

## 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

Michigan Compiled Laws 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

Michigan Compiled Laws 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

Michigan Compiled Laws 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, 2006  
 (In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
<b>ASSETS</b>				
Current Assets:				
Cash	\$ -	\$ -	\$ -	\$ -
Equity in common cash	-	4,033	2,441	3,759
Amounts due from other funds	260	-	-	-
Amounts due from federal agencies	13,874	-	-	-
Other current assets	16	-	83	-
Total Current Assets	<u>14,150</u>	<u>4,033</u>	<u>2,524</u>	<u>3,759</u>
Total Assets	<u>\$ 14,150</u>	<u>\$ 4,033</u>	<u>\$ 2,524</u>	<u>\$ 3,759</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ 109	\$ 10	\$ 20	\$ 61
Accounts payable and other liabilities	4,822	240	528	97
Amounts due to other funds	9,219	50	98	1
Deferred revenue	-	-	-	-
Total Current Liabilities	<u>14,150</u>	<u>300</u>	<u>646</u>	<u>159</u>
Total Liabilities	<u>14,150</u>	<u>300</u>	<u>646</u>	<u>159</u>
Fund Balances:				
Reserves for:				
Budgetary carry-forwards:				
Encumbrances	-	326	37	-
Restricted revenues	-	-	-	-
Total Reserved	<u>-</u>	<u>326</u>	<u>37</u>	<u>-</u>
Unreserved	<u>-</u>	<u>3,406</u>	<u>1,841</u>	<u>3,600</u>
Total Fund Balances	<u>-</u>	<u>3,732</u>	<u>1,878</u>	<u>3,600</u>
Total Liabilities and Fund Balances	<u>\$ 14,150</u>	<u>\$ 4,033</u>	<u>\$ 2,524</u>	<u>\$ 3,759</u>

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<u>STATE CASINO GAMING FUND</u>	<u>SECOND INJURY FUND</u>	<u>SILICOSIS, DUST DISEASE, AND LOGGING INDUSTRY COMPENSATION FUND</u>	<u>SELF-INSURERS' SECURITY FUND</u>	<u>UTILITY CONSUMER REPRESENTATION FUND</u>	<u>TOTALS</u>
\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 6
14,455	7,307	2,868	17,516	3,598	55,976
-	8,260	-	-	-	8,520
-	-	-	-	-	13,874
79	1,731	174	1,117	-	3,198
<u>14,540</u>	<u>17,298</u>	<u>3,041</u>	<u>18,633</u>	<u>3,598</u>	<u>81,575</u>
<u>\$ 14,540</u>	<u>\$ 17,298</u>	<u>\$ 3,041</u>	<u>\$ 18,633</u>	<u>\$ 3,598</u>	<u>\$ 81,575</u>
\$ 1	\$ 252	\$ 60	\$ 175	\$ -	\$ 688
445	2,697	545	7,740	225	17,339
83	14	6	8	3	9,482
27	3,925	503	1,659	-	6,115
<u>557</u>	<u>6,888</u>	<u>1,114</u>	<u>9,582</u>	<u>228</u>	<u>33,624</u>
557	6,888	1,114	9,582	228	33,624
-	-	-	-	-	363
12,690	-	-	-	-	12,690
<u>12,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,053</u>
1,293	10,410	1,928	9,051	3,370	34,898
<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>\$ 14,540</u>	<u>\$ 17,298</u>	<u>\$ 3,041</u>	<u>\$ 18,633</u>	<u>\$ 3,598</u>	<u>\$ 81,575</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
SPECIAL REVENUE FUNDS - REGULATORY AND ADMINISTRATIVE RELATED**

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND	SAFETY EDUCATION AND TRAINING FUND	STATE CONSTRUCTION CODE FUND	HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND
<b>REVENUES</b>				
From federal agencies	\$ 132,289	\$ -	\$ -	\$ -
From licenses and permits	-	-	9,136	-
Miscellaneous	1	6,796	145	634
Total Revenues	<u>132,291</u>	<u>6,796</u>	<u>9,281</u>	<u>634</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Labor, commerce, and regulatory	141,823	8,224	13,158	1,477
Debt Service:				
Capital lease payments	465	-	-	-
Total Expenditures	<u>142,288</u>	<u>8,224</u>	<u>13,158</u>	<u>1,477</u>
Excess of Revenues over (under) Expenditures	<u>(9,997)</u>	<u>(1,428)</u>	<u>(3,877)</u>	<u>(843)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease acquisitions	3,973	-	-	-
Transfers from other funds	6,812	-	-	-
Transfers to other funds	(788)	(38)	(86)	(1)
Total Other Financing Sources (Uses)	<u>9,997</u>	<u>(38)</u>	<u>(86)</u>	<u>(1)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	(1,466)	(3,963)	(844)
Fund Balances - Beginning of fiscal year	-	5,199	5,841	4,444
Fund Balances - End of fiscal year	<u>\$ -</u>	<u>\$ 3,732</u>	<u>\$ 1,878</u>	<u>\$ 3,600</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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 132,289
999	-	-	-	-	10,135
<u>30,122</u>	<u>16,781</u>	<u>2,373</u>	<u>9,315</u>	<u>1,200</u>	<u>67,367</u>
<u>31,121</u>	<u>16,781</u>	<u>2,373</u>	<u>9,315</u>	<u>1,200</u>	<u>209,792</u>
16,657	-	-	-	511	17,168
-	18,232	2,312	7,800	691	193,716
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>465</u>
<u>16,657</u>	<u>18,232</u>	<u>2,312</u>	<u>7,800</u>	<u>1,201</u>	<u>211,349</u>
<u>14,464</u>	<u>(1,451)</u>	<u>61</u>	<u>1,516</u>	<u>(1)</u>	<u>(1,557)</u>
-	-	-	-	-	3,973
-	-	-	-	-	6,812
<u>(17,824)</u>	<u>(10)</u>	<u>(4)</u>	<u>(5)</u>	<u>(3)</u>	<u>(18,759)</u>
<u>(17,824)</u>	<u>(10)</u>	<u>(4)</u>	<u>(5)</u>	<u>(3)</u>	<u>(7,974)</u>
(3,360)	(1,460)	57	1,510	(3)	(9,530)
<u>17,342</u>	<u>11,870</u>	<u>1,871</u>	<u>7,541</u>	<u>3,373</u>	<u>57,481</u>
<u>\$ 13,983</u>	<u>\$ 10,410</u>	<u>\$ 1,928</u>	<u>\$ 9,051</u>	<u>\$ 3,370</u>	<u>\$ 47,951</u>

