-	-	-	-
-	-	-	-	-
(264,017,612)	-	-	(1,091)	-
<u>(67,295,750)</u>	<u>37,727</u>	<u>(191,737)</u>	<u>-</u>	<u>(213,299)</u>
99,169,012	21,978,960	43,306,401	791,573	39,270,906
<u>\$ 31,873,262</u>	<u>\$ 22,016,687</u>	<u>\$ 43,114,664</u>	<u>\$ 791,573</u>	<u>\$ 39,057,607</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Water Supply Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 13,322,342,618
Federal and other grants	-	-	11,426,543,840
Licenses and fees	-	-	1,168,023,182
Services and assessments	-	-	1,617,823,551
Investment earnings	119,635	-	11,749,692
Contributions	-	-	1,140
Other	175,524	-	2,775,135,360
Total Revenues	<u>295,159</u>	<u>-</u>	<u>30,321,619,383</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	3,253,200,559
Physical and mental health	-	-	11,394,035,518
Educational, cultural, and intellectual development	-	-	4,459,445,345
Community development and environmental management	3,464,759	-	1,301,588,529
Economic planning, development, and security	-	-	5,547,246,713
Transportation programs	-	-	516,392,408
Government direction, management, and control	417,250	-	5,453,092,689
Special government services	-	-	340,382,154
Capital Outlay	-	-	122,514,647
Debt Service:			
Principal	-	-	182,230,000
Interest	-	-	95,132,261
Total Expenditures	<u>3,882,009</u>	<u>-</u>	<u>32,665,260,823</u>
Excess (deficiency) of revenues over expenditures	<u>(3,586,850)</u>	<u>-</u>	<u>(2,343,641,440)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	(270,752,388)	2,473,321,153
Transfers to other funds	(4,106,579)	270,752,388	(1,113,035,206)
Other sources	-	-	1,841,499,189
Other uses	-	-	(1,718,877,171)
Total other financing sources (uses)	<u>(4,106,579)</u>	<u>-</u>	<u>1,482,907,965</u>
Net Change in Fund Balance	<u>(7,693,429)</u>	<u>-</u>	<u>(860,733,475)</u>
Fund Balances - July 1, 2011	<u>180,760,606</u>	<u>-</u>	<u>3,761,465,620</u>
Fund Balances - June 30, 2012	<u>\$ 173,067,177</u>	<u>\$ -</u>	<u>\$ 2,900,732,145</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
JUNE 30, 2012**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 63,192,388	\$ 2,438,027	\$ 65,630,415
Investments	2,704,989,113	29,056,016	2,734,045,129
Receivables, net of allowances for uncollectibles			
Federal government	537,926	99,645,602	100,183,528
Departmental accounts	431,012,903	34,901,418	465,914,321
Loans	1,290,284,203	5,000,000	1,295,284,203
Other	190,304,472	32,719,248	223,023,720
Due from other funds	257,599,368	106,984,448	364,583,816
Other	6,198,444	-	6,198,444
Total Assets	<u>\$ 4,944,118,817</u>	<u>\$ 310,744,759</u>	<u>\$ 5,254,863,576</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 447,844,371	\$ 128,700,772	\$ 576,545,143
Deferred revenue	122,396,257	-	122,396,257
Due to other funds	428,011,664	134,668,304	562,679,968
Other	46,048,774	-	46,048,774
Total Liabilities	<u>1,044,301,066</u>	<u>263,369,076</u>	<u>1,307,670,142</u>
Fund Balances			
Restricted	3,478,942,716	15,653,190	3,494,595,906
Committed	420,875,035	31,722,493	452,597,528
Total Fund Balances	<u>3,899,817,751</u>	<u>47,375,683</u>	<u>3,947,193,434</u>
Total Liabilities and Fund Balances	<u>\$ 4,944,118,817</u>	<u>\$ 310,744,759</u>	<u>\$ 5,254,863,576</u>

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, 2012

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total Non-Major Governmental Funds</u>
REVENUES			
Taxes	\$ 1,563,804,021	\$ -	\$ 1,563,804,021
Federal and other grants	159,778,386	739,265,396	899,043,782
Licenses and fees	106,240,408	-	106,240,408
Services and assessments	1,242,523,086	436,811	1,242,959,897
Investment earnings	8,675,287	64,872	8,740,159
Contributions	79,135	-	79,135
Other	521,701,044	11,159,182	532,860,226
Total Revenues	<u>3,602,801,367</u>	<u>750,926,261</u>	<u>4,353,727,628</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	93,298,296	14,241,664	107,539,960
Physical and mental health	283,139,982	-	283,139,982
Educational, cultural, and intellectual development	219,293,973	7,096	219,301,069
Community development and environmental management	137,445,697	-	137,445,697
Economic planning, development, and security	1,340,581,807	56,632	1,340,638,439
Transportation programs	28,325,202	1,921,512,594	1,949,837,796
Government direction, management, and control	216,704,008	5,130,006	221,834,014
Special government services	169,518	-	169,518
Debt Service:			
Principal	398,244,311	-	398,244,311
Interest	825,519,418	-	825,519,418
Total Expenditures	<u>3,542,722,212</u>	<u>1,940,947,992</u>	<u>5,483,670,204</u>
Excess (deficiency) of revenues over expenditures	<u>60,079,155</u>	<u>(1,190,021,731)</u>	<u>(1,129,942,576)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	1,315,000,000	-	1,315,000,000
Transfers from other funds	1,141,973,637	1,169,498,617	2,311,472,254
Transfers to other funds	(2,721,634,077)	(33,008)	(2,721,667,085)
Other sources	447,649,309	-	447,649,309
Other uses	(395,657,456)	-	(395,657,456)
Total other financing sources (uses)	<u>(212,668,587)</u>	<u>1,169,465,609</u>	<u>956,797,022</u>
Net Change in Fund Balance	<u>(152,589,432)</u>	<u>(20,556,122)</u>	<u>(173,145,554)</u>
Fund Balances - July 1, 2011	<u>4,052,407,183</u>	<u>67,931,805</u>	<u>4,120,338,988</u>
Fund Balances - June 30, 2012	<u>\$ 3,899,817,751</u>	<u>\$ 47,375,683</u>	<u>\$ 3,947,193,434</u>

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2012**

	<u>Alcohol Education, Rehabilitation and Enforcement Fund</u>	<u>Atlantic City Parking Fees Fund</u>	<u>Atlantic City Projects-Room Fund</u>
ASSETS			
Cash and cash equivalents	\$ 154,064	\$ 42,864	\$ 353,382
Investments	6,782,350	59,978	4,331,452
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	2,704,317	858,301
Loans	-	-	-
Other	-	-	-
Due from other funds	1,833,333	-	1,049,568
Other	-	-	-
Total Assets	<u>\$ 8,769,747</u>	<u>\$ 2,807,159</u>	<u>\$ 6,592,703</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 939,111	\$ 2,356,439	\$ 6,592,703
Deferred revenue	-	-	-
Due to other funds	2,040,388	450,720	-
Other	-	-	-
Total Liabilities	<u>2,979,499</u>	<u>2,807,159</u>	<u>6,592,703</u>
Fund Balances			
Restricted	-	-	-
Committed	5,790,248	-	-
Total Fund Balances	<u>5,790,248</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 8,769,747</u>	<u>\$ 2,807,159</u>	<u>\$ 6,592,703</u>

<u>Atlantic City Tourism Promotion Fund</u>	<u>Board of Bar Examiners</u>	<u>Boarding House Rental Assistance Fund</u>	<u>Body Armor Replacement Fund</u>
\$ 2,911,162	\$ 11,280	\$ 749,548	\$ 1,612,015
847,347	6,664,218	168,456	4,530,485
-	-	-	-
1,988,869	-	-	-
-	-	349,605	-
-	-	2,947	-
-	-	-	10,535
-	-	-	-
<u>\$ 5,747,378</u>	<u>\$ 6,675,498</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>
\$ 4,697,810	\$ 1,675,315	\$ -	\$ -
-	-	-	-
1,049,568	-	-	-
-	-	-	-
<u>5,747,378</u>	<u>1,675,315</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	5,000,183	1,270,556	6,153,035
-	5,000,183	1,270,556	6,153,035
<u>\$ 5,747,378</u>	<u>\$ 6,675,498</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Casino Simulcasting Fund</u>
ASSETS			
Cash and cash equivalents	\$ 50,350	\$ -	\$ 291,369
Investments	-	-	18,252
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	8,866,439	44,824,396	28,286
Loans	-	-	-
Other	-	-	-
Due from other funds	2,049,222	1,241,324	-
Other	-	-	-
Total Assets	<u>\$ 10,966,011</u>	<u>\$ 46,065,720</u>	<u>\$ 337,907</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 4,062,144	\$ 13,392,439	\$ -
Deferred revenue	3,287,568	27,000	-
Due to other funds	-	-	337,907
Other	-	-	-
Total Liabilities	<u>7,349,712</u>	<u>13,419,439</u>	<u>337,907</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>3,616,299</u>	<u>32,646,281</u>	<u>-</u>
Total Fund Balances	<u>3,616,299</u>	<u>32,646,281</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 10,966,011</u>	<u>\$ 46,065,720</u>	<u>\$ 337,907</u>

<u>Casino Simulcasting Special Fund</u>	<u>Catastrophic Illness in Children Relief Fund</u>	<u>Clean Communities Account Fund</u>	<u>Clean Energy Fund</u>
\$ 405,582	\$ 1,101,640	\$ 878,008	\$ 6,560,293
2,101,034	551,096	3,012,944	140,661,221
-	-	-	-
216,974	7,673,304	500,178	27,426,581
-	-	-	-
-	-	-	24,027,336
-	443,555	-	-
-	-	-	-
<u>\$ 2,723,590</u>	<u>\$ 9,769,595</u>	<u>\$ 4,391,130</u>	<u>\$ 198,675,431</u>
\$ -	\$ 16,468	\$ 12,000	\$ 56,026,395
-	-	-	-
-	7,677,647	-	30,096,555
-	-	-	-
<u>-</u>	<u>7,694,115</u>	<u>12,000</u>	<u>86,122,950</u>
-	2,075,480	-	-
<u>2,723,590</u>	<u>-</u>	<u>4,379,130</u>	<u>112,552,481</u>
<u>2,723,590</u>	<u>2,075,480</u>	<u>4,379,130</u>	<u>112,552,481</u>
<u>\$ 2,723,590</u>	<u>\$ 9,769,595</u>	<u>\$ 4,391,130</u>	<u>\$ 198,675,431</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>Clean Water State Revolving Fund</u>	<u>Disciplinary Oversight Committee</u>	<u>Division of Motor Vehicles Surcharge Fund</u>
ASSETS			
Cash and cash equivalents	\$ 6,354,547	\$ 313,693	\$ 1,803,058
Investments	-	7,076,831	9,721
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	3,899,840
Loans	73,040,398	-	-
Other	-	-	-
Due from other funds	3,581,688	-	-
Other	-	-	-
Total Assets	<u>\$ 82,976,633</u>	<u>\$ 7,390,524</u>	<u>\$ 5,712,619</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 3,007,046	\$ 5,712,619
Deferred revenue	3,581,689	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	<u>3,581,689</u>	<u>3,007,046</u>	<u>5,712,619</u>
Fund Balances			
Restricted	79,394,944	-	-
Committed	-	4,383,478	-
Total Fund Balances	<u>79,394,944</u>	<u>4,383,478</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 82,976,633</u>	<u>\$ 7,390,524</u>	<u>\$ 5,712,619</u>

<u>Drinking Water State Revolving Fund</u>	<u>Emergency Medical Technician Training Fund</u>	<u>Enterprise Zone Assistance Fund</u>	<u>Fund for Support of Free Public Schools</u>
\$ 1,139,019	\$ 754,129	\$ 1,826,478	\$ 124,149
99,036,003	42,886	1,157,290	133,516,910
537,926	-	-	-
-	-	21,483,247	-
236,404,301	-	-	-
-	-	-	257,449
-	-	-	5,677,024
-	-	-	-
<u>\$ 337,117,249</u>	<u>\$ 797,015</u>	<u>\$ 24,467,015</u>	<u>\$ 139,575,532</u>
\$ 166,895	\$ 1,571	\$ -	\$ -
-	-	-	-
537,926	59,672	18,761,264	201,218
-	-	-	-
<u>704,821</u>	<u>61,243</u>	<u>18,761,264</u>	<u>201,218</u>
336,412,428	-	-	139,374,314
-	<u>735,772</u>	<u>5,705,751</u>	-
<u>336,412,428</u>	<u>735,772</u>	<u>5,705,751</u>	<u>139,374,314</u>
<u>\$ 337,117,249</u>	<u>\$ 797,015</u>	<u>\$ 24,467,015</u>	<u>\$ 139,575,532</u>

(Continued on the next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Garden State Farmland Preservation Trust Fund</u>	<u>Garden State Green Acres Preservation Trust Fund</u>	<u>Garden State Historic Preservation Trust Fund</u>
ASSETS			
Cash and cash equivalents	\$ 841,678	\$ 1,165,034	\$ 557,408
Investments	66,710,350	87,530,950	13,241,788
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	53,217,422	-
Other	-	287,145	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 67,552,028</u>	<u>\$ 142,200,551</u>	<u>\$ 13,799,196</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 637,969	\$ 532,985	\$ 99,734
Deferred revenue	-	-	-
Due to other funds	946,125	1,165,576	241,049
Other	-	-	-
Total Liabilities	<u>1,584,094</u>	<u>1,698,561</u>	<u>340,783</u>
Fund Balances			
Restricted	65,967,934	140,501,990	13,458,413
Committed	-	-	-
Total Fund Balances	<u>65,967,934</u>	<u>140,501,990</u>	<u>13,458,413</u>
Total Liabilities and Fund Balances	<u>\$ 67,552,028</u>	<u>\$ 142,200,551</u>	<u>\$ 13,799,196</u>

<u>Global Warming Solutions Fund</u>	<u>Gubernatorial Elections Fund</u>	<u>Hazardous Discharge Site Cleanup Fund</u>	<u>Health Care Subsidy Fund</u>
\$ -	\$ -	\$ 2,878,391	\$ 3,243,131
11,280,191	-	160,245,163	34,314,292
-	-	-	-
-	420,480	3,892,159	31,735,243
-	-	-	-
-	-	8,000,000	-
-	621,926	-	14,682,347
-	-	-	-
<u>\$ 11,280,191</u>	<u>\$ 1,042,406</u>	<u>\$ 175,015,713</u>	<u>\$ 83,975,013</u>
\$ 2,191,267	\$ -	\$ 94,701	\$ -
-	-	-	-
1,830,000	-	15,248,324	83,287,669
-	-	-	-
<u>4,021,267</u>	<u>-</u>	<u>15,343,025</u>	<u>83,287,669</u>
-	-	159,672,688	-
<u>7,258,924</u>	<u>1,042,406</u>	<u>-</u>	<u>687,344</u>
<u>7,258,924</u>	<u>1,042,406</u>	<u>159,672,688</u>	<u>687,344</u>
<u>\$ 11,280,191</u>	<u>\$ 1,042,406</u>	<u>\$ 175,015,713</u>	<u>\$ 83,975,013</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Horse Racing Injury Compensation Fund</u>	<u>Lead Hazard Control Assistance Fund</u>	<u>Luxury Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 147,847	\$ -	\$ 5,346
Investments	131,467	882,866	230,128
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	7,601,715
Loans	-	10,634,287	-
Other	-	215,840	-
Due from other funds	-	-	-
Other	-	-	-
Total Assets	<u>\$ 279,314</u>	<u>\$ 11,732,993</u>	<u>\$ 7,837,189</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 113,005	\$ 7,837,189
Deferred revenue	-	-	-
Due to other funds	-	521,056	-
Other	-	-	-
Total Liabilities	<u>-</u>	<u>634,061</u>	<u>7,837,189</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>279,314</u>	<u>11,098,932</u>	<u>-</u>
Total Fund Balances	<u>279,314</u>	<u>11,098,932</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 279,314</u>	<u>\$ 11,732,993</u>	<u>\$ 7,837,189</u>

<u>Mandatory Continuing Legal Education Fund</u>	<u>Mortgage Servicing Settlement Fund</u>	<u>Municipal Landfill Closure and Remediation Fund</u>	<u>New Home Warranty Security Fund</u>	<u>New Jersey Building Authority</u>
\$ 4,791	\$ -	\$ 68,135	\$ 1,612,431	\$ 66,562
630,280	-	-	5,347,435	24,807,091
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	72,110,727	-	-	-
-	-	-	-	-
<u>\$ 635,071</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,959,866</u>	<u>\$ 24,873,653</u>
\$ 322,924	\$ -	\$ -	\$ -	\$ 22,705,464
-	-	-	-	-
-	-	-	626,241	-
-	-	-	-	200,807
<u>322,924</u>	<u>-</u>	<u>-</u>	<u>626,241</u>	<u>22,906,271</u>
-	-	-	-	1,967,382
<u>312,147</u>	<u>72,110,727</u>	<u>68,135</u>	<u>6,333,625</u>	<u>-</u>
<u>312,147</u>	<u>72,110,727</u>	<u>68,135</u>	<u>6,333,625</u>	<u>1,967,382</u>
<u>\$ 635,071</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,959,866</u>	<u>\$ 24,873,653</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>New Jersey Lawyers' Assistance Program</u>	<u>New Jersey Lawyer's Fund for Client Protection</u>	<u>New Jersey Racing Industry Special Fund</u>
ASSETS			
Cash and cash equivalents	\$ 5,911	\$ 3,128,416	\$ 1,989,433
Investments	1,729,644	19,856,706	2,878,344
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	1,597,372
Loans	-	-	-
Other	-	66,593	-
Due from other funds	-	-	-
Other	-	32,867	-
Total Assets	<u>\$ 1,735,555</u>	<u>\$ 23,084,582</u>	<u>\$ 6,465,149</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 191,211	\$ 315,960	\$ 1,769,142
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other	-	-	-
Total Liabilities	<u>191,211</u>	<u>315,960</u>	<u>1,769,142</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>1,544,344</u>	<u>22,768,622</u>	<u>4,696,007</u>
Total Fund Balances	<u>1,544,344</u>	<u>22,768,622</u>	<u>4,696,007</u>
Total Liabilities and Fund Balances	<u>\$ 1,735,555</u>	<u>\$ 23,084,582</u>	<u>\$ 6,465,149</u>

<u>New Jersey Schools Development Authority</u>	<u>New Jersey Spill Compensation Fund</u>	<u>New Jersey Spinal Cord Research Fund</u>	<u>New Jersey Transportation Trust Fund Authority</u>	<u>New Jersey Workforce Development Partnership Fund</u>
\$ 2,044,610	\$ 1,989,279	\$ 777,562	\$ 97,254	\$ 291,538
360,427,072	6,105,465	10,671,604	428,835,505	24,696,830
-	-	-	-	-
-	-	745	-	29,778,567
-	-	-	-	-
2,824,890	11,100,039	-	-	-
-	-	3,996,481	94,904,008	2,740,064
-	-	-	6,165,577	-
<u>\$ 365,296,572</u>	<u>\$ 19,194,783</u>	<u>\$ 15,446,392</u>	<u>\$ 530,002,344</u>	<u>\$ 57,506,999</u>
\$ 67,116,982	\$ 14,284	\$ 466,070	\$ -	\$ 3,633,489
-	-	-	-	-
-	9,056,676	133,826	106,984,448	10,484,077
11,153,524	-	-	147,000	14,327
<u>78,270,506</u>	<u>9,070,960</u>	<u>599,896</u>	<u>107,131,448</u>	<u>14,131,893</u>
287,026,066	-	-	422,870,896	43,375,106
-	10,123,823	14,846,496	-	-
<u>287,026,066</u>	<u>10,123,823</u>	<u>14,846,496</u>	<u>422,870,896</u>	<u>43,375,106</u>
<u>\$ 365,296,572</u>	<u>\$ 19,194,783</u>	<u>\$ 15,446,392</u>	<u>\$ 530,002,344</u>	<u>\$ 57,506,999</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Petroleum Overcharge Reimbursement Fund</u>	<u>Pollution Prevention Fund</u>	<u>Real Estate Guaranty Fund</u>
ASSETS			
Cash and cash equivalents	\$ 340,065	\$ 474,875	\$ 337,206
Investments	3,715,634	139,508	1,699,122
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	1,195,256	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	61,220	48,455
Other	-	-	-
Total Assets	<u>\$ 4,055,699</u>	<u>\$ 1,870,859</u>	<u>\$ 2,084,783</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	412,327	1,423,415	-
Other	-	-	-
Total Liabilities	<u>412,327</u>	<u>1,423,415</u>	<u>-</u>
Fund Balances			
Restricted	-	-	-
Committed	<u>3,643,372</u>	<u>447,444</u>	<u>2,084,783</u>
Total Fund Balances	<u>3,643,372</u>	<u>447,444</u>	<u>2,084,783</u>
Total Liabilities and Fund Balances	<u>\$ 4,055,699</u>	<u>\$ 1,870,859</u>	<u>\$ 2,084,783</u>

<u>Remediation Guarantee Fund</u>	<u>Safe Drinking Water Fund</u>	<u>Sanitary Landfill Facility Contingency Fund</u>	<u>State Disability Benefit Fund</u>	<u>State-Owned Real Property Fund</u>
\$ 698,367	\$ 1,224,236	\$ 1,036,576	\$ 26,323	\$ 1,622,820
9,110,957	2,914,669	17,765,415	117,179,509	2,124,691
-	-	-	-	-
-	79,787	55,544	165,164,029	-
-	-	-	-	-
-	-	-	1,224,179	-
-	-	-	17,879,553	-
-	-	-	-	-
<u>\$ 9,809,324</u>	<u>\$ 4,218,692</u>	<u>\$ 18,857,535</u>	<u>\$ 301,473,593</u>	<u>\$ 3,747,511</u>
\$ -	\$ -	\$ -	\$ 36,222,786	\$ -
-	-	-	-	-
-	2,718,713	-	7,848,311	-
-	-	-	63,443	-
<u>-</u>	<u>2,718,713</u>	<u>-</u>	<u>44,134,540</u>	<u>-</u>
9,809,324	-	-	257,339,053	-
-	1,499,979	18,857,535	-	3,747,511
<u>9,809,324</u>	<u>1,499,979</u>	<u>18,857,535</u>	<u>257,339,053</u>	<u>3,747,511</u>
<u>\$ 9,809,324</u>	<u>\$ 4,218,692</u>	<u>\$ 18,857,535</u>	<u>\$ 301,473,593</u>	<u>\$ 3,747,511</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012**

	<u>State Recycling Fund</u>	<u>Superior Court of New Jersey Trust Fund</u>	<u>Supplemental Workforce Fund for Basic Skills</u>
ASSETS			
Cash and cash equivalents	\$ 717,669	\$ 347,733	\$ 594,185
Investments	16,464,116	185,861,899	7,363,587
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	11,258	-	8,504,406
Loans	-	-	-
Other	-	-	-
Due from other funds	5,673,103	-	343,708
Other	-	-	-
Total Assets	<u>\$ 22,866,146</u>	<u>\$ 186,209,632</u>	<u>\$ 16,805,886</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ 2,121	\$ 185,910,281	\$ 682,432
Deferred revenue	-	-	-
Due to other funds	1,357,930	-	1,083,812
Other	-	-	-
Total Liabilities	<u>1,360,051</u>	<u>185,910,281</u>	<u>1,766,244</u>
Fund Balances			
Restricted	-	-	15,039,642
Committed	21,506,095	299,351	-
Total Fund Balances	<u>21,506,095</u>	<u>299,351</u>	<u>15,039,642</u>
Total Liabilities and Fund Balances	<u>\$ 22,866,146</u>	<u>\$ 186,209,632</u>	<u>\$ 16,805,886</u>

Tobacco Settlement Financing Corporation	Tobacco Settlement Fund	Tourism Improvement and Development Act	Trial Attorney Certification Program	Unclaimed Child Support Trust Fund
\$ -	\$ 72	\$ 52,760	\$ 3,192	\$ 320,177
293,170,000	3,469	907	187,069	2,721,435
-	-	-	-	-
-	-	1,309,451	-	-
-	-	-	-	-
115,500,000	-	-	2,036	-
-	27,419,700	-	-	-
-	-	-	-	-
<u>\$ 408,670,000</u>	<u>\$ 27,423,241</u>	<u>\$ 1,363,118</u>	<u>\$ 192,297</u>	<u>\$ 3,041,612</u>
\$ 23,300	\$ -	\$ 1,238,118	\$ 80,788	\$ -
115,500,000	-	-	-	-
27,419,700	27,419,700	125,000	-	-
-	-	-	-	-
<u>142,943,000</u>	<u>27,419,700</u>	<u>1,363,118</u>	<u>80,788</u>	<u>-</u>
265,727,000	-	-	-	-
-	3,541	-	111,509	3,041,612
<u>265,727,000</u>	<u>3,541</u>	<u>-</u>	<u>111,509</u>	<u>3,041,612</u>
<u>\$ 408,670,000</u>	<u>\$ 27,423,241</u>	<u>\$ 1,363,118</u>	<u>\$ 192,297</u>	<u>\$ 3,041,612</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Unclaimed Utility Deposits Trust Fund</u>	<u>Unemployment Compensation Auxiliary Fund</u>	<u>Unemployment Compensation Interest Repayment Fund</u>
ASSETS			
Cash and cash equivalents	\$ 74,301	\$ 154	\$ -
Investments	7,428,230	3,448,501	7,806,458
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	32,990,421
Loans	-	-	-
Other	-	4,400,000	-
Due from other funds	-	-	1,141,047
Other	-	-	-
Total Assets	<u>\$ 7,502,531</u>	<u>\$ 7,848,655</u>	<u>\$ 41,937,926</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ -
Deferred revenue	-	-	-
Due to other funds	8,997	3,623,050	-
Other	-	-	34,469,673
Total Liabilities	<u>8,997</u>	<u>3,623,050</u>	<u>34,469,673</u>
Fund Balances			
Restricted	-	-	-
Committed	7,493,534	4,225,605	7,468,253
Total Fund Balances	<u>7,493,534</u>	<u>4,225,605</u>	<u>7,468,253</u>
Total Liabilities and Fund Balances	<u>\$ 7,502,531</u>	<u>\$ 7,848,655</u>	<u>\$ 41,937,926</u>

<u>Universal Services Fund</u>	<u>University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund</u>	<u>Vietnam Veterans' Memorial Fund</u>	<u>Volunteer Emergency Service Organizations Loan Fund</u>	<u>Wastewater Treatment Fund</u>
\$ 2,984,934	\$ 1,282,880	\$ 7,376	\$ 708,485	\$ 1,304,306
30,523,078	355,517	318	2,112,508	321,617,733
-	-	-	-	-
20,772,928	2,161,000	-	-	-
-	-	-	630,173	916,008,017
22,396,018	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 76,676,958</u>	<u>\$ 3,799,397</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>
\$ 16,302,117	\$ 681,097	\$ -	\$ -	\$ -
-	-	-	-	-
59,346,159	-	-	-	-
-	-	-	-	-
<u>75,648,276</u>	<u>681,097</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	1,238,930,056
<u>1,028,682</u>	<u>3,118,300</u>	<u>7,694</u>	<u>3,451,166</u>	<u>-</u>
<u>1,028,682</u>	<u>3,118,300</u>	<u>7,694</u>	<u>3,451,166</u>	<u>1,238,930,056</u>
<u>\$ 76,676,958</u>	<u>\$ 3,799,397</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS (Continued)
JUNE 30, 2012

	<u>Water Supply Replacement Trust Fund</u>	<u>Worker and Community Right to Know Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
ASSETS			
Cash and cash equivalents	\$ 951	\$ 681,358	\$ 63,192,388
Investments	74,697	78,441	2,704,989,113
Receivables, net of allowances for uncollectibles			
Federal government	-	-	537,926
Departmental accounts	-	3,271,810	431,012,903
Loans	-	-	1,290,284,203
Other	-	-	190,304,472
Due from other funds	-	90,780	257,599,368
Other	-	-	6,198,444
Total Assets	<u>\$ 75,648</u>	<u>\$ 4,122,389</u>	<u>\$ 4,944,118,817</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 447,844,371
Deferred revenue	-	-	122,396,257
Due to other funds	-	3,486,618	428,011,664
Other	-	-	46,048,774
Total Liabilities	<u>-</u>	<u>3,486,618</u>	<u>1,044,301,066</u>
Fund Balances			
Restricted	-	-	3,478,942,716
Committed	<u>75,648</u>	<u>635,771</u>	<u>420,875,035</u>
Total Fund Balances	<u>75,648</u>	<u>635,771</u>	<u>3,899,817,751</u>
Total Liabilities and Fund Balances	<u>\$ 75,648</u>	<u>\$ 4,122,389</u>	<u>\$ 4,944,118,817</u>

(This page left intentionally blank)

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, 2012

	<u>Alcohol Education, Rehabilitation and Enforcement Fund</u>	<u>Atlantic City Parking Fees Fund</u>	<u>Atlantic City Projects-Room Fund</u>
REVENUES			
Taxes	\$ 11,000,000	\$ 25,284,350	\$ 31,928,908
Federal and other grants	-	-	-
Licenses and fees	2,078,400	-	-
Services and assessments	-	-	-
Investment earnings	9,328	338	4,097
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>13,087,728</u>	<u>25,284,688</u>	<u>31,933,005</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	1,652,807	-	-
Physical and mental health	9,830,812	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	25,387,191	36,317,963
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>11,483,619</u>	<u>25,387,191</u>	<u>36,317,963</u>
Excess (deficiency) of revenues over expenditures	<u>1,604,109</u>	<u>(102,503)</u>	<u>(4,384,958)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,488,516)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(1,488,516)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>115,593</u>	<u>(102,503)</u>	<u>(4,384,958)</u>
Fund Balances - July 1, 2011	<u>5,674,655</u>	<u>102,503</u>	<u>4,384,958</u>
Fund Balances - June 30, 2012	<u>\$ 5,790,248</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Atlantic City Tourism Promotion Fund</u>	<u>Board of Bar Examiners</u>	<u>Boarding House Rental Assistance Fund</u>	<u>Body Armor Replacement Fund</u>
\$ 4,234,369	\$ -	\$ -	\$ -
-	-	-	-
-	3,025,668	-	-
-	-	-	-
1,373	9,112	261	7,574
-	-	-	-
-	80,660	8,027	4,073,443
<u>4,235,742</u>	<u>3,115,440</u>	<u>8,288</u>	<u>4,081,017</u>
-	3,139,926	-	4,259,200
-	-	-	-
-	-	-	-
-	-	-	-
5,007,202	-	-	-
-	-	-	-
84,493	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>5,091,695</u>	<u>3,139,926</u>	<u>-</u>	<u>4,259,200</u>
<u>(855,953)</u>	<u>(24,486)</u>	<u>8,288</u>	<u>(178,183)</u>
-	-	-	-
-	-	-	29,968
-	-	-	(19,432)
-	-	-	-
-	-	-	-
-	-	-	10,536
<u>(855,953)</u>	<u>(24,486)</u>	<u>8,288</u>	<u>(167,647)</u>
855,953	5,024,669	1,262,268	6,320,682
<u>\$ -</u>	<u>\$ 5,000,183</u>	<u>\$ 1,270,556</u>	<u>\$ 6,153,035</u>

(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, 2012

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Casino Simulcasting Fund</u>
REVENUES			
Taxes	\$ -	\$ 238,876,603	\$ -
Federal and other grants	-	-	-
Licenses and fees	51,397,177	-	-
Services and assessments	-	-	-
Investment earnings	10,837	-	28
Contributions	-	-	-
Other	-	83,364,264	337,879
Total Revenues	<u>51,408,014</u>	<u>322,240,867</u>	<u>337,907</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	44,472,333	-	-
Physical and mental health	-	268,782,078	-
Educational, cultural, and intellectual development	-	32,516,000	-
Community development and environmental management	-	-	-
Economic planning, development, and security	-	2,196,000	-
Transportation programs	-	20,885,266	-
Government direction, management, and control	7,781,953	-	-
Special government services	-	92,000	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>52,254,286</u>	<u>324,471,344</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(846,272)</u>	<u>(2,230,477)</u>	<u>337,907</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	5,388,828	-
Transfers to other funds	-	-	(337,907)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>5,388,828</u>	<u>(337,907)</u>
Net Change in Fund Balance	<u>(846,272)</u>	<u>3,158,351</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>4,462,571</u>	<u>29,487,930</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 3,616,299</u>	<u>\$ 32,646,281</u>	<u>\$ -</u>

<u>Casino Simulcasting Special Fund</u>	<u>Catastrophic Illness in Children Relief Fund</u>	<u>Clean Communities Account Fund</u>	<u>Clean Energy Fund</u>
\$ -	\$ -	\$ 18,616,945	\$ -
-	-	-	44,857,341
-	-	-	-
-	8,047,847	-	370,588,825
3,870	2,172	7,536	781,129
-	100	-	-
<u>3,635,487</u>	<u>-</u>	<u>-</u>	<u>40,769</u>
<u>3,639,357</u>	<u>8,050,119</u>	<u>18,624,481</u>	<u>416,268,064</u>
3,687,861	-	-	-
-	81,355	-	-
-	-	-	-
-	-	18,200,601	-
-	-	-	266,085,946
-	-	-	-
-	-	-	-
-	-	-	-
<u>3,687,861</u>	<u>81,355</u>	<u>18,200,601</u>	<u>266,085,946</u>
<u>(48,504)</u>	<u>7,968,764</u>	<u>423,880</u>	<u>150,182,118</u>
-	-	-	-
-	-	-	-
-	(7,677,647)	-	(255,096,555)
-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(48,504)</u>	<u>(7,677,647)</u>	<u>-</u>	<u>(255,096,555)</u>
2,772,094	291,117	423,880	(104,914,437)
<u>2,772,094</u>	<u>1,784,363</u>	<u>3,955,250</u>	<u>217,466,918</u>
<u>\$ 2,723,590</u>	<u>\$ 2,075,480</u>	<u>\$ 4,379,130</u>	<u>\$ 112,552,481</u>

(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, 2012

	<u>Clean Water State Revolving Fund</u>	<u>Disciplinary Oversight Committee</u>	<u>Division of Motor Vehicles Surcharge Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	33,053,693	-	-
Licenses and fees	-	10,848,538	-
Services and assessments	-	-	146,960,331
Investment earnings	25	19,613	2,110
Contributions	-	-	-
Other	-	432,699	-
Total Revenues	<u>33,053,718</u>	<u>11,300,850</u>	<u>146,962,441</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	10,873,691	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	8,944,175	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	146,962,441
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>8,944,175</u>	<u>10,873,691</u>	<u>146,962,441</u>
Excess (deficiency) of revenues over expenditures	<u>24,109,543</u>	<u>427,159</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(1,370,605)	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(1,370,605)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>22,738,938</u>	<u>427,159</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>56,656,006</u>	<u>3,956,319</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 79,394,944</u>	<u>\$ 4,383,478</u>	<u>\$ -</u>

<u>Drinking Water State Revolving Fund</u>	<u>Emergency Medical Technician Training Fund</u>	<u>Enterprise Zone Assistance Fund</u>	<u>Fund for Support of Free Public Schools</u>	<u>Garden State Farmland Preservation Trust Fund</u>
\$ -	\$ -	\$ 101,322,267	\$ -	\$ -
21,598,229	-	-	-	-
-	-	-	11,391,764	-
-	2,074,333	-	-	-
108,382	174	112,012	166,585	120,206
-	-	-	-	-
-	-	-	-	156,335
<u>21,706,611</u>	<u>2,074,507</u>	<u>101,434,279</u>	<u>11,558,349</u>	<u>276,541</u>
-	-	-	-	-
-	1,539,709	-	-	-
-	-	-	-	-
4,110,964	-	16,013,341	-	16,254,776
-	-	146,559,800	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>4,110,964</u>	<u>1,539,709</u>	<u>162,573,141</u>	<u>-</u>	<u>16,254,776</u>
<u>17,595,647</u>	<u>534,798</u>	<u>(61,138,862)</u>	<u>11,558,349</u>	<u>(15,978,235)</u>
-	-	-	-	-
28,105,770	-	-	-	-
(3,010,780)	(59,673)	(100,426,242)	(5,915,958)	(2,824,125)
-	-	-	-	-
-	-	-	-	-
<u>25,094,990</u>	<u>(59,673)</u>	<u>(100,426,242)</u>	<u>(5,915,958)</u>	<u>(2,824,125)</u>
<u>42,690,637</u>	<u>475,125</u>	<u>(161,565,104)</u>	<u>5,642,391</u>	<u>(18,802,360)</u>
<u>293,721,791</u>	<u>260,647</u>	<u>167,270,855</u>	<u>133,731,923</u>	<u>84,770,294</u>
<u>\$ 336,412,428</u>	<u>\$ 735,772</u>	<u>\$ 5,705,751</u>	<u>\$ 139,374,314</u>	<u>\$ 65,967,934</u>

(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, 2012

	Garden State Green Acres Preservation Trust Fund	Garden State Historic Preservation Trust Fund	Garden State Preservation Trust
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	1,588,166	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	152,380	22,311	-
Contributions	-	-	-
Other	1,844,381	641	-
Total Revenues	<u>3,584,927</u>	<u>22,952</u>	<u>-</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	32,839,365	-	-
Economic planning, development, and security	-	2,278,977	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	44,650,000
Interest	-	-	45,333,245
Total Expenditures	<u>32,839,365</u>	<u>2,278,977</u>	<u>89,983,245</u>
Excess (deficiency) of revenues over expenditures	<u>(29,254,438)</u>	<u>(2,256,025)</u>	<u>(89,983,245)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	89,983,245
Transfers to other funds	(5,665,576)	(241,049)	-
Other sources	-	-	335,742,746
Other uses	-	-	(335,742,746)
Total other financing sources (uses)	<u>(5,665,576)</u>	<u>(241,049)</u>	<u>89,983,245</u>
Net Change in Fund Balance	<u>(34,920,014)</u>	<u>(2,497,074)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>175,422,004</u>	<u>15,955,487</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 140,501,990</u>	<u>\$ 13,458,413</u>	<u>\$ -</u>

Global Warming Solutions Fund	Gubernatorial Elections Fund	Hazardous Discharge Site Cleanup Fund	Health Care Subsidy Fund	Horse Racing Injury Compensation Fund
\$ -	\$ -	\$ -	\$ 429,515,680	\$ -
-	-	-	-	-
-	-	6,678,038	-	-
-	-	48,015,722	286,483,205	1,760,360
12,180	-	235,214	55,387	472
-	-	-	-	-
8,213,358	561,095	-	-	-
<u>8,225,538</u>	<u>561,095</u>	<u>54,928,974</u>	<u>716,054,272</u>	<u>1,760,832</u>
-	-	-	-	2,400,909
-	-	-	-	-
-	-	-	-	-
2,469,014	-	5,781,543	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>2,469,014</u>	<u>-</u>	<u>5,781,543</u>	<u>-</u>	<u>2,400,909</u>
<u>5,756,524</u>	<u>561,095</u>	<u>49,147,431</u>	<u>716,054,272</u>	<u>(640,077)</u>
-	-	-	-	-
-	-	638,359	-	-
(1,830,000)	-	(36,813,487)	(728,816,907)	-
-	-	-	-	-
-	-	-	-	-
<u>(1,830,000)</u>	<u>-</u>	<u>(36,175,128)</u>	<u>(728,816,907)</u>	<u>-</u>
3,926,524	561,095	12,972,303	(12,762,635)	(640,077)
3,332,400	481,311	146,700,385	13,449,979	919,391
<u>\$ 7,258,924</u>	<u>\$ 1,042,406</u>	<u>\$ 159,672,688</u>	<u>\$ 687,344</u>	<u>\$ 279,314</u>

(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, 2012

	<u>Lead Hazard Control Assistance Fund</u>	<u>Legal Services Fund</u>	<u>Luxury Tax Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 33,336,623
Federal and other grants	-	-	-
Licenses and fees	1,610,997	9,557,048	-
Services and assessments	-	-	-
Investment earnings	3,104	-	356
Contributions	-	-	-
Other	1,933	-	-
Total Revenues	<u>1,616,034</u>	<u>9,557,048</u>	<u>33,336,979</u>
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	1,090,672	-	-
Transportation programs	-	-	-
Government direction, management, and control	-	-	33,572,097
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>1,090,672</u>	<u>-</u>	<u>33,572,097</u>
Excess (deficiency) of revenues over expenditures	<u>525,362</u>	<u>9,557,048</u>	<u>(235,118)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(521,056)	(9,557,048)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(521,056)</u>	<u>(9,557,048)</u>	<u>-</u>
Net Change in Fund Balance	4,306	-	(235,118)
Fund Balances - July 1, 2011	11,094,626	-	235,118
Fund Balances - June 30, 2012	<u>\$ 11,098,932</u>	<u>\$ -</u>	<u>\$ -</u>

Mandatory Continuing Legal Education Fund	Mortgage Servicing Settlement Fund	Municipal Landfill Closure and Remediation Fund	New Home Warranty Security Fund	New Jersey Building Authority
\$ -	\$ -	\$ 6,945,112	\$ -	\$ -
-	-	-	-	-
807,965	-	-	533,442	-
-	-	-	2,183,958	-
1,580	-	-	14,647	27,819
-	-	-	-	-
-	<u>72,110,727</u>	-	<u>32,766</u>	-
<u>809,545</u>	<u>72,110,727</u>	<u>6,945,112</u>	<u>2,764,813</u>	<u>27,819</u>
497,398	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	6,945,112	934,326	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	23,673,184
-	-	-	-	-
-	-	-	-	21,680,263
-	-	-	-	<u>26,876,848</u>
<u>497,398</u>	<u>-</u>	<u>6,945,112</u>	<u>934,326</u>	<u>72,230,295</u>
<u>312,147</u>	<u>72,110,727</u>	<u>-</u>	<u>1,830,487</u>	<u>(72,202,476)</u>
-	-	-	-	-
-	-	-	-	49,960,467
-	-	-	(3,626,241)	-
-	-	-	-	59,964,577
-	-	-	-	<u>(59,914,710)</u>
-	-	-	<u>(3,626,241)</u>	<u>50,010,334</u>
<u>312,147</u>	<u>72,110,727</u>	<u>-</u>	<u>(1,795,754)</u>	<u>(22,192,142)</u>
-	-	68,135	8,129,379	24,159,524
<u>\$ 312,147</u>	<u>\$ 72,110,727</u>	<u>\$ 68,135</u>	<u>\$ 6,333,625</u>	<u>\$ 1,967,382</u>

(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, 2012

	<u>New Jersey Lawyers' Assistance Program</u>	<u>New Jersey Lawyers' Fund for Client Protection</u>	<u>New Jersey Racing Industry Special Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	806,097	4,014,124	-
Services and assessments	-	-	481,299
Investment earnings	2,549	211,731	4,208
Contributions	-	-	-
Other	-	769,219	15,403,570
Total Revenues	<u>808,646</u>	<u>4,995,074</u>	<u>15,889,077</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	701,165	4,086,010	16,887,724
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	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>701,165</u>	<u>4,086,010</u>	<u>16,887,724</u>
Excess (deficiency) of revenues over expenditures	<u>107,481</u>	<u>909,064</u>	<u>(998,647)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>107,481</u>	<u>909,064</u>	<u>(998,647)</u>
Fund Balances - July 1, 2011	<u>1,436,863</u>	<u>21,859,558</u>	<u>5,694,654</u>
Fund Balances - June 30, 2012	<u>\$ 1,544,344</u>	<u>\$ 22,768,622</u>	<u>\$ 4,696,007</u>

<u>New Jersey Schools Development Authority</u>	<u>New Jersey Spill Compensation Fund</u>	<u>New Jersey Spinal Cord Research Fund</u>	<u>New Jersey Transportation Trust Fund Authority</u>	<u>New Jersey Workforce Development Partnership Fund</u>
\$ -	\$ 28,043,560	\$ -	\$ -	\$ 101,065,430
-	-	-	38,722,469	-
4,579	3,182,066	-	-	-
-	-	-	-	-
546,039	13,848	15,780	454,024	65,710
-	-	-	-	-
312,182	342,360	3,996,481	66,000,000	-
<u>862,800</u>	<u>31,581,834</u>	<u>4,012,261</u>	<u>105,176,493</u>	<u>101,131,140</u>
-	-	-	-	-
-	-	2,906,028	-	-
186,777,973	-	-	-	-
-	4,043,224	-	-	-
-	-	-	-	28,465,186
-	-	-	7,439,936	-
-	-	-	-	-
-	-	-	-	-
-	-	-	306,094,048	-
-	-	-	597,726,325	-
<u>186,777,973</u>	<u>4,043,224</u>	<u>2,906,028</u>	<u>911,260,309</u>	<u>28,465,186</u>
<u>(185,915,173)</u>	<u>27,538,610</u>	<u>1,106,233</u>	<u>(806,083,816)</u>	<u>72,665,954</u>
-	-	-	1,315,000,000	-
-	-	-	956,667,000	-
-	(24,207,129)	(133,826)	(1,169,498,617)	(79,881,962)
-	-	-	51,941,986	-
-	-	-	-	-
-	(24,207,129)	(133,826)	1,154,110,369	(79,881,962)
<u>(185,915,173)</u>	<u>3,331,481</u>	<u>972,407</u>	<u>348,026,553</u>	<u>(7,216,008)</u>
472,941,239	6,792,342	13,874,089	74,844,343	50,591,114
<u>\$ 287,026,066</u>	<u>\$ 10,123,823</u>	<u>\$ 14,846,496</u>	<u>\$ 422,870,896</u>	<u>\$ 43,375,106</u>

(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, 2012

	<u>Petroleum Overcharge Reimbursement Fund</u>	<u>Pollution Prevention Fund</u>	<u>Real Estate Guaranty Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	48,455
Services and assessments	-	1,286,526	-
Investment earnings	6,174	714	2,628
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>6,174</u>	<u>1,287,240</u>	<u>51,083</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	1,500,000	-	-
Economic planning, development, and security	-	-	12,798
Transportation programs	-	-	-
Government direction, management, and control	300,295	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>1,800,295</u>	<u>-</u>	<u>12,798</u>
Excess (deficiency) of revenues over expenditures	<u>(1,794,121)</u>	<u>1,287,240</u>	<u>38,285</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(412,326)	(1,423,415)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(412,326)</u>	<u>(1,423,415)</u>	<u>-</u>
Net Change in Fund Balance	<u>(2,206,447)</u>	<u>(136,175)</u>	<u>38,285</u>
Fund Balances - July 1, 2011	<u>5,849,819</u>	<u>583,619</u>	<u>2,046,498</u>
Fund Balances - June 30, 2012	<u>\$ 3,643,372</u>	<u>\$ 447,444</u>	<u>\$ 2,084,783</u>

<u>Remediation Guarantee Fund</u>	<u>Safe Drinking Water Fund</u>	<u>Sanitary Landfill Facility Contingency Fund</u>	<u>State Disability Benefit Fund</u>	<u>State-Owned Real Property Fund</u>
\$ 3,952,580	\$ 2,822,735	\$ -	\$ 468,653,872	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	1,718,714	30,077,088	-
9,353	4,315	24,800	259,518	2,574
-	-	-	-	-
-	-	695	2,208,293	661,400
<u>3,961,933</u>	<u>2,827,050</u>	<u>1,744,209</u>	<u>501,198,771</u>	<u>663,974</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	120,715	-	-
-	-	-	516,567,225	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>120,715</u>	<u>516,567,225</u>	<u>-</u>
<u>3,961,933</u>	<u>2,827,050</u>	<u>1,623,494</u>	<u>(15,368,454)</u>	<u>663,974</u>
-	-	-	-	-
-	-	-	-	1,200,000
-	(2,718,713)	-	(39,652,427)	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(2,718,713)</u>	<u>-</u>	<u>(39,652,427)</u>	<u>1,200,000</u>
<u>3,961,933</u>	<u>108,337</u>	<u>1,623,494</u>	<u>(55,020,881)</u>	<u>1,863,974</u>
<u>5,847,391</u>	<u>1,391,642</u>	<u>17,234,041</u>	<u>312,359,934</u>	<u>1,883,537</u>
<u>\$ 9,809,324</u>	<u>\$ 1,499,979</u>	<u>\$ 18,857,535</u>	<u>\$ 257,339,053</u>	<u>\$ 3,747,511</u>

(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, 2012

	<u>State Recycling Fund</u>	<u>Superior Court of New Jersey Trust Fund</u>	<u>Supplemental Workforce Fund for Basic Skills</u>
REVENUES			
Taxes	\$ 24,312,987	\$ -	\$ 28,341,819
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	-
Investment earnings	31,388	317,906	17,690
Contributions	-	-	-
Other	-	-	-
Total Revenues	<u>24,344,375</u>	<u>317,906</u>	<u>28,359,509</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	466,412	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Community development and environmental management	19,031,532	-	-
Economic planning, development, and security	-	-	26,283,281
Transportation programs	-	-	-
Government direction, management, and control	-	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>19,031,532</u>	<u>466,412</u>	<u>26,283,281</u>
Excess (deficiency) of revenues over expenditures	<u>5,312,843</u>	<u>(148,506)</u>	<u>2,076,228</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(21,357,930)	-	(1,055,220)
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(21,357,930)</u>	<u>-</u>	<u>(1,055,220)</u>
Net Change in Fund Balance	<u>(16,045,087)</u>	<u>(148,506)</u>	<u>1,021,008</u>
Fund Balances - July 1, 2011	<u>37,551,182</u>	<u>447,857</u>	<u>14,018,634</u>
Fund Balances - June 30, 2012	<u>\$ 21,506,095</u>	<u>\$ 299,351</u>	<u>\$ 15,039,642</u>

Tobacco Settlement Financing Corporation	Tobacco Settlement Fund	Tourism Improvement and Development Act	Trial Attorney Certification Program	Unclaimed Child Support Trust Fund
\$ -	\$ -	\$ 5,550,181	\$ -	\$ -
-	-	-	-	-
-	-	-	256,050	-
-	-	-	-	-
4,133,000	3,562	49	1,800	4,209
-	-	-	-	-
<u>184,393,000</u>	<u>46,907,859</u>	<u>-</u>	<u>5,000</u>	<u>157,921</u>
<u>188,526,000</u>	<u>46,911,421</u>	<u>5,550,230</u>	<u>262,850</u>	<u>162,130</u>
-	-	-	172,860	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	5,425,190	-	-
-	-	-	-	-
94,000	-	53,667	-	16,457
-	-	-	-	-
25,820,000	-	-	-	-
<u>155,583,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>181,497,000</u>	<u>-</u>	<u>5,478,857</u>	<u>172,860</u>	<u>16,457</u>
<u>7,029,000</u>	<u>46,911,421</u>	<u>71,373</u>	<u>89,990</u>	<u>145,673</u>
-	-	-	-	-
-	-	-	-	-
-	(82,461,651)	(125,000)	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>(82,461,651)</u>	<u>(125,000)</u>	<u>-</u>	<u>-</u>
<u>7,029,000</u>	<u>(35,550,230)</u>	<u>(53,627)</u>	<u>89,990</u>	<u>145,673</u>
258,698,000	35,553,771	53,627	21,519	2,895,939
<u>\$ 265,727,000</u>	<u>\$ 3,541</u>	<u>\$ -</u>	<u>\$ 111,509</u>	<u>\$ 3,041,612</u>

(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, 2012

	<u>Unclaimed Utility Deposits Trust Fund</u>	<u>Unemployment Compensation Auxiliary Fund</u>	<u>Unemployment Compensation Interest Repayment Fund</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Federal and other grants	-	-	-
Licenses and fees	-	-	-
Services and assessments	-	-	40,971,051
Investment earnings	63,451	8,426	9,321
Contributions	-	-	-
Other	4,937,961	20,288,531	-
Total Revenues	<u>5,001,412</u>	<u>20,296,957</u>	<u>40,980,372</u>
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	-	-	48,372,150
Transportation programs	-	-	-
Government direction, management, and control	4,165,421	-	-
Special government services	-	-	-
Debt Service:			
Principal	-	-	-
Interest	-	-	-
Total Expenditures	<u>4,165,421</u>	<u>-</u>	<u>48,372,150</u>
Excess (deficiency) of revenues over expenditures	<u>835,991</u>	<u>20,296,957</u>	<u>(7,391,778)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	-
Transfers from other funds	-	-	-
Transfers to other funds	(8,997)	(18,115,896)	-
Other sources	-	-	-
Other uses	-	-	-
Total other financing sources (uses)	<u>(8,997)</u>	<u>(18,115,896)</u>	<u>-</u>
Net Change in Fund Balance	826,994	2,181,061	(7,391,778)
Fund Balances - July 1, 2011	<u>6,666,540</u>	<u>2,044,544</u>	<u>14,860,031</u>
Fund Balances - June 30, 2012	<u>\$ 7,493,534</u>	<u>\$ 4,225,605</u>	<u>\$ 7,468,253</u>

Universal Services Fund	University of Medicine and Dentistry of New Jersey - Self-Insurance Reserve Fund	Vietnam Veterans' Memorial Fund	Volunteer Emergency Service Organizations Loan Fund	Wastewater Treatment Fund
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	19,958,488
-	-	-	-	-
289,715,863	8,694,000	-	-	-
33,428	2,055	-	3,267	527,400
-	-	79,035	-	-
-	-	-	18,041	404,067
<u>289,749,291</u>	<u>8,696,055</u>	<u>79,035</u>	<u>21,308</u>	<u>20,889,955</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	257,009
210,948,400	19,583,826	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	77,518	-	-
-	-	-	-	-
<u>210,948,400</u>	<u>19,583,826</u>	<u>77,518</u>	<u>-</u>	<u>257,009</u>
<u>78,800,891</u>	<u>(10,887,771)</u>	<u>1,517</u>	<u>21,308</u>	<u>20,632,946</u>
-	-	-	-	-
-	10,000,000	-	-	-
(84,346,159)	-	-	-	(28,105,770)
-	-	-	-	-
<u>(84,346,159)</u>	<u>10,000,000</u>	<u>-</u>	<u>-</u>	<u>(28,105,770)</u>
<u>(5,545,268)</u>	<u>(887,771)</u>	<u>1,517</u>	<u>21,308</u>	<u>(7,472,824)</u>
6,573,950	4,006,071	6,177	3,429,858	1,246,402,880
<u>\$ 1,028,682</u>	<u>\$ 3,118,300</u>	<u>\$ 7,694</u>	<u>\$ 3,451,166</u>	<u>\$ 1,238,930,056</u>

(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, 2012

	<u>Water Supply Replacement Trust Fund</u>	<u>Worker and Community Right to Know Fund</u>	<u>Total Non-Major Special Revenue Funds</u>
REVENUES			
Taxes	\$ -	\$ -	\$ 1,563,804,021
Federal and other grants	-	-	159,778,386
Licenses and fees	-	-	106,240,408
Services and assessments	-	3,463,964	1,242,523,086
Investment earnings	116	2,042	8,675,287
Contributions	-	-	79,135
Other	-	-	521,701,044
Total Revenues	<u>116</u>	<u>3,466,006</u>	<u>3,602,801,367</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	-	93,298,296
Physical and mental health	-	-	283,139,982
Educational, cultural, and intellectual development	-	-	219,293,973
Community development and environmental management	-	-	137,445,697
Economic planning, development, and security	-	-	1,340,581,807
Transportation programs	-	-	28,325,202
Government direction, management, and control	-	-	216,704,008
Special government services	-	-	169,518
Debt Service:			
Principal	-	-	398,244,311
Interest	-	-	825,519,418
Total Expenditures	<u>-</u>	<u>-</u>	<u>3,542,722,212</u>
Excess (deficiency) of revenues over expenditures	<u>116</u>	<u>3,466,006</u>	<u>60,079,155</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	1,315,000,000
Transfers from other funds	-	-	1,141,973,637
Transfers to other funds	-	(2,830,235)	(2,721,634,077)
Other sources	-	-	447,649,309
Other uses	-	-	(395,657,456)
Total other financing sources (uses)	<u>-</u>	<u>(2,830,235)</u>	<u>(212,668,587)</u>
Net Change in Fund Balance	<u>116</u>	<u>635,771</u>	<u>(152,589,432)</u>
Fund Balances - July 1, 2011	<u>75,532</u>	<u>-</u>	<u>4,052,407,183</u>
Fund Balances - June 30, 2012	<u>\$ 75,648</u>	<u>\$ 635,771</u>	<u>\$ 3,899,817,751</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2012**

	<u>Correctional Facilities Construction Fund</u>	<u>Correctional Facilities Construction Fund of 1987</u>	<u>Energy Conservation Fund</u>
ASSETS			
Cash and cash equivalents	\$ 14,097	\$ 15,733	\$ 6,202
Investments	575,868	396,991	273,916
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Departmental accounts	-	-	-
Loans	-	-	-
Other	-	-	-
Due from other funds	-	-	-
Total Assets	<u>\$ 589,965</u>	<u>\$ 412,724</u>	<u>\$ 280,118</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ 15,976	\$ -
Due to other funds	<u>575,939</u>	<u>258,204</u>	<u>424</u>
Total Liabilities	<u>575,939</u>	<u>274,180</u>	<u>424</u>
Fund Balances			
Restricted	14,026	138,544	279,694
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>14,026</u>	<u>138,544</u>	<u>279,694</u>
Total Liabilities and Fund Balances	<u>\$ 589,965</u>	<u>\$ 412,724</u>	<u>\$ 280,118</u>

<u>Human Services Facilities Construction Fund</u>	<u>Motor Vehicle Commission Fund</u>	<u>New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund</u>
\$ 119,951	\$ 1,820,452	\$ 6,452
5,670	8,829,188	6,167,798
-	-	-
-	-	-
-	-	-
-	32,716,846	-
-	-	-
<u>\$ 125,621</u>	<u>\$ 43,366,486</u>	<u>\$ 6,174,250</u>
\$ 15,573	\$ 1,643,993	\$ -
<u>23</u>	<u>10,000,000</u>	<u>3,799,669</u>
<u>15,596</u>	<u>11,643,993</u>	<u>3,799,669</u>
110,025	-	2,374,581
-	31,722,493	-
<u>110,025</u>	<u>31,722,493</u>	<u>2,374,581</u>
<u>\$ 125,621</u>	<u>\$ 43,366,486</u>	<u>\$ 6,174,250</u>

(Continued on next page)

**STATE OF NEW JERSEY
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECTS FUNDS (Continued)
JUNE 30, 2012**

	Public Purpose Buildings and Community-Based Facilities Construction Fund	Public Purpose Buildings Construction Fund	Special Transportation Fund
ASSETS			
Cash and cash equivalents	\$ 144,955	\$ 105,174	\$ -
Investments	750,497	2,545	-
Receivables, net of allowances for uncollectibles			
Federal government	-	-	99,645,602
Departmental accounts	-	-	34,901,418
Loans	-	-	5,000,000
Other	-	-	2,402
Due from other funds	-	-	106,984,448
Total Assets	<u>\$ 895,452</u>	<u>\$ 107,719</u>	<u>\$ 246,533,870</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accruals	\$ -	\$ -	\$ 127,025,230
Due to other funds	<u>505,125</u>	<u>120</u>	<u>119,508,640</u>
Total Liabilities	<u>505,125</u>	<u>120</u>	<u>246,533,870</u>
Fund Balances			
Restricted	390,327	107,599	-
Committed	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>390,327</u>	<u>107,599</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 895,452</u>	<u>\$ 107,719</u>	<u>\$ 246,533,870</u>

<u>State Facilities for Handicapped Fund</u>	<u>1999 Statewide Transportation and Local Bridge Fund</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ 904	\$ 204,107	\$ 2,438,027
3,629	12,049,914	29,056,016
-	-	99,645,602
-	-	34,901,418
-	-	5,000,000
-	-	32,719,248
-	-	106,984,448
<u>\$ 4,533</u>	<u>\$ 12,254,021</u>	<u>\$ 310,744,759</u>
\$ -	\$ -	\$ 128,700,772
-	20,160	134,668,304
-	20,160	263,369,076
4,533	12,233,861	15,653,190
-	-	31,722,493
<u>4,533</u>	<u>12,233,861</u>	<u>47,375,683</u>
<u>\$ 4,533</u>	<u>\$ 12,254,021</u>	<u>\$ 310,744,759</u>

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, 2012

	<u>Correctional Facilities Construction Fund</u>	<u>Correctional Facilities Construction Fund of 1987</u>	<u>Energy Conservation Fund</u>
REVENUES			
Federal and other grants	\$ -	\$ -	\$ -
Services and assessments	-	-	-
Investment earnings	892	654	424
Other	-	-	-
Total Revenues	<u>892</u>	<u>654</u>	<u>424</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	-	61,809	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	-	-	-
Transportation programs	-	-	-
Government direction, management, and control	<u>575,047</u>	<u>257,550</u>	<u>-</u>
Total Expenditures	<u>575,047</u>	<u>319,359</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(574,155)</u>	<u>(318,705)</u>	<u>424</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	-
Transfers to other funds	<u>(892)</u>	<u>(654)</u>	<u>(424)</u>
Total other financing sources (uses)	<u>(892)</u>	<u>(654)</u>	<u>(424)</u>
Net Change in Fund Balance	<u>(575,047)</u>	<u>(319,359)</u>	<u>-</u>
Fund Balances - July 1, 2011	<u>589,073</u>	<u>457,903</u>	<u>279,694</u>
Fund Balances - June 30, 2012	<u>\$ 14,026</u>	<u>\$ 138,544</u>	<u>\$ 279,694</u>

<u>Human Services Facilities Construction Fund</u>	<u>Motor Vehicle Commission Fund</u>	<u>New Jersey Bridge Rehabilitation and Improvement and Railroad Right-of-Way Preservation Fund</u>
\$ -	\$ -	\$ -
-	-	-
23	31,847	9,551
-	-	-
<u>23</u>	<u>31,847</u>	<u>9,551</u>
-	13,991,244	-
-	-	-
-	-	-
-	-	-
-	-	-
-	3,350	3,790,118
-	13,994,594	3,790,118
<u>23</u>	<u>(13,962,747)</u>	<u>(3,780,567)</u>
-	-	-
<u>(23)</u>	<u>-</u>	<u>(9,551)</u>
<u>(23)</u>	<u>-</u>	<u>(9,551)</u>
-	(13,962,747)	(3,790,118)
<u>110,025</u>	<u>45,685,240</u>	<u>6,164,699</u>
<u>\$ 110,025</u>	<u>\$ 31,722,493</u>	<u>\$ 2,374,581</u>

(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, 2012

	Public Purpose Buildings and Community-Based Facilities Construction Fund	Public Purpose Buildings Construction Fund	Special Transportation Fund
REVENUES			
Federal and other grants	\$ -	\$ -	\$ 739,265,396
Services and assessments	-	-	436,811
Investment earnings	1,184	120	-
Other	133,538	-	11,025,644
Total Revenues	<u>134,722</u>	<u>120</u>	<u>750,727,851</u>
EXPENDITURES			
Current:			
Public safety and criminal justice	63,113	125,498	-
Physical and mental health	-	-	-
Educational, cultural, and intellectual development	-	-	-
Economic planning, development, and security	56,632	-	-
Transportation programs	-	-	1,920,226,468
Government direction, management, and control	503,941	-	-
Total Expenditures	<u>623,686</u>	<u>125,498</u>	<u>1,920,226,468</u>
Excess (deficiency) of revenues over expenditures	<u>(488,964)</u>	<u>(125,378)</u>	<u>(1,169,498,617)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	-	1,169,498,617
Transfers to other funds	(1,184)	(120)	-
Total other financing sources (uses)	<u>(1,184)</u>	<u>(120)</u>	<u>1,169,498,617</u>
Net Change in Fund Balance	(490,148)	(125,498)	-
Fund Balances - July 1, 2011	<u>880,475</u>	<u>233,097</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 390,327</u>	<u>\$ 107,599</u>	<u>\$ -</u>

<u>State Facilities for Handicapped Fund</u>	<u>1999 Statewide Transportation and Local Bridge Fund</u>	<u>Total Non-Major Capital Projects Funds</u>
\$ -	\$ -	\$ 739,265,396
-	-	436,811
17	20,160	64,872
-	-	11,159,182
<u>17</u>	<u>20,160</u>	<u>750,926,261</u>
-	-	14,241,664
-	-	-
7,096	-	7,096
-	-	56,632
-	1,286,126	1,921,512,594
-	-	5,130,006
<u>7,096</u>	<u>1,286,126</u>	<u>1,940,947,992</u>
<u>(7,079)</u>	<u>(1,265,966)</u>	<u>(1,190,021,731)</u>
-	-	1,169,498,617
-	(20,160)	(33,008)
-	(20,160)	1,169,465,609
(7,079)	(1,286,126)	(20,556,122)
<u>11,612</u>	<u>13,519,987</u>	<u>67,931,805</u>
<u>\$ 4,533</u>	<u>\$ 12,233,861</u>	<u>\$ 47,375,683</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
JUNE 30, 2012**

	<u>Alternate Benefit Program Fund</u>	<u>Dental Expense Program</u>	<u>Judiciary Bail Fund</u>
ASSETS			
Cash and cash equivalents	\$ 752,115	\$ 1,048,014	\$ 444,044
Investments	558,756	26,256,866	26,183,965
Receivables, net of allowances for uncollectibles			
Members	43,835	-	-
Employers	-	-	-
Due from other funds	<u>30,773,050</u>	<u>1,839,142</u>	<u>-</u>
Total Assets	<u><u>\$ 32,127,756</u></u>	<u><u>\$ 29,144,022</u></u>	<u><u>\$ 26,628,009</u></u>
LIABILITIES			
Accounts payable and accruals	\$ 32,028,529	\$ 29,050,956	\$ 26,628,009
Due to other funds	<u>99,227</u>	<u>93,066</u>	<u>-</u>
Total Liabilities	<u><u>\$ 32,127,756</u></u>	<u><u>\$ 29,144,022</u></u>	<u><u>\$ 26,628,009</u></u>

<u>Judiciary Child Support and Paternity Fund</u>	<u>Judiciary Probation Fund</u>	<u>Judiciary Special Civil Fund</u>
\$ 3,186,153	\$ 205,075	\$ 54,662
23,956,768	7,949,518	2,408,967
-	-	-
-	-	-
-	-	-
<u>\$ 27,142,921</u>	<u>\$ 8,154,593</u>	<u>\$ 2,463,629</u>
\$ 27,142,921	\$ 8,154,593	\$ 2,463,629
-	-	-
<u>\$ 27,142,921</u>	<u>\$ 8,154,593</u>	<u>\$ 2,463,629</u>

(Continued on next page)

**STATE OF NEW JERSEY
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS (Continued)
 JUNE 30, 2012**

	<u>Luxury Tax Development Fund</u>	<u>Pension Adjustment Fund</u>	<u>Resource Recovery Investment Tax Fund</u>
ASSETS			
Cash and cash equivalents	\$ 305,079	\$ 610,514	\$ 99,784
Investments	7,088,480	1,420,116	471,464
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	852,147	-
Due from other funds	-	9,435	-
Total Assets	<u>\$ 7,393,559</u>	<u>\$ 2,892,212</u>	<u>\$ 571,248</u>
LIABILITIES			
Accounts payable and accruals	\$ 7,393,559	\$ 2,412,989	\$ 571,248
Due to other funds	-	479,223	-
Total Liabilities	<u>\$ 7,393,559</u>	<u>\$ 2,892,212</u>	<u>\$ 571,248</u>

