II FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2004
(In Thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
Beginning budgetary fund balance	$ 884,545	$ 884,545	$ 884,545	$ -
Resources (inflows):				
General Purpose Revenues:				
Taxes	7,982,900	7,881,503	7,881,503	-
Federal	20,000	248,354	248,354	-
Local	1,000	2,939	2,939	-
Licenses and permits	18,000	55,181	55,181	-
Services	5,000	17,843	17,843	-
Miscellaneous	4,800	165,288	165,288	-
Transfers in	127,000	344,654	344,654	-
Restricted Revenues:				
Taxes	1,987,278	2,808,351	2,808,351	-
Federal	8,926,891	9,010,550	9,010,550	-
Local	912,459	811,164	811,164	-
Licenses and permits	369,479	323,802	323,802	-
Services	102,749	129,840	129,840	-
Miscellaneous	948,442	380,195	380,195	-
Proceeds from sale of capital assets	-	4,609	4,609	-
Transfers in	76,551	168,251	168,251	-
Total Revenue Inflows	21,482,549	22,352,524	22,352,524	-
Amounts Available for Appropriation	22,367,094	23,237,069	23,237,069	-
Charges to Appropriations (outflows):				
Legislative Branch	130,689	118,953	118,205	747
Judicial Branch	260,286	252,550	250,513	2,037
Executive Branch:				
Agriculture	106,888	93,585	91,949	1,636
Attorney General	62,696	55,024	52,419	2,605
Civil Rights	13,117	12,587	12,424	164
Civil Service	33,303	25,904	24,449	1,455
Colleges and Universities Grants	1,923,331	1,837,995	1,829,853	8,143
Community Health	9,382,751	9,913,885	9,952,118	(38,232)
Corrections	1,746,113	1,694,995	1,648,915	46,080
Education	396,488	457,397	454,594	2,803
Environmental Quality	311,065	181,835	179,660	2,174
Executive Office	4,860	4,860	4,673	186
Family Independence Agency	3,969,486	3,984,155	3,945,671	38,485
History, Arts & Libraries	57,727	58,753	57,382	1,371
Labor and Economic Growth	749,598	716,658	715,329	1,329
Management and Budget	571,981	530,601	522,197	8,403
Military and Veterans Affairs	98,219	102,291	97,783	4,508
Natural Resources	93,918	79,002	78,030	972
State	184,165	174,894	172,991	1,903
State Police	467,229	406,726	403,677	3,049
Transportation	7,772	3,672	3,672	-
Treasury	1,780,341	2,477,892	2,464,008	13,884
Payroll expenditure adjustment	-	8,500	28,867	(20,367)
Intrafund expenditure reimbursements	-	(551,792)	(551,792)	-
Total Charges to Appropriations	22,352,024	22,640,922	22,557,587	83,335
Reconciling Items:				
Encumbrances at September 30	-	64,124	64,124	-
Change in noncurrent assets	-	(112,690)	(112,690)	-
Net Reconciling Items	-	(48,566)	(48,566)	-
Ending Budgetary Fund Balance	$ 15,070	$ 547,581	$ 630,916	$ 83,335

COUNTER-CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND				SCHOOL AID FUND			
ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
$ -	$ -	$ -	$ -	$ 113,978	$ 113,978	$ 113,978	$ -
-	-	-	-	10,120,218	9,970,459	9,970,459	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	11,122	11,122	-
-	81,258	81,258	-	585,000	644,886	644,886	-
-	-	-	-	-	-	-	-
-	-	-	-	1,316,682	1,256,727	1,256,727	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	282,100	377,797	377,797	-
-	81,258	81,258	-	12,304,000	12,260,991	12,260,991	-
-	81,258	81,258	-	12,417,978	12,374,969	12,374,969	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,553,679	12,342,013	12,302,572	39,440
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	12,553,679	12,342,013	12,302,572	39,440
-	-	-	-	-	510	510	-
-	-	-	-	-	38	38	-
-	-	-	-	-	549	549	-
$ -	$ 81,258	$ 81,258	$ -	$ (135,701)	$ 33,505	$ 72,945	$ (39,440)

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
SEPTEMBER 30, 2004
(In Thousands)

	GENERAL FUND	COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND	SCHOOL AID FUND
Sources/inflows of resources			
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule	$ 23,237,069	$ 81,258	$ 12,374,969
Differences - budget to GAAP:			
Budgetary fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(884,545)	-	(113,978)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(4,609)	-	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes.	(512,905)	(81,258)	(1,022,683)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	$ 21,835,010	$ -	$ 11,238,308
Uses/outflows of resources			
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule.	$ 22,557,587	$ -	$ 12,302,572
Differences - budget to GAAP:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes.	(64,124)	-	(510)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(822,275)	-	(3,167)
Capital lease acquisitions are not outflows of budgetary resources but are recorded as current expenditures and other financing sources under GAAP.	19,661	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.	$ 21,690,848	$ -	$ 12,298,895

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

Statutory/Budgetary Presentation

The various funds and programs within funds utilize a number of different budgetary control processes. Annual legislative appropriations and revenue estimates are provided for most "operating" funds. (Note 2 of the basic financial statements identifies the annually budgeted operating funds.)

The original executive budget and original legislative appropriations provide general purpose (unrestricted) revenue estimates in order to demonstrate compliance with constitutional provisions. Revenues restricted by law or outside grantors to a specific program are estimated at a level of detail consistent with controlling related expenditure accounts.

For programs financed from restricted revenues, spending authorization is generally contingent upon recognition of the related revenue. Reductions of spending authority occur if revenues fall short of estimates. If revenues exceed the estimate, supplemental appropriations are required before the additional resources can be spent.

The budgetary comparison schedule presented for the General Fund, the Budget Stabilization Fund, and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2003-2004, as well as the actual resource inflows, outflows and fund balance stated on the budgetary basis. The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, by fund type, for non-major special revenue and permanent funds with annual budgets. Those schedules only include the final appropriated budget.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of October 1, 2003, and includes encumbrance and multi-year projects budgetary carry-forwards from the prior fiscal year.

The budgetary fund balance represents total fund balance, net of reserves for noncurrent assets. Reserves for noncurrent assets do not represent current financial resources available for appropriation and are removed for budgetary purposes.

Generally accepted accounting principles (GAAP) require that the final legal budget be reflected in the "final budget" column, therefore updated revenue estimates available for appropriations as of November 30, rather than the amounts shown in the original budget, are reported. The November 30 date is used because P.A. 431 of 1984, as amended, permits budget adjustments by the Legislature through 60 days after year-end.

The final appropriations budget represents original and supplemental appropriations, carry-forwards, carry-backs (i.e., current year appropriations for prior year overdrafts), approved transfers, executive order reductions, and timing differences. Expenditures, transfers out, other financing uses, and encumbrances are combined and classified by department rather than being reported by character and function as shown in the GAAP statements. This departmental classification is used to better reflect organizational responsibility and to be more consistent with the budget process. Appropriations include interagency expenditure reimbursement, in which one agency provides funding to another agency within the same fund. The final budget and actual amounts are adjusted to eliminate the duplication.

The timing differences result from unspent authorizations for multi-year projects, such as capital outlay and work projects, and from restricted revenues that had not been appropriated for expenditure in the current year. Such authorization balances remaining at year-end are removed from the final budget column to provide an "annualized" budget.

Positive "variances" reflect restricted revenues that were appropriated and available for expenditure in the current year and unused general purpose spending authority (lapses); negative "variances" reflect budgetary overdrafts. If both positive and negative variances exist for a particular line, the amount shown is the net variance.

Statutory/Budgetary Reconciliation

The statutory/budgetary basis presentation differs from GAAP in ways that do not affect ending fund balance.

For budgetary reporting purposes, expenditures and transfers out in the "Actual" column include recorded encumbrances, because they are considered uses of spending authority in the year the State incurs an obligation. The "Original" and "Final Budget" columns include encumbrance authorization balances carried over from the prior fiscal year, because they provided spending authority in the current year. In the GAAP basis statements, expenditures do not include encumbrances. The effect of this difference is reflected as a reconciling item on the Budgetary Comparison Schedule for the major funds and the Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the non-major special revenue funds and permanent funds. The encumbrance of spending authority is recorded as a reservation of fund balance under both bases of accounting.

For budgetary purposes, capitalizable lease expenditures are recognized when payments are due, rather than upon lease inception as required by GAAP. This difference does not affect fund balance because the "other financing sources" recorded under GAAP at lease inception are not recorded on the statutory/budgetary basis.

Required Supplementary Information

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis - for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State's network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 27,534 lane miles of roads and 4,724 bridges (spans in excess of 20 feet).

In order to utilize the modified approach, the State is required to:

- Maintain an asset management system that includes an up-to-date inventory of eligible infrastructure assets.
- Perform condition assessments of eligible assets and summarize the results using a measurement scale.
- Estimate each year the annual amount to maintain and preserve the assets at the condition level established and disclosed by the State.
- Document that the assets are being preserved approximately at, or above, the established condition level.

