

State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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State of Montana
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

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COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 JUNE 30, 2004
 (expressed in thousands)

| | DEBT SERVICE | CAPITAL PROJECTS | PERMANENT | TOTAL |
|--------------------------------------|------------------|---------------------|-------------------|-------------------|
| ASSETS | | | | |
| Cash/cash equivalents | \$ 18,220 | \$ 12,361 | \$ 2,402 | \$ 32,983 |
| Receivables (net) | 2,885 | 892 | 1,482 | 5,259 |
| Due from other funds | - | 1,241 | - | 1,241 |
| Due from component units | - | 57 | - | 57 |
| Equity in pooled investments | - | - | 179,139 | 179,139 |
| Long-term loans/notes receivable | 33,034 | - | - | 33,034 |
| Advances to other funds | 3,002 | - | - | 3,002 |
| Investments | 4,159 | - | 9,186 | 13,345 |
| Securities lending collateral | - | - | 27,332 | 27,332 |
| Total assets | <u>\$ 61,300</u> | <u>\$ 14,551</u> | <u>\$ 219,541</u> | <u>\$ 295,392</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | 4 | 2,827 | 2 | 2,833 |
| Interfund loans payable | 430 | 200 | - | 630 |
| Due to other funds | 501 | 475 | 2,177 | 3,153 |
| Due to component units | - | 49 | - | 49 |
| Advances from other funds | 10,805 | - | - | 10,805 |
| Securities lending liability | - | - | 27,332 | 27,332 |
| Total liabilities | <u>11,740</u> | <u>3,551</u> | <u>29,511</u> | <u>44,802</u> |
| Fund balances: | | | | |
| Reserved for: | | | | |
| Encumbrances | - | 339 | - | 339 |
| Long-term loans/notes receivable | 33,034 | - | - | 33,034 |
| Advances to other funds | 3,002 | - | - | 3,002 |
| Debt service | 6,521 | - | - | 6,521 |
| Trust principal | - | - | 190,030 | 190,030 |
| Unreserved, designated | 9,253 | - | - | 9,253 |
| Unreserved, undesignated | (2,250) | 10,661 | - | 8,411 |
| Total fund balances | <u>49,560</u> | <u>11,000</u> | <u>190,030</u> | <u>250,590</u> |
| Total liabilities and fund balances | <u>\$ 61,300</u> | <u>\$ 14,551</u> | <u>\$ 219,541</u> | <u>\$ 295,392</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | DEBT SERVICE | CAPITAL PROJECTS | PERMANENT | TOTAL |
|---|-----------------|---------------------|------------|------------|
| REVENUES | | | | |
| Licenses/permits | \$ - | \$ - | \$ 371 | \$ 371 |
| Taxes: | | | | |
| Natural resource | 301 | 3,797 | 600 | 4,698 |
| Fuel | - | - | 14 | 14 |
| Other | - | 1,767 | - | 1,767 |
| Charges for services/fines/forfeits/settlements | 1,137 | 253 | 10,668 | 12,058 |
| Investment earnings | 7,018 | 22 | 2,749 | 9,789 |
| Securities lending income | - | - | 227 | 227 |
| Sale of documents/merchandise/property | 2,082 | - | 15 | 2,097 |
| Rentals/leases/royalties | - | - | 117 | 117 |
| Grants/contracts/donations | - | - | 109 | 109 |
| Other revenues | - | 15 | - | 15 |
| Total revenues | 10,538 | 5,854 | 14,870 | 31,262 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | 4,952 | - | 4,952 |
| Public safety/corrections | - | 2,443 | - | 2,443 |
| Education/cultural | - | - | 2 | 2 |
| Resource/recreation/environment | 457 | - | - | 457 |
| Debt service: | | | | |
| Principal retirement | 23,878 | - | - | 23,878 |
| Interest/fiscal charges | 12,930 | - | - | 12,930 |
| Capital outlay | - | 16,550 | 14 | 16,564 |
| Securities lending | - | - | 201 | 201 |
| Total expenditures | 37,265 | 23,945 | 217 | 61,427 |
| Excess of revenue over (under) expenditures | (26,727) | (18,091) | 14,653 | (30,165) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bond proceeds | - | 3,125 | - | 3,125 |
| Proceeds of refunding bonds | 8,725 | - | - | 8,725 |
| Bond premium | 367 | - | - | 367 |
| Payment to refunded bond escrow agent | (8,943) | - | - | (8,943) |
| Transfers in | 26,984 | 12,768 | - | 39,752 |
| Transfers out | (3,636) | (3,993) | (11,945) | (19,574) |
| Total other financing sources (uses) | 23,497 | 11,900 | (11,945) | 23,452 |
| Net change in fund balances | (3,230) | (6,191) | 2,708 | (6,713) |
| Fund balances - July 1 - as previously reported | 52,848 | 17,134 | 187,322 | 257,304 |
| Prior period adjustments | (58) | 57 | - | (1) |
| Fund balances - July 1 - as restated | 52,790 | 17,191 | 187,322 | 257,303 |
| Fund balances - June 30 | \$ 49,560 | \$ 11,000 | \$ 190,030 | \$ 250,590 |

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NONMAJOR DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for the payment of general long-term obligation principal and interest. A brief description of each debt service fund follows:

Coal Tax Bonds – Monies in this fund are pledged for the payment of principal and interest on all State of Montana coal severance tax bonds.

Long-Range Building Program – This fund accounts for the payment of all long-range building program bonds and interest.

Water Development – This fund accounts for general obligation bonds and bonds payable from pledged coal severance taxes sold to make loans/grants for water and wastewater development projects and activities, as prioritized by the Legislature.

Highway Revenue Bonds – This fund accounts for gasoline taxes pledged for payment of principal and interest on bonds issued for the purpose of constructing highways in Montana.

Health Care Debt Service – This fund accounts for funds from services provided to patients at the Montana Developmental Center and Montana State Hospital to pay off bonds issued by the Montana Facility Finance Authority.

Information Technology (IT) Bonds – This fund accounts for the accumulation and payment of resources for information technology bond debt service requirements.

Renewable Resource – This fund accounts for coal severance taxes pledged to retire bonds that were sold to provide funds to finance renewable resource projects.

Water Conservation Bonds – This fund accounts for water conservation bonds issued for four projects: Sidney, Little Dry, South Side Canal, and Petrolia.

Energy Bonds – This fund accounts for general obligation bonds issued for State Building Energy Conservation Projects.

Hard Rock Mining Reclamation – This fund accounts for bonds issued to fund legally required reclamation, operation and maintenance at hard rock mines that would otherwise not occur when it has been determined that there is no likelihood of receiving additional funds from the mine operator and the available surety bond is insufficient.

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2004
(expressed in thousands)**

| | COAL TAX BONDS | LONG-RANGE BUILDING PROGRAM | WATER DEVELOPMENT |
|--------------------------------------|-------------------------------|--|------------------------------|
| ASSETS | | | |
| Cash/cash equivalents | \$ 9,129 | \$ 1,592 | \$ 3,877 |
| Receivables (net) | 396 | - | 2,470 |
| Long-term loans/notes receivable | 17,993 | - | 15,021 |
| Advances to other funds | 3,002 | - | - |
| Investments | - | - | 3,125 |
| Total assets | <u>\$ 30,520</u> | <u>\$ 1,592</u> | <u>\$ 24,493</u> |
| LIABILITIES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | - | 3 | - |
| Interfund loans payable | - | - | 410 |
| Due to other funds | - | - | 501 |
| Advances from other funds | - | - | 10,805 |
| Total liabilities | <u>-</u> | <u>3</u> | <u>11,716</u> |
| Fund balances: | | | |
| Reserved for: | | | |
| Long-term loans/notes receivable | 17,993 | - | 15,021 |
| Advances to other funds | 3,002 | - | - |
| Debt service | 6,521 | - | - |
| Unreserved, designated | 3,004 | 1,589 | - |
| Unreserved, undesignated | - | - | (2,244) |
| Total fund balances | <u>30,520</u> | <u>1,589</u> | <u>12,777</u> |
| Total liabilities and fund balances | <u>\$ 30,520</u> | <u>\$ 1,592</u> | <u>\$ 24,493</u> |

| HEALTH CARE DEBT SERVICE | INFORMATION TECHNOLOGY BONDS | RENEWABLE RESOURCE | WATER CONSERVATION BONDS | ENERGY BONDS | TOTAL |
|-----------------------------------|------------------------------------|-----------------------|--------------------------------|-----------------|------------------|
| \$ 3,046 | \$ 107 | \$ 275 | \$ - | \$ 194 | \$ 18,220 |
| - | - | 19 | - | - | 2,885 |
| - | - | - | 20 | - | 33,034 |
| - | - | - | - | - | 3,002 |
| 1,034 | - | - | - | - | 4,159 |
| <u>\$ 4,080</u> | <u>\$ 107</u> | <u>\$ 294</u> | <u>\$ 20</u> | <u>\$ 194</u> | <u>\$ 61,300</u> |
| - | - | - | - | 1 | 4 |
| - | - | 14 | 6 | - | 430 |
| - | - | - | - | - | 501 |
| - | - | - | - | - | 10,805 |
| - | - | 14 | 6 | 1 | 11,740 |
| - | - | - | 20 | - | 33,034 |
| - | - | - | - | - | 3,002 |
| - | - | - | - | - | 6,521 |
| 4,080 | 107 | 280 | - | 193 | 9,253 |
| - | - | - | (6) | - | (2,250) |
| <u>4,080</u> | <u>107</u> | <u>280</u> | <u>14</u> | <u>193</u> | <u>49,560</u> |
| <u>\$ 4,080</u> | <u>\$ 107</u> | <u>\$ 294</u> | <u>\$ 20</u> | <u>\$ 194</u> | <u>\$ 61,300</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR DEBT SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | COAL TAX BONDS | LONG-RANGE BUILDING PROGRAM | WATER DEVELOPMENT | HIGHWAY REVENUE BONDS |
|---|----------------------|-----------------------------------|----------------------|-----------------------------|
| REVENUES | | | | |
| Taxes: | | | | |
| Natural resource | \$ - | \$ - | \$ 301 | \$ - |
| Charges for services/fines/forfeits/settlements | - | - | 6 | - |
| Investment earnings | 941 | 91 | 5,684 | - |
| Sale of documents/merchandise/property | 2,082 | - | - | - |
| Total revenues | 3,023 | 91 | 5,991 | - |
| EXPENDITURES | | | | |
| Current: | | | | |
| Resource/recreation/environment | - | - | 449 | - |
| Debt service: | | | | |
| Principal retirement | 4,535 | 6,815 | 1,250 | 3,705 |
| Interest/fiscal charges | 1,919 | 6,038 | 1,598 | 94 |
| Total expenditures | 6,454 | 12,853 | 3,297 | 3,799 |
| Excess of revenue over (under) expenditures | (3,431) | (12,762) | 2,694 | (3,799) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds of refunding bonds | - | - | - | - |
| Bond premium | - | 23 | - | - |
| Payment to refunded bond escrow agent | - | - | - | - |
| Transfers in | 3,748 | 12,853 | 1,244 | - |
| Transfers out | (319) | - | (3,235) | - |
| Total other financing sources (uses) | 3,429 | 12,876 | (1,991) | - |
| Net change in fund balances | (2) | 114 | 703 | (3,799) |
| Fund balances - July 1 - as previously reported | 30,522 | 1,475 | 12,074 | 3,799 |
| Prior period adjustments | - | - | - | - |
| Fund balances - July 1 - as restated | 30,522 | 1,475 | 12,074 | 3,799 |
| Fund balances - June 30 | \$ 30,520 | \$ 1,589 | \$ 12,777 | \$ - |

| HEALTH CARE DEBT SERVICE | INFORMATION TECHNOLOGY BONDS | RENEWABLE RESOURCE | WATER CONSERVATION BONDS | ENERGY BONDS | HARD ROCK MINING RECLAMATION | TOTAL |
|-----------------------------------|------------------------------------|-----------------------|--------------------------------|-----------------|---------------------------------------|-----------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 301 |
| - | 100 | - | - | 1,031 | - | 1,137 |
| 240 | 7 | 51 | - | 4 | - | 7,018 |
| - | - | - | - | - | - | 2,082 |
| 240 | 107 | 51 | - | 1,035 | - | 10,538 |
| - | - | - | 1 | 6 | 1 | 457 |
| 1,476 | 5,245 | - | 2 | 785 | 65 | 23,878 |
| 1,519 | 1,528 | - | 3 | 129 | 102 | 12,930 |
| 2,995 | 6,773 | - | 6 | 920 | 168 | 37,265 |
| (2,755) | (6,666) | 51 | (6) | 115 | (168) | (26,727) |
| - | 8,725 | - | - | - | - | 8,725 |
| - | 344 | - | - | - | - | 367 |
| - | (8,943) | - | - | - | - | (8,943) |
| 2,632 | 6,339 | - | - | - | 168 | 26,984 |
| - | - | - | - | (82) | - | (3,636) |
| 2,632 | 6,465 | - | - | (82) | 168 | 23,497 |
| (123) | (201) | 51 | (6) | 33 | - | (3,230) |
| 4,203 | 308 | 229 | 20 | 218 | - | 52,848 |
| - | - | - | - | (58) | - | (58) |
| 4,203 | 308 | 229 | 20 | 160 | - | 52,790 |
| \$ 4,080 | \$ 107 | \$ 280 | \$ 14 | \$ 193 | \$ - | \$ 49,560 |

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital project funds are used to account for financial resources used for the acquisition or construction of major governmental general capital assets. A brief description of each capital project fund follows:

Long-Range Building Program – This fund is maintained to account for resources received and expended for the State's long-range building program. The long-range building program includes costs for the acquisition, construction, and improvement of major capital assets financed by general obligation bonds and interest earned on bond proceeds.

Information Technology (IT) Projects – This fund accounts for resources received and expended for information technology projects for various upgrade and replacement activities.

Federal/Private Construction Grants – This fund accounts for federal grants, private donations, and federal matching funds that are restricted to general capital asset construction.

Capital Land Grant – This fund accounts for revenues and expenditures from the Capital Land Grant. Revenues are dedicated for the purpose of constructing capital buildings or additions thereto. Revenues may be transferred to a debt service fund for the payment of principal and interest on bonds issued for capital building construction.

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2004
 (expressed in thousands)

| | LONG-RANGE BUILDING PROGRAM | INFORMATION TECHNOLOGY PROJECTS | FEDERAL/ PRIVATE CONSTRUCTION GRANTS | CAPITAL LAND GRANT | TOTAL |
|--------------------------------------|-----------------------------------|---------------------------------------|---|-----------------------|------------------|
| ASSETS | | | | | |
| Cash/cash equivalents | \$ 7,638 | \$ 3,589 | \$ 33 | \$ 1,101 | \$ 12,361 |
| Receivables (net) | 892 | - | - | - | 892 |
| Due from other funds | 700 | - | 4 | 537 | 1,241 |
| Due from component units | 57 | - | - | - | 57 |
| Total assets | <u>\$ 9,287</u> | <u>\$ 3,589</u> | <u>\$ 37</u> | <u>\$ 1,638</u> | <u>\$ 14,551</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | 1,987 | 377 | 463 | - | 2,827 |
| Interfund loans payable | - | - | - | 200 | 200 |
| Due to other funds | 83 | 153 | - | 239 | 475 |
| Due to component units | 49 | - | - | - | 49 |
| Total liabilities | <u>2,119</u> | <u>530</u> | <u>463</u> | <u>439</u> | <u>3,551</u> |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Encumbrances | 339 | - | - | - | 339 |
| Unreserved | 6,829 | 3,059 | (426) | 1,199 | 10,661 |
| Total fund balances | <u>7,168</u> | <u>3,059</u> | <u>(426)</u> | <u>1,199</u> | <u>11,000</u> |
| Total liabilities and fund balances | <u>\$ 9,287</u> | <u>\$ 3,589</u> | <u>\$ 37</u> | <u>\$ 1,638</u> | <u>\$ 14,551</u> |

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(expressed in thousands)**

| | LONG-RANGE BUILDING PROGRAM | INFORMATION TECHNOLOGY PROJECTS | FEDERAL/ PRIVATE CONSTRUCTION GRANTS | CAPITAL LAND GRANT | TOTAL |
|---|-----------------------------------|---------------------------------------|---|-----------------------|------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Natural Resource | \$ 3,797 | \$ - | \$ - | \$ - | \$ 3,797 |
| Other | 1,767 | - | - | - | 1,767 |
| Charges for services/fines/forfeits/settlements | 253 | - | - | - | 253 |
| Investment earnings | 22 | - | - | - | 22 |
| Other revenues | 15 | - | - | - | 15 |
| Total revenues | <u>5,854</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>5,854</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 12 | 4,940 | - | - | 4,952 |
| Public safety/corrections | - | 2,443 | - | - | 2,443 |
| Capital outlay | 10,706 | 4,947 | 862 | 35 | 16,550 |
| Total expenditures | <u>10,718</u> | <u>12,330</u> | <u>862</u> | <u>35</u> | <u>23,945</u> |
| Excess of revenue over (under) expenditures | <u>(4,864)</u> | <u>(12,330)</u> | <u>(862)</u> | <u>(35)</u> | <u>(18,091)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bond proceeds | 300 | 2,715 | 110 | - | 3,125 |
| Transfers in | 1,678 | 8,722 | 326 | 2,042 | 12,768 |
| Transfers out | (3,259) | - | - | (734) | (3,993) |
| Total other financing sources (uses) | <u>(1,281)</u> | <u>11,437</u> | <u>436</u> | <u>1,308</u> | <u>11,900</u> |
| Net change in fund balances | <u>(6,145)</u> | <u>(893)</u> | <u>(426)</u> | <u>1,273</u> | <u>(6,191)</u> |
| Fund balances - July 1 - as previously reported | 13,256 | 3,952 | - | (74) | 17,134 |
| Prior period adjustments | 57 | - | - | - | 57 |
| Fund balances - July 1 - as restated | <u>13,313</u> | <u>3,952</u> | <u>-</u> | <u>(74)</u> | <u>17,191</u> |
| Fund balances - June 30 | <u>\$ 7,168</u> | <u>\$ 3,059</u> | <u>\$ (426)</u> | <u>\$ 1,199</u> | <u>\$ 11,000</u> |

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NONMAJOR PERMANENT FUNDS

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used to support state government programs. A brief description of each permanent fund follows:

Resource Indemnity – Taxes paid by persons engaging in or carrying on the business of mining, extracting, or producing minerals are deposited in this fund. Only the net earnings of the trust may be appropriated until the principal reaches \$100 million. Interest earnings are expended from a special revenue fund. This fund is administered by the Department of Revenue.

