



II. FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
MAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2007
 (In Thousands)

| | GENERAL FUND | | | VARIANCE WITH FINAL BUDGET |
|---------------------------------------|--------------------|-------------------|-------------------|-------------------------------|
| | ORIGINAL BUDGET | FINAL BUDGET | ACTUAL | |
| Beginning budgetary fund balance | \$ 603,440 | \$ 603,440 | \$ 603,440 | \$ - |
| Resources (inflows): | | | | |
| General Purpose Revenues: | | | | |
| Taxes | 8,283,200 | 8,537,998 | 8,537,998 | - |
| Federal | 35,000 | 18,809 | 18,809 | - |
| Local | 2,000 | 404 | 404 | - |
| Licenses and permits | 37,500 | 33,611 | 33,611 | - |
| Services | 18,000 | 8,177 | 8,177 | - |
| Miscellaneous | 165,300 | 228,023 | 228,023 | - |
| Proceeds from sale of capital assets | 28,000 | 1 | 1 | - |
| Transfers in | 157,500 | 446,707 | 446,707 | - |
| Restricted Revenues: | | | | |
| Taxes | 3,011,019 | 3,454,764 | 3,454,764 | - |
| Federal | 10,279,281 | 9,894,591 | 9,894,591 | - |
| Local | 342,887 | 218,666 | 218,666 | - |
| Licenses and permits | 337,736 | 235,364 | 235,364 | - |
| Services | 295,030 | 272,799 | 272,799 | - |
| Miscellaneous | 766,554 | 498,121 | 498,121 | - |
| Proceeds from sale of capital assets | - | 2,477 | 2,477 | - |
| Transfers in | 40,916 | 61,341 | 61,341 | - |
| Total Revenue Inflows | <u>23,799,922</u> | <u>23,911,852</u> | <u>23,911,852</u> | <u>-</u> |
| Amounts Available for Appropriation | <u>24,403,362</u> | <u>24,515,292</u> | <u>24,515,292</u> | <u>-</u> |
| Charges to Appropriations (outflows): | | | | |
| Legislative Branch | 148,627 | 131,230 | 130,591 | 639 |
| Judicial Branch | 259,428 | 243,811 | 243,296 | 515 |
| Executive Branch: | | | | |
| Agriculture | 113,629 | 84,129 | 84,010 | 119 |
| Attorney General | 67,586 | 60,951 | 60,864 | 87 |
| Civil Rights | 14,020 | 13,883 | 13,285 | 598 |
| Colleges and Universities Grants | 1,924,978 | 1,616,561 | 1,615,642 | 919 |
| Community Health | 11,020,378 | 11,026,098 | 10,961,912 | 64,186 |
| Corrections | 1,921,069 | 1,913,778 | 1,910,985 | 2,793 |
| Education | 125,915 | 95,660 | 93,977 | 1,683 |
| Environmental Quality | 333,664 | 186,162 | 185,695 | 467 |
| Executive Office | 5,510 | 5,273 | 5,110 | 163 |
| History, Arts & Libraries | 54,864 | 50,425 | 48,807 | 1,617 |
| Human Services | 4,463,549 | 4,505,092 | 4,462,370 | 42,722 |
| Labor and Economic Growth | 858,987 | 789,971 | 783,494 | 6,477 |
| Management and Budget | 454,967 | 457,127 | 450,300 | 6,827 |
| Military and Veterans Affairs | 116,433 | 116,350 | 113,334 | 3,016 |
| Natural Resources | 100,383 | 92,914 | 92,775 | 139 |
| State | 209,126 | 194,473 | 193,283 | 1,190 |
| State Police | 569,289 | 458,578 | 458,032 | 546 |
| Transportation | - | 5,000 | 5,000 | - |
| Treasury | 1,563,962 | 2,668,805 | 2,659,941 | 8,863 |
| Intrafund expenditure reimbursements | - | (560,670) | (560,670) | - |
| Total Charges to Appropriations | <u>24,326,363</u> | <u>24,155,600</u> | <u>24,012,035</u> | <u>143,565</u> |
| Reconciling Items: | | | | |
| Change in noncurrent assets | - | 182,754 | 182,754 | - |
| Net Reconciling Items | - | 182,754 | 182,754 | - |
| Ending Budgetary Fund Balance | <u>\$ 76,999</u> | <u>\$ 542,446</u> | <u>\$ 686,012</u> | <u>\$ 143,565</u> |

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION
 SEPTEMBER 30, 2007
 (In Thousands)

| | GENERAL FUND | COUNTER - CYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND | SCHOOL AID FUND |
|---|----------------------|--|-----------------------|
| Sources/inflows of resources | | | |
| Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule. | \$ 24,515,292 | \$ 2,090 | \$ 12,808,974 |
| Differences - budget to GAAP: | | | |
| Budgetary fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes. | (603,440) | (2,017) | (1,270) |
| Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes. | (2,478) | - | - |
| Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. | (508,048) | - | (990,810) |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. | <u>\$ 23,401,327</u> | <u>\$ 73</u> | <u>\$ 11,816,894</u> |
| Uses/outflows of resources | | | |
| Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule. | \$ 24,012,035 | \$ - | \$ 12,722,438 |
| Differences - budget to GAAP: | | | |
| Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes. | (12,971) | - | (1,378) |
| Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes. | (377,134) | - | (42,482) |
| Capital lease acquisitions are not outflows of budgetary resources but are recorded as current expenditures and other financing sources under GAAP. | 20,164 | - | - |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds. | <u>\$ 23,642,094</u> | <u>\$ -</u> | <u>\$ 12,678,577</u> |

Required Supplementary Information

Notes to Required Supplementary Information – Budgetary Reporting

Statutory/Budgetary Presentation

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

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

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

The budgetary comparison schedule presented for the General Fund, the Budget Stabilization Fund, and the School Aid Fund presents both the original and final appropriated budgets for fiscal year 2007, as well as the actual resource inflows, outflows and fund balance stated on the budgetary basis. The supplementary portion of this report includes a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, by fund type, for non-major special revenue and permanent funds with annual budgets. Those schedules only include the final appropriated budget.

The original budget and related estimated revenues represent the spending authority enacted into law by the appropriation bills as of October 1, 2006, and includes multi-year projects budgetary carry-forwards from the prior fiscal year.

The budgetary fund balance represents total fund balance, net of reserves for noncurrent assets and prior year encumbrances. Reserves for noncurrent assets do not represent current financial resources available for appropriation and are removed for budgetary purposes. Prior year encumbrances are considered uses of spending authority in the year the State incurs an obligation and are also removed.

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

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

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

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

Statutory/Budgetary Reconciliation

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

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

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

Statewide Authorization Dispositions

Subsequent to the release of this report, the State publishes “Statewide Authorization Dispositions” to demonstrate its compliance with the legal level of budgetary control. The report includes line-item appropriation details for the General Fund and budgeted operating funds, and is available by contacting the Office of Financial Management at (517) 373-3029.

Required Supplementary Information

Information About Infrastructure Assets Reported Using the Modified Approach

As allowed by GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis - for State and Local Governments, the State has adopted an alternative process for recording depreciation expense on selected infrastructure assets. Under this alternative method, referred to as the modified approach, the State expenses certain maintenance and preservation costs and does not report depreciation expense. Assets accounted for under the modified approach include the State’s network of public transportation roads and bridges, including ancillary assets, such as guard rails, signs, lighting, culverts, fencing, and the like. The State is responsible for maintaining approximately 27,514 lane miles of roads and 4,759 bridges (spans in excess of 20 feet).

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

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

Roads

Measurement Scale

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

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

Established Condition Level

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

Assessed Conditions

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

| Rating | 2006 | 2005 | 2004 | 2003 | 2002 |
|--------|-------|-------|-------|-------|-------|
| Good | 83.2% | 81.4% | 81.0% | 80.0% | 78.1% |
| Poor | 16.8% | 18.6% | 19.0% | 20.0% | 21.9% |

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Bridges

Measurement Scale

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

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

Established Condition Level

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

Assessed Conditions

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

| Calendar Year | Structurally Deficient |
|------------------|---------------------------|
| 2006 | 13.6% |
| 2005 | 15.2% |
| 2004 | 15.8% |
| 2003 | 16.6% |
| 2002 | 20.3% |
| 2001 | 20.9% |

Bridges that do not carry highway traffic or that were constructed or reconstructed in the last 10 years are not included in MDOT's condition assessment. As a result, the number of bridges that were evaluated (3,396) in calendar year 2006 is less than the total (4,759) maintained by the department.

Estimated and Actual Costs to Maintain

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

| Fiscal Year | Estimated Spending | Actual Spending |
|-------------|--------------------|-----------------|
| 2008 | \$ 829.0 | - |
| 2007 | \$1,013.0 | \$1,139.0 |
| 2006 | \$1,109.0 | \$1,131.4 |
| 2005 | \$932.0 | \$1,072.3 |
| 2004 | \$921.0 | \$857.6 |
| 2003 | \$873.6 | \$791.3 |
| 2002 | \$993.3 | \$798.2 |





II. FINANCIAL SECTION

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

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE
 SEPTEMBER 30, 2007
 (In Thousands)

| | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | PERMANENT | TOTALS |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash | \$ 756 | \$ - | \$ - | \$ - | \$ 756 |
| Equity in common cash | 1,117,096 | 1,426 | 2,010 | 300,202 | 1,420,734 |
| Taxes, interest, and penalties receivable | 93,118 | - | - | - | 93,118 |
| Amounts due from other funds | 1,026,129 | - | 22,505 | - | 1,048,634 |
| Amounts due from component units | 1,353 | - | 2,152 | - | 3,505 |
| Amounts due from federal agencies | 175,380 | - | - | - | 175,380 |
| Amounts due from local units | 112,539 | - | 4,403 | 173 | 117,115 |
| Inventories | 6,967 | - | - | - | 6,967 |
| Investments | 70,944 | 207,180 | 10,766 | - | 288,890 |
| Securities lending collateral | 67,772 | - | - | 192,420 | 260,193 |
| Other current assets | 226,313 | 886 | 3,069 | 13,058 | 243,325 |
| Total Current Assets | <u>2,898,368</u> | <u>209,492</u> | <u>44,905</u> | <u>505,853</u> | <u>3,658,617</u> |
| Taxes, interest, and penalties receivable | 4,122 | - | - | - | 4,122 |
| Amounts due from local units | 49,153 | - | - | - | 49,153 |
| Investments | 168,011 | - | - | 341,154 | 509,165 |
| Other noncurrent assets | 5,270 | - | - | - | 5,270 |
| Total Assets | <u>\$ 3,124,925</u> | <u>\$ 209,492</u> | <u>\$ 44,905</u> | <u>\$ 847,007</u> | <u>\$ 4,226,327</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Current Liabilities: | | | | | |
| Warrants outstanding | \$ 14,502 | \$ 10 | \$ 6 | \$ 427 | \$ 14,945 |
| Obligations under security lending | 67,772 | - | - | 192,420 | 260,193 |
| Accounts payable and other liabilities | 631,465 | 313 | 56,286 | 16,521 | 704,585 |
| Amounts due to other funds | 84,558 | - | 81,004 | 54 | 165,616 |
| Bonds and notes payable | - | - | 146,700 | - | 146,700 |
| Interest payable | - | - | 777 | - | 777 |
| Deferred revenue | 226,979 | - | - | - | 226,979 |
| Total Current Liabilities | <u>1,025,276</u> | <u>323</u> | <u>284,774</u> | <u>209,423</u> | <u>1,519,795</u> |
| Long-Term Liabilities: | | | | | |
| Deferred revenue | 8,642 | - | - | - | 8,642 |
| Total Liabilities | <u>1,033,918</u> | <u>323</u> | <u>284,774</u> | <u>209,423</u> | <u>1,528,438</u> |
| Fund Balances: | | | | | |
| Reserved fund balance | 1,254,929 | 300 | - | 596,223 | 1,851,453 |
| Unreserved fund balance (deficit) | 836,077 | 208,868 | (239,869) | 41,361 | 846,437 |
| Total Fund Balances | <u>2,091,007</u> | <u>209,168</u> | <u>(239,869)</u> | <u>637,584</u> | <u>2,697,890</u> |
| Total Liabilities and Fund Balances | <u>\$ 3,124,925</u> | <u>\$ 209,492</u> | <u>\$ 44,905</u> | <u>\$ 847,007</u> | <u>\$ 4,226,327</u> |

