

REQUIRED  
SUPPLEMENTARY  
INFORMATION

**REQUIRED SUPPLEMENTARY INFORMATION**

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

GENERAL FUND	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
<b>GENERAL FUND</b>			
<b>General Accounting Office</b>			
Capital Outlay - Cochise	\$ 681,800	\$ 681,800	\$ 681,800
Capital Outlay - Coconino	319,300	319,300	319,300
Capital Outlay - Graham	616,700	616,700	616,700
Capital Outlay - Maricopa	8,309,800	8,309,800	8,309,800
Capital Outlay - Mohave	440,400	440,400	440,400
Capital Outlay - Navajo	466,500	466,500	466,500
Capital Outlay - Pima	2,654,800	2,654,800	2,654,800
Capital Outlay - Pinal	658,800	658,800	658,800
Capital Outlay - Yavapai	567,400	567,400	567,400
Capital Outlay - Yuma/La Paz	718,600	718,600	718,600
Equalization Aid - Cochise	2,208,300	2,208,300	2,208,300
Equalization Aid - Graham	7,273,300	7,273,300	7,273,300
Equalization Aid - Navajo	1,441,300	1,441,300	1,441,300
Equalization Aid - Yuma/La Paz	202,400	202,400	202,400
General Relief	0	202,613	202,613
Operating State Aid - Cochise	5,540,500	5,540,500	5,540,500
Operating State Aid - Coconino	2,905,500	2,905,500	2,905,500
Operating State Aid - Graham	5,252,400	5,252,400	5,252,400
Operating State Aid - Maricopa	46,613,700	46,613,700	46,613,700
Operating State Aid - Mohave	3,630,300	3,630,300	3,630,300
Operating State Aid - Navajo	4,210,300	4,210,300	4,210,300
Operating State Aid - Pima	18,125,700	18,125,700	18,125,700
Operating State Aid - Pinal	5,659,100	5,659,100	5,659,100
Operating State Aid - Yavapai	4,589,200	4,589,200	4,589,200
Operating State Aid - Yuma/La Paz	5,222,600	5,222,600	5,222,600
Woolsey Flood District	0	62,319	62,319
<b>Department of Administration</b>			
Administrative Adjustments	0	205,281	205,281
Administrative Adjustments	0	110,257	110,257
Administrative Adjustments	0	29,555	29,555
Arizona Financial Information System	927,500	927,500	656,402
Arizona State Hospital Construction FY00 - 01	142,584	142,584	36,284
Arizona State Hospital Construction FY01 - 02	654,902	654,902	(353)
Arizona State Hospital Construction FY02 - 03	17,658,335	17,658,335	66,883
Arizona State Hospital Construction FY99 - 00	720,731	720,731	(32,999)
ASDB Phoenix Transportation Building	694	694	0
Building Renewal FY00 - 01	201,778	216,913	167,468
Building Renewal FY01 - 02	172,567	160,213	158,059
Building Renewal FY02 - 03	1,837,060	1,662,073	1,188,312
Building Renewal FY03 - 04	3,500,000	3,074,650	772,467
Building Renewal FY97 - 98	0	2,103	0
Building Renewal FY98 - 99	42,193	42,193	35,344
Building Renewal FY98 - 99	15,243	15,243	9,336
COP Operating Lump Sum Appropriation	282,600	282,600	0
Ensco	5,421,100	5,421,100	5,420,100
Executive Tower Renovations	3,387	0	0
Land Acquisition and Planning FY86 - 87	12,979	0	0
Operating Lump Sum Appropriation	17,428,600	17,428,600	17,060,165
Operating Lump Sum Appropriation FY02 - 03	499,707	499,707	195,275
Operating Lump Sum Appropriation FY03 - 04	5,018,400	5,018,400	4,061,652
Performance Based Incentives	75,014	32,794	32,794
Pioneers' Home Plumbing Renovations	184,230	184,230	184,230

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
PLTO 1 Backfill Agency Relocations FY01 - 02	25,948	25,948	25,944
PLTO 1 Backfill Agency Relocations FY02 - 03	437,375	437,375	112,192
PLTO 1 Backfill Space Renovations	116,300	116,300	(9,779)
PLTO 1 Backfill Space Renovations FY01 - 02	847	847	0
PLTO 1 Backfill Space Renovations FY02 - 03	696,287	696,287	359,585
PLTO 1 Project Management	580,100	580,100	433,344
PLTO 1 Project Management FY01 - 02	1	1	0
PLTO 1 Project Management FY02 - 03	100,895	100,895	45,237
Relocation FY00 - 01	60,000	60,000	0
Relocation FY01 - 02	59,866	59,866	0
Relocation FY02 - 03	59,775	59,775	0
Relocation FY03 - 04	60,000	60,000	5,431
Relocation FY99 - 00	46,526	46,526	0
State Hospital Study and Design FY95 - 96	28,217	0	0
Utilities	6,100,000	6,100,000	5,508,800
HB1464 Personnel Reform	273,045	273,045	0
HRMS Lapsing End of FY04	1,504,700	1,504,700	1,504,700
Administrative Adjustments	0	129,354	129,354
Classification Pilot Program	122,454	122,454	0
Operating Lump Sum Appropriation	13,536,000	13,536,000	11,673,966
State Boards Lump Sum Appropriation	280,900	280,900	255,998
Administrative Adjustments	0	702	702
Lump Sum State Surplus Material	4,074,692	4,074,692	3,436,088
Administrative Adjustments	0	208,566	208,566
Federal Surplus Property Fund	343,108	343,108	48,377
Administrative Adjustments	0	0	0
<b>Radiation Regulatory Agency</b>			
Off-Site Nuclear Emergency Response Plan	0	451,600	451,600
Operating Lump Sum Appropriation	1,069,800	1,069,800	1,044,822
<b>Office of Equal Opportunity</b>			
Governor's Office of Equal Opportunity	214,800	214,800	212,429
<b>Attorney General</b>			
Administrative Adjustments	0	24,131	24,131
Administrative Adjustments	0	26,288	12,144
Crane Elementary School Case	0	500,000	430,393
Operating Lump Sum Appropriation	22,763,000	22,763,000	22,751,433
Operating Lump Sum Appropriation	35,212,784	17,880,300	16,997,472
Property Tax Supplemental	301	301	0
State Grand Jury	160,100	160,100	160,042
<b>Department of Agriculture</b>			
Administrative Adjustments	0	49,350	49,350
Agricultural Employment Relations Board	23,300	23,300	10,000
Animal Damage Control	65,000	65,000	65,000
Operating Lump Sum Appropriation	9,894,100	9,894,100	9,881,178
Red Imported Fire Ant	23,200	23,200	23,200
<b>Arizona State University</b>			
East Campus - Operating Lump Sum Appropriation	12,460,000	12,460,000	12,460,000
Main Campus - Operating Lump Sum Appropriation	263,943,900	263,943,900	263,943,900
West Campus - Operating Lump Sum Appropriation	36,190,400	36,190,400	36,190,400
<b>Auditor General</b>			
Operating Lump Sum Appropriation FY 00 - 01	387,692	387,692	0
Operating Lump Sum Appropriation FY 01 - 02	233,944	233,944	0
Operating Lump Sum Appropriation FY 02 - 03	297,825	297,825	4,015

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Operating Lump Sum Appropriation FY 03 - 04	11,170,600	11,170,600	10,681,216
Operating Lump Sum Appropriation FY 99 - 00	281,001	281,001	51,002
<b>Banking Department</b>			
Administrative Adjustments	0	1,117	1,117
Operating Lump Sum Appropriation	2,736,000	2,736,000	2,721,459
<b>Board of Fingerprinting</b>			
Administrative Adjustments	0	2,089	2,089
<b>Board of Nursing</b>			
Fingerprinting Nursing Assistants	90,198	90,198	0
Operating Lump Sum Appropriation	134,900	134,900	134,900
<b>Board of Regents</b>			
Arizona Transfer Articulation Support System	213,700	213,700	213,700
Operating Lump Sum Appropriation	2,090,200	2,090,200	1,227,371
Student Financial Aid Trust Fund	2,251,200	2,251,200	2,251,200
Western Interstate Commission Office	103,000	113,000	109,500
WICHE Student Subsidies	2,908,100	2,898,100	2,873,134
<b>Corporation Commission</b>			
Administrative Adjustments	0	6,318	6,318
Operating Lump Sum Appropriation	4,807,900	4,807,900	4,766,859
Operating Lump Sum Appropriation	38,800	38,800	37,086
Railroad Warning Systems FY00 - 01	192,000	102,666	666
Railroad Warning Systems FY99 - 00	100,371	100,371	11,785
<b>Community College Board</b>			
Administrative Adjustments	0	190	190
<b>Court of Appeals Division I</b>			
Division I - Operating Lump Sum Appropriation	7,108,330	7,108,330	7,108,320
Division I - Administrative Adjustments	0	2,243	2,243
<b>Charter Schools Board</b>			
Administrative Adjustments	0	585	585
Operating Lump Sum Appropriation	685,000	685,000	594,262
<b>Court of Appeals Division II</b>			
Division II - Operating Lump Sum Appropriation	3,102,170	3,102,170	3,101,409
<b>Department of Corrections</b>			
Administrative Adjustments	0	2,954,312	2,954,312
ASPC - Lewis Repair Shower FY00 - 01	0	20,000	0
ASPC-D -Mohave Control Room FY97 - 98	2,103	0	0
Operating Lump Sum Appropriation	607,112,400	607,112,400	604,686,466
Operating Lump Sum Appropriation	2,122,200	2,122,200	1,274,964
<b>Department of Economic Security</b>			
ADM Operating Lump Sum Appropriation	4,041,000	4,041,000	3,828,715
ADM Operating Lump Sum Appropriation	1,047,500	1,047,500	746,809
ADM Statewide Cost Allocation Plan Fund	1,000,000	1,000,000	0
ADM Attorney General Legal Services	307,200	507,200	507,200
ADM Attorney General Legal Services	141,300	141,300	121,835
ADM Attorney General Legal Services	15,200	15,200	0
ADM Finger Imaging	488,200	488,200	303,201
ADM Finger Imaging	289,900	104,900	61,121
ADM High Performance Bonus	33,335	33,335	0
ADM Lease Purchase Equipment	1,602,700	1,602,700	1,602,700
ADM Operating Lump Sum Appropriation	25,574,900	25,908,700	23,462,800
ADM Public Assistance Collections	177,800	177,800	170,658
ADM Teen Pregnancy Prevention	16,997	0	0
ADM Workforce Investment Act Operating Lump Sum	0	500,000	0
Administrative Adjustments	0	4,647,766	4,647,766

