



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. McTAVISH, C.P.A.
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit
Including the Provisions of the Single Audit Act

Report Number:
 05-150-05

State-Funded Judicial Operations

October 1, 2002 through September 30, 2004

Released:
 June 2005

A Single Audit is designed to meet the needs of all financial report users, including an entity's federal grantor agencies. The audit determines if the financial schedules and/or financial statements are fairly presented; considers internal control over financial reporting and internal control over federal program compliance; determines compliance with State compliance requirements material to the financial schedules and/or financial statements; and assesses compliance with direct and material requirements of the major federal programs.

Financial Schedules:

Auditor's Report Issued

We issued an unqualified opinion on the State-funded judicial operations' financial schedules.

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Internal Control Over Financial Reporting

We did not report any findings related to internal control over financial reporting.

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**Noncompliance or Other Matters
 Material to the Financial Schedules**

We did not identify any instances of noncompliance or other matters applicable to the financial schedules that are required to be reported under *Government Auditing Standards*.

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Federal Awards:

Auditor's Reports Issued on Compliance

We audited 4 programs as major programs and issued 4 unqualified opinions. The federal programs audited as major programs are identified on the back of this summary.

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Internal Control Over Major Programs

We did not report any findings related to internal control over major programs.

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Required Reporting of Noncompliance

We did not identify any instances of noncompliance that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.

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We audited the following programs as major programs:

<u><i>CFDA Number</i></u>	<u><i>Program Title</i></u>	<u><i>Compliance Opinion</i></u>
16.554	National Criminal History Improvement Program (NCHIP)	Unqualified
16.579	Byrne Formula Grant Program	Unqualified
93.586	State Court Improvement Program	Unqualified
93.597	Grants to States for Access and Visitation Programs	Unqualified

A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

June 8, 2005

The Honorable Clifford W. Taylor
Chief Justice of the Michigan Supreme Court
Michigan Hall of Justice
Lansing, Michigan

Dear Chief Justice Taylor:

This is our report on the financial audit, including the provisions of the Single Audit Act, of the State-Funded Judicial Operations for the period October 1, 2002 through September 30, 2004.

This report contains our report summary; our independent auditor's report on the financial schedules; and the State-funded judicial operations' financial schedules, notes to the financial schedules, and supplemental financial schedules. This report also contains our independent auditor's report on internal control over financial reporting and on compliance and other matters, our independent auditor's report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with U.S. Office of Management and Budget Circular A-133, and our schedule of findings and questioned costs. In addition, this report contains the State-funded judicial operations' summary schedule of prior audit findings and a glossary of acronyms and terms.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL SCHEDULES



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on the Financial Schedules

The Honorable Clifford W. Taylor
Chief Justice of the Michigan Supreme Court
Michigan Hall of Justice
Lansing, Michigan

Dear Chief Justice Taylor:

We have audited the financial schedules of the State-funded judicial operations for the fiscal years ended September 30, 2004 and September 30, 2003, as identified in the table of contents. These financial schedules are the responsibility of the State-funded judicial operations' management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the financial schedules present only the revenues and the sources and disposition of authorizations for the State-funded judicial operations' General Fund accounts, presented using the current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, these financial schedules do not purport to, and do not, constitute a complete financial presentation of either the State-funded judicial operations or the State's General Fund in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial schedules referred to in the first paragraph present fairly, in all material respects, the revenues and the sources and disposition of authorizations of the State-funded judicial operations for the fiscal years ended September 30, 2004 and September 30, 2003 on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 4, 2005 on our consideration of the State-funded judicial operations' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of the internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The schedule of expenditures of federal awards, required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and other supplemental financial schedules, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the State-funded judicial operations' financial schedules referred to in the first paragraph. Such information has been subjected to the auditing procedures applied in the audit of the financial schedules and, in our opinion, is fairly stated, in all material respects, in relation to the financial schedules taken as a whole.

AUDITOR GENERAL

March 4, 2005

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of General Fund Revenues
Fiscal Years Ended September 30

	2004	2003
REVENUES		
Miscellaneous		
Court-generated revenues:		
Court of Appeals filing fees	\$ 1,746,000	\$ 1,369,436
Community dispute resolution fees	1,958,510	1,613,773
Other court-generated revenues (Note 3)	71,890,561	52,697,263
Other	1,643,783	2,393,068
Total Miscellaneous	\$ 77,238,854	\$ 58,073,540
From federal agencies	2,851,715	2,825,645
From services	2,603,939	2,439,632
From licenses and permits	2,362,418	2,296,875
Total Revenues	\$ 85,056,925	\$ 65,635,693

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

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations
Fiscal Years Ended September 30

	<u>2004</u>	<u>2003</u>
SOURCES OF AUTHORIZATIONS (Note 2)		
General purpose appropriations	\$ 160,216,400	\$ 173,619,100
Balances carried forward (Note 4)	21,686,699	10,283,161
Restricted financing sources	<u>84,445,467</u>	<u>64,237,295</u>
 Total	 <u><u>\$ 266,348,565</u></u>	 <u><u>\$ 248,139,556</u></u>
 DISPOSITION OF AUTHORIZATIONS (Note 2)		
Expenditures	<u>\$ 246,621,704</u>	<u>\$ 232,215,174</u>
Balances carried forward:		
Encumbrances	\$ 3,891,166	\$ 6,718,415
Restricted revenues - authorized	395,656	
Restricted revenues - not authorized	<u>13,798,417</u>	<u>8,968,284</u>
Total balances carried forward (Note 4)	<u>\$ 18,085,238</u>	<u>\$ 15,686,699</u>
Balances lapsed:		
Current year appropriations	\$ 1,187,970	\$ 10,587
Carry-forward of prior years' appropriations	<u>453,653</u>	<u>227,096</u>
Total balances lapsed	<u>\$ 1,641,623</u>	<u>\$ 237,683</u>
 Total	 <u><u>\$ 266,348,565</u></u>	 <u><u>\$ 248,139,556</u></u>

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

Notes to the Financial Schedules

Note 1 Significant Accounting Policies

a. Reporting Entity

The accompanying financial schedules report the results of the financial transactions of the State-funded judicial operations for the fiscal years ended September 30, 2004 and September 30, 2003. The financial transactions of the State-funded judicial operations are accounted for principally in the State's General Fund and are reported on in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*.

The notes accompanying these financial schedules relate directly to the State-funded judicial operations. The *SOMCAFR* provides more extensive disclosures regarding the State's significant accounting policies, budgeting, budgetary control, and legal compliance; and pension benefits and other postemployment benefits.

b. Measurement Focus, Basis of Accounting, and Presentation

The financial schedules contained in this report are presented using the current financial resources measurement focus and the modified accrual basis of accounting, as provided by generally accepted accounting principles applicable to governments. Under the modified accrual basis of accounting, revenues are recognized as they become susceptible to accrual, generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred; however, certain expenditures related to long-term obligations are recorded only when payment is due and payable.

The accompanying financial schedules present only the revenues and the sources and disposition of authorizations for the State-funded judicial operations' General Fund accounts. Accordingly, these financial schedules do not purport to, and do not, constitute a complete financial

presentation of either the State-funded judicial operations or the State's General Fund in conformity with generally accepted accounting principles.

