

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 Michigan Compiled Laws 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

MCL 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

MCL 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.

MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY

The Michigan Tobacco Settlement Finance Authority (MTSFA) was created by MCL 129.264. The debt service fund was established to account for debt service payment on bonds issued by MTSFA. The MTSFA special revenue fund receives bond proceeds and disburses those for the intended purposes stated in the Official Statement of each bond series. Debt service financing is provided by pledged tobacco settlement revenues (TSRs), as described in the bond indentures of MTSFA, that are received by the special revenue fund. These bonds are not a general obligation of the State.

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

**COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 2007
(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
ASSETS			
Current Assets:			
Equity in common cash	\$ 124	\$ -	\$ 1,260
Investments	-	-	-
Other current assets	-	-	-
Total Current Assets	<u>124</u>	<u>-</u>	<u>1,260</u>
Total Assets	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 1,260</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	\$ 10	\$ -	\$ 1
Accounts payable and other liabilities	114	-	1
Total Current Liabilities	<u>124</u>	<u>-</u>	<u>2</u>
Total Liabilities	<u>124</u>	<u>-</u>	<u>2</u>
Fund Balances:			
Reserved for other purposes	-	-	300
Unreserved	-	-	958
Total Fund Balances	<u>-</u>	<u>-</u>	<u>1,258</u>
Total Liabilities and Fund Balances	<u>\$ 124</u>	<u>\$ -</u>	<u>\$ 1,260</u>

SCHOOL LOAN BOND REDEMPTION FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	STATE BUILDING AUTHORITY	TOTALS
\$ 41	\$ -	\$ -	\$ 1,426
-	-	207,180	207,180
-	-	886	886
<u>41</u>	<u>-</u>	<u>208,066</u>	<u>209,492</u>
<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 208,066</u>	<u>\$ 209,492</u>
\$ -	\$ -	\$ -	\$ 10
41	-	156	313
<u>41</u>	<u>-</u>	<u>156</u>	<u>323</u>
41	-	156	323
-	-	-	300
<u>-</u>	<u>-</u>	<u>207,910</u>	<u>208,868</u>
-	-	207,910	209,168
<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 208,066</u>	<u>\$ 209,492</u>

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

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(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
REVENUES			
Miscellaneous	\$ 1	\$ -	\$ 39
Total Revenues	1	-	39
EXPENDITURES			
Current:			
General government	-	-	-
Education	-	-	-
Transportation	1	-	-
Debt Service:			
Bond principal retirement	71,994	20,230	46,545
Bond interest and fiscal charges	86,472	12,930	53,255
Total Expenditures	158,467	33,160	99,800
Excess of Revenues over (under) Expenditures	(158,466)	(33,160)	(99,761)
OTHER FINANCING SOURCES (USES)			
Payment to refunded bond escrow agent	-	-	-
Transfers from other funds	158,466	33,160	99,818
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	158,466	33,160	99,818
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	57
Fund Balances - Beginning of fiscal year	-	-	1,201
Fund Balances - End of fiscal year	\$ -	\$ -	\$ 1,258

SCHOOL LOAN BOND REDEMPTION FUND	MICHIGAN TOBACCO SETTLEMENT FINANCE AUTHORITY	STATE BUILDING AUTHORITY	TOTALS
\$ 240,280	\$ -	\$ 6,979	\$ 247,298
<u>240,280</u>	<u>-</u>	<u>6,979</u>	<u>247,298</u>
379	-	-	379
-	-	796	796
-	-	-	1
16,425	-	83,595	238,789
<u>25,678</u>	<u>33,293</u>	<u>117,544</u>	<u>329,171</u>
<u>42,482</u>	<u>33,293</u>	<u>201,935</u>	<u>569,137</u>
<u>197,798</u>	<u>(33,293)</u>	<u>(194,956)</u>	<u>(321,838)</u>
(240,280)	-	-	(240,280)
42,482	33,293	213,999	581,218
-	-	(83)	(83)
<u>(197,798)</u>	<u>33,293</u>	<u>213,916</u>	<u>340,855</u>
-	-	18,960	19,017
-	-	188,950	190,151
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,910</u>	<u>\$ 209,168</u>



CAPITAL PROJECTS FUNDS

COMBINED RECREATION BOND FUND - STATE PROJECTS

Established in 1988, this fund operates under Michigan Compiled Laws 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, 2007
 (In Thousands)

	COMBINED RECREATION BOND FUND - STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS
ASSETS				
Current Assets:				
Equity in common cash	\$ 2,010	\$ -	\$ -	\$ 2,010
Amounts due from other funds	-	22,505	-	22,505
Amounts due from component units	-	2,152	-	2,152
Amounts due from local units	-	4,403	-	4,403
Investments	-	-	10,766	10,766
Other current assets	-	3,004	64	3,069
Total Current Assets	<u>2,010</u>	<u>32,064</u>	<u>10,830</u>	<u>44,905</u>
Total Assets	<u>\$ 2,010</u>	<u>\$ 32,064</u>	<u>\$ 10,830</u>	<u>\$ 44,905</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ -	\$ 6	\$ -	\$ 6
Accounts payable and other liabilities	-	56,098	188	56,286
Amounts due to other funds	-	58,499	22,505	81,004
Bonds and notes payable	-	-	146,700	146,700
Interest payable	-	-	777	777
Total Current Liabilities	<u>-</u>	<u>114,603</u>	<u>170,171</u>	<u>284,774</u>
Total Liabilities	<u>-</u>	<u>114,603</u>	<u>170,171</u>	<u>284,774</u>
Fund Balances:				
Unreserved	<u>2,010</u>	<u>(82,539)</u>	<u>(159,340)</u>	<u>(239,869)</u>
Total Fund Balances	<u>2,010</u>	<u>(82,539)</u>	<u>(159,340)</u>	<u>(239,869)</u>
Total Liabilities and Fund Balances	<u>\$ 2,010</u>	<u>\$ 32,064</u>	<u>\$ 10,830</u>	<u>\$ 44,905</u>

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	COMBINED RECREATION BOND FUND - STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS
REVENUES				
Miscellaneous	\$ 111	\$ -	\$ 1,014	\$ 1,125
Total Revenues	111	-	1,014	1,125
EXPENDITURES				
Current:				
Education	-	22,496	83,951	106,447
Conservation, environment, recreation, and agriculture	6	-	-	6
Capital outlay	-	40,589	5,350	45,940
Total Expenditures	6	63,085	89,301	152,393
Excess of Revenues over (under) Expenditures	104	(63,085)	(88,287)	(151,268)
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	-	18,149	83	18,232
Transfers to other funds	-	-	(18,915)	(18,915)
Total Other Financing Sources (Uses)	-	18,149	(18,832)	(683)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	104	(44,936)	(107,120)	(151,951)
Fund Balances - Beginning of fiscal year	1,906	(37,603)	(52,221)	(87,918)
Fund Balances - End of fiscal year	\$ 2,010	\$ (82,539)	\$ (159,340)	\$ (239,869)



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 Michigan Compiled Laws 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 fund payments in lieu of 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, annually adjusted for inflation, may 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.

Michigan

COMBINING BALANCE SHEET

PERMANENT FUNDS

SEPTEMBER 30, 2007

(In Thousands)

	<u>MICHIGAN NATURAL RESOURCES TRUST FUND</u>	<u>MICHIGAN STATE PARKS ENDOWMENT FUND</u>	<u>MICHIGAN VETERANS' TRUST FUND</u>	<u>TOTALS</u>
ASSETS				
Current Assets:				
Equity in common cash	\$ 234,532	\$ 54,982	\$ 10,689	\$ 300,202
Amounts due from local units	-	-	173	173
Securities lending collateral	114,890	59,460	18,070	192,420
Other current assets	11,418	1,180	460	13,058
Total Current Assets	<u>360,840</u>	<u>115,621</u>	<u>29,392</u>	<u>505,853</u>
Investments	<u>213,888</u>	<u>90,061</u>	<u>37,205</u>	<u>341,154</u>
Total Assets	<u>\$ 574,727</u>	<u>\$ 205,682</u>	<u>\$ 66,597</u>	<u>\$ 847,007</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 348	\$ 76	\$ 3	\$ 427
Obligations under security lending	114,890	59,460	18,070	192,420
Accounts payable and other liabilities	15,606	895	21	16,521
Amounts due to other funds	12	40	3	54
Total Current Liabilities	<u>130,856</u>	<u>60,470</u>	<u>18,097</u>	<u>209,423</u>
Total Liabilities	<u>130,856</u>	<u>60,470</u>	<u>18,097</u>	<u>209,423</u>
Fund Balances:				
Reserves For:				
Budgetary Carry-Forwards:				
Encumbrances	15,231	85	-	15,316
Restricted revenues	-	3,093	-	3,093
Multi-year projects	51,299	101	-	51,400
Funds held as permanent investments	345,314	132,100	49,000	526,414
Total Reserved	<u>411,844</u>	<u>135,379</u>	<u>49,000</u>	<u>596,223</u>
Unreserved	<u>32,028</u>	<u>9,833</u>	<u>(500)</u>	<u>41,361</u>
Total Fund Balances	<u>443,872</u>	<u>145,212</u>	<u>48,500</u>	<u>637,584</u>
Total Liabilities and Fund Balances	<u>\$ 574,727</u>	<u>\$ 205,682</u>	<u>\$ 66,597</u>	<u>\$ 847,007</u>

Michigan

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

PERMANENT FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	<u>MICHIGAN NATURAL RESOURCES TRUST FUND</u>	<u>MICHIGAN STATE PARKS ENDOWMENT FUND</u>	<u>MICHIGAN VETERANS' TRUST FUND</u>	<u>TOTALS</u>
REVENUES				
Miscellaneous	\$ 79,758	\$ 17,687	\$ 4,300	\$ 101,745
Total Revenues	<u>79,758</u>	<u>17,687</u>	<u>4,300</u>	<u>101,745</u>
EXPENDITURES				
Current:				
General government	5,521	3,007	853	9,381
Public safety and corrections	-	-	2,150	2,150
Conservation, environment, recreation, and agriculture	2,525	12,833	-	15,359
Capital outlay	20,075	34	-	20,109
Total Expenditures	<u>28,122</u>	<u>15,873</u>	<u>3,003</u>	<u>46,998</u>
Excess of Revenues over (under) Expenditures	<u>51,636</u>	<u>1,813</u>	<u>1,297</u>	<u>54,747</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	29	-	-	29
Transfers from other funds	-	10,000	-	10,000
Transfers to other funds	(10,014)	(62)	(5)	(10,081)
Total Other Financing Sources (Uses)	<u>(9,985)</u>	<u>9,938</u>	<u>(5)</u>	<u>(51)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	41,652	11,752	1,292	54,695
Fund Balances - Beginning of fiscal year - Restated	<u>402,220</u>	<u>133,461</u>	<u>47,209</u>	<u>582,889</u>
Fund Balances - End of fiscal year	<u>\$ 443,872</u>	<u>\$ 145,212</u>	<u>\$ 48,500</u>	<u>\$ 637,584</u>

