

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

	General Fund			
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 11,323,250,000	\$ 11,955,136,000	\$ 11,866,659,748	\$ (88,476,252)
Federal and other grants	9,534,361,739	9,578,151,022	7,373,249,893	(2,204,901,129)
Licenses and fees	904,801,600	876,299,987	706,970,624	(169,329,363)
Services and assessments	1,647,662,940	1,300,388,894	1,175,630,058	(124,758,836)
Investment earnings	12,000	11,661,632	18,425,168	6,763,536
Other	2,963,090,622	3,012,966,458	2,604,578,243	(408,388,215)
Total revenues	26,373,178,901	26,734,603,993	23,745,513,734	(2,989,090,259)
OTHER FINANCING SOURCES				
Transfers from other funds	3,457,291,000	3,791,306,613	3,446,508,971	(344,797,642)
Total other financing sources	3,457,291,000	3,791,306,613	3,446,508,971	(344,797,642)
Total revenues and other financing sources	29,830,469,901	30,525,910,606	27,192,022,705	(3,333,887,901)
EXPENDITURES				
Public safety and criminal justice	3,553,899,518	3,571,777,739	2,708,773,563	863,004,176
Physical and mental health	8,741,997,627	9,019,608,728	8,261,167,629	758,441,099
Educational, cultural, and intellectual development	6,475,175,412	6,484,952,536	6,232,864,340	252,088,196
Community development and environmental management	1,492,767,486	1,527,692,128	1,034,015,458	493,676,670
Economic planning, development, and security	3,157,078,384	3,196,260,612	2,717,026,753	479,233,859
Transportation programs	411,727,326	428,365,547	364,052,518	64,313,029
Government direction, management, and control	4,170,379,988	4,297,904,189	3,964,602,842	333,301,347
Special government services	325,438,281	334,872,248	266,201,280	68,670,968
Total expenditures	28,328,464,022	28,861,433,727	25,548,704,383	3,312,729,344
OTHER FINANCING USES				
Transfers to other funds	1,503,459,879	1,503,459,879	1,503,459,879	--
Total other financing uses	1,503,459,879	1,503,459,879	1,503,459,879	--
Total expenditures and other financing uses	29,831,923,901	30,364,893,606	27,052,164,262	3,312,729,344
Net change in fund balance	(1,454,000)	161,017,000	139,858,443	(21,158,557)
FUND BALANCES - JULY 1, 2003	250,000,000	372,982,470	372,982,470	--
FUND BALANCE - JUNE 30, 2004	\$ 248,546,000	\$ 533,999,470	\$ 512,840,913	\$ (21,158,557)

Property Tax Relief Fund

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
\$	7,228,860,356	\$ 7,543,860,356	\$ 7,400,732,606	\$ (143,127,750)
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	<u>7,228,860,356</u>	<u>7,543,860,356</u>	<u>7,400,732,606</u>	<u>(143,127,750)</u>
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	<u>7,228,860,356</u>	<u>7,543,860,356</u>	<u>7,400,732,606</u>	<u>(143,127,750)</u>
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	--	--	--	--
	5,313,087,438	5,306,047,438	5,309,179,072	(3,131,634)
	934,913,918	932,638,918	934,824,084	(2,185,166)
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	--	--	--	--
	980,859,000	993,409,000	975,717,195	17,691,805
	--	--	--	--
	<u>7,228,860,356</u>	<u>7,232,095,356</u>	<u>7,219,720,351</u>	<u>12,375,005</u>
	--	311,765,000	--	311,765,000
	--	311,765,000	--	311,765,000
	<u>7,228,860,356</u>	<u>7,543,860,356</u>	<u>7,219,720,351</u>	<u>324,140,005</u>
	--	--	181,012,255	181,012,255
	--	--	--	--
<u>\$</u>	<u>--</u>	<u>\$ --</u>	<u>\$ 181,012,255</u>	<u>\$ 181,012,255</u>

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**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE (Continued)
MAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