Note 2 Schedule of Sources and Disposition of General Fund Authorizations

The various elements of the schedule of sources and disposition of General Fund authorizations are defined as follows:

- a. General purpose appropriations: Original appropriations and any supplemental appropriations that are financed by General Fund/general purpose revenues.
- b. Budgetary transfers in (out): Legislatively approved transfers of spending authorization between accounts within State-funded judicial operations. These also include administrative transfers, such as entries to complete the financial closing of the State's fiscal year, that are approved by the Office of Financial Management, Department of Management and Budget.
- c. Balances carried forward: Authorizations for multi-year projects, encumbrances, restricted revenues - authorized, and restricted revenues - not authorized that were not spent as of the end of the prior fiscal year. These authorizations are available for expenditure in the current fiscal year for the purpose of the carry-forward without additional legislative authorization, except for the restricted revenues - not authorized.
- d. Restricted financing sources: Collections of restricted revenues, restricted transfers, and restricted intrafund expenditure reimbursements to finance programs as detailed in the appropriations act. These financing sources are authorized for expenditure up to the amount appropriated. Depending upon program statute, any amounts received in excess of the appropriation are, at year-end, either converted to general purpose financing sources and made available for general appropriation in the next fiscal year or carried forward to the next fiscal year as either restricted revenues - authorized or restricted revenues - not authorized.
- e. Encumbrances: Authorizations carried forward to finance payments for goods or services ordered in the old fiscal year but not received by fiscal year-end. These authorizations are generally limited to obligations funded

by general purpose appropriations. In addition to the encumbrances presented here, State-funded judicial operations encumbered \$2,968,302 of restricted financing authorization in fiscal year 2003-04. Because these encumbrances are financed with two newly established restricted funds, they are presented as restricted revenues - not authorized rather than encumbrances.

- f. Restricted revenues - authorized: Revenues that, by statute or the State Constitution, are restricted and authorized for use to a particular program or activity. Generally, these revenues may be expended upon receipt without additional legislative authorization.
- g. Restricted revenues - not authorized: Revenues that, by statute, are restricted for use to a particular program or activity. Generally, these revenues may not be expended without additional legislative authorization. For fiscal year 2003-04, this amount also included encumbrances of \$2,968,302 that were financed with restricted revenues.

Significant restricted revenues - not authorized were revenues from court fees that are deposited into the Court Fee Fund (\$2.26 million and \$2.80 million for fiscal years 2003-04 and 2002-03, respectively); juror compensation reimbursement fees that are deposited into the Juror Compensation Reimbursement Fund (\$4.70 million and \$4.12 million for fiscal years 2003-04 and 2002-03, respectively); court fees that are deposited into the Judicial Technology Improvement Fund (\$3.28 million for fiscal year 2003-04); court assessments and costs directed by law to the Drug Treatment Court Fund (\$1.26 million for fiscal year 2003-04); and community dispute resolution fees (\$1.86 million and \$1.96 million for fiscal years 2003-04 and 2002-03, respectively). The restricted revenues - not authorized represent the unexpended balance of these revenues.

- h. Balances lapsed: Authorizations that were unexpended and unobligated at the end of the fiscal year. These amounts are available for general appropriation in the subsequent fiscal year.

Note 3 Other Court-Generated Revenues

Other court-generated revenues represent revenues received from certain court fees, costs, and assessments; driver license clearance fees; and jury demand fees. These revenues are accumulated in the following General Fund subfunds as follows:

a. State Court Fund

The State Court Fund was established pursuant to Section 600.151a of the *Michigan Compiled Laws*. The State Court Fund accumulates proceeds from the collection of revenue from certain court fees. The revenues collected net of distributions to the Court Equity Fund (\$7.85 million and \$7.11 million for fiscal years 2003-04 and 2002-03, respectively) are designated for indigent civil legal assistance and the State Court Administrative Office for oversight, data collection, and court management assistance.

b. Court Equity Fund

The Court Equity Fund was established pursuant to Section 600.151b of the *Michigan Compiled Laws*. The Court Equity Fund receives revenues from the State Court Fund, the Court Fee Fund, and proceeds from the collection of certain court costs assessed by the district courts. The revenues collected in the Court Equity Fund (\$45.99 million and \$34.09 million for fiscal years 2003-04 and 2002-03, respectively) are distributed to the counties based on the counties' proportion of caseload and number of circuit, district, and probate judges for each county.

c. Court Fee Fund

The Court Fee Fund was established pursuant to Section 38.2217 of the *Michigan Compiled Laws*. The Court Fee Fund receives revenues from court fees collected in excess of amounts needed to fund the Judges' Retirement System. The revenues collected net of distributions to the reserve for health benefits and to the Court Equity Fund (\$6.55 million and \$7.38 million for fiscal years 2003-04 and 2002-03, respectively) are designated for trial court operations.

d. Juror Compensation Reimbursement Fund

The Juror Compensation Reimbursement Fund was established pursuant to Section 600.151d of the *Michigan Compiled Laws*. The Juror Compensation Reimbursement Fund accumulates proceeds from the collection of driver license clearance fees and jury demand fees. The revenues collected (\$5.44 million and \$4.12 million for fiscal years 2003-04 and 2002-03, respectively) are provided to the courts to fund the increase in the juror compensation rates that took effect October 1, 2003.

e. Judicial Technology Improvement Fund

The Judicial Technology Improvement Fund was established pursuant to Section 600.175 of the *Michigan Compiled Laws*, effective October 1, 2003. The Judicial Technology Improvement Fund accumulates proceeds from the collection of revenue from certain court fees. The revenues collected (\$4.19 million for fiscal year 2003-04) are used for the development and ongoing support of a Statewide judicial information system and to pursue technology innovations at local trial courts.

f. Justice System Fund

The Justice System Fund was established pursuant to Section 600.181 of the *Michigan Compiled Laws*, effective October 1, 2003. The Justice System Fund accumulates proceeds from the collection of revenue from certain court costs and assessments. The revenues collected net of distributions to a variety of funds, as identified in Section 600.181 of the *Michigan Compiled Laws* (\$0.56 million for fiscal year 2003-04), are designated for the State Court Administrative Office for management assistance and audit of trial court collections.

g. Drug Treatment Court Fund

The Drug Treatment Court Fund was established pursuant to Section 600.185 of the *Michigan Compiled Laws*, effective October 1, 2003. The Drug Treatment Court Fund accumulates proceeds from the collection of revenue from certain court costs and assessments. The revenues collected (\$1.31 million for fiscal year 2003-04) are used for the administration of, and the awarding of grants for, drug treatment court programs throughout the State.

Note 4 Michigan Child Support Enforcement System (MiCSES) Penalty Refund

The U.S. Department of Health and Human Services (HHS) penalized Michigan's Family Independence Agency (FIA) \$38.6 million in fiscal year 2000-01 for failing to have an operational Statewide computerized enforcement system in effect by October 1, 2000. FIA received federal certification of the Michigan Child Support Enforcement System (MiCSES) on November 24, 2003. In fiscal year 2002-03, FIA recorded a receivable for the amount estimated to be recovered and carried forward this authorization in fiscal year 2002-03.