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Administrative Adjustments	0	22,728,025	21,233,087
Administrative Adjustments	0	290,896	290,896
Administrative Adjustments	0	9,180,355	9,180,355
CCA Sliding Fee Scales TANF	2,096,758	2,096,758	(579,360)
Coolidge Environmental Impact Study	4,948	4,948	0
DACS Short-Term Crisis Services TANF FY00 - 01	47,817	47,817	0
DACS Short-Term Crisis Services TANF FY99 - 00	2	2	0
DACS Adult Services	11,262,900	11,262,900	10,277,890
DACS Community and Emergency Services	5,496,000	5,424,900	5,001,827
DACS Coordinated Homeless Program	1,155,400	1,155,400	1,127,325
DACS Coordinated Homeless Program	1,583,200	1,649,500	1,464,213
DACS Coordinated Hunger Program	1,286,600	1,286,600	1,213,517
DACS Coordinated Hunger Program	500,000	500,000	452,691
DACS Domestic Violence Prevention	2,507,900	2,507,900	2,404,154
DACS Domestic Violence Prevention	5,115,900	5,120,700	4,448,954
DACS Domestic Violence Shelter Program	595	0	0
DACS Emergency Domestic Violence Shelter Services	0	0	0
DACS Hopi Senior Centers - Kykotsmovi	22,097	22,097	0
DACS Information and Referral	115,400	0	0
DACS Marriage and Communication Skills	532,535	532,535	365,679
DACS Marriage Handbook	22,877	22,877	22,068
DACS Marriage Skills Training	54,750	54,750	31,790
DACS Navajo Senior Center Services	50,000	50,000	25,000
DACS Navajo Senior Centers - Birdsprings	65,000	65,000	0
DACS Navajo Senior Centers - Chilchenbento	45,000	45,000	0
DACS Navajo Senior Centers - Chinle	10,000	10,000	0
DACS Navajo Senior Centers - Dilcon	30,000	30,000	0
DACS Navajo Senior Centers - Fort Defiance	65,000	65,000	0
DACS Navajo Senior Centers - St Michael's	1,961	1,961	0
DACS Navajo Senior Centers - White Cone	30,000	30,000	0
DACS Operating Lump Sum Appropriation	4,273,800	4,806,300	3,830,316
DACS TANF Operating Lump Sum Appropriation	213,400	213,400	131,714
DACS Tribal Senior Centers - Navajo	714,300	714,300	116,767
Data Center Upgrades	0	0	0
DBME TANF Cash Benefits	111,736,700	120,471,600	118,524,566
DBME Food Stamp Outreach and Education FY00 - 01	943	0	0
DBME General Assistance	4,260,800	4,256,300	4,156,232
DBME Operating Lump Sum Appropriation	21,922,600	21,922,600	21,869,272
DBME Operating Lump Sum Appropriation	9,024,500	9,024,500	8,495,679
DBME TANF Cash Benefits	52,803,400	52,803,400	52,759,717
DBME TANF FLSA Supplemental	1,008,900	808,900	446,581
DBME Tribal Pass-Through Funding	4,288,700	4,288,700	4,123,356
DBME Tuberculosis Control	32,200	36,700	34,151
DCSE Attorney General Legal Services	339,200	176,940	120,200
DCSE Attorney General Legal Services	6,869,700	7,075,500	4,950,514
DCSE Central Payment Processing	444,700	444,700	444,700
DCSE Central Payment Processing	3,275,700	2,675,700	1,615,495
DCSE County Participation	6,845,200	6,395,200	5,457,403
DCSE Genetic Testing	72,400	37,400	37,400
DCSE Genetic Testing	723,600	338,600	178,976
DCSE Operating Lump Sum Appropriation	4,305,300	4,302,560	4,277,060
DCSE Operating Lump Sum Appropriation	34,710,000	35,939,200	26,210,721
DCYF Adoption Services	15,071,100	17,760,700	17,745,643
DCYF Adoption Services	5,186,100	8,186,100	6,486,100

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
DCYF Attorney General Legal Services	4,121,500	4,121,500	4,121,500
DCYF Attorney General Legal Services	48,700	48,700	1,533
DCYF Children Services	17,370,900	47,798,700	47,668,004
DCYF Children Services	15,174,300	9,359,300	9,094,161
DCYF Comprehensive Medical and Dental Program	2,057,000	2,057,000	2,057,000
DCYF CPS Appeals	623,400	473,400	473,400
DCYF CPS Substance Abuse Treatment	224,500	224,500	224,500
DCYF Family Builders TANF	5,200,000	5,200,000	4,289,474
DCYF Healthy Families	5,034,200	5,034,200	4,115,671
DCYF Homeless Youth Intervention FY00 - 01	30,539	(26,161)	(26,161)
DCYF Homeless Youth Intervention FY03 - 04	400,000	400,000	274,950
DCYF Intensive Family Services	1,985,600	1,985,600	1,985,600
DCYF Operating Lump Sum Appropriation	27,159,000	35,449,700	35,449,700
DCYF Operating Lump Sum Appropriation	20,559,900	20,912,645	20,348,865
DCYF Permanent Guardianship Subsidy	124,000	2,144,500	2,130,129
DCYF Permanent Guardianship Subsidy FY03 - 04	859,300	879,300	831,554
DCYF Residential Drug Treatment	0	350,000	0
DCYF Substance Abuse Treatment FY02 - 03	2,000,000	5,000,000	3,485,755
DCYF TANF to SSBG	25,259,700	25,259,700	21,386,579
DDD Arizona Training Program at Coolidge	2,921,900	2,721,900	2,617,894
DDD Case Management	3,193,100	3,793,100	3,793,100
DDD Home and Community Based Services	27,848,800	30,386,900	27,245,346
DDD Institutional Services	294,900	194,900	133,586
DDD Operating Lump Sum Appropriation	3,925,000	4,210,000	4,210,000
DDD State Funded Long Term Care Services	18,032,900	18,032,900	15,821,324
DDD Training Program at Coolidge	2,359,800	2,359,800	0
DERS Character Education	126,098	126,098	0
DERS Parenting Training	10,243	0	0
DERS Post-Shelter Training	706	0	0
DERS Work Related Transportation	302,200	302,200	295,378
DERS Daycare Subsidy	31,032,900	31,032,900	31,032,900
DERS Independent Living Rehabilitation Services	784,200	784,200	673,190
DERS Job Search Stipends	30,000	30,000	30,000
DERS Jobs	2,000,000	2,000,000	1,000,000
DERS Jobs	17,316,600	17,316,600	11,001,095
DERS Jobs	1,793,500	1,793,500	1,345,125
DERS Operating Lump Sum Appropriation	2,035,900	2,035,900	1,464,675
DERS Operating Lump Sum Appropriation	2,698,000	2,698,000	2,698,000
DERS Operating Lump Sum Appropriation	4,893,200	4,893,200	4,752,140
DERS Operating Lump Sum Appropriation	8,328,700	8,328,700	7,032,013
DERS Out-of-School Program	4,000,000	500,000	0
DERS Summer Youth Employment and Training	1,000,000	1,000,000	1,000,000
DERS Summer Youth Program	0	0	(32,446)
DERS TANF Day Care Subsidy	86,603,300	86,203,300	69,446,422
DERS TANF Day Care Subsidy	620,300	620,300	620,300
DERS TANF Transitional Child Care	30,500,000	30,900,000	27,129,140
DERS Vocational Education Grants TANF	449	0	0
DERS Vocational Rehabilitation Services	3,285,100	3,285,100	3,285,100
DERS WIA Operating Lump Sum	1,934,100	4,655,900	0
DERS Workforce Investment Act Programs	44,070,600	51,848,800	42,791,653
DERS Young Fathers Mentoring FY98 - 99	98,638	11,931	11,931
DERS/JTPA Welfare To Work Block Grant	84,332	84,332	84,332
Lease-Purchase Equipment	645,000	645,000	620,784
LTC Arizona Training Program at Coolidge	3,659,000	3,328,100	3,328,100