Michigan

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

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

Statutory/Budgetary Basis	MICHIGAN NATURAL RESOURCES TRUST FUND			MICHIGAN STATE PARKS ENDOWMENT FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
Miscellaneous	\$ 79,758	\$ 79,758	\$ -	\$ 17,687	\$ 17,687	\$ -
Proceeds from sale of capital assets	29	29	-	-	-	-
Transfers in	-	-	-	10,000	10,000	-
	79,788	79,788	-	27,687	27,687	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	53,051	47,846	5,205	13,178	13,014	164
Treasury	5,521	5,521	-	3,007	3,007	-
	58,572	53,367	5,205	16,185	16,020	164
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 21,216	26,421	\$ 5,205	\$ 11,502	11,667	\$ 164
Reconciling Items:						
Encumbrances at September 30		15,231			85	
Net Reconciling Items		15,231			85	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)						
		41,652			11,752	
FUND BALANCES (GAAP BASIS)						
Beginning balances		402,220			133,461	
Ending balances (GAAP Basis)		\$ 443,872			\$ 145,212	

Michigan

MICHIGAN VETERANS' TRUST FUND			TOTALS		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ 4,300	\$ 4,300	\$ -	\$ 101,745	\$ 101,745	\$ -
-	-	-	29	29	-
-	-	-	10,000	10,000	-
<u>4,300</u>	<u>4,300</u>	<u>-</u>	<u>111,774</u>	<u>\$ 111,774</u>	<u>\$ -</u>
4,899	2,155	2,744	4,899	2,155	2,744
-	-	-	66,229	60,859	5,370
<u>853</u>	<u>853</u>	<u>-</u>	<u>9,381</u>	<u>9,381</u>	<u>-</u>
<u>5,752</u>	<u>3,008</u>	<u>2,744</u>	<u>80,508</u>	<u>72,395</u>	<u>8,114</u>
<u>\$ (1,452)</u>	<u>1,292</u>	<u>\$ 2,744</u>	<u>\$ 31,266</u>	<u>39,379</u>	<u>\$ 8,114</u>
	<u>-</u>			<u>15,316</u>	
	<u>-</u>			<u>15,316</u>	
	<u>1,292</u>			<u>54,695</u>	
	<u>47,209</u>			<u>582,889</u>	
	<u>\$ 48,500</u>			<u>\$ 637,584</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, 2007
 (In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
ASSETS			
Current Assets:			
Cash	\$ 1	\$ 1,580	\$ 1,581
Equity in common cash	60,449	-	60,449
Inventories	4,412	-	4,412
Investments	-	3,276	3,276
Other current assets	9,083	73	9,156
Total Current Assets	<u>73,945</u>	<u>4,929</u>	<u>78,874</u>
Capital Assets:			
Buildings and equipment	-	734	734
Allowance for depreciation	-	(707)	(707)
Total capital assets	<u>-</u>	<u>27</u>	<u>27</u>
Total Assets	<u>\$ 73,945</u>	<u>\$ 4,956</u>	<u>\$ 78,901</u>
LIABILITIES			
Current Liabilities:			
Warrants outstanding	\$ 3,472	\$ -	\$ 3,472
Accounts payable and other liabilities	68,418	198	68,616
Amounts due to other funds	76	-	76
Deferred revenue	-	469	469
Current portion of other long-term obligations	91	-	91
Total Current Liabilities	<u>72,057</u>	<u>666</u>	<u>72,724</u>
Long-Term Liabilities:			
Noncurrent portion of other long-term obligations	1,012	-	1,012
Total Liabilities	<u>73,069</u>	<u>666</u>	<u>73,735</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	\$ 27	\$ 27
Unrestricted	876	4,263	5,139
Total Net Assets	<u>\$ 876</u>	<u>\$ 4,290</u>	<u>\$ 5,165</u>

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

ENTERPRISE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
OPERATING REVENUES			
Operating revenues	\$ 742,959	\$ 4,782	\$ 747,741
Total Operating Revenues	742,959	4,782	747,741
OPERATING EXPENSES			
Salaries, wages, and other administrative	58,378	4,272	62,650
Depreciation	-	10	10
Purchases for resale	542,634	-	542,634
Premiums and claims	49	-	49
Other operating expenses	1,220	-	1,220
Total Operating Expenses	602,280	4,282	606,562
Operating Income (Loss)	140,679	500	141,179
NONOPERATING REVENUES (EXPENSES)			
Specific tax on spirits	13,133	-	13,133
Interest revenue	4,628	244	4,872
Investment revenue (expense) - net	-	183	183
Total Nonoperating Revenues (Expenses)	17,761	427	18,188
Income (Loss) Before Transfers	158,440	927	159,367
TRANSFERS			
Transfers to other funds	(162,440)	-	(162,440)
Change in net assets	(4,000)	927	(3,073)
Total net assets - Beginning of fiscal year	4,876	3,363	8,239
Total net assets - End of fiscal year	\$ 876	\$ 4,290	\$ 5,165

**COMBINING STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

	LIQUOR PURCHASE REVOLVING FUND	ATTORNEY DISCIPLINE SYSTEM	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 742,959	\$ -	\$ 742,959
Membership dues	-	4,944	4,944
Payments to employees	(13,315)	(3,266)	(16,582)
Payments to suppliers	(583,353)	(626)	(583,979)
Other receipts	(3,787)	162	(3,625)
Other payments	(1,269)	(359)	(1,628)
Net cash provided (used)			
by operating activities	<u>\$ 141,235</u>	<u>\$ 854</u>	<u>\$ 142,089</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Specific tax on spirits	\$ 13,133	\$ -	\$ 13,133
Transfers to other funds	(162,440)	-	(162,440)
Net cash provided (used)			
by noncapital financing activities	<u>\$ (149,307)</u>	<u>\$ -</u>	<u>\$ (149,307)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ -	\$ (12)	\$ (12)
Net cash provided (used) by capital and related finance activities	<u>\$ -</u>	<u>\$ (12)</u>	<u>\$ (12)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds (purchases) from sale and maturities of investment securities	\$ -	\$ (1,102)	\$ (1,102)
Interest and dividends on investments	4,628	244	4,872
Net cash provided (used)			
by investing activities	<u>\$ 4,628</u>	<u>\$ (858)</u>	<u>\$ 3,770</u>
Net cash provided (used) - all activities	\$ (3,444)	\$ (15)	\$ (3,459)
Cash and cash equivalents at beginning of year	<u>60,422</u>	<u>1,595</u>	<u>62,017</u>
Cash and cash equivalents at end of year	<u><u>\$ 56,978</u></u>	<u><u>\$ 1,580</u></u>	<u><u>\$ 58,558</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Assets Classifications:			
Cash	\$ 1	\$ 1,580	\$ 1,581
Equity in common cash	60,449	-	60,449
Warrants outstanding	(3,472)	-	(3,472)
Cash and cash equivalents at end of year	<u>\$ 56,978</u>	<u>\$ 1,580</u>	<u>\$ 58,558</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 140,679	\$ 500	\$ 141,179
Adjustments to Reconcile Operating Income to Net Cash Provided (Used)			
by Operating Activities:			
Depreciation expense	-	10	10
Net Changes in Assets and Liabilities:			
Inventories	(1,584)	-	(1,584)
Other assets (net)	(2,147)	24	(2,123)
Accounts payable and other liabilities	4,287	(2)	4,285
Deferred revenue	-	323	323
Net cash provided (used)			
by operating activities	<u>\$ 141,235</u>	<u>\$ 854</u>	<u>\$ 142,089</u>

INTERNAL SERVICE FUNDS

CORRECTIONAL INDUSTRIES REVOLVING FUND

Authorized by Michigan Compiled Laws Section 800.325, this fund accounts for the financial transactions of a manufacturing and processing industry, employing inmates incarcerated in Michigan's correctional institutions. Michigan Compiled Laws Section 800.326 expanded the fund's sales market to include institutions of this or any other state or political subdivision thereof, the federal government or its agencies, a foreign government or agencies of a foreign government, a private vendor that operates the youth correctional facility, and certain tax-exempt organizations.

Executive Order 1992-13 stipulates that the fund repay the General Fund for the cost of building and equipping prison factories included as part of new prison construction. The costs of buildings and equipment are to be repaid over 30 years and 10 years respectively. The repayment provisions, as stipulated in Executive Order 1992-13, resulted in no required payment in fiscal year 2007.

MOTOR TRANSPORT FUND

This fund was created by MCL Section 18.1213 to provide vehicle and travel services for State agencies. Activities include lease, purchase, replacement, and maintenance of automotive equipment. Vehicles are available to agencies on a permanently assigned basis or through the motor pool for short-term usage and are furnished to agencies at a rate sufficient to cover all costs of operation and maintenance. Agencies are billed on a monthly basis for services rendered.

OFFICE SERVICES REVOLVING FUND

Created in 1952, this fund operates under MCL Section 18.1269 to provide services in the following areas: printing, reproduction, microfilm, mailing, distribution of federal and state surplus property, and materials management. The cost of the services or supplies is charged to user departments and agencies. Resultant revenue is credited to the revolving fund and is used for administration and operation of the program, including purchase of necessary equipment. During fiscal year 2002, the use of the fund was expanded to account for the purchase of bulk gas used by State agencies.

INFORMATION TECHNOLOGY FUND

This fund was created by administrative decision to provide telecommunication and information technology services for State agencies. User agencies are billed for the cost of such services. During fiscal year 2002, the use of this fund was expanded to account for all information technology activities of the executive branch as prescribed in Executive Order 2001-03.

RISK MANAGEMENT FUND

Administratively established, this fund accounts for certain centralized risk management functions performed by the Department of Management and Budget for other State agencies. Currently, the fund has assumed a degree of risk for the automotive liability. This activity and administrative functions are recorded as operating activity of the fund. An activity of the fund for which the fund assumes no risk is the centralized processing of workers' compensation payments for State agencies. Workers' compensation long-term claim liabilities are recorded in the Government-wide Financial Statements and the related current year workers' compensation expenditures are recorded in the applicable funds.

STATE SPONSORED GROUP INSURANCE FUND

This fund was administratively established to reflect the financial transactions of the State sponsored insurance plans that provide health, long-term disability, life, vision, and dental coverage for participating employees and retirees. The plans' funding methods range from those where the State is fully self-insured to those where an outside carrier assumes partial risk on a contracted basis. A note to the Government-wide Financial Statements entitled "Risk Management" provides additional information about this fund.

The amounts reflected as amounts due from other funds include reclassifications of other funds' negative balances in the common cash pool.

COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
 SEPTEMBER 30, 2007
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	-	603	488
Amounts due from other funds	-	-	-
Amounts due from component units	-	-	-
Amounts due from federal agencies	-	-	-
Inventories	13,188	464	4,143
Other current assets	340	5,617	2,639
Total Current Assets	<u>13,528</u>	<u>6,684</u>	<u>7,270</u>
Capital Assets:			
Land and other non-depreciable assets	-	-	-
Buildings and equipment	50,361	10,224	20,922
Allowance for depreciation	(25,834)	(9,183)	(14,038)
Total capital assets	<u>24,526</u>	<u>1,041</u>	<u>6,884</u>
Other noncurrent assets	-	-	-
Total Assets	<u>\$ 38,054</u>	<u>\$ 7,724</u>	<u>\$ 14,154</u>
LIABILITIES			
Current Liabilities:			
Warrants outstanding	\$ 159	\$ 7	\$ 16
Accounts payable and other liabilities	1,717	2,465	10,863
Amounts due to other funds	1,506	18	8,693
Deferred revenue	-	-	-
Current portion of other long-term obligations	137	14	819
Total Current Liabilities	<u>3,518</u>	<u>2,505</u>	<u>20,391</u>
Long-Term Liabilities:			
Advances from other funds	7,688	-	-
Noncurrent portion of other long-term obligations	1,342	478	2,231
Total Liabilities	<u>\$ 12,548</u>	<u>\$ 2,983</u>	<u>\$ 22,623</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 24,526	\$ 1,041	\$ 5,952
Restricted for other purposes	980	3,701	-
Unrestricted	-	-	(14,421)
Total Net Assets	<u>\$ 25,506</u>	<u>\$ 4,741</u>	<u>\$ (8,469)</u>

Michigan

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS
\$ -	\$ -	\$ 13	\$ 13
23,632	5,336	184,599	214,657
-	1,415	33,855	35,270
-	-	101	101
-	-	4,907	4,907
11	-	-	17,805
108	50	13,831	22,584
<u>23,750</u>	<u>6,801</u>	<u>237,306</u>	<u>295,338</u>
9,170	-	-	9,170
557,625	4	-	639,135
(387,772)	(4)	-	(436,831)
179,022	-	-	211,474
-	1,500	600	2,100
<u>\$ 202,772</u>	<u>\$ 8,301</u>	<u>\$ 237,906</u>	<u>\$ 508,912</u>
\$ 747	\$ -	\$ 152	\$ 1,081
37,406	1,030	25,256	78,736
992	5	-	11,214
17,378	-	169	17,547
8,170	2,503	77,188	88,831
<u>64,691</u>	<u>3,538</u>	<u>102,765</u>	<u>197,409</u>
-	-	-	7,688
24,033	3,434	85,346	116,864
<u>\$ 88,725</u>	<u>\$ 6,971</u>	<u>\$ 188,111</u>	<u>\$ 321,961</u>
\$ 169,749	\$ -	\$ -	\$ 201,268
-	-	-	4,680
(55,701)	1,330	49,795	(18,998)
<u>\$ 114,048</u>	<u>\$ 1,330</u>	<u>\$ 49,795</u>	<u>\$ 186,951</u>

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

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
OPERATING REVENUES			
Operating revenues	\$ 45,481	\$ 51,624	\$ 100,458
Total Operating Revenues	<u>45,481</u>	<u>51,624</u>	<u>100,458</u>
OPERATING EXPENSES			
Salaries, wages, and other administrative	23,600	6,057	28,843
Depreciation	1,480	219	1,489
Purchases for resale	-	-	69,971
Purchases for prison industries	19,641	-	-
Premiums and claims	-	838	1
Other operating expenses:			
Leased vehicles expense	-	21,975	-
Vehicle maintenance expense	-	24,446	-
Total other operating expenses	<u>-</u>	<u>46,420</u>	<u>-</u>
Total Operating Expenses	<u>44,721</u>	<u>53,534</u>	<u>100,304</u>
Operating Income (Loss)	<u>760</u>	<u>(1,911)</u>	<u>154</u>
NONOPERATING REVENUES (EXPENSES)			
Other nonoperating revenues	-	104	-
Interest expense	(393)	-	(148)
Other nonoperating expense	<u>(15)</u>	<u>-</u>	<u>(21)</u>
Total Nonoperating Revenues (Expenses)	<u>(408)</u>	<u>104</u>	<u>(168)</u>
Income (Loss) Before Transfers	352	(1,807)	(14)
TRANSFERS			
Transfers to other funds	<u>-</u>	<u>(27)</u>	<u>(111)</u>
Change in net assets	352	(1,834)	(125)
Total net assets - Beginning of fiscal year	<u>25,154</u>	<u>6,575</u>	<u>(8,343)</u>
Total net assets - End of fiscal year	<u>\$ 25,506</u>	<u>\$ 4,741</u>	<u>\$ (8,469)</u>

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS
\$ 452,151	\$ 2,706	\$ 1,109,620	\$ 1,762,040
452,151	2,706	1,109,620	1,762,040
421,491	2,563	40,649	523,202
45,260	-	-	48,447
-	-	-	69,971
-	-	-	19,641
6	2,012	1,081,012	1,083,868
-	-	-	21,975
-	-	-	24,446
-	-	-	46,421
466,756	4,575	1,121,661	1,791,551
(14,605)	(1,869)	(12,041)	(29,511)
367	-	-	471
(507)	-	-	(1,047)
(18)	-	-	(53)
(157)	-	-	(629)
(14,762)	(1,869)	(12,041)	(30,141)
(1,154)	(14)	-	(1,307)
(15,916)	(1,883)	(12,041)	(31,447)
129,964	3,213	61,835	218,398
\$ 114,048	\$ 1,330	\$ 49,795	\$ 186,951

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 45,496	\$ 53,458	\$ 103,087
Payments to employees	(16,102)	(3,026)	(12,380)
Payments to suppliers	(21,274)	(49,688)	(87,885)
Claims paid	-	-	-
Other payments	(7,959)	246	-
Net cash provided (used) by operating activities	<u>\$ 162</u>	<u>\$ 990</u>	<u>\$ 2,822</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans or loan repayments from other funds	\$ 393	\$ -	\$ 8,605
Loans or loan repayments to other funds	198	(291)	(7,956)
Transfers to other funds	-	(27)	(111)
Net cash provided (used) by noncapital financing activities	<u>\$ 591</u>	<u>\$ (319)</u>	<u>\$ 538</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (198)	\$ (183)	\$ (2,189)
Interest paid	(393)	-	-
Capital lease payments (including imputed interest expense)	-	-	(1,057)
Proceeds from sale of capital assets	-	104	5
Net cash provided (used) by capital and related financing activities	<u>\$ (591)</u>	<u>\$ (79)</u>	<u>\$ (3,241)</u>
Net cash provided (used) - all activities	\$ 162	\$ 593	\$ 119
Cash and cash equivalents at beginning of year	(321)	3	354
Cash and cash equivalents at end of year	<u><u>\$ (159)</u></u>	<u><u>\$ 595</u></u>	<u><u>\$ 472</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Assets Classifications:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	-	603	488
Warrants outstanding	(159)	(7)	(16)
Cash and cash equivalents at end of year	<u><u>\$ (159)</u></u>	<u><u>\$ 595</u></u>	<u><u>\$ 472</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 760	\$ (1,911)	\$ 154
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	1,480	219	1,489
Net Changes in Assets and Liabilities:			
Inventories	(758)	(9)	(458)
Other assets (net)	(17)	3,133	2,630
Accounts payable and other liabilities	(1,303)	(442)	(993)
Net cash provided (used) by operating activities	<u><u>\$ 162</u></u>	<u><u>\$ 990</u></u>	<u><u>\$ 2,822</u></u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquisitions			
financed by capital leases	\$ -	\$ -	\$ -
Capital lease liabilities entered into during the year	-	-	-
Gain (loss) on disposal of capital assets	(15)	-	(21)
Total noncash investing, capital, and financing activities	<u><u>\$ (15)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (21)</u></u>

Michigan

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS
\$ 452,602	\$ 2,706	\$ 1,110,936	\$ 1,768,285
(165,711)	(795)	-	(198,012)
(260,327)	(1,746)	(302,689)	(723,609)
-	(2,537)	(816,702)	(819,239)
-	-	-	(7,712)
<u>\$ 26,564</u>	<u>\$ (2,371)</u>	<u>\$ (8,455)</u>	<u>\$ 19,712</u>
\$ 3,022	\$ -	\$ (8,605)	\$ 3,415
-	(1,415)	8,247	(1,217)
(1,154)	(14)	-	(1,307)
<u>\$ 1,868</u>	<u>\$ (1,429)</u>	<u>\$ (358)</u>	<u>\$ 891</u>
(33,426)	\$ -	\$ -	\$ (35,995)
-	-	-	(393)
(6,724)	-	-	(7,781)
-	-	-	109
<u>\$ (40,150)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,060)</u>
\$ (11,718)	\$ (3,800)	\$ (8,813)	\$ (23,457)
34,603	9,136	193,273	237,047
<u>\$ 22,885</u>	<u>\$ 5,336</u>	<u>\$ 184,460</u>	<u>\$ 213,590</u>
\$ -	\$ -	\$ 13	\$ 13
23,632	5,336	184,599	214,657
(747)	-	(152)	(1,081)
<u>\$ 22,885</u>	<u>\$ 5,336</u>	<u>\$ 184,460</u>	<u>\$ 213,590</u>
\$ (14,606)	\$ (1,869)	\$ (12,041)	\$ (29,512)
45,260	-	-	48,447
11	-	-	(1,214)
3,492	-	5,802	15,041
(7,593)	(502)	(2,216)	(13,050)
<u>\$ 26,564</u>	<u>\$ (2,371)</u>	<u>\$ (8,455)</u>	<u>\$ 19,712</u>
\$ 3,450	\$ -	\$ -	\$ 3,450
(3,450)	-	-	(3,450)
-	-	-	(36)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (36)</u>

PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS

Notes to the financial statements, entitled "Deferred Compensation Plans" and "Pension Benefits and Other Postemployment Benefits," include additional information regarding the following funds and plans.

STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS

The State Employees' Deferred Compensation Fund I (457) and the State Employees' Deferred Compensation Fund II (401k) are combined for reporting purposes. Both funds were administratively established to account for deferred compensation plans that permit State employees to defer a portion of their income until future years. Executive Order 1999-7 transferred administration of the plans from the Department of Treasury to the Department of Management and Budget. However, the State Treasurer continues to oversee investment options.

LEGISLATIVE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Legislative Retirement System (LRS) created by Michigan Compiled Laws Section 38.1001. The system's pension plan provides benefits for members of the Legislature, the presiding officers, and their surviving spouses or children. Participants in the system have a deduction from each salary payment to partially finance the fund. Legislative appropriations, interest on fund investments, and court fees complete the financing.

MCL Section 38.1018 amended LRS' enabling legislation to provide that individuals who first became a legislator or lieutenant governor on or after March 31, 1997, participate in the State's defined contribution plan.

LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits of the Legislative Retirement System created by MCL Section 38.1001. The system's health plan provides its members with health, dental, vision, and hearing insurance coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

STATE POLICE PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan State Police Retirement System created by MCL Section 38.1605, which is administered by a nine-member board under the direction of a chairperson elected from the membership. The System's pension plan provides retirement, survivor and disability benefits to Michigan State Police officers. Financing is provided by investment income and by an annual legislative appropriation.