Michigan

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS - BY FUND TYPE

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

| REVENUES | SPECIAL REVENUE | DEBT SERVICE | CAPITAL PROJECTS | PERMANENT | TOTALS |
|---|---------------------|-------------------|---------------------|-------------------|---------------------|
| Taxes | \$ 1,973,867 | \$ - | \$ - | \$ - | \$ 1,973,867 |
| From federal agencies | 1,359,190 | - | - | - | 1,359,190 |
| From local agencies | 23,030 | - | - | - | 23,030 |
| From services | 3,394 | - | - | - | 3,394 |
| From licenses and permits | 175,865 | - | - | - | 175,865 |
| Miscellaneous | 754,617 | 247,298 | 1,125 | 101,745 | 1,104,785 |
| Total Revenues | 4,289,963 | 247,298 | 1,125 | 101,745 | 4,640,131 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 259,314 | 379 | - | 9,381 | 269,074 |
| Education | 222,632 | 796 | 106,447 | - | 329,875 |
| Human services | 3,396 | - | - | - | 3,396 |
| Public safety and corrections | 407 | - | - | 2,150 | 2,556 |
| Conservation, environment, recreation, and agriculture | 229,386 | - | 6 | 15,359 | 244,751 |
| Labor, commerce, and regulatory | 186,845 | - | - | - | 186,845 |
| Health services | 130,958 | - | - | - | 130,958 |
| Transportation | 2,178,922 | 1 | - | - | 2,178,923 |
| Capital outlay | 1,263,544 | - | 45,940 | 20,109 | 1,329,593 |
| Debt Service: | | | | | |
| Bond principal retirement | - | 238,789 | - | - | 238,789 |
| Bond interest and fiscal charges | - | 329,171 | - | - | 329,171 |
| Capital lease payments | 551 | - | - | - | 551 |
| Total Expenditures | 4,475,955 | 569,137 | 152,393 | 46,998 | 5,244,482 |
| Excess of Revenues over (under) Expenditures | (185,991) | (321,838) | (151,268) | 54,747 | (604,351) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds and notes issued | 1,008,107 | - | - | - | 1,008,107 |
| Premium on bond issuance | 18,662 | - | - | - | 18,662 |
| Discount on bond issuance | (15,213) | - | - | - | (15,213) |
| Capital lease acquisitions | 742 | - | - | - | 742 |
| Payment to refunded bond escrow agent | - | (240,280) | - | - | (240,280) |
| Proceeds from sale of capital assets | 2,840 | - | - | 29 | 2,869 |
| Transfers from other funds | 1,166,840 | 581,218 | 18,232 | 10,000 | 1,776,290 |
| Transfers to other funds | (1,881,601) | (83) | (18,915) | (10,081) | (1,910,679) |
| Total Other Financing Sources (Uses) | 300,377 | 340,855 | (683) | (51) | 640,497 |
| Excess of Revenues and Other Sources over (under) Expenditures Other Uses | 114,386 | 19,017 | (151,951) | 54,695 | 36,146 |
| Fund Balances - Beginning of fiscal year - Restated | 1,976,621 | 190,151 | (87,918) | 582,889 | 2,661,743 |
| Fund Balances - End of fiscal year | \$ 2,091,007 | \$ 209,168 | \$ (239,869) | \$ 637,584 | \$ 2,697,890 |

BALANCE SHEET
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 SEPTEMBER 30, 2007
 (In Thousands)

| | TRANSPORTATION RELATED | CONSERVATION, ENVIRONMENT, AND RECREATION RELATED | REGULATORY AND ADMINISTRATIVE RELATED | OTHER STATE FUNDS | TOTALS |
|--|---------------------------|---|--|-------------------------|---------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash | \$ 521 | \$ 232 | \$ 3 | \$ - | \$ 756 |
| Equity in common cash | 491,281 | 295,017 | 59,624 | 271,175 | 1,117,096 |
| Taxes, interest, and penalties receivable | 92,927 | 191 | - | - | 93,118 |
| Amounts due from other funds | 1,018,786 | 754 | 6,590 | - | 1,026,129 |
| Amounts due from component units | 1,335 | 16 | - | 2 | 1,353 |
| Amounts due from federal agencies | 163,402 | 701 | 11,276 | - | 175,380 |
| Amounts due from local units | 111,305 | 1,234 | - | - | 112,539 |
| Inventories | 6,683 | 284 | - | - | 6,967 |
| Investments | - | - | - | 70,944 | 70,944 |
| Securities lending collateral | - | 56,534 | - | 11,239 | 67,772 |
| Other current assets | 4,277 | 9,516 | 3,959 | 208,561 | 226,313 |
| Total Current Assets | <u>1,890,518</u> | <u>364,477</u> | <u>81,451</u> | <u>561,921</u> | <u>2,898,368</u> |
| Taxes, interest, and penalties receivable | 4,122 | - | - | - | 4,122 |
| Amounts due from local units | 37,876 | 11,277 | - | - | 49,153 |
| Investments | - | 75,875 | - | 92,136 | 168,011 |
| Other noncurrent assets | 3,325 | 857 | - | 1,088 | 5,270 |
| Total Assets | <u>\$ 1,935,842</u> | <u>\$ 452,486</u> | <u>\$ 81,451</u> | <u>\$ 655,145</u> | <u>\$ 3,124,925</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| Current Liabilities: | | | | | |
| Warrants outstanding | \$ 10,369 | \$ 2,825 | \$ 1,261 | \$ 47 | \$ 14,502 |
| Obligations under security lending | - | 56,534 | - | 11,239 | 67,772 |
| Accounts payable and other liabilities | 566,718 | 30,879 | 16,226 | 17,642 | 631,465 |
| Amounts due to other funds | 56,555 | 20,792 | 7,199 | 12 | 84,558 |
| Deferred revenue | 12,275 | 947 | 7,935 | 205,821 | 226,979 |
| Total Current Liabilities | <u>645,917</u> | <u>111,977</u> | <u>32,621</u> | <u>234,760</u> | <u>1,025,276</u> |
| Long-Term Liabilities: | | | | | |
| Deferred revenue | 7,447 | 857 | - | 338 | 8,642 |
| Total Liabilities | <u>653,365</u> | <u>112,835</u> | <u>32,621</u> | <u>235,098</u> | <u>1,033,918</u> |
| Fund Balances: | | | | | |
| Reserves For: | | | | | |
| Budgetary Carry-Forwards: | | | | | |
| Encumbrances | 143,241 | 14,269 | 312 | 44 | 157,865 |
| Restricted revenues | 358,591 | 66,058 | 7,373 | - | 432,022 |
| Multi-year projects | 282,818 | 36,425 | - | - | 319,243 |
| Construction and debt service | 115,854 | - | - | - | 115,854 |
| Revolving loan programs | 36,000 | 21,621 | - | - | 57,621 |
| Funds held as permanent investments | - | 125,075 | - | 20,853 | 145,929 |
| Noncurrent assets | 25,646 | - | - | 750 | 26,396 |
| Total Reserved | <u>962,150</u> | <u>263,448</u> | <u>7,685</u> | <u>21,647</u> | <u>1,254,929</u> |
| Unreserved | 320,328 | 76,204 | 41,146 | 398,400 | 836,077 |
| Total Fund Balances | <u>1,282,478</u> | <u>339,651</u> | <u>48,830</u> | <u>420,047</u> | <u>2,091,007</u> |
| Total Liabilities and Fund Balances | <u>\$ 1,935,842</u> | <u>\$ 452,486</u> | <u>\$ 81,451</u> | <u>\$ 655,145</u> | <u>\$ 3,124,925</u> |

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - BY CLASSIFICATION
 FISCAL YEAR ENDED SEPTEMBER 30, 2007
 (In Thousands)

| | TRANSPORTATION RELATED | CONSERVATION, ENVIRONMENT, AND RECREATION RELATED | REGULATORY AND ADMINISTRATIVE RELATED | OTHER STATE FUNDS | TOTALS |
|---|---------------------------|---|--|-------------------------|--------------|
| REVENUES | | | | | |
| Taxes | \$ 1,973,563 | \$ 304 | \$ - | \$ - | \$ 1,973,867 |
| From federal agencies | 1,229,657 | 5,941 | 122,542 | 1,050 | 1,359,190 |
| From local agencies | 23,030 | - | - | - | 23,030 |
| From services | 3,394 | - | - | - | 3,394 |
| From licenses and permits | 50,025 | 112,129 | 13,712 | - | 175,865 |
| Miscellaneous | 92,224 | 83,406 | 74,500 | 504,487 | 754,617 |
| Total Revenues | 3,371,893 | 201,780 | 210,753 | 505,537 | 4,289,963 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | 2,668 | 18,343 | 238,303 | 259,314 |
| Education | - | - | - | 222,632 | 222,632 |
| Human services | - | - | - | 3,396 | 3,396 |
| Public safety and corrections | - | - | - | 407 | 407 |
| Conservation, environment, recreation, and agriculture | - | 229,386 | - | - | 229,386 |
| Labor, commerce, and regulatory | - | - | 186,845 | - | 186,845 |
| Health services | - | - | - | 130,958 | 130,958 |
| Transportation | 2,178,922 | - | - | - | 2,178,922 |
| Capital outlay | 1,253,885 | 9,659 | - | - | 1,263,544 |
| Debt Service: | | | | | |
| Capital lease payments | 78 | - | 473 | - | 551 |
| Total Expenditures | 3,432,885 | 241,712 | 205,662 | 595,696 | 4,475,955 |
| Excess of Revenues over (under) Expenditures | (60,992) | (39,932) | 5,091 | (90,159) | (185,991) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Bonds and notes issued | 485,115 | - | - | 522,992 | 1,008,107 |
| Premium on bond issuance | 18,662 | - | - | - | 18,662 |
| Discount on bond issuance | - | - | - | (15,213) | (15,213) |
| Capital lease acquisitions | - | - | 742 | - | 742 |
| Proceeds from sale of capital assets | 2,840 | - | - | - | 2,840 |
| Transfers from other funds | 1,021,580 | 129,394 | 15,866 | - | 1,166,840 |
| Transfers to other funds | (1,241,797) | (116,343) | (20,820) | (502,640) | (1,881,601) |
| Total Other Financing Sources (Uses) | 286,400 | 13,051 | (4,212) | 5,138 | 300,377 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | 225,408 | (26,882) | 879 | (85,020) | 114,386 |
| Fund Balances - Beginning of fiscal year - Restated | 1,057,069 | 366,533 | 47,951 | 505,068 | 1,976,621 |
| Fund Balances - End of fiscal year | \$ 1,282,478 | \$ 339,651 | \$ 48,830 | \$ 420,047 | \$ 2,091,007 |

Michigan

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - BY CLASSIFICATION**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| Statutory/Budgetary Basis | TRANSPORTATION RELATED | | | CONSERVATION, ENVIRONMENT, AND RECREATION RELATED | | |
|--|------------------------|---------------------|-------------------|--|-------------------|------------------|
| | BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| REVENUES AND OTHER SOURCES | | | | | | |
| Taxes | \$ 1,973,563 | \$ 1,973,563 | \$ - | \$ 304 | \$ 304 | \$ - |
| From federal agencies | 971,919 | 971,919 | - | 4,788 | 4,788 | - |
| From local agencies | 18,347 | 18,347 | - | - | - | - |
| From services | 3,394 | 3,394 | - | - | - | - |
| From licenses and permits | 50,025 | 50,025 | - | 112,129 | 112,129 | - |
| Miscellaneous | 77,045 | 77,045 | - | 36,180 | 36,180 | - |
| Bonds and notes issued | - | - | - | - | - | - |
| Proceeds from sale of capital assets | 2,840 | 2,840 | - | - | - | - |
| Transfers in | 1,021,544 | 1,021,544 | - | 121,394 | 121,394 | - |
| Total Revenues and Other Sources | 4,118,676 | 4,118,676 | - | 274,794 | 274,794 | - |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | | |
| Attorney General | - | - | - | - | - | - |
| Colleges and Universities Grants | - | - | - | - | - | - |
| Community Health | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - |
| Labor and Economic Growth | - | - | - | - | - | - |
| Military and Veterans Affairs | - | - | - | - | - | - |
| Natural Resources | - | - | - | 237,068 | 217,530 | 19,538 |
| Transportation | 4,307,061 | 4,119,392 | 187,669 | - | - | - |
| Treasury | - | - | - | 661 | 661 | - |
| Total Expenditures, Transfers Out, and Encumbrances | 4,307,061 | 4,119,392 | 187,669 | 237,728 | 218,190 | 19,538 |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ (188,385)</u> | <u>(716)</u> | <u>\$ 187,669</u> | <u>\$ 37,066</u> | <u>56,604</u> | <u>\$ 19,538</u> |
| Reconciling Items: | | | | | | |
| Encumbrances at September 30 | | 143,241 | | | 11,703 | |
| Funds not annually budgeted | | 82,883 | | | (95,188) | |
| Net Reconciling Items | | <u>226,124</u> | | | <u>(83,486)</u> | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>225,408</u> | | | <u>(26,882)</u> | |
| FUND BALANCES (GAAP BASIS) | | | | | | |
| Beginning balances - Restated | | <u>1,057,069</u> | | | <u>366,533</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 1,282,478</u> | | | <u>\$ 339,651</u> | |