Roads

Measurement Scale

The Michigan Department of Transportation (MDOT) uses numerous methods to determine the condition of roadway pavements; however, the Sufficiency Rating serves as the State's primary method to measure and monitor pavement conditions. In use since 1961, the Sufficiency Rating is a visual analysis conducted by an engineer and includes a 5-point scale, as follows:

Rating	Bituminous Surface	Concrete Surface
1.0 = Excellent	Pavement shows no visible deterioration. Distresses are non-existent.	Same
2.0 = Good	Some indication of initial deterioration, but not yet requiring appreciable amounts of maintenance. Distress items include the start of small transverse and/or longitudinal cracks. Slight rutting may be apparent in the wheel path.	Some indication of initial deterioration, but not yet requiring appreciable amounts of maintenance. Distress items may include the start of small transverse and/or longitudinal cracks, or slight seam and joint separation. Joints may show very small amounts of deterioration.
3.0 = Fair	Average deterioration requiring occasional routine maintenance. Distresses may include minor transverse and longitudinal cracking becoming continuous throughout the segment. Severe cracking is patched effectively. Rutting may be a little more severe and hold small amounts of water.	Average deterioration requiring occasional routine maintenance. Distresses may include minor transverse and longitudinal cracking becoming continuous throughout the segment. Severe cracking is patched effectively. Through lanes and shoulders may begin to show separation from failing tie bars.
4.0 = Poor	Excessive deterioration requiring frequent maintenance and warrants resurfacing soon. Distress may be evident in wide transverse and longitudinal cracks. Severe "shallow cracking" could be evident if the pavement is composite. If the segment has been patched, the cracks may be showing through. Rutting is severe and may effect driving.	Excessive deterioration requiring frequent maintenance and warrants resurfacing soon. Distress may be evident in wide transverse and longitudinal cracks. If the segment has been patched, cracks may be showing through. Joint repairs could begin to fail. Shoulder and/or through-lane separation may be apparent. Popouts or spalling could also be present in the section.
5.0 = Very Poor /Failed	Extreme deterioration requiring continuous maintenance and warrants resurfacing or total cross-section replacement. Distress items may include severe transverse and longitudinal cracking or severe alligator cracking. Shadow cracking in composite pavement is wider than 1". Rutting in wheel path may be severe and patching is no longer beneficial to pavement condition.	Extreme deterioration requiring continuous maintenance and warrants resurfacing or total cross-section replacement. Distress items may include severe transverse and longitudinal cracking, joints failing, and the patching is no longer beneficial to pavement condition. Spalling and edge cracking could also be severe.

Established Condition Level

No more than 30% of the pavements shall be rated as "poor" or "very poor."

Assessed Conditions

The State assesses condition on a calendar year basis. The following table reports the percentage of pavements meeting ratings of "Good" or "Poor", for the past five years. "Good" represents ratings of 1.0 through 3.0 above and "Poor" represents ratings of 4.0 and 5.0.

Rating	2003	2002	2001	2000	1999
Good	80.0%	78.1%	78%	78%	75%
Poor	20.0%	21.9%	22%	22%	25%

Bridges

Measurement Scale
MDOT utilizes the National Bridge Inventory to monitor the condition of bridges (spans in excess of 20 feet) under its jurisdiction. The inventory rates bridges, including the deck, superstructure and substructure, using a 10-point scale:

Rating	Description
9	Excellent (no specific definition).
8	Very good.
7	Good. Some minor problems.
6	Satisfactory. Structural elements show some minor deterioration.
5	Fair. All primary structural elements are sound but may have minor section loss, cracking, spalling, or scour.
4	Poor. Advanced section loss, deterioration, spalling, or scour.
3	Serious. Loss of section, deterioration, spalling, or scour have seriously affected primary structural components. Local failures are possible. Fatigue cracks in steel or shear cracks in concrete may be present.
2	Critical. Advanced deterioration of primary structural elements. Fatigue cracks in steel or shear cracks in concrete may be present or scour may have removed substructure support. Unless closely monitored it may be necessary to close the bridge until corrective action is taken.
1	Imminent failure. Major deterioration or section loss present in critical structural components or obvious vertical or horizontal movement affecting structure stability. Bridge is closed to traffic, but corrective action may put it back in light service.
0	Failure. Out of service; beyond corrective action.

Established Condition Level
No more than 35% of the bridges shall be rated as "structurally deficient."

Assessed Conditions
"Structurally deficient" results when a condition of 4 or worse is assessed to at least one of the major structural elements (e.g. the deck, superstructure, or substructure). The following table reports the percentage of bridges whose condition was assessed as "structurally deficient", in the stated year:

Calendar Year	Structurally Deficient
2003	16.6%
2002	20.3%
2001	20.9%
2000	22.5%
1999	18.9%

Budgeted and Estimated Costs to Maintain
The following table presents the State's estimate of spending necessary to preserve and maintain the roads and bridges at, or above, the "Established Condition Levels" cited above, and the actual amount spent during the past five fiscal years (in millions):

Fiscal Year	Estimated Spending	Actual Spending
2004-2005	$932.0	-
2003-2004	$921.0	$857.6
2002-2003	$873.6	$791.3
2001-2002	$993.3	$798.2
2000-2001	$984.3	$915.2
1999-2000	$817.4	$895.3

The budgeting process utilized by the Department of Transportation results in spending in one fiscal year from amounts that were budgeted in a previous year(s). Therefore, this timing difference does not allow a true comparison of amounts budgeted and spent within a given year. This table, and other tables within this narrative demonstrate that the State has incurred the necessary expenditures to meet its desired condition levels.

STATE OF MICHIGAN
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CIRCUMSPICE
Office of the State Budget

House of Representatives Appropriations Room

Supreme Court – Senate Appropriations Room

II FINANCIAL SECTION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES – NON-MAJOR FUNDS

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
SEPTEMBER 30, 2004
(In Thousands)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	$ 1,042	$ 4,649	$ -	$ -	**$ 5,691**
Equity in common cash	999,309	5,510	3,128	272,013	**1,279,959**
Taxes, interest, and penalties receivable	126,383	-	-	-	**126,383**
Amounts due from other funds	909,862	5,690	45,595	-	**961,147**
Amounts due from component units	1,213	-	1,779	-	**2,991**
Amounts due from federal agencies	167,293	-	6	-	**167,299**
Amounts due from local units	58,419	-	3,794	101	**62,315**
Inventories	6,067	-	-	-	**6,067**
Investments	-	378,649	60,863	-	**439,512**
Securities lending collateral	4,242	-	-	17,532	**21,775**
Other current assets	227,064	370	1,617	9,072	**238,123**
Total Current Assets	2,500,895	394,867	116,782	298,719	**3,311,264**
Taxes, interest, and penalties receivable	1,411	-	-	-	**1,411**
Advances to other funds	21,689	-	-	-	**21,689**
Amounts due from local units	46,270	-	-	-	**46,270**
Investments	64,953	6,000	-	309,955	**380,908**
Other noncurrent assets	6,985	-	-	-	**6,985**
Total Assets	$ 2,642,204	$ 400,867	$ 116,782	$ 608,674	**$ 3,768,527**
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 60,884	$ -	$ 69	$ 205	**$ 61,159**
Obligations under security lending	4,242	-	-	17,532	**21,775**
Accounts payable and other liabilities	627,671	4,726	38,405	44,210	**715,012**
Amounts due to other funds	104,851	30,000	79,831	54	**214,735**
Amounts due to component units	-	-	-	120	**120**
Bonds and notes payable	-	-	449,170	-	**449,170**
Interest payable	-	-	367	-	**367**
Deferred revenue	259,509	-	-	-	**259,509**
Total Current Liabilities	1,057,158	34,726	567,842	62,121	**1,721,847**
Long-Term Liabilities:					
Advances from other funds	21,689	-	-	-	**21,689**
Deferred revenue	19,294	-	-	-	**19,294**
Total Liabilities	1,098,140	34,726	567,842	62,121	**1,762,830**
Fund Balances:					
Reserved fund balance	1,087,404	300	-	503,775	**1,591,479**
Unreserved fund balance (deficit)	456,659	365,841	(451,060)	42,778	**414,218**
Total Fund Balances	1,544,064	366,141	(451,060)	546,553	**2,005,697**
Total Liabilities and Fund Balances	$ 2,642,204	$ 400,867	$ 116,782	$ 608,674	**$ 3,768,527**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	PERMANENT FUNDS	TOTALS
REVENUES					
Taxes	$ 2,139,616	$ -	$ -	$ -	**$ 2,139,616**
From federal agencies	1,063,757	-	-	832	**1,064,589**
From local agencies	130,262	-	-	-	**130,262**
From services	457	-	-	-	**457**
From licenses and permits	176,875	-	-	-	**176,875**
Miscellaneous	553,125	3,247	22,695	69,695	**648,762**
Total Revenues	4,064,091	3,247	22,695	70,528	**4,160,560**
EXPENDITURES					
Current:					
General government	103,758	586	290	711	**105,345**
Education	100,391	4,230	135,842	-	**240,463**
Family independence services	4	-	-	2,695	**2,699**
Public safety and corrections	-	-	-	2,695	**2,695**
Conservation, environment, recreation, and agriculture	241,947	-	-	14,188	**256,134**
Labor, commerce, and regulatory	189,448	-	-	-	**189,448**
Health services	98,360	-	-	-	**98,360**
Transportation	2,211,490	881	-	-	**2,212,371**
Capital outlay	1,004,286	-	36,364	17,403	**1,058,052**
Debt Service:					
Bond principal retirement	-	729,557	-	-	**729,557**
Bond interest and fiscal charges	-	241,194	-	-	**241,194**
Capital lease payments	717	-	-	-	**717**
Total Expenditures	3,950,400	976,448	172,496	37,691	**5,137,036**
Excess of Revenues over (under) Expenditures	113,690	(973,201)	(149,801)	32,836	**(976,475)**
OTHER FINANCING SOURCES (USES)					
Bonds and notes issued	390,346	-	130,330	-	**520,676**
Premium on bond issuance	15,535	33,606	6,799	-	**55,940**
Refunding bonds issued	-	660,249	-	-	**660,249**
Payment to refunded bond escrow agent	-	(247,256)	-	-	**(247,256)**
Proceeds from sale of capital assets	6,903	-	438	5,286	**12,627**
Transfers from other funds	1,095,057	523,131	49,906	10,000	**1,678,094**
Transfers to other funds	(1,504,444)	(1)	(52,109)	(10,098)	**(1,566,652)**
Total Other Financing Sources (Uses)	3,396	969,730	135,364	5,188	**1,113,677**
Excess of Revenues and Other Sources over (under) Expenditures Other Uses	117,087	(3,471)	(14,438)	38,024	**137,202**
Fund Balances - Beginning of fiscal year restated	1,426,977	369,613	(436,623)	508,529	**1,868,496**
Fund Balances - End of fiscal year	$ 1,544,064	$ 366,141	$ (451,060)	$ 546,553	**$ 2,005,697**

BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
SEPTEMBER 30, 2004
(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
ASSETS					
Current Assets:					
Cash	$ 966	$ 76	$ -	$ -	**$ 1,042**
Equity in common cash	478,953	331,498	62,355	126,502	**999,309**
Taxes, interest, and penalties receivable	119,596	6,787	-	-	**126,383**
Amounts due from other funds	903,991	-	5,872	-	**909,862**
Amounts due from component units	1,204	8	-	-	**1,213**
Amounts due from federal agencies	156,655	507	10,131	-	**167,293**
Amounts due from local units	57,466	953	-	-	**58,419**
Inventories	5,921	146	-	-	**6,067**
Securities lending collateral	-	4,242	-	-	**4,242**
Other current assets	14,048	7,102	899	205,015	**227,064**
Total Current Assets	1,738,801	351,321	79,257	331,517	**2,500,895**
Taxes, interest, and penalties receivable	1,381	30	-	-	**1,411**
Advances to other funds	21,689	-	-	-	**21,689**
Amounts due from local units	42,720	3,550	-	-	**46,270**
Investments	-	64,953	-	-	**64,953**
Other noncurrent assets	3,675	1,539	-	1,772	**6,985**
Total Assets	$ 1,808,265	$ 421,393	$ 79,257	$ 333,289	**$ 2,642,204**
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 17,902	$ 1,104	$ 956	$ 40,922	**$ 60,884**
Obligations under security lending	-	4,242	-	-	**4,242**
Accounts payable and other liabilities	481,668	56,503	14,461	75,039	**627,671**
Amounts due to other funds	91,437	6,630	6,765	19	**104,851**
Deferred revenue	50,339	1,463	4,134	203,573	**259,509**
Total Current Liabilities	641,346	69,942	26,317	319,553	**1,057,158**
Long-Term Liabilities:					
Advances from other funds	21,689	-	-	-	**21,689**
Deferred revenue	17,243	1,569	-	482	**19,294**
Total Liabilities	680,277	71,511	26,317	320,035	**1,098,140**
Fund Balances:					
Reserves For:					
Budgetary Carry-Forwards:					
Encumbrances	60,134	19,208	431	264	**80,037**
Restricted revenues	203,157	91,262	13,442	-	**307,861**
Multi-year projects	399,706	28,784	-	-	**428,490**
Construction and debt service	70,272	-	-	-	**70,272**
Revolving loan programs	28,940	20,502	-	-	**49,442**
Funds held as permanent investments	-	121,330	-	-	**121,330**
Noncurrent assets	28,683	-	-	1,290	**29,973**
Total Reserved	790,892	281,086	13,873	1,554	**1,087,404**
Unreserved	337,096	68,796	39,067	11,700	**456,659**
Total Fund Balances	1,127,988	349,881	52,940	13,254	**1,544,064**
Total Liabilities and Fund Balances	$ 1,808,265	$ 421,393	$ 79,257	$ 333,289	**$ 2,642,204**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	TRANSPORTATION RELATED	CONSERVATION, ENVIRONMENT, AND RECREATION RELATED	REGULATORY AND ADMINISTRATIVE RELATED	OTHER STATE FUNDS	TOTALS
REVENUES					
Taxes	$ 2,079,758	$ 59,857	$ -	$ -	**$ 2,139,616**
From federal agencies	941,219	1,642	120,896	-	**1,063,757**
From local agencies	130,262	-	-	-	**130,262**
From services	457	-	-	-	**457**
From licenses and permits	70,893	92,564	13,417	-	**176,875**
Miscellaneous	58,699	73,968	63,005	357,454	**553,125**
Total Revenues	3,281,288	228,032	197,318	357,454	**4,064,091**
EXPENDITURES					
Current:					
General government	-	326	15,910	87,523	**103,758**
Education	-	-	-	100,391	**100,391**
Family independence services	-	-	-	4	**4**
Conservation, environment, recreation, and agriculture	-	241,947	-	-	**241,947**
Labor, commerce, and regulatory	-	-	179,224	10,224	**189,448**
Health services	-	316	-	98,043	**98,360**
Transportation	2,211,490	-	-	-	**2,211,490**
Capital outlay	985,312	18,974	-	-	**1,004,286**
Debt Service:					
Capital lease payments	160	-	557	-	**717**
Total Expenditures	3,196,962	261,563	195,691	296,185	**3,950,400**
Excess of Revenues over (under) Expenditures	84,326	(33,531)	1,627	61,269	**113,690**
OTHER FINANCING SOURCES (USES)					
Bonds and notes issued	185,710	54,515	-	150,121	**390,346**
Premium on bond issuance	15,535	-	-	-	**15,535**
Proceeds from sale of capital assets	6,903	-	-	-	**6,903**
Transfers from other funds	1,046,843	40,448	7,765	1	**1,095,057**
Transfers to other funds	(1,180,237)	(91,235)	(11,223)	(221,750)	**(1,504,444)**
Total Other Financing Sources (Uses)	74,753	3,728	(3,458)	(71,627)	**3,396**
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	159,079	(29,803)	(1,830)	(10,358)	**117,087**
Fund Balances - Beginning of fiscal year	968,909	379,685	54,770	23,613	**1,426,977**
Fund Balances - End of fiscal year	$ 1,127,988	$ 349,881	$ 52,940	$ 13,254	**$ 1,544,064**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - BY CLASSIFICATION
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	TRANSPORTATION RELATED			CONSERVATION, ENVIRONMENT, AND RECREATION RELATED		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	$ 2,079,758	$ 2,079,758	$ -	$ 282	$ 282	$ -
From federal agencies	724,369	724,369	-	1,642	1,642	-
From local agencies	56,093	56,093	-	-	-	-
From services	457	457	-	-	-	-
From licenses and permits	70,893	70,893	-	92,564	92,564	-
Miscellaneous	54,813	54,813	-	32,684	32,684	-
Proceeds from sale of capital assets	6,903	6,903	-	-	-	-
Transfers in	1,033,851	1,033,851	-	25,444	25,444	-
Total Revenues and Other Sources	4,027,137	4,027,137	-	152,616	152,616	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	-	-	-	-	-	-
Colleges and Universities Grants	-	-	-	-	-	-
Community Health	-	-	-	-	-	-
Education	-	-	-	-	-	-
Labor and Economic Growth	-	-	-	-	-	-
Natural Resources	-	-	-	194,053	183,943	10,109
Transportation	4,145,549	3,964,062	181,487	-	-	-
Treasury	-	-	-	7	7	-
Total Expenditures, Transfers Out, and Encumbrances	4,145,549	3,964,062	181,487	194,059	183,950	10,109
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (118,412)	63,075	$ 181,487	$ (41,443)	(31,334)	$ 10,109
Reconciling Items:						
Encumbrances at September 30		60,134			16,545	
Funds not annually budgeted		35,870			(15,014)	
Net Reconciling Items		96,004			1,530	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		159,079			(29,803)	
FUND BALANCES (GAAP BASIS)						
Beginning balances		968,909			379,685	
Ending balances (GAAP Basis)		$ 1,127,988			$ 349,881	

REGULATORY AND ADMINISTRATIVE RELATED			OTHER STATE FUNDS			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ -	$ -	$ 2,080,041	$ 2,080,041	$ -
120,896	120,896	-	-	-	-	846,907	846,907	-
-	-	-	-	-	-	56,093	56,093	-
-	-	-	-	-	-	457	457	-
13,417	13,417	-	-	-	-	176,875	176,875	-
36,831	36,831	-	272,118	272,118	-	396,446	396,446	-
-	-	-	-	-	-	6,903	6,903	-
7,765	7,765	-	1	1	-	1,067,061	1,067,061	-
178,910	178,910	-	272,119	272,119	-	4,630,782	4,630,782	-
-	-	-	352	328	24	352	328	24
-	-	-	92,633	88,063	4,570	92,633	88,063	4,570
-	-	-	98,043	98,043	-	98,043	98,043	-
-	-	-	16,740	16,317	423	16,740	16,317	423
154,113	150,448	3,665	10,399	10,399	-	164,511	160,846	3,665
-	-	-	-	-	-	194,053	183,943	10,109
-	-	-	-	-	-	4,145,549	3,964,062	181,487
24,310	24,286	25	67,492	66,130	1,362	91,809	90,422	1,387
178,423	174,733	3,690	285,659	279,279	6,379	4,803,690	4,602,025	201,665
$ 487	4,177	$ 3,690	$ (13,539)	(7,160)	$ 6,379	$ (172,908)	28,758	$ 201,665
	431			264			77,374	
	(6,438)			(3,462)			10,955	
	(6,007)			(3,198)			88,329	
	(1,830)			(10,358)			117,087	
	54,770			23,613			1,426,977	
	$ 52,940			$ 13,254			$ 1,544,064	

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CIRCUMSPICE
Office of the State Budget

SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

STATE AERONAUTICS FUND

Established pursuant to P.A. 327 of 1945, as amended, this fund accounts for airport improvement projects. Financing consists primarily of aviation fuel taxes and federal and local contributions. Although subject to change in the future, annual appropriation acts have allowed any unobligated and unexpended balance at fiscal year-end to lapse and revert to the fund for appropriation in the following year.