In fiscal year 2003-04, FIA recovered \$34.8 million (90%) of the \$38.6 million penalty that had been imposed. In accordance with Section 313(3), Act 155, P.A. 2003, \$6.0 million of this penalty refund was appropriated to the Judicial Technology Improvement Fund within the State-funded judicial operations. The Department of Management and Budget transferred the \$6.0 million authorization from FIA to the State-funded judicial operations through balances carried forward rather than through General Fund appropriations. As a result, the State-funded judicial operations' balances carried forward for fiscal year 2003-04 (presented as a source of authorizations) is \$6.0 million greater than the total balances carried forward for fiscal year 2002-03 (presented as a disposition of authorizations).

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SUPPLEMENTAL
FINANCIAL SCHEDULES

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Year Ended September 30, 2004

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>SUPREME COURT</u>			
Supreme Court Administration:			
General purpose	\$ 9,520,400	\$ 739,794	\$ 722,880
Law examination fees			
Miscellaneous revenues			
Total Supreme Court Administration	<u>\$ 9,520,400</u>	<u>\$ 739,794</u>	<u>\$ 722,880</u>
Judicial Institute:			
General purpose	\$ 2,143,000	\$ (814,237)	\$ 60,986
IDG from MSP - Michigan Justice Training Fund			
DOT - Highway safety grants			
Total Judicial Institute	<u>\$ 2,143,000</u>	<u>\$ (814,237)</u>	<u>\$ 60,986</u>
State Court Administrative Office:			
General purpose	\$ 5,440,600	\$ (502,411)	\$ 483,612
Private			
State Court Fund			
HHS - Title IV-D child support program			
HHS - Court improvement project			
Miscellaneous revenues			
IDG from Michigan Department of Labor and Economic Growth			
Private - Interest on lawyers' trust accounts			
HHS - Access and visitation grants			
Justice System Fund			
Total State Court Administrative Office	<u>\$ 5,440,600</u>	<u>\$ (502,411)</u>	<u>\$ 483,612</u>
Judicial Information Systems:			
General purpose	\$ 2,410,300	\$ (29,200)	\$ 1,622,755
IDG from MSP - Criminal justice improvement			
Total Judicial Information Systems	<u>\$ 2,410,300</u>	<u>\$ (29,200)</u>	<u>\$ 1,622,755</u>
Direct Trial Court Automation Support:			
Direct Trial Court Automation Support - Local revenues	\$	\$	\$ 16,368
Total Direct Trial Court Automation Support	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,368</u>
Foster Care Review Board:			
General purpose	\$ 667,700	\$ (8,100)	\$
HHS - Title IV-E foster care program			
Total Foster Care Review Board	<u>\$ 667,700</u>	<u>\$ (8,100)</u>	<u>\$ 0</u>
Community Dispute Resolution:			
Community dispute resolution fees	\$	\$	\$ 1,963,165
Federal special education grants			
Total Community Dispute Resolution	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,963,165</u>
Drug Treatment Courts:			
General purpose	\$ 1,267,500	\$	\$ 996,720
Drug Treatment Court Fund			
IDG from Department of Community Health			
Total Drug Treatment Courts	<u>\$ 1,267,500</u>	<u>\$ 0</u>	<u>\$ 996,720</u>
Total Supreme Court	<u>\$ 21,449,500</u>	<u>\$ (614,154)</u>	<u>\$ 5,866,486</u>

This schedule continued on next page.

Restricted Financing Sources	Expenditures	Encumbrances	Restricted Revenues - Authorized	Restricted Revenues - Not Authorized	Balances Lapsed
\$	\$ 10,093,140	\$ 868,324	\$	\$	\$ 21,611
482,100	482,100				
31,000	31,000				
<u>\$ 513,100</u>	<u>\$ 10,606,240</u>	<u>\$ 868,324</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 21,611</u>
\$	\$ 1,378,623	\$ 500	\$	\$	\$ 10,625
38,504	38,504				
22,105	22,105				
<u>\$ 60,609</u>	<u>\$ 1,439,233</u>	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,625</u>
\$	\$ 4,688,704	\$ 594,042	\$	\$	\$ 139,056
224	224				
325,540	319,000		6,540		
404,355	404,355				
449,102	449,102				
106,244	106,244				
10,029	10,029				
48,545	48,545				
329,140	329,140				
558,807	169,691		389,116		
<u>\$ 2,231,986</u>	<u>\$ 6,525,034</u>	<u>\$ 594,042</u>	<u>\$ 395,656</u>	<u>\$ 0</u>	<u>\$ 139,056</u>
\$	\$ 2,898,505	\$ 1,060,494	\$	\$	\$ 44,856
463,216	463,216				
<u>\$ 463,216</u>	<u>\$ 3,361,721</u>	<u>\$ 1,060,494</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,856</u>
\$ 2,592,711	\$ 2,172,449	\$	\$	\$ 436,629	\$
<u>\$ 2,592,711</u>	<u>\$ 2,172,449</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 436,629</u>	<u>\$ 0</u>
\$	\$ 591,751	\$	\$	\$	\$ 67,849
269,727	269,727				
<u>\$ 269,727</u>	<u>\$ 861,478</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,849</u>
\$ 1,958,510	\$ 2,063,385	\$	\$	\$ 1,858,290	\$
91,983	91,983				
<u>\$ 2,050,492</u>	<u>\$ 2,155,368</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,858,290</u>	<u>\$ 0</u>
\$	\$ 1,287,266	\$ 904,514	\$	\$	\$ 72,440
1,314,382	54,282			1,260,100	
682,283	682,169			114	
<u>\$ 1,996,665</u>	<u>\$ 2,023,716</u>	<u>\$ 904,514</u>	<u>\$ 0</u>	<u>\$ 1,260,214</u>	<u>\$ 72,440</u>
\$ 10,178,507	\$ 29,145,240	\$ 3,427,873	\$ 395,656	\$ 3,555,133	\$ 356,437

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Year Ended September 30, 2004
continued

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>COURT OF APPEALS</u>			
Court of Appeals operations:			
General purpose	\$ 15,408,500	\$ (148,541)	\$ 27,431
Court filing/motion fees			
Miscellaneous revenues			
Total Court of Appeals	<u>\$ 15,408,500</u>	<u>\$ (148,541)</u>	<u>\$ 27,431</u>
<u>JUDICIAL AGENCIES</u>			
Judicial Tenure Commission - General purpose	\$ 1,004,200	\$ 425	\$
Total Judicial Agencies	<u>\$ 1,004,200</u>	<u>\$ 425</u>	<u>\$ 0</u>
<u>INDIGENT DEFENSE - CRIMINAL</u>			
Appellate Public Defender Program:			
General purpose	\$ 3,975,400	\$ (27,181)	\$
IDG from MSP - Michigan Justice Training Fund			
Miscellaneous revenues			
Private - Interest on lawyers' trust accounts			
Total Appellate Public Defender Program	<u>\$ 3,975,400</u>	<u>\$ (27,181)</u>	<u>\$ 0</u>
Appellate Assigned Counsel Administration:			
General purpose	\$ 692,200	\$ (6,353)	\$ 22,000
IDG from MSP - Michigan Justice Training Fund			
Miscellaneous revenues			
Total Appellate Assigned Counsel Administration	<u>\$ 692,200</u>	<u>\$ (6,353)</u>	<u>\$ 22,000</u>
Total Indigent Defense - Criminal	<u>\$ 4,667,600</u>	<u>\$ (33,534)</u>	<u>\$ 22,000</u>
<u>INDIGENT CIVIL LEGAL ASSISTANCE</u>			
Indigent Civil Legal Assistance - State Court Fund	\$	\$	\$
Total Indigent Civil Legal Assistance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>JUSTICES' AND JUDGES' COMPENSATION</u>			
Supreme Court justices' salaries - General purpose	\$ 1,152,300	\$	\$
Court of Appeals judges' salaries - General purpose	4,240,300		
District court judges' State base salaries - General purpose	23,946,700	(28,651)	
District court judicial salary standardization - General purpose	11,831,100		
Probate court judges' State base salaries - General purpose	7,684,300		
Probate court judges' salaries - Court Fee Fund			
Probate court judicial salary standardization - General purpose	3,693,700	18,399	
Probate court judicial salary standardization - Court Fee Fund			
Circuit court judges' State base salaries - General purpose	17,052,500	(30,077)	
Circuit court judges' salaries - Court Fee Fund			
Circuit court judicial salary standardization - General purpose	8,277,600	170,328	
Circuit court judicial salary standardization - Court Fee Fund			
OASI - Social Security - General purpose	4,738,200		
Judges' Retirement System - defined contributions - General purpose	2,557,800		
Total Justices' and Judges' Compensation	<u>\$ 85,174,500</u>	<u>\$ 130,000</u>	<u>\$ 0</u>
<u>BRANCHWIDE APPROPRIATIONS</u>			
Branchwide appropriations - General purpose	\$ 8,126,000	\$ 165,804	\$ 9,488
Total Branchwide Appropriations	<u>\$ 8,126,000</u>	<u>\$ 165,804</u>	<u>\$ 9,488</u>