Michigan

| REGULATORY AND ADMINISTRATIVE RELATED | | | OTHER STATE FUNDS | | | TOTALS | | |
|--|------------------|-----------------|---------------------|-------------------|-------------------|---------------------|---------------------|-------------------|
| BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,973,867 | \$ 1,973,867 | \$ - |
| 122,542 | 122,542 | - | 1,050 | 1,050 | - | 1,100,298 | 1,100,298 | - |
| - | - | - | - | - | - | 18,347 | 18,347 | - |
| - | - | - | - | - | - | 3,394 | 3,394 | - |
| 13,712 | 13,712 | - | - | - | - | 175,865 | 175,865 | - |
| 41,989 | 41,989 | - | 370,451 | 370,451 | - | 525,665 | 525,665 | - |
| - | - | - | 522,992 | 522,992 | - | 522,992 | 522,992 | - |
| - | - | - | - | - | - | 2,840 | 2,840 | - |
| 15,866 | 15,866 | - | - | - | - | 1,158,804 | 1,158,804 | - |
| <u>194,108</u> | <u>194,108</u> | <u>-</u> | <u>894,493</u> | <u>894,493</u> | <u>-</u> | <u>5,482,071</u> | <u>5,482,071</u> | <u>-</u> |
| - | - | - | 396 | 386 | 10 | 396 | 386 | 10 |
| - | - | - | 231,800 | 226,882 | 4,918 | 231,800 | 226,882 | 4,918 |
| - | - | - | 130,958 | 130,958 | - | 130,958 | 130,958 | - |
| - | - | - | 4,566 | 3,402 | 1,165 | 4,566 | 3,402 | 1,165 |
| 164,068 | 160,027 | 4,041 | - | - | - | 164,068 | 160,027 | 4,041 |
| - | - | - | 1,000 | 407 | 593 | 1,000 | 407 | 593 |
| - | - | - | - | - | - | 237,068 | 217,530 | 19,538 |
| - | - | - | - | - | - | 4,307,061 | 4,119,392 | 187,669 |
| 37,617 | 37,617 | - | 999,404 | 617,381 | 382,023 | 1,037,681 | 655,658 | 382,023 |
| <u>201,685</u> | <u>197,644</u> | <u>4,041</u> | <u>1,368,124</u> | <u>979,415</u> | <u>388,709</u> | <u>6,114,598</u> | <u>5,514,641</u> | <u>599,957</u> |
| <u>\$ (7,577)</u> | <u>(3,536)</u> | <u>\$ 4,041</u> | <u>\$ (473,631)</u> | <u>(84,922)</u> | <u>\$ 388,709</u> | <u>\$ (632,527)</u> | <u>(32,570)</u> | <u>\$ 599,957</u> |
| | 312 | | | 44 | | | 155,299 | |
| | <u>4,104</u> | | | <u>(142)</u> | | | <u>(8,344)</u> | |
| | <u>4,415</u> | | | <u>(98)</u> | | | <u>146,955</u> | |
| | <u>879</u> | | | <u>(85,020)</u> | | | <u>114,386</u> | |
| | <u>47,951</u> | | | <u>505,068</u> | | | <u>1,976,621</u> | |
| | <u>\$ 48,830</u> | | | <u>\$ 420,047</u> | | | <u>\$ 2,091,007</u> | |



SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED

STATE AERONAUTICS FUND

Established pursuant to Michigan Compiled Laws Section 259.34, this fund accounts for airport improvement projects. Financing consists primarily of aviation fuel taxes and federal contributions. Although subject to change in the future, annual appropriation acts have allowed any unobligated and unexpended balance at fiscal year-end to lapse and revert to the fund for appropriation in the following year.

STATE TRUNKLINE FUND

Established pursuant to MCL Section 247.661, this fund accounts for highway construction and maintenance. Its annual budget is subject to legislative review and appropriation, but the Transportation Commission has significant discretion in determining the funding of individual projects. Financing consists primarily of federal aid, local participation, and transfers from the Michigan Transportation Fund. Expenditures and transfers are for administration, highway maintenance and construction, debt service, and various contractual obligations. Although subject to change in the future, annual appropriation acts have allowed for any fund balance not otherwise reserved at fiscal year-end to be reserved for road and bridge construction.

This fund also is used to record loans made to local units of government for reconstructing and resurfacing roadways. Activities of the Blue Water Bridge program, segregated as a separate fund within the accounting system, are also reported within the State Trunkline Fund.

MICHIGAN TRANSPORTATION FUND

Established pursuant to MCL Section 247.660, this fund accounts for the receipt and distribution of several tax revenues dedicated for highway purposes. Transfers are made to the General Fund, State Trunkline Fund, and the Comprehensive Transportation Fund. Expenditures include grants to counties, cities, and villages for highway purposes.

COMPREHENSIVE TRANSPORTATION FUND

Established pursuant to MCL Section 247.660, this fund accounts for the planning and development of public transportation systems within the State. Federal revenues, vehicle-related sales tax, and transfers from the Michigan Transportation Fund provide financing for expenditures. In accordance with statutory provisions, any unencumbered balance at fiscal year-end lapses and reverts to the fund for appropriation in the following year.

COMBINED STATE TRUNKLINE BOND PROCEEDS FUND

Established pursuant to MCL Section 247.668, this fund accounts for the proceeds of State trunkline revenue dedicated bonds. These bonds are used in part to finance the costs of road and bridge construction.

COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND

Established pursuant to MCL Section 247.668, this fund accounts for the proceeds of comprehensive transportation revenue dedicated bonds. These bonds are used in part to finance the costs of comprehensive transportation projects.

TRANSPORTATION RELATED TRUST FUNDS

The transportation related trust funds reflects the activities of five sub-funds: the Special Federal Bridge Replacement Fund, the Federal County Road Fund, the Federal Urban Transportation System Fund, the Highway Topics and Safety Program Fund, and the Metropolitan Planning Fund. The Michigan Department of Transportation is recognized as the legal representative of the State, including all governmental subdivisions, in the administration of these programs. The financing accounted for in these funds consists primarily of federal matching funds with very little State funds.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
 SEPTEMBER 30, 2007
 (In Thousands)

| | STATE AERONAUTICS FUND | STATE TRUNKLINE FUND | MICHIGAN TRANSPORTATION FUND | COMPREHENSIVE TRANSPORTATION FUND |
|--|------------------------------|----------------------------|------------------------------------|---|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | \$ 2 | \$ 171 | \$ - | \$ 59 |
| Equity in common cash | 15,460 | - | 64,320 | 51,972 |
| Taxes, interest, and penalties receivable | 534 | - | 92,393 | - |
| Amounts due from other funds | - | 905,960 | 104,390 | 8,435 |
| Amounts due from component units | - | 1,335 | - | - |
| Amounts due from federal agencies | 38,134 | 82,328 | - | 9,335 |
| Amounts due from local units | 22,473 | 49,583 | - | 1,141 |
| Inventories | - | 6,683 | - | - |
| Other current assets | 45 | 5,218 | (1,199) | 213 |
| Total Current Assets | 76,648 | 1,051,278 | 259,905 | 71,156 |
| Taxes, interest, and penalties receivable | 4 | - | 4,118 | - |
| Amounts due from local units | 368 | 32,604 | - | 4,904 |
| Other noncurrent assets | - | 2,286 | - | 1,039 |
| Total Assets | \$ 77,020 | \$ 1,086,169 | \$ 264,023 | \$ 77,099 |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 255 | \$ 8,603 | \$ 394 | \$ 240 |
| Accounts payable and other liabilities | 54,762 | 175,421 | 216,991 | 18,183 |
| Amounts due to other funds | 23 | 1,560 | 38,120 | 35 |
| Deferred revenue | 8 | 5,440 | 4,400 | - |
| Total Current Liabilities | 55,048 | 191,024 | 259,905 | 18,457 |
| Long-Term Liabilities: | | | | |
| Deferred revenue | 4 | 2,286 | 4,118 | 1,039 |
| Total Liabilities | 55,052 | 193,311 | 264,023 | 19,496 |
| Fund Balances: | | | | |
| Reserves for: | | | | |
| Budgetary carry-forwards: | | | | |
| Encumbrances | 5,938 | 96,267 | - | 41,036 |
| Restricted revenues | 1,856 | 355,990 | - | 745 |
| Multi-year projects | 4,849 | 277,969 | - | - |
| Construction and debt service | - | 115,854 | - | - |
| Revolving loan programs | 2,200 | 21,133 | - | 12,667 |
| Noncurrent assets | - | 25,646 | - | - |
| Total Reserved | 14,844 | 892,858 | - | 54,448 |
| Unreserved | 7,124 | - | - | 3,155 |
| Total Fund Balances | 21,968 | 892,858 | - | 57,603 |
| Total Liabilities and Fund Balances | \$ 77,020 | \$ 1,086,169 | \$ 264,023 | \$ 77,099 |

Michigan

| COMBINED STATE TRUNKLINE BOND PROCEEDS FUND | COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND | TRANSPORTATION RELATED TRUST FUNDS | TOTALS |
|--|--|--|---------------------|
| \$ 9 | \$ - | \$ 281 | \$ 521 |
| 287,788 | 71,740 | - | 491,281 |
| - | - | - | 92,927 |
| - | - | - | 1,018,786 |
| - | - | - | 1,335 |
| 949 | - | 32,656 | 163,402 |
| 2,254 | - | 35,855 | 111,305 |
| - | - | - | 6,683 |
| - | - | - | 4,277 |
| <u>291,000</u> | <u>71,740</u> | <u>68,792</u> | <u>1,890,519</u> |
| - | - | - | 4,122 |
| - | - | - | 37,876 |
| - | - | - | 3,325 |
| <u>\$ 291,000</u> | <u>\$ 71,740</u> | <u>\$ 68,792</u> | <u>\$ 1,935,842</u> |
| \$ - | \$ 1 | \$ 876 | \$ 10,369 |
| 46,591 | 3,672 | 51,099 | 566,718 |
| - | - | 16,817 | 56,555 |
| 2,428 | - | - | 12,275 |
| <u>49,019</u> | <u>3,673</u> | <u>68,792</u> | <u>645,917</u> |
| - | - | - | 7,447 |
| <u>49,019</u> | <u>3,673</u> | <u>68,792</u> | <u>653,365</u> |
| - | - | - | 143,241 |
| - | - | - | 358,591 |
| - | - | - | 282,818 |
| - | - | - | 115,854 |
| - | - | - | 36,000 |
| - | - | - | 25,646 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>962,150</u> |
| <u>241,981</u> | <u>68,068</u> | <u>-</u> | <u>320,328</u> |
| <u>241,981</u> | <u>68,068</u> | <u>-</u> | <u>1,282,478</u> |
| <u>\$ 291,000</u> | <u>\$ 71,740</u> | <u>\$ 68,792</u> | <u>\$ 1,935,842</u> |

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| | STATE AERONAUTICS FUND | STATE TRUNKLINE FUND | MICHIGAN TRANSPORTATION FUND | COMPREHENSIVE TRANSPORTATION FUND |
|---|------------------------------|----------------------------|------------------------------------|---|
| REVENUES | | | | |
| Taxes | \$ 6,335 | \$ - | \$ 1,899,550 | \$ 67,678 |
| From federal agencies | 112,674 | 833,073 | - | 26,171 |
| From local agencies | 30 | 18,317 | - | - |
| From services | 443 | 20 | 2,931 | - |
| From licenses and permits | 315 | 16,611 | 32,786 | 314 |
| Miscellaneous | 3,988 | 64,492 | 7,190 | 1,376 |
| Total Revenues | 123,785 | 932,512 | 1,942,456 | 95,538 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Transportation | 130,740 | 615,199 | 951,277 | 232,236 |
| Capital outlay | 264 | 859,438 | - | 122 |
| Debt service: | | | | |
| Capital lease payments | - | 78 | - | - |
| Total Expenditures | 131,004 | 1,474,714 | 951,277 | 232,358 |
| Excess of Revenues over (under) Expenditures | (7,218) | (542,202) | 991,179 | (136,820) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and notes issued | - | - | - | - |
| Premium on bond issuance | - | - | - | - |
| Proceeds from sale of capital assets | - | 2,840 | - | - |
| Transfers from other funds | 11,000 | 842,975 | 979 | 166,590 |
| Transfers to other funds | (4,398) | (161,363) | (992,159) | (28,880) |
| Total Other Financing Sources (Uses) | 6,602 | 684,452 | (991,179) | 137,710 |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | (616) | 142,250 | - | 891 |
| Fund Balances - Beginning of fiscal year | 22,584 | 750,608 | - | 56,712 |
| Fund Balances - End of fiscal year | <u>\$ 21,968</u> | <u>\$ 892,858</u> | <u>\$ -</u> | <u>\$ 57,603</u> |

| COMBINED STATE TRUNKLINE BOND PROCEEDS FUND | COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND | TRANSPORTATION RELATED TRUST FUNDS | TOTALS |
|--|--|--|---------------------|
| \$ - | \$ - | \$ - | \$ 1,973,563 |
| 56,823 | - | 200,915 | 1,229,657 |
| 4,683 | - | - | 23,030 |
| - | - | - | 3,394 |
| - | - | - | 50,025 |
| 4,632 | 5,855 | 4,692 | 92,224 |
| <u>66,138</u> | <u>5,855</u> | <u>205,607</u> | <u>3,371,893</u> |
| 16,505 | 27,358 | 205,607 | 2,178,922 |
| 394,007 | 55 | - | 1,253,885 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>78</u> |
| <u>410,512</u> | <u>27,413</u> | <u>205,607</u> | <u>3,432,885</u> |
| <u>(344,374)</u> | <u>(21,557)</u> | <u>-</u> | <u>(60,992)</u> |
| 485,115 | - | - | 485,115 |
| 18,662 | - | - | 18,662 |
| - | - | - | 2,840 |
| 36 | - | - | 1,021,580 |
| (54,999) | - | - | (1,241,797) |
| <u>448,814</u> | <u>-</u> | <u>-</u> | <u>286,400</u> |
| 104,441 | (21,557) | - | 225,408 |
| <u>137,540</u> | <u>89,625</u> | <u>-</u> | <u>1,057,069</u> |
| <u>\$ 241,981</u> | <u>\$ 68,068</u> | <u>\$ -</u> | <u>\$ 1,282,478</u> |

