

# ANNUAL REPORT

OF THE MICHIGAN STATE TREASURER



Rick Snyder, Governor  
Nick A. Khouri, Treasurer

**2013 - 2014**

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*Note: Dollar figures in financial tables represent thousands of dollars unless indicated otherwise. Figures may not add to totals because of rounding.*



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

NICK A. KHOURI  
STATE TREASURER

The Honorable Rick Snyder  
Members of the Michigan Legislature  
People of the State of Michigan

Attached for your review is the Annual Report of the Michigan State Treasurer for Fiscal Year (FY) 2013-2014. This report contains financial information regarding the State Treasurer's Common Cash Fund; Investment Portfolios and Revenues; Michigan's General Obligation Debt, Bond, and Note Payments; as well as State Administered Tax Revenues collected during FY 2014.

Sincerely,

A handwritten signature in black ink, appearing to read "N.A. Khouri", with a long horizontal flourish extending to the right.

N.A. Khouri  
State Treasurer

# Schedule 1



## State Treasurer's Common Cash - Assets and Equities (In Thousands of Dollars)

	<u>Fiscal Year Ended September 30</u>	
	<u>2014</u>	<u>2013</u>
<u>Assets</u>		
Demand Deposits	\$ 2,599,748	\$ 3,505,976
Time Deposits - Regular	-0-	-0-
Prime Commercial Paper - At Cost	2,209,531	1,897,860
Emergency Municipal Loans	124,693	102,679
Total	<u>\$ 4,933,972</u>	<u>\$ 5,506,515</u>
<u>Equities</u>		
Available Equity of Other Funds	\$ 4,843,083	\$ 5,418,008
Outstanding Warrants	90,889	88,507
Total	<u>\$ 4,933,972</u>	<u>\$ 5,506,515</u>

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# Schedule 2



## Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-Term Investments	Fixed Income Securities	Equities and Mutual Funds	Real Estate and Mortgages	Alternative Investments	Absolute Return	International Equities	FY Ended Sept. 30	
								2014 Total	2013 Total
Legislative Retirement	\$ 1,383	\$ 30,589	\$ 127,199	\$ -0-	\$ 19,426	\$ -0-	\$ -0-	\$ 178,597	\$ 176,814
State Police Retirement	84,905	154,159	402,186	121,652	227,495	133,794	201,727	1,325,918	1,195,681
State Employees' Retirement	745,919	1,390,045	3,627,402	1,098,178	2,048,530	1,206,005	1,819,866	11,935,945	10,656,795
Public School Employees' Retirement	3,513,632	5,427,213	14,204,414	4,295,551	8,025,998	4,715,585	7,124,549	47,306,942	43,219,987
Judges' Retirement	20,016	42,217	76,570	27,480	40,965	27,237	38,194	272,679	257,717
Michigan Veterans' Trust	1,521	36,856	13,462	-0-	1,884	-0-	-0-	53,723	53,087
Game & Fish Lifetime License Trust	11,456	1,514	-0-	-0-	-0-	-0-	-0-	12,970	13,435
Game & Fish Protection Trust	15,973	110,411	71,313	-0-	24,928	-0-	-0-	222,625	210,479
Michigan Natural Resources Trust	74,024	406,538	141,722	-0-	71,210	-0-	-0-	693,494	701,486
Michigan State Parks Endowment	46,914	123,896	56,722	-0-	23,321	-0-	-0-	250,853	221,441
Children's Trust	1,478	16,119	4,988	-0-	2,287	-0-	-0-	24,872	24,683
Michigan Nongame Fish and Wildlife Trust	723	5,551	648	-0-	-0-	-0-	-0-	6,922	6,743
State Lottery	3,608	232,461	-0-	-0-	-0-	-0-	-0-	236,069	251,870
Michigan Education Trust	49,998	328,995	559,827	-0-	25,117	-0-	-0-	963,937	901,023
Mackinac Bridge Authority	3,744	61,449	-0-	-0-	-0-	-0-	-0-	65,193	62,990
Gift, Bequests and Deposits Investment	15,661	20,330	12	-0-	-0-	-0-	-0-	36,003	38,518
<b>Totals</b>	<b>\$4,590,955</b>	<b>\$8,388,343</b>	<b>\$19,286,465</b>	<b>\$5,542,861</b>	<b>\$10,511,161</b>	<b>\$6,082,621</b>	<b>\$9,184,336</b>	<b>\$63,586,742</b>	<b>\$57,992,749</b>

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

# Schedule 3



## Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2014	2013
General	\$ 530	\$ -0-	\$ 530	\$ 239
Game and Fish Lifetime License Trust	4	58	62	5
State Aeronautics	15	-0-	15	13
Michigan Veterans' Benefit Trust	2	4,184	4,186	2,028
State Trunkline	506	-0-	506	593
Michigan State Waterways	20	-0-	20	30
Blue Water Bridge	55	-0-	55	63
Michigan Transportation	109	-0-	109	166
Comprehensive Transportation	31	-0-	31	81
School Aid	338	-0-	338	448
Game and Fish Protection Trust	21	16,203	16,224	7,737
State Park Improvement	13	-0-	13	15
Forest Development	6	-0-	6	6
Michigan Natural Resources Trust	82	40,998	41,080	18,257
Michigan State Parks Endowment	39	14,204	14,243	5,870
Safety Education and Training	4	-0-	4	5
Bottle Deposits	37	-0-	37	53
State Construction Code	2	-0-	2	3
Children's Trust	1	1,521	1,522	963
Michigan Nongame Fish and Wildlife	1	358	359	79
21st Century Jobs Trust	282	-0-	282	266
Michigan Merit Award Trust	93	-0-	93	86
State Trunkline Bond Proceeds	48	-0-	48	96
Comprehensive Transportation Bond Proceeds	14	-0-	14	33
Outdoor Recreation Legacy	1	-0-	1	2
Off-Road Vehicle	4	-0-	4	4
Snowmobile	7	-0-	7	9
Michigan Settlement Administration Auth	3	-0-	3	-0-
Unemployment Obligation Trust	15	-0-	15	16
Liquor Purchasing Revolving	67	-0-	67	83
State Lottery	79	18,002	18,081	(7,078)

# Schedule 3



**Continued.** . . (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2014	2013
Michigan Strategic	\$ 41	\$ -0-	\$ 41	\$ 31
Michigan State Housing Development	14	-0-	14	37
Land Bank Fast Track	12	-0-	12	27
Jobs For Michigan Investment	84	-0-	84	83
State Sponsored Group Insurance	233	-0-	233	306
State Water Pollution Control Loan	1	-0-	1	6
School Loan Revolving	231	-0-	231	271
Combined State Trunkline Bond and Interest Redemption	-0-	-0-	-0-	1
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	-0-	-0-	1
Recreation & Environmental Protection Bond	1	-0-	1	1
Legislative Retirement	2	17,651	17,653	27,227
State Police Retirement	-0-	186,612	186,612	142,161
State Employees' Retirement	(16)	1,679,830	1,679,814	1,265,073
Public School Employees' Retirement	(1)	6,682,048	6,682,047	5,159,840
Judges' Retirement	-0-	38,064	38,064	31,685
Michigan Employment Security Act Contingent	39	-0-	39	22
Military Family Relief	2	-0-	2	3
Intrastate Switched Toll Restruct.	2	-0-	2	9
Gifts, Bequests, and Deposits Investment	17	427	444	(525)
Silicosis, Dust Disease, and Logging Industry Compensation	1	-0-	1	1
Second Injury	8	-0-	8	12
Self-Insurers' Security	26	-0-	26	28
State Employees' Deferred Compensation I (457)	-0-	-0-	-0-	1
State Employees' Deferred Compensation II (401 (k))	-0-	-0-	-0-	1
State of Michigan MPSERS DC 457	3	-0-	3	2
Environmental Quality Deposits	5	-0-	5	3
Utility Consumer Representation	2	-0-	2	3
Transportation Related Trust	(16)	-0-	(16)	(12)
Mackinac Bridge Authority	-0-	1,176	1,176	(1,233)
Michigan Education Trust	-0-	89,318	89,318	91,009
<b>TOTALS</b>	<b>\$3,119</b>	<b>\$8,790,653</b>	<b>\$8,793,772</b>	<b>\$6,746,245</b>

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

# Notes to Financial Schedules



## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### a. Report Presentation

The accompanying financial schedules report the assets and equities of the State Treasurer's common cash (Schedule 1), investment portfolios of specific funds (Schedule 2), and investment revenues of the common cash and specific funds (Schedule 3).

The State Treasurer's common cash and specific funds are accounted for in various funds of the State of Michigan and reported in the *State of Michigan Comprehensive Annual Financial Report*.