Parks Trust and Cultural Trust – A portion of coal severance taxes are credited to these funds by the Department of Revenue. Income from the trusts is used for the acquisition and maintenance of state parks and historical sites by the Department of Fish, Wildlife and Parks. The Montana Arts Council uses income from the trusts for the protection of works of art in the State Capitol and for other cultural projects.

Real Property Trust – Money received by the Department of Fish, Wildlife and Parks from the sale of real property; the exploration and development of oil, gas, and mineral deposits; and leasing department real property is deposited in this fund. Interest is recorded in a special revenue fund and used for developing and maintaining real property of the department.

Noxious Weed Management – The Department of Agriculture accounts for revenues and interest earned on fees charged for the control of noxious weeds.

Historical Society Trusts – Four funds (Jim Bradley Memorial, Thomas Teakle, Merritt-Wheeler, and Historical Society Acquisitions) account for memorials, bequests, and various other contributions to the Montana Historical Society. Investment income is either expended from a state special revenue fund, a private-purpose trust fund or added to the principal.

Endowment for Children – This fund provides services and activities related to a broad range of child abuse and neglect prevention activities operated by non-profit or public community educational and service organizations.

Tobacco Settlement Interest – This fund holds interest earned by investing the Tobacco Settlement Principal.

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
 JUNE 30, 2004
 (expressed in thousands)

| | RESOURCE INDEMNITY | PARKS TRUST | CULTURAL TRUST | REAL PROPERTY TRUST | NOXIOUS WEED MANAGEMENT |
|--------------------------------------|-----------------------|----------------|-------------------|---------------------------|-------------------------------|
| ASSETS | | | | | |
| Cash/cash equivalents | \$ 646 | \$ 328 | \$ 156 | \$ 617 | \$ 465 |
| Receivables (net) | 716 | 200 | 76 | 112 | 58 |
| Equity in pooled investments | 104,764 | 16,234 | 4,697 | 5,835 | - |
| Investments | - | - | - | 4,590 | 4,596 |
| Securities lending collateral | 14,457 | 2,240 | 648 | 2,153 | 1,368 |
| Total assets | \$ 120,583 | \$ 19,002 | \$ 5,577 | \$ 13,307 | \$ 6,487 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | - | - | - | 1 | 1 |
| Due to other funds | 1,359 | 100 | 117 | 61 | 253 |
| Securities lending liability | 14,457 | 2,240 | 648 | 2,153 | 1,368 |
| Total liabilities | 15,816 | 2,340 | 765 | 2,215 | 1,622 |
| Fund balances: | | | | | |
| Reserved for: | | | | | |
| Trust principal | 104,767 | 16,662 | 4,812 | 11,092 | 4,865 |
| Total fund balances | 104,767 | 16,662 | 4,812 | 11,092 | 4,865 |
| Total liabilities and fund balances | \$ 120,583 | \$ 19,002 | \$ 5,577 | \$ 13,307 | \$ 6,487 |

| HISTORICAL SOCIETY TRUSTS | ENDOWMENT FOR CHILDREN | TOBACCO SETTLEMENT INTEREST | TOTAL |
|---------------------------------|------------------------------|-----------------------------------|-------------------|
| \$ 56 | \$ 1 | \$ 133 | \$ 2,402 |
| 2 | - | 318 | 1,482 |
| 1,013 | - | 46,596 | 179,139 |
| - | - | - | 9,186 |
| 36 | - | 6,430 | 27,332 |
| <u>\$ 1,107</u> | <u>\$ 1</u> | <u>\$ 53,477</u> | <u>\$ 219,541</u> |
| - | - | - | 2 |
| - | - | 287 | 2,177 |
| 36 | - | 6,430 | 27,332 |
| 36 | - | 6,717 | 29,511 |
| 1,071 | 1 | 46,760 | 190,030 |
| 1,071 | 1 | 46,760 | 190,030 |
| <u>\$ 1,107</u> | <u>\$ 1</u> | <u>\$ 53,477</u> | <u>\$ 219,541</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR PERMANENT FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | RESOURCE INDEMNITY | PARKS TRUST | CULTURAL TRUST | REAL PROPERTY TRUST | NOXIOUS WEED MANAGEMENT |
|---|-----------------------|----------------|-------------------|---------------------------|-------------------------------|
| REVENUES | | | | | |
| Licenses/permits | \$ - | \$ - | \$ - | \$ 371 | \$ - |
| Taxes: | | | | | |
| Natural resource | 2 | 401 | 197 | - | - |
| Fuel | - | - | - | - | 14 |
| Charges for services/fines/forfeits/settlements | - | - | - | - | - |
| Investment earnings | 1,569 | 242 | 72 | 140 | 29 |
| Securities lending income | 128 | 20 | 6 | 16 | 11 |
| Sale of documents/merchandise/property | - | - | - | - | - |
| Rentals/leases/royalties | - | - | - | 117 | - |
| Grants/contracts/donations | - | - | - | - | - |
| Total revenues | 1,699 | 663 | 275 | 644 | 54 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Education/cultural | - | - | - | - | - |
| Capital outlay | - | - | - | - | - |
| Securities lending | 113 | 18 | 5 | 14 | 10 |
| Total expenditures | 113 | 18 | 5 | 14 | 10 |
| Excess of revenue over (under) expenditures | 1,586 | 645 | 270 | 630 | 44 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | (7,380) | (1,030) | (326) | (552) | (253) |
| Total other financing sources (uses) | (7,380) | (1,030) | (326) | (552) | (253) |
| Net change in fund balances | (5,794) | (385) | (56) | 78 | (209) |
| Fund balances - July 1 - as previously reported | 110,561 | 17,047 | 4,868 | 11,014 | 5,074 |
| Fund balances - June 30 | \$ 104,767 | \$ 16,662 | \$ 4,812 | \$ 11,092 | \$ 4,865 |

| HISTORICAL SOCIETY TRUSTS | ENDOWMENT FOR CHILDREN | TOBACCO SETTLEMENT INTEREST | TOTAL |
|---------------------------------|------------------------------|-----------------------------------|------------|
| \$ - | \$ - | \$ - | \$ 371 |
| - | - | - | 600 |
| - | - | - | 14 |
| - | - | 10,668 | 10,668 |
| 114 | - | 583 | 2,749 |
| - | - | 46 | 227 |
| 15 | - | - | 15 |
| - | - | - | 117 |
| 109 | - | - | 109 |
| 238 | - | 11,297 | 14,870 |
| 2 | - | - | 2 |
| 14 | - | - | 14 |
| - | - | 41 | 201 |
| 16 | - | 41 | 217 |
| 222 | - | 11,256 | 14,653 |
| (1) | - | (2,403) | (11,945) |
| (1) | - | (2,403) | (11,945) |
| 221 | - | 8,853 | 2,708 |
| 850 | 1 | 37,907 | 187,322 |
| \$ 1,071 | \$ 1 | \$ 46,760 | \$ 190,030 |

NONMAJOR ENTERPRISE FUNDS

Enterprise funds are used to account for operations that provide goods or services to the public on a user charge basis. A brief description of each enterprise fund follows:

Liquor Warehouse – This fund accounts for activities related to the sale and distribution of alcoholic beverages and licensing within the State. Profits and license fees are used to finance General Fund expenditures.

Hail Insurance – Any producer engaged in the growing of crops subject to damage by hail may participate in the hail insurance program. This fund accounts for premium assessments paid by producers for crop acreage insured, investment and interest earnings, administrative costs, and benefits paid by the Department of Agriculture.

State Lottery – This fund accounts for the operations of Montana's lottery.

Prison Industries – These operations provide training and employment for inmates. The products produced are sold to state agencies, non-profit organizations, and other customers in accordance with state policies.

MUS Group Insurance – This fund accounts for employee contributions to the Montana University System's medical/dental self-insurance plan.

MUS Workers Compensation – This fund accounts for self-insured workers compensation coverage for employees of the Montana University System.

Subsequent Injury – This fund accounts for the assessments collected from employers and benefits paid to workers who are certified as vocationally handicapped and are injured on the job.

Secretary of State Business Services – This fund accounts for the Business and Government Services activities and the Administrative Code Program of the Secretary of State's Office.

Historical Society Publications – This fund accounts for the Historical Society's sales from "Montana, The Magazine of Western History"; books; publications; and merchandise from the Historical Society store.

Surplus Property – The Department of Administration accounts for intragovernmental sales of state and federal surplus property to state agencies, local governments, and designated non-profit organizations.

West Yellowstone Airport – This fund, administered by the Department of Transportation, accounts for operations of the airport at West Yellowstone. User airlines are assessed rental and landing fees.

Local Government Audits – This fund accounts for the costs incurred by the Department of Administration for audits of local governments, required under Sections 2-7-501 through 522 of the Montana Code Annotated, and the fees assessed the local governments for the audits.

Flexible Spending Administration – This fund accounts for the fees collected from the participants in the Flexible Spending Programs and the related administrative costs of the plans administered by the Department of Administration and the Office of the Commissioner of Higher Education.

HUD Section 8 Housing – This fund accounts for a program that provides rental assistance to low-income families throughout Montana.

Other Enterprise Funds – This category includes several small enterprise funds administered by various agencies.

COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2004
 (expressed in thousands)

| | LIQUOR WAREHOUSE | HAIL INSURANCE | STATE LOTTERY | PRISON INDUSTRIES |
|----------------------------------|---------------------|-------------------|------------------|----------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash/cash equivalents | \$ 1,729 | \$ 7,481 | \$ 298 | \$ 2,021 |
| Receivables (net) | 12,353 | 1,805 | 1,149 | 346 |
| Interfund loans receivable | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | 1 | 153 |
| Due from component units | - | - | 1 | 16 |
| Inventories | 75 | - | 1,034 | 5,103 |
| Short-term investments | - | - | - | - |
| Securities lending collateral | - | - | - | - |
| Other current assets | 20 | - | 15 | - |
| Total current assets | 14,177 | 9,286 | 2,498 | 7,639 |
| Noncurrent assets: | | | | |
| Advances to other funds | 75 | - | - | 180 |
| Long-term investments | - | - | - | - |
| Long-term notes/loans receivable | - | - | - | - |
| Deferred charges | - | - | - | - |
| Other long-term assets | - | - | 1,325 | 292 |
| Capital assets: | | | | |
| Land | - | - | - | 690 |
| Land improvements | - | - | - | 240 |
| Buildings/improvements | 2,033 | - | - | 3,460 |
| Equipment | 337 | - | 5,564 | 3,459 |
| Infrastructure | - | - | - | 884 |
| Construction in progress | - | - | - | 255 |
| Intangible assets | - | - | 288 | - |
| Less accumulated depreciation | (1,291) | - | (3,930) | (4,274) |
| Total capital assets | 1,079 | - | 1,922 | 4,714 |
| Total noncurrent assets | 1,154 | - | 3,247 | 5,186 |
| Total assets | 15,331 | 9,286 | 5,745 | 12,825 |

| | MUS GROUP INSURANCE | MUS WORKERS COMPENSATION | SUBSEQUENT INJURY | SECRETARY OF STATE BUSINESS SERVICES | HISTORICAL SOCIETY PUBLICATIONS | SURPLUS PROPERTY |
|----|---------------------------|--------------------------------|----------------------|---|---------------------------------------|---------------------|
| \$ | 16,149 | \$ 1,032 | \$ 179 | \$ 2,379 | \$ 282 | \$ 48 |
| | 726 | 16 | 18 | 11 | 8 | 24 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | 2 | - | 14 | 1 | 20 |
| | 14 | 225 | 9 | 1 | - | 2 |
| | - | - | - | 60 | 456 | 81 |
| | - | 731 | - | - | - | - |
| | - | - | 521 | - | - | - |
| | - | 2 | - | 121 | - | 1 |
| | 16,889 | 2,008 | 727 | 2,586 | 747 | 176 |
| | - | - | - | - | - | - |
| | - | 1,111 | 1,630 | - | - | - |
| | - | - | - | - | - | 3 |
| | - | 37 | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | 118 |
| | - | - | - | 206 | 11 | 142 |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | 623 | - | - |
| | - | - | - | (126) | (11) | (124) |
| | - | - | - | 703 | - | 136 |
| | - | 1,148 | 1,630 | 703 | - | 139 |
| | 16,889 | 3,156 | 2,357 | 3,289 | 747 | 315 |

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2004

(expressed in thousands)

| | WEST YELLOWSTONE AIRPORT | LOCAL GOVERNMENT AUDITS | FLEXIBLE SPENDING ADMINISTRATION |
|----------------------------------|--------------------------------|-------------------------------|--|
| ASSETS | | | |
| Current assets: | | | |
| Cash/cash equivalents | \$ 521 | \$ 250 | \$ 231 |
| Receivables (net) | - | - | 288 |
| Interfund loans receivable | 93 | - | - |
| Due from other governments | - | - | - |
| Due from other funds | - | - | 5 |
| Due from component units | - | - | - |
| Inventories | - | - | - |
| Short-term investments | - | - | - |
| Securities lending collateral | - | - | - |
| Other current assets | - | - | 81 |
| Total current assets | 614 | 250 | 605 |
| Noncurrent assets: | | | |
| Advances to other funds | - | - | - |
| Long-term investments | - | - | - |
| Long-term notes/loans receivable | - | - | - |
| Deferred charges | - | - | - |
| Other long-term assets | - | - | - |
| Capital assets: | | | |
| Land | 110 | - | - |
| Land improvements | 1,147 | - | - |
| Buildings/improvements | 487 | - | - |
| Equipment | 71 | - | - |
| Infrastructure | - | - | - |
| Construction in progress | - | - | - |
| Intangible assets | - | - | - |
| Less accumulated depreciation | (1,517) | - | - |
| Total capital assets | 298 | - | - |
| Total noncurrent assets | 298 | - | - |
| Total assets | 912 | 250 | 605 |

| | HUD SECTION 8 HOUSING | OTHER ENTERPRISE FUNDS | TOTAL |
|----|-----------------------------|------------------------------|-----------------|
| \$ | 2,215 | \$ 168 | \$ 34,983 |
| | 111 | - | 16,855 |
| | - | - | 93 |
| | 222 | - | 222 |
| | 23 | 13 | 232 |
| | - | - | 268 |
| | - | 67 | 6,876 |
| | - | - | 731 |
| | - | - | 521 |
| | 16 | - | 256 |
| | <u>2,587</u> | <u>248</u> | <u>61,037</u> |
| | - | - | 255 |
| | - | - | 2,741 |
| | 651 | - | 654 |
| | - | - | 37 |
| | - | - | 1,617 |
| | - | - | 800 |
| | - | - | 1,387 |
| | - | - | 6,098 |
| | 75 | - | 9,865 |
| | - | - | 884 |
| | - | - | 255 |
| | 30 | - | 941 |
| | <u>(36)</u> | <u>-</u> | <u>(11,309)</u> |
| | 69 | - | 8,921 |
| | <u>720</u> | <u>-</u> | <u>14,225</u> |
| | <u>3,307</u> | <u>248</u> | <u>75,262</u> |