<u>Solid Waste Service Tax Fund</u>	<u>Wage and Hour Trust Fund</u>	<u>Total Agency Funds</u>
\$ 81,347	\$ 2,267,999	\$ 9,054,786
927,371	2,799,480	100,021,751
-	-	43,835
-	-	852,147
-	-	32,621,627
<u>\$ 1,008,718</u>	<u>\$ 5,067,479</u>	<u>\$ 142,594,146</u>
\$ 1,008,718	\$ 5,066,219	\$ 141,921,370
-	1,260	672,776
<u>\$ 1,008,718</u>	<u>\$ 5,067,479</u>	<u>\$ 142,594,146</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
ALTERNATE BENEFIT PROGRAM FUND				
Assets				
Cash and cash equivalents	\$ 63,944	\$ 153,994,782	\$ 153,306,611	\$ 752,115
Investments	385,247	175,007,751	174,834,242	558,756
Receivables, net - members	43,667	43,835	43,667	43,835
Due from other funds	25,413,496	30,773,050	25,413,496	30,773,050
Total Assets	<u>\$ 25,906,354</u>	<u>\$ 359,819,418</u>	<u>\$ 353,598,016</u>	<u>\$ 32,127,756</u>
Liabilities				
Accounts payable	\$ 25,715,563	\$ 32,797,605	\$ 26,484,639	\$ 32,028,529
Due to other funds	190,791	99,227	190,791	99,227
Total Liabilities	<u>\$ 25,906,354</u>	<u>\$ 32,896,832</u>	<u>\$ 26,675,430</u>	<u>\$ 32,127,756</u>
DENTAL EXPENSE PROGRAM				
Assets				
Cash and cash equivalents	\$ 458,316	\$ 36,897,970	\$ 36,308,272	\$ 1,048,014
Investments	18,275,013	197,598,272	189,616,419	26,256,866
Due from other funds	-	1,839,142	-	1,839,142
Total Assets	<u>\$ 18,733,329</u>	<u>\$ 236,335,384</u>	<u>\$ 225,924,691</u>	<u>\$ 29,144,022</u>
Liabilities				
Accounts payable	\$ 18,596,234	\$ 63,563,843	\$ 53,109,121	\$ 29,050,956
Due to other funds	137,095	39,036	83,065	93,066
Total Liabilities	<u>\$ 18,733,329</u>	<u>\$ 63,602,879</u>	<u>\$ 53,192,186</u>	<u>\$ 29,144,022</u>
JUDICIARY BAIL FUND				
Assets				
Cash and cash equivalents	\$ 255,408	\$ 94,379,842	\$ 94,191,206	\$ 444,044
Investments	25,982,965	14,090,753	13,889,753	26,183,965
Total Assets	<u>\$ 26,238,373</u>	<u>\$ 108,470,595</u>	<u>\$ 108,080,959</u>	<u>\$ 26,628,009</u>
Liabilities				
Accounts payable	\$ 26,238,373	\$ 79,047,563	\$ 78,657,927	\$ 26,628,009
Due to other funds	-	80,753	80,753	-
Total Liabilities	<u>\$ 26,238,373</u>	<u>\$ 79,128,316</u>	<u>\$ 78,738,680</u>	<u>\$ 26,628,009</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
JUDICIARY CHILD SUPPORT AND PATERNITY FUND				
Assets				
Cash and cash equivalents	\$ 4,409,541	\$ 2,931,218,274	\$ 2,932,441,662	\$ 3,186,153
Investments	22,837,709	154,608,719	153,489,660	23,956,768
Total Assets	<u>\$ 27,247,250</u>	<u>\$ 3,085,826,993</u>	<u>\$ 3,085,931,322</u>	<u>\$ 27,142,921</u>
Liabilities				
Accounts payable	\$ 27,247,250	\$ 1,428,802,305	\$ 1,428,906,634	\$ 27,142,921
Total Liabilities	<u>\$ 27,247,250</u>	<u>\$ 1,428,802,305</u>	<u>\$ 1,428,906,634</u>	<u>\$ 27,142,921</u>
JUDICIARY PROBATION FUND				
Assets				
Cash and cash equivalents	\$ 84,720	\$ 65,270,829	\$ 65,150,474	\$ 205,075
Investments	8,995,519	16,022,741	17,068,742	7,949,518
Total Assets	<u>\$ 9,080,239</u>	<u>\$ 81,293,570</u>	<u>\$ 82,219,216</u>	<u>\$ 8,154,593</u>
Liabilities				
Accounts payable	\$ 9,080,239	\$ 48,783,004	\$ 49,708,650	\$ 8,154,593
Due to other funds	-	25,742	25,742	-
Total Liabilities	<u>\$ 9,080,239</u>	<u>\$ 48,808,746</u>	<u>\$ 49,734,392</u>	<u>\$ 8,154,593</u>
JUDICIARY SPECIAL CIVIL FUND				
Assets				
Cash and cash equivalents	\$ 52,206	\$ 55,058,546	\$ 55,056,090	\$ 54,662
Investments	1,911,967	20,275,910	19,778,910	2,408,967
Total Assets	<u>\$ 1,964,173</u>	<u>\$ 75,334,456</u>	<u>\$ 74,835,000</u>	<u>\$ 2,463,629</u>
Liabilities				
Accounts payable	\$ 1,964,173	\$ 35,252,212	\$ 34,752,756	\$ 2,463,629
Due to other funds	-	2,910	2,910	-
Total Liabilities	<u>\$ 1,964,173</u>	<u>\$ 35,255,122</u>	<u>\$ 34,755,666</u>	<u>\$ 2,463,629</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
LUXURY TAX DEVELOPMENT FUND				
Assets				
Cash and cash equivalents	\$ 235,062	\$ 1,570,017	\$ 1,500,000	\$ 305,079
Investments	8,575,813	12,667	1,500,000	7,088,480
Total Assets	<u>\$ 8,810,875</u>	<u>\$ 1,582,684</u>	<u>\$ 3,000,000</u>	<u>\$ 7,393,559</u>
Liabilities				
Accounts payable	\$ 8,810,875	\$ 1,582,684	\$ 3,000,000	\$ 7,393,559
Total Liabilities	<u>\$ 8,810,875</u>	<u>\$ 1,582,684</u>	<u>\$ 3,000,000</u>	<u>\$ 7,393,559</u>
PENSION ADJUSTMENT FUND				
Assets				
Cash and cash equivalents	\$ 1,878,696	\$ 3,105,846	\$ 4,374,028	\$ 610,514
Investments	476,192	5,552,470	4,608,546	1,420,116
Receivables, net - employers	1,274,762	3,861,184	4,283,799	852,147
Due from other funds	68,491	22,394	81,450	9,435
Total Assets	<u>\$ 3,698,141</u>	<u>\$ 12,541,894</u>	<u>\$ 13,347,823</u>	<u>\$ 2,892,212</u>
Liabilities				
Accounts payable	\$ 2,946,107	\$ -	\$ 533,118	\$ 2,412,989
Due to other funds	752,034	7,669,221	7,942,032	479,223
Total Liabilities	<u>\$ 3,698,141</u>	<u>\$ 7,669,221</u>	<u>\$ 8,475,150</u>	<u>\$ 2,892,212</u>
RESOURCE RECOVERY INVESTMENT TAX FUND				
Assets				
Cash and cash equivalents	\$ 99,784	\$ -	\$ -	\$ 99,784
Investments	470,735	729	-	471,464
Total Assets	<u>\$ 570,519</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 571,248</u>
Liabilities				
Accounts payable	\$ 570,519	\$ 729	\$ -	\$ 571,248
Total Liabilities	<u>\$ 570,519</u>	<u>\$ 729</u>	<u>\$ -</u>	<u>\$ 571,248</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Balance</u> <u>July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</u>
SOLID WASTE SERVICE TAX FUND				
Assets				
Cash and cash equivalents	\$ 81,347	\$ -	\$ -	\$ 81,347
Investments	925,937	1,434	-	927,371
Total Assets	<u>\$ 1,007,284</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 1,008,718</u>
Liabilities				
Accounts payable	\$ 1,007,284	\$ 1,434	\$ -	\$ 1,008,718
Total Liabilities	<u>\$ 1,007,284</u>	<u>\$ 1,434</u>	<u>\$ -</u>	<u>\$ 1,008,718</u>
 WAGE AND HOUR TRUST FUND				
Assets				
Cash and cash equivalents	\$ 1,896,756	\$ 2,007,946	\$ 1,636,703	\$ 2,267,999
Investments	2,798,219	1,261	-	2,799,480
Total Assets	<u>\$ 4,694,975</u>	<u>\$ 2,009,207</u>	<u>\$ 1,636,703</u>	<u>\$ 5,067,479</u>
Liabilities				
Accounts payable	\$ 4,694,025	\$ 2,007,946	\$ 1,635,752	\$ 5,066,219
Due to other funds	950	1,261	951	1,260
Total Liabilities	<u>\$ 4,694,975</u>	<u>\$ 2,009,207</u>	<u>\$ 1,636,703</u>	<u>\$ 5,067,479</u>
 TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 9,515,780	\$ 3,343,504,052	\$ 3,343,965,046	\$ 9,054,786
Investments	91,635,316	583,172,707	574,786,272	100,021,751
Receivables, net - members	43,667	43,835	43,667	43,835
Receivables, net - employers	1,274,762	3,861,184	4,283,799	852,147
Due from other funds	25,481,987	32,634,586	25,494,946	32,621,627
Total Assets	<u>\$ 127,951,512</u>	<u>\$ 3,963,216,364</u>	<u>\$ 3,948,573,730</u>	<u>\$ 142,594,146</u>
Liabilities				
Accounts payable	\$ 126,870,642	\$ 1,691,839,325	\$ 1,676,788,597	\$ 141,921,370
Due to other funds	1,080,870	7,918,150	8,326,244	672,776
Total Liabilities	<u>\$ 127,951,512</u>	<u>\$ 1,699,757,475</u>	<u>\$ 1,685,114,841</u>	<u>\$ 142,594,146</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
JUNE 30, 2012

	<u>Alternate Benefit Long-Term Disability Fund</u>	<u>Central Pension Fund</u>	<u>Consolidated Police and Firemen's Pension Fund</u>
ASSETS			
Cash and cash equivalents	\$ -	\$ 39,061	\$ 425,590
Securities lending collateral	-	-	-
Investments	1,232,900	1,837	4,394,113
Receivables, net of allowances for uncollectibles			
Members	-	-	-
Employers	-	-	-
Interest and dividends	-	1	22
Due from other funds	323,165	-	24,724
Other	-	-	415,095
Total Assets	<u>1,556,065</u>	<u>40,899</u>	<u>5,259,544</u>
LIABILITIES			
Accounts payable	-	19,048	-
Benefits payable	-	20,954	390,754
Securities lending collateral and rebates payable	-	-	-
Due to other funds	-	897	9,930
Total Liabilities	<u>-</u>	<u>40,899</u>	<u>400,684</u>
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 1,556,065</u>	<u>\$ -</u>	<u>\$ 4,858,860</u>

<u>Health Benefits Program Fund - Local Education</u>	<u>Health Benefits Program Fund - Local Government</u>	<u>Health Benefits Program Fund - State</u>	<u>Judicial Retirement System</u>
\$ 7,634,917	\$ 3,170,749	\$ 382,903	\$ 3,708,778
-	-	-	3,840,518
384,879,343	191,706,595	94,067,107	230,909,713
-	-	-	71,376
-	-	-	-
-	-	-	38
38,176,040	64,351,220	-	1,049,063
28,313	45,087	8,069,109	-
<u>430,718,613</u>	<u>259,273,651</u>	<u>102,519,119</u>	<u>239,579,486</u>
1,421,638	1,084,568	4,245,989	227
245,404,980	110,261,915	198,416,605	3,628,461
-	-	-	3,834,649
-	-	-	80,484
<u>246,826,618</u>	<u>111,346,483</u>	<u>202,662,594</u>	<u>7,543,821</u>
<u>\$ 183,891,995</u>	<u>\$ 147,927,168</u>	<u>\$ (100,143,475)</u>	<u>\$ 232,035,665</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS (Continued)
JUNE 30, 2012

	<u>New Jersey State Employees' Deferred Compensation Plan</u>	<u>Police and Firemen's Retirement System</u>	<u>Prison Officers' Pension Fund</u>
ASSETS			
Cash and cash equivalents	\$ 12,231	\$ 156,279,415	\$ 367,693
Securities lending collateral	-	329,622,358	-
Investments	2,585,539,841	19,584,640,095	8,823,537
Receivables, net of allowances for uncollectibles			
Members	-	47,526,660	-
Employers	-	984,286,033	-
Interest and dividends	1,178,243	3,942,398	8
Due from other funds	160,230	387,801,289	-
Other	-	111,108	-
Total Assets	<u>2,586,890,545</u>	<u>21,494,209,356</u>	<u>9,191,238</u>
LIABILITIES			
Accounts payable	846,662	4,142,032	67
Benefits payable	-	152,048,749	145,507
Securities lending collateral and rebates payable	-	329,113,056	-
Due to other funds	-	1,820,954	1,428
Total Liabilities	<u>846,662</u>	<u>487,124,791</u>	<u>147,002</u>
NET ASSETS			
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 2,586,043,883</u>	<u>\$ 21,007,084,565</u>	<u>\$ 9,044,236</u>

<u>Public Employees' Retirement System</u>	<u>State Police Retirement System</u>	<u>Supplemental Annuity Collective Trust</u>	<u>Teachers' Pension and Annuity Fund</u>	<u>Total Pension and Other Employee Benefits Trust Funds</u>
\$ 237,096,071	\$ 14,482,638	\$ 721,528	\$ 297,561,120	\$ 721,882,694
407,441,067	29,163,423	-	439,018,848	1,209,086,214
23,867,346,297	1,709,074,059	154,376,675	25,211,886,701	74,028,878,813
53,075,058	-	247,652	75,493,466	176,414,212
1,981,309,247	-	-	69,378,393	3,034,973,673
2,633	148	279,536	3,196	5,406,223
556,128,548	20,140,530	-	236,833,962	1,304,988,771
3,636,813	76,940	21,931	3,669,847	16,074,243
<u>27,106,035,734</u>	<u>1,772,937,738</u>	<u>155,647,322</u>	<u>26,333,845,533</u>	<u>80,497,704,843</u>
68,258,739	54,074	239,130	52,435,103	132,747,277
245,496,314	13,697,535	2,528,816	295,127,622	1,267,168,212
406,820,294	29,118,498	-	438,348,749	1,207,235,246
2,022,389	219,806	3,008	3,097,809	7,256,705
<u>722,597,736</u>	<u>43,089,913</u>	<u>2,770,954</u>	<u>789,009,283</u>	<u>2,614,407,440</u>
<u>\$ 26,383,437,998</u>	<u>\$ 1,729,847,825</u>	<u>\$ 152,876,368</u>	<u>\$ 25,544,836,250</u>	<u>\$ 77,883,297,403</u>

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, 2012

	<u>Alternate Benefit Long-Term Disability Fund</u>	<u>Central Pension Fund</u>	<u>Consolidated Police and Firemen's Pension Fund</u>
ADDITIONS			
Contributions:			
Members	\$ -	\$ -	\$ -
Employers	3,323,165	168,000	193,183
Other	-	22,155	3,234,585
Total Contributions	<u>3,323,165</u>	<u>190,155</u>	<u>3,427,768</u>
Investment Income:			
Net increase (decrease) in fair value of investments	(156)	-	(7,849)
Interest and dividends	4,288	119	12,882
Total Investment Income	4,132	119	5,033
Less investment expense	-	-	4,823
Net Investment Income	4,132	119	210
Total Additions	<u>3,327,297</u>	<u>190,274</u>	<u>3,427,978</u>
DEDUCTIONS			
Benefit payments	3,323,165	189,481	5,046,645
Refunds of contributions	-	793	-
Administrative expense	-	-	14,152
Total Deductions	<u>3,323,165</u>	<u>190,274</u>	<u>5,060,797</u>
Total Changes in Net Assets Held in Trust	4,132	-	(1,632,819)
Net Assets - July 1, 2011	<u>1,551,933</u>	<u>-</u>	<u>6,491,679</u>
Net Assets - June 30, 2012	<u>\$ 1,556,065</u>	<u>\$ -</u>	<u>\$ 4,858,860</u>

<u>Health Benefits Program Fund - Local Education</u>	<u>Health Benefits Program Fund - Local Government</u>	<u>Health Benefits Program Fund - State</u>	<u>Judicial Retirement System</u>
\$ 49,519,373	\$ 43,109,391	\$ 152,051,630	\$ 2,476,205
2,096,978,330	932,727,716	1,691,931,065	6,061,953
-	-	-	-
<u>2,146,497,703</u>	<u>975,837,107</u>	<u>1,843,982,695</u>	<u>8,538,158</u>
(67,295)	(20,975)	(23,086)	(690,294)
<u>872,151</u>	<u>391,077</u>	<u>209,428</u>	<u>5,660,584</u>
804,856	370,102	186,342	4,970,290
-	-	-	16,076
<u>804,856</u>	<u>370,102</u>	<u>186,342</u>	<u>4,954,214</u>
<u>2,147,302,559</u>	<u>976,207,209</u>	<u>1,844,169,037</u>	<u>13,492,372</u>
2,328,944,099	979,913,607	1,957,384,329	45,955,546
-	-	-	45,641
<u>3,654,752</u>	<u>1,513,167</u>	<u>3,100,752</u>	<u>159,888</u>
<u>2,332,598,851</u>	<u>981,426,774</u>	<u>1,960,485,081</u>	<u>46,161,075</u>
(185,296,292)	(5,219,565)	(116,316,044)	(32,668,703)
<u>369,188,287</u>	<u>153,146,733</u>	<u>16,172,569</u>	<u>264,704,368</u>
<u>\$ 183,891,995</u>	<u>\$ 147,927,168</u>	<u>\$ (100,143,475)</u>	<u>\$ 232,035,665</u>

(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, 2012

	<u>New Jersey State Employees' Deferred Compensation Plan</u>	<u>Police and Firemen's Retirement System</u>	<u>Prison Officers' Pension Fund</u>
ADDITIONS			
Contributions:			
Members	\$ 178,243,724	\$ 374,688,168	\$ -
Employers	-	842,084,854	-
Other	-	-	994,367
Total Contributions	<u>178,243,724</u>	<u>1,216,773,022</u>	<u>994,367</u>
Investment Income:			
Net increase (decrease) in fair value of investments	9,688,428	(167,607,023)	(3,095)
Interest and dividends	10,342,361	540,454,848	15,406
Total Investment Income	<u>20,030,789</u>	<u>372,847,825</u>	<u>12,311</u>
Less investment expense	196,104	1,351,653	2,366
Net Investment Income	<u>19,834,685</u>	<u>371,496,172</u>	<u>9,945</u>
Total Additions	<u>198,078,409</u>	<u>1,588,269,194</u>	<u>1,004,312</u>
DEDUCTIONS			
Benefit payments	118,211,742	1,862,401,613	1,950,804
Refunds of contributions	-	7,551,462	-
Administrative expense	465,127	3,919,438	6,922
Total Deductions	<u>118,676,869</u>	<u>1,873,872,513</u>	<u>1,957,726</u>
Total Changes in Net Assets Held in Trust	79,401,540	(285,603,319)	(953,414)
Net Assets - July 1, 2011	<u>2,506,642,343</u>	<u>21,292,687,884</u>	<u>9,997,650</u>
Net Assets - June 30, 2012	<u>\$ 2,586,043,883</u>	<u>\$ 21,007,084,565</u>	<u>\$ 9,044,236</u>

<u>Public Employees' Retirement System</u>	<u>State Police Retirement System</u>	<u>Supplemental Annuity Collective Trust</u>	<u>Teachers' Pension and Annuity Fund</u>	<u>Total Pension and Other Employee Benefits Trust Funds</u>
\$ 793,993,077	\$ 23,233,207	\$ 6,346,823	\$ 685,608,357	\$ 2,309,269,955
997,437,885	13,578,328	-	323,100,685	6,907,585,164
-	-	-	-	4,251,107
<u>1,791,430,962</u>	<u>36,811,535</u>	<u>6,346,823</u>	<u>1,008,709,042</u>	<u>9,221,106,226</u>
(37,727,048)	3,328,478	2,432,656	(32,213,203)	(222,910,462)
<u>673,708,165</u>	<u>45,682,579</u>	<u>3,508,768</u>	<u>677,178,622</u>	<u>1,958,041,278</u>
635,981,117	49,011,057	5,941,424	644,965,419	1,735,130,816
<u>7,407,519</u>	<u>95,312</u>	<u>-</u>	<u>3,983,130</u>	<u>13,056,983</u>
<u>628,573,598</u>	<u>48,915,745</u>	<u>5,941,424</u>	<u>640,982,289</u>	<u>1,722,073,833</u>
<u>2,420,004,560</u>	<u>85,727,280</u>	<u>12,288,247</u>	<u>1,649,691,331</u>	<u>10,943,180,059</u>
2,900,539,904	163,065,369	17,890,338	3,538,617,490	13,923,434,132
108,618,263	143,320	-	40,911,455	157,270,934
<u>21,841,723</u>	<u>298,961</u>	<u>-</u>	<u>11,523,397</u>	<u>46,498,279</u>
<u>3,030,999,890</u>	<u>163,507,650</u>	<u>17,890,338</u>	<u>3,591,052,342</u>	<u>14,127,203,345</u>
(610,995,330)	(77,780,370)	(5,602,091)	(1,941,361,011)	(3,184,023,286)
<u>26,994,433,328</u>	<u>1,807,628,195</u>	<u>158,478,459</u>	<u>27,486,197,261</u>	<u>81,067,320,689</u>
<u>\$ 26,383,437,998</u>	<u>\$ 1,729,847,825</u>	<u>\$ 152,876,368</u>	<u>\$ 25,544,836,250</u>	<u>\$ 77,883,297,403</u>

**STATE OF NEW JERSEY
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 PRIVATE PURPOSE TRUST FUNDS
 JUNE 30, 2012**

	<u>Insurance Annuity Trust Fund</u>	<u>Motor Vehicle Security Responsibility Fund</u>
ASSETS		
Cash and cash equivalents	\$ 100	\$ 27,993
Investments	162,339	234,921
Total Assets	<u>162,439</u>	<u>262,914</u>
LIABILITIES		
Accounts payable	-	262,451
Due to other funds	-	364
Total Liabilities	<u>-</u>	<u>262,815</u>
NET ASSETS		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 162,439</u>	<u>\$ 99</u>

<u>Unclaimed County Deposits Trust Fund</u>	<u>Unclaimed Insurance Payments on Deposit Accounts Fund</u>	<u>Total Private Purpose Trust Funds</u>
\$ 1,433,776	\$ 1,112,751	\$ 2,574,620
5,237,352	6,813,460	12,448,072
<u>6,671,128</u>	<u>7,926,211</u>	<u>15,022,692</u>
4,020,466	-	4,282,917
283,989	31,081	315,434
<u>4,304,455</u>	<u>31,081</u>	<u>4,598,351</u>
<u>\$ 2,366,673</u>	<u>\$ 7,895,130</u>	<u>\$ 10,424,341</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Insurance Annuity Trust Fund</u>	<u>Motor Vehicle Security Responsibility Fund</u>
ADDITIONS		
Investment income:		
Interest and dividends	\$ 242	\$ 364
Total Investment Income	242	364
Miscellaneous	6,000	-
Total Additions	<u>6,242</u>	<u>364</u>
DEDUCTIONS		
Refunds and transfers to other systems	-	364
Payments in accordance with trust agreements	-	-
Total Deductions	<u>-</u>	<u>364</u>
Total Changes in Net Assets Held in Trust	6,242	-
Net Assets - July 1, 2011	<u>156,197</u>	<u>99</u>
Net Assets - June 30, 2012	<u>\$ 162,439</u>	<u>\$ 99</u>

<u>Unclaimed County Deposits Trust Fund</u>	<u>Unclaimed Insurance Payments on Deposit Accounts Fund</u>	<u>Total Private Purpose Trust Funds</u>
\$ 8,127	\$ 10,544	\$ 19,277
8,127	10,544	19,277
<u>31,204</u>	<u>1,240,008</u>	<u>1,277,212</u>
<u>39,331</u>	<u>1,250,552</u>	<u>1,296,489</u>
-	8,484	8,848
<u>144,741</u>	<u>592,237</u>	<u>736,978</u>
<u>144,741</u>	<u>600,721</u>	<u>745,826</u>
(105,410)	649,831	550,663
<u>2,472,083</u>	<u>7,245,299</u>	<u>9,873,678</u>
<u>\$ 2,366,673</u>	<u>\$ 7,895,130</u>	<u>\$ 10,424,341</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
JUNE 30, 2012

	<u>Authorities</u>	<u>Colleges and Universities</u>	<u>Total Non-Major Component Units</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 2,222,076,853	\$ 588,793,310	\$ 2,810,870,163
Investments	3,791,099,525	458,974,897	4,250,074,422
Receivables, net of allowances for uncollectibles			
Federal government	11,232,681	40,061,357	51,294,038
Loans	261,180,008	3,256,074	264,436,082
Mortgages	98,075,000	-	98,075,000
Other	137,504,891	61,742,167	199,247,058
Due from external parties	39,485,868	18,656,315	58,142,183
Inventories	1,537,747	-	1,537,747
Other	14,322,395	135,031,464	149,353,859
Total Current Assets	<u>6,576,514,968</u>	<u>1,306,515,584</u>	<u>7,883,030,552</u>
Noncurrent Assets			
Investments	828,238,844	543,488,020	1,371,726,864
Receivables, net of allowances for uncollectibles			
Loans	3,741,209,146	12,687,687	3,753,896,833
Mortgages	2,567,486,208	-	2,567,486,208
Other	1,675,000	15,460,416	17,135,416
Capital assets - nondepreciated	470,121,664	460,084,416	930,206,080
Capital assets - depreciated, net	1,519,674,755	3,224,908,971	4,744,583,726
Derivative instrument asset	16,574,020	-	16,574,020
Other	72,215,312	110,660,445	182,875,757
Total Noncurrent Assets	<u>9,217,194,949</u>	<u>4,367,289,955</u>	<u>13,584,484,904</u>
Deferred Outflows	59,925,030	-	59,925,030
Total Assets and Deferred Outflows	<u>15,853,634,947</u>	<u>5,673,805,539</u>	<u>21,527,440,486</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	119,518,289	164,758,705	284,276,994
Due to external parties	24,844,625	1,082,019	25,926,644
Interest payable	61,068,408	31,595,198	92,663,606
Deferred revenue	87,119,377	69,518,790	156,638,167
Current portion of long-term obligations	376,395,107	73,389,991	449,785,098
Other	296,081,978	39,526,517	335,608,495
Total Current Liabilities	<u>965,027,784</u>	<u>379,871,220</u>	<u>1,344,899,004</u>
Noncurrent liabilities			
Net pension obligation	31,406,499	-	31,406,499
Net OPEB obligation	141,964,936	-	141,964,936
Pollution remediation	2,350,000	-	2,350,000
Derivative instrument liability	76,499,050	-	76,499,050
Other	8,426,653,270	2,714,804,444	11,141,457,714
Total Noncurrent Liabilities	<u>8,678,873,755</u>	<u>2,714,804,444</u>	<u>11,393,678,199</u>
Deferred Inflows	-	227,646,563	227,646,563
Total Liabilities and Deferred Inflows	<u>9,643,901,539</u>	<u>3,322,322,227</u>	<u>12,966,223,766</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,076,084,864	989,642,186	2,065,727,050
Restricted for:			
Capital projects	23,556,875	28,396,886	51,953,761
Debt service	844,716,785	70,742,586	915,459,371
Other purposes	3,309,013,816	384,594,044	3,693,607,860
Unrestricted	956,361,068	878,107,610	1,834,468,678
Total Net Assets	<u>\$ 6,209,733,408</u>	<u>\$ 2,351,483,312</u>	<u>\$ 8,561,216,720</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Authorities</u>	<u>Colleges and Universities</u>	<u>Total Non-Major Component Units</u>
Expenses	\$ 2,186,351,269	\$ 2,091,911,500	\$ 4,278,262,769
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	555,092,208	1,155,747,712	1,710,839,920
Operating grants and contributions	655,669,710	739,395,072	1,395,064,782
Capital grants and contributions	<u>855,876,216</u>	<u>15,408,714</u>	<u>871,284,930</u>
Net (Expense) Revenue	<u>(119,713,135)</u>	<u>(181,360,002)</u>	<u>(301,073,137)</u>
General Revenue			
Payments from State	<u>62,002,824</u>	<u>290,993,059</u>	<u>352,995,883</u>
Total General Revenue	<u>62,002,824</u>	<u>290,993,059</u>	<u>352,995,883</u>
Change in Net Assets	(57,710,311)	109,633,057	51,922,746
Net Assets - Beginning of Year (Restated)	<u>6,267,443,719</u>	<u>2,241,850,255</u>	<u>8,509,293,974</u>
Net Assets - End of Year	<u>\$ 6,209,733,408</u>	<u>\$ 2,351,483,312</u>	<u>\$ 8,561,216,720</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES
JUNE 30, 2012

	<u>Atlantic City Convention and Visitors Authority</u>	<u>Casino Reinvestment Development Authority</u>	<u>Higher Education Student Assistance Authority</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,483,088	\$ 132,343,552	\$ 523,025,204
Investments	34,349,383	42,733,856	3,190,329,354
Receivables, net of allowances for uncollectibles			
Federal government	-	-	11,232,681
Loans	-	-	85,760,233
Mortgages	-	-	-
Other	658,554	11,488,355	53,747,299
Due from external parties	13,228,684	-	1,959,184
Inventories	13,853	-	-
Other	1,125,564	-	-
Total Current Assets	<u>53,859,126</u>	<u>186,565,763</u>	<u>3,866,053,955</u>
Noncurrent Assets			
Investments	-	-	-
Receivables, net of allowances for uncollectibles			
Loans	-	-	2,019,614,791
Mortgages	-	97,634,208	-
Other	-	-	-
Capital assets - nondepreciated	81,311,000	99,199,473	-
Capital assets - depreciated, net	312,228,360	26,163,276	579,538
Derivative instrument asset	-	-	16,574,020
Other	1,044,241	19,254,909	10,537,488
Total Noncurrent Assets	<u>394,583,601</u>	<u>242,251,866</u>	<u>2,047,305,837</u>
Deferred Outflows	-	-	-
Total Assets and Deferred Outflows	<u>448,442,727</u>	<u>428,817,629</u>	<u>5,913,359,792</u>
	-		
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	4,142,746	17,223,738	12,972,613
Due to external parties	-	-	217,918
Interest payable	9,197,491	3,508,073	9,241,850
Deferred revenue	2,413,333	-	-
Current portion of long-term obligations	7,225,000	21,889,080	117,855,000
Other	-	-	35,473,379
Total Current Liabilities	<u>22,978,570</u>	<u>42,620,891</u>	<u>175,760,760</u>
Noncurrent Liabilities			
Net pension obligation	-	-	-
Net OPEB obligation	-	-	-
Pollution remediation	-	-	-
Derivative instrument liability	-	-	16,574,020
Other	103,088,297	436,166,939	2,404,520,716
Total Noncurrent Liabilities	<u>103,088,297</u>	<u>436,166,939</u>	<u>2,421,094,736</u>
Deferred Inflows	-	-	-
Total Liabilities and Deferred Inflows	<u>126,066,867</u>	<u>478,787,830</u>	<u>2,596,855,496</u>
NET ASSETS			
Invested in capital assets, net of related debt	284,589,360	17,628,283	-
Restricted for:			
Capital projects	-	-	-
Debt service	-	34,730,406	150,252,419
Other purposes	5,519,884	-	3,166,251,877
Unrestricted	<u>32,266,616</u>	<u>(102,328,890)</u>	<u>-</u>
Total Net Assets	<u>\$ 322,375,860</u>	<u>\$ (49,970,201)</u>	<u>\$ 3,316,504,296</u>

<u>New Jersey Economic Development Authority</u>	<u>New Jersey Educational Facilities Authority</u>	<u>New Jersey Environmental Infrastructure Trust</u>	<u>New Jersey Health Care Facilities Financing Authority</u>
\$ 91,447,880	\$ 94,026	\$ 267,753,247	\$ 26,000
89,073,954	4,413,444	232,322,593	5,371,000
-	-	-	-
40,923,554	-	96,866,196	286,000
-	-	-	-
-	-	26,696,405	2,083,000
-	27,147	-	-
-	-	-	-
1,107,788	15,426	64,234	3,288,000
<u>222,553,176</u>	<u>4,550,043</u>	<u>623,702,675</u>	<u>11,054,000</u>
237,456,108	-	79,057,046	-
162,197,763	-	1,228,740,528	1,190,000
-	-	-	-
-	-	-	-
23,397,313	-	-	-
78,152,493	110,140	87,741	50,000
-	-	-	-
138,970	-	9,422,406	-
<u>501,342,647</u>	<u>110,140</u>	<u>1,317,307,721</u>	<u>1,240,000</u>
2,171,742	-	-	-
<u>726,067,565</u>	<u>4,660,183</u>	<u>1,941,010,396</u>	<u>12,294,000</u>
7,110,816	254,185	21,595,615	485,000
-	-	-	-
505,384	-	-	-
1,228,423	-	-	1,605,000
8,638,685	-	95,776,484	-
4,267,100	-	-	-
<u>21,750,408</u>	<u>254,185</u>	<u>117,372,099</u>	<u>2,090,000</u>
-	-	-	-
-	780,480	-	-
-	-	-	-
2,171,742	-	-	-
<u>72,035,474</u>	<u>30,361</u>	<u>1,517,616,137</u>	<u>-</u>
74,207,216	810,841	1,517,616,137	-
-	-	-	-
<u>95,957,624</u>	<u>1,065,026</u>	<u>1,634,988,236</u>	<u>2,090,000</u>
55,803,672	110,140	-	50,000
-	-	-	-
-	-	256,595,153	-
24,609,225	-	11,808,408	-
549,697,044	3,485,017	37,618,599	10,154,000
<u>\$ 630,109,941</u>	<u>\$ 3,595,157</u>	<u>\$ 306,022,160</u>	<u>\$ 10,204,000</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - AUTHORITIES (Continued)
JUNE 30, 2012

	New Jersey Housing and Mortgage Finance Agency	New Jersey Meadowlands Commission	New Jersey Redevelopment Authority
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 916,439,000	\$ 21,906,883	\$ 1,868,350
Investments	32,995,000	16,204,212	-
Receivables, net of allowances for uncollectibles			
Federal government	-	-	-
Loans	-	-	21,779,025
Mortgages	98,075,000	-	-
Other	6,420,000	4,720,873	7,923,483
Due from external parties	1,725,000	-	-
Inventories	-	-	-
Other	773,000	-	16,815
Total Current Assets	1,056,427,000	42,831,968	31,587,673
Noncurrent Assets			
Investments	471,609,000	1,770,208	20,069,209
Receivables, net of allowances for uncollectibles			
Loans	318,002,000	-	7,164,424
Mortgages	2,469,852,000	-	-
Other	1,675,000	-	-
Capital assets - nondepreciated	1,225,000	31,439,401	-
Capital assets - depreciated, net	9,625,000	10,912,799	53,942
Derivative instrument asset	-	-	-
Other	18,551,000	25,000	-
Total Noncurrent Assets	3,290,539,000	44,147,408	27,287,575
Deferred Outflows	23,384,000	-	-
Total Assets and Deferred Outflows	4,370,350,000	86,979,376	58,875,248
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	4,850,000	4,843,455	87,326
Due to external parties	23,970,000	-	448,374
Interest payable	25,804,000	-	-
Deferred revenue	-	1,897,180	-
Current portion of long-term obligations	101,605,000	-	-
Other	221,312,000	1,023,881	-
Total Current Liabilities	377,541,000	7,764,516	535,700
Noncurrent Liabilities			
Net pension obligation	-	1,071,168	-
Net OPEB obligation	48,026,000	5,726,263	-
Pollution remediation	-	-	-
Derivative instrument liability	23,384,000	-	-
Other	3,024,115,000	5,580,173	-
Total Noncurrent Liabilities	3,095,525,000	12,377,604	-
Deferred Inflows	-	-	-
Total Liabilities and Deferred Inflows	3,473,066,000	20,142,120	535,700
NET ASSETS			
Invested in capital assets, net of related debt	10,850,000	42,352,200	53,942
Restricted for:			
Capital projects	-	-	18,795,004
Debt service	315,257,000	-	-
Other purposes	65,849,000	19,366,614	-
Unrestricted	505,328,000	5,118,442	39,490,602
Total Net Assets	\$ 897,284,000	\$ 66,837,256	\$ 58,339,548

New Jersey Sports and Exposition Authority	New Jersey Water Supply Authority	South Jersey Port Corporation	South Jersey Transportation Authority	Total Non-Major Authorities
\$ 9,304,000	\$ 35,066,623	\$ 108,547,872	\$ 109,771,128	\$ 2,222,076,853
25,420,000	-	9,753,948	108,132,781	3,791,099,525
-	-	-	-	11,232,681
-	-	-	15,565,000	261,180,008
-	-	-	-	98,075,000
6,208,000	4,765,659	5,227,633	7,565,630	137,504,891
2,698,800	-	19,847,053	-	39,485,868
-	-	1,401,433	122,461	1,537,747
-	4,680,612	930,237	2,320,719	14,322,395
<u>43,630,800</u>	<u>44,512,894</u>	<u>145,708,176</u>	<u>243,477,719</u>	<u>6,576,514,968</u>
-	18,277,273	-	-	828,238,844
4,299,640	-	-	-	3,741,209,146
-	-	-	-	2,567,486,208
-	-	-	-	1,675,000
-	33,906,234	18,235,317	181,407,926	470,121,664
322,218,000	110,082,452	198,479,633	450,931,381	1,519,674,755
-	-	-	-	16,574,020
2,302,360	2,863,810	-	8,075,128	72,215,312
<u>328,820,000</u>	<u>165,129,769</u>	<u>216,714,950</u>	<u>640,414,435</u>	<u>9,217,194,949</u>
-	-	-	34,369,288	59,925,030
<u>372,450,800</u>	<u>209,642,663</u>	<u>362,423,126</u>	<u>918,261,442</u>	<u>15,853,634,947</u>
18,030,300	2,419,651	11,435,482	14,067,362	119,518,289
-	-	-	208,333	24,844,625
458,500	-	8,561,191	3,791,919	61,068,408
77,476,000	1,512,896	537,751	448,794	87,119,377
-	5,884,725	9,780,000	7,741,133	376,395,107
13,991,000	-	207,042	19,807,576	296,081,978
<u>109,955,800</u>	<u>9,817,272</u>	<u>30,521,466</u>	<u>46,065,117</u>	<u>965,027,784</u>
29,189,400	-	1,145,931	-	31,406,499
8,453,000	-	2,920,762	76,058,431	141,964,936
2,350,000	-	-	-	2,350,000
-	-	-	34,369,288	76,499,050
<u>17,906,600</u>	<u>85,576,278</u>	<u>284,311,286</u>	<u>475,706,009</u>	<u>8,426,653,270</u>
57,899,000	85,576,278	288,377,979	586,133,728	8,678,873,755
-	-	-	-	-
<u>167,854,800</u>	<u>95,393,550</u>	<u>318,899,445</u>	<u>632,198,845</u>	<u>9,643,901,539</u>
326,216,000	78,090,867	1,247,406	259,092,994	1,076,084,864
-	-	-	4,761,871	23,556,875
-	11,924,238	25,728,619	50,228,950	844,716,785
4,802,000	-	1,401,433	9,405,375	3,309,013,816
(126,422,000)	24,234,008	15,146,223	(37,426,593)	956,361,068
<u>\$ 204,596,000</u>	<u>\$ 114,249,113</u>	<u>\$ 43,523,681</u>	<u>\$ 286,062,597</u>	<u>\$ 6,209,733,408</u>

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Atlantic City Convention and Visitors Authority</u>	<u>Casino Reinvestment Development Authority</u>	<u>Higher Education Student Assistance Authority</u>
Expenses	\$ 48,966,466	\$ 93,231,865	\$ 1,076,544,313
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	56,341,963	45,055,839	36,416,435
Operating grants and contributions	37,367	10,772,387	278,419,163
Capital grants and contributions	<u>100,000</u>	<u>326,103</u>	<u>849,715,850</u>
Net (Expense) Revenue	<u>7,512,864</u>	<u>(37,077,536)</u>	<u>88,007,135</u>
General Revenue			
Payments from State	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	7,512,864	(37,077,536)	88,007,135
Net Assets - Beginning of Year (Restated)	<u>314,862,996</u>	<u>(12,892,665)</u>	<u>3,228,497,161</u>
Net Assets - End of Year	<u>\$ 322,375,860</u>	<u>\$ (49,970,201)</u>	<u>\$ 3,316,504,296</u>

<u>New Jersey Economic Development Authority</u>	<u>New Jersey Educational Facilities Authority</u>	<u>New Jersey Environmental Infrastructure Trust</u>	<u>New Jersey Health Care Facilities Financing Authority</u>
\$ 114,208,196	\$ 10,841,726	\$ 60,241,003	\$ 3,197,000
35,323,196	3,355,088	5,974,230	4,045,000
11,425,117	9,425	60,665,237	57,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(67,459,883)</u>	<u>(7,477,213)</u>	<u>6,398,464</u>	<u>905,000</u>
<u>38,105,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>38,105,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(29,354,561)</u>	<u>(7,477,213)</u>	<u>6,398,464</u>	<u>905,000</u>
<u>659,464,502</u>	<u>11,072,370</u>	<u>299,623,696</u>	<u>9,299,000</u>
<u>\$ 630,109,941</u>	<u>\$ 3,595,157</u>	<u>\$ 306,022,160</u>	<u>\$ 10,204,000</u>

(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, 2012

	<u>New Jersey Housing and Mortgage Finance Agency</u>	<u>New Jersey Meadowlands Commission</u>	<u>New Jersey Redevelopment Authority</u>
Expenses	\$ 336,084,000	\$ 43,810,284	\$ 2,882,216
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	31,196,000	28,366,812	477,017
Operating grants and contributions	248,642,000	11,444,379	2,060,286
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>-</u>
Net (Expense) Revenue	<u>(56,246,000)</u>	<u>(3,999,093)</u>	<u>(344,913)</u>
General Revenue			
Payments from State	<u>-</u>	<u>-</u>	<u>-</u>
Total General Revenue	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	(56,246,000)	(3,999,093)	(344,913)
Net Assets - Beginning of Year (Restated)	<u>953,530,000</u>	<u>70,836,349</u>	<u>58,684,461</u>
Net Assets - End of Year	<u>\$ 897,284,000</u>	<u>\$ 66,837,256</u>	<u>\$ 58,339,548</u>

<u>New Jersey Sports and Exposition Authority</u>	<u>New Jersey Water Supply Authority</u>	<u>South Jersey Port Corporation</u>	<u>South Jersey Transportation Authority</u>	<u>Total Non-Major Authorities</u>
\$ 204,398,947	\$ 28,616,001	\$ 41,435,328	\$ 121,893,924	\$ 2,186,351,269
155,098,000	28,188,326	19,208,160	106,046,142	555,092,208
22,346,947	644,447	3,976,635	5,169,320	655,669,710
-	-	683,008	5,051,255	855,876,216
<u>(26,954,000)</u>	<u>216,772</u>	<u>(17,567,525)</u>	<u>(5,627,207)</u>	<u>(119,713,135)</u>
-	-	23,897,502	-	62,002,824
-	-	23,897,502	-	62,002,824
(26,954,000)	216,772	6,329,977	(5,627,207)	(57,710,311)
<u>231,550,000</u>	<u>114,032,341</u>	<u>37,193,704</u>	<u>291,689,804</u>	<u>6,267,443,719</u>
<u>\$ 204,596,000</u>	<u>\$ 114,249,113</u>	<u>\$ 43,523,681</u>	<u>\$ 286,062,597</u>	<u>\$ 6,209,733,408</u>

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
JUNE 30, 2012

	<u>The College of New Jersey</u>	<u>Kean University</u>	<u>Montclair State University</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 4,223,000	\$ 170,513,521	\$ 16,780,412
Investments	72,313,000	23,524,065	135,902,938
Receivables, net of allowances for uncollectibles			
Federal government	4,050,000	1,267,671	3,506,750
Loans	833,000	219,224	454,326
Other	2,991,000	6,988,853	8,796,426
Due from external parties	2,606,000	3,476,434	2,283,006
Inventories	-	-	-
Other	13,138,000	237,544	1,798,206
Total Current Assets	<u>100,154,000</u>	<u>206,227,312</u>	<u>169,522,064</u>
Noncurrent Assets			
Investments	43,518,000	7,487,790	94,771,059
Receivables, net of allowances for uncollectibles			
Loans	2,718,000	1,482,611	2,993,445
Other	-	270,659	2,537,203
Capital assets - nondepreciated	95,443,000	39,742,505	81,945,485
Capital assets - depreciated, net	487,184,000	360,937,830	699,096,255
Other	51,009,000	4,859,306	4,767,429
Total Noncurrent Assets	<u>679,872,000</u>	<u>414,780,701</u>	<u>886,110,876</u>
Total Assets and Deferred Outflows	<u>780,026,000</u>	<u>621,008,013</u>	<u>1,055,632,940</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	11,425,000	14,168,716	23,947,372
Due to external parties	-	-	-
Interest payable	8,612,000	7,049,546	7,932,608
Deferred revenue	2,928,000	8,993,307	13,721,537
Current portion of long-term obligations	3,630,000	9,509,601	12,296,896
Other	3,090,000	3,692,112	5,957,939
Total Current Liabilities	<u>29,685,000</u>	<u>43,413,282</u>	<u>63,856,352</u>
Noncurrent liabilities			
Other	377,787,000	359,143,049	355,152,567
Total Noncurrent Liabilities	<u>377,787,000</u>	<u>359,143,049</u>	<u>355,152,567</u>
Deferred Inflows			
	-	-	227,646,563
Total Liabilities and Deferred Inflows	<u>407,472,000</u>	<u>402,556,331</u>	<u>646,655,482</u>
NET ASSETS			
Invested in capital assets, net of related debt	224,346,000	78,714,374	182,801,298
Restricted for:			
Capital projects	-	28,396,886	-
Debt service	-	6,605,194	17,879,138
Other purposes	20,660,000	23,434,676	60,782,321
Unrestricted	127,548,000	81,300,552	147,514,701
Total Net Assets	<u>\$ 372,554,000</u>	<u>\$ 218,451,682</u>	<u>\$ 408,977,458</u>

<u>New Jersey City University</u>	<u>New Jersey Institute of Technology</u>	<u>Ramapo College of New Jersey</u>	<u>The Richard Stockton College of New Jersey</u>	<u>Rowan University</u>
\$ 7,846,204	\$ 37,474,000	\$ 67,227,000	\$ 7,480,834	\$ 139,983,636
47,005,645	19,530,000	1,136,000	97,938,437	5,607,208
1,774,232	21,590,000	-	871,719	4,023,908
-	321,000	189,000	316,237	-
7,556,445	6,983,000	6,354,000	8,311,138	5,091,002
-	3,125,000	-	578,118	2,844,552
-	-	-	-	-
280,069	2,014,000	62,718,000	28,269,379	26,267,334
<u>64,462,595</u>	<u>91,037,000</u>	<u>137,624,000</u>	<u>143,765,862</u>	<u>183,817,640</u>
30,382,981	175,114,000	12,389,000	20,230,855	142,233,917
702,933	1,555,000	761,000	1,997,343	-
1,148,851	-	3,880,000	1,464,683	4,728,768
19,573,363	-	9,767,000	43,071,052	157,575,798
157,910,471	234,926,000	256,308,000	264,345,342	413,380,254
3,077,050	7,284,000	-	2,575,376	32,718,792
<u>212,795,649</u>	<u>418,879,000</u>	<u>283,105,000</u>	<u>333,684,651</u>	<u>750,637,529</u>
<u>277,258,244</u>	<u>509,916,000</u>	<u>420,729,000</u>	<u>477,450,513</u>	<u>934,455,169</u>
9,794,228	13,079,000	12,782,000	28,591,025	27,957,613
-	1,076,000	-	-	-
3,313,044	4,688,000	-	-	-
1,489,019	11,433,000	3,802,000	4,120,601	9,574,489
3,132,459	9,621,000	5,999,000	6,279,333	16,003,788
8,232,215	8,086,000	3,124,000	2,446,893	71,783
<u>25,960,965</u>	<u>47,983,000</u>	<u>25,707,000</u>	<u>41,437,852</u>	<u>53,607,673</u>
142,749,551	250,056,000	277,132,000	251,814,601	525,629,468
142,749,551	250,056,000	277,132,000	251,814,601	525,629,468
-	-	-	-	-
<u>168,710,516</u>	<u>298,039,000</u>	<u>302,839,000</u>	<u>293,252,453</u>	<u>579,237,141</u>
56,247,595	76,643,000	33,487,000	66,979,103	74,679,670
-	-	-	-	-
3,023,040	4,430,000	-	6,188,684	22,496,225
9,193,231	66,992,000	22,252,000	20,452,034	140,490,852
40,083,862	63,812,000	62,151,000	90,578,239	117,551,281
<u>\$ 108,547,728</u>	<u>\$ 211,877,000</u>	<u>\$ 117,890,000</u>	<u>\$ 184,198,060</u>	<u>\$ 355,218,028</u>

(Continued on next page)

STATE OF NEW JERSEY
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES (Continued)
JUNE 30, 2012

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 7,511,821	\$ 129,752,882	\$ 588,793,310
Investments	43,869,507	12,148,097	458,974,897
Receivables, net of allowances for uncollectibles			
Federal government	2,100,979	876,098	40,061,357
Loans	-	923,287	3,256,074
Other	4,409,806	4,260,497	61,742,167
Due from external parties	596,546	3,146,659	18,656,315
Other	308,932	-	135,031,464
Total Current Assets	<u>58,797,591</u>	<u>151,107,520</u>	<u>1,306,515,584</u>
Noncurrent Assets			
Investments	9,884,580	7,475,838	543,488,020
Receivables, net of allowances for uncollectibles			
Loans	-	477,355	12,687,687
Other	-	1,430,252	15,460,416
Capital assets - nondepreciated	5,355,944	7,610,269	460,084,416
Capital assets - depreciated, net	29,320,617	321,500,202	3,224,908,971
Other	-	4,369,492	110,660,445
Total Noncurrent Assets	<u>44,561,141</u>	<u>342,863,408</u>	<u>4,367,289,955</u>
Total Assets and Deferred Outflows	<u>103,358,732</u>	<u>493,970,928</u>	<u>5,673,805,539</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	5,947,507	17,066,244	164,758,705
Due to external parties	6,019	-	1,082,019
Interest payable	-	-	31,595,198
Deferred revenue	9,896,011	3,560,826	69,518,790
Current portion of long-term obligations	676,925	6,240,989	73,389,991
Other	1,576,809	3,248,766	39,526,517
Total Current Liabilities	<u>18,103,271</u>	<u>30,116,825</u>	<u>379,871,220</u>
Noncurrent liabilities			
Net pension obligation	-	-	-
Other	10,022,400	165,317,808	2,714,804,444
Total Noncurrent Liabilities	<u>10,022,400</u>	<u>165,317,808</u>	<u>2,714,804,444</u>
Deferred Inflows			
	-	-	227,646,563
Total Liabilities and Deferred Inflows	<u>28,125,671</u>	<u>195,434,633</u>	<u>3,322,322,227</u>
NET ASSETS			
Invested in capital assets, net of related debt	30,840,127	164,904,019	989,642,186
Restricted for:			
Capital projects	-	-	28,396,886
Debt service	-	10,120,305	70,742,586
Other purposes	6,489,569	13,847,361	384,594,044
Unrestricted	<u>37,903,365</u>	<u>109,664,610</u>	<u>878,107,610</u>
Total Net Assets	<u>\$ 75,233,061</u>	<u>\$ 298,536,295</u>	<u>\$ 2,351,483,312</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - COLLEGES AND UNIVERSITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>The College of New Jersey</u>	<u>Kean University</u>	<u>Montclair State University</u>
Expenses	\$ 196,828,000	\$ 231,150,544	\$ 322,347,780
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	131,106,000	131,294,290	212,736,383
Operating grants and contributions	46,395,000	81,756,567	98,312,730
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>4,081,819</u>
Net (Expense) Revenue	<u>(19,327,000)</u>	<u>(18,099,687)</u>	<u>(7,216,848)</u>
General Revenue			
Payments from State	<u>29,317,000</u>	<u>32,837,000</u>	<u>38,613,000</u>
Total General Revenue	<u>29,317,000</u>	<u>32,837,000</u>	<u>38,613,000</u>
Change in Net Assets	9,990,000	14,737,313	31,396,152
Net Assets - Beginning of Year (Restated)	<u>362,564,000</u>	<u>203,714,369</u>	<u>377,581,306</u>
Net Assets - End of Year	<u>\$ 372,554,000</u>	<u>\$ 218,451,682</u>	<u>\$ 408,977,458</u>

<u>New Jersey City University</u>	<u>New Jersey Institute of Technology</u>	<u>Ramapo College of New Jersey</u>	<u>The Richard Stockton College of New Jersey</u>	<u>Rowan University</u>
\$ 175,107,038	\$ 270,812,000	\$ 131,235,000	\$ 197,127,249	\$ 272,465,019
87,558,590	109,470,000	89,577,000	89,160,888	140,844,597
64,918,566	124,159,000	39,543,000	97,132,620	85,413,484
436,010	159,000	618,000	-	9,399,105
<u>(22,193,872)</u>	<u>(37,024,000)</u>	<u>(1,497,000)</u>	<u>(10,833,741)</u>	<u>(36,807,833)</u>
<u>26,056,000</u>	<u>37,697,000</u>	<u>16,130,000</u>	<u>19,839,000</u>	<u>49,123,000</u>
<u>26,056,000</u>	<u>37,697,000</u>	<u>16,130,000</u>	<u>19,839,000</u>	<u>49,123,000</u>
3,862,128	673,000	14,633,000	9,005,259	12,315,167
<u>104,685,600</u>	<u>211,204,000</u>	<u>103,257,000</u>	<u>175,192,801</u>	<u>342,902,861</u>
<u>\$ 108,547,728</u>	<u>\$ 211,877,000</u>	<u>\$ 117,890,000</u>	<u>\$ 184,198,060</u>	<u>\$ 355,218,028</u>

(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, 2012

	Thomas Edison State College	The William Paterson University of New Jersey	Total Non-Major Colleges and Universities
Expenses	\$ 82,890,266	\$ 211,948,604	\$ 2,091,911,500
Net (Expense) Revenue and Changes in Net Assets			
Program Revenues			
Charges for services	43,107,851	120,892,113	1,155,747,712
Operating grants and contributions	33,623,321	68,140,784	739,395,072
Capital grants and contributions	-	714,780	15,408,714
Net (Expense) Revenue	(6,159,094)	(22,200,927)	(181,360,002)
General Revenue			
Payments from State	8,633,059	32,748,000	290,993,059
Total General Revenue	8,633,059	32,748,000	290,993,059
Change in Net Assets	2,473,965	10,547,073	109,633,057
Net Assets - Beginning of Year (Restated)	72,759,096	287,989,222	2,241,850,255
Net Assets - End of Year	\$ 75,233,061	\$ 298,536,295	\$ 2,351,483,312

**STATE OF NEW JERSEY
DESCRIPTION OF FUNDS**

Alcohol Education, Rehabilitation and Enforcement Fund (P.L. 1983, c.531)

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 \$100 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 and a portion to the Atlantic City Projects-Room Fund. Amounts expended are solely for the purpose of promoting tourism, conventions, resorts, and casino gaming.

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

General 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)

General 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.

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. Additional collections from solar alternative compliance payments (SACP) are due to be refunded directly to the rate payers by the electric public utilities.

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

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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 \$140 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General 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)

General Fund

An amount of \$50 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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.

2009 Farmland Preservation Fund (P.L. 2009, c.117)

General Fund

An amount of \$146 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 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)

General 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.

2009 Green Acres Fund (P.L. 2009, c.117)

General Fund

An amount of \$218 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 to provide monies for public acquisition and development of land for recreation and conservation purposes.

Green Trust Fund (P.L. 1983, c.354)

General 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)

General 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)

General 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, 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)

General 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)

General 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)

General Fund

An amount of \$10 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, and Blue Acres Bond 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)

General 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.

2009 Historic Preservation Fund (P.L. 2009, c.117)

General Fund

An amount of \$12 million of General Obligation bonds was authorized from the Green Acres, Water Supply and Floodplain Protection, and Farmland and Historic Preservation Bond Act of 2009 for the purpose of providing State matching grants to assist State agencies or entities, local government units, and qualifying tax-exempt, nonprofit organizations to meet the cost of preservation of historic properties.

Historic Preservation Revolving Loan Fund (P.L. 1991, c.41)

General 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)

General 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)

General 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.

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.

Judiciary Superior Court - Miscellaneous Fund (N.J. Court Rules, Parts II, IV, V, VI, VIII)

General Fund

The purpose of this fund is to serve as a repository for the collection and disbursement of various fees, fines, and costs collected by court divisions of the Superior Court of New Jersey. These monies are separate and distinct from those included under the Superior Court of New Jersey Trust Fund.

1996 Lake Restoration Fund (P.L. 1996, c.70)

General 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.

Long Term Obligation and Capital Expenditure Fund (P.L. 2008, c.22)

General Fund

Monies remaining in the fund have been appropriated for various capital construction projects throughout the State.

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.

Mandatory Continuing Legal Education Fund (R: 1:42)

Special Revenue Fund

This fund was established to assist the Supreme Court of New Jersey in the administration of the continuing legal education of attorneys holding license to practice in the State of New Jersey. Revenues are generated by payments made by continuing legal education providers and attorneys.

Mortgage Assistance Fund (P.L. 1976, c.94)

General 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.

Mortgage Servicing Settlement Fund

Special Revenue Fund

This fund was established for proceeds from the country's five largest mortgage loan servicers resulting from an agreement between these loan servicers, 49 state attorney generals, and the federal government. Payments to the states are to be used to help fund consumer protection and state foreclosure protection efforts. The State will spend its share of the settlement proceeds on one or more of the following programs; Affordable Housing, Local Planning Services, Developmental Disabilities Residential Services, State Rental Assistance Program, Homelessness Prevention, Shelter Assistance, Community Based Senior Programs, Mental Health Residential Programs, Social Services for the Homeless, and/or Temporary Assistance for Needy Families.

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)

General 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.

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)

General Fund

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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.

New Jersey Federal-State Rural Rehabilitation Fund (N.J.S.A. 52:18A-1 et seq.)

General Fund

This fund was established to receive monies from the federal government which are available for loans to farmers in New Jersey.

1989 New Jersey Green Acres Fund (P.L. 1989, c.183)

General 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)

General 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)

General Fund

An amount of \$115 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, and 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)

General 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)

General 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)

General Fund

An amount of \$135 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General Fund

An amount of \$15 million of General Obligation bonds was authorized from the Green Acres, Farmland and Historic Preservation, 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)

General 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 Abbots. 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 Abbots 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)

General 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 developmentally disabled, \$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 intellectually disabled. 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)

General 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)

General 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, family leave 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)

General 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 of New Jersey Tischler Memorial Fund (N.J.S.A. 52:18A-1 et seq.)

General Fund

This fund was established under the authority of the State Treasurer in accordance with the terms of a bequest to the State of New Jersey. The principal amount of the bequest is to be invested in a prudent manner and the income from such investment is to be used for library materials.

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)

General 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 (P.L. 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 (P.L. 2002, c.32)

Special Revenue Fund

The Tobacco Settlement Financing Corporation 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 (General Provisions of Annual Appropriations Act)

Special Revenue Fund

Receipts equaling 23.74 percent as well as any unpledged revenues from the Master Settlement Agreement (MSA) reached between 46 states and the major tobacco companies are deposited into this fund and made available to the General Fund.

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 Personal Property Trust Fund (P.L. 1989, c.58)

General Fund

The funds received by the State from holders reporting unclaimed property to the State Treasurer, and monies remitted to the Unclaimed Property administrator as a result of audit findings, are deposited into the Unclaimed Personal Property Trust Fund (UPPTF). The Unclaimed Property program established by the State Legislature essentially provides that after certain periods of time have expired during which monies have remained inactive or unclaimed or instruments have remained outstanding or unnegotiated, a presumption arises that the property has been abandoned. The abandonment period for bank accounts (savings, checking, and certificates of deposit), bank checks, money orders, travelers checks, credits, accounts payable, and dividend checks is three years. Payroll checks, utility deposits, and funds held by governmental agencies are deemed abandoned after one year. Insurance funds relating to annuities and matured life insurance policies are considered abandoned after three years. Life insurance proceeds payable as a result of an insured attaining limiting age are abandoned after two years.

Once unclaimed property is received by the State, the State Treasurer serves as the custodian, conservator, and trustee of the unclaimed property for the benefit of the original or apparent owner. Unless the administrator deems it prudent and advisable to do otherwise, 75 percent of all funds received shall be transferred to the General State Fund. The remaining portion shall be retained in the trust fund, administered and invested by the State Treasurer, and used to pay claims duly presented and allowed and all expenses and costs incurred by the State of New Jersey.

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.

Unemployment Compensation Interest Repayment Fund (N.J.S.A. 21-14.3)

Special Revenue Fund

This fund shall be used solely for the purpose of paying interest due on advances made by the federal government to the State of New Jersey Unemployment Trust Fund. A special assessment on applicable employers shall be deposited into this fund and used to pay interest expenses. Any residual balances may be transferred to the Unemployment Compensation Auxiliary Fund.

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)

General 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)

General 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)

General 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)

General 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)

General 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.

(This page left intentionally blank)

*Other
Information*

(This page left intentionally blank)

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN GROSS CAPITAL ASSETS BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Transfers/ Adjustments*</u>	<u>Balance June 30, 2012</u>
FUNCTION:					
Public safety and criminal justice	\$ 2,066,915,718	\$ 118,293,976	\$ 86,387,331	\$ 19,864,396	\$ 2,118,686,759
Physical and mental health	345,094,492	12,160,653	754,874	(924,640)	355,575,631
Educational, cultural, and intellectual development	480,345,750	16,932,666	261,489	10,093,301	507,110,228
Community development and environmental management	2,973,203,403	58,160,723	2,784,234	49,555,075	3,078,134,967
Economic planning, development, and security	283,586,277	7,330,874	4,137,061	1,791,241	288,571,331
Transportation programs	25,549,118,365	1,282,159,004	352,233	(2,058,326)	26,828,866,810
Government direction, management, and control	893,566,626	29,191,871	2,073,640	1,071,693	921,756,550
Special government services	<u>238,051,080</u>	<u>2,381,178</u>	<u>724,633</u>	<u>(642,879)</u>	<u>239,064,746</u>
Total Gross Capital Assets By Function	<u>\$ 32,829,881,711</u>	<u>\$ 1,526,610,945</u>	<u>\$ 97,475,495</u>	<u>\$ 78,749,861</u>	<u>\$ 34,337,767,022</u>

* 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, 2012**

	<u>Land and Easements</u>	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
FUNCTION:			
Public safety and criminal justice	\$ 23,220,324	\$ 66,917,967	\$ 1,360,803,602
Physical and mental health	321,653	7,351,281	232,637,318
Educational, cultural, and intellectual development	7,733,148	14,997,359	358,396,741
Community development and environmental management	2,425,681,646	80,326,890	337,994,838
Economic planning, development, and security	1,262,279	221,819	192,127,719
Transportation programs	2,349,518,303	9,383,769	203,628,415
Government direction, management, and control	14,144,231	42,920,023	502,791,955
Special government services	<u>2,408,922</u>	<u>577,280</u>	<u>222,695,744</u>
Total Gross Capital Assets By Function	<u>\$ 4,824,290,506</u>	<u>\$ 222,696,388</u>	<u>\$ 3,411,076,332</u>

<u>Machinery, Equipment, and Software</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>	<u>Total</u>
\$ 248,625,678	\$ 61,243,021	\$ 357,876,167	\$ 2,118,686,759
74,132,389	6,707,036	34,425,954	355,575,631
80,021,302	13,154,048	32,807,630	507,110,228
28,118,812	151,488,929	54,523,852	3,078,134,967
88,851,496	1,276,527	4,831,491	288,571,331
132,915,575	22,071,532,036	2,061,888,712	26,828,866,810
316,599,857	6,558,554	38,741,930	921,756,550
4,199,395	-	9,183,405	239,064,746
\$ 973,464,504	\$ 22,311,960,151	\$ 2,594,279,141	\$ 34,337,767,022

(This page left intentionally blank)

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF CHANGES IN ACCUMULATED DEPRECIATION BY FUNCTION
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FUNCTION:	<u>Balance July 1, 2011</u>	<u>Depreciation Expense</u>	<u>Deductions</u>	<u>Transfers/ Adjustments*</u>	<u>Balance June 30, 2012</u>
Public safety and criminal justice	\$ 958,273,609	\$ 82,476,196	\$ 84,113,819	\$ 76,617,203	\$ 1,033,253,189
Physical and mental health	143,906,935	23,632,187	470,633	(672,317)	166,396,172
Educational, cultural, and intellectual development	264,885,522	22,149,444	92,654	5,164,403	292,106,715
Community development and environmental management	307,565,368	22,554,462	1,648,250	9,306,521	337,778,101
Economic planning, development, and security	156,990,971	24,323,011	-	(1,366,207)	179,947,775
Transportation programs	7,755,152,610	575,358,044	328,593	449,753	8,330,631,814
Government direction, management, and control	369,258,040	56,600,176	1,803,685	(74,300,867)	349,753,664
Special government services	74,065,482	7,235,155	724,633	273,004	80,849,008
Total Accumulated Depreciation By Function	<u>\$ 10,030,098,537</u>	<u>\$ 814,328,675</u>	<u>\$ 89,182,267</u>	<u>\$ 15,471,493</u>	<u>\$ 10,770,716,438</u>

* Transfers/Adjustments represent a revaluation and reclassification of accumulated depreciation among statewide functions.

**STATE OF NEW JERSEY
CAPITAL ASSETS
SCHEDULE OF ACCUMULATED DEPRECIATION BY FUNCTION
JUNE 30, 2012**

FUNCTION:	<u>Land Improvements</u>	<u>Buildings and Improvements</u>
Public safety and criminal justice	\$ 50,361,380	\$ 806,167,002
Physical and mental health	1,137,452	122,605,743
Educational, cultural, and intellectual development	8,102,349	228,035,890
Community development and environmental management	59,470,873	212,192,155
Economic planning, development, and security	220,582	99,769,351
Transportation programs	6,802,726	92,168,345
Government direction, management, and control	14,005,577	205,208,596
Special government services	<u>410,987</u>	<u>77,977,262</u>
Total Gross Capital Assets By Function	<u>\$ 140,511,926</u>	<u>\$ 1,844,124,344</u>

<u>Machinery, Equipment, and Software</u>	<u>Infrastructure</u>	<u>Total</u>
\$ 160,647,594	\$ 16,077,213	\$ 1,033,253,189
40,876,494	1,776,483	166,396,172
49,399,994	6,568,482	292,106,715
20,854,313	45,260,760	337,778,101
79,142,708	815,134	179,947,775
95,275,133	8,136,385,610	8,330,631,814
127,638,054	2,901,437	349,753,664
2,460,759	-	80,849,008
<u>\$ 576,295,049</u>	<u>\$ 8,209,785,119</u>	<u>\$ 10,770,716,438</u>

STATE OF NEW JERSEY
ACCUMULATED DEPRECIATION AS A PERCENTAGE OF CAPITAL ASSETS*
FOR THE FISCAL YEAR ENDED JUNE 30

<u>Capital Asset Category</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Land Improvements	63.1 %	60.8 %	58.9 %	57.4 %	55.8 %
Buildings and Improvements	54.1	52.9	50.8	48.4	54.5
Equipment	72.7	71.6	66.2	62.2	59.5
Software	45.6	32.9	36.2	45.2	28.2
Infrastructure	36.8	38.8	38.5	38.2	38.1

* Calculated by dividing the Capital Asset by Accumulated Depreciation for that category.