TOTAL MAJOR GOVERNMENTAL FUNDS				
	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget
REVENUES				
Taxes	\$ 18,552,110,356	\$ 19,498,996,356	\$ 19,267,392,354	\$ (231,604,002)
Federal and other grants	9,534,361,739	9,578,151,022	7,373,249,893	(2,204,901,129)
Licenses and fees	904,801,600	876,299,987	706,970,624	(169,329,363)
Services and assessments	1,647,662,940	1,300,388,894	1,175,630,058	(124,758,836)
Investment earnings	12,000	11,661,632	18,425,168	6,763,536
Other	2,963,090,622	3,012,966,458	2,604,578,243	(408,388,215)
Total revenues	33,602,039,257	34,278,464,349	31,146,246,340	(3,132,218,009)
OTHER FINANCING SOURCES				
Transfers from other funds	3,457,291,000	3,791,306,613	3,446,508,971	(344,797,642)
Total other financing sources	3,457,291,000	3,791,306,613	3,446,508,971	(344,797,642)
Total revenues and other financing sources	37,059,330,257	38,069,770,962	34,592,755,311	(3,477,015,651)
EXPENDITURES				
Public safety and criminal justice	3,553,899,518	3,571,777,739	2,708,773,563	863,004,176
Physical and mental health	8,741,997,627	9,019,608,728	8,261,167,629	758,441,099
Educational, cultural, and intellectual development	11,788,262,850	11,790,999,974	11,542,043,412	248,956,562
Community development and environmental management	2,427,681,404	2,460,331,046	1,968,839,542	491,491,504
Economic planning, development, and security	3,157,078,384	3,196,260,612	2,717,026,753	479,233,859
Transportation programs	411,727,326	428,365,547	364,052,518	64,313,029
Government direction, management, and control	5,151,238,988	5,291,313,189	4,940,320,037	350,993,152
Special government services	325,438,281	334,872,248	266,201,280	68,670,968
Total expenditures	35,557,324,378	36,093,529,083	32,768,424,734	3,325,104,349
OTHER FINANCING USES				
Transfers to other funds	1,503,459,879	1,815,224,879	1,503,459,879	311,765,000
Total other financing uses	1,503,459,879	1,815,224,879	1,503,459,879	311,765,000
Total expenditures and other financing uses	37,060,784,257	37,908,753,962	34,271,884,613	3,636,869,349
Net change in fund balance	(1,454,000)	161,017,000	320,870,698	159,853,698
FUND BALANCES - JULY 1, 2003	250,000,000	372,982,470	372,982,470	--
FUND BALANCE - JUNE 30, 2004	\$ 248,546,000	\$ 533,999,470	\$ 693,853,168	\$ 159,853,698

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

	General Fund	Property Tax Relief Fund
Sources/inflows of resources:		
Total revenues and other financing sources--actual amounts (budgetary basis) from the budgetary comparison schedule	\$27,192,022,705	\$7,400,732,606
Differences--budget to GAAP:		
Receipt of federal food stamp coupons is not a budgetary resource but is revenue for financial reporting purposes (GASB 24).	376,137,250	--
Federal revenue related to encumbrances is a budgetary resource but is not earned on a GAAP basis.	(95,723,609)	--
Proceeds and premium from the sale of school construction bonds by the Economic Development Authority are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	1,614,974,737	--
Proceeds from the sale of general obligation refunding bonds are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	159,385,000	--
Premiums from the sale of installment obligations are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	5,935,204	--
Additions to other debt are not inflows of budgetary resources but are other financing sources for financial reporting purposes.	443,602,000	--
Excess anticipated revenue transferred to Fund Balance - Reserved for Surplus Revenue is not a budgetary resource but is revenue for financial reporting purposes.	282,416,413	--
Revenues in other funds are not inflows of budgetary resources but have been incorporated into revenues for financial reporting purposes.	309,538,316	--
Total revenues and other financing sources as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	\$30,288,288,016	\$7,400,732,606

**STATE OF NEW JERSEY
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION--MAJOR FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