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2004

(expressed in thousands)

| | LIQUOR WAREHOUSE | HAIL INSURANCE | STATE LOTTERY | PRISON INDUSTRIES |
|---|---------------------|-------------------|------------------|----------------------|
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 3,904 | \$ 10 | \$ 474 | \$ 217 |
| Lottery prizes payable | - | - | 1,529 | - |
| Interfund loans payable | - | - | - | - |
| Due to other governments | - | - | - | - |
| Due to other funds | 7,264 | 93 | 2,199 | 28 |
| Due to component units | - | - | - | - |
| Deferred revenue | 1,085 | 1,936 | 64 | 27 |
| Bonds/notes payable (net) | - | - | - | - |
| Amounts held in custody for others | 20 | - | 6 | - |
| Securities lending liability | - | - | - | - |
| Estimated insurance claims | - | 95 | - | - |
| Compensated absences payable | 111 | 19 | 112 | 102 |
| Total current liabilities | 12,384 | 2,153 | 4,384 | 374 |
| Long-term liabilities: | | | | |
| Lottery prizes payable | - | - | 1,283 | - |
| Bonds/notes payable (net) | - | - | - | - |
| Estimated insurance claims | - | - | - | - |
| Compensated absences payable | 56 | 1 | 78 | 146 |
| Total long-term liabilities | 56 | 1 | 1,361 | 146 |
| Total liabilities | 12,440 | 2,154 | 5,745 | 520 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 1,079 | - | 1,922 | 4,714 |
| Restricted for: | | | | |
| Other purposes | - | 7,132 | - | - |
| Unrestricted | 1,812 | - | (1,922) | 7,591 |
| Total net assets | \$ 2,891 | \$ 7,132 | \$ - | \$ 12,305 |

| MUS GROUP INSURANCE | MUS WORKERS COMPENSATION | SUBSEQUENT INJURY | SECRETARY OF STATE BUSINESS SERVICES | HISTORICAL SOCIETY PUBLICATIONS | SURPLUS PROPERTY |
|---------------------------|--------------------------------|----------------------|---|---------------------------------------|---------------------|
| \$ 1,157 | \$ 6 | \$ - | \$ 130 | \$ 33 | \$ 11 |
| - | - | - | - | - | - |
| - | - | - | - | - | 175 |
| - | - | - | - | - | - |
| 1 | - | - | 39 | 24 | 8 |
| - | - | - | 1 | - | - |
| - | - | - | 235 | 126 | - |
| - | 395 | - | - | - | - |
| - | - | - | 157 | - | - |
| - | - | 521 | - | - | - |
| 4,663 | 350 | 233 | - | - | - |
| 11 | - | - | 130 | 32 | 20 |
| 5,832 | 751 | 754 | 692 | 215 | 214 |
| - | - | - | - | - | - |
| - | 1,260 | - | - | - | - |
| - | 1,272 | 2,130 | - | - | - |
| 50 | - | - | 82 | 39 | 11 |
| 50 | 2,532 | 2,130 | 82 | 39 | 11 |
| 5,882 | 3,283 | 2,884 | 774 | 254 | 225 |
| - | - | - | 703 | - | 136 |
| 11,007 | - | - | - | - | - |
| - | (127) | (527) | 1,812 | 493 | (46) |
| \$ 11,007 | \$ (127) | \$ (527) | \$ 2,515 | \$ 493 | \$ 90 |

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

JUNE 30, 2004

(expressed in thousands)

| | WEST YELLOWSTONE AIRPORT | LOCAL GOVERNMENT AUDITS | FLEXIBLE SPENDING ADMINISTRATION |
|---|--------------------------------|-------------------------------|--|
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 80 | \$ 9 | \$ 27 |
| Lottery prizes payable | - | - | - |
| Interfund loans payable | - | - | 120 |
| Due to other governments | - | - | - |
| Due to other funds | - | 1 | - |
| Due to component units | - | - | - |
| Deferred revenue | - | - | - |
| Bonds/notes payable (net) | - | - | - |
| Amounts held in custody for others | 1 | - | - |
| Securities lending liability | - | - | - |
| Estimated insurance claims | - | - | - |
| Compensated absences payable | 3 | 15 | - |
| Total current liabilities | 84 | 25 | 147 |
| Long-term liabilities: | | | |
| Lottery prizes payable | - | - | - |
| Bonds/notes payable (net) | - | - | - |
| Estimated insurance claims | - | - | - |
| Compensated absences payable | - | 36 | - |
| Total long-term liabilities | - | 36 | - |
| Total liabilities | 84 | 61 | 147 |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | 298 | - | - |
| Restricted for: | | | |
| Other purposes | 530 | - | - |
| Unrestricted | - | 189 | 458 |
| Total net assets | \$ 828 | \$ 189 | \$ 458 |

| | HUD SECTION 8 HOUSING | | OTHER ENTERPRISE FUNDS | | TOTAL |
|----|-----------------------------|----|------------------------------|----|--------|
| \$ | 53 | \$ | 31 | \$ | 6,142 |
| | - | | - | | 1,529 |
| | - | | - | | 295 |
| | 292 | | - | | 292 |
| | 29 | | 4 | | 9,690 |
| | - | | - | | 1 |
| | 1 | | 5 | | 3,479 |
| | - | | - | | 395 |
| | - | | - | | 184 |
| | - | | - | | 521 |
| | - | | - | | 5,341 |
| | 90 | | 9 | | 654 |
| | 465 | | 49 | | 28,523 |
| | - | | - | | 1,283 |
| | - | | - | | 1,260 |
| | - | | - | | 3,402 |
| | 48 | | 2 | | 549 |
| | 48 | | 2 | | 6,494 |
| | 513 | | 51 | | 35,017 |
| | 69 | | - | | 8,921 |
| | - | | 9 | | 18,678 |
| | 2,725 | | 188 | | 12,646 |
| \$ | 2,794 | \$ | 197 | \$ | 40,245 |

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | LIQUOR WAREHOUSE | HAIL INSURANCE | STATE LOTTERY | PRISON INDUSTRIES |
|--|---------------------|-------------------|------------------|----------------------|
| Operating revenues: | | | | |
| Charges for services | \$ 49,411 | \$ - | \$ 36,740 | \$ 5,135 |
| Investment earnings | - | 62 | 44 | - |
| Securities lending income | - | - | - | - |
| Contributions/premiums | - | 3,742 | - | - |
| Grants/contracts/donations | - | - | - | - |
| Taxes | 14,620 | - | - | - |
| Other operating revenues | 113 | 6 | 1 | 5 |
| Total operating revenues | 64,144 | 3,810 | 36,785 | 5,140 |
| Operating expenses: | | | | |
| Personal services | 1,992 | 226 | 1,401 | 1,849 |
| Contractual services | 303 | 132 | 5,519 | 162 |
| Supplies/materials | 40,066 | 46 | 897 | 1,524 |
| Benefits/claims | - | 1,163 | - | - |
| Depreciation | 102 | - | 900 | 318 |
| Amortization | - | - | 164 | - |
| Utilities/rent | 120 | 6 | 109 | 170 |
| Communications | 125 | 5 | 724 | 15 |
| Travel | 15 | 15 | 14 | 16 |
| Repair/maintenance | 53 | - | 18 | 219 |
| Lottery prize payments | - | - | 18,680 | - |
| Interest expense | - | - | 25 | - |
| Securities lending expense | - | - | - | - |
| Dividend expense | - | 353 | - | - |
| Other operating expenses | 20 | 3 | 212 | 349 |
| Total operating expenses | 42,796 | 1,949 | 28,663 | 4,622 |
| Operating income (loss) | 21,348 | 1,861 | 8,122 | 518 |
| Nonoperating revenues (expenses): | | | | |
| Gain (loss) on sale of capital assets | (31) | - | (6) | - |
| Increase (decrease) value of livestock | - | - | - | 378 |
| Total nonoperating revenues (expenses) | (31) | - | (6) | 378 |
| Income (loss) before contributions and transfers | 21,317 | 1,861 | 8,116 | 896 |
| Capital contributions | - | - | - | - |
| Transfers in | - | - | - | - |
| Transfers out | (21,850) | (14) | (8,116) | - |
| Change in net assets | (533) | 1,847 | - | 896 |
| Total net assets - July 1 - as previously reported | 3,424 | 5,285 | - | 11,411 |
| Prior period adjustments | - | - | - | (2) |
| Total net assets - July 1 - as restated | 3,424 | 5,285 | - | 11,409 |
| Total net assets - June 30 | \$ 2,891 | \$ 7,132 | \$ - | \$ 12,305 |

| MUS GROUP INSURANCE | MUS WORKERS COMPENSATION | SUBSEQUENT INJURY | SECRETARY OF STATE BUSINESS SERVICES | HISTORICAL SOCIETY PUBLICATIONS | SURPLUS PROPERTY |
|---------------------|--------------------------|-------------------|--------------------------------------|---------------------------------|------------------|
| \$ - | \$ - | \$ 72 | \$ 3,491 | \$ 788 | \$ 302 |
| 137 | 1 | 11 | 14 | - | - |
| - | - | 5 | - | - | - |
| 42,252 | 2,424 | - | - | - | - |
| - | - | - | - | 15 | - |
| - | - | - | - | - | - |
| 407 | - | - | 68 | 12 | - |
| 42,796 | 2,425 | 88 | 3,573 | 815 | 302 |
| 157 | - | - | 1,886 | 414 | 191 |
| 2,586 | 310 | - | 610 | 86 | 24 |
| 8 | - | - | 60 | 341 | 325 |
| 36,569 | 2,174 | 173 | - | - | - |
| - | - | - | 17 | 1 | 20 |
| - | - | - | 113 | - | - |
| 4 | - | - | 145 | 4 | 21 |
| 2 | - | - | 131 | 46 | 9 |
| 2 | - | - | 29 | 8 | 2 |
| - | - | - | 17 | 10 | 6 |
| - | - | - | - | - | - |
| - | 63 | - | - | - | - |
| - | - | 4 | - | - | - |
| - | - | - | - | - | - |
| 362 | 5 | - | 47 | 38 | 10 |
| 39,690 | 2,552 | 177 | 3,055 | 948 | 608 |
| 3,106 | (127) | (89) | 518 | (133) | (306) |
| - | - | - | - | (2) | (5) |
| - | - | - | - | - | - |
| - | - | - | - | (2) | (5) |
| 3,106 | (127) | (89) | 518 | (135) | (311) |
| - | - | - | - | - | 177 |
| - | - | - | - | 47 | - |
| - | - | (28) | - | - | - |
| 3,106 | (127) | (117) | 518 | (88) | (134) |
| 7,901 | - | (410) | 1,997 | 580 | 224 |
| - | - | - | - | 1 | - |
| 7,901 | - | (410) | 1,997 | 581 | 224 |
| \$ 11,007 | \$ (127) | \$ (527) | \$ 2,515 | \$ 493 | \$ 90 |

(Continued on Next Page)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - Continued

NONMAJOR ENTERPRISE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | WEST YELLOWSTONE AIRPORT | LOCAL GOVERNMENT AUDITS | FLEXIBLE SPENDING ADMINISTRATION |
|--|--------------------------------|-------------------------------|--|
| Operating revenues: | | | |
| Charges for services | \$ 37 | \$ 270 | \$ 96 |
| Investment earnings | - | - | 1 |
| Securities lending income | - | - | - |
| Contributions/premiums | - | - | 7,767 |
| Grants/contracts/donations | - | - | - |
| Taxes | - | - | - |
| Other operating revenues | 81 | - | - |
| Total operating revenues | 118 | 270 | 7,864 |
| Operating expenses: | | | |
| Personal services | 43 | 200 | - |
| Contractual services | 13 | 40 | 87 |
| Supplies/materials | 3 | 5 | - |
| Benefits/claims | - | - | 7,670 |
| Depreciation | 27 | - | - |
| Amortization | - | - | - |
| Utilities/rent | 20 | 27 | - |
| Communications | 2 | 4 | - |
| Travel | 1 | - | - |
| Repair/maintenance | 10 | - | - |
| Lottery prize payments | - | - | - |
| Interest expense | - | - | - |
| Securities lending expense | - | - | - |
| Dividend expense | - | - | - |
| Other operating expenses | 2 | 20 | 98 |
| Total operating expenses | 121 | 296 | 7,855 |
| Operating income (loss) | (3) | (26) | 9 |
| Nonoperating revenues (expenses): | | | |
| Gain (loss) sale of capital assets | - | - | - |
| Increase (decrease) value of livestock | - | - | - |
| Total nonoperating revenues (expenses) | - | - | - |
| Income (loss) before contributions and transfers | (3) | (26) | 9 |
| Capital contributions | - | - | - |
| Transfers in | 18 | - | - |
| Transfers out | - | - | - |
| Change in net assets | 15 | (26) | 9 |
| Total net assets - July 1 - as previously reported | 814 | 215 | 449 |
| Prior period adjustments | (1) | - | - |
| Total net assets - July 1 - as restated | 813 | 215 | 449 |
| Total net assets - June 30 | \$ 828 | \$ 189 | \$ 458 |

| | HUD SECTION 8 HOUSING | OTHER ENTERPRISE FUNDS | TOTAL |
|----|-----------------------------|------------------------------|-----------|
| \$ | - | \$ 299 | \$ 96,641 |
| | 44 | - | 314 |
| | - | - | 5 |
| | - | - | 56,185 |
| | 34,374 | - | 34,389 |
| | 1 | - | 14,621 |
| | - | 57 | 750 |
| | 34,419 | 356 | 202,905 |
| | 841 | 117 | 9,317 |
| | 164 | 94 | 10,130 |
| | 41 | 1 | 43,317 |
| | 33,693 | - | 81,442 |
| | 12 | - | 1,397 |
| | 9 | - | 286 |
| | 86 | 9 | 721 |
| | 37 | 3 | 1,103 |
| | 36 | 14 | 152 |
| | 8 | 5 | 346 |
| | - | - | 18,680 |
| | - | - | 88 |
| | - | - | 4 |
| | - | - | 353 |
| | 136 | 22 | 1,324 |
| | 35,063 | 265 | 168,660 |
| | (644) | 91 | 34,245 |
| | - | - | (44) |
| | - | - | 378 |
| | - | - | 334 |
| | (644) | 91 | 34,579 |
| | 41 | - | 218 |
| | 3,387 | - | 3,452 |
| | - | - | (30,008) |
| | 2,784 | 91 | 8,241 |
| | - | 106 | 31,996 |
| | 10 | - | 8 |
| | 10 | 106 | 32,004 |
| \$ | 2,794 | \$ 197 | \$ 40,245 |

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | LIQUOR WAREHOUSE | HAIL INSURANCE | STATE LOTTERY | PRISON INDUSTRIES |
|---|---------------------|-------------------|------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from sales and services | \$ 48,779 | \$ 3,690 | \$ 36,736 | \$ 4,992 |
| Payments to suppliers for goods and services | (40,180) | (172) | (7,876) | (2,598) |
| Payments to employees | (1,971) | (228) | (1,391) | (1,898) |
| Grant receipts | - | - | - | - |
| Cash payments for claims | - | (1,367) | - | - |
| Cash payments for prizes | - | - | (18,505) | - |
| Other operating revenues | 113 | 6 | - | - |
| Other operating payments | - | (353) | - | - |
| Net cash provided by (used for) operating activities | 6,741 | 1,576 | 8,964 | 496 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Collection of taxes | 14,622 | - | - | - |
| Transfers to other funds | (21,173) | (14) | (7,738) | - |
| Transfers from other funds | - | - | - | - |
| Proceeds from interfund loans/advances | - | - | - | 76 |
| Payments of interfund loans/advances | - | - | - | - |
| Payment of external loan | - | - | - | - |
| Collection of principal and interest on loans | - | - | - | - |
| Payment of principal and interest on bonds and notes | - | - | - | - |
| Proceeds from issuance of bonds and notes | - | - | - | - |
| Payment of bond issuance costs | - | - | - | - |
| Net cash provided by (used for) noncapital financing activities | (6,551) | (14) | (7,738) | 76 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition of capital assets | (95) | - | (39) | (239) |
| Proceeds from sale of capital assets | - | - | 1 | - |
| Principal and interest payments on bonds and notes | - | - | (1,145) | - |
| Net cash used for capital and related financing activities | (95) | - | (1,183) | (239) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | - | - | - | - |
| Proceeds from sales or maturities of investments | - | - | - | - |
| Proceeds from securities lending transactions | - | - | - | - |
| Interest and dividends on investments | - | 62 | 10 | - |
| Payment of securities lending costs | - | - | - | - |
| Net cash provided by (used for) investing activities | - | 62 | 10 | - |
| Net increase (decrease) in cash and cash equivalents | 95 | 1,624 | 53 | 333 |
| Cash and cash equivalents, July 1 | 1,634 | 5,857 | 245 | 1,688 |
| Cash and cash equivalents, June 30 | \$ 1,729 | \$ 7,481 | \$ 298 | \$ 2,021 |