(This page left intentionally blank)

**STATE OF NEW JERSEY
SCHEDULE OF LONG-TERM DEBT
FOR THE FISCAL YEAR JUNE 30, 2012**

	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 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	6,134,329,598	-	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	\$ 10,834,329,598	\$ 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			

<u>Outstanding July 1, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding June 30, 2012</u>
\$ 750,000	\$ -	\$ -	\$ 750,000
73,255,000	-	-	73,255,000
6,005,000	-	-	6,005,000
60,000	-	-	60,000
3,955,000	-	-	3,955,000
59,680,000	-	-	59,680,000
11,315,000	-	-	11,315,000
-	-	-	-
-	-	-	-
-	-	-	-
780,000	-	-	780,000
4,600,000	-	-	4,600,000
-	-	-	-
11,335,000	-	-	11,335,000
1,925,000	-	-	1,925,000
535,000	-	-	535,000
47,020,000	-	-	47,020,000
890,000	-	-	890,000
2,295,295,000	-	182,230,000	2,113,065,000
925,000	-	-	925,000
35,460,000	-	-	35,460,000
4,535,000	-	-	4,535,000
8,575,000	-	-	8,575,000
<u>2,566,895,000</u>	<u>-</u>	<u>182,230,000</u>	<u>2,384,665,000</u>
19,770,565,000	1,650,575,000	722,190,000	20,698,950,000
232,565,000	-	19,865,000	212,700,000
18,714,603,378	1,579,315,000	2,000,003,779	18,293,914,599
85,412,914	38,409,919	23,508,771	100,314,062
4,469,032,756	-	24,940,315	4,444,092,441
(970,473,476)	(188,057,905)	(163,756,319)	(994,775,062)
(8,216,198,571)	-	(352,428,217)	(7,863,770,354)
1,403,948,619	260,373,850	145,816,389	1,518,506,080
<u>38,056,350,620</u>	<u>3,340,615,864</u>	<u>2,602,369,718</u>	<u>38,794,596,766</u>
623,185,039	331,865,567	349,003,791	606,046,815
311,219,461	75,474,728	46,876,932	339,817,257
1,279,358,087	-	-	1,279,358,087
13,501,000,000	4,696,700,000	1,379,400,000	16,818,300,000
10,857,719,370	1,980,810,079	-	12,838,529,449
80,400,466	11,774,096	-	92,174,562
340,254,820	225,789,814	245,028,409	321,016,225
<u>26,993,137,243</u>	<u>7,322,414,284</u>	<u>2,020,309,132</u>	<u>32,295,242,395</u>
<u>\$ 65,049,487,863</u>	<u>\$ 10,663,030,148</u>	<u>\$ 4,622,678,850</u>	<u>\$ 71,089,839,161</u>

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Casino Control Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	54,548,964	54,507,964	51,397,177	(3,110,787)
Investment earnings	20,000	18,000	10,837	(7,163)
Other	-	-	-	-
Total Revenues	<u>54,568,964</u>	<u>54,525,964</u>	<u>51,408,014</u>	<u>(3,117,950)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>54,568,964</u>	<u>54,525,964</u>	<u>51,408,014</u>	<u>(3,117,950)</u>
EXPENDITURES				
Public safety and criminal justice	47,320,203	47,113,691	44,810,582	2,303,109
Physical and mental health	-	-	-	-
Educational, cultural, and intellectual development	-	-	-	-
Economic planning, development, and security	-	-	-	-
Transportation programs	-	-	-	-
Government direction, management, and control	9,964,839	9,921,351	7,595,166	2,326,185
Special government services	-	-	-	-
Total Expenditures	<u>57,285,042</u>	<u>57,035,042</u>	<u>52,405,748</u>	<u>4,629,294</u>
Net Change in Fund Balance	(2,716,078)	(2,509,078)	(997,734)	1,511,344
Fund Balances - July 1, 2011	<u>2,716,078</u>	<u>2,759,000</u>	<u>2,759,000</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ -</u>	<u>\$ 249,922</u>	<u>\$ 1,761,266</u>	<u>\$ 1,511,344</u>

Casino Revenue Fund

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$ 247,749,000	\$ 243,774,000	\$ 238,876,603	\$ (4,897,397)
-	-	-	-
-	-	-	-
<u>83,327,236</u>	<u>83,327,236</u>	<u>83,364,264</u>	<u>37,028</u>
<u>331,076,236</u>	<u>327,101,236</u>	<u>322,240,867</u>	<u>(4,860,369)</u>
400,000	400,000	5,388,828	4,988,828
<u>400,000</u>	<u>400,000</u>	<u>5,388,828</u>	<u>4,988,828</u>
331,476,236	327,501,236	327,629,695	128,459
-	-	-	-
271,551,236	270,983,527	268,359,656	2,623,871
32,516,000	32,448,022	32,516,000	(67,978)
2,196,000	2,191,409	2,196,000	(4,591)
25,121,000	25,068,482	25,121,000	(52,518)
-	-	-	-
<u>92,000</u>	<u>91,808</u>	<u>92,000</u>	<u>(192)</u>
<u>331,476,236</u>	<u>330,783,248</u>	<u>328,284,656</u>	<u>2,498,592</u>
-	(3,282,012)	(654,961)	2,627,051
-	-	-	-
<u>\$ -</u>	<u>\$ (3,282,012)</u>	<u>\$ (654,961)</u>	<u>\$ 2,627,051</u>

(Continued on next page)

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
NON-MAJOR GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Gubernatorial Elections Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and fees	-	-	-	-
Investment earnings	-	-	-	-
Other	863,761	863,761	457,542	(406,219)
Total Revenues	<u>863,761</u>	<u>863,761</u>	<u>457,542</u>	<u>(406,219)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Financing Sources	<u>863,761</u>	<u>863,761</u>	<u>457,542</u>	<u>(406,219)</u>
EXPENDITURES				
Public safety and criminal justice	163,761	163,701	-	163,701
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	<u>163,761</u>	<u>163,701</u>	<u>-</u>	<u>163,701</u>
Net Change in Fund Balance	700,000	700,060	457,542	(242,518)
Fund Balances - July 1, 2011	<u>700,000</u>	<u>481,000</u>	<u>481,000</u>	<u>-</u>
Fund Balances - June 30, 2012	<u>\$ 1,400,000</u>	<u>\$ 1,181,060</u>	<u>\$ 938,542</u>	<u>\$ (242,518)</u>

Total Non-Major Governmental Funds

Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$ 247,749,000	\$ 243,774,000	\$ 238,876,603	\$ (4,897,397)
54,548,964	54,507,964	51,397,177	(3,110,787)
20,000	18,000	10,837	(7,163)
84,190,997	84,190,997	83,821,806	(369,191)
<u>386,508,961</u>	<u>382,490,961</u>	<u>374,106,423</u>	<u>(8,384,538)</u>
400,000	400,000	5,388,828	4,988,828
<u>400,000</u>	<u>400,000</u>	<u>5,388,828</u>	<u>4,988,828</u>
386,908,961	382,890,961	379,495,251	(3,395,710)
47,483,964	47,277,392	44,810,582	2,466,810
271,551,236	270,983,527	268,359,656	2,623,871
32,516,000	32,448,022	32,516,000	(67,978)
2,196,000	2,191,409	2,196,000	(4,591)
25,121,000	25,068,482	25,121,000	(52,518)
9,964,839	9,921,351	7,595,166	2,326,185
92,000	91,808	92,000	(192)
<u>388,925,039</u>	<u>387,981,991</u>	<u>380,690,404</u>	<u>7,291,587</u>
(2,016,078)	(5,091,030)	(1,195,153)	3,895,877
3,416,078	3,240,000	3,240,000	-
<u>\$ 1,400,000</u>	<u>\$ (1,851,030)</u>	<u>\$ 2,044,847</u>	<u>\$ 3,895,877</u>

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION - NON-MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

	<u>Casino Control Fund</u>	<u>Casino Revenue Fund</u>	<u>Gubernatorial Elections Fund</u>
Sources/inflows of resources:			
Total revenues and other financing sources - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 51,408,014	\$ 327,629,695	\$ 457,542
Differences - budget to GAAP:			
Revenue Refund	-	-	103,553
<hr/>			
Total revenues and other financing sources as reported on the GAAP - basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 51,408,014</u>	<u>\$ 327,629,695</u>	<u>\$ 561,095</u>
Uses/outflows of resources:			
Total expenditures and other financing uses - actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 52,405,748	\$ 328,284,656	\$ 163,701
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.	(395,111)	(23,499,797)	-
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.	243,649	19,686,485	(163,701)
<hr/>			
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 52,254,286</u>	<u>\$ 324,471,344</u>	<u>\$ -</u>

(This page left intentionally blank)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
MAJOR TAXES				
Sales	\$ 8,153,000,000	\$ 7,935,769,970	97	\$ (217,230,030)
Sales Tax Dedication	(628,000,000)	(603,834,272)	96	24,165,728
Sales Tax Energy	368,400,000	144,360,958	39	(224,039,042)
Corporation Business	2,261,000,000	2,032,349,675	90	(228,650,325)
Corporate Business Energy	79,700,000	4,754,068	6	(74,945,932)
Transfer Inheritance	666,900,000	641,867,808	96	(25,032,192)
Motor Fuels	535,000,000	539,714,372	101	4,714,372
Insurance Premium	499,197,000	528,326,684	106	29,129,684
Motor Vehicles Fees	492,731,000	463,890,981	94	(28,840,019)
Petroleum Products Gross Receipts	222,800,000	223,252,752	100	452,752
Cigarette	205,500,000	288,388,494	140	82,888,494
Corporation Banks and Financial Institutions	201,900,000	106,378,294	53	(95,521,706)
Realty Transfer	191,050,000	187,824,891	98	(3,225,109)
Alcoholic Beverage Excise	93,357,000	102,304,726	110	8,947,726
Tobacco Products Wholesale Sales	20,427,000	20,941,068	103	514,068
Public Utility Excise (Reform)	13,500,000	14,372,712	106	872,712
TOTAL MAJOR TAXES	<u>13,376,462,000</u>	<u>12,630,663,181</u>	94	<u>(745,798,819)</u>
MISCELLANEOUS TAXES, FEES, REVENUES				
Executive Branch:				
Department of Agriculture:				
Fertilizer Inspection Fees	366,000	366,000	100	-
Miscellaneous Revenue	3,000	2,830	94	(170)
Total Department of Agriculture	<u>369,000</u>	<u>368,830</u>	100	<u>(170)</u>
Department of Banking and Insurance:				
Actuarial Services	55,000	103,169	188	48,169
Banking - Assessments	10,000,000	10,683,708	107	683,708
Banking - Licenses and Other Fees	2,950,000	2,093,891	71	(856,109)
Fraud Fines	2,500,000	1,161,299	46	(1,338,701)
HMO Covered Lives	1,600,000	1,030,208	64	(569,792)
Insurance - Examination Billings	2,500,000	2,195,555	88	(304,445)
Insurance - Special Purpose Assessment	31,000,000	35,325,272	114	4,325,272
Insurance Fraud Prevention	24,150,000	25,540,987	106	1,390,987
Insurance Licenses and Other Fees	39,814,000	43,637,244	110	3,823,244
Real Estate Commission	4,355,000	3,511,177	81	(843,823)
Total Department of Banking and Insurance	<u>118,924,000</u>	<u>125,282,510</u>	105	<u>6,358,510</u>
Department of Children and Families:				
Child Care Licensing/Adoption Law	340,000	328,790	97	(11,210)
Marriage License Fees	1,260,000	1,179,800	94	(80,200)
Total Department of Children and Families	<u>1,600,000</u>	<u>1,508,590</u>	94	<u>(91,410)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER (UNDER) ANTICIPATION</u>
Department of Community Affairs:				
Affordable Housing and Neighborhood Preservation - Fair Housing	28,118,000	28,118,000	100	-
Construction Fees	15,366,000	15,366,000	100	-
Divorce Filing Fees	1,350,000	1,432,550	106	82,550
Fire Safety	16,728,000	16,728,000	100	-
Housing Inspection Fees	9,824,000	9,824,000	100	-
Miscellaneous Revenue	-	330	-	330
Planned Real Estate Development Fees	828,000	721,558	87	(106,442)
Total Department of Community Affairs	<u>72,214,000</u>	<u>72,190,438</u>	100	<u>(23,562)</u>
Department of Corrections:				
Miscellaneous Revenue	-	56,240	-	56,240
Total Department of Corrections	<u>-</u>	<u>56,240</u>	-	<u>56,240</u>
Department of Education:				
Audit of Recoveries	650,000	503,034	77	(146,966)
Audit of Enrollments	420,000	1,220,370	291	800,370
Local School District Loan Recoveries - NJEDA	5,813,000	5,773,801	99	(39,199)
Nonpublic Schools Handicapped and Auxiliary Recoveries	3,000,000	12,732,437	424	9,732,437
Nonpublic Schools Textbook Recoveries	1,000,000	1,008,955	101	8,955
School Construction Inspection Fees	100,000	411,468	411	311,468
State Board of Examiners	4,500,000	4,765,453	106	265,453
Total Department of Education	<u>15,483,000</u>	<u>26,415,518</u>	171	<u>10,932,518</u>
Department of Environmental Protection:				
Air Pollution Fees - Minor Sources	6,300,000	6,290,517	100	(9,483)
Air Pollution Fees - Title V Operating Permits	7,400,000	6,468,974	87	(931,026)
Air Pollution Fines	2,500,000	1,619,873	65	(880,127)
Clean Water Enforcement Act	2,300,000	1,780,150	77	(519,850)
Coastal Area Facility Review Act	1,570,000	1,253,211	80	(316,789)
Endangered Species Tax Checkoff	158,000	158,000	100	-
Environmental Infrastructure Financing Program Administrative Fee	5,000,000	5,000,000	100	-
Excess Diversion	170,000	267,142	157	97,142
Freshwater Wetlands Fees	2,797,000	2,143,041	77	(653,959)
Freshwater Wetlands Fines	300,000	472,351	157	172,351
Hazardous Waste Fees	3,260,000	3,039,462	93	(220,538)
Hazardous Waste Fines	450,000	1,125,784	250	675,784
Highlands Permitting	-	205	-	205
Hunters' and Anglers' Licenses	11,500,000	11,500,000	100	-
Industrial Site Recovery Act	25,000	42,675	171	17,675
Laboratory Certification Fees	900,000	810,094	90	(89,906)
Laboratory Certification Fines	35,000	48,123	137	13,123

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012		REALIZATION OVER (UNDER) ANTICIPATION
		AMOUNT	PERCENT	
Marina Rentals	885,000	885,000	100	-
Marine Lands - Preparation and Filing Fees	159,000	116,686	73	(42,314)
Medical Waste	4,600,000	4,551,823	99	(48,177)
Miscellaneous Revenue	-		-	-
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	90,000	98,763	110	8,763
Pesticide Control Fees	4,400,000	4,400,000	100	-
Pesticide Control Fines	80,000	61,010	76	(18,990)
Radiation Protection Fees	3,100,000	3,051,507	98	(48,493)
Radiation Protection Fines	150,000	125,575	84	(24,425)
Radon Testers Certification	230,000	219,862	96	(10,138)
Shellfish and Marine Fisheries	1,000	6,114	611	5,114
Solid and Hazardous Waste Disclosure	-	173,550	-	173,550
Solid Waste - Utility Regulation Assessments	3,100,000	3,100,000	100	-
Solid Waste Fines	600,000	951,797	159	351,797
Solid Waste Management Fees	6,730,000	6,082,606	90	(647,394)
Spring Meadow Golf Course	-	(15,263)	-	(15,263)
Stream Encroachment	2,970,000	2,696,270	91	(273,730)
Toxic Catastrophe Prevention Fees	1,560,000	1,630,267	105	70,267
Toxic Catastrophe Prevention Fines	150,000	70,355	47	(79,645)
Treatment Works Approval	1,890,000	1,026,611	54	(863,389)
Underground Storage Tanks Fees	525,000	701,155	134	176,155
Water Allocation	2,423,000	2,423,000	100	-
Water Supply Management Regulations	1,500,000	1,244,140	83	(255,860)
Water/Wastewater Operators Licenses	210,000	210,000	100	-
Waterfront Development Fees	3,000,000	2,421,282	81	(578,718)
Waterfront Development Fines	20,000	33,838	169	13,838
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	50,000	22,758	46	(27,242)
Total Department of Environmental Protection	105,232,000	100,452,308	95	(4,779,692)
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	173,928	43	(226,072)
Total Department of Health and Senior Services	8,390,000	8,163,928	97	(226,072)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	REALIZED TO JUNE 30, 2012 AMOUNT	PERCENT	REALIZATION OVER (UNDER) ANTICIPATED
Department of Human Services:				
Early Periodic Screening, Diagnosis, and Treatment	1,420,000	758,133	53	(661,867)
Medicaid Uncompensated Care - Acute	222,564,000	219,280,159	99	(3,283,841)
Medicaid Uncompensated Care - Mental Health	40,275,000	30,844,038	77	(9,430,962)
Medicaid Uncompensated Care - Psychiatric	178,685,000	180,123,955	101	1,438,955
Medicaid Assistance - Federal Match on PAAD	-	53,466	-	53,466
Miscellaneous Revenue	4,582,000	20,314,043	443	15,732,043
Patients' and Residents' Cost Recovery - Developmental Disabilities	19,914,000	19,434,000	98	(480,000)
Patients' and Residents' Cost Recovery - Psychiatric Hospitals	95,691,000	78,170,216	82	(17,520,784)
School Based Medicaid	14,199,000	39,689,718	280	25,490,718
Total Department of Human Services	577,330,000	588,667,728	102	11,337,728
Department of Labor and Workforce Development:				
Miscellaneous Revenue	155,000	154,850	100	(150)
Special Compensation Fund	1,862,000	1,862,000	100	-
Workers' Compensation Assessment	13,183,000	13,183,000	100	-
Workplace Standards - Licenses, Permits, and Fines	6,351,000	6,351,000	100	-
Total Department of Labor and Workforce Development	21,551,000	21,550,850	100	(150)
Department of Law and Public Safety:				
Beverage Licenses	3,960,000	3,960,000	100	-
Casino Fines	-	495,476	-	495,476
Charities Registration Section	695,000	695,000	100	-
Consumer Affairs	-	900	-	900
Controlled Dangerous Substances	100,000	100,000	100	-
Forfeiture Funds	250,000	250,000	100	-
Legalized Games of Chance Control	1,200,000	1,200,000	100	-
Miscellaneous Revenue	20,000	553,695	2,768	533,695
New Jersey Cemetery Board	55,000	55,000	100	-
Pleasure Boat Licenses	2,280,000	2,185,446	96	(94,554)
Private Employment Agencies	258,000	258,000	100	-
Securities Enforcement	13,394,000	13,394,000	100	-
State Board of Architects	125,000	125,000	100	-
State Board of Audiology and Speech- Language Pathology Advisory	123,000	123,000	100	-
State Board of Certified Public Accountants	1,111,000	1,111,000	100	-
State Board of Chiropractors	113,000	113,000	100	-
State Board of Court Reporting	124,000	124,000	100	-
State Board of Dentistry	2,464,000	2,464,000	100	-
State Board of Electrical Contractors	839,000	839,000	100	-
State Board of HVAC Contractors	5,000	-	-	(5,000)
State Board of Marriage Counselor Examiners	176,000	176,000	100	-
State Board of Medical Examiners	3,161,000	3,161,000	100	-
State Board of Mortuary Science	162,000	162,000	100	-
State Board of Nursing	3,707,000	3,707,000	100	-
State Board of Occupational Therapists and Assistants	56,000	56,000	100	-

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER (UNDER) ANTICIPATED</u>
State Board of Ophthalmic Dispensers and Ophthalmic Technicians	347,000	347,000	100	-
State Board of Pharmacy	578,000	578,000	100	-
State Board of Physical Therapy	115,000	115,000	100	-
State Board of Professional Engineers and Land Surveyors	878,000	878,000	100	-
State Board of Professional Planners	193,000	193,000	100	-
State Board of Psychological Examiners	4,000	4,000	100	-
State Board of Real Estate Appraisers	270,000	270,000	100	-
State Board of Respiratory Care	288,000	288,000	100	-
State Police - Fingerprint Fees	3,694,000	3,694,000	100	-
State Police - Other Licenses	227,000	351,950	155	124,950
State Police - Private Detective Licenses	200,000	177,135	89	(22,865)
Victims of Violent Crime Compensation	3,372,000	3,372,000	100	-
Weights and Measures - General	<u>2,612,000</u>	<u>2,612,000</u>	100	-
Total Department of Public Law and Safety	<u>47,156,000</u>	<u>48,188,602</u>	102	<u>1,032,602</u>
Department of Military and Veterans' Affairs:				
Soldiers' Homes	<u>49,050,000</u>	<u>45,506,861</u>	93	<u>(3,543,139)</u>
Total Department of Military and Veterans' Affairs	<u>49,050,000</u>	<u>45,506,861</u>	93	<u>(3,543,139)</u>
Department of State:				
Governor's Teaching Scholars Program Loan Repayment	13,000	11,757	90	(1,243)
Miscellaneous Revenue	<u>5,000</u>	<u>(8,051)</u>	(161)	<u>(13,051)</u>
Total Department of State	<u>18,000</u>	<u>3,706</u>	21	<u>(14,294)</u>
Department of Transportation:				
Air Safety Fund	680,000	306,938	45	(373,062)
Applications and Highway Permits	1,300,000	1,300,000	100	-
Autonomous Transportation Authorities	77,500,000	77,708,333	100	208,333
Drunk Driving Fines	350,000	400,000	114	50,000
Good Driver	71,800,000	73,938,163	103	2,138,163
Interest on Purchase of Right of Way	5,000	-	-	(5,000)
Logo Sign Program Fees	300,000	300,000	100	-
Maritime Program Receipts	2,200,000	2,143,835	97	(56,165)
Miscellaneous Revenue	10,000	47,815	-	37,815
Outdoor Advertising	<u>740,000</u>	<u>740,000</u>	100	-
Total Department of Transportation	<u>154,885,000</u>	<u>156,885,084</u>	101	<u>2,000,084</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	<u>REALIZED TO JUNE 30, 2012</u>		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
Department of the Treasury:				
Assessment on Real Property Greater Than \$1 Million	64,250,000	84,958,956	132	20,708,956
Assessments - Cable TV	4,770,000	5,129,000	108	359,000
Assessments - Public Utility	26,222,000	30,625,030	117	4,403,030
Casino Fines	-	163,051	-	163,051
CATV Universal Access	5,000,000	6,423,399	128	1,423,399
Coin Operated Telephones	3,400,000	3,877,997	114	477,997
Commercial Recording - Expedited	1,000,000	1,000,000	100	-
Commissions (Notary)	1,200,000	1,210,977	101	10,977
Dispute Settlement Mediation	-	50,000	-	50,000
Domestic Security	30,000,000	32,191,180	107	2,191,180
Dormitory Safety Trust Fund - Debt Service Recovery	5,662,000	-	-	(5,662,000)
Equipment Leasing Fund - Debt Service Recovery	114,000	114,300	100	300
Escrow Interest - Construction Accounts	6,000	(2,321)	(39)	(8,321)
General Revenue - Fees (Commercial Recording and UCC)	53,000,000	53,707,237	101	707,237
Higher Education Capital Improvement Fund - Debt Service Recovery	15,297,000	-	-	(15,297,000)
Hotel/Motel Occupancy Tax	75,000,000	85,182,162	114	10,182,162
Investment Earnings	-	654,134	-	654,134
Licenses, Fines, Permits, Penalties and Fees	50,000	-	-	(50,000)
Miscellaneous Revenue	867,000	963,580	111	96,580
New Jersey Public Records Preservation	32,200,000	31,568,534	98	(631,466)
Nuclear Emergency Response Assessment	4,387,000	5,161,000	118	774,000
Public Defender Client Receipts	3,400,000	3,203,537	94	(196,463)
Public Utility Fines	1,000,000	267,465	27	(732,535)
Public Utility Gross Receipts and Franchise Taxes (Water/Sewer)	105,000,000	114,645,841	109	9,645,841
Railroad Tax - Class II	4,200,000	5,650,975	135	1,450,975
Railroad Tax - Franchise	3,300,000	7,093,932	215	3,793,932
Rate Counsel - Assessments	7,000,000	7,000,000	100	-
Surplus Property	1,900,000	1,886,250	99	(13,750)
Tax Referral Cost Recovery Fee	5,400,000	5,279,911	98	(120,089)
Telephone Assessment	126,000,000	124,939,069	99	(1,060,931)
Tire Clean-Up Surcharge	9,000,000	8,730,627	97	(269,373)
Transitional Energy Facilities Assessment	178,700,000	111,499,951	62	(67,200,049)
Total Department of Treasury	<u>767,325,000</u>	<u>733,175,774</u>	96	<u>(34,149,226)</u>
Other Sources:				
Miscellaneous Revenue	11,500,000	10,511,384	91	(988,616)
Total Other Sources	<u>11,500,000</u>	<u>10,511,384</u>	91	<u>(988,616)</u>
Interdepartmental Accounts:				
Administration and Investment of Pension and Health Benefit Funds - Recoveries	2,754,000	2,820,840	102	66,840
Employee Maintenance Deductions	300,000	195,357	65	(104,643)
Fringe Benefit Recoveries from Colleges and Universities	145,616,000	156,550,153	108	10,934,153
Fringe Benefit Recoveries from Federal and Other Funds	240,739,000	256,748,236	107	16,009,236

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO JUNE 30, 2012	<u>REALIZED TO JUNE 30, 2012</u>		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
Fringe Benefit Recoveries from School Districts	34,500,000	45,645,406	132	11,145,406
Indirect Cost Recoveries - DEP Other Funds	8,860,000	10,494,525	118	1,634,525
Market Transition Facility Revenue Fund	23,500,000	21,609,985	92	(1,890,015)
Rent of State Building Space	3,050,000	3,468,289	114	418,289
Social Security Recoveries from Federal and Other Funds	64,941,000	63,066,380	97	(1,874,620)
Total Interdepartmental Accounts	<u>524,260,000</u>	<u>560,599,171</u>	107	<u>36,339,171</u>
Judicial Branch:				
Court Fees	69,272,000	56,593,540	82	(12,678,460)
Total Judicial Branch	<u>69,272,000</u>	<u>56,593,540</u>	82	<u>(12,678,460)</u>
TOTAL MISCELLANEOUS TAXES, FEES, REVENUES	<u>2,544,559,000</u>	<u>2,556,121,062</u>	100	<u>11,562,062</u>
INTERFUND TRANSFERS				
Beaches and Harbor Fund	4,000	1,280	-	(2,720)
Clean Energy Fund	10,000,000	210,000,000	-	200,000,000
Clean Waters Fund	10,000	43	-	(9,957)
Correctional Facilities Construction Fund	1,000	892	-	(108)
Correctional Facilities Construction Fund of 1987	2,000	654	-	(1,346)
Cultural Center and Historical Preservation Fund	-	112	-	112
Dam, Lake, Stream and Flood Control Project Fund - 2003	61,000	22,770	-	(38,230)
Developmental Disabilities Waiting List Reduction Fund	13,000	6,041	-	(6,959)
Dredging and Containment Facility Fund	424,000	424,000	-	-
Emergency Flood Control	-	350	-	350
Energy Conservation Fund	1,000	424	-	(576)
Enterprise Zone Assistance Fund	88,597,000	97,788,461	-	9,191,461
Fund for the Support of Free Public Schools	4,662,000	4,449,854	-	(212,146)
Garden State Farmland Preservation Trust Fund	1,992,000	1,917,005	-	(74,995)
Garden State Green Acres Preservation Trust Fund	5,552,000	5,329,641	-	(222,359)
Garden State Historic Preservation Trust Fund	654,000	515,854	-	(138,146)
Hazardous Discharge Fund	1,000	280	-	(720)
Hazardous Discharge Site Cleanup Fund	18,000,000	17,944,441	-	(55,559)
Housing Assistance Fund	16,000	7,425	-	(8,575)
Human Services Facilities Construction Fund	-	23	-	23
Jobs, Education and Competitiveness Fund	-	731	-	731
Judiciary Bail Fund	150,000	41,005	-	(108,995)
Judiciary Child Support and Paternity Fund	60,000	-	-	(60,000)
Judiciary Probation Fund	50,000	11,522	-	(38,478)
Judiciary Special Civil Fund	20,000	1,831	-	(18,169)
Judiciary Superior Court Miscellaneous Fund	20,000	3,417	-	(16,583)
Legal Services Fund	11,000,000	9,557,048	-	(1,442,952)
Mortgage Assistance Fund	707,000	891,163	-	184,163
Motor Vehicle Security Responsibility Fund	1,000	364	-	(636)

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	ANTICIPATED TO June 30, 2012	<u>REALIZED TO JUNE 30, 2012</u>		REALIZATION OVER (UNDER) ANTICIPATED
		AMOUNT	PERCENT	
NJ Bridge Rehabilitation and Improvement and R.R. Right-of-Way Preservation Fund	21,000	9,551	45	(11,449)
Natural Resources Fund	4,000	2,214	55	(1,786)
New Jersey Spill Compensation Fund	16,316,000	16,120,295	99	(195,705)
New Jersey Workforce Development Partnership Fund	17,867,000	24,761,023	139	6,894,023
Pollution Prevention Fund	1,579,000	1,423,415	90	(155,585)
Public Purpose Building Construction	-	120	-	120
Public Purpose Buildings and Community-Based Facilities Construction Fund	3,000	1,184	39	(1,816)
Safe Drinking Water Fund	2,503,000	2,296,017	92	(206,983)
Shore Protection Fund	35,000	12,984	37	(22,016)
Solid Waste Service Tax Fund	1,000	-	-	(1,000)
State Disability Benefit Fund	37,888,000	31,521,329	83	(6,366,671)
State Land Acquisition and Development Fund	1,000	567	57	(433)
State Lottery Fund	1,030,000,000	950,082,267	92	(79,917,733)
State Lottery Fund - Administration	22,212,000	21,652,491	97	(559,509)
State Recycling Fund	20,000,000	20,000,000	100	-
State of New Jersey Cash Management Fund	2,300,000	1,877,586	82	(422,414)
Statewide Transportation and Local Bridge Fund	50,000	20,160	40	(29,840)
Supplemental Workforce Fund for Basic Skills	2,000,000	1,055,220	53	(944,780)
Tobacco Settlement Fund	54,564,000	82,461,651	151	27,897,651
Unclaimed Insurance Payments	-	8,484	-	8,484
Unclaimed Personal Property Trust Fund	192,000,000	257,000,000	134	65,000,000
Unclaimed Utility Deposits Trust Fund	21,000	8,997	43	(12,003)
Unemployment Compensation Auxiliary Fund	18,057,000	18,056,522	100	(478)
Universal Services Fund	72,652,000	72,652,000	100	-
Wage and Hour Trust Fund	40,000	1,261	3	(38,739)
Water Conservation Fund	3,000	1,091	36	(1,909)
Water Supply Fund	4,157,000	4,079,630	98	(77,370)
Worker and Community Right to Know Fund	3,909,000	2,830,235	72	(1,078,765)
TOTAL INTERFUND TRANSFERS	<u>1,640,181,000</u>	<u>1,856,852,925</u>	113	<u>216,671,925</u>
 TOTAL REVENUES, GENERAL FUND	 <u>\$ 17,561,202,000</u>	 <u>\$ 17,043,637,168</u>	 97	 <u>\$ (517,564,832)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Licenses and Fees	\$ 53,126,000	\$ 51,397,177	97	\$ (1,728,823)
Investment Earnings	20,000	10,837	54	(9,163)
TOTAL CASINO CONTROL FUND	<u>\$ 53,146,000</u>	<u>\$ 51,408,014</u>	97	<u>\$ (1,737,986)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO JUNE 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Gross Revenue Tax	\$ 234,822,000	\$ 227,193,971	97	\$ (7,628,029)
Other Casino Taxes and Fees	12,927,000	11,792,345	91	(1,134,655)
Casino Simulcasting Fund	400,000	337,907	84	(62,093)
TOTAL CASINO REVENUE FUND	<u>\$ 248,149,000</u>	<u>\$ 239,324,223</u>	96	<u>\$ (8,824,777)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO June 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Taxpayers' Designations	\$ 700,000	\$ 457,541	65	\$ (242,459)
TOTAL GUBERNATORIAL ELECTIONS FUND	<u>\$ 700,000</u>	<u>\$ 457,541</u>	65	<u>\$ (242,459)</u>

**STATE OF NEW JERSEY
SCHEDULE OF ANTICIPATED REVENUE
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ANTICIPATED TO June 30, 2012</u>	<u>REALIZED TO JUNE 30, 2012 AMOUNT</u>	<u>PERCENT</u>	<u>REALIZATION OVER/(UNDER) ANTICIPATED</u>
Gross Income Tax	\$ 11,132,000,000	\$ 11,128,418,349	100	\$ (3,581,651)
Sales Tax Dedication	645,500,000	623,252,210	97	(22,247,790)
TOTAL PROPERTY TAX RELIEF FUND	<u>\$ 11,777,500,000</u>	<u>\$ 11,751,670,559</u>	100	<u>\$ (25,829,441)</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>STATE</u>	<u>FEDERAL</u>	<u>DEDICATED AND REVOLVING</u>	<u>TOTAL</u>
LEGISLATIVE BRANCH	\$ -	\$ -	\$ 1,962	\$ 1,962
EXECUTIVE BRANCH				
Chief Executive	-	-	702,944	702,944
Agriculture	2,555,854	364,091,794	6,473,632	373,121,280
Banking and Insurance	45,600	1,827,708	1,252,154	3,125,462
Children and Families	-	171,492,007	51,678,408	223,170,415
Community Affairs	17,312,775	461,595,221	63,104,439	542,012,435
Corrections	-	1,563,857	57,821,215	59,385,072
Education	1,200,000	1,222,572,874	16,050,014	1,239,822,888
Environmental Protection	35,741,749	58,853,799	46,378,613	140,974,161
Health and Senior Services	13,577,231	366,033,248	339,168,446	718,778,925
Human Services	474,331,046	7,845,522,815	797,959,087	9,117,812,948
Labor and Workforce Development	50,861,041	385,978,289	176,499,240	613,338,570
Law and Public Safety	131,113,452	264,445,976	175,954,219	571,513,647
Military and Veterans' Affairs	2,960,805	38,664,638	213,075	41,838,518
State	6,919	24,702,641	14,989,725	39,699,285
Transportation	2,468,097	9,073,620	647,873,087	659,414,804
Treasury	88,670,355	28,645,786	1,237,303,277	1,354,619,418
Interdepartmental	173,992	-	43,270,256	43,444,248
TOTAL EXECUTIVE BRANCH	<u>821,018,916</u>	<u>11,245,064,273</u>	<u>3,676,691,831</u>	<u>15,742,775,020</u>
JUDICIAL BRANCH	<u>2,837,471</u>	<u>3,727,341</u>	<u>64,298,778</u>	<u>70,863,590</u>
TOTAL APPROPRIATED REVENUE	<u>\$ 823,856,387</u>	<u>\$ 11,248,791,614</u>	<u>\$ 3,740,992,571</u>	<u>\$ 15,813,640,572</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATED REVENUE
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>STATE</u>	<u>FEDERAL</u>	<u>DEDICATED AND REVOLVING</u>	<u>TOTAL</u>
EXECUTIVE BRANCH				
Health and Senior Services	\$ 83,304,914	\$ -	\$ -	\$ 83,304,914
TOTAL APPROPRIATED REVENUE	<u>\$ 83,304,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,304,914</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Legislative Branch	\$ 73,653,780	\$ 18,741,578	\$ 77,729,558
Executive Branch			
Chief Executive's Office	5,681,000	857,884	6,440,919
Agriculture	7,156,000	3,372,160	9,880,717
Banking and Insurance	62,970,000	1,135,521	56,232,482
Children and Families	315,151,000	13,280,394	310,235,406
Community Affairs	38,694,000	12,734,923	45,235,546
Corrections	963,606,000	29,237,639	936,701,103
Education	76,404,240	4,509,838	76,106,430
Environmental Protection	209,711,604	65,329,082	241,418,957
Health and Senior Services	52,216,000	29,357,636	68,116,716
Human Services	662,281,000	90,769,935	660,595,360
Labor and Workforce Development	89,778,000	57,903,077	125,857,307
Law and Public Safety	492,566,000	263,730,197	647,694,919
Military and Veterans' Affairs	90,953,642	7,076,120	88,653,891
State	29,004,000	2,996,446	26,526,426
Transportation	45,385,000	16,844,232	47,707,097
Treasury	440,765,729	112,294,491	512,882,633
Miscellaneous Executive Commissions	976,000	30,115	1,003,011
Interdepartmental Accounts	2,383,613,937	(39,442,428)	2,239,646,426
Total Executive Branch	<u>5,966,913,152</u>	<u>672,017,262</u>	<u>6,100,935,346</u>
Judicial Branch	<u>663,535,000</u>	<u>13,348,307</u>	<u>626,448,605</u>
TOTAL DIRECT STATE SERVICES	<u>\$ 6,704,101,932</u>	<u>\$ 704,107,147</u>	<u>\$ 6,805,113,509</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 623,751	\$ -	\$ 14,042,049
-	91,943	6,022
193,447	1,900	452,096
1,742,908	5,402,607	727,524
2,231,385	15,964,603	-
1,997,684	447,352	3,748,341
7,936,926	43,730,485	4,475,125
1,279,463	1,391,430	2,136,755
8,050,397	3,919,908	21,651,424
7,864,244	4,582,743	1,009,933
27,033,469	47,305,481	18,116,625
6,824,485	13,552,936	1,446,349
7,511,979	4,285,146	96,804,153
3,411,824	4,126,459	1,837,588
1,834,128	1,312,620	2,327,272
3,022,204	4,043,197	7,456,734
21,377,938	9,650,061	9,149,588
4	-	3,100
6,421,436	65,249,859	32,853,788
<u>108,733,921</u>	<u>225,058,730</u>	<u>204,202,417</u>
<u>24,019,051</u>	<u>(8,900)</u>	<u>26,424,551</u>
<u>\$ 133,376,723</u>	<u>\$ 225,049,830</u>	<u>\$ 244,669,017</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GRANTS-IN-AID			
Executive Branch			
Agriculture	\$ 6,818,000	\$ 588,176	\$ 6,894,558
Children and Families	743,295,000	(12,293,092)	694,917,588
Community Affairs	19,220,000	8,022,925	21,163,833
Corrections	106,298,000	(75,000)	103,062,977
Education	1,665,000	-	1,620,000
Environmental Protection	17,332,000	75,872,993	14,352,571
Health and Senior Services	1,162,933,000	41,509,079	1,105,464,898
Human Services	4,186,928,379	507,853,969	4,548,076,270
Labor and Workforce Development	64,756,000	600,678	56,968,432
Law and Public Safety	17,248,000	(4,273)	8,971,198
Military and Veterans' Affairs	3,074,000	55,945	2,025,383
State	1,104,829,000	28,380,805	1,099,107,300
Transportation	309,400,000	15,070	285,027,000
Treasury	313,476,000	997,312	284,151,202
Interdepartmental Accounts	885,805,000	(866,492)	880,156,211
Total Executive Branch	<u>8,943,077,379</u>	<u>650,658,095</u>	<u>9,111,959,421</u>
TOTAL GRANTS-IN-AID	<u>\$ 8,943,077,379</u>	<u>\$ 650,658,095</u>	<u>\$ 9,111,959,421</u>
STATE AID			
Executive Branch			
Agriculture	\$ 5,623,000	\$ 66	\$ 5,615,088
Community Affairs	1,600,000	309,903	1,477,095
Corrections	20,500,000	-	20,500,000
Education	145,101,824	81,683,001	225,637,782
Environmental Protection	8,680,000	1,007,979	5,942,882
Health and Senior Services	7,152,000	-	5,984,058
Human Services	365,770,874	1,850,374	344,460,154
Labor and Workforce Development	-	-	(1,099)
Law and Public Safety	-	9,321,872	2,267,407
State	15,005,000	309,233	14,932,278
Treasury	199,229,575	6,933,277	199,404,212
Total Executive Branch	<u>768,662,273</u>	<u>101,415,705</u>	<u>826,219,857</u>
TOTAL STATE AID	<u>\$ 768,662,273</u>	<u>\$ 101,415,705</u>	<u>\$ 826,219,857</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 1,768	\$ 509,850
1,500,441	34,313,680	270,199
2,839,910	922,500	2,316,682
3,074,221	(45,878)	131,680
-	45,000	-
330,084	-	78,522,338
20,819,902	71,851,426	6,305,853
57,396,698	30,391,372	58,918,008
8,224,163	163,405	678
8,108,682	163,847	-
88,986	188,254	827,322
5,379,612	20,916,158	7,806,735
-	24,373,000	15,070
155,550	26,704,746	3,461,814
2,200	4,778,618	1,479
<u>107,920,449</u>	<u>214,767,896</u>	<u>159,087,708</u>
<u>\$ 107,920,449</u>	<u>\$ 214,767,896</u>	<u>\$ 159,087,708</u>
\$ -	\$ 7,901	\$ 77
-	182,808	250,000
-	-	-
1,049,463	97,580	-
3,646,282	42,773	56,042
1,167,942	-	-
-	22,683,430	477,664
838	261	-
757,888	-	6,296,577
625	72,097	309,233
3,713,935	1,807,523	1,237,182
<u>10,336,973</u>	<u>24,894,373</u>	<u>8,626,775</u>
<u>\$ 10,336,973</u>	<u>\$ 24,894,373</u>	<u>\$ 8,626,775</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
CAPITAL CONSTRUCTION			
Legislative Branch	\$ -	\$ 2,336,089	\$ -
Executive Branch			
Agriculture	-	8,382	-
Corrections	-	19,092,703	3,310,247
Education	-	2,951,940	64,888
Environmental Protection	91,653,000	97,634,093	39,022,426
Human Services	-	5,534,369	170,136
Law and Public Safety	-	7,023,579	2,285,605
Military and Veterans' Affairs	-	24,138	(290,672)
Transportation	956,667,000	-	956,667,000
Treasury	-	5,995,628	2,039,037
Interdepartmental Accounts	176,294,000	19,040,254	163,366,459
Total Executive Branch	<u>1,224,614,000</u>	<u>157,305,086</u>	<u>1,166,635,126</u>
TOTAL CAPITAL CONSTRUCTION	<u>\$ 1,224,614,000</u>	<u>\$ 159,641,175</u>	<u>\$ 1,166,635,126</u>
DEBT SERVICE			
Executive Branch			
Environmental Protection	\$ 6,819,000	\$ 934,333	\$ 6,031,761
Treasury	270,115,000	10,599,959	271,330,500
Total Executive Branch	<u>276,934,000</u>	<u>11,534,292</u>	<u>277,362,261</u>
TOTAL DEBT SERVICE	<u>\$ 276,934,000</u>	<u>\$ 11,534,292</u>	<u>\$ 277,362,261</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 420	\$ 2,335,669
-	8,382	-
1,048,805	2,257,965	12,475,686
25,275	261,797	2,599,980
67,800,969	-	82,463,698
494,228	306,119	4,563,886
2,164,165	472,676	2,101,133
304,882	9,928	-
-	-	-
49,972	37,451	3,869,168
<u>2,965,056</u>	<u>2,404,209</u>	<u>26,598,530</u>
<u>74,853,352</u>	<u>5,758,527</u>	<u>134,672,081</u>
<u>\$ 74,853,352</u>	<u>\$ 5,758,947</u>	<u>\$ 137,007,750</u>
\$ -	\$ 1,721,572	\$ -
-	9,384,459	-
-	11,106,031	-
<u>\$ -</u>	<u>\$ 11,106,031</u>	<u>\$ -</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
FEDERAL			
Legislative Branch	\$ -	\$ 2,707	\$ 1,950
Executive Branch			
Agriculture	418,669,663	(16,891,423)	323,694,072
Banking and Insurance	9,236,000	86,557	1,576,874
Children and Families	447,015,312	40,451,002	442,004,258
Community Affairs	450,615,000	144,067,790	383,261,068
Corrections	12,200,950	8,285,166	4,120,956
Education	878,537,648	72,554,751	585,381,630
Environmental Protection	258,178,120	30,201,712	47,643,372
Health and Senior Services	1,943,653,478	84,946,446	1,634,319,010
Human Services	5,223,260,019	72,214,889	4,709,464,753
Labor and Workforce Development	511,627,866	89,079,274	349,616,951
Law and Public Safety	429,426,804	139,125,843	200,859,476
Military and Veterans' Affairs	98,149,732	10,332,526	36,164,062
State	37,792,213	2,641,172	23,006,781
Transportation	22,625,000	9,971,960	11,008,061
Treasury	43,166,745	17,273,194	26,787,904
Total Executive Branch	<u>10,784,154,550</u>	<u>704,340,859</u>	<u>8,778,909,228</u>
Judicial Branch	<u>111,038,000</u>	<u>4,760,388</u>	<u>106,501,725</u>
TOTAL FEDERAL	<u>\$ 10,895,192,550</u>	<u>\$ 709,103,954</u>	<u>\$ 8,885,412,903</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ 757
48,760,958	-	29,323,210
11,277	-	7,734,406
8,621,171	-	36,840,885
26,766,101	-	184,655,621
6,752,643	-	9,612,517
282,098,690	-	83,612,079
12,925,964	-	227,810,496
84,523,860	-	309,757,054
51,600,683	-	534,409,472
64,107,476	-	186,982,713
37,769,160	-	329,924,011
4,454,587	-	67,863,609
3,839,770	-	13,586,834
10,434	-	21,578,465
29,701,894	-	3,950,141
<u>661,944,668</u>	<u>-</u>	<u>2,047,641,513</u>
<u>(450,495)</u>	<u>-</u>	<u>9,747,158</u>
<u>\$ 661,494,173</u>	<u>\$ -</u>	<u>\$ 2,057,389,428</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
REVOLVING FUNDS			
Legislative Branch	\$ -	\$ 3,202	\$ 3,202
Executive Branch			
Community Affairs	-	14,713,873	10,875,906
Corrections	-	29,134,382	28,766,564
Education	-	3,219,492	2,397,000
Environmental Protection	-	946,076	603,885
Health and Senior Services	-	24,204,898	14,930,523
Human Services	-	12,122,068	9,652,734
Labor and Workforce Development	-	1,399,464	(1,419,889)
Law and Public Safety	-	632,565	12,160
State	-	1,174,725	717,714
Transportation	-	19,249,365	18,327,620
Treasury	-	99,708,558	77,474,622
Total Executive Branch	-	206,505,466	162,338,839
TOTAL REVOLVING FUNDS	\$ -	\$ 206,508,668	\$ 162,342,041

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ -
1,436,862	-	2,401,105
570,502	-	(202,684)
134,770	-	687,722
5,881	-	336,310
1,633,942	-	7,640,433
146,403	-	2,322,931
2,193,376	-	625,977
236,915	-	383,490
22,038	-	434,973
639,199	-	282,546
<u>11,749,474</u>	<u>168,020</u>	<u>10,316,442</u>
<u>18,769,362</u>	<u>168,020</u>	<u>25,229,245</u>
<u>\$ 18,769,362</u>	<u>\$ 168,020</u>	<u>\$ 25,229,245</u>

STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
ALL OTHER			
Legislative Branch	\$ -	\$ 24,823	\$ 17,277
Executive Branch			
Chief Executive's Office	-	1,631,719	830,571
Agriculture	-	11,068,592	6,819,219
Banking and Insurance	-	1,803,711	1,160,989
Children and Families	-	62,079,747	60,049,142
Community Affairs	-	90,051,903	49,971,424
Corrections	-	35,408,459	26,699,412
Education	-	21,691,328	14,782,348
Environmental Protection	-	95,000,300	48,594,823
Health and Senior Services	-	382,861,319	301,058,912
Human Services	-	795,973,411	770,122,004
Labor and Workforce Development	-	194,839,674	185,839,326
Law and Public Safety	-	246,804,579	201,175,517
Military and Veterans' Affairs	-	1,704,939	600,815
State	-	20,531,306	14,081,947
Transportation	-	628,488,910	416,874,294
Treasury	-	1,407,078,796	1,303,269,710
Interdepartmental Accounts	-	31,654,701	31,529,533
Total Executive Branch	-	4,028,673,394	3,433,459,986
Judicial Branch	-	106,156,810	51,930,801
TOTAL ALL OTHER	\$ -	\$ 4,134,855,027	\$ 3,485,408,064

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ -	\$ 7,546
-	-	801,148
94,383	-	4,154,990
-	-	642,722
96,575	-	1,934,030
9,605,705	44,411	30,430,363
775,250	850,340	7,083,457
659,812	-	6,249,168
12,574,111	1,900,079	31,931,287
20,766,173	19,556,858	41,479,376
5,515,930	44,769	20,290,708
471,334	6,000,000	2,529,014
16,138,172	4,133,172	25,357,718
112,684	-	991,440
296,577	-	6,152,782
94,903,192	25,612,749	91,098,675
16,594,923	37,060,942	50,153,221
45,365	-	79,803
<u>178,650,186</u>	<u>95,203,320</u>	<u>321,359,902</u>
<u>8,727,214</u>	<u>-</u>	<u>45,498,795</u>
<u>\$ 187,377,400</u>	<u>\$ 95,203,320</u>	<u>\$ 366,866,243</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GENERAL FUND SUMMARY			
Legislative Branch	\$ 73,653,780	\$ 21,108,399	\$ 77,751,987
Executive Branch			
Chief Executive's Office	5,681,000	2,489,603	7,271,490
Agriculture	438,266,663	(1,854,047)	352,903,654
Banking and Insurance	72,206,000	3,025,789	58,970,345
Children and Families	1,505,461,312	103,518,051	1,507,206,394
Community Affairs	510,129,000	269,901,317	511,984,872
Corrections	1,102,604,950	121,083,349	1,123,161,259
Education	1,101,708,712	186,610,350	905,990,078
Environmental Protection	592,373,724	366,926,568	403,610,677
Health and Senior Services	3,165,954,478	562,879,378	3,129,874,117
Human Services	10,438,240,272	1,486,319,015	11,042,541,411
Labor and Workforce Development	666,161,866	343,822,167	716,861,028
Law and Public Safety	939,240,804	666,634,362	1,063,266,282
Military and Veterans' Affairs	192,177,374	19,193,668	127,153,479
State	1,186,630,213	56,033,687	1,178,372,446
Transportation	1,334,077,000	674,569,537	1,735,611,072
Treasury	1,266,753,049	1,660,881,215	2,677,339,820
Miscellaneous Executive Commissions	976,000	30,115	1,003,011
Interdepartmental Accounts	3,445,712,937	10,386,035	3,314,698,629
Total Executive Branch	<u>27,964,355,354</u>	<u>6,532,450,159</u>	<u>29,857,820,064</u>
Judicial Branch	<u>774,573,000</u>	<u>124,265,505</u>	<u>784,881,131</u>
TOTAL GENERAL FUND SUMMARY	<u>\$ 28,812,582,134</u>	<u>\$ 6,677,824,063</u>	<u>\$ 30,720,453,182</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 623,751	\$ 420	\$ 16,386,021
-	91,943	807,170
49,048,788	19,951	34,440,223
1,754,185	5,402,607	9,104,652
12,449,572	50,278,283	39,045,114
42,646,262	1,597,071	223,802,112
20,158,347	46,792,912	33,575,781
285,247,473	1,795,807	95,285,704
105,333,688	7,584,332	442,771,595
136,776,063	95,991,027	366,192,649
142,187,411	100,731,171	639,099,294
81,821,672	19,716,602	191,584,731
72,686,961	9,054,841	460,867,082
8,372,962	4,324,641	71,519,960
11,372,750	22,300,875	30,617,829
98,575,029	54,028,946	120,431,490
83,343,686	84,813,202	82,137,556
4	-	3,100
9,434,057	72,432,686	59,533,600
<u>1,161,208,910</u>	<u>576,956,897</u>	<u>2,900,819,642</u>
<u>32,295,770</u>	<u>(8,900)</u>	<u>81,670,504</u>
<u>\$ 1,194,128,431</u>	<u>\$ 576,948,417</u>	<u>\$ 2,998,876,167</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO CONTROL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	\$ 46,754,000	\$ 566,203	\$ 44,442,486
Treasury	9,108,000	856,838	7,568,150
TOTAL CASINO CONTROL FUND	<u>\$ 55,862,000</u>	<u>\$ 1,423,041</u>	<u>\$ 52,010,636</u>

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
CASINO REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Health and Senior Services	\$ 871,000	\$ 22,322	\$ 650,855
Law and Public Safety	92,000	-	92,000
GRANTS-IN-AID			
Executive Branch			
Health and Senior Services	89,412,000	83,304,914	168,787,524
Human Services	130,457,000	-	130,457,000
Labor and Workforce Development	2,196,000	-	2,196,000
STATE AID			
Executive Branch			
Transportation	25,121,000	-	2,601,480
TOTAL CASINO REVENUE FUND	<u>\$ 248,149,000</u>	<u>\$ 83,327,236</u>	<u>\$ 304,784,859</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 368,095	\$ 2,101,486	\$ 408,136
27,016	1,361,883	1,007,789
\$ 395,111	\$ 3,463,369	\$ 1,415,925

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ 73,194	\$ 144,821	\$ 24,452
-	-	-
907,083	3,022,307	-
-	-	-
-	-	-
22,519,520	-	-
\$ 23,499,797	\$ 3,167,128	\$ 24,452

**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
GUBERNATORIAL ELECTIONS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
DIRECT STATE SERVICES			
Executive Branch			
Law and Public Safety	\$ -	\$ 163,761	\$ -
TOTAL GUBERNATORIAL ELECTIONS FUND	<u>\$ -</u>	<u>\$ 163,761</u>	<u>\$ -</u>

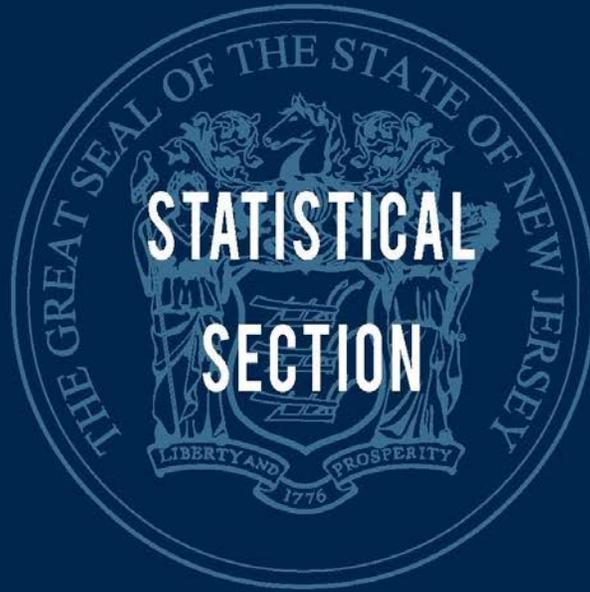
**STATE OF NEW JERSEY
SCHEDULE OF APPROPRIATIONS AND EXPENDITURES
PROPERTY TAX RELIEF FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>ORIGINAL AND SUPPLEMENTAL APPROPRIATIONS</u>	<u>OTHER AUTHORIZED APPROPRIATIONS</u>	<u>EXPENDITURES</u>
GRANTS-IN-AID			
Executive Branch			
Treasury	\$ 671,100,000	\$ -	\$ 620,339,771
STATE AID			
Executive Branch			
Community Affairs	685,979,000	(260,983,926)	424,678,147
Education	10,407,526,535	420,601,215	10,788,255,309
Human Services	160,262,126	-	160,262,126
Treasury	186,334,874	(2,028,354)	183,113,687
TOTAL PROPERTY TAX RELIEF FUND	<u>\$ 12,111,202,535</u>	<u>\$ 157,588,935</u>	<u>\$ 12,176,649,040</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 60,210	\$ 103,551
<u>\$ -</u>	<u>\$ 60,210</u>	<u>\$ 103,551</u>

<u>ENCUMBRANCES</u>	<u>LAPSED</u>	<u>CONTINUING APPROPRIATIONS</u>
\$ -	\$ 50,760,229	\$ -
-	316,927	-
2,799,172	37,073,269	-
-	-	-
<u>-</u>	<u>1,192,833</u>	<u>-</u>
<u>\$ 2,799,172</u>	<u>\$ 89,343,258</u>	<u>\$ -</u>

(This page left intentionally blank)





**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	308
Changes in Net Assets	310
Fund Balances – Governmental Funds	314
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	316
Fund Balance Summary for Budgeted Funds	318
Revenue Capacity Information	
These schedules contain information on the State's most significant revenue sources.	
Revenue Summary for Budgeted Funds	320
Real Gross State Product by Industry	322
Gross Income Tax Rates	324
Gross Income Tax (GIT) Filers and Liability by Income Level	324
Taxable Sales by Category	325
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-Bonded.....	326
Ratio of Outstanding Long-Term Debt - Non-Bonded	328
State Constitution – Legal Debt Limitations	330
Calculation of Legal Limits	330
Legislatively Authorized but Unissued Debt	331
Debt Service Coverage Ratio	332
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	334
Population and Employment Trends	335
Valuations of Taxable Real Property, Personal, and Per Capita Income	335
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	336
Expenditures for Budgeted Funds	337
Full-Time Paid Employees	338
Operating Indicators	340
Capital Asset Statistics	342

**STATE OF NEW JERSEY
NET ASSETS BY COMPONENT
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)**

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009*</u>
<u>Governmental Activities</u>				
Invested in capital assets, net of related debt	\$ 7,192.2	\$ 6,999.7	\$ 6,439.8	\$ 7,362.1
Restricted	3,536.3	3,877.3	4,364.6	4,298.6
Unrestricted	<u>(51,134.4)</u>	<u>(44,297.2)</u>	<u>(39,005.6)</u>	<u>(33,419.6)</u>
Total	<u>(40,405.9)</u>	<u>(33,420.2)</u>	<u>(28,201.2)</u>	<u>(21,758.9)</u>
<u>Business-type Activities</u>				
Restricted	12.1	10.9	10.2	321.0
Unrestricted	<u>(253.1)</u>	<u>(794.9)</u>	<u>(776.6)</u>	<u>-</u>
Total	<u>(241.0)</u>	<u>(784.0)</u>	<u>(766.4)</u>	<u>321.0</u>
<u>Total Primary Government</u>				
Invested in capital assets, net of related debt	7,192.2	6,999.7	6,439.8	7,362.1
Restricted	3,548.4	3,888.2	4,374.8	4,619.6
Unrestricted	<u>(51,387.5)</u>	<u>(45,092.1)</u>	<u>(39,782.2)</u>	<u>(33,419.6)</u>
Total	<u>\$ (40,646.9)</u>	<u>\$ (34,204.2)</u>	<u>\$ (28,967.6)</u>	<u>\$ (21,437.9)</u>

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.

<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 7,135.6	\$ 6,452.0	\$ 5,981.9	\$ 6,575.3	\$ 6,167.1	\$ 4,907.4
5,492.5	5,796.5	5,625.8	4,795.3	3,715.3	4,175.0
<u>(26,403.0)</u>	<u>(20,753.5)</u>	<u>(19,723.0)</u>	<u>(18,987.8)</u>	<u>(14,270.9)</u>	<u>(10,881.7)</u>
<u>(13,774.9)</u>	<u>(8,505.0)</u>	<u>(8,115.3)</u>	<u>(7,617.2)</u>	<u>(4,388.5)</u>	<u>(1,799.3)</u>
1,316.7	1,143.2	1,500.6	1,682.9	1,697.7	2,219.8
-	-	(2.8)	(1.3)	-	-
<u>1,316.7</u>	<u>1,143.2</u>	<u>1,497.8</u>	<u>1,681.6</u>	<u>1,697.7</u>	<u>2,219.8</u>
7,135.6	6,452.0	5,981.9	6,575.3	6,167.1	4,907.4
6,809.2	6,939.7	7,126.4	6,478.2	5,413.0	6,394.8
<u>(26,403.0)</u>	<u>(20,753.5)</u>	<u>(19,725.8)</u>	<u>(18,989.1)</u>	<u>(14,270.9)</u>	<u>(10,881.7)</u>
<u>\$ (12,458.2)</u>	<u>\$ (7,361.8)</u>	<u>\$ (6,617.5)</u>	<u>\$ (5,935.6)</u>	<u>\$ (2,690.8)</u>	<u>\$ 420.5</u>

STATE OF NEW JERSEY
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Governmental Activities			
Expenses			
Public safety and criminal justice	\$ 3,274.0	\$ 3,169.2	\$ 3,133.2
Physical and mental health	11,794.4	11,392.4	10,989.6
Educational, cultural, and intellectual development	15,249.5	14,091.6	15,013.1
Community development and environmental management	1,560.6	1,694.1	2,166.9
Economic planning, development, and security	6,861.9	6,729.5	6,663.1
Transportation programs	1,715.9	1,927.5	2,017.7
Government direction, management, and control	11,489.5	11,671.6	11,627.1
Special government services	342.1	348.9	337.9
Interest expense	1,275.8	1,227.7	1,125.9
Total Expenses	<u>53,563.7</u>	<u>52,252.5</u>	<u>53,074.5</u>
Program Revenues			
Charges for services			
Public safety and criminal justice	1,120.4	1,033.6	1,038.8
Physical and mental health	858.7	912.3	875.7
Educational, cultural, and intellectual development	111.7	119.8	118.8
Community development and environmental management	271.1	302.5	381.5
Economic planning, development, and security	1,313.2	1,190.5	1,207.8
Transportation programs	30.5	27.5	24.0
Government direction, management, and control	971.3	995.3	846.8
Special government services	144.0	154.5	128.2
Operating grants and contributions	13,238.6	13,326.1	14,240.8
Capital grants and contributions	325.8	139.6	212.5
Total Program Revenues	<u>18,385.3</u>	<u>18,201.7</u>	<u>19,074.9</u>
Net (Expense) Revenue	(35,178.4)	(34,050.8)	(33,999.6)
General Revenues and Transfers			
Taxes	26,666.3	26,569.4	25,745.0
Investment earnings	(274.9)	48.9	(63.1)
Miscellaneous	851.2	762.0	818.9
Transfers	950.1	1,451.5	1,056.5
Special Item - gain on sale of tobacco rights	-	-	-
Total General Revenue and Transfers	<u>28,192.7</u>	<u>28,831.8</u>	<u>27,557.3</u>
Change in Net Assets	(6,985.7)	(5,219.0)	(6,442.3)
Net Assets - July 1	<u>(33,420.2)</u>	<u>(28,201.2)</u>	<u>(21,758.9)</u>
Net Assets - June 30	<u>\$ (40,405.9)</u>	<u>\$ (33,420.2)</u>	<u>\$ (28,201.2)</u>

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.

<u>2009*</u>	<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 3,087.7	\$ 3,211.8	\$ 3,189.7	\$ 2,827.9	\$ 2,916.8	\$ 2,652.5	\$ 2,504.5
10,589.0	10,177.4	9,682.1	9,729.9	9,565.4	8,809.3	9,305.6
14,681.3	15,552.6	14,968.4	14,200.5	13,609.3	12,562.2	10,686.3
2,271.8	2,502.0	2,484.5	2,205.4	1,997.6	1,228.7	1,959.0
6,126.8	5,487.7	5,300.7	4,914.9	4,123.7	3,714.1	4,046.6
1,859.2	1,717.9	2,913.0	2,435.1	1,724.2	1,774.0	1,561.1
11,846.1	11,598.7	5,835.8	8,251.4	8,086.4	6,027.8	5,763.2
364.5	344.1	327.5	239.6	291.6	264.9	236.3
1,092.4	1,048.3	975.0	537.0	791.6	750.4	574.7
<u>51,918.8</u>	<u>51,640.5</u>	<u>45,676.7</u>	<u>45,341.7</u>	<u>43,106.6</u>	<u>37,783.9</u>	<u>36,637.3</u>
1,027.1	1,046.9	1,080.3	1,036.6	1,003.4	968.7	1,136.0
851.7	853.2	714.0	834.6	782.5	703.6	626.2
119.9	117.1	111.1	115.8	112.6	97.3	319.4
283.2	282.7	271.5	267.6	258.4	244.6	270.8
1,185.2	1,055.9	1,044.9	928.3	699.2	517.7	569.4
27.3	11.7	15.5	19.6	15.3	15.1	5.8
910.0	941.0	1,081.7	1,652.3	1,595.1	693.5	876.4
148.3	118.0	131.7	145.8	135.0	100.5	96.7
11,375.9	10,231.0	10,032.7	9,708.5	9,156.4	8,985.0	9,151.1
204.1	116.6	108.5	174.3	125.8	140.9	30.6
<u>16,132.7</u>	<u>14,774.1</u>	<u>14,591.9</u>	<u>14,883.4</u>	<u>13,883.7</u>	<u>12,466.9</u>	<u>13,082.4</u>
(35,786.1)	(36,866.4)	(31,084.8)	(30,458.3)	(29,222.9)	(25,317.0)	(23,554.9)
26,910.6	30,441.3	28,983.4	26,714.1	23,308.2	20,940.6	19,347.3
(263.5)	181.3	271.7	183.0	84.3	59.8	61.1
890.5	753.6	752.9	1,627.3	1,569.1	1,939.1	1,647.5
264.5	220.3	883.2	1,435.8	1,032.6	(211.7)	716.9
-	-	-	-	-	-	5.5
<u>27,802.1</u>	<u>31,596.5</u>	<u>30,891.2</u>	<u>29,960.2</u>	<u>25,994.2</u>	<u>22,727.8</u>	<u>21,778.3</u>
(7,984.0)	(5,269.9)	(193.6)	(498.1)	(3,228.7)	(2,589.2)	(1,776.6)
<u>(13,774.9)</u>	<u>(8,505.0)</u>	<u>(8,311.4)</u>	<u>(7,617.2)</u>	<u>(4,388.5)</u>	<u>(1,799.3)</u>	<u>(22.7)</u>
<u>\$ (21,758.9)</u>	<u>\$ (13,774.9)</u>	<u>\$ (8,505.0)</u>	<u>\$ (8,115.3)</u>	<u>\$ (7,617.2)</u>	<u>\$ (4,388.5)</u>	<u>\$ (1,799.3)</u>

STATE OF NEW JERSEY
CHANGES IN NET ASSETS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30 (Expressed in Millions)

	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Business-type Activities</u>			
Expenses			
State Lottery Fund	\$ 1,845.6	\$ 1,724.3	\$ 1,705.0
Unemployment Compensation Fund	5,822.3	7,206.7	8,214.4
Other	-	-	-
Total Expenses	<u>7,667.9</u>	<u>8,931.0</u>	<u>9,919.4</u>
Program Revenues			
Charges for services			
State Lottery Fund	2,797.6	2,676.9	2,648.3
Unemployment Compensation Fund	3,055.2	2,780.3	2,172.5
Other	-	-	-
Operating grants	3,309.1	4,408.5	4,953.4
Total Program Revenues	<u>9,161.9</u>	<u>9,865.7</u>	<u>9,774.2</u>
Net (Expense) Revenue	1,494.0	934.7	(145.2)
General Revenues and Transfers			
Investment earnings	(0.9)	-	-
Transfers	(950.1)	(952.3)	(942.2)
Total General Revenue and Transfers	<u>(951.0)</u>	<u>(952.3)</u>	<u>(942.2)</u>
Change in Net Assets	543.0	(17.6)	(1,087.4)
Net Assets - July 1	<u>(784.0)</u>	<u>(766.4)</u>	<u>321.0</u>
Net Assets - June 30	<u>\$ (241.0)</u>	<u>\$ (784.0)</u>	<u>\$ (766.4)</u>
 <u>Total Primary Government</u>			
Expenses	\$ 61,231.6	\$ 61,183.5	\$ 62,993.9
Program revenues	27,547.2	28,067.4	28,849.1
Net (Expense) Revenue	<u>(33,684.4)</u>	<u>(33,116.1)</u>	<u>(34,144.8)</u>
General revenues and other changes in net assets	27,241.7	27,879.5	26,615.1
Change in Net Assets	(6,442.7)	(5,236.6)	(7,529.7)
Net Assets - July 1	<u>(34,204.2)</u>	<u>(28,967.6)</u>	<u>(21,437.9)</u>
Net Assets - June 30	<u>\$ (40,646.9)</u>	<u>\$ (34,204.2)</u>	<u>\$ (28,967.6)</u>

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.

<u>2009*</u>	<u>2008**</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 1,645.7	\$ 1,667.6	\$ 1,544.2	\$ 1,573.3	\$ 1,476.4	\$ 1,413.2	\$ 1,339.0
5,283.6	2,119.2	1,937.4	1,828.5	1,948.5	2,481.5	2,876.3
-	-	-	1,959.0	1,860.6	1,700.7	1,367.1
<u>6,929.3</u>	<u>3,786.8</u>	<u>3,481.6</u>	<u>5,360.8</u>	<u>5,285.5</u>	<u>5,595.4</u>	<u>5,582.4</u>
2,538.1	2,579.3	2,392.3	2,441.5	2,305.7	2,231.1	2,113.0
1,855.2	1,980.0	1,915.1	1,447.0	1,768.3	1,407.2	1,177.4
-	-	-	1,971.4	1,824.4	1,679.2	1,416.0
<u>2,351.9</u>	<u>71.3</u>	<u>73.3</u>	<u>102.9</u>	<u>103.6</u>	<u>481.8</u>	<u>897.8</u>
<u>6,745.2</u>	<u>4,630.6</u>	<u>4,380.7</u>	<u>5,962.8</u>	<u>6,002.0</u>	<u>5,799.3</u>	<u>5,604.2</u>
(184.1)	843.8	899.1	602.0	716.5	203.9	21.8
-	-	-	-	-	-	-
<u>(811.6)</u>	<u>(670.3)</u>	<u>(883.2)</u>	<u>(785.8)</u>	<u>(732.6)</u>	<u>(726.0)</u>	<u>(716.9)</u>
<u>(811.6)</u>	<u>(670.3)</u>	<u>(883.2)</u>	<u>(785.8)</u>	<u>(732.6)</u>	<u>(726.0)</u>	<u>(716.9)</u>
(995.7)	173.5	15.9	(183.8)	(16.1)	(522.1)	(695.1)
<u>1,316.7</u>	<u>1,143.2</u>	<u>1,127.3</u>	<u>1,681.6</u>	<u>1,697.7</u>	<u>2,219.8</u>	<u>2,914.9</u>
<u>\$ 321.0</u>	<u>\$ 1,316.7</u>	<u>\$ 1,143.2</u>	<u>\$ 1,497.8</u>	<u>\$ 1,681.6</u>	<u>\$ 1,697.7</u>	<u>\$ 2,219.8</u>
\$ 58,848.1	\$ 55,427.3	\$ 49,158.3	\$ 50,702.5	\$ 48,392.1	\$ 43,379.3	\$ 42,219.7
<u>22,877.9</u>	<u>19,404.7</u>	<u>18,972.6</u>	<u>20,846.2</u>	<u>19,885.7</u>	<u>18,266.2</u>	<u>18,686.6</u>
<u>(35,970.2)</u>	<u>(36,022.6)</u>	<u>(30,185.7)</u>	<u>(29,856.3)</u>	<u>(28,506.4)</u>	<u>(25,113.1)</u>	<u>(23,533.1)</u>
<u>26,990.5</u>	<u>30,926.2</u>	<u>30,008.0</u>	<u>29,174.4</u>	<u>25,261.6</u>	<u>22,001.8</u>	<u>21,061.4</u>
<u>(8,979.7)</u>	<u>(5,096.4)</u>	<u>(177.7)</u>	<u>(681.9)</u>	<u>(3,244.8)</u>	<u>(3,111.3)</u>	<u>(2,471.7)</u>
<u>(12,458.2)</u>	<u>(7,361.8)</u>	<u>(7,184.1)</u>	<u>(5,935.6)</u>	<u>(2,690.8)</u>	<u>420.5</u>	<u>2,892.2</u>
<u>\$ (21,437.9)</u>	<u>\$ (12,458.2)</u>	<u>\$ (7,361.8)</u>	<u>\$ (6,617.5)</u>	<u>\$ (5,935.6)</u>	<u>\$ (2,690.8)</u>	<u>\$ 420.5</u>

STATE OF NEW JERSEY
FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

	<u>2012</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>
<u>General Fund</u>				
Reserved				
Encumbrances	\$ -	\$ -	\$ 799.0	\$ 868.4
Surplus Revenue	-	-	-	-
Other	-	-	47.3	46.2
Unreserved	-	-	1,833.9	2,185.5
Nonspendable	20.4	20.4	-	-
Restricted	884.2	985.9	-	-
Committed	1,570.7	1,896.9	-	-
Unassigned	425.4	864.1	-	-
Total General Fund	<u>2,900.7</u>	<u>3,767.3</u>	<u>2,680.2</u>	<u>3,100.1</u>
<u>All Other Governmental Funds</u>				
Reserved				
Encumbrances	-	-	1,127.3	1,195.1
Other	-	-	1,882.0	1,716.6
Unreserved	-	-	1,697.2	2,122.1
Restricted	3,494.6	3,417.8	-	-
Committed	458.6	1,127.7	-	-
Total All Other Governmental Funds	<u>3,953.2</u>	<u>4,545.5</u>	<u>4,706.5</u>	<u>5,033.8</u>
<u>Total</u>				
Reserved				
Encumbrances	-	-	1,926.3	2,063.5
Surplus Revenue	-	-	-	-
Other	-	-	1,929.3	1,762.8
Unreserved	-	-	3,531.1	4,307.6
Nonspendable	20.4	20.4	-	-
Restricted	4,378.8	4,403.7	-	-
Committed	2,029.3	3,024.6	-	-
Unassigned	425.4	864.1	-	-
Total Governmental Funds	<u>\$ 6,853.9</u>	<u>\$ 8,312.8</u>	<u>\$ 7,386.7</u>	<u>\$ 8,133.9</u>

Note:

* As a result of implementing GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 53 Special Revenue Funds have been reclassified to the General Fund. In addition, new fund balance classifications are required.

Information presented is based on the modified accrual basis of accounting.

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 923.9	\$ 974.4	\$ 907.6	\$ 839.3	\$ 664.4	\$ 630.8
734.7	484.6	559.8	288.7	282.4	-
65.8	251.4	368.1	369.9	312.8	377.2
2,816.9	2,891.4	2,522.7	1,689.5	1,491.6	1,243.8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>4,541.3</u>	<u>4,601.8</u>	<u>4,358.2</u>	<u>3,187.4</u>	<u>2,751.2</u>	<u>2,251.8</u>
1,247.4	1,232.2	896.8	629.3	680.9	700.1
1,633.1	1,538.6	1,605.3	1,601.6	1,632.2	1,064.1
2,732.8	3,255.2	4,596.9	2,781.7	2,072.0	4,372.0
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,613.3</u>	<u>6,026.0</u>	<u>7,099.0</u>	<u>5,012.6</u>	<u>4,385.1</u>	<u>6,136.2</u>
2,171.3	2,206.6	1,804.4	1,468.6	1,345.3	1,330.9
734.7	484.6	559.8	288.7	282.4	-
1,698.9	1,790.0	1,973.4	1,971.5	1,945.0	1,441.3
5,549.7	6,146.6	7,119.6	4,471.2	3,563.6	5,615.8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 10,154.6</u>	<u>\$ 10,627.8</u>	<u>\$ 11,457.2</u>	<u>\$ 8,200.0</u>	<u>\$ 7,136.3</u>	<u>\$ 8,388.0</u>

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)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
REVENUES				
Taxes	\$ 26,637.8	\$ 26,555.1	\$ 25,858.7	\$ 26,939.0
Federal and other grants	12,325.6	12,781.7	13,592.6	10,694.3
Licenses and fees	1,274.3	1,296.4	1,239.4	1,194.1
Services and assessments	2,860.8	2,792.6	2,695.3	2,712.1
Investment earnings	20.5	51.0	41.6	75.0
Contributions	0.1	0.1	-	0.1
Other	3,308.0	2,611.6	2,773.7	2,834.4
Total Revenues	<u>46,427.1</u>	<u>46,088.5</u>	<u>46,201.3</u>	<u>44,449.0</u>
EXPENDITURES				
Public safety and criminal justice	3,360.7	3,267.1	3,321.5	3,279.2
Physical and mental health	11,807.8	11,407.5	11,007.5	10,628.6
Educational, cultural, and intellectual development	15,499.1	14,313.6	15,233.0	14,892.1
Community development and environmental management	1,687.1	1,766.8	2,272.4	2,437.0
Economic planning, development, and security	6,917.6	6,773.5	6,706.5	6,203.0
Transportation programs	2,466.2	2,919.6	3,092.7	2,835.4
Government direction, management, and control	6,622.9	6,170.6	6,775.3	7,168.3
Special government services	340.6	350.5	338.8	346.0
Capital Outlay	122.5	81.7	39.1	32.0
Debt Service:				
Principal	580.5	423.3	486.4	639.1
Interest	920.7	834.7	856.7	843.7
Total Expenditures	<u>50,325.7</u>	<u>48,308.9</u>	<u>50,129.9</u>	<u>49,304.4</u>
Excess (deficiency) of revenues over expenditures	<u>(3,898.6)</u>	<u>(2,220.4)</u>	<u>(3,928.6)</u>	<u>(4,855.4)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	1,315.0	1,600.0	1,365.9	1,539.0
Transfers from (to) other funds	950.1	1,451.5	1,056.5	267.5
Other	174.6	95.0	759.0	1,035.2
Total	<u>2,439.7</u>	<u>3,146.5</u>	<u>3,181.4</u>	<u>2,841.7</u>
Change in Fund Balance	(1,458.9)	926.1	(747.2)	(2,013.7)
Fund balances - July 1	<u>8,312.8</u>	<u>7,386.7</u>	<u>8,133.9</u>	<u>10,147.6</u> ***
Fund balances - June 30	<u>\$ 6,853.9</u>	<u>\$ 8,312.8</u>	<u>\$ 7,386.7</u>	<u>\$ 8,133.9</u>
Debt Service as a percentage of noncapital expenditures:**	3.1%	2.7%	2.8%	3.1%

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.

