

DEBT SERVICE FUNDS

COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND

This fund was established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all State Trunkline Fund-related bond issues. 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 established pursuant to P.A. 51 of 1951, as amended, to account for debt service on all Comprehensive Transportation Fund-related bond issues. 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

Public Acts 326 and 327 of 1988 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 P.A. 284 of 1998 and Part 196 of P.A. 451 of 1994, 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. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund.

SCHOOL LOAN BOND REDEMPTION FUND

Public Act 74 of 1955 and P. A. 112 of 1961 created this fund to account for debt service on general obligation bonds issued to finance loans to local school districts. The School Bond Loan Fund, a special revenue fund, receives the State bond proceeds and makes the loans. Financing of debt retirement, interest expense, and paying agent fees is provided by annual legislative appropriation from the General Fund.

STATE BUILDING AUTHORITY

The State Building Authority was created pursuant to P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of state equipment.

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

MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY

The Michigan Underground Storage Tank Financial Assurance Finance Authority was established in 1993 and operates under Part 215 of P.A. 451 of 1994, as amended, to provide financing for the activities of the Michigan Underground Storage Tank Financial Assurance Fund. A five-member board of directors governs the Authority.

Michigan

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 2001
(In Thousands)

	<u>COMBINED STATE TRUNKLINE BOND AND INTEREST REDEMPTION FUND</u>	<u>COMBINED COMPREHENSIVE TRANSPORTATION BOND AND INTEREST REDEMPTION FUND</u>	<u>RECREATION AND ENVIRONMENTAL PROTECTION BOND REDEMPTION FUND</u>
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ -
Equity in common cash	-	-	1
Amounts due from other funds	-	-	-
Investments	-	-	-
Other current assets	-	-	-
Total Current Assets	<u>-</u>	<u>-</u>	<u>1</u>
Investments	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Accounts payable and other liabilities	\$ -	\$ -	\$ 1
Amounts due to other funds	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>1</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>1</u>
Fund Balances:			
Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>

Michigan

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	TOTALS SEPTEMBER 30, 2001
\$ -	\$ -	\$ 4,611	\$ 4,611
-	-	5,785	5,786
-	102	-	102
-	178,255	87,060	265,316
-	833	-	833
-	<u>179,190</u>	<u>97,457</u>	<u>276,648</u>
-	48,099	-	48,099
<u>\$ -</u>	<u>\$ 227,290</u>	<u>\$ 97,457</u>	<u>\$ 324,747</u>
\$ -	\$ 58	\$ 4,642	\$ 4,700
-	326	1,000	1,326
-	<u>384</u>	<u>5,642</u>	<u>6,027</u>
-	384	5,642	6,027
-	<u>226,906</u>	<u>91,815</u>	<u>318,721</u>
-	226,906	91,815	318,721
<u>\$ -</u>	<u>\$ 227,290</u>	<u>\$ 97,457</u>	<u>\$ 324,747</u>

Michigan

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

DEBT SERVICE FUNDS

FISCAL YEAR ENDED SEPTEMBER 30, 2001

(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	\$ -
Total Revenues	-	1	-
EXPENDITURES			
Current:			
General government	-	-	534
Education	-	-	-
Transportation	-	293	-
Debt Service:			
Bond principal retirement	18,670	10,465	29,902
Bond interest and fiscal charges	29,526	11,233	34,779
Total Expenditures	48,196	21,991	65,216
Excess of Revenues over (under) Expenditures	(48,195)	(21,990)	(65,216)
OTHER FINANCING SOURCES (USES)			
Premium on bond issuance	-	600	7,069
Refunding bonds issued	-	27,765	97,985
Payment to refunded bond escrow agent	-	(28,072)	(104,520)
Transfers from other funds	48,196	21,698	64,682
Transfers to other funds	-	(1)	-
Total Other Financing Sources (Uses)	48,195	21,990	65,216
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	-
Fund Balances - Beginning of fiscal year	-	-	-
Fund Balances - End of fiscal year	\$ -	\$ -	\$ -