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
LTC Arizona Training Program at Coolidge	11,252,900	13,662,900	0
LTC Case Management	8,324,300	7,483,500	7,483,500
LTC Case Management	25,600,800	22,100,800	0
LTC Home and Community Based Services	115,438,100	110,230,300	110,230,300
LTC Home and Community Based Services	355,019,300	370,390,200	0
LTC Home and Community Based Services	848,100	848,100	0
LTC Institutional Services	3,940,200	3,567,500	3,567,500
LTC Institutional Services	12,117,900	12,417,900	0
LTC Medical Services	21,607,900	19,603,000	19,603,000
LTC Medical Services	66,453,400	70,453,400	0
LTC Operating Lump Sum Appropriation	7,819,100	7,064,400	7,064,400
LTC Operating Lump Sum Appropriation	24,047,000	19,547,000	0
State Funded LTC Services	1,952,600	2,462,900	2,438,800
Statewide Building Renewal FY00 - 01	0	5,000	5,000
Statewide Building Renewal FY02 - 03	0	160,000	160,000
Statewide Building Renewal FY03 - 04	0	186,015	149,000
Statewide Building Renewal FY92 - 93	20	20	0
<b>Department of Juvenile Corrections</b>			
Administrative Adjustments	0	520,076	520,076
Administrative Adjustments	0	2,029	2,029
Adobe Mountain Kitchen Floor	81	81	81
Adobe Mountain Well Repair	0	13,025	13,025
Building Renewal - Well Pump	0	1,300	1,300
Building Renewal FY91 - 92	39	39	0
Building Renewal FY94 - 95	3,794	3,794	0
Operating Lump Sum Appropriation	64,408,700	64,408,700	63,943,103
Operating Lump Sum Appropriation	2,891,058	2,891,058	2,890,699
<b>Department of Transportation</b>			
Operating Lump Sum Appropriation	68,100	68,100	68,099
<b>Department of Education</b>			
Accountability Measures	50	50	0
Achievement Testing	3,396,600	5,802,800	3,396,600
Additional State Aid to Schools	273,268,500	273,268,500	269,669,749
Administrative Adjustments	0	2,088,730	2,088,730
Adult Education Assistance	4,438,200	4,438,200	4,438,200
AIMS Intervention and Dropout Prevention Program	550,000	550,000	536,956
Arizona Teacher Evaluation	193,700	193,700	182,334
Assistance to School Districts for Children of State Employees	99,500	99,500	82,100
Basic State Aid Entitlement	2,584,146,700	2,608,778,400	2,588,305,944
Certificates of Educational Convenience	269,900	269,900	0
Chemical Abuse	796,300	796,300	770,525
English Learner Classroom Bonus Fund FY02 - 03	2,799,058	2,799,058	2,799,058
English Learner Classroom Bonus Fund FY03 - 04	0	3,060,000	3,060,000
English Learner FY02 - 03	236,254	236,254	33,982
English Learner FY03 - 04	0	316,095	157,022
English Learner Instruction FY02 - 03	4,738,724	4,738,724	4,466,136
English Learner Instruction FY03 - 04	0	5,500,000	4,484,893
English Learner Materials and Supplies FY02 - 03	260,879	260,879	260,879
English Learner Materials and Supplies FY03 - 04	0	1,500,000	1,114,564
English Learner Pilot FY02 - 03	101	101	101
English Learner Pilot FY03 - 04	0	750,000	749,798
English Learner Teacher FY02 - 03	4,500,000	4,500,000	0
English Learner Teacher FY03 - 04	0	4,500,000	46,701
Extended School Year	500,000	500,000	460,624

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Family Literacy Program FY03 - 04	1,002,100	1,002,100	990,242
Family Literacy Program FY98 - 99	1,373	1,373	0
Gifted Support	1,301,400	1,301,400	1,284,567
Operating Lump Sum Appropriation	498,600	498,600	416,670
Operating Lump Sum Appropriation	6,550,700	6,550,700	6,507,814
Optional Performance Incentive Programs	120,000	120,000	0
Parental Choice for Reading Success	1,000,000	1,000,000	974,003
Residential Placement	10,000	10,000	10,000
School Accountability Fund	18,400	18,400	18,400
School Report Cards	439,100	439,100	408,483
School Safety Program FY00 - 01	0	0	(7,461)
School Safety Program FY01 - 02	237,354	237,354	237,354
School Safety Program FY02 - 03	101,123	101,123	50,325
School Safety Program FY03 - 04	6,700,700	6,700,700	5,044,123
School Safety Program FY98 - 99	0	0	0
School Safety Program FY99 - 00	0	0	0
Small Pass-Through Programs	581,600	581,600	556,400
Special Education Audit	290,500	290,500	260,460
Special Education Fund	29,617,600	29,617,600	29,617,600
State Block Grant for Early Childhood Development	19,408,600	19,408,600	19,334,025
State Block Grant for Vocational Education	11,154,100	11,154,100	11,154,100
Teacher Certification	1,110,700	1,110,700	1,110,120
Vocational Education Extended Year	600,000	600,000	600,000
<b>Department of Commerce</b>			
Administrative Adjustments	0	48,944	48,944
Administrative Adjustments	0	616	616
Agriculture Preservation District	32,514	32,514	0
APNE FY01 - 02	331,152	331,152	329,009
Apprenticeship Services Office	156,000	156,000	131,533
General Fund Transfer 1st Special Session Chapter 1	2,500,000	2,500,000	2,500,000
Motion Picture Development	291,100	291,100	266,967
NAFTA Agreement Projects	37,777	37,777	0
NAFTA Projects - Initial Phase	19,874	19,874	0
Operating Lump Sum Appropriation	3,130,500	3,130,500	2,786,699
Operating Lump Sum Appropriation	120,200	120,200	114,250
<b>Board of Tax Equalization</b>			
Administrative Adjustments	0	18	18
Operating Lump Sum Appropriation	544,600	544,600	544,591
<b>Department of Environmental Quality</b>			
Administrative Adjustments	0	479,365	479,365
Administrative Adjustments	0	88,520	88,520
Aquifer Protection Permit Program	740,800	740,800	739,627
Operating Lump Sum Appropriation	11,666,900	11,666,900	2,843,800
Operating Lump Sum Appropriation	9,681,700	9,681,700	9,673,778
Water Infrastructure Finance Authority	2,445,100	2,445,100	2,445,100
<b>Geological Survey</b>			
Administrative Adjustments	0	3,992	3,992
Operating Lump Sum Appropriation	779,600	779,600	778,831
<b>Government Information Technology Agency</b>			
Operating Lump Sum Appropriation	2,507,600	2,507,600	2,162,331
Administrative Adjustments	0	1,456	1,456
<b>Governor's Office</b>			
Administrative Adjustments	0	8,606	8,606
Arizona - Sonora Study	5,200	5,200	0

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Border Volunteer Corps FY94 - 95	34,705	34,705	0
Border Volunteer Corps FY95 - 96	65,374	65,374	0
Governor's Office of Strategic Planning and Budgeting	1,686,000	1,686,000	1,680,585
Governor's Telecommunication	504	504	0
Office of Sonora	7,783	7,783	0
Operating Lump Sum Appropriation FY00 - 01	1,059	1,059	1,058
Operating Lump Sum Appropriation FY01 - 02	503,194	503,194	340,802
Operating Lump Sum Appropriation FY02 - 03	291,242	291,242	62,660
Operating Lump Sum Appropriation FY03 - 04	5,580,700	5,580,700	5,464,724
Operating Lump Sum Appropriation FY99 - 00	99,497	99,497	98,483
<b>Arizona Health Care Cost Containment System</b>			
Administration	18,162,400	15,062,400	14,514,359
Administration	18,110,500	18,110,500	17,592,553
Administrative Adjustments	0	20,090,960	20,090,960
Administrative Adjustments	0	50,522,620	50,512,116
Board of Nursing	209,700	209,700	209,700
Breast & Cervical Cancer Treatment State Program	1,153,200	1,153,200	228,726
Breast & Cervical Cancer Treatment Fed Administration	52,730	52,730	0
Breast & Cervical Cancer Treatment Fed Program	745,860	745,860	0
Breast and Cervical Cancer Treatment Program FY01 - 02	73	73	0
Breast and Cervical Cancer Treatment Program FY03 - 04	1,493,700	1,016,700	578,730
Capitation	266,040,800	280,533,500	280,533,500
Capitation	1,018,273,600	1,059,773,600	1,059,531,459
CHIP - Administration	1,400,200	1,400,200	1,400,200
CHIP - Parents	9,200,200	7,050,200	6,994,052
CHIP - Services	15,227,700	16,077,700	16,077,700
County Hold Harmless	4,825,600	4,825,600	4,825,600
Critical Access Hospitals	506,600	506,430	506,430
Critical Access Hospitals	1,193,400	1,193,570	1,193,570
DES Eligibility	20,770,700	23,870,700	23,831,747
DES Eligibility	23,547,700	24,647,700	21,691,047
DES Title XIX Pass Through	125,100	133,400	61,857
DES Title XIX Pass Through	186,200	186,200	80,437
DHS Title XIX Pass Through	906,800	962,200	659,620
DHS Title XIX Pass Through	827,600	827,600	686,890
Dialysis Chemotherapy Treatment Expense	132,786	132,786	132,786
Disproportionate Share Payments	44,823,900	51,709,524	50,396,310
Disproportionate Share Payments	92,042,900	113,116,000	103,532,555
DOA Data Center Charges	1,590,400	1,724,700	1,646,867
DOA Data Center Charges	4,127,100	4,127,100	3,559,801
Fee for Service	66,485,400	60,553,450	60,553,450
Fee For Service	292,350,900	258,765,600	251,262,960
Freedom to Work Program Expense	865,200	689,200	684,220
Freedom To Work Program Expense	2,038,000	2,038,000	1,456,305
Graduate Medical Education	6,102,100	6,100,069	6,100,069
Graduate Medical Education	14,374,800	14,376,832	14,376,831
Health Care Group	4,000,000	2,989,426	2,689,426
Indian Advisory Council	100,100	99,900	86,992
Indian Advisory Council	100,200	100,200	81,436
Long Term Care Program Lump Sum Appropriation	772,346,900	772,346,900	740,636,105
Medicare Premiums	11,586,900	11,825,843	11,825,842
Medicare Premiums	27,296,500	34,796,500	33,570,434
Mental Health - Adults FY91 - 92	45,368	45,368	0
Office of Administrative Hearings	191,900	277,200	213,620