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

	General Fund	Property Tax Relief Fund
Uses/outflows of resources:		
Total expenditures and other financing uses--actual amounts (budgetary basis) from the budgetary comparison schedule	\$27,052,164,262	\$7,219,720,351
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.	(943,485,461)	(2,897,017)
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.	774,382,612	25,041,054
Loans and travel advances are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(511,901)	--
Miscellaneous accruals are not outflows of budgetary resources but are expenditures for financial reporting purposes.	41,833,623	--
Distribution of federal food stamp coupons is not a budgetary outflow but is an expenditure for financial reporting purposes (GASB 24).	376,137,250	--
School construction bonds proceeds distributed to the New Jersey Schools Construction Corporation are not outflows of budgetary resources but are other financing uses for financial reporting purposes.	1,546,194,689	--
General obligation refunding bonds proceeds deposited with fiscal agent are not outflows of budgetary resources but are other financing uses for financial reporting purposes.	159,385,000	--
Additions to other debt are not budgetary outflows but are expenditures and other financing uses for financial reporting purposes.	443,602,000	--
Expenditures in other funds are not outflows of budgetary resources but have been incorporated into expenditures for financial reporting purposes.	236,694,060	--
Total expenditures and other financing uses as reported on the GAAP-basis statement of revenues, expenditures, and changes in fund balances--governmental funds	\$29,686,396,134	\$7,241,864,388

STATE OF NEW JERSEY NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

Budgetary Process

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

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

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

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

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
ALL PENSION TRUST FUNDS**

Plan / Actuarial Valuation	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
PERS - State						
6/30/01	11,123,818,861	9,886,463,368	(1,237,355,493)	112.5%	3,288,383,788	(37.6)%
6/30/02	11,073,156,965	10,760,557,482	(312,599,483)	102.9%	3,511,151,199	(8.9)%
6/30/03	10,829,953,189	11,942,299,170	1,112,345,981	90.7%	3,576,118,300	31.1%
PERS - Local						
6/30/01	16,625,288,260	13,819,038,491	(2,806,249,769)	120.3%	5,240,338,738	(53.6)%
6/30/02	16,503,081,054	14,929,334,103	(1,573,746,951)	110.5%	5,534,322,805	(28.4)%
6/30/03	16,406,284,200	15,887,012,746	(519,271,454)	103.3%	5,811,726,702	(8.9)%
TPAF						
6/30/01	35,351,379,511	32,745,357,185	(2,606,022,326)	108.0%	6,948,381,383	(37.5)%
6/30/02	35,148,246,433	35,146,591,842	(1,654,591)	100.0%	7,348,993,141	0.0%
6/30/03	34,651,825,932	37,383,732,882	2,731,906,950	92.7%	7,702,854,159	35.5%
PFRS-State						
6/30/01	1,991,299,968	1,866,140,391	(125,159,577)	106.7%	398,118,379	(31.4)%
6/30/02	2,032,977,241	2,046,820,189	13,842,948	99.3%	418,849,259	3.3%
6/30/03	1,907,107,359	2,288,937,652	381,830,293	83.3%	447,470,022	85.3%
PFRS-Local						
6/30/01	16,083,153,842	16,056,446,646	(26,707,196)	100.2%	2,163,590,060	(1.2)%
6/30/02	16,392,195,411	17,181,142,310	788,946,899	95.4%	2,275,130,620	34.7%
6/30/03	16,447,612,874	18,258,853,488	1,811,240,614	90.1%	2,393,467,444	75.7%
SPRS						
6/30/01	1,829,414,353	1,626,631,656	(202,782,697)	112.5%	199,727,203	(101.5)%
6/30/02	1,853,684,177	1,739,427,739	(114,256,438)	106.6%	215,161,126	(53.1)%
6/30/03	1,865,079,083	1,815,725,256	(49,353,827)	102.7%	217,448,864	(22.7)%
JRS						
6/30/01	379,592,346	372,760,069	(6,832,277)	101.8%	57,800,334	(11.8)%
6/30/02	373,231,198	388,950,803	15,719,605	96.0%	61,873,500	25.4%
6/30/03	372,835,265	431,450,218	58,614,953	86.4%	61,600,500	95.2%
CPFPF						
6/30/01	38,656,261	41,658,355	3,002,094	92.8%	-	N/A
6/30/02	31,842,976	36,350,384	4,507,408	87.6%	-	N/A
6/30/03	27,623,585	41,396,376	13,772,791	66.7%	-	N/A
POPF						
6/30/01	18,269,899	12,994,567	(5,275,332)	140.6%	-	N/A
6/30/02	17,908,452	11,781,734	(6,126,718)	152.0%	-	N/A
6/30/03	17,277,953	10,727,647	(6,550,306)	161.1%	-	N/A