STATE TRUNKLINE FUND

Established pursuant to Section 11 of P.A. 51 of 1951, as amended, this fund accounts for highway construction and maintenance. Its annual budget is subject to legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Financing consists primarily of federal aid, local participation, and transfers from the Michigan Transportation Fund. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. Although subject to change in the future, annual appropriation acts have allowed for any fund balance not otherwise reserved at fiscal year-end to be reserved for road and bridge construction.

This fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Activities of the Blue Water Bridge program, segregated as a separate fund within the accounting system, are also reported within the State Trunkline Fund. A portion of the receivables and payables between the State Trunkline Fund and the Blue Water Bridge Fund are classified as current and are presented as "Amounts due from other funds" and "Amounts due to other funds". The remainder is classified as long-term "Advances from other funds" and "Advances to other funds" because repayment will not occur within the next 12 months.

MICHIGAN TRANSPORTATION FUND

Established pursuant to Section 10 of P.A. 51 of 1951, as amended, this fund accounts for the receipt and distribution of several tax revenues dedicated for highway purposes. Transfers are made to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

COMPREHENSIVE TRANSPORTATION FUND

This fund operates under Section 10(b) of P.A. 51 of 1951, as amended, and accounts for the planning and development of public transportation systems within the State. Federal and local revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund provide financing for expenditures. In accordance with statutory provisions, any unencumbered balance at fiscal year-end lapses and reverts to the fund for appropriation in the following year.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

Established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, this fund accounts for the proceeds of State trunkline revenue dedicated bonds. These bonds are used in part to finance the costs of road and bridge construction.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

Established pursuant to Section 18(b) of P.A. 51 of 1951, as amended, this fund accounts for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are used in part to finance the costs of comprehensive transportation projects.

TRANSPORTATION RELATED TRUST FUNDS

The transportation related trust funds reflects the activities of five sub-funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, the Highway Topics and Safety Program Fund, and the Metropolitan Planning Fund. The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of these programs. The financing accounted for in these funds consists primarily of local and federal matching funds with very little State funds. Financing provided prior to expenditures being incurred is recorded as deferred revenue and revenue is recognized as expenditures are made. As a result, the fund balances of these funds are usually zero.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
SEPTEMBER 30, 2004
(In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND
ASSETS				
Current Assets:				
Cash	$ -	$ 529	$ -	$ 12
Equity in common cash	19,343	-	81,974	41,852
Taxes, interest, and penalties receivable	752	-	118,843	-
Amounts due from other funds	-	785,593	106,785	11,612
Amounts due from component units	-	1,204	-	-
Amounts due from federal agencies	24,265	84,545	-	8,326
Amounts due from local units	18,877	21,958	-	905
Inventories	-	5,921	-	-
Other current assets	43	7,851	4,639	1,333
Total Current Assets	63,281	907,603	312,242	64,040
Taxes, interest, and penalties receivable	-	-	1,381	-
Advances to other funds	-	21,689	-	-
Amounts due from local units	650	35,881	-	6,189
Other noncurrent assets	-	1,908	-	1,766
Total Assets	$ 63,931	$ 967,081	$ 313,623	$ 71,995
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ 927	$ 12,648	$ 3,549	$ 302
Accounts payable and other liabilities	28,815	180,158	238,628	18,376
Amounts due to other funds	35	3,914	52,475	51
Deferred revenue	9,706	14,740	17,589	-
Total Current Liabilities	39,483	211,460	312,242	18,728
Long-Term Liabilities:				
Advances from other funds	-	21,689	-	-
Deferred revenue	-	14,095	1,381	1,766
Total Liabilities	39,483	247,245	313,623	20,495
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	1,739	27,121	-	31,274
Restricted revenues	-	194,967	-	8,190
Multi-year projects	15,748	383,394	-	563
Construction and debt service	-	70,272	-	-
Revolving loan programs	2,200	15,400	-	11,340
Noncurrent assets	-	28,683	-	-
Total Reserved	19,688	719,837	-	51,367
Unreserved	4,760	-	-	133
Total Fund Balances	24,448	719,837	-	51,500
Total Liabilities and Fund Balances	$ 63,931	$ 967,081	$ 313,623	$ 71,995

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS	TOTALS
$ 16	$ -	$ 409	$ 966
250,759	85,026	-	478,953
-	-	-	119,596
-	-	-	903,991
-	-	-	1,204
3,265	-	36,254	156,655
774	-	14,952	57,466
-	-	-	5,921
13	-	169	14,048
254,826	85,026	51,783	1,738,801
-	-	-	1,381
-	-	-	21,689
-	-	-	42,720
-	-	-	3,675
$ 254,826	$ 85,026	$ 51,783	$ 1,808,265
$ 88	$ -	$ 387	$ 17,902
4,625	2,253	8,813	481,668
-	-	34,962	91,437
682	-	7,621	50,339
5,396	2,253	51,783	641,346
-	-	-	21,689
-	-	-	17,243
5,396	2,253	51,783	680,277
-	-	-	60,134
-	-	-	203,157
-	-	-	399,706
-	-	-	70,272
-	-	-	28,940
-	-	-	28,683
-	-	-	790,892
249,430	82,773	-	337,096
249,430	82,773	-	1,127,988
$ 254,826	$ 85,026	$ 51,783	$ 1,808,265

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	STATE AERONAUTICS FUND	STATE TRUNKLINE FUND	MICHIGAN TRANSPORTATION FUND	COMPREHENSIVE TRANSPORTATION FUND
REVENUES				
Taxes	$ 7,721	$ -	$ 2,007,077	$ 64,960
From federal agencies	107,205	587,495	-	29,670
From local agencies	17,501	38,588	-	4
From services	440	16	-	-
From licenses and permits	314	18,934	51,355	290
Miscellaneous	1,725	45,101	3,124	4,864
Total Revenues	134,906	690,134	2,061,556	99,787
EXPENDITURES				
Current:				
Transportation	136,873	514,668	1,017,320	254,172
Capital outlay	-	812,898	-	-
Debt service:				
Capital lease payments	-	160	-	-
Total Expenditures	136,873	1,327,726	1,017,320	254,172
Excess of Revenues over (under) Expenditures	(1,968)	(637,592)	1,044,236	(154,385)
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	-	-
Premium on bond issuance	-	-	-	-
Proceeds from sale of capital assets	-	6,903	-	-
Transfers from other funds	9,674	853,008	3,027	168,141
Transfers to other funds	(1,838)	(89,448)	(1,047,263)	(29,287)
Total Other Financing Sources (Uses)	7,836	770,463	(1,044,236)	138,855
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	5,868	132,871	-	(15,530)
Fund Balances - Beginning of fiscal year	18,580	586,965	-	67,030
Fund Balances - End of fiscal year	$ 24,448	$ 719,837	$ -	$ 51,500

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS	TOTALS
$ -	$ -	$ -	**$ 2,079,758**
29,060	-	187,790	**941,219**
2,975	-	71,194	**130,262**
-	-	-	**457**
-	-	-	**70,893**
2,479	1,164	242	**58,699**
34,514	1,164	259,226	**3,281,288**
-	22,950	265,507	**2,211,490**
172,414	-	-	**985,312**
-	-	-	**160**
172,414	22,950	265,507	**3,196,962**
(137,900)	(21,785)	(6,281)	**84,326**
185,710	-	-	**185,710**
15,535	-	-	**15,535**
-	-	-	**6,903**
5,948	-	7,044	**1,046,843**
(11,386)	(251)	(763)	**(1,180,237)**
195,806	(251)	6,281	**74,753**
57,906	(22,036)	-	**159,079**
191,524	104,809	-	**968,909**
$ 249,430	$ 82,773	$ -	**$ 1,127,988**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	STATE AERONAUTICS FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	$ 7,721	$ 7,721	$ -
From federal agencies	107,205	107,205	-
From local agencies	17,501	17,501	-
From services	440	440	-
From licenses and permits	314	314	-
Miscellaneous	1,725	1,725	-
Proceeds from sale of capital assets	-	-	-
Transfers in	9,674	9,674	-
Total Revenues and Other Sources	144,580	144,580	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	141,869	140,451	1,418
Total Expenditures, Transfers Out, and Encumbrances	141,869	140,451	1,418
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ 2,710	4,129	$ 1,418
Reconciling Items:			
Encumbrances at September 30		1,739	
Funds not annually budgeted		-	
Net Reconciling Items		1,739	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		5,868	
FUND BALANCES (GAAP BASIS)			
Beginning balances		18,580	
Ending balances (GAAP Basis)		$ 24,448	

STATE TRUNKLINE FUND			MICHIGAN TRANSPORTATION FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ 2,007,077	$ 2,007,077	$ -
587,495	587,495	-	-	-	-
38,588	38,588	-	-	-	-
16	16	-	-	-	-
18,934	18,934	-	51,355	51,355	-
45,101	45,101	-	3,124	3,124	-
6,903	6,903	-	-	-	-
853,008	853,008	-	3,027	3,027	-
1,550,046	1,550,046	-	2,064,583	2,064,583	-
1,581,424	1,444,295	137,130	2,094,261	2,064,583	29,678
1,581,424	1,444,295	137,130	2,094,261	2,064,583	29,678
$ (31,379)	105,751	$ 137,130	$ (29,678)	-	$ 29,678
	27,121			-	
	-			-	
	27,121			-	
	132,871			-	
	586,965			-	
	$ 719,837			$ -	

This schedule continued on next page.