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Operating Lump Sum Appropriation	25,518,800	25,321,000	24,976,870
Operating Lump Sum Appropriation	52,847,800	52,847,800	52,847,800
Operating Lump Sum Appropriation	35,426,600	34,326,600	30,728,749
Proposition 204 Administration	5,324,600	5,324,600	5,324,600
Proposition 204 Services	55,067,800	55,067,800	53,484,449
Proposition 204 Services	45,047,000	45,047,000	45,047,000
Reinsurance	23,542,700	11,823,158	11,815,204
Reinsurance	55,459,600	33,457,398	28,765,918
Services	103,417,800	102,417,800	102,417,800
Services	673,574,000	680,074,000	671,403,646
<b>Office of Administrative Hearings</b>			
Operating Lump Sum Appropriation	13,900	13,900	13,900
Operating Lump Sum Appropriation	1,078,500	1,078,500	1,078,500
<b>Historical Society</b>			
Field Services and Grants	80,000	80,000	80,000
Operating Lump Sum Appropriation	1,886,400	1,886,400	1,886,400
Papago Park Museum	1,407,500	1,407,500	1,407,500
<b>House of Representatives</b>			
Operating Lump Sum Appropriation FY00 - 01	855,754	855,754	1,500
Operating Lump Sum Appropriation FY01 - 02	426,822	426,822	0
Operating Lump Sum Appropriation FY02 - 03	843,846	843,846	958
Operating Lump Sum Appropriation FY03 - 04	11,173,900	11,173,900	10,557,490
Operating Lump Sum Appropriation FY97- 98	33,238	33,238	33,238
Operating Lump Sum Appropriation FY98 - 99	120,282	120,282	117,820
Operating Lump Sum Appropriation FY99 - 00	360,375	360,375	0
<b>Department of Health Services</b>			
90/91 Environmental Assessment Phoenix	8,849	8,849	0
91/92 Building Renewal FY91 - 92	3,548	3,548	0
ADHS Indirect Cost Account	6,873,300	6,873,300	5,261,545
ADHS Indirect Costs AHCCCS - CRS	350,000	350,000	290,000
Administrative Adjustments	0	1,838,484	1,838,484
Administrative Costs State Match	0	436,800	436,800
Adult Cystic Fibrosis	105,200	105,200	105,200
Adult Sickle Cell Anemia	33,000	33,000	33,000
AHCCCS - Children's Rehabilitative Services	10,240,000	11,484,337	11,484,337
AIDS Reporting and Surveillance	1,125,000	1,125,000	1,111,125
Antipsychotic Treatment Drug	0	128,300	128,300
Arizona State Hospital Accreditation	3,140	3,140	0
Arnold v. Sarn	27,500,000	27,500,000	27,499,999
ASH - Condensate Receiver	4,700	4,700	0
ASH - Cooling Towers #1-2	1,599	1,599	1,599
ASH - Juniper/Wick Windows	29,950	0	0
Assurance and Licensure	6,488,844	6,488,844	6,153,249
Assurance and Licensure	410,800	410,800	324,545
Attorney General Legal Services	302,800	302,800	302,800
Building Renewal - Tucson FY00 - 01	6,109	6,109	0
Building Renewal - Tucson FY01 - 02	74,974	74,974	0
Building Renewal - Tucson FY02 - 03	78,900	78,900	0
Building Renewal - Tucson FY98 - 99	2,221	2,221	0
Building Renewal - Tucson FY99 - 00	37,168	37,168	0
Building Renewal FY96 - 97	30	30	0
Children's Behavioral Health Services	9,351,800	9,351,800	9,285,106
Children's Behavioral Health Services - Tobacco Settlement Account	5,728,728	5,728,728	4,895,183
Children's Behavioral State Match for Title XIX	44,673,400	45,747,200	45,747,200

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Children's Rehabilitative Services	3,587,000	3,587,000	3,587,000
Cholla - Sexual Predator	11,655	11,655	0
Community Health Centers	10,400,580	10,400,580	9,938,789
Community Placement Treatment	5,574,100	5,574,100	5,574,100
Community Placement Treatment	1,130,700	1,130,700	1,130,700
Competency Restoration Treatment	0	0	0
County Nutrition Services	330,300	330,300	183,638
County Prenatal Services Grant	1,148,500	1,148,500	793,786
County Public Health	200,000	200,000	200,000
Court Monitoring	197,500	177,500	177,500
Direct Grants	460,300	460,300	460,300
Hearing and Speech Professionals Regulation	0	130,000	63,989
Hepatitis C Surveillance	350,409	350,409	321,941
High Risk Perinatal Services	3,180,600	2,862,500	2,373,687
Kidney Program	50,500	50,500	50,500
Laboratory Services	2,959,748	2,959,748	2,802,670
Male Restoration to Competency Program	17,950	17,950	17,950
Medicaid Special Exemption Payments	175,600	195,063	195,063
Medicaid Special Exemption Payments	2,804,800	2,804,800	2,804,800
Mental Health - Non-Title XIX	2,447,300	2,447,300	2,445,685
Mental Health and Substance Abuse State Match	14,650,900	17,603,100	17,603,100
Operating Lump Sum Appropriation	12,935,046	12,935,046	12,420,624
Operating Lump Sum Appropriation	4,545,775	4,883,875	4,618,958
Operating Lump Sum Appropriation	3,423,618	3,423,618	3,050,678
Operating Lump Sum Appropriation	4,213,893	4,113,893	3,956,421
Operating Lump Sum Appropriation	34,660,496	34,760,496	34,363,495
Operating Lump Sum Appropriation	1,100,000	1,100,000	1,100,000
Operating Lump Sum Appropriation	7,169,300	7,169,300	7,151,521
Operating Lump Sum Appropriation	1,400,000	1,400,000	0
Proposition 204 State Match	13,450,500	8,855,000	8,855,000
Reimbursement to Counties	67,900	67,900	67,900
Renal and Non-Renal Disease Management	468,000	468,000	403,718
Seriously Emotionally Handicapped Children	500,000	500,000	0
Seriously Mentally Ill Non-Title XIX	59,916,700	59,916,700	59,863,216
Seriously Mentally Ill State Match for Title XIX	8,375,100	14,330,100	14,330,100
Sexually Transmitted Disease Control	26,300	26,300	24,935
Sexually Violent Persons	9,698,382	9,698,382	9,379,464
Sexually Violent Persons Capital Improvement	0	0	(23,750)
Statewide Immunization Information System	451,809	451,809	406,778
Substance Abuse - Non-Title XIX	12,135,400	12,135,400	12,112,054
TANF Prenatal Services FY99 - 00	46,709	46,709	(260)
Telemedicine	260,000	260,000	250,156
Tuberculosis Provider Care and Control	1,010,500	1,010,500	827,000
Vaccines	2,904,700	2,904,700	2,903,860
Vital Records	131,550	131,550	93,690
<b>Commission on the Arts</b>			
Community Service Projects	1,263,100	1,263,100	1,263,100
Operating Lump Sum Appropriation	538,000	538,000	538,000
<b>Indian Affairs Commission</b>			
Administrative Adjustments	0	165	165
Operating Lump Sum Appropriation	201,400	201,400	197,414
<b>Occupational Safety and Health Review Board</b>			
Employee Related Expenditures FY01 - 02	75	75	0
Operating Lump Sum Appropriation FY00 - 01	1,000	1,000	0

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2004

(Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Operating Lump Sum Appropriation FY01 - 02	6,947	6,947	0
Operating Lump Sum Appropriation FY02 - 03	4,800	4,800	0
Operating Lump Sum Appropriation FY03 - 04	0	4,800	0
Operating Lump Sum Appropriation FY98 - 99	8,363	8,363	312
Operating Lump Sum Appropriation FY99 - 00	1,000	1,000	0
Personal Services FY91 - 92	53	53	0
<b>Insurance Department</b>			
Administrative Adjustments	0	1,821	1,821
Managed Care and Dental Plan Oversight	517,000	517,000	480,777
Operating Lump Sum Appropriation	5,705,000	5,705,000	5,588,424
<b>Arizona Criminal Justice Commission</b>			
Administrative Adjustments	0	110,146	110,146
Operating Lump Sum Appropriation	994,200	994,200	744,394
Rural State Aid to County Attorneys	157,700	157,700	157,700
Rural State Aid to Indigent Defense	150,100	150,100	150,100
<b>Joint Legislative Budget Committee</b>			
Operating Lump Sum Appropriation FY 02 - 03	1,232,147	1,232,147	1,232,147
Operating Lump Sum Appropriation FY 03 - 04	2,100,600	1,950,600	620,413
<b>Department of Library, Archives and Public Records</b>			
Grants-In-Aid FY01 - 02	97,657	97,657	96,314
Grants-In-Aid FY02 - 03	79,400	79,400	25,000
Grants-In-Aid FY03 - 04	651,400	651,400	562,543
Operating Lump Sum Appropriation FY02 - 03	3,003	3,003	3,003
Operating Lump Sum Appropriation FY03 - 04	5,817,400	5,817,400	5,647,972
Operating Lump Sum Appropriation FY00 - 01	189,093	189,093	53,442
Operating Lump Sum Appropriation FY01 - 02	89,146	89,146	0
Operating Lump Sum Appropriation FY03 - 04	426,100	426,100	426,100
Statewide Radio Reading Services for the Blind	97,000	97,000	97,000
<b>Legislative Council</b>			
Juvenile Study	19,520	19,520	0
Ombudsman Citizens Aid Office FY02 - 03	34,099	34,099	34,099
Ombudsman Citizens Aid Office FY03 - 04	363,400	363,400	328,462
Ombudsman FY93 - 94	43,000	43,000	0
Ombudsman FY94 - 95	95,169	95,169	0
Operating Lump Sum Appropriation FY03 - 04	3,690,600	3,690,600	3,410,983
Operating Lump Sum Appropriation FY99 - 00	890,320	890,320	3,900
Operating Lump Sum Appropriation FY00 - 01	243,027	243,027	62,698
Operating Lump Sum Appropriation FY02 - 03	134,639	134,639	134,639
School Maintenance and Operations	214,221	214,221	0
<b>Land Department</b>			
Administrative Adjustments	0	10,744	10,744
Environmental County Grants	125,000	125,000	125,000
Fire Suppression	0	3,000,000	3,000,000
Operating Lump Sum Appropriation	13,429,300	13,429,300	13,415,491
<b>Liquor Licensing Department</b>			
Administrative Adjustments	0	9,579	9,579
Operating Lump Sum Appropriation	2,449,000	2,449,000	2,448,942
<b>Law Enforcement Merit System Council</b>			
Operating Lump Sum Appropriation	56,800	56,800	56,424
<b>Department of Emergency and Military Affairs</b>			
Administrative Adjustments	0	61,684	61,684
Apache County River Reservoir Dam Emergency	0	400,000	5,184
Aspen Fire Emergency	0	1,140,575	321,125
Aspen Fire Emergency	63,149	63,149	63,149