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)**

| <u>Statutory/Budgetary Basis</u> | STATE AERONAUTICS FUND | | |
|---|------------------------|------------------|-----------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
| REVENUES AND OTHER SOURCES | | | |
| Taxes | \$ 6,335 | \$ 6,335 | \$ - |
| From federal agencies | 112,674 | 112,674 | - |
| From local agencies | 30 | 30 | - |
| From services | 443 | 443 | - |
| From licenses and permits | 315 | 315 | - |
| Miscellaneous | 3,988 | 3,988 | - |
| Proceeds from sale of capital assets | - | - | - |
| Transfers in | 11,000 | 11,000 | - |
| Total Revenues and Other Sources | <u>134,785</u> | <u>134,785</u> | <u>-</u> |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | |
| Transportation | <u>149,379</u> | <u>141,340</u> | <u>8,039</u> |
| Total Expenditures, Transfers Out, and Encumbrances | <u>149,379</u> | <u>141,340</u> | <u>8,039</u> |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ (14,594)</u> | <u>(6,554)</u> | <u>\$ 8,039</u> |
| Reconciling Items: | | | |
| Encumbrances at September 30 | | 5,938 | |
| Funds not annually budgeted | | - | |
| Net Reconciling Items | | <u>5,938</u> | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>(616)</u> | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balances | | <u>22,584</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 21,968</u> | |

| STATE TRUNKLINE FUND | | | MICHIGAN TRANSPORTATION FUND | | |
|----------------------|-------------------|------------------|------------------------------|------------------|-------------------|
| BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| \$ - | \$ - | \$ - | \$ 1,899,550 | \$ 1,899,550 | \$ - |
| 833,073 | 833,073 | - | - | - | - |
| 18,317 | 18,317 | - | - | - | - |
| 20 | 20 | - | 2,931 | 2,931 | - |
| 16,611 | 16,611 | - | 32,786 | 32,786 | - |
| 64,492 | 64,492 | - | 7,190 | 7,190 | - |
| 2,840 | 2,840 | - | - | - | - |
| 842,975 | 842,975 | - | 979 | 979 | - |
| <u>1,778,327</u> | <u>1,778,327</u> | <u>-</u> | <u>1,943,436</u> | <u>1,943,436</u> | <u>-</u> |
| | | | | | |
| <u>1,777,687</u> | <u>1,732,343</u> | <u>45,345</u> | <u>2,071,945</u> | <u>1,943,436</u> | <u>128,509</u> |
| | | | | | |
| <u>1,777,687</u> | <u>1,732,343</u> | <u>45,345</u> | <u>2,071,945</u> | <u>1,943,436</u> | <u>128,509</u> |
| | | | | | |
| <u>\$ 639</u> | <u>45,984</u> | <u>\$ 45,345</u> | <u>\$ (128,509)</u> | <u>-</u> | <u>\$ 128,509</u> |
| | 96,267 | | | - | |
| | <u>-</u> | | | <u>-</u> | |
| | 96,267 | | | <u>-</u> | |
| | | | | | |
| | <u>142,250</u> | | | <u>-</u> | |
| | | | | | |
| | <u>750,608</u> | | | <u>-</u> | |
| | <u>\$ 892,858</u> | | | <u>\$ -</u> | |

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - TRANSPORTATION RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| <u>Statutory/Budgetary Basis</u> | <u>COMPREHENSIVE TRANSPORTATION FUND</u> | | |
|---|--|------------------|-----------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
| REVENUES AND OTHER SOURCES | | | |
| Taxes | \$ 67,678 | \$ 67,678 | \$ - |
| From federal agencies | 26,171 | 26,171 | - |
| From local agencies | - | - | - |
| From services | - | - | - |
| From licenses and permits | 314 | 314 | - |
| Miscellaneous | 1,376 | 1,376 | - |
| Proceeds from sale of capital assets | - | - | - |
| Transfers in | 166,590 | 166,590 | - |
| Total Revenues and Other Sources | <u>262,128</u> | <u>262,128</u> | <u>-</u> |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | |
| Transportation | <u>308,050</u> | <u>302,273</u> | <u>5,776</u> |
| Total Expenditures, Transfers Out, and Encumbrances | <u>308,050</u> | <u>302,273</u> | <u>5,776</u> |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ (45,922)</u> | <u>(40,145)</u> | <u>\$ 5,776</u> |
| Reconciling Items: | | | |
| Encumbrances at September 30 | | 41,036 | |
| Funds not annually budgeted | | - | |
| Net Reconciling Items | | <u>41,036</u> | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>891</u> | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balances | | <u>56,712</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 57,603</u> | |

FUNDS NOT ANNUALLY BUDGETED

| COMBINED STATE TRUNKLINE BOND PROCEEDS FUND | COMBINED COMPREHENSIVE TRANSPORTATION BOND PROCEEDS FUND | TRANSPORTATION RELATED TRUST FUNDS | TOTALS | | |
|--|--|--|---------------------|--------------|-------------------|
| | | | BUDGET | ACTUAL | VARIANCE |
| ACTUAL | ACTUAL | ACTUAL | | | |
| \$ - | \$ - | \$ - | \$ 1,973,563 | \$ 1,973,563 | \$ - |
| - | - | - | 971,919 | 971,919 | - |
| - | - | - | 18,347 | 18,347 | - |
| - | - | - | 3,394 | 3,394 | - |
| - | - | - | 50,025 | 50,025 | - |
| - | - | - | 77,045 | 77,045 | - |
| - | - | - | 2,840 | 2,840 | - |
| - | - | - | 1,021,544 | 1,021,544 | - |
| - | - | - | 4,118,676 | 4,118,676 | - |
| - | - | - | 4,307,061 | 4,119,392 | 187,669 |
| - | - | - | 4,307,061 | 4,119,392 | 187,669 |
| - | - | - | <u>\$ (188,385)</u> | <u>(716)</u> | <u>\$ 187,669</u> |
| - | - | - | - | 143,241 | - |
| 104,441 | (21,557) | - | - | 82,883 | - |
| 104,441 | (21,557) | - | - | 226,124 | - |
| 104,441 | (21,557) | - | - | 225,408 | - |
| 137,540 | 89,625 | - | - | 1,057,069 | - |
| <u>\$ 241,981</u> | <u>\$ 68,068</u> | <u>\$ -</u> | <u>\$ 1,282,478</u> | | |

SPECIAL REVENUE FUNDS – CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

MICHIGAN CONSERVATION AND RECREATION LEGACY FUND

This fund (“Legacy Fund”) was created by Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006. The purpose of the amendment was to constitutionally prevent the diversion of certain funds and revenues for purposes other than those for which they were created. Section 40 created the following accounts within the Legacy Fund: Forest Recreation, Game and Fish Protection, Off-Road Vehicle, Recreation Improvement, Snowmobile, State Park Improvement, and Waterways.

The implementing legislation related to this amendment, found in Michigan Compiled Laws Sections 324.2002 – 324.2035, transferred a number of special revenue funds and certain restrictively financed activities within the General Fund to the Legacy Fund. The following special revenue funds were transferred into the fund: Game and Fish Protection Fund, Michigan State Waterways Fund, Marine Safety Fund, and State Park Improvement Fund. The restrictively financed activities transferred into the fund from the General Fund were related to various outdoor recreation activities including snowmobiles, off-the-road vehicles, recreation trails, and State forest recreation.

Financing consists primarily of hunting and fishing licenses; camping and park entrance fees; 2% of gasoline taxes dedicated for boating, snowmobiling, off-road vehicles and other trails; watercraft and snowmobile registration fees; and trail use permits. The fund also receives funding from the Michigan Game and Fish Protection Trust Fund. Expenditures are limited to those activities specified in Section 40 and include forest recreation activities, wildlife and fisheries programs, off-road vehicle and snowmobile trails and facilities, state parks and recreation areas, improvement of lake harbors and inland waterways, and water safety education programs.

GAME AND FISH PROTECTION FUND

This fund was established in 1921 to support the conservation program for preservation and control of fish and wildlife. Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006, created the Game and Fish Protection Account within the new Michigan Conservation and Recreation Legacy Fund. As required by MCL 324.2010, the fund balance in this fund was transferred to the new account during fiscal year 2006-2007.

MICHIGAN STATE WATERWAYS FUND

This fund was established in 1947 to provide for improvement of lake harbors and inland waterways; construction, operation, and maintenance of recreational boating facilities; property acquisition; and administration. Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006, created the Waterways Account within the new Michigan Conservation and Recreation Legacy Fund. As required by MCL 324.2035, the fund balance in this fund was transferred to the new account during fiscal year 2006-2007.

MARINE SAFETY FUND

This fund was established in 1967 to provide for water safety education programs, law enforcement, and regulation of watercraft on the waters of this State. Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006, created the Waterways Account within the new Michigan Conservation and Recreation Legacy Fund. As required by MCL 324.2035, the fund balance in this fund was transferred to the new account during fiscal year 2006-2007.

MICHIGAN GAME AND FISH PROTECTION TRUST FUND

The former Game and Fish Protection Trust Fund was established in 1986 to restrict certain assets for the purpose of generating interest and earnings for transfer to the former Game and Fish Protection Fund (now accounted for within the Michigan Conservation and Recreation Legacy Fund). Article 9, Section 41, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Game and Fish Protection Trust Fund.

The fund operates under MCL Sections 324.43702 – 324.43704. The Legislature may appropriate up to \$6 million annually for use by the Game and Fish Protection Account of the Michigan Conservation and Recreation Legacy Fund. Mineral royalties from lands acquired by the Game and Fish Protection Account; direct sale proceeds; and other revenues, which, by statute, are retained for permanent investment, provide additional investment funding.

STATE PARK IMPROVEMENT FUND

This fund was established in 1960 to provide for the operation, maintenance, debt service, and improvements of the State Park system. Article 9, Section 40, of the State Constitution, an amendment approved by voters in November 2006, created the State Park Improvement Account within the new Michigan Conservation and Recreation Legacy Fund. As required by MCL 324.2030, the fund balance in this fund was transferred to the new account during fiscal year 2006-2007.

COMBINED RECREATION BOND FUND - LOCAL PROJECTS

Established in 1988, this fund operates under MCL Sections 324.19606 - 324.19612, 324.19615, 324.71303, and 324.71506 - 324.71508. The residual balances in this fund reflect proceeds and investment earnings remaining from two bond packages: \$70 million of general obligation bonds approved by voters in November 1988, as part of a \$140 million bond package for financing state and local public recreation projects, and \$50 million of general obligation bonds approved by voters in November of 1998, as part of a \$675 million bond package known as the “Clean Michigan Initiative.” Proceeds from the 1988 bond package provide grants and loans to local units of government in the amounts of \$65 million for local recreation projects and \$5 million to discourage development of open space and underdeveloped lands. Proceeds from the 1998 bond package also provided grants to local units of government for local recreation projects pursuant to MCL Section 324.71602.

COMBINED ENVIRONMENTAL PROTECTION BOND FUND

This fund, which is administered by the Department of Environmental Quality (DEQ), was established by MCL 324.19506 to account for the proceeds of \$660 million of Environmental Protection general obligation bonds approved by Michigan voters in November 1988. The statute specifies that the proceeds of these bonds be available to clean up sites of toxic and other environmental contamination, for solid waste projects, to capitalize the State Water Pollution Control Loan Fund, and to fund Michigan's participation in a regional Great Lakes Protection Fund.

MCL 324.95101 – 324.95108 expanded this fund to account for the proceeds of \$570 million of Clean Michigan Initiative general obligation bonds approved by Michigan voters in November 1998. The statute directs that bond proceeds be used for environmental response activities at facilities, waterfront improvements, remediation of contaminated lake and river sediments, nonpoint source pollution prevention and control projects or wellhead protection projects, water quality monitoring and water resources protection, pollution control activities, and pollution prevention programs.