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**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, 2006  
(In Thousands)

Statutory/Budgetary Basis	MICHIGAN EMPLOYMENT SECURITY ACT - ADMINISTRATION FUND			SAFETY EDUCATION AND TRAINING FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ 132,289	\$ 132,289	\$ -	\$ -	\$ -	\$ -
From licenses and permits	-	-	-	-	-	-
Miscellaneous	1	1	-	6,796	6,796	-
Transfers in	6,812	6,812	-	-	-	-
Total Revenues and Other Sources	<u>139,102</u>	<u>139,102</u>	<u>-</u>	<u>6,796</u>	<u>6,796</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Labor and Economic Growth	139,102	139,102	-	8,907	8,589	318
Treasury	-	-	-	-	-	-
Total Expenditures, Transfers Out, and Encumbrances	<u>139,102</u>	<u>139,102</u>	<u>-</u>	<u>8,907</u>	<u>8,589</u>	<u>318</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ (2,111)</u>	<u>(1,793)</u>	<u>\$ 318</u>
Reconciling Items:						
Encumbrances at September 30		-			326	
Funds not annually budgeted		-			-	
Net Reconciling Items		-			<u>326</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>-</u>			<u>(1,466)</u>	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		-			5,199	
Ending balances (GAAP Basis)		<u>\$ -</u>			<u>\$ 3,732</u>	

STATE CONSTRUCTION CODE FUND			HOMEOWNER CONSTRUCTION LIEN RECOVERY FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9,136	9,136	-	-	-	-
145	145	-	634	634	-
-	-	-	-	-	-
9,281	9,281	-	634	634	-
15,884	13,282	2,602	1,534	1,478	56
-	-	-	-	-	-
15,884	13,282	2,602	1,534	1,478	56
<u>\$ (6,603)</u>	<u>(4,000)</u>	<u>\$ 2,602</u>	<u>\$ (901)</u>	<u>(844)</u>	<u>\$ 56</u>
	37			-	
	-			-	
	37			-	
	<u>(3,963)</u>			<u>(844)</u>	
	5,841			4,444	
	<u>\$ 1,878</u>			<u>\$ 3,600</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, 2006

(In Thousands)

<u>Statutory/Budgetary Basis</u>	STATE CASINO GAMING FUND		
	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>			
From federal agencies	\$ -	\$ -	\$ -
From licenses and permits	999	999	-
Miscellaneous	30,122	30,122	-
Transfers in	-	-	-
Total Revenues and Other Sources	<u>31,121</u>	<u>31,121</u>	<u>-</u>
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>			
Labor and Economic Growth	-	-	-
Treasury	34,481	34,481	-
Total Expenditures, Transfers Out, and Encumbrances	<u>34,481</u>	<u>34,481</u>	<u>-</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ (3,360)</u>	<u>(3,360)</u>	<u>\$ -</u>
Reconciling Items:			
Encumbrances at September 30		-	
Funds not annually budgeted		-	
Net Reconciling Items		<u>-</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>(3,360)</u>	
<b>FUND BALANCES (GAAP BASIS)</b>			
Beginning balances		<u>17,342</u>	
Ending balances (GAAP Basis)		<u>\$ 13,983</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			
\$ -	\$ -	\$ -	\$ -	\$ 132,289	\$ 132,289	\$ -
-	-	-	-	10,135	10,135	-
-	-	-	-	37,698	37,698	-
-	-	-	-	6,812	6,812	-
-	-	-	-	186,934	186,934	-
-	-	-	-	165,427	162,450	2,977
-	-	-	-	34,481	34,481	-
-	-	-	-	199,908	196,931	2,977
-	-	-	-	<u>\$ (12,974)</u>	<u>(9,997)</u>	<u>\$ 2,977</u>
-	-	-	-		363	
(1,460)	57	1,510	(3)		104	
(1,460)	57	1,510	(3)		467	
(1,460)	57	1,510	(3)		(9,530)	
11,870	1,871	7,541	3,373		57,481	
<u>\$ 10,410</u>	<u>\$ 1,928</u>	<u>\$ 9,051</u>	<u>\$ 3,370</u>		<u>\$ 47,951</u>	



## SPECIAL REVENUE FUNDS – OTHER STATE FUNDS

### SCHOOL BOND LOAN FUND

Article 9, Section 16, of the State Constitution, MCL 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.

### 21<sup>st</sup> CENTURY JOBS TRUST FUND

Michigan Compiled Laws Section 12.257 created the 21<sup>st</sup> 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

Michigan Compiled Laws 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 21<sup>st</sup> Century Jobs Trust Fund.

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

Michigan Compiled Laws 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

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

### MILITARY FAMILY RELIEF FUND

Michigan Compiled Laws 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, 2006  
 (In Thousands)

	SCHOOL BOND LOAN FUND	21ST CENTURY JOBS TRUST FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	MICHIGAN MERIT AWARD TRUST FUND
<b>ASSETS</b>				
Current Assets:				
Equity in common cash	\$ 1,119	\$ 172,283	\$ 698	\$ 37,465
Amounts due from other funds	-	207,859	-	-
Amounts due from component units	-	-	-	3
Investments	-	-	31,799	-
Securities lending collateral	-	-	-	-
Other current assets	-	-	1,476	201,005
Total Current Assets	<u>1,119</u>	<u>380,143</u>	<u>33,974</u>	<u>238,473</u>
Investments	-	-	54,254	-
Other noncurrent assets	-	-	-	-
Total Assets	<u>\$ 1,119</u>	<u>\$ 380,143</u>	<u>\$ 88,228</u>	<u>\$ 238,473</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ 107
Obligations under security lending	-	-	-	-
Accounts payable and other liabilities	9	-	-	28,256
Amounts due to other funds	-	-	-	35
Deferred revenue	-	-	-	200,989
Total Current Liabilities	<u>9</u>	<u>-</u>	<u>-</u>	<u>229,387</u>
Deferred revenue	-	-	-	-
Total Liabilities	<u>9</u>	<u>-</u>	<u>-</u>	<u>229,387</u>
Fund Balances:				
Reserves for:				
Encumbrances	-	-	-	11
Funds held as permanent investments	-	-	-	-
Noncurrent assets	-	-	-	-
Total Reserved	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>
Unreserved	<u>1,109</u>	<u>380,143</u>	<u>88,228</u>	<u>9,075</u>
Total Fund Balances	<u>1,109</u>	<u>380,143</u>	<u>88,228</u>	<u>9,086</u>
Total Liabilities and Fund Balances	<u>\$ 1,119</u>	<u>\$ 380,143</u>	<u>\$ 88,228</u>	<u>\$ 238,473</u>