This schedule continued on next page.

Restricted Financing Sources	Expenditures	Encumbrances	Restricted Revenues - Authorized	Restricted Revenues - Not Authorized	Balances Lapsed
\$	\$ 15,214,210	\$ 73,180	\$	\$	\$
1,746,000	1,746,000				
77,800	77,800				
<u>\$ 1,823,800</u>	<u>\$ 17,038,010</u>	<u>\$ 73,180</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 944,625	\$ 60,000	\$	\$	\$
<u>\$ 0</u>	<u>\$ 944,625</u>	<u>\$ 60,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 3,930,469	\$ 17,750	\$	\$	\$ 0
245,457	245,457				
76,094	76,094				
12,554	12,554				
<u>\$ 334,105</u>	<u>\$ 4,264,574</u>	<u>\$ 17,750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 695,823	\$ 12,000	\$	\$	\$ 23
20,803	20,803				
275	275				
<u>\$ 21,078</u>	<u>\$ 716,901</u>	<u>\$ 12,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23</u>
\$ 355,183	\$ 4,981,475	\$ 29,750	\$ 0	\$ 0	\$ 23
\$ 7,524,265	\$ 7,524,265	\$	\$	\$	\$
<u>\$ 7,524,265</u>	<u>\$ 7,524,265</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 1,150,214	\$	\$	\$	\$ 2,086
	4,232,664				7,636
	23,657,090				260,960
	11,703,505				127,595
	7,668,807				15,493
1,484,200	1,484,200				
	3,712,099				
713,400	713,400				
	17,022,423				
3,293,800	3,293,800				
	8,447,928				
1,598,800	1,598,800				
	4,586,562				151,638
	2,093,817				463,983
<u>\$ 7,090,200</u>	<u>\$ 91,365,311</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,029,389</u>
\$	\$ 8,127,117	\$ 174,175	\$	\$	\$
<u>\$ 0</u>	<u>\$ 8,127,117</u>	<u>\$ 174,175</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATE-FUNDED JUDICIAL OPERATIONS

Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit

Fiscal Year Ended September 30, 2004

continued

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>TRIAL COURT OPERATIONS</u>			
Court Equity Fund reimbursements:			
General purpose	\$ 24,886,100	\$	\$ 279,037
Court Equity Fund			
Court Fee Fund			2,804,838
Judicial Technology Improvement Fund			8,493,505
Total Trial Court Operations	<u>\$ 24,886,100</u>	<u>\$ 0</u>	<u>\$ 11,577,381</u>
<u>GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT</u>			
Drunk Driving Caseflow Program - Drunk Driving Caseflow Assistance Fund	\$	\$	\$ 68,742
Drug Caseflow Program - Drug Case Information Management Fund			
Court Equity Fund reimbursement - Juror Compensation Reimbursement Fund			4,115,171
Total Grants and Reimbursements to Local Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,183,913</u>
<u>JUDICIARY REDUCTIONS</u>			
General purpose	\$ (500,000)	\$ 500,000	\$
Total Judiciary Reductions	<u>\$ (500,000)</u>	<u>\$ 500,000</u>	<u>\$ 0</u>
Total State-Funded Judicial Operations	<u>\$ 160,216,400</u>	<u>\$ 0</u>	<u>\$ 21,686,699</u>

<u>Restricted Financing Sources</u>	<u>Expenditures</u>	<u>Encumbrances</u>	<u>Restricted Revenues - Authorized</u>	<u>Restricted Revenues - Not Authorized</u>	<u>Balances Lapsed</u>
\$	\$ 24,909,363	\$	\$	\$	\$ 255,774
45,992,830	45,992,830				
(544,630)				2,260,209	
4,191,460	9,274,453	126,188		3,284,324	
<u>\$ 49,639,660</u>	<u>\$ 80,176,647</u>	<u>\$ 126,188</u>	<u>\$ 0</u>	<u>\$ 55,544,533</u>	<u>\$ 255,774</u>
\$ 2,171,142	\$ 2,239,884	\$	\$	\$	\$
225,002	225,002				
5,437,708	4,854,128			4,698,751	
<u>\$ 7,833,852</u>	<u>\$ 7,319,014</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,698,751</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 84,445,467</u>	<u>\$ 246,621,704</u>	<u>\$ 3,891,166</u>	<u>\$ 395,656</u>	<u>\$ 13,798,417</u>	<u>\$ 1,641,623</u>

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Year Ended September 30, 2003

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>SUPREME COURT</u>			
Supreme Court Administration:			
General purpose	\$ 10,214,300	\$ 394,653	\$ 542,093
Law examination fees			
Miscellaneous revenues			1,455
Total Supreme Court Administration	<u>\$ 10,214,300</u>	<u>\$ 394,653</u>	<u>\$ 543,549</u>
Judicial Institute:			
General purpose	\$ 2,193,700	\$ (727,178)	\$ 245,575
IDG from MSP - Michigan Justice Training Fund			
DOT - Highway safety grants			
Miscellaneous revenues			
DOJ - Victims assistance programs			
HHS - Domestic violence prevention			
Total Judicial Institute	<u>\$ 2,193,700</u>	<u>\$ (727,178)</u>	<u>\$ 245,575</u>
State Court Administrative Office:			
General purpose	\$ 6,149,700	\$ (1,452,107)	\$ 302,691
State Court Fund			
HHS - Title IV-D child support program			
HHS - Court improvement project			
Miscellaneous revenues			
IDG from Michigan Department of Labor and Economic Growth			
Private - Interest on lawyers' trust accounts			
HHS - Access and visitation grants			
Total State Court Administrative Office	<u>\$ 6,149,700</u>	<u>\$ (1,452,107)</u>	<u>\$ 302,691</u>
Judicial Information Systems:			
General purpose	\$ 2,571,400	\$ 751,584	\$ 972,930
IDG from MSP - Criminal justice improvement			
Total Judicial Information Systems	<u>\$ 2,571,400</u>	<u>\$ 751,584</u>	<u>\$ 972,930</u>
Direct Trial Court Automation Support:			
Local revenues	\$	\$	\$ 270,468
Total Direct Trial Court Automation Support	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 270,468</u>
Foster Care Review Board:			
General purpose	\$ 745,000	\$ (142,464)	\$ 408
HHS - Title IV-E foster care program			
Total Foster Care Review Board	<u>\$ 745,000</u>	<u>\$ (142,464)</u>	<u>\$ 408</u>
Community Dispute Resolution:			
General purpose	\$ 565,400	\$ (5,700)	\$
Community dispute resolution fees			1,783,643
USDA - Agricultural mediation grants			
DOE - Special education grants			
Total Community Dispute Resolution	<u>\$ 565,400</u>	<u>\$ (5,700)</u>	<u>\$ 1,783,643</u>
Drug Treatment Courts:			
General purpose	\$ 1,281,700	\$ (12,900)	\$ 1,083,872
Total Drug Treatment Courts	<u>\$ 1,281,700</u>	<u>\$ (12,900)</u>	<u>\$ 1,083,872</u>
Total Supreme Court	<u>\$ 23,721,200</u>	<u>\$ (1,194,113)</u>	<u>\$ 5,203,136</u>