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits of the Michigan State Police Retirement System created by MCL Section 38.1605. The system's health plan provides all retirees with the option of receiving health, dental, and vision coverage.

STATE EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the State Employees' Retirement System created by MCL Section 38.2, which is administered by a nine-member board under the direction of an Executive Secretary. The System's pension plan provides retirement, survivor and disability benefits to State employees.

Effective March 31, 1997, MCL Section 38.13 closed the plan to new applicants. All new employees become members of the State's defined contribution plan. The law also allows returning employees and members who left state employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits of the State Employees' Retirement System created by MCL Section 38.2. The system's health plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Public School Employees' Retirement System created by MCL Section 38.1321. An eight-member board governs administrative policy. The system's pension plan provides retirement, survivor and disability benefits to the public school employees.

Employer contributions and investment earnings provide financing for the fund. Under MCL Section 38.1343a, employees may contribute additional amounts into a "member investment plan".

PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits of the Michigan Public School Employees' Retirement System created by MCL Section 38.1321. The system's health plan provides all retirees with the option of receiving health, dental, and vision coverage.

JUDGES' PENSION BENEFITS FUND

This fund was established to account for pension benefits of the Michigan Judges Retirement System created by MCL Section 38.2201. The system's pension plan provides retirement, survivor and disability benefits to judges in the judicial branch of State government. Financing comes from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations.

MCL Section 38.2401a, effective March 31, 1997, closed the plan to new entrants. Judges or state officials newly appointed or elected on or after March 31, 1997, become members of the State's defined contribution plan.

JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND

This fund was established to account for other postemployment benefits of the Michigan Judges Retirement System created by MCL Section 38.2201. The system's health plan provides all retirees with the option of receiving health, dental, and vision coverage. This fund includes health coverage for participants of both the defined benefit pension plan and the defined contribution retirement plan.

STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND

This fund was established by MCL Section 38.11 as a defined contribution pension plan for all State employees hired after March 31, 1997, and for those members of the State Employees' Retirement (defined benefit) System, Judges' Retirement System, and Legislative Retirement System who elected to transfer to this plan. Executive Order 1999-7 transferred administration of the fund from the Department of Treasury to the Department of Management and Budget. However, the State Treasurer continues to oversee investment options.

Michigan

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
SEPTEMBER 30, 2007
(In Thousands)**

ASSETS	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
Cash	\$ -	\$ -	\$ -	\$ -
Equity in common cash	2,165	1,204	104	5,009
Receivables:				
Employee	130,171	-	-	-
Employer	538	232	20	2
Interest and dividends	-	46	4	84
Due from other funds	-	-	-	2,430
Due from component unit	-	-	-	-
Sale of investments	-	627	55	-
Investments at Fair Value:				
Short-term investments	-	-	-	20,652
Bonds, notes, mortgages, and preferred stock	-	-	-	218,637
Common stock	-	75,200	6,561	627,789
Real estate	-	-	-	130,417
Alternative investments	-	-	-	188,051
International investments	-	-	-	152,212
Mutual funds	2,126,815	110,981	9,683	-
Pooled investment funds	1,856,244	-	-	-
Money market funds	100,554	-	-	-
Securities lending collateral	-	-	-	282,597
Total Assets	\$ 4,216,487	\$ 188,290	\$ 16,428	\$ 1,627,879
LIABILITIES				
Warrants outstanding	\$ -	\$ 48	\$ 4	\$ 195
Accounts payable and other liabilities	-	587	51	87
Amounts due to other funds	-	2	-	-
Obligations under security lending	-	-	-	282,597
Total Liabilities	\$ -	\$ 636	\$ 55	\$ 282,879
NET ASSETS				
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits	<u>\$ 4,216,487</u>	<u>\$ 187,654</u>	<u>\$ 16,373</u>	<u>\$ 1,345,000</u>
Reconciliation of Net Assets Held in Trust:				
Pension benefits	\$ -	\$ 187,654	\$ -	\$ 1,345,000
Postemployment health-care benefits	-	-	16,373	-
Deferred compensation participants	4,216,487	-	-	-
Total net assets held in trust for benefits	<u><u>\$ 4,216,487</u></u>	<u><u>\$ 187,654</u></u>	<u><u>\$ 16,373</u></u>	<u><u>\$ 1,345,000</u></u>

Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ -	\$ 60	\$ -	\$ 8	\$ -	\$ -
-	27,199	62	107,559	2,388	1,180
-	-	-	-	-	-
-	78,131	69	505,620	29	63
-	758	2	3,002	67	24
-	13,940	-	-	-	-
-	155	-	-	-	-
-	-	-	-	-	-
-	183,233	417	1,044,228	23,183	5,549
-	1,988,414	4,527	7,853,184	174,352	58,771
-	5,688,380	12,950	22,491,305	499,340	154,895
-	1,163,703	2,649	4,262,390	94,631	43,337
-	1,579,358	3,595	6,696,602	148,674	35,011
-	1,383,468	3,149	5,420,220	120,337	36,913
-	-	-	-	-	-
-	-	-	-	-	-
-	2,557,426	5,822	10,089,808	224,008	76,695
<u>\$ -</u>	<u>\$ 14,664,228</u>	<u>\$ 33,242</u>	<u>\$ 58,473,926</u>	<u>\$ 1,287,010</u>	<u>\$ 412,439</u>
\$ -	\$ 2,319	\$ 5	\$ 8,206	\$ 182	\$ 52
-	1,426	3	12,979	286,485	13
-	-	-	-	-	-
-	2,557,426	5,822	10,089,808	224,008	76,695
<u>\$ -</u>	<u>\$ 2,561,171</u>	<u>\$ 5,831</u>	<u>\$ 10,110,993</u>	<u>\$ 510,676</u>	<u>\$ 76,760</u>
<u>\$ -</u>	<u>\$ 12,103,057</u>	<u>\$ 27,412</u>	<u>\$ 48,362,933</u>	<u>\$ 776,334</u>	<u>\$ 335,679</u>
\$ -	\$ 12,103,057	\$ -	\$ 48,362,933	\$ -	\$ 335,679
-	-	27,412	-	776,334	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 12,103,057</u>	<u>\$ 27,412</u>	<u>\$ 48,362,933</u>	<u>\$ 776,334</u>	<u>\$ 335,679</u>

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)
SEPTEMBER 30, 2007
(In Thousands)

ASSETS	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	TOTALS
Cash	\$ -	\$ -	\$ 68
Equity in common cash	-	252	147,124
Receivables:			
Employee	-	75,995	206,166
Employer	-	116	584,820
Interest and dividends	-	-	3,987
Due from other funds	-	-	16,371
Due from component unit	-	-	155
Sale of investments	-	-	682
Investments at Fair Value:			
Short-term investments	1	-	1,277,264
Bonds, notes, mortgages, and preferred stock	7	-	10,297,892
Common stock	19	-	29,556,439
Real estate	5	-	5,697,133
Alternative investments	4	-	8,651,295
International investments	5	-	7,116,304
Mutual funds	-	477,085	2,724,565
Pooled investment funds	-	244,767	2,101,011
Money market funds	-	118,095	218,648
Securities lending collateral	9	-	13,236,366
Total Assets	\$ 51	\$ 916,310	\$ 81,836,289
LIABILITIES			
Warrants outstanding	\$ -	\$ -	\$ 11,011
Accounts payable and other liabilities	-	-	301,632
Amounts due to other funds	-	-	2
Obligations under security lending	9	-	13,236,366
Total Liabilities	\$ 9	\$ -	\$ 13,549,010
NET ASSETS			
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits	<u>\$ 41</u>	<u>\$ 916,310</u>	<u>\$ 68,287,279</u>
Reconciliation of Net Assets Held in Trust:			
Pension benefits	\$ -	\$ 916,310	\$ 63,250,632
Postemployment health-care benefits	41	-	820,160
Deferred compensation participants	-	-	4,216,487
Total net assets held in trust for benefits	\$ 41	\$ 916,310	\$ 68,287,279



**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)**

	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE PENSION BENEFITS FUND	LEGISLATIVE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE POLICE PENSION BENEFITS FUND
ADDITIONS				
Contributions:				
From participants	\$ 189,165	\$ 18	\$ 146	\$ 101
From employers	-	-	3,681	24,323
From other plans	3,565	-	-	-
From other governmental	-	-	-	-
Investment Income:				
Net appreciation (depreciation) in fair value of investments	335,671	23,291	-	175,537
Interest, dividends, and other	179,204	4,797	2,165	27,450
Securities lending income	-	-	-	12,899
Less Investment Expense:				
Investment activity expense	-	614	-	1,895
Securities lending expense	-	-	-	12,377
Net investment income (loss)	<u>514,876</u>	<u>27,473</u>	<u>2,165</u>	<u>201,614</u>
Miscellaneous income	<u>1,186</u>	<u>429</u>	<u>1,451</u>	<u>47</u>
Total Additions	<u>708,791</u>	<u>27,921</u>	<u>7,443</u>	<u>226,085</u>
DEDUCTIONS				
Benefits paid to participants or beneficiaries	253,817	9,831	-	84,930
Medical, dental, and life insurance for retirants	-	-	4,491	-
Refunds and transfers to other systems	376	193	-	1
Administrative expense	6,768	342	-	401
Transfers to other funds	-	-	-	1
Total Deductions	<u>260,961</u>	<u>10,366</u>	<u>4,491</u>	<u>85,333</u>
Net increase (decrease)	447,830	17,554	2,952	140,752
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits - Beginning of fiscal year	<u>3,768,657</u>	<u>170,100</u>	<u>13,421</u>	<u>1,204,248</u>
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits - End of fiscal year	<u>\$ 4,216,487</u>	<u>\$ 187,654</u>	<u>\$ 16,373</u>	<u>\$ 1,345,000</u>
Reconciliation of Net Increase in Assets:				
Net increase (decrease) in assets held in trust for pension benefits	\$ -	\$ 17,554	\$ -	\$ 140,752
Net increase (decrease) in assets held in trust trust for postemployment benefits	-	-	2,952	-
Net increase (decrease) in assets held in trust for deferred compensation participants	<u>447,830</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net increase (decrease)	<u>\$ 447,830</u>	<u>\$ 17,554</u>	<u>\$ 2,952</u>	<u>\$ 140,752</u>