MCL 324.5201 – 324.5304 and 324.19701 – 324.19708, expanded this fund to account for the proceeds of \$1 billion of Great Lakes Water Quality general obligation bonds approved by Michigan voters in November 2002. The law directs that bond proceeds be used to finance sewage treatment works projects, storm water projects, and nonpoint source projects that improve the quality of the waters of the State. This fund records the bond proceeds and the administrative costs of DEQ. All programmatic loan and grant payments are reported in the financial statements of the Michigan Municipal Bond Authority, a discretely presented component unit.

MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND

The former Michigan Nongame Fish and Wildlife Fund was established in 1983 to finance research and management of nongame fish and wildlife, designated endangered species, and designated plant species of this State. Article 9, Section 42, of the State Constitution, an amendment approved by voters in November 2006, further protected these assets by creating the Michigan Nongame Fish and Wildlife Trust Fund.

The fund operates under MCL Sections 324.43902 – 324.43907. The fund may receive transfers from other funds, donations, investment income, and revenue from specialty license plate sales.

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND

MCL 409.312a established this fund for the purpose of conserving, improving, and developing the State's natural resources, and for enhancing, preserving, and maintaining public lands and waters through the employment of residents of this State in work training programs.

Twenty million dollars earmarked from the sale of the Accident Fund of Michigan provided the fund's permanent investment reserve. Only the interest and earnings of the fund can be expended. Public Act 147 of 2007 required the transfer of \$20 million from the fund to the General Fund, thereby eliminating the fund's permanent investment reserve.

In prior years, this fund was classified as a permanent fund but the 2007 legislation resulted in the reclassification of this fund to a special revenue fund.

FOREST DEVELOPMENT FUND

This fund was established in 1993, along with the Michigan Forest Finance Authority, and operates under MCL Section 324.50507. The primary revenue source of the fund is timber revenue for State forest lands. Expenditures from the fund are for forest management activities and forest fire protection. The Authority is authorized to, but thus far has not, issued bonds.

BOTTLE DEPOSITS FUND

MCL 445.573c created the Bottle Deposits Fund to provide for the disposition of unredeemed bottle deposits. The Department of Treasury and the Department of Environmental Quality jointly administer the fund. The law mandates that an annual distribution of the funds be made as follows: 25% returned to the dealers and 75% to fund several sub-funds.

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

MCL 324.20108 moved the former Environmental Response Fund (ERF) to a sub-fund of the CRF. The law mandates that proceeds of all cost recovery actions taken and settlements entered into pursuant to the ERF (excluding natural resource damages) by the department or the Attorney General, or both, shall be credited to the ERF.

Michigan

COMBINING BALANCE SHEET

SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED

SEPTEMBER 30, 2007

(In Thousands)

| | MICHIGAN CONSERVATION AND RECREATION LEGACY FUND | MICHIGAN GAME AND FISH PROTECTION TRUST FUND | COMBINED RECREATION BOND FUND- LOCAL PROJECTS | COMBINED ENVIRONMENTAL PROTECTION BOND FUND |
|--|--|--|---|---|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | \$ 231 | \$ - | \$ - | \$ - |
| Equity in common cash | 97,045 | 66,862 | 2,162 | 58,285 |
| Taxes, interest, and penalties receivable | 191 | - | - | - |
| Amounts due from other funds | 754 | - | - | - |
| Amounts due from component units | - | - | - | 16 |
| Amounts due from federal agencies | 605 | - | - | - |
| Amounts due from local units | - | - | - | 900 |
| Inventories | 284 | - | - | - |
| Securities lending collateral | 256 | 42,530 | - | - |
| Other current assets | 4,732 | 1,731 | - | - |
| Total Current Assets | <u>104,097</u> | <u>111,123</u> | <u>2,162</u> | <u>59,201</u> |
| Amounts due from local units | - | - | - | - |
| Investments | 1,760 | 49,597 | - | - |
| Other noncurrent assets | - | - | - | - |
| Total Assets | <u>\$ 105,857</u> | <u>\$ 160,720</u> | <u>\$ 2,162</u> | <u>\$ 59,201</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 1,121 | \$ 2 | \$ - | \$ 871 |
| Obligations under security lending | 256 | 42,530 | - | - |
| Accounts payable and other liabilities | 11,650 | 1,056 | 37 | 13,411 |
| Amounts due to other funds | 589 | - | - | 7 |
| Deferred revenue | 667 | - | - | - |
| Total Current Liabilities | <u>14,284</u> | <u>43,587</u> | <u>37</u> | <u>14,288</u> |
| Long-Term Liabilities: | | | | |
| Deferred revenue | - | - | - | - |
| Total Liabilities | <u>14,284</u> | <u>43,587</u> | <u>37</u> | <u>14,288</u> |
| Fund Balances: | | | | |
| Reserves for: | | | | |
| Budgetary Carry-Forwards: | | | | |
| Encumbrances | 11,513 | - | - | - |
| Restricted revenues | 30,597 | - | - | - |
| Multi-year projects | 29,924 | - | - | - |
| Revolving loan programs | - | - | - | - |
| Funds held as | | | | |
| permanent investments | 1,672 | 111,132 | - | - |
| Total Reserved | <u>73,706</u> | <u>111,132</u> | <u>-</u> | <u>-</u> |
| Unreserved | 17,868 | 6,000 | 2,125 | 44,912 |
| Total Fund Balances | <u>91,574</u> | <u>117,132</u> | <u>2,125</u> | <u>44,912</u> |
| Total Liabilities and Fund Balances | <u>\$ 105,857</u> | <u>\$ 160,720</u> | <u>\$ 2,162</u> | <u>\$ 59,201</u> |

Michigan

| MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND | MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND | FOREST DEVELOPMENT FUND | BOTTLE DEPOSITS FUND | TOTALS |
|---|--|-------------------------------|----------------------------|-------------------|
| \$ - | \$ - | \$ 1 | \$ - | \$ 232 |
| 1,198 | 961 | 8,662 | 59,843 | 295,017 |
| - | - | - | - | 191 |
| - | - | - | - | 754 |
| - | - | - | - | 16 |
| - | - | 96 | - | 701 |
| - | - | - | 334 | 1,234 |
| - | - | - | - | 284 |
| 2,660 | 11,088 | - | - | 56,534 |
| 59 | 197 | 184 | 2,612 | 9,516 |
| <u>3,917</u> | <u>12,246</u> | <u>8,942</u> | <u>62,788</u> | <u>364,477</u> |
| - | - | - | 11,277 | 11,277 |
| 5,263 | 19,255 | - | - | 75,875 |
| - | - | - | 857 | 857 |
| <u>\$ 9,180</u> | <u>\$ 31,501</u> | <u>\$ 8,942</u> | <u>\$ 74,923</u> | <u>\$ 452,486</u> |
| | | | | |
| \$ 1 | \$ 2 | \$ 39 | \$ 789 | \$ 2,825 |
| 2,660 | 11,088 | - | - | 56,534 |
| 30 | 64 | 2,523 | 2,110 | 30,879 |
| 2 | 20,001 | 124 | 69 | 20,792 |
| - | - | - | 280 | 947 |
| <u>2,693</u> | <u>31,155</u> | <u>2,685</u> | <u>3,248</u> | <u>111,977</u> |
| - | - | - | 857 | 857 |
| <u>2,693</u> | <u>31,155</u> | <u>2,685</u> | <u>4,105</u> | <u>112,835</u> |
| | | | | |
| 13 | - | 176 | 2,566 | 14,269 |
| - | - | - | 35,460 | 66,058 |
| - | - | 1,503 | 4,998 | 36,425 |
| - | - | - | 21,621 | 21,621 |
| 6,100 | - | - | 6,172 | 125,075 |
| <u>6,113</u> | <u>-</u> | <u>1,679</u> | <u>70,818</u> | <u>263,448</u> |
| 374 | 346 | 4,578 | - | 76,204 |
| 6,487 | 346 | 6,257 | 70,818 | 339,651 |
| <u>\$ 9,180</u> | <u>\$ 31,501</u> | <u>\$ 8,942</u> | <u>\$ 74,923</u> | <u>\$ 452,486</u> |

Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)**

| | MICHIGAN CONSERVATION AND RECREATION LEGACY FUND | GAME AND FISH PROTECTION FUND | MICHIGAN STATE WATERWAYS FUND | MARINE SAFETY FUND | MICHIGAN GAME AND FISH PROTECTION TRUST FUND |
|---|--|--|--|--------------------------|--|
| REVENUES | | | | | |
| Taxes | \$ 304 | \$ - | \$ - | \$ - | \$ - |
| From federal agencies | 4,692 | - | - | - | - |
| From licenses and permits | 112,127 | - | - | - | - |
| Miscellaneous | 7,117 | - | - | - | 21,980 |
| Total Revenues | 124,240 | - | - | - | 21,980 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 15 | - | - | - | 2,007 |
| Conservation, environment, recreation, and agriculture | 142,318 | - | - | - | 74 |
| Capital outlay | 9,130 | - | - | - | - |
| Total Expenditures | 151,463 | - | - | - | 2,082 |
| Excess of Revenues over (under) Expenditures | (27,223) | - | - | - | 19,898 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 121,394 | - | - | - | - |
| Transfers to other funds | (2,597) | (25,649) | (39,626) | (737) | (11,851) |
| Total Other Financing Sources (Uses) | 118,796 | (25,649) | (39,626) | (737) | (11,851) |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | 91,574 | (25,649) | (39,626) | (737) | 8,047 |
| Fund Balances - Beginning of fiscal year - Restated | - | 25,649 | 39,626 | 737 | 109,085 |
| Fund Balances - End of fiscal year | \$ 91,574 | \$ - | \$ - | \$ - | \$ 117,132 |

Michigan

| STATE PARK IMPROVEMENT FUND | COMBINED RECREATION BOND FUND- LOCAL PROJECTS | COMBINED ENVIRONMENTAL PROTECTION BOND FUND | MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND | MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND | FOREST DEVELOPMENT FUND | BOTTLE DEPOSITS FUND | TOTALS |
|-----------------------------------|---|---|---|--|-------------------------------|----------------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 304 |
| - | - | - | - | - | 96 | 1,153 | 5,941 |
| - | - | - | - | - | 1 | - | 112,129 |
| - | 114 | 4,158 | 871 | 1,832 | 26,360 | 20,974 | 83,406 |
| - | 114 | 4,158 | 871 | 1,832 | 26,458 | 22,127 | 201,780 |
| - | - | - | 127 | 518 | - | - | 2,668 |
| - | 41 | 37,942 | 548 | 795 | 28,735 | 18,933 | 229,386 |
| - | - | - | - | - | 529 | - | 9,659 |
| - | 41 | 37,942 | 675 | 1,313 | 29,264 | 18,933 | 241,712 |
| - | 73 | (33,784) | 195 | 520 | (2,806) | 3,194 | (39,932) |
| - | - | - | - | - | - | 8,000 | 129,394 |
| (6,302) | - | (8,026) | (3) | (20,003) | (1,170) | (379) | (116,343) |
| (6,302) | - | (8,026) | (3) | (20,003) | (1,170) | 7,621 | 13,051 |
| (6,302) | 73 | (41,809) | 192 | (19,483) | (3,976) | 10,815 | (26,882) |
| 6,302 | 2,052 | 86,722 | 6,295 | 19,829 | 10,233 | 60,002 | 366,533 |
| <u>\$ -</u> | <u>\$ 2,125</u> | <u>\$ 44,912</u> | <u>\$ 6,487</u> | <u>\$ 346</u> | <u>\$ 6,257</u> | <u>\$ 70,818</u> | <u>\$ 339,651</u> |

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)**

| Statutory/Budgetary Basis | MICHIGAN CONSERVATION AND RECREATION LEGACY FUND | | | MICHIGAN NONGAME FISH AND WILDLIFE TRUST FUND | | |
|---|---|------------------|------------------|--|-----------------|---------------|
| | BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| REVENUES AND OTHER SOURCES | | | | | | |
| Taxes | \$ 304 | \$ 304 | \$ - | \$ - | \$ - | \$ - |
| From federal agencies | 4,692 | 4,692 | - | - | - | - |
| From licenses and permits | 112,127 | 112,127 | - | - | - | - |
| Miscellaneous | 7,117 | 7,117 | - | 871 | 871 | - |
| Transfers in | 121,394 | 121,394 | - | - | - | - |
| | <u>245,633</u> | <u>245,633</u> | <u>-</u> | <u>871</u> | <u>871</u> | <u>-</u> |
| Total Revenues and Other Sources | | | | | | |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | | |
| Natural Resources | 179,036 | 165,558 | 13,477 | 708 | 564 | 143 |
| Treasury | 15 | 15 | - | 127 | 127 | - |
| | <u>179,051</u> | <u>165,573</u> | <u>13,477</u> | <u>835</u> | <u>692</u> | <u>143</u> |
| Total Expenditures, Transfers Out and Encumbrances | | | | | | |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ 66,583</u> | <u>80,060</u> | <u>\$ 13,477</u> | <u>\$ 36</u> | <u>179</u> | <u>\$ 143</u> |
| Reconciling Items: | | | | | | |
| Encumbrances at September 30 | | 11,513 | | | 13 | |
| Funds not annually budgeted | | - | | | - | |
| Net Reconciling Items | | <u>11,513</u> | | | <u>13</u> | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>91,574</u> | | | <u>192</u> | |
| FUND BALANCES (GAAP BASIS) | | | | | | |
| Beginning balances - Restated | | <u>-</u> | | | <u>6,295</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 91,574</u> | | | <u>\$ 6,487</u> | |

| MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND | | | FOREST DEVELOPMENT FUND | | |
|--|-----------------|---------------|-------------------------|-----------------|-----------------|
| BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 96 | 96 | - |
| - | - | - | 1 | 1 | - |
| 1,832 | 1,832 | - | 26,360 | 26,360 | - |
| - | - | - | - | - | - |
| 1,832 | 1,832 | - | 26,458 | 26,458 | - |
| 21,143 | 20,797 | 346 | 36,182 | 30,610 | 5,572 |
| 518 | 518 | - | - | - | - |
| 21,661 | 21,315 | 346 | 36,182 | 30,610 | 5,572 |
| <u>\$ (19,829)</u> | <u>(19,483)</u> | <u>\$ 346</u> | <u>\$ (9,724)</u> | <u>(4,152)</u> | <u>\$ 5,572</u> |
| | - | | | 176 | |
| | - | | | - | |
| | - | | | 176 | |
| | (19,483) | | | (3,976) | |
| | 19,829 | | | 10,233 | |
| | <u>\$ 346</u> | | | <u>\$ 6,257</u> | |