This schedule continued on next page.

Restricted Financing Sources	Expenditures	Encumbrances	Restricted Revenues - Authorized	Restricted Revenues - Not Authorized	Balances Lapsed
\$	\$ 10,424,470	\$ 722,880	\$	\$	\$ 3,696
482,100	482,100				
29,240	30,695				
<u>\$ 511,340</u>	<u>\$ 10,937,266</u>	<u>\$ 722,880</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,696</u>
\$	\$ 1,650,917	\$ 60,986	\$	\$	\$ 195
63,047	63,047				
11,048	11,048				
90	90				
41,422	41,422				
44,539	44,539				
<u>\$ 160,146</u>	<u>\$ 1,811,063</u>	<u>\$ 60,986</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 195</u>
\$	\$ 4,506,820	\$ 483,612	\$	\$	\$ 9,851
296,129	296,129				
479,962	479,962				
263,628	263,628				
104,665	104,665				
28,432	28,432				
63,111	63,111				
274,135	274,135				
<u>\$ 1,510,062</u>	<u>\$ 6,016,882</u>	<u>\$ 483,612</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 9,851</u>
\$	\$ 2,576,846	\$ 1,622,755	\$	\$	\$ 96,313
1,039,399	1,039,399				
<u>\$ 1,039,399</u>	<u>\$ 3,616,245</u>	<u>\$ 1,622,755</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 96,313</u>
\$ 2,439,632	\$ 2,693,733	\$	\$	\$ 16,368	\$
<u>\$ 2,439,632</u>	<u>\$ 2,693,733</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,368</u>	<u>\$ 0</u>
\$	\$ 602,938	\$	\$	\$	\$ 5
289,884	289,884				
<u>\$ 289,884</u>	<u>\$ 892,823</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5</u>
\$	\$ 559,700	\$	\$	\$ 1,963,165	\$
1,613,773	1,434,251				
70,538	70,538				
93,434	93,434				
<u>\$ 1,777,745</u>	<u>\$ 2,157,922</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,963,165</u>	<u>\$ 0</u>
\$	\$ 1,355,952	\$ 996,720	\$	\$	\$
<u>\$ 0</u>	<u>\$ 1,355,952</u>	<u>\$ 996,720</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 7,728,208	\$ 29,481,886	\$ 3,886,953	\$ 0	\$ 1,979,533	\$ 110,060

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Year Ended September 30, 2003
continued

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>COURT OF APPEALS</u>			
Court of Appeals operations:			
General purpose	\$ 16,077,100	\$ (278,800)	\$ 252,748
Court filing/motion fees			
Total Court of Appeals	<u>\$ 16,077,100</u>	<u>\$ (278,800)</u>	<u>\$ 252,748</u>
<u>JUDICIAL AGENCIES</u>			
Judicial Tenure Commission - General purpose	\$ 1,004,600	\$ (66,210)	\$
Total Judicial Agencies	<u>\$ 1,004,600</u>	<u>\$ (66,210)</u>	<u>\$ 0</u>
<u>INDIGENT DEFENSE- CRIMINAL</u>			
Appellate Public Defender Program:			
General purpose	\$ 4,325,800	\$ (270,459)	\$
IDG from MSP - Michigan Justice Training Fund			
Miscellaneous revenues			10
Private - Interest on lawyers' trust accounts			
DOJ - Assigned criminal defense			
Total Appellate Public Defender Program	<u>\$ 4,325,800</u>	<u>\$ (270,459)</u>	<u>\$ 10</u>
Appellate Assigned Counsel Administration:			
General purpose	\$ 797,100	\$ (76,808)	\$ 57,820
IDG from MSP - Michigan Justice Training Fund			
Miscellaneous revenues			
Total Appellate Assigned Counsel Administration	<u>\$ 797,100</u>	<u>\$ (76,808)</u>	<u>\$ 57,820</u>
Total Indigent Defense - Criminal	<u>\$ 5,122,900</u>	<u>\$ (347,267)</u>	<u>\$ 57,830</u>
<u>INDIGENT CIVIL LEGAL ASSISTANCE</u>			
Indigent civil legal assistance - State Court Fund	\$	\$	\$
Total Indigent Civil Legal Assistance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>JUSTICES' AND JUDGES' COMPENSATION</u>			
Supreme Court justices' salaries - General purpose	\$ 1,164,100	\$ (40,643)	\$
Court of Appeals judges' salaries - General purpose	4,283,600	(223,804)	
District court judges' State base salaries - General purpose	24,297,500	(1,269,977)	
District court judicial salary standardization - General purpose	11,796,800	(186,316)	
Probate court judges' State base salaries - General purpose	7,765,500	(236,117)	
Probate court judges' salaries - Court Fee Fund			
Probate court judicial salary standardization - General purpose	3,647,700	18,052	
Probate court judicial salary standardization - Court Fee Fund			
Circuit court judges' State base salaries - General purpose	17,239,400	(714,787)	
Circuit court judges' salaries - Court Fee Fund			
Circuit court judicial salary standardization - General purpose	8,229,800	(162,927)	
Circuit court judicial salary standardization - Court Fee Fund			
OASI - Social Security - General purpose	4,630,200	(173,844)	
Judges' Retirement System - defined contributions - General purpose	2,566,600	(369,176)	
Total Justices' and Judges' Compensation	<u>\$ 85,621,200</u>	<u>\$ (3,359,541)</u>	<u>\$ 0</u>
<u>BRANCHWIDE APPROPRIATIONS</u>			
Branchwide appropriations - General purpose	\$ 9,458,100	\$ (527,398)	\$
Total Branchwide Appropriations	<u>\$ 9,458,100</u>	<u>\$ (527,398)</u>	<u>\$ 0</u>

This schedule continued on next page.