The *State of Michigan Comprehensive Annual Financial Report* provides more extensive general disclosures regarding the State Treasurer's common cash and deposits and investments. These disclosures provide information regarding market values and risk levels of the deposits and investments.

**Common Cash Pool.** The State Treasurer, under the authority provided by State statute, manages the State's common cash pool. The pooling of cash allows the State Treasurer to invest money not needed to pay immediate obligations so that investment earnings on available cash are maximized. Pool investments are not segregated by fund; rather, each contributing fund's balance is treated as equity in the common cash pool.

**Investments.** The State Treasurer, under authority provided by State statutes, manages most investments for the State of Michigan.

*Short-Term Investments:* This category includes each of the listed fund's individually held short-term investments by classification, the fund's equity in the State Treasurer's common cash pool, and receivables and payables pertaining to security trades not yet settled at fiscal year-end.

*Alternative Investments:* These investments consist of limited partnerships.

*Derivatives:* Derivatives are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate, or index. The State Treasurer only uses derivatives securities or related contractual agreements to hedge assets held or to replicate asset returns. Derivatives are not used for speculation or to leverage the investment portfolios.

The State Treasurer invests in derivatives as detailed below:

- *Fixed Income Investments (Derivatives - Future Contracts):* U.S. Treasury Bond Future Contracts are investments to manage duration and yield curve exposure. On September 30, 2014 and 2013, future contracts represent less than 0.1 percent and 0.1 percent of the fixed income investment category, respectively, and less than 0.1 percent of the total pension trust funds.
- *Domestic Equity Investments (Derivatives - Option Contracts):* Option Contracts are investments on single securities to provide downside protection and enhance current income. On September 30, 2014 and 2013, option contracts represent less than 0.1 percent of the domestic equity investment category and represent less than 0.1 percent of the pension trust funds.
- *Absolute Return Investments (Derivatives - Structured Notes):* Structured notes were investments to enhance management flexibility and manage duration and yield curve exposure. Structured notes were sold in FY2014. On September 30, 2014 and 2013, structured notes represent 0.0 percent and 4.9 percent of the absolute return investment category and represent 0.0 percent and 0.05 percent of the pension trust funds, respectively.
- *International Equity Investments (Derivatives - Swaps):* International equity investments swap agreements are investments tied to stock market indices in 45 foreign countries and are the core of the international equity market investment strategy. On September 30, 2014 and 2013, the swap agreements represented 14.0 percent and 12.7 percent of the international equity investment category, respectively.
- *Domestic Equity Investments (Derivatives - Swaps):* Domestic equity swap agreements are investments tied to U.S. Stock indices. On September 30, 2014 and 2013, these swap agreements represent 0.4 percent and 0.8 percent of the domestic equity investment category, respectively.





The swap contractual agreements are made with large global banks and brokerage firms. On September 30, 2014 and 2013, they represent 2.2 percent and 3.8 percent of the total pension trust funds, respectively.

*Separately issued financial reports including financial statements and required supplementary information are issued for the pension trust funds. These provide more extensive disclosure for derivatives.*

**b. Basis of Accounting**

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. (The State of Michigan Comprehensive Annual Financial Report's disclosure regarding the State Treasurer's common cash includes \$0.6 million in interest receivable, because it is presented on the modified accrual basis of accounting.) Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.

These financial schedules are not intended to constitute a complete financial presentation of either the Department of Treasury or the State's General Fund in accordance with accounting principles generally accepted in the United States of America.

**c. Valuations of Investments**

**Schedule 1.** All investments are reported at cost.

Demand deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system.

The market value of prime commercial paper and time deposits - regular at September 30, 2014 and 2013, was \$2,209.6 and \$1,898.0 million, respectively.

**Schedule 2.** Methods used to value investments.

All investments are reported at fair value. Securities traded on a national exchange are valued at last reported sales price. Investments that do not have an established market are reported at estimated fair value.

**d. Securities Lending Transactions**

Under the authority of Act No. 314 of the Public Acts of 1965, the State lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State's third-party agent, Credit Suisse, manages the securities lending program and receives cash collateral. The agent is not liable for any losses on the management of the cash collateral portfolio unless there is negligence or willful misconduct on its part. The collateral cash cannot be pledged or sold by the State and the State receives cash collateral in the amount of at least 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds, and equities. There is no restriction on the amount of securities lent. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. At September 30, 2014 and 2013, the State had no outstanding credit risk on the securities lent. The market value of the securities lent at September 30, 2014 and 2013, was \$4,116.6 and \$4,308.2 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2014 and 2013, was \$4,190.1 and \$4,407.0 million respectively. The market value of securities lending cash collateral pool at September 30, 2014 and 2013, was \$4,048.9 and \$3,463.4 million respectively.

**NOTE 2: CHANGE IN REPORTING OF FUNDS**

*Effective for FY ended September 30, 2014:*

Environmental Protection Bond, and the 1992 State Truckline Bond Proceeds were removed from Schedule 3. Michigan Higher Education Assistance Authority was removed from Schedule 2 and 3.

*Effective for FY ended September 30, 2013:*

Counter - Cyclical Budget and Economic Stabilization, Clean Michigan Initiative Bond - Local Projects, Clean Michigan Initiative Bond - Environmental Projects, Michigan Economic Development Corp, Clean Michigan Initiative Bond - State Projects, and Vietnam Veterans' Memorial Monument were removed from Schedule 3.

# Cash and Investments

The State Treasurer manages the State's cash so funds not needed to pay immediate obligations are invested to earn income. Investments include time certificates of deposit and prime commercial paper as detailed in Schedule 1, *State Treasurer's Common Cash - Assets and Equities*.

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan.

The common cash fund pools the cash balances of certain State funds until paid as provided by law.

Manageable common cash includes the following funds:

- General
- School Aid
- Budget Stabilization
- Special Revenue and Enterprise
- Internal Service
- Trust and Agency

The State Treasurer is authorized to transfer cash on hand and on deposit among the various funds in the State Treasury, except funds established to pay debts service on notes and bonds, in such a manner as to best manage the available cash, maximize short-term investment earnings, and ensure State obligations are paid when due.

## Table 1



### Investment Revenues for Fiscal Years (In Thousands of Dollars)

	General Fund Common Cash Earnings (Expenses) <sup>(a)</sup>	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals
2014	\$ 530	\$ 6,682,047	\$ 1,679,814	\$ 186,612	\$ 38,064	\$ 206,705	\$ 8,793,772
2013	239	5,159,840	1,265,073	142,161	31,685	147,249	6,746,245
2012	(1,297)	5,735,829	1,379,714	155,136	35,594	281,462	7,586,438
2011	(722)	1,594,584	404,603	45,826	10,786	64,950	2,120,027
2010	(3,758)	3,846,693	927,685	104,319	22,723	176,040	5,073,702
2009	(3,076)	(2,591,269)	(652,076)	(74,793)	(20,709)	129,566	(3,212,357)
2008	(17,012)	(7,360,810)	(1,819,798)	(200,062)	(47,948)	9,025	(9,436,605)
2007	(25,140)	7,293,036	1,819,563	203,509	50,121	249,852	9,590,941
2006	(7,130)	5,023,726	1,267,821	142,130	34,774	192,070	6,653,391
2005	(16,043)	4,622,419	1,184,720	132,583	32,277	148,797	6,104,753

(a) See the table below for the annual total of earnings and distributions resulting in General Fund Common Cash Earnings (Expenses).