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - CONSERVATION, ENVIRONMENT, AND RECREATION RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| Statutory/Budgetary Basis | FUNDS NOT ANNUALLY BUDGETED | | | | |
|---|-------------------------------------|--|--------------------------|---|--------------------------------------|
| | GAME AND FISH PROTECTION FUND | MICHIGAN STATE WATERWAYS FUND | MARINE SAFETY FUND | MICHIGAN GAME AND FISH PROTECTION TRUST FUND | STATE PARK IMPROVEMENT FUND |
| | ACTUAL | ACTUAL | ACTUAL | ACTUAL | ACTUAL |
| REVENUES AND OTHER SOURCES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| From federal agencies | - | - | - | - | - |
| From licenses and permits | - | - | - | - | - |
| Miscellaneous | - | - | - | - | - |
| Transfers in | - | - | - | - | - |
| Total Revenues and Other Sources | - | - | - | - | - |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | |
| Natural Resources | - | - | - | - | - |
| Treasury | - | - | - | - | - |
| Total Expenditures, Transfers Out and Encumbrances | - | - | - | - | - |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | - | - | - | - | - |
| Reconciling Items: | | | | | |
| Encumbrances at September 30 | - | - | - | - | - |
| Funds not annually budgeted | (25,649) | (39,626) | (737) | 8,047 | (6,302) |
| Net Reconciling Items | (25,649) | (39,626) | (737) | 8,047 | (6,302) |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | (25,649) | (39,626) | (737) | 8,047 | (6,302) |
| FUND BALANCES (GAAP BASIS) | | | | | |
| Beginning balances - Restated | 25,649 | 39,626 | 737 | 109,085 | 6,302 |
| Ending balances (GAAP Basis) | \$ - | \$ - | \$ - | \$ 117,132 | \$ - |

Michigan

FUNDS NOT ANNUALLY BUDGETED

| COMBINED RECREATION BOND FUND- LOCAL PROJECTS | COMBINED ENVIRONMENTAL PROTECTION BOND FUND | BOTTLE DEPOSITS FUND | TOTALS | | |
|---|---|----------------------------|------------------|-------------------|------------------|
| | | | BUDGET | ACTUAL | VARIANCE |
| ACTUAL | ACTUAL | ACTUAL | | | |
| \$ - | \$ - | \$ - | \$ 304 | \$ 304 | \$ - |
| - | - | - | 4,788 | 4,788 | - |
| - | - | - | 112,129 | 112,129 | - |
| - | - | - | 36,180 | 36,180 | - |
| - | - | - | 121,394 | 121,394 | - |
| - | - | - | 274,794 | 274,794 | - |
| - | - | - | 237,068 | 217,530 | 19,538 |
| - | - | - | 661 | 661 | - |
| - | - | - | 237,728 | 218,190 | 19,538 |
| - | - | - | <u>\$ 37,066</u> | 56,604 | <u>\$ 19,538</u> |
| - | - | - | | 11,703 | |
| 73 | (41,809) | 10,815 | | (95,188) | |
| 73 | (41,809) | 10,815 | | (83,486) | |
| 73 | (41,809) | 10,815 | | (26,882) | |
| 2,052 | 86,722 | 60,002 | | 366,533 | |
| <u>\$ 2,125</u> | <u>\$ 44,912</u> | <u>\$ 70,818</u> | | <u>\$ 339,651</u> | |



SPECIAL REVENUE FUNDS – REGULATORY AND ADMINISTRATIVE RELATED

MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND

Michigan Compiled Laws Section 421.10 created this fund to account for administrative costs of the Bureau of Worker's and Unemployment Compensation, which is administered by the Department of Labor and Economic Growth. The fund derives most of its revenue from federal grants. It also receives transfers from the Michigan Employment Security Act Contingent Fund (reported as part of the Michigan Unemployment Compensation Funds, an enterprise fund). Expenditures for administration are subject to legislative appropriation.

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

SAFETY EDUCATION AND TRAINING FUND

MCL Section 408.1055 imposes an annual levy on each insurance carrier licensed to write workers' disability compensation business in the State and on each self-insured employer. The Safety Education and Training Fund was established to receive these assessments for support of the Department of Labor and Economic Growth's Consultation Education and Training Division.

STATE CONSTRUCTION CODE FUND

MCL Section 125.1522 created the State Construction Code Fund. Fees received for building permit applications and other funds collected under this legislation are appropriated by the Legislature for the operation of the Department of Labor and Economic Growth's Bureau of Construction Codes and Fire Safety and related indirect overhead expenditures.

HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND

Established by MCL Section 570.1201, the Homeowner Construction Lien Recovery Fund allows contractors, subcontractors, suppliers, and laborers to collect payments for work done if they have not been paid, despite filing a residential lien. The fund is self-sustaining and is financed by fees assessed on builders, electrical and plumbing contractors, and laborers.

STATE CASINO GAMING FUND

Created by MCL Section 432.212, this fund provides the licensing, regulation, and control of casino gaming activities in Michigan. The five-member gaming control board is vested with the authority for licensing, regulating, and controlling casino gaming operations; manufacturers and distributors of gaming equipment and supplies; and persons who participate in gaming. Activities financed by casino gaming revenue are legally restricted for specific purposes.

SECOND INJURY FUND

MCL Section 418.501, created the Second Injury Fund to insure carriers and self-insured employers against certain workers' compensation losses. The administrator, appointed by the fund's Board of Trustees, supervises the fund. The fund's revenue consists of assessments, calculated under provisions of the act, which are assessed to insurance carriers and self-insured employers licensed or authorized in Michigan.

SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND

Established by MCL Section 418.501, the Silicosis, Dust Disease, and Logging Industry Compensation Fund reimburses insurance carriers who pay benefits to employees injured from certain dust diseases, and employees who have sustained personal injury or death while being employed in the logging industry. Revenues are generated through annual assessments of insurance carriers.

SELF-INSURERS' SECURITY FUND

Established by MCL Section 418.501, the Self-Insurers' Security Fund pays workers' compensation benefits to injured employees of insolvent, private self-insured employers. Revenues are generated through annual assessments of insurance carriers.

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

UTILITY CONSUMER REPRESENTATION FUND

Established by MCL Section 460.6m, the Utility Consumer Representation Fund provides funding, on behalf of residential gas, fuel, and electric customers, for energy cost recovery hearings before the Michigan Public Service Commission. Revenues are generated through annual assessments of regulated utility companies.

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
 SEPTEMBER 30, 2007
 (In Thousands)

| | MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND | SAFETY EDUCATION AND TRAINING FUND | STATE CONSTRUCTION CODE FUND | HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND |
|--|--|---|------------------------------------|---|
| ASSETS | | | | |
| Current Assets: | | | | |
| Cash | \$ - | \$ - | \$ - | \$ - |
| Equity in common cash | - | 4,354 | 4,100 | 3,716 |
| Amounts due from other funds | 150 | - | - | - |
| Amounts due from federal agencies | 11,276 | - | - | - |
| Other current assets | 390 | - | 108 | - |
| Total Current Assets | <u>11,816</u> | <u>4,354</u> | <u>4,208</u> | <u>3,716</u> |
| Total Assets | <u>\$ 11,816</u> | <u>\$ 4,354</u> | <u>\$ 4,208</u> | <u>\$ 3,716</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ 186 | \$ 6 | \$ 7 | \$ 150 |
| Accounts payable and other liabilities | 4,616 | 268 | 332 | 184 |
| Amounts due to other funds | 7,013 | 27 | 91 | - |
| Deferred revenue | - | - | - | - |
| Total Current Liabilities | <u>11,816</u> | <u>300</u> | <u>429</u> | <u>334</u> |
| Total Liabilities | <u>11,816</u> | <u>300</u> | <u>429</u> | <u>334</u> |
| Fund Balances: | | | | |
| Reserves for: | | | | |
| Budgetary carry-forwards: | | | | |
| Encumbrances | - | 211 | 101 | - |
| Restricted revenues | - | - | - | - |
| Total Reserved | <u>-</u> | <u>211</u> | <u>101</u> | <u>-</u> |
| Unreserved | <u>-</u> | <u>3,843</u> | <u>3,678</u> | <u>3,382</u> |
| Total Fund Balances | <u>-</u> | <u>4,054</u> | <u>3,779</u> | <u>3,382</u> |
| Total Liabilities and Fund Balances | <u>\$ 11,816</u> | <u>\$ 4,354</u> | <u>\$ 4,208</u> | <u>\$ 3,716</u> |

| STATE CASINO GAMING FUND | SECOND INJURY FUND | SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND | SELF-INSURERS' SECURITY FUND | UTILITY CONSUMER REPRESENTATION FUND | TOTALS |
|-----------------------------|--------------------------|--|------------------------------------|--|------------------|
| \$ 3 | \$ - | \$ - | \$ - | \$ - | \$ 3 |
| 9,350 | 11,986 | 2,149 | 20,421 | 3,548 | 59,624 |
| - | 6,440 | - | - | - | 6,590 |
| - | - | - | - | - | 11,276 |
| 137 | 1,612 | 170 | 1,542 | - | 3,959 |
| <u>9,490</u> | <u>20,038</u> | <u>2,319</u> | <u>21,963</u> | <u>3,548</u> | <u>81,451</u> |
| <u>\$ 9,490</u> | <u>\$ 20,038</u> | <u>\$ 2,319</u> | <u>\$ 21,963</u> | <u>\$ 3,548</u> | <u>\$ 81,451</u> |
| \$ 1 | \$ 705 | \$ 31 | \$ 160 | \$ 15 | \$ 1,261 |
| 572 | 2,063 | 452 | 7,687 | 52 | 16,226 |
| 53 | 7 | 3 | 4 | 2 | 7,199 |
| 111 | 5,112 | 378 | 2,334 | - | 7,935 |
| <u>736</u> | <u>7,887</u> | <u>864</u> | <u>10,185</u> | <u>69</u> | <u>32,621</u> |
| <u>736</u> | <u>7,887</u> | <u>864</u> | <u>10,185</u> | <u>69</u> | <u>32,621</u> |
| - | - | - | - | - | 312 |
| 7,373 | - | - | - | - | 7,373 |
| <u>7,373</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,685</u> |
| 1,381 | 12,151 | 1,454 | 11,778 | 3,478 | 41,146 |
| 8,754 | 12,151 | 1,454 | 11,778 | 3,478 | 48,830 |
| <u>\$ 9,490</u> | <u>\$ 20,038</u> | <u>\$ 2,319</u> | <u>\$ 21,963</u> | <u>\$ 3,548</u> | <u>\$ 81,451</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
 FISCAL YEAR ENDED SEPTEMBER 30, 2007
 (In Thousands)

| | MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND | SAFETY EDUCATION AND TRAINING FUND | STATE CONSTRUCTION CODE FUND | HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND |
|---|--|---|------------------------------------|---|
| REVENUES | | | | |
| From federal agencies | \$ 122,542 | \$ - | \$ - | \$ - |
| From licenses and permits | - | - | 12,608 | - |
| Miscellaneous | 110 | 9,048 | 94 | 1,472 |
| Total Revenues | <u>122,651</u> | <u>9,048</u> | <u>12,702</u> | <u>1,472</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Labor, commerce, and regulatory | 137,909 | 8,681 | 10,708 | 1,689 |
| Debt Service: | | | | |
| Capital lease payments | 473 | - | - | - |
| Total Expenditures | <u>138,382</u> | <u>8,681</u> | <u>10,708</u> | <u>1,689</u> |
| Excess of Revenues over (under) Expenditures | <u>(15,731)</u> | <u>367</u> | <u>1,994</u> | <u>(217)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital lease acquisitions | 742 | - | - | - |
| Transfers from other funds | 15,847 | - | - | - |
| Transfers to other funds | (858) | (45) | (93) | (1) |
| Total Other Financing Sources (Uses) | <u>15,731</u> | <u>(45)</u> | <u>(93)</u> | <u>(1)</u> |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | - | 322 | 1,901 | (218) |
| Fund Balances - Beginning of fiscal year | <u>-</u> | <u>3,732</u> | <u>1,878</u> | <u>3,600</u> |
| Fund Balances - End of fiscal year | <u>\$ -</u> | <u>\$ 4,054</u> | <u>\$ 3,779</u> | <u>\$ 3,382</u> |