| MUS GROUP INSURANCE | MUS WORKERS COMPENSATION | SUBSEQUENT INJURY | SECRETARY OF STATE BUSINESS SERVICES | HISTORICAL SOCIETY PUBLICATIONS | SURPLUS PROPERTY |
|---------------------------|--------------------------------|----------------------|---|---------------------------------------|---------------------|
| 43,074 \$ | 2,198 \$ | 67 \$ | 3,652 \$ | 857 \$ | 490 |
| (2,825) | (317) | - | (1,032) | (506) | (267) |
| (154) | - | - | (1,902) | (401) | (191) |
| - | - | - | - | 15 | - |
| (36,526) | (552) | (173) | - | - | - |
| - | - | - | - | - | - |
| 358 | - | - | - | - | - |
| - | - | - | - | - | - |
| 3,927 | 1,329 | (106) | 718 | (35) | 32 |
| - | - | - | - | - | - |
| - | - | (35) | - | - | - |
| - | - | - | - | 47 | - |
| 105 | - | - | - | - | 175 |
| - | - | - | - | - | (250) |
| - | - | - | - | - | - |
| - | (443) | - | - | - | - |
| - | 2,050 | - | - | - | - |
| - | (46) | - | - | - | - |
| 105 | 1,561 | (35) | - | 47 | (75) |
| - | - | - | (25) | - | (15) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (25) | - | (15) |
| - | (1,873) | (647) | - | - | - |
| - | - | 427 | - | - | - |
| - | - | 5 | - | - | - |
| 137 | 15 | 81 | 14 | - | - |
| - | - | (4) | - | - | - |
| 137 | (1,858) | (138) | 14 | - | - |
| 4,169 | 1,032 | (279) | 707 | 12 | (58) |
| 11,980 | - | 458 | 1,672 | 270 | 106 |
| 16,149 \$ | 1,032 \$ | 179 \$ | 2,379 \$ | 282 | 48 |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | WEST YELLOWSTONE AIRPORT | LOCAL GOVERNMENT AUDITS | FLEXIBLE SPENDING ADMINISTRATION |
|---|--------------------------------|-------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from sales and services | \$ 117 | \$ 271 | \$ 7,841 |
| Payments to suppliers for goods and services | (71) | (122) | (186) |
| Payments to employees | (41) | (194) | - |
| Grant receipts | - | - | - |
| Cash payments for claims | - | - | (7,673) |
| Cash payments for prizes | - | - | - |
| Other operating revenues | - | - | - |
| Other operating payments | - | - | - |
| Net cash provided by (used for) operating activities | 5 | (45) | (18) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Collection of taxes | - | - | - |
| Transfers to other funds | - | - | - |
| Transfers from other funds | 18 | - | - |
| Proceeds from interfund loans/advances | - | - | 120 |
| Payments of interfund loans/advances | - | - | - |
| Payment of external loan | - | - | - |
| Collection of principal and interest on loans | - | - | - |
| Payment of principal and interest on bonds and notes | - | - | - |
| Proceeds from issuance of bonds and notes | - | - | - |
| Payment of bond issuance costs | - | - | - |
| Net cash provided by (used for) noncapital financing activities | 18 | - | 120 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition of capital assets | - | - | - |
| Proceeds from sale of capital assets | - | - | - |
| Principal and interest payments on bonds and notes | - | - | - |
| Net cash used for capital and related financing activities | - | - | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of investments | - | - | - |
| Proceeds from sales or maturities of investments | - | - | - |
| Proceeds from securities lending transactions | - | - | - |
| Interest and dividends on investments | - | - | 1 |
| Payment of securities lending costs | - | - | - |
| Net cash provided by (used for) investing activities | - | - | 1 |
| Net increase (decrease) in cash and cash equivalents | 23 | (45) | 103 |
| Cash and cash equivalents, July 1 | 498 | 295 | 128 |
| Cash and cash equivalents, June 30 | \$ 521 | \$ 250 | \$ 231 |

| | HUD SECTION 8 HOUSING | OTHER ENTERPRISE FUNDS | TOTAL |
|----|-----------------------------|------------------------------|------------|
| \$ | - | \$ 294 | \$ 153,058 |
| | (34,243) | (226) | (90,621) |
| | (832) | (120) | (9,323) |
| | 34,058 | - | 34,073 |
| | - | - | (46,291) |
| | - | - | (18,505) |
| | - | 57 | 534 |
| | - | - | (353) |
| | (1,017) | 5 | 22,572 |
| | 1 | - | 14,623 |
| | - | - | (28,960) |
| | 3,695 | - | 3,760 |
| | - | - | 476 |
| | - | - | (250) |
| | (506) | - | (506) |
| | 37 | - | 37 |
| | - | - | (443) |
| | - | - | 2,050 |
| | - | - | (46) |
| | 3,227 | - | (9,259) |
| | (39) | - | (452) |
| | - | - | 1 |
| | - | - | (1,145) |
| | (39) | - | (1,596) |
| | - | - | (2,520) |
| | - | - | 427 |
| | - | - | 5 |
| | 44 | - | 364 |
| | - | - | (4) |
| | 44 | - | (1,728) |
| | 2,215 | 5 | 9,989 |
| | - | 163 | 24,994 |
| \$ | 2,215 | \$ 168 | \$ 34,983 |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | LIQUOR WAREHOUSE | HAIL INSURANCE | STATE LOTTERY | PRISON INDUSTRIES |
|---|---------------------|-------------------|------------------|----------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | |
| Operating income (loss) | \$ 21,348 | \$ 1,861 | \$ 8,122 | \$ 518 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | |
| Depreciation | 102 | - | 900 | 318 |
| Amortization | - | - | 164 | - |
| Taxes | (14,620) | - | - | - |
| Interest expense | - | - | 25 | - |
| Securities lending expense | - | - | - | - |
| Investment earnings | - | (62) | (44) | - |
| Securities lending income | - | - | - | - |
| Change in assets and liabilities: | | | | |
| Decr (incr) in accounts receivable | (675) | 409 | 99 | (132) |
| Decr (incr) in due from other funds | 11 | - | 1 | 12 |
| Decr (incr) in due from component units | - | - | (1) | (7) |
| Decr (incr) in due from other governments | - | - | - | - |
| Decr (incr) in inventories | (6) | - | (427) | (199) |
| Decr (incr) in other assets | (20) | - | 466 | - |
| Incr (decr) in accounts payable | 533 | 1 | 9 | 2 |
| Incr (decr) in lottery prizes payable | - | - | (227) | - |
| Incr (decr) in due to other funds | (25) | 32 | (25) | (7) |
| Incr (decr) in due to component units | - | - | - | - |
| Incr (decr) in due to other governments | - | - | - | - |
| Incr (decr) in deferred revenue | 48 | (457) | (109) | 13 |
| Incr (decr) in amounts held in custody for others | 20 | - | 6 | - |
| Incr (decr) in compensated absences payable | 25 | (4) | 5 | (22) |
| Incr (decr) in estimated claims | - | (204) | - | - |
| Net cash provided by (used for) operating activities | <u>\$ 6,741</u> | <u>\$ 1,576</u> | <u>\$ 8,964</u> | <u>\$ 496</u> |
| Schedule of noncash transactions: | | | | |
| Capital contributions from other funds | \$ - | \$ - | \$ - | \$ - |
| Amortization of bond issuance costs | - | - | - | - |
| Incr (decr) in fair value of investments | - | - | - | - |
| Total noncash transactions | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| MUS GROUP INSURANCE | MUS WORKERS COMPENSATION | SUBSEQUENT INJURY | SECRETARY OF STATE BUSINESS SERVICES | HISTORICAL SOCIETY PUBLICATIONS | SURPLUS PROPERTY |
|---------------------------|--------------------------------|----------------------|---|---------------------------------------|---------------------|
| 3,106 \$ | (127) \$ | (89) \$ | 518 \$ | (133) \$ | (306) |
| - | - | - | 17 | 1 | 20 |
| - | - | - | 113 | - | - |
| - | - | - | - | - | - |
| - | 63 | - | - | - | - |
| - | - | 4 | - | - | - |
| (137) | (1) | (11) | (14) | - | - |
| - | - | (5) | - | - | - |
| 294 | - | - | (1) | 65 | 58 |
| - | (2) | - | 11 | (1) | (20) |
| 506 | (224) | (5) | 1 | - | (2) |
| - | - | - | - | - | - |
| - | - | - | (2) | 23 | 277 |
| - | (2) | - | 15 | - | - |
| (1,036) | - | - | (4) | 14 | - |
| - | - | - | - | - | - |
| - | - | - | (10) | (3) | 6 |
| (1) | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | (2) | (7) | - |
| (26) | - | - | 91 | - | - |
| 2 | - | - | (15) | 6 | (1) |
| 1,219 | 1,622 | - | - | - | - |
| 3,927 \$ | 1,329 \$ | (106) \$ | 718 \$ | (35) \$ | 32 |
| - \$ | - \$ | - \$ | - \$ | - \$ | - |
| - | 9 | - | - | - | - |
| - | 31 | (69) | - | - | - |
| - \$ | 40 \$ | (69) \$ | - \$ | - \$ | - |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued
NONMAJOR ENTERPRISE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | WEST YELLOWSTONE AIRPORT | LOCAL GOVERNMENT AUDITS | FLEXIBLE SPENDING ADMINISTRATION |
|---|--------------------------------|-------------------------------|--|
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income (loss) | \$ (5) | \$ (26) | \$ 9 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | |
| Depreciation | 27 | - | - |
| Amortization | - | - | - |
| Taxes | - | - | - |
| Interest expense | - | - | - |
| Securities lending expense | - | - | - |
| Investment earnings | - | - | (1) |
| Securities lending income | - | - | - |
| Change in assets and liabilities: | | | |
| Decr (incr) in accounts receivable | - | 1 | (104) |
| Decr (incr) in due from other funds | - | - | (4) |
| Decr (incr) in due from component units | - | - | 88 |
| Decr (incr) in due from other governments | - | - | - |
| Decr (incr) in inventories | - | - | - |
| Decr (incr) in other assets | - | - | (1) |
| Incr (decr) in accounts payable | (19) | (24) | (5) |
| Incr (decr) in lottery prizes payable | - | - | - |
| Incr (decr) in due to other funds | - | - | - |
| Incr (decr) in due to component units | - | - | - |
| Incr (decr) in due to other governments | - | - | - |
| Incr (decr) in deferred revenue | - | - | - |
| Incr (decr) in amounts held in custody for others | 1 | - | - |
| Incr (decr) in compensated absences payable | 1 | 4 | - |
| Incr (decr) in estimated claims | - | - | - |
| Net cash provided by (used for) operating activities | <u>\$ 5</u> | <u>\$ (45)</u> | <u>\$ (18)</u> |
| Schedule of noncash transactions: | | | |
| Capital contributions from other funds | \$ - | \$ - | - |
| Amortization of bond issuance costs | - | - | - |
| Incr (decr) in fair value of investments | - | - | - |
| Total noncash transactions | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> |

| | HUD SECTION 8 HOUSING | OTHER ENTERPRISE FUNDS | TOTAL |
|-------|-----------------------------|------------------------------|-----------|
| \$ | (644) | \$ 91 | \$ 34,243 |
| | 12 | - | 1,397 |
| | 9 | - | 286 |
| | (1) | - | (14,621) |
| | - | - | 88 |
| | - | - | 4 |
| | (44) | - | (314) |
| | - | - | (5) |
| | 263 | - | 277 |
| | (23) | 1 | (14) |
| | - | - | 356 |
| | (200) | - | (200) |
| | - | (68) | (402) |
| | (15) | - | 443 |
| | - | (1) | (530) |
| | - | - | (227) |
| | (2) | (10) | (44) |
| | - | - | (1) |
| | (197) | - | (197) |
| | - | (6) | (520) |
| | - | - | 92 |
| | (175) | (2) | (176) |
| | - | - | 2,637 |
| <hr/> | <hr/> | <hr/> | <hr/> |
| \$ | (1,017) | \$ 5 | \$ 22,572 |
| | 41 | - | 41 |
| | - | - | 9 |
| | - | - | (38) |
| <hr/> | <hr/> | <hr/> | <hr/> |
| \$ | 41 | - | \$ 12 |

INTERNAL SERVICE FUNDS

Internal service funds are used to account for operations that provide goods or services to other agencies or programs of state government on a cost-reimbursement basis. A brief description of each internal service fund follows:

FWP Equipment – This fund is used to account for interdepartmental and intradepartmental sales and use of FWP equipment.

Highway Equipment – This fund is used to account for interdepartmental and intradepartmental sales and use of Department of Transportation equipment.

Employee Group Benefits – This fund receives employee (excluding higher education units) withholdings and state contributions to the medical self-insurance plan. The State contracted with Blue Cross and Blue Shield of Montana to oversee the administrative functions of the program.

Information Technology Services Division (ITSD) – State agencies and private users are assessed a fee for their use of the State's phone system, centralized data processing, and systems design services provided by the Department of Administration.

Administration Insurance – In this fund, the Department of Administration accounts for the State's property self-insurance program (including liability, property, flood, etc.).

Administration Supply – This fund is used by the Department of Administration to account for intragovernmental sales of office supplies and paper products to state agencies.

Motor Pool – State employee transportation is provided by the Department of Transportation through a pool of vehicles. The cost of operating the Motor Pool is recovered through rental rates charged to user agencies based on the average operating costs per mile for each class of vehicle.

Print & Mail Services – Agencies are assessed a fee for duplicating, typesetting, forms design, and graphic arts services.

Buildings & Grounds – Rental proceeds from state agencies are used to pay maintenance, security, and landscaping costs for state-owned property.

Central Service Funds – This fund group consists of four funds, used by the Department of Administration, the Department of Labor and Industry, the Department of Commerce, and the Office of Public Instruction, for administrative services provided on a cost recovery basis to programs within the departments.

DEQ Indirect Cost Pool – This fund is used to account for funds collected as indirect costs from the operating units of the Department of Environmental Quality and to fund the department's indirect cost pool operations that provide services to the department.

Mail & Messenger – This fund accounts for costs associated with intrastate government mail and package delivery.

Payroll Processing – This fund accounts for the payments received from state agencies for the costs associated with the processing of payroll warrants.

Warrant Processing – This fund accounts for the payments received from state agencies for the costs associated with the processing of all warrants other than payroll.

Investment Division – This fund accounts for costs associated with operations of the Board of Investments (BOI). BOI assists agencies in the investment of state funds. Costs of administering and accounting for each investment fund are allocated based on the dollar volume of investments held by user agencies.

Aircraft Operation – This fund is used by the Department of State Lands to account for fees charged to users of state aircraft.

Justice Legal Services – The Attorney General's Office and the Department of Justice charge other state agencies a fee for legal assistance. The Department of Administration funds legal services with intradepartmental fees.

Personnel Training – This fund accounts for fees charged to state agencies for training state employees. The fees are used by the Department of Administration to pay instructors and purchase training materials.

Records Management – State agencies are assessed a fee for records storage and microfilm services provided by the Office of the Secretary of State.

Debt Collection – The debt collection component of this fund accounts for fees charged for the collection of bad debts.

Statewide Fueling Network – This fund accounts for the costs associated with the development of a statewide fueling network, which will allow state agencies and local governments to utilize a single fueling network and management information system for all fueling transactions.

Procurement Card Purchases – The State Procurement Card program administers the State's MasterCard contract for the automated processing of small purchases.

Prison Industries – These operations provide training and employment for inmates, where the products produced are primarily sold to other state agencies.

Other Internal Services – This category includes several small internal service funds administered by various agencies.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
 JUNE 30, 2004
 (expressed in thousands)

| | FWP EQUIPMENT | HIGHWAY EQUIPMENT | EMPLOYEE GROUP BENEFITS | INFO TECH SERVICES DIVISION | ADMIN INSURANCE |
|---|------------------|----------------------|-------------------------------|-----------------------------------|--------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash/cash equivalents | \$ 162 | \$ 52 | \$ 16,532 | \$ 1,971 | \$ 4,890 |
| Receivables (net) | 12 | 7 | 3,081 | 53 | - |
| Interfund loans receivable | - | - | - | 374 | - |
| Due from other governments | 1 | - | - | - | - |
| Due from other funds | 215 | 926 | 10 | 2,137 | 27 |
| Due from component units | - | - | - | 352 | 6 |
| Inventories | - | - | - | - | - |
| Securities lending collateral | - | - | 1,016 | - | - |
| Other current assets | 6 | - | 1 | 16 | - |
| Total current assets | 396 | 985 | 20,640 | 4,903 | 4,923 |
| Noncurrent assets: | | | | | |
| Long-term investments | - | - | 4,277 | - | - |
| Capital assets: | | | | | |
| Land | - | - | - | - | - |
| Land improvements | - | - | - | - | - |
| Buildings/improvements | - | - | - | - | - |
| Equipment | 9,825 | 112,455 | 17 | 34,255 | - |
| Construction in progress | - | 2,898 | - | - | - |
| Intangible assets | - | - | - | 1,703 | - |
| Less accumulated depreciation | (3,259) | (57,807) | (16) | (29,722) | - |
| Total capital assets | 6,566 | 57,546 | 1 | 6,236 | - |
| Total noncurrent assets | 6,566 | 57,546 | 4,278 | 6,236 | - |
| Total assets | 6,962 | 58,531 | 24,918 | 11,139 | 4,923 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 215 | 955 | 2,170 | 3,008 | 236 |
| Interfund loans payable | 50 | - | - | - | - |
| Due to other funds | - | 1 | 16 | 72 | 193 |
| Due to component units | - | - | - | 33 | 17 |
| Deferred revenue | - | - | 909 | - | - |
| Lease/installment purchase payable | - | - | - | 50 | - |
| Amounts held in custody for others | - | - | - | 44 | - |
| Securities lending liability | - | - | 1,016 | - | - |
| Estimated insurance claims | - | - | 5,864 | - | 8,199 |
| Compensated absences payable | 2 | 439 | 30 | 972 | 44 |
| Total current liabilities | 267 | 1,395 | 10,005 | 4,179 | 8,689 |
| Long-term liabilities: | | | | | |
| Advances from other funds | 100 | - | - | - | - |
| Lease/installment purchase payable | - | - | - | 102 | - |
| Estimated insurance claims | - | - | 5,331 | - | 17,359 |
| Compensated absences payable | - | 317 | 19 | 523 | 88 |
| Total long-term liabilities | 100 | 317 | 5,350 | 625 | 17,447 |
| Total liabilities | 367 | 1,712 | 15,355 | 4,804 | 26,136 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 6,566 | 57,546 | 1 | 6,084 | - |
| Unrestricted | 29 | (727) | 9,562 | 251 | (21,213) |
| Total net assets | \$ 6,595 | \$ 56,819 | \$ 9,563 | \$ 6,335 | \$ (21,213) |