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SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	TOTALS <u>SEPTEMBER 30,</u> 2001
\$ -	\$ 17,260	\$ 3,502	\$ 20,764
<u>-</u>	<u>17,260</u>	<u>3,502</u>	<u>20,764</u>
472	-	48	1,054
-	2,244	-	2,244
-	-	-	293
12,490	133,675	14,350	219,552
<u>14,273</u>	<u>100,466</u>	<u>9,485</u>	<u>199,761</u>
<u>27,236</u>	<u>236,385</u>	<u>23,882</u>	<u>422,905</u>
<u>(27,236)</u>	<u>(219,125)</u>	<u>(20,380)</u>	<u>(402,141)</u>
6,488	13,559	-	27,716
85,295	419,730	-	630,775
(91,311)	(474,820)	-	(698,723)
26,763	254,304	57,912	473,555
<u>-</u>	<u>(281)</u>	<u>(4,000)</u>	<u>(4,283)</u>
<u>27,236</u>	<u>212,491</u>	<u>53,912</u>	<u>429,039</u>
-	(6,634)	33,532	26,898
<u>-</u>	<u>233,540</u>	<u>58,283</u>	<u>291,822</u>
<u>\$ -</u>	<u>\$ 226,906</u>	<u>\$ 91,815</u>	<u>\$ 318,721</u>



CAPITAL PROJECTS FUNDS

COMBINED RECREATION BOND FUND - STATE PROJECTS

Established in 1988, this fund currently operates under Parts 196 and 715 of P.A. 451 of 1994, as amended. The balances remaining 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." The proceeds from the 1988 bond package are used to construct, expand, and develop recreational facilities at State parks. The proceeds from the 1998 bond package are used for infrastructure improvements at State parks with the installation or upgrade of drinking water systems or rest room 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 was created by P.A. 265 of 1999 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 P.A. 183 of 1964, as amended, to issue bonds to finance the acquisition or renovation of buildings for use by the State or public institutions of higher education. Public Act 248 of 1988 also permits Authority bonding of State 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."

Michigan

COMBINING BALANCE SHEET
 CAPITAL PROJECTS FUNDS
 SEPTEMBER 30, 2001
 (In Thousands)

	COMBINED RECREATION BOND FUND- STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS SEPTEMBER 30, 2001
ASSETS				
Current Assets:				
Equity in common cash	\$ 2,265	\$ -	\$ -	\$ 2,265
Amounts due from other funds	534	125,832	318	126,685
Amounts due from component units	-	14,381	-	14,381
Amounts due from federal agencies	-	2,353	-	2,353
Amounts due from local units	-	11,957	-	11,957
Investments	-	-	30,995	30,995
Other current assets	-	6,602	191	6,793
Total Current Assets	<u>2,800</u>	<u>161,126</u>	<u>31,505</u>	<u>195,430</u>
Total Assets	<u>\$ 2,800</u>	<u>\$ 161,126</u>	<u>\$ 31,505</u>	<u>\$ 195,430</u>
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	\$ 17	\$ 4,252	\$ -	\$ 4,268
Accounts payable and other liabilities	3,845	158,636	501	162,982
Amounts due to other funds	534	173,697	125,934	300,166
Interest payable	-	-	478	478
Total Current Liabilities	<u>4,396</u>	<u>336,585</u>	<u>126,913</u>	<u>467,895</u>
Total Liabilities	<u>4,396</u>	<u>336,585</u>	<u>126,913</u>	<u>467,895</u>
Fund Balances:				
Reserves for:				
Construction and debt service	-	-	15,494	15,494
Total Reserved	<u>-</u>	<u>-</u>	<u>15,494</u>	<u>15,494</u>
Unreserved	<u>(1,596)</u>	<u>(175,460)</u>	<u>(110,902)</u>	<u>(287,958)</u>
Total Fund Balances	<u>(1,596)</u>	<u>(175,460)</u>	<u>(95,409)</u>	<u>(272,464)</u>
Total Liabilities and Fund Balances	<u>\$ 2,800</u>	<u>\$ 161,126</u>	<u>\$ 31,505</u>	<u>\$ 195,430</u>