Michigan

STATE POLICE OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' PENSION BENEFITS FUND	STATE EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' PENSION BENEFITS FUND	PUBLIC SCHOOL EMPLOYEES' OTHER POSTEMPLOYMENT BENEFITS FUND	JUDGES' PENSION BENEFITS FUND
\$ 1,220	\$ 19,696	\$ 11,761	\$ 356,761	\$ 77,207	\$ 1,846
27,840	150,859	359,375	835,366	671,680	-
-	41,410	-	6	-	-
-	-	-	-	63	-
-	1,564,591	-	6,262,638	-	43,143
-	248,766	1,500	961,169	50,417	6,842
-	116,787	-	470,629	-	3,361
-	16,475	-	68,058	-	406
-	112,080	-	451,817	-	3,224
-	<u>1,801,588</u>	<u>1,500</u>	<u>7,174,561</u>	<u>50,417</u>	<u>49,716</u>
-	766	-	2,553	261	259
<u>29,060</u>	<u>2,014,318</u>	<u>372,636</u>	<u>8,369,248</u>	<u>799,628</u>	<u>51,820</u>
-	795,842	-	2,944,920	-	18,919
29,060	-	363,975	-	590,226	-
-	230	41,304	32,248	31	248
-	5,102	-	24,418	63,315	182
-	13	-	71	-	-
<u>29,060</u>	<u>801,187</u>	<u>405,279</u>	<u>3,001,657</u>	<u>653,572</u>	<u>19,349</u>
-	1,213,131	(32,643)	5,367,591	146,056	32,471
-	<u>10,889,925</u>	<u>60,055</u>	<u>42,995,342</u>	<u>630,279</u>	<u>303,208</u>
<u>\$ -</u>	<u>\$ 12,103,057</u>	<u>\$ 27,412</u>	<u>\$ 48,362,933</u>	<u>\$ 776,334</u>	<u>\$ 335,679</u>
\$ -	\$ 1,213,131	\$ -	\$ 5,367,591	\$ -	\$ 32,471
-	-	(32,643)	-	146,056	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,213,131</u>	<u>\$ (32,643)</u>	<u>\$ 5,367,591</u>	<u>\$ 146,056</u>	<u>\$ 32,471</u>

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS (Continued)**
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

	JUDGES' OTHER POSTEMPLOYMENT BENEFITS FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	TOTALS
ADDITIONS			
Contributions:			
From participants	\$ 530	\$ 28,319	\$ 686,770
From employers	-	76,247	2,149,372
From other plans	-	21	45,002
From other governmental	-	-	63
Investment Income:			
Net appreciation (depreciation) in fair value of investments	-	83,328	8,488,199
Interest, dividends, and other	-	31,682	1,513,991
Securities lending income	-	-	603,676
Less Investment Expense:			
Investment activity expense	-	-	87,447
Securities lending expense	-	-	579,498
Net investment income (loss)	-	115,010	9,938,921
Miscellaneous income	116	241	7,307
Total Additions	646	219,839	12,827,435
DEDUCTIONS			
Benefits paid to participants or beneficiaries	-	37,322	4,145,582
Medical, dental, and life insurance for retirants	611	-	988,364
Refunds and transfers to other systems	-	3,804	78,434
Administrative expense	-	2,009	102,538
Transfers to other funds	-	-	85
Total Deductions	611	43,136	5,315,003
Net increase (decrease)	35	176,703	7,512,432
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits - Beginning of fiscal year	7	739,607	60,774,847
Net assets held in trust for pension, postemployment health-care, and deferred compensation benefits - End of fiscal year	\$ 41	\$ 916,310	\$ 68,287,279
Reconciliation of Net Increase in Assets:			
Net increase (decrease) in assets held in trust for pension benefits	\$ -	\$ 176,703	\$ 6,948,203
Net increase (decrease) in assets held in trust for postemployment benefits	35	-	116,399
Net increase (decrease) in assets held in trust for deferred compensation participants	-	-	447,830
Total net increase (decrease)	\$ 35	\$ 176,703	\$ 7,512,432

PRIVATE PURPOSE TRUST FUNDS

ESCHEATS FUND

The Escheats Fund operates under the authority of Michigan Compiled Laws Sections 567.221 – 567.265 and is used to account for unclaimed property held by the State until claimed by the rightful owners. All property, including any income or increment derived from the property, is subject to the custody of (escheated to) the State when certain criteria contained within the laws are met. Proceeds of the fund pay the administrative costs and prompt claims allowed under the laws.

GIFTS, BEQUESTS, AND DEPOSITS INVESTMENT FUND

This fund was administratively established to account for gifts, bequests, and deposits donated or entrusted to the State. Gifts and donations to the State may only be expended in accordance with applicable external restrictions. This fund earns interest quarterly for its share of the equity in the State Treasurer's Common Cash pool.

HOSPITAL PATIENTS' TRUST FUND

The Hospital Patients' Trust Fund operates under the authority of MCL Section 330.1730 and is used to account for funds of patients receiving services in State hospitals. The Department of Community Health, in conjunction with the State Treasury, acts as the trustee of this fund. This fund earns interest quarterly for its share of the equity in the State Treasurer's Common Cash pool. The Department of Community Health distributes interest on a monthly basis to patients meeting minimum balance requirements.

MICHIGAN EDUCATION SAVINGS PROGRAM

MCL Section 390.1473 established the Michigan Education Savings Program (MESP) as an entity within the Department of Treasury. MESP is a college-tuition savings plan that is designed to collect and invest deposits made by contributors, for purposes of financing tuition on behalf of future students. The State makes limited contributions into the program as prescribed by law. Investment earnings, held in trust by MESP, are Federal and State tax-deferred until the student is ready to attend college. The State offers a tax deduction for contributions made each year.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
 SEPTEMBER 30, 2007
 (In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS, AND DEPOSITS INVESTMENT FUND	HOSPITAL PATIENTS' TRUST FUND	MICHIGAN EDUCATION SAVINGS PROGRAM	TOTALS
ASSETS					
Cash	\$ -	\$ 790	\$ 21	\$ 745	\$ 1,556
Equity in common cash	82,931	17,563	229	-	100,723
Receivables:					
Interest and dividends	-	144	-	397	541
Investments at Fair Value:					
Bonds, notes, mortgages, and preferred stock	-	17,865	-	-	17,865
Common stock	-	183	-	-	183
Mutual funds	-	11	-	1,659,412	1,659,423
Guaranteed funding agreements	-	-	-	169,706	169,706
Securities lending collateral	-	7,075	-	-	7,075
Other current assets	3,820	2,741	13	1,966	8,540
Total Assets	\$ 86,751	\$ 46,371	\$ 263	\$ 1,832,227	\$ 1,965,612
LIABILITIES					
Warrants outstanding	\$ 2,528	\$ 539	\$ 30	\$ -	\$ 3,097
Accounts payable and other liabilities	32	2,563	3	1,048	3,646
Obligations under security lending	-	7,075	-	-	7,075
Total Liabilities	\$ 2,560	\$ 10,178	\$ 33	\$ 1,048	\$ 13,819
NET ASSETS					
Net assets held in trust for other purposes	\$ 84,191	\$ 36,193	\$ 230	\$ 1,831,180	\$ 1,951,794

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS, AND DEPOSITS, INVESTMENT FUND	HOSPITAL PATIENTS' TRUST FUND	MICHIGAN EDUCATION SAVINGS PROGRAM	TOTALS
ADDITIONS					
Contributions:					
From participants	\$ -	\$ -	\$ -	\$ 346,133	\$ 346,133
From clients	-	63,914	1,755	-	65,669
From gifts, bequests, and endowments	-	2,939	-	-	2,939
Investment Income:					
Net appreciation (depreciation) in fair value of investments	-	226	-	106,478	106,704
Interest, dividends, and other	-	1,130	11	75,604	76,745
Securities lending income	-	389	-	-	389
Less Investment Expense:					
Investment activity expense	-	-	-	4,051	4,051
Securities lending expense	-	377	-	-	377
Net investment income (loss)	-	1,369	11	178,032	179,411
Escheated property	56,861	-	-	-	56,861
Miscellaneous income	-	256	-	-	256
Total Additions	56,861	68,478	1,766	524,165	651,270
DEDUCTIONS					
Benefits paid to participants or beneficiaries	-	-	-	88,497	88,497
Amounts distributed to clients, claimants, or third parties	56,064	64,609	1,699	-	122,372
Administrative expense	4,104	145	-	-	4,248
Total Deductions	60,168	64,754	1,699	88,497	215,117
Net increase (decrease)	(3,307)	3,725	67	435,668	436,153
Net assets held in trust for others - Beginning of fiscal year	87,498	32,469	163	1,395,512	1,515,641
Net assets held in trust for others End of fiscal year	\$ 84,191	\$ 36,193	\$ 230	\$ 1,831,180	\$ 1,951,794
Reconciliation of Net Increase in Assets:					
Net increase (decrease) in assets held in trust for other purposes	\$ (3,307)	\$ 3,725	\$ 67	\$ 435,668	\$ 436,153
Total net increase (decrease)	\$ (3,307)	\$ 3,725	\$ 67	\$ 435,668	\$ 436,153

AGENCY FUNDS

ENVIRONMENTAL QUALITY DEPOSITS FUND

The Environmental Quality Deposits Fund accounts for deposits of performance bonds for which the Department of Environmental Quality has legal custody. The bonds held by this fund include bond deposits from the hazardous waste program and the solid waste program as provided by Michigan Compiled Laws Sections 324.11141 and 324.11523 and from the scrap tire program as provided in MCL Section 324.16903.

INSURANCE CARRIER DEPOSITS FUND

This fund was administratively established to account for deposits held by the State Treasurer on behalf of insurance carriers who are licensed or authorized to write insurance in the State and are required by MCL Section 500.411, to provide such deposits. All deposits are in the form of various securities and other acceptable assets.

STATE TREASURER'S ESCROW AND PAYING AGENT FUND

This fund was administratively created and is used to account for investments held in escrow by the State Treasurer as fiscal agent for hospitals, which have defeased Michigan State Hospital Finance Authority (MSHFA) bonds.