| ADMIN SUPPLY | MOTOR POOL | PRINT & MAIL SERVICES | BUILDINGS & GROUNDS | ADMIN CENTRAL SERVICES | LABOR CENTRAL SERVICES | COMMERCE CENTRAL SERVICES | OPI CENTRAL SERVICES |
|-----------------|---------------|-----------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|
| \$ 250 | \$ 513 | \$ 193 | \$ 799 | \$ 123 | \$ 889 | \$ 348 | \$ 43 |
| 68 | - | 12 | 3 | - | - | - | - |
| 175 | - | - | - | - | - | 25 | - |
| - | 1 | - | - | - | - | - | - |
| 166 | 384 | 604 | 294 | - | 316 | 123 | 114 |
| 8 | 2 | 38 | 1 | - | 6 | 24 | - |
| 333 | - | 147 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 7 | - | 487 | - | - | 3 | - | - |
| 1,007 | 900 | 1,481 | 1,097 | 123 | 1,214 | 520 | 157 |
| - | - | - | - | - | - | - | - |
| - | 236 | - | - | - | - | - | - |
| - | - | - | 95 | - | - | - | - |
| - | - | - | 32 | - | - | - | - |
| 126 | 14,771 | 1,807 | 308 | - | 281 | 33 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (97) | (6,074) | (1,144) | (237) | - | (183) | (20) | - |
| 29 | 8,933 | 663 | 198 | - | 98 | 13 | - |
| 29 | 8,933 | 663 | 198 | - | 98 | 13 | - |
| 1,036 | 9,833 | 2,144 | 1,295 | 123 | 1,312 | 533 | 157 |
| 193 | 114 | 286 | 382 | 27 | 354 | 46 | 44 |
| - | 2,052 | - | - | 10 | 7 | - | - |
| 3 | 1,804 | 20 | 9 | 2 | 255 | 6 | 43 |
| - | - | - | - | - | - | - | - |
| - | - | 36 | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 1 | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 20 | 14 | 87 | 83 | 71 | 253 | 96 | 109 |
| 216 | 3,984 | 429 | 474 | 110 | 870 | 148 | 196 |
| - | 3,181 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 30 | 17 | 53 | 40 | 61 | 224 | 86 | 5 |
| 30 | 3,198 | 53 | 40 | 61 | 224 | 86 | 5 |
| 246 | 7,182 | 482 | 514 | 171 | 1,094 | 234 | 201 |
| 29 | 8,933 | 663 | 198 | - | 98 | 13 | - |
| 761 | (6,282) | 999 | 583 | (48) | 120 | 286 | (44) |
| \$ 790 | \$ 2,651 | \$ 1,662 | \$ 781 | \$ (48) | \$ 218 | \$ 299 | \$ (44) |

(Continued on Next Page)

COMBINING STATEMENT OF NET ASSETS - Continued

INTERNAL SERVICE FUNDS

JUNE 30, 2004

(expressed in thousands)

| | DEQ INDIRECT COST POOL | PAYROLL PROCESSING | WARRANT PROCESSING | INVESTMENT DIVISION |
|---|------------------------------|-----------------------|-----------------------|------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash/cash equivalents | \$ 1,390 | \$ 101 | \$ 122 | \$ 1,111 |
| Receivables (net) | - | - | - | - |
| Interfund loans receivable | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | 264 | - | 55 | 50 |
| Due from component units | 8 | - | 36 | 45 |
| Inventories | - | - | - | - |
| Securities lending collateral | - | - | - | - |
| Other current assets | - | - | - | 12 |
| Total current assets | 1,662 | 101 | 213 | 1,218 |
| Noncurrent assets: | | | | |
| Long-term investments | - | - | - | - |
| Capital assets: | | | | |
| Land | - | - | - | - |
| Land improvements | - | - | - | - |
| Buildings/improvements | - | - | - | - |
| Equipment | 363 | - | 34 | 40 |
| Construction in progress | - | - | - | - |
| Intangible assets | - | - | - | - |
| Less accumulated depreciation | (192) | - | (32) | (33) |
| Total capital assets | 171 | - | 2 | 7 |
| Total noncurrent assets | 171 | - | 2 | 7 |
| Total assets | 1,833 | 101 | 215 | 1,225 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 205 | 11 | 14 | 94 |
| Interfund loans payable | - | - | - | - |
| Due to other funds | 76 | 5 | 57 | 39 |
| Due to component units | - | - | - | - |
| Deferred revenue | - | - | - | - |
| Lease/installment purchase payable | - | - | - | - |
| Amounts held in custody for others | - | - | - | - |
| Securities lending liability | - | - | - | - |
| Estimated insurance claims | - | - | - | - |
| Compensated absences payable | 201 | 14 | 10 | 184 |
| Total current liabilities | 482 | 30 | 81 | 317 |
| Long-term liabilities: | | | | |
| Advances from other funds | - | - | - | - |
| Lease/installment purchase payable | - | - | - | - |
| Estimated insurance claims | - | - | - | - |
| Compensated absences payable | 168 | 27 | - | 134 |
| Total long-term liabilities | 168 | 27 | - | 134 |
| Total liabilities | 650 | 57 | 81 | 451 |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 171 | - | 2 | 7 |
| Unrestricted | 1,012 | 44 | 132 | 767 |
| Total net assets | \$ 1,183 | \$ 44 | \$ 134 | \$ 774 |

| AIRCRAFT OPERATION | JUSTICE LEGAL SERVICES | PERSONNEL TRAINING | DEBT COLLECTION | PRISON INDUSTRIES | OTHER INTERNAL SERVICES | TOTAL |
|-----------------------|------------------------------|-----------------------|--------------------|----------------------|-------------------------------|-----------|
| \$ 86 | \$ 100 | \$ 56 | \$ 140 | \$ 266 | \$ 142 | \$ 30,279 |
| - | - | 1 | - | 7 | - | 3,244 |
| - | - | - | - | - | - | 574 |
| - | 1 | - | - | - | - | 3 |
| 80 | 105 | 10 | - | 292 | 9 | 6,181 |
| - | 3 | - | - | - | - | 529 |
| - | - | - | - | 218 | 123 | 821 |
| - | - | - | - | - | - | 1,016 |
| - | - | 2 | - | - | - | 534 |
| 166 | 209 | 69 | 140 | 783 | 274 | 43,181 |
| - | - | - | - | - | - | 4,277 |
| - | - | - | - | - | - | 236 |
| - | - | - | - | - | - | 95 |
| - | - | - | - | 2,820 | - | 2,852 |
| 39 | - | - | - | 1,185 | 69 | 175,608 |
| - | - | - | - | - | - | 2,898 |
| - | - | - | - | - | - | 1,703 |
| (24) | - | - | - | (538) | (50) | (99,428) |
| 15 | - | - | - | 3,467 | 19 | 83,964 |
| 15 | - | - | - | 3,467 | 19 | 88,241 |
| 181 | 209 | 69 | 140 | 4,250 | 293 | 131,422 |
| 39 | 48 | 17 | 5 | 64 | 11 | 8,538 |
| - | 100 | - | - | - | - | 2,219 |
| - | 4 | 5 | 2 | 39 | 2 | 2,653 |
| - | - | - | - | - | - | 50 |
| - | - | 1 | - | 22 | - | 968 |
| - | - | - | - | - | - | 50 |
| - | - | - | - | - | - | 45 |
| - | - | - | - | - | - | 1,016 |
| - | - | - | - | - | - | 14,063 |
| 11 | 86 | 10 | 4 | 38 | 1 | 2,779 |
| 50 | 238 | 33 | 11 | 163 | 14 | 32,381 |
| - | - | - | - | 180 | - | 3,461 |
| - | - | - | - | - | - | 102 |
| - | - | - | - | - | - | 22,690 |
| 32 | 57 | 15 | - | 11 | - | 1,907 |
| 32 | 57 | 15 | - | 191 | - | 28,160 |
| 82 | 295 | 48 | 11 | 354 | 14 | 60,541 |
| 15 | - | - | - | 3,467 | 19 | 83,812 |
| 84 | (86) | 21 | 129 | 429 | 260 | (12,931) |
| \$ 99 | \$ (86) | \$ 21 | \$ 129 | \$ 3,896 | \$ 279 | \$ 70,881 |

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | FWP EQUIPMENT | HIGHWAY EQUIPMENT | EMPLOYEE GROUP BENEFITS | INFO TECH SERVICES DIVISION | ADMIN INSURANCE |
|--|------------------|----------------------|-------------------------------|-----------------------------------|--------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ 2,210 | \$ 18,890 | \$ - | \$ 32,376 | \$ - |
| Investment earnings | - | - | 162 | - | 59 |
| Securities lending income | - | - | 4 | - | - |
| Contributions/premiums | - | - | 85,724 | - | 14,718 |
| Taxes | - | 1 | - | - | - |
| Other operating revenues | - | 12 | 308 | 104 | 6 |
| Total operating revenues | 2,210 | 18,903 | 86,198 | 32,480 | 14,783 |
| Operating expenses: | | | | | |
| Personal services | 75 | 5,845 | 681 | 9,292 | 654 |
| Contractual services | 75 | 615 | 2,803 | 2,662 | 4,108 |
| Supplies/materials | 689 | 4,528 | 28 | 1,213 | 24 |
| Benefits/claims | - | - | 73,355 | - | (2,424) |
| Depreciation | 575 | 5,774 | - | 2,039 | - |
| Amortization | - | - | - | 476 | - |
| Utilities/rent | 21 | 112 | 20 | 6,642 | 58 |
| Communications | 4 | 8 | 38 | 5,110 | 19 |
| Travel | 17 | 39 | 14 | 140 | 23 |
| Repair/maintenance | 559 | 3,060 | 2 | 2,070 | 1 |
| Interest expense | - | - | - | 50 | - |
| Securities lending expense | - | - | 3 | - | - |
| Other operating expenses | 8 | 201 | 265 | 779 | 133 |
| Total operating expenses | 2,023 | 20,182 | 77,209 | 30,473 | 2,596 |
| Operating income (loss) | 187 | (1,279) | 8,989 | 2,007 | 12,187 |
| Nonoperating revenues (expenses): | | | | | |
| Gain (loss) on sale of capital assets | (108) | (10) | - | (8) | - |
| Federal indirect cost recoveries | - | - | - | - | - |
| Total nonoperating revenues (expenses) | (108) | (10) | - | (8) | - |
| Income (loss) before contributions and transfers | 79 | (1,289) | 8,989 | 1,999 | 12,187 |
| Capital contributions | - | - | - | - | - |
| Transfers in | 66 | - | - | 68 | 615 |
| Transfers out | - | - | - | - | (369) |
| Change in net assets | 145 | (1,289) | 8,989 | 2,067 | 12,433 |
| Total net assets - July 1 - as previously reported | 6,451 | 56,903 | 547 | 4,112 | (33,651) |
| Prior period adjustments | (1) | 1,205 | 27 | 156 | 5 |
| Total net assets - July 1 - as restated | 6,450 | 58,108 | 574 | 4,268 | (33,646) |
| Total net assets - June 30 | \$ 6,595 | \$ 56,819 | 9,563 | \$ 6,335 | \$ (21,213) |

| ADMIN SUPPLY | MOTOR POOL | PRINT & MAIL SERVICES | BUILDINGS & GROUNDS | ADMIN CENTRAL SERVICES | LABOR CENTRAL SERVICES | COMMERCE CENTRAL SERVICES | OPI CENTRAL SERVICES |
|-----------------|---------------|-----------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|
| \$ 4,282 | \$ 3,191 | \$ 8,587 | \$ 6,224 | \$ 776 | \$ 3,572 | \$ 57 | \$ 635 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | 2 |
| - | 12 | 1 | - | - | - | 896 | - |
| 4,282 | 3,203 | 8,588 | 6,224 | 776 | 3,572 | 953 | 637 |
| 328 | 271 | 1,140 | 1,120 | 707 | 3,438 | 861 | 968 |
| 46 | 214 | 84 | 2,421 | 26 | 269 | 32 | 335 |
| 4,099 | 869 | 3,890 | 125 | 8 | 205 | 54 | 56 |
| - | - | - | - | - | - | - | - |
| 7 | 1,454 | 286 | 31 | - | 30 | 5 | - |
| - | - | - | - | - | - | - | - |
| 95 | 16 | 165 | 2,001 | 30 | 330 | 84 | 129 |
| 24 | 2 | 2,801 | 19 | 10 | 69 | 14 | 73 |
| - | - | 3 | 10 | 7 | 28 | 8 | 11 |
| 3 | 223 | 179 | 512 | 3 | 23 | 2 | 35 |
| - | 213 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 26 | 9 | 52 | 220 | 26 | 202 | 7 | (33) |
| 4,628 | 3,271 | 8,600 | 6,459 | 817 | 4,594 | 1,067 | 1,574 |
| (346) | (68) | (12) | (235) | (41) | (1,022) | (114) | (937) |
| - | (392) | (2) | - | - | (2) | - | - |
| - | - | - | - | - | 968 | - | 910 |
| - | (392) | (2) | - | - | 966 | - | 910 |
| (346) | (460) | (14) | (235) | (41) | (56) | (114) | (27) |
| - | - | 420 | - | - | - | - | - |
| - | - | 482 | 500 | - | - | - | - |
| - | - | - | - | (68) | - | - | - |
| (346) | (460) | 888 | 265 | (109) | (56) | (114) | (27) |
| 1,136 | 3,292 | 845 | 515 | 62 | 274 | 413 | (17) |
| - | (181) | (71) | 1 | (1) | - | - | - |
| 1,136 | 3,111 | 774 | 516 | 61 | 274 | 413 | (17) |
| \$ 790 | \$ 2,651 | \$ 1,662 | \$ 781 | \$ (48) | \$ 218 | \$ 299 | \$ (44) |

(Continued on Next Page)

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | DEQ INDIRECT COST POOL | MAIL & MESSENGER | PAYROLL PROCESSING | WARRANT PROCESSING | INVESTMENT DIVISION |
|--|------------------------------|---------------------|-----------------------|-----------------------|------------------------|
| Operating revenues: | | | | | |
| Charges for services | \$ 2,058 | \$ - | \$ 436 | \$ 846 | \$ 2,959 |
| Investment earnings | - | - | - | - | - |
| Securities lending income | - | - | - | - | - |
| Contributions/premiums | - | - | - | - | - |
| Taxes | - | - | - | - | - |
| Other operating revenues | 56 | - | - | - | - |
| Total operating revenues | 2,114 | - | 436 | 846 | 2,959 |
| Operating expenses: | | | | | |
| Personal services | 2,468 | - | 266 | 182 | 2,025 |
| Contractual services | 692 | - | 110 | 193 | 272 |
| Supplies/materials | 179 | - | 7 | 9 | 60 |
| Benefits/claims | - | - | - | - | - |
| Depreciation | 49 | - | - | - | 4 |
| Amortization | - | - | - | - | - |
| Utilities/rent | 98 | - | 10 | 9 | 143 |
| Communications | 45 | - | 7 | 445 | 28 |
| Travel | (6) | - | - | - | 37 |
| Repair/maintenance | 9 | - | 1 | 1 | 26 |
| Interest expense | - | - | - | - | - |
| Securities lending expense | - | - | - | - | - |
| Other operating expenses | 77 | - | 11 | 53 | 252 |
| Total operating expenses | 3,611 | - | 412 | 892 | 2,847 |
| Operating income (loss) | (1,497) | - | 24 | (46) | 112 |
| Nonoperating revenues (expenses): | | | | | |
| Gain (loss) on sale of capital assets | (1) | - | - | - | - |
| Federal indirect cost recoveries | 1,572 | - | - | - | - |
| Total nonoperating revenues (expenses) | 1,571 | - | - | - | - |
| Income (loss) before contributions and transfers | 74 | - | 24 | (46) | 112 |
| Capital contributions | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Transfers out | - | (902) | - | - | - |
| Change in net assets | 74 | (902) | 24 | (46) | 112 |
| Total net assets - July 1 - as previously reported | 1,109 | 902 | 20 | 180 | 662 |
| Prior period adjustments (Note 3) | - | - | - | - | - |
| Total net assets - July 1 - as restated | 1,109 | 902 | 20 | 180 | 662 |
| Total net assets - June 30 | \$ 1,183 | \$ - | \$ 44 | \$ 134 | \$ 774 |

| AIRCRAFT OPERATION | JUSTICE LEGAL SERVICES | PERSONNEL TRAINING | DEBT COLLECTION | PRISON INDUSTRIES | OTHER INTERNAL SERVICES | TOTAL |
|-----------------------|------------------------------|-----------------------|--------------------|----------------------|-------------------------------|-----------|
| \$ 614 | \$ 1,146 | \$ 285 | \$ 171 | \$ 2,952 | \$ 221 | \$ 92,488 |
| - | - | - | - | - | - | 221 |
| - | - | - | - | - | - | 4 |
| - | - | - | - | - | - | 100,442 |
| - | - | - | - | - | - | 3 |
| - | - | - | - | - | 9 | 1,404 |
| 614 | 1,146 | 285 | 171 | 2,952 | 230 | 194,562 |
| 364 | 908 | 154 | 107 | 896 | 72 | 32,822 |
| 65 | 130 | 45 | 14 | 10 | 11 | 15,232 |
| 151 | 19 | 22 | 13 | 1,745 | 131 | 18,124 |
| - | - | - | - | - | - | 70,931 |
| 2 | - | - | - | 178 | 4 | 10,438 |
| - | - | - | - | - | - | 476 |
| 74 | 57 | 26 | 3 | 65 | 4 | 10,192 |
| 6 | 18 | 8 | 7 | 1 | 4 | 8,760 |
| 25 | 4 | 26 | - | 2 | 3 | 391 |
| 398 | 3 | 2 | - | 16 | 13 | 7,141 |
| - | - | - | - | - | - | 263 |
| - | - | - | - | - | - | 3 |
| 28 | 11 | 9 | 1 | 5 | 3 | 2,345 |
| 1,113 | 1,150 | 292 | 145 | 2,918 | 245 | 177,118 |
| (499) | (4) | (7) | 26 | 34 | (15) | 17,444 |
| - | - | - | - | - | - | (523) |
| - | - | - | - | - | - | 3,450 |
| - | - | - | - | - | - | 2,927 |
| (499) | (4) | (7) | 26 | 34 | (15) | 20,371 |
| - | - | - | - | - | - | 420 |
| 436 | - | - | - | - | - | 2,167 |
| - | - | - | - | - | - | (1,339) |
| (63) | (4) | (7) | 26 | 34 | (15) | 21,619 |
| 162 | (82) | 28 | 103 | 3,862 | 294 | 48,122 |
| - | - | - | - | - | - | 1,140 |
| 162 | (82) | 28 | 103 | 3,862 | 294 | 49,262 |
| \$ 99 | \$ (86) | \$ 21 | \$ 129 | \$ 3,896 | \$ 279 | \$ 70,881 |