Fiscal Year Ending	Total State Treasurer's Common Cash Fund Earnings	Distribution of Earnings to Retirement and Other Funds Reported in Their Earnings	General Fund Common Cash Earnings (Expenses)
2014	\$ 3,119	\$ 2,589	\$ 530
2013	3,660	3,421	239
2012	2,246	3,543	(1,297)
2011	3,663	4,385	(722)
2010	2,901	6,659	(3,758)
2009	22,189	25,265	(3,076)
2008	68,893	85,905	(17,012)
2007	80,107	105,247	(25,140)
2006	82,456	89,586	(7,130)
2005	46,256	62,299	(16,043)

## Table 2



### Available Month-End Common Cash (In Millions of Dollars)

Month	Combined General Fund & School Aid Fund <sup>(a)</sup>	Other Funds	Manageable Common Cash <sup>(b)</sup>	Retirement Funds	Bond Funds <sup>(c)(d)</sup>	Total Common Cash
October 2013	2,579.1	2,604.9	5,184.0	145.2	153.3	5,482.5
November	2,241.7	2,577.6	4,819.3	231.8	212.0	5,263.1
December	2,065.2	2,472.0	4,537.1	189.7	86.7	4,813.6
January 2014	2,327.9	2,514.8	4,842.7	145.9	84.8	5,073.4
February	1,337.3	2,556.0	3,893.3	159.1	83.0	4,135.5
March	812.0	2,531.4	3,343.4	233.6	70.8	3,647.8
April	440.7	2,665.6	3,106.3	158.3	118.5	3,383.1
May	(64.6)	2,727.8	2,663.2	134.8	72.7	2,870.6
June	(202.3)	2,689.4	2,487.2	144.6	72.0	2,703.8
July	29.5	2,681.1	2,710.6	157.7	68.8	2,937.1
August	(509.4)	2,850.8	2,341.4	148.2	56.3	2,545.9
September	1,364.7	3,036.2	4,400.9	400.9	41.3	4,843.1

- (a) In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition the Budget Stabilization Fund is a committed subfund of the General Fund. As of September 30, 2014, the balance was \$386.2 million.
- (b) Manageable Common Cash Includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.
- (c) Includes Debt Service and Bond Funds.
- (d) In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition the School Bond Loan Fund, Environmental Protection Bond Fund, and the Clean Michigan Initiative Bond Fund – Environmental Projects and the Great Lakes Water Quality Bond Fund are restricted subfunds of the General Fund, which, combined, amounted to \$10.8 million as of September 30, 2014.

## Table 3



### Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund <sup>(a)</sup>	Other Funds	Manageable Common Cash <sup>(b)</sup>	Retirement Funds	Bond Funds <sup>(c)</sup>	Total Common Cash
September 2005	(856.4)	2.0	1,873.3	1,018.9	103.7	241.6	1,364.2
September 2006	(1,300.5)	2.0	2,159.3	860.8	93.2	443.5	1,397.5
September 2007	(1,004.4)	2.1	2,396.9	1,394.6	133.7	423.4	1,951.7
September 2008	(616.6)	2.2	2,088.7	1,474.3	822.0	154.6	2,450.9
September 2009	(762.3)	2.2	1,843.8	1,083.7	138.7	317.4	1,539.8
September 2010	(373.7)	2.2	1,742.1	1,370.6	85.5	151.4	1,607.5
September 2011	1,025.1	2.2	2,109.5	3,136.8	244.5	109.9 <sup>(d)</sup>	3,491.2
September 2012	1,274.6	365.1	2,470.2	4,109.9	262.7	135.5 <sup>(d)</sup>	4,508.1
September 2013	1,586.5	505.6	2,727.2	4,819.3	521.2	82.3 <sup>(d)</sup>	5,422.8
September 2014	978.4	386.2	3,036.2	4,400.9	400.9	41.3 <sup>(d)</sup>	4,843.1

- (a) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition during fiscal year 2011. As a result, the Budget Stabilization Fund was reclassified as a subfund of the General Fund.
- (b) Manageable Common Cash Includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.
- (c) Includes Debt Service and Bond Funds.
- (d) During fiscal year 2011, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition. As a result, the School Bond Loan Fund, Environmental Protection Bond Fund, the Clean Michigan Initiative Bond Fund – Environmental Projects and the Great Lakes Water Quality Bond Fund were reclassified and are accounted for as restricted subfunds of the General Fund which, combined, amounted to \$25.9 million as of as of September 30, 2011, \$38.0 million as of September 30, 2012, \$23.5 million as of September 30, 2013 and \$10.8 million as of September 30, 2014. These funds are included in the Bond Funds balance in prior years.

# Table 4



## State Treasurer's Common Cash Fund, Cash Balances, and Transactions by Fund (In Thousands of Dollars)

Fund	Cash Balances 10-1-13	Receipts <sup>(a)</sup>	Disbursements <sup>(b)</sup>	Transfers In	Transfers Out	Cash Balances 9-30-14	Warrants Outstanding	Available Balances 9-30-14
<b>GENERAL AND SCHOOL AID</b>								
General	\$ 2,590,220	\$ 39,124,162	\$ 39,262,473	\$ 234,237	\$ 528,523	\$ 2,157,623	\$ 64,226	\$ 2,093,397
Budget Stabilization (c)	505,611	79,466	4,045	-0-	194,800	386,231	-0-	386,231
School Aid	(932,683)	12,402,405	13,342,027	884,048	126,249	(1,114,506)	459	(1,114,965)
Total General and School Aid	\$ 2,163,147	\$ 51,606,033	\$ 52,608,545	\$ 1,118,285	\$ 849,572	\$ 1,429,348	\$ 64,685	\$ 1,364,663
<b>SPECIAL REVENUE</b>								
Game and Fish Protection	\$ 11,994	\$ 62,477	\$ 76,113	\$ 13,855	\$ 757	\$ 11,456	\$ 50	\$ 11,405
Michigan Employment Security								
Act-Administration	(30,065)	177,403	154,637	1,077	1,602	(7,822)	7	(7,830)
State Aeronautics	23,521	122,145	136,142	6,000	3,464	12,059	4,834	7,225
Michigan Veterans' Trust	3,461	15,033	16,964	-0-	9	1,521	1	1,519
State Trunkline	708,738	852,987	1,520,130	954,341	217,614	778,322	4,251	774,070
Michigan State Waterways	25,575	18,990	35,806	13,215	307	21,668	18	21,649
Blue Water Bridge	62,153	22,663	7,538	-0-	7,036	70,242	1	70,241
Michigan Transportation	109,071	1,972,010	976,159	477	998,129	107,270	3,854	103,416
Comprehensive Transportation	101,044	217,634	378,911	168,068	19,207	88,629	796	87,834
Game and Fish Protection Trust	14,428	73,291	57,891	-0-	13,855	15,973	-0-	15,973
State Park Improvement	16,777	53,939	50,674	-0-	1,723	18,319	42	18,277
Forest Development	5,151	40,980	33,905	-0-	457	11,769	23	11,746
Michigan Natural Resources Trust	119,923	164,205	210,088	-0-	17	74,024	4	74,019
Michigan State Parks Endowment	45,164	86,509	84,472	-0-	287	46,914	22	46,892
Safety Education and Training	6,980	10,100	9,973	-0-	133	6,973	3	6,971
Bottle Deposits	58,185	28,191	26,893	-0-	3,142	56,341	50	56,291
State Construction Code	3,315	8,960	9,557	-0-	144	2,574	2	2,572
Children's Trust	857	9,767	9,140	-0-	6	1,478	2	1,477
State Casino Gaming	12,544	36,494	26,226	3,659	15,472	11,000	1	10,999
Homeowner Construction Lien Recovery	178	30	-0-	-0-	-0-	208	-0-	208
Michigan Nongame Fish and Wildlife	665	1,007	942	-0-	7	723	-0-	723
21st Century Jobs Trust	242,279	75,000	145,097	102,500	-0-	274,682	-0-	274,682
Michigan Merit Award Trust	77,053	116,625	117,898	-0-	26	75,754	-0-	75,754
Outdoor Recreation Legacy	2,179	1,754	2,849	991	36	2,039	2	2,037
Off-Road Vehicle	4,346	6,371	4,176	-0-	25	6,517	1	6,515
Snowmobile	8,020	8,525	10,494	2,313	36	8,326	4	8,323
Michigan Settlement Administration Authority	-0-	3	-0-	194,800	-0-	194,803	-0-	194,803
Unemployment Obligation Trust	6,004	459,715	463,216	-0-	-0-	2,502	-0-	2,502
State Building Authority								
Advance Financing	(9,777)	182,620	180,827	-0-	-0-	(7,984)	-0-	(7,984)
Michigan Strategic	67,740	191,474	136,727	-0-	-0-	122,487	249	122,237
Land Bank Fast Track Authority	19,092	15,470	27,327	-0-	-0-	7,235	0	7,235
Jobs for Michigan Investment	115,912	181,358	156,192	-0-	-0-	141,078	100	140,978
Workforce Development Agency	(3,633)	279,721	272,685	-0-	-0-	3,402	1	3,401
Michigan Finance Authority								
- School Loan Revolving	309,704	203,937	248,468	-0-	-0-	265,173	-0-	265,173
State Building Authority								
- Capital Project	-0-	-0-	10	-0-	8	(17)	-0-	(17)
Total Special Revenue	\$ 2,138,577	\$ 5,697,388	\$ 5,588,128	\$ 1,461,297	\$ 1,283,497	\$ 2,425,637	\$ 14,320	\$ 2,411,316

# Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-13	Receipts <sup>(a)</sup>	Disbursements <sup>(b)</sup>	Transfers In	Transfers Out	Cash Balances 9-30-14	Warrants Outstanding	Available Balances 9-30-14
<b>BOND AND DEBT SERVICE</b>								
Clean Michigan Initiative Bond								
- Local Projects	\$ 140	\$ -0-	\$ 29	\$ -0-	\$ -0-	\$ 111	\$ -0-	\$ 111
1992 State Trunkline Bond Proceeds	111	96	207	-0-	-0-	-0-	-0-	-0-
1994 State Trunkline Bond Proceeds	(3)	2	-0-	-0-	-0-	(1)	-0-	(1)
State Trunkline Bond Proceeds	61,478	99,639	87,223	-0-	45,799	28,095	-0-	28,095
Build Michigan II								
- GARVEE Note Proceeds	(345)	79	(267)	-0-	-0-	-0-	-0-	-0-
Comprehensive Transportation Bond								
Proceeds	19,468	92	7,795	-0-	-0-	11,765	35	11,729
Combined State Trunkline Bond and Interest Redemption	-0-	300,308	519,121	219,110	-0-	298	-0-	298
Combined Comprehensive Transportation Bond and Interest Redemption	14	-0-	22,426	22,412	-0-	-0-	-0-	-0-
Recreation and Environmental Protection								
Bond Redemption	1,459	29,979	182,334	152,468	-0-	1,572	-0-	1,572
School Loan Bond Redemption	-0-	-0-	126,249	126,249	-0-	-0-	-0-	-0-
State Building Authority - Debt Service	-0-	-0-	457	-0-	-0-	(457)	-0-	(457)
<b>Total Bond and Debt Service</b>	<b>\$ 82,320</b>	<b>\$ 430,195</b>	<b>\$ 945,572</b>	<b>\$ 520,239</b>	<b>\$ 45,799</b>	<b>\$ 41,383</b>	<b>\$ 35</b>	<b>\$ 41,348</b>
<b>ENTERPRISE</b>								
Liquor Purchasing Revolving	\$ 76,297	\$ 956,542	\$ 783,467	\$ -0-	\$ 177,848	\$ 71,525	\$ 4,561	\$ 66,964
State Lottery	12,908	1,236,604	505,136	-0-	740,769	3,608	852	2,755
Michigan State Housing								
Development Authority	-0-	54,840	54,840	-0-	-0-	-0-	17	(17)
Michigan Finance Authority								
- State Water Revolving	22	178,972	178,961	-0-	-0-	33	-0-	33
<b>Total Enterprise</b>	<b>\$ 89,227</b>	<b>\$ 2,426,959</b>	<b>\$ 1,522,404</b>	<b>\$ -0-</b>	<b>\$ 918,616</b>	<b>\$ 75,166</b>	<b>\$ 5,431</b>	<b>\$ 69,735</b>
<b>INTERNAL SERVICE</b>								
Correctional Industries Revolving	\$ (8,130)	\$ 24,110	\$ 22,334	\$ -0-	\$ 216	\$ (6,569)	\$ 26	\$ (6,596)
Motor Transport	8,887	66,668	67,754	-0-	60	7,740	7	7,733
Office Services Revolving	9,173	172,608	174,976	-0-	217	6,588	51	6,537
Information Technology	(5,664)	716,948	705,870	2,500	2,962	4,953	623	4,330
Risk Management	11,536	34,547	33,172	-0-	31	12,880	16	12,864
State Sponsored Group Insurance	288,374	739,320	730,269	-0-	-0-	297,425	2	297,422
<b>Total Internal Service</b>	<b>\$ 304,177</b>	<b>\$ 1,754,202</b>	<b>\$ 1,734,376</b>	<b>\$ 2,500</b>	<b>\$ 3,485</b>	<b>\$ 323,017</b>	<b>\$ 726</b>	<b>\$ 322,291</b>

# Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-13	Receipts <sup>(a)</sup>	Disbursements <sup>(b)</sup>	Transfers In	Transfers Out	Cash Balances 9-30-14	Warrants Outstanding	Available Balances 9-30-14
<b>RETIREMENT</b>								
Legislative	\$ 4,189	\$ 88,980	\$ 91,747	\$ -0-	\$ -0-	\$ 1,421	\$ 31	\$ 1,391
State Police	25,721	777,743	789,337	-0-	2	14,125	25	14,100
State Employees'	187,774	7,911,608	7,965,057	-0-	33	134,291	34	134,257
Public School Employees'	301,969	27,183,239	27,238,349	-0-	184	246,675	605	246,070
Judges'	2,752	144,945	142,657	-0-	-0-	5,041	-0-	5,041
Total Retirement	\$ 522,404	\$ 36,106,515	\$ 36,227,147	\$ -0-	\$ 220	\$ 401,552	\$ 694	\$ 400,858
<b>TRUST AND AGENCY</b>								
Michigan Employment Security Act Contingent	\$ 35,575	\$ 29,403	\$ 3	\$ -0-	\$ 1,077	\$ 63,897	\$ -0-	\$ 63,897
Military Family Relief	2,392	132	78	-0-	-0-	2,446	1	2,445
IntraState Switched Toll Restructuring	4,010	12,594	16,114	-0-	8	483	196	287
Children's Institute Trust	103	-0-	-0-	-0-	-0-	103	-0-	103
Abandoned and Unclaimed Property (Escheats)	97,229	199,013	209,284	-0-	-0-	86,958	4,084	82,875
Gifts, Bequests and Deposits Investment	18,166	97,930	100,435	-0-	-0-	15,661	294	15,367
Silicosis, Dust Disease, and Logging Industry Compensation	2,087	907	1,415	-0-	6	1,573	1	1,572
Second Injury	12,854	13,397	12,529	-0-	23	13,698	289	13,409
Hospital Patients	104	731	737	-0-	-0-	97	8	89
Self-Insurers' Security	28,104	11,469	6,115	-0-	13	33,445	106	33,339
State Employees' Deferred Comp. I (457)	1,162	42,229	42,774	-0-	-0-	616	-0-	616
State Employees' Deferred Comp. II (401K)	882	51,086	51,289	-0-	-0-	680	-0-	680
State of Michigan MPSERS DC 457	2,718	64,664	63,761	-0-	-0-	3,621	-0-	3,621
State Employees' Defined Contribution Plan	426	241,852	241,860	-0-	-0-	418	-0-	418
Special Assessment Deferment	2,201	88	3	-0-	-0-	2,286	-0-	2,286
Environmental Quality Deposits	2,305	1,309	5	-0-	-0-	3,610	-0-	3,610
Insurance Carrier Deposits	369	49,503	47,027	-0-	-0-	2,845	-0-	2,845
Utility Consumer Representation	2,493	1,207	1,368	-0-	5	2,328	12	2,316
Transportation Related	(6,603)	355,773	346,828	-0-	-0-	2,342	7	2,335
State of Michigan MPSERS DC 401K	86	730	517	-0-	-0-	299	-0-	299
State of Michigan Personal Health Care	(1)	3,949	3,675	-0-	-0-	273	-0-	273
Social Welfare	-0-	474	282	-0-	-0-	191	-0-	191
Total Trust and Agency	206,663	1,178,439	1,146,101	-0-	1,132	237,869	4,998	232,871
GRAND TOTALS	\$ 5,506,516	\$ 99,199,730	\$ 99,772,274	\$ 3,102,321	\$ 3,102,321	\$ 4,933,972	\$ 90,889	\$ 4,843,082

(a) Receipts include \$24,662.4 million of securities sold and matured.

(b) Disbursements include \$29,140.7 million of securities purchased.

(c) In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition, the Budget Stabilization Fund is a committed subfund of the General Fund.