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	COMPREHENSIVE TRANSPORTATION FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
Taxes	$ 64,960	$ 64,960	$ -
From federal agencies	29,670	29,670	-
From local agencies	4	4	-
From services	-	-	-
From licenses and permits	290	290	-
Miscellaneous	4,864	4,864	-
Proceeds from sale os capital assets	-	-	-
Transfers in	168,141	168,141	-
Total Revenues and Other Sources	267,928	267,928	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Transportation	327,994	314,733	13,261
Total Expenditures, Transfers Out, and Encumbrances	327,994	314,733	13,261
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (60,065)	(46,804)	$ 13,261
Reconciling Items:			
Encumbrances at September 30		31,274	
Funds not annually budgeted		-	
Net Reconciling Items		31,274	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(15,530)	
FUND BALANCES (GAAP BASIS)			
Beginning balances		67,030	
Ending balances (GAAP Basis)		$ 51,500	

FUNDS NOT ANNUALLY BUDGETED			TOTALS		
COMBINED STATE TRUNKLINE BOND PROCEEDS FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND	TRANSPORTATION RELATED TRUST FUNDS			
ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ 2,079,758	$ 2,079,758	$ -
-	-	-	724,369	724,369	-
-	-	-	56,093	56,093	-
-	-	-	457	457	-
-	-	-	70,893	70,893	-
-	-	-	54,813	54,813	-
-	-	-	6,903	6,903	-
-	-	-	1,033,851	1,033,851	-
-	-	-	4,027,137	4,027,137	-
-	-	-	4,145,549	3,964,062	181,487
-	-	-	4,145,549	3,964,062	181,487
-	-	-	$ (118,412)	63,075	$ 181,487
-	-	-		60,134	
57,906	(22,036)	-		35,870	
57,906	(22,036)	-		96,004	
57,906	(22,036)	-		159,079	
191,524	104,809	-		968,909	
$ 249,430	$ 82,773	$ -		$ 1,127,988	

SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

GAME AND FISH PROTECTION FUND

Established in 1921, this fund currently operates under Part 435 of P.A. 451 of 1994, as amended, and is financed principally by the sale of hunting and fishing licenses. The license fees are set by statute and their purpose is to support the conservation program for preservation and control of fish and wildlife. The fund also receives funding from the Game and Fish Protection Trust Fund. The fund provides financial support for statewide hunting and fishing programs, including resource management, research, enforcement of hunting and fishing laws, and acquisition of lands to be used for hunting and fishing purposes.

MICHIGAN STATE WATERWAYS FUND

Established in 1947, this fund currently operates under Part 781 of P.A. 451 of 1994, as amended. The fund receives portions of watercraft registration fees and gasoline taxes, some of which are collected by other State agencies and transferred to this fund. The fund provides for improvement of lake harbors and inland waterways; construction, operation, and maintenance of recreational boating facilities; property acquisition; and administration.

In fiscal year 2002-2003, P.A. 746 of 2002, section 1602 required the transfer of $7.8 million from this fund to the General Fund. Section 1602(3) states that "It is the intent of the legislature that in the future the general fund reimburse the state waterways fund." No receivable is recorded in this fund for this commitment because there is no repayment schedule and the repayment is considered long-term and budgetary in nature.

MARINE SAFETY FUND

Established in 1967, this fund currently operates under Part 801 of P.A. 451 of 1994, as amended. The fund is financed principally by 49% of watercraft registration fees imposed by this act. The fund provides for water safety education programs, law enforcement, and regulation of watercraft on the waters of this State.

GAME AND FISH PROTECTION TRUST FUND

This fund was established in 1986 and presently operates under Part 437 of P.A. 451 of 1994, as amended, to restrict certain assets for the purpose of generating interest and earnings for transfer to the Game and Fish Protection Fund. In addition, the Legislature may appropriate up to $6 million annually for use by the Game and Fish Protection Fund. Mineral royalties from lands acquired by the Game and Fish Protection Fund; direct sale proceeds; and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

STATE PARK IMPROVEMENT FUND

Established in 1960, this fund currently operates under Part 741 of P.A. 451 of 1994, as amended. The fund is primarily financed by State park use and concession fees and motor vehicle permit fees necessary for entry by motor vehicles into designated State parks. These fees are the primary funding source for the operation, maintenance, debt service, and improvements of the State Park system. Revenues of this fund are pledged as necessary for repayment of State Park Gross Revenue Bonds.

COMBINED RECREATION BOND FUND - LOCAL PROJECTS

Established in 1988, this fund presently operates under Parts 196 and 715 of P.A. 451 of 1994, as amended. The residual balances in this fund reflect proceeds and investment earnings remaining from two bond packages: $70 million of general obligation bonds approved by voters in November 1988, as part of a $140 million bond package for financing state and local public recreation projects, and $50 million of general obligation bonds approved by voters in November of 1998, as part of a $675 million bond package known as the "Clean Michigan Initiative." Proceeds from the 1988 bond package provide grants and loans to local units of government in the amounts of $65 million for local recreation projects and $5 million to discourage development of open space and underdeveloped lands. Proceeds from the 1998 bond package also provide grants to local units of government for local recreation projects pursuant to Part 716 of P.A. 451 of 1994.

COMBINED ENVIRONMENTAL PROTECTION BOND FUND

Established by P.A. 328 of 1988, this fund accounts for the proceeds of $660 million of general obligation bonds approved by Michigan voters in November 1988 to finance environmental protection programs. This approval was obtained under the general authority of Article 9, Section 15, of the 1963 State Constitution. Public Act 328 of 1988 specifies that not more than $425 million of the bond proceeds be available to clean up sites of toxic and other environmental contamination; not more than $150 million be available for solid waste projects; not more than $60 million be available to capitalize the State Water Pollution Control Loan Fund; and not more than $25 million be available to fund Michigan's participation in a regional Great Lakes Protection Fund.

Public Act 284 of 1998 expanded this fund to account for the proceeds of $570 million of general obligation bonds approved by Michigan voters in November 1998. Public Act 288 of 1998 directs that not more than $335 million be used for environmental response activities; not more than $50 million for waterfront improvements; not more than $25 million for remediation of contaminated lake and river sediments; not more than $50 million for nonpoint source pollution prevention and control projects or wellhead protection projects; not more than $90 million for water quality monitoring and water resources protection and pollution control activities; and not more than $20 million for pollution prevention programs.

MICHIGAN NONGAME FISH AND WILDLIFE FUND

Established in 1983, the fund currently operates under Part 439 of P.A. 451 of 1994, as amended. Fund revenues are used to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales.

FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and presently operates under Part 505 of P.A. 451 of 1994, as amended. The Authority is authorized to acquire standing timber, timber cutting rights, and the State's interest in contracts granting cutting rights on State tax reverted lands and on other lands in the State forest system. Revenues are derived from the sale of forest products, and are pledged to provide debt service on any bonds or notes that might be issued by the Authority. Revenues not used for debt service are major funding sources for the Forest Management Division and are used for forest management operations and practices. The Authority may, but thus far has not, issued bonds.

MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND

The Michigan Underground Storage Tank Financial Assurance Fund (MUSTFA) was established in P.A. 518 of 1988 to assist certain owners and operators of underground storage tank systems in meeting their financial responsibility requirements provided for in the Solid Waste Disposal Act. The Department of Environmental Quality and an eleven-member advisory board administer the fund.

The primary source of revenues is an environmental protection regulatory fee of 7/8 cent per gallon imposed on all refined petroleum products sold for resale.

BOTTLE DEPOSITS FUND

This fund was created in P.A. 384 of 1996 to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environmental Quality jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

The 75% distribution to the Department of Environmental Quality is initially deposited into the Cleanup and Redevelopment Trust Sub-Fund (CRTF), and if not further distributed, remains there until the principal amount reaches $200 million. Of funds received annually by the CRTF, 80% is allocated to the Cleanup and Redevelopment Sub-Fund (CRF) and 10% to the Community Pollution Prevention Sub-Fund (CPPF).