CHILD SUPPORT COLLECTION FUND

This fund was administratively established to account for the activity of the Michigan State Disbursement Unit (MISDU). The MISDU, administered by the Department of Human Services, was created to provide a single location within the State for the receipt and disbursement of child support payments.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
 SEPTEMBER 30, 2007
 (In Thousands)

	ENVIRONMENTAL QUALITY DEPOSITS FUND	INSURANCE CARRIER DEPOSITS FUND	STATE TREASURER'S ESCROW AND PAYING AGENT FUND	CHILD SUPPORT COLLECTION FUND	TOTALS
ASSETS					
Cash	\$ -	\$ -	\$ 147	\$ 50,608	\$ 50,756
Equity in common cash	3,055	914	-	-	3,969
Investments at Fair Value:					
Short-term investments	-	-	13,419	-	13,419
Bonds, notes, mortgages, and preferred stock	-	-	6,866	-	6,866
Other current assets	-	-	743	2	745
Other noncurrent assets	-	383,764	-	-	383,764
Total Assets	\$ 3,055	\$ 384,678	\$ 21,176	\$ 50,610	\$ 459,519
LIABILITIES					
Warrants outstanding	\$ -	\$ 5	\$ -	\$ -	\$ 5
Accounts payable and other liabilities	3,055	909	14,211	49,455	67,630
Amounts due to other funds	-	-	-	1,155	1,155
Other long-term liabilities	-	383,764	6,965	-	390,729
Total Liabilities	\$ 3,055	\$ 384,678	\$ 21,176	\$ 50,610	\$ 459,519

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS**

FISCAL YEAR ENDED SEPTEMBER 30, 2007

(In Thousands)

	BALANCE OCTOBER 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2007
ENVIRONMENTAL QUALITY DEPOSITS FUND				
ASSETS				
Equity in common cash	\$ 2,887	\$ 176	\$ 8	\$ 3,055
Total Assets	<u>\$ 2,887</u>	<u>\$ 176</u>	<u>\$ 8</u>	<u>\$ 3,055</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 2,887	\$ 176	\$ 8	\$ 3,055
Total Liabilities	<u>\$ 2,887</u>	<u>\$ 176</u>	<u>\$ 8</u>	<u>\$ 3,055</u>
INSURANCE CARRIER DEPOSITS FUND				
ASSETS				
Equity in common cash	\$ 1,255	\$ 57,652	\$ 57,992	\$ 914
Other noncurrent assets	382,639	82,968	81,843	383,764
Total Assets	<u>\$ 383,894</u>	<u>\$ 140,620</u>	<u>\$ 139,835</u>	<u>\$ 384,678</u>
LIABILITIES				
Warrants outstanding	\$ 72	\$ -	\$ 66	\$ 5
Accounts payable and other liabilities	1,183	57,748	58,022	909
Other long-term liabilities	382,639	82,968	81,843	383,764
Total Liabilities	<u>\$ 383,894</u>	<u>\$ 140,716</u>	<u>\$ 139,932</u>	<u>\$ 384,678</u>
STATE TREASURER'S ESCROW AND PAYING AGENT FUND				
ASSETS				
Cash	\$ 201	\$ 17,307	\$ 17,362	\$ 147
Investments at Fair Value:				
Short-term investments	13,504	13,792	13,877	13,419
Bonds, notes, mortgages, and preferred stock	20,285	-	13,419	6,866
Other current assets	1,281	2,867	3,405	743
Total Assets	<u>\$ 35,272</u>	<u>\$ 33,967</u>	<u>\$ 48,062</u>	<u>\$ 21,176</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 14,939	\$ 19,666	\$ 20,393	\$ 14,211
Other long-term liabilities	20,333	-	13,368	6,965
Total Liabilities	<u>\$ 35,272</u>	<u>\$ 19,666</u>	<u>\$ 33,761</u>	<u>\$ 21,176</u>

CHILD SUPPORT COLLECTION FUND	BALANCE OCTOBER 1, 2006	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2007
ASSETS				
Cash	\$ 61,749	\$ 1,600,408	\$ 1,611,549	\$ 50,608
Other current assets	5	5	8	2
Total Assets	\$ 61,754	\$ 1,600,413	\$ 1,611,557	\$ 50,610
LIABILITIES				
Accounts payable and other liabilities	\$ 60,680	\$ 1,642,726	\$ 1,653,951	\$ 49,455
Amounts due to other funds	1,073	5,278	5,197	1,155
Total Liabilities	\$ 61,754	\$ 1,648,004	\$ 1,659,148	\$ 50,610
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 61,950	\$ 1,617,716	\$ 1,628,910	\$ 50,756
Equity in common cash	4,141	57,828	58,000	3,969
Investments at Fair Value:				
Short-term investments	13,504	13,792	13,877	13,419
Bonds, notes, mortgages, and preferred stock	20,285	-	13,419	6,866
Other current assets	1,286	2,872	3,413	745
Other noncurrent assets	382,639	82,968	81,843	383,764
Total Assets	\$ 483,806	\$ 1,775,176	\$ 1,799,463	\$ 459,519
LIABILITIES				
Warrants outstanding	\$ 72	\$ -	\$ 66	\$ 5
Accounts payable and other liabilities	79,689	1,720,316	1,732,375	67,630
Amounts due to other funds	1,073	5,278	5,197	1,155
Other long-term liabilities	402,972	82,968	95,211	390,729
Total Liabilities	\$ 483,806	\$ 1,808,562	\$ 1,832,849	\$ 459,519

COMPONENT UNITS – AUTHORITIES

FARM PRODUCE INSURANCE AUTHORITY

Michigan Compiled Laws Section 285.315 created the Farm Produce Insurance Authority as a public body corporate. Operating under MCL Sections 285.311 – 285.331, the Authority is governed and administered by a nine-member board of directors. The Authority administers a program in which producers of dry beans, grain, or corn may contribute to the Farm Produce Insurance Fund, a percentage of their net proceeds from all farm produce sold by the producer to a licensee in this State. Under this program the producer may recover from the fund for losses caused by the licensed grain dealer's financial failure.

LAND BANK FAST TRACK AUTHORITY

MCL Section 124.765 created the Land Bank Fast Track Authority (LBFTA) to assemble or dispose of public property, including tax reverted property, in a coordinated manner to foster the development of the property and to promote economic growth within the State. The LBFTA receives tax reverted properties, undertakes expedited action to clear their titles, and then ensures the properties' redevelopment.

The LBFTA's seven-member governing board consists of the Director of the Department of Labor and Economic Growth, the Chief Executive Officer of the Michigan Economic Development Corporation or his or her designee, the Executive Director of the Michigan State Housing Development Authority or his or her designee, and four members appointed by the Governor.

MACKINAC BRIDGE AUTHORITY

MCL Section 254.302 created the Mackinac Bridge Authority (MBA). MCL Section 254.314 empowered MBA to construct and operate a bridge between the lower and upper peninsulas of Michigan. Fares and earnings on investments finance the operation and maintenance of the bridge. State statutes require that MBA continue charging bridge tolls and repay State funds for all the subsidies provided in prior years.

MACKINAC ISLAND STATE PARK COMMISSION

Established in 1927, the Mackinac Island State Park Commission currently operates under MCL Sections 324.76701 – 324.76709. The Governor, with the advice and consent of the Senate, appoints the seven-member commission. The Commission is responsible for the management of the Mackinac Island and Michilimackinac State Parks and has the authority to issue revenue-dedicated bonds.

MICHIGAN BROADBAND DEVELOPMENT AUTHORITY

MCL Section 484.3204 created the Michigan Broadband Development Authority (MBDA) to assist in the build out and utilization of high-speed broadband internet service and infrastructure across the State. It is the responsibility of the authority to remain financially self-sufficient by generating revenues from project lending and joint venture activity.

MBDA's eleven-member governing board consists of the President and CEO of MBDA, the Vice President of MBDA, the State Treasurer, the Executive Director of the Michigan State Housing Development Authority, the head of the Michigan Economic Development Corporation and six fixed-term Governor appointed members.

MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION

The Michigan Early Childhood Investment Corporation was created by an interlocal agreement between the Department of Human Services and participating intermediate school districts. The interlocal agreement was entered into pursuant to MCL Sections 124.501 – 124.512. The corporation's primary objective is to administer activities related to early childhood development.

The governing body of each participant shall appoint one member of the Corporation Board to serve at the will of the participant. For each member of the Corporation Board appointed by the governing body of a participant, the Governor shall appoint up to two members of the Corporation Board representing the State to serve at the will of the Governor. If there are fewer than five participants, the Governor may appoint up to twelve additional members of the Corporation Board representing the State to serve at the will of the Governor or until there are five or more participants. In addition, the Corporation shall have an Executive Committee of fifteen members, all appointed by the Governor. The committee shall exercise the powers of the Corporation.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

The Michigan Economic Development Corporation (MEDC), under Article VII, Section 28 of the Michigan State Constitution of 1963 and MCL Sections 124.501 – 124.512, is a public body corporate. Created by a ten-year contract (inter-local agreement) between participating local economic development corporations formed under MCL Sections 125.1601 – 125.1636 and the Michigan Strategic Fund, MEDC is a separate legal entity whose purpose is to stimulate, coordinate and advance economic development in the State. Under the terms of the agreement, the governance of MEDC resides in an executive committee of 20 members appointed to eight-year, staggered terms.

MICHIGAN EXPOSITION AND FAIRGROUNDS AUTHORITY

MCL Section 285.164 created the Michigan Exposition and Fairgrounds Authority (MEFA) as a public body corporate within the Department of Management and Budget. MEFA is responsible for conducting an annual State Fair and other exhibits or events for the purpose of promoting all phases of the economy of the State. Fund revenues are derived from the annual State Fair and other exhibits, leases, rentals, or other charges for the use of the buildings and grounds scheduled during the year.

MEFA's eleven-member governing board consists of the directors of the Department of Agriculture and the Department of Management and Budget, and nine members serving fixed terms appointed by the Governor with the advice and consent of the Senate.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

MCL Section 390.951 created the Michigan Higher Education Assistance Authority (MHEAA). It is governed by a sixteen-member board, appointed by the Governor, with the advice and consent of the Senate. MHEAA is empowered to guarantee 100% of principal and interest on loans to persons (or their parents) attending eligible post-secondary educational institutions in Michigan and to administer scholarship and grant programs in accordance with State laws. The federal government reimburses MHEAA for losses on purchased loans at varying percentages depending upon rates of defaults. Revenues consist of recovery of loan losses, federal reimbursement, loan guarantee fees, and investment income.

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

MCL Section 390.923 authorized the creation of the Michigan Higher Education Facilities Authority (MHEFA) for the purpose of assisting private nonprofit institutions of higher education in financing their facilities. The MHEFA consists of an eleven-member commission, nine are appointed by the Governor with the advice and consent of the Senate and two are ex-officio (the Superintendent of Public Instruction and Director of the Department of Management and Budget). Financing for capital improvements is provided by issuance of limited obligation revenue bonds, however these bonds do not constitute an obligation of the State or MHEFA, therefore no liabilities have been recorded. Annual service fees to higher education institutions finance MHEFA's administrative operations.

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY

MCL Section 390.1153 authorized the establishment of the Michigan Higher Education Student Loan Authority (MHESLA) to make loans to qualified students (or their parents) attending participating institutions of higher education. MHESLA may issue revenue-dedicated debt in principal amounts necessary to provide funds for achieving its purpose. A board comprised of the same members as Michigan Higher Education Assistance Authority governs MHESLA. The Governor, with the consent of the Senate, appoints the 16 members. The State Treasurer, an ex-officio member, serves as chairman of the board.

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY

The Michigan Public Educational Facilities Authority was organized by MCL Section 12.192. The Authority was created in response to the passage of the federal Economic Growth and Tax Relief Reconciliation Act of 2001. This act authorizes the issuance of "qualified public educational facility bonds" as tax exempt facility bonds.

The Authority partners with other states to facilitate the acquisition of capital for the construction, rehabilitation, refurbishing or equipping of qualified public educational facilities.