# Table 5



## Demand Depositories as of September 30, 2014 (In Thousands of Dollars)

City	Depository Bank	Deposits <sup>(a)</sup>	City	Depository Bank	Deposits <sup>(a)</sup>
Adrian	First Federal Bank	\$ 156	Lansing	Bank of America-Credit Card	0
Alma	Firstbank, Alma	99		Bank of America-Main Account	3,518
Bad Axe	Signature Bank	65	Lapeer	Lapeer County Bank and Trust	60
Baldwin	Lake Osceola State Bank	10	Manistique	mBank	102
Cheboygan	Citizens National Bank	99		State Savings Bank	128
Chelsea	Chelsea State Bank	98	Marquette	Wells Fargo Bank, Michigan	18,326
Coldwater	Century Bank and Trust	85	Mason	Mason State Bank	5,094
	Southern Michigan National Bank	145	Midland	Chemical Bank and Trust	4,300
Croswell	Eastern Michigan Bank	11	Monroe	Monroe Bank and Trust	2,135
Crystal Falls	First National Bank	88	Munising	Peoples State Bank of Munising	26
Detroit	JPMorgan Chase-Income Tax	0	Newberry	Tahquamenon Area Credit Union	31
	JPMorgan Chase-Main Acct.	2,527,081	Norway	First National Bank	5
	Comerica Bank - Detroit	7,331	Ontonagon	Citizens State Bank	54
	Comerica Bank - ACH Service	0	Port Austin	Port Austin State Bank	6
East Tawas	Huron Community Bank	73	St. Charles	Community State Bank	112
Escanaba	Northern Michigan National Bank	7	St. Ignace	First National Bank	48
	Upper Peninsula State Bank	71	Sault Ste. Marie	Central Savings Bank	31
Ewen	State Bank of Ewen	21		Soo Co-Op Credit Union	5
Flint	FirstMerit Bank	25,399	Shelby	Shelby State Bank	124
Gladstone	First Bank Upper Michigan	18	Stockbridge	SSBBank	3
Grand Rapids	Fifth Third Bank	1,582	Wakefield	First National Bank	81
Hancock	Superior National Bank and Trust	98	Zeeland	Huntington National Bank	2,525
Hillsdale	Hillsdale County National Bank	68			
Honor	The Honor State Bank	27	Total		\$ 2,599,746
Ionia	Independent Bank	205			
	First Bank, West Michigan	134			
Iron Mountain	First National Bank of Iron Mountain	41			
Ishpeming	Peninsula Bank	15			
Ithaca	Commercial National Bank	5			

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$4,395,384,000 of collateral.

# ***Bonds and Notes***

The Michigan Constitution limits State general obligation debt to (1) short-term debt for State operating purposes, (2) short- and long-term debt for the purpose of making loans to school districts, and (3) long-term debt for voter-approved purposes.

Short-term debt for operating purposes is limited to an amount not in excess of 15 percent of undedicated revenues received during the preceding fiscal year (FY). Under the Michigan Constitution, as implemented by statutory provisions, such debt must be authorized by the State Administrative Board and issued only to meet obligations incurred pursuant to appropriation and must be repaid during the FY in which it was incurred. Such debt does not require voter approval.

The amount of debt incurred by the State for the purpose of making loans to school districts is recommended by the State Treasurer, who certifies the amounts necessary for loans to school districts semiannually. The bonds may be issued in whatever amount is required without voter approval. All other general obligation bonds issued by the State must be approved as to amount, purpose, and method of payment by a two-thirds vote of each house of the Legislature and by a majority vote of the public at a general election.

There is no limitation as to number or size of such general obligation issues.

## **General Obligation Debt**

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond, and Note Payments*. During FY 2014, the State issued \$85.3 million in new debt to fund the Great Lakes Water Quality Program. The State also issued \$30.0 million to refund existing debt.

## **Special Authority Revenue Bond Debt**

Certain governmental authorities issue revenue bonds for construction projects and to acquire or build facilities for the State or its institutions of higher learning. These bonds, as shown in Table 7, *Special Authority Revenue Bond Debt*, are obligations of the individual authorities and are not a general obligation of the State.

## **Special Revenue Debt**

The State periodically issues long-term bonds for specific purposes, as presented in Table 10, *Special Revenue Debt, Bond, and Note Payments*. These issues are not supported by the State's general credit, and their financing comes strictly from the designated revenue sources.



# Table 6



## General Obligation Debt, Bond, and Note Payments (In Thousands of Dollars)

Item	Issue Date	Maturity Dates	New Issues	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-14		
School Bond Loan <sup>(a)</sup>	Series 2001 (Refunding)	2001	2002-2016	\$ -0-	\$ -0-	\$ 12,680	\$ 1,862	\$ 27,515 *	
	Series 2002 (Refunding)	2002	2003-2015	-0-	-0-	23,840	1,942	23,390 *	
	Series 2008A (Refunding)	2008	2012-2023	-0-	-0-	-0-	5,904	116,035 *	
	Series 2009A	2009	2015-2020	-0-	-0-	-0-	6,840	103,725	
	Series 2009A (Refunding)	2009	2015-2020	-0-	-0-	-0-	6,617	100,355	
	Series 2009B (Refunding)	2009	2010-2030	-0-	-0-	14,616	3,944	35,337 *	
	Series 2010B (Refunding)	2010	2016-2020	-0-	-0-	-0-	1,623	43,460	
	Series 2010B	2010	2016-2020	-0-	-0-	-0-	1,507	40,365	
	Series 2011A	2011	2014-2023	-0-	-0-	7,800	5,565	142,200	
	Series 2011B	2011	2022	-0-	-0-	-0-	1,114	30,110	
	Series 2012A (Refunding)	2012	2013-2026	-0-	-0-	4,892	1,396	51,818	
	Series 2012A	2012	2013-2026	-0-	-0-	13,178	3,760	139,577	
	Series 2013A	2013	2024-2033	-0-	-0-	-0-	7,168	200,000	
	Environmental Protection <sup>(b)</sup>	Water Pollution 1993	1993	1995-2013	-0-	-0-	1,105	28	-0-
Series 2001 (Refunding)		2001	2002-2016	-0-	-0-	13,290	1,883	27,590	
Series 2002 (Refunding)		2002	2004-2015	-0-	-0-	25,180	2,812	38,675	
Series 2005B (Refunding)		2005	2013-2016	-0-	-0-	6,295	1,544	27,735	
Series 2005B (Refunding)		2005	2019-2021	-0-	-0-	-0-	397	7,939 *	
Series 2006A		2006	2014-2026	-0-	-0-	1,095	1,143	23,905	
Series 2008A (Refunding)		2008	2011-2019	-0-	-0-	5,610	3,789	48,609	
Series 2010A (Refunding)		2010	2012-2020	-0-	-0-	732	353	7,477	
Series 2010B (Refunding)		2010	2013-2015	-0-	-0-	12,292	916	27,380	
Series 2012 (Refunding)		2012	2016-2020	-0-	-0-	-0-	1,227	27,359	
Recreation <sup>(c)</sup>		Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	1,024	20	2,282
Clean Michigan Initiative <sup>(d)</sup>		Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	5,795	2,187	37,535
	Series 2005A	2005	2017-2021	-0-	-0-	-0-	579	11,585 *	
	Series 2005A (Refunding)	2005	2017-2018	-0-	-0-	-0-	364	7,285 *	
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	5	96 *	
	Series 2006A	2006	2014-2026	-0-	-0-	3,505	3,657	76,495	
	Series 2008A	2008	2011-2019	-0-	-0-	1,575	536	9,135	
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	11,390	4,359	98,691	
	Series 2008B	2008	2011-2019	-0-	-0-	788	257	4,526	
	Series 2009A	2009	2022-2026	-0-	-0-	-0-	2,620	46,355	
	Series 2010A (Refunding)	2010	2012-2020	-0-	-0-	3,123	1,505	31,878	
	Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	7,597	403	16,922	
	Series 2010B	2010	2013-2015	-0-	-0-	3,118	197	6,945	
	Series 2011A	2011	2021-2025	-0-	-0-	-0-	369	9,617	
	Series 2011B	2011	2013-2020	-0-	-0-	110	167	5,509	
	Series 2011B (Refunding)	2011	2013-2020	-0-	-0-	-0-	110	3,613	
	Series 2012 (Refunding)	2012	2016-2020	-0-	-0-	-0-	2,913	64,946	
	Great Lakes Water Quality Bonds <sup>(e) (f)</sup>	SWQIF 2003	2003	2053	-0-	-0-	-0-	-0-	6,000
		Series 2008B (SWQIF)	2008	2011-2019	-0-	-0-	263	86	1,509
Series 2009A (Refunding)		2009	2022-2026	-0-	-0-	-0-	1,005	17,780	
Series 2010B (Refunding)		2010	2013-2015	-0-	-0-	427	6	951	
Series 2010B		2010	2013-2015	-0-	-0-	3,118	197	6,945	
Series 2011A		2011	2021-2025	-0-	-0-	-0-	925	24,123	
Series 2011A (Refunding)		2011	2021-2025	-0-	-0-	-0-	395	10,295	
Series 2011B		2011	2013-2020	-0-	29,653	6,117	116	-0-	
Series 2011B (Refunding)		2011	2013-2020	-0-	-0-	-0-	618	20,394	
Series 2013A (Refunding)		2013	2015	30,000	-0-	-0-	64	30,000	
Series 2014A		2014	2024-2029	65,140	-0-	-0-	-0-	65,140	
Series 2014B	2014	2027	20,155	-0-	-0-	-0-	20,155		
<b>Total General Obligation Debt</b>			<b>115,295</b>	<b>29,653</b>	<b>190,553</b>	<b>86,992</b>	<b>1,927,262</b>		

(a) P.A. 112 of 1961 as amended, provides that the State may borrow from time to time such amounts as shall be required for the purpose of making loans to school districts. Requirements are determined semiannually and general obligation debt is issued as needed.