Public Act 380 of 1996 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by the department or the Attorney General, or both, shall be credited to the ERF.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
SEPTEMBER 30, 2004
(In Thousands)

	GAME AND FISH PROTECTION FUND	MICHIGAN STATE WATERWAYS FUND	MARINE SAFETY FUND	GAME AND FISH PROTECTION TRUST FUND	STATE PARK IMPROVEMENT FUND
ASSETS					
Current Assets:					
Cash	$ 4	$ -	$ -	$ -	$ 71
Equity in common cash	32,186	39,893	2,160	48,216	7,939
Taxes, interest, and penalties receivable	-	233	-	-	-
Amounts due from component units	-	-	-	-	-
Amounts due from federal agencies	248	-	259	-	-
Amounts due from local units	-	-	-	-	-
Inventories	-	146	-	-	-
Securities lending collateral	162	-	-	4,080	-
Other current assets	3,454	9	-	784	29
Total Current Assets	36,055	40,283	2,419	53,080	8,039
Taxes, interest, and penalties receivable	-	30	-	-	-
Amounts due from local units	-	-	-	-	-
Investments	1,542	-	-	59,103	-
Other noncurrent assets	-	-	-	-	-
Total Assets	$ 37,597	$ 40,312	$ 2,419	$ 112,183	$ 8,039
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Warrants outstanding	$ 197	$ 125	$ 3	$ -	$ 121
Obligations under security lending	162	-	-	4,080	-
Accounts payable and other liabilities	7,384	2,022	1,895	9,993	1,497
Amounts due to other funds	400	65	-	-	226
Deferred revenue	-	-	-	-	391
Total Current Liabilities	8,144	2,213	1,898	14,073	2,234
Long-Term Liabilities:					
Deferred revenue	-	30	-	-	-
Total Liabilities	8,144	2,242	1,898	14,073	2,234
Fund Balances:					
Reserves for:					
Budgetary Carry-Forwards:					
Encumbrances	2,803	11,169	-	-	663
Restricted revenues	12,666	2,172	-	-	800
Multi-year projects	2,285	19,061	-	-	639
Revolving loan programs	-	-	-	-	-
Funds held as permanent investments	1,781	-	-	92,111	-
Total Reserved	19,535	32,402	-	92,111	2,102
Unreserved	9,918	5,668	521	6,000	3,704
Total Fund Balances	29,453	38,070	521	98,111	5,805
Total Liabilities and Fund Balances	$ 37,597	$ 40,312	$ 2,419	$ 112,183	$ 8,039

COMBINED RECREATION BOND FUND-LOCAL PROJECTS	COMBINED ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NONGAME FISH AND WILDLIFE FUND	FOREST DEVELOPMENT FUND	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	BOTTLE DEPOSITS FUND	TOTALS
$ -	$ -	$ -	$ 1	$ -	$ -	**$ 76**
4,154	54,109	2,185	13,048	1,814	125,793	**331,498**
-	-	-	-	6,554	-	**6,787**
-	8	-	-	-	-	**8**
-	-	-	-	-	-	**507**
-	515	-	-	-	438	**953**
-	-	-	-	-	-	**146**
-	-	-	-	-	-	**4,242**
-	8	34	68	-	2,717	**7,102**
4,154	54,640	2,219	13,116	8,367	128,948	**351,321**
-	-	-	-	-	-	**30**
-	-	-	-	-	3,550	**3,550**
-	-	4,308	-	-	-	**64,953**
-	-	-	-	-	1,539	**1,539**
$ 4,154	$ 54,640	$ 6,527	$ 13,116	$ 8,368	$ 134,036	**$ 421,393**
$ 69	$ 375	$ 29	$ 76	$ 3	$ 107	**$ 1,104**
-	-	-	-	-	-	**4,242**
1,150	23,363	46	1,754	35	7,365	**56,503**
2	20	2	113	5,690	112	**6,630**
-	-	-	-	864	209	**1,463**
1,221	23,758	76	1,943	6,592	7,793	**69,942**
-	-	-	-	-	1,539	**1,569**
1,221	23,758	76	1,943	6,592	9,331	**71,511**
-	-	46	1,863	-	2,663	**19,208**
-	-	-	-	1,253	74,370	**91,262**
-	-	-	1,029	-	5,770	**28,784**
-	-	-	-	-	20,502	**20,502**
-	-	6,038	-	-	21,400	**121,330**
-	-	6,084	2,893	1,253	124,705	**281,086**
2,934	30,883	366	8,280	522	-	**68,796**
2,934	30,883	6,451	11,173	1,775	124,705	**349,881**
$ 4,154	$ 54,640	$ 6,527	$ 13,116	$ 8,368	$ 134,036	**$ 421,393**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	GAME AND FISH PROTECTION FUND	MICHIGAN STATE WATERWAYS FUND	MARINE SAFETY FUND	GAME AND FISH PROTECTION TRUST FUND	STATE PARK IMPROVEMENT FUND
REVENUES					
Taxes	$ -	$ 282	$ -	$ -	$ -
From federal agencies	1,332	-	259	-	-
From licenses and permits	48,301	6,633	4,727	-	32,899
Miscellaneous	1,928	1,492	137	13,612	1,136
Total Revenues	51,561	8,407	5,123	13,612	34,035
EXPENDITURES					
Current:					
General government	2	-	-	163	-
Conservation, environment, recreation, and agriculture	60,609	23,254	4,333	-	32,207
Health services	-	-	-	-	-
Capital outlay	5,214	9,207	-	-	4,069
Total Expenditures	65,824	32,461	4,333	163	36,277
Excess of Revenues over (under) Expenditures	(14,264)	(24,054)	791	13,449	(2,241)
OTHER FINANCING SOURCES (USES)					
Bonds and notes issued	-	-	-	-	-
Transfers from other funds	10,696	14,748	-	-	-
Transfers to other funds	(1,608)	(386)	(1,128)	(10,706)	(1,269)
Total Other Financing Sources (Uses)	9,088	14,362	(1,128)	(10,706)	(1,269)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(5,176)	(9,692)	(337)	2,743	(3,510)
Fund Balances - Beginning of fiscal year	34,629	47,761	859	95,368	9,316
Fund Balances - End of fiscal year	$ 29,453	$ 38,070	$ 521	$ 98,111	$ 5,805

COMBINED RECREATION BOND FUND-LOCAL PROJECTS	COMBINED ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN NONGAME FISH AND WILDLIFE FUND	FOREST DEVELOPMENT FUND	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	BOTTLE DEPOSITS FUND	**TOTALS**
$ -	$ -	$ -	$ -	$ 59,575	$ -	**$ 59,857**
-	-	1	51	-	-	**1,642**
-	-	4	1	-	-	**92,564**
90	4,016	511	27,480	8	23,559	**73,968**
90	4,016	515	27,531	59,583	23,559	**228,032**
-	-	5	-	156	-	**326**
2,934	60,804	563	22,231	1	35,012	**241,947**
-	316	-	-	-	-	**316**
-	-	-	484	-	-	**18,974**
2,934	61,120	568	22,716	157	35,012	**261,563**
(2,844)	(57,104)	(53)	4,816	59,426	(11,454)	**(33,531)**
-	54,515	-	-	-	-	**54,515**
-	1	-	-	1	15,002	**40,448**
(564)	(15,020)	(3)	(834)	(59,575)	(143)	**(91,235)**
(564)	39,496	(3)	(834)	(59,574)	14,859	**3,728**
(3,407)	(17,608)	(56)	3,982	(148)	3,406	**(29,803)**
6,341	48,490	6,507	7,191	1,923	121,300	**379,685**
$ 2,934	$ 30,883	$ 6,451	$ 11,173	$ 1,775	$ 124,705	**$ 349,881**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	GAME AND FISH PROTECTION FUND			MICHIGAN STATE WATERWAYS FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	$ -	$ -	$ -	$ 282	$ 282	$ -
From federal agencies	1,332	1,332	-	-	-	-
From licenses and permits	48,301	48,301	-	6,633	6,633	-
Miscellaneous	1,928	1,928	-	1,492	1,492	-
Transfers in	10,696	10,696	-	14,748	14,748	-
Total Revenues and Other Sources	62,257	62,257	-	23,155	23,155	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Natural Resources	73,604	70,234	3,370	48,017	44,016	4,001
Treasury	2	2	-	-	-	-
Total Expenditures, Transfers Out and Encumbrances	73,606	70,236	3,370	48,017	44,016	4,001
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (11,349)	(7,979)	$ 3,370	$ (24,862)	(20,861)	$ 4,001
Reconciling Items:						
Encumbrances at September 30		2,803			11,169	
Funds not annually budgeted		-			-	
Net Reconciling Items		2,803			11,169	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(5,176)			(9,692)	
FUND BALANCES (GAAP BASIS)						
Beginning balances		34,629			47,761	
Ending balances (GAAP Basis)		$ 29,453			$ 38,070	

MARINE SAFETY FUND			STATE PARK IMPROVEMENT FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ -	$ -
259	259	-	-	-	-
4,727	4,727	-	32,899	32,899	-
137	137	-	1,136	1,136	-
-	-	-	-	-	-
5,123	5,123	-	34,035	34,035	-
5,757	5,461	296	38,701	38,208	493
-	-	-	-	-	-
5,757	5,461	296	38,701	38,208	493
$ (634)	(337)	$ 296	$ (4,666)	(4,173)	$ 493
	-			663	
	-			-	
	-			663	
	(337)			(3,510)	
	859			9,316	
	$ 521			$ 5,805	

This schedule continued on next page.