Restricted Financing Sources	Expenditures	Encumbrances	Restricted Revenues - Authorized	Restricted Revenues - Not Authorized	Balances Lapsed
\$	\$ 16,013,203	\$ 27,431	\$	\$	\$ 10,414
1,369,436	1,369,436				
<u>\$ 1,369,436</u>	<u>\$ 17,382,639</u>	<u>\$ 27,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,414</u>
\$	\$ 938,390	\$	\$	\$	\$
0	938,390	0	0	0	0
<u>\$ 0</u>	<u>\$ 938,390</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 4,055,341	\$	\$	\$	\$
210,017	210,017				
120,592	120,602				
23,238	23,238				
33,300	33,300				
<u>\$ 387,147</u>	<u>\$ 4,442,498</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 744,292	22,000	\$	\$	\$ 11,820
9,696	9,696				
4,075	4,075				
<u>\$ 13,771</u>	<u>\$ 758,063</u>	<u>\$ 22,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,820</u>
\$ 400,917	\$ 5,200,561	\$ 22,000	\$ 0	\$ 0	\$ 11,820
<u>\$ 6,810,969</u>	<u>\$ 6,810,969</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 6,810,969</u>	<u>\$ 6,810,969</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$	\$ 1,123,457	\$	\$	\$	\$
	4,059,796				
	23,027,523				
	11,610,483				1
	7,529,383				
1,489,000	1,489,000				
	3,665,752				
699,400	699,400				
	16,524,613				
3,323,800	3,323,800				
	8,066,873				
1,578,000	1,578,000				
	4,456,356				
	2,197,424				
<u>\$ 7,090,200</u>	<u>\$ 89,351,859</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1</u>
\$	\$ 8,921,214	\$ 9,488	\$	\$	\$
0	8,921,214	9,488	0	0	0
<u>\$ 0</u>	<u>\$ 8,921,214</u>	<u>\$ 9,488</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Sources and Disposition of General Fund Authorizations by Appropriation Unit
Fiscal Year Ended September 30, 2003
continued

Appropriation Unit	General Purpose Appropriations	Budgetary Transfers In (Out)	Balances Carried Forward
<u>TRIAL COURT OPERATIONS</u>			
Court Equity Fund reimbursements:			
General purpose	\$ 34,636,800	\$ (349,600)	\$ 768,049
Court Equity Fund			
Court Fee Fund			2,513,275
Judicial Technology Improvement Fund	1,924,300	1,937,063	1,239,030
Court boundary realignment costs	150,000	88,766	
Total Trial Court Operations	<u>\$ 36,711,100</u>	<u>\$ 1,676,229</u>	<u>\$ 4,520,354</u>
<u>GRANTS AND REIMBURSEMENTS TO LOCAL GOVERNMENT</u>			
Drunk Driving Caseflow Program - Drunk Driving Caseflow Assistance Fund	\$	\$	\$ 249,092
Drug Caseflow Program - Drug Case Information Management Fund			
Court Equity Fund reimbursements - Juror Compensation Reimbursement Fund			
Total Grants and Reimbursements to Local Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 249,092</u>
<u>EARLY RETIREMENT AND BUDGETARY SAVINGS</u>			
Early retirement savings	\$ (891,200)	\$ 891,200	\$
Budgetary savings	(3,205,900)	3,205,900	
Total Early Retirement and Budgetary Savings	<u>\$ (4,097,100)</u>	<u>\$ 4,097,100</u>	<u>\$ 0</u>
Total State-Funded Judicial Operations	<u>\$ 173,619,100</u>	<u>\$ 0</u>	<u>\$ 10,283,161</u>

Restricted Financing Sources	Expenditures	Encumbrances	Restricted Revenues - Authorized	Restricted Revenues - Not Authorized	Balances Lapsed
\$	\$ 34,776,181	279,037	\$	\$	\$ 30
34,093,231	34,093,231				
291,563	2,501,530	2,493,505		2,804,838	105,359
	238,766				
<u>\$ 34,384,794</u>	<u>\$ 71,609,707</u>	<u>\$ 2,772,542</u>	<u>\$ 0</u>	<u>\$ 2,804,838</u>	<u>\$ 105,389</u>
\$ 2,119,650	\$ 2,300,000	\$	\$	\$ 68,742	\$
217,950	217,950				
4,115,171				4,115,171	
<u>\$ 6,452,771</u>	<u>\$ 2,517,950</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,183,912</u>	<u>\$ 0</u>
\$	\$	\$	\$	\$	\$
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>\$ 64,237,295</u>	<u>\$ 232,215,174</u>	<u>\$ 6,718,415</u>	<u>\$ 0</u>	<u>\$ 8,968,284</u>	<u>\$ 237,683</u>

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Expenditures of Federal Awards (1)
For the Period October 1, 2002 through September 30, 2004

Federal Agency/Program	CFDA (2) Number	Pass-Through Identification Number	For the Fiscal Year Ended September 30, 2003		
			Directly Expended	Distributed to Subrecipient	Total Expended and Distributed
U.S. Department of Agriculture					
Direct Program:					
State Mediation Grants	10.435		\$ 15,960	\$ 56,768	\$ 72,728
Total U.S. Department of Agriculture			\$ 15,960	\$ 56,768	\$ 72,728
U.S. Department of Justice					
Direct Programs:					
Edward Byrne Memorial State and Local Law Enforcement Assistance					
Discretionary Grants Program	16.580		\$ 33,300	\$	\$ 33,300
Drug Court Discretionary Grant Program	16.585		42,199		42,199
Total Direct Programs			\$ 75,499	\$ 0	\$ 75,499
Pass-Through Programs:					
Michigan Department of State Police					
National Criminal History Improvement Program (NCHIP)	16.554	2000RH-CX-K019	\$ 1,039,399	\$	\$ 1,039,399
Michigan Department of Community Health					
Byrne Formula Grant Program	16.579	20041160	\$	\$	\$ 0
Total Pass-Through Programs			\$ 1,083,938	\$ 0	\$ 1,083,938
Michigan Family Independence Agency					
Violence Against Women Formula Grants	16.588	03-IA-18	\$ 44,539	\$	\$ 44,539
Total U.S. Department of Justice			\$ 1,159,437	\$ 0	\$ 1,159,437
U.S. Department of Transportation					
Pass-Through Programs:					
Michigan Department of State Police					
State and Community Highway Safety	20.600	AL-04-01	\$	\$	\$ 0
Alcohol Traffic Safety and Drunk Driving Prevention Incentives Grants					
Alcohol Traffic Safety and Drunk Driving Prevention Incentives Grants	20.601	J8-03-01	\$ 11,208	\$	\$ 11,208
Total Alcohol Traffic Safety and Drunk Driving Prevention Incentives Grants	20.601	AL-04-01	\$ 11,208	\$ 0	\$ 11,208
Total U.S. Department of Transportation			\$ 11,208	\$ 0	\$ 11,208
U.S. Department of Education					
Pass-Through Program:					
Michigan Department of Education					
Special Education - Grants to States	84.027	030490-3D33	\$ 61,986	\$ 37,730	\$ 99,716
Special Education - Grants to States	84.027	040490-3D33			0
Total U.S. Department of Education			\$ 61,986	\$ 37,730	\$ 99,716
U.S. Department of Health and Human Services					
Direct Program:					
State Court Improvement Program	93.586		\$ 191,961	\$ 92,262	\$ 284,223
Total Direct Program			\$ 191,961	\$ 92,262	\$ 284,223
Pass-Through Programs:					
Michigan Department of Labor and Economic Growth					
Temporary Assistance for Needy Families	93.558	03-IA-001	\$ 31,846	\$	\$ 31,846
Temporary Assistance for Needy Families	93.558	03-IA-024			0
Total Temporary Assistance for Needy Families			\$ 31,846	\$ 0	\$ 31,846
Michigan Family Independence Agency					
Child Support Enforcement	93.563	03-IA-08	\$ 533,805	\$	\$ 533,805
Child Support Enforcement	93.563	04-IA-13			0
Total Child Support Enforcement			\$ 533,805	\$ 0	\$ 533,805
Grants to States for Access and Visitation Programs					
Grants to States for Access and Visitation Programs	93.597	03-IA-07	\$ 10,627	\$ 264,476	\$ 275,103
Grants to States for Access and Visitation Programs	93.597	04-IA-12			0
Total Grants to States for Access and Visitation Programs			\$ 10,627	\$ 264,476	\$ 275,103

This schedule continued on next page.