(b) P.A. 328 of 1988, provided for the issuance of \$660 million General Obligation Bonds, of which \$8.5 million remains.

(c) P.A. 329 of 1988, provided for the issuance of \$140 million General Obligation bonds, all of which have been issued.

(d) P.A. 284 of 1998 and P.A. 451 of 1994 as amended, provided for the issuance of \$675 million General Obligation bonds, of which \$80.4 million remains.

(e) P.A. 396 of 2002 provided for the issuance of \$1.0 billion General Obligation Bonds, of which \$687.5 million remains.

(f) On December 18, 2003, the State issued \$100 million in general obligation Great Lakes Water Quality Bonds pursuant to voter authorization which were placed with a State Authority. To date, the State has recognized \$10.0 million of this as a liability on the State of Michigan Comprehensive Annual Financial Report of which \$6.0 million remains outstanding.

\* All or part of the principal amount not presented and not represented in the totals due to the advanced refunding of all or part of this obligation. The table below summarizes the advanced refunding activity by type of bond.

Series	Advanced Refunded From Series	Amount Refunded	FY 14 Paid From Escrow Principal	FY 14 Escrow Interest	FY 14 Escrow Balance
General Obligation Debt:					
Environmental Protection	2012	\$ 28,553	\$ -0-	\$ 1,428	\$ 30,695
Clean Michigan Initiative	2012	68,247	-0-	3,412	73,365
		<b>\$ 96,800</b>	<b>\$ -0-</b>	<b>\$ 4,840</b>	<b>\$ 104,060</b>

# Table 7



## Special Authority Revenue Bond Debt <sup>(a)</sup> (In Thousands of Dollars)

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-14
Mackinac Island State Park Commission	\$ -0-	\$ 50	\$ 80	\$ 1,735
Michigan State Housing Development Authority <sup>(b)</sup>	77,818	172,355	78,287	2,020,105
Michigan Finance Authority <sup>(c)</sup>	4,460,142	3,093,940	589,749	17,537,276 *
Michigan State Building Authority <sup>(d)</sup>	-0-	102,170	118,463	3,105,869 *
<b>Total Special Authority Debt</b>	<b>\$ 4,537,960</b>	<b>\$ 3,368,515</b>	<b>\$ 786,579</b>	<b>\$ 22,664,985</b>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Information in the table is provided by each Authority.

(b) The new issues include \$77.7 million of new bond issues plus \$83 thousand of capital appreciation for the year. Amounts are as of September 30, 2014.

(c) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2014, was \$425.9 million. Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority.

(d) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2014, was \$45.4 million. Also, outstanding principal does not include commercial paper notes issued by the Authority. As of September 30, 2014, \$99.1 million of commercial paper notes was outstanding. Includes capital appreciation bonds reported with an ultimate maturity value of \$888.7 million. The accreted value as of September 30, 2014, is \$574.8 million.

Michigan Finance Authority Debt by Program	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-14
Health	\$ 525,980	\$ 141,506	\$ 210,043	\$ 5,682,566
Higher Education	25,130	69,730	8,609	541,627
Municipal	3,009,380	1,135,060	166,107	6,347,244
Public School Academies	45,580	51,430	14,892	298,800
Tobacco	-0-	5,060	58,694	1,100,657
Private K-12	5,872	N/A	N/A	87,026
Student Loan	848,200	1,348,714	8,582	950,140
Unemployment	-0-	342,440	122,822	2,529,216
<b>Total Michigan Finance Authority Debt</b>	<b>\$ 4,460,142</b>	<b>\$ 3,093,940</b>	<b>\$ 589,749</b>	<b>\$ 17,537,276</b>

# Table 8



## General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended	Principal	Interest	Total <sup>(a)</sup>
September 30,			
2015	\$ 191,848	\$ 82,924	\$ 274,772
2016	231,087	74,450	305,537
2017	185,361	67,825	253,186
2018	166,573	58,581	225,154
2019	171,198	50,269	221,468
2020	140,399	41,915	182,313
2021	147,490	34,989	182,479
2022	122,574	29,430	152,003
2023	115,843	22,722	138,565
2024	77,515	18,692	96,207
2025	81,555	14,651	96,206
2026	84,907	11,301	96,208
2027	39,351	8,430	47,781
2028	36,836	7,069	43,905
2029	38,492	5,412	43,904
2030	22,809	12,153	34,962
2031	21,640	2,496	24,136
2032	22,455	1,717	24,172
2033	23,330	887	24,217
2034	-0-	-0-	-0-
Thereafter <sup>(b)</sup>	6,000	-0-	6,000
<b>Total</b>	<b>\$ 1,927,262</b>	<b>\$545,914</b>	<b>\$2,473,176</b>

(a) May not add to total due to rounding.

(b) On December 18, 2003, the State issued \$100 million in general obligation Great Lakes Water Quality Bonds pursuant to voter authorization which were placed with a State Authority. To date, the State has recognized \$10.0 million of this as a liability on the State of Michigan Comprehensive Annual Financial Report of which \$6.0 million remains outstanding.

# Table 9



## Bonds and Notes Payable by Fiscal Year (In Thousands of Dollars)

Item	Outstanding on September 30,				
	2010	2011	2012	2013	2014
<b>GENERAL OBLIGATION DEBT</b>					
School Bond Loan	\$ 671,228	\$ 861,920	\$ 1,003,578	\$ 1,130,893	\$ 1,053,887 *
Environmental Protection	408,260	406,494	361,634	302,269	236,669 *
Recreation	10,220	10,296	6,891	3,306	2,282
Clean Michigan Initiative	513,775	523,386	503,319	468,132	431,132 *
Great Lakes Water Quality Bonds	57,604	67,611	127,826	127,573	203,291
<b>Total General Obligation Debt</b>	<b>\$ 1,661,087</b>	<b>\$ 1,869,707</b>	<b>\$ 2,003,248</b>	<b>\$ 2,032,173</b>	<b>\$ 1,927,262</b>
<b>NON-GENERAL OBLIGATION DEBT</b>					
Michigan Department of Transportation Tax					
Dedicated Bonds	\$ 1,612,146	\$ 1,511,685	\$ 1,484,405	\$ 1,371,660	\$ 1,235,440* <sup>(c)</sup>
MDOT Grant Anticipation Bonds	756,495	749,155	741,455	733,410	724,960
Michigan Department of Natural Resources					
State Park Revenue Bonds	11,570	10,900	10,200	9,465	8,700
Special Authorities-Revenue Bonds and Notes: <sup>(a)</sup>					
Mackinac Island State Park Commission	1,930	1,885	1,835	1,785	1,735
Michigan State Housing Development Authority	2,526,246	2,474,150	2,338,620	2,114,642	2,020,105
Michigan State Building Authority	3,008,024	3,175,339	3,103,332	3,181,564	3,105,869 *
Michigan Finance Authority <sup>(b)</sup>	14,885,199	14,048,108	17,106,980	16,079,319	17,537,276 *
<b>Total Non-General Obligation Debt</b>	<b>\$ 22,801,610</b>	<b>\$ 21,971,222</b>	<b>\$ 24,786,827</b>	<b>\$ 23,491,845</b>	<b>\$ 24,634,085</b>

\* All or part of the principal amount not presented, and not represented in the totals due to the advance refunding of all or part of this obligation.

(a) Does not include the activity of the Michigan Strategic Fund.

(b) Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority: Michigan Municipal Bond Authority, Michigan State Hospital Finance Authority; Michigan Higher Education Facilities Authority; Michigan Higher Education Assistance Authority; Michigan Higher Education Student Loan Authority; Michigan Public Educational Facilities Authority; Michigan Tobacco Settlement Finance Authority; Michigan Underground Storage Tank Financial Assurance Authority; Michigan State Higher Education Facilities Commission; Michigan Forest Finance Authority.

(c) Table 9 MDOT Tax Dedicated Bonds Outstanding on September 30, 2010 through 2012 include accumulated accretion.