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | FWP EQUIPMENT | HIGHWAY EQUIPMENT | EMPLOYEE GROUP BENEFITS | INFO TECH SERVICES DIVISION | ADMIN INSURANCE |
|---|------------------|----------------------|-------------------------------|-----------------------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from sales and services | \$ 2,173 | \$ 18,841 | \$ 85,600 | \$ 31,924 | \$ 14,712 |
| Payments to suppliers for goods and services | (1,356) | (9,049) | (3,199) | (17,388) | (4,570) |
| Payments to employees | (75) | (5,762) | (669) | (9,137) | (611) |
| Grant receipts | - | - | - | - | - |
| Cash payments for claims | - | - | (73,845) | - | (2,963) |
| Other operating revenues | 57 | 1 | 408 | 104 | 6 |
| Net cash provided by (used for) operating activities | 799 | 4,031 | 8,295 | 5,503 | 6,574 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Payment of principal and interest on bonds and notes | - | - | - | - | - |
| Proceeds from issuance of bonds and notes | - | - | - | - | - |
| Transfers to other funds | - | - | - | - | (274) |
| Transfers from other funds | 66 | - | - | 60 | 620 |
| Proceeds from interfund loans/advances | 50 | - | - | 184 | 2,000 |
| Payment of interfund loans/advances | (200) | - | - | (374) | (4,500) |
| Net cash provided by (used for) noncapital financing activities | (84) | - | - | (130) | (2,154) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (874) | (6,051) | - | (3,339) | - |
| Proceeds from sale of capital assets | 157 | 489 | - | - | - |
| Principal and interest payments on bonds and notes | - | - | - | (2,495) | - |
| Net cash used for capital and related financing activities | (717) | (5,562) | - | (5,834) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Purchase of investments | - | - | (2,946) | - | - |
| Proceeds from sales or maturities of investments | - | - | 2,725 | - | - |
| Proceeds from securities lending transactions | - | - | 4 | - | - |
| Interest and dividends on investments | - | - | 377 | - | 59 |
| Payment of securities lending costs | - | - | (3) | - | - |
| Net cash provided by (used for) investing activities | - | - | 157 | - | 59 |
| Net increase (decrease) in cash and cash equivalents | (2) | (1,531) | 8,452 | (461) | 4,479 |
| Cash and cash equivalents, July 1 | 164 | 1,583 | 8,080 | 2,432 | 411 |
| Cash and cash equivalents, June 30 | \$ 162 | \$ 52 | \$ 16,532 | \$ 1,971 | \$ 4,890 |

| ADMIN SUPPLY | MOTOR POOL | PRINT & MAIL SERVICES | BUILDINGS & GROUNDS | ADMIN CENTRAL SERVICES | LABOR CENTRAL SERVICES | COMMERCE CENTRAL SERVICES | OPI CENTRAL SERVICES |
|-----------------|---------------|-----------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|
| \$ 4,261 | \$ 3,376 | \$ 8,844 | \$ 6,247 | \$ 774 | \$ 3,622 | \$ 24 | \$ 648 |
| (4,219) | (1,484) | (7,648) | (5,117) | (112) | (1,027) | (232) | (671) |
| (345) | (265) | (1,140) | (1,116) | (636) | (3,345) | (812) | (1,003) |
| - | - | - | - | - | 1,061 | 30 | 892 |
| - | - | - | - | - | - | - | - |
| - | 12 | 1 | - | - | - | 896 | 4 |
| (303) | 1,639 | 57 | 14 | 26 | 311 | (94) | (130) |
| - | (2,573) | - | - | - | - | - | - |
| - | 3,701 | - | - | - | - | - | - |
| - | - | - | (193) | (58) | - | - | - |
| - | - | 9 | 425 | - | 60 | - | - |
| 250 | 2,052 | - | - | 10 | 7 | 100 | - |
| (175) | (1,432) | - | - | - | - | (25) | - |
| 75 | 1,748 | 9 | 232 | (48) | 67 | 75 | - |
| (8) | (3,715) | (222) | (16) | - | (16) | (6) | - |
| - | 429 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| (8) | (3,286) | (222) | (16) | - | (16) | (6) | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 2 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 2 | - |
| (236) | 101 | (156) | 230 | (22) | 362 | (23) | (130) |
| 486 | 412 | 349 | 569 | 145 | 527 | 371 | 173 |
| \$ 250 | \$ 513 | \$ 193 | \$ 799 | \$ 123 | \$ 889 | \$ 348 | \$ 43 |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | DEQ | | | | | |
|---|-----------|-----------|------------|------------|------------|--|
| | INDIRECT | MAIL & | PAYROLL | WARRANT | INVESTMENT | |
| | COST POOL | MESSENGER | PROCESSING | PROCESSING | DIVISION | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from sales and services | \$ 2,240 | \$ - | \$ 436 | \$ 828 | \$ 2,968 | |
| Payments to suppliers for goods and services | (941) | - | (150) | (709) | (808) | |
| Payments to employees | (2,397) | - | (258) | (177) | (1,993) | |
| Grant receipts | 1,686 | - | - | - | - | |
| Cash payments for claims | - | - | - | - | - | |
| Other operating revenues | - | - | - | - | - | |
| Net cash provided by (used for) operating activities | 588 | - | 28 | (58) | 167 | |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Payment of principal and interest on bonds and notes | - | - | - | - | - | |
| Proceeds from issuance of bonds and notes | - | - | - | - | - | |
| Transfers to other funds | - | (9) | - | - | - | |
| Transfers from other funds | - | - | - | - | - | |
| Proceeds from interfund loans/advances | - | - | - | - | - | |
| Payment of interfund loans/advances | - | - | - | - | - | |
| Net cash provided by (used for) noncapital financing activities | - | (9) | - | - | - | |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Acquisition of capital assets | (74) | - | - | - | - | |
| Proceeds from sale of capital assets | 1 | - | - | - | - | |
| Principal and interest payments on bonds and notes | - | - | - | - | - | |
| Net cash used for capital and related financing activities | (73) | - | - | - | - | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of investments | - | - | - | - | - | |
| Proceeds from sales or maturities of investments | - | - | - | - | - | |
| Proceeds from securities lending transactions | - | - | - | - | - | |
| Interest and dividends on investments | - | - | - | - | - | |
| Payment of securities lending costs | - | - | - | - | - | |
| Net cash provided by (used for) investing activities | - | - | - | - | - | |
| Net increase (decrease) in cash and cash equivalents | 515 | (9) | 28 | (58) | 167 | |
| Cash and cash equivalents, July 1 | 875 | 9 | 73 | 180 | 944 | |
| Cash and cash equivalents, June 30 | \$ 1,390 | \$ - | \$ 101 | \$ 122 | \$ 1,111 | |

| AIRCRAFT OPERATION | JUSTICE LEGAL SERVICES | PERSONNEL TRAINING | DEBT COLLECTION | PRISON INDUSTRIES | OTHER INTERNAL SERVICES | TOTAL |
|-----------------------|------------------------------|-----------------------|--------------------|----------------------|-------------------------------|------------|
| \$ 605 | \$ 1,234 | \$ 289 | \$ 182 | \$ 2,924 | \$ 224 | \$ 192,976 |
| (740) | (249) | (136) | (36) | (2,066) | (163) | (62,070) |
| (358) | (927) | (152) | (105) | (893) | (71) | (32,247) |
| - | - | - | - | - | - | 3,669 |
| - | - | - | - | - | - | (76,808) |
| - | - | 1 | - | - | 9 | 1,499 |
| (493) | 58 | 2 | 41 | (35) | (1) | 27,019 |
| - | - | - | - | - | - | (2,573) |
| - | - | - | - | - | - | 3,701 |
| - | - | - | - | - | - | (534) |
| 398 | - | - | - | - | - | 1,638 |
| - | 100 | - | - | - | - | 4,753 |
| - | (100) | - | - | (75) | - | (6,881) |
| 398 | - | - | - | (75) | - | 104 |
| - | - | - | - | (138) | - | (14,459) |
| - | - | - | - | - | - | 1,076 |
| - | - | - | - | - | - | (2,495) |
| - | - | - | - | (138) | - | (15,878) |
| - | - | - | - | - | - | (2,946) |
| - | - | - | - | - | - | 2,727 |
| - | - | - | - | - | - | 4 |
| - | - | - | - | - | - | 436 |
| - | - | - | - | - | - | (3) |
| - | - | - | - | - | - | 218 |
| (95) | 58 | 2 | 41 | (248) | (1) | 11,463 |
| 181 | 42 | 54 | 99 | 514 | 143 | 18,816 |
| \$ 86 | \$ 100 | \$ 56 | \$ 140 | \$ 266 | \$ 142 | \$ 30,279 |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued
INTERNAL SERVICE FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | FWP EQUIPMENT | HIGHWAY EQUIPMENT | EMPLOYEE GROUP BENEFITS | INFO TECH SERVICES DIVISION | ADMIN INSURANCE |
|---|------------------|----------------------|-------------------------------|-----------------------------------|--------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ 187 | \$ (1,279) | \$ 8,989 | \$ 2,007 | \$ 12,187 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 575 | 5,774 | - | 2,039 | - |
| Amortization | - | - | - | 476 | - |
| Interest expense | - | - | - | 50 | - |
| Securities lending expense | - | - | 3 | - | - |
| Investment earnings | - | - | (162) | - | (59) |
| Securities lending income | - | - | (4) | - | - |
| Federal indirect cost recoveries | - | - | - | - | - |
| Change in assets and liabilities: | | | | | |
| Decr (incr) in accounts receivable | (9) | (2) | (48) | (12) | - |
| Decr (incr) in due from other funds | (29) | (58) | (6) | 340 | 9 |
| Decr (incr) in due from component units | - | - | - | (134) | (1) |
| Decr (incr) in inventories | - | - | - | - | - |
| Decr (incr) in other assets | - | - | (1) | 5 | - |
| Incr (decr) in accounts payable | 76 | (440) | (220) | 993 | (126) |
| Incr (decr) in due to other funds | (1) | (1) | (2) | 56 | (76) |
| Incr (decr) in due to component units | - | (7) | - | 19 | (10) |
| Incr (decr) in deferred revenue | - | - | 36 | (377) | - |
| Incr (decr) in amounts held in custody for others | - | - | - | (8) | - |
| Incr (decr) in compensated absences payable | - | 44 | 1 | 49 | 19 |
| Incr (decr) in estimated claims | - | - | (291) | - | (5,369) |
| Net cash provided by (used for) operating activities | <u>\$ 799</u> | <u>\$ 4,031</u> | <u>\$ 8,295</u> | <u>\$ 5,503</u> | <u>\$ 6,574</u> |
| Schedule of noncash transactions: | | | | | |
| Capital asset acquisitions from capital leases | \$ - | \$ - | \$ - | \$ 1,084 | \$ - |
| Capital contributions from other funds | - | - | - | - | - |
| Capital contributions to other funds | - | - | - | - | - |
| Incr (decr) in fair value of investments | - | - | (209) | - | - |
| Total noncash transactions | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (209)</u> | <u>\$ 1,084</u> | <u>\$ -</u> |

| ADMIN SUPPLY | MOTOR POOL | PRINT & MAIL SERVICES | BUILDINGS & GROUNDS | ADMIN CENTRAL SERVICES | LABOR CENTRAL SERVICES | COMMERCE CENTRAL SERVICES | OPI CENTRAL SERVICES |
|-----------------|-----------------|-----------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|
| \$ (346) | \$ (68) | \$ (12) | \$ (235) | \$ (41) | \$ (1,022) | \$ (114) | \$ (937) |
| 7 | 1,454 | 286 | 31 | - | 30 | 5 | - |
| - | - | - | - | - | - | - | - |
| - | 213 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | 968 | - | 910 |
| (39) | 1 | 6 | 1 | - | - | - | - |
| 2 | 79 | 443 | 16 | - | (60) | 4 | (3) |
| 16 | (1) | (19) | - | - | 4 | (6) | - |
| 87 | - | (12) | - | - | - | - | - |
| (1) | - | (487) | - | - | (4) | - | 2 |
| (10) | (148) | 5 | 206 | 8 | 121 | 9 | - |
| (2) | 105 | 17 | 5 | (1) | 216 | (2) | (72) |
| - | - | - | - | - | - | (3) | - |
| - | - | (155) | - | - | - | - | - |
| - | - | - | - | - | - | (31) | - |
| (17) | 4 | (15) | (10) | 60 | 58 | 44 | (30) |
| - | - | - | - | - | - | - | - |
| <u>\$ (303)</u> | <u>\$ 1,639</u> | <u>\$ 57</u> | <u>\$ 14</u> | <u>\$ 26</u> | <u>\$ 311</u> | <u>\$ (94)</u> | <u>\$ (130)</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 420 | - | - | - | - | - |
| - | - | - | - | (9) | - | - | - |
| - | - | - | - | - | - | - | - |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ 420</u> | <u>\$ -</u> | <u>\$ (9)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

(Continued on Next Page)

COMBINING STATEMENT OF CASH FLOWS - Continued

INTERNAL SERVICE FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| | DEQ INDIRECT COST POOL | MAIL & MESSENGER | PAYROLL PROCESSING | WARRANT PROCESSING | INVESTMENT DIVISION |
|---|------------------------------|---------------------|-----------------------|-----------------------|------------------------|
| Reconciliation of operating income to net cash provided by operating activities: | | | | | |
| Operating income (loss) | \$ (1,497) | \$ - | \$ 24 | \$ (46) | \$ 112 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 49 | - | - | - | 4 |
| Amortization | - | - | - | - | - |
| Interest expense | - | - | - | - | - |
| Securities lending expense | - | - | - | - | - |
| Investment earnings | - | - | - | - | - |
| Securities lending income | - | - | - | - | - |
| Federal indirect cost recoveries | 1,572 | - | - | - | - |
| Change in assets and liabilities: | | | | | |
| Decr (incr) in accounts receivable | - | - | - | - | 26 |
| Decr (incr) in due from other funds | 315 | - | - | (20) | (8) |
| Decr (incr) in due from component units | (5) | - | - | 2 | 6 |
| Decr (incr) in inventories | - | - | - | - | - |
| Decr (incr) in other assets | - | - | - | - | 1 |
| Incr (decr) in accounts payable | 62 | - | (1) | (6) | 9 |
| Incr (decr) in due to other funds | 53 | - | (3) | 11 | (4) |
| Incr (decr) in due to component units | - | - | - | - | - |
| Incr (decr) in deferred revenue | - | - | - | - | - |
| Incr (decr) in amounts held in custody for others | - | - | - | - | - |
| Incr (decr) in compensated absences payable | 39 | - | 8 | 1 | 21 |
| Incr (decr) in estimated claims | - | - | - | - | - |
| Net cash provided by (used for) operating activities | <u>\$ 588</u> | <u>\$ -</u> | <u>\$ 28</u> | <u>\$ (58)</u> | <u>\$ 167</u> |
| Schedule of noncash transactions: | | | | | |
| Capital asset acquisitions from capital leases | \$ - | \$ - | \$ - | \$ - | - |
| Capital contributions from other funds | - | - | - | - | - |
| Capital contributions to other funds | - | (420) | - | - | - |
| Incr (decr) in fair value of investments | - | - | - | - | - |
| Total noncash transactions | <u>\$ -</u> | <u>\$ (420)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> |

| AIRCRAFT OPERATION | JUSTICE LEGAL SERVICES | PERSONNEL TRAINING | DEBT COLLECTION | PRISON INDUSTRIES | OTHER INTERNAL SERVICES | TOTAL |
|-----------------------|------------------------------|-----------------------|--------------------|----------------------|-------------------------------|---------------|
| \$ (499) | \$ (4) | \$ (7) | \$ 26 | \$ 34 | \$ (15) | 17,444 |
| 2 | - | - | - | 178 | 4 | 10,438 |
| - | - | - | - | - | - | 476 |
| - | - | - | - | - | - | 263 |
| - | - | - | - | - | - | 3 |
| - | - | - | - | - | - | (221) |
| - | - | - | - | - | - | (4) |
| - | - | - | - | - | - | 3,450 |
| - | - | 5 | - | 14 | - | (57) |
| (9) | 71 | 2 | 10 | (63) | 2 | 1,037 |
| - | - | - | - | - | - | (138) |
| - | - | - | - | (83) | 8 | - |
| - | - | (2) | - | - | - | (487) |
| 5 | 1 | 6 | 1 | 13 | 1 | 565 |
| (1) | (3) | (1) | 1 | (147) | (1) | 147 |
| - | - | - | - | - | - | (1) |
| - | - | (3) | - | 22 | - | (477) |
| - | - | - | - | - | - | (39) |
| 9 | (7) | 2 | 3 | (3) | - | 280 |
| - | - | - | - | - | - | (5,660) |
| <u>\$ (493)</u> | <u>\$ 58</u> | <u>\$ 2</u> | <u>\$ 41</u> | <u>\$ (35)</u> | <u>\$ (1)</u> | <u>27,019</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | 1,084 |
| - | - | - | - | - | - | 420 |
| - | - | - | - | - | - | (429) |
| - | - | - | - | - | - | (209) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>866</u> |

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PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

These funds provide retirement, disability, death, and lump-sum payments to retirement system members. A brief description of each fund follows:

Public Employee Retirement System - Defined Benefit Retirement Plan – This fund provides retirement benefits to substantially all public employees not covered by another public system.