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Civil Air Patrol	56,700	56,700	56,700
EUZ701 Search and Rescue	0	100,000	98,990
EUZHAZ - Hazard Material Contingency FY01 - 02	15,271	15,271	2,332
EZU701 Search and Rescue	10,333	10,333	10,332
Forest Health Emergency-Pine Bark Beetle	0	457,390	4,694
Forest Health Emergency-Pine Bark Beetle	1,977,828	1,977,828	893,597
Gila County Flash Flood Emergency	0	62,497	62,497
Hazard Materials Contingency	0	50,000	986
Kinishba Fire Emergency	0	33,359	33,359
La Paz/Maricopa Counties Storm Emergency	0	120,000	627
La Paz/Maricopa Counties Storm Emergency	173,113	173,113	171,316
La Paz/Maricopa Counties Storm Emergency	133,393	133,393	133,343
Mesa Armory Re-roofing	1,325	1,325	0
Mitigation Projects 2004 Emergency Funds	0	1,636,179	0
Navajo, Gila and Coconino Counties Rodeo Fire	397,314	397,314	70,884
Navajo, Gila and Coconino Counties Rodeo Fire	1,212	1,212	1,160
Nogales and 52nd Street Building Renewal	12,032	12,032	0
Nuclear Emergency Management Fund	0	317,568	317,568
Nuclear Emergency Management Fund - Maricopa	0	243,824	243,824
Off Site Nuclear Emergency 89-90	1,708	1,708	0
Operating Lump Sum Appropriation	2,660,000	2,660,000	2,647,922
Operating Lump Sum Appropriation - Administration	1,294,000	1,294,000	1,288,590
Operating Lump Sum Appropriation - DEMA	833,400	833,400	833,374
Prescott and Bellemont Armories	130,589	130,589	28,692
Project Challenge Construction FY00 - 01	6,526	6,526	6,526
Project Challenge Construction FY01 - 02	207,656	207,656	62,188
Project Challenge Program	1,550,700	1,550,700	1,544,957
Roosevelt Building Renewal	7,358	7,358	7,358
Safford and Sunnyslope Building Renewal	141	141	0
September Terrorism Incident Emergency	141,605	141,605	141,605
Service Contracts FY02 - 03	4,884	4,884	4,884
Service Contracts FY03 - 04	852,300	852,300	603,515
Yuma National Guard Center	0	371,000	371,000
<b>Mine Inspector</b>			
Administrative Adjustments	0	5,889	5,889
Operating Lump Sum Appropriation	1,088,000	1,088,000	1,085,131
<b>Department of Building and Fire Safety</b>			
Administrative Adjustments	0	19,023	19,023
Operating Lump Sum Appropriation	3,197,700	3,197,700	2,806,296
<b>Mines and Mineral Resources</b>			
Operating Lump Sum Appropriation	648,800	648,800	611,512
<b>Medical Student Loans Board</b>			
Medical Student Loans	47,200	47,200	47,190
<b>Northern Arizona University</b>			
Main Campus - Operating Lump Sum Appropriation	109,309,800	109,309,800	109,309,800
NAU - Yuma Campus	2,127,500	2,127,500	2,127,500
Temporary Assistance For Needy Families	216,695	90,597	90,597
<b>Navigable Streams Adjudication Commission</b>			
Operating Lump Sum Appropriation	157,300	157,300	130,831
<b>Personnel Board</b>			
Administrative Adjustments	0	45	45
Operating Lump Sum Appropriation	333,400	333,400	268,502

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
<b>Commission for Postsecondary Education</b>			
Leveraging Educational Assistance Partnership	1,220,800	1,220,800	1,220,800
Private Postsecondary Education Student Financial Assistance	170,500	170,500	170,500
<b>Prescott Historical Society</b>			
Building Renewal - Sharlot Hall Re-roofing	8,000	9,500	9,481
Operating Lump Sum Appropriation	612,700	612,700	612,498
<b>Pioneer's Home</b>			
Operating Lump Sum Appropriation	3,643,600	3,643,600	3,643,053
<b>Board of Executive Clemency</b>			
Operating Lump Sum Appropriation	859,000	859,000	857,570
<b>Parks Board</b>			
Acquisition and Development	314,151	314,151	199,791
Administrative Adjustments	0	24,651	24,651
Growing Smarter Transfer to Land Conservation Fund	0	20,000,000	20,000,000
Kartchner Caverns	700,000	700,000	0
Kartchner Caverns State Park	1,541,700	1,541,700	1,525,286
Operating Lump Sum Appropriation	2,316,600	2,316,600	2,203,379
Operating Lump Sum Appropriation	8,576,200	8,576,200	8,241,761
Spur Cross Ranch Acquisition FY00 - 01	74,500	0	0
Spur Cross Ranch Acquisition FY01 - 02	500	0	0
<b>Department of Public Safety</b>			
Operating Lump Sum Appropriation	331,000	331,000	222,080
Administrative Adjustments	0	227	227
Board of Fingerprinting	72,600	72,600	72,600
Building Renewal - Project 91-2060	0	12,300	8,058
Building Renewal - Project 91-2102	0	17,500	17,500
Building Renewal - Project 91-3010	1,981	2,540	2,540
Building Renewal - Project 91-3012	0	14,823	14,823
Building Renewal - Project 91-4018	0	36,310	34,000
Building Renewal - Project 91-4019	0	23,500	20,846
Building Renewal - Project 91-4020	0	16,500	9,956
G.I.T.E.M.	4,271,700	4,271,700	4,256,245
Operating Lump Sum Appropriation	25,309,700	25,309,700	25,309,700
Operating Lump Sum Appropriation	8,206,800	8,206,800	8,206,800
<b>Racing Department</b>			
Administrative Adjustments	0	8,279	8,279
Operating Lump Sum Appropriation	2,446,200	2,446,200	2,291,645
<b>Independent Redistricting Commission</b>			
Operating Lump Sum Appropriation FY00 - 01	557,341	557,341	508,708
Operating Lump Sum Appropriation FY03 - 04	0	1,703,000	1,453,458
<b>Real Estate Department</b>			
Operating Lump Sum Appropriation	3,113,700	3,113,700	3,112,403
<b>Ranger's Pension</b>			
Operating Lump Sum Appropriation	12,300	12,300	12,300
<b>Retirement System</b>			
James J. Burke v. ASRS, Attorney Fees and Cost FY01- 02	3,480,819	488,398	488,398
<b>Department of Revenue</b>			
Administrative Adjustments	0	50,253	50,253
Operating Lump Sum Appropriation	53,955,700	60,507,700	59,858,262
Revenue Generating Program	6,552,000	0	0
<b>Schools for the Deaf and the Blind</b>			
Administrative Adjustments	0	948,859	948,859
Operating Lump Sum Appropriation - Administration	4,795,232	4,795,232	4,549,855

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Operating Lump Sum Appropriation - Phoenix	1,736,824	1,736,824	1,462,666
Operating Lump Sum Appropriation - Tucson	7,338,944	7,338,944	6,935,097
<b>School Facilities Board</b>			
Administrative Adjustments	0	1,609	1,609
Deficiencies Correction Appropriation	15,000,000	15,000,000	0
New School Facilities Debt Service	21,260,000	21,260,000	19,803,522
Operating Lump Sum Appropriation	1,579,400	1,579,400	1,574,579
<b>Senate</b>			
Operating Lump Sum Appropriation FY02 - 03	150,698	150,698	150,698
Operating Lump Sum Appropriation FY03 - 04	6,187,100	6,187,100	6,093,193
Operating Lump Sum Appropriation FY97 - 98	398,983	398,983	398,983
Operating Lump Sum Appropriation FY98 - 99	525,743	525,743	525,743
Operating Lump Sum Appropriation FY99 - 00	810,835	810,835	99,615
<b>Supreme Court</b>			
4th Floor Chiller	8,124	8,124	5,596
Administrative Adjustments	0	753,497	753,497
Administrative Adjustments	0	14,419	14,419
Administrative Adjustments	0	132,326	(13,521)
Adult Intensive Probation	10,170,800	10,170,800	10,148,093
Adult Standard Probation Enhancement	11,110,200	11,110,200	11,078,210
Case Processing - Automation	4,601,400	4,601,400	1,939,455
Case Processing - Automation	9,888,600	7,488,600	6,338,724
Commission on Judicial Conduct	343,700	343,700	342,195
Community Punishment	891,500	891,500	888,783
County Reimbursements	246,000	246,000	143,856
Domestic Relations	708,500	708,500	706,970
FOSTER CARE REVIEW BOARD	1,349,800	1,767,600	1,761,089
HVAC Ductwork Replacement	20,245	0	0
HVAC Piping and Pump - Courts Building	0	150,000	149,671
HVAC Replace Primary Ductwork - Courts Building	389	0	0
HVAC Storage Tank	10,259	10,259	9,048
Interstate Compact	558,600	558,600	555,278
Judges Compensation	13,399,400	13,829,400	13,737,763
Judicial Nomination and Performance Review	281,300	281,300	279,110
Juvenile Family Counseling	660,400	660,400	657,463
Juvenile Intensive Probation	13,236,400	13,236,400	13,206,253
Juvenile Standard Probation	8,341,600	7,911,600	7,903,131
Juvenile Treatment Services	23,315,600	23,315,600	23,314,637
Model Court	514,300	0	0
Operating Lump Sum Appropriation	7,665,800	7,822,000	7,567,698
Operating Lump Sum Appropriation	623,900	623,900	350,399
Operating Lump Sum Appropriation	4,803,200	7,203,200	6,522,148
Progressively Increasing Consequences	9,268,100	9,268,100	9,268,100
Rural State Aid to the Courts	418,500	418,500	418,500
Special Water Master	20,000	20,000	19,995
State Aid	84,700	25,000	24,993
<b>Secretary of State</b>			
Administrative Adjustments	0	57,428	57,428
Arizona Blue Book and Election Statute Book	0	57,000	41,765
Elections	2,286,289	2,286,289	2,026,770
Help America Vote Act	800,000	800,000	800,000
Operating Lump Sum Appropriation	2,101,011	2,101,011	1,883,003