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

The Michigan State Hospital Finance Authority (MSHFA) was organized under MCL Sections 331.31 – 331.84 to lend money to nonprofit, nonpublic hospitals and health-care corporations for capital improvements or debt refinancing. The law also empowers MSHFA to sell bonds and to enter into loan and other agreements to obtain the necessary funds for such loans. The MSHFA's board is comprised of seven members including a chairperson and four public members appointed by the Governor with the advice and consent of the Senate, and two members ex-officio (the State Treasurer and the Director of the Department of Community Health). Some of MSHFA's revenue and mortgage bonds have been defeased by the various borrowers by placing proceeds of new bonds in an escrow with the State Treasurer or trustee as escrow agent. Such defeased bonds and related investments are reported in the State Treasurer's Escrow and Paying Agent Fund.

MSHFA no longer performs trustee, fiscal agent, registrar, and paying agent functions for bonds payable. The bonds and related assets have been transferred to financial institutions' trust departments. Since these obligations are, in substance, debts of other entities, MSHFA does not reflect the liabilities, assets, revenues and expenditures related to these bonds in its financial statements.

MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) is a public body corporation and politic created by MCL Section 125.2005 to help diversify the economy of the State and to provide for economic development, primarily by assisting business enterprises to obtain additional sources of financing. MCL Section 408.40 transferred all of the economic development functions of the former Department of Commerce and the Michigan Jobs Commission to MSF and placed MSF as an autonomous entity in the Department of Management and Budget. In 2003, MCL Section 445.2011 transferred MSF from the Department of Management and Budget to the Department of Labor and Economic Growth. As part of the tobacco securitization legislation passed November 21, 2005, MCL Section 125.2005 transferred MSF to the Department of Treasury. MSF is governed by a board of eleven members, consisting of the directors of the State Departments of Labor and Economic Growth and Treasury, and the Chief Executive Officer of the Michigan Economic Development Corporation. The Governor, with the advice and consent of the Senate, appoints the other eight members; none of those eight may be an employee of the State. Two of the board members have terms expiring December 31, 2007. After this date the board will have nine members.

STATE BAR OF MICHIGAN

The State Bar of Michigan is an association of lawyers who are licensed to practice in Michigan. It is organized as a public body corporate. Its financial support comes solely from member dues and income from member services. The State Bar's budget is the responsibility of its Board of Commissioners, and it is not subject to State of Michigan appropriation procedures.

COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
AUTHORITIES
 SEPTEMBER 30, 2007
 (In Thousands)

	FARM PRODUCE INSURANCE AUTHORITY	LAND BANK FAST TRACK AUTHORITY	MACKINAC BRIDGE AUTHORITY
ASSETS			
Current Assets:			
Cash	\$ 24	\$ -	\$ 1,511
Equity in common cash	-	2,424	-
Amounts due from primary government	-	-	-
Amounts due from federal government	-	-	-
Amounts due from local units	-	-	-
Inventories	-	-	-
Investments	2,181	-	15,034
Other current assets	1,155	-	199
Total Current Assets	<u>3,360</u>	<u>2,424</u>	<u>16,744</u>
Restricted Assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Mortgages and loans receivable	-	-	-
Investments	-	-	16,306
Capital Assets:			
Land and other non-depreciable assets	-	9,224	125
Buildings, equipment, and other depreciable assets	-	-	8,355
Less accumulated depreciation	-	-	(4,148)
Infrastructure	-	-	102,722
Total capital assets	<u>-</u>	<u>9,224</u>	<u>107,053</u>
Other noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 3,360</u>	<u>\$ 11,648</u>	<u>\$ 140,104</u>
LIABILITIES			
Current Liabilities:			
Warrants outstanding	\$ -	\$ -	\$ -
Accounts payable and other liabilities	-	16	781
Amounts due to primary government	90	3	1,386
Amounts due to federal government	-	-	-
Bonds and notes payable	-	-	-
Interest payable	-	-	-
Deferred revenue	-	-	1,023
Current portion of other long-term obligations	-	3	250
Total Current Liabilities	<u>90</u>	<u>22</u>	<u>3,440</u>
Bonds and notes payable	-	155	-
Noncurrent portion of other long-term obligations	-	25	255
Total Liabilities	<u>\$ 90</u>	<u>\$ 201</u>	<u>\$ 3,695</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ -	\$ 9,224	\$ 107,053
Restricted For:			
Construction and debt service	-	-	-
Other purposes	-	-	-
Unrestricted	<u>3,269</u>	<u>2,223</u>	<u>29,356</u>
Total Net Assets	<u>\$ 3,269</u>	<u>\$ 11,447</u>	<u>\$ 136,409</u>

Michigan

MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN BROADBAND DEVELOPMENT AUTHORITY	MICHIGAN EARLY CHILDHOOD INVESTMENT CORPORATION	MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN EXPOSITION AND FAIRGROUNDS AUTHORITY
\$ 647	\$ -	\$ 2,051	\$ 21,116	\$ 4
-	-	-	24,776	932
500	-	2,498	-	-
-	-	-	518	-
-	-	-	-	-
658	-	-	-	-
444	-	-	700	-
30	2,440	1	5,295	557
<u>2,280</u>	<u>2,440</u>	<u>4,551</u>	<u>52,406</u>	<u>1,492</u>
1,155	-	-	-	-
2,425	-	-	-	-
-	10,401	-	25,425	-
-	-	-	4,082	-
337	-	-	-	3,360
9,959	-	-	16,738	12,346
(6,989)	-	-	(6,098)	(7,757)
-	-	-	-	-
<u>3,307</u>	<u>-</u>	<u>-</u>	<u>10,639</u>	<u>7,949</u>
-	-	-	-	39
<u>\$ 9,167</u>	<u>\$ 12,841</u>	<u>\$ 4,551</u>	<u>\$ 92,552</u>	<u>\$ 9,480</u>
\$ -	\$ -	\$ -	\$ 15	\$ 193
90	-	3,865	8,342	1,270
-	-	-	89	17
-	-	-	-	-
280	-	-	-	-
29	-	-	-	-
55	-	-	-	26
-	2,440	-	1,279	57
<u>454</u>	<u>2,440</u>	<u>3,865</u>	<u>9,724</u>	<u>1,563</u>
1,030	-	-	-	-
-	10,401	-	1,285	85
<u>\$ 1,485</u>	<u>\$ 12,841</u>	<u>\$ 3,865</u>	<u>\$ 11,010</u>	<u>\$ 1,648</u>
\$ 1,997	\$ -	\$ -	\$ 10,639	\$ 7,949
3,126	-	-	-	-
1,564	-	-	-	-
995	-	685	70,903	(117)
<u>\$ 7,682</u>	<u>\$ -</u>	<u>\$ 685</u>	<u>\$ 81,542</u>	<u>\$ 7,832</u>

COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
AUTHORITIES (Continued)
 SEPTEMBER 30, 2007
 (In Thousands)

	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY
ASSETS			
Current Assets:			
Cash	\$ 5,364	\$ -	\$ 86,397
Equity in common cash	-	-	-
Amounts due from primary government	849	482	174
Amounts due from federal government	2,331	-	-
Amounts due from local units	-	-	-
Inventories	-	-	-
Investments	9,988	-	268,224
Other current assets	1,124	38	287,004
Total Current Assets	<u>19,655</u>	<u>520</u>	<u>641,799</u>
Restricted Assets:			
Cash and cash equivalents	-	-	-
Investments	-	-	-
Mortgages and loans receivable	-	-	1,820,102
Investments	-	-	515
Capital Assets:			
Land and other non-depreciable assets	-	-	-
Buildings, equipment, and other depreciable assets	2,061	-	-
Less accumulated depreciation	(1,002)	-	-
Infrastructure	-	-	-
Total capital assets	<u>1,060</u>	<u>-</u>	<u>-</u>
Other noncurrent assets	-	-	17,558
Total Assets	<u>\$ 20,715</u>	<u>\$ 520</u>	<u>\$ 2,479,974</u>
LIABILITIES			
Current Liabilities:			
Warrants outstanding	\$ -	\$ -	\$ -
Accounts payable and other liabilities	-	-	8,074
Amounts due to primary government	654	-	-
Amounts due to federal government	397	-	-
Bonds and notes payable	-	-	29,550
Interest payable	-	-	8,951
Deferred revenue	-	-	-
Current portion of other long-term obligations	1	-	49
Total Current Liabilities	<u>1,053</u>	<u>-</u>	<u>46,624</u>
Bonds and notes payable	-	-	2,288,434
Noncurrent portion of other long-term obligations	439	22	45,856
Total Liabilities	<u>\$ 1,492</u>	<u>\$ 22</u>	<u>\$ 2,380,914</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 1,060	\$ -	\$ -
Restricted For:			
Construction and debt service	-	-	14,602
Other purposes	18,163	-	-
Unrestricted	-	498	84,458
Total Net Assets	<u>\$ 19,222</u>	<u>\$ 498</u>	<u>\$ 99,060</u>

Michigan

MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN STRATEGIC FUND	STATE BAR OF MICHIGAN	TOTALS
\$ 9,272	\$ 706	\$ 151	\$ 2,609	\$ 129,850
-	-	23,116	-	51,248
184	93	-	-	4,781
-	-	17,695	-	20,545
19,610	-	-	-	19,610
-	-	-	-	658
-	1,978	-	6,087	304,637
94	900	993	650	300,480
<u>29,160</u>	<u>3,677</u>	<u>41,954</u>	<u>9,346</u>	<u>831,809</u>
-	-	5,530	-	6,685
-	36	-	-	2,461
-	-	54,301	-	1,910,229
-	2,609	12,650	-	36,162
-	-	-	381	13,427
-	64	-	11,567	61,089
-	(62)	-	(6,007)	(32,062)
-	-	-	-	102,722
-	3	-	5,940	145,175
-	-	-	-	17,597
<u>\$ 29,160</u>	<u>\$ 6,324</u>	<u>\$ 114,435</u>	<u>\$ 15,286</u>	<u>\$ 2,950,118</u>
\$ -	\$ -	\$ -	\$ -	\$ 208
-	36	20,613	858	43,945
-	-	7	-	2,246
-	-	-	-	397
24,283	-	-	-	54,113
169	-	-	-	9,149
-	-	89	962	2,154
-	-	1,198	-	5,277
<u>24,452</u>	<u>36</u>	<u>21,907</u>	<u>1,819</u>	<u>117,490</u>
-	-	-	-	2,289,619
24	139	4,737	-	63,269
<u>\$ 24,476</u>	<u>\$ 175</u>	<u>\$ 26,644</u>	<u>\$ 1,819</u>	<u>\$ 2,470,378</u>
\$ -	\$ 3	\$ -	\$ 5,940	\$ 143,864
-	-	-	-	17,728
4,506	-	-	-	24,233
178	6,147	87,791	7,527	293,915
<u>\$ 4,684</u>	<u>\$ 6,149</u>	<u>\$ 87,791</u>	<u>\$ 13,467</u>	<u>\$ 479,740</u>