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	30,404.5	\$ 29,123.4	\$ 25,909.3	\$ 23,395.5	\$ 21,008.9	\$ 19,491.1
	9,480.3	9,389.9	9,122.2	8,594.9	8,495.2	7,954.5
	1,252.9	1,361.5	959.8	930.6	811.5	979.1
	2,613.8	2,525.4	2,493.6	2,172.7	1,835.3	1,798.6
	321.3	440.8	321.7	149.2	96.9	103.0
	0.5	0.1	662.6	646.7	281.9	510.3
	2,537.4	2,424.7	3,628.9	3,508.8	3,213.8	6,560.9
	<u>46,610.7</u>	<u>45,265.8</u>	<u>43,098.1</u>	<u>39,398.4</u>	<u>35,743.5</u>	<u>37,397.5</u>
	3,317.5	3,247.0	3,155.7	2,989.7	2,733.5	2,548.0
	10,251.2	9,703.7	9,732.6	9,603.5	8,826.6	9,315.2
	15,760.9	15,173.6	14,405.1	13,909.5	12,723.6	10,813.0
	2,659.1	2,618.8	2,446.6	2,341.5	2,160.1	2,050.0
	5,603.1	5,376.6	4,981.2	4,233.2	3,763.6	4,087.1
	2,788.1	2,855.2	3,106.2	2,483.8	2,551.9	2,225.7
	7,946.5	6,783.5	7,134.2	7,335.6	5,505.4	5,476.9
	331.8	328.0	313.3	299.9	270.9	239.1
	318.6	105.0	573.5	237.6	326.3	863.1
	613.9	558.2	48.2	390.5	483.4	418.7
	805.4	779.7	361.3	623.3	650.5	457.8
	<u>50,396.1</u>	<u>47,529.3</u>	<u>46,257.9</u>	<u>44,448.1</u>	<u>39,995.8</u>	<u>38,494.6</u>
	<u>(3,785.4)</u>	<u>(2,263.5)</u>	<u>(3,159.8)</u>	<u>(5,049.7)</u>	<u>(4,252.3)</u>	<u>(1,097.1)</u>
	1,507.7	48.8	2,850.1	1,000.5	1,139.8	895.0
	220.3	883.3	1,435.8	1,032.6	(211.7)	716.9
	1,584.2	698.1	2,131.1	4,080.3	2,072.5	2,289.3
	<u>3,312.2</u>	<u>1,630.2</u>	<u>6,417.0</u>	<u>6,113.4</u>	<u>3,000.6</u>	<u>3,901.2</u>
	(473.2)	(633.3)	3,257.2	1,063.7	(1,251.7)	2,804.1
	10,627.8	11,261.1 *	8,200.0	7,136.3	8,388.0	5,583.9
\$	<u>10,154.6</u>	<u>\$ 10,627.8</u>	<u>\$ 11,457.2</u>	<u>\$ 8,200.0</u>	<u>\$ 7,136.3</u>	<u>\$ 8,388.0</u>
	2.9%	2.8%	0.9%	2.3%	2.9%	2.3%

STATE OF NEW JERSEY
FUND BALANCE SUMMARY FOR BUDGETED FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

<u>Budgeted Fund</u>	Comprehensive Annual Financial Report			
	2012	2011	2010	2009
General Fund	\$ 441.4	\$ 864.1	\$ 794.3	\$ 614.2
Surplus Revenue Fund	-	-	-	-
Property Tax Relief Fund	2.4	5.8	10.0	-
Casino Control Fund	1.8	2.8	-	(0.4)
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	1.0	0.5	-	-
Total	<u>\$ 446.6</u>	<u>\$ 873.2</u>	<u>\$ 804.3</u>	<u>\$ 613.8</u>

<u>Budgeted Fund</u>	Appropriations Act			
	2012	2011	2010	2009
General Fund	\$ 255.6	\$ 302.5	\$ 501.0	\$ 116.8
Surplus Revenue Fund	-	-	-	483.2
Property Tax Relief Fund	383.5	-	-	-
Casino Control Fund	-	-	-	-
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	1.4	0.7	-	-
Total	<u>\$ 640.5</u>	<u>\$ 303.2</u>	<u>\$ 501.0</u>	<u>\$ 600.0</u>

<u>Budgeted Fund</u>	Dollar Variance			
	2012	2011	2010	2009
General Fund	\$ 185.8	\$ 561.6	\$ 293.3	\$ 497.4
Surplus Revenue Fund	-	-	-	(483.2)
Property Tax Relief Fund	(381.1)	5.8	10.0	-
Casino Control Fund	1.8	2.8	-	(0.4)
Casino Revenue Fund	-	-	-	-
Gubernatorial Elections Fund	(0.4)	(0.2)	-	-
Total	<u>\$ (193.9)</u>	<u>\$ 570.0</u>	<u>\$ 303.3</u>	<u>\$ 13.8</u>

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2008	2007	2006	2005	2004	2003
\$ 469.8	\$ 1,410.4	\$ 1,216.7	\$ 461.7	\$ 376.5	\$ 373.0
734.7	484.6	559.8	288.6	282.4	-
99.0	690.7	2.6	27.9	175.2	-
3.0	1.5	(1.6)	1.3	4.9	4.3
-	1.0	1.0	-	22.7	-
-	-	-	-	-	-
<u>\$ 1,306.5</u>	<u>\$ 2,588.2</u>	<u>\$ 1,778.5</u>	<u>\$ 779.5</u>	<u>\$ 861.7</u>	<u>\$ 377.3</u>

2008	2007	2006	2005	2004	2003
\$ 102.5	\$ 765.0	\$ 311.6	\$ 109.6	\$ 248.6	\$ 110.4
489.8	448.6	288.4	288.0	-	-
-	46.0	-	-	-	-
-	-	-	2.4	-	-
10.0	-	-	-	1.5	-
-	-	-	-	-	-
<u>\$ 602.3</u>	<u>\$ 1,259.6</u>	<u>\$ 600.0</u>	<u>\$ 400.0</u>	<u>\$ 250.1</u>	<u>\$ 110.4</u>

2008	2007	2006	2005	2004	2003
\$ 367.3	\$ 645.4	\$ 905.1	\$ 352.1	\$ 127.9	\$ 262.6
244.9	36.0	271.4	0.6	282.4	-
99.0	644.7	2.6	27.9	175.2	-
3.0	1.5	(1.6)	(1.1)	4.9	4.3
(10.0)	1.0	1.0	-	21.2	-
-	-	-	-	-	-
<u>\$ 704.2</u>	<u>\$ 1,328.6</u>	<u>\$ 1,178.5</u>	<u>\$ 379.5</u>	<u>\$ 611.6</u>	<u>\$ 266.9</u>

STATE OF NEW JERSEY
REVENUE SUMMARY FOR BUDGETED FUNDS*
FOR THE FISCAL YEAR ENDED JUNE 30
(Expressed in Millions)

<u>Major Tax</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Gross Income Tax	\$ 11,128.4	\$ 10,617.0	\$ 10,322.9	\$ 10,476.3
Sales and Use Tax	8,099.7	8,144.4	7,898.2	8,264.2
Corporation Business Tax	2,037.0	2,344.4	2,144.6	2,665.2
Other Major Taxes	3,117.3	2,902.2	2,831.7	2,884.5
Miscellaneous Taxes, Fees	3,463.3	3,394.6	3,398.4	3,292.4
State Lottery	950.1	930.0	924.0	887.2
Casino Taxes and Fees	290.7	327.1	360.2	415.5
Total	\$ 29,086.5	\$ 28,659.7	\$ 27,880.0	\$ 28,885.3

* 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

<u>Major Tax</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Gross Income Tax	38.3 %	37.1 %	37.0 %	36.3 %
Sales and Use Tax	27.8	28.5	28.3	28.6
Corporation Business Tax	7.0	8.2	7.7	9.2
Other Major Taxes	10.7	10.1	10.2	10.0
Miscellaneous Taxes, Fees	11.9	11.8	12.2	11.4
State Lottery	3.3	3.2	3.3	3.1
Casino Taxes and Fees	1.0	1.1	1.3	1.4
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.

	2008	2007	2006	2005	2004	2003
\$	12,605.5	\$ 11,727.2	\$ 10,506.6	\$ 9,537.9	\$ 7,400.7	\$ 6,735.3
	8,915.5	8,609.6	6,853.4	6,552.2	6,261.7	5,936.1
	3,062.4	3,084.9	3,007.8	2,368.1	2,370.2	2,525.4
	3,033.7	2,967.0	3,544.7	3,244.0	3,028.0	2,837.3
	3,598.9	3,465.9	3,324.0	4,988.5	4,472.4	4,265.2
	882.1	828.3	844.2	812.0	795.0	765.4
	486.0	525.8	570.3	540.0	532.7	413.9
\$	<u>32,584.1</u>	<u>\$ 31,208.7</u>	<u>\$ 28,651.0</u>	<u>\$ 28,042.7</u>	<u>\$ 24,860.7</u>	<u>\$ 23,478.6</u>

	2008	2007	2006	2005	2004	2003
	38.7 %	37.6 %	36.7 %	34.0 %	29.8 %	28.7 %
	27.4	27.6	23.9	23.4	25.2	25.3
	9.4	9.9	10.5	8.4	9.5	10.7
	9.3	9.4	12.4	11.6	12.2	12.1
	11.0	11.1	11.6	17.8	18.0	18.2
	2.7	2.7	2.9	2.9	3.2	3.2
	1.5	1.7	2.0	1.9	2.1	1.8
	<u>100.0 %</u>					

STATE OF NEW JERSEY
REAL GROSS STATE PRODUCT BY INDUSTRY
FOR THE CALENDAR YEAR ENDED DECEMBER 31
(Expressed in Billions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Gross State Product *	\$ 426.8	\$ 428.9	\$ 422.4	\$ 443.8
<u>Goods Producing Sector</u>				
Agriculture, forestry, fishing, and hunting	0.6	0.7	0.8	0.7
Mining	-	-	0.1	-
Manufacturing	33.3	33.0	32.9	37.8
Construction	12.5	12.7	12.9	14.6
<u>Private Service Producing Sector</u>				
Transportation and warehousing	13.7	13.8	13.1	14.6
Information	22.4	21.8	21.8	22.8
Utilities	6.5	7.2	6.3	7.4
Wholesale trade	32.1	31.6	30.3	35.5
Retail trade	29.9	29.4	26.8	27.5
Finance and insurance	36.7	37.0	35.0	33.9
Real estate, rental, and leasing	69.0	74.0	76.7	77.2
Services **	117.4	114.9	116.5	117.4
Other services	8.2	8.3	8.2	8.7
<u>Government Sector</u>	45.2	45.3	45.5	45.9
Total Personal Income ***	469.1	450.0	433.8	454.2

Notes:

* Gross State Product data, which is expressed in billions of chained Calendar Year 2005 dollars, has been revised for Calendar Years 2002 through 2010. Industry numbers do not sum to the total because of technical considerations.

** 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.

*** Total Personal Income data, which is expressed in billions of current dollars, has been revised for Calendar Years 2008 through 2010.

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	443.5	\$ 440.3	\$ 430.2	\$ 424.5	\$ 416.4	\$ 408.4
	0.7	0.8	0.7	0.6	0.6	0.6
	0.1	0.1	0.1	0.2	0.2	0.3
	39.8	38.6	37.7	40.8	42.0	39.9
	15.6	16.9	17.8	18.7	18.8	19.5
	14.0	13.9	13.8	12.7	11.8	11.1
	23.3	21.5	20.7	19.8	18.0	17.8
	6.8	6.5	6.8	7.1	6.7	6.4
	35.9	34.0	33.8	34.5	33.9	31.3
	29.1	28.8	28.2	28.3	29.1	28.6
	34.0	39.7	36.5	31.8	32.2	34.4
	75.8	74.3	71.9	71.2	67.8	65.1
	114.5	111.8	108.4	105.6	103.6	101.4
	9.2	9.2	9.3	9.3	9.2	9.5
	45.7	44.4	44.4	44.3	43.5	43.3
	436.1	411.4	379.7	365.3	347.7	341.6

**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*
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	3.27
2010	8.97	500,000	500,000	500,000	3.12
2011	8.97	500,000	500,000	500,000	3.21
2012	8.97	500,000	500,000	500,000	2.99

* Net tax divided by New Jersey Gross Income for full-time resident returns with a tax liability.
Data for 2011 and 2012 are estimates based on projections.

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
GROSS INCOME TAX (GIT) FILERS AND LIABILITY BY INCOME LEVEL
2010 AS COMPARED TO 2001
(GIT Liability Expressed in Millions)**

Income Level	2010				2001			
	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	44,044	1.6 %	\$ 3,195.2	36.9 %	28,432	1.1 %	\$ 1,713.7	30.3 %
\$250,001 - \$500,000	104,055	3.9	1,312.9	15.1	61,274	2.5	786.0	13.9
\$100,001 - \$250,000	646,454	24.3	2,755.9	31.7	424,134	17.2	1,731.2	30.6
\$75,001 - \$100,000	296,540	11.1	518.8	6.0	305,016	12.4	518.0	9.2
\$50,001 - \$75,000	482,190	18.1	520.9	6.0	448,543	18.2	467.9	8.3
\$35,001 - \$50,000	398,992	15.0	219.5	2.5	416,867	16.9	239.6	4.2
\$20,001 - \$35,000	438,981	16.5	124.5	1.4	545,799	22.1	165.4	2.9
\$10,001 - \$20,000	254,444	9.5	38.6	0.4	238,350	9.6	36.7	0.6
Total	2,665,700	100.0 %	\$ 8,686.3	100.0 %	2,468,415	100.0 %	\$ 5,658.5	100.0 %

Source:

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
TAXABLE SALES BY CATEGORY
FOR THE CALENDAR YEAR ENDED DECEMBER 31**

Year	Dollar Amount (Expressed in Millions)							Sales and Use Tax Rate*
	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total	
2002	\$ 3,257.3	\$ 3,510.2	\$ 50,935.5	\$ 23,411.0	\$ 1,492.7	\$ 969.0	\$ 83,575.7	6.0 %
2003	3,242.1	3,639.6	53,759.1	23,218.0	1,601.1	1,113.5	86,573.4	6.0
2004	3,765.9	3,989.7	56,323.9	23,484.8	1,733.7	1,232.4	90,530.4	6.0
2005	4,444.0	4,184.4	58,128.6	24,109.2	1,907.7	1,301.6	94,075.5	6.0
2006	5,012.6	4,447.5	58,753.8	25,560.4	2,089.2	1,421.9	97,285.4	7.0
2007	5,444.0	4,736.0	59,744.4	29,449.5	2,216.1	1,618.6	103,208.6	7.0
2008	5,654.4	4,414.6	57,070.2	29,065.3	2,169.9	1,880.3	100,254.7	7.0
2009	5,158.8	4,010.3	53,338.2	27,480.6	1,823.2	1,835.6	93,646.7	7.0
2010	5,318.7	4,164.1	54,131.5	28,231.9	1,862.3	1,813.6	95,522.1	7.0
2011	6,556.2	4,813.2	57,583.7	29,968.6	2,300.9	1,867.4	103,090.0	7.0

Year	Percent Distribution										
	Manufacturing	Wholesale	Retail	Service	Construction	Other	Total				
2002	3.9 %	4.2 %	60.9 %	28.0 %	1.8 %	1.2 %	100.0 %				
2003	3.7	4.2	62.1	26.8	1.8	1.4	100.0				
2004	4.2	4.4	62.2	25.9	1.9	1.4	100.0				
2005	4.7	4.4	61.8	25.6	2.0	1.5	100.0				
2006	5.2	4.6	60.4	26.3	2.1	1.4	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				
2010	5.6	4.4	56.7	29.6	2.0	1.7	100.0				
2011	6.4	4.7	55.8	29.1	2.2	1.8	100.0				

Notes:

* 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, Office of Revenue & Economic Analysis.

STATE OF NEW JERSEY
RATIO OF OUTSTANDING LONG-TERM BONDED DEBT
2003-2012
(Expressed in Thousands Except for General Long-Term Debt Ratios)

<u>Governmental Activities</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Bonded Debt</u>			
General Obligation Bonds	\$ 2,384,665	\$ 2,566,895	\$ 2,596,740
Revenue Bonds Payable	20,698,950	19,770,565	18,576,710
Capital Leases	212,700	232,565	251,460
Installment Obligations	18,293,915	18,714,603	18,968,688
Certificates of Participation	100,314	85,413	30,546
Tobacco Settlement Financing Corporation	4,444,092	4,469,033	4,492,958
Unamortized Deferral on Refunding	1,518,506	(970,473)	(773,135)
Unamortized Interest on Capital Appreciation Bonds	(994,775)	(8,216,199)	(8,556,994)
Unamortized Premium	(7,863,770)	1,403,949	1,323,722
Total Bonded Debt	<u>\$ 38,794,597</u>	<u>\$ 38,056,351</u>	<u>\$ 36,910,695</u>
New Jersey Total Personal Income	\$ 481,961,800	\$ 469,115,000	\$ 450,004,000
Percentage of Personal Income*	8.0%	8.1%	8.2%
New Jersey Population	8,851	8,821	8,733
General Obligation Debt Per Capita	\$ 269.42	\$ 291.00	\$ 297.35
Total Long-Term Debt Per Capita*	\$ 4,383.08	\$ 4,314.29	\$ 4,226.58

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 2012 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, Office of Revenue & Economic Analysis.
United States Census Bureau, Population Division.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 2,526,710	\$ 2,818,535	\$ 2,864,690	\$ 3,132,755	\$ 3,156,375	\$ 3,301,005	\$ 3,366,605
16,838,010	13,702,395	12,739,620	12,975,955	7,856,005	7,229,340	6,520,530
269,440	286,555	297,830	308,575	130,340	137,535	126,960
18,716,431	18,218,030	17,185,158	16,896,002	15,373,185	11,741,335	10,149,031
35,130	54,708	58,836	60,559	66,148	77,392	81,662
4,524,563	4,591,409	4,643,694	3,248,580	3,280,155	3,329,406	3,345,107
(793,694)	(865,654)	(924,227)	(604,570)	(533,008)	(223,754)	(211,909)
(7,960,065)	(6,347,598)	(6,522,644)	(5,673,484)	(3,211,862)	(3,311,643)	(3,435,380)
<u>1,356,541</u>	<u>1,412,761</u>	<u>1,397,407</u>	<u>1,500,850</u>	<u>1,204,377</u>	<u>498,641</u>	<u>365,248</u>
<u>\$ 35,513,066</u>	<u>\$ 33,871,141</u>	<u>\$ 31,740,364</u>	<u>\$ 31,845,222</u>	<u>\$ 27,321,715</u>	<u>\$ 22,779,257</u>	<u>\$ 20,307,854</u>
\$ 433,835,000	\$ 454,206,000	\$ 436,120,000	\$ 411,429,000	\$ 379,650,000	\$ 365,260,000	\$ 347,692,000
8.2%	7.5%	7.3%	7.7%	7.2%	6.2%	5.8%
8,708	8,663	8,636	8,624	8,622	8,612	8,583
\$ 290.16	\$ 325.35	\$ 331.71	\$ 363.26	\$ 366.08	\$ 383.30	\$ 392.24
\$ 4,078.21	\$ 3,909.86	\$ 3,675.35	\$ 3,692.63	\$ 3,168.84	\$ 2,645.06	\$ 2,366.01

STATE OF NEW JERSEY
NON-BONDED DEBT
2003-2012
(Expressed in Thousands)

<u>Governmental Activities</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<u>Non-Bonded Debt</u>			
Accumulated Sick and Vacation Payable	\$ 606,047	\$ 623,185	\$ 566,750
Capital Leases	339,817	311,219	351,766
Loans Payable	1,279,358	1,279,358	1,279,358
Net Other Postemployment Benefits (OPEB) Obligation	16,818,300	13,501,000	10,028,800
Net Pension Obligation	12,838,529	10,857,719	8,403,007
Pollution Remediation	92,175	80,401	92,654
Other	321,016	340,255	300,926
Total Non-Bonded Debt	<u>32,295,242</u>	<u>26,993,137</u>	<u>21,023,261</u>
Total Bonded Debt	<u>38,794,597</u>	<u>38,056,351</u>	<u>36,910,695</u>
Grand Total	<u>\$ 71,089,839</u>	<u>\$ 65,049,488</u>	<u>\$ 57,933,956</u>

Sources:

New Jersey Department of the Treasury, Office of Management and Budget.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 635,820	\$ 595,856	\$ 578,527	\$ 518,561	\$ 488,913	\$ 466,126	\$ 449,934
379,729	410,552	384,982	430,768	538,926	553,984	515,331
1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358	1,279,358
6,636,300	3,177,400	-	-	-	-	-
6,365,698	4,759,367	3,761,279	2,953,944	1,796,799	845,563	115,033
101,829	-	-	-	-	-	-
<u>304,727</u>	<u>276,655</u>	<u>251,089</u>	<u>417,733</u>	<u>397,545</u>	<u>377,766</u>	<u>332,019</u>
<u>15,703,461</u>	<u>10,499,188</u>	<u>6,255,235</u>	<u>5,600,364</u>	<u>4,501,541</u>	<u>3,522,797</u>	<u>2,691,675</u>
<u>35,513,066</u>	<u>33,871,141</u>	<u>31,740,364</u>	<u>31,845,222</u>	<u>27,321,715</u>	<u>22,779,257</u>	<u>20,307,854</u>
<u>\$ 51,216,527</u>	<u>\$ 44,370,329</u>	<u>\$ 37,995,599</u>	<u>\$ 37,445,586</u>	<u>\$ 31,823,256</u>	<u>\$ 26,302,054</u>	<u>\$ 22,999,529</u>

**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)**

<u>Fiscal Year</u>	<u>Total Appropriations For Budgeted Funds</u>	<u>Legal Debt Limit</u>
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
2011	29,447.2	294.5
2012	30,332.6	303.3

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

STATE OF NEW JERSEY
LEGISLATIVELY AUTHORIZED BUT UNISSUED DEBT, 2012 AND 2011
(Expressed in Millions)

Debt Program *	Year	Amount		Unissued As Of	
		Authorized	6/30/2012	6/30/2011	6/30/2011
<u>General Obligation Bonds</u>					
Clean Waters	1976	\$ 120.0	\$ 3.4	\$	3.4
Dam, Lake, Stream, Flood Control, Water Resources, and Wastewater Treatment Project	2003	200.0	42.2		42.2
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		59.0
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		400.0
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		12.9
New Jersey Open Space Preservation	1989	300.0	22.6		22.6
Pinelands Infrastructure Trust	1985	30.0	6.8		6.8
Port of New Jersey Revitalization, Dredging, Environmental Cleanup, Lake Restoration, and Delaware Bay Area Economic Development	1996	300.0	116.5		116.5
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		13.0
Water Supply	1981	350.0	73.1		73.1
Total General Obligation Bonds		3,490.0	893.2		893.2
<u>Revenue Bonds Payable</u>					
<u>Transportation Trust Fund Authority **</u>					
Transportation System Bonds	2006	8,000.0	326.3		1,641.3
Transportation Program Bonds	2012	3,458.3	3,458.3		N/A
Total Revenue Bonds Payable		11,458.3	3,784.6		1,641.3
<u>Installment Obligations</u>					
<u>Economic Development Authority</u>					
Market Transition Facility	1994	750.0	44.7		44.7
School Facilities Construction ***	2000	8,600.0	454.1		454.1
School Facilities Construction ***	2008	3,950.0	3,447.0		3,447.0
Stem Cell, Life Sciences, and Biomedical Research Facilities	2006	270.0	270.0		270.0
<u>Educational Facilities Authority</u>					
Dormitory Safety Trust Fund	2000	90.0	10.8		10.8
Higher Education Capital Improvement Fund	1999	550.0	165.7		140.9
Higher Education Equipment Leasing Fund	1993	100.0	100.0		99.6
Higher Education Facilities Trust Fund	1993	220.0	220.0		220.0
Higher Education Technology Infrastructure Fund	1997	55.0	55.0		55.0
Public Library Project Fund	1999	45.0	13.5		11.4
Total Installment Obligations		14,630.0	4,780.8		4,753.5
Grand Total		\$ 29,578.3	\$ 9,458.6		\$ 7,288.0

Notes:

For debt issued after June 30, 2012, 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 2012.

*** Prior year data revised due to inclusion of \$50.1 million authorized for vocational schools.

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, occurred on July 1, 2011.

Fiscal Year	Motor Vehicle Surcharges	Debt Service			MTF/MVC Surplus	Coverage Ratio
		Principal	Interest	Total		
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
2011	131.8	67.8	3.9	71.7	60.1	1.8
2012	121.9	43.3	1.1	44.4	77.5	2.7

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			Coverage Ratio
				Principal	Interest	Total	
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
2011	27.5	60.1	87.6	-	37.8	37.8	2.3
2012	25.1	77.5	102.6	27.7	37.2	64.9	1.6

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 New Jersey Motor Vehicle Commission Bonds, Series 2003A, or after final retirement of these bonds on July 1, 2015. 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			Coverage Ratio
		Principal	Interest	Total	
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
2011	49.8	-	5.5	5.5	9.1
2012	37.7	-	5.5	5.5	6.9

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 *			Coverage Ratio
				Principal	Interest	Total	
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
2011	172.6	258.7	431.3	24.8	156.7	181.5	2.4
2012	184.4	265.7	450.1	25.8	155.6	181.4	2.5

Cigarette Tax Revenue Bonds, Series 2004

Cigarette Tax Revenue Refunding Bonds, Series 2012

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. The surplus is returned to the General Fund. Scheduled final retirement of these bonds occurs on July 1, 2034.

Fiscal Year	Cigarette Dedication	Existing Surplus	Net Available Revenue	Debt Service *			Coverage Ratio
				Principal	Interest	Total	
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
2011	145.5	-	145.5	82.9	61.6	144.5	1.0
2012	136.5	-	136.5	101.5	36.3	137.8	1.0

* Includes optional accelerated payments.

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
2011 AS COMPARED TO 2002**

2011 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	69,901	1.7 %
2	Wakefern Food Corporation (ShopRite)	35,952	0.9
3	Wal-Mart Stores, Inc.	17,888	0.4
4	Verizon Communications	15,800	0.4
5	United Parcel Service (UPS)	14,788	0.4
6	Johnson & Johnson	13,500	0.3
7	United Continental Holdings (formerly Continental Airlines)	13,440	0.3
8	Caesars Entertainment Corporation (formerly Harrah's Entertainment, LLC.)	13,065	0.3
9	The Great Atlantic & Pacific Tea Company (A&P)	12,373	0.3
10	Bank of America	12,000	0.3
		218,707	5.3 %

2002 Rank	Employer	New Jersey Employees	Percentage of Total New Jersey Employment
1	New Jersey State Government	72,823	1.8 %
2	Wakefern Food Corporation (ShopRite)	31,800	0.8
3	United Parcel Service (UPS)	18,000	0.4
4	Verizon Communications	17,151	0.4
5	American Telephone & Telegraph (AT&T)	16,000	0.4
6	Park Place Entertainment	15,840	0.4
7	Trump Hotel & Casino Resorts	14,204	0.4
8	Pathmark Stores, Inc.	13,500	0.3
9	Home Depot	12,500	0.3
10	Merck & Company, Inc.	12,434	0.3
		224,252	5.5 %

Notes:

Aggregate New Jersey resident employment for Calendar Years 2011 and 2002 totaled 4.132 million and 4.092 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. (2012, August). 40th annual top 100 employers. *New Jersey Business*, 58(8), 24-33.
Saliba, G. N. (2003, May). 31st annual top 100 employers. *New Jersey Business*, 49(5), 59-66.
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 the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
POPULATION AND EMPLOYMENT TRENDS
(Expressed in Thousands)**

<u>Year</u>	<u>New Jersey Population</u>	<u>Civilian Labor Force</u>	<u>Resident Employment</u>	<u>Resident Unemployment</u>	<u>New Jersey Unemployment Rate</u>	<u>United States Unemployment Rate</u>
2002	8,544	4,343	4,091	252	5.8 %	5.8 %
2003	8,583	4,344	4,089	255	5.9	6.0
2004	8,612	4,347	4,134	213	4.9	5.5
2005	8,622	4,404	4,208	196	4.5	5.1
2006	8,624	4,465	4,257	208	4.7	4.6
2007	8,636	4,457	4,266	191	4.3	4.6
2008	8,663	4,509	4,261	248	5.5	5.8
2009	8,708	4,548	4,140	408	9.1	9.3
2010	8,733	4,553	4,116	437	9.6	9.6
2011	8,821	4,556	4,132	424	9.3	8.9

Notes:

New Jersey Population data for 2002 through 2010 has been revised.

Resident Employment, Resident Unemployment and Civilian Labor Force data for 2008 through 2010 has been revised.

New Jersey Unemployment Rate data for 2010 has been revised.

Sources:

United States Census Bureau, Population Division.

New Jersey Department of the Treasury, Office of Revenue & Economic Analysis.

**STATE OF NEW JERSEY
VALUATIONS OF TAXABLE REAL PROPERTY, PERSONAL, AND PER CAPITA INCOME
(Expressed in Thousands Except as Indicated)**

<u>Year</u>	<u>New Jersey Population *</u>	<u>Assessed Valuation of Property</u>	<u>True Valuation of Property</u>	<u>Personal Income (Millions) **</u>	<u>Per Capita Income *</u>
2002	8,544	\$ 524,816,215	\$ 720,179,653	\$ 341,558	\$ 39,976
2003	8,583	567,908,706	820,922,044	347,692	40,507
2004	8,612	606,248,658	937,193,205	365,260	42,415
2005	8,622	664,530,816	1,079,838,476	379,650	44,034
2006	8,624	743,219,514	1,235,285,449	411,429	47,709
2007	8,636	833,112,487	1,326,296,906	436,120	50,500
2008	8,663	891,585,206	1,355,003,641	454,206	52,428
2009	8,708	957,324,378	1,331,603,905	433,835	49,822
2010	8,733	981,864,678	1,341,214,326	450,004	51,530
2011	8,821	986,325,995	1,235,474,241	469,115	53,181

* Data for 2002 through 2010 has been revised.

** Data for 2008 through 2010 has been revised.

Sources:

United States Census Bureau, Population Division.

New Jersey Department of the Treasury, Office of Revenue & 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						Total
	State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service		
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	
2011	6,707.0	9,169.3	11,486.4	1,174.2	120.4	28,657.3	
2012	6,992.3	10,142.6	12,420.8	1,241.5	277.3	31,074.5	

Percent Distribution

Fiscal Year	Direct						Total
	State Services	Grants-In-Aid	State Aid	Capital Construction	Debt Service		
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	
2011	23.4	32.0	40.1	4.1	0.4	100.0	
2012	22.5	32.6	40.0	4.0	0.9	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, 2012
(Expressed in Millions)

<u>Government Branch</u>	<u>Direct State Services</u>	<u>Grants- In-Aid</u>	<u>State Aid</u>	<u>Capital Construction</u>	<u>Debt Service</u>	<u>Total</u>
Executive Branch						
Chief Executive Office	\$ 6.4	\$ -	\$ -	\$ -	\$ -	\$ 6.4
Agriculture	10.1	6.9	5.6	-	-	22.6
Banking and Insurance	58.0	-	-	-	-	58.0
Children and Families	312.5	696.4	-	-	-	1,008.9
Community Affairs	47.2	24.0	426.2	-	-	497.4
Corrections	944.6	106.1	20.5	4.4	-	1,075.6
Education	77.4	1.6	11,017.8	0.1	-	11,096.9
Environmental Protection	249.5	14.7	9.6	106.8	6.0	386.6
Health and Senior Services	76.7	1,296.0	7.2	-	-	1,379.9
Human Services	687.6	4,735.9	504.7	0.7	-	5,928.9
Labor and Workforce Development	132.7	67.4	-	-	-	200.1
Law and Public Safety	700.1	17.1	3.0	4.4	-	724.6
Military and Veterans' Affairs	92.1	2.1	-	-	-	94.2
State	28.4	1,104.5	14.9	-	-	1,147.8
Transportation	50.7	285.0	25.1	956.7	-	1,317.5
Treasury	542.4	904.7	386.2	2.1	271.3	2,106.7
Miscellaneous	1.0	-	-	-	-	1.0
Interdepartmental	2,246.1	880.2	-	166.3	-	3,292.6
Subtotal	<u>6,263.5</u>	<u>10,142.6</u>	<u>12,420.8</u>	<u>1,241.5</u>	<u>277.3</u>	<u>30,345.7</u>
Legislative Branch	78.4	-	-	-	-	78.4
Judicial Branch	650.4	-	-	-	-	650.4
Grand Total	<u>\$ 6,992.3</u>	<u>\$ 10,142.6</u>	<u>\$ 12,420.8</u>	<u>\$ 1,241.5</u>	<u>\$ 277.3</u>	<u>\$ 31,074.5</u>

* 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
FOR THE CALENDAR YEAR STARTING JANUARY 1**

Department/Agency	2012	2011	2010
Executive Branch			
Agriculture	205	207	216
Banking and Insurance	487	500	419
Chief Executive's Office	111	104	90
Children and Families	6,494	6,790	6,866
Community Affairs	931	1,025	1,064
Corrections	8,195	8,381	8,898
Parole Board	615	639	676
Education	761	768	804
Environmental Protection	2,744	2,842	2,956
Health and Senior Services	1,562	1,672	1,764
Human Services	14,570	14,838	15,166
Labor and Workforce Development	2,977	3,080	3,128
Civil Service Commission	224	222	237
Public Employment Relations Commission	31	31	33
Law and Public Safety	6,596	6,835	7,194
Election Law Enforcement Commission	63	65	71
State Ethics Commission	11	12	12
Juvenile Justice Commission	1,326	1,462	1,574
Victims of Crime Compensation Office	32	32	35
Military and Veterans' Affairs	1,471	1,488	1,475
State	214	194	208
Commission on Higher Education	15	13	16
Public Broadcasting Authority	N/A	124	132
Higher Education Student Assistance Authority	152	163	170
Transportation	5,155	5,400	5,695
Treasury	3,341	3,450	3,515
Casino Control Commission	58	262	281
Office of Administrative Law	96	99	93
Office of Information Technology	717	779	809
Office of the Public Defender	1,086	1,060	1,065
Board of Public Utilities	244	259	267
Miscellaneous Executive Commissions	1	1	2
Total	<u>60,485</u>	<u>62,797</u>	<u>64,931</u>
Legislative Branch	492	487	515
Judicial Branch	8,924	8,944	9,090
Grand Total	<u><u>69,901</u></u>	<u><u>72,228</u></u>	<u><u>74,536</u></u>

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 L. 2010 c. 104, in Fiscal Year 2012, the New Jersey Public Broadcasting Authority sold its licenses and certain related assets to the New York Public Radio and WHYI.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

2009	2008	2007	2006	2005	2004	2003
224	245	256	266	262	254	247
423	464	480	506	501	481	486
83	84	92	93	109	111	118
6,913	6,986	6,482	N/A	N/A	N/A	N/A
1,076	1,129	1,149	1,151	1,098	1,045	1,015
9,311	9,259	9,338	9,417	9,419	9,257	9,344
696	695	724	720	714	652	699
850	883	922	962	952	971	920
3,051	3,241	3,305	3,437	3,437	3,296	3,248
1,850	1,978	2,060	2,172	2,151	2,136	1,953
15,449	15,684	15,739	21,840	20,977	20,152	19,278
3,167	3,418	3,583	3,777	3,765	3,672	3,458
294	326	338	375	442	399	376
34	36	33	34	36	34	36
7,341	7,590	7,848	8,106	7,772	7,405	7,137
71	68	71	75	53	45	46
13	13	15	13	9	8	8
1,624	1,685	1,750	1,776	1,774	1,705	1,585
30	38	46	47	49	48	46
1,486	1,511	1,493	1,494	1,473	1,419	1,358
212	215	196	198	199	185	187
18	18	18	17	19	19	22
138	150	156	158	159	159	157
183	191	196	198	201	210	193
5,880	6,161	6,415	6,669	6,448	6,049	5,109
3,579	3,757	3,792	3,774	3,784	3,599	3,612
293	312	336	346	349	350	325
98	104	107	113	112	110	109
816	894	907	950	938	923	929
1,031	1,070	1,023	1,094	1,044	951	877
268	283	301	346	345	336	319
2	2	2	2	2	2	2
<u>66,504</u>	<u>68,490</u>	<u>69,173</u>	<u>70,126</u>	<u>68,593</u>	<u>65,983</u>	<u>63,199</u>
520	512	523	503	512	520	506
9,205	9,495	9,495	9,556	9,424	9,343	9,118
<u>76,229</u>	<u>78,497</u>	<u>79,191</u>	<u>80,185</u>	<u>78,529</u>	<u>75,846</u>	<u>72,823</u>

**STATE OF NEW JERSEY
OPERATING INDICATORS
FOR THE FISCAL YEAR ENDED JUNE 30**

<u>Department/Agency</u>	<u>2012*</u>	<u>2011**</u>	<u>2010**</u>
Agriculture			
Farmland Preservation			
Cumulative acres permanently preserved	201,078	193,078	185,709
Children and Families			
Active caseload - children receiving services	169,557	159,689	158,117
Corrections			
Average daily population - State Facilities	20,820	21,504	21,454
Parole Board			
Parolees under supervision	16,069	16,151	15,929
Total hearings	31,018	30,858	33,095
State hearings	21,850	21,428	23,996
Education			
Resident enrollment	1,421,576	1,427,344	1,436,208
Support per pupil	\$ 18,436	\$ 17,869	\$ 17,849
Local	\$ 10,178	\$ 10,083	\$ 9,664
State	\$ 7,421	\$ 6,872	\$ 6,518
Federal	\$ 837	\$ 914	\$ 1,667
Health and Senior Services			
Family Health Services			
Newborns screened-metabolic & genetic disorders	107,000	102,315	105,000
HealthStart (prenatal)	30,000	29,175	28,500
AIDS Services			
Number of clients tested and counseled	105,000	103,749	75,000
Pharmaceutical Assistance to the Aged & Disabled			
Aged: Average monthly eligibles	107,936	109,728	112,660
Aged: Annual prescriptions	2,914,272	3,397,179	3,555,550
Disabled: Average monthly eligibles	28,258	26,912	25,354
Disabled: Annual prescriptions	762,966	913,932	897,532
Human Services			
Work First New Jersey			
Average monthly recipients	108,371	105,647	98,418
Average monthly grant	\$ 132	\$ 133	\$ 133
Labor and Workforce Development			
Unemployment Insurance			
Covered workers	3,693,800	3,671,400	3,681,516
State Disability Insurance Plan			
Covered workers	2,702,700	2,686,300	2,693,600
Claims received	157,164	163,714	171,100
Law and Public Safety			
State Police Operations			
Criminal investigations	19,500	19,343	15,186
Accident investigations	41,000	40,731	34,578
General investigations	700,000	733,462	809,584
Transportation			
Motor Vehicle Services			
Registrations and title documents issued	9,834,371	9,806,553	10,297,294
Total licensed drivers	5,078,814	5,078,814	5,484,565
Total registered vehicles	5,353,618	5,343,306	5,724,040
Total NJ inspections/reinspections	2,380,036	2,354,057	3,139,621

Notes:

* Fiscal Year 2012 amounts are estimates.

** Fiscal Years 2011 and 2010 have been revised.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
	179,303	167,752	158,721	147,925	137,947	127,038	110,476
	150,356	142,339	156,707	148,745	121,568	N/A	N/A
	22,125	22,680	22,908	23,008	22,932	23,006	22,867
	15,656	14,770	14,320	14,009	13,297	13,297	13,234
	35,597	39,343	41,499	45,733	44,338	42,377	39,910
	25,285	28,716	29,348	29,292	29,007	26,902	25,481
	1,434,581	1,433,498	1,440,767	1,448,232	1,446,815	1,441,748	1,424,773
\$	17,193	\$ 17,038	\$ 16,256	\$ 15,040	\$ 14,159	\$ 13,234	\$ 12,505
\$	9,242	\$ 9,045	\$ 8,689	\$ 8,108	\$ 7,597	\$ 7,103	\$ 6,702
\$	7,393	\$ 7,454	\$ 7,002	\$ 6,375	\$ 6,032	\$ 5,628	\$ 5,344
\$	558	\$ 539	\$ 565	\$ 557	\$ 530	\$ 503	\$ 459
	108,909	111,123	111,607	110,851	110,473	113,404	113,032
	27,134	27,806	29,167	35,439	36,500	35,000	31,000
	75,000	75,000	76,828	74,277	68,700	67,789	67,067
	124,327	130,051	138,084	146,142	148,280	148,349	147,841
	4,058,033	4,432,138	4,407,641	5,489,094	5,838,243	5,477,045	5,304,535
	29,225	28,563	28,509	29,492	28,274	27,902	27,247
	1,059,114	1,107,102	1,040,008	1,419,155	1,396,133	1,334,832	1,258,811
	96,889	99,500	103,094	112,192	116,188	112,280	107,143
\$	132	\$ 130	\$ 132	\$ 131	\$ 130	\$ 129	\$ 128
	3,794,084	3,904,700	3,899,300	3,877,600	3,836,301	3,813,549	3,778,630
	2,776,000	2,856,900	2,852,800	2,837,000	2,806,700	2,790,000	2,764,500
	171,241	171,368	171,885	168,188	172,919	174,232	170,958
	15,015	18,810	23,452	17,460	16,287	13,079	12,552
	33,163	42,238	44,415	43,858	45,001	41,263	39,724
	810,413	807,760	833,975	805,131	802,280	565,156	573,098
	10,175,714	11,078,091	9,528,128	9,774,684	10,202,096	10,386,777	10,558,682
	5,500,932	5,501,596	5,519,976	5,629,451	5,668,712	5,741,036	5,706,951
	5,701,297	5,846,217	6,362,199	6,537,486	6,781,736	7,055,501	7,302,521
	3,033,389	3,002,727	2,896,889	3,006,193	3,000,324	3,171,458	3,243,086

**STATE OF NEW JERSEY
CAPITAL ASSET STATISTICS
FOR THE FISCAL YEAR ENDED JUNE 30**

Function	2012	2011	2010
Public safety and criminal justice			
Adult and juvenile correctional institutions	31	32	32
State police stations	38	43	34
State police officers	2,669	2,814	3,001
Motor vehicle facilities	65	65	70
Number of active armories	31	31	31
Total acreage dedicated to function	7,045	7,040	7,054
Total buildings dedicated to function*	1,673	1,667	1,660
Physical and mental health			
Number of mental health facilities	4	5	5
Average daily population	1,732	1,791	1,870
Total acreage dedicated to function	629	629	629
Total buildings dedicated to function*	327	327	327
Educational, cultural, and intellectual development			
Number of schools	28	28	29
Number of developmental centers	7	7	7
Average number of residents	2,434	2,587	2,703
Total acreage dedicated to function	3,390	3,390	3,390
Total buildings dedicated to function*	542	542	542
Community development and environmental management			
State parks, historic sites, natural areas, marinas, other	231	231	231
Land preservation acres (easements/farmland)	78,840	76,856	75,781
Total acreage dedicated to function (includes preservation)	800,550	794,424	787,861
Total buildings dedicated to function*	2,204	2,195	2,181
Economic planning, development, and security			
Number of residential centers*	4	4	7
Number of group homes	1,179	1,150	1,143
Total acreage dedicated to function	1,783	1,754	1,747
Total buildings dedicated to function*	1,340	1,310	1,307
Transportation programs			
Lane miles, state highways**	13,305	13,305	13,518
Bridges, state owned	2,578	2,585	2,585
Facilities	88	87	87
Total acreage dedicated to function	33,490	33,488	33,421
Total buildings dedicated to function*	604	605	577
Government direction, management, and control			
Total acreage dedicated to function	4,328	4,328	4,311
Total buildings dedicated to function*	344	344	343
Special government services			
Veteran homes	3	3	3
Veterans in residence	914	911	913
Total acreage dedicated to function	77	77	77
Total buildings dedicated to function*	41	41	41

Notes:

* Data for 2011 through 2003 has been revised.

** In 2011, DOT modified the methodology for converting outer shoulders, inner shoulders, and ramps to lane miles.

Source:

New Jersey Department of the Treasury, Office of Management and Budget.

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
35	38	38	38	39	39	39
34	34	35	35	35	35	35
3,050	3,030	2,971	2,963	2,823	2,669	2,664
72	75	77	80	80	80	80
32	32	33	33	33	33	33
7,009	6,792	6,724	6,725	6,712	6,712	6,667
1,653	1,635	1,618	1,591	1,574	1,556	1,535
5	5	5	5	6	6	6
2,005	2,135	2,223	2,303	2,284	2,237	2,240
629	651	1,038	1,038	1,038	1,023	1,023
327	327	321	319	317	317	316
31	31	31	30	30	30	30
7	7	7	7	7	7	7
2,785	2,897	2,987	3,061	3,096	3,145	3,233
3,390	4,046	4,552	4,552	4,551	4,551	4,551
538	533	519	515	512	508	508
231	231	231	231	230	230	230
71,199	69,339	67,062	54,455	50,896	39,026	31,884
775,521	767,174	755,431	727,959	706,240	675,552	664,436
2,165	2,158	2,155	2,122	2,103	2,082	2,066
6	6	6	6	5	5	3
1,133	1,108	1,076	1,047	1,003	969	951
1,737	1,712	1,679	1,676	1,627	1,593	1,575
1,363	1,258	1,219	1,176	1,118	1,079	1,054
13,508	13,493	13,485	11,178	11,120	11,107	11,073
2,577	2,578	2,579	2,581	2,364	2,366	2,349
87	87	89	89	89	89	89
33,376	33,369	33,364	33,352	33,351	31,411	29,704
569	554	528	521	504	492	488
4,315	3,849	3,044	3,044	3,044	3,044	3,039
343	343	341	339	335	329	329
3	3	3	3	3	3	3
913	914	932	875	815	786	767
77	77	76	76	76	76	76
41	41	41	36	33	33	32



ACKNOWLEDGEMENTS

Report Prepared by:

Office of Management and Budget
Financial Reporting

Jennifer Barker
James Dermody
Kathleen Fell
Eunice Kou
Joseph Lombardo

Nancy Marcocci
Dominic Marrocco
Christopher Mathews
Michele Ridge
Steven Sagnip

Special Appreciation to:

Julia Bossi
Angelo Casale

William Shannon
Sandra Smith



**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, 2012

Stephen M. Eells
State Auditor

LEGISLATIVE SERVICES COMMISSION

SENATE

CHRISTOPHER J. CONNORS
NIA H. GILL
ROBERT M. GORDON
THOMAS H. KEAN, JR.
JOSEPH M. KYRILLOS, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
LORETTA WEINBERG

GENERAL ASSEMBLY

JOHN F. AMODEO
JON M. BRAMNICK
ANTHONY M. BUCCO
JOHN J. BURZICHELLI
THOMAS P. GIBLIN
LOUIS D. GREENWALD
ALISON LITTELL MCHOSE
SHEILA Y. OLIVER



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) 847-3901

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

STEPHEN M. EELLS
State Auditor

GREGORY PICA
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, 2012 and have issued our report thereon dated January 9, 2013. In connection with that audit, we tested internal controls and compliance with 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.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells
State Auditor
February 7, 2013

**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 <i>Government Auditing Standards</i>	1
Management Response	3

LEGISLATIVE SERVICES COMMISSION

SENATE

CHRISTOPHER J. CONNORS
NIA H. GILL
ROBERT M. GORDON
THOMAS H. KEAN, JR.
JOSEPH M. KYRILLOS, JR.
JOSEPH PENNACCHIO
STEPHEN M. SWEENEY
LORETTA WEINBERG

GENERAL ASSEMBLY

JOHN F. AMODEO
JON M. BRAMNICK
ANTHONY M. BUCCO
JOHN J. BURZICHELLI
THOMAS P. GIBLIN
LOUIS D. GREENWALD
ALISON LITTELL MCHOSE
SHEILA Y. OLIVER



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) 847-3901

OFFICE OF THE STATE AUDITOR

(609) 847-3470

FAX (609) 633-0834

STEPHEN M. EELLS

State Auditor

GREGORY PICA

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, 2012, which collectively comprise the state's basic financial statements and have issued our report thereon dated January 9, 2013. 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 three discretely presented

component units, the New Jersey Sports and Exposition Authority, the Atlantic City Convention and Visitors Authority, and the Casino Reinvestment Development Authority, audited by other auditors, were not performed in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

Management of the State of New Jersey is responsible for establishing and maintaining effective 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 a 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 previously.

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*.

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
January 9, 2013



State of New Jersey

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

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

ANDREW P. SIDAMON-ERISTOFF
State Treasurer

CHARLENE M. HOLZBAUR
Director

January 31, 2013

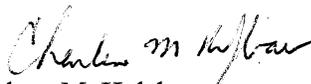
Mr. Stephen M. Eells
State Auditor
Office of Legislative Services
Office of the State Auditor
P.O. Box 067
Trenton, NJ 08625-0067

Dear Mr. Eells:

I have reviewed the *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 the fiscal year ended June 30, 2012.

I was pleased to note that there were no material weaknesses indicated by your audit examination.

Sincerely,


Charlene M. Holzbaur
Director

nm



STATE OF NEW JERSEY

Single Audit Report

Year ended June 30, 2012

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, 2012

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	18-149
Management's Corrective Action Plan	150-176



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, 2012. 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 of the Schedule 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, 2012 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

March 25, 2013

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
U.S. Department of Agriculture:			
10.025	Plant and Animal Disease, Pest Control, and Animal Care	\$ 1,518,111	—
10.028	Wildlife Services	13,965	—
10.069	Conservation Reserve Program	113,296	110,579
10.163	Market Protection and Promotion	65,873	—
10.169	Specialty Crop Block Grant Program	(1,254)	(1,254)
10.170	Specialty Crop Block Grant Program – Farm Bill	652,069	319,659
10.304	Homeland Security – Agricultural	51,418	—
10.435	State Mediation Grants	13,954	—
10.458	Crop Insurance Education in Targeted States	275,859	—
10.475	Cooperative Agreements with States for Intrastate Meat & Poultry Inspection	171,391	—
<i>SNAP Cluster:</i>			
10.551	Supplemental Nutrition Assistance Program (nonmonetary)	1,323,018,257	—
10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	138,890,291	112,284,184
	Total SNAP Cluster	1,461,908,548	112,284,184
<i>Child Nutrition Cluster:</i>			
10.553	School Breakfast Program	56,595,022	56,595,022
10.555	National School Lunch Program	215,392,484	215,392,484
10.556	Special Milk Program for Children	586,155	586,155
10.559	Summer Food Service Program for Children	7,642,890	7,180,281
	Total Child Nutrition Cluster	280,216,551	279,753,943
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	141,180,602	26,364,125
10.558	Child and Adult Care Food Program	66,939,664	65,916,855
10.560	State Administrative Expenses for Child Nutrition	4,282,558	—
10.565	Commodity Supplemental Food Program	204,033	190,080
<i>Emergency Food Assistance Cluster:</i>			
10.568	Emergency Food Assistance Program (Administrative Costs)	2,186,949	1,353,614
10.569	Emergency Food Assistance Program (Food Commodities)	8,228,157	—
	Total Emergency Food Assistance Cluster	10,415,106	1,353,614
10.572	WIC Farmers' Market Nutrition Program (FMNP)	779,961	36,700
10.574	Team Nutrition Grants	174,961	174,961
10.576	Senior Farmers' Market Nutrition Program	804,110	37,077
10.578	ARRA – WIC Grants to States WGS	(9,114)	—
10.579	Child Nutrition Discretionary Grant Limited Availability	40,832	27,645
10.582	Fresh Fruit and Vegetable Program	3,377,161	3,330,128
10.664	Cooperative Forestry Assistance	1,218,216	302,465
10.680	Forest Health Protection	313,083	—
10.688	ARRA – Wildland Fire Management	691,084	497,859
10.913	Farm and Ranch Lands Protection Program	127,031	120,231
10.914	Wildlife Habitat Incentive Program (WHIP)	1,398	—
	Total U.S. Department of Agriculture	1,975,540,467	490,818,851
U.S. Department of Commerce:			
11.400	Geodetic Surveys and Services (Geodesy and Applications of the National Geodetic Reference System)	74,169	—
11.407	Interjurisdictional Fisheries Act of 1986	127,406	—
11.413	Fishery Products Inspection and Certification	102,832	—
11.419	Coastal Zone Management Administration Awards	4,239,531	—
11.441	Regional Fishery Management Councils	1,082,564	—
11.463	ARRA – Habitat Conservation	531,884	—
11.472	Unallied Science Program	93,354	—
11.474	Atlantic Coastal Fisheries Cooperative Management Act	234,787	—
11.555	Public Safety Interoperable Communications Grant Program	9,949,660	—
11.557	ARRA - Broadband Technology Opportunities Program (BTOP)	295,032	—
11.558	ARRA – State Broadband Data and Development	659,163	—
	Total U.S. Department of Commerce	17,390,382	—
U.S. Department of Defense:			
12.401	National Guard Military Operations and Maintenance (O&M) Projects	22,972,320	—
12.401	ARRA – National Guard Military Operations and Maintenance (O&M) Projects	567,944	—
	Total National Guard Military Operations and Maintenance (O&M) Projects	23,540,264	—
12.UNA	Unassigned Catalog Numbers from Federal Government	2,664,017	—
	Total U.S. Department of Defense	26,204,281	—

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
	U.S. Department of Housing and Urban Development:		
	<i>CDBG – State-Administered Small Cities Program Cluster:</i>		
14.228	Community Development Block Grants/State's Programs	\$ 7,904,828	7,443,397
14.255	ARRA – Community Development Block Grants/State's Programs	382,516	339,349
	Total CDBG – State-Administered Small Cities Program Cluster	8,287,344	7,782,746
14.231	Emergency Shelter Grants Program	1,494,379	1,417,664
14.235	Supportive Housing Program	595,138	69,451
14.238	Shelter Plus Care	2,171,880	—
14.239	Home Investment Partnerships Program	5,897,549	1,534,253
14.241	Housing Opportunities for Persons with AIDS	2,226,216	—
14.241	Housing Opportunities for Persons with AIDS Pass-Through – Woodbridge Township	35,407	—
	Total Housing Opportunities for Persons with AIDS	2,261,623	—
14.257	ARRA – Homelessness Prevention and Rapi Re-Housing Program (HPRP)	3,493,296	3,490,761
14.401	Fair Housing Assistance Program – State and Local	190,661	—
	<i>Section 8 Project-Based Cluster:</i>		
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	9,960,498	—
	Total Section 8 Project-Based Cluster	9,960,498	—
	<i>Housing Voucher Cluster:</i>		
14.871	Section 8 Housing Choice Vouchers	216,883,690	97,937
14.879	Mainstream Vouchers	439,568	—
	Total Housing Voucher Cluster	217,323,258	97,937
14.UNA	Unassigned Catalog Numbers from Federal Government	12,345,144	11,540,499
	Total U.S. Department of Housing and Urban Development	264,020,770	25,933,311
	U.S. Department of the Interior:		
	<i>Fish and Wildlife Cluster:</i>		
15.605	Sport Fish Restoration Program	4,634,176	—
15.611	Wildlife Restoration and Basic Hunter Education	1,665,458	—
	Total Fish and Wildlife Cluster	6,299,634	—
15.614	Coastal Wetlands Planning, Protection and Restoration Act	1,000,000	—
15.615	Cooperative Endangered Species Conservation Fund	86,736	—
15.616	Clean Vessel Act	386,107	350,242
15.622	Sport Fishing and Boating Safety Act	527	—
15.630	Coastal Program	7,104	—
15.633	Landowner Incentive	400,635	400,635
15.634	State Wildlife Grants	909,257	—
15.650	Research Grants (Generic)	487,766	—
15.657	Endangered Species Conservation – Recovery Implementation Funds	4,101	—
15.808	U.S. Geological Survey – Research and Data Collection	70,251	—
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	33,903	—
15.810	National Cooperative Geologic Mapping Program	332,217	—
15.814	National Geological and Geophysical Data Preservation Program	26,759	—
15.904	Historic Preservation Fund Grants-In-Aid	791,024	39,144
	Total U.S. Department of the Interior	10,836,021	790,021
	U.S. Department of Justice:		
16.017	Sexual Assault Services Formula Program	147,511	140,661
16.202	Prisoner Reentry Initiative Demonstration (Offender Reentry)	343,731	306,708
16.320	Services for Trafficking Victims	149,502	—
16.523	Juvenile Accountability Block Grants	903,509	636,873
16.523	Juvenile Accountability Block Grants Pass-Through - Essex County	31,800	—
16.523	Juvenile Accountability Block Grants Pass-Through - Passaic County	1,750	—
16.523	Juvenile Accountability Block Grants Pass-Through - Passaic County	17,403	—
	Total Juvenile Accountability Block Grants	954,462	636,873
16.540	Juvenile Justice and Delinquency Prevention – Allocation to States	1,936,413	1,579,721
16.541	Part E - Developing, Testing and Demonstrating Promising New Programs	64,090	63,687
16.543	Missing Children's Assistance	511,006	—
16.548	Title V – Delinquency Prevention Program	72,643	68,551
16.550	State Justice Statistics Program for Statistical Analysis Centers	50,000	—
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants	43,515	36,019
16.575	Crime Victim Assistance	11,260,778	9,370,470
16.576	Crime Victim Compensation	3,681,689	2,371,068
16.580	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	433,782	90,466
16.582	Crime Victim Assistance/Discretionary Grant	60,000	60,000
16.585	Drug Court Discretionary Grant Program	117,047	—

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
16.588	Violence Against Women Formula Grants	\$ 3,136,870	2,612,582
16.588	ARRA – Violence Against Women Formula Grants	363,931	349,670
	Total Violence Against Women Formula Grants	3,500,801	2,962,252
16.593	Residential Substance Abuse Treatment for State Prisoners	164,728	73,882
16.606	State Criminal Alien Assistance Program	442,640	—
16.607	Bulletproof Vest Partnership Program	52,943	—
16.609	Project Safe Neighborhoods	231,836	156,227
16.727	Enforcing Underage Drinking Laws Program	372,160	366,308
	<i>JAG Program Cluster:</i>		
16.738	Edward Byrne Memorial Justice Assistance Grant Program	7,558,772	5,682,382
16.803	ARRA – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	8,796,653	5,354,883
	Total JAG Program Cluster	16,355,425	11,037,265
16.741	Forensic DNA Backlog Reduction Program	594,958	—
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program	614,257	151,138
16.744	Anti-Gang Initiative	39,000	—
16.745	Criminal & Juvenile Justice & Mental Health Collaboration Program	60,073	—
16.750	Support for Adam Walsh Act Implementation Grant Program	138,431	—
16.800	ARRA – Internet Crimes against Children Task Force Program (ICAC)	407,244	—
16.801	ARRA – State Victim Assistance Formula Grant Program	202,138	202,138
16.802	ARRA – State Victim Compensation Formula Grant Program	616	—
16.808	ARRA – Edward Byrne Memorial Competitive Grant Program	1,954,701	—
16.812	Second Chance Act Prisoner Reentry Initiative	246,097	64,552
16.813	NICS Act Record Improvement Program	485,392	—
16.816	John R. Justice Prosecutors and Defenders Incentive Act	69,813	—
16.CON	Contractual Agreements	40,000	—
	Total U.S. Department of Justice	45,799,422	29,737,986
	U.S. Department of Labor:		
17.002	Labor Force Statistics	1,796,572	—
17.005	Compensation and Working Conditions	369,754	—
	<i>Employment Services Cluster:</i>		
17.207	Employment Service/Wagner-Peyser Funded Activities	19,312,465	208,442
	Total Employment Service/Wagner-Peyser Funded Activities	19,312,465	208,442
17.801	Disabled Veterans' Outreach Program (DVOP)	2,081,691	—
17.804	Local Veterans' Employment Representative Program	1,295,075	—
	Total Employment Services Cluster	22,689,231	208,442
17.225	Unemployment Insurance – Federal	140,640,896	—
17.225	ARRA – Unemployment Insurance – Federal	12,117,586	—
17.225	Unemployment Insurance – State	5,822,265,305	—
	Total Unemployment Insurance	5,975,023,787	—
17.235	Senior Community Service Employment Program	3,906,075	—
17.245	Trade Adjustment Assistance	4,408,174	3,694,119
	<i>WIA Cluster:</i>		
17.258	WIA Adult Program	34,054,736	19,188,466
17.258	ARRA – WIA Adult Program	6,705,819	4,759,507
	Total WIA Adult Program	40,760,555	23,947,973
17.259	WIA Youth Activities	17,257,820	17,257,820
17.259	ARRA – WIA Youth Activities	265,552	265,552
	Total WIA Youth Activities	17,523,372	17,523,372
17.278	WIA Dislocated Worker Formula Grants	21,584,484	21,527,486
	Total WIA Cluster	79,868,411	62,998,831
17.260	WIA Dislocated Workers	509,933	384,908
17.260	ARRA – WIA Dislocated Workers	776,842	776,842
	Total WIA Dislocated Workers	1,286,775	1,161,750
17.266	Work Incentive Grant	55,695	43,343
17.270	Reintegration of Ex-Offenders	57,274	57,274
17.271	Work Opportunity Tax Credit Program (WOTC)	585,689	—

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
17.273	Temporary Labor Certification for Foreign Workers	\$ 281,530	—
17.275	ARRA – Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	1,650,240	1,068,059
17.277	Workforce Investment Act (WIA) National Emergency Grants	1,509,690	1,456,144
17.277	ARRA - Workforce Investment Act (WIA) National Emergency Grants	776,175	707,417
	Total Workforce Investment Act National Emergency Grants	<u>2,285,865</u>	<u>2,163,561</u>
17.503	Occupational Safety & Health – State Program	2,544,388	—
17.504	Consultation Agreements	1,467,956	—
17.600	Mine Health and Safety Grants	56,995	—
	Total U.S. Department of Labor	<u>6,098,334,411</u>	<u>71,395,379</u>
	U.S. Department of Transportation:		
20.106	Airport Improvement Program	230,342	—
	<i>Highway Planning and Construction Cluster:</i>		
20.205	Highway Planning and Construction	657,456,590	188,052,543
20.205	ARRA – Highway Planning and Construction	85,971,002	—
	Total Highway Planning and Construction	<u>743,427,592</u>	<u>188,052,543</u>
20.219	Recreational Trails Program	839,245	649,734
	Total Highway Planning and Construction Cluster	<u>744,266,837</u>	<u>188,702,277</u>
20.218	National Motor Carrier Safety	6,183,354	—
20.232	Commercial Driver License Program Improvement Grant	826,223	—
20.234	Safety Data Improvement Program	87,362	—
20.237	Commercial Vehicle Information Systems & Networks	26,734	—
20.238	Commercial Drivers License Information System (CDLIS) Modernization Grant	425,266	—
	<i>Highway Safety Cluster:</i>		
20.600	State and Community Highway Safety	5,008,656	2,276,932
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	2,762,587	2,036,579
20.602	Occupant Protection Incentive Grants	736,816	594,012
20.609	Safety Belt Performance Grants	140,136	140,136
20.610	State Traffic Safety Information System Improvement Grants	499,475	49,156
20.612	Incentive Grant Program to Increase Motorcyclist Safety	204,259	—
20.613	Child Safety and Child Booster Seats Incentive Grants	531,869	391,474
	Total Highway Safety Cluster	<u>9,883,798</u>	<u>5,488,289</u>
20.700	Pipeline Safety Program Base Grants	1,520,799	—
20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants	398,886	375,834
20.721	PHMSA Pipeline Safety Program One Call Grant	5,129	—
20.UNA	Unassigned Catalog Numbers from Federal Government	1,305,735	—
20.CON	Contractual Agreements – Fatal Accident Reporting System	319,782	—
	Total U.S. Department of Transportation	<u>765,480,247</u>	<u>194,566,400</u>
	Equal Employment Opportunity Commission:		
30.002	Employment Discrimination – State & Local Fair Employment Practices Agency Contracts	675,675	—
	Total Equal Employment Opportunity Commission	<u>675,675</u>	<u>—</u>
	National Foundation on the Arts and the Humanities:		
45.025	Promotion of the Arts – Partnership Agreements	1,101,432	701,430
	Total National Foundation on the Arts and the Humanities	<u>1,101,432</u>	<u>701,430</u>
	U.S. Small Business Administration:		
59.UNA	Unassigned Catalog Numbers from Federal Government	58,568	—
	Total U.S. Small Business Administration	<u>58,568</u>	<u>—</u>
	U.S. Department of Veterans Affairs:		
64.005	ARRA - Grants to States for Construction of State Home Facilities	272,740	—
64.009	Veterans Medical Care Benefits	1,899,526	1,899,526
64.024	VA Homeless Providers Grant and Per Diem Program	27,453,177	—
64.101	Burial Expenses Allowances for Veterans	815,500	—
64.125	Vocational and Educational Counseling for Servicemembers and Veterans	583,089	—
64.203	State Cemetery Grants	829,201	—
	Total U.S. Department of Veterans Affairs	<u>31,853,233</u>	<u>1,899,526</u>
	U.S. Environmental Protection Agency:		
66.034	Surveys, Studies, Research, Investigations, Demonstrations and Special Purpose Activities Relating to Clean Air Act	1,194,690	129,879
66.040	State Clean Diesel Grant Program	442,687	—

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
66.040	ARRA – State Clean Diesel Grant Program	\$ 303,806	—
	Total State Clean Diesel Grant Program	746,493	—
66.436	Surveys, Studies, Investigations, Demonstrations, Training Grants and Cooperative Agreements – Section 104(b)(3) of the Clean Water Act	13,230	—
66.454	Water Quality Management Planning	934,278	63,678
66.454	ARRA – Water Quality Management Planning	377,898	377,898
	Total Water Quality Management Planning	1,312,176	441,576
66.458	Capitalization Grants for Clean Water State Revolving Funds	40,567,219	39,169,269
66.458	ARRA – Capitalization Grants for Clean Water State Revolving Funds	12,472,308	12,472,308
	Total Capitalization Grants for Clean Water State Revolving Funds	53,039,527	51,641,577
66.460	Nonpoint Source Implementation Grants	39,173	—
66.461	Regional Wetland Program Development Grants	143,702	—
66.468	Capitalization Grants for Drinking Water State Revolving Funds	19,623,475	16,458,676
66.468	ARRA – Capitalization Grants for Drinking Water State Revolving Funds	2,128,773	2,128,773
	Total Capitalization Grants for Drinking Water State Revolving Funds	21,752,248	18,587,449
66.471	State Grants to Reimburse Operators of Small Water Systems for Training & Certification Costs	1,832	—
66.472	Beach Monitoring & Notification Program Implementation Grant	408,404	247,864
66.474	Water Protection Grants to the States	266,596	—
66.479	Wetland Program Grants – State/Tribal Environmental Outcome Wetland Demonstration Program	333,577	46,738
66.605	Performance Partnership Grants	24,478,022	4,201,753
66.608	Environmental Information Exchange Network Grant Program and Related Assistance	134,650	—
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements	243,573	—
66.707	TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	245,101	—
66.708	Pollution Prevention Grants Program	45	—
66.709	Multi-Media Capacity Building Grants for States and Tribes	97,227	—
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	3,135,588	—
66.804	Underground Storage Tank Prevention, Detection and Compliance Program	1,978,470	—
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,450,647	—
66.805	ARRA – Leaking Underground Storage Tank Trust Fund Corrective Action Program	1,193,709	—
	Total Leaking Underground Storage Tank Trust Fund Corrective Action Program	4,622,826	—
66.815	Environmental Workforce Development and Job Training Cooperative Agreements	66,645	66,628
66.817	State and Tribal Response Program Grants	748,814	—
	Total U.S. Environmental Protection Agency	113,024,139	75,363,464
	U.S. Department of Energy:		
81.041	State Energy Program	2,124,559	49,000
81.041	ARRA – State Energy Program	48,899,210	32,300,950
	Total State Energy Program	51,023,769	32,349,950
81.042	Weatherization Assistance for Low-Income Persons	1,575,910	1,306,723
81.042	ARRA – Weatherization Assistance for Low-Income Persons	54,345,108	52,534,053
	Total Weatherization Assistance for Low-Income Persons	55,921,018	53,840,776
81.087	ARRA – Renewable Energy Research and Development	1,184	—
81.089	Fossil Energy Research and Development	304,704	—
81.117	Energy Efficiency and Renewable Energy Information, Dissemination, Outreach, Training and Technical Analysis/Assistance	4,889	—
81.119	ARRA – State Energy Program Special Projects	261,564	261,564
81.122	ARRA – Electricity Delivery and Energy Reliability, Research, Development and Analysis	577,229	—
81.127	ARRA – Energy Efficient Application Rebate Program (EEARP)	571,965	—
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)	12,378,191	—
81.ADM	Administration Costs Consolidations	(55,820)	—
	Total U.S. Department of Energy	120,988,693	86,452,290
	U.S. Department of Education:		
84.002	Adult Education – Basic Grants to States	14,542,283	12,795,163
	<i>Title I, Part A Cluster:</i>		
84.010	Title 1 Grants to Local Educational Agencies	308,801,026	302,725,997
84.389	ARRA – Title 1 Grants to Local Educational Agencies, Recovery Act	37,953,601	37,827,797
	Total Title 1, Part A Cluster	346,754,627	340,553,794
84.011	Migrant Education: State Grant Program	1,420,560	1,264,525
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth	2,358,434	925,061

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
	<i>Special Education Cluster (IDEA):</i>		
84.027	Special Education – Grants to States	\$ 356,885,534	335,774,295
84.173	Special Education – Preschool Grants	11,383,579	11,075,257
84.391	ARRA – Special Education – Grants to States, Recovery Act	82,672,463	82,622,760
84.392	ARRA – Special Education – Preschool Grants, Recovery Act	3,720,138	3,719,969
	Total Special Education Cluster (IDEA)	454,661,714	433,192,281
	<i>Student Financial Aid Cluster:</i>		
84.032	Federal Family Education Loans	105,544,964	—
	Total Student Financial Aid Cluster	105,544,964	—
84.048	Career and Technical Education – Basic Grants to States	23,841,433	21,846,282
	<i>Vocational Rehabilitation Cluster:</i>		
84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	52,190,001	19,307,224
84.390	ARRA – Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act	4,035,971	3,580,241
	Total Vocational Rehabilitation Cluster	56,225,972	22,887,465
84.144	Migrant Education – Coordination Program	34,823	13,646
	<i>Independent Living State Grants Cluster:</i>		
84.169	Independent Living - State Grants	503,569	503,569
84.398	ARRA – Independent Living – State Grants	123,068	123,068
	Total Independent Living State Grants Cluster	626,637	626,637
	<i>Independent Living Services for Older Individuals Who Are Blind Cluster:</i>		
84.177	Rehabilitation Services: Independent Living Services for Older Individuals Who are Blind	764,988	764,988
84.399	ARRA – Independent Living Services for Older Individuals Who are Blind, Recovery Act	309,027	300,373
	Total Independent Living Services for Older Individuals Who Are Blind Cluster	1,074,015	1,065,361
	<i>Early Intervention Services (IDEA) Cluster:</i>		
84.181	Special Education – Grants for Infants and Families	10,716,717	7,715,427
84.393	ARRA – Special Education – Grants for Infants and Families, Recovery Act	3,225,064	2,448,376
	Total Early Intervention Services (IDEA) Cluster	13,941,781	10,163,803
84.185	Byrd Honors Scholarships	(1,500)	(1,500)
84.186	Safe and Drug-Free Schools and Communities: State Grants	1,649,568	1,233,435
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities	1,050,402	1,050,402
	<i>Education of Homeless Children and Youth Cluster:</i>		
84.196	Education for Homeless Children and Youth	1,601,177	1,465,307
84.387	ARRA – Education for Homeless Children and Youth, Recovery Act	150,028	150,028
	Total Education for Homeless Children and Youth Cluster	1,751,205	1,615,335
84.213	Even Start - State Educational Agencies	498,768	468,166
84.215	Fund for the Improvement of Education	90,565	89,332
84.224	Assistive Technology	752,215	752,215
84.243	Tech-Prep Education	345,746	—
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-service Training	65,481	(28,213)
84.282	Charter Schools	209,356	209,356
84.287	Twenty-First Century Community Learning Centers	23,794,440	22,770,739
84.293	Foreign Language Assistance	100,024	—
	<i>Education Technology State Grants Cluster:</i>		
84.318	Education Technology State Grants	2,583,982	2,479,218
84.386	ARRA – Education Technology State Grants, Recovery Act	4,207,617	3,921,787
	Total Education Technology State Grants Cluster	6,791,599	6,401,005
84.330	Advanced Placement Program	476,020	—
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	318,501	—
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	2,911,038	2,684,177
	<i>Teacher Quality Partnership Grants Cluster:</i>		
84.336	Teacher Quality Enhancement Grants	98,147	—
	Total Teacher Quality Partnership Grants Cluster	98,147	—
84.358	Rural Education	149	—
84.365	English Language Acquisition Grants	17,989,677	16,928,846
84.366	Mathematics and Science Partnerships	2,986,381	2,806,483
84.367	Improving Teacher Quality State Grants	65,534,363	63,798,512
84.369	Grants for State Assessments and Related Activities	7,461,578	—
84.371	Striving Readers	72,811	—