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
<b>Office of Tourism</b>			
Administrative Adjustments	0	4,732	3,664
Operating Lump Sum - Tourism Fund	9,000,000	9,000,000	8,979,409
Transfer to Tourism Fund	9,003,700	9,003,700	9,000,000
<b>State Treasurer</b>			
Community College Reimbursement	0	2,587,648	2,587,648
Corporate Income Tax Transfer to WQARF	0	10,000,000	10,000,000
Justice of the Peace Salaries	2,775,500	2,775,500	2,316,464
Operating Lump Sum Appropriation	2,582,300	2,582,300	2,578,620
Property Tax Refund	0	0	0
<b>Tax Appeals Board</b>			
Operating Lump Sum Appropriation	273,300	273,300	238,182
<b>University of Arizona</b>			
Agriculture	38,176,800	38,176,800	38,176,800
Clinical Rural Rotation	446,400	458,714	458,714
Clinical Teaching Support	9,015,900	9,445,800	9,445,800
Liver Research Institute	484,300	486,763	486,763
Main Campus - Operating Lump Sum Appropriation	223,904,800	223,904,800	223,904,800
Operating Lump Sum Appropriation	41,837,400	41,382,420	41,382,420
Sierra Vista Campus	2,226,400	2,226,400	2,226,400
Telemedicine	1,157,800	1,168,103	1,168,103
<b>Uniform State Law Commission</b>			
Operating Lump Sum Appropriation	49,600	49,600	43,278
<b>Veterans' Services Department</b>			
Administrative Adjustments	0	737	737
Nursing Home Project FY91 - 92	3,605	3,605	0
Nursing Home Project FY91 - 92	18,934	18,934	0
Nursing Home Project FY91 - 92	13,284	13,284	0
Operating Lump Sum Appropriation	2,013,800	2,013,800	2,006,197
Southern Arizona Cemetery	182,700	182,700	109,271
Southern Arizona Veterans' Cemetery	129,000	129,000	128,997
Veterans' Organizations Contracts	29,200	29,200	29,200
<b>Water Resources Department</b>			
Administrative Adjustments	0	247,315	247,315
Arizona Water Banking	500,000	0	0
Operating Lump Sum Appropriation	12,903,600	13,403,600	12,962,820
Rural Water Studies	500,000	500,000	250,130
<b>Weights and Measures Department</b>			
Administrative Adjustments	0	5,189	5,189
Operating Lump Sum Appropriation	1,316,900	1,316,900	1,292,832
<b>Total General Fund Budgetary Expenditures before Adjustment</b>	<b>10,780,681,578</b>	<b>11,061,999,215</b>	<b>10,241,521,339</b>
<b>Less:</b>			
Economic Security Long-Term Care System Fund Appropriations that were duplicate expenditure authorizations	(495,339,400)	(509,420,300)	0
<b>Total General Fund Budgetary Expenditures after Adjustment</b>	<b>\$ 10,285,342,178</b>	<b>\$ 10,552,578,915</b>	<b>\$ 10,241,521,339</b>

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 TRANSPORTATION AND AVIATION PLANNING,  
 HIGHWAY MAINTENANCE AND SAFETY FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
<b>TRANSPORTATION AND AVIATION PLANNING, HIGHWAY MAINTENANCE AND SAFETY FUND</b>			
<b>Department of Transportation</b>			
2003-East Valley Maintenance Yard	\$ 1,183,953	\$ 1,183,953	\$ 157,192
Administration - Operating Lump Sum Appropriation	56,253,000	56,253,000	56,243,103
Administrative Adjustments	0	29,608	29,608
Administrative Adjustments	0	22,906	22,906
Administrative Adjustments	0	0	0
Airport Planning and Development FY02 - 03	292,087	292,087	292,087
Airport Planning and Development FY03 - 04	15,232,000	15,232,000	10,525,446
Alt Truck Route - Douglas Chino Road	0	250,000	0
Arizona-Mexico Border Points FY97 - 98	569	569	0
Asbestos & Lead Inspections FY01 - 02	605,367	605,367	203,598
Asbestos & Lead Inspections FY02 - 03	598,039	598,039	0
Building Renewal	1,560,500	1,560,500	646,257
Building Renewal FY00 - 01	27,463	27,463	25,000
Building Renewal FY01 - 02	81,278	81,278	68,678
Building Renewal FY00 - 01	20,520	20,520	0
Building Renewal FY02 - 03	1,376,433	1,376,433	741,540
Building Renewal FY03 - 04	32,000	32,000	0
Cottonwood Motor Vehicle Division Service Center FY00 - 01	1,190	1,190	0
Cottonwood Motor Vehicle Division Service Center FY99 -00	1,563	1,563	0
De-Icer Building FY02 - 03	195,928	195,928	181,106
De-Icer Buildings FY01 - 02	3,355	3,355	0
Douglas Maintenance Yard Admin Adjustment FY90 - 91	2,000	2,000	0
Douglas Motor Vehicle Division Service Center	3,313	3,313	0
Fee Accounting and Revenue Mgmt System	0	343,537	187,453
Fire System Upgrades	46,187	46,187	0
Glendale Motor Vehicle Division Service Center FY00 - 01	2,260	2,260	0
Highway - Operating Lump Sum Appropriation	46,116,700	46,116,700	46,018,069
Highway Construction	311,475,000	311,475,000	241,574,241
Highway Construction FY02 - 03	49,105,210	49,105,210	49,105,210
Highway Maintenance Lump Sum Appropriation	2,582,109	2,582,109	2,580,388
Highway Maintenance Lump Sum Appropriation	95,155,200	95,155,200	92,484,356
Highway Maintenance Lump Sum Appropriation	558,700	558,700	558,600
Highway to DPS Transfer - Double Load	30,151,400	30,151,400	30,151,400
Highways - Construction Administration	51,859,000	51,859,000	51,645,774
Holbrook Maintenance Yard Sewer System	67,898	67,898	0
HURF to DPS Transfer - Double Load	48,698,000	48,698,000	48,698,000
Hwy Infra - Douglas Weigh Station	0	178,000	0
Integrated Inventory System	0	276,897	177,652
Liquid De-Icer Storage Tanks	1,436	1,436	0
Methane Extraction Unit	65,436	65,436	0
Modular Vehicle Davison Nogales Port Facility	18,882	18,882	0
Motor Vehicle Division Central AZ Port New Trailers	816	816	0
Motor Vehicle Division Electronic Certificate of Title Sys FY01 - 02	4,852	4,852	0
Motor Vehicle Division Electronic Certificate of Title Sys FY02 - 03	13,488	13,488	0
Motor Vehicle Division Lump Sum Appropriation	426,617	0	0
Motor Vehicle Division Lump Sum Appropriation	80,146,400	80,146,400	80,013,167
Motor Vehicle Division Lump Sum Appropriation	1,987,000	1,987,000	906,925
Motor Vehicle Division Lump Sum Appropriation	1,119,400	1,119,400	913,020
Motor Vehicle Division Lump Sum Appropriation	1,100,600	1,100,600	1,052,122
Motor Vehicle Division Nogales Port Facility	925,853	925,853	905,506

The Notes to Required Supplementary Information are an integral part of this schedule.

(Continued)

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**BUDGETARY COMPARISON SCHEDULE, EXPENDITURES**  
 TRANSPORTATION AND AVIATION PLANNING,  
 HIGHWAY MAINTENANCE AND SAFETY FUND  
 FOR THE YEAR ENDED JUNE 30, 2004  
 (Expressed in Dollars)

	ORIGINAL BUDGET (Appropriations)	FINAL BUDGET (Appropriations)	ACTUAL EXPENDITURE AMOUNTS
Motor Vehicle Division Nogales Port Facility	24,270	24,270	18,790
Motor Vehicle Division One-Time Trailer Fees Implementation	43,724	43,724	0
Motor Vehicle Division Security Enhancement Issues FY01 - 02	987,689	987,689	812,773
Motor Vehicle Division Security Enhancement Issues FY02 - 03	2,682,456	2,682,456	513,951
Nogales Cyber Port Study	0	300,000	0
Nogales Port of Entry	2	2	0
North Phoenix Maintenance Yard	67,181	67,181	39,964
On-Line Verification Of Soc Sec Numbers	0	797	0
Operating Lump Sum Appropriation	1,896,100	1,896,100	1,823,832
Operating Lump Sum Appropriation	55,700	55,700	55,700
Payson Motor Vehicle Division Service Center FY00 -01	44,138	44,138	0
Payson Motor Vehicle Division Service Center FY01-02	856,000	856,000	0
Safety, Security, Traffic Mgmt & Control	0	18,000	0
San Luis Poe Connector Road	0	200,000	0
Sef to DPS Transfer - Double Load	1,192,800	1,192,800	1,022,138
Site Improve - Nogales Insp Station	0	54,000	0
Southern Border Ports Administrations Office Annex	50,000	50,000	7,400
Special Projects	30,868	30,868	0
Vehicle Registration Enforcement	383,300	383,300	211,827
Vehicle Registration Enforcement	383,300	383,300	383,300
West Phoenix Motor Vehicle Division Service Center	351,089	351,089	349,742
<b>Governor's Office of Highway Safety</b>			
Voluntary Motorcycle Education Awareness	0	0	0
<b>Department of Public Safety</b>			
Operating Lump Sum Appropriation	80,000	80,000	74,368
<b>Total Transportation and Aviation Planning, Highway Maintenance and Safety Fund Budgetary Expenditures</b>	<u>\$ 808,227,619</u>	<u>\$ 809,474,747</u>	<u>\$ 721,422,189</u>

The Notes to Required Supplementary Information are an integral part of this schedule.