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	MICHIGAN NONGAME FISH AND WILDLIFE FUND			FOREST DEVELOPMENT FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Taxes	$ -	$ -	$ -	$ -	$ -	$ -
From federal agencies	1	1	-	51	51	-
From licenses and permits	4	4	-	1	1	-
Miscellaneous	511	511	-	27,480	27,480	-
Transfers in	-	-	-	-	-	-
Total Revenues and Other Sources	515	515	-	27,531	27,531	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Natural Resources	623	612	10	27,351	25,413	1,938
Treasury	5	5	-	-	-	-
Total Expenditures, Transfers Out and Encumbrances	628	617	10	27,351	25,413	1,938
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (113)	(102)	$ 10	$ 181	2,119	$ 1,938
Reconciling Items:						
Encumbrances at September 30		46			1,863	
Funds not annually budgeted		-			-	
Net Reconciling Items		46			1,863	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(56)			3,982	
FUND BALANCES (GAAP BASIS)						
Beginning balances		6,507			7,191	
Ending balances (GAAP Basis)		$ 6,451			$ 11,173	

FUNDS NOT ANNUALLY BUDGETED							
GAME AND FISH PROTECTION TRUST FUND	COMBINED RECREATION BOND FUND-LOCAL PROJECTS	COMBINED ENVIRONMENTAL PROTECTION BOND FUND	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FUND	BOTTLE DEPOSITS FUND	TOTALS		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ -	$ 282	$ 282	$ -
-	-	-	-	-	1,642	1,642	-
-	-	-	-	-	92,564	92,564	-
-	-	-	-	-	32,684	32,684	-
-	-	-	-	-	25,444	25,444	-
-	-	-	-	-	152,616	152,616	-
-	-	-	-	-	194,053	183,943	10,109
-	-	-	-	-	7	7	-
-	-	-	-	-	194,059	183,950	10,109
-	-	-	-	-	$ (41,443)	(31,334)	$ 10,109
-	-	-	-	-		16,545	
2,743	(3,407)	(17,608)	(148)	3,406		(15,014)	
2,743	(3,407)	(17,608)	(148)	3,406		1,530	
2,743	(3,407)	(17,608)	(148)	3,406		(29,803)	
95,368	6,341	48,490	1,923	121,300		379,685	
$ 98,111	$ 2,934	$ 30,883	$ 1,775	$ 124,705		$ 349,881	

STATE OF MICHIGAN
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CIRCUMSPICE
Office of the State Budget

SPECIAL REVENUE FUNDS – REGULATORY AND ADMINISTRATIVE RELATED

MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND

Public Act 1 of 1936 (Extra Session) created this fund to account for administrative costs of the Bureau of Worker's and Unemployment Compensation, which is administered by the Department of Labor and Economic Growth. The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (reported as part of the Michigan Unemployment Compensation Funds, an enterprise fund). Expenditures for administration are subject to legislative appropriation.

Unemployment benefit payments to individuals are made directly from funds accumulated from employer premiums. These activities are reported in the Michigan Unemployment Compensation Funds.

SAFETY EDUCATION AND TRAINING FUND

Public Act 154 of 1974, as amended, imposes an annual levy on each insurance carrier licensed to write workers' disability compensation business in the State and on each self-insured employer. Public Act 24 of 1977 established the Safety Education and Training Fund to receive these assessments for support of the Department of Labor and Economic Growth's Consultation Education and Training Division.

STATE CONSTRUCTION CODE FUND

Public Act 230 of 1972, as amended, created the State Construction Code Fund. Fees received for building permit applications and other funds collected under this act are appropriated by the Legislature for the operation of the Department of Labor and Economic Growth's Bureau of Construction Codes and Fire Safety and related indirect overhead expenditures.

HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

Established by P.A. 497 of 1980, the Homeowner Construction Lien Recovery Fund allows contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid, despite filing a residential lien. The fund is self-sustaining and is financed by fees assessed on builders, electrical and plumbing contractors, and laborers.

STATE CASINO GAMING FUND

Created by P.A. 69 of 1997, this fund provides the licensing, regulation, and control of casino gaming activities in Michigan. The five-member gaming control board is vested with the authority for licensing, regulating, and controlling casino gaming operations; manufacturers and distributors of gaming equipment and supplies; and persons who participate in gaming. Activities financed by casino gaming revenue are legally restricted for specific purposes.

SECOND INJURY FUND

Public Act 317 of 1969, as amended, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The administrator, appointed by the fund's Board of Trustees, supervises the fund. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers licensed or authorized in Michigan.

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND

Established by P.A. 317 of 1969, as amended, the Silicosis, Dust Disease, and Logging Industry Compensation Fund reimburses insurance carriers who pay benefits to employees injured from certain dust diseases, and employees who have sustained personal injury or death while being employed in the logging industry. Revenues are generated through annual assessments of insurance carriers.

SELF-INSURERS' SECURITY FUND

Established by P.A. 317 of 1969, as amended, the Self-Insurers' Security Fund pays workers' compensation benefits to injured employees of insolvent, private self-insured employers. Revenues are generated through annual assessments of insurance carriers.

Funds held in trust per court orders to pay obligations due under the Michigan Workers' Disability Compensation Act are reported as liabilities of this fund.

UTILITY CONSUMER REPRESENTATION FUND

Established by P.A. 304 of 1982, as amended, the Utility Consumer Representation Fund provides funding, on behalf of residential gas, fuel, and electric customers, for energy cost recovery hearings before the Michigan Public Service Commission. Revenues are generated through annual assessments of regulated utility companies.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
SEPTEMBER 30, 2004
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
ASSETS				
Current Assets:				
Equity in common cash	$ -	$ 5,493	$ 8,522	$ 712
Amounts due from other funds	-	-	-	-
Amounts due from federal agencies	10,131	-	-	-
Other current assets	48	5	135	-
Total Current Assets	10,179	5,498	8,657	712
Total Assets	$ 10,179	$ 5,498	$ 8,657	$ 712
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ 169	$ 10	$ 11	$ 18
Accounts payable and other liabilities	3,439	170	344	78
Amounts due to other funds	6,571	31	89	1
Deferred revenue	-	-	-	-
Total Current Liabilities	10,179	211	444	96
Total Liabilities	10,179	211	444	96
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	-	403	27	-
Restricted revenues	-	-	-	-
Total Reserved	-	403	27	-
Unreserved	-	4,884	8,187	615
Total Fund Balances	-	5,287	8,213	616
Total Liabilities and Fund Balances	$ 10,179	$ 5,498	$ 8,657	$ 712

STATE CASINO GAMING FUND	SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	**TOTALS**
14,884	$ 11,956	$ 3,155	$ 14,505	$ 3,128	**$ 62,355**
-	5,872	-	-	-	**5,872**
-	-	-	-	-	**10,131**
102	365	3	241	-	**899**
14,985	18,193	3,158	14,746	3,128	**79,257**
$ 14,985	$ 18,193	$ 3,158	$ 14,746	$ 3,128	**$ 79,257**
$ 11	$ 220	$ 51	$ 463	$ 3	**$ 956**
303	2,703	870	6,489	66	**14,461**
55	9	4	4	3	**6,765**
100	1,630	46	2,358	-	**4,134**
469	4,561	970	9,314	71	**26,317**
469	4,561	970	9,314	71	**26,317**
-	-	-	-	-	**431**
13,442	-	-	-	-	**13,442**
13,443	-	-	-	-	**13,873**
1,074	13,631	2,188	5,432	3,057	**39,067**
14,516	13,631	2,188	5,432	3,057	**52,940**
$ 14,985	$ 18,193	$ 3,158	$ 14,746	$ 3,128	**$ 79,257**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
REVENUES				
From federal agencies	$ 120,896	$ -	$ -	$ -
From licenses and permits	-	-	12,529	-
Miscellaneous	120	6,950	113	381
Total Revenues	121,016	6,950	12,642	381
EXPENDITURES				
Current:				
General government	-	-	-	-
Labor, commerce, and regulatory	126,050	6,490	13,791	733
Debt Service:				
Capital lease payments	557	-	-	-
Total Expenditures	126,607	6,490	13,791	733
Excess of Revenues over (under) Expenditures	(5,591)	459	(1,148)	(352)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	7,765	-	-	-
Transfers to other funds	(2,175)	(33)	(175)	(14)
Total Other Financing Sources (Uses)	5,591	(33)	(175)	(14)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	426	(1,323)	(366)
Fund Balances - Beginning of fiscal year	-	4,861	9,536	981
Fund Balances - End of fiscal year	$ -	$ 5,287	$ 8,213	$ 616

STATE CASINO GAMING FUND	SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	**TOTALS**
$ -	$ -	$ -	$ -	$ -	**$ 120,896**
888	-	-	-	-	**13,417**
29,268	11,280	1,632	12,255	1,006	**63,005**
30,155	11,280	1,632	12,255	1,006	**197,318**
15,507	-	-	-	402	**15,910**
-	17,108	2,616	11,931	505	**179,224**
-	-	-	-	-	**557**
15,507	17,108	2,616	11,931	908	**195,691**
14,648	(5,828)	(984)	324	99	**1,627**
-	-	-	-	-	**7,765**
(8,778)	(25)	(11)	(9)	(4)	**(11,223)**
(8,778)	(25)	(11)	(9)	(4)	**(3,458)**
5,870	(5,853)	(995)	315	95	**(1,830)**
8,646	19,484	3,183	5,117	2,962	**54,770**
$ 14,516	$ 13,631	$ 2,188	$ 5,432	$ 3,057	**$ 52,940**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED

FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND			SAFETY EDUCATION AND TRAINING FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	$ 120,896	$ 120,896	$ -	$ -	$ -	$ -
From licenses and permits	-	-	-	-	-	-
Miscellaneous	120	120	-	6,950	6,950	-
Transfers in	7,765	7,765	-	-	-	-
Total Revenues and Other Sources	128,781	128,781	-	6,950	6,950	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Labor and Economic Growth	128,781	128,781	-	8,097	6,927	1,170
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	128,781	128,781	-	8,097	6,927	1,170
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ -	-	$ -	$ (1,147)	23	$ 1,170
Reconciling Items:						
Encumbrances at September 30		-			403	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			403	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		-			426	
FUND BALANCES (GAAP BASIS)						
Beginning balances		-			4,861	
Ending balances (GAAP Basis)		$ -			$ 5,287	

STATE CONSTRUCTION CODE FUND			HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ -	$ -
12,529	12,529	-	-	-	-
113	113	-	381	381	-
-	-	-	-	-	-
12,642	12,642	-	381	381	-
15,700	13,992	1,708	1,534	748	787
-	-	-	-	-	-
15,700	13,992	1,708	1,534	748	787
$ (3,058)	(1,350)	$ 1,708	$ (1,153)	(366)	$ 787
	27			-	
	-			-	
	27			-	
	(1,323)			(366)	
	9,536			981	
	$ 8,213			$ 616	

This schedule continued on next page.