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
	<i>School Improvement Grants Cluster:</i>		
84.377	School Improvement Grants	\$ 8,046,221	6,351,589
84.388	ARRA – School Improvement Grants	12,403,525	12,403,525
	Total School Improvement Grants Cluster	20,449,746	18,755,114
84.378	College Access Challenge Grant Program	1,565,908	1,241,770
84.410	Education Jobs Fund	207,483,894	207,260,702
84.413	ARRA – Race To The Top	60,088	—
84.CON	Contractual Agreements – National Center Educational Statistics	225,728	—
84.UNA	Unassigned Catalog Numbers from Federal Government	34,788	31,799
	Total U.S. Department of Education	1,385,793,929	1,193,401,693
	U.S. Election Assistance Commission:		
90.401	Help America Vote Act Requirements Payments	1,420,115	—
	Total U.S. Election Assistance Commission	1,420,115	—
	U.S. Department of Health and Human Services:		
93.009	Compassion Capital Fund	234,412	109,000
93.041	Special Programs for the Aging: Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	122,444	—
93.042	Special Programs for the Aging: Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	564,847	—
93.043	Special Programs for the Aging: Title III, Part D - Disease Prevention and Health Promotion Services	621,483	621,483
	<i>Aging Cluster:</i>		
93.044	Special Programs for the Aging: Title III, Part B - Grants for Supportive Services and Senior Centers	10,329,324	10,329,324
93.045	Special Programs for the Aging - Title III, Part C: Nutrition Services	18,281,749	16,770,003
93.053	Nutrition Services Incentive Program	3,753,669	3,753,669
	Total Aging Cluster	32,364,742	30,852,996
93.048	Special Programs for the Aging - Title IV & Title II - Discretionary Projects	318,453	75,527
93.051	Alzheimer's Disease Demonstration Grants to States	(388,869)	(398,587)
93.052	National Family Caregiver Support, Title III, Part E	4,392,013	4,174,003
93.069	Public Health Emergency Preparedness	25,277,637	12,953,913
93.070	Environmental Public Health and Emergency Response	527,530	251,210
93.071	Medicare Enrollment Assistance Program	18,644	(128)
93.072	Lifespan Respite Care Program	11,473	989
93.086	Healthy Marriage Promotion & Responsible Fatherhood Grants	337,300	60,536
93.089	Emergency System for Advance Registration of Volunteer Health Professionals	108,607	—
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	1,123,850	1,120,848
93.110	Maternal and Child Health Federal Consolidated Programs	299,393	—
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	4,050,250	2,673,291
93.127	Emergency Medical Services for Children	179,972	—
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	224,743	43,916
93.136	Injury Prevention and Control Research and State and Community Based Programs	996,464	858,026
93.142	NIEHS Hazardous Waste Worker Health and Safety Training	76,502	—
93.150	Projects for Assistance in Transition from Homelessness (PATH)	2,911,771	2,818,260
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	2,585,551	2,349,653
93.165	Grants to States for Loan Repayment Program	153,050	—
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	305,312	221,999
93.217	Family Planning Services	3,324,693	2,971,593
93.235	Affordable Care Act (ACA) Abstinence Education Program	1,571,531	1,243,819
93.240	State Capacity Building	527,671	—
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	2,460,689	2,242,363
93.251	Universal Newborn Hearing Screening	310,195	157,185
93.262	Occupational Safety and Health Program	278,027	—
	<i>Immunization Cluster:</i>		
93.268	Immunization Grants	5,879,888	1,348,260
93.268	Immunization Grants (nonmonetary)	67,457,007	—
	Total Immunization Cluster	73,336,895	1,348,260

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance	\$ 9,361,255	3,707,903
93.293	Public Health Law Social Distancing Project	77,915	—
93.296	State Partnership Grant Program to Improve Minority Health	159,856	27,500
93.402	ARRA – State Loan Repayment Program	252,109	—
93.414	ARRA – State Primary Care Offices	117,707	54,553
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	1,554,805	1,413,824
93.507	PPHF 2012 National Health Improvement Initiative	884,844	208,696
93.509	Affordable Care Act (ACA) State Health Care Workforce Development Grants	109,880	15,000
93.511	Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	601,193	—
93.518	Affordable Care Act - Medicare Improvements for Patients and Providers	337,719	224,739
93.519	Affordable Care Act (ACA) Consumer Assistance Program Grants	46,187	—
93.521	Affordable Care Act	396,555	—
93.525	State Planning and Establishment Grants for the Affordable Care Act (ACA) Exchanges	802,851	—
93.538	Affordable Care Act – National Environmental Public Health Tracking Program Network Implementation	634,845	—
93.539	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	163,242	—
93.556	Promoting Safe and Stable Families	5,802,891	5,474,080
	<i>TANF Cluster:</i>		
93.558	Temporary Assistance for Needy Families	343,621,639	300,502,793
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	13,655,365	13,655,365
	Total TANF Cluster	357,277,004	314,158,158
93.563	Child Support Enforcement	148,990,037	24,452,593
93.563	ARRA – Child Support Enforcement	188,206	—
	Total Child Support Enforcement	149,178,243	24,452,593
93.566	Refugee and Entrant Assistance - State Administered Programs	2,464,135	1,152,654
93.568	Low-Income Home Energy Assistance	178,467,952	22,942,123
	<i>CSBG Cluster:</i>		
93.569	Community Services Block Grant	16,582,095	15,744,600
93.710	ARRA – Community Services Block Grant	(7,476)	(7,476)
	Total CSBG Cluster	16,574,619	15,737,124
	<i>CCDF Cluster:</i>		
93.575	Child Care and Development Block Grant	81,521,035	80,613,054
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	65,708,275	63,964,033
	Total CCDF Cluster	147,229,310	144,577,087
93.576	Refugee and Entrant Assistance - Discretionary Grants	25,817	362
93.586	State Court Improvement Program	1,103,433	—
93.590	Community Based Child Abuse Prevention Grants	2,576,095	2,492,587
93.597	Grants to States for Access and Visitation Programs	232,999	—
93.599	Chafee Education and Training Vouchers Program (ETV)	821,504	821,504
	<i>Head Start Cluster:</i>		
93.600	Head Start	194,152	—
93.708	ARRA – Head Start	302,402	—
	Total Head Start Cluster	496,554	—
93.605	Family Connection Grants	25,732	—
93.617	Voting Access for Individuals with Disabilities - Grants to State	21,175	21,175
93.630	Developmental Disabilities Basic Support and Advocacy Grants	1,654,894	584,912
93.643	Children's Justice Grants to States	507,212	331,773
93.645	Stephanie Tubbs Jones Child Welfare Services Program	5,455,830	—
93.658	Foster Care – Title IV-E	115,193,628	5,457,319
93.658	ARRA – Foster Care – Title IV-E	(12,484)	—
	Total Foster Care – Title IV-E	115,181,144	5,457,319
93.659	Adoption Assistance	42,340,936	—
93.667	Social Services Block Grant	59,023,398	24,400,973

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
93.669	Child Abuse and Neglect State Grants	\$ 673,516	673,516
93.670	Child Abuse and Neglect Discretionary Activities	256,097	254,214
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	2,146,915	2,145,913
93.674	Chafee Foster Care Independence Program	2,520,401	2,425,148
93.713	ARRA – Child Care and Development Block Grant	3,762,664	1,283,399
93.717	ARRA – Preventing Healthcare-Associated Infections	86,527	—
93.719	ARRA – Promote Health Information Technology	526,093	—
93.723	ARRA – Prevention & Wellness – State	814,854	388,123
93.725	ARRA – Communities Putting Prevention to Work: Chronic Disease Self-Management Program	581,124	411,003
93.767	Children's Health Insurance Program	614,981,529	16,140,015
93.768	Medicaid Infrastructure Grants – To Support the Competitive Employment of People With Disabilities	1,516,323	73,175
	<i>Medicaid Cluster:</i>		
93.775	State Medicaid Fraud Control Units	3,805,673	—
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	11,283,754	—
93.778	Medical Assistance Program	5,678,657,138	4,163,267,721
93.778	ARRA – Medical Assistance Program	(11,519,114)	—
	Total Medicaid Cluster	5,682,227,451	4,163,267,721
93.779	Centers For Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	1,534,679	764,165
93.791	Money Follows the Person Rebalancing Demonstration	10,083,051	10,082,194
93.793	Medicaid Transformation Grants	3,290	—
93.889	National Bioterrorism Hospital Preparedness Program	11,387,323	6,510,302
93.913	Grants to States for Operation of Offices of Rural Health	146,828	137,159
93.917	HIV Care Formula Grants	44,922,154	41,586,877
93.926	Healthy Start Initiative	466,649	326,255
93.928	Special Projects of National Significance	28,696	—
93.938	Support for School Health Program – Prevent Spread of Infectious Disease	521,859	48,197
93.940	HIV Prevention Activities: Health Department Based	14,119,349	8,648,447
93.941	HIV Demonstration, Research, Public and Professional Education Project	182,682	—
93.943	Epidemiologic Research Studies	263,027	241,495
93.944	Human Immunodeficiency Virus (HIV) Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	3,620,833	—
93.946	Cooperative Agreements to Support State Based Safe Motherhood and Infant Health Initiative Programs	77,150	—
93.958	Block Grants for Community Mental Health Services	9,496,036	9,352,599
93.959	Block Grants for Prevention and Treatment of Substance Abuse	45,409,375	38,503,583
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants	3,243,601	84,357
93.982	Mental Health Disaster Assistance and Emergency Mental Health	150,846	131,823
93.991	Preventive Health and Health Services Block Grant	2,027,137	874,526
93.994	Maternal and Child Health Services Block Grant to the States	11,183,705	4,827,052
93.CON	Contractual Agreement	2,201,599	260,000
93.UNA	Unassigned Catalog Numbers from Federal Government	17,939	—
	Total U.S. Department of Health and Human Services	7,732,370,417	4,944,448,052
	Corporation for National and Community Service:		
94.003	State Commissions	346,988	—
94.004	Learn and Serve America - School and Community Based Programs	178,476	137,875
94.006	AmeriCorps	2,194,807	1,985,402
94.007	Program Development and Innovation Grants	89,259	—
94.009	Training & Technical Assistance	47,147	—
	<i>Foster Grandparents/Senior Companion Cluster:</i>		
94.011	Foster Grandparent Program	660,122	437,979
	Total Foster Grandparents/Senior Companion Cluster	660,122	437,979
94.013	Volunteers in Service to America	17,011	—
	Total Corporation for National and Community Service	3,533,810	2,561,256
	Social Security Administration:		
	<i>Disability Insurance/SSI Cluster:</i>		
96.001	Social Security – Disability Insurance	56,043,120	25,542
	Total Disability Insurance/SSI Cluster	56,043,120	25,542
96.UNA	Unassigned Catalog Numbers from Federal Government	6,061	—
	Total Social Security Administration	56,049,181	25,542

STATE OF NEW JERSEY
Schedule of Expenditures of Federal Awards
Year ended June 30, 2012

Federal CFDA number	Federal agency/program title or cluster	Amounts	
		Expenditures	Passed through to subrecipients
	U.S. Department of Homeland Security:		
97.008	Non-Profit Security Program	\$ 1,410,935	1,408,436
97.012	Boating Safety Financial Assistance	3,907,857	—
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)	3,740	—
97.032	Crisis Counseling	218,514	209,328
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	69,796,531	61,477,335
97.041	National Dam Safety Program	41,681	—
97.042	Emergency Management Performance Grants	7,013,091	2,579,769
97.045	Cooperating Technical Partners	1,622,520	—
97.047	Pre-Disaster Mitigation	167,369	—
97.052	Emergency Operations Center	1,308,112	1,308,112
97.055	Inoperable Communications Equipment	1,132,578	343,616
97.056	Port Security Grant Program	7,306,358	2,035,832
97.067	Homeland Security Grant Program	75,180,173	44,033,206
97.078	Buffer Zone Protection Plan (BZPP)	2,361,421	1,795,700
97.089	Driver's License Security Grant Program	1,255,818	—
97.091	Homeland Security Biowatch Program	824,316	—
97.106	Securing the Cities	498,283	205,070
97.110	Severe Repetitive Loss Program	810,543	810,543
97.116	ARRA - Port Security Grant Program	790,315	—
97.UNA	Unassigned Catalog Numbers from Federal Government	1,569,987	—
	Total U.S. Department of Homeland Security	177,220,142	116,206,947
	Totals	\$ 18,827,695,335	7,234,302,148

See accompanying notes to the schedule of expenditures of Federal awards.

STATE OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(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, 2012. 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, 2012.

(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, 2012 there were no new loans guaranteed or loans repurchased during the year and administrative costs amounted to approximately \$105,544,964 and are included in the accompanying Schedule. The principal outstanding for guaranteed loans as of July 1, 2011 and June 30, 2012 were \$3,388,826,000 and \$3,136,529,000, respectively. 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 10.95 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

STATE OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

(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, 2012. The State's major Federal programs are identified in the summary of auditor's 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*.

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.

Adverse

As described in finding 12-01 in the accompanying schedule of findings and questioned costs, the State did not comply with the subrecipient monitoring compliance requirement that is applicable to its Medicaid Cluster Program. Compliance with such requirement is necessary, in our opinion, for the State to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the State did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on its Medicaid Cluster Program.

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 (CFDA number)	Compliance requirement	Finding number
Department of Energy	Board of Public Utilities	State Energy Program (including ARRA) (81.041)	Reporting	12-2
Department of Energy	Board of Public Utilities	State Energy Program (including ARRA) (81.041)	Davis-Bacon Act	12-4
Department of Energy	Board of Public Utilities	State Energy Program (including ARRA) (81.041)	Procurement, Suspension and Debarment	12-6
Department of Energy	Board of Public Utilities	State Energy Program (including ARRA) (81.041)	Subrecipient Monitoring/ Special Tests and Provisions	12-7
Department of Transportation	Department of Transportation	Highway Planning and Construction Cluster (including ARRA) (20.205, 20.219)	Reporting	12-13
Department of Homeland Security	Department of Law and Public Safety	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Matching/Suspension and Debarment/Subrecipient Monitoring	12-16
Department of Homeland Security	Department of Law and Public Safety	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Cash Management	12-17
Department of Homeland Security	Department of Law and Public Safety	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Period of Availability	12-18
Department of Homeland Security	Department of Law and Public Safety	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)	Reporting	12-19
Department of Homeland Security	Department of Law and Public Safety	Homeland Security Grant Program (97.067)	Equipment	12-21
Department of Homeland Security	Department of Law and Public Safety	Homeland Security Grant Program (97.067)	Reporting/Subrecipient Monitoring	12-24
Department of Agriculture Department of Health and Human Services	Department of Health	Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)/HIV Care Formula Grants (93.917)	Reporting	12-26
Department of Health and Human Services	Department of Human Services	Children's Health Insurance Program (93.767)	Activities Allowed or Unallowed/Allowable Costs/Costs Principles/ Eligibility	12-41



<u>Federal awarding agency</u>	<u>State administering agency</u>	<u>Federal program (CFDA number)</u>	<u>Compliance requirement</u>	<u>Finding number</u>
Department of Health and Human Services	Department of Human Services Department of Children and Families	TANF Cluster (including ARRA)(93.558 and 93.714)	Suspension and Debarment/ Subrecipient Monitoring	12-42
Department of Health and Human Services	Department of Human Services	TANF Cluster (including ARRA)(93.558 and 93.714)/ CCDF Cluster (93.575, 93.596)	Suspension and Debarment/ Subrecipient Monitoring/ Special Tests and Provisions	12-44
Department of Health and Human Services	Department of Human Services	CCDF Cluster (93.575, 93.596)	Subrecipient Monitoring/ Special Tests and Provisions	12-45
Department of Health and Human Services	Department of Human Services	Child Support Enforcement (including ARRA) (93.563)	Reporting	12-46
Department of Health and Human Services	Department of Human Services	TANF Cluster (including ARRA) (93.558, 93.714)/ Child Support Enforcement (including ARRA) (93.563)/ CCDF Cluster (93.575 93.596)/Children's Health Insurance Program (93.767)/Medicaid Cluster (including ARRA) (93.775, 93.777, 93.778)	Reporting	12-47
Department of Education	Department of Human Services	Vocational Rehabilitation (including ARRA) (84.126, 84.390)	Allowable Activities or Unallowed/Allowable Costs/Cost Principles	12-49

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 the Medicaid Cluster Program for the year ended June 30, 2012. 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: 12-3, 12-5, 12-11, 12-14, 12-15, 12-20, 12-22, 12-23, 12-25, 12-29, 12-30, 12-32, 12-34, 12-36, 12-37, 12-38, 12-39, 12-40, 12-43, 12-48, 12-50, and 12-52.

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 was not designed to identify all deficiencies in internal control over compliance that might be



significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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: 12-1, 12-2, 12-4, 12-6, 12-7, 12-13, 12-16, 12-17, 12-18, 12-19, 12-21, 12-24, 12-26, 12-41, 12-42, 12-44, 12-45, 12-46, 12-47, and 12-49 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: 12-3, 12-5, 12-8, 12-9, 12-10, 12-11, 12-12, 12-14, 12-15, 12-20, 12-22, 12-23, 12-25, 12-27, 12-28, 12-29, 12-30, 12-31, 12-32, 12-33, 12-34, 12-35, 12-36, 12-37, 12-38, 12-39, 12-40, 12-43, 12-48, 12-50, 12-51, and 12-52 to be significant deficiencies.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

March 25, 2013

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

(1) Summary of Auditor's 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, 2012.
- (b) The audit by the State Auditor, State of New Jersey, disclosed no material weaknesses or significant deficiencies as reported in connection with the basic financial statements of the State of New Jersey as of and for the year ended June 30, 2012.
- (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, 2012.

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, 2012.
- (e) The type of report issued on compliance for major programs:

Adverse:

Medicaid Cluster (including ARRA)

Qualifications:

State Energy Program (including ARRA)
TANF Cluster (including ARRA)
CCDF Cluster (including ARRA)
Child Support Enforcement (including ARRA)
Children's Health Insurance Program
Vocational Rehabilitation Cluster (including ARRA)
Highway Planning and Construction Cluster (including ARRA)
Homeland Security Grant Program
Disaster Grants – Public Assistance (Presidentially Declared Disasters)
Special Supplemental Nutrition Program for Women, Infants and Children
HIV Care Formula Grants

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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, 2012.
- (g) The major Federal programs of the State of New Jersey for the year ended June 30, 2012 were as follows:

U.S. Department of Agriculture:

- Supplemental Nutrition Assistance Program (SNAP) Cluster (10.551, 10.561)
- Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)
- Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)
- Child and Adult Care Food Program (10.558)

U.S. Department of Housing and Urban Development:

- Housing Voucher Cluster (14.871, 14.879)

U.S. Department of Labor:

- Unemployment Insurance (including ARRA) (17.225)
- Workforce Investment Act (WIA) Cluster (including ARRA) (17.258, 17.259, 17.278)

U.S. Department of Transportation:

- Highway Planning and Construction Cluster (including ARRA) (20.205, 20.219)

U.S. Environmental Protection Agency:

- Capitalization Grants for Clean Water State Revolving Funds (including ARRA) (66.458)
- Capitalization Grants for Drinking Water State Revolving Funds (including ARRA) (66.468)

U.S. Department of Energy:

- State Energy Program (including ARRA) (81.041)
- Weatherization Assistance for Low-Income Persons (including ARRA) (81.042)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

U.S. Department of Education:

- Title I, Part A Cluster (including ARRA) (84.010, 84.389)
- Special Education Cluster (IDEA) (including ARRA) (84.027, 84.173, 84.391, 84.392)
- Vocational Rehabilitation Cluster (including ARRA) (84.126, 84.390)
- Improving Teacher Quality State Grants (84.367)
- Education Jobs Fund (84.410)

U.S. Department of Health and Human Services:

- Immunization Cluster (93.268)
- Temporary Assistance for Needy Families (TANF) Cluster (including ARRA) (93.558, 93.714)
- Child Support Enforcement (including ARRA) (93.563)
- Low-Income Home Energy Assistance (93.568)
- Child Care and Development Fund (CCDF) Cluster (93.575, 93.596)
- Foster Care – Title IV-E (including ARRA) (93.658)
- Adoption Assistance (93.659)
- Social Services Block Grant (93.667)
- Children’s Health Insurance Program (93.767)
- Medicaid Cluster (including ARRA) (93.775, 93.777, 93.778)
- HIV Care Formula Grants (93.917)
- Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Social Security Administration:

- Disability Insurance/SSI Cluster (96.001)

U.S. Department of Homeland Security:

- Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)
- Homeland Security Grant Program (97.067)

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

(h) The dollar threshold used to distinguish between type A and type B programs was \$33,324,782 for Federal awards for the year ended June 30, 2012.

(i) The State of New Jersey did not qualify as a low risk auditee for the year ended June 30, 2012.

(2) Findings Related to the Basic Financial Statements Reported in Accordance with *Government Auditing Standards*:

The State Auditor, State of New Jersey issued under separate cover the report in accordance with *Government Auditing Standards*. No findings were required to be reported by the State Auditor.

(3) Findings and Questioned Costs Relating to Federal Awards:

See appendix of findings items 12-1 to 12-52.

APPENDIX OF FINDINGS

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Medicaid Cluster (93.775, 93.777, 93.778)

Grant Award Numbers and Years:

0605NJ5028 (10/1/05 – 9/30/06), 0805NJ5028 (10/1/07 – 9/30/08), 0905NJ5028 (10/1/08 – 9/30/09), 1005NJ5MAP (10/1/09 – 9/30/10), 1105NJ5MAP (10/1/10 – 9/30/11), 1205NJ5MAP (10/1/11 – 9/30/12), 1105NJARRA (7/1/10 – 6/30/12) [ARRA]

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-1: Subrecipient Monitoring

Finding Type: Adverse, Material Weakness

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- 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.

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 non-compliance.
- 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 non-compliance 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Regular Contact – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The Department of Human Services, Division of Medical Assistance and Health Services (the Department), is the primary agency responsible for the administration of the Medicaid Cluster (Medicaid) for the State of New Jersey (the State). The Department utilizes the County Welfare Agencies (CWAs) to perform eligibility determinations and redeterminations for Medicaid. The CWAs collect and maintain supporting documentation for each eligibility determination and redetermination in a case file. The State pays the Medicaid benefits on behalf of eligible beneficiaries to providers and is ultimately responsible for the accuracy of the eligibility determinations and redeterminations made by the CWAs.

The Department's subrecipient monitoring procedures over eligibility determinations and redeterminations at the CWAs relies on reviews performed by the Bureau of Quality Control (BQC). The BQC performed 300 of 1,044 MEQC eligibility reviews for Medicaid benefits paid on behalf of eligible individuals to providers for the period of July 1, 2011 through June 30, 2012 (State fiscal year 2012). The 300 reviews were an improvement from the prior year in which there were no cases reviewed by the BQC. Other than the reviews performed over Stratum II cases by the BQC, there were no other reviews performed over the redeterminations for State fiscal year 2012. The Department attempted to analyze redeterminations performed at the CWAs during State fiscal year 2012; however the data utilized was not reliable. During State fiscal year 2013, the Department began running redetermination monitoring reports with reliable data to determine the percentage of redeterminations performed and entered into the system at the CWAs. As of July 2012, the average redetermination percentage performed has reached 52% for all CWAs.

Despite actions taken by the Department to address the prior year findings, we noted for a sample of ninety-five State fiscal year 2012 Medicaid beneficiaries selected for testwork at the CWAs, the following:

- For three beneficiaries selected for testwork, the current year redetermination was not performed within the twelve month period after the prior year redetermination. Total Medicaid benefits paid on behalf of these individuals during State fiscal year 2012 were \$45,518. We consider these payments to be questioned costs.
- For two beneficiaries selected for testwork, there was no evidence of a current year redetermination of eligibility within the case file. Total Medicaid benefits paid on behalf of these individuals during State fiscal year 2012 were \$6,150. We consider these payments to be questioned costs.
- For six beneficiaries selected for testwork, the CWA was unable to provide the file to support the eligibility determination made. Total Medicaid benefits paid on behalf of these individuals during State fiscal year 2012 were \$15,679. We consider these payments to be questioned costs.

Total program expenditures for Medicaid included on the Schedule of Expenditures of Federal Awards were \$5,682,227,451 for State fiscal year 2012.

A similar finding was included in the 2011, 2010, 2009, 2008 and 2007 prior year single audit reports as items 11-2, 10-1, 09-1, 08-1, and 07-42, respectively.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

The CWAs are not properly determining and redetermining eligibility for Medicaid recipients.

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 continue its efforts, as described above, to strengthen its subrecipient monitoring procedures over the CWAs to ensure eligibility determinations and redeterminations are properly supported, performed and reviewed on a timely basis.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

In total, questioned costs cannot be determined; for specific questioned costs, see Condition above.

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-2 Reporting

Finding Type: Qualified, Material Weakness

Criteria

A-102 Common Rule requires 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. Effective internal controls should include procedures to ensure third party providers have appropriate internal controls to process transactions and prepare reports properly and in compliance with Federal requirements.

Condition

The Board of Public Utilities (BPU) has contracted with Applied Energy Group, Inc. (AEG), a third-party service organization, to develop and provide overall management of the Information Management System (IMS). AEG's responsibilities include providing application development and maintenance support, invoice processing, and reporting. IMS is used to process invoices and maintain data used to prepare Federal financial and ARRA Section 1512 reports. The BPU relies upon the data generated and maintained in IMS for both its financial and ARRA Section 1512 reports.

We noted that the BPU does not currently require AEG to receive an audit in accordance with the Statement on Standards for Attestation Engagements No. 16 (SSAE 16), formerly Statement on Auditing Standards No. 70 (SAS 70), which requires an independent auditor to evaluate and issue an opinion on a service organization's internal controls placed into operation and tested for operating effectiveness. As a result, the BPU is not able to adequately monitor its third-party service organization to determine whether internal controls that are essential to compliance with Federal requirements for the above program are operating effectively. Having a SSAE 16 report for the service organization would give the BPU better assurance that internal controls over compliance with the Federal requirements of the program are properly designed and operating effectively.

Cause

The BPU's contract with AEG does not require an audit in accordance with SSAE 16.

Effect

Amounts reported in Federal financial and ARRA Section 1512 reports may not be complete and accurate.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the BPU review its procedures for monitoring its third-party service organization and implement any changes necessary to ensure internal controls are properly designed and operating effectively at the service organization.

Related Noncompliance

Based on the above, the BPU was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-3 Cash Management

Finding Type: Noncompliance, Significant Deficiency

Criteria

State Energy Program regulations promulgated by the U.S. Department of Energy state that program funds may be advanced to fund a revolving loan fund (RLF) if one of the following criteria for obligation are met:

- a. Receipt of a loan application from potential borrowers;
- b. State or local requirements (regulatory, statutory, or constitutional) dictate that funds be available in advance;
- c. The distribution account is operated by a third party; or
- d. If the grantee establishes and operates a RLF, funds would be considered obligated by the grantee upon submitting a letter to the Project Officer and receiving a confirmation response from the Project Officer. The letter must: (1) provide the strategy for the RLF and (2) identify the scope and size of the loan program.

Condition

For five of the forty drawdowns selected for testwork, we noted that the funds were drawn down in advance of the disbursement as the funds were used to fund a RLF, totaling \$1,316,823. The Board of Public Utilities (BPU) did not provide evidence that at least one of the four criteria for obligation of the RLF was met prior to making the advance drawdown.

We noted the amounts drawn down in advance were placed into an interest-bearing account and that all interest earned on the advanced funds was properly rolled into the RLF in accordance with program requirements.

Cause

The BPU does not have sufficient procedures and internal controls in place to ensure advance drawdowns are properly supported and meet the program regulations.

Effect

RLF funding was drawn down in advance without being properly supported by evidence that the criteria for obligation were met.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the BPU implement procedures to ensure drawdowns for the RLF are properly supported to ensure compliance with the requirements.

Related Noncompliance

Based on the above, the BPU was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-4 Davis-Bacon Act

Finding Type: Qualified, Material Weakness

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)).

Non-Federal 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 Contracts 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).

Condition

We selected forty certified payrolls received by the Board of Public Utilities (the BPU) for work performed by various contractors. For four of the forty items selected, the BPU did not have evidence of reviewing the certified payrolls for compliance with the Davis-Bacon Act requirements. The four contractors received \$5,245,351 in total payments during State fiscal year 2012.

For two of the four contractors, the BPU did not have evidence that the contractor submitted the required certified payroll with their payment request to support that the appropriate prevailing wage rates were paid to their employees. The two contractors who did not submit certified payrolls received total payments of \$3,326,567. The total amount of payments included in our sample was \$8,567,159.

Cause

The BPU's internal controls are not operating effectively to ensure that the required certified payroll reports are submitted by the contractors and are properly reviewed.

Effect

The contractor may not be paying its employees the prevailing wage rates established by the DOL.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the BPU implement procedures to ensure that certified payrolls are received from contractors and are properly reviewed by the BPU to verify compliance with the above requirements.

Related Noncompliance

Based on the above, the BPU was not in compliance with the above requirement.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-5 Reporting

Finding Type: Noncompliance, Significant Deficiency

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). 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 reporting of 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 of available documentation. The Federal 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 expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10.c). References to this report include its applicability as both a financial status and a cash report unless otherwise indicated.

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. 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.

OMB has issued many documents that provide guidance on the reporting requirements under ARRA (located at http://www.whitehouse.gov/omb/recovery_default/). Among them, M-09-21, *Implementing Guidance for the Reports on Use of Funds Pursuant to the American Recovery and Reinvestment Act of 2009* (June 22, 2009), provides relevant information for the audit procedures. The M-09-21 guidance covers the reporting requirements of Section 1512 of ARRA and includes two supplements: (1) a list of programs subject to the ARRA reporting requirements, and (2) a Recipient Reporting Data Model. M-09-21 provides extensive guidance for recipients and Federal agencies.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Condition

The Board of Public Utilities (the BPU) is required to submit quarterly SF-425 Federal Financial Reports (FFRs) for the program. We selected two FFRs submitted for the State fiscal year 2012. For one of the two FFRs selected, the Federal share of unliquidated obligations reported was understated by \$4,940,599. The amount reported was \$31,193,960 and the supporting documentation provided by the BPU showed that the actual Federal share of unliquidated obligations that should have been reported was \$36,134,559. This error was corrected in the following quarter's FFR.

Additionally, the BPU did not submit the quarterly FFR for the quarter ended June 30, 2012.

The BPU is also required to submit quarterly ARRA Section 1512 reports of ARRA funds expended and passed through to subrecipients. The BPU relies upon a report from the Information Management System (IMS) to prepare the ARRA Section 1512 reports. There is no review by the BPU for verification of the completeness and accuracy of the reports. The expenditures reported are not agreed to the general ledger prior to submission.

Cause

The BPU's internal controls are not properly designed or operating effectively to ensure the completeness and accuracy of financial and ARRA Section 1512 reports.

Effect

The Federal share of unliquidated obligations in the FFR for the quarter ended December 31, 2011 was not accurate. The ARRA Section 1512 reports may not be complete and accurate.

Recommendation

We recommend that the BPU implement procedures to ensure reports are reviewed and verified to be complete and accurate prior to submission.

Related Noncompliance

Based on the above, the BPU was not in compliance with the above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-6 Procurement, Suspension and Debarment

Finding Type: Qualified, Material Weakness

Criteria

Procurement

States, and governmental subrecipients of States, shall use the same State policies and procedures used for procurements from non-Federal funds. They also shall ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

All non-Federal entities shall follow Federal laws and implementing regulations applicable to procurements, as noted in Federal agency implementation of the A-102 Common Rule and OMB Circular A-110.

In addition to those statutes listed in the A-102 Common Rule and OMB Circular A-110, Section 1605 of ARRA prohibits the use of ARRA funds for a project for the construction, alteration, maintenance, or repair of a public building or work unless all of the iron, steel, and manufactured goods used in the project are produced in the United States. This results in making the Buy-American Act apply to these ARRA awards. ARRA provides for waiver of these requirements under specified circumstances. An award term is required in all ARRA-funded awards for construction, alteration, maintenance, or repair of a public building or public work (2 CFR section 176.140). Further information about this requirement, including applicable definitions, is found in 2 CFR part 176, Subpart B. 2 CFR part 176, including the award term, was amended effective March 25, 2010 [75 FR 14323] to reflect changes regarding international agreements. These changes include (1) beginning January 1, 2010, raising the threshold that applies to international agreements, from \$7,430,000 to \$7,804,000 and (2) recognizing agreements or signatories to agreements subsequent to the original publication of 2 CFR part 176.

With respect to international agreements (see 2 CFR section 176.90), the Buy-American requirement set out in 2 CFR section 176.70 may not be applied where the iron, steel or manufactured goods used in the project are from a Party to an international agreement (see the Appendix to Subpart B of 2 CFR part 176 – U.S. States, Other Sub-Federal Entities, and Other Entities Subject to U.S. Obligations under International Agreements, for covered recipients (subrecipients), Parties, and exclusions). In these cases, under an international agreement described in the Appendix to Subpart B of 2 CFR part 176, a recipient (subrecipient) is required to treat the goods and services of the applicable Party in the same manner as domestic goods and services. This obligation applies to projects with an estimated value in excess of the current threshold and projects that are not specifically excluded from the application of those agreements. If a recipient (subrecipient) is not covered by an international agreement, the only possible exceptions to the Buy-American requirements are those specified in 2 CFR section 176.80.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Suspension and Debarment

Non-Federal 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 non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal 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).

Condition

We selected sixteen procurements for purposes of testing the Board of Public Utilities's (the BPU's) competitive bidding and contracting process. For three of the sixteen procurements selected, the BPU could not provide the bids received, bid evaluations, or executed contracts to evidence compliance with the state procurement policies and Federal requirements. As such, we could not ensure the BPU's compliance with the procurement and suspension and debarment requirements for these three contracts. The three vendors received \$8,190,578 in Federal funds during the State fiscal year 2012.

We also selected forty vendors and subrecipient transactions and verified the BPU reviewed purchases for compliance with the Buy-American Act requirements. For two of the forty items selected, the BPU did not obtain or review evidence that purchases met the Buy-American Act requirements. The total payments related to the two transactions were \$3,326,567. The forty vendors and subrecipient transactions sampled totaled \$8,567,159.

We also noted that the BPU does not have a process in place to ensure that subrecipients are not suspended or debarred. Based on our audit procedures, none of the subrecipients were listed on the Excluded Parties List system maintained by the General Services Administration (GSA) and, therefore, were not suspended or debarred. Total amounts passed through to subrecipients by the BPU were \$32,300,950 for the State fiscal year 2012.

Cause

The BPU's internal controls are not properly designed or operating effectively to ensure compliance with the procurement and suspension and debarment requirements.

Effect

The procurements may not have complied with the State procurement policies and purchases may not have complied with the Buy-American Act. In addition, Federal funds could be granted to subrecipients that have been suspended or debarred.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the BPU implement procedures to ensure bidding and contract documents are maintained and suspension and debarment verifications are performed for all vendors and subrecipients. Additionally, we recommend the BPU implement procedures to ensure all vendor and subrecipient purchases are reviewed for compliance with the Buy-American Act.

Related Noncompliance

Based on the above, the BPU was not in compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-7 Subrecipient Monitoring and Special Tests and Provisions

Finding Type: Qualified, Material Weakness

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- Determining Subrecipient Eligibility – In addition to any programmatic eligibility criteria under E, “Eligibility for Subrecipients,” for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
- Central Contractor Registration (CCR) – For ARRA subawards, identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a DUNS number, and maintaining the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)). This requirement pertains to the ability to report pursuant to Section 1512 of ARRA and is not a pre-award eligibility requirement. Note that subrecipients of non-ARRA funds are not required to register in CCR prior to or after award.
- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).-
- 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

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

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 non-compliance.
- 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., if the subrecipient has (1) a history of non-compliance as either a recipient or subrecipient, (2) new personnel, or (3) new or substantially changed systems). Evaluation of subrecipient risk also may take into consideration the extent of Federal monitoring of subrecipient entities that also are recipients of prime Federal awards.

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 (as noted in R2 above) 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 one of the six ARRA subrecipients selected for testwork, the Board of Public Utilities (the BPU) did not identify to the subrecipient at the time of the award all required Federal award information (i.e., CFDA title and number; award name and number) as required by the subrecipient monitoring requirement stated above. In addition, for one other subrecipient of the six selected, the BPU provided an incorrect CFDA number at the time

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

of award. These two subrecipients received a total of \$1,845,662 in program funding during State fiscal year 2012.

Also, the BPU did not obtain evidence of Central Contractor Registration for the six ARRA subrecipients included in the sample. The six subrecipients selected received \$30,972,491 in program funding during State fiscal year 2012.

For three of the six ARRA subrecipients selected for testwork, the BPU did not provide documentation of site visits or other monitoring of compliance with program requirements. These three subrecipients received \$13,625,922 in program funding in State fiscal year 2012.

For each of the ARRA subrecipient transactions selected, the BPU did not communicate the Federal award information at the time of disbursement (i.e., CFDA title and number; award name and number, and the amount of ARRA funds).

The total subrecipient transactions tested in our sample was \$8,649,932. There was a total of \$32,300,950 of pass-through grant expenditures in State fiscal year 2012.

Cause

The BPU's internal controls are not operating effectively to ensure compliance with the subrecipient monitoring and special tests and provisions requirements.

Effect

The subrecipient entities may not accurately report the Federal funds received for the program on their Schedule of Expenditures of Federal Awards and the subrecipients may not be accurately reported on ARRA reports without the proper registration with the Central Contractor Registration.

Recommendation

We recommend that the BPU implement procedures to ensure the Federal award, CFDA and ARRA information is properly communicated to the subrecipients at the time of the award and disbursement of ARRA funds. We also recommend that the BPU establish procedures to ensure subrecipients are properly registered in the Central Contractor Registration.

Related Noncompliance

Based upon the above, the BPU was not in compliance with the above requirements.

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

State Energy Program (including ARRA) (81.041)

Grant Award Number and Year:

DE-EE0000258 (4/30/2009 – 5/31/2012) [ARRA]

State Agency: Board of Public Utilities

Federal Agency: U.S. Department of Energy

Finding: 12-8 Reporting

Finding Type: Significant Deficiency

Criteria

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). 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 reporting of 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 of available documentation. The Federal awarding agency may accept identical information from the recipient in machine-readable format, computer printouts, or electronic outputs in lieu of the prescribed formats.

State, and governmental subrecipients of States, shall maintain all accounting records utilized to prepare financial reports. Amounts included in financial reports should be correctly reported and should be accurately reflected.

Condition

The Office of Management and Budget (OMB), NJ Department of Treasury, generates the Schedule of Expenditures of Federal Awards (SEFA) from the State's underlying financial records on the central accounting system, New Jersey Comprehensive Financial System (NJCFS). The Board of Public Utilities (BPU) prepares the Federal Financial Reports (FFRs) for the State Energy Program from NJCFS and is responsible for reconciling the amount reported on the FFRs to the amount reported on the SEFA. On an annual basis, OMB requests the Departments to confirm the expenditures and pass-through payments to subrecipients and report any adjustments to the SEFA to ensure the expenditures of each Federal program are accurately reported.

Our testwork noted the Board did not properly report adjustments to OMB to ensure the SEFA expenditures for the State Energy Program were accurately stated as follows:

- \$7,899,203 was reported in NJCFS as other than personal service expenditures and was not coded as pass-through payments to subrecipients as the underlying details supported. The BPU did not report the pass-through payments to OMB to ensure the amounts were properly stated on the SEFA. OMB has subsequently adjusted the SEFA after the audit noted the misclassification.
- A negative adjustment for \$848,146 was included in the SEFA details which represented unallowable costs not reported as expenditures on the State Energy Program in the FFR reports. The BPU does analyze the expenditures for FFR reporting purposes but does not report the adjustments to OMB to ensure the SEFA

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

is accurately reported. Prior to the adjustment made after audit inquiry the SEFA was understated by \$848,146.

Cause

The BPU did not properly evaluate the expenditures reported on the SEFA and communicate unallowable expenditures or pass-through payments to OMB upon the annual SEFA expenditure confirmation process.

Effect

The State Energy Program pass-through grant expenditures on the current year SEFA were understated by \$7,899,203 and total expenditures on the current year SEFA were understated by \$848,146.

Recommendation

We recommend that the BPU implement procedures to notify OMB of any adjustments that need to be made to the SEFA as a result of the reconciliation of the expenditures reported on the FFRs to the State's underlying financial records maintained on NJCFS.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Adoption Assistance (93.659)

Grant Award Numbers and Years:

G1002NJ1407 (10/01/2009 – 9/30/2011), G1102NJ1407 (10/01/2010 – 9/30/2012), G1102NJ1407 (10/01/2010 – 9/30/2012), G1202NJ1407 (10/01/2011 – 9/30/2013)

State Agency: Department of Children and Families

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-9 Eligibility

Finding Type: Significant Deficiency

Criteria

Adoption assistance subsidy payments may be paid on behalf of a child only if all the Federal requirements are met.

Condition

The Department has a policy that adoptive parents are required to sign and return a subsidy agreement renewal form on an annual basis. We noted that nine out of sixty-five cases selected for testwork the subsidy agreement renewal form for State fiscal year 2012 was not received by the Department. There are no questioned costs associated with this finding as the renewal form is required to comply with Departmental policy; however, it is not required on an annual basis according to Federal regulations.

A similar finding was included in the 2011, 2010, 2009, 2008, and 2007 prior year single audit reports as items 11-25, 10-16, 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

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Foster Care – Title IV-E (93.658)

Adoption Assistance (93.659)

Grant Award Numbers and Years:

Adoption Assistance: G1002NJ1407 (10/01/2009 – 9/30/2011), G1102NJ1407 (10/01/2010 – 9/30/2012), G1102NJ1407 (10/01/2010 – 9/30/2012), G1202NJ1407 (10/01/2011 – 9/30/2013)

Foster Care: G1002NJ1401 (10/01/2009 – 9/30/2011), G1102NJ1401 (10/01/2010 – 9/30/2012), G1002NJ1401 (10/01/2009 – 9/30/2011), G1102NJ1401 (10/01/2010 – 9/30/2012), G1202NJ1401 (10/01/2011 – 9/30/2013)

State Agency: Office of Information Technology
Department of Children and Families

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-10 Other Requirements – Information Technology General Controls

Finding Type: Significant Deficiency

Criteria

The A-102 Common Rule requires 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. 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 (the State), 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. This finding is repeated from the prior year single audits since 2008. The Department has not implemented a corrective action to address the following deficiencies.

1. Disaster Recovery Test

- A complete Disaster Recovery (DR) test was not performed for NJSPIRIT during State fiscal year 2012. It was noted that a partial test was performed, but did not incorporate all the requirements for an overall DR test.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

2. *User Access Provisioning*

- 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 2012.

A similar finding was included in the 2011, 2010, 2009, and 2008 prior year single audit reports as items 11-28, 10-17, 09-28, and 08-6, respectively.

Cause

1. *Disaster Recovery Test*

- During State fiscal year 2012, a complete Disaster Recovery test was not performed for the NJSPIRIT application. Partial tests were performed and a formalized test report was not developed that outlined the output. The test was partially performed due to the lack of equipment that is required for execution of a full Disaster Recovery test.

2. *User Access Provisioning*

- 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 2012.

Effect

1. *Disaster Recovery Test*

- The absence of a complete periodic recovery tests may prevent recovery of the NJSPIRIT application data in case of a disaster.

2. *User Access Provisioning*

- 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. *Disaster Recovery Test*

- We recommend that Disaster Recovery procedures are planned and periodic Disaster Recovery tests are performed.

2. *User Access Provisioning*

- 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Child and Adult Care Food Program (10.558)

Grant Award Numbers and Years:

11111NJ304N2020 (10/1/10 – 9/30/11), 12121NJ304N2020 (10/1/11 – 9/30/12)

State Agency: Department of Agriculture

Federal Agency: U.S. Department of Agriculture

Finding: 12-11 Subrecipient Monitoring

Finding Type: Noncompliance, Significant Deficiency

Criteria

The State agency is responsible for monitoring the institution's non-profit status to ensure that all reimbursements shall be used solely for the conduct of the food service operation or to improve such food service operations, principally for the benefit of the enrolled participants (7 CFR section 226.7(b)) and 42 USC 1766 (d)(1)(B)).

The State agency is required to assess institutional compliance by performing on-site reviews of independent centers, sponsoring organizations of centers, and sponsoring organizations of day care homes, including reviews of new organizations, in accordance with a schedule prescribed in 7 CFR section 226.6(m) and 42 USC 1766 (d)(2)(A).

Condition

The Department performs an Administrative Review for each sponsor at least once every three years. The Administrative Review consists of an in-depth review of the sponsor's procedures, records, and compliance with Federal program requirements. For one of the forty sponsors selected for testwork, we noted that the Department did not perform an Administrative Review. This sponsor received \$35,069 in Federal funds in fiscal year 2012 and the total Federal funds received by the forty sponsors in our sample was \$3,515,560. The Department maintains a log of all Administrative Reviews, however this sponsor was erroneously excluded. This sponsor had been receiving program funds since 2006 and an Administrative Review should have been performed in 2009 and 2012.

Cause

The Department does not verify the completeness of the Administrative Review log to ensure all sponsors are included and appropriate reviews are performed.

Effect

The Department is not in properly monitoring its subrecipients.

Recommendation

We recommend that the Department establish procedures to ensure the appropriate Administrative Review is performed on all subrecipients.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Highway Planning and Construction Cluster (20.205, 20.219)

Grant Award Numbers and Years:

L24E0017166 (9/22/11), L24E0001259 (9/22/11), L24E7051111 (9/21/11), L05E0005117 (9/13/11), L05E0017165 (9/22/11), LY900031127 (9/14/11), L1CE0001260 (8/15/11), L1CE7091166 (5/24/11), L1CE7811117 (5/23/11), L1CE0037144 (5/19/11), L05E0050125 (3/2/12), L24EC00S279 (1/23/12), L24EC00S278 (1/19/12), L05E0011053 (1/6/12), L1CE0016163 (9/20/11), L1CE0037142 (9/7/11), L05E7111119 (9/15/11), L01E0785107 (6/15/11)

State Agency: Department of Transportation

Federal Agency: U.S. Department of Transportation

Finding: 12-12 Davis-Bacon Act

Finding Type: Significant Deficiency

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 \$2,000 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)).

Non-Federal 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 Contracts 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

The Wage Rate Unit requires the Resident Engineer to conduct wage rate inspections monthly and submit this documentation with the certified payrolls as an internal control to ensure compliance with the Davis-Bacon Act prevailing wage requirements. We selected forty certified payrolls submitted during State fiscal year 2012 and verified the required wage rate inspections were performed. For thirteen of the certified payrolls tested, wage rate inspections were not performed. The total State fiscal year 2012 expenditures related to these projects were \$17,478,343. The certified payrolls were signed by the contractors and contained the copies of the payrolls.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

The Wage Rate Unit also performs an initial review of the certified payrolls submitted for each project and documents this review on the Certified Payroll Analysis Form. We selected twenty-eight initial Certified Payroll Analysis Forms for projects initiated in State fiscal year 2012. For eleven of the Certified Payroll Analysis Forms tested, the initial review was not completed timely, with the review being performed two to eight months after the project began. The total State fiscal year 2012 expenditures related to these projects were \$6,883,121.

A similar finding was included in the 2011, 2010, and 2009 single audit reports as items 11-33, 10-24, and 09-34, respectively.

Cause

The procedures in place to ensure required wage rate inspections are performed are not being followed. Additionally, there are not sufficient procedures in place to ensure timely submission of payroll summaries and certified payrolls to ensure initial reviews are performed timely.

Effect

The Department may not be in compliance with the Davis-Bacon Act requirements.

Recommendation

We recommend that the Department implement procedures to ensure that all wage rate inspections are performed and payroll summaries and certified payrolls are submitted timely.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Highway Planning and Construction Cluster (20.205, 20.219)

Grant Award Numbers and Years:

Various

State Agency: Department of Transportation

Federal Agency: U.S. Department of Transportation

Finding: 12-13 Reporting

Finding Type: Qualified, Material Weakness

Criteria

Federal Funding Accountability and Transparency Act

Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by OMB in 2 CFR part 170, effective October 1, 2010 (75 FR 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 does currently apply only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, subaward reporting requirements apply to all types of first-tier subawards under a grant or cooperative agreement.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date. Once the requirement applies, the recipient must report, for any subaward under that award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal funds.

For contracts, implementation was phased in for contracts based on their total dollar value based on the FAR interim final rule, Transparency Act reporting is required for:

- Until September 30, 2010, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$20,000,000 or more.
- From October 1, 2010, until February 28, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$550,000 or more.
- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition

The Department has an obligation to report subaward data as required under the Federal Funding Accountability and Transparency Act (FFATA). This includes entity information, DUNS number, Parent DUNS number, if applicable, and relevant executive compensation data, if applicable. The Department did not address this new requirement in State fiscal year 2012 for subawards subject to FFATA.

Cause

The Department does not have procedures in place to ensure they meet the reporting requirements of FFATA.

Effect

The Department did not report the required subaward data under FFATA.

Recommendation

We recommend that the Department implement procedures to properly report subaward data required under FFATA.

Related Noncompliance

Based on the above, the Department was not in compliance with above requirement.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Highway Planning and Construction Cluster (20.205, 20.219)

Grant Award Numbers and Years:

Various

State Agency: Department of Transportation

Federal Agency: U.S. Department of Transportation

Finding: 12-14 Subrecipient Monitoring and Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

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.

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 (as noted in R2 above) 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

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Tracking 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;

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Update the GSA system online.

The Department of Transportation (the Department) is a cognizant agency responsible for the performance of the above duties of its subrecipients which include transportation authorities and agencies.

During the State fiscal year 2012, five subrecipients were required to submit OMB Circular A-133 audit reports to the Department. The Department had not entered any information in the GSA system regarding receipt or desk review of the five audit reports, even though four of the five audit reports had been received and three audit reports had been desk reviewed. The Department was not updating the GSA system timely to reflect the receipt of OMB Circular A-133 audit reports and the results of the desk review. Additionally, the desk review did not address subrecipient compliance with American Recovery and Reinvestment Act of 2009 (ARRA) requirements.

Cause

The Department does not have sufficient procedures and internal controls in place to ensure timely and accurate updating of the GSA system. The Department's desk review checklist does not address ARRA requirements.

Effect

Subrecipients may not be performing appropriate or timely corrective action on audit findings noted during the desk review process. Information regarding monitoring of subrecipients may not be properly updated in the GSA online system to allow other State departments and agencies to perform any follow-up procedures if they pass funds through to the same subrecipients. Additionally, subrecipients may not be complying with the requirements to separately report ARRA funds on the Schedule of Expenditures of Federal Awards.

Recommendation

We recommend that the Department implement procedures to ensure the GSA online system is being consistently updated to ensure proper communication regarding the status of subrecipient audit reports. Additionally, we recommend the Department update its desk review checklist to address ARRA requirements.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Number and Year:

1889DRNJP00000001 (3/23/10 – 12/31/13)

State Agency: Department of Law and Public Safety
Department of Transportation

Federal Agency: U.S. Department of Homeland Security

Finding: 12-15 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Finding Type: Noncompliance, Significant Deficiency

Criteria

Equipment Usage – The PA program restricts eligible direct costs for applicant-owned equipment used to perform eligible work to reasonable rates that were established under State guidelines, or when the hourly rate exceeds \$75, rates may be determined on a case-by-case basis by FEMA. When local guidelines are used to establish equipment rates, reimbursement is based on those rates or rates in a Schedule of Equipment Rates published by FEMA, whichever is lower. Provision is also made when no rates are established or the entity wishes to claim an equipment rate that exceeds the FEMA Schedule (44 CFR section 206.228(a)(1)).

Condition

The Department of Transportation utilizes the Maintenance Management System (MMS) to track daily work activities. When a disaster is declared, the Department of Transportation staff will input the dates of the disaster as well as the crew, equipment, and materials used during the declared disaster period. The equipment rates used in MMS are the rates published by FEMA. A report from MMS is used as supporting documentation for the project worksheet, which is submitted to FEMA to receive the funds under the program. For one (Disaster Number 1889) of six project worksheets selected for testwork, we noted the equipment rate per FEMA for code 8393 was \$47 per hour and the rate used on the MMS report was \$85 per hour. Total equipment charged on this one project worksheet was \$632,308 (\$64,472 for equipment code 8393) of which the Department was reimbursed seventy-five percent of those amounts. The Department received excess funds for equipment code 8393 of \$21,617, which are considered questioned costs.

Cause

The Department of Transportation did not code the correct rates from the Schedule of Equipment Rates published by FEMA in MMS.

Effect

The Department of Transportation reported the incorrect equipment rate on the project worksheet and was reimbursed for the incorrect equipment rate.

Recommendation

We recommend that the Department implement procedures to correctly code the correct rates in a Schedule of Equipment Rates published by FEMA in MMS.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

\$21,617

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

1873DRNJP00000001 (2/5/10 – 12/31/12), 1889DRNJP00000001 (3/23/10–12/31/13), 1897DRNJP00000001 (4/2/10 – 12/31/12), 1867DRNJP00000001 (12/22/09 – 12/31/12)

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-16 Matching, Suspension and Debarment, and Subrecipient Monitoring

Finding Type: Qualified, Material Weakness

Criteria

Matching

Costs must be on a shared basis, as specified in the FEMA-State Agreement. In general, the minimum Federal share is 75 percent of eligible costs (44 CFR section 206.65). The non-Federal share that is split between the State and each subgrantee may vary. The accountability for meeting the matching requirement resides with the State and is determined at the time of project accounting as part of project closeout (i.e., the non-Federal share does not have to be met until the end of the project).

However, matching requirements for alternate projects vary from this general rule and fall into one of two categories:

- (1) *Public facilities.* Eligible costs for public facilities are 90 percent of the approved Federal estimate of eligible repair/replacement costs of the damaged facility or the actual fixed cost of completing the alternate project(s), whichever is less. The appropriate Federal share will then be applied to the lesser amount.
- (2) *Private non-profit (PNP) facilities.* Eligible costs for PNP facilities are 75 percent of the approved Federal estimate of eligible repair/replacement costs of the damaged facility or the actual fixed cost of completing the alternate project(s), whichever is less. The appropriate Federal share will then be applied to the lesser amount.

Suspension and Debarment

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.

Non-Federal 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal 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).

Subrecipient Monitoring

A pass-through entity is responsible for:

- Determining Subrecipient Eligibility – In addition to any programmatic eligibility criteria under E, —Eligibility for Subrecipients, for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
- Central Contractor Registration (CCR) – For ARRA subawards, identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a DUNS number, and maintaining the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)). This requirement pertains to the ability to report pursuant to Section 1512 of ARRA and is not a pre-award eligibility requirement. Note that subrecipients of non-ARRA funds are not required to register in CCR prior to or after award.
- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).
- 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.

Monitoring activities normally occur throughout the year and may take various forms, such as:

- Reporting – Reviewing financial and performance reports submitted by the subrecipient.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- 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 all sixty-five subrecipients selected for testwork, we noted the Department did not have procedures in place to communicate the CFDA title and number or the applicable compliance requirements. The payments to the sixty five subrecipients included in the sample were \$9,416,801.

Additionally, fifty-eight out of the sixty-five subrecipients tested, the awards were made on or after October 1, 2010 and were therefore subject to the requirement to request a DUNS number as part of the application or before the actual award. The Department has a form that it provides to the subrecipients, however for forty-six out of the fifty-eight subrecipients included in our testwork, the form was not collected by the Department. The amount awarded to these forty-six subrecipients was for \$7,748,080 out of \$8,754,343.

For State fiscal year 2012, the Department provided \$61,477,335 in pass-through payments to subrecipients.

The State of New Jersey holds subrecipients responsible for the matching requirement, however for the sixty-five subrecipients tested, the Department was unable to provide supporting documentation that the match had been met or that this requirement was monitored.

Additionally, the Department does not have any procedures in place to obtain suspension and debarment certifications from its subrecipients. 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 were not suspended or debarred.

A similar finding was included in the 2011 prior year single audit report as item 11-35.

Cause

The Department does not have procedures in place to communicate certain Federal awarding information (CFDA title and number) or the applicable compliance requirements as required by Federal regulations and did not monitor the subrecipients for compliance with all Federal regulations.

Effect

Inadequate communication of Federal requirements could result in noncompliance with Federal regulations at the subrecipient level.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the Department implement procedures to ensure that all Federal award information (e.g. CFDA title and number) and compliance requirements are communicated to subrecipients as required by Federal regulations. Additionally, we recommend that the Department properly monitor its subrecipients compliance with all Federal regulations and institute procedures to ensure the subrecipients are not suspended or debarred.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

1873DRNJP00000001 (2/5/10-12/31/12), 1889DRNJP00000001 (3/23/10–12/31/13), 1897DRNJP00000001 (4/2/10 – 12/31/12), 1867DRNJP00000001 (12/22/09 – 12/31/12)

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-17 Cash Management

Finding Type: Qualified, Material Weakness

Criteria

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). In accordance with Subpart B of 31 CFR part 205.33, (a) a State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to subgrantees in accordance with OMB Circular A-102 (For availability, see 5 CFR 1310.3). (b) Neither a State nor the Federal government will incur an interest liability under this part on the transfer of funds for a Federal assistance program subject to this subpart B.

Condition

The Department is not drawing down funds as close as is administratively feasible to its actual cash outlay. For sixty-five payments selected for testwork, the amount of time that had elapsed between the drawdown of the funds and the actual payment to the applicant was between 1 and 461 days. For two out of sixty-five payments selected, the payments to the applicants occurred between 299 and 461 days after the drawdown. The total amount included in our sample was \$16,882,612 and the two payments totaled \$466,684.

For one out of the sixty-five payments, the amount drawn down was less than the amount paid. This was because there were funds left over from earlier drawdowns. The drawdowns in total amounted to \$109,990 and the payments in our sample totaled \$153,891 of which \$43,901 was made with funds from a prior drawdown.

Additionally, for seven of sixty-five subrecipients selected for testwork, the Department did not provide documentation to support that the expenses were paid for by the entity prior to requesting reimbursement. The total amount of payments included in our sample was \$16,882,611, of which \$1,564,530 did not have support that the expenditure was actually paid.

A similar finding was included in the 2011 prior year single audit report as item 11-36.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

The Department does not minimize the time period between the drawdown request and the disbursement of funds and requested drawdowns from the Federal Government before all documentation was received from the applicants.

Effect

Amounts drawn down from the Federal Government were not performed in accordance with 31 CFR part 205, Subpart B.

Recommendation

We recommend that the Department ensure all required documentation is received from the applicants prior to requesting a drawdown from the Federal Government. Additionally, we recommend the Department implement procedures to ensure the time period between the drawdown and disbursement of funds is minimized in accordance with Federal requirements.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

1897DRNJP00000001 (4/2/10 – 12/31/12), 1867DRNJP00000001 (12/22/09 – 12/31/12)

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-18 Period of Availability

Finding Type: Qualified, Material Weakness

Criteria

Program Specific – 44 CFR Sec. 206.204

Time limitations for completion of work:

- (1) Deadlines. The project completion deadlines shown below are set from the date that a major disaster or emergency is declared and apply to all projects approved under State disaster assistance grants.

Completion Deadlines

Type of work	Months
Debris clearance	6
Emergency work	6
Permanent work	18

- (2) Exceptions
 - (i) The Grantee may impose lesser deadlines for the completion of work under paragraph (c)(1) of this section if considered appropriate.
 - (ii) Based on extenuating circumstances or unusual project requirements beyond the control of the subgrantee, the Grantee may extend the deadlines under paragraph (c)(1) of this section for an additional 6 months for debris clearance and emergency work and an additional 30 months, on a project by project basis for permanent work.

Requests for time extensions

Requests for time extensions beyond the Grantee’s authority shall be submitted by the Grantee to the Regional Administrator and shall include the following:

- (1) The dates and provisions of all previous time extensions on the project; and
- (2) A detailed justification for the delay and a projected completion date.

The Regional Administrator shall review the request and make a determination. The Grantee shall be notified of the Regional Administrator’s determination in writing. If the Regional Administrator approves the request, the

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

letter shall reflect the approved completion date and any other requirements the Regional Administrator may determine necessary to ensure that the new completion date is met. If the Regional Administrator denies the time extension request, the grantee may, upon completion of the project, be reimbursed for eligible project costs incurred only up to the latest approved completion date. If the project is not completed, no Federal funding will be provided for that project.

Condition

Payments for small projects are made upon approval of the Project Worksheet; however, before the close out of the project, the Grantee is required to certify that a project was completed in accordance with FEMA approvals and that the payment was made to the subgrantee. Payments for large projects are made based on reimbursement of eligible costs. The State is required to certify that reported costs were incurred, that the approved work was completed, that the project was in compliance with the FEMA-State Agreement, and that payments were made in accordance with 44 CFR 13.21.

For eight of sixty-five projects selected for testwork, the date of completion had passed; however, the project had not been officially closed as of the date of our audit procedures. Of these eight projects, the limitation on the date of completion for two projects was October 2, 2010 and for the remaining six the deadline was June 22, 2011. All remained open as of June 30, 2012.

For three of sixty-five projects selected for testwork, the projects were completed, but were completed outside the date of completion set by 44 CFR Sec. 206.204.

A similar finding was included in the 2011 prior year single audit report as item 11-37.

Cause

The Department does not have procedures in place to ensure that projects are liquidated and closed out within the required timeframe.

Effect

The Department is not in compliance with the completion deadlines as required in 44 CFR Section 206.204 and uncompleted projects may require a refund to the Federal Government.

Recommendation

We recommend that the Department implement procedures to ensure all projects are closed out within the required timeframe.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

1873DRNJP00000001 (2/5/10 – 12/31/12), 1889DRNJP00000001 (3/23/10–12/31/13), 1897DRNJP00000001 (4/2/10 – 12/31/12), 1867DRNJP00000001 (12/22/09 – 12/31/12), 1954DRNJP00000001 (2/22/11 – 12/31/13)

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-19 Reporting

Finding Type: Qualified, Material Weakness

Criteria

Federal Funding Accountability and Transparency Act

Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by OMB in 2 CFR part 170, effective October 1, 2010 (75 FR 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 does currently apply only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, subaward reporting requirements apply to all types of first-tier subawards under a grant or cooperative agreement.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date. Once the requirement applies, the recipient must report, for any subaward under that award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal funds.

For contracts, implementation was phased in for contracts based on their total dollar value based on the FAR interim final rule, Transparency Act reporting is required for:

- Until September 30, 2010, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$20,000,000 or more.
- From October 1, 2010, until February 28, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$550,000 or more.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition

Subrecipients have an obligation to provide all information required under the Federal Financial Accountability and Transparency Act; this includes entity information, DUNS number, Parent DUNS number, if applicable, and relevant executive compensation data, if applicable. The Department provides a Federal Financial Accountability and Transparency Act Information Form (Information Form) to all subrecipients; however, the Department did not collect the Information Form from any of their subrecipients nor did they report through FSRS. Forty-eight out of the sixty-five subrecipient selections were required to submit FFATA form, however thirty-seven did not submit the forms back to the Department.

A similar finding was included in the 2011 prior year single audit report as item 11-38.

Cause

The Department does not have procedures in place to ensure they meet the reporting requirements of the Federal Financial Accountability and Transparency Act.

Effect

The State of New Jersey is not in compliance with the reporting requirements of the Federal Financial Accountability and Transparency Act.

Recommendation

We recommend that the Department implement procedures to obtain and review the information form from the subrecipients and to properly report subaward data required in accordance with the Federal Financial Accountability and Transparency Act.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

1873DRNJP00000001 (2/5/10 – 12/31/12), 1889DRNJP00000001 (3/23/10–12/31/13), 1897DRNJP00000001 (4/2/10 – 12/31/12), 1867DRNJP00000001 (12/22/09 – 12/31/12), 1954DRNJP00000001 (2/22/11 – 12/31/13)

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-20 Reporting

Finding Type: Noncompliance, Significant Deficiency

Criteria

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.

State, and governmental sub recipients of States, shall maintain all accounting records utilized to prepare financial reports. Amounts included in financial reports should be correctly reported and should be accurately reflected.

Condition

The Office of Management and Budget (OMB), NJ Department of Treasury generates the Schedule of Federal Awards (SEFA) from the State's underlying financial records on the central accounting system, New Jersey Comprehensive Financial System (NJCFS). The Department of Law and Public Safety (LPS), Division of State Police (the Division) prepares the Federal Financial Reports (FFRs) for the Public Assistance Grants from NJCFS and is responsible for reconciling the amount reported on the FFRs to the amount reported on the SEFA. Our testwork noted the Department transferred funds to five other State Departments and communicated the source of the funds as Federal. However, the SEFA did not properly include expenditures transferred to three of the five other State Departments in the amount of \$688,975, which has subsequently been adjusted. The Department is not communicating to OMB the adjustment to report these transfers in the expenditures of the Public Assistance program on the SEFA. The amounts transferred, however, were appropriately reported on the FFRs by the Division that were filed with the Federal government.

A similar finding was included in the 2011 prior year single audit report as item 11-40.

Cause

LPS does not properly communicate the program expenditures to OMB upon the annual SEFA expenditure confirmation process.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Effect

Expenditures of Federal awards by other State Departments are not properly reported on the SEFA.

Recommendation

We recommend that the Department implement procedures to notify OMB of any adjustments that need to be made to the SEFA as a result of the reconciliation of the expenditures reported on the FFRs to the State's underlying financial records maintained on the State's central accounting system.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Homeland Security Grant Program (97.067)

Grant Award Numbers and Years:

EMW2011SS00120, 2010-SS-T0-0068, 2009-SS-T9-0082, 2008-GE-T8-0015, 2007-GE-T7-0056, 2006-GE-T6-0045

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-21 Equipment

Finding Type: Qualified, Material Weakness

Criteria

Equipment

A State shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with State laws and procedures. Subrecipients of States who are local governments or Indian tribes shall use State laws and procedures for equipment acquired under a subgrant from a State.

Local governments and Indian tribes shall follow the A-102 Common Rule for equipment acquired under Federal awards received directly from a Federal awarding agency. Institutions of higher education, hospitals, and other non-profit organizations shall follow the provisions of OMB Circular A-110. Basically, the A-102 Common Rule and OMB Circular A-110 require that equipment be used in the program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained. When equipment with a current per unit fair market value of \$5000 or more is no longer needed for a Federal program, it may be retained or sold with the Federal agency having a right to a proportionate (percent of Federal participation in the cost of the original project) amount of the current fair market value. Proper sales procedures shall be used that provide for competition to the extent practicable and result in the highest possible return.

Condition

Seven (OHSP) out of sixty-five pieces of equipment selected for testwork were purchased for local governmental units and were no longer in the State of New Jersey's possession. None of the seven transactions had receipts signed by the receiving entity that they received and/or took ownership of the equipment. These transactions totaled \$69,750 and should have been included in the amount passed through to subrecipients on the Schedule of Expenditures of Federal Awards (SEFA). The total equipment purchased by OHSP and subsequently passed through to subgrantees during fiscal year 2012 was \$1,379,178.

Fourteen (eight OHSP and six DSP) of sixty-five pieces of equipment selected for testwork, the equipment was not tracked by the respective Division and could not be located. Costs charged to the program for these transactions were \$54,030 and have been included below as questioned costs. Total equipment costs for State fiscal year 2012 were \$13,801,435 of which \$759,501 was included in our sample.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

OHSP does not have procedures in place to identify equipment purchased for local government units and subsequently included these expenditures as passed through to subrecipients. Additionally, the Divisions do not have adequate controls in place to ensure equipment is appropriately added and tracked in the fixed asset system.

Effect

Equipment purchased with Federal Funds passed through to local government units is not identifiable. The amount related to the equipment purchases passed through to subrecipients is not properly reflected on the SEFA in the passed through to subrecipients column. Equipment purchased with Federal Funds is not readily identifiable by item or location.

Recommendation

We recommend that the Department implement procedures to ensure documentation is maintained to support the transfer of equipment to subrecipients and tracking procedures be implemented to identify equipment transferred to subrecipients be properly reflected as passed through to subrecipients on the (SEFA). We recommend that the Department implement tracking procedures to identify equipment and ensure equipment is appropriately safeguarded.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

\$54,030

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Homeland Security Grant Program (97.067)

Grant Award Numbers and Years:

EMW2011SS00120, 2010-SS-T0-0068, 2009-SS-T9-0082, 2008-GE-T8-0015, 2007-GE-T7-0056, 2006-GE-T6-0045

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-22 Suspension and Debarment

Finding Type: Noncompliance, Significant Deficiency

Criteria

Suspension and Debarment

Non-Federal 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 non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal 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).

Condition

For one out of thirty-one subrecipient transactions selected for testwork, there was no suspension and debarment certification included in the files. Based on our audit procedures, the subrecipient was not listed on the Excluded Parties List System maintained by General Services Administration (GSA), and therefore were not suspended or debarred. The payment to the one subrecipient included in our sample was \$490,000 and the total amount in our sample was \$3,630,503. The total amount passed through to subrecipients for State fiscal year 2012 was \$44,033,206.

Cause

The Department did not monitor all subrecipients for compliance with the suspension and debarment regulation.

Effect

Federal funds could be granted to subrecipients that have been suspended or debarred.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the Department monitor all subrecipients to ensure they are not suspended or debarred as required by Federal regulations.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Homeland Security Grant Program (97.067)

Grant Award Numbers and Years:

EMW2011SS00120, 2010-SS-T0-0068, 2009-SS-T9-0082, 2008-GE-T8-0015, 2007-GE-T7-0056, 2006-GE-T6-0045

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-23 Reporting

Finding Type: Noncompliance, Significant Deficiency

Criteria

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.

State, and governmental sub recipients of States, shall maintain all accounting records utilized to prepare financial reports. Amounts included in financial reports should be correctly reported and should be accurately reflected.

Condition

The Office of Management and Budget (OMB), NJ Department of Treasury generates the Schedule of Expenditures of Federal Awards (SEFA) from the State's underlying financial records on the central accounting system, New Jersey Comprehensive Financial System (NJCFSS). The Office of Homeland Security and Preparedness (OHSP) enters transactions into NJCFSS by Catalog of Federal Domestic Assistance (CFDA) number as recorded on the grant agreement.

OHSP recorded transactions for the Urban Areas Security Initiative (UASI), the Law Enforcement Terrorism Prevention Program (LETPP), the Metropolitan Medical Response System (MMRS) and the Citizen Corps Program (CCP) under the old CFDA numbers 97.008, 97.071, 97.013, and 97.053, respectively. According to the Federal CFDA catalog the State Homeland Security Program (SHSP), UASI, LETPP, MMRS, CCP were all integrated into the Homeland Security Grant Program (HSGP) CFDA 97.067. The amounts reported for these four awards in NJCFSS during the State fiscal year 2012 were \$48,341,273, \$187,506, \$15,423,217, and \$368,643, respectively and has been adjusted on the SEFA by OMB.

Cause

OHSP does not record transactions into NJCFSS under the appropriate CFDA number.

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Effect

The expenditures reported on the SEFA for CFDA number 97.067 were incorrect.

Recommendation

We recommend that the Department implement procedures to ensure that the expenditures are coded to the proper CFDA number.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Homeland Security Grant Program (97.067)

Grant Award Number and Year:

EMW2011SS00120

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-24 Reporting, Subrecipient Monitoring

Finding Type: Qualified, Material Weakness

Criteria

Federal Funding Accountability and Transparency Act

Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by OMB in 2 CFR part 170, effective October 1, 2010 (75 FR 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 does currently apply only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, subaward reporting requirements apply to all types of first-tier subawards under a grant or cooperative agreement.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date. Once the requirement applies, the recipient must report, for any subaward under that award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal funds.

For contracts, implementation was phased in for contracts based on their total dollar value based on the FAR interim final rule, Transparency Act reporting is required for:

- Until September 30, 2010, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$20,000,000 or more.
- From October 1, 2010, until February 28, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$550,000 or more.
- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS.

Subrecipient Monitoring

A pass-through entity is responsible for:

- Determining Subrecipient Eligibility – In addition to any programmatic eligibility criteria under E, —Eligibility for Subrecipients, for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
- Central Contractor Registration (CCR) – For ARRA subawards, identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a DUNS number, and maintaining the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)). This requirement pertains to the ability to report pursuant to Section 1512 of ARRA and is not a pre-award eligibility requirement. Note that subrecipients of non-ARRA funds are not required to register in CCR prior to or after award.
- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).
- 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.

Condition

The Office of Homeland Security and Preparedness (OHSP) is responsible for the administration of the Homeland Security Grant in the State of New Jersey (the State). The Department has an obligation to report subaward data as required under the Federal Financial Accountability and Transparency Act (FFATA). This includes entity information, DUNS number, Parent DUNS number, if applicable, and relevant executive

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

compensation data, if applicable. The Department did not address this requirement in State fiscal year 2012 for applicable subawards subject to FFATA.

For all thirty-one sampled subawards, we noted OHSP did not obtain from the subgrantee at the time of the award and disbursement the DUNS number as required by the subrecipient monitoring compliance requirement stated above. The expenditures for State fiscal year 2012 for the thirty-one subawards totaled \$3,630,503 and the OHSP passed through \$43,954,679 to subgrantees.

Cause

OHSP does not have procedures in place to ensure they meet the reporting requirements of FFATA or to request the DUNS number from the subgrantees.

Effect

OHSP did not report the required subaward data under FFATA, nor did they request the proper information from the subgrantees to report properly.