Michigan

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

	COMBINED RECREATION BOND FUND- STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	TOTALS SEPTEMBER 30, 2001
REVENUES				
From federal agencies	\$ -	\$ 5,763	\$ -	\$ 5,763
Miscellaneous	801	1,357	8,268	10,426
Total Revenues	801	7,120	8,268	16,189
EXPENDITURES				
Current:				
General government	-	6,404	-	6,404
Education	-	9,428	189,142	198,569
Capital outlay	17,017	110,692	117,651	245,361
Total Expenditures	17,017	126,524	306,793	450,334
Excess of Revenues over (under) Expenditures	(16,216)	(119,404)	(298,525)	(434,145)
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	-	-	373,550	373,550
Premium on bond issuance	-	-	12,454	12,454
Extinguishment of commercial paper	-	-	(40,680)	(40,680)
Transfers from other funds	-	18,224	-	18,224
Transfers to other funds	(2)	(15,198)	(32,436)	(47,635)
Total Other Financing Sources (Uses)	(2)	3,026	312,889	315,913
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	(16,218)	(116,378)	14,364	(118,232)
Fund Balances - Beginning of fiscal year - restated	14,622	(59,082)	(109,773)	(154,232)
Fund Balances - End of fiscal year	\$ (1,596)	\$ (175,460)	\$ (95,409)	\$ (272,464)



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 Part 19 of P.A. 451 of 1994, as amended. Most rentals, royalties, and other revenues derived from mineral, coal, oil, and gas interests on State-owned land are credited to the fund. Public Act 451 of 1994 directs a portion (50%, up to \$10 million per year) of these revenues to the Michigan State Parks Endowment Fund.

In accordance with statutory provisions, this fund is to accumulate up to \$400 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 Park Endowment Fund, are added to amounts held for permanent investments until the investment reserve reaches \$200 million. After that time, all royalties, less the portion transferred to the Michigan State Park Endowment Fund, are restricted for investment and only interest is available for appropriation. Appropriations are used to fund grants to local units of government as well as State agencies to acquire or develop public recreation facilities.

MICHIGAN STATE PARKS ENDOWMENT FUND

Established in 1994, this fund operates under Part 741 of P.A. 451 of 1994, as amended, to finance operations, maintenance, and capital improvements at Michigan State parks. 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 \$400 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 \$5 million, adjusted for inflation since 1994, each year from the fund until the cap is attained. When the fund's reserve reaches \$800 million, only the interest and earnings in excess of the amount needed to maintain the \$800 million principal limit may be expended.

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND

Public Act 394 of 1994, as amended, established this fund for the purpose of conserving, improving, and developing the State's natural resources, and for enhancing, preserving, and maintaining public lands and waters through the employment of residents of this State in work training programs.

Twenty million dollars earmarked from the sale of the Accident Fund of Michigan provided the fund's permanent investment reserve. Only the interest and earnings of the fund can be expended.

MICHIGAN VETERANS' TRUST FUND

Public Act 9 of 1946 (First Extra Session) 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 and by transfers from the General Fund. 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.

CHILDREN'S TRUST FUND

Public Act 249 of 1982 established the Children's Trust Fund to support the State Child Abuse and Neglect Prevention Board. The Board was established under P.A. 250 of 1982 to coordinate and fund activities for the prevention of child abuse and neglect in the State.

Public Act 291 of 2000 provided for a transfer of \$13.1 million from the General Fund during fiscal year 1999-2000 to bring the fund's total assets to an amount exceeding \$20 million. Only the earnings credited to the fund are available for disbursement once the total assets of the fund exceed \$20 million corpus. Revenues are derived primarily from grants from the federal government, gifts and donations, and interest on investments.