Michigan

| STATE CASINO GAMING FUND | SECOND INJURY FUND | SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND | SELF-INSURERS' SECURITY FUND | UTILITY CONSUMER REPRESENTATION FUND | TOTALS |
|-----------------------------------|--------------------------|--|------------------------------------|--|------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 122,542 |
| 1,103 | - | - | - | - | 13,712 |
| <u>31,266</u> | <u>19,287</u> | <u>1,754</u> | <u>10,238</u> | <u>1,233</u> | <u>74,500</u> |
| <u>32,369</u> | <u>19,287</u> | <u>1,754</u> | <u>10,238</u> | <u>1,233</u> | <u>210,753</u> |
| 17,821 | - | - | - | 522 | 18,343 |
| - | 17,533 | 2,222 | 7,504 | 599 | 186,845 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>473</u> |
| <u>17,821</u> | <u>17,533</u> | <u>2,222</u> | <u>7,504</u> | <u>1,122</u> | <u>205,662</u> |
| <u>14,548</u> | <u>1,754</u> | <u>(469)</u> | <u>2,734</u> | <u>111</u> | <u>5,091</u> |
| - | - | - | - | - | 742 |
| 19 | - | - | - | - | 15,866 |
| <u>(19,796)</u> | <u>(13)</u> | <u>(4)</u> | <u>(6)</u> | <u>(3)</u> | <u>(20,820)</u> |
| <u>(19,777)</u> | <u>(13)</u> | <u>(4)</u> | <u>(6)</u> | <u>(3)</u> | <u>(4,212)</u> |
| (5,229) | 1,741 | (473) | 2,727 | 108 | 879 |
| <u>13,983</u> | <u>10,410</u> | <u>1,928</u> | <u>9,051</u> | <u>3,370</u> | <u>47,951</u> |
| <u>\$ 8,754</u> | <u>\$ 12,151</u> | <u>\$ 1,454</u> | <u>\$ 11,778</u> | <u>\$ 3,478</u> | <u>\$ 48,830</u> |

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)**

| <u>Statutory/Budgetary Basis</u> | <u>MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND</u> | | | <u>SAFETY EDUCATION AND TRAINING FUND</u> | | |
|--|---|----------------|-----------------|---|-----------------|-----------------|
| | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> | <u>BUDGET</u> | <u>ACTUAL</u> | <u>VARIANCE</u> |
| REVENUES AND OTHER SOURCES | | | | | | |
| From federal agencies | \$ 122,542 | \$ 122,542 | \$ - | \$ - | \$ - | \$ - |
| From licenses and permits | - | - | - | - | - | - |
| Miscellaneous | 110 | 110 | - | 9,048 | 9,048 | - |
| Transfers in | 15,847 | 15,847 | - | - | - | - |
| Total Revenues and Other Sources | <u>138,499</u> | <u>138,499</u> | <u>-</u> | <u>9,048</u> | <u>9,048</u> | <u>-</u> |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | | |
| Labor and Economic Growth | 138,499 | 138,499 | - | 9,243 | 8,937 | 306 |
| Treasury | - | - | - | - | - | - |
| Total Expenditures, Transfers Out, and Encumbrances | <u>138,499</u> | <u>138,499</u> | <u>-</u> | <u>9,243</u> | <u>8,937</u> | <u>306</u> |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ -</u> | <u>-</u> | <u>\$ -</u> | <u>\$ (195)</u> | <u>111</u> | <u>\$ 306</u> |
| Reconciling Items: | | | | | | |
| Encumbrances at September 30 | | - | | | 211 | |
| Funds not annually budgeted | | - | | | - | |
| Net Reconciling Items | | - | | | <u>211</u> | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | - | | | <u>322</u> | |
| FUND BALANCES (GAAP BASIS) | | | | | | |
| Beginning balances | | - | | | <u>3,732</u> | |
| Ending balances (GAAP Basis) | | <u>\$ -</u> | | | <u>\$ 4,054</u> | |

| STATE CONSTRUCTION CODE FUND | | | HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND | | |
|------------------------------|-----------------|-----------------|--|-----------------|--------------|
| BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 12,608 | 12,608 | - | - | - | - |
| 94 | 94 | - | 1,472 | 1,472 | - |
| - | - | - | - | - | - |
| 12,702 | 12,702 | - | 1,472 | 1,472 | - |
| 14,603 | 10,902 | 3,702 | 1,723 | 1,690 | 33 |
| - | - | - | - | - | - |
| 14,603 | 10,902 | 3,702 | 1,723 | 1,690 | 33 |
| <u>\$ (1,901)</u> | <u>1,800</u> | <u>\$ 3,702</u> | <u>\$ (251)</u> | <u>(218)</u> | <u>\$ 33</u> |
| | 101 | | | - | |
| | - | | | - | |
| | 101 | | | - | |
| | 1,901 | | | (218) | |
| | 1,878 | | | 3,600 | |
| | <u>\$ 3,779</u> | | | <u>\$ 3,382</u> | |

This schedule continued on next page.

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| Statutory/Budgetary Basis | STATE CASINO GAMING FUND | | |
|--|--------------------------|-----------------|-------------|
| | BUDGET | ACTUAL | VARIANCE |
| REVENUES AND OTHER SOURCES | | | |
| From federal agencies | \$ - | \$ - | \$ - |
| From licenses and permits | 1,103 | 1,103 | - |
| Miscellaneous | 31,266 | 31,266 | - |
| Transfers in | 19 | 19 | - |
| Total Revenues and Other Sources | <u>32,388</u> | <u>32,388</u> | - |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | |
| Labor and Economic Growth | - | - | - |
| Treasury | 37,617 | 37,617 | - |
| Total Expenditures, Transfers Out, and Encumbrances | <u>37,617</u> | <u>37,617</u> | - |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ (5,229)</u> | <u>(5,229)</u> | <u>\$ -</u> |
| Reconciling Items: | | | |
| Encumbrances at September 30 | | - | - |
| Funds not annually budgeted | | - | - |
| Net Reconciling Items | | - | - |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>(5,229)</u> | |
| FUND BALANCES (GAAP BASIS) | | | |
| Beginning balances | | 13,983 | |
| Ending balances (GAAP Basis) | | <u>\$ 8,754</u> | |

FUNDS NOT ANNUALLY BUDGETED

| SECOND INJURY FUND | SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND | SELF-INSURERS' SECURITY FUND | UTILITY CONSUMER REPRESENTATION FUND | TOTALS | | |
|--------------------------|--|------------------------------------|--|-------------------|------------------|-----------------|
| | | | | BUDGET | ACTUAL | VARIANCE |
| ACTUAL | ACTUAL | ACTUAL | ACTUAL | | | |
| \$ - | \$ - | \$ - | \$ - | \$ 122,542 | \$ 122,542 | \$ - |
| - | - | - | - | 13,712 | 13,712 | - |
| - | - | - | - | 41,989 | 41,989 | - |
| - | - | - | - | 15,866 | 15,866 | - |
| - | - | - | - | 194,108 | 194,108 | - |
| - | - | - | - | 164,068 | 160,027 | 4,041 |
| - | - | - | - | 37,617 | 37,617 | - |
| - | - | - | - | 201,685 | 197,644 | 4,041 |
| - | - | - | - | <u>\$ (7,577)</u> | <u>(3,536)</u> | <u>\$ 4,041</u> |
| - | - | - | - | | 312 | |
| 1,741 | (473) | 2,727 | 108 | | 4,104 | |
| 1,741 | (473) | 2,727 | 108 | | 4,415 | |
| 1,741 | (473) | 2,727 | 108 | | 879 | |
| 10,410 | 1,928 | 9,051 | 3,370 | | 47,951 | |
| <u>\$ 12,151</u> | <u>\$ 1,454</u> | <u>\$ 11,778</u> | <u>\$ 3,478</u> | | <u>\$ 48,830</u> | |



SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

SCHOOL BOND LOAN FUND

Article 9, Section 16, of the State Constitution, Michigan Compiled Laws Sections 388.921 and 388.981 authorized the issuance of State general obligation bonds to provide funds for loans to school districts. Loans are made for the payment of principal and interest on school district bonds under prescribed circumstances. State bond proceeds are credited to the fund as an "Other Financing Source." When loans are made, transfers are recorded to the General Fund, which receives loan payments and provides financing for debt service. In the General Fund, loans receivable are recorded as assets.

21st CENTURY JOBS TRUST FUND

MCL Section 12.257 created the 21st Century Jobs Trust Fund to account for the transfer of the net bond proceeds issued by the Michigan Tobacco Settlement Finance Authority. The bonds are issued to provide sufficient funds to purchase all or a portion of the State's receipts from the master settlement agreement between tobacco manufacturers and the State. Fund expenditures are used to reimburse the Michigan Strategic Fund for expenses related to revitalizing Michigan's economy and for other programs as determined by the Legislature. The fund may accept donations of money from any source; all interest earned is deposited into the State's General Fund. Beginning in fiscal year 2008 through 2015, the fund will also receive a portion of the tobacco settlement revenue received by the State.

MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY

MCL Section 129.264 created the Michigan Tobacco Settlement Finance Authority (MTSFA) to issue bonds necessary to provide sufficient funds to purchase all or a portion of the State's tobacco receipts from the master settlement agreement between tobacco manufacturers and the State. The Authority may also issue refunding bonds. Bonds are special revenue obligations that are payable primarily from and secured by a pledge of encumbered tobacco revenue and other assets. These bonds are not a general obligation of the State. The Authority is required to disburse the net proceeds of the bonds to the 21st Century Jobs Trust Fund. The MTSFA Special Revenue Fund receives bond proceeds and disburses those for the intended purposes stated in the official statement of each bond series.

The Authority is administered by a seven-member board of directors, including the State Treasurer; the Director of the Department of Labor and Economic Growth; and five other members appointed by the Governor with varying levels of consent from the members of the legislature.

MICHIGAN MERIT AWARD TRUST FUND

This fund was created by MCL Section 12.259 to account for a portion of the revenue from the master settlement agreement between tobacco manufacturers and the State. The settlement reimburses the State for health care costs, which result from the use of tobacco products. The fund also consists of interest and earnings from trust fund investments and donations. Fund expenditures are used for the Michigan Merit Award Scholarship and other programs as determined by the Legislature.

All assets and liabilities of the Tobacco Settlement Trust Fund, established by MCL Section 12.253 and repealed as part of tobacco securitization legislation passed in November 2005, were transferred to the Michigan Merit Award Trust Fund in fiscal year 2006.

CHILDREN'S TRUST FUND

MCL Section 21.171 established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board. The Board was established under MCL Section 722.603 to coordinate and fund activities for the prevention of child abuse and neglect in the State. Not more than one-half the money contributed to the trust fund each year, plus the interest and earnings, excluding unrealized gains and losses, credited to the trust fund during the previous fiscal year are available for disbursement. Money received as gifts or donations to the trust fund shall be available for disbursement upon appropriation. Funds that are not available for disbursement are reserved as funds held for permanent investment.

ASSIGNED CLAIMS FACILITY AND PLAN FUND

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

MILITARY FAMILY RELIEF FUND

MCL Section 35.1213 created this fund to provide assistance to families of certain members of the reserve components of the United States armed forces on active duty. A qualified individual or the individual's family shall apply to the Department of Military and Veterans Affairs for a grant from the fund. Funds are received primarily from taxpayer contributions on his or her annual State tax return designating \$1.00 or more of his or her refund to be credited to this fund.