Municipal Police Officers Retirement System – This fund provides retirement benefits to all municipal police officers covered by the plan.

Firefighters Unified Retirement System – This fund provides retirement benefits for firefighters employed by first and second- class cities and other cities that wish to adopt the plan.

Sheriffs Retirement System – This fund provides retirement benefits for sheriffs and State Department of Justice investigators.

Highway Patrol Officers Retirement System – This fund provides retirement benefits for all members of the Montana Highway Patrol.

Judges Retirement System – This fund provides retirement benefits for all district court judges, justices of the Supreme Court, and the Chief Water Judge.

Game Wardens & Peace Officers Retirement System – This fund provides retirement benefits for all persons employed as game wardens, supervisory personnel, and state peace officers.

Volunteer Firefighters Compensation Act – This fund provides medical benefits and pension, disability, and death benefits for all volunteer firefighters who are members of eligible volunteer fire companies in unincorporated areas of the State.

Public Employee Retirement System - Defined Contribution Retirement Plan – Members of the defined contribution retirement plan decide how to invest their contributions and a portion of their employer contributions in the available investment options.

Public Employee 457 Plan – All employees of the State, Montana University System, and contracting political subdivisions are eligible to participate in this plan. The 457 plan is a voluntary, tax-deferred retirement plan designed to supplement state service retirement, Social Security, and other retirement plans and savings.

Teachers Retirement System – This fund provides retirement services to all persons employed as teachers or professional staff of any public elementary or secondary school, or unit of the university system.

Voluntary Employee Benefit Association – This fund provides members with individual health care expense trust accounts to pay the qualified health care expenses of members and their dependents and beneficiaries.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
JUNE 30, 2004
(expressed in thousands)**

| | PUBLIC EMPLOYEE RETIREMENT BOARD (PERB) | | | | | |
|--|--|-----------------------------|---------------------------------------|-----------------|---------------------------|---------------|
| | PUBLIC EMPLOYEE DEFINED BENEFIT | MUNICIPAL POLICE | FIRE- FIGHTERS UNIFIED | SHERIFFS | HIGHWAY PATROL | JUDGES |
| ASSETS | | | | | | |
| Cash/cash equivalents | \$ 103,723 | \$ 3,405 | \$ 3,415 | \$ 5,102 | \$ 2,462 | \$ 1,734 |
| Receivables (net): | | | | | | |
| Accounts receivable | 1,431 | 54 | 43 | 130 | - | - |
| Interest | 10,400 | 489 | 465 | 478 | 271 | 153 |
| Due from primary government | 74 | 7,208 | 6,533 | - | - | - |
| Due from other PERB plans | 288 | - | 11 | 2 | 14 | 7 |
| Long-term notes/loans receivable | 326 | - | - | - | - | - |
| Advances to other PERB plans | 86 | - | - | - | - | - |
| Total receivables | 12,605 | 7,751 | 7,052 | 610 | 285 | 160 |
| Investments at fair value: | | | | | | |
| Equity in pooled investments | 2,839,516 | 137,322 | 130,726 | 134,855 | 75,881 | 43,062 |
| Other investments | 75,165 | - | - | - | - | - |
| Total investments | 2,914,681 | 137,322 | 130,726 | 134,855 | 75,881 | 43,062 |
| Securities lending collateral | 141,311 | 7,143 | 6,801 | 6,997 | 3,952 | 2,237 |
| Capital assets: | | | | | | |
| Land | - | - | - | - | - | - |
| Buildings/improvements | - | - | - | - | - | - |
| Equipment | 5 | - | - | - | - | - |
| Accumulated depreciation | (4) | - | - | - | - | - |
| Intangible assets | 535 | 6 | 6 | 6 | 6 | 6 |
| Total capital assets | 536 | 6 | 6 | 6 | 6 | 6 |
| Other assets | - | - | - | - | - | - |
| Total assets | 3,172,856 | 155,627 | 148,000 | 147,570 | 82,586 | 47,199 |
| LIABILITIES | | | | | | |
| Accounts payable | 439 | 6 | - | 18 | - | - |
| Due to primary government | 57 | - | - | - | - | - |
| Due to other PERB plans | 73 | 65 | 49 | 51 | 25 | 7 |
| Due to other funds | - | - | - | - | - | - |
| Advances from primary government | - | - | - | - | - | - |
| Advances from other PERB plans | - | - | - | - | - | - |
| Advances from other funds | - | - | - | - | - | - |
| Deferred revenue | 51 | 2 | 4 | - | - | - |
| Securities lending liability | 141,311 | 7,143 | 6,801 | 6,997 | 3,952 | 2,237 |
| Compensated absences payable | 246 | - | - | - | - | - |
| Total liabilities | 142,177 | 7,216 | 6,854 | 7,066 | 3,977 | 2,244 |
| NET ASSETS | | | | | | |
| Held in trust for pension benefits and other purposes | \$ 3,030,679 | \$ 148,411 | \$ 141,146 | \$ 140,504 | \$ 78,609 | \$ 44,955 |

| PUBLIC EMPLOYEE RETIREMENT BOARD (PERB) | | | | | | |
|---|--------------------------------|---|--------------------------------|----------------------------------|---|--------------|
| GAME WARDENS/ PEACE OFFICERS | VOLUNTEER FIRE- FIGHTERS | PUBLIC EMPLOYEE DEFINED CONTRIBUTION | PUBLIC EMPLOYEE 457 PLAN | TEACHERS RETIREMENT SYSTEM | VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION | TOTAL |
| \$ 2,536 | \$ 181 | \$ 337 | \$ 407 | \$ 78,154 | \$ 12 | \$ 201,468 |
| 3 | - | - | 1 | 14,338 | 4 | 16,004 |
| 151 | 66 | - | - | 8,056 | - | 20,529 |
| - | 1,434 | - | - | 80 | - | 15,329 |
| 5 | 24 | 28 | - | - | - | 379 |
| - | - | - | - | - | - | 326 |
| - | - | - | - | - | - | 86 |
| 159 | 1,524 | 28 | 1 | 22,474 | 4 | 52,653 |
| 42,585 | 18,433 | - | - | 2,189,336 | - | 5,611,716 |
| - | - | 20,480 | 224,376 | 64,698 | 122 | 384,841 |
| 42,585 | 18,433 | 20,480 | 224,376 | 2,254,034 | 122 | 5,996,557 |
| 2,209 | 963 | - | - | 108,507 | - | 280,120 |
| - | - | - | - | 35 | - | 35 |
| - | - | - | - | 158 | - | 158 |
| - | - | - | - | 147 | - | 152 |
| - | - | - | - | (255) | - | (259) |
| 6 | - | 6 | 157 | 777 | - | 1,511 |
| 6 | - | 6 | 157 | 862 | - | 1,597 |
| - | - | - | - | 4 | 4 | 8 |
| 47,495 | 21,101 | 20,851 | 224,941 | 2,464,035 | 142 | 6,532,403 |
| 3 | - | 5 | 169 | 247 | 8 | 895 |
| - | - | 25 | 1 | 328 | - | 411 |
| 37 | 43 | 27 | 2 | - | - | 379 |
| - | - | - | - | - | 24 | 24 |
| - | - | 1,390 | - | - | - | 1,390 |
| - | - | 86 | - | - | - | 86 |
| - | - | - | - | - | 204 | 204 |
| - | - | - | - | - | - | 57 |
| 2,209 | 963 | - | - | 108,507 | - | 280,120 |
| - | - | 20 | 20 | 109 | 1 | 396 |
| 2,249 | 1,006 | 1,553 | 192 | 109,191 | 237 | 283,962 |
| \$ 45,246 | \$ 20,095 | \$ 19,298 | \$ 224,749 | \$ 2,354,844 | \$ (95) | \$ 6,248,441 |

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004
(expressed in thousands)**

PUBLIC EMPLOYEE RETIREMENT BOARD (PERB)

| | PUBLIC EMPLOYEE DEFINED BENEFIT | MUNICIPAL POLICE | FIRE- FIGHTERS UNIFIED | SHERIFFS | HIGHWAY PATROL | JUDGES |
|--|--|-----------------------------|---------------------------------------|-----------------|---------------------------|---------------|
| ADDITIONS | | | | | | |
| Contributions/premiums: | | | | | | |
| Employer | \$ 57,802 | \$ 3,612 | \$ 2,795 | \$ 2,679 | \$ 2,859 | \$ 1,136 |
| Employee | 61,911 | 2,263 | 2,212 | 2,656 | 743 | 443 |
| Other contributions | 1,584 | 7,258 | 6,535 | 34 | 348 | - |
| Net investment earnings: | | | | | | |
| Investment earnings | 363,751 | 16,541 | 15,834 | 16,552 | 9,406 | 5,295 |
| Administrative investment expense | (3,761) | (163) | (155) | (161) | (91) | (51) |
| Securities lending income | 1,487 | 75 | 72 | 74 | 42 | 24 |
| Securities lending expense | (1,211) | (62) | (59) | (61) | (35) | (19) |
| Charges for services | - | - | - | - | - | - |
| Other additions | 1 | - | - | - | - | - |
| Total additions | 481,564 | 29,524 | 27,234 | 21,773 | 13,272 | 6,828 |
| DEDUCTIONS | | | | | | |
| Benefits | 132,684 | 10,884 | 9,676 | 4,902 | 5,493 | 1,671 |
| Refunds | 11,311 | 388 | 78 | 318 | 296 | - |
| Administrative expenses: | | | | | | |
| Personal services | 1,336 | - | - | - | - | - |
| Contractual services | 550 | 6 | - | - | - | - |
| Supplies/materials | 44 | - | - | - | - | 1 |
| Depreciation | 559 | 6 | 6 | 6 | 6 | 6 |
| Amortization | - | - | - | - | - | - |
| Utilities/rent | 167 | - | - | - | - | - |
| Communications | 139 | - | - | - | - | - |
| Travel | 29 | - | - | - | - | - |
| Repair/maintenance | 2 | - | - | - | - | - |
| Interest expense | - | - | - | - | - | - |
| Other operating expenses | - | 58 | 47 | 49 | 25 | 7 |
| Local assistance | - | - | - | - | - | - |
| Loss on capital assets | - | - | - | - | - | - |
| Transfers to ORP | 188 | - | - | - | - | - |
| Transfers to PERS-DCRP | 1,295 | - | - | - | - | - |
| Total deductions | 148,304 | 11,342 | 9,807 | 5,275 | 5,820 | 1,685 |
| Change in net assets | 333,260 | 18,182 | 17,427 | 16,498 | 7,452 | 5,143 |
| Net assets - July 1 - as previously reported | 2,696,363 | 130,225 | 123,697 | 123,994 | 71,131 | 39,792 |
| Prior period adjustments | 1,056 | 4 | 22 | 12 | 26 | 20 |
| Net assets - July 1 - as restated | 2,697,419 | 130,229 | 123,719 | 124,006 | 71,157 | 39,812 |
| Net assets - June 30 | \$ 3,030,679 | \$ 148,411 | \$ 141,146 | \$ 140,504 | \$ 78,609 | \$ 44,955 |

| PUBLIC EMPLOYEE RETIREMENT BOARD (PERB) | | | | | | |
|---|--------------------------------|---|--------------------------------|----------------------------------|---|--------------|
| GAME WARDENS/ PEACE OFFICERS | VOLUNTEER FIRE- FIGHTERS | PUBLIC EMPLOYEE DEFINED CONTRIBUTION | PUBLIC EMPLOYEE 457 PLAN | TEACHERS RETIREMENT SYSTEM | VOLUNTARY EMPLOYEE BENEFIT ASSOCIATION | TOTAL |
| \$ 2,021 | \$ - | \$ 1,781 | \$ 40 | \$ 55,774 | \$ 128 | \$ 130,627 |
| 2,689 | - | 2,661 | 14,623 | 51,383 | - | 141,584 |
| 25 | 1,434 | - | - | 770 | - | 17,988 |
| 5,119 | 2,291 | 2,381 | 16,603 | 284,527 | 1 | 738,301 |
| (51) | (22) | - | (451) | (2,949) | - | (7,855) |
| 23 | 10 | - | - | 1,153 | - | 2,960 |
| (19) | (8) | - | - | (938) | - | (2,412) |
| - | - | 127 | 267 | - | - | 394 |
| - | - | 135 | - | - | - | 136 |
| 9,807 | 3,705 | 7,085 | 31,082 | 389,720 | 129 | 1,021,723 |
| 1,458 | 1,479 | 2,238 | 14,448 | 150,271 | 2 | 335,206 |
| 504 | - | - | - | 5,843 | - | 18,738 |
| - | - | 94 | 112 | 758 | 20 | 2,320 |
| - | - | 256 | 827 | 377 | 43 | 2,059 |
| - | - | 3 | 1 | 26 | - | 75 |
| 6 | - | 6 | - | 9 | - | 610 |
| - | - | - | 3 | 154 | - | 157 |
| - | - | 15 | 11 | 41 | - | 234 |
| - | - | 4 | 6 | 40 | - | 189 |
| - | - | 5 | 5 | 13 | - | 52 |
| - | - | - | - | 41 | - | 43 |
| - | - | 41 | - | - | 5 | 46 |
| 36 | 40 | 4 | 3 | 46 | 1 | 316 |
| - | 12 | - | - | - | - | 12 |
| - | - | - | - | 890 | - | 890 |
| - | - | - | - | - | - | 188 |
| - | - | - | - | - | - | 1,295 |
| 2,004 | 1,531 | 2,666 | 15,416 | 158,509 | 71 | 362,430 |
| 7,803 | 2,174 | 4,419 | 15,666 | 231,211 | 58 | 659,293 |
| 37,428 | 17,900 | 14,879 | 208,342 | 2,123,633 | (153) | 5,587,231 |
| 15 | 21 | - | 741 | - | - | 1,917 |
| 37,443 | 17,921 | 14,879 | 209,083 | 2,123,633 | (153) | 5,589,148 |
| \$ 45,246 | \$ 20,095 | \$ 19,298 | \$ 224,749 | \$ 2,354,844 | \$ (95) | \$ 6,248,441 |

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PRIVATE-PURPOSE TRUST FUNDS

Private-purpose trust funds are used to account for assets held by the State in a trustee capacity, where both the trust principal and earnings benefit individuals, private organizations, or other governments. A brief description of each private-purpose trust fund follows:

Escheated Property – This fund accounts for property that has reverted to the State due to the absence of legal claimants or heirs and is held in trust for distribution to these heirs when identified..

Plan 1 Securities – This fund accounts for the unliquidated security bonds held on deposit from self-insured employers. These funds either revert to the employer at a later date or are cashed and assumed by the State to be used on the employee's behalf.

Woodville Highway Replacement – This fund accounts for money paid to the Montana Department of Transportation by the Anaconda Company to provide the government of Butte-Silver Bow with traffic facilities. This money is held on deposit for the city/county government and is distributed to them at their request.

Cisco Academies – This trust distributes private donations used to support the ongoing needs of regional and local academies to train students in information technology skills. In fiscal year 2004, the last of these donations was distributed to the Montana Colleges of Technology for use in their scholarship programs.

Moore-Sipple Connector – Money is held in trust to insure the continued operation of the Moore-Sipple Connector. The balance in this fund reverts to the railroad company if the line is in operation until 2010. As the result of a court order, until this date is reached, the interest earnings on this money are provided to the Central Montana Rail for use in operating the railroad.