Michigan

COMBINING BALANCE SHEET
 PERMANENT FUNDS
 SEPTEMBER 30, 2001
 (In Thousands)

	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND
ASSETS			
Current Assets:			
Equity in common cash	\$ 33,292	\$ 12,251	\$ 19,127
Amounts due from local units	-	-	-
Other current assets	10,755	1,704	1
Total Current Assets	<u>44,047</u>	<u>13,956</u>	<u>19,128</u>
Investments	235,633	95,495	2,006
Total Assets	<u>\$ 279,680</u>	<u>\$ 109,450</u>	<u>\$ 21,134</u>
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	\$ 861	\$ 44	\$ 8
Accounts payable and other liabilities	8,741	477	200
Amounts due to other funds	5	3	-
Amounts due to component units	-	-	-
Total Current Liabilities	<u>9,607</u>	<u>524</u>	<u>208</u>
Total Liabilities	<u>9,607</u>	<u>524</u>	<u>208</u>
Fund Balances:			
Reserves for:			
Budgetary carry-forwards:			
Encumbrances	16,192	545	66
Multi-year projects	29,509	1,262	-
Funds held as permanent investments	191,682	101,067	20,006
Total Reserved	<u>237,383</u>	<u>102,874</u>	<u>20,072</u>
Unreserved	32,690	6,053	854
Total Fund Balances	<u>270,073</u>	<u>108,927</u>	<u>20,927</u>
Total Liabilities and Fund Balances	<u>\$ 279,680</u>	<u>\$ 109,450</u>	<u>\$ 21,134</u>

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<u>MICHIGAN VETERANS' TRUST FUND</u>	<u>CHILDREN'S TRUST FUND</u>	<u>TOTALS</u> <u>SEPTEMBER 30,</u> <u>2001</u>
\$ 6,323 114 419 <hr style="width: 100%;"/> 6,857 <hr style="width: 100%;"/> 43,670 <hr style="width: 100%;"/> \$ 50,527	\$ 6,265 - 322 <hr style="width: 100%;"/> 6,587 <hr style="width: 100%;"/> 15,205 <hr style="width: 100%;"/> \$ 21,792	\$ 77,259 114 13,202 <hr style="width: 100%;"/> 90,575 <hr style="width: 100%;"/> 392,009 <hr style="width: 100%;"/> \$ 482,583
\$ 2 298 6 159 <hr style="width: 100%;"/> 464 <hr style="width: 100%;"/> 464	\$ 24 96 - - <hr style="width: 100%;"/> 120 <hr style="width: 100%;"/> 120	\$ 939 9,812 13 159 <hr style="width: 100%;"/> 10,923 <hr style="width: 100%;"/> 10,923
- - 49,000 <hr style="width: 100%;"/> 49,000 <hr style="width: 100%;"/> 1,062 <hr style="width: 100%;"/> 50,062 <hr style="width: 100%;"/> \$ 50,527	72 - 21,177 <hr style="width: 100%;"/> 21,249 <hr style="width: 100%;"/> 423 <hr style="width: 100%;"/> 21,672 <hr style="width: 100%;"/> \$ 21,792	16,876 30,771 382,932 <hr style="width: 100%;"/> 430,579 <hr style="width: 100%;"/> 41,082 <hr style="width: 100%;"/> 471,660 <hr style="width: 100%;"/> \$ 482,583

Michigan

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)**

	<u>MICHIGAN NATURAL RESOURCES TRUST FUND</u>	<u>MICHIGAN STATE PARKS ENDOWMENT FUND</u>	<u>MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND</u>
REVENUES			
From federal agencies	\$ -	\$ -	\$ -
Miscellaneous	78,304	11,733	1,187
Total Revenues	<u>78,304</u>	<u>11,733</u>	<u>1,187</u>
EXPENDITURES			
Current:			
Family independence services	-	-	-
Public safety and corrections	-	-	-
Conservation, environment, recreation, and agriculture	11,027	5,289	2,260
Capital outlay	18,451	1,175	-
Total Expenditures	<u>29,478</u>	<u>6,464</u>	<u>2,260</u>
Excess of Revenues over (under) Expenditures	<u>48,826</u>	<u>5,268</u>	<u>(1,073)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	10,000	-
Transfers to other funds	(10,044)	(30)	(7)
Total Other Financing Sources (Uses)	<u>(10,044)</u>	<u>9,970</u>	<u>(7)</u>
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	38,781	15,239	(1,080)
Fund Balances - Beginning of fiscal year - restated	<u>231,292</u>	<u>93,688</u>	<u>22,006</u>
Fund Balances - End of fiscal year	<u>\$ 270,073</u>	<u>\$ 108,927</u>	<u>\$ 20,927</u>