# Table 10



## Special Revenue Debt, Bond, and Note Payments (In Thousands of Dollars)

Item		Issue Date	Maturity Dates	Amount Issued	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-14
Michigan Department of Transportation								
Tax Dedicated Bonds Michigan								
Comprehensive Transportation								
	RF. Series 2005	2005	2023	\$ 62,180	-0-	\$ 4,320	\$ 3,049	\$ 53,750
	New & RF. Series 2006	2006	2031	53,685	-0-	5,650	1,943	35,015
	RF. Series 2009	2009	2019	42,335	-0-	1,910	1,792	36,870
	RF. Series 2011	2011	2021	18,470	-0-	1,630	778	16,020
	RF. Series 2013	2013	2022	10,130	-0-	1,025	315	9,105
State Trunkline Fund								
	RF. SR. 1998-A	1998	2026	377,890	-0-	23,880	8,532	146,085
	RF. SR. 2004	2004	2021	103,450	-0-	8,120	4,436	82,390 *
	Series 2004	2004	2019	185,710	-0-	15,560	1,032	-0-
	RF. SR. 2005	2005	2022	223,020	-0-	-0-	11,690	223,015
	RF. SR. 2005B	2005	2019	378,250	-0-	36,675	11,599	38,510
	Series 2006	2006	2021	244,525	-0-	15,140	8,026	50,250
	New & RF. SR 2009	2009	2026	146,190	-0-	-0-	7,299	146,190
	Series 2011	2011	2036	90,980	-0-	2,155	4,263	88,825
	RF. SR 2012	2012	2021	49,305	-0-	4,975	2,291	44,330
	RF. SR 2014	2014	2021	265,085	280,265	-0-	-0-	265,085
MDOT Grant Anticipation Bonds								
	Series 2007	2007	2027	485,115	-0-	8,450	23,490	443,055
	Series 2009	2009	2027	281,910	-0-	-0-	21,495	281,905
Michigan Department of Natural Resources State Park Revenue Bonds								
	Series 2002	2002	2022	15,500	-0-	765	379	8,700
<b>Total Special Revenue Debt</b>					<b>\$280,265</b>	<b>\$130,255</b>	<b>\$112,411</b>	<b>\$1,969,100</b>

\* All or part of the principal amount not presented and not represented in the totals due to the advance refunding of all or part of this obligation. The table below summarizes the advance refunding activity by type of bond.

Series	Advanced Refunded from Series	Amount Refunded	FY14 Paid from Escrow Principal	FY 14 Escrow Interest	FY 14 Escrow Balance
Special Revenue Debt:					
Trunkline Transportation	2005, 2014	\$365,495	\$90,455	\$4,320	\$295,633
		\$365,495	\$90,455	\$4,320	\$295,633

# State Tax Collections

State taxes and fees totaling \$22,296,245 (in thousands) were collected during fiscal year 2014, which is a decrease of .89% from the previous fiscal year.

Major tax collections for fiscal year 2014 and the previous

four years are detailed in Table 11, Treasury Administered Taxes and Fees Collected on a Cash Basis, below.

Table 12, Michigan State Taxes, identifies all Michigan taxes and gives administrative information about each.

## Table 11



### Treasury Administered Taxes and Fees Collected on a Cash Basis

(In Thousands of Dollars)

Type of Revenue	10-1-09 to 9-30-10	10-1-10 to 9-30-11	10-1-11 to 9-30-12	10-1-12 to 9-30-13	10-1-13 to 9-30-14
<b>Income Tax:</b>					
Withholding Tax	\$ 6,782,194	\$ 7,140,486	\$ 7,632,437	\$ 7,849,363	\$ 8,073,344
Individual Income Tax	557,733	710,669	693,034	1,133,565	805,955
Individual Income Tax Estimates	552,638	629,294	748,278	865,393	878,563
Individual Income Tax Penalty and Interest	31,682	32,160	31,376	30,312	33,893
Gross Individual Income Tax Collections	7,924,247	8,512,610	9,105,126	9,878,634	9,791,755
Tax Refunds and Tax Credits	(2,369,460)	(2,185,609)	(2,171,274)	(1,667,275)	(1,753,456)
<b>Net Individual Income Tax</b>	<b>\$ 5,554,788</b>	<b>\$ 6,327,001</b>	<b>\$ 6,933,852</b>	<b>\$ 8,211,359</b>	<b>\$ 8,038,299</b>
Single Business Tax <sup>(a)</sup>	98,511	63,550	38,329	20,517	23,337
Single Business Tax Penalty and Interest	31,091	30,544	12,638	19,154	513
Gross Single Business Tax	129,602	94,094	50,968	39,671	23,850
Tax Refunds	(\$93,803)	(\$33,289)	(38,860)	(32,600)	(68,188)
<b>Net Single Business Tax</b>	<b>\$ 35,800</b>	<b>\$ 60,805</b>	<b>\$ 12,108</b>	<b>\$ 7,071</b>	<b>\$ (44,338)</b>
Michigan Business Tax <sup>(a)</sup>	2,310,295	2,453,576	1,644,573	394,042	98,232
Michigan Business Tax Penalty and Interest	14,972	37,968	69,193	54,925	15,858
Gross Michigan Business Tax	2,325,266	2,491,544	1,713,766	448,967	114,090
Tax Refunds	(257,310)	(358,115)	(457,919)	(576,284)	(724,097)
<b>Net Michigan Business Tax</b>	<b>\$ 2,067,956</b>	<b>\$ 2,133,429</b>	<b>\$ 1,255,847</b>	<b>\$ (127,317)</b>	<b>\$ (610,007)</b>
Corporate Income Tax <sup>(a)</sup>	-0-	-0-	399,795	830,007	1,061,552
Corporate Income Tax Penalty and Interest	-0-	-0-	27	2,635	9,464
Gross Corporate Income Tax	-0-	-0-	399,822	832,642	1,071,016
Tax Refunds	-0-	-0-	-0-	(24,837)	(129,390)
<b>Net Corporate Business Tax</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 399,822</b>	<b>\$ 807,806</b>	<b>\$ 941,626</b>
Airport Parking Tax	19,591	20,185	20,585	21,165	22,275
Airport Parking Tax Penalty and Interest	-0-	-0-	-0-	-0-	-0-
Cigarette - Tobacco Products Tax	947,511	913,760	904,517	892,329	857,700
Cigarette - Tobacco Products Tax Penalty and Interest	566	386	376	675	133
Commercial Mobile Radio Service Tax	27,756	27,825	28,039	28,515	27,964
Convention Facility Tax	15,286	17,202	18,578	19,848	21,759
Convention Facility Tax Penalty and Interest	30	36	55	34	44
Environmental Protection Regulatory Fee	51,323	51,123	51,006	50,582	54,393
Estate Tax <sup>(b)</sup>	178	43	237	(23)	31
Flow Through Withholding Tax <sup>(e)</sup>	-0-	-0-	35,982	207,735	131,687
Flow Through Withholding Tax Penalty and Interest	-0-	-0-	-0-	455	1,181
Gas and Oil Privilege Fee	3,108	6,780	10,843	9,134	10,891
Gas and Oil Severance Tax	58,277	62,063	53,785	59,618	64,531
Health Insurance Claims Assessment Tax <sup>(f)</sup>	-0-	-0-	112,360	268,447	277,030
Industrial/Commercial Facilities Tax	55,353	43,866	37,160	35,020	33,474
Inheritance Tax <sup>(b)</sup>	(161)	13	8	19	304
Insurance - Retaliatory Tax	262,132	272,701	293,555	291,523	339,534
Intangibles Tax <sup>(c)</sup>	1	9	-0-	1	-0-
Motor Fuel Taxes	971,498	960,852	955,283	957,610	966,904
Non-Cigarette - Tobacco Products Tax	60,948	58,175	65,771	64,777	73,051
Real Estate Transfer Tax	127,143	118,232	143,851	191,881	219,647
Sales Tax	6,170,199	6,688,593	6,922,040	7,197,816	7,232,030
Sales, Use, and Withholding Penalty and Interest	60,566	41,262	42,178	42,898	36,625
State Education Tax	1,992,451	1,956,753	1,780,635	1,745,870	1,797,186
State Housing Development Service Fee	10,627	12,453	9,855	12,667	17,919
Use Tax	1,579,529	1,621,056	1,355,875	1,292,590	1,584,555
Utility Property Tax	61,978	59,932	61,507	53,664	50,207
Other Taxes and Fees <sup>(d)</sup>	127,151	129,767	166,862	152,229	149,610
<b>TOTAL</b>	<b>\$ 20,261,583</b>	<b>\$ 21,584,303</b>	<b>\$ 21,661,988</b>	<b>\$ 22,495,995</b>	<b>\$ 22,296,245</b>

(a) Public Act 325 of 2006 repealed the Single Business Tax, effective December 31, 2007. It was replaced by the Michigan Business Tax, enacted in Public Act 36 of 2007, effective January 1, 2008. Repealed and replaced by Corporate Income Tax in 2012 per P.A. 39 of 2011.