Recommendation

We recommend that the Department implement procedures to properly request information from the subgrantees and to report subaward data required under FFATA.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Homeland Security Grant Program (97.067)

Grant Award Number and Year:

EMW2011SS00120

State Agency: Department of Law and Public Safety

Federal Agency: U.S. Department of Homeland Security

Finding: 12-25 Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Subgrant Awards

Under the fiscal year 2008 through fiscal year 2011 awards for the State Homeland Security Program (SHSP) and Urban Areas Security Initiative (UASI) programs and, in addition, for fiscal years 2010 and 2011, Operation Stonegarden (OPSG), States must obligate funds for subgrants within 45 days after the date of the grant award (6 USC 605(c)(1)). “Obligate” has the same meaning as in Federal appropriations law, i.e., there must be an action by the State to establish a firm commitment; the commitment must be unconditional on the part of the State; there must be documentary evidence of the commitment, and the award terms must be communicated to the subgrantee and, if applicable, accepted by the grantee.

Condition

The Office of Homeland Security and Preparedness (OHSP) issues award letters to the subgrantees to commit the funds and communicate the award terms. For the five subgrantees selected for testwork, we noted the Department did not obligate the funds in accordance with 6 USC 605(c)(1). OHSP was awarded the funds from the U.S. Department of Homeland Security on September 1, 2011. For five of five subgrant awards selected for testwork the letters obligating the funds were dated October 28, 2011, which is 57 days after the grant award date.

The total amount of the subgrant awards to the five subgrantees in the sample was \$2,098,277. OHSP was awarded \$49,999,650 in Homeland Security Funds of which \$42,246,289 was obligated as subgrants on October 28, 2011.

Cause

The Department did not obligate subgrant awards within 45 days of the grant award date.

Effect

Subgrantees are not notified of grant awards in accordance with Federal regulations.

Recommendation

We recommend that the Department strengthen its procedures to ensure that all subgrant awards are obligated within 45 days of the grant award date in accordance with Federal regulations.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

11111NJ704W1006 2011IW100641 (10/1/10 – 9/30/11), 12121NJ704W1006 2012IW100641 (10/1/11 – 9/30/12), 2010IW500341 (10/1/09 – 9/30/10), 6X07HA00017-20 (4/1/10 – 3/31/11), 6X07HA00017-21 (4/1/11 – 3/31/12), 2X07HA00017-22 (4/1/12 – 3/31/13), 1X09HA20263-01 (8/1/10 – 7/31/11)

State Agency: Department of Health

Federal Agency: U.S. Department of Agriculture

U.S. Department of Health and Human Services

Finding: 12-26 Reporting

Finding Type: Qualified, Material Weakness

Criteria

Federal Funding Accountability and Transparency Act

Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by OMB in 2 CFR part 170, effective October 1, 2010 (75 FR 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 does currently apply only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, subaward reporting requirements apply to all types of first-tier subawards under a grant or cooperative agreement.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date. Once the requirement applies, the recipient must report, for any subaward under that award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal funds.

For contracts, implementation was phased in for contracts based on their total dollar value based on the FAR interim final rule, Transparency Act reporting is required for:

- Until September 30, 2010, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$20,000,000 or more.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- From October 1, 2010, until February 28, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$550,000 or more.
- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition

The Department has an obligation to report subaward data as required under the Federal Financial Accountability and Transparency Act (FFATA). This includes entity information, DUNS number, Parent DUNS number, if applicable, and relevant executive compensation data, if applicable. The Department did not address this requirement in State fiscal year 2012.

A similar finding was included in the 2011 prior year single audit report as item 11-45.

Cause

The Department does not have procedures in place to ensure they meet the reporting requirements of the Federal Financial Accountability and Transparency Act.

Effect

The Department is not in compliance with the reporting requirements of the Federal Financial Accountability and Transparency Act as it did not report the required subaward data.

Recommendation

We recommend that the Department implement procedures to properly report subaward data required under the Federal Financial Accountability and Transparency Act.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

Immunization Cluster (93.268)

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

11111NJ704W1006 2011IW100641 (10/1/10 – 9/30/11), 12121NJ704W1006 2012IW100641 (10/1/11 – 9/30/12), 2010IW500341 (10/1/09 – 9/30/10), 5H23IP222576-09 (1/1/11 – 12/31/11), 5H23IP222576-10 (1/1/12 – 12/31/12), 6X07HA00017-20 (4/1/10 – 3/31/11), 6X07HA00017-21 (4/1/11 – 3/31/12), 2X07HA00017-22 (4/1/12 – 3/31/13), 1X09HA20263-01 (8/1/10 – 7/31/11)

State Agency: Department of Health

Federal Agency: U.S. Department of Agriculture

U.S. Department of Health and Human Services

Finding: 12-27 Cash Management

Finding Type: Significant Deficiency

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 ensure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity.

Condition

The Department of Health (the Department) draws down funds based on business objects reports that are generated from the State accounting system by an administrative analyst. This report is then given to one of the accountants to enter the drawdown request in the PMS system. Once the PMS system approves the request and the money is forwarded to Wachovia, a Cash Receipt form is created, and along with all supporting documentation, is given back to same administrative analyst who prepared the original backup for the drawdown or the Director of Financial Services for approval. The approval consists of reviewing the cash receipt form and matching the amount drawn with the amounts on the original report that the Administrative Analyst had provided to the accountants. For the instances we reviewed during the audit, it was noted that the approver was the administrative analyst and not the Director of Financial Services. Since the Administrative Analyst is the person who prepares the information for the drawdown, and this employee is the approver and the person who posts the cash receipt to the State accounting system, the control is not designed properly to ensure there is adequate segregation of duties between preparation, data entry and approval.

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Cause

The Department does not have proper segregation of duties for the cash management process as the same employee who reviews the cash receipt document also posts the receipt in the State accounting system.

Effect

The incorrect amount of Federal funds can be drawn down or the receipt may not be properly posted to the State accounting system.

Recommendation

We recommend that the Department ensure there is proper segregation of duties in place to ensure the appropriate amount of funds are drawn down and the receipts are properly posted to the State accounting 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

6X07HA00017-20 (4/1/10 – 3/31/11), 6X07HA00017-21 (4/1/11 – 3/31/12), 2X07HA00017-22 (4/1/12 – 3/31/13), 1X09HA20263-01 (8/1/10 – 7/31/11)

State Agency: Department of Health

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-28 Reporting

Finding Type: Significant Deficiency

Criteria

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). 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 reporting of 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 of available documentation. The Federal 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 expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10.c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated.

Condition

The Department submits quarterly SF-425 reports to report its Federal expenditures. During the year, the Department changed its process to prepare and certify the report. Our testwork noted that one of the three quarterly reports we selected for testwork was completed and certified by the same employee and there was no supervisory or secondary review performed. There is not an adequate segregation of duties over the completion and certification process over the Federal SF-425 report.

Cause

The Department does not have proper segregation of duties over the Federal reporting process.

Effect

The Department may inaccurately report Federal expenditures on the SF-425 report.

Recommendation

We recommend that the Department ensure there is proper segregation of duties in the reporting process.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

6X07HA00017-20 (4/1/10 – 3/31/11), 6X07HA00017-21 (4/1/11 – 3/31/12), 2X07HA00017-22 (4/1/12 – 3/31/13), 1X09HA20263-01 (8/1/10 – 7/31/11)

State Agency: Department of Health

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-29 Activities Allowed or Unallowed, Allowable Costs/Costs Principles, and Eligibility

Finding Type: Noncompliance, Significant Deficiency

Criteria

Activities Allowed or Unallowed

Funds may be used for core medical services and support services and administrative expenses (42 USC 300ff-22(a); 42 USC 300ff-28(b)(3)).

1. Core medical services with respect to an individual infected with HIV/AIDS (including co-occurring conditions, i.e., one or more adverse health conditions of an individual with HIV/AIDS, without regard to whether the individual has AIDS or whether the conditions arise from HIV) means (1) outpatient and ambulatory health services; (2) AIDS Drug Assistance Program treatments; (3) AIDS pharmaceutical assistance; (4) oral health care; (5) early intervention services meeting the requirements of 42 USC 300ff-22(d); (6) health insurance premium and cost sharing assistance for low-income individuals; (7) home health care; (8) medical nutrition therapy; (9) hospice services; (10) home and community-based health services; (11) mental health services; (12) substance abuse outpatient care; and (13) medical case management, including treatment adherence services (42 USC 300ff-22(b)(3)).
2. Support services means services that are needed for individuals with HIV/AIDS to achieve their medical outcomes (those outcomes affecting the HIV-related clinical status of an individual with HIV/AIDS) (for example, respite care for persons caring for individuals with HIV/AIDS, outreach services, medical transportation, linguistic services, referrals for health care and support services, and such other services specified by HRSA). Expenditures for or through consortia are considered support services ((42 USC 300ff-22(c); 42 USC 300ff-23(f)).
3. Administrative expenses at the grantee level include activities related to (1) routine grant administration and monitoring (for example, development of applications, receipt and disbursement of program funds, development and establishment of reimbursement and accounting systems, development of a clinical quality management program, preparation of routine programmatic and financial reports, and compliance with grant conditions and audit requirements); (2) contract development, solicitation review, award, monitoring, and reporting; and (3) activities carried out by the HIV health services planning council (42 USC 300ff-28(b)(3)(C)).
4. Subcontractor administrative expenses include usual and recognized overhead activities, management oversight of funded activities, and other types of program support such as quality assurance, quality control, and related activities (42 USC 300ff-28(b)(3)(D)).

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Allowable costs/Cost Principles

The individual State/local departments or agencies (also known as operating agencies) are responsible for the performance or administration of Federal awards. In order to receive cost reimbursement under Federal awards, the department or agency usually submits claims asserting that allowable and eligible costs (direct and indirect) have been incurred in accordance with A-87.

Eligibility for Individuals

To be eligible to receive assistance in the form of therapeutics, an individual must have a medical diagnosis of HIV/AIDS and be a low-income individual, as defined by the State (42 USC 300ff-26(b)).

Condition

Every year a participant needs to reapply to the Health Insurance Continuation Program (HICP) in order to determine the continuous eligibility, specifically to meet the criteria to be a low-income individual. For two out of sixty-five selections, the participants in the HICP program failed to renew their application and provide the necessary supporting documentation. The Department continued to provide them with benefits after the approval period had expired. As a result, the amount of benefits paid to these two participants was \$10,245. The total amount disbursed to HICP participants in the sample subjected to testwork was \$304,968 and the total amount disbursed to HICP participants during State fiscal year 2012 was \$4,511,668.

A similar finding was included in the 2011 prior year single audit report as item 11-41.

Cause

The Department did not properly collect all necessary information to determine the eligibility of these individuals.

Effect

Benefits may be provided to ineligible participants.

Recommendation

We recommend that the Department implement procedures to ensure all required documents are on file and obtained to support the eligibility determinations of the participants receiving benefits from the program.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

\$10,245

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

6X07HA00017-20 (4/1/10 – 3/31/11), 6X07HA00017-21 (4/1/11 – 3/31/12), 2X07HA00017-22 (4/1/12 – 3/31/13), 1X09HA20263-01 (8/1/10 – 7/31/11)

State Agency: Department of Health

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-30 Level of Effort and Earmarking

Finding Type: Noncompliance, Significant Deficiency

Criteria

Level of Effort – Maintenance of Effort (MOE)

The State will maintain HIV-related activities at a level that is equal to not less than the level of such expenditures by the State for the 1-year period preceding the fiscal year for which the State is applying for Title II/Part B funds (42 USC 300ff-27(b)(7)(E)).

Earmarking

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).

Condition

Level of Effort – Maintenance of Effort

Per review of the MOE Report, it was noted that for State fiscal year 2012 the maintenance of effort was not achieved as the expenditures and obligations for State fiscal year 2012 were \$28,216,000 and the expenditures and obligations for State fiscal year 2011 were \$28,387,000. As such, in State fiscal year 2012 the Department failed to expend an amount equal to or higher than the amount expended in State fiscal year 2011.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Earmarking

The Department did not meet the earmarking requirement as listed above. The testwork identified that for the above category, the total amount of fiscal year 2011 Part B funds used to provide services was \$43,437,510. At that time the women, infants, children and youth represented 33%, 0%, 0% and 3%, respectively, of the general population in the State with AIDS. As such the total percentage for all services as prescribed above is 36% of total funds used or \$15,637,504. The Department expended \$15,102,641 during State fiscal year 2011 which represented 34.8% or \$534,863 less than what should have been expended for these services.

Cause

According to the Department there was not a sufficient amount of funds available at the State to be spent for this program to meet the maintenance of effort requirement. Additionally, the Department did not properly monitor the allocation of funds between the various categories of expenditures to meet the earmarking requirement.

Effect

The Department did not meet the Federal requirements for level of effort and earmarking.

Recommendation

We recommend that the Department implement procedures to ensure that they are in compliance with the level of effort – maintenance of effort and earmarking requirements of 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

HIV Care Formula Grants (93.917)

Grant Award Numbers and Years:

Various

State Agency: Department of Health

**Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services**

Finding: 12-31 Subrecipient Monitoring

Finding Type: Significant Deficiency

Criteria

A pass-through entity is responsible for:

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.

Condition

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Tracking 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 (the Department) is a cognizant agency responsible for the performance of the above duties of its subrecipients which include hospitals, nursing homes, and other healthcare-related entities.

During the State fiscal year 2012, seventy-one subrecipients were required to submit OMB Circular A-133 audit reports to the Department. We selected a sample of seven of the Department’s subrecipient audit reports to ensure that desk reviews were being performed timely and management decisions on audit findings noted during

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

the desk reviews were completed and accurately recorded in the GSA system. For one of the seven OMB Circular A-133 reports and desk reviews selected, the Department had inaccurate received and desk reviewed dates entered in the GSA system when the subrecipient's OMB Circular A-133 audit report was not actually received. The Department has been in communication with the subrecipient to obtain the OMB Circular A-133 audit report.

Cause

The Department did not properly update the GSA system.

Effect

Subrecipients may not be performing appropriate or timely corrective action on audit findings noted during the desk review process. Also, information regarding monitoring of subrecipients may not be properly updated in the GSA online 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 the GSA online system is being consistently updated to ensure proper communication regarding the status of subrecipient audit reports.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)

Title I, Part A Cluster (84.010, 84.389)

Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 83.392)

Improving Teacher Quality State Grants (84.367)

Education Jobs Fund (84.410)

Medicaid Cluster (93.775, 93.777, 93.778)

Grant Award Numbers and Years:

Various

State Agency: Department of Education

Federal Agency: U.S. Department of Agriculture

U.S. Department of Education

U.S. Department of Health and Human Services

Finding: 12-32 Subrecipient Monitoring

Finding Type: Noncompliance, Significant Deficiency

Criteria

A pass-through entity is responsible for:

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.

Condition

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Tracking 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;

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- 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 2012, 415 subrecipients were required to submit OMB Circular A-133 audit reports. We selected a sample of thirty-nine to ensure that desk reviews were being performed timely and management decisions on audit findings noted during the desk reviews were completed and communicated to the subrecipients within 6 months after receipt of the subrecipient's audit report. We noted the Office is not timely performing the desk reviews as five of the thirty-nine were desk reviewed between 7 and 8 months after receipt of the subrecipient audit report. As such, the current process could not allow for the communication of management decisions on audit findings within the 6 month requirement.

Our testwork also noted for two of the thirty-nine desk reviews, the Office was not properly updating the GSA system after the performance of the desk review for findings noted in the subrecipient audit report. We also identified two reports during our testwork that were received and desk reviewed but the received and desk reviewed dates and findings were not entered into the GSA system.

A similar finding was included in the 2011, 2010, 2009, and 2008 prior year single audit reports as items 11-51, 10-27, 09-42, and 08-46, respectively.

Cause

The Office did not perform desk reviews and issue management decisions on findings noted in a timely manner and did not properly update the GSA online system after completing desk reviews of subrecipients' OMB Circular A-133 audit reports.

Effect

Subrecipients may not be performing appropriate or timely corrective action on audit findings noted during the desk review process. Also, information regarding monitoring of subrecipients may not be properly updated in the GSA online 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 Office ensure that the OMB Circular A-133 desk reviews are being performed and management decision on audit findings are communicated in a timely manner. We also recommend that the GSA online system is being consistently updated to ensure proper communication regarding the status of subrecipient audit reports.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Disability Insurance/SSI Cluster (96.001)

Grant Award Number and Year:

DDDCOMB2011 (10/1/10-9/30/11)

State Agency: Department of Labor and Workforce Development

Federal Agency: Social Security Administration

Finding: 12-33 Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Period of Availability

Finding Type: Significant Deficiency

Criteria

Activities Allowed or Unallowed

Program Specific

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 non-personnel costs (42 USC 421 (e) and (f); 20 CFR section 401.1626 and 416.1026).

Allowable Costs/Cost Principles

Program Specific

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 non-personnel costs include travel (POMS DI 39524), space (POMS DI 39527), equipment (POMS DI 39530), and contracted services (POMS DI 39542).

General Criteria

To be allowable under Federal awards, costs must meet the following general criteria (A-87, Attachment A, paragraph C.1):

- j) Be adequately documented.

Period of Availability

Federal awards may specify a time period during which the non-Federal entity may use the Federal funds. Where a funding period is specified, a non-Federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the Federal program, unobligated balances may be carried over and charged for obligations of a

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-Federal entity during the same or a future period (A-102 Common Rule, § ____.23; OMB Circular A-110 (2 CFR section 215.28)).

Condition

The Department of Labor and Workforce Development (the Department) is responsible for the administration of the Disability Insurance/SSI Cluster (DI/SSI) in the State of New Jersey. The Department is required to make payments to independent reviewing physicians for a Consultative Examination (CE). Payments made for the different types of CEs performed are based upon a fee schedule that is established by the Federal government and approved by the Social Security Administration.

For two of the forty non-payroll transactions selected for testwork, the Department was not able to provide documentation to support that the charges were properly reviewed and approved prior to disbursement. The total amount of expenditures related to these two transactions was \$1,214,881. The Department was able to provide documentation to support that the charges were allowable costs of the grant award. The total amount of non-payroll expenditures tested in our sample was \$2,699,365. The total non-payroll expenditures charged to the DI/SSI grant awards for State fiscal year 2012 was \$3,256,371.

Cause

The Department misplaced files and was unable to provide original documentation to support that the transactions were properly approved.

Effect

The Department could not support the proper approval of transactions charged to the Federal grant awards.

Recommendation

We recommend that the Department strengthen procedures relating to filing of supporting documentation to ensure that all documentation supporting review and approval of transactions is appropriately maintained.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Costs

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

Disability Insurance/SSI Cluster (96.001)

Grant Award Number and Year:

DDDCOMB2010 (10/1/09-9/30/10)

State Agency: Department of Labor and Workforce Development

Federal Agency: Social Security Administration

Finding: 12-34 Reporting

Finding Type: Noncompliance, Significant Deficiency

Criteria

Financial Reporting

SSA – 4513, *State Agency Report of Obligations for SSA Disability Programs* – This report is due quarterly for each fiscal year still open in order to account for program disbursements and unliquidated obligations (POMS DI 39506.202).

Condition

The Department of Labor and Workforce Development (the Department) is responsible for the administration of the Disability Insurance/SSI Cluster (DI/SSI) in the State of New Jersey. The Department is required to submit the SSA-4513 report on a quarterly basis. This report needs to be approved and certified prior to submission.

The Department failed to submit the SSA-4513 Report for the quarter ended June 30, 2012 for Grant Award Number DDDCOMB2010.

Cause

The Department did not perform adequate review procedures to ensure that the appropriate reports were submitted.

Effect

The required SSA-4513 report was not submitted to the Federal government for the quarter ended June 30, 2012.

Recommendation

We recommend that the Department strengthen review procedures to ensure that all appropriate reports are submitted to the Federal government within the required deadlines.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

None

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Unemployment Insurance (17.225)

ARRA – Unemployment Insurance (17.225)

Grant Award Numbers and Years:

UI-21115-11-55-A-34 (10/1/10-9/30/11); UI-22328-12-55-A-34 (10/1/11-9/30/12)

State Agency: Department of Labor & Workforce Development
Office of Information Technology

Federal Agency: U.S. Department of Labor

Finding: 12-35 Other Requirements – Information Technology General Controls

Finding Type: Significant Deficiency

Criteria

A-102 Common Rule requires 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. 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 (the State), Office of Information Technology (OIT) oversees the mainframes, servers, networks, and databases that make up the state's technical infrastructure, which includes the New Jersey Local Office On-line Payment System (NJLOOPS) databases and IBM mainframes. As part of OIT's oversight for NJLOOPS, OIT develops and maintains a general information technology (IT) control environment to ensure the overall effectiveness of the application controls directly associated with NJLOOPS.

The Department of Labor and Workforce Development (the Department) is responsible for the administration of the Unemployment Insurance program in the State. The State utilizes NJLOOPS to determine eligibility of unemployment claims filed throughout the State, calculate the monetary entitlement of claimants to ensure consistency of payment amounts, automate the initial claims entry to track all claims by social security number, program code, and date of claim, track all determinations which affected any week of eligibility to ensure payments were made only when due, and track payments of unemployment insurance to eliminate duplicate payments.

We noted the following deficiencies in the design of IT general controls over NJLOOPS:

- I. *Access at the Data Center at Systems and Communications (SAC) and OIT Availability Recovery Site (OARS)*
 - Data Center Access is not limited only to individuals that require access to the SAC and OARS server room. OIT shares the SAC data center where critical NJLOOPS systems are held with other State Agencies. During the course of our testwork, there were 264 individuals that can access the SAC data center room where servers are housed. Additionally, during the course of our testwork, it

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

was noted that 226 individuals have access to the OARS recovery site data center. It was noted that access to the data center server room is not restricted to only those that have assigned responsibilities for which they require access to the data center.

2. *Appropriateness of Access*

- Our review noted that end users who have been terminated still have active access capability. Specifically we noted, for three of thirteen sampled end user accounts, individuals continue to have active NJLOOPS accounts although their employment has been terminated.
- Periodic review of end user accounts for appropriateness is not performed for NJLOOPS. This review has not been performed in the past, therefore although controls related to granting, changing, and terminating access may be appropriate currently, there is a potential that older users of the system may continue to have access in NJLOOPS that they no longer require.
- Certain individuals that have access to the development environment also have access to make changes to the production environment in NJLOOPS. Therefore, there is no segregation of duties in this area. Additionally, there is no independent review of changes made in the production environment.
- It was noted that one Z/OS Systems programmer had administrative access on the Mainframe server hosting NJLOOPS. This user was both a developer on the mainframe and an administrator.

3. *Mainframe Changes*

- Formalized, documented procedures for steps required to be taken by OIT to make changes in the Mainframe environment are not in place. Documented approvals and evidence of testing for each change made to the IBM Mainframe production environment is not retained.

4. *Change Request Approvals and Testing*

- A formalized process for change management that includes a detailed description of requests, approvals, development method and testing is not consistently followed. In addition, while reviewing a sample of program changes made in NJLOOPS, it was noted that formal approvals and evidence of testing were not documented for two out of eight selected samples.

5. *Disaster Recovery*

- A Disaster Recovery Plan over NJLOOPS is not in place, and has not been tested during the State fiscal year 2012.

6. *Data Backup procedures and failed backup resolution*

- A formalized and detailed documented process that outlines NJLOOPS backup procedures is not in place. In addition, backup failure/success logs are not available. Therefore, sampling of instances where failures have occurred could not be performed. It was also noted that incident tickets are not created when backup failure occurs, to note the incident and resolution steps.

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

A similar finding was included in the 2011 prior year single audit report as item 11-1.

Cause

1. Access at the Data Center at SAC and OARS

- Formalized procedures for the review of individuals that have access to the Data Center to validate that they require access to the Server Room are not developed and a review is not conducted. Furthermore, it was noted that door segregating data center from the call center area does not close properly, allowing those with access to the call center to access the data center.

2. Appropriateness of Access

- Some end users accounts, were not removed/disabled from the system upon being terminated from employment. In addition, a user account review was not performed to validate appropriateness of access for end users.
- The system does not enforce segregation of duties, where individuals can only be given access to the development environment or the production environment in NJLOOPS. Individuals can get access at both levels that would enable them to modify and develop code in the development environment and then move that code to production without management review.

3. Mainframe Changes

- Formalized procedures for the development and documentation of approval and evidence of testing for mainframe patch changes are not in place.

4. Change Request Approvals and testing

- A formal documentation of approvals and evidence of testing is not consistently retained for program changes.

5. Disaster Recovery

- Formalized Disaster Recovery procedures are not in place and testing is not performed.

6. Data Backup procedures and failed backup resolution

- A detailed and formalized process outlining NJLOOPS backup procedures is not in place. Backup failure/success logs are not retained by the system, and tickets for failed incidents are not created to track historic failures and resolution steps.

Effect

1. Access at the Data Center at SAC and OARS

- There is a risk of inappropriate access to the servers that house critical data for the State to administer its Federal programs.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

2. *Appropriateness of Access*

- A lack of system controls and configuration, as well as inappropriate monitoring of access to data, could result in not having accountability, inaccurate data being stored and inappropriate use of information. Individuals that should not have access to the system may be able to access information that is not intended for them.

3. *Mainframe Changes*

- The lack of documentation and testing of Mainframe changes could lead to issues in the production environment for NJLOOPS due to incompatibility of changes that are introduced. There is a risk of changes being placed into production that could harm the production environment and/or its operation due to the lack of testing and approval.

4. *Change Request Approvals and Testing*

- In the absence of a formal and consistently followed change management process, there is a risk that an unauthorized and/or inconsistent change may be moved into production; therefore sufficient audit trail may not be available to resolve the errors timely.

5. *Disaster Recovery*

- The absence of periodic recovery tests may prevent recovery of the NJLOOPS application data in case of a disaster.

6. *Data Backup procedures and failed backup resolution*

- A lack of detailed procedures and processes related to backup management could lead to failed backups that are not logged, identified and resolved. This may prevent the recovery process in the event that it may be required.

Recommendation

1. *Access at the Data Center at SAC and OARS*

- 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.
 - Perform reviews of users that can access the Data Center and Server Room on a periodic basis to determine that only appropriate individuals were allowed access to the Data Center and Server Room.
 - Have the door appropriately repaired and regularly have staff inspect and report problems with facility.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

2. *Appropriateness of Access*

- We recommend that access reviews be performed periodically to validate that the individuals that maintain access to the system are appropriately maintained based on their current role within the Department/State. In addition, user accounts should be timely disabled or deleted on termination or transfer out the Department/State.
- We recommend that there be segregation of duties in accounts where the same individuals do not have access to make changes both in the development environment and the production environment.

3. *Mainframe Changes*

- We recommend OIT formalize procedures for the proper documentation of approval and evidence of testing for mainframe changes is retained.

4. *Change Request Approvals and testing*

- We recommend OIT formalize change management policy and procedures. A consistent process should be followed to document approval and testing of programs and the documentation should be retained.

5. *Disaster Recovery*

- We recommend that formalized Disaster Recovery procedures be defined, and testing be performed periodically to assess the process, tools, and people involved with this process.

6. *Data Backup procedures and failed backup resolution*

- We recommend the State formalize backup procedures for NJLOOPS including policy and procedures for the organized retention of backup success/failure logs and resolution details.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Cost

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Vocational Rehabilitation Cluster (84.126, 84.390)

Grant Award Numbers and Years:

**H126A100043 (10/1/09-9/30/11); H126A110043 (10/1/10-9/30/12); H126A120043 (10/1/11-9/30/13);
H390A090043 (2/1/09-9/30/11)**

State Agency: Department of Labor and Workforce Development

Federal Agency: U.S. Department of Education

Finding: 12-36 Eligibility

Finding Type: Noncompliance, Significant Deficiency

Criteria

An individual is eligible for VR services if the individual (a) has a physical or mental impairment that, for the individual, constitutes or results in a substantial impediment to employment; (b) can benefit in terms of an employment outcome from VR services; and (c) requires VR services to prepare for, secure, retain, or regain employment (Section 102(a)(1) of the Act (29 USC 722(a)(1))).

The State VR Agency must determine whether an individual is eligible for VR services within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless (Section 102(a)(6) of the Act (29 USC 722(a)(6)):

- a. Exceptional and unforeseen circumstances beyond the control of the State VR agency preclude making an eligibility determination within 60 days and the State agency and the individual agree to a specific extension of time; or
- b. The State VR Agency is exploring an individual's abilities, capabilities, and capacity to perform in work situations through trial work experiences in order to determine the eligibility of the individual or the existence of clear and convincing evidence that the individual is incapable of benefiting in terms of an employment outcome from VR services.

Condition

The Department of Labor and Workforce Development (the Department) is one of two State of New Jersey agencies responsible for the administration of the Vocational Rehabilitation Cluster and determines the eligibility of individuals at local field offices. As part of the eligibility determination the agency conducts a financial needs assessment of each individual prior to or at the Individualized Plan for Employment (IPE) conference.

For two of the forty participants selected for testwork, we noted that the Department did not make the eligibility determinations within the required 60 day timeframe. The determinations were made 141 days and 119 days after receipt of the individual's application, respectively. In both cases, the Department was also unable to provide support of any exceptional or unforeseen circumstances beyond their control that would allow for an approved extension of time beyond the 60 days. The total amount of expenditures paid for these two individuals was \$1,020 during the fiscal year ended June 30, 2012. These expenditures were paid subsequent to the dates of the respective eligibility determinations. The total amount of expenditures paid on behalf of participants for State fiscal year 2012 was \$19,019,939.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

The Department's policies and procedures were not sufficient to ensure that the VR counselors made the required determinations of eligibility within the 60 day timeframe.

Effect

Individuals will not receive the needed support under the Vocational Rehabilitation program due to the delay in the determination of eligibility.

Recommendation

We recommend that the Department strengthen review and approval procedures to ensure that the eligibility determinations are completed within the required 60 day period after receipt of application.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Weatherization Assistance For Low-Income Persons (81.042)

ARRA – Weatherization Assistance For Low-Income Persons (81.042)

Grant Award Numbers and Years:

EE0000194 (4/01/2009-3/31/12) and EE0000178 (4/1/2009 – 12/31/12)

State Agency: Department of Community Affairs

Federal Agency: U.S. Department of Energy

Finding: 12-37 Reporting

Finding Type: Noncompliance, Significant deficiency

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). 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 reporting of 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 of available documentation. The Federal 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 expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10.c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated.

Condition

The Department of Community Affairs (the Department) submits quarterly SF-425 reports for both the regular Weatherization and the ARRA Weatherization programs. Our sample of four Federal financial (SF-425) reports noted the reports were submitted with incorrect amounts for cash disbursements for ARRA Weatherization for the quarters ended March 31, 2012 and June 30, 2012 and the regular Weatherization program for the quarters ended December 31, 2011 and March 31, 2012. The Department also submitted the SF-425 report with incorrect amounts for the Federal share of unliquidated obligations for the regular Weatherization program for the quarter ended March 31, 2012 and the ARRA Weatherization program for the quarters ended March 31, 2012 and June 30, 2012.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Following is a summary of the amounts reported on the quarterly reports and the actual amounts resulting in under and overstatements of the cash disbursements and unliquidated obligations.

Cash disbursements:

Federal grant number	Report period	Cash disbursements reported	Actual cash disbursements	Difference (under) overstated
EE0000178 (ARRA)	06/30/12	\$ 94,890,547	105,023,087	(10,132,540)
EE0000178 (ARRA)	03/31/12	80,634,989	105,023,087	(24,388,098)
EE0000194	12/31/11	11,412,101	(243,591)	11,655,692
EE0000194	03/31/12	11,455,101	11,650,253	(195,152)
			\$	<u><u>(23,060,098)</u></u>

Federal share of unliquidated obligations:

Federal grant number	Report period	Unliquidated obligations reported	Actual unliquidated obligations	Difference (under) overstated
EE0000178 (ARRA)	06/30/12	\$ 26,779,961	30,334,294	(3,554,333)
EE0000178 (ARRA)	03/31/12	44,556,457	44,654,095	(97,638)
EE0000194	03/31/12	7,524,556	7,466,795	57,761
			\$	<u><u>(3,594,210)</u></u>

Cause

The Department did not perform an adequate review of the reports to ensure that the correct amounts for the cash disbursements and the Federal share of unliquidated obligations were included.

Effect

The cash disbursements amounts and the Federal share of unliquidated obligations were reported incorrectly.

Recommendation

We recommend that the Department strengthen the review procedures to ensure that accurate data is reported on the SF-425 reports for each quarterly submission.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

Questioned Costs

There are no questioned costs as the amounts were understated on the quarterly reports.

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Capitalization Grants for Clean Water State Revolving Funds (66.458)

ARRA – Capitalization Grants for Clean Water State Revolving Funds (66.458)

Weatherization Assistance for Low-Income Persons (81.042)

ARRA – Weatherization Assistance for Low-Income Persons (81.042)

Low-Income Home Energy Assistance (93.568)

Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)

Grant Award Numbers and Years:

Various

State Agency: Department of Community Affairs

Federal Agency: U.S. Environmental Protection Agency

U.S. Department of Energy

U.S. Department of Health and Human Services

U.S. Department of Homeland Security

Finding: 12-38 Subrecipient Monitoring

Finding Type: Noncompliance, Significant Deficiency

Criteria

A pass-through entity is responsible for:

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.

Condition

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Tracking 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;

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Update the GSA system online.

The Department of Community Affairs (the Department) is a cognizant agency responsible for the performance of the above duties of its subrecipients which include non-profit and community organizations.

The Department of Community Affairs, Division of Local Government Services, Bureau of Financial Regulation (the Division), is a cognizant agency responsible for the performance of the above duties of its subrecipients which include all local government entities.

During the State fiscal year 2012, eighty-six (thirty-two Department and fifty-four Division) subrecipients were required to submit OMB Circular A-133 audit reports to the Department. We selected a sample of eight of the Department's subrecipient audit reports, including five from the Division, to ensure that desk reviews were being performed timely and management decisions on audit findings noted during the desk reviews were completed and communicated to the subrecipients within 6 months after receipt of the subrecipient's audit report. We noted the Department and Division are not timely performing the desk reviews as three of the eight, including one from the Division, were desk reviewed 8 months after receipt of the subrecipient audit report. As such, the current process could not allow for the communication of management decisions on audit findings within the 6 month requirement.

Our testwork also identified four reports that were received by the Department but the received dates were not entered into the GSA system timely. The received dates were entered into GSA 5-7 months after receipt. Additionally, for one of the four reports, the report was beyond the 6 month deadline for desk review, but a desk review had not yet been performed.

A similar finding was included in the 2011 prior year single audit report as item 11-56 as it relates to the Division of Local Government Services.

Cause

The Department did not perform desk reviews and issue management decisions on findings noted in a timely manner and did not properly update the GSA online system after receiving the reports and completing desk reviews of subrecipients' OMB Circular A-133 audit reports.

Effect

Subrecipients may not be performing appropriate or timely corrective action on audit findings noted during the desk review process. Also, information regarding monitoring of subrecipients may not be properly updated in the GSA online 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 OMB Circular A-133 desk reviews are being performed and management decision on audit findings are communicated in a timely manner. We also recommend that the GSA online system is being consistently updated to ensure proper communication regarding the status of subrecipient audit reports.

Related Noncompliance

STATE OF NEW JERSEY
Schedule of Findings and Questioned Costs
Year ended June 30, 2012

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Capitalization Grants for Drinking Water State Revolving Funds (66.468)

ARRA – Capitalization Grants for Drinking Water State Revolving Funds (66.468)

Grant Award Number and Year:

2F972319-09 (10/1/08 – 12/31/13) [ARRA]

State Agency: Department of Environmental Protection

Federal Agency: U.S. Environmental Protection Agency

Finding: 12-39 Subrecipient Monitoring and Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- Determining Subrecipient Eligibility – In addition to any programmatic eligibility criteria under E, —Eligibility for Subrecipients, for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award (2 CFR section 25.110 and Appendix A to 2 CFR part 25).
- Central Contractor Registration (CCR) – For ARRA subawards, identifying to first-tier subrecipients the requirement to register in the Central Contractor Registration, including obtaining a DUNS number, and maintaining the currency of that information (Section 1512(h) of ARRA, and 2 CFR section 176.50(c)). This requirement pertains to the ability to report pursuant to Section 1512 of ARRA and is not a pre-award eligibility requirement. Note that subrecipients of non-ARRA funds are not required to register in CCR prior to or after award.
- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC (see also N, Special Tests and Provisions in this Part).
- 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

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

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 (as noted in R2 above) 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 one of two ARRA subrecipients selected for testwork, the Department did not communicate the Federal award information (i.e. the related CFDA title and number, award name, name of Federal agency) to the subrecipient at the time of the award or at the time of the disbursement. The one ARRA subrecipient received total disbursements of \$38,423 for State fiscal year ended 2012.

The total amount disbursed to ARRA subrecipients during the State fiscal year was \$2,128,773.

A similar finding was included in the 2011 and 2010 prior year single audit reports as items 11-50 and 10-29, respectively.

Cause

The Department did not have procedures in place to ensure that all ARRA award documentation and disbursements contained the required information in accordance with the compliance requirements.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the Department implement procedures to ensure all required 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 and disbursement.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Medicaid Cluster (93.775, 93.777, 93.778)

Grant Award Numbers and Years:

0605NJ5028 (10/1/05 – 9/30/06), 0805NJ5028 (10/1/07 – 9/30/08), 0905NJ5028 (10/1/08 – 9/30/09), 1005NJ5MAP (10/1/09 – 9/30/10), 1105NJ5MAP (10/1/10 – 9/30/11), 1205NJ5MAP (10/1/11 – 9/30/12), 1105NJARRA (7/1/10 – 6/30/12) [ARRA]

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-40 Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Provider Eligibility

In order to receive Medicaid payments, providers of medical services furnishing services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and section 1902(a)(9) of the Social Security Act) and the providers must make certain disclosures to the State (42 CFR part 455, subpart B (sections 455.100 through 455.106)).

Condition

The Department of Human Services (the Department) has contracted with a service organization, Molina Healthcare, Inc (Molina), to provide overall management of the State of New Jersey's (the State) Medicaid Management Information System (MMIS). Molina's responsibilities include determining the eligibility of providers to ensure they are licensed in accordance with the laws and regulations to participate in the Medicaid program and that the providers make certain disclosures to the State. This process includes the provider signing a Provider Agreement that details the requirements related to the program.

For one of the forty providers selected for testwork, Molina could not provide a signed Provider Agreement.

Cause

Human error by Molina staff in reviewing the Provider Agreement allowed the provider's eligibility to be processed without the signed document.

Effect

The Department enrolled a provider without obtaining the signed Provider's Agreement.

Recommendation

We recommend that the Department strengthen procedures to ensure all documentation is properly obtained and signed by the provider, prior to processing eligibility.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Questioned Costs

Cannot be determined

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Children’s Health Insurance Program (93.767)

Grant Award Numbers and Years:

1105NJ5021 (10/1/10 – 9/30/12), 1205NJ5021 (10/1/11 – 9/30/13)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-41: Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Eligibility

Finding Type: Qualified, Material Weakness

Criteria

Activities Allowed or Unallowed

Program Specific

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

General Criteria

To be allowable under Federal awards, costs must meet the following general criteria (A-87, Attachment A, paragraph C.1):

- a. Be adequately documented.

Eligibility for Individuals

Program Specific

- 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 OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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 percent 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 Department of Human Services, Division of Medical Assistance and Health Services (the Department), is the agency responsible for the administration of the Children's Health Insurance Program (CHIP) for the State of New Jersey. The Department has procured with Xerox Business Services, LLC (Xerox), a third-party service organization, to perform the majority of eligibility determinations and redeterminations for CHIP. Xerox collects and maintains supporting documentation for each eligibility determination and redetermination. The State pays the CHIP benefits on behalf of eligible beneficiaries to providers and is ultimately responsible for the accuracy of the eligibility determinations and redeterminations made by Xerox.

The Department is responsible for monitoring Xerox to ensure they are determining and redetermining eligibility in accordance with the Federal and State regulations of CHIP. The Department's monitoring procedures over the eligibility determinations and redeterminations at Xerox relies on the Bureau of Quality Control (BQC) reviews and the State Monitoring Unit; however, our testwork noted that currently the Department does not perform a review of redeterminations to ensure they are being performed on a twelve month cycle for each eligible beneficiary.

For a sample of sixty-five CHIP beneficiaries selected for testwork at Xerox, the following was noted:

- For four beneficiaries selected for testwork, there was no evidence of a current year redetermination of eligibility in the case file at Xerox. Total CHIP benefits paid on behalf of these individuals to providers during State fiscal year 2012 were \$5,055.

Total program expenditures for CHIP included on the Schedule of Expenditures of Federal Awards were \$614,981,529 for State fiscal year 2012.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

A similar finding was included in the 2011 and 2010 prior year single audit reports as items 11-3 and 10-2, respectively.

Cause

Xerox is not properly monitoring that redeterminations are completed after the receipt of a response for a Request for Information (RFI) is received due to the redetermination clock halting upon receipt of the information. No procedures exist to ensure upon receipt of the RFI response, the redetermination is completed. Further, the State does not have adequate procedures in place to monitor that redeterminations are being made every twelve months.

Effect

Payments under CHIP may be processed on behalf of ineligible beneficiaries for services received in a given year.

Recommendation

We recommend that the Department ensure that eligibility redeterminations performed at Xerox are properly performed after receipt of an RFI response. Further, we recommend that the Department strengthen their procedures as it relates to monitoring redetermination cycles to ensure they are being performed every twelve months.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirements.

Questioned Costs

\$5,055

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

TANF Cluster (93.558, 93.714)

Grant Award Numbers and Years:

0902NJTANF (10/1/08 – 9/30/09), 1002NJTANF (10/1/09 – 9/30/10), 1102NJTANF (10/1/10 – 9/30/11), 1202NJTANF (10/1/10 – 9/30/12)

State Agency: Department of Human Services
Department of Children and Families

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-42 Suspension and Debarment and Subrecipient Monitoring

Finding Type: Qualified, Material Weakness

Criteria

Suspension and Debarment

When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal 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).

Subrecipient Monitoring

A pass-through entity is responsible for:

- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC.
- 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.

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 non-compliance.
- Percentage passed through – The larger the percentage of program awards passed through the greater the need for subrecipient monitoring.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- 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 non-compliance 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 is the prime recipient of the TANF Cluster (TANF). Through the State Appropriations Act, funding is budgeted to the Department of Children and Families. The Department of Children and Families (the Department) enters into contracts with various subrecipients in order to administer TANF in the State of New Jersey (the State). During each contract period, it is the Department's policy to perform an on-site monitoring visit over any agency that received funding.

During our testwork over TANF, the following was noted:

- For all twenty contracts selected for testwork, the contract did not contain any suspension or debarment certification, nor did the Department verify on the EPLS and document such review to ascertain that the subrecipient was neither suspended nor debarred prior to entering into the covered transaction with them. Based on the audit procedures performed, none of the subrecipients were listed on the EPLS maintained by GSA, therefore, were not suspended or debarred.
- For all twenty contracts selected for testwork, the contract did not contain any communication of the required Federal award information and applicable compliance requirements. Total funds passed through to these subrecipients during State fiscal year 2012 were \$2,199,187.
- For ten of the twenty contracts selected for testwork, the Department did not perform a monitoring visit over the subrecipient during the contract period. Total funds passed through to these subrecipients during State fiscal year 2012 were \$1,257,175.

Total funds passed through to subrecipients during State fiscal year 2012 for the TANF Cluster were \$314,158,158.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

The award documentation included in the subrecipient contracts does not contain the required information necessary for the State to properly ensure that these subrecipients are in compliance with all Federal requirements for funding provided. The Department does not have procedures in place to ensure all contracts are monitored during the contract period.

Effect

Subrecipients may not be aware of the compliance requirements that are direct and material to the programs that they are responsible for. Further, the Department is not properly monitoring its subrecipients for all direct and material compliance requirements.

Recommendation

We recommend that the Department include all required information during the awarding process to subrecipients to ensure they are made aware of all necessary Federal award information and compliance requirements related to the programs they administer on behalf of the State. Further, we recommend that the Department strengthen its procedures over the monitoring reviews of subrecipients.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

TANF Cluster (93.558, 93.714)

Grant Award Numbers and Years:

0902NJTANF (10/1/08 – 9/30/09), 1002NJTANF (10/1/09 – 9/30/10), 1001NJTAN2 (10/1/09 – 9/30/11), 1102NJTANF (10/1/10 – 9/30/11), 1202NJTANF (10/1/10 – 9/30/12)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-43 Subrecipient Monitoring

Finding Type: Noncompliance, Significant Deficiency

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- 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.

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 non-compliance.
- 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 non-compliance 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Regular Contact – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Condition

The Department of Human Services, Division of Family Development (the Department) is the agency responsible for administration of the TANF Cluster (TANF) in the State of New Jersey (the State). The Department has arranged with the County Welfare Agencies (CWAs) to perform the eligibility determinations and redeterminations for TANF. The CWAs collect and maintain supporting documentation for each eligibility determination and redetermination in a case file that is subject to review by the Department's Quality Control Unit as part of the Department's subrecipient monitoring procedures. The State pays the TANF benefits to eligible recipients and is ultimately responsible for the accuracy of the eligibility determinations and redeterminations made by the CWAs.

For a sample of sixty-five TANF beneficiaries selected for testwork at the CWAs, the following was noted:

- For two beneficiaries selected for testwork, there was no evidence of a prior year redetermination of eligibility in the case file. Total TANF benefits paid to these individuals during State fiscal year 2012 were \$8,608. We consider these payments to be questioned costs.
- For three beneficiaries selected for testwork, there was no evidence of a current year redetermination of eligibility in the case file. Total TANF benefits paid to these individuals during State fiscal year 2012 were \$11,405. We consider these payments to be questioned costs.

Total program expenditures for the TANF Cluster included on the Schedule of Expenditures of Federal Awards were \$357,277,004.

A similar finding was included in the 2011 prior year single audit report as item 11-6.

Cause

Support for eligibility determinations and redeterminations were not in the files at the CWAs.

Effect

Payments under the TANF program may be processed on behalf of ineligible clients for services received in a given fiscal year.

Recommendation

We recommend that the Department strengthen its subrecipient monitoring procedures over the CWAs to ensure eligibility determinations and redeterminations are properly supported, performed and reviewed on a timely basis.

Related Noncompliance

Based on the above, the Department was not in compliance with the above requirement.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Questioned Costs

In total, questioned costs cannot be determined; for specific questioned costs, see Condition above.

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

TANF Cluster (93.558, 93.714)

CCDF Cluster (93.575, 93.596)

ARRA – Child Care and Development Block Grant (93.713)

Grant Award Numbers and Years:

0902NJTANF (10/1/08 – 9/30/09), 1002NJTANF (10/1/09 – 9/30/10), 1102NJTANF (10/1/10 – 9/30/11), 1202NJTANF (10/1/10 – 9/30/12), 0901NJCCD7 (4/1/09 – 9/30/10) [ARRA], 1101NJCCDF (10/1/10 – 9/30/13), 1201NJCCDF (10/1/11 – 9/30/14)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-44 Suspension and Debarment, Subrecipient Monitoring and Special Tests and Provisions

Finding type: Qualified, Material Weakness

Criteria

Suspension and Debarment

Non-Federal 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 non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal 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).

Subrecipient Monitoring

A pass-through entity is responsible for:

- Award Identification – At the time of the subaward, 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. For ARRA subawards, identifying to the subrecipient the amount of ARRA funds provided by the subaward and advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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 (as noted in R2 above) 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

The Department of Human Services, Division of Family Development (the Department) enters into contracts with Child Care Resource and Referral Agencies (CCR&Rs) and Center-Based Child Care Agencies (CBCs) in order to administer the CCDF and TANF Clusters in the State of New Jersey (the State).

During our testwork over both the CCDF and TANF Clusters, the following was noted:

- For all ten CBC contracts selected for testwork, the contract did not contain any suspension or debarment certification, nor did the Department verify on the EPLS and document such review to ascertain that the subrecipient was neither suspended nor debarred prior to entering into the covered transaction with them. Based on the audit procedures performed, none of the subrecipients were listed on the EPLS maintained by GSA, therefore, were not suspended or debarred.
- For all fifteen CCR&R and CBC contracts selected for testwork, the contract did not contain any communication of the required Federal award information and applicable compliance requirements. Total funds passed through to these subrecipients during State fiscal year 2012 for the CCDF and TANF Clusters (total contract value, of which a portion was State funded) was \$51,328,818.
- For all five CCR&R contracts selected for testwork that received CCDF Cluster funding under the American Recovery and Reinvestment Act of 2009 (ARRA), the contract and each disbursement did not contain the required communication advising the subrecipient of the requirement to identify ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and the SF-SAC as well as providing the subrecipient with the Federal award number and the CFDA Number. Total funds passed through to these subrecipients during State fiscal year 2012 for the CCDF Cluster (total ARRA contract value) was \$255,480.

Total funds passed through to subrecipients during State fiscal year 2012 were as follows: CCDF Cluster (non-ARRA) – \$144,577,087; CCDF Cluster (ARRA) – \$1,283,399; and TANF Cluster (non-ARRA) – \$300,502,793.

A similar finding was included in the 2011 and 2010 prior year single audit reports as items 11-8 and 10-5, respectively.

Cause

The award documentation included in the CCR&R and CBC contracts, as well as each ARRA disbursement, does not contain the required information necessary for the State to properly ensure that these subrecipients are in compliance with all Federal requirements for both ARRA and non-ARRA funding provided.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Effect

Subrecipients may not be aware of the compliance requirements that are direct and material to the programs that they are responsible for.

Recommendation

We recommend that the Department include all required information during the awarding process to CCR&Rs and CBCs to ensure they are made aware of all necessary Federal award information and compliance requirements related to the programs they administer on behalf of the State.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

CCDF Cluster (93.575, 93.596)

Grant Award Numbers and Years:

1101NJCCDF (10/1/10 – 9/30/13), 1201NJCCDF (10/1/11 – 9/30/14)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-45 Subrecipient Monitoring and Special Tests and Provisions

Finding Type: Qualified, Material Weakness

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

- 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.

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 non-compliance.
- 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 non-compliance 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- Regular Contact – Regular contacts with subrecipients and appropriate inquiries concerning program activities.

Special Tests and Provisions

Health and Safety Requirements

Lead Agencies must verify that child care providers (unless they meet an exception, e.g., family members who are caregivers or individuals who object to immunization on certain grounds) serving children who receive subsidies meet requirements pertaining to prevention and control of infectious diseases, building and physical premises safety, and basic health and safety training for providers (45 CFR section 98.41).

Condition

The Department of Human Services, Division of Family Development (the Division) conducts site visits over the Child Care Resource and Referral Agencies (CCR&Rs) that it provides funding under the CCDF Cluster to ensure compliance with the grant requirements. Due to the conversion to the E-Childcare system, CCR&Rs are responsible for all eligibility determinations as well as ensuring the Center-Based Child Care Agencies (CBCs) under their supervision are compliant with the Health and Safety requirements related to the program. Therefore, the State is required to review documentation that the CCR&Rs are properly monitoring this requirement of the CBCs to ensure compliance.

The following were noted during our testwork:

- For all five subrecipient monitoring files selected for testwork, the Division did not perform a review of the subrecipient's review and processing of the CBCs to ensure they were in compliance with the Health and Safety Standards requirement. The contracted amount provided to the five subrecipients totaled \$51,328,818 (total contract value, of which a portion was State funded).

Total payments to subrecipients during State fiscal year 2012 were \$144,577,087.

A similar finding was included in the 2011, 2010, 2009, 2008, and 2007 prior year single audit reports as items 11-10, 10-7, 09-8, 08-4, and 07-7, respectively.

Cause

There was no formal process or procedures in place to monitor the CCR&Rs to ensure they were reviewing CBC's licenses and compliance with Health and Safety Standards.

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 for all direct and material compliance requirements, including health and safety requirements.

Recommendation

We recommend that the Department strengthen its procedures over the monitoring reviews of subrecipients.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Child Support Enforcement (93.563)

ARRA – Child Support Enforcement (93.563)

Grant Award Numbers and Years:

1104NJ4002 (10/1/09 – 9/30/11) [ARRA], 1104NJ4004 (10/1/10 – 9/30/12), 1204NJ4005 (10/1/11 – 9/30/13)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-46 Reporting

Finding Type: Qualified, Material Weakness

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 New Jersey Kids Deserve Support (NJKiDS) system. The Department of Human Services prepares monthly and quarterly reconciliations to compare the collections and disbursements for the month and the quarter from the OCSE 34A report to the child support bank accounts. After preparation of reconciliations there are remaining irreconcilable differences, which vary on a monthly and quarterly basis for both collections and disbursements. As of June 30, 2012, the unreconciled differences were \$48.8 million and \$34.5 million, respectively for collections and disbursements.. The Department of Human Services identified possible general reasons for the differences which cannot be substantiated.

A similar finding was included in the 2011, 2010, 2009, 2008, 2007, 2006, 2005, 2004, 2003, 2003, 2002, 2001, and 2000 prior year single audit reports as items 11-9, 10-6, 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 NJKiDS and the child support bank accounts are very large and many transactions have additional information, which cannot be captured through the manual reconciliation process. There are no specific system generated reports addressing all reconciling items. The Department expects the unexplained differences will continue until a service organization is contracted with to monitor both collections and disbursements.

Effect

There are remaining unexplained differences between the OCSE 34A report of collections and disbursements and the bank account transactions.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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 in compliance with the above requirement.

Questioned Costs

\$34.4 million to \$48.8 million (Represents the unreconciled differences range of both collections and disbursements)

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

TANF Cluster (93.558, 93.714)

Child Support Enforcement (93.563)

CCDF Cluster (93.575, 93.596)

Children's Health Insurance Program (93.767)

Medicaid Cluster (93.775, 93.777, 93.778)

Grant Award Numbers and Years:

0902NJTANF (10/1/08 – 9/30/09), 1002NJTANF (10/1/09 – 9/30/10), 1102NJTANF (10/1/10 – 9/30/11), 1202NJTANF (10/1/10 – 9/30/12), 1104NJ4004 (10/1/10 – 9/30/12), 1204NJ4005 (10/1/11 – 9/30/13), 1101NJCCDF (10/1/10 – 9/30/13), 1201NJCCDF (10/1/11 – 9/30/14), 1105NJ5021 (10/1/10 – 9/30/12), 1205NJ5021 (10/1/11 – 9/30/13), 1105NJ5ADM (10/1/10 – 9/30/11), 1205NJ5ADM (10/1/11 – 9/30/12)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-47 Reporting

Finding Type: Qualified, Material Weakness

Criteria

Federal Funding Accountability and Transparency Act

Aspects of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. 111-252), that relate to subaward reporting (1) under grants and cooperative agreements were implemented as interim final guidance by OMB in 2 CFR part 170, effective October 1, 2010 (75 FR 55663 *et seq.*, September 14, 2010) and (2) under contracts, by the regulatory agencies responsible for the Federal Acquisition Regulation (FAR) in an interim rule, effective July 8, 2010 (75 FR 39414 *et seq.*, July 8, 2010). The interim final guidance and the interim rule have the same effect as final guidance or a final rule and will remain in effect until superseded by final issuances. If the final issuances include any changes to the interim requirements, they will have new effective dates. The requirements pertain to recipients (i.e., direct recipients) of grants or cooperative agreements who make first-tier subawards and contractors (i.e., prime contractors) that award first-tier subcontracts. There are limited exceptions as specified in 2 CFR part 170 and the FAR. The guidance at 2 CFR part 170 does currently apply only to Federal financial assistance awards in the form of grants and cooperative agreements, e.g., it does not apply to loans made by a Federal agency to a recipient; however, subaward reporting requirements apply to all types of first-tier subawards under a grant or cooperative agreement.

For grants and cooperative agreements, the effective date is October 1, 2010 for all discretionary and mandatory awards equal to or exceeding \$25,000 made with a new Federal Assistance Identification Number (FAIN) on or after that date. Once the requirement applies, the recipient must report, for any subaward under that award with a value of \$25,000 or more, each obligating action of \$25,000 or more in Federal funds.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

For contracts, implementation was phased in for contracts based on their total dollar value based on the FAR interim final rule, Transparency Act reporting is required for:

- Until September 30, 2010, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$20,000,000 or more.
- From October 1, 2010, until February 28, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$550,000 or more.
- Starting March 1, 2011, any newly awarded subcontract of \$25,000 or more must be reported if the value of the Federal prime contract award under which that subcontract was awarded was \$25,000 or more.

Grant and cooperative agreement recipients and contractors are required to register in the Federal Funding Accountability and Transparency Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition

The Department of Human Services (the Department) is responsible for the administration of the TANF Cluster, Child Support Enforcement Program, CCDF Cluster, Children’s Health Insurance Program and the Medicaid Cluster in the State of New Jersey (the State). The Department has an obligation to report subaward data as required under the Federal Financial Accountability and Transparency Act (FFATA). This includes entity information, DUNS number, Parent DUNS number, if applicable, and relevant executive compensation data, if applicable. The Department did not address this requirement in State fiscal year 2012 for applicable subawards subject to FFATA.

Cause

The Department does not have procedures in place to ensure they meet the reporting requirements of FFATA.

Effect

The Department did not report the required subaward data under FFATA.

Recommendation

We recommend that the Department implement procedures to properly report subaward data required under FFATA.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Block Grants for Prevention and Treatment of Substance Abuse (93.959)

Grant Award Numbers and Years:

10B1NJSAPT (10/1/09 – 9/30/11), 11B1NJSAPT (10/1/10 – 9/30/12), 12B1NJSAPT (10/1/11 – 9/30/13)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Health and Human Services

Finding: 12-48 Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Independent Peer Reviews

The State must provide for independent peer reviews which assess the quality, appropriateness, and efficacy of treatment services provided to individuals. At least 5 percent of the entities providing services in the State shall be reviewed. The entities reviewed shall be representative of the entities providing the services. The State shall ensure that the peer reviewers are independent by ensuring that the peer review does not involve reviewers reviewing their own programs and the peer review is not conducted as part of the licensing or certification process (42 USC 300x-53(a); 45 CFR section 96.136).

Condition

The Department of Human Services, Division of Mental Health and Addiction Services (the Department) is responsible for the administration of the Prevention and Treatment of Substance Abuse program (PTSA) in the State of New Jersey (the State). The Department provides for independent peer reviews of at least 5 percent of the entities providing treatment services.

The Bureau of Federal Funds Management (the Bureau) provides a listing of all treatment entities to Program Management. During State fiscal year 2012, there were thirty-eight treatment entities identified, of which three were selected for peer review.

During our subrecipient monitoring testwork, we noted that one of the fifteen included in our sample was not included on the list of treatment entities provided by the Bureau. The one treatment entity was identified by the contract with the Department as a treatment entity, but was left off the listing of entities utilized for selection for peer review.

Cause

The Department does not have controls in place to ensure that the listing provided by the Bureau is complete.

Effect

The population of treatment entities may not be complete and accurate and the Department could be missing treatment entities for selection for the peer reviews.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the Department review its procedures for the listing of treatment entities and implement any changes necessary to ensure that during the State fiscal year adequate controls are in place and operating effectively in regards to the independent peer reviews.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Vocational Rehabilitation Cluster (84.126, 84.390)

Grant Award Numbers and Years:

H126A120044 (10/1/10-9/30/11), H126A100011 (10/1/09-9/30/10), H126A120044-12B (10/1/11 – 09/30/12), H390A090044 (2/17/09 – 9/30/10) ARRA

State Agency: Department of Human Services

Federal Agency: U.S. Department of Education

Finding: 12-49 Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Finding Type: Qualified, Material Weakness

Criteria

Activities Allowed or Unallowed

1. 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

Central Service CAPs

- (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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- (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.

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 of Human Services (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 CAP. The cost report reflects the administrative costs 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, Commission for the Blind and Visually Impaired (CBVI) is one of two State of New Jersey 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, 2011, March 31, 2012 and June 30, 2012.

Total program expenditures related to the Department were \$12,943,523 for State fiscal year 2012.

A similar finding was included in the 2011, 2010, 2009, and 2008 prior year single audit reports as items 11-11, 10-10, 09-6, and 08-7, respectively.

Cause

Cost allocation plans were not prepared for the quarters ending December 31, 2011, March 31, 2012 and June 30, 2012 due to understaffing and a lack of adequately trained staff to assist in the preparation of the reports.

Effect

Costs associated or not associated with the program may not be properly allocated.

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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Vocational Rehabilitation Cluster (84.126, 84.390)

Grant Award Number and Year:

H126A110044-12B (10/1/10 – 09/30/11)

State Agency: Department of Human Services

Federal Agency: U.S. Department of Education

Finding: 12-50 Reporting

Finding Type: Noncompliance, Significant deficiency

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). 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 reporting of 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 of available documentation. The Federal 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 expenditures under Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10.c). References to this report include its applicability as both an expenditure and a cash status report unless otherwise indicated.

Condition

The Department of Human Services (the Department), Commission for the Blind and Visually Impaired (CBVI), is one of two State of New Jersey agencies responsible for the administration of the Vocational Rehabilitation Cluster.

During our testwork over reporting, we noted that CBVI submitted incorrect program income information on the Federal financial report (SF-425) for the semi-annual period ended September 30, 2011. The amount was corrected on the report submitted for the semi-annual period ended March 31, 2012.

Cause

The Department did not perform adequate review of the report to ensure the correct program income information was included.

Effect

Incorrect program income information was reported.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Recommendation

We recommend that the Department strengthen review procedures to ensure that accurate data is reported on the SF-425 reports for each semi-annual 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.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

SNAP Cluster (10.551, 10.561)

TANF Cluster (93.558, 93.714)

Grant Award Numbers and Years:

1NJ400404 (10/1/10 – 9/30/12), 1NJ420454 (10/1/10 – 9/30/12), 1NJ430451 (10/1/10 – 9/30/12), 1NJ400434 (10/1/11 – 9/30/13), 0902NJTANF (10/1/08 – 9/30/09), 1002NJTANF (10/1/09 – 9/30/10), 1001NJTAN2 (10/1/09 – 9/30/11), 1102NJTANF (10/1/10 – 9/30/11), 1202NJTANF (10/1/10 – 9/30/12)

State Agency: Office of Information Technology
Department of Human Services

Federal Agency: U.S. Department of Agriculture
U.S. Department of Health and Human Services

Finding: 12-51 Other Requirements – Information Technology General Controls

Finding Type: Significant deficiency

Criteria

A-102 Common Rule requires 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. 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 (the State), 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). The State of New Jersey, Department of Human Services, Division of Family Development (DFD) oversees the use of FAMIS at the County Welfare Agencies (CWAs), which are considered subrecipients of the State of New Jersey for the SNAP and TANF Clusters. 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. DFD is responsible to ensure application controls are properly monitored to ensure proper design, implementation, and operating effectiveness.

We noted the following deficiencies in the design of IT general controls over FAMIS:

1. Access at the Data Center at HUB and OIT Availability Recovery Site (OARS)

- During State fiscal year 2012, there were 217 ID's that were assigned to individuals with access to the HUB Data Center Server Room (houses FAMIS Production systems). The number of individuals with such access seems excessive based on job responsibilities to maintain servers and networks. In addition, all individuals with access to the Print Facility are able to freely enter and exit the Data Center Server Room due to not having a locked door between both rooms.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

- During State fiscal year 2012, there were 226 ID's that were assigned to individuals with access to the OARS Data Center Server Room (houses FAMIS related backup systems). The number of individuals with such access seems excessive based on job responsibilities to maintain servers and networks.

2. *Accountability for access*

- Due to BULL mainframe system limitation, a root user account is shared by system administrators. This limits the possibility of tracing activity to an individual.
- Due to HAPS scheduler limitations, a generic user account is shared by job schedule administrators to schedule batch jobs. This limits the possibility of tracing activity to an individual.

3. *Disaster Recovery*

- The existing Disaster Recovery Plan over FAMIS does not reflect fiscal year 2012 changes and has not been tested during the State fiscal year 2012.

4. *Appropriateness of Access*

- User accounts in FAMIS exist where individuals have Case Worker Level Access as well as Supervisor access, due to which these accounts have the ability to review as well as release/update benefit applications.

A similar finding was included in the 2011, 2010, 2009, 2008, and 2007 prior year single audit reports as items 11-15, 10-12, 09-10, 08-44, and 07-8, respectively.

Cause

1. *Access to the Data Center at HUB and OARS*

- Access to the Data Center is controlled by a system that provisions access based on groups for which users are assigned. Individuals with access to the Print Facility are able to freely enter and exit the Data Center Server Room due to not having a locked door between both rooms therefore, does not allow control over each individual's need for access.

2. *Accountability for access*

- System limits creation of one administrator account which is shared by multiple individuals.

3. *Disaster Recovery*

- The existing Disaster Recovery Plan was not updated for the current fiscal year and testing is not performed.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

4. *Appropriateness of Access*

- System does not enforce segregation of duties, where individuals can only be given access as a Case Worker, or a Supervisor. Individuals can get access at both levels that enables them to review as well as release/update benefit applications.

Effect

1. *Access to the Data Center at HUB and OARS*

- There is a risk of inappropriate access to the servers that house critical data for the State to administer its Federal programs.

2. *Accountability for access*

- Activity performed by an account cannot be traced to an individual, leading to a lack of accountability on accounts that have powerful access.

3. *Disaster Recovery*

- The absence of periodic recovery tests may prevent recovery of the FAMIS application and relevant data in case of a disaster.

4. *Appropriateness of Access*

- A lack of system controls and configuration, as well as inappropriate monitoring of access to data, could result in not having accountability, inaccurate data being stored and inappropriate use of information.

Recommendation

1. *Access to the Data Center at HUB and OARS*

- 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 or should be removed; and
 - Perform reviews of those individuals who have access to 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. *Accountability for access*

- We recommend that OIT establish formalized procedures to review and monitor system access rights for shared accounts and documentation of review be maintained.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

3. *Disaster Recovery*

- We recommend that the Disaster Recovery Plan be updated to the current year and testing be performed periodically to assess the process, tools, and people involved with this process.

4. *Appropriateness of Access*

- We recommend that there be segregation of duties in accounts where the same individuals do not have Supervisor as well as Case Worker Level access.

Related Noncompliance

Not applicable as this is an internal control finding.

Questioned Cost

None

View of Responsible Official

See management's corrective action plan.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Supplemental Nutrition Assistance Program Cluster (10.551, 10.561)

Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559)

Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)

Child and Adult Care Food Program (10.558)

Section 8 Housing Choice Vouchers (14.871, 14.879)

WIA Cluster (17.258, 17.259, 17.278)

Weatherization Assistance for Low-Income Persons (81.042)

ARRA – Weatherization Assistance for Low-Income Persons (81.042)

TANF Cluster (93.558, 93.714)

Child Support Enforcement (93.563)

ARRA – Child Support Enforcement (93.563)

Low-Income Home Energy Assistance (93.568)

CCDF Cluster (93.575, 93.596)

Social Services Block Grant (93.667)

Medicaid Cluster (93.775, 93.777, 93.778)

Grant Award Numbers and Years:

Various

State Agency: Department of Human Services

Federal Agency: U.S. Department of Agriculture

U.S. Department of Housing and Urban Development

U.S. Department of Labor

U.S. Department of Energy

U.S. Department of Health and Human Services

Finding: 12-52 Subrecipient Monitoring and Special Tests and Provisions

Finding Type: Noncompliance, Significant Deficiency

Criteria

Subrecipient Monitoring

A pass-through entity is responsible for:

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

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

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.

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 (as noted in R2 above) 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

The State of New Jersey (the State) utilizes the online Grantee Single Audit (GSA) Tracking 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 Human Services (the Department) is a cognizant agency responsible for the performance of the above duties of its subrecipients which include County Welfare Agencies and Child Care Resource and Referral Agencies.

During the State fiscal year 2012, sixty-seven subrecipients were required to submit OMB Circular A-133 audit reports to the Department. We selected a sample of six of the Department's subrecipient audit reports to ensure that desk reviews were being performed timely and management decisions on audit findings noted during the desk reviews were completed and communicated to the subrecipients within 6 months after receipt of the subrecipient's audit report. We noted for the five OMB Circular A-133 audit reports selected in which the subrecipient reported expenditures funded under the American Recovery and Reinvestment Act (ARRA) out of the six OMB Circular A-133 audit reports selected for testwork, the Department did not document whether the subrecipient audit reports were in compliance with ARRA reporting requirements.

Our testwork also noted one subrecipient that had an inaccurate fiscal year end in the GSA system which resulted in an incorrect due date in the GSA and one subrecipient audit report that was not identified in the GSA as requiring an OMB Circular A-133 audit even though it was required.

STATE OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2012

Cause

The Department did not establish a formal process of documenting subrecipient compliance with reporting requirements under ARRA as a part of their desk review procedures. Also, the Department does not have sufficient procedures and internal controls in place to ensure timely and accurate updating of the GSA system.

Effect

Subrecipients may not be complying with the ARRA requirements. Also, information regarding monitoring of subrecipients may not be properly updated in the GSA online 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 establish formal guidelines for documenting subrecipient compliance with all applicable ARRA requirements as part of their standard desk review procedures. We also recommend that the Department implement procedures to ensure the GSA online system is being consistently updated to ensure proper communication regarding the status of subrecipient audit reports.

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.