MISCELLANEOUS SPECIAL REVENUE FUNDS

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

COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
SEPTEMBER 30, 2007
(In Thousands)

| | SCHOOL BOND LOAN FUND | 21ST CENTURY JOBS TRUST FUND | MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY | MICHIGAN MERIT AWARD TRUST FUND |
|--|-----------------------------|------------------------------------|---|---------------------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Equity in common cash | \$ 861 | \$ 232,480 | \$ 8 | \$ 26,857 |
| Amounts due from component units | - | - | - | 2 |
| Investments | - | - | 70,944 | - |
| Securities lending collateral | - | - | - | - |
| Other current assets | - | 56,250 | 29,290 | 121,650 |
| Total Current Assets | <u>861</u> | <u>288,730</u> | <u>100,241</u> | <u>148,509</u> |
| Investments | - | - | 75,899 | - |
| Other noncurrent assets | - | - | - | - |
| Total Assets | <u>\$ 861</u> | <u>\$ 288,730</u> | <u>\$ 176,141</u> | <u>\$ 148,509</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Current Liabilities: | | | | |
| Warrants outstanding | \$ - | \$ - | \$ - | \$ 12 |
| Obligations under security lending | - | - | - | - |
| Accounts payable and other liabilities | 146 | - | 3 | 16,985 |
| Amounts due to other funds | - | - | - | 8 |
| Deferred revenue | - | 56,250 | 27,326 | 121,265 |
| Total Current Liabilities | <u>146</u> | <u>56,250</u> | <u>27,329</u> | <u>138,270</u> |
| Deferred revenue | - | - | - | - |
| Total Liabilities | <u>146</u> | <u>56,250</u> | <u>27,329</u> | <u>138,270</u> |
| Fund Balances: | | | | |
| Reserves for: | | | | |
| Encumbrances | - | - | - | 36 |
| Funds held as permanent investments | - | - | - | - |
| Noncurrent assets | - | - | - | - |
| Total Reserved | <u>-</u> | <u>-</u> | <u>-</u> | <u>36</u> |
| Unreserved | <u>715</u> | <u>232,480</u> | <u>148,811</u> | <u>10,204</u> |
| Total Fund Balances | <u>715</u> | <u>232,480</u> | <u>148,811</u> | <u>10,239</u> |
| Total Liabilities and Fund Balances | <u>\$ 861</u> | <u>\$ 288,730</u> | <u>\$ 176,141</u> | <u>\$ 148,509</u> |

Michigan

| <u>CHILDREN'S TRUST FUND</u> | <u>ASSIGNED CLAIMS FACILITY AND PLAN FUND</u> | <u>MILITARY FAMILY RELIEF FUND</u> | <u>MISCELLANEOUS SPECIAL REVENUE FUNDS</u> | <u>TOTALS</u> |
|----------------------------------|---|--|--|-------------------|
| \$ 6,547 | \$ 280 | \$ 1,769 | \$ 2,375 | \$ 271,175 |
| - | - | - | - | 2 |
| - | - | - | - | 70,944 |
| 11,239 | - | - | - | 11,239 |
| 394 | 698 | - | 280 | 208,561 |
| <u>18,179</u> | <u>978</u> | <u>1,769</u> | <u>2,655</u> | <u>561,921</u> |
| 16,237 | - | - | - | 92,136 |
| - | - | - | 1,088 | 1,088 |
| <u>\$ 34,416</u> | <u>\$ 978</u> | <u>\$ 1,769</u> | <u>\$ 3,742</u> | <u>\$ 655,145</u> |
| | | | | |
| \$ 29 | \$ 2 | \$ - | \$ 3 | \$ 47 |
| 11,239 | - | - | - | 11,239 |
| 491 | - | 15 | 2 | 17,642 |
| 3 | - | - | - | 12 |
| 4 | 975 | - | - | 205,821 |
| <u>11,767</u> | <u>978</u> | <u>15</u> | <u>5</u> | <u>234,760</u> |
| - | - | - | 338 | 338 |
| <u>11,767</u> | <u>978</u> | <u>15</u> | <u>343</u> | <u>235,098</u> |
| | | | | |
| 9 | - | - | - | 44 |
| 20,853 | - | - | - | 20,853 |
| - | - | - | 750 | 750 |
| <u>20,862</u> | <u>-</u> | <u>-</u> | <u>750</u> | <u>21,647</u> |
| 1,787 | - | 1,753 | 2,650 | 398,400 |
| 22,649 | - | 1,753 | 3,400 | 420,047 |
| <u>\$ 34,416</u> | <u>\$ 978</u> | <u>\$ 1,769</u> | <u>\$ 3,742</u> | <u>\$ 655,145</u> |

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2007
 (In Thousands)

| | SCHOOL BOND LOAN FUND | 21ST CENTURY JOBS TRUST FUND | MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY | MICHIGAN MERIT AWARD TRUST FUND |
|---|-----------------------------|------------------------------------|---|---------------------------------------|
| REVENUES | | | | |
| From federal agencies | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | 4,243 | 361,875 |
| Total Revenues | - | - | 4,243 | 361,875 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 394 | 97,663 | 3,145 | 2,881 |
| Education | - | - | - | 222,632 |
| Human services | - | - | - | - |
| Public safety and corrections | - | - | - | - |
| Health services | - | - | - | 130,958 |
| Total Expenditures | 394 | 97,663 | 3,145 | 356,471 |
| Excess of Revenues over (under) Expenditures | (394) | (97,663) | 1,098 | 5,403 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Bonds and notes issued | - | - | 522,992 | - |
| Discount on bond issuance | - | - | (15,213) | - |
| Transfers to other funds | - | (50,000) | (448,293) | (4,250) |
| Total Other Financing Sources (Uses) | - | (50,000) | 59,485 | (4,250) |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses | (394) | (147,663) | 60,583 | 1,153 |
| Fund Balances - Beginning of fiscal year | 1,109 | 380,143 | 88,228 | 9,086 |
| Fund Balances - End of fiscal year | <u>\$ 715</u> | <u>\$ 232,480</u> | <u>\$ 148,811</u> | <u>\$ 10,239</u> |

Michigan

| CHILDREN'S TRUST FUND | ASSIGNED CLAIMS FACILITY AND PLAN FUND | MILITARY FAMILY RELIEF FUND | MISCELLANEOUS SPECIAL REVENUE FUNDS | TOTALS |
|--------------------------|--|--------------------------------|---|-------------------|
| \$ 1,050 | \$ - | \$ - | \$ - | \$ 1,050 |
| 3,444 | 133,742 | 890 | 294 | 504,487 |
| <u>4,494</u> | <u>133,742</u> | <u>890</u> | <u>294</u> | <u>505,537</u> |
| 536 | 133,645 | - | 39 | 238,303 |
| - | - | - | - | 222,632 |
| 3,393 | - | - | 3 | 3,396 |
| - | - | 407 | - | 407 |
| - | - | - | - | 130,958 |
| <u>3,929</u> | <u>133,645</u> | <u>407</u> | <u>42</u> | <u>595,696</u> |
| 565 | 97 | 483 | 252 | (90,159) |
| - | - | - | - | 522,992 |
| - | - | - | - | (15,213) |
| - | (97) | - | - | (502,640) |
| <u>-</u> | <u>(97)</u> | <u>-</u> | <u>-</u> | <u>5,138</u> |
| 565 | - | 483 | 252 | (85,020) |
| 22,084 | - | 1,270 | 3,147 | 505,068 |
| <u>\$ 22,649</u> | <u>\$ -</u> | <u>\$ 1,753</u> | <u>\$ 3,400</u> | <u>\$ 420,047</u> |

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| Statutory/Budgetary Basis | 21ST CENTURY JOBS TRUST FUND | | | MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY | | |
|--|------------------------------|-------------------|-------------------|--|-------------------|-------------------|
| | BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| REVENUES AND OTHER SOURCES | | | | | | |
| From federal agencies | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Miscellaneous | - | - | - | 4,243 | 4,243 | - |
| Bonds and notes issued | - | - | - | 522,992 | 522,992 | - |
| Total Revenues and Other Sources | - | - | - | 527,235 | 527,235 | - |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | | |
| Attorney General | - | - | - | - | - | - |
| Colleges and Universities Grants | - | - | - | - | - | - |
| Community Health | - | - | - | - | - | - |
| Human Services | - | - | - | - | - | - |
| Military and Veterans Affairs | - | - | - | - | - | - |
| Treasury | 380,143 | 147,663 | 232,480 | 615,463 | 466,651 | 148,811 |
| Total Expenditures, Transfers Out, and Encumbrances | 380,143 | 147,663 | 232,480 | 615,463 | 466,651 | 148,811 |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | <u>\$ (380,143)</u> | <u>(147,663)</u> | <u>\$ 232,480</u> | <u>\$ (88,228)</u> | <u>60,583</u> | <u>\$ 148,811</u> |
| Reconciling Items: | | | | | | |
| Encumbrances at September 30 | | - | | | - | |
| Funds not annually budgeted | | - | | | - | |
| Net Reconciling Items | | - | | | - | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | | <u>(147,663)</u> | | | <u>60,583</u> | |
| FUND BALANCES (GAAP BASIS) | | | | | | |
| Beginning balances | | <u>380,143</u> | | | <u>88,228</u> | |
| Ending balances (GAAP Basis) | | <u>\$ 232,480</u> | | | <u>\$ 148,811</u> | |

Michigan

| MICHIGAN MERIT AWARD TRUST FUND | | | CHILDREN'S TRUST FUND | | | MILITARY FAMILY RELIEF FUND | | |
|---------------------------------|------------------|-----------------|-----------------------|------------------|-----------------|-----------------------------|-----------------|---------------|
| BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE | BUDGET | ACTUAL | VARIANCE |
| \$ - | \$ - | \$ - | \$ 1,050 | \$ 1,050 | \$ - | \$ - | \$ - | \$ - |
| 361,875 | 361,875 | - | 3,444 | 3,444 | - | 890 | 890 | - |
| - | - | - | - | - | - | - | - | - |
| <u>361,875</u> | <u>361,875</u> | <u>-</u> | <u>4,494</u> | <u>4,494</u> | <u>-</u> | <u>890</u> | <u>890</u> | <u>-</u> |
| 396 | 386 | 10 | - | - | - | - | - | - |
| 231,800 | 226,882 | 4,918 | - | - | - | - | - | - |
| 130,958 | 130,958 | - | - | - | - | - | - | - |
| - | - | - | 4,566 | 3,402 | 1,165 | - | - | - |
| - | - | - | - | - | - | 1,000 | 407 | 593 |
| <u>3,263</u> | <u>2,531</u> | <u>732</u> | <u>536</u> | <u>536</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>366,416</u> | <u>360,757</u> | <u>5,659</u> | <u>5,102</u> | <u>3,938</u> | <u>1,165</u> | <u>1,000</u> | <u>407</u> | <u>593</u> |
| <u>\$ (4,542)</u> | <u>1,118</u> | <u>\$ 5,659</u> | <u>\$ (608)</u> | <u>556</u> | <u>\$ 1,165</u> | <u>\$ (110)</u> | <u>483</u> | <u>\$ 593</u> |
| | 36 | | | 9 | | | - | |
| | - | | | - | | | - | |
| | <u>36</u> | | | <u>9</u> | | | <u>-</u> | |
| | <u>1,153</u> | | | <u>565</u> | | | <u>483</u> | |
| | <u>9,086</u> | | | <u>22,084</u> | | | <u>1,270</u> | |
| | <u>\$ 10,239</u> | | | <u>\$ 22,649</u> | | | <u>\$ 1,753</u> | |

This schedule continued on next page.

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL REVENUE FUNDS - OTHER STATE FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

| Statutory/Budgetary Basis | FUNDS NOT ANNUALLY BUDGETED | | | TOTALS | | |
|--|-----------------------------|--|---|--------------|------------|------------|
| | SCHOOL BOND LOAN FUND | ASSIGNED CLAIMS FACILITY AND PLAN FUND | MISCELLANEOUS SPECIAL REVENUE FUNDS | BUDGET | ACTUAL | VARIANCE |
| | ACTUAL | ACTUAL | ACTUAL | | | |
| REVENUES AND OTHER SOURCES | | | | | | |
| From federal agencies | \$ - | \$ - | \$ - | \$ 1,050 | \$ 1,050 | \$ - |
| Miscellaneous | - | - | - | 370,451 | 370,451 | - |
| Bonds and notes issued | - | - | - | 522,992 | 522,992 | - |
| Total Revenues and Other Sources | - | - | - | 894,493 | 894,493 | - |
| EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY | | | | | | |
| Attorney General | - | - | - | 396 | 386 | 10 |
| Colleges and Universities Grants | - | - | - | 231,800 | 226,882 | 4,918 |
| Community Health | - | - | - | 130,958 | 130,958 | - |
| Human Services | - | - | - | 4,566 | 3,402 | 1,165 |
| Military and Veterans Affairs | - | - | - | 1,000 | 407 | 593 |
| Treasury | - | - | - | 999,404 | 617,381 | 382,023 |
| Total Expenditures, Transfers Out, and Encumbrances | - | - | - | 1,368,124 | 979,415 | 388,709 |
| Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis) | - | - | - | \$ (473,631) | (84,922) | \$ 388,709 |
| Reconciling Items: | | | | | | |
| Encumbrances at September 30 | - | - | - | | 44 | |
| Funds not annually budgeted | (394) | - | 252 | | (142) | |
| Net Reconciling Items | (394) | - | 252 | | (98) | |
| Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis) | (394) | - | 252 | | (85,020) | |
| FUND BALANCES (GAAP BASIS) | | | | | | |
| Beginning balances | 1,109 | - | 3,147 | | 505,068 | |
| Ending balances (GAAP Basis) | \$ 715 | \$ - | \$ 3,400 | | \$ 420,047 | |