(b) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax.

(c) Public Act 5 of 1995 repealed Public Act 301 of 1939 regarding collection of Intangible Taxes.

(d) Includes Assessor's Training & Certification Fees, Garnishments Fees, Court Fines, Fees & Assessments, Driver Responsibility Fees, Trailer Coach Parks Specific Tax, Commercial Forest Tax and Low Grade Iron Ore Specific Tax.

(e) Flow Through Withholding Tax new in 2012, per Public Act 15 of 2013.

(f) Health Insurance Claims Assessment Tax new in 2012, per Public Act 142 of 2011.

# Table 12



## Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-13 to 9-30-14	Disposition
Aircraft Registration	1923	Transportation	August 1	303	State Aeronautics Fund
Airport Parking	1987	Treasury	15th of each month	22,275	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	Treasury	20th of each month	5,014	State Aeronautics Fund
Beer & Wine Excise	1933	Licensing and Regulatory Affairs	Monthly reports and/or stamps	51,227	General Fund
Casino Wagering	1999	Education	Daily	106,981	School Aid Fund, General Fund
Cigarette - Tobacco Products	1947	Treasury	20th of each month	857,700	41.6% to School Aid Fund, 19.8% to General Fund, 3.8% to Healthy Michigan Fund, 34.8% to Local Units.
Commercial Mobile Radio Services	1999	Treasury	Last day of February, April, July & October	27,964	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	Treasury	15th of each month	21,759	Debt Service for Cobo Hall; Counties
Corporate Income Tax	2012	Treasury	15th of April, July, October and January	932,162	General Fund
Corporate Organization	1891	Licensing and Regulatory Affairs	At time of incorporation, admission or increase in stock	22,534	General Fund
Diesel Fuel	1947	Treasury	20th of each month	112,349	Michigan Transportation Fund
Environmental Protection Regulatory	1989	Treasury	10th and 25th of each month	54,393	General Fund
Estate	1994	Treasury	Nine months following date of death	31	General Fund
Flow Through Withholding	2012	Treasury	15th of April, July, October and January	131,687	General Fund with 23.808% to School Aid Fund
Gas and Oil Privilege Fee	1973	Treasury	25th of each month	10,891	General Fund
Gas and Oil Severance	1929	Treasury	25th of each month	64,531	General Fund
Gasoline	1925	Treasury	20th of each month	823,747	Michigan Transportation Fund
Health Insurance Claims Assessment Tax	2012	Treasury	30th of April, July, October and January	277,030	Health Insurance Claims Assessment Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	4,252	Agriculture Equine Industry Development Fund
Individual Income	1967	Treasury	April 15	8,004,407	General Fund with 23.808% to School Aid Fund
Industrial/Commercial Facilities	1974	Treasury	December 1	33,474	Local Units and School Aid Fund
Inheritance	1899	Treasury	Within 105 days after death, except contingent transfers-due at vesting	304	General Fund
Insurance Company Retaliatory	1987	Treasury	Last day of April, July, October & January	339,534	General Fund
Intangibles	1939	Treasury	April 30 or last day of 4th month after end of taxpayer's tax year	0	General Fund
Liquified Petroleum Gas	1953	Treasury	20th of each month	424	Michigan Transportation Fund
Liquor - 4% - Tourism and Convention Facility	1985	Licensing and Regulatory Affairs	At the time of sale to retail licensees	46,177	Debt Service for Cobo Hall; Counties
Liquor Excise - 4%	1957	Licensing and Regulatory Affairs	At the time of sale to retail licensees	45,952	School Aid Fund
Liquor Specific - 1.85%*	1972	Licensing and Regulatory Affairs	At the time of sale to retail licensees	0	Liquor Purchase Revolving Fund
Liquor Specific - 4%	1959	Licensing and Regulatory Affairs	At the time of sale to retail licensees	46,425	General Fund
Marine Fuel	1947	Treasury	20th of each month	199	Michigan State Waterways Fund
Michigan Business	2007	Treasury	15th of April, July, October and January	(625,865)	General Fund
Motor Carrier Diesel Fuel	1980	Treasury	Last day of month following close of qtr.	25,107	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Licensing and Regulatory Affairs	December 1	4,972	Truck Driver Safety Fund and Motor Carrier Fees
Motor Vehicle Weight or Value	1905	State	Owner's birthday	943,620	Michigan Transportation Fund
Non-Cigarette - Tobacco Products	1994	Treasury	20th of each month	73,051	75% to Local Units, 25% to General Fund.
Real Estate Transfer	1994	Treasury	County Treasurer remits to State on the 15th in the month after receipt	219,647	School Aid Fund
Sales	1933	Treasury	15th and last day of each month for accelerated filers. 20th day of the month for non-accelerated filers	7,232,030	72.8% to School Aid Fund, 9.9% to General Fund, 1.2% to Comprehensive Transportation Fund, 15.9% to Local Units, 0.1% to Healthy Initiative Fund, 0.1% to Enhanced Enforcement
Single Business	1975	Treasury	April 30, or last day of 4th month after end of taxpayer's tax year	(44,851)	General Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	2,330	Michigan Conservation and Recreation Legacy Fund
State Education	1994	Treasury	County Treasurer remits to State the month after receipt from Local Units	1,797,186	School Aid Fund
Use	1937	Treasury	15th of each month	1,584,555	66.6% to General Fund, 33.4% to School Aid Fund
Utility Property	1905	Treasury	July 1 or 1/2 on Aug. 1, 1/2 on Dec. 1	50,207	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,476	Michigan Conservation and Recreation Legacy Fund

\*Abolished by the Legislature effective FY2013

# Local Property Taxes

Each of Michigan's 83 counties "equalizes" the local property assessments. Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Local property taxes in Michigan are levied on taxable values (resulting from State equalization) by local units of government: school districts, cities, counties, townships and villages.

Table 13 shows state, county and local equalized valuations for calendar year 2013 and the prior decade. This table also lists the total Taxable Valuation and the average tax rate (millage) for each year. Table 14 shows how property tax dollars are apportioned among the various taxing units.

Michigan taxpayers' local property tax burden is lessened substantially by an income tax credit for property taxes paid.

## Table 13



### Local Property Tax Valuation, Levies, and Average Rates (In Millions of Dollars)

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Taxable Valuation <sup>(a)</sup>	Total Taxes Levied	Average Rate (Mills) <sup>(b)</sup>	Homestead Average Rate <sup>(c)</sup>	Non-Homestead Average Rate
2013	350,023	350,025	350,025	316,726	12,818	40.47	33.53	51.47
2012	349,320	349,306	349,306	315,772	12,757	40.40	33.47	51.24
2011	362,765	362,775	362,775	323,616	12,946	40.00	33.68	50.97
2010	385,115	385,050	385,050	336,845	13,374	39.70	33.13	50.40
2009	423,892	423,901	423,901	360,567	14,110	39.13	32.86	51.09
2008	448,112	448,140	448,140	363,225	14,144	38.94	33.14	50.94
2007	453,058	453,109	453,109	357,298	14,254	39.89	32.72	51.49
2006	436,294	436,422	436,421	340,334	13,598	39.96	32.66	51.38
2005	415,776	415,796	415,796	321,653	12,827	39.88	32.60	51.38
2004	392,562	392,621	392,622	304,716	12,190	40.00	32.71	50.81
2003	369,404	369,525	369,525	288,957	11,269	39.00	31.81	49.74

(a) Beginning in 1994, property taxes have been levied against Taxable Value, not State Equalized Value.

(b) This is the Average Rate based on all classes of property. In 2003 only, the State Education Tax rate was 5.0, lowering average rates by 1.0 mill.

(c) Homesteads include properties which received exemption from school operating millage. Property exemptions included: principal residence, qualified agricultural, qualified forest, supportive housing, property occupied by a public school academy, DNR, and industrial personal property.

## Table 14



### Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	2012	2013	
City	\$ 2,289,576	\$ 2,260,305	-1.28%
County	2,109,018	2,120,402	0.54%
Township	850,870	875,385	2.88%
Village	86,803	87,995	1.37%
School	5,598,604	5,653,526	0.98%
State Education Tax <sup>(a)</sup>	1,821,921	1,820,027	-0.10%
Totals	\$ 12,756,792 <sup>(b)</sup>	\$ 12,817,640 <sup>(c)</sup>	

(a) For 2003 only, the State Education Tax rate was lowered from 6.0 mills to 5.0 mills.

(b) \$583.6 million of the total property taxes levied in 2012 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

(c) \$564.4 million of the total property taxes levied in 2013 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

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