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<u>MICHIGAN VETERANS' TRUST FUND</u>	<u>CHILDREN'S TRUST FUND</u>	<u>TOTALS SEPTEMBER 30, 2001</u>
\$ -	\$ 781	\$ 781
5,128	2,807	99,158
<u>5,128</u>	<u>3,588</u>	<u>99,940</u>
-	2,590	2,590
3,866	-	3,866
-	-	18,576
-	-	19,626
<u>3,866</u>	<u>2,590</u>	<u>44,658</u>
<u>1,261</u>	<u>999</u>	<u>55,282</u>
-	53	10,053
(28)	(11)	(10,121)
<u>(28)</u>	<u>41</u>	<u>(69)</u>
1,233	1,040	55,213
<u>48,830</u>	<u>20,832</u>	<u>416,447</u>
<u>\$ 50,062</u>	<u>\$ 21,672</u>	<u>\$ 471,660</u>

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**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
PERMANENT FUNDS**
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

<u>Statutory/Budgetary Basis</u>	MICHIGAN NATURAL RESOURCES TRUST FUND			MICHIGAN STATE PARKS ENDOWMENT FUND		
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	78,304	78,304	-	11,733	11,733	-
Transfers in	-	-	-	10,000	10,000	-
Total Revenues and Other Sources	78,304	78,304	-	21,733	21,733	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Family Independence Agency	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	61,771	55,714	6,057	7,056	7,039	16
Total Expenditures, Transfers Out, and Encumbrances	61,771	55,714	6,057	7,056	7,039	16
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	\$ 16,533	22,590	\$ 6,057	\$ 14,677	14,693	\$ 16
Reconciling Items:						
Encumbrances at September 30		16,192			545	
Net Reconciling Items		16,192			545	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		38,781			15,239	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		231,292			93,688	
Ending balances (GAAP Basis)		\$ 270,073			\$ 108,927	

Michigan

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,187	1,187	-	5,128	5,128	-
-	-	-	-	-	-
1,187	1,187	-	5,128	5,128	-
-	-	-	-	-	-
-	-	-	4,737	3,895	842
2,333	2,333	-	-	-	-
2,333	2,333	-	4,737	3,895	842
<u>\$ (1,146)</u>	<u>(1,146)</u>	<u>\$ -</u>	<u>\$ 391</u>	<u>1,233</u>	<u>\$ 842</u>
	66			-	
	66			-	
	<u>(1,080)</u>			<u>1,233</u>	
	<u>22,006</u>			<u>48,830</u>	
	<u>\$ 20,927</u>			<u>\$ 50,062</u>	

This schedule continued on next page.

Michigan

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
PERMANENT FUNDS**
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

<u>Statutory/Budgetary Basis</u>	<u>CHILDREN'S TRUST FUND</u>			<u>TOTALS</u>		
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
REVENUES AND OTHER SOURCES						
From federal agencies	\$ 781	\$ 781	\$ -	\$ 781	\$ 781	\$ -
Miscellaneous	2,807	2,807	-	99,158	99,158	-
Transfers in	53	53	-	10,053	10,053	-
Total Revenues and Other Sources	<u>3,641</u>	<u>3,641</u>	<u>-</u>	<u>109,992</u>	<u>109,992</u>	<u>-</u>
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Family Independence Agency	2,903	2,673	230	2,903	2,673	230
Military and Veterans Affairs	-	-	-	4,737	3,895	842
Natural Resources	-	-	-	71,160	65,087	6,073
Total Expenditures, Transfers Out, and Encumbrances	<u>2,903</u>	<u>2,673</u>	<u>230</u>	<u>78,800</u>	<u>71,655</u>	<u>7,145</u>
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	<u>\$ 738</u>	<u>968</u>	<u>\$ 230</u>	<u>\$ 31,193</u>	<u>38,337</u>	<u>\$ 7,145</u>
Reconciling Items:						
Encumbrances at September 30		<u>72</u>			<u>16,876</u>	
Net Reconciling Items		<u>72</u>			<u>16,876</u>	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		<u>1,040</u>			<u>55,213</u>	
FUND BALANCES (GAAP BASIS)						
Beginning balances - restated		<u>20,632</u>			<u>416,447</u>	
Ending balances (GAAP Basis)		<u>\$ 21,672</u>			<u>\$ 471,660</u>	