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<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>
\$ 766	\$ 1,002	\$ 1,489	\$ 1,977	\$ 216,799
-	-	-	-	207,859
-	-	-	-	3
-	-	-	-	31,799
10,083	-	-	-	10,083
333	947	-	263	204,025
<u>11,181</u>	<u>1,949</u>	<u>1,489</u>	<u>2,240</u>	<u>670,567</u>
21,562	-	-	-	75,816
-	-	-	1,353	1,353
<u>\$ 32,743</u>	<u>\$ 1,949</u>	<u>\$ 1,489</u>	<u>\$ 3,593</u>	<u>\$ 747,737</u>
\$ 386	\$ -	\$ 5	\$ 2	\$ 500
10,083	-	-	-	10,083
146	-	214	1	28,625
5	-	-	-	40
41	1,949	-	-	202,978
<u>10,659</u>	<u>1,949</u>	<u>219</u>	<u>3</u>	<u>242,226</u>
-	-	-	443	443
<u>10,659</u>	<u>1,949</u>	<u>219</u>	<u>446</u>	<u>242,669</u>
-	-	-	-	11
20,511	-	-	-	20,511
-	-	-	910	910
<u>20,511</u>	<u>-</u>	<u>-</u>	<u>910</u>	<u>21,432</u>
1,573	-	1,270	2,237	483,636
22,084	-	1,270	3,147	505,068
<u>\$ 32,743</u>	<u>\$ 1,949</u>	<u>\$ 1,489</u>	<u>\$ 3,593</u>	<u>\$ 747,737</u>

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

## SPECIAL REVENUE FUNDS - OTHER STATE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	SCHOOL BOND LOAN FUND	21ST CENTURY JOBS TRUST FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	MICHIGAN MERIT AWARD TRUST FUND
<b>REVENUES</b>				
From federal agencies	\$ -	\$ -	\$ -	\$ -
Miscellaneous	507	-	1,645	252,397
Total Revenues	507	-	1,645	252,397
<b>EXPENDITURES</b>				
Current:				
General government	66,742	19,857	4,896	3,092
Education	-	-	-	149,002
Human services	-	-	-	-
Public safety and corrections	-	-	-	-
Health services	-	-	-	96,718
Total Expenditures	66,742	19,857	4,896	248,812
Excess of Revenues over (under) Expenditures	(66,235)	(19,857)	(3,251)	3,585
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and notes issued	66,830	-	490,501	-
Discount on bond issuance	-	-	(22)	-
Transfers from other funds	-	400,000	1,000	-
Transfers to other funds	-	-	(400,000)	(4,000)
Total Other Financing Sources (Uses)	66,830	400,000	91,479	(4,000)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	595	380,143	88,228	(415)
Fund Balances - Beginning of fiscal year	515	-	-	9,501
Fund Balances - End of fiscal year	\$ 1,109	\$ 380,143	\$ 88,228	\$ 9,086

**Michigan**

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<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>
\$ 1,081	\$ -	\$ -	\$ -	\$ 1,081
3,321	122,747	250	124	380,990
<u>4,402</u>	<u>122,747</u>	<u>250</u>	<u>124</u>	<u>382,071</u>
137	122,025	-	67	216,816
-	-	-	-	149,002
3,896	-	-	7	3,903
-	-	212	-	212
-	-	-	-	96,718
<u>4,032</u>	<u>122,025</u>	<u>212</u>	<u>74</u>	<u>466,651</u>
<u>370</u>	<u>722</u>	<u>37</u>	<u>50</u>	<u>(84,580)</u>
-	-	-	-	557,331
-	-	-	-	(22)
-	-	-	-	401,000
-	(722)	-	-	(404,722)
<u>-</u>	<u>(722)</u>	<u>-</u>	<u>-</u>	<u>553,587</u>
370	-	37	50	469,007
21,715	-	1,233	3,098	36,060
<u>\$ 22,084</u>	<u>\$ -</u>	<u>\$ 1,270</u>	<u>\$ 3,147</u>	<u>\$ 505,068</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, 2006

(In Thousands)

<u>Statutory/Budgetary Basis</u>	21ST CENTURY JOBS TRUST FUND			MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	1,645	1,645	-
Bonds and notes issued	-	-	-	490,501	490,501	-
Transfers in	400,000	400,000	-	1,000	1,000	-
Total Revenues and Other Sources	400,000	400,000	-	493,145	493,145	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	-	-	-
Colleges and Universities Grants	-	-	-	-	-	-
Community Health	-	-	-	-	-	-
Education	-	-	-	-	-	-
Human Services	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Treasury	400,000	19,857	380,143	493,145	404,917	88,228
Total Expenditures, Transfers Out, and Encumbrances	400,000	19,857	380,143	493,145	404,917	88,228
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ -	380,143	\$ 380,143	\$ -	88,228	\$ 88,228
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)		380,143			88,228	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		-			-	
Ending balances (GAAP Basis)		\$ 380,143			\$ 88,228	

**Michigan**

MICHIGAN MERIT AWARD TRUST FUND			CHILDREN'S TRUST FUND			MILITARY FAMILY RELIEF FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ 1,081	\$ 1,081	\$ -	\$ -	\$ -	\$ -
252,397	252,397	-	3,321	3,321	-	250	250	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>252,397</u>	<u>252,397</u>	<u>-</u>	<u>4,402</u>	<u>4,402</u>	<u>-</u>	<u>250</u>	<u>250</u>	<u>-</u>
387	387	-	-	-	-	-	-	-
146,500	136,642	9,858	-	-	-	-	-	-
96,718	96,718	-	-	-	-	-	-	-
16,359	16,359	-	-	-	-	-	-	-
-	-	-	4,418	3,896	522	-	-	-
-	-	-	-	-	-	969	212	757
-	-	-	-	-	-	-	-	-
<u>3,437</u>	<u>2,716</u>	<u>721</u>	<u>137</u>	<u>137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>263,401</u>	<u>252,822</u>	<u>10,579</u>	<u>4,555</u>	<u>4,032</u>	<u>522</u>	<u>969</u>	<u>212</u>	<u>757</u>
<u>\$ (11,004)</u>	<u>(425)</u>	<u>\$ 10,579</u>	<u>\$ (153)</u>	<u>370</u>	<u>\$ 522</u>	<u>\$ (719)</u>	<u>37</u>	<u>\$ 757</u>
	11			-			-	
	-			-			-	
	<u>11</u>			-			-	
	<u>(415)</u>			<u>370</u>			<u>37</u>	
	<u>9,501</u>			<u>21,715</u>			<u>1,233</u>	
	<u>\$ 9,086</u>			<u>\$ 22,084</u>			<u>\$ 1,270</u>	

This schedule continued on next page.