Environmental Reclamation – This fund accounts for environmental reclamation bonds held in trust to be either returned to the company upon successful reclamation of mining properties and related impacts or to be used by the State to complete the related reclamation process.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
 JUNE 30, 2004
 (expressed in thousands)

| | ESCHEATED PROPERTY | PLAN 1 SECURITIES | WOODVILLE HIGHWAY REPLACEMENT |
|----------------------------------|-----------------------|----------------------|-------------------------------------|
| ASSETS | | | |
| Cash/cash equivalents | \$ 398 | \$ - | \$ 40 |
| Receivables (net): | | | |
| Accounts receivable | - | - | - |
| Total receivables | - | - | - |
| Other assets | - | 3,404 | - |
| Total assets | 398 | 3,404 | 40 |
| LIABILITIES | | | |
| Accounts payable | 2 | - | - |
| Total liabilities | 2 | - | - |
| NET ASSETS | | | |
| Held in trust for other purposes | \$ 396 | \$ 3,404 | \$ 40 |

| | MOORE- SIPPLE CONNECTOR | | ENVIRONMENTAL RECLAMATION | | TOTAL |
|--|-------------------------------|--|------------------------------|--|----------|
| | \$ 239 | | \$ 1,502 | | \$ 2,179 |
| | - | | 7 | | 7 |
| | - | | 7 | | 7 |
| | - | | 2,453 | | 5,857 |
| | 239 | | 3,962 | | 8,043 |
| | - | | 6 | | 8 |
| | - | | 6 | | 8 |
| | \$ 239 | | \$ 3,956 | | \$ 8,035 |

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE-PURPOSE TRUST FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2004
 (expressed in thousands)

| | ESCHEATED PROPERTY | PLAN 1 SECURITIES | WOODVILLE HIGHWAY REPLACEMENT |
|---|-----------------------|----------------------|-------------------------------------|
| ADDITIONS | | | |
| Net investment earnings: | | | |
| Investment earnings | \$ 3 | \$ - | \$ - |
| Other additions | 1,662 | - | - |
| Total additions | 1,665 | - | - |
| DEDUCTIONS | | | |
| Distributions | 1,643 | - | - |
| Administrative expenses: | | | |
| Contractual services | - | - | 4 |
| Grants | - | - | - |
| Total deductions | 1,643 | - | 4 |
| Change in net assets | 22 | - | (4) |
| Net assets - July 1 - as previously reported | 459 | 3,404 | 44 |
| Prior period adjustments | (85) | - | - |
| Net assets - July 1 - as restated | 374 | 3,404 | 44 |
| Net assets - June 30 | \$ 396 | \$ 3,404 | \$ 40 |

| | CISCO ACADEMIES | MOORE- SIPPLE CONNECTOR | ENVIRONMENTAL RECLAMATION | TOTAL |
|----|--------------------|-------------------------------|------------------------------|----------|
| \$ | - | \$ 3 | \$ 8 | \$ 14 |
| | - | - | 480 | 2,142 |
| | - | 3 | 488 | 2,156 |
| | 8 | - | 388 | 2,039 |
| | - | - | - | 4 |
| | - | 3 | - | 3 |
| | 8 | 3 | 388 | 2,046 |
| | (8) | - | 100 | 110 |
| | 8 | 239 | 765 | 4,919 |
| | - | - | 3,091 | 3,006 |
| | 8 | 239 | 3,856 | 7,925 |
| \$ | - | \$ 239 | \$ 3,956 | \$ 8,035 |

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AGENCY FUNDS

Agency funds are used to account for assets held by the State as an agent for individuals, private organizations, and other governments. A brief description of each agency fund follows:

Investment Pool – This fund accounts for idle cash invested on a pooled basis for local governments and other public entities.

Performance Deposits – This fund accounts for deposits held by the State pending compliance with performance agreements.

Central Payroll – This fund accounts for the accumulation of state employee payroll and withholding by the Department of Administration, pending remittance to employees and other appropriate third parties.

Criminal Offender Restitution – Accounts for restitution payments received from prisoners and disbursed to their victims.

Custodial Accounts – This fund accounts for monies belonging to state institution residents, students of the School for the Deaf and Blind, and participants in the foster children and protective services programs. The fund also accounts for balances held by the Office of the Commissioner of Higher Education for remittance, on behalf of eligible employees of the Montana University System, to the TIAA-CREF (Teachers Insurance and Annuity Association-College Retirement Equities Fund) retirement fund.

Child Support Collections – This fund accounts for payments from parents under the Child Support Enforcement Program administered by the Department of Public Health and Human Services.

Uncleared Collections – This fund accounts for resources held pending distribution to other funds and local governments. The balances in this fund related to other fund types are distributed to those funds each fiscal year-end. Balances remaining relate to external parties.

Intergovernmental – This fund accounts for resources that flow through state agencies to federal and local governments.

Debt Collection – This fund accounts for amounts due to the State which have been written off as uncollectible by the receiving agency. The Department of Revenue continues to attempt to collect amounts owing for a period of time after they are deemed uncollectible by the receiving agency.

Milk Passthrough – This fund accounts for the distribution of the proceeds from the sale of pooled milk. In fiscal year 2002, this fund was included with the Stock Estray Agency Fund. The activity related to stock estray was reclassified to the State Special Revenue Fund in fiscal year 2003.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS

AGENCY FUNDS

JUNE 30, 2004

(expressed in thousands)

| | INVESTMENT POOL | PERFORMANCE DEPOSITS | CENTRAL PAYROLL | CRIMINAL OFFENDER RESTITUTION |
|------------------------------------|--------------------|-------------------------|--------------------|-------------------------------------|
| ASSETS | | | | |
| Cash/cash equivalents | \$ 109,214 | \$ 5,436 | \$ 248 | \$ 146 |
| Receivables (net): | | | | |
| Accounts receivable | - | - | 1 | 413 |
| Interest | 44,319 | - | - | - |
| Total receivables | 44,319 | - | 1 | 413 |
| Other assets | - | 11,672 | - | - |
| Total assets | 153,533 | 17,108 | 249 | 559 |
| LIABILITIES | | | | |
| Accounts payable | 49,943 | 27 | 10 | 415 |
| Amounts held in custody for others | 103,590 | 17,081 | 239 | 144 |
| Total liabilities | 153,533 | 17,108 | 249 | 559 |

| CUSTODIAL ACCOUNTS | CHILD SUPPORT COLLECTIONS | UNCLEARED COLLECTIONS | INTER- GOVERNMENTAL | DEBT COLLECTION | MILK PASS- THROUGH | TOTAL |
|-----------------------|---------------------------------|--------------------------|------------------------|--------------------|--------------------------|------------|
| \$ 1,207 | \$ 993 | \$ 91 | \$ 973 | \$ 123 | \$ 58 | \$ 118,489 |
| - | 292 | - | - | 13 | - | 719 |
| - | - | - | - | - | - | 44,319 |
| - | 292 | - | - | 13 | - | 45,038 |
| - | - | - | - | - | - | 11,672 |
| 1,207 | 1,285 | 91 | 973 | 136 | 58 | 175,199 |
| 9 | 457 | 91 | 101 | 17 | - | 51,070 |
| 1,198 | 828 | - | 872 | 119 | 58 | 124,129 |
| 1,207 | 1,285 | 91 | 973 | 136 | 58 | 175,199 |

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| FUND | BALANCE JUNE 30, 2003 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2004 |
|------------------------------------|--------------------------|----------------------|----------------------|--------------------------|
| INVESTMENT POOL: | | | | |
| ASSETS | | | | |
| Cash/cash equivalents | \$ 85,825 | \$ 27,117,177 | \$ 27,093,788 | \$ 109,214 |
| Receivables (net) | 46,857 | 238,425 | 240,963 | 44,319 |
| Equity in pooled investments | - | 13,339,484 | 13,339,484 | - |
| Investments | - | 24,961,873 | 24,961,873 | - |
| Deferred gains (losses) | - | 1,055,695 | 1,055,695 | - |
| Securities lending collateral | - | 710,859 | 710,859 | - |
| Total assets | <u>\$ 132,682</u> | <u>\$ 67,423,513</u> | <u>\$ 67,402,662</u> | <u>\$ 153,533</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 26,338 | \$ 50,101 | 26,496 | \$ 49,943 |
| Due to other governments | - | 1,788,476 | 1,788,476 | - |
| Amounts held in custody for others | 106,344 | 14,952,107 | 14,954,861 | 103,590 |
| Securities lending liability | - | 710,859 | 710,859 | - |
| Other liabilities | - | 229,152 | 229,152 | - |
| Total liabilities | <u>\$ 132,682</u> | <u>\$ 17,730,695</u> | <u>\$ 17,709,844</u> | <u>\$ 153,533</u> |
| PERFORMANCE DEPOSITS: | | | | |
| ASSETS | | | | |
| Cash/cash equivalents | \$ 14,223 | \$ 204,232 | \$ 213,019 | \$ 5,436 |
| Other assets | 12,580 | 783 | 1,691 | 11,672 |
| Total assets | <u>\$ 26,803</u> | <u>\$ 205,015</u> | <u>\$ 214,710</u> | <u>\$ 17,108</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 36 | \$ 28,203 | \$ 28,212 | \$ 27 |
| Amounts held in custody for others | 26,767 | 55,509 | 65,195 | 17,081 |
| Other liabilities | - | 48,433 | 48,433 | - |
| Total liabilities | <u>\$ 26,803</u> | <u>\$ 132,145</u> | <u>\$ 141,840</u> | <u>\$ 17,108</u> |
| CENTRAL PAYROLL: | | | | |
| ASSETS | | | | |
| Cash/cash equivalents | \$ 333 | \$ 596,310 | \$ 596,395 | \$ 248 |
| Receivables (net) | 1 | - | - | 1 |
| Total assets | <u>\$ 334</u> | <u>\$ 596,310</u> | <u>\$ 596,395</u> | <u>\$ 249</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 275 | \$ 11,630 | \$ 11,895 | \$ 10 |
| Amounts held in custody for others | 59 | 586,024 | 585,844 | 239 |
| Total liabilities | <u>\$ 334</u> | <u>\$ 597,654</u> | <u>\$ 597,739</u> | <u>\$ 249</u> |

(Continued on Next Page)

| FUND | BALANCE JUNE 30, 2003 | | ADDITIONS | | DEDUCTIONS | | BALANCE JUNE 30, 2004 | |
|---------------------------------------|--------------------------|-------|-----------|------------|------------|------------|--------------------------|-------|
| CRIMINAL OFFENDER RESTITUTION: | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash/cash equivalents | \$ | 8 | \$ | 146 | \$ | 8 | \$ | 146 |
| Receivables (net) | | 385 | | 29 | | 1 | | 413 |
| Total assets | \$ | 393 | \$ | 175 | \$ | 9 | \$ | 559 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ | 392 | | 37 | | 14 | | 415 |
| Amounts held in custody for others | | 1 | | 1,397 | | 1,254 | | 144 |
| Total liabilities | \$ | 393 | \$ | 1,434 | \$ | 1,268 | \$ | 559 |
| CUSTODIAL ACCOUNTS: | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash/cash equivalents | \$ | 1,027 | \$ | 7,492 | \$ | 7,312 | \$ | 1,207 |
| Total assets | \$ | 1,027 | \$ | 7,492 | \$ | 7,312 | \$ | 1,207 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ | 28 | \$ | 436 | \$ | 455 | \$ | 9 |
| Amounts held in custody for others | | 999 | | 17,344 | | 17,145 | | 1,198 |
| Other liabilities | | - | | 5,585 | | 5,585 | | - |
| Total liabilities | \$ | 1,027 | \$ | 23,365 | \$ | 23,185 | \$ | 1,207 |
| CHILD SUPPORT COLLECTIONS: | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash/cash equivalents | \$ | 984 | \$ | 68,364 | \$ | 68,355 | \$ | 993 |
| Receivables (net) | | 588 | | 1,556 | | 1,852 | | 292 |
| Total assets | \$ | 1,572 | \$ | 69,920 | \$ | 70,207 | \$ | 1,285 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ | 822 | \$ | 38,895 | \$ | 39,260 | \$ | 457 |
| Other liabilities | | - | | 10 | | 10 | | - |
| Amounts held in custody for others | | 750 | | 67,736 | | 67,658 | | 828 |
| Total liabilities | \$ | 1,572 | \$ | 106,641 | \$ | 106,928 | \$ | 1,285 |
| UNCLEARED COLLECTIONS: | | | | | | | | |
| ASSETS | | | | | | | | |
| Cash/cash equivalents | \$ | - | \$ | 10,996,483 | \$ | 10,996,392 | \$ | 91 |
| Receivables (net) | | - | | 278,209 | | 278,209 | | - |
| Investments | | - | | 6 | | 6 | | - |
| Other assets | | - | | 2 | | 2 | | - |
| Total assets | \$ | - | \$ | 11,274,700 | \$ | 11,274,609 | \$ | 91 |
| LIABILITIES | | | | | | | | |
| Accounts payable | \$ | - | \$ | 2,406 | \$ | 2,315 | \$ | 91 |
| Due to other governments | | - | | 3,201 | | 3,201 | | - |
| Amounts held in custody for others | | - | | 26 | | 26 | | - |
| Other liabilities | | - | | 411,565 | | 411,565 | | - |
| Total liabilities | \$ | - | \$ | 417,198 | \$ | 417,107 | \$ | 91 |

(Continued on Next Page)

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - Continued

AGENCY FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

(expressed in thousands)

| FUND | BALANCE JUNE 30, 2003 | | ADDITIONS | DEDUCTIONS | | BALANCE JUNE 30, 2004 | |
|------------------------------------|--------------------------|-------|------------|------------|----|--------------------------|--|
| INTERGOVERNMENTAL: | | | | | | | |
| ASSETS | | | | | | | |
| Cash/cash equivalents | \$ | 3,619 | \$ 241,888 | \$ 244,534 | \$ | 973 | |
| Receivables (net) | | 44 | 24 | 68 | | - | |
| Total assets | \$ | 3,663 | \$ 241,912 | \$ 244,602 | \$ | 973 | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ | 132 | \$ 3,988 | \$ 4,019 | \$ | 101 | |
| Amounts held in custody for others | | 3,531 | 3,144 | 5,803 | | 872 | |
| Total liabilities | \$ | 3,663 | \$ 7,132 | \$ 9,822 | \$ | 973 | |
| DEBT COLLECTION: | | | | | | | |
| ASSETS | | | | | | | |
| Cash/cash equivalents | \$ | 89 | \$ 1,962 | \$ 1,928 | \$ | 123 | |
| Receivables (net) | | 12 | 17 | 16 | | 13 | |
| Total assets | \$ | 101 | \$ 1,979 | \$ 1,944 | \$ | 136 | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ | 2 | \$ 957 | \$ 942 | \$ | 17 | |
| Amounts held in custody for others | | 99 | 1,663 | 1,643 | | 119 | |
| Estimated claims payable | | - | 340 | 340 | | - | |
| Other liabilities | | - | 211 | 211 | | - | |
| Total liabilities | \$ | 101 | \$ 3,171 | \$ 3,136 | \$ | 136 | |
| MILK PASSTHROUGH: | | | | | | | |
| ASSETS | | | | | | | |
| Cash/cash equivalents | \$ | 57 | \$ 603 | \$ 602 | \$ | 58 | |
| Total assets | \$ | 57 | \$ 603 | \$ 602 | \$ | 58 | |
| LIABILITIES | | | | | | | |
| Accounts payable | \$ | 30 | \$ 568 | \$ 598 | \$ | - | |
| Amounts held in custody for others | | 27 | 603 | 572 | | 58 | |
| Total liabilities | \$ | 57 | \$ 1,171 | \$ 1,170 | \$ | 58 | |

(Continued on Next Page)

| FUND | BALANCE JUNE 30, 2003 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2004 |
|------------------------------------|--------------------------|----------------------|----------------------|--------------------------|
| TOTAL - ALL AGENCY FUNDS | | | | |
| ASSETS | | | | |
| Cash/cash equivalents | \$ 106,165 | \$ 39,234,657 | \$ 39,222,333 | \$ 118,489 |
| Receivables (net) | 47,887 | 518,260 | 521,109 | 45,038 |
| Equity in pooled investments | - | 13,339,484 | 13,339,484 | - |
| Investments | - | 24,961,879 | 24,961,879 | - |
| Deferred gains (losses) | - | 1,055,695 | 1,055,695 | - |
| Securities lending collateral | - | 710,859 | 710,859 | - |
| Other assets | 12,580 | 785 | 1,693 | 11,672 |
| Total assets | <u>\$ 166,632</u> | <u>\$ 79,821,619</u> | <u>\$ 79,813,052</u> | <u>\$ 175,199</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 28,055 | \$ 137,221 | \$ 114,206 | \$ 51,070 |
| Due to other governments | - | 1,791,677 | 1,791,677 | - |
| Amounts held in custody for others | 138,577 | 15,685,553 | 15,700,001 | 124,129 |
| Securities lending liability | - | 710,859 | 710,859 | - |
| Estimated claims payable | - | 340 | 340 | - |
| Other liabilities | - | 694,956 | 694,956 | - |
| Total liabilities | <u>\$ 166,632</u> | <u>\$ 19,020,606</u> | <u>\$ 19,012,039</u> | <u>\$ 175,199</u> |