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES**  
 JUNE 30, 2004

**A. RECONCILIATION OF BUDGETARY TO GAAP EXPENDITURES**

The accompanying Budgetary Comparison Schedules for the General Fund and the Transportation and Aviation Planning, Highway Maintenance and Safety Fund present comparisons of the legally adopted budget with actual expenditure data on the budgetary basis. The original budget represents any appropriation bills passed by June 30, 2003 that affect available appropriations during fiscal year 2004. The final budget represents any appropriation bills passed during fiscal year 2004 for fiscal year 2004 plus the original budget. Appropriation bills passed after the end of fiscal year 2004 for fiscal year 2004 would also be included in the final budget.

The Budgetary Comparison Schedules present actual amounts on the State's budgetary basis for expenditures only. The Schedules include appropriations authorized in one fund and transferred, by legislation, to another fund. The State does not have a legally adopted budget for revenues; therefore, only expenditures are presented on the Budgetary Comparison Schedule, Expenditures for the General Fund and the Transportation and Aviation Planning, Highway Maintenance and Safety Fund. As the budgetary and GAAP presentations of actual data differ, a reconciliation of the two follows (amounts expressed in thousands):

	<b>General Fund</b>	<b>Transportation &amp; Aviation Planning, Highway Maintenance &amp; Safety Fund</b>
<b>Uses/outflows of resources</b>		
Actual expenditure amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 10,241,521	\$ 721,422
Differences - budget to GAAP:		
Increase (decrease) in unpaid incurred expenditures from fiscal year end 2003 to fiscal year end 2004.	(17,412)	375,467
(Decrease) in unpaid payroll expenditures from fiscal year end 2003 to fiscal year end 2004. For budgetary reporting, final June 2004 payroll expenditures were charged to fiscal year 2005 budget.	(1,039)	-
Distributions to counties and cities of sales taxes are recognized as expenditures on the modified accrual basis, but have no effect on budgetary expenditures.	756,605	-
Distribution to counties and cities for Urban Revenue Sharing, derived from the State's income tax collections, is recognized as an expenditure on the modified accrual basis, but has no effect on budgetary expenditures.	365,065	-
Capital leases and installment purchase contracts initiated during the fiscal year, which are not reported in budgetary expenditures.	21,485	-
Programs which are not controlled by legislative appropriations but have disbursed cash or incurred obligations during fiscal year 2004.	3,759,547	1,418,097
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes.	(788,382)	(527,990)
Total expenditures, as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 14,337,390	\$ 1,986,996

There were no expenditures in excess of appropriations or allotments in the individual budget accounts for the year.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES**  
JUNE 30, 2004

**B. BUDGETARY BASIS OF ACCOUNTING**

Formulation of the budget begins with the preparation of estimates of expenditure requirements by the head of each budgeted agency and institution. These estimates are submitted no later than September 1 of each year to the Governor's Office of Strategic Planning and Budgeting. The budget is prepared by line item and/or program elements for each agency.

The budget document, as finally developed by the Governor, must be submitted to the Legislature no later than five days after the regular session convenes. The Legislature must approve the budget by passing a general and a capital outlay appropriation bill. The Governor may veto any item in an appropriation bill. Such vetoes are subject to legislative overrides. The budget can be amended throughout the year by special legislative appropriations and/or budget transfers. The State's Constitution prohibits budgeted expenditures from exceeding 7.41 percent of aggregate personal income as estimated by the Economic Estimates Commission.

The State prepares its operating budget on the cash basis of accounting. Encumbrances as of June 30 can be liquidated during a three-week administrative period known as the 13<sup>th</sup> month. At the time of the appropriation bill's passage, estimates prepared by legislative and executive branch professional staff assure the State Legislature that adequate revenues will be available to meet the level of appropriations approved. Anticipated revenue is estimated on the cash basis but is not part of the legally adopted budget. Consequently, the accompanying Budgetary Comparison Schedules only present budget to actual expenditure comparisons.

The Budgetary Comparison Schedules present all appropriation line items as passed by the State Legislature in order to demonstrate compliance with the legal level of budgetary control.

The State budgets on both an annual and biennial basis. Laws 2001, Chapter 236 appropriated biennial budgets for all state agencies. In biennial budgets, an agency receives a separate appropriation for each of two fiscal years. For "small" regulatory agencies, comprised of five to ten people, whose budgets were merely amended for technical adjustments in Laws 2002, Chapter 327, the first year appropriations do not lapse until the end of the second year. Except where specifically noted by the appropriation bills, the appropriations for all other agencies lapse at the end of each fiscal year. For the "large" fifteen state agencies, Laws 2002, Chapter 210 returned their budgets to a "one" year cycle beginning with the 2003 Legislative Session (fiscal year 2004 budget request). In prior years the "large" agencies have accounted for approximately ninety percent or more of the appropriations for the General Fund.

The budget format used by the State Legislature determines how an agency's appropriation appears in the General Appropriations Act. A less detailed format provides an agency with more discretion in implementing the budget. Conversely, a more detailed format may require an agency to use formal processes for redirecting appropriated funding. Among the possible format choices are the following:

Lump Sum – The appropriation of an agency for each fiscal year consists of a single dollar amount, thereby allowing the agency to shift funds among line items, programs and subprograms without further Legislative or Executive Branch review. Within this format, any programs or Special Line Items may be listed separately.

Modified Lump Sum – The appropriation of an agency for each fiscal year consists of at least three lines: Personal Services, Employee Related Expenditures and All Other Operating Expenditures. Any Special Line Items would be listed separately. Under this format, pursuant to ARS §35-173, an agency must seek approval of the Joint Legislative Budget Committee before moving any funding into or out of the Personal Services and Employee Related Expenditures line items. Any other funding transfers would require approval by the Department of Administration (ADOA), but not the Joint Legislative Budget Committee.

Detailed Line Item – The agency appropriation for each fiscal year consists of each line item listed in the Appropriation Report including Professional and Outside Services, Travel, Other Operating Expenditures, Equipment, Food and any Special Line Items. The same rules govern Personal Services and Employee Related Expenditures funding transfers as noted in the Modified Lump Sum description. This appropriation format requires an agency to seek ADOA approval before initiating funding transfers between all line items.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISON SCHEDULES**  
JUNE 30, 2004

During the fiscal year, \$374.653 million in supplemental appropriations net of increases and reversions were provided to major and non-major governmental funds to enhance various programs. The General Fund and the Transportation and Aviation Planning, Highway Maintenance and Safety Fund received \$281.318 and \$1.247 million, respectively, and those amounts are included in the Budgetary Comparison Schedules.

State agencies are responsible for exercising budgetary control and ensuring that expenditures do not exceed appropriations. The State Department of Administration – Financial Services Division exercises oversight and does not disburse funds in excess of appropriations.

The Governor shall have in continuous process of preparation and revision a tentative budget report for the next two ensuing years for which a budget report is required to be prepared.

Whenever the expenses of any fiscal year shall exceed the income, the Legislature *may* provide for levying a tax for the ensuing fiscal year sufficient, with other sources of income, to pay the deficiency, as well as the estimated expenses of the ensuing fiscal year.

All expenditure of the State's money must be authorized by law. Authorization can be granted directly by law or contingent upon appropriation from the State Legislature. Periodically, the State Legislature may appropriate monies for program expenditures already authorized by law, resulting in duplicate spending authority. In appropriating monies, the State Legislature has, in some cases, included external funding sources as a portion of an agency's total program expenditure authorization (budget) and has identified the external funding sources as an offset against the program appropriations total in order to reflect the State funding amount. An example of this is found in the Department of Economic Security's Long Term Care appropriation line items on pages 129 and 130. Accordingly, sometimes program expenditures may not exhaust specific legislative appropriations. To properly present the total budget (appropriation) information, in relationship to "actual" expenditure amounts, duplicate expenditure authorizations have been eliminated from general fund budget (appropriation) totals on page 139.

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
JUNE 30, 2004

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* (GASB 34), the State of Arizona reports its roads and bridges using the modified approach. Assets accounted for under the modified approach include 6,912 center lane miles (18,391 travel lane miles) of roads and 4,488 bridges that the State is responsible to maintain.

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

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

As adopted by the State Transportation Board on an annual basis, the Five-Year Transportation Facilities Construction Program contains estimated expenditures for highway system improvements and the preservation of existing roadway’s and bridges. Both of these factors impact the condition assessment of the roads and bridges as described in the following sections. The Five-Year Transportation Facilities Construction Program, in effect for fiscal year 2005 and beyond, was adopted by the Transportation Board on June 18, 2004.

This program is a dynamic instrument and adjustments are made to the annual plans based on the needs of the State to maintain the condition level of the roads and bridges at a level equal to, or greater than, the goals established by the State. In addition, not only are adjustments made during the life of the Five-Year Transportation Facilities Construction Program, circumstances may require that refinements to the individual components of the Program be made during the fiscal year.

In comparing Estimated to Actual Expenditures, significant variances can occur. These variances are primarily due to the methodology used in the preparation of the Program. In this Program, the Estimated Expenditures for the current year are based on “programmed” projects which may or may not be spent in the current year of the Program. “Programmed” expenditures consist of those items that are planned for the future and contracts that have not yet been awarded. Furthermore, the Actual Expenditures will include projects that were “programmed” for a prior year’s Estimated Expenditures but which did not occur, or were not completed, in the prior year.

The following information pertains to the condition assessment and maintenance of infrastructure assets and reflects the State’s success in achieving condition levels that exceed the established levels.

**Roads**

The mission of the ADOT Pavement Management Section (PMS) is to develop and provide a cost effective pavement rehabilitation construction program that preserves the State’s investment in its highway system and enhances public transportation and safety. The requirements of GASB 34 and the ADOT PMS both work toward the same basic goal, the efficient, effective management of the State’s assets to produce long term benefits, while minimizing expenditures.