**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, 2006

(In Thousands)

	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			
<u>Statutory/Budgetary Basis</u>						
<b>REVENUES AND OTHER SOURCES</b>						
From federal agencies	\$ -	\$ -	\$ -	\$ 1,081	\$ 1,081	\$ -
Miscellaneous	-	-	-	257,612	257,612	-
Bonds and notes issued	-	-	-	490,501	490,501	-
Transfers in	-	-	-	401,000	401,000	-
Total Revenues and Other Sources	-	-	-	1,150,194	1,150,194	-
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Attorney General	-	-	-	387	387	-
Colleges and Universities Grants	-	-	-	146,500	136,642	9,858
Community Health	-	-	-	96,718	96,718	-
Education	-	-	-	16,359	16,359	-
Human Services	-	-	-	4,418	3,896	522
Military and Veterans Affairs	-	-	-	969	212	757
Treasury	-	-	-	896,719	427,627	469,092
Total Expenditures, Transfers Out, and Encumbrances	-	-	-	1,162,070	681,842	480,229
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	-	-	-	<u>\$ (11,876)</u>	468,352	<u>\$ 480,229</u>
Reconciling Items:						
Encumbrances at September 30	-	-	-		11	
Funds not annually budgeted	595	-	50		644	
Net Reconciling Items	595	-	50		655	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)	595	-	50		469,007	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances	515	-	3,098		36,060	
Ending balances (GAAP Basis)	<u>\$ 1,109</u>	<u>\$ -</u>	<u>\$ 3,147</u>		<u>\$ 505,068</u>	





## DEBT SERVICE FUNDS

### COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all State Trunkline Fund-related bond issues allowed for under MCL Section 247.661. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for transportation purposes by Article 9, Section 9, of the Michigan State Constitution and irrevocably pledged by law for deposit in the State Trunkline Fund. Debt service requirements are funded by annual appropriations in the State Trunkline Fund.

### COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND

This fund was administratively established to account for the debt service on all Comprehensive Transportation Fund-related bond issues allowed for under MCL Section 247.660b. The bonds are not general obligations of the State. The bonds are payable solely out of funds restricted for comprehensive transportation purposes by Article 9, Section 9, of the Michigan State Constitution and irrevocably pledged by law for deposit in the Comprehensive Transportation Fund. Debt service requirements are funded by annual appropriations in the Comprehensive Transportation Fund.

### RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND

Michigan Compiled Laws Sections 324.19506 and 324.71506 established this fund to service bond issues of the Recreation Bond Fund-Local Projects, Recreation Bond Fund-State Projects, and the Environmental Protection Bond Fund. Also pursuant to MCL Section 324.95102, the fund services bond issues of the Clean Michigan Initiative Bond Fund-Local Projects, Clean Michigan Initiative Bond Fund-State Projects, and Clean Michigan Initiative Bond Fund-Environmental Projects. This fund also reflects debt service transactions related to State Park Improvement Fund revenue bonds, issued pursuant to MCL Section 324.74106.

Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund, transfers from the State Park Improvement Fund representing state park revenues pledged for the payment of State Park Gross Revenue Bonds, and transfers from other funds as required by legislative appropriation or executive order.

Reserved fund balance of \$300 thousand on the Balance Sheet represents a reserve account required by the State Park Gross Revenue Bonds document for additional security to pay bond principal and interest.

### SCHOOL LOAN BOND REDEMPTION FUND

Michigan Compiled Laws Section 388.922 created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. The School Bond Loan Fund, a special revenue fund, receives the State bond proceeds and makes the loans. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund.

### STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to MCL Section 830.412, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment.

The Authority's projects are financed by revenue bonds, the proceeds of which can only be used for construction and debt service on projects related to particular bond issues. During construction, debt service requirements are financed by a portion of the bond proceeds that are dedicated for that purpose. For completed projects, the resources to finance bond interest and redemption are provided by transfers from the General Fund and from investment earnings of this fund. When a project is completed, the remaining net assets are transferred to this fund where they are invested and used for debt service. Excess balances related to a particular bond series remaining in the fund after the final payment on the bond series are transferred to the General Fund.

### MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY

The Michigan Underground Storage Tank Financial Assurance Finance Authority was established in 1993 and operated under MCL Sections 324.21501 – 324.21563, to provide financing for the activities of the Michigan Underground Storage Tank Financial Assurance Fund. Pursuant to MCL Section 324.21506, the fund financed the defeasement of principal and interest due on bonds issued by the authority, and all remaining money in the fund transferred to the Refined Petroleum Fund (a subfund of the General Fund) created in MCL Section 324.21506a.

## COMBINING BALANCE SHEET

## DEBT SERVICE FUNDS

SEPTEMBER 30, 2006

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
<b>ASSETS</b>			
Current Assets:			
Equity in common cash	\$ 27	\$ -	\$ 1,202
Investments	-	-	-
Other current assets	-	-	-
Total Current Assets	<u>27</u>	<u>-</u>	<u>1,202</u>
Investments	-	-	-
Total Assets	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 1,202</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Current Liabilities:			
Warrants outstanding	\$ -	\$ -	\$ 1
Accounts payable and other liabilities	27	-	-
Total Current Liabilities	<u>27</u>	<u>-</u>	<u>1</u>
Total Liabilities	<u>27</u>	<u>-</u>	<u>1</u>
Fund Balances:			
Reserved for other purposes	-	-	300
Unreserved	-	-	901
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,201</u>
Total Liabilities and Fund Balances	<u>\$ 27</u>	<u>\$ -</u>	<u>\$ 1,202</u>