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2007
(In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	
Farm Produce Insurance Authority	\$ 160	\$ 2,103	\$ -	\$ -	\$ 1,943
Land Bank Fast Track Authority	941	-	90	-	(851)
Mackinac Bridge Authority	9,018	13,987	-	-	4,969
Mackinac Island State Park Commission	4,281	4,198	82	-	(1)
Michigan Broadband Development Authority	1,359	-	1,168	-	(192)
Michigan Early Childhood Investment Corporation	15,066	-	15,366	-	300
Michigan Economic Development Corporation	51,365	-	35,427	-	(15,939)
Michigan Exposition and Fairgrounds Authority	5,057	-	4,746	-	(311)
Michigan Higher Education Assistance Authority	153,825	21,600	127,229	-	(4,995)
Michigan Higher Education Facilities Authority	143	152	-	-	9
Michigan Higher Education Student Loan Authority	124,206	119,516	-	-	(4,689)
Michigan Public Educational Facilities Authority	1,415	172	713	-	(530)
Michigan State Hospital Finance Authority	950	1,035	-	-	85
Michigan Strategic Fund	144,687	2,619	42,839	-	(99,229)
State Bar of Michigan	10,683	11,534	-	-	851
Total	\$ 523,156	\$ 176,916	\$ 227,660	\$ -	\$ (118,579)

GENERAL REVENUES

<u>INTEREST AND INVESTMENT EARNINGS (LOSS)</u>	<u>PAYMENTS FROM STATE OF MICHIGAN</u>	<u>OTHER</u>	<u>SPECIAL ITEMS</u>	<u>CHANGE IN NET ASSETS</u>	<u>NET ASSETS BEGINNING OF YEAR RESTATED</u>	<u>NET ASSETS END OF YEAR</u>
\$ 68	\$ -	\$ 215	\$ -	\$ 2,227	\$ 1,043	\$ 3,269
136	-	466	-	(249)	11,696	11,447
1,590	-	-	-	6,560	129,850	136,409
182	-	-	-	181	7,501	7,682
-	-	265	-	73	(73)	-
87	-	-	-	387	298	685
2,177	-	7,700	-	(6,061)	87,603	81,542
(21)	-	-	-	(332)	8,165	7,832
-	-	-	-	(4,995)	24,218	19,222
15	-	-	-	25	473	498
29,721	-	-	(95,000)	(69,968)	169,028	99,060
-	-	-	-	(530)	5,214	4,684
257	-	-	-	342	5,808	6,149
791	125,513	2,960	-	30,035	57,757	87,791
821	-	-	-	1,672	11,795	13,467
<u>\$ 35,826</u>	<u>\$ 125,513</u>	<u>\$ 11,606</u>	<u>\$ (95,000)</u>	<u>\$ (40,634)</u>	<u>\$ 520,374</u>	<u>\$ 479,740</u>



COMPONENT UNITS – STATE UNIVERSITIES

The State has thirteen legally separate public universities, ten of which are included in this report as component units and three of which are excluded. Included are the ten universities whose governing boards are appointed by the Governor and for which the State is legally accountable, as prescribed by GASB Statement No. 14. Excluded are those three that have governing boards whose members are elected by the voters and, therefore, considered separate special purpose governments. The three that are excluded are the largest public universities: Michigan State University, University of Michigan, and Wayne State University. Also excluded are the public community colleges, for which local units of government are legally accountable.

The information presented in this report for the ten universities is based upon their separately issued financial statements for the fiscal year ended on June 30, 2007. The universities include Central Michigan University and Western Michigan University presented as major component units and the following non-major component units: Eastern Michigan University, Ferris State University, Grand Valley State University, Lake Superior State University, Michigan Technological University, Northern Michigan University, Oakland University, and Saginaw Valley State University.

Michigan

**COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
STATE UNIVERSITIES**

JUNE 30, 2007
(In Thousands)

	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY	LAKE SUPERIOR STATE UNIVERSITY
ASSETS				
Current Assets:				
Cash	\$ 66,886	\$ 33,623	\$ 13,278	\$ 5,028
Amounts due from primary government	10,608	7,986	31,421	905
Amounts due from federal government	2,518	3	1,798	209
Amounts due from local units	-	-	-	-
Inventories	576	1,266	2,043	314
Investments	-	35,258	20,337	-
Other current assets	14,616	5,217	9,206	1,602
Total Current Assets	<u>95,204</u>	<u>83,352</u>	<u>78,084</u>	<u>8,058</u>
Restricted Assets:				
Cash and cash equivalents	-	-	413	1,026
Investments	66,534	14,057	-	4,687
Mortgages and loans receivable	10,920	18,646	8,775	-
Mortgages and loans receivable Investments	-	-	-	2,671
	-	41,414	123,944	9,160
Capital Assets:				
Land and other non-depreciable assets	10,590	6,118	30,650	2,556
Buildings, equipment, and other depreciable assets	525,088	333,851	557,970	140,331
Less accumulated depreciation	(223,942)	(146,693)	(151,899)	(71,450)
Construction in progress	9,915	6,923	21,488	-
Total capital assets	<u>321,651</u>	<u>200,198</u>	<u>458,209</u>	<u>71,437</u>
Other noncurrent assets	7,701	1,475	5,717	-
Total Assets	<u>\$ 502,010</u>	<u>\$ 359,144</u>	<u>\$ 675,142</u>	<u>\$ 97,038</u>
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	\$ 35,118	\$ 13,680	\$ 44,078	\$ 1,794
Amounts due to primary government	356	-	67	190
Bonds and notes payable	4,688	2,900	11,006	915
Interest payable	551	879	812	174
Deferred revenue	7,166	5,990	11,863	974
Current portion of other long-term obligations	-	85	3,367	732
Total Current Liabilities	<u>47,878</u>	<u>23,534</u>	<u>71,193</u>	<u>4,779</u>
Deferred revenue	-	942	763	-
Bonds and notes payable	146,981	72,685	137,090	27,545
Noncurrent portion of other long-term obligations	4,062	7,855	727	4,026
Total Liabilities	<u>\$ 198,921</u>	<u>\$ 105,015</u>	<u>\$ 209,774</u>	<u>\$ 36,351</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ 170,067	\$ 127,170	\$ 313,412	\$ 42,157
Restricted For:				
Education	-	21,457	16,016	14,920
Construction and debt service	18,069	-	2,999	251
Other purposes	16,839	-	-	3,129
Funds Held as Permanent Investments:				
Expendable	-	7,674	28,772	-
Nonexpendable	52,798	14,057	24,310	-
Unrestricted	<u>45,315</u>	<u>83,770</u>	<u>79,860</u>	<u>231</u>
Total Net Assets	<u>\$ 303,089</u>	<u>\$ 254,129</u>	<u>\$ 465,368</u>	<u>\$ 60,687</u>

Michigan

MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	TOTALS
\$ 15,408	\$ 49,335	\$ 43,835	\$ 40,537	\$ 267,931
5,953	6,278	3,756	23,151	90,058
4,083	2,099	1,466	1,308	13,484
-	14	160	-	174
1,467	1,354	1,183	1,702	9,905
49,156	6,724	-	3	111,479
7,016	5,022	7,788	5,891	56,358
<u>83,083</u>	<u>70,827</u>	<u>58,190</u>	<u>72,592</u>	<u>549,389</u>
7,306	-	-	86	8,831
46,020	-	43,037	-	174,335
-	-	1,872	-	40,213
13,504	7,269	-	30	23,474
7,391	52,542	68,307	37,477	340,235
13,526	5,580	4,325	2,490	75,834
336,728	340,217	371,095	343,351	2,948,631
(128,130)	(118,680)	(156,727)	(109,644)	(1,107,166)
1,974	6,925	26,883	8,637	82,745
<u>224,098</u>	<u>234,041</u>	<u>245,576</u>	<u>244,833</u>	<u>2,000,044</u>
9,152	1,011	2,411	5,212	32,680
<u>\$ 390,555</u>	<u>\$ 365,691</u>	<u>\$ 419,393</u>	<u>\$ 360,230</u>	<u>\$ 3,169,202</u>
\$ 14,029	\$ 15,087	\$ 20,527	\$ 17,848	\$ 162,162
648	114	311	-	1,686
1,030	3,082	2,562	2,091	28,274
442	-	215	-	3,072
3,354	4,415	8,614	4,874	47,249
2,716	938	3,013	116	10,967
<u>22,219</u>	<u>23,635</u>	<u>35,242</u>	<u>24,930</u>	<u>253,410</u>
-	-	3,377	-	5,082
49,185	99,372	103,241	110,853	746,952
7,404	10,440	2,267	2,751	39,532
<u>\$ 78,808</u>	<u>\$ 133,447</u>	<u>\$ 144,126</u>	<u>\$ 138,534</u>	<u>\$ 1,044,975</u>
\$ 173,945	\$ 131,588	\$ 143,428	\$ 150,759	\$ 1,252,525
77,574	2,513	18,863	7,891	159,235
-	6,753	-	444	28,517
-	-	-	-	19,968
-	18,580	11,629	-	66,654
49,278	6,870	12,478	33,834	193,624
10,950	65,940	88,870	28,767	403,702
<u>\$ 311,747</u>	<u>\$ 232,244</u>	<u>\$ 275,267</u>	<u>\$ 221,696</u>	<u>\$ 2,124,226</u>

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES
 FISCAL YEAR ENDED JUNE 30, 2007
 (In Thousands)

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS		
Eastern Michigan University	\$ 300,288	\$ 193,011	\$ 19,198	\$ 114	\$ (87,965)	
Ferris State University	190,928	125,956	18,595	-	(46,377)	
Grand Valley State University	290,051	191,488	41,298	3,222	(54,042)	
Lake Superior State University	45,921	20,936	7,491	780	(16,714)	
Michigan Technological University	185,713	77,749	67,250	8,120	(32,594)	
Northern Michigan University	143,822	82,727	19,421	162	(41,512)	
Oakland University	197,830	127,641	25,328	178	(44,684)	
Saginaw Valley State University	103,257	61,607	13,385	-	(28,264)	
Total	<u>\$ 1,457,810</u>	<u>\$ 881,114</u>	<u>\$ 211,967</u>	<u>\$ 12,576</u>	<u>\$ (352,152)</u>	

GENERAL REVENUES

INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	CHANGE IN NET ASSETS	NET ASSETS BEGINNING OF YEAR RESTATED	NET ASSETS END OF YEAR
\$ 5,061	\$ 72,773	\$ 3,564	\$ (6,566)	\$ 309,655	\$ 303,089
6,672	47,965	5,537	13,796	240,332	254,129
7,160	65,907	5,540	24,564	440,804	465,368
2,207	11,225	-	(3,282)	63,969	60,687
5,641	43,657	-	16,704	295,043	311,747
9,544	41,035	-	9,067	223,177	232,244
10,526	46,614	185	12,642	262,625	275,267
6,200	35,477	3,195	16,607	205,088	221,696
<u>\$ 53,010</u>	<u>\$ 364,653</u>	<u>\$ 18,021</u>	<u>\$ 83,532</u>	<u>\$ 2,040,694</u>	<u>\$ 2,124,226</u>