For the Fiscal Year Ended September 30, 2004			Total Expended and Distributed
Directly Expended	Distributed to Subrecipient	Total Expended and Distributed	for the Two-Year Period
\$	\$	\$ 0	\$ 72,728
\$ 0	\$ 0	\$ 0	\$ 72,728
\$	\$	\$ 0	\$ 33,300
		0	42,199
\$ 0	\$ 0	\$ 0	\$ 75,499
\$ 463,216	\$	\$ 463,216	\$ 1,502,615
\$	\$ 682,169	\$ 682,169	\$ 682,169
\$ 463,216	\$ 682,169	\$ 1,145,385	\$ 2,229,323
\$	\$	\$ 0	\$ 44,539
\$ 463,216	\$ 682,169	\$ 1,145,385	\$ 2,304,822
\$ 3,355	\$	\$ 3,355	\$ 3,355
\$	\$	\$ 0	\$ 11,208
18,750		18,750	18,750
\$ 18,750	\$ 0	\$ 18,750	\$ 29,958
\$ 22,105	\$ 0	\$ 22,105	\$ 33,313
\$	\$	\$ 0	\$ 99,716
58,477	38,425	96,902	96,902
\$ 58,477	\$ 38,425	\$ 96,902	\$ 196,618
\$ 325,143	\$ 53,703	\$ 378,846	\$ 663,069
\$ 325,143	\$ 53,703	\$ 378,846	\$ 663,069
\$	\$	\$ 0	\$ 31,846
11,513		11,513	11,513
\$ 11,513	\$ 0	\$ 11,513	\$ 43,359
\$	\$	\$ 0	\$ 533,805
461,759		461,759	461,759
\$ 461,759	\$ 0	\$ 461,759	\$ 995,564
\$ 25,841	\$ 5,672	\$ 31,513	\$ 306,616
13,205	286,112	299,317	299,317
\$ 39,046	\$ 291,784	\$ 330,830	\$ 605,933

STATE-FUNDED JUDICIAL OPERATIONS
Schedule of Expenditures of Federal Awards (1)
For the Period October 1, 2002 through September 30, 2004
continued

Federal Agency/Program	CFDA (2) Number	Pass-Through Identification Number	For the Fiscal Year Ended September 30, 2003		
			Directly Expended	Distributed to Subrecipient	Total Expended and Distributed
Children's Justice Grants to States	93.643	03-IA-38	\$	\$	\$ 0
Total Children's Justice Grants to States			\$ 0	\$ 0	\$ 0
Foster Care - Title IV-E	93.658	03-IA-04	\$ 324,401	\$	\$ 324,401
Foster Care - Title IV-E	93.658	04-IA-02			0
Total Foster Care - Title IV-E			\$ 324,401	\$ 0	\$ 324,401
Total Michigan Family Independence Agency			\$ 868,833	\$ 264,476	\$ 1,133,309
Total Pass-Through Programs			\$ 900,679	\$ 264,476	\$ 1,165,155
Total U.S. Department of Health and Human Services			\$ 1,092,640	\$ 356,738	\$ 1,449,378
Total Expenditures of Federal Awards			\$ 2,341,231	\$ 451,236	\$ 2,792,467

(1) Basis of Presentation: This schedule includes the federal grant activity of the State-funded judicial operations and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial schedules.

(2) CFDA is defined as *Catalog of Federal Domestic Assistance*.

For the Fiscal Year Ended September 30, 2004			Total Expended and Distributed for the Two-Year Period
Directly Expended	Distributed to Subrecipient	Total Expended and Distributed	
102,304	\$	\$ 102,304	\$ 102,304
<u>\$ 102,304</u>	<u>\$ 0</u>	<u>\$ 102,304</u>	<u>\$ 102,304</u>
\$ 301,959	\$	\$ 0	\$ 324,401
<u>\$ 301,959</u>	<u>\$ 0</u>	<u>\$ 301,959</u>	<u>\$ 301,959</u>
<u>\$ 905,068</u>	<u>\$ 291,784</u>	<u>\$ 1,196,852</u>	<u>\$ 626,360</u>
<u>\$ 916,581</u>	<u>\$ 291,784</u>	<u>\$ 1,208,365</u>	<u>\$ 2,330,161</u>
<u>\$ 1,241,724</u>	<u>\$ 345,487</u>	<u>\$ 1,587,211</u>	<u>\$ 3,036,589</u>
<u><u>\$ 1,785,522</u></u>	<u><u>\$ 1,066,081</u></u>	<u><u>\$ 2,851,603</u></u>	<u><u>\$ 5,644,070</u></u>

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INDEPENDENT AUDITOR'S REPORTS ON INTERNAL CONTROL AND COMPLIANCE



STATE OF MICHIGAN
OFFICE OF THE AUDITOR GENERAL
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

The Honorable Clifford W. Taylor
Chief Justice of the Michigan Supreme Court
Michigan Hall of Justice
Lansing, Michigan

Dear Chief Justice Taylor:

We have audited the financial schedules of the State-funded judicial operations for the fiscal years ended September 30, 2004 and September 30, 2003, as identified in the table of contents, and have issued our report thereon dated March 4, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the State-funded judicial operations' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial schedules and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial schedules being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State-funded judicial operations' financial schedules are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial schedule amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the State-funded judicial operations' management, the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

March 4, 2005



STATE OF MICHIGAN
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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on Compliance With
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance With OMB Circular A-133

The Honorable Clifford W. Taylor
Chief Justice of the Michigan Supreme Court
Michigan Hall of Justice
Lansing, Michigan

Dear Chief Justice Taylor:

Compliance

We have audited the compliance of the State-funded judicial operations with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each major federal program for the two-year period ended September 30, 2004. The State-funded judicial operations' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each major federal program is the responsibility of the State-funded judicial operations' management. Our responsibility is to express an opinion on the State-funded judicial operations' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to in the previous paragraph that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State-funded judicial operations' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a

reasonable basis for our opinion. Our audit does not provide a legal determination of the State-funded judicial operations' compliance with those requirements.

In our opinion, the State-funded judicial operations complied, in all material respects, with the requirements referred to in the first paragraph that are applicable to each major federal program for the two-year period ended September 30, 2004.