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	TOTALS
\$ 237	\$ -	\$ -	\$ 1,465
-	182,096	-	182,096
-	925	-	925
<u>237</u>	<u>183,021</u>	<u>-</u>	<u>184,486</u>
-	6,000	-	6,000
<u>\$ 237</u>	<u>\$ 189,021</u>	<u>\$ -</u>	<u>\$ 190,486</u>
\$ -	\$ -	\$ -	\$ 1
<u>237</u>	<u>71</u>	<u>-</u>	<u>334</u>
<u>237</u>	<u>71</u>	<u>-</u>	<u>335</u>
<u>237</u>	<u>71</u>	<u>-</u>	<u>335</u>
-	-	-	300
<u>-</u>	<u>188,950</u>	<u>-</u>	<u>189,851</u>
<u>-</u>	<u>188,950</u>	<u>-</u>	<u>190,151</u>
<u>\$ 237</u>	<u>\$ 189,021</u>	<u>\$ -</u>	<u>\$ 190,486</u>

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

## DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND	COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND	RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND
<b>REVENUES</b>			
Miscellaneous	\$ -	\$ -	\$ 35
Total Revenues	-	-	35
<b>EXPENDITURES</b>			
Current:			
General government	-	-	16
Education	-	-	-
Transportation	-	161	-
Debt Service:			
Bond principal retirement	107,889	19,090	37,638
Bond interest and fiscal charges	79,691	12,049	46,106
Total Expenditures	187,579	31,299	83,760
Excess of Revenues over (under) Expenditures	(187,579)	(31,299)	(83,726)
<b>OTHER FINANCING SOURCES (USES)</b>			
Premium on bond issuance	-	63	-
Discount on bond issuance	-	-	-
Refunding bonds issued	-	18,670	-
Payment to refunded bond escrow agent	-	(18,573)	-
Transfers from other funds	187,579	31,139	83,779
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	187,579	31,299	83,779
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	53
Fund Balances - Beginning of fiscal year	-	-	1,148
Fund Balances - End of fiscal year	\$ -	\$ -	\$ 1,201

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	TOTALS
\$ -	\$ 6,901	\$ 4	\$ 6,940
-	6,901	4	6,940
542	-	-	559
-	8,803	-	8,803
-	-	-	161
28,665	580,545	-	773,826
15,292	140,780	-	293,918
44,500	730,128	-	1,077,267
(44,500)	(723,227)	4	(1,070,327)
-	25,410	-	25,474
-	(496,444)	-	(496,444)
-	1,475,380	-	1,494,050
-	(545,203)	-	(563,776)
44,500	259,855	-	606,851
-	(469)	(95)	(564)
44,500	718,529	(95)	1,065,592
-	(4,697)	(91)	(4,735)
-	193,648	91	194,886
\$ -	\$ 188,950	\$ -	\$ 190,151



## CAPITAL PROJECTS FUNDS

### COMBINED RECREATION BOND FUND - STATE PROJECTS

Established in 1988, this fund operates under MCL Sections 324.19601 – 324.19616, 324.71501 – 324.71514, and 324.74106 – 324.74113. The balances in the 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 1998 as part of a \$675 million bond package known as the "Clean Michigan Initiative."

Proceeds from the 1988 bond package were used to construct, expand, and develop recreational facilities at State parks. Proceeds from the 1998 bond package were used for infrastructure improvements at State parks with the installation or upgrade of drinking water systems or restroom facilities as a first priority.

### ADVANCE FINANCING FUNDS

The Advance Financing Funds reflects the activities of two sub-funds: the State Building Authority Advance Financing Fund and the Site Preparation Economic Development Fund.

The State Building Authority Advance Financing Fund was administratively established to account for expenditures incurred for equipment, higher education, and State projects prior to the issuance of State Building Authority bonds. Appropriation acts and concurrent resolutions provide temporary financing of such expenditures for legislatively authorized projects. Expenditures on behalf of the State Building Authority are recorded when incurred. At year-end, any deficit in the common cash pool is reclassified as a payable to the General Fund. In addition to advance expenditures, expenditures financed by the General Fund or other sources related to State Building Authority projects are recorded in this fund.

The State Building Authority, in its separately issued statements, does not recognize liabilities for these projects until bonds or commercial paper are issued; therefore, no receivable from the Authority is recognized in this fund prior to bond or commercial paper issuance. This results in the fund showing a year-end fund balance deficit. The Authority will reimburse this fund by recording a transfer and the deficit attributable to the bonded projects will be eliminated when the Authority issues bonds or obtains commercial paper.

The Site Preparation Economic Development Fund is created through the annual appropriations process to account for expenditures incurred to prepare and sell State owned sites declared as surplus that would provide economic benefit to the area or State. Expenditures are recorded when incurred. Sale proceeds of fund properties are deposited into the fund.

### STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to MCL Section 830.412, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education, as well as State furnishings and equipment. The Authority's five board members are appointed by the Governor.

This capital projects fund accounts for the construction of State projects, certain equipment financing, and higher education related projects. Transfers out reflect transfers to the debt service fund of proceeds dedicated for debt service during construction, reimbursements of expenditures to the State Building Authority Advance Financing Fund, and the transfer of net assets remaining after the completion of a project to the debt service fund. In the State's Government-wide Financial Statements, accumulated expenditures for incomplete projects are reflected as "construction in progress" and completed projects are recorded as "buildings."

**COMBINING BALANCE SHEET****CAPITAL PROJECTS FUNDS**

SEPTEMBER 30, 2006

(In Thousands)

	COMBINED RECREATION BOND FUND- STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS
<b>ASSETS</b>				
Current Assets:				
Equity in common cash	\$ 1,906	\$ -	\$ -	\$ 1,906
Amounts due from other funds	-	8,553	-	8,553
Amounts due from component units	-	2,543	-	2,543
Amounts due from local units	-	4,943	-	4,943
Investments	-	-	13,791	13,791
Other current assets	-	7,556	113	7,669
Total Current Assets	<u>1,906</u>	<u>23,596</u>	<u>13,903</u>	<u>39,405</u>
Total Assets	<u>\$ 1,906</u>	<u>\$ 23,596</u>	<u>\$ 13,903</u>	<u>\$ 39,405</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Current Liabilities:				
Warrants outstanding	\$ -	\$ 164	\$ -	\$ 164
Accounts payable and other liabilities	-	34,919	242	35,161
Amounts due to other funds	-	26,116	8,556	34,672
Bonds and notes payable	-	-	57,000	57,000
Interest payable	-	-	326	326
Total Current Liabilities	<u>-</u>	<u>61,199</u>	<u>66,124</u>	<u>127,323</u>
Total Liabilities	<u>-</u>	<u>61,199</u>	<u>66,124</u>	<u>127,323</u>
Fund Balances:				
Unreserved	<u>1,906</u>	<u>(37,603)</u>	<u>(52,221)</u>	<u>(87,918)</u>
Total Fund Balances	<u>1,906</u>	<u>(37,603)</u>	<u>(52,221)</u>	<u>(87,918)</u>
Total Liabilities and Fund Balances	<u>\$ 1,906</u>	<u>\$ 23,596</u>	<u>\$ 13,903</u>	<u>\$ 39,405</u>