MANAGEMENT'S CORRECTIVE ACTION PLAN
(Unaudited)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT 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		
Subrecipient Monitoring		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-1 11-2 10-1 09-1 08-1 07-42	<p>The Bureau of Quality Control (BQC) concurs with this finding.</p> <p>In order to correct this situation, the Division of Medical Assistance & Health Services (DMAHS) recently added four Quality Control Reviewers to the six existing field staff members in an effort to review 87 cases per month State wide at the County Welfare Agencies (CWA). This will enable the BQC to remain current for the Federal Fiscal Year 2013 & State Fiscal Year 2013 PERM Medicaid and MEQC Review. The Department is operating on an approved Sampling Plan by the Center for Medicare & Medicaid Services (CMS) and the DMAHS complies with the CMS requirement of 1044 cases annually. The Corrective Action Plan submitted to CMS outlines several ongoing initiatives by the DMAHS to resolve the problem of completing redeterminations on a timely basis. As of March 1, 2013, the average redetermination percentage performed by the counties reached 63% and the Division anticipates that by the end of this fiscal year it will be in excess of 70%. The implementation of the Consolidated Assistance Support System (CASS) in Fiscal Year 2014 will solve the issue of timely redeterminations.</p>	<p>December 2012</p> <p>Adeline Rivera, Acting Director - BQC (609) 588-2960</p>
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
Reporting		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-2 No finding in prior year	<p>The Board of Public Utilities (BPU) will require an independent audit of its Information Management System (IMS) or equivalent, which is managed by the NJ Clean Energy Program (NJCEP) Administrator. The audit will conform to Statement on Standards for Attestation Engagements No.16 (SSAE 16).</p> <p>The BPU is currently writing the Request for Proposal (RFP) for this audit and will issue it before June 30, 2013, the end of the grant Period of Performance.</p>	<p>RFP Issuance: By June 30, 2013</p> <p>SSAE 16 Audit: Upon Completion of Award</p> <p>Elizabeth Ackerman (609) 292-0072</p>
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
Cash Management		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-3 No finding in prior year	<p>The following actions were undertaken by the Board of Public Utilities (BPU) to create and establish the Revolving Loan Fund (RLF):</p> <ul style="list-style-type: none"> • BPU Board Order authorizing the creation of the RLF was issued in April 2012. • Memorandum of Understanding (MOU) was executed with the New Jersey Economic Development Authority on May 10, 2012. 	<p>May 2012</p> <p>Elizabeth Ackerman (609) 292-0072</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<ul style="list-style-type: none"> Funds were transferred to the RLF on May 29, 2012. 	
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
<i>Davis-Bacon Act</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-4 No finding in prior year	<p>The Information Management System (IMS) employs a “pink logic” for Davis-Bacon Act compliance. This logic highlights in pink all invoices that require review for Davis-Bacon Act (and Buy American) compliance, and prevents said invoices from being approved for payment until the certified payrolls have been reviewed. For some ARRA State Energy Program programs, these certified payrolls were uploaded into IMS as supporting documentation. However, this did not occur uniformly across all programs.</p> <p>BPU will require that all documents demonstrating compliance to federal flow down requirements be uploaded into IMS as a condition of payment. This requirement will be effectuated via a policy memorandum sent to NJ Clean Energy Program (NJCEP) staff and Applied Energy Group, Inc. (AEG) prior to June 30, 2013.</p>	June 30, 2013 Elizabeth Ackerman (609) 292-0072
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
<i>Reporting</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-5 No finding in prior year	<p>The BPU indicated in the Memorandums of Understanding (MOUs) with other state agencies the requirement that said state agency comply with all federal flow down requirements of the grant, including the requirement to verify that vendors and contractors receiving grant funds are not suspended or debarred. Going forward all federal flow down requirements will be listed and identified in MOUs. In addition, all subrecipients will be required to submit a suspension and debarment certification as a condition of payment. Said certification will be uploaded into IMS. This requirement will be effectuated via a policy memorandum sent to NJCEP staff and AEG prior to June 30, 2013.</p>	June 30, 2013 Elizabeth Ackerman (609) 292-0072
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
<i>Procurement and Suspension and Debarment</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-6 No finding in prior year	<p>BPU maintains emails documenting the verification of expenditures and unliquidated obligations between IMS and the NJ Comprehensive Financial System on a monthly basis. However, BPU will formalize the process within IMS by implementing a “blue logic” which requires BPU Fiscal sign off as to the accuracy and completeness of the IMS reports which provide the data for both the FFRs and OMB 1512 reports.</p>	Process Change: March 1, 2013

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	The quarterly FFR report for June 30, 2012 was not submitted at the request of the US Department of Energy (USDOE). During the same week that KPMG was on site performing audit fieldwork, USDOE was also in town working with BPU and the IMS to perform data quality verification. A draft of the FFR report was filed with USDOE on March 1, 2013 and awaits USDOE review. This “final” report issue remains in flux with USDOE due to Hurricane Sandy and NJ’s need for emergency relief funds that resulted in USDOE reopening the ARRA State Energy Program grant and extending the Period of Performance to June 30, 2013.	Report Submission: March 1, 2013 Elizabeth Ackerman (609) 292-0072
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
<i>Subrecipient Monitoring and Special Tests and Provisions</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-7 No finding in prior year	BPU will include all CFDA numbers on subrecipient award documents (i.e. MOUs, checks, etc.) and will require all first-tier subrecipients to submit a suspension and debarment certification. This certification document will be uploaded to IMS as a condition of payment. The BPU fiscal officer will also include the CFDA number on all checks issued as payments against the ARRA State Energy Program (SEP) grant. These requirements will be effectuated via a policy memorandum sent to NJCEP staff and AEG prior to June 30, 2013. BPU has site visit reports on hand and available for review from NJ Transit and EDA projects.	June 30, 2013 Elizabeth Ackerman – BPU (609) 292 0072 Ken Kutch – Treasury (609) 633 9064
ARRA – State Energy Program (81.041) State Agency: Board of Public Utilities Federal Agency: U.S. Department of Energy		
<i>Reporting</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-8 No finding in prior year	BPU State Energy Program (SEP) fiscal operations had been divided between the BPU Fiscal Office and the Department of the Treasury Administration Division during the period of State Fiscal Year 2012. Review of the annual Schedule of Expenditures of Federal Awards (SEFA) report was not coordinated between these organizations. During the 3 rd quarter of State Fiscal Year 2012, all BPU SEP grant fiscal responsibilities were transferred to the Treasury Division of Administration; this transfer will ensure a coordinated review of the OMB issued SEFA report at the end of each fiscal year. Treasury has reviewed reporting requirements with OMB and will continue to implement expenditure coding consistent with reporting requirements.	July 1, 2013 Ken Kutch – Treasury (609) 633-9064
Adoption Assistance (93.659) State Agency: Department of Children and Families Federal Agency: U.S. Department of Health and Human Services		
<i>Eligibility</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

<p>12-9 11-25 10-16 09-26 08-25 07-41</p>	<p>1. <u>Adoption Subsidy Agreement</u></p> <p>The audit noted that in nine out of sixty-five cases, the Department of Children & Families (DCF) did not receive the subsidy agreement renewal form for State Fiscal Year 2012. There are no questioned costs associated with this finding, as the renewal form is required to comply with Departmental policy however; it is not required on an annual basis according to Federal regulations.</p> <p><i>Response:</i></p> <p>DCF has drafted a new Adoption Subsidy agreement and annual notification letter that was implemented into policy. The corrective action was completed on 5/14/2012 by changing the policy in reference to the annual notice. This year findings of the final notice represent occurrences noted prior to the implementation of the corrective action listed above.</p> <p>Families will sign an Adoption Subsidy Agreement that still notifies them of their responsibility to notify DCF of any change and the possible consequences of their failure to do so. DCF will then annually send them a notification of their legal obligation to their adopted child and reminding them that “unless they notify us of any changes to their or their adopted child’s eligibility for the adoption subsidy, that the Division will continue to provide them with monthly subsidy payments”. DCF will maintain a copy of this annual letter in our files. As of 5/14/2012, DCF modified its annual renewal process and upgraded the Adoption Subsidy policy to reflect the stated changes in the process.</p>	<p>Completed – May 2012</p> <p>Betty Berzin (609) 888-7461</p>
<p>Foster Care Title IV-E (93.658) Adoption Assistance (93.659) State Agency: Office of Information Technology Department of Children and Families Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Other Requirements – Information Technology General Controls</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-10 11-28 10-17 09-28 08-6</p>	<p>1. <u>Disaster Recovery Test</u></p> <ul style="list-style-type: none"> • A disaster recovery test was not performed for NJSPIRIT during State Fiscal Year 2012. <p><i>Response:</i></p> <p>The Department of Children & Families (DCF) has been working with the Office of Information Technology (OIT) and we expect the new Disaster Recovery (DR) environment to be procured within State Fiscal Year 2013. A DR test was performed in August 2010 and has provided valuable insight into the planning and design of NJSPIRIT's new DR environment. The completion of this new DR environment is reliant on OIT purchasing the needed equipment. Progress toward implementation has been made. The DR test is reliant upon the procurement and development of the DR environment, which is scheduled for State Fiscal Year 2013.</p> <p>2. <u>User Access Provisioning and Monitoring</u></p> <ul style="list-style-type: none"> • User access modifications to NJSPIRIT and supporting approvals could not be validated, as the system does not maintain a listing/log of changes that were made in the system. <p><i>Response:</i></p> <p>Currently, DCF manually captures all user access modification requests related to NJSPIRIT throughout the year. DCF has established protocol concerning the documentation, approval, and maintenance of these modifications requests. Due to a decision made by DCF</p>	<p>Calendar Year 2013</p> <p>Jason Ciseck (609) 888-7267</p> <p>Fiscal Year 2013</p> <p>Jason Ciseck (609) 888-7267</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p>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 NJSPIRIT user access review to ensure that all user access is up to date and correct. At this time, the centralized NJSPIRIT 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.</p> <p>DCF acknowledges that this current system is manual and is unable to be audited from within NJSPIRIT. DCF will pursue the recommendation of maintaining a system log of user accounts. The NJSPIRIT application will need to be enhanced to allow for the capturing of the historical user account information. Progress toward implementation has been made.</p> <p>DCF has developed a NJSPIRIT enhancement to capture worker profile history, which in turn will allow for accurate validation of the internal controls surrounding user access modifications. This enhancement was released into production mid-State Fiscal Year 2013 (November 2012).</p>	
<p>Child and Adult Care Food Program (10.558) State Agency: Department of Agriculture Federal Agency: U.S. Department of Agriculture</p> <p><i>Subrecipient Monitoring</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-11 No finding in prior year</p>	<p>The Child and Adult Care Food Program (CACFP) unit initiated immediate corrective action regarding the administrative review oversight noted. The Nutrition Program Specialist responsible for this institution immediately conducted an administrative review on November 15, 2012 and program deficiencies were identified. The institution has submitted corrective actions and they are currently being reviewed to complete the administrative review process. This finding was due to a manual data entry error and the missing agreement number and sponsor information have been added to the CACFP Administrative Review Log. The CACFP unit will manually verify the Administrative Review log to insure that all sponsors are included to avoid this error in the future.</p> <p>The Division of Food and Nutrition is also in the process of procuring an online web-based system for the administration of the Child and Adult Care Food Programs. This new online system will help improve data integrity and program administration.</p>	<p>Administrative Review: Completed - November 2012</p> <p>System Procurement & Implementation: Start Date – March 1, 2013</p> <p>Tanya Johnson (609) 984-1250</p>
<p>Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Transportation Federal Agency: U.S. Department of Transportation</p> <p><i>Davis-Bacon Act</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-12 11-33 10-24 09-34</p>	<p>The Division of Civil Rights/Affirmative Action’s Wage Rate Unit has established internal controls, including the development of internal Wage Rate tracking and monitoring forms to ensure that wage rate inspections are completed and that payroll summaries, certified payrolls, and documentation of inspections are submitted timely.</p>	<p>February 11, 2013</p> <p>Amadeo Miro (609) 530-2151</p> <p>Civil Rights/Affirmative Action – Wage Rate Unit</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Transportation Federal Agency: U.S. Department of Transportation		
Reporting		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-13 No finding in prior year	<p>The NJ Department of Transportation (NJDOT) recognizes that it is not in compliance with the Federal OMB requirements that all grant subawards (contracts or sub-grants) of \$25,000 or more, issued beginning October 1, 2010 must be reported through www.fsr.gov.</p> <p>To bring NJDOT into compliance it is taking the following action steps:</p> <ol style="list-style-type: none"> 1. Convene a working group by February 7, 2013, chaired by the Assistant Commissioner, Capital Investment, Planning and Grant Administration for the purpose of developing procedures to compile this information and report it accordingly. <ol style="list-style-type: none"> a. The group targets development of draft Policy and Procedures by April 30, 2013. b. The group will seek to take advantage of mechanisms developed for ARRA reporting that minimize duplicate data entry and ensure quality data. c. New mechanisms may have to be developed to facilitate reporting. These may require work that extends beyond April 2013. 2. The first priority for reporting into www.fsr.gov is the Federal Fiscal Year 2012 data, i.e., data for sub-grants and contracts made October 1, 2011 and later. The goal will be to get Federal Fiscal Year 2012 data current in www.fsr.gov by June 30, 2013. 3. NJDOT will work to report on Federal Fiscal Year 2013 data while ensuring that 2013 reporting is maintained. 	<p>Reporting Policy and Procedures: April 30, 2013</p> <p>FFATA Reporting of 2012 Data: June 30, 2013</p> <p>Dave Kuhn (609) 530-3855</p> <p>Capital Investment, Planning and Grant Administration</p>
Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Transportation Federal Agency: U.S. Department of Transportation		
Subrecipient Monitoring and Special Tests and Provisions		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-14 No finding in prior year	<p>Current procedures were updated to clearly define review and reporting responsibilities and references to the Grantee Single Audit Tracking System (GSA) site. The desk review checklist was updated to address ARRA requirements. A SharePoint site is available to maintain required submitted subrecipient single audits, procedures, guidelines, and desk review results. Division management is preparing a calendar of financial reporting events including Single Audit reviews that will include e-mail notifications to responsible parties to address due dates. There is a plan to transfer these functions to the Bureau of Auditing as a more appropriate area to comply with Federal OMB A-133 requirements and perform follow-up reviews.</p>	<p>Updated Procedures: February 25, 2013</p> <p>Data Uploaded for FY12: March 1, 2013</p> <p>Transfer of Responsibility: March 1, 2013</p> <p>Judy Sigle</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

		(609) 530-2343 Accounting and Auditing
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agencies: Department of Law and Public Safety Department of Transportation Federal Agency: U.S. Department of Homeland Security		
<i>Allowable Costs/Cost Principles</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-15 No finding in prior year	Operations Support has recently established an Operations Systems Support Unit (OSU). In addition to other supporting programs, the OSU primarily manages and supports the Maintenance Management System (MMS). This Unit will review and ensure that all data entered that supports disaster reimbursement are correct. (i.e. the FEMA tables) Additionally, before any reimbursements are submitted a final review of costs will be performed for greater accuracy.	February 21, 2013 Andrew Tunnard (609) 530-2589 Operations Support
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agencies: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Matching, Suspension and Debarment, and Subrecipient Monitoring</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-16 11-35	<p>Information requested by FEMA to approve a Project Worksheet (PW) from an applicant does not include DUNS, FFATA, and Suspension and Debarment forms. Processes are now in place to obtain the FFATA and Suspension and Debarment forms from the applicants, but this is done after a project is approved and underway, or after a project has been completed and reimbursement requested. In order to address these concerns, as well as to effectively manage the entire Public Assistance program, the State and the Division of State Police (NJSP) are implementing an MB3 disaster and emergency management system. The software application will enable the applicant to download the required forms (FFATA, Debarment, etc.), complete, sign, and upload the forms back into the System. The suspension and debarment information will be entered into the Federal Excluded Parties List System (EPLS) database, www.SAM.gov, to assure they are not on the list. Once verified, the applicant will be able to move into the PW phase. A consulting firm has been brought on to oversee the process flow. In the interim, the NJSP and the NJ Office of the Attorney General will coordinate efforts to obtain and record all required information.</p> <p>For the open disasters that have been implemented, processes already have occurred and payments have been completed; however, efforts are being made to obtain the required above information from all of the applicants with approved PWs.</p> <p>Regarding match requirements, the NJ Office of the Attorney General will assist the NJSP in ensuring that all requirements are met and that necessary documentation is provided. Currently, 50% of all funds for large projects are being held until the match is verified and documented.</p>	September 1, 2013 Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036)		

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

State Agencies: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
Cash Management		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-17 11-36	<p>Of the 65 payments selected, 63 were paid within 22 days, and all but one of those was paid within 15 days. There were two payments where the payment dates were 299 days and 461 days, however, these were the exception. The NJSP Grants Administration Bureau (GAB), and the Public Assistance Unit (PAU) have improved their coordination and information sharing to drawdown funds as close as administratively possible to the actual payment to a subrecipient. The acquisition of additional Emergency Management Mission Integrated Environment (EMMIE) terminals, and staff added to the PAU have greatly assisted in this effort. Accordingly, the amount of time funds are held on-hand has been further reduced.</p> <p>Additionally, new procedures are in place that prohibit excess funds from being utilized for payment to another subrecipient. Excess funds are now returned as quickly as possible, after the determination that the funds were not needed for the specified Project Worksheet (PW).</p> <p>The MB3 system will address these issues and narrow the gap between drawdowns and payments. Documents will be approved, and the System will prevent the delays as well as allow for post drawdown and payment reconciliation.</p>	<p>July 1, 2013</p> <p>Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit</p> <p>Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration</p> <p>Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit</p>
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agencies: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
Period of Availability		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-18 11-37	<p>The proposed MB3 system will include a work completion date for every Project Worksheet (PW). There is a formal FEMA process to request extensions which is monitored in the System. FEMA, based on the size of the disaster, programmatic changes, and changes to the CFR, may issue a blanket extension for the projects. Formal letters are issued and the extensions will need to be entered into the System. The Public Assistance Unit will notify the subrecipients of the extensions. With this new System, projects will be monitored for completion and time extension reviews.</p>	<p>September 1, 2013</p> <p>Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit</p> <p>Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration</p> <p>Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit</p>
Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agencies: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

<i>Reporting</i>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-19 11-38	<p>Information requested by FEMA to approve a Project Worksheet (PW) from an applicant does not include DUNS, FFATA, and suspension and debarment forms. Processes are now in place to obtain the FFATA and suspension and debarment forms from the applicants, but this is done after a project is approved and underway, or after a project has been completed and reimbursement requested. In order to address these concerns as well as to effectively manage the entire Public Assistance Program, the State and the Division of State Police (NJSP) will utilize the MB3 software program.</p> <p>The software will enable the applicant to download the required forms (FFATA, Debarment, etc.), complete, sign, and upload the forms back into the System. Once verified, the applicant will be able to move into the PW phase. In the interim, the NJSP and the NJ Office of the Attorney General will coordinate efforts to obtain and record all required information.</p> <p>For the open disasters that have been implemented, processes already have occurred and payments have been completed; however, efforts are being made to obtain the required above information from all of the applicants with approved PWs.</p> <p>It should be noted that FFATA information can only be entered into FSRS if the Public Assistance Grant with which that sub-grant is associated has been entered into FSRS. To date, FEMA has not entered any Public Assistance Grants into FSRS, making it impossible for the information to be entered. On a regular basis, the Department will make an effort to enter FFATA information into FSRS, and will document that effort going forward.</p>	<p>September 1, 2013</p> <p>Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit</p> <p>Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration</p> <p>Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit</p>
<p>Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agencies: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security</p>		
<i>Reporting</i>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-20 11-40	<p>The NJSP and the NJ Office of the Attorney General will communicate with the NJ Treasury-Office of Management and Budget (NJOMB) to review operating procedures which outline instructions for agencies that transfer funds via an inter-governmental transfer. The agency or the recipient of these funds should have accurate reporting instructions when these transfers are complete. Currently, the Division is using a Business Objects report to capture which agency receives each transfer for the said time period. A comprehensive procedural guideline will eliminate the above condition.</p>	<p>July 1, 2013</p> <p>Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit</p> <p>Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration</p> <p>Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

Homeland Security Grant Program (97.067) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
Equipment		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-21 No finding in prior year	<p>The NJ Office of Homeland Security & Preparedness (OHSP) follows its Fixed Asset Inventory Policy 2010-04 for all assets with an original cost of \$1,000 or more. The OHSP Facilities Unit records all items received on the Equipment Delivery Receipt form 2010-04A regardless of cost. If the asset's cost is \$1,000 or greater, it is bar coded and recorded in the OHSP's Master Inventory Database. If an asset meets the capital criteria established by the NJOMB Circular Letter 11-18-OMB, it is recorded in the Land, Building Asset Management (LBAM) database system. All fixed Assets are tracked and recorded in the accordance with the NJOMB Circular Letter 11-19-OMB. When OHSP purchases equipment on behalf of State or local government agencies and the equipment is delivered to-site, OHSP records delivery of the asset(s) on form 2010-04A. When the receiving agency representative arrives to claim the purchased equipment, they are required to verify the equipment and sign the OHSP Equipment Inventory Transfer Form 2010-04B. This form indicates the receiving agency shall assume all responsibility for the equipment and will record it in their inventory system. The OHSP Equipment Inventory Transfer Form 2010-04B is not processed when equipment is delivered and received by the State and/or local government agency.</p> <p>For any future equipment purchases processed on behalf of any State or local government agency, OHSP will require the agency to complete and sign the Equipment Inventory Transfer Form 2010-04B.</p> <p>All subgrantees receiving Federal Homeland Security Grant Program funding sign the State of New Jersey Federal Grant Agreement. The Grant Agreement outlines the Post-Award Requirements for subgrantees. The Grant Agreement Section XIII. Property Management and Disposition Standards detail the subgrantees responsibility for managing and disposing of assets.</p> <p>The Division of State Police (DSP) converted their inventory control system from FoxPro to INFORDATABASE. However, during the conversion, some of the data was corrupted. While DSP was able to identify and locate the equipment selected, the data corruption made it difficult to match the serial number to the piece of equipment. It should be noted that the selected equipment was able to be identified as purchased from the respective grant during the timeframe of the audit year's expenditures. Even though similar equipment may have been purchased, those purchases did not fall within the fiscal year of audit. In addition, each unit responsible for the equipment selected was available to meet with the auditor for visual inspection of the equipment. Inventory procedures are now in place to ensure the capture of all relevant inventory information.</p>	<p>February 22, 2013</p> <p>Steve Talpas - OHSP (609) 584-4811</p> <p>Bill Kelly - OHSP (609) 584-4179</p> <p>September 1, 2013</p> <p>Jeff Mottley (609) 882-2000 x2351 NJSP Public Assistance Unit</p> <p>Patrick Callahan (609) 882-2000 x6058 NJSP Grants Administration</p> <p>Peter Traum (609) 984-4983 NJOAG Strategic Planning Unit</p>
Homeland Security Grant Program (97.067) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
Suspension and Debarment		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-22 No finding in prior	<p>The NJ Office of Homeland Security & Preparedness (OHSP) Grant and Program Management Bureau will build into its Grants Tracking System a requirement that a signed sub-grant agreement is on file prior to authorizing grant expenditures. The OHSP Fiscal Office will also check and document that the subgrantee is not listed on the federal Excluded Parties List System (EPLS) by reviewing</p>	<p>February 22, 2013</p> <p>Steve Talpas - OHSP</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

year	EPLS record through the following federal link: https://www.sam.gov/portal/public/SAM OHSP sub-grant agreements will also specifically state that these requirements also apply to lower tier subrecipients who may receive funding or payments (pass-through) from the primary recipient.	(609) 584-4811 Bill Kelly - OHSP (609) 584-4179
Homeland Security Grant Program (97.067) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Reporting</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-23 No finding in prior year	On January 23, 2013, the NJ Treasury-Office of Management and Budget (NJOMB) corrected the CFDA numbers in the NJ Comprehensive Financial System. NJOMB verified this correction was made and provided our office with the Federal A-133 Compliance Supplement for our review and action for future Homeland Security grant awards. The NJ Office of Homeland Security & Preparedness (OHSP) will adhere to the requirements outlined in the Federal A-133 Compliance Supplement.	January 23, 2013 Steve Talpas - OHSP (609) 584-4811 Bill Kelly - OHSP (609) 584-4179
Homeland Security Grant Program (97.067) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Reporting and Subrecipient Monitoring</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-24 No finding in prior year	The NJ Office of Homeland Security & Preparedness (OHSP) Grant and Program Management Bureau have recently entered some required data under FFATA into the www.frs.gov system. We have experienced a technical problem and requested federal assistance to remedy our data entry problem we are experiencing. Federal support to address the issue is lacking. Collection of the DUNS number for each subgrantee agency will become a requirement within our Grant Tracking System.	February 22, 2013 Steve Talpas - OHSP (609) 584-4811 Bill Kelly - OHSP (609) 584-4179
Homeland Security Grant Program (97.067) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Special Tests and Provisions</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-25 No finding in prior year	The NJ Office of Homeland Security & Preparedness (OHSP) will adhere to the 45-day award requirement. While OHSP understands KPMG's finding based on the audit criteria, OHSP respectfully disagrees since there appears to be a discrepancy between the compliance supplement used by KPMG and additional authoritative guidance that was received by FEMA on this matter suggesting that the time frames were being extended. On February 26, 2013, FEMA Grant Preparedness Directorate sent the following statement to	February 22, 2013 Steve Talpas - OHSP (609) 584-4811

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p>OHSP in reference to the 45 day pass through requirement:</p> <p>"The FY 2011 Initial Strategy Implementation Plan (ISIP) will be available for completion in the Grants Reporting Tool (GRT) tomorrow, October 7th, 2011. ISIP's will be due in 45 calendar days, November 21st, 2011. This year, the ISIP Funding and Pass-through component is required for the SHSP and UASI programs only. The Investment component will need to be completed for all HSGP subprograms. The enforcement mechanism FEMA/GPD is in place to ensure compliance with the 45 day rule is the Grants Reporting Tool (GRT). As long as Initial Strategy Implementation Plans (ISIP) are submitted in the GRT by the required ISIP due date the state is in compliance as far as the programmatic office is concerned."</p> <p>The five SHSP subgrant awards were issued on October 28, 2011, which is within the allotted time period as described above. OHSP will bring this discrepancy to FEMA's attention for possible correction/inclusion in the next Federal Compliance supplement issued.</p>	<p>Bill Kelly - OHSP (609) 584-4179</p>
<p>Special Supplemental Nutrition Program for Women, Infants and Children (10.557) HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Agriculture U.S. Department of Health and Human Services</p> <p><i>Reporting</i></p>		
<p>FINDING #¹</p>	<p style="text-align: center;">VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN</p>	<p style="text-align: center;">COMPLETION DATE/ CONTACT PERSON</p>
<p>12-26 11-45</p>	<p>The NJ Department of Health (DOH) has reviewed the reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) and will be developing a reporting system to meet the requirements. The loss of staff in the Grants Management Unit has delayed this development and implementation. DOH expects to develop and implement procedures by April 1, 2013.</p>	<p>April 1, 2013</p> <p>Walter C. Valora (609) 633-1528</p>
<p>Special Supplemental Nutrition Program for Women, Infants and Children (10.557) Immunization Cluster (93.268) HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Agriculture U.S. Department of Health and Human Services</p> <p><i>Cash Management</i></p>		
<p>FINDING #¹</p>	<p style="text-align: center;">VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN</p>	<p style="text-align: center;">COMPLETION DATE/ CONTACT PERSON</p>
<p>12-27 No finding in prior year</p>	<p>The NJ Department of Health process has been changed so that there are three (3) different employees involved in the transaction. The analyst prepares the report for the drawdown; the accountant initiates the draw in the Payment Management System and prepares the Cash Receipt (CR) document in the NJ Comprehensive Financial System; and the Assistant Director reviews the drawn down documentation and compares it to the supporting documentation and applies the final approval on the CR transaction.</p>	<p>March 1, 2013</p> <p>Denise Mennuti (609) 633-6800</p> <p>Jackie Shelly (609) 633-2104</p> <p>Walter C. Valora</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

		(609) 633-1528
HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Health and Human Services		
<i>Reporting</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-28 No finding in prior year	The NJ Department of Health process has been changed to so that the Assistant Director or the Director will certify the quarterly SF 425 reports to preserve the appropriate segregation of duties for this process.	October 2012 Denise Mennuti (609) 633-6800 Jackie Shelly (609) 633-2104 Walter C. Valora (609) 633-1528
HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Health and Human Services		
<i>Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-29 11-41	The NJ Department of Health agrees with the recommendation and has implemented written policies and procedures related to the Health Insurance Continuation Program (HICP) and, in particular, the client renewal for HICP and their subsequent review for eligibility. These procedures were developed and implemented subsequent to the State Fiscal Year 2011 Single Audit but not in time to prevent the conditions cited in the State Fiscal Year 2012 audit.	July 1, 2012 Dr. Sindy Paul (609) 984-6145
HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Health and Human Services		
<i>Level of Effort and Earmarking</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-30 No finding in prior year	<u>Level of Effort – Maintenance of Effort</u> The NJ Department of Health (DOH) acknowledges that for State Fiscal Year 2012 the maintenance of effort was not achieved falling short of the State Fiscal Year 2011 mark of \$28,387,000 by \$171,000 in expenditures and obligations. DOH would point out that this shortfall amounts to a 0.6% decrease in the level of effort from State Fiscal Year 2011. DOH would ask the funding authority to consider this level of materiality for the infraction. The decrease in the level of maintenance of effort is due to the continued attrition of employees in the program as well as the Department. DOH will project the level of maintenance of effort for future grant years and, if it appears that the proper level of effort will not be achieved, will request a waiver of this requirement from the funding authority.	LOE/MOE: March 1, 2013 Walter C. Valora (609) 633-1528

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p><u>Earmarking</u></p> <p>On October 5, 2012, the Department requested a waiver of the Women, Infants, Children, and Youth earmarking requirement from Federal funding authorities at the Health Resources and Services Administration (HRSA). That waiver request was approved in November 2012. The Department will continue to monitor earmarking levels and follow required procedures in effect.</p>	<p>Earmarking: October 2012</p> <p>Dr. Sindy Paul (609) 984-6145</p> <p>Mike Kozlosky (609) 633-9654</p>
<p>Special Supplemental Nutrition Program for Women, Infants and Children (10.557) HIV Care Formula Grant (93.917) State Agency: Department of Health Federal Agency: U.S. Department of Agriculture U.S. Department of Health and Human Services</p> <p><i>Subrecipient Monitoring</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-31 No finding in prior year</p>	<p>The Department agrees with the recommendation and will consistently update the Grantee Single Audit Tracking System (GSA) to ensure proper communication regarding the status of subrecipient audit reports. The Department will ask the NJOMB to examine if the GSA system can be modified to include data edit checks so that users cannot enter invalid dates (received dates prior to fiscal year end dates).</p>	<p>March 1, 2013</p> <p>Marsha Lau (609) 633-2764</p> <p>Walter C. Valora (609) 633-1528</p>
<p>Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559) Title I, Part A Cluster (84.010, 84.389) Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 83.392) Improving Teacher Quality State Grants (84.367) Education Jobs Fund (84.410) Medicaid Cluster (93.775, 93.777, 93.778) State Agency: Department of Education Federal Agency: U.S. Department of Agriculture U.S. Department of Education U.S. Department of Health and Human Services</p> <p><i>Subrecipient Monitoring</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-32 11-51 10-27 09-42 08-46</p>	<p>The finding stated in part “the Department of Education, Office of Fiscal Accountability and Compliance (OFAC) is not timely performing the desk reviews as 5 of the 39 were desk reviewed between 7 and 8 months after receipt of the subrecipient audit report. We also identified 2 reports during our testwork that were received and desk reviewed but the received and desk reviewed dates and findings were not entered into the Grantee Single Audit Tracking System (GSA).”</p>	

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p>During State Fiscal Year 2012, the OFAC satisfied its obligation to eliminate the backlog of desk reviews previously not completed in accordance with our corrective action plans. Concerted efforts were also made to perform reviews of reports received for the current year in a timely manner. However, when our attempts to hire a new staff member fell through on April 13, 2012, current team members were assigned additional responsibilities (i.e. during the award monitoring of subrecipients) within the OFAC. This caused a number of State Fiscal Year 2012 reviews to be completed beyond the 6-month timeframe. Nevertheless, the OFAC has already reviewed approximately 70% of the State Fiscal Year 2013 reports received and is on track to complete all reviews in a timely manner.</p> <p>In regards to the GSA system, the OFAC developed a database query to compare information from the system to our checklists to ensure the requisite data has been entered into the GSA. At least once or twice each quarter, the query results will be exported to an EXCEL spreadsheet and forwarded to team members for follow-up.</p>	<p>Fiscal Year 2012 Updates: Completed</p> <p>Query Procedures: March 31, 2013</p> <p>Lisa McCormick (609) 292-7742</p>
<p>Disability Insurance/SSI Cluster (96.001) State Agency: Department of Labor and Workforce Development Federal Agency: Social Security Administration</p>		
<p><i>Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability</i></p>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-33 No finding in prior year	<p>During State Fiscal Year 2012, the Division of Finance and Accounting had a transition of personnel responsible for the Disability Determination Services program. During this transition, certain documents were not able to be located. However, we were able to document and support the costs through other means. The Division of Finance and Accounting will strengthen its control over the filing of supporting documentation.</p>	<p>March 1, 2013</p> <p>Jerry Calamia (609) 292-1885</p>
<p>Disability Insurance/SSI Cluster (96.001) State Agency: Department of Labor and Workforce Development Federal Agency: Social Security Administration</p>		
<p><i>Reporting</i></p>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-34 No finding in prior year	<p>During State Fiscal Year 2012, the Division of Finance and Accounting had a transition of personnel responsible for the Disability Determination Services program. During this transition, certain reports were not timely filed. Subsequent to this issue, the Division of Finance and Accounting has filed the delinquent 6/30/12 SSA-4513 report. The report was transmitted on 2/27/13. The Division of Finance and Accounting will strengthen its procedures for submission of reports so that they are filed timely.</p>	<p>February 27, 2013</p> <p>Jerry Calamia (609) 292-1885</p>
<p>Unemployment Insurance (17.225) ARRA - Unemployment Insurance (17.225) State Agency: Department of Labor and Workforce Development Office of Information Technology Federal Agency: U.S. Department of Labor</p>		
<p><i>Other Requirements - Information Technology General Controls</i></p>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

12-35 11-1	<p>1. <u>Access at the Data Center at Systems and Communications (SAC) and OIT Availability Recovery Site (OARS)</u> <u>Office of Information Technology (OIT) Response:</u></p> <ul style="list-style-type: none"> • A review of the access rights to the Data Centers and Server Rooms will be performed on a periodic basis. • Door is to be repaired and regular facilities inspections conducted to report problems. <p>2. <u>Appropriateness of Access</u> <u>Department of Labor and Workforce Development (LWD) Response:</u></p> <ul style="list-style-type: none"> • (Bullet 1) - LWD agrees that three individuals did appear to have NJLOOPS access, however, their profile was only associated with a NJLOOPS access rule. Their user accounts had been removed from the ACF2 Mainframe. OIT is currently testing software that will review and cleanup the accounts that had been removed from ACF2 Mainframe, but are in other ACF2 access rules. • (Bullet 2) - LWD will work with OIT to develop the best strategy going forward to review these accounts. Also, LWD believes that based on the new process of Human Resources notifying DIT of terminations and transfers, that DIT is current with removing individual's accounts from the Mainframe ACF2. This removal would not allow an individual access to NJLOOPS even though they may still be present in NJLOOPS access rules. Also, based on above response LWD is working with OIT to be able to review and clean up the access rules of users who have been removed from the mainframe ACF2. <p><u>OIT Response:</u></p> <ul style="list-style-type: none"> • (Bullet 3) - The OIT instance concerning dual access rights on the NJLOOPS application will result in the Developer rights portion being discontinued immediately. The Administrator rights will be retained. • (Bullet 4) - Only senior Development personnel have access to Production moves. Development personnel need to retain the ability to do Production moves for responsible 24/7 systems support. Where segregation of duties can be assigned to reduce a single person from performing development and promotion to production, it will be pursued. FY13 unit reorganization due to promotions, for two Project Managers, has increased our ability to comply with the segregation of duties. <p>3. <u>Mainframe Changes</u> <u>OIT Response:</u></p> <p>Mainframe patch changes in the IBM environment are applied once provided by the vendor, IBM. Recommended Service Upgrades (RSU) are issued monthly while the emergency patches named High Persuasion (HIPER) are issued as needed through the IBM ASAP system. e-Mails announce, to the various clients, HIPER patch availability. All patches are applied through this IBM protocol. OIT is willing to continue assuming risk in this operational area. Our reasoning is:</p> <ul style="list-style-type: none"> • Program Temporary Fix (PTF) patches in the RSU are quite voluminous • PTFs are almost exclusively tested by the IBM vendor before issuance (little, if any, by the client after receipt) • All patches are applied regardless • Almost all patches are inconsequential in nature 	<p>Stephen Foundos - OIT (609) 633-8791</p> <ul style="list-style-type: none"> • Ongoing • June 30, 2013 <p>Jerry Calamia - LWD 609-292-1885</p> <ul style="list-style-type: none"> • June 30, 2013 • June 30, 2013 <p>Stephen Foundos - OIT (609) 633-8791</p> <ul style="list-style-type: none"> • Ongoing • June 30, 2013 <p>Stephen Foundos - OIT (609) 633-8791</p> <ul style="list-style-type: none"> • Ongoing
---------------	--	--

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<ul style="list-style-type: none"> • The IBM patch protocol, RSU has proven satisfactory for mainframe change • CA Service Center accounts for mainframe change, patches or otherwise <p>4. <u>Change Requests Approval and Testing</u> <i>OIT Response:</i> OIT's Labor Unit has formalized Change Management policy and procedure. The policy includes procedures for evidence retention on behalf of both Testing and Production Environmental changes. OIT's formalized Change Management procedures have included a detailed description of: requests, approvals, Development Method and Integration Testing. All appropriate evidences will be stored in a project tracking system. As stated in FY11 Conditions, LWD's portion of the formalized Change Management process needs to include a detailed procedural description of both Regression Testing and User Acceptance Testing.</p> <p>5. <u>Disaster Recovery</u> <i>LWD Response:</i> LWD and OIT will collaborate on formalizing Disaster Recovery procedures for eventual periodic testing and results evaluation. LWD has begun discussions with OIT to develop a Disaster Recovery plan for NJLOOPS and is seeking assistance from the OIT mainframe manager in indentifying the process that needs to be in the plan. LWD is aware that this is a mission critical process.</p> <p>6. <u>Data Backup procedures and failed backup resolution</u> <i>OIT Response:</i> Formalize backup procedures along with the retention of backup success/failure logs and resolution details are to be documented as policy and procedures. The policy and procedures would be subject to the following:</p> <ul style="list-style-type: none"> • Storage Management back-ups occur on the larger system level not the more detailed application level. • Back up logs are presently maintained up to 90 days, due to storage considerations, making for a system limitation. • System Command Center (SCC) monitors the backup process using their procedure. • CA Service Center accounts for Change Control or Incidents. 	<p>Stephen Foundos - OIT (609) 633-8791</p> <ul style="list-style-type: none"> • August 31, 2013 <p>Jerry Calamia - LWD 609-292-1885</p> <p>DR Plan: October 31, 2013</p> <p>DR Testing: TBD based on DR Plan Development</p> <p>Stephen Foundos - OIT (609) 633-8791</p> <ul style="list-style-type: none"> • December 31, 2013
<p>Vocational Rehabilitation Cluster (84.126, 84.390) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Education</p>		
<p><i>Eligibility</i></p>		
<p>FINDING #¹</p>	<p style="text-align: center;">VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN</p>	<p style="text-align: center;">COMPLETION DATE/ CONTACT PERSON</p>
<p>12-36 No finding in prior year</p>	<p>In reviewing the complete case file, it was noted that the delay in determining eligibility was based on the lack of current diagnostic information. As soon as the counselor received the necessary information, the case was placed in eligibility status followed by an Individual Plan for Employment to support the plan to provide Job Coaching.</p>	

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p><u>Corrective Action Plan</u></p> <ul style="list-style-type: none"> Reinforcement of the Division of Vocational Rehabilitation Services Policy with an expansion of acceptable methods of communication to facilitate the agreement when the 60-day period might not be met. A Technical Assistance Memo (TAM) will prescribe methods for maintaining adherence to the 60-day window. These methods include; securing diagnostic evaluations to establish eligibility if records are not forthcoming, maintaining tighter timelines and milestones to record the progress of each case, and encourage better communication in the case record by opting for a case note as opposed to the current electronic form on the NJ Web-Based Online Rehabilitation Case-Management System (NJWORCS). Revisit the issue through a random case review by 6/30/2013. 	<p>March 15, 2013</p> <p>Jerry Calamia (609) 292-1885</p>
<p>Weatherization Assistance for Low-Income Persons (81.042) ARRA – Weatherization Assistance for Low-Income Persons (81.042) State Agency: Department of Community Affairs Federal Agency: U.S. Department of Energy</p> <p><i>Reporting</i></p>		
<p>FINDING #¹</p>	<p style="text-align: center;">VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN</p>	<p style="text-align: center;">COMPLETION DATE/ CONTACT PERSON</p>
<p>12-37 No finding in prior year</p>	<p>The Department has implemented a quality control review (QCR) process concerning submission of federal reports. Accordingly, federal reports will now be subject to a QCR before submission to the federal funding source.</p>	<p>March 2013</p> <p>Robert J. Bartolone Director of Auditing (609) 984-2698</p>
<p>Capitalization Grants for Clean Water State Revolving Funds (66.458) ARRA - Capitalization Grants for Clean Water State Revolving Funds (66.458) Weatherization Assistance for Low-Income Persons (81.042) ARRA – Weatherization Assistance for Low-Income Persons (81.042) Low-Income Home Energy Assistance (93.568) Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Community Affairs Federal Agency: U.S. Environmental Protection Agency U.S. Department of Energy U.S. Department of Health and Human Services U.S. Department of Homeland Security</p> <p><i>Subrecipient Monitoring</i></p>		
<p>FINDING #¹</p>	<p style="text-align: center;">VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN</p>	<p style="text-align: center;">COMPLETION DATE/ CONTACT PERSON</p>
<p>12-38 11-56</p>	<p>The Division of Local Government Services (DLGS) will ensure the proper and timely review of all audits by reviewing interim status reports.</p>	<p>March 2013</p> <p>John DeCristofano – DLGS</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	The Department of Community Affairs and DLGS will implement stringent procedures to ensure the timely posting of audit reviews to the Grantee Single Audit Tracking System.	(609) 292-3245 Robert J. Bartolone Director of Auditing (609) 984-2698
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: U.S. Environmental Protection Agency		
<i>Subrecipient Monitoring and Special Tests and Provisions – ARRA Subrecipient Monitoring</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-39 11-50	The Municipal Finance and Construction Element will continue to notify subrecipients of projects financed with Recovery Act funds of the Federal award information (<i>i.e. CFDA title and number; award name and number; and name of Federal awarding agency</i>) with each disbursement. This information has now been added to the standard approval letter for the last remaining ARRA subrecipient so that it will be included with all future disbursement approvals to this entity under ARRA.	March 2013 Eugene Chebra (609) 292-8961
Medicaid Cluster (93.775, 93.777, 93.778) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Special Tests and Provisions</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-40 No finding in prior year	The Division concurs with this finding. Molina will be outreaching the provider to obtain a signed agreement. Molina has been instructed to strengthen their training procedures for new employees relating to provider enrollment. The Division will monitor Molina's training procedures.	April 2013 Joe Cicatiello (609) 588-2905
Children's Health Insurance Program (93.767) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Eligibility</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-41 11-3 10-2	The Division concurs with this finding. Xerox produces a weekly control report of cases where the last completed renewal was more than 12 months in the past, and no future renewal date has been set. The Division will strengthen its monitoring of Xerox's review of this report to ensure that all identified cases are promptly and appropriately resolved. In addition, Xerox will implement a systemic Task/Workflow enhancement that will flag any case where the renewal process has been	April 2013

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	initiated but not completed due to missing information (MI). Upon receipt of any documentation received on a case in MI status, the case will be systemically flagged for a final decision by the eligibility worker. All such flagged cases will be advanced to the top of the eligibility worker's queue the following workday and no additional cases will be presented to the worker's queue for processing until the renewal is either completed (with an eligibility decision) or the renewal clock is reset. This enhancement will prevent recurrence of the kinds of Processor errors that led to the current finding.	May 2013 Richard Headen (609) 584-2968
TANF Cluster (93.558, 93.714) State Agencies: Department of Human Services Department of Children and Families Federal Agency: U.S. Department of Health and Human Services		
<i>Suspension and Debarment and Subrecipient Monitoring</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-42 No finding in prior year	<p>The Division of Family Development (DFD) concurs with this finding.</p> <p>DFD will notify the Department of Children and Families (DCF), and other recipient State agencies, of its subrecipient grant monitoring requirements and request fulfillment of the following corrective actions prior to June 30, 2013:</p> <ol style="list-style-type: none"> 1. Verification that all current subrecipients are not suspended or debarred; 2. Provide all current subrecipients with the required Federal award information; 3. Develop and submit a sub-recipient monitoring plan. <p>In addition, DFD will annually provide this information and reminders to DCF and all subrecipient State agencies.</p>	<p>July 1, 2013</p> <p>Yvonne Tierney (609) 588-2074</p>
TANF Cluster (93.558, 93.714) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Subrecipient Monitoring</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-43 11-6	<p>The Division of Family Development (DFD) is in the process of implementing a Document Imaging Management System (DIMS) within the 21 County Welfare Agencies (CWAs). Three pilot counties are scheduled to begin in April, with all 21 CWAs implemented by October 2013. The implementation of this new system will ensure maintenance and easy accessibility of WFNJ/TANF applications and recertification applications as well as all other required documentation including but not limited to birth certificates, social security cards, income documentation such as paystubs, award letters, and citizenship documentation. The Division is also anticipating the implementation of a new statewide computer system that is known as the Consolidated Assistance Support System (CASS) beginning in the fall of 2013, with full statewide implementation expected to be completed by the summer of 2014. The CASS System will not permit the continuation of cash assistance benefits unless a redetermination is completed and the system determines that continued eligibility exists based upon the evidence entered into CASS.</p> <p>In the interim the DFD Office of County Operations field representatives will:</p>	<p><u>Responsible Officials:</u> Joe Maag – (609) 588-2160 Jean Turner – (609) 588-7917 Natasha Johnson – (609) 588-2409</p> <p><u>Anticipated Completion Dates:</u> Implementation of monthly report review – April 1, 2013</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<ul style="list-style-type: none"> Review monthly reports from our current computer system (FAMIS) to identify cases overdue for redetermination; Follow-up with the corresponding county or counties to ensure that assistance is discontinued until a redetermination is completed and on-going eligibility can be determined. 	<p>Completion of the first review/follow-up cycle – June 1, 2013</p> <p>Note: Review/follow-up cycle will continue on a monthly basis.</p>
<p>TANF Cluster (93.558, 93.714) CCDF Cluster (93.575, 93.596) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Suspension and Debarment, Subrecipient Monitoring, and Special Tests and Provisions</i></p>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-44 11-8 10-5	<p>The Division of Family Development (DFD) concurs with this finding.</p> <ul style="list-style-type: none"> Due to the pending implementation of the eChildCare (eCC) system on January 1, 2012, the Center-Based Child Care Agency (CBC) contracts were terminated in three phases beginning April 2011 with final termination of all contracts by December 2011. The final closeout procedures for all former CBC contracts were processed with no issues. Since the EPLS system can only indicate the current status of an agency, DFD instituted the suspension and debarment review on the EPLS beginning with the Fiscal Year 2012 Child Care Resource and Referral Agency (CCR&R) contracts in Spring 2012 and for all contracts renewed as of July 1, 2012. <p>DFD concurs with this finding.</p> <ul style="list-style-type: none"> ARRA funding was terminated as of September 30, 2011. DFD provides ARRA and other funding information to independent auditors and provider agencies as requested. <p>DFD concurs with this finding.</p> <ul style="list-style-type: none"> As the finding relates to CCR&R contracts, DFD notified each CCR&R agency in April 2012 of the required Federal award information. For all contracts awarded as of July 1, 2012, the Federal award information is included in the contract award notice. 	<p>July 1, 2012</p> <p>Ongoing</p> <p>July 1, 2012</p> <p>Yvonne Tierney (609) 588-2074</p>
<p>CCDF Cluster (93.575, 93.596) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Subrecipient Monitoring and Special Tests and Provisions</i></p>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-45 11-10 10-7 09-8 08-4 07-7	<p>In State Fiscal Year 2012, the Department increased Child Care Resource and Referral Agency (CCR&R) monitoring to include an increased number of on-site visits as well as desk audit reviews. Current policies require the CCR&Rs to maintain and update provider files, which include the actual copy of the Health and Safety License. To strengthen the review of document verification, a new monitoring tool was created which includes verification of a current and valid license.</p> <p>The updated audits, including the use of this new monitoring tool, began in February 2013.</p>	<p>February 2013</p> <p>Margaret Milliner (609) 588-2163</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

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		
<i>Reporting</i>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-46 11-9 10-6 09-7 08-2 07-5 06-1 05-7 04-18 03-7 02-6 01-6 00-30	<p>On November 13, 2012, the State Disbursement Unit (SDU), known as the New Jersey Family Support Services Center (NJFSSC), was fully privatized. The contractor is responsible for all collections, deposits, disbursements and reconciliation of child support collections. Since the banking and cash management functions are now being performed by the fully privatized SDU, the reconciliation between the Child Support Bank Account and OCSE-34A Report is complete.</p> <p>The Office of Child Support Services has direct oversight over NJFSSC through a multi-year contract. The corrective measure for this finding is to contract with the NJFSSC for all collections, disbursements and reconciliations of collections.</p> <p>Uniform business rules and standard operating procedures were created and are maintained to ensure daily reconciliations are being performed by NJFSSC and the Division of Family Development fiscal unit. Since November 13, 2012, all daily transactions including collections, disbursements, wire transfers and cash payments have been in balance.</p>	<p>November 13, 2012</p> <p>Shammi Bhatia - DFD Fiscal (609) 588-2045</p> <p>Alisha Griffin, Assistant Director (609) 584-5094</p> <p>Patricia A. Risch, Manager (609) 631-2755</p> <p>Program Compliance Unit Office of Child Support Services</p>
TANF Cluster (93.558, 93.714) Child Support Enforcement (93.563) CCDF Cluster (93.575, 93.596) Children’s Health Insurance Program (93.767) Medicaid Cluster (93.775, 93.777, 93.778) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Reporting</i>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-47 No finding in prior year	<p>The Department concurs with this finding.</p> <p>The Federal Funding Accountability and Transparency Act (FFATA) requires that recipients of grants who make first-tier sub-awards equal to or exceeding \$25,000 report these sub-awards in the Federal Funding Accountability and Transparency Act Sub-award Reporting System (FSRS). The FFATA also requires that the Federal Assistance Identification Number (FAIN) should appear on the prime award document. This number is needed to access the grant award information within FSRS to list all first-tier sub-awards equal to or exceeding \$25,000. The prime award documents for the above grants pertaining to Division of Family Development (DFD) do not contain a FAIN number for fiscal year 2102.</p> <p>The DFD has contacted the applicable federal grant award officers for TANF, Child Care and Child Support to request the required FAIN numbers needed for the FSRS online reporting system.</p>	<p>Within 2 months of receipt of the required FAIN information.</p> <p>Shammi Bhatia – DFD Fiscal (609) 588-2045</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	The Division of Medical Assistance and Health Services (DMAHS) will work with the Department to develop procedures to ensure that the reporting requirements of FFATA are met.	June 2013 Richard Hurd - DMAHS (609) 588-2550
Block Grants for Prevention and Treatment of Substance Abuse (93.959) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Special Tests and Provisions Independent Peer Reviews</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-48 No finding in prior year	<p>The Division of Mental Health and Addiction Services (DMHAS) Treatment Monitoring Unit was utilizing an incomplete list of agencies receiving Block Grant funding to determine selection group for Peer Review.</p> <p>Going forward the DMHAS Fiscal Unit will institute the following processes and internal controls:</p> <ul style="list-style-type: none"> • DMHAS Fiscal Unit Account Supervisor will generate a complete list of treatment agencies receiving Block Grant Funding and forward list to the DMHAS Fiscal Unit Spending Plan Developer. • Spending Plan Developer will review list for accuracy and completeness and then forward list to DMHAS Treatment Monitoring Unit Supervisor if no errors/omissions are identified. If any errors/omissions are noted, Spending Plan Developer will discuss with Account Supervisor and make all warranted revisions before forwarding to Treatment Monitoring Unit Supervisor. • Treatment Monitoring Unit Supervisor will review list for accuracy and completeness in conjunction with Peer Review Coordinator by comparing current list with previous year's list. If any discrepancies are noted, Treatment Monitoring Unit Supervisor will contact Spending Plan Developer to discuss and revise list if warranted before finalizing Peer Review agency list. 	March 13, 2013 Mian Shi (609) 292-0747
Vocational Rehabilitation Cluster (84.126, 84.390) State Agencies: Department of Human Services Federal Agency: U.S. Department of Education		
<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>		
FINDING #¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-49 11-11 10-10 09-6 08-7	<p>The Cost Allocation Plan (CAP) for the quarter ending 12/31/11 was completed on 2/28/13. The CAP for the quarters ending 3/31/12 and 6/30/12 will be completed by 4/30/13. The Commission hired an Auditor Accountant Trainee to help with the filing of State and Federal reports and help improve internal controls. By next year, the backlog of reports should be completed and CAPs will be filed timely.</p>	April 30, 2013 Frank Scheick (973) 648-3126
Vocational Rehabilitation Cluster (84.126, 84.390) State Agencies: Department of Human Services Federal Agency: U.S. Department of Education		
<i>Reporting</i>		

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-50 No finding in prior year	The correct amount of program income on the Federal financial report (SF-425) was corrected on the next submission. Before submission of the FSR-425 to the Rehabilitative Services Administration (RSA), the Administrative Analyst who enters the information into the RSA-MIS website will verify all data being submitted.	Report Submission: March 31, 2012 Verification Process: March 31, 2013 Frank Scheick (973) 648-3126
SNAP Cluster (10.551, 10.561) TANF Cluster (93.558, 93.714) State Agencies: Office of Information Technology Department of Human Services Federal Agency: U.S. Department of Agriculture U.S. Department of Health and Human Services		
<i>Other Requirement – Information Technology General Controls</i>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
12-51 11-15 10-12 09-10 08-44 07-8	<p>1. <i>Access to the Data Center at HUB and OARS</i></p> <p>Access within OIT Data Centers is assessed as too liberal.</p> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> • As the Office of Information Technology (OIT) continues to be a multi-departmental IT hosting site, a review of the access rights to the Data Centers and Server Rooms will continue to be performed on a periodic basis. Access rights verification will be retained. • A Request for Proposal (RFP) has been issued for a new off-site operations print vendor. Due to government transparency requirements the RFP continues to be reviewed. Once awarded in-house print operations will cease to accommodate an interdepartmental IT consolidation at the HUB. <p>2. <i>Accountability for access</i></p> <p>Shared accounts are evaluated as deterring individual accountability.</p> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> • Shared accounts procedures for their review and monitoring, by an independent party, along with documentation of such access rights are to be formalized. <p>3. <i>Disaster Recovery</i></p> <p>A FAMIS Disaster Recovery Test did not occur in FY 2012 and a FAMIS Disaster Recovery Plan is not in place.</p>	<p>Stephen Foundos: OIT (609) 633-8791</p> <p>On Going</p> <p>December 31, 2013</p> <p>Stephen Foundos: OIT (609) 633-8791</p> <p>September 30, 2013</p>

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

	<p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> OIT and DHS/DFD do not plan to perform a Disaster Recovery Test on FAMIS as resources and time do not permit this effort because of the ongoing development of the Consolidated Assistance Support System (CASS). Once the development and implementation of the CASS concludes resources will be directed to CASS Disaster Recovery. A FAMIS Disaster Recovery Plan is now in place and will be annually certified by OIT's Business Continuity and Disaster Recovery Unit. <p>4. <i>Appropriateness of Access</i></p> <ul style="list-style-type: none"> We recommend that there be segregation of duties in accounts where the same individuals do not have Supervisor as well as Case Worker Level access. <p><u>DHS – Division of Family Development (DFD) Response:</u></p> <p>DFD discussed this issue with the County Welfare Agency (CWA) Security Administrators at the March 2012 Document Control Unit (DCU) meeting and in May 2012 provided the CWA Security Administrators with a listing of any users who still had both Case Worker (UPD) and Supervisor (SUP) level access for FAMIS in FAMIS or UAP.</p> <p>DFD advised the CWA Security Administrators to review the listing and correct any instance of the dual access. Each CWA effected notified the DFD Helpdesk that they had corrected the issue, removing either UPD or SUP from all users who had both.</p> <p><u>Corrective Action:</u></p> <ul style="list-style-type: none"> During the FY2012 audit, KPMG inquired about one user in Salem CWA who had UPD and SUP access rights. DFD contacted Salem immediately and they corrected that situation. In addition, this issue will be discussed annually at one of the monthly DCU meetings and the security administrators will be provided with a listing, if applicable, of any staff with UPD and SUP access. 	<p>Patrick DeMarco: DHS-DFD (609) 588-3968</p> <p>Indeterminate</p> <p>Stephen Foundos: OIT (609) 633-8791</p> <p>June 30, 2013</p> <p>Susan Brown: DHS-DFD (609) 588-2929</p> <p>March 1, 2013</p> <p>June 30, 2013</p>
<p>Supplemental Nutrition Assistance Program Cluster (10.551, 10.561) Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559) Special Supplemental Nutrition Program for Women, Infants, and Children (10.557) Child and Adult Food Care Program (10.558) Section 8 Housing Choice Vouchers (14.871, 14.879) WIA Cluster (17.258, 17.259, 17.278) Weatherization Assistance for Low-Income Persons (81.042) ARRA – Weatherization Assistance for Low-Income Persons (81.042) TANF Cluster (93.558, 93.714) Child Support Enforcement (93.563) ARRA – Child Support Enforcement (93.563) Low-Income Home Energy Assistance (93.568)</p>		

¹ Current and prior year finding number(s)

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
VIEWS OF RESPONSIBLE OFFICIALS
AND CORRECTIVE ACTION PLANS FOR CURRENT YEAR FINDINGS**

<p>CCDF Cluster (93.575, 93.596) Social Services Block Grant (93.667) Medicaid Cluster (93.775, 93.777, 93.778) State Agencies: Department of Human Services Federal Agency: U.S. Department of Agriculture U.S. Department of Housing and Urban Development U.S. Department of Labor U.S. Department of Energy U.S. Department of Health and Human Services</p>		
<p><i>Subrecipient Monitoring and Special Tests and Provisions</i></p>		
FINDING # ¹	VIEWS OF RESPONSIBLE OFFICIALS AND CORRECTIVE ACTION PLAN	COMPLETION DATE/ CONTACT PERSON
<p>12-52 No finding in prior year</p>	<p>The Office of Auditing (OOA) will revise its standard desk review guide to identify ARRA funds listed separately on the Schedule of Expenditure of Federal Awards. Additionally, OOA will develop internal written procedures to document the timely and accurate updating of the Grantee Single Audit Tracking System (GSA).</p>	<p>April 1, 2013 Mark Talbot (609) 984-5540</p>

¹ Current and prior year finding number(s)

STATE OF NEW JERSEY SINGLE AUDIT

FISCAL YEAR 2012



SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<p>Unemployment Insurance (17.225) ARRA - Unemployment Insurance (17.225) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor</p>		
<p><i>Other Requirements – Information Technology General Controls</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-1 No finding in prior year</p>	<p>1. <u>Access at the Data Center at the SAC and OARS</u></p> <p><i>Response:</i> OIT will complete a review of the access rights to the Data Centers and Server Rooms and such review will be performed on a periodic basis.</p> <p>In regards to access to the Data Center, both centers are currently housed within the NJ State Police compound, which also has its own access policy. Currently, our Facilities Unit obtains clearance from the various agencies before allowing physical access. Concerning the OIT portion of those able to access, our Identity Management (IDM) application notifies Facilities. The immediate OIT Manager determines a given party's physical access. As stated above, OIT will complete a periodic review of access rights.</p> <p>2. <u>Appropriateness of Access</u></p> <p><i>Response:</i> For one of the terminated administrators, it was recommended that individual's profile remain because it was linked to ACF2 System Rules and reports that are still being used currently. Currently the profile is disabled in the system because the consequences of removing the mainframe profile are unknown. While this is being researched, we will continue to leave the mainframe profile disabled until more is known about the ACF2 System Rules and reports this profile is linked to on the ACF2 System maintained by OIT.</p> <p>Persons terminated on the spot have their NJLOOPS accounts immediately suspended. Currently the DLWD Division of Human Resources (HR) provides the DLWD Division of Information Technology (DIT) a list of normal terminations/separations from the Department via interoffice mail bin pickup. The information is derived from data inputted into NJ State Personnel Management Information System (PMIS) administered by the NJ Civil Service Commission. A faster way of informing the DIT is necessary. As of late November 2011 DIT has a department-wide help desk system (Numara Footprints) to handle all forms of service requests. Going forward it is anticipated HR could put in any personnel action resulting in logon account changes directly into Footprints. These requests can be routed with high priority directly to IT Data Security.</p> <p>DIT management will be looking at developing a system to periodically review NJLOOPS access within the DLWD.</p> <p>The Department agrees that there are individuals with access to both the development environment and the production environment. Because of limited staff and the need to allow clients to have access 24/7, there are instances where changes must be made and these individuals are needed to</p>	<p>No change to original plan. OIT completed the initial review of access rights in November 2012. Periodic reviews are now performed on an ongoing basis.</p> <p>Stephen Foundos - OIT (609) 633-8791</p> <p>Currently DLWD's Human Resources (HR) is inputting into the Division of Information Technology (DIT) help desk system when individuals leave the Department. This allows for better communication between HR and DIT when an individual leaves the Department.</p> <p>In regards to review of access, DIT has met with OIT to develop a strategy, as some of the work needs to be completed by OIT.</p> <p>Jerry Calamia - LWD 609-292-1885</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>make the changes, thus requiring them to have both types of access. DIT will be developing and implementing, in partnership with OIT, a system by which changes implemented by these individuals will be flagged and checked by an individual who is independent of this process and has knowledge of the NJLOOPS system.</p> <p>3. <u>Mainframe Changes</u></p> <p><i>Response:</i> Mainframe patch changes in the IBM environment are applied once provided by the vendor, IBM. Recommended Service Upgrades (RSU) are issued monthly while the emergency patches named High Persuasion (HIPER) are issued as needed through the IBM ASAP system. E-Mails announce HIPER patch availability to the various clients. All patches are applied through this IBM protocol. OIT is willing to continue assuming risk in this operational area. Our reasoning is:</p> <ul style="list-style-type: none"> • Program Temporary Fix (PTF) patches in the RSU are quite voluminous. • PTFs are almost exclusively tested by the IBM vendor before issuance (little, if any, by the client after receipt). • All patches are applied regardless. • Almost all patches are inconsequential in nature. • The IBM patch protocol, RSU has proven satisfactory for mainframe change. • CA Service Center accounts for mainframe change, patches or otherwise. <p>4. <u>Change Request Approvals and testing</u></p> <p><i>Response:</i> OIT will formalize Change Management policy and procedures. The Policy will include procedures for retaining evidence for both Testing and Production environment's changes. OIT's formalized process for Change Management would include a detailed description of: requests, approvals, Development Method and Integration Testing. DLWD's portion of the formalized process for Change Management would include a detailed description of Regression Testing and User Acceptance Testing.</p> <p>5. <u>Disaster Recovery</u></p> <p><i>Response:</i> NJLOOPS is part of the DR Mainframe restore process at the OIT DR facility (OARS). The OIT Business Impact Analysis (BIA) document has the following NJLOOPS systems that are included during the mainframe restore.</p> <ul style="list-style-type: none"> • Eligibility Review Interviews (JASP) (part of NJLOOPS) • Interstate Connection (part of NJLOOPS) • Local Office On-line Payment System (part of NJLOOPS) • On-line Alphabetic Employer Lookup (part of NJLOOPS) • 1099G processing (part of NJLOOPS) <p>While this is not a Disaster Recovery plan specifically for NJLOOPS, DIT will work with OIT to</p>	<p>No changes to original response. All patches go through IBM protocol. Ongoing & Continuous.</p> <p>Stephen Foundos - OIT (609) 633-8791</p> <p>OIT's DLWD Unit has issued procedures to DLWD for joint accounting of changes to both Testing and Production environments. Policy expected to be issued by 8/31/13.</p> <p>Stephen Foundos - OIT (609) 633-8791</p> <p>DLWD DIT has begun to work with OIT to develop a disaster recovery plan. Once the plan is completed, it will be tested.</p> <p>Jerry Calamia - LWD 609-292-1885</p>
--	---	--

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>develop a NJLOOPS specific disaster recovery plan.</p> <p>6. <u>Data Backup Procedures and failed backup remediation</u></p> <p><u>Response:</u> Formalized backup procedures along with the retention of backup success/failure logs and resolution details are to be documented as policy and procedures. The policy and procedures would be subject to the following:</p> <ul style="list-style-type: none"> • Storage Management back-ups occur on the larger system level not the more detailed application level. • Back up logs are presently maintained up to 90 days, due to storage considerations, making for a system limitation. • System Command Center (SCC) monitors the backup process using their procedure. • CA Service Center accounts for Change Control or Incidents. • OIT will develop a procedural mechanism to provide verification that the backup logs were reviewed and any issues were addressed. 	<p>No change to original plan. Implementation date of 12/31/13 is now anticipated.</p> <p>Stephen Foundos - OIT (609) 633-8791</p>
--	--	--

Medicaid Cluster (93.775, 93.777, 93.778)
State Agencies: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Adverse Opinion: Subrecipient Monitoring

FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-2 10-1 09-1 08-1 07-42	<p><u>Response:</u> The Bureau of Quality Control (BQC) concurs with the audit finding that eligibility quality control reviews were not performed for each month of SFY 2010. The BQC only completed eligibility quality control reviews for Medicaid benefits paid during the first quarter of SFY 2011, as part of the FFY 2010 PERM cycle review.</p> <p><u>Corrective Action Plan:</u></p> <ol style="list-style-type: none"> 1. Note: Since FFY 2007, the MEQC and PERM-Medicaid samples have been stratified to capture a cross section of eligibility processing practices. The positive action review scrutinizes a sample consisting of 1/3 new Medicaid applications; 1/3 Medicaid re-determinations and 1/3 other Medicaid cases (no action). The negative action review consists of denied, withdrawn and terminated Medicaid cases; and newly approved CHIP cases. 2. The BQC recently hired six new staff members during January 2012. Two staff members have begun performing reviews for the FFY 2011 and 2012 MEQC samples, which cover SFY 2012. The other four reviewers are currently being trained and upon completion will also perform reviews for the SFY 2012 period. 3. The BQC plans to hire four additional Quality Control reviewers in the near future who will temporarily perform eligibility quality control reviews for Medicaid benefits paid during SFY 2012, until the work is current. 	<ol style="list-style-type: none"> 1. No Change to original plan. Ongoing & Continuous. Contact Person: Adeline Rivera – (609) 588-2960 2. All six new staff people are now performing reviews. Contact person: Adeline Rivera – (609) 588-2960 3. The BQC has recently received approval to hire three Quality Control Reviewers in December 2012. Contact Person: Adeline Rivera – (609) 588-2960

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>4. In addition to the eligibility reviews performed by the BQC, state staff located on-site at the ACS State and Local Solutions (ACS) office perform eligibility reviews of CHIP (title 21) and Medicaid (title 19) eligibility determinations. Federal rules require that all Title 19 eligibility determinations by ACS be reviewed by State staff. This review is performed before the recipient is determined eligible. State staff sample a portion of the Title 21 eligibility determinations made by ACS. These reviews are done on an on-going basis throughout the fiscal year.</p> <p>5. In Fiscal Year 2011, the NJ Department of Human Services (DHS) completed the transition of all county run Medicaid transportation operations to our broker LogistiCare. This resulted in a significant savings to Medicaid, a portion of which was returned to the counties in exchange for their commitment to improve their handling of redeterminations. A Memorandum of Understanding (MOU) was signed with each county whereby the county would receive an additional \$25 for each eligibility determination (redeterminations and initial applications) in exchange for reducing the backlog of redeterminations. Counties must report their activities to DHS each quarter and if predetermined improvement goals are not met, the additional funds are withheld. We expect within a year that backlogs will be greatly reduced or eliminated.</p> <p>6. The Consolidated Assistance Support System (CASS) will be installed at each of the County Welfare Agencies (CWA). CASS will move the current paper based processing system to an electronic web based system. It will control the determinations and redeterminations of all eligibility to social service programs including Medicaid. CASS will allow State of New Jersey staff to monitor CWA efforts including, but not limited to statistical performance reporting and alerts triggered upon various performance concerns. CASS is expected to be implemented as of October 2013.</p>	<p>4. No change to original plan. Contact Person: Richard Headen – (609) 584-2968</p> <p>5. A new reporting system was implemented in July 2012 and counties are now reporting on a quarterly basis. After December quarter, funds will be withheld if a county does not show improvement in reducing backlog. Contact person: Vasyl Litkewycz – (609) 588-4135</p> <p>6. No change to original plan. Contact Person: Tom Jordan – (609) 588-2815</p>
--	---	--

Children’s Health Insurance Program (93.767)
State Agencies: Department of Human Services
Federal Agency: U.S. Department of Health and Human Services

Disclaimer of Opinion: Eligibility and Subrecipient Monitoring

FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-3 10-2	<p><i>Response:</i> The Division concurs with this audit finding. It was noted during the FY 2010 NJ Single Audit that the BQC performed CHIP (Title XXI) eligibility reviews for the sample months through December 2009; and then temporarily reassigned the CHIP staff to help perform Medicaid (Title XIX) eligibility reviews for the FFY 2010 PERM cycle. The BQC resumed performing CHIP eligibility reviews in July 2011, starting with the sample for January 2010. Since July 2011, the BQC CHIP unit has been understaffed for a variety of reasons and review production has been hindered.</p> <p>BQC is satisfied that this finding does not represent a weakness in the controls used to ensure the integrity of the QC review process. However, given the sample sizes, there is insufficient CHIP staff to catch-up to the current SFY audit.</p> <p><u>Corrective Action Plan:</u></p>	

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<ol style="list-style-type: none"> 1. <i>Note:</i> Since FFY 2007, the CHIP and PERM-CHIP samples have been stratified to capture a cross section of eligibility processing practices. The positive action review scrutinizes a monthly sample consisting of 1/3 new CHIP applications; 1/3 CHIP re-determinations and 1/3 other CHIP cases (no action). The negative action review consists of denied, withdrawn, timed-out and terminated CHIP cases. 2. The BQC resumed performing CHIP eligibility reviews during the summer of 2011. Currently, BQC is in the process of completing reviews for the last two months of SFY 2011. BQC expects to be performing reviews for SFY 2012 cycle during April 2012. 3. The BQC is in the process of adding two additional reviewers to its CHIP Unit staff. One is a transfer, the other a new hire. 4. The BQC has elected to reduce its monthly CHIP sample size from 54 to 18 cases for SFY 2012. 5. In addition to the eligibility reviews performed by the BQC, state staff located on-site at the ACS office perform eligibility reviews of CHIP (title 21) and Medicaid (title 19) eligibility determinations. Federal rules require that all Title 19 eligibility determinations by ACS be reviewed by State staff. This review is performed before the recipient is determined eligible. State staff sample a portion of the Title 21 eligibility determinations made by ACS. These reviews are done on an on-going basis throughout the fiscal year. 6. The State is presently negotiating an extension of the ACS contract. As part of these negotiations, the State is considering requiring ACS to perform an audit of their internal controls (SAS 70 audit) every fiscal year instead of the present requirement for such an audit every other year. 	<ol style="list-style-type: none"> 1. No change to original plan. 2. The CHIP Reviews for SFY 2011 were completed during the summer of 2012, and a final report of the SFY findings was submitted for supervisory review in September 2012. 3. A decision was made during the summer of 2012 that the CHIP Unit would receive no new additional staff. All new staff hired would go to the Medicaid Unit since it would require the six new hires and the additional three Quality Control Reviewers the BQC has received approval to hire in December 2012 to complete the SFY 2012 MEQC Medicaid Sample and become current. 4. The CHIP eligibility reviews for SFY 2012 are in the final stages of completion for both the positive and negative cases. The final report of the findings will be completed in November 2012. Beginning in SFY 2013, the CHIP unit will again be attempting to complete the entire sample of cases selected, even though there will be no additional staff for the Unit. Contact Person #1 → #4: Stanley Griffiths – (609) 588-2963 5. No change to original plan. Contact Person: Richard Headen – (609) 584-2968 6. A SAS 70 Audit will be performed for SFY 2012. No decision on subsequent years as extension is still being renegotiated. Contact Person: Richard Hurd – (609) 588-2550
--	---

**Children’s Health Insurance Program (93.767)
Medicaid Cluster (93.775, 93.777, 93.778)
HIV Care Formula Grants (93.917)
State Agency: Department of Human Services
Department of Health and Senior Services
Federal Agency: U.S. Department of Health and Human Services**

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-4 No finding in prior year	<p><u>Response:</u> The periodicity of this report is established by contractual agreement with the vendor (Molina). To change the annual timeframe requires a change to the contract. While such a change would meet the internal control requirement of this audit, there are many issues to be considered. A primary and basic concern would be the prudence of the fiscal and human resources expenditures to be incurred in the current strained fiscal environment in which human resource demands are already outreaching major programmatic and technology changes.</p> <p><u>Corrective Action Plan:</u> Consideration in future contract negotiations as to the fiscal and human resources impact of implementing a change to have the SAS 70 annual report timeframe coincide with the State fiscal year.</p>	<p>The State has paid the vendor Molina to extend the 2011 calendar year audit to June 30, 2012 and in the future all SAS 70 audits will be done on a SFY basis.</p> <p>Contact Person: Richard Hurd – (609) 588-2550</p>
<p>Medicaid Cluster (93.775, 93.777, 93.778) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p>		
<i>Special Tests and Provisions – Utilization Control and Program Integrity</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-5 No finding in prior year	<p><u>Response:</u> The Medicaid Fraud Division (MFD) is in agreement that two of the requested twenty-five investigative case files could not be located for review. In those two instances, the MFD did provide the auditor with the Master Case List Summary reports that reflect the investigation start date, allegation(s), investigative chronology and case resolution.</p> <p><u>Corrective Action Plan:</u></p> <ul style="list-style-type: none"> • The MFD currently has a process which ensures that all investigations are reviewed by the Chief of Investigations for signoff. • The MFD has implemented a filing system to catalog and track all investigative case files. This system will enable the MFD to retrieve investigative case files when required. 	<p>Contact Person: Mark Moskovitz, MFD - (609) 984-2888</p> <p>No change to original plan.</p> <p>No change to original plan – Filing system implemented in June 2011.</p>
<p>TANF Cluster (93.558, 93.714) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p>		
<i>Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility and Subrecipient Monitoring</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-6 No finding in prior year	<p>The two cases cited in this finding involved the County Welfare Agency being unable to find a case file. DFD will be implementing a Document Imaging System in our 21 County Welfare Agencies beginning in September 2012. The implementation of this new system will eliminate the need for paper case records and should significantly reduce the occurrence of missing case records in the future. DFD</p>	<p>The two cases cited in this finding involved the County Welfare Agency being unable to find a case file. DFD will be implementing a Document Imaging System in our 21 County Welfare Agencies beginning in April 2013. Statewide implementation will be complete in</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>directly contacted each of the two counties that were unable to locate a case file and reminded them of the requirements specific to and the importance of the establishment and maintenance of case records. DFD Office of County Operations staff will monitor County Welfare Agency compliance with this requirement.</p>	<p>October 2013 The implementation of this new system will eliminate the need for paper case records and should significantly reduce the occurrence of missing case records in the future. DFD directly contacted each of the two counties that were unable to locate a case file and reminded them of the requirements specific to and the importance of the establishment and maintenance of case records. DFD Office of County Operations staff will monitor County Welfare Agency compliance with this requirement. One of the two counties has been consolidating their case files so all of the case record information is stored in one folder, to better ensure complete case files are available when needed.</p> <p>Completion date: October 2013</p> <p>Responsible Officials: Joe Maag – (609) 588-2160; Jean Turner – (609) 588-7917; and Natasha Johnson – (609) 588-2409</p>
<p>TANF Cluster (93.558, 93.714) State Agencies: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Eligibility and Subrecipient Monitoring</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-7 No finding in prior year</p>	<p><u>Response:</u> The case referred in the finding was reviewed by QC and found to be correct with no payment error. It appears that the review was done on one adult and one child instead of only the 2 children. Even though the wrong two persons were identified, the case correctly received benefits for 2 eligible unit members, resulting in a payment of \$322.</p> <p><u>Corrective Action Plan:</u> Quality Control Reviewers will be reminded to properly identify the correct members of the eligible unit using FAMIS, case record documentation, as well as in their home visit and telephone contacts with clients. QC supervisors will be reminded to thoroughly review all elements of eligibility including household composition and relationship.</p> <p>In addition, all QC cases are now subjected to a peer review process at the local field office level by their supervisor and fellow reviewers, and a supervisory peer review that takes place weekly in the Trenton office. The supervisory peer review panel consists of TANF QC supervisors and their administrative supervisor. Further, the peer review process and peer review summary documents will be updated and revised to include all elements of eligibility, financial and non-financial.</p> <p>By reiterating policies and procedures currently in place as well as making necessary adjustments to the peer review process, the Bureau of Quality Control will be better able to eliminate unnecessary errors.</p>	<p>No change to original plan. The corrective action previously outlined is in place and is ongoing. The policies and procedures currently in place are continually reiterated with staff.</p> <p>Completed: March 2012</p> <p>Contact Person: Nancy Smith – (609) 588-2478</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

TANF Cluster (93.558, 93.714) CCDF Cluster (93.575, 93.596, 93.713) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Suspension and Debarment, Subrecipient Monitoring and Special Tests and Provisions – ARRA Subrecipient Monitoring</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-8 10-5	<p>1. <u>Suspension or debarment verification of CCR&R and CBC agencies</u></p> <p>DFD will utilize the EPLS website to verify that all current contract agencies are not debarred and suspended. Effective with the July 1, 2012 contract renewals, DFD will contact the CCR&Rs to confirm that they are not suspended or debarred. In addition, as part of the contract review and approval function, DFD will search the Excluded Parties List on the EPLS website.</p> <p>2. <u>Federal Award Information</u></p> <p>DFD will include the Federal Award and CFDA number in the contracts with CCR&R. Please note that as of July 1, 2011, DFD began the process of phasing out CBC agencies and as of January 1, 2012 all clients are now serviced by a CCR&R. In addition, with the January 2012 statewide implementation of the new eChildCare time, attendance and payment system, the CCR&R contracts will no longer contain (and therefore no longer receive) funds for the payment of childcare services to the providers.</p> <p>3. <u>Identification of ARRA Funds in SEFA</u></p> <p>This requirement will no longer pertain to DFD due to the termination of ARRA funding at the end of federal fiscal year 2011.</p> <p>4. <u>Verification of CBC Registration in CCR for ARRA Funding</u></p> <p>This requirement will no longer pertain to DFD due to the termination of ARRA funding at the end of federal fiscal year 2011. In addition, all contracts with the CBCs have been terminated as January 1, 2012 and have been converted to a voucher system administered by the CCR&R agencies.</p>	<p>Items 1 & 2 were implemented on July 1, 2012 and are ongoing.</p> <p>Responsible officials:</p> <p>Shammi Bhatia, Manager, Financial Reporting (609) 588-2045</p> <p>Yvonne Tierney, Manager Contract Operations (609) 588-2074</p> <p>N/A</p> <p>N/A</p>
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		
<i>Reporting</i>		
FINDING #1	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-9 10-6	<p>The DHS Evaluation Committee is currently reviewing the bids received in response to the RFP issued for hiring an experienced contractor to develop, implement and transition the State from a partially</p>	<p>The SDU contract was officially awarded to Xerox as of September 1, 2012. Implementation occurred in November 2012 and Xerox has</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<p>09-7 08-2 07-5 06-1 05-7 04-18 03-7 02-6 01-6 00-30</p>	<p>privatized State Disbursement Unit (SDU) to a fully privatized SDU. The selected contractor will be responsible for all collections, deposit, disbursement and reconciliation of collections. With all Banking and Cash Management functions performed by a fully privatized SDU, the reconciliation between the Child Support Bank Account and OCSE-34A Report will be complete.</p> <p>The Division is currently anticipating that the financial operations turnover to the new fully privatized SDU will occur by September 30, 2012 however; this is subject to the actual contract award date.</p>	<p>assumed full responsibility for Banking and Cash Management functions.</p> <p>Responsible official:</p> <p>Shammi Bhatia, Manager, Financial Reporting (609) 588-2045</p> <p>Completion Date: November 2012</p>
<p>CCDF Cluster (93.575, 93.596, 93.713) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services</p>		
<p><i>Subrecipient Monitoring and Special Tests and Provisions – Health and Safety Standards</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-10 10-7 09-8 08-4 07-7</p>	<p>1. <u>Four of 40 files reviewed – no monitoring review, therefore did not determine compliance with health and safety reviews.</u></p> <p><i>Response:</i> According to the above item, the Division completed 90% of the required monitoring reviews. The Division will review work assignments and continue to strive to attain the goal of completing 100% of all required reviews. It should be noted that as of July 2011 DFD began eliminating direct contracts with the community-based centers (CBCs) and converting these client services to a voucher-based system under the auspices of the existing Child Care Resource and Referral (CCR&R) agencies. The CCR&Rs will be the sole entities determining eligibility for program subsidy.</p> <p>The Office of License (OOL) within the Department of Children and Families (DCF), the Division of Children and Family is the regulatory agency for health and safety compliance. When centers license are revoked, terminated, suspended or reinstated, DFD receives notification from OOL. In addition, all centers are required to have a valid and current license to receive a subsidy through the Child Care Resource and Referral Agencies (CCR&Rs). They keep a copy of the license on file. DFD works closely with the OOL and they inform the Division directly when a center fails health and safety standards in accordance with statute therefore the Division is aware of any health or safety issues regardless of a monitoring review.</p> <p>2. <u>Three of 40 monitoring files – did not have a corrective action plan (CAP) within the required deadline.</u></p> <p><i>Response:</i> DFD will institute a tracker to ensure that CAPs are submitted in a timely manner.</p> <p>3. <u>One of 40 monitoring reviews were conducted after the review period.</u></p> <p><i>Response:</i> The goal within DFD is to complete all monitoring within the prescribed timeline.</p>	<p>No change to original plan.</p> <p>Tracker is now in place to monitor when CAP is due.</p> <p>Completion date: June 30, 2012</p> <p>No change to original plan.</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	It should be noted that 90% of the contracted sites were reviewed correctly and on time. OOL is the lead agency and is responsible for regulatory enforcement and inspections for health and safety compliance. Effective July 2011 the CCR&Rs will be the sole entities contracted by DFD to determine childcare eligibility. Sub-recipient monitoring will be for the contracted CCR&Rs that determine eligibility and obtain copies of the license from providers that are caring for children receiving a subsidy.	Responsible official: Margaret Milliner, Assistant Director Child Care Operations (609) -588-2163
Vocational Rehabilitation Cluster (84.126, 84.390) State Agency: Department of Human Services Federal Agency: U.S. Department of Education		
<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-11 10-10 09-6 08-7	The Cost Allocation Plan (CAP) for the quarter ending 12/31/10 will be complete by March 30, 2012. The CAPs for the quarters ending 3/31/11 and 6/30/11 will be completed by May 31, 2012. The Commission hired an Auditor Accountant Trainee to help with the filing of State and Federal reports and help improve internal controls. By next year, the backload of reports should be completed and CAPs will be filed timely.	No change to original plan. Completed: June 21, 2012 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		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-12 10-11	The RSA-2 for FFY 2010 was filed late due to staffing issues. The Commission is required to submit numerous federal reports during the fourth quarter of the calendar year, which also coincides with a busy annual budget cycle. In order to accommodate competing demands, the Commission hired an Auditor Accountant Trainee to help with the filing of State and Federal reports and to help improve internal controls. As a result, the RSA-2 for FFY 2011 was filed in a timely manner before the required due date.	No change to original plan. Completed: March 9, 2011 Frank Scheick (973) 648-3126
Block Grants for Prevention and Treatment of Substance Abuse (93.959) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Level of Effort</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-13 No finding	The State submitted a NJ Maintenance of Effort (MOE) Waiver Request to SAMHSA on January 30, 2012 in accordance with their request dated December 8, 2011 that the State demonstrate the MOE	No change to original plan.

