

Michigan

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2005

(In Thousands)

Total fund balances for governmental funds		\$ 3,404,284
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 9)		
Land and other non-depreciable assets	3,215,422	
Buildings, equipment, and other depreciable assets	4,250,447	
Infrastructure	12,145,718	
Construction in progress	1,019,125	
Interest in joint ventures	31,909	
Accumulated depreciation	<u>(1,761,747)</u>	18,900,874
Certain tax revenues are earned but not available and therefore are not reported in the funds.		
		2,037,535
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
		302,328
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.		
		61,585
Certain pension trust funds have been funded in excess of the annual required contributions, creating a year-end asset. This asset is not a current available resource and is not reported in the funds. (Note 10)		
		1,757
Deferred issue costs are reported as current expenditures in the funds. However, deferred issue costs are amortized over the life of the bonds and are included in the governmental activities in the Statement of Net Assets.		
		37,545
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 14)		
Capital lease obligations	(389,721)	
Compensated absences	(519,518)	
Workers' compensation	(106,646)	
Litigation	(600,937)	
Net pension obligations	(349,206)	
Other long-term liabilities	<u>(1,164)</u>	(1,967,192)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. Unamortized premiums, loss on refundings, and interest payable are not reported in the funds. However, these amounts are included in the Statement of Net Assets. This is the net effect of these balances on the statement. (Note 12)		
Bonds and notes payable	(6,097,854)	
Unamortized premiums	(306,291)	
Less deferred loss amount on refundings	137,022	
Accrued interest payable	<u>(111,598)</u>	<u>(6,378,722)</u>
Net assets of governmental activities		<u>\$ 16,399,994</u>

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