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

## CAPITAL PROJECTS FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	COMBINED RECREATION BOND FUND- STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS
<b>REVENUES</b>				
Miscellaneous	\$ 91	\$ -	\$ 2,124	\$ 2,216
Total Revenues	91	-	2,124	2,216
<b>EXPENDITURES</b>				
Current:				
General government	-	516	-	516
Education	-	8,651	30,855	39,507
Conservation, environment, recreation, and agriculture	3	-	-	3
Capital outlay	125	28,597	144,932	173,653
Total Expenditures	128	37,764	175,787	213,679
Excess of Revenues over (under) Expenditures	(37)	(37,764)	(173,663)	(211,464)
<b>OTHER FINANCING SOURCES (USES)</b>				
Bonds and notes issued	-	-	464,735	464,735
Premium on bond issuance	-	-	4,852	4,852
Proceeds from sale of capital assets	-	9,862	-	9,862
Transfers from other funds	-	14,384	4,690	19,074
Transfers to other funds	-	-	(25,334)	(25,334)
Total Other Financing Sources (Uses)	-	24,246	448,943	473,189
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(37)	(13,518)	275,280	261,725
Fund Balances - Beginning of fiscal year	1,943	(24,085)	(327,501)	(349,643)
Fund Balances - End of fiscal year	\$ 1,906	\$ (37,603)	\$ (52,221)	\$ (87,918)



## PERMANENT FUNDS

### MICHIGAN NATURAL RESOURCES TRUST FUND

The State Constitution was amended in 1984 to provide for the Michigan Natural Resources Trust Fund. The fund, established in 1985, operates under MCL Sections 324.1901 - 324.1910. Most rentals, royalties, and other revenues derived from mineral, coal, oil, and gas interests on State-owned land are credited to the fund. Michigan Compiled Laws Section 324.1902 directs a portion (50%, up to \$10 million per year) of these revenues to the Michigan State Parks Endowment Fund. The voters approved a constitutional amendment in August 2002, which increased the amount that can be accumulated to \$500 million, modified the distribution formula, and allows the State Treasurer to invest in equity securities and other types of investments.

In accordance with statutory provisions, this fund is to accumulate up to \$500 million in reserves for permanent investments. The amount accumulated toward this cap is shown as a reservation of fund balance. Investment earnings and one-third of royalty earnings are available for appropriation. Two-thirds of royalty earnings, less the portion transferred to the Michigan State Parks Endowment Fund, are added to amounts held for permanent investments until the investment reserve reaches \$500 million. After that time, all royalties will be transferred from this fund to the Michigan State Parks Endowment Fund and only investment earnings and interest will be available for appropriation. Appropriations are used to fund grants to local units of government as well as State agencies to acquire land or develop public recreation facilities and to pay property taxes on State lands acquired by the fund.

### MICHIGAN STATE PARKS ENDOWMENT FUND

Established in 1994, this fund is governed by the provisions of MCL Section 324.74119 to finance operations, maintenance, and capital improvements at Michigan State parks. The voters approved a constitutional amendment in August 2002 that changed the distribution formula and allows the State Treasurer to invest in equity securities and other types of investments.

The fund was established with a \$40 million transfer from the sale of the Accident Fund of Michigan to provide funds for permanent investment. By statute, up to \$10 million per year of revenues from oil and gas bonuses, rentals, and royalties from State-owned land are deposited into this fund until the Michigan Natural Resources Trust Fund reaches an accumulated principal of \$500 million after which time all revenue previously going to that fund will go to this fund. The fund's investment reserve will be capped at \$800 million. The legislature is limited to appropriating no more than 50% of the amount transferred from the Michigan Natural Resources Trust Fund plus interest and investment earnings. When the fund's reserve reaches \$800 million, only the interest and earnings in excess of the amount needed to maintain the \$800 million principal limit may be expended.

### MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND

Michigan Compiled Laws Section 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.

### MICHIGAN VETERANS' TRUST FUND

Article 9, Section 37 of the State Constitution created this fund to finance programs to assist veterans and their beneficiaries. A seven-member board of trustees governs the fund. Resources are provided by investment and common cash earnings. Expenditures and transfers out reflect grants to veterans and their widows or dependents, and administrative costs at both the State and local level. The fund is administered within the Department of Military and Veterans Affairs.

## COMBINING BALANCE SHEET

## PERMANENT FUNDS

SEPTEMBER 30, 2006

(In Thousands)

	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	TOTALS
<b>ASSETS</b>					
Current Assets:					
Equity in common cash	\$ 122,189	\$ 14,830	\$ 753	\$ 3,652	\$ 141,424
Amounts due from local units	-	-	-	31	31
Securities lending collateral	84,078	45,265	7,953	15,769	153,064
Other current assets	11,326	1,160	195	459	13,140
Total Current Assets	<u>217,592</u>	<u>61,255</u>	<u>8,900</u>	<u>19,911</u>	<u>307,658</u>
Investments	<u>285,686</u>	<u>118,794</u>	<u>18,954</u>	<u>43,114</u>	<u>466,548</u>
Total Assets	<u>\$ 503,278</u>	<u>\$ 180,049</u>	<u>\$ 27,854</u>	<u>\$ 63,025</u>	<u>\$ 774,206</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Current Liabilities:					
Warrants outstanding	\$ 235	\$ 121	\$ 1	\$ 1	\$ 358
Obligations under security lending	84,078	45,265	7,953	15,769	153,064
Accounts payable and other liabilities	15,397	1,156	68	35	16,656
Amounts due to other funds	19	46	3	11	80
Deferred revenue	1,330	-	-	-	1,330
Total Current Liabilities	<u>101,059</u>	<u>46,588</u>	<u>8,025</u>	<u>15,816</u>	<u>171,488</u>
Total Liabilities	<u>101,059</u>	<u>46,588</u>	<u>8,025</u>	<u>15,816</u>	<u>171,488</u>
Fund Balances:					
Reserves For:					
Budgetary Carry-Forwards:					
Encumbrances	10,641	186	-	-	10,826
Multi-year projects	44,265	78	-	-	44,343
Funds held as permanent investments	312,509	122,895	19,355	49,000	503,758
Total Reserved	<u>367,415</u>	<u>123,158</u>	<u>19,355</u>	<u>49,000</u>	<u>558,927</u>
Unreserved	<u>34,805</u>	<u>10,302</u>	<u>475</u>	<u>(1,791)</u>	<u>43,791</u>
Total Fund Balances	<u>402,220</u>	<u>133,461</u>	<u>19,829</u>	<u>47,209</u>	<u>602,718</u>
Total Liabilities and Fund Balances	<u>\$ 503,278</u>	<u>\$ 180,049</u>	<u>\$ 27,854</u>	<u>\$ 63,025</u>	<u>\$ 774,206</u>

