

STATE OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS (Continued)
FISCAL YEAR ENDED SEPTEMBER 30, 1999

NOTE 7 – JOINT VENTURES AND AFFILIATED FOUNDATIONS

A. Joint Ventures - Primary Government

The State is a participant in two joint ventures and are described below. Joint ventures are not reflected as component units within this report because they do not meet the GAAP criteria for inclusion. Their separately issued financial statements may be obtained by directly contacting the applicable organizations. To obtain their phone numbers, you may contact the Department of Management and Budget, Office of Financial Management, Financial Reporting Section at (517) 373-3029.

The International Bridge Authority of Michigan

(IBAM) at Sault Ste. Marie, Michigan is a joint venture of the State and Canadian governments. The Authority is governed by a commission made up of five members, three from the State (appointed by the Governor with the consent of the Senate) and two from Canada (appointed by the St. Mary's River Bridge Company, which is controlled by the Province of Ontario). Toll revenues are used to finance the cost of operating and maintaining the bridge as well as to cover debt service requirements. General Fund revenues exceeded expenditures by \$67 thousand in 1999, after operating transfers were made to other funds for debt service and capital maintenance requirements. General Fund revenues exceeded expenditures by \$246 thousand in 1998. Budgetary and financial control over the Authority is the responsibility of the commission. The State's equity interest of \$5.4 million, in IBAM's \$6.8 million fund equity, is reflected in the General Fixed Assets Account Group.

The Great Lakes Protection Fund

(GLPF) is a not-for-profit corporation located in Chicago, Illinois. Its purpose is to finance and support research with respect to water quality of the Great Lakes. The eight states bordering the Great Lakes are eligible to become members if they make a required contribution to the endowment of the Fund.

Contribution requirements were established based upon water consumption and usage. Contributions to the Fund are permanently restricted and are not available for disbursement. Michigan is the largest contributor to the Fund, having made a contribution of \$25.0 million, constituting approximately 31% of the total. Michigan made its required contribution by issuing the Fund a general obligation bond authorized as part of the State's environmental protection bond program. No additional contributions from Michigan will be required.

Two members on the GLPF's board of directors represent each of the participating seven member states. The states' respective governors select the board members. The Fund's financing and budgeting operations are controlled by the directors within requirements established by the Articles of Incorporation. Net earnings after operating expenses are divided into parts. One-third of the net earnings on total contributions is granted to the respective states in proportion to their contributions to the Fund, to be used for the purposes of the Fund. Two-thirds of the net earnings are available to the Fund to make other grants. The State's equity interest in the GLPF of \$25.0 million is reflected in the General Fixed Assets Account Group.

B. Affiliated Foundations - Discretely Presented Component Units

Several of the State university component units are affiliated with independent corporate foundations that exist for the sole purpose of soliciting, collecting, and investing donations for the benefit of the universities. The operations and net assets of these foundations are not included in the financial statements of the universities due to their independence. At June 30, 1999, net assets held by these foundations totalled \$241.7 million.