The PMS has developed performance goals for the condition level of the pavement in the State’s highway system. These goals require periodic assessment of pavement conditions and the budget level needed to meet that goal. The goal is expressed as a measure called “Serviceability”, which can be defined as the ability of a pavement to serve the travelling public (as documented in 1961 after AASHTO Road Test, 1956-1961). Serviceability is based on detailed measurements of objective features of the pavement and many surveys since the original road test have shown that these measurements closely track the subjective opinion of the travelling public. Most commonly, this

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
 JUNE 30, 2004

number is called “Present Serviceability Rating” (PSR). PSR is a five-point scale (5 excellent, 0 impassable), similar to the Weaver/AASHTO Scale shown as follows:

Numerical Rating	PSR	Weaver/AASHTO Scale
5	Excellent	Perfect
4	Good	Very Good
3	Fair	Good
2	Poor	Fair
1	Very Poor	Poor
0	Impassable	Very Poor

The goal of the State is to maintain a condition level (PSR) rating of 3.23 or better for all roads in the State’s highway system. Annually, Transportation Material Technicians drive over the system with inertial profiling equipment and measure the roughness of the pavement. This process is continuous throughout the year in order to assess the condition level of all pavement on an annual basis. As of the end of fiscal year 2004, an overall rating of 3.8 was achieved, as shown in the following graph:

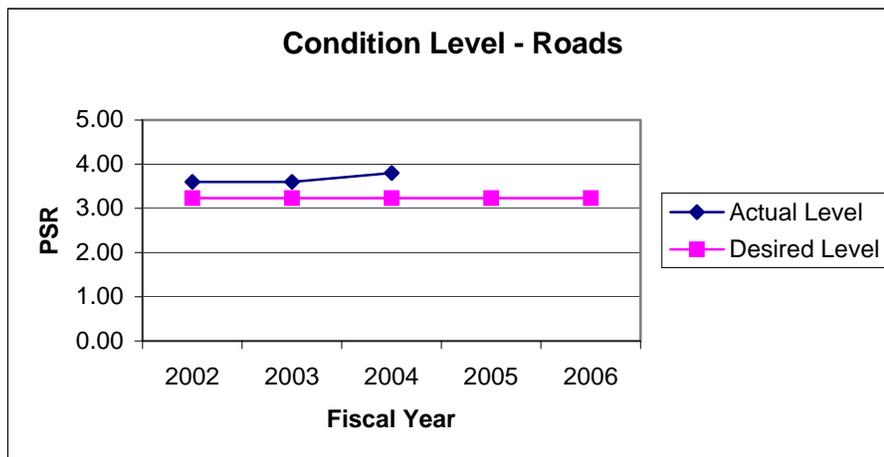


Figure 1

Preservation of the roads is accomplished through programs managed by the ADOT PMS, as well as other units within the Department. The estimated (as specified in the Program as programmed amounts) and actual expenditures for fiscal years 2002 through 2004 were as follows:

	Estimated Expenditures (in millions)	Actual Expenditures (in millions)
2002	\$227.4	\$234.8
2003	\$243.5	\$220.8
2004	\$198.5	\$215.5

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
 JUNE 30, 2004

**Bridges**

Bridges constitute a significant portion of all infrastructure assets in Arizona. As of June 30, 2004, the State owns and maintains 4,488 bridges with an approximate total deck area of 41,189,551 square feet. Bridges, for purposes of this report, include all structures erected over an opening or depression with a centerline of 20 feet or more. Information related to these bridges is stored and updated in the Arizona Bridge Information and Storage System (ABISS). This system is used to efficiently manage the bridge inventory through storing all bridge-related data and assist bridge engineers in arriving at appropriate bridge preservation decisions. Also, ABISS is used for reporting bridge inventory and condition, on a biennial basis, to the Federal Highway Administration (FHWA).

A Condition Rating Index (CRI) is used to track the condition of the bridge network. The CRI is based on four selected bridge inspection condition ratings, which in turn are based on standards established in the FHWA's Recording and Coding Guide for the Structural Inventory of the Nation's Bridges. The four selected condition ratings that are included in the CRI computation are: the bridge joints condition, the deck condition, the superstructure condition, and the substructure condition. The bridge joints condition rating is an Arizona specific rating item not included in the FHWA condition rating guidelines, whereas the three other condition ratings are federally mandated condition ratings. The CRI is computed by subtracting from one the ratio of the sum of the deck areas of all bridges with a condition rating of four or less, which indicates that the rated element is at best in a poor condition, to the total sum of the deck areas. The rating system in this guide is as follows:

Numerical Rating	Condition Rating
9	Excellent
8	Very Good
7	Good
6	Satisfactory
5	Fair
4	Poor
3	Serious
2	Critical
1	Imminent Failure

Management of the bridge inventory is a major function of ADOT's Bridge Group, and regularly scheduled biennial inspections are made of all bridges. A civil or structural engineer, licensed to practice in Arizona, performs these inspections. It is the policy of the State to maintain State highway bridges so that the CRI exceeds 92.5%. In fiscal year 2004, the CRI was computed at 93.8%.

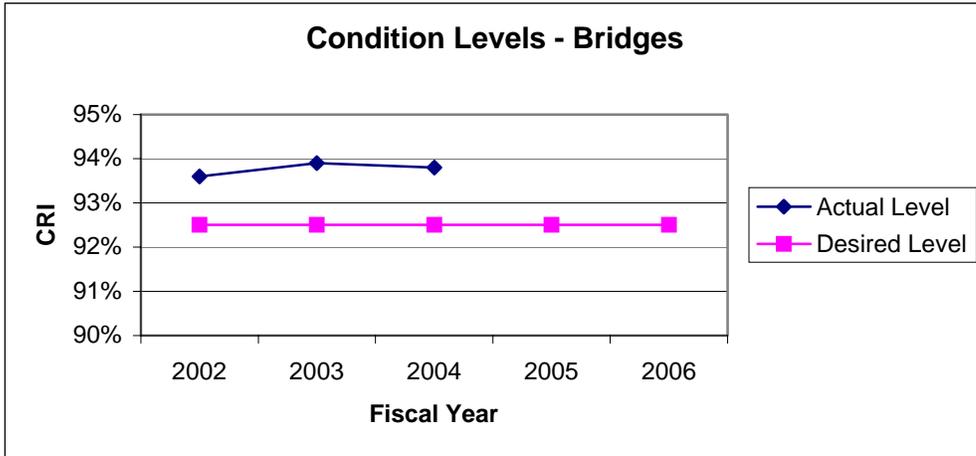


Figure 2

Bridges represent a major public investment and their inspection and maintenance is an essential function of the State in its mission of products and services for a safe, efficient, and cost effective transportation system. Figure 3 indicates that approximately 65% of the bridges in the State were constructed prior to the 1970s while only 22% have been constructed in the last two decades.

### Age of ADOT's Bridge Population

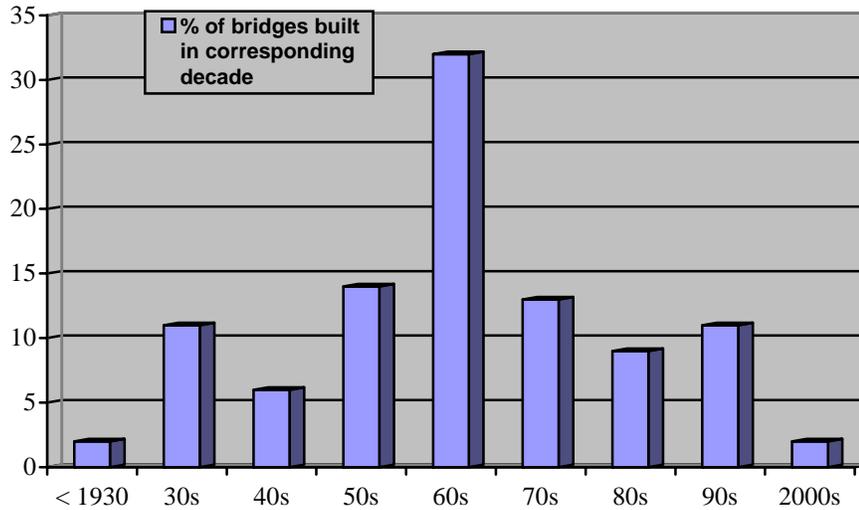


Figure 3

STATE OF ARIZONA  
REQUIRED SUPPLEMENTARY INFORMATION  
**INFRASTRUCTURE ASSETS**  
JUNE 30, 2004

Preservation of the bridges is accomplished through programs managed by the Bridge Group. The estimated (as specified in the Program as programmed amounts) and actual expenditures for fiscal years 2002 through 2004 were as follows:

Fiscal Year	Estimated Expenditures (in millions)	Actual Expenditures (in millions)
2002	\$14.4	\$18.2
2003	\$13.6	\$15.8
2004	\$12.1	\$12.2

STATE OF ARIZONA  
 REQUIRED SUPPLEMENTARY INFORMATION  
**AGENT RETIREMENT PLANS' FUNDING PROGRESS**  
 JUNE 30, 2004

Analysis of the funding progress for each of the agent, multiple-employer defined benefit plans, as of the most recent actuarial valuations, is as follows (expressed in thousands).

Plan	Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability	(Unfunded)/Funding Excess	Funded Ratio	Annual Covered Payroll	(Unfunded)/Funding Excess as Percentage of Covered Payroll
PSPRS	6/30/2004	\$ 588,237	\$ 635,120	\$ (46,883)	92.6%	\$ 69,576	(67.4)%
	6/30/2003	612,183	594,058	18,125	103.1%	71,364	25.4%
	6/30/2002	618,490	534,873	83,617	115.6%	69,923	119.6%
CORP	6/30/2004	649,029	618,373	30,656	105.0%	296,028	10.4%
	6/30/2003	632,635	552,740	79,895	114.5%	286,197	27.9%
	6/30/2002	613,427	495,124	118,303	123.9%	266,189	44.4%