**Michigan**

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

**PERMANENT FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND	MICHIGAN VETERANS' TRUST FUND	<b>TOTALS</b>
<b>REVENUES</b>					
Miscellaneous	\$ 71,838	\$ 7,834	\$ 868	\$ 2,538	<b>\$ 83,078</b>
Total Revenues	<u>71,838</u>	<u>7,834</u>	<u>868</u>	<u>2,538</u>	<u><b>83,078</b></u>
<b>EXPENDITURES</b>					
Current:					
General government	898	464	115	411	<b>1,888</b>
Public safety and corrections	-	-	-	1,848	<b>1,848</b>
Conservation, environment, recreation, and agriculture	2,782	12,294	858	-	<b>15,933</b>
Capital outlay	33,550	1,667	-	-	<b>35,217</b>
Total Expenditures	<u>37,229</u>	<u>14,426</u>	<u>972</u>	<u>2,259</u>	<u><b>54,886</b></u>
Excess of Revenues over (under) Expenditures	<u>34,608</u>	<u>(6,591)</u>	<u>(104)</u>	<u>278</u>	<u><b>28,192</b></u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of capital assets	123	-	-	-	<b>123</b>
Transfers from other funds	-	10,000	-	-	<b>10,000</b>
Transfers to other funds	(10,011)	(66)	(3)	(6)	<b>(10,085)</b>
Total Other Financing Sources (Uses)	<u>(9,888)</u>	<u>9,934</u>	<u>(3)</u>	<u>(6)</u>	<u><b>38</b></u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	24,721	3,343	(106)	272	<b>28,229</b>
Fund Balances - Beginning of fiscal year	<u>377,499</u>	<u>130,118</u>	<u>19,936</u>	<u>46,936</u>	<u><b>574,489</b></u>
Fund Balances - End of fiscal year	<u><u>\$ 402,220</u></u>	<u><u>\$ 133,461</u></u>	<u><u>\$ 19,829</u></u>	<u><u>\$ 47,209</u></u>	<u><u><b>\$ 602,718</b></u></u>

**Michigan**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
PERMANENT FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

<u>Statutory/Budgetary Basis</u>	MICHIGAN NATURAL RESOURCES TRUST FUND			MICHIGAN STATE PARKS ENDOWMENT FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
<b>REVENUES AND OTHER SOURCES</b>						
Miscellaneous	\$ 71,838	\$ 71,838	\$ -	\$ 7,834	\$ 7,834	\$ -
Proceeds from sale of capital assets	123	123	-	-	-	-
Transfers in	-	-	-	10,000	10,000	-
	<u>71,960</u>	<u>71,960</u>	<u>-</u>	<u>17,834</u>	<u>17,834</u>	<u>-</u>
Total Revenues and Other Sources						
<b>EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY</b>						
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	62,956	56,982	5,974	14,384	14,213	171
Treasury	898	898	-	464	464	-
	<u>63,854</u>	<u>57,880</u>	<u>5,974</u>	<u>14,848</u>	<u>14,677</u>	<u>171</u>
Total Expenditures, Transfers Out, and Encumbrances						
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 8,106</u>	<u>14,080</u>	<u>\$ 5,974</u>	<u>\$ 2,986</u>	<u>3,157</u>	<u>\$ 171</u>
Reconciling Items:						
Encumbrances at September 30		<u>10,641</u>			<u>186</u>	
Net Reconciling Items		<u>10,641</u>			<u>186</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>24,721</u>			<u>3,343</u>	
<b>FUND BALANCES (GAAP BASIS)</b>						
Beginning balances		<u>377,499</u>			<u>130,118</u>	
Ending balances (GAAP Basis)		<u>\$ 402,220</u>			<u>\$ 133,461</u>	

**Michigan**

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 868	\$ 868	\$ -	\$ 2,538	\$ 2,538	\$ -	\$ 83,078	\$ 83,078	\$ -
-	-	-	-	-	-	123	123	-
-	-	-	-	-	-	10,000	10,000	-
<u>868</u>	<u>868</u>	<u>-</u>	<u>2,538</u>	<u>2,538</u>	<u>-</u>	<u>93,201</u>	<u>\$ 93,201</u>	<u>\$ -</u>
-	-	-	4,888	1,854	3,033	4,888	1,854	3,033
1,152	860	292	-	-	-	78,492	72,055	6,436
<u>115</u>	<u>115</u>	<u>-</u>	<u>411</u>	<u>411</u>	<u>-</u>	<u>1,888</u>	<u>1,888</u>	<u>-</u>
<u>1,267</u>	<u>975</u>	<u>292</u>	<u>5,299</u>	<u>2,265</u>	<u>3,033</u>	<u>85,267</u>	<u>75,798</u>	<u>9,470</u>
<u>\$ (398)</u>	<u>(106)</u>	<u>\$ 292</u>	<u>\$ (2,761)</u>	<u>272</u>	<u>\$ 3,033</u>	<u>\$ 7,933</u>	<u>17,403</u>	<u>\$ (9,470)</u>
-	-	-	-	-	-	-	10,826	-
-	-	-	-	-	-	-	10,826	-
(106)	-	-	-	272	-	-	28,229	-
19,936	-	-	-	46,936	-	-	574,489	-
<u>\$ 19,829</u>	-	-	-	<u>\$ 47,209</u>	-	-	<u>\$ 602,718</u>	-



## ENTERPRISE FUNDS

### LIQUOR PURCHASE REVOLVING FUND

Michigan Compiled Laws Section 436.1221 authorized the Liquor Control Commission, within the Department of Labor and Economic Growth, to maintain a revolving fund that is to be derived from the money deposited to the credit of the commission with the State Treasurer. Under State monopoly, liquor is sold at wholesale through a State controlled, privately operated distribution system. The fund accounts for the sales of and the replenishing and transporting of the liquor stock. Administrative, warehousing, and delivery costs are paid for through the fund. At the end of each fiscal year, the "net income" of the fund is transferred to the General Fund in accordance with MCL Section 18.1435.