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	STATE CASINO GAMING FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES			
From federal agencies	$ -	$ -	$ -
From licenses and permits	888	888	-
Miscellaneous	29,268	29,268	-
Transfers in	-	-	-
Total Revenues and Other Sources	30,155	30,155	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY			
Labor and Economic Growth	-	-	-
Treasury	24,310	24,286	25
Total Expenditures, Transfers Out, and Encumbrances	24,310	24,286	25
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ 5,845	5,870	$ 25
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		-	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		5,870	
FUND BALANCES (GAAP BASIS)			
Beginning balances		8,646	
Ending balances (GAAP Basis)		$ 14,516	

FUNDS NOT ANNUALLY BUDGETED						
SECOND INJURY FUND	SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND	SELF-INSURERS' SECURITY FUND	UTILITY CONSUMER REPRESENTATION FUND	TOTALS		
ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ 120,896	$ 120,896	$ -
-	-	-	-	13,417	13,417	-
-	-	-	-	36,831	36,831	-
-	-	-	-	7,765	7,765	-
-	-	-	-	178,910	178,910	-
-	-	-	-	154,113	150,448	3,665
-	-	-	-	24,310	24,286	25
-	-	-	-	178,423	174,733	3,690
-	-	-	-	$ 487	4,177	$ 3,690
-	-	-	-		431	
(5,853)	(995)	315	95		(6,438)	
(5,853)	(995)	315	95		(6,007)	
(5,853)	(995)	315	95		(1,830)	
19,484	3,183	5,117	2,962		54,770	
$ 13,631	$ 2,188	$ 5,432	$ 3,057		$ 52,940	

STATE OF MICHIGAN
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Office of the State Budget

SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

SCHOOL BOND LOAN FUND

Article 9, Section 16, of the State Constitution, P.A. 74 of 1955, and P.A. 112 of 1961 authorized the issuance of State general obligation bonds to provide funds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. State bond proceeds are credited to the fund as an "Other Financing Source." When loans are made, transfers are recorded to the General Fund, which receives loan payments and provides financing for debt service. In the General Fund, loans receivable are recorded as assets.

TOBACCO SETTLEMENT TRUST FUND

Public Act 489 of 2000 created this fund to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs, which result from the use of tobacco products. Fund expenditures are used for a variety of programs as determined by the Legislature.

MICHIGAN MERIT AWARD TRUST FUND

This fund was created by P.A. 94 of 1999 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs, which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are primarily used for the Michigan Merit Award Scholarship Program.

ASSIGNED CLAIMS FACILITY AND PLAN FUND

Michigan Compiled Laws Section 500.3171 requires the Secretary of State to organize and maintain the Assigned Claims Facility and Plan Fund to provide personal protection insurance benefits to persons injured by uninsured motorists, when coverage is not available from other sources. The Facility administers the Plan through servicing insurers. Assessments to self-insurers and no-fault insurers cover the costs incurred by the Facility and Plan.

MISCELLANEOUS SPECIAL REVENUE FUNDS

The miscellaneous special revenue funds column reflects the activities of the following funds: Vietnam Veterans' Memorial Monument, Children's Institute Trust, and Special Assessment Deferment.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
SEPTEMBER 30, 2004
(In Thousands)

	SCHOOL BOND LOAN FUND	TOBACCO SETTLEMENT TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND
ASSETS			
Current Assets:			
Equity in common cash	$ 562	$ 5,732	$ 74,058
Other current assets	-	51,284	151,950
Total Current Assets	562	57,016	226,009
Other noncurrent assets	-	-	-
Total Assets	$ 562	$ 57,016	$ 226,009
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ -	$ 45	$ 53
Accounts payable and other liabilities	78	646	69,619
Amounts due to other funds	-	3	16
Deferred revenue	-	50,647	151,941
Total Current Liabilities	78	51,339	221,629
Long-Term Liabilities:			
Deferred revenue	-	-	-
Total Liabilities	78	51,339	221,629
Fund Balances:			
Reserves for:			
Budgetary Carry-Forwards:			
Encumbrances	-	175	89
Noncurrent assets	-	-	-
Total Reserved	-	175	89
Unreserved	484	5,501	4,290
Total Fund Balances	484	5,676	4,379
Total Liabilities and Fund Balances	$ 562	$ 57,016	$ 226,009

ASSIGNED CLAIMS FACILITY AND PLAN FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
$ 45,016	$ 1,134	**$ 126,502**
1,469	312	**205,015**
46,485	1,445	**331,517**
-	1,772	**1,772**
$ 46,485	$ 3,218	**$ 333,289**
$ 40,824	$ -	**$ 40,922**
4,675	21	**75,039**
-	-	**19**
986	-	**203,573**
46,485	21	**319,553**
-	482	**482**
46,485	503	**320,035**
-	-	**264**
-	1,290	**1,290**
-	1,290	**1,554**
-	1,425	**11,700**
-	2,715	**13,254**
$ 46,485	$ 3,218	**$ 333,289**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	SCHOOL BOND LOAN FUND	TOBACCO SETTLEMENT TRUST FUND	MICHIGAN MERIT AWARD TRUST FUND
REVENUES			
Miscellaneous	$ -	$ 68,323	$ 203,795
Total Revenues	-	68,323	203,795
EXPENDITURES			
Current:			
General government	622	328	2,104
Education	-	2,400	97,991
Family independence services	-	-	-
Labor, commerce, and regulatory	-	10,224	-
Health services	-	64,043	34,000
Total Expenditures	622	76,995	134,094
Excess of Revenues over (under) Expenditures	(622)	(8,672)	69,701
OTHER FINANCING SOURCES (USES)			
Bonds and notes issued	150,121	-	-
Transfers from other funds	-	-	1
Transfers to other funds	(153,133)	(1,000)	(66,926)
Total Other Financing Sources (Uses)	(3,012)	(1,000)	(66,925)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(3,634)	(9,672)	2,776
Fund Balances - Beginning of fiscal year	4,118	15,348	1,604
Fund Balances - End of fiscal year	$ 484	$ 5,676	$ 4,379

ASSIGNED CLAIMS FACILITY AND PLAN FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS
$ 85,147	$ 188	**$ 357,454**
85,147	188	**357,454**
84,458	11	**87,523**
-	-	**100,391**
-	4	**4**
-	-	**10,224**
-	-	**98,043**
84,458	16	**296,185**
690	173	**61,269**
-	-	**150,121**
-	-	**1**
(690)	-	**(221,750)**
(690)	-	**(71,627)**
-	172	**(10,358)**
-	2,543	**23,613**
$ -	$ 2,715	**$ 13,254**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2004
(In Thousands)

	TOBACCO SETTLEMENT TRUST FUND			MICHIGAN MERIT AWARD TRUST FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Miscellaneous	$ 68,323	$ 68,323	$ -	$ 203,795	$ 203,795	$ -
Transfers in	-	-	-	1	1	-
Total Revenues and Other Sources	68,323	68,323	-	203,796	203,796	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Attorney General	352	328	24	-	-	-
Colleges and Universities Grants	2,400	2,400	-	90,233	85,663	4,570
Community Health	64,043	64,043	-	34,000	34,000	-
Education	-	-	-	16,740	16,317	423
Labor and Economic Growth	10,399	10,399	-	-	-	-
Treasury	1,000	1,000	-	66,492	65,130	1,362
Total Expenditures, Transfers Out, and Encumbrances	78,194	78,170	24	207,465	201,110	6,355
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (9,871)	(9,847)	$ 24	$ (3,669)	2,687	$ 6,355
Reconciling Items:						
Encumbrances at September 30		175			89	
Funds not annually budgeted		-			-	
Net Reconciling Items		175			89	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(9,672)			2,776	
FUND BALANCES (GAAP BASIS)						
Beginning balances		15,348			1,604	
Ending balances (GAAP Basis)		$ 5,676			$ 4,379	

FUNDS NOT ANNUALLY BUDGETED					
SCHOOL BOND LOAN FUND	ASSIGNED CLAIMS FACILITY AND PLAN FUND	MISCELLANEOUS SPECIAL REVENUE FUNDS	TOTALS		
ACTUAL	ACTUAL	ACTUAL	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ 272,118	$ 272,118	$ -
-	-	-	1	1	-
-	-	-	272,119	272,119	-
-	-	-	352	328	24
-	-	-	92,633	88,063	4,570
-	-	-	98,043	98,043	-
-	-	-	16,740	16,317	423
-	-	-	10,399	10,399	-
-	-	-	67,492	66,130	1,362
-	-	-	285,659	279,279	6,379
-	-	-	$ (13,539)	(7,160)	$ 6,379
-	-	-		264	
(3,634)	-	172		(3,462)	
(3,634)	-	172		(3,198)	
(3,634)	-	172		(10,358)	
4,118	-	2,543		23,613	
$ 484	$ -	$ 2,715		$ 13,254	

STATE OF MICHIGAN

Office of the State Budget