Internal Control Over Compliance

The management of the State-funded judicial operations is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State-funded judicial operations' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the State-funded judicial operations' management, the Legislature, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

AUDITOR GENERAL

March 4, 2005

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I: Summary of Auditor's Results

Financial Schedules

Type of auditor's report issued:	Unqualified*
Internal control* over financial reporting:	
Material weaknesses* identified?	No
Reportable conditions* identified that are not considered to be material weaknesses?	None reported
Noncompliance or other matters material to the financial schedules?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified that are not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget (OMB) Circular A-133, Section 510(a)?	No

* See glossary at end of report for definition.

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
16.554	National Criminal History Improvement Program (NCHIP)
16.579	Byrne Formula Grant Program
93.586	State Court Improvement Program
93.597	Grants to States for Access and Visitation Programs

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low-risk auditee*? No

Section II: Findings Related to the Financial Schedules

We did not report any findings related to the financial schedules.

The status of the findings related to the financial schedules that were reported in prior Single Audits is disclosed in the summary schedule of prior audit findings.

Section III: Findings and Questioned Costs* Related to Federal Awards

We did not report any findings related to federal awards.

* See glossary at end of report for definition.

OTHER SCHEDULES

STATE-FUNDED JUDICIAL OPERATIONS
Summary Schedule of Prior Audit Findings
As of September 30, 2004

PRIOR AUDIT FINDINGS RELATED TO THE FINANCIAL SCHEDULES

Audit Findings That Have Been Fully Corrected:

Audit Period: October 1, 2000 through September 30, 2002
Finding Number: 050301
Finding Title: Schedule of Expenditures of Federal Awards (SEFA)

Finding: The Judiciary did not reconcile and verify the information reported in its SEFA to Michigan Administrative Information Network* (MAIN) records and the federal grant award agreements. As a result, the Judiciary did not originally report accurate federal grant information in its fiscal year 2000-01 and 2001-02 SEFAs provided to the Office of the Auditor General, the Department of Management and Budget, the House and Senate Fiscal Agencies, and the applicable federal agencies.

Comments: Beginning with fiscal year 2002-03, the Judiciary reconciled its internal financial system to the MAIN reports periodically (quarterly as time permits) and used the reconciled information to prepare the SEFA.

Audit Period: October 1, 2000 through September 30, 2002
Finding Number: 050302
Finding Title: Payroll Process Internal Control

Finding: The Judiciary should improve its internal control over the time and attendance processing of payroll.

* See glossary at end of report for definition.

Comments: The Judiciary began a phased implementation of the Data Collection and Distribution System* (DCDS) time collection system, which was completed as of September 30, 2004, with the exception of three autonomous judicial agencies (State Appellate Defender Office, Michigan Appellate Assigned Council System, and Judicial Tenure Commission). This system should eliminate errors and irregularities.

Audit Period: October 1, 2000 through September 30, 2002

Finding Number: 050303

Finding Title: Financial Transaction Internal Control

Finding: The Judiciary needs to improve its internal control to ensure that revenues and expenditures are recognized and recorded in the proper fiscal year.

Comments: The Judiciary devoted additional staff to verifying the accuracy of its financial data, including the reconciliations referred to in the comments under Finding 050301.

PRIOR AUDIT FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards in the prior Single Audit.

* See glossary at end of report for definition.

STATE-FUNDED JUDICIAL OPERATIONS

Corrective Action Plan

As of March 4, 2005

FINDINGS RELATED TO THE FINANCIAL SCHEDULES

There were no findings related to the financial schedules for fiscal years 2002-03 and 2003-04.

FINDINGS RELATED TO FEDERAL AWARDS

There were no findings related to federal awards for the two-year period ended September 30, 2004.

GLOSSARY

Glossary of Acronyms and Terms

<i>CFDA</i>	<i>Catalog of Federal Domestic Assistance.</i>
Data Collection and Distribution System (DCDS)	The State's client/server system that records, allocates, and distributes payroll costs within the accounting system for MAIN HRS.
DOE	U.S. Department of Education.
DOJ	U.S. Department of Justice.
DOT	U.S. Department of Transportation.
FIA	Family Independence Agency.
financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules and/or financial statements of an audited entity are fairly presented in conformity with the disclosed basis of accounting.
HHS	U.S. Department of Health and Human Services.
IDG	interdepartmental grant.
internal control	A process, effected by management, designed to provide reasonable assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
low-risk auditee	As provided for in OMB Circular A-133, an auditee that may qualify for reduced federal audit coverage if it receives an annual Single Audit and it meets other criteria related to prior audit results. In accordance with State statute, this Single Audit was conducted on a biennial basis; consequently, this auditee is not considered a low-risk auditee.

material misstatement	A misstatement in the financial schedules and/or financial statements that causes the schedules and/or statements to not present fairly the financial position or the changes in financial position or cash flows in conformity with the disclosed basis of accounting.
material noncompliance	Violations of laws and regulations that could have a direct and material effect on major federal programs or on financial schedule and/or statement amounts.
material weakness	A reportable condition related to the design or operation of internal control that does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial schedules and/or financial statements or noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.
Michigan Administrative Information Network (MAIN)	The State's fully integrated automated administrative management system that supports the accounting, payroll, purchasing, contracting, budgeting, personnel, and revenue management activities and requirements. MAIN consists of four major components: MAIN Enterprise Information System (EIS); MAIN Financial Administration and Control System (FACS); MAIN Human Resource System (HRS); and MAIN Management Information Database (MIDB).
MSP	Michigan Department of State Police.
OASI	Old Age Survivor's Insurance.
OMB	U.S. Office of Management and Budget.

questioned cost	A cost that is questioned by the auditor because of an audit finding: (1) which resulted from a violation or possible violation of a provision of a law, regulation, contract, grant, cooperative agreement, or other agreement or document governing the use of federal funds, including funds used to match federal funds; (2) where the costs, at the time of the audit, are not supported by adequate documentation; or (3) where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.
reportable condition	A matter coming to the auditor's attention relating to a significant deficiency in the design or operation of internal control that, in the auditor's judgment, could adversely affect the entity's ability to (1) initiate, record, process, and report financial data consistent with the assertions of management in the financial schedules and/or financial statements or (2) administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants.
SEFA	schedule of expenditures of federal awards.
Single Audit	A financial audit, performed in accordance with the Single Audit Act Amendments of 1996, that is designed to meet the needs of all federal grantor agencies and other financial report users. In addition to performing the audit in accordance with the requirements of auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in <i>Government Auditing Standards</i> issued by the Comptroller General of the United States, a Single Audit requires the assessment of compliance with requirements that could have a direct and material effect on a major federal program and the consideration of internal control over compliance in accordance with OMB Circular A-133.

SOMCAFR

State of Michigan Comprehensive Annual Financial Report.

unqualified opinion

An auditor's opinion in which the auditor states that:

- a. The financial schedules and/or financial statements presenting the basic financial information of the audited agency are fairly presented in conformity with the disclosed basis of accounting; or
- b. The financial schedules and/or financial statements presenting supplemental financial information are fairly stated in relation to the basic financial schedules and/or financial statements. In issuing an "in relation to" opinion, the auditor has applied auditing procedures to the supplemental financial schedules to the extent necessary to form an opinion on the basic financial schedules and/or financial statements, but did not apply auditing procedures to the extent that would be necessary to express an opinion on the supplemental financial schedules taken by themselves; or
- c. The audited agency complied, in all material respects, with the cited requirements that are applicable to each major federal program.

USDA

U.S. Department of Agriculture.

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