### ATTORNEY DISCIPLINE SYSTEM

The Attorney Discipline System consists of the Attorney Grievance Commission and the Attorney Discipline Board. This system provides the courts, legal profession, and the general public with a means to ensure that complaints against attorneys for potential violations of the Court Rules and the Michigan Rules of Professional Conduct are properly heard and investigated, and that sanctions are imposed where required. The Attorney Discipline System is under the supervision of the Michigan Supreme Court.

The Attorney Discipline System receives revenue in the form of mandatory annual assessments on members of the State Bar of Michigan, provided for by Court Rules. This system also receives other revenue, primarily through the assessment of administrative fees and the recovery of costs, including subpoena fees and transcript costs.

**COMBINING STATEMENT OF NET ASSETS**  
**ENTERPRISE FUNDS**  
 SEPTEMBER 30, 2006  
 (In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
<b>ASSETS</b>			
Current Assets:			
Cash	\$ 1	\$ 1,595	\$ 1,596
Equity in common cash	65,926	-	65,926
Inventories	2,827	-	2,827
Investments	-	1,992	1,992
Other current assets	6,936	97	7,033
Total Current Assets	<u>75,690</u>	<u>3,684</u>	<u>79,374</u>
Capital Assets:			
Buildings and equipment	-	722	722
Allowance for depreciation	-	(697)	(697)
Total capital assets	<u>-</u>	<u>25</u>	<u>25</u>
Total Assets	<u>\$ 75,690</u>	<u>\$ 3,709</u>	<u>\$ 79,398</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants outstanding	\$ 5,505	\$ -	\$ 5,505
Accounts payable and other liabilities	64,121	200	64,320
Amounts due to other funds	132	-	132
Deferred revenue	-	146	146
Current portion of other long-term obligations	128	-	128
Total Current Liabilities	<u>69,884</u>	<u>346</u>	<u>70,230</u>
Long-Term Liabilities:			
Noncurrent portion of other long-term obligations	930	-	930
Total Liabilities	<u>70,814</u>	<u>346</u>	<u>71,160</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	\$ -	\$ 25	\$ 25
Unrestricted	4,876	3,338	8,214
Total Net Assets	<u>\$ 4,876</u>	<u>\$ 3,363</u>	<u>\$ 8,239</u>

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

FISCAL YEAR ENDED SEPTEMBER 30, 2006

(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
<b>OPERATING REVENUES</b>			
Operating revenues	\$ 718,085	\$ 4,631	\$ 722,716
Total Operating Revenues	<u>718,085</u>	<u>4,631</u>	<u>722,716</u>
<b>OPERATING EXPENSES</b>			
Salaries, wages, and other administrative	57,357	4,109	61,466
Depreciation	-	13	13
Purchases for resale	524,559	-	524,559
Premiums and claims	164	-	164
Other operating expenses	902	-	902
Total Operating Expenses	<u>582,982</u>	<u>4,122</u>	<u>587,104</u>
Operating Income (Loss)	<u>135,103</u>	<u>509</u>	<u>135,612</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Specific tax on spirits	12,654	-	12,654
Interest revenue	4,603	176	4,779
Investment revenue (expense) - net	-	82	82
Total Nonoperating Revenues (Expenses)	<u>17,257</u>	<u>257</u>	<u>17,514</u>
Income (Loss) Before Transfers	152,360	766	153,126
<b>TRANSFERS</b>			
Transfers to other funds	<u>(152,360)</u>	<u>-</u>	<u>(152,360)</u>
Change in net assets	<u>-</u>	<u>766</u>	<u>766</u>
Total net assets - Beginning of fiscal year	<u>4,876</u>	<u>2,597</u>	<u>7,472</u>
Total net assets - End of fiscal year	<u>\$ 4,876</u>	<u>\$ 3,363</u>	<u>\$ 8,239</u>

**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
FISCAL YEAR ENDED SEPTEMBER 30, 2006  
(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 718,085	\$ -	\$ 718,085
Membership dues	-	4,395	4,395
Payments to employees	(13,650)	(3,115)	(16,765)
Payments to suppliers	(565,426)	(623)	(566,049)
Other receipts	757	86	843
Other payments	(1,066)	(345)	(1,411)
Net cash provided (used) by operating activities	<u>\$ 138,700</u>	<u>\$ 398</u>	<u>\$ 139,098</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Specific tax on spirits	\$ 12,654	\$ -	\$ 12,654
Transfers to other funds	(152,360)	-	(152,360)
Net cash provided (used) by noncapital financing activities	<u>\$ (139,706)</u>	<u>\$ -</u>	<u>\$ (139,706)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds (purchases) from sale and maturities of investment securities	\$ -	\$ (41)	\$ (41)
Interest and dividends on investments	4,603	176	4,779
Net cash provided (used) by investing activities	<u>\$ 4,603</u>	<u>\$ 135</u>	<u>\$ 4,738</u>
Net cash provided (used) - all activities	\$ 3,597	\$ 533	\$ 4,130
Cash and cash equivalents at beginning of year	56,825	1,062	57,887
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 60,422</u></u>	<u><u>\$ 1,595</u></u>	<u><u>\$ 62,017</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>			
Per Statement of Net Assets Classifications:			
Cash	\$ 1	\$ 1,595	\$ 1,596
Equity in common cash	65,926	-	65,926
Warrants outstanding	(5,505)	-	(5,505)
Cash and cash equivalents at end of year	<u><u>\$ 60,422</u></u>	<u><u>\$ 1,595</u></u>	<u><u>\$ 62,017</u></u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 135,103	\$ 509	\$ 135,612
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	-	13	13
Net Changes in Assets and Liabilities:			
Inventories	387	-	387
Other assets (net)	351	4	354
Accounts payable and other liabilities	2,860	12	2,871
Deferred revenue	-	(139)	(139)
Net cash provided (used) by operating activities	<u><u>\$ 138,700</u></u>	<u><u>\$ 398</u></u>	<u><u>\$ 139,098</u></u>