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

in prior year	deficiency was the result of extraordinary economic conditions during SFY 2011. The statute and regulation require the Secretary to approve or deny a State's request for waiver not later than 120 days after the date on which the request is made. The State will monitor MOE expenditures each fiscal year to assure compliance with regulations.	Completed – March 1, 2012 (Awaiting approval for waiver request submitted on January 30, 2012) Responsible Official: John Rountree - (609) 984-3211
Block Grants for Prevention and Treatment of Substance Abuse (93.959) State Agency: Department of Human Services Federal Agency: U.S. Department of Health and Human Services		
<i>Subrecipient Monitoring</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-14 10-9 09-4 08-3 07-2	When conducting the annual, formal site visit to DMHAS-funded prevention providers, contractees are represented by program, administrative, and fiscal staff. The site visit related to this finding was rescheduled twice due to unavailability of administrative and/or fiscal staff. By the time the visit was finally scheduled/completed it was shortly after the conclusion of the review period. This issue occurs very infrequently. However, if such a situation should arise in the future, the contractee will be required to identify alternative staff who will be authorized to represent administrative and/or fiscal staff and provide the required information during the visit. The annual site visit for this subrecipient was completed on 8/22/11.	No change to original plan. Completion Date: March 1, 2012 Site-Visit Completion Date: August 22, 2011 Responsible Official: Donald Hallcom - (609) 984-4049
SNAP Cluster (10.551, 10.561) TANF Cluster (93.558, 93.714) State Agencies: Office of Information Technology Department of Human Services Federal Agency: U.S. Department of Agriculture U.S. Department of Health and Human Services		
<i>Other Requirements – Information Technology General Controls</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-15 10-12 09-10 08-44 07-8	<u><i>OIT Response</i></u> <i>1. Access at the Data Center at HUB and OARS</i> <ul style="list-style-type: none"> • A review of the access rights to the Data Centers and Server Rooms will be performed on a periodic basis. Access rights verification will be retained. • A <u>Request for Proposal</u> has been issued for a new off-site operations print vendor. In-house print operations will cease to accommodate an interdepartmental IT consolidation at the HUB. 	<u><i>OIT Update:</i></u> Steven Foundos – (609) 633-8791 <i>1. Access at the Data Center at HUB and OARS</i> <ul style="list-style-type: none"> • Periodic access rights reviews are ongoing. • RFP continues to be reviewed and in-house print operations expected to cease by 12-31-13.

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<ul style="list-style-type: none"> • Duplicate ID cards appear in the OIT Facility access database. This is a necessary option for granting multiple access rights due to a system limitation. <p>2. <i>Accountability for access</i></p> <p>Shared accounts procedures for their review and monitoring, by an independent party, along with documentation of such access rights will be formalized.</p> <p><u>DHS-DFD Response</u></p> <p><u>Appropriateness of Access</u></p> <p>1) Periodic review of FAMIS user accounts to determine appropriateness of the level of access that each account has in the production system is not performed.</p> <p>To address Condition 3–bullet 1: During SFY 2011 DFD utilized a revised review process for the FAMIS users which consisted of only verifying access for users who had changed Units since the previous review and subsequently performed the yearly cleanup process of removing users who have not logged on in a year. The review will include all user access each year to be sure to capture any changes in job assignments while staying in the same unit.</p> <p>OIS Security will review all users in the future.</p> <p>2) One terminated employee continues to maintain access in the FAMIS application although this individual was terminated in March 2011.</p> <p>To address Condition 3–bullet 2: DFD user was a State employee with a State DFD Bull Host ID (99C***) working in the Hudson CWA. The Hudson CWA Security Administrator mistakenly processed a Hudson Bull Host ID (09A***) for another individual user. When the other user left State employ, DFD correctly terminated the DFD FAMIS ID however was unaware of the Hudson ID. Upon investigation, it was discovered that individual has not logged on to FAMIS using the Hudson ID since 11-28-2008. The Hudson ID was deleted immediately.</p> <p>As a corrective action OIS Security sent out an email on Wednesday, February 29, 2012 reminding all CWA Security Administrators that DFD provides User IDs for all authorized DFD staff and therefore the CWA should not be adding access for these state employees.</p> <p>3) User accounts in FAMIS exist where individuals have Case Worker Level Access as well as Supervisor access, due to which these accounts have the ability to review as well as release/update benefit applications.</p> <p>To address Condition 3–bullet 3: OIS Security will be meeting with all CWA Security Administrators on March 8, 2012. During this meeting, the administrators will be provided with a list of users that have UPD (update) and SUP (supervisor) functions and they will be informed that no single user should have</p>	<ul style="list-style-type: none"> • Ongoing and Continuous. <p>2. <i>Accountability for access</i></p> <p>Shared Accounts’ policy and procedures are in First Draft form and are expected to be formalized by 9-30-13.</p> <p><u>DHS-DFD Update:</u> Susan Brown – (609) 588-2929</p> <p>1. DFD performed a review of all DFD users on May 11, 2012. A FAMIS listing was sent out to all DFD Senior Staff detailing users who have FAMIS access. The listing contained the user name as well as their assigned function. DFD Staff replied to the DFD Helpdesk to communicate any changes needed and/or verify that the access was correct. Helpdesk tickets were created to record all responses.</p> <p>OIS will continue to review all users in the future.</p> <p>2. A follow up e-mail was sent out on 5/30/2012 reminding that when a user vacates a position and/or no longer needs access to systems/applications their ID needs to be deleted/terminated in a timely manner.</p> <p>3. As a follow up to the discussion on March 8, DFD sent out a listing to all CWAs of users with both a user UPD (update) and a SUP (supervisor) function on May 8, 2012. The CWAs were instructed to review the list and delete the UPD (update) function for Supervisors. CWAs were also instructed to ensure that these dual functionality situations do not occur in the future and to advise the DFD Helpdesk when the corrective measures were</p>
---	--

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	both the UPD and SUP function. They will be instructed to review the list, delete the update function for Supervisors and ensure that this does not occur in the future.	completed. Helpdesk tickets were created to record all responses.
Disability Insurance/SSI Cluster (96.001) State Agency: Department of Labor and Workforce Development Federal Agency: Social Security Administration		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-16 No finding in prior year	The Division of Finance and Accounting (the Division) previously received source reports from the Division of Human Resources and Labor Relations (HR&LR) in order to prepare the SSA 4514 reports. For the quarter ending December 31, 2010, HR&LR no longer provided the Division with the source reports. The Division created the reports in house and they were being fine-tuned for leave hours. Several revisions were made to the report. Unfortunately the report that was submitted was not the final version. The Division has updated the report and has accurate data from the December 31, 2011 quarter. The Division has reached out to the Social Security Administration (SSA) and is awaiting direction on whether or not to submit a revised report.	The original report was submitted on 2/15/11. A revised copy was submitted on 3/16/12. Jerry Calamia - LWD (609) 292-1885
Disability Insurance/SSI Cluster (96.001) State Agency: Department of Labor and Workforce Development Federal Agency: Social Security Administration		
<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-17 No finding in prior year	The referenced transactions were paid an incorrect amount. The Department has now taken steps to ensure that all changes made to the Consultative Examination (CE) Rate Table are accurate. Appropriate staff to verify the information is correct will review all changes made. (Changes are made on a yearly basis.) The program area is also investigating the ability to “lock down” the CE rates after the yearly changes are made.	In order to maintain the integrity of the Consultative Examination (CE) fee schedule, it is updated and affirmed by three employees working independently. In addition, the fee schedule menu is now inaccessible to users to prevent erroneous changes. Please note that the NJDDS adheres to the CE fee schedule that was in effect at the time the exam was encumbered, not paid. Jerry Calamia - LWD (609) 292-1885
Unemployment Insurance (17.225) ARRA - Unemployment Insurance (17.225) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor		
<i>Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability, and Special Tests and Provisions – FAC Benefit Payments</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<p>11-18 No finding in prior year</p>	<p>On March 2, 2011, the Department of Labor and Workforce Development installed program modifications to prevent the payment of Federal Additional Compensation (FAC) benefits to Trade Readjustment Allowance (TRA) beneficiaries after the Compensable Week Ending (CWE) date of 12/12/10. Additionally, all erroneous FAC benefits paid to TRA beneficiaries for CWE's after 12/12/10 are now reflected in the UI System as overpayments.</p> <p>In the future, all segments of the NJLOOPS program that process payments will be reviewed and changed as appropriate, when changes in payment criteria affect those payments.</p>	<p>No update to original plan necessary. Computer coding corrected and refunds set up.</p> <p>Jerry Calamia - LWD (609) 292-1885</p>
<p>Unemployment Insurance (17.225) ARRA - Unemployment Insurance (17.225) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor</p> <p><i>Reporting</i></p>		
<p>FINDING #¹</p>	<p>ORIGINAL CORRECTIVE ACTION PLAN</p>	<p>UPDATED PLAN</p>
<p>11-19 No finding in prior year</p>	<p>The time allotted for completing the various elements of the reports was not sufficient to ensure timely submissions. The department will redouble its efforts to streamline our reporting processes to accommodate due dates for timely submissions.</p>	<p>Since filing the original corrective action plan, almost all ETA 9130 Financial Status Reports for quarters ended 12/31/11 and 6/30/12 were filed timely. Reports for 3/31/12 were filed 1 day late. The department is continuing its efforts to streamline our reporting processes to accommodate due dates for timely submissions.</p> <p>Jerry Calamia - LWD (609) 292-1885</p>
<p>Vocational Rehabilitation Cluster (84.126, 84.390) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Education</p> <p><i>Reporting</i></p>		
<p>FINDING #¹</p>	<p>ORIGINAL CORRECTIVE ACTION PLAN</p>	<p>UPDATED PLAN</p>
<p>11-20 No finding in prior year</p>	<ul style="list-style-type: none"> • <u>SF-269 report for ARRA expenditures for the quarter ended September 30, 2010 was submitted 24 days late.</u> DLWD asked RSA about reporting procedures but did not receive clear guidance. While submitting regular grant SF-269's, DLWD discovered that ARRA SF-269's were posted online. • <u>SF-269 report for ARRA expenditures for the quarter ended June 30, 2011 was submitted 2 days late.</u> DLWD has instituted procedures to improve the timeliness of these reports. • <u>SF-425 report for Federal fiscal year 2010 for the quarter ended December 31, 2010 was submitted 148 days late.</u> 	<p>No change to original plan. The department is continuing its efforts to streamline our reporting processes to accommodate due dates for timely submissions.</p> <p>Jerry Calamia - LWD (609) 292-1885</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>DLWD has instituted procedures to improve the timeliness of these reports.</p> <ul style="list-style-type: none"> • <u>SF-425 report for Federal fiscal year 2011 for the quarter ended March 31, 2011 was submitted 21 days late.</u> <p>DLWD has instituted procedures to improve the timeliness of these reports.</p> <ul style="list-style-type: none"> • <u>The RSA-2 report for the Federal fiscal year ending September 20 2010 was submitted 32 days late.</u> <p>This report contained programmatic and fiscal data. The time allotted for completing the various elements of the report was not sufficient to ensure timely submission. The department will work to streamline our reporting processes to accommodate due dates for timely submissions.</p>	
<p>WIA Cluster (17.258, 17.259, 17.260) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor</p>		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-21 No finding in prior year	A letter was sent to all sub-recipients requesting their DUNS number. We did monitor the FFATA website; however, actual awards were never posted for many of our grants that are required to include sub-recipient data, therefore no sub-recipient data was submitted. We are entering the required data and have designated a resource person to ensure compliance. Our FFATA reporting is now current.	Since filing the original corrective action plan, procedures are in place to ensure the reporting of contracts awarded from the WIA cluster of \$25,000 or more. Jerry Calamia - LWD (609) 292-1885
<p>WIA Cluster (17.258, 17.259, 17.260) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor</p>		
<i>Subrecipient Monitoring</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-22 No finding in prior year	Several factors affected our monitoring and compliance activities in Program Year 2010 (PY 2010). A significant factor was the retirement of the Supervisor of the Monitoring and Compliance Unit in May 2011. An official replacement was not appointed until July 2011 and during the transition, our unit filled a vacant position with a new incumbent who required training. The Monitoring and Compliance Unit will conduct a Procurement and Contracting Review for the current program year (PY 2011). The review is planned for late May 2012.	The Monitoring and Compliance Unit conducted on-site reviews to ensure compliance with the uniform administrative requirements as they pertain to the procurement process during Program Year 2011. There have been 17 reports issued. The Burlington Report is in draft because the exit interview has not been conducted, although all monitoring activity occurred in Program Year 2011. Jerry Calamia - LWD (609) 292-1885
<p>WIA Cluster (17.258, 17.259, 17.260) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor</p>		

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<i>Cash Management</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-23 No finding in prior year	The department agrees that there was an over draw of \$157,519. While the amount was overdrawn, the local area only received the \$1,952 amount that they requested. The overdrawn amount remained in the Department's account. The final reconciliation of amounts drawn and expenditures was completed with the final report at 6/30/11. The Department has made modifications to the process by which drawdowns are calculated and believe these modifications will be sufficient in curtailing a situation such as this from occurring in the future.	Since filing the original corrective action plan, written policies and procedures are now in place to ensure amounts to be reimbursed equal the amount drawn from the federal Division of Payment System. Jerry Calamia - LWD (609) 292-1885
WIA Cluster (17.258, 17.259, 17.260) State Agency: Department of Labor and Workforce Development Federal Agency: U.S. Department of Labor		
<i>Reporting</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-24 No finding in prior year	During State fiscal year 2011, there were 43 reports that were due per quarter covering the regular and ARRA WIA grants. The Department will establish additional accounts in NJCFS to ensure a more efficient and accurate tracking of expenditures within the WIA cluster and shorten the reporting times. The Department will also improve on time management when compiling the data for the reports.	Since filing the original corrective action plan, all ETA 9130 Financial Status Reports for quarter ending 6/30/12 were filed timely. Reports for 9/30/11 were filed 3 days late, 12/31/11 reports were filed 8 days late and 3/31/12 reports were filed 2 days late. The department is continuing its efforts to streamline our reporting processes to accommodate due dates for timely submissions. Jerry Calamia - LWD (609) 292-1885
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		
<i>Eligibility</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-25 10-16 09-26 08-25 07-41	<p>1. <u>Adoption Subsidy Agreement</u></p> <p>The audit noted that in ten out of sixty-five cases, the Department did not receive the subsidy agreement renewal form for state fiscal year 2011. There are no questioned costs associated with this finding, as the renewal form is required to comply with Departmental policy however; it is not required on an annual basis according to Federal regulations.</p> <p><i>Response:</i></p> <p>DCF has drafted a new Adoption Subsidy agreement and annual notification letter that shall be implemented into policy on or before June 30, 2012.</p>	<p>Contact Person: Betty Berzin – (609) 888-7461</p> <p>Completed: May 2012</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>Families will sign an Adoption Subsidy Agreement that still notifies them of their responsibility to notify DCF of any change and the possible consequences of their failure to do so. DCF will then annually send them a notification of their legal obligation to their adopted child and reminding them that “unless they notify us of any changes to their or their adopted child’s eligibility for the adoption subsidy, that the Division will continue to provide them with monthly subsidy payments”. DCF will maintain a copy of this annual letter in our files.</p>	<p>As of May 2012, DCF modified its’ annual renewal process and upgraded the Adoption Subsidy policy to reflect the stated changes in the process.</p>
<p>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: Department of Children and Families Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Allowable Costs/Cost Principles – Cost Allocation Plan</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-26 No finding in prior year</p>	<p>1. <u>Cost Allocation Plan (CAP)</u></p> <p>The Random Moment Study (RMS) statistic for the quarter ending June 30, 2011 utilized the Random Moment Study statistic from the March 31, 2011 quarter.</p> <p><i>Response:</i></p> <p>DCF has implemented corrective action and there are no questioned costs to be returned to the federal government for Foster Care and Adoption Assistance programs.</p> <p>This was a human error that occurred with the RMS statistics summary utilized for the quarter ending June 30, 2011. The RMS report summary for the quarter ending March 31, 2011 was used for the quarter ending June 30 2011. DCF revised the CAP with the correct RMS statistic for the quarter ending June 30, 2011 as part of the corrective action plan.</p> <p>The Random Moment Study (RMS) is a statistic based on activities performed by field staff. These results are compiled and the results are used in the CAP to allocate to all the benefiting programs.</p> <p>During the revision of the CAP and after populating the correct RMS statistics the following results were found:</p> <ul style="list-style-type: none"> • Title IV-E Foster Care and Adoption Assistance administrative claim changed after the correction of the RMS with the following results: <ul style="list-style-type: none"> a. Adoption increased by \$5,466 b. Foster Care increased by \$69,895 c. The total amount under claimed for the IV-E program is \$75,361 • All revisions were submitted with the IV-E claim for the quarter ending 12/31/2011. Due to the amendment and resubmissions, there are no questioned costs. 	<p>Contact Person: Alfonso Nicholas – (609) 888-7525</p> <p>Completed: July 1, 2012</p> <p>As of July 1, 2012, DCF/ORFR implemented a Quarterly Assurance (QA) process to ensure accurate data is captured and processed in the CAP. Staff persons other than those who constructed the quarterly CAP have been assigned to the QA function.</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	An additional quality assurance process has been implemented to help prevent human error.	
Social Services Block Grant (93.667) State Agency: Department of Children and Families Federal Agency: U.S. Department of Health and Human Services		
<i>Allowable Costs/Cost Principles – Cost Allocation Plan</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-27 No finding in prior year	1. <u>Cost Allocation Plan (CAP)</u> The Random Moment Study (RMS) statistic for the quarter ending June 30, 2011 utilized the Random Moment Study statistic from the March 31, 2011 quarter. <u>Response:</u> DCF has implemented corrective action and there are no questioned costs to be returned to the federal government for the SSBG program. This was a human error that occurred with the RMS statistics summary utilized for the quarter ending June 30, 2011. The RMS report summary for the quarter ending March 31, 2011 was used for the quarter ending June 30 2011. DCF revised the CAP with the correct RMS statistic for the quarter ending June 30, 2011 as part of the corrective action plan. The Random Moment Study (RMS) is a statistic based on activities performed by field staff. These results are compiled and the results are used in the CAP to allocate to all the benefiting programs. During the revision of the CAP and after populating the correct RMS statistics the following results were found: <ul style="list-style-type: none"> • The SSBG activities were overstated by \$ 967,298. The SSBG is a capped grant that requires that we provide documentation to show that expenses have been expended through the activities. The SSBG yearly grant is approximately \$21,000,000 and the department reports/expends over \$120,000,000 per year on activities allowable under the program. There are no additional funds for SSBG, only the capped yearly grant. Therefore, there are no questioned costs incurred with this error. An additional quality assurance process has been implemented to help prevent human error.	Contact Person: Alfonso Nicholas – (609) 888-7525 Completed: July 1, 2012 As of July 1, 2012, DCF/ORFR implemented a Quarterly Assurance (QA) process to ensure accurate data is captured and processed in the CAP. Staff persons other than those who constructed the quarterly CAP have been assigned to the QA function.

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

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		
<i>Other Requirements – Information Technology General Controls</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-28 10-17 09-28 08-6	<ol style="list-style-type: none"> 1. <u>Disaster Recovery Test</u> <ul style="list-style-type: none"> • A disaster recovery test was not performed for NJSPIRIT during State fiscal year 2011. <p><i>Response:</i> DCF has been working with OIT and we expect the new Disaster Recovery (DR) environment to be procured within FY 2013. 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.</p> 2. <u>User Access Provisioning and Monitoring</u> <ul style="list-style-type: none"> • User access modifications to NJSPIRIT and supporting approvals could not be validated, as the system does not maintain a listing/log of changes that were made in the system. <p><i>Response:</i> 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 NJSPIRIT user access review to ensure that all user access is up to date and correct. At this time, the centralized NJSPIRIT 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.</p> <p>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.</p> 	<ol style="list-style-type: none"> 1. <u>Disaster Recovery Test:</u> Progress toward implementation has been made. The DR test is reliant upon the procurement and development of the DR environment, which is scheduled for FY 13. Contact Person: Jason Ciseck - (609) 888-7267 2. <u>User Access Provisioning and Monitoring:</u> Progress toward implementation has been made. DCF is developing a NJSPIRIT enhancement to capture history, which in turn will allow for accurate validation of the internal controls surrounding user access modifications. Expected completion date is scheduled for FY 13. Contact Person: Jason Ciseck - (609) 888-7267
Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559) State Agency: Department of Agriculture Federal Agency: U.S. Department of Agriculture		

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-29 10-13	<p><i>Procedure:</i> On the working day closest to the 20th of each month a staff/management meeting is held to determine the due dates for reports and the date to start report preparation. The preparation of the reports begins a minimum of two working days before the reports are due to insure completion by the due date. FNS implemented this procedure in April 2011. <i>Important Note:</i> All reported findings for FYE 6/30/11 are prior to this implementation date.</p> <p>All 30-day reports (FNS-10, FNS-44, & FNS-418) are submitted within 30 days following the last day of the reporting month. All 90-day reports (FNS-10, FNS-44, & FNS-418) are submitted within 90 days following the last day of the reporting month. All FNS-777 Reports are submitted within 30 days after the quarter ends.</p>	<p>No change to original plan. Procedure implemented April 2011.</p> <p>Contact Person: Robert Gibson - (609) 984-1197</p>
<p>Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559) State Agency: Department of Agriculture Federal Agency: U.S. Department of Agriculture</p>		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-30 No finding in prior year	<p>FNS has been collecting information from their sponsors that is required for proper reporting. It is anticipated that the initial submission of the required data will begin in July 2012.</p>	<p>An FSRS submission was attempted on June 28th, 2012. This initial submission failed and there were 50+ errors identified. Efforts are ongoing to resolve these errors. On Oct 3rd, a second FSRS submission was attempted. This submission also failed and approximately 20 errors were identified with some identified as new sponsor errors. Efforts to resolve these errors will continue until an acceptable report is successfully submitted. Estimated completion date is February 2013.</p> <p>Contact Person: Robert Gibson - (609) 984-1197</p>
<p>Child and Adult Care Food Program (10.558) State Agency: Department of Agriculture Federal Agency: U.S. Department of Agriculture</p>		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-31 10-14	<p><i>Procedure:</i> On the working day closest to the 20th of each month a staff/management meeting is held to determine the due dates for reports and the date to start report preparation. The preparation of the reports begins a minimum of two working days before the reports are due to insure completion by the due date. FNS implemented this procedure in April 2011. <i>Important Note:</i> All reported findings for</p>	<p>No change to original plan. Procedure implemented April 2011.</p> <p>Contact Person: Robert Gibson - (609) 984-1197</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	FYE 6/30/11 are prior to this implementation date. The FNS-44 30 day report are submitted within 30 days following the last day of the reporting month. The FNS-44 90 day report are submitted within 90 days following the last day of the reporting month. All FNS-777 Reports are submitted within 30 days after the quarter ends.	
Child and Adult Care Food Program (10.558) State Agency: Department of Agriculture Federal Agency: U.S. Department of Agriculture		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-32 No finding in prior year	FNS has been collecting information from their sponsors that is required for proper reporting. It is anticipated that the initial submission of the required data will begin in July 2012.	An FSRS submission was attempted on June 28 th , 2012. This initial submission failed and there were 50+ errors identified. Efforts are ongoing to resolve these errors. On Oct 3 rd , a second FSRS submission was attempted. This submission also failed and approximately 20 errors were identified with some identified as new sponsor errors. Efforts to resolve these errors will continue until an acceptable report is successfully submitted. Estimated completion date is February 2013. Contact Person: Robert Gibson - (609) 984-1197
Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Transportation Federal Agency: U.S. Department of Transportation—Federal Highway Administration		
<i>Davis-Bacon Act</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-33 10-24 9-34	<u>Recommendation:</u> We recommend that the Department implement procedures to ensure that all payroll summaries and certifications are submitted, reviewed, and include all appropriate information. <u>Corrective Action Plan:</u> To ensure NJDOT's compliance with the Davis-Bacon Act and FHWA implementing requirements, the Division of Civil Rights/Affirmative Action (CR/AA) has executed the following updates and improvements to its internal and external processes, most of which have been included in the updated version of NJDOT's Construction Procedures Handbook (CPH), where applicable: <ul style="list-style-type: none"> • Language now included in Section V, Subsection A of the CPH will require that Resident Engineers (REs) confirm and certify (monthly) that they have received and reviewed their prime and subcontractors' weekly payrolls. • Consistent with the above language, CR/AA has provided a payroll certification form (DC-127) that REs will use to document that they have received and reviewed their contractors' weekly payrolls. REs will be required to complete this form and submit to CR/AA monthly along with evidence of the wage rate inspections (Form DC-126) that they have conducted 	No change to original plan. <u>Wage Rate Forms - Update:</u> All revisions and updates to internal Wage Rate Forms have been completed and fully implemented. <u>Construction Procedures Handbook (CPH) - Update:</u> Full implementation of wage rate forms and payroll procedures provided in NJDOT's 2011 CPH have been completed. <u>RE Workshops - Update:</u> Additional RE Workshops were added for Maintenance Operations and took place on July 3 and August 2, 2012.

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>during the month.</p> <ul style="list-style-type: none"> • CR/AA has modified the language requiring wage rate inspections to reflect the REs' processes with respect to these inspections. Accordingly, REs will be required to conduct wage rate inspections as frequently as necessary and include a representative sampling of the prime and subcontractors' workforces. A representative sampling is defined as an inspection and review for each craft employed by each contractor on the project; and will further include an examination of the payroll data and inspections/interviews on at least one employee per craft for the contractor and each subcontractor's employees at least once for the duration of the project. • The frequency within which REs must forward contractors' payrolls to CR/AA's Wage Rate Unit has also been changed from "monthly" to "quarterly" and/or when the project is completed, whichever comes first. Accordingly, a new Form DC-128, "Quarterly Summary of Contractor's Payrolls" will be submitted along with copies of all contractors' payrolls submitted for the quarter within 30 days after the end of each quarter. • CR/AA's Wage Rate Unit developed a "Certified Payroll Review Analysis" form used to document the review and analysis of the initial payrolls submitted for individual construction projects. • CR/AA's Wage Rate Unit maintains a detailed spreadsheet/log to confirm receipt of all required wage rate documents for active projects including certified payrolls; Contractors' Statement of Compliance; Form DC 127; and Form DC- 126. • Construction developed Form DC-129, "Late Payroll Log" to monitor and record contractors' late payroll submissions. This form will be submitted to CR/AA when/if contractors submit payrolls significantly late. • Resident Engineers' Workshops have been scheduled for March 1, 8 and 13, wherein Civil Rights will provide a detailed presentation of the CPH updates as well as the RE and contractor's responsibilities as they relate to the Davis-Bacon Act and corresponding payroll and wage rate requirements. • CR/AA was approved to hire an additional staffer in its Wage Rate Unit who has provided the support necessary to implement the additional enforcement activities. <p>Finally, CR/AA will commence onsite monitoring of construction projects in 2012, which will include an examination of REs' compliance with Section V, Subsection A of the CPH and contractors' compliance with the Davis-Bacon Act.</p>	<p>All corrective actions were achieved on or before February 11, 2013.</p> <p>Contact Person: Amadeo Miro - (609) 530-2151 Civil Rights/Affirmative Action – Wage Rate Unit</p>
<p>Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Transportation Federal Agency: U.S. Department of Transportation—Federal Highway Administration</p>		
<p><i>Subrecipient Monitoring and Special Tests and Provisions – ARRA Subrecipient Monitoring</i></p>		
<p>FINDING #1</p>	<p>ORIGINAL CORRECTIVE ACTION PLAN</p>	<p>UPDATED PLAN</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<p>11-34 10-25</p>	<p><u>Recommendation:</u> 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 sub-recipients at the time of the award.</p> <p><u>Corrective Action Plan:</u> CFDA Number and other information were imbedded 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. For agreements that were processed without the CFDA Number, the Division of Local Aid will send letters to the recipients informing them of the applicable CFDA number that should accompany those agreements.</p> <p>On 10-11-2011: Letters were prepared to the attention of all recipients to inform them of the situation. This was done to insure that all recipients of Local Federally funded projects are aware of the proper CFDA number. Projects in Local Aid fall under: <i>Highway Planning and Construction. 20.205</i></p> <p>All counties and major cities that received federal funding were already informed based on last year's FYE 2010 finding. Additional letters will be prepared to inform recipients of Federal Aid that were not addressed in the October 11, 2011 letter distribution. These generally were recipients under smaller federal programs such as Transportation Enhancement (TE) and Safe Routes to School (SRTS). A list will be prepared of all recipients of these programs and those that were missed in last year's action will be informed in writing.</p>	<p>No change to original plan.</p> <p>DOT has prepared a list of all recipients that were missed in last year's action and letters were scheduled to be prepared and sent to these entities during October 2012.</p> <p>Contact Person: Shukri Abuhuzeima – (609) 530-4680 Division of Local Aid</p>
<p>Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security</p> <p><i>Matching, Suspension and Debarment, and Subrecipient Monitoring</i></p>		
<p>FINDING #¹</p>	<p>ORIGINAL CORRECTIVE ACTION PLAN</p>	<p>UPDATED PLAN</p>
<p>11-35 No finding in prior year</p>	<p>The NJSP Public Assistance Unit (PAU) will implement the following practice. At the time of the approved project work plan, an applicant agency will be informed of the CFDA number assigned to the FEMA funding for the disaster, as well as the number assigned to the disaster. (e.g., 1873DRNJ, 1189DDRNJ, etc.) Forms for signature regarding Suspension and Debarment and Federal Financial Accountability and Transparency Act will be sent to the agency for completion and return to the PAU. An agency will be informed of its obligation to provide the required documentation in order to receive reimbursement.</p> <p>As a part of an agency's reimbursement request, it will be required to certify that the required non-federal share has been met. It also will need to demonstrate that the non-federal share has been met. Additional temporary employees to be hired by PAU will be available to verify the applicant's approved budget and that the non-federal share has been met. These employees will also be available to monitor that suspension and debarment certifications are received from the subrecipients.</p>	<p>As of April 1, 2012, this corrective action has been implemented. All corresponding forms are sent to the applicant at the time they are notified that they will be receiving a reimbursement from FEMA Public Assistance grant funding. All required forms have also been made available online to all applicants via the following New Jersey State Police Office of Emergency Management website: http://www.state.nj.us/njoem/plan/public-assist.html.</p> <p>The project worksheets are written and approved by the FEMA Project Specialists and verified by a State representative at 100% of the project value. The Public Assistance Unit and Grants Administration Bureau ensure that applicants are reimbursed for 75% of the project value.</p> <p>Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Cash Management</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-36 No finding in prior year	<p>The NJSP Grants Administration Bureau (GAB) and the Public Assistance Unit (PAU) will improve their coordination in an effort to drawdown funds as close as administratively feasible to the actual payment to a subrecipient agency. Payments are made based upon batches of reimbursements to agencies that are submitted to the GAB by the PAU. The GAB reviews the documentation and prepares documents for payment. The GAB notifies PAU that payment has been processed. The PAU sends a payment verification form to the agency receiving payment and the verification form (receipt) is returned by the agency to the PAU. If payment is in full to the agency, this verification form will assist in the closeout of the process.</p> <p>The PAU and the GAB will coordinate better and improve information sharing so that a request for reimbursement triggers a drawdown of funds as close as administratively feasible to the actual payment to a subrecipient agency. The Division of State Police is acquiring two (2) additional EMMIE portals that will provide GAB and PAU personnel with more access to the EMMIE database where documentation supporting the payment process is stored. This enhanced access to documentation will further this improved coordination.</p> <p>The expected reduction of the time between the drawdown of funds and the actual payment to a subrecipient agency will reduce funds held on hand.</p>	<p>As of September 2012, a Sergeant from the Administration Section was permanently assigned to the Public Assistance Unit to facilitate the coordination of the reimbursement process between the Public Assistance Unit and the Grants Administration Bureau. NJSP has been unable to acquire the two additional EMMIE portals to date due to IT restrictions.</p> <p>Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit</p>
Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Period of Availability</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-37 No finding in prior year	<p>The NJSP Public Assistance Unit (PAU) has identified a course of action to better monitor and report on open disasters including large projects. The PAU has developed the “Large Project Update Form” that will require each applicant to provide, on a bi-monthly basis, detailed information depicting their current status with each open project. The form will better enable the PAU to actively monitor the progress of projects, schedule inspections, and closeout completed projects. In addition, the Large Project Update Form can be used by applicants to inform the PAU of permitting issues, to request project extensions, to facilitate inspections, and to closeout inspections. The PAU has hired temporary employees who are responsible to monitor the open projects, move them toward completion, and file the appropriate paperwork to close the project. The additional staffing will also allow the applicant monitoring to continue even when the enlisted members of the unit are detailed to alternate responsibilities during SEOC activations and deployments.</p>	<p>The internal audit procedures outlined in the original corrective action plan are ongoing. It is anticipated that the newly created “Large Project Update Form” will be sent to all respective applicants by January 1, 2013.</p> <p>Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	In addition, each member of the PAU has been assigned a specific disaster developed spreadsheet to track open applicants, category of work, payments and return of receipts and other Federally required documents. (e.g. P.4s, FFATA, etc.) These disaster specific spreadsheets will also enable better monitoring of appeals, extension requests, interim and final closeout inspections as well as changes in scope of work or improved projects. In addition, representatives from FEMA Region II and the PAU have been meeting monthly to better track and report on all open applicants and disasters. These actions are part of the PAU's efforts to request closeout on projects, applicants and disasters in a timeframe commensurate with FEMA identified timelines.	
Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-38 No finding in prior year	<p>Currently, Federal Financial Accountability and Transparency (FFATA) letters are sent to applicants prior to disbursement of funds. Applicants are requested to complete and return the FFATA form to the Public Assistance Unit (PAU) prior to receiving their reimbursement. In future disasters, the FFATA form will be distributed and requested to be returned at the Applicants Briefing, which is the first public meeting after a Presidential Disaster Declaration.</p> <p>As of 2011, the Department of Law and Public Safety has been collecting the FFATA forms for sub-grantees whose awards are received by the Office of the Attorney General (OAG) and signed by the Attorney General or designee. Those identified as a part of the FFATA process and award amount are entered by a staff member in the OAG. As the PAU collects the forms from the agencies receiving Public Assistance funding, the forms from the agencies meeting the dollar value threshold under FFATA will be sent to the OAG for data entry into the appropriate federal database.</p>	<p>As of April 1, 2012, this corrective action has been implemented and all applicants are in compliance with this process. All required forms have also been made available online to all applicants via the following State Police Office of Emergency Management website: http://www.state.nj.us/njoem/plan/public-assist.html.</p> <p>Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit</p>
Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Special Tests and Provisions – Project Accounting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-39 No finding in prior year	<p>The Public Assistance Unit (PAU) will review its current procedures for reimbursement to agencies and will make modifications in an effort to ensure that projects are completed in compliance with the FEMA-State agreement. For all future federally declared disasters, the Public Assistance Unit will provide all required documentation to subrecipients at the applicant briefings and will inform the subrecipients of their obligation to provide all of the required documentation to the Division of State Police before payment is made.</p> <p>The PAU has hired temporary employees to assist in properly documenting and monitoring applicants of past, current, and future disasters. The additional staffing will also allow the applicant monitoring to continue even when the enlisted members of the unit are detailed to alternate responsibilities during</p>	<p>As of May of 2012, the internal audit procedures outlined in the original corrective action plan have been implemented and are ongoing. The temporary employees assigned to the Public Assistance Unit continue to assist in properly documenting and monitoring applicants of past and current disasters.</p> <p>Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	SEOC activations and deployments. In addition, each member of the PAU has been assigned a specific disaster developed spreadsheet to track open applicants, category of work, payments and return of receipts and other Federally required documents. (e.g. P.4s, FFATA, etc.). These disaster specific spreadsheets will also allow for better monitoring of appeals, extension requests, interim and final closeout inspections as well as changes in scope of work or improved projects. In addition, representatives from FEMA Region II and the PAU have been meeting monthly to better track and report on all open applicants and disasters. These actions are part of the PAU's effort to ensure that projects are completed in compliance with the FEMA-State agreement.	
Public Assistance Grants - Disaster Grants – Public Assistance (Presidentially Declared Disasters) (97.036) State Agency: Department of Law and Public Safety Federal Agency: U.S. Department of Homeland Security		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-40 No finding in prior year	Each accountant assigned to the Grants Accounting Unit will receive the GN12 for his or her respective accounts at the end of the year. Upon receiving same, each accountant will then reconcile their accounts to ensure the expenditures have been properly reported to OMB. The Grants Accounting Bureau will also notify other Departments and/or Divisions that the funds being transferred to them are Federal. As such, each Department/Division will be provided all Federal identification information.	As of July 2013, this corrective action has been implemented. Contact Persons: Jeff Mottley - (609) 882-2000 x2351; NJSP Public Assistance Unit Patrick Callahan - (609) 882-2000 x6058; NJSP Grants Administration Peter Traum - (609) 984-4983; NJOAG Strategic Planning Unit
HIV Care Formula Grant (93.917) State Agency: Department of Health and Senior Services Federal Agency: U.S. Department of Health and Human Services		
<i>Activities Allowed or Unallowed, Allowable Costs and Costs Principles, Eligibility</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-41 No finding in prior year	The program has implemented a change in the verification procedure for determining eligibility for renewal of benefits in the Health Insurance Continuation Plan (HICP) program.	No change to original plan. Corrective action implemented February 2012. Contact Person: Dr. Sindy Paul - (609) 984-6145
Immunization Grants (93.268, 93.712) State Agency: Department of Health and Senior Services Federal Agency: U.S. Department of Health and Human Services		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-42 No finding	The SF-425 supporting documentation worksheet was revised to include sub-totals that can be verified against the GN11 report. The reporting procedures were revised to include supervisor review of the	No change to original plan. Corrective action implemented April 2012.

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

in prior year	<p>supporting documentation and an additional staff resource review of the PMS 425 report against the worksheet and any supplemental reports. This will be done on a quarterly basis.</p> <p>The DHSS would like it noted that the error amounted to \$900.00 on a \$5.4 million dollar report. We believe that had the discrepancy been more material the previous procedures would have detected it.</p>	<p>Contact Persons: Walter Valora – (609) 633-1528 Denise Mennuti – (609) 633-6800</p>
<p>Public Health Emergency Preparedness Grant (93.069) State Agency: Department of Health and Senior Services Federal Agency: U.S. Department of Health and Human Services</p>		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-43 10-20	<p>The SF-425 supporting documentation worksheet was revised to clarify the amounts used for reporting purposes. An additional supporting documentation worksheet was created to log any exceptions in preparing the SF 425 reports. The reporting procedures were revised to include supervisor review of the supporting documentation and an additional staff resource review of the PMS 425 report against the worksheets and any supplemental reports.</p> <p>The DHSS would like it noted that this finding related to the March 31, 2011 report which predated the prior year’s corrective action implemented June 1, 2011.</p>	<p>No change to original plan. Corrective action implemented April 2012.</p> <p>Contact Persons: Walter Valora – (609) 633-1528 Denise Mennuti – (609) 633-6800</p>
<p>Special Supplemental Nutrition Program for Women, Infants and Children (10.557) State Agency: Department of Health and Senior Services Federal Agency: U.S. Department of Agriculture</p>		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-44 No finding in prior year	<p>As stated in the Criteria section of this finding, the FNS-798 report is based on financial data compiled from monthly reports that are prepared at the direction of the USDA Food and Nutrition Service. That agency recommends adjustments to the State’s financial data as reported in the appropriation accounting system or NJCFS. The DHSS will revise its reconciliation procedures of the GN-12 report or the Schedule of Expenditures of Federal Assistance (SEFA) to the FNS-798 report submitted to the USDA and document those adjustments required by USDA-FNS. The adjustments will also be reported to the NJ Department of the Treasury-OMB as necessary.</p>	<p>No change to original plan. Corrective action implemented April 2012.</p> <p>Contact Persons: Walter Valora – (609) 633-1528 Richard Braddock – (609) 633-8579</p>
<p>Special Supplemental Nutrition Program for Women, Infants and Children (10.557) Public Health Emergency Preparedness (93.069) HIV Care Formula Grant (93.917) State Agency: Department of Health and Senior Services Federal Agency: U.S. Department of Agriculture</p>		
<i>Reporting</i>		

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-45 No finding in prior year	The DHSS is reviewing the reporting requirements of the Federal Funding Accountability and Transparency Act (FFATA) and will be developing a reporting system to meet the requirements.	The original completion date for this finding has been pushed back to April 1, 2013 due to staffing issues. One staff person from the Grants Management area recently retired and another staff person who was working on the reporting system went out on long-term leave. These staffing issues required a reprioritization of the workload in the Office of Financial Services. Contact Person: Walter Valora – (609) 633-1528
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		
<i>Suspension and Debarment</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-46 10-3	<p>Certification from nursing homes that no staff or vendors had been suspended or debarred was added to renewal applications as of June 2011. The language reads, “The applicant certifies...4) that the facility is not suspended, debarred, or otherwise excluded for any reason from entering into the covered transaction;...”</p> <p>Due to security on the application form for new nursing homes and the absence of staff authorized to change the form (sickness and competing demands) the form was not updated until the end of 2011 to include certification that no staff or vendors had been suspended or debarred.</p> <p>The Department will add language to the renewal and new application forms for hospitals whose licenses expire starting March 31, 2012.</p>	<p>No change to original plan. Corrective action implemented April 2012.</p> <p>Contact Persons: Jeanette Bergeron – (609) 826-3749 Barbara Goldman – (609) 633-9034</p>
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		
<i>Special Tests and Provisions – Provider Health and Safety Standards</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-47 No finding in prior year	<ul style="list-style-type: none"> For one of 22 hospital surveys, DHSS did not receive the Plans of Correction (PoC) within 10 days. <p>DHSS grants extensions of time for the submission of Plans of Correction (PoC) when requested by the facility. Approval for an extension is documented by the survey staff but is not included in the facility file once the PoC is received. Starting 3/1/12, survey staff will document when an extension is granted. Documentation will be entered into ACO data base. For Federal surveys, the documentation will be</p>	<p>No change to original plan. Corrective action implemented March 2012.</p> <p>Contact Person: Jeanette Bergeron – (609) 826-3749</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>entered into the “Notes” section of the certification kit. For State surveys, the information will be documented in a word document and attached to the survey in ACO. In the event ACO is not available at the time an extension is granted, the surveyor will include written documentation in the paper file that an extension was granted.</p> <ul style="list-style-type: none"> For one of 22 hospital surveys DHSS did not provide the written Plan of Correction (PoC). <p>On the day of survey, DHSS could not provide documentation of the PoC; however, DHSS did provide a letter addressed to the facility dated 1/20/11 indicating that their plan of correction for the November 2010 survey was reviewed, found to be complete, and approved by DHSS, thus illustrating the facility’s compliance for that survey. This letter was presented to the auditors. The PoC was not in the file. The facility was contacted and provided a copy of the PoC for the Nov 2010 survey which was sent via email to the auditor on 1/18/12 and is now in the file.</p> <p>Starting 3/1/12, closed surveys sent to filing will be labeled for scanning. Plans of Correction will have their own scanning code and be filed separately from surveys and other documents. Supervisory staff will review each package sent to filing to ensure completion and accurate coding.</p>	
<p>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</p> <p><i>Davis-Bacon Act, Procurement, Subrecipient Monitoring and Special Tests and Provisions – ARRA Subrecipient Monitoring</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-48 10-28	<p><u>ARRA Site Visits:</u> The Department, with assistance from EPA, has developed a strategy to ensure compliance with the Davis-Bacon (DB) requirements. The Department is in the process of ensuring that the DB requirements were either met, will be met or document the wages paid met the wages set under DB. To date, the Department has populated the EPA provided tracking sheets with all ARRA contracts, identified closed contracts, procurement contracts and contracts that contained DB wage rates and terms and conditions in the bid documents as determined by USEPA. On 10/25/11 and 10/26/11 letters were sent to ARRA recipients requesting that they examine their contract documents and amend them by change order as required to achieve compliance with DB. We also asked them to certify that the appropriate DB wages have been paid by the contractors for the life of the project. Bi-weekly reports are submitted to EPA reflecting responses received to date for contracts where the recipient has indicated and the NJDEP has verified. The DB wage rates were included in the bid documents. Based on information received, the Department now projects that this task will be completed for most projects by the end of April 2012.</p> <p>The Department wishes to go on record however to indicate that the EPA guidance for ARRA requirements was not clear until a Memorandum and associated detailed Guidance was issued May 20, 2011. This Guidance, if provided for the ARRA Program in a timelier manner, would have prevented 100% of NJDEP’s deficiencies with respect to the Davis-Bacon requirements.</p>	<p>Contact Person: Eugene Chebra – (609) 292-8961</p> <p>This task was completed by the Department on May 4, 2012.</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p><u>Communication of Federal Award Information:</u> The Department concurs with this finding that notification of the Federal Award information did not take place prior to the award of the financial assistance. Procedurally, in the past, the account information was not available at the time of escrow closing and therefore would not be incorporated in the documents at the time of award. Procedurally a project would close in escrow, exact loan amounts determined and then the appropriate accounts were selected in order to finance the awarded amounts. We have put into place notifying the award recipient of the CFDA number on the letters approving payments. Going forward we have a process in place whereby the funding recipients will be made aware of their CFDA number prior to the time of award.</p> <p><u>Buy American:</u> As mentioned above, over \$700 million in projects were awarded that needed to be administered with no increase in staffing levels. The Department was doing the best it could to keep up with the inspection schedule and compliance review. The Department will continue its follow-up activities on the ARRA inspections with the assistance of the EPA contractors to ensure that all the Buy American requirements are addressed and we expect to be complete by May 1, 2012.</p> <p><u>DUNS number:</u> The EPA guidance requiring DUNS numbers was issued after the Department had established an application deadline for the SFY2011 Program. DUNS numbers were obtained from several loan recipients after the guidance was issued. The Department has put a process into place to correct this going forward. The program's application process has been modified to insure all future applications include a field in which the DUNS number has to be provided.</p>	<p>No change to original plan. The Department has procedures in place whereby the CFDA number is communicated at time of financial assistance award.</p> <p>As of October 2012, the Department is awaiting submission of documentation to confirm Buy American compliance on 10 clean water projects, 2 of which are still under active construction.</p> <p>No change to original plan. The Department has procedures in place whereby the DUNS number is provided at the time of financial assistance application.</p>
<p>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</p> <p><i>Reporting and Special Tests and Provisions – Binding Commitments</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-49 No finding in prior year	<p><u>Binding Commitment Finding:</u> The prospective borrower was a unique loan applicant that proceeded to seek funding for the project and even closed (in escrow) on DEP and Trust loans. However, subsequent to the escrow closing, the prospective borrower withdrew the project and it was erroneously included in the DEP's Annual Report to EPA. A revised list of binding commitments was sent to EPA and (even with the deletion of the prospective borrower's project), the program exceeded the minimum statutory requirement by more than \$90M.</p>	<p>The Department has procedures in place to ensure that the proper documents are provided during audit.</p> <p>Contact Person: Eugene Chebra – (609) 292-8961</p>
<p>Capitalization Grants for Drinking Water State Revolving Funds (66.458) ARRA - Capitalization Grants for Drinking Water State Revolving Funds (66.458) State Agency: Department of Environmental Protection Federal Agency: Environmental Protection Agency</p> <p><i>Davis-Bacon Act, Procurement, Subrecipient Monitoring and Special Tests and Provisions – ARRA Subrecipient Monitoring</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<p>11-50 10-29</p>	<p><u>ARRA Site Visits:</u> The Department, with assistance from EPA, has developed a strategy to ensure compliance with the Davis-Bacon (DB) requirements. The Department is in the process of ensuring that the DB requirements were either met, will be met or document the wages paid met the wages set under DB. To date, the Department has populated the EPA provided tracking sheets with all ARRA contracts, identified closed contracts, procurement contracts and contracts that contained DB wage rates and terms and conditions in the bid documents as determined by USEPA. On 10/25/11 and 10/26/11 letters were sent to ARRA recipients requesting that they examine their contract documents and amend them by change order as required to achieve compliance with DB. We also asked them to certify that the appropriate DB wages have been paid by the contractors for the life of the project. Bi-weekly reports are submitted to EPA reflecting responses received to date for contracts where the recipient has indicated and the NJDEP has verified. The DB wage rates were included in the bid documents. Based on information received, the Department now projects that this task will be completed for most projects by the end of April 2012.</p> <p>The Department wishes to go on record however to indicate that the EPA guidance for ARRA requirements was not clear until a Memorandum and associated detailed Guidance was issued May 20, 2011. This Guidance, if provided for the ARRA Program in a timelier manner, would have prevented 100% of NJDEP's deficiencies with respect to the Davis-Bacon requirements.</p> <p><u>Communication of Federal Award Information:</u> The Department concurs with this finding that notification of the Federal Award information did not take place prior to the award of the financial assistance. Procedurally, in the past, the account information was not available at the time of escrow closing and therefore would not be incorporated in the documents at the time of award. Procedurally a project would close in escrow, exact loan amounts determined and then the appropriate accounts were selected in order to finance the awarded amounts. We have put into place notifying the award recipient of the CFDA number on the letters approving payments. Going forward we have a process in place whereby the funding recipients will be made aware of their CFDA number prior to the time of award.</p> <p><u>Buy American:</u> As mentioned above, over \$700 million in projects were awarded that needed to be administered with no increase in staffing levels. The Department was doing the best it could to keep up with the inspection schedule and compliance review. The Department will continue its follow-up activities on the ARRA inspections with the assistance of the EPA contractors to ensure that all the Buy American requirements are addressed and we expect to be complete by May 1, 2012.</p> <p><u>DUNS number:</u> The EPA guidance requiring DUNS numbers was issued after the Department had established an application deadline for the SFY2011 Program. DUNS numbers were obtained from several loan recipients after the guidance was issued. The Department has put a process into place to correct this going forward. The program's application process has been modified to insure all future applications include a field in which the DUNS number has to be provided.</p>	<p>Contact Person: Eugene Chebra – (609) 292-8961</p> <p>This task was fully completed by the Department as of March 2013.</p> <p>No change to original plan. The Department has procedures in place whereby the CFDA number is communicated at time of financial assistance award.</p> <p>As of October 2012, the Department is awaiting submission of documentation to confirm Buy American compliance on 2 drinking water projects.</p> <p>No change to original plan. The Department has procedures in place whereby the DUNS number is provided at the time of financial assistance application.</p>
<p>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 Agency: Department of Education Federal Agency: U.S. Department of Education</p>		

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<i>Subrecipient Monitoring</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-51 10-27 09-42 08-46</p>	<p>The finding stated, in part that, “During the State fiscal year 2011, 507 subrecipients were required to submit OMB Circular A-133 audit reports, of which we noted 3 were not desk reviewed by the Office. ...We noted the Office is not timely performing the desk reviews, as all 46 were desk reviewed between 8 and 14 months upon receipt of the subrecipient audit report. As such, the current process could not allow for the communication of management decisions on audit findings within the 6 month requirement.”</p> <p>In regards to the three reports that were referred to as not desk reviewed, these non-LEA biennial reports for the years ended December 31, 2009 and 2010 were received on or about the federal due date of September 30, 2011. The deadline for desk reviewing the aforementioned reports has not yet lapsed.</p> <p>In order to properly address the timeframe utilized for completing desk reviews, inclusion of pertinent background information is necessary. Specifically, in April 2009 and February 2010, KPMG cited the Office of Fiscal Accountability and Compliance (OFAC) with material findings for not completing desk reviews of OMB Circular A-133 audit reports or Single Audit Reports (SARs) for the fiscal years ended (FYE) June 30, 2007 and 2008, respectively. These findings were the direct result of OFAC’s inability to fill the sole vacant position dedicated to this function for two years due to a hiring/promotion freeze. In addition, the OFAC was working under the conditions of a longstanding agreement previously approved by the USDE. After discussions with the KPMG auditors and USDE officials during the FY2008 Single Audit, it was determined that the agreement was no longer in effect. Nevertheless, the OFAC submitted corrective action plans indicating the aforementioned desk reviews would be performed to mitigate potential questioned costs.</p> <p>During the period April 2009 through July 2011, the OFAC revised its work plan for reviewing SARs and completed desk reviews of the reports received for the FYE June 30, 2007, 2008 and 2009. Although the number of reports received for 2007 and 2008 was comparable, the number increased for 2009. Through concerted efforts, the OFAC eliminated its substantial backlog and last year, only received a finding for not updating the GSA for FYE 2009 reports. The reports noted were desk reviewed within a year or so of receipt absent any indication that the timeframe was problematic.</p> <p>In regards to the OFAC’s review of reports for FYE June 30, 2010, adherence to a six-month timeframe was literally unattainable given: 1) our obligation to eliminate the backlog of desk reviews previously not completed in accordance with our corrective action plans; 2) the increase in the volume of reports, by nearly 100, compared to the prior year; and 3) staffing issues. Once the OFAC became aware of the six-month requirement, deadlines were established for the completion of desk reviews based on the receipt dates of FYE 6/30/2011 audit reports and were added to our audit report tracking spreadsheet. On February 3, 2012, the manager met with members of the SGAU regarding the six-month timeframe and the related desk review due dates. The manager will monitor the team members’ progress in performing desk reviews in a timely manner on a monthly basis.</p>	<p>Contact Person: Lisa McCormick – (609) 292-7742</p> <p>No change to original plan. The three reports noted were desk reviewed on 3/16/2012.</p> <p>Considerable efforts have been made to perform the reviews in a timely manner. However, our attempts to hire a new staff member fell through on April 13, 2012 and current team members were assigned additional responsibilities (i.e. during the award monitoring of subrecipients) within the OFAC. This staffing issue may result in a limited number of reviews being completed beyond the 6-month timeframe.</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	<p>Finally, KPMG indicated that, “Our test work also noted for 5 of the 46 desk reviews, the Office was not properly updating the GSA system after the performance of the desk review for findings noted in the subrecipient audit report. A similar finding was included in the 2010, 2009 and 2008 prior year single audit reports as items 10-27, 09-42, 08-46, respectively.”</p> <p>The OFAC ensured that GSA updates were appropriately performed for all reports received; however, information was unintentionally omitted from one of the fields during input of the data (emphasis added). Minor errors of this nature are routinely detected and corrected when desk reviews are closed. Furthermore, there is a stark contrast between failing to enter any information in the GSA, as noted in prior year findings, versus missing one of several data elements required for individual audit reports. GSA reports will be generated and reviewed by a team member, at a minimum of each quarter end, to ensure that the findings and all other data elements were properly input.</p>	<p>No change to original plan.</p>
<p>Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392) State Agency: Department of Education Federal Agency: U.S. Department of Education</p> <p><i>Level of Effort – Maintenance of Effort</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-52 No finding in prior year</p>	<p>The waiver request to the federal government was due to unforeseen financial circumstances of the state and not the result of inadequate controls or procedures. A waiver was requested as soon as it was determined that there was a reduction in the State MOE. We are awaiting the USDE approval of the waiver.</p> <p>The established areas will be evaluated each year in April. If a waiver is necessary it will be requested.</p>	<p>USDOE provided the State of NJ a final opportunity to provide additional supporting documentation with regard to its original SFY 2011 MOE waiver request. This additional information was sent to USDOE on October 3, 2012. A final decision on this waiver request by USDOE is still pending.</p> <p>Contact Person: Patricia Gray – (609) 984-4953</p>
<p>Low-Income Home Energy Assistance (93.568) State Agency: Department of Community Affairs Federal Agency: U.S. Department of Health and Human Services</p> <p><i>Activities Allowed or Unallowed and Allowable Costs/Costs Principles</i></p>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
<p>11-53 No finding in prior year</p>	<p>DCA will provide agencies with additional training on the income input processes in accordance with the Home Energy Assistance Handbook. Moreover, DCA has procured an independent accounting firm to perform agreed-upon procedures that test agencies’ internal controls related to obtaining appropriate and adequate income documentation. DCA has also instituted more stringent procedures concerning following up on noted deficiencies that result from the reviews conducted by the accounting firm.</p> <p>Specifically, DCA requires agencies to submit a Corrective Action Plan within 30 days of receiving the accounting firms monitoring report. DCA is now conducting on-site follow-up inspections to ensure</p>	<p>No change to original plan. DCA has provided training concerning income eligibility and documentation requirements. In addition, fiscal and programmatic monitoring was completed for its sub-grantees by an independent accounting firm. DCA’s program monitor also conducted limited reviews of eligibility documentation at selected sub-grantees.</p> <p>Contact Person: Robert Bartolone – (609) 984-2698</p>

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

	implementation of the corrective actions. Further, DCA's field monitor is now required to conduct random visits to inspect agencies' processes and documentation to ensure compliance with DCA policy.	
Housing Voucher Cluster (14.871) State Agency: Department of Community Affairs Federal Agency: U.S. Department of Housing and Urban Development		
<i>Eligibility and Special Tests and Provisions – Housing Assistance Payment</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-54 No finding in prior year	This internal control lapse was the result of human error. DCA's policies and procedures are adequate to ensure the proper execution of HAP contracts at the field offices. Nonetheless, DCA will conduct periodic quality control reviews of HAP files to ensure compliance.	No change to original plan. As noted previously, this finding was a result of human error. DCA's internal reviews have provided reasonable assurance that HAP files are executed properly. Contact Person: Robert Bartolone – (609) 984-2698
Housing Voucher Cluster (14.871) State Agency: Department of Community Affairs Federal Agency: U.S. Department of Housing and Urban Development		
<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-55 No finding in prior year	DCA Section 8 fiscal staff will revise its monitoring controls to ensure that the NJ Comprehensive Financial System (NJCFS) balances agree with the entries reported in HUD's FDS system. Such controls will include mandatory staff review of all financial entries (and supporting documentation) made to the FDS system. Specifically, staff will perform a comprehensive reconciliation of the data produced by both systems prior to submitting the FDS report. This encompasses all Section 8 Housing Assistance Payments Programs (i.e., FSS, HCV, Mod Rehab). In addition, DCA's Office of Auditing will review selected FDS reports and related documentation to ensure accuracy of the submissions.	No change to original plan. DCA's internal reviews have provided reasonable assurance that NJCFS balances agree with the entries reported in HUD's FDS system and that adequate supporting documentation is maintained. Contact Person: Robert Bartolone – (609) 984-2698
Child Nutrition Cluster (10.553, 10.555, 10.556, 10.559) Special Supplemental Nutrition Program for Women, Infants and Children (10.557) Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of Community Affairs, Division of Local Government Services Federal Agency: U.S. Department of Agriculture U.S. Department of Transportation		
<i>Subrecipient Monitoring</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-56 No finding in prior year	DCA's Division of Local Government Services (LGS) will revise and strengthen procedures related to sub-recipient monitoring in order to ensure compliance. Specifically, the desk review checklist utilized by LGS shall include a question that specifically addresses compliance with ARRA reporting requirements.	No change to original plan. LGS has resolved finding # 11-56. ARRA funds are now being monitored/reviewed as part of the single audit desk review. A question/comment section has been added to the desk review questionnaire. Contact Person: John DeCristofano – (609) 292-3245

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

Highway Planning and Construction Cluster (20.205, 20.219) State Agency: Department of the Treasury, Office of Management and Budget Federal Agencies: U.S. Department of Transportation U.S. Department of the Treasury, Financial Management Service		
<i>Cash Management</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-57 No finding in prior year	Official notice will be filed electronically by OMB to the US Department of the Treasury, Financial Management Service (FMS) before March 30, 2012 requesting that the clearance pattern originally communicated for the HPC Cluster (20.205) under the Treasury-State Agreement for State fiscal year 2012 be changed from four days to five days. Future changes to the program clearance patterns will be communicated to FMS on a timely basis.	No change to original plan. Official notice was filed electronically to US Treasury-FMS at the end of March 2012. Contact Person: Leslie Notor – (609) 292-5040
SNAP Cluster (10.551, 10.561) Unemployment Insurance (17.225) Special Education Cluster (IDEA) (84.027, 84.173, 84.391, 84.392) Vocational Rehabilitation Cluster (84.126, 84.390) TANF Cluster (93.558, 93.714) Child Support Enforcement (93.563) Social Services Block Grant (93.667) Medicaid Cluster (93.775, 93.777, 93.778) State Agency: Department of the Treasury, Office of Management and Budget Federal Agencies: U.S. Department of Agriculture U.S. Department of Labor U.S. Department of Education U.S. Department of Health and Human Services		
<i>Activities Allowed or Unallowed and Allowable Costs/Cost Principles</i>		
FINDING # ¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-58 10-30	As stated in the prior year's Corrective Action Plan (CAP), a different method would be developed during FY 2011 and implemented starting with the Fringe Benefit Plan (FBP) for FY 2012. At the time of last year's response (April 25, 2011) the FBP cited in the current year finding had already been completed. The improved calculation contained in the FY 2012 FBP does not rely on the average of prior years to project the salaries. It now projects these figures based upon the first pay period of the projected year multiplied by the 26 (biweekly) pay periods to arrive at the salary and people count.	No change to original plan. The new methodology implemented to improve the fringe benefit rate will eliminate the error from reoccurring in future fringe benefit rate plans. The difference between the negotiated and actual PFRS fringe benefit rate will be handled through the normal carry-forward process so no adjustment to the negotiated rate is required. Contact Person: James Kelly – (609) 633-3910
National Guard Military Operations & Maintenance (O&M) Projects (12.401) ARRA - National Guard Military Operations & Maintenance (O&M) Projects (12.401) State Agencies: Department of Military and Veterans Affairs Federal Agency: U.S. Department of Defense		

**STATE OF NEW JERSEY SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2012
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

<i>Reporting</i>		
FINDING #¹	ORIGINAL CORRECTIVE ACTION PLAN	UPDATED PLAN
11-59 No finding in prior year	Payment processing procedures were revised in October 2011 to ensure certified payrolls, progress photographs and schedule updates are provided and reviewed prior to approval of progress payments.	No change to original plan. Corrective action implemented October 2011. Contact Person: Edward Sain – (609) 530-6993