INTERNAL SERVICE FUNDS

CORRECTIONAL INDUSTRIES REVOLVING FUND

Created by P.A. 210 of 1935 and continued by P.A. 15 of 1968, this fund accounts for the financial transactions of a manufacturing and processing industry, employing inmates incarcerated in Michigan's correctional institutions. Public Act 245 of 1980 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, and certain tax-exempt organizations.

Public Act 205 of 1986 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 2000-2001, however \$1 million was paid against the principal because sufficient cash was available.

MOTOR TRANSPORT FUND

This fund was created by P.A. 260 of 1947 and continued by P.A. 431 of 1984 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 by P.A. 262 of 1952, this fund provides 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.

INFORMATION TECHNOLOGY AND ENERGY 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 1999-2000, the use of the fund was expanded to account for the purchase of bulk gas used by State agencies.

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 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, 2001
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
ASSETS			
Current Assets:			
Cash	\$ -	\$ -	\$ 17
Equity in common cash	4,677	-	-
Amounts due from other funds	-	-	-
Inventories	15,897	259	2,608
Other current assets	263	18,580	467
Total Current Assets	<u>20,838</u>	<u>18,840</u>	<u>3,092</u>
Capital Assets:			
Buildings and equipment	43,046	16,943	26,332
Allowance for depreciation	(19,470)	(12,037)	(13,579)
Total capital assets	<u>23,576</u>	<u>4,906</u>	<u>12,753</u>
Other noncurrent assets	-	955	-
Total Assets	<u>\$ 44,414</u>	<u>\$ 24,701</u>	<u>\$ 15,844</u>
LIABILITIES			
Current Liabilities:			
Warrants outstanding	\$ 571	\$ 40	\$ 903
Accounts payable and other liabilities	2,896	2,840	2,258
Amounts due to other funds	88	13,530	6,129
Deferred revenue	-	38	63
Current portion of other long-term obligations	102	21	1,324
Total Current Liabilities	<u>3,656</u>	<u>16,469</u>	<u>10,676</u>
Long-Term Liabilities:			
Advances from other funds	7,210	-	-
Noncurrent portion of other long-term obligations	1,044	369	4,471
Total Liabilities	<u>\$ 11,911</u>	<u>\$ 16,838</u>	<u>\$ 15,147</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 23,576	\$ 4,906	\$ 8,986
Restricted for other purposes	8,927	2,957	-
Unrestricted	-	-	(8,289)
Total Net Assets	<u>\$ 32,503</u>	<u>\$ 7,863</u>	<u>\$ 697</u>

Michigan

INFORMATION TECHNOLOGY AND ENERGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS SEPTEMBER 30, 2001
\$ -	\$ -	\$ 20	\$ 38
-	10,106	122,457	137,241
-	-	40,163	40,163
951	-	-	19,716
233	-	3,587	23,129
<u>1,184</u>	<u>10,106</u>	<u>166,228</u>	<u>220,287</u>
187,509	4	10,253	284,087
(122,553)	(4)	(2,293)	(169,936)
64,956	-	7,960	114,151
-	-	88,065	89,020
<u>\$ 66,140</u>	<u>\$ 10,106</u>	<u>\$ 262,253</u>	<u>\$ 423,458</u>
\$ 4,171	\$ 51	\$ 670	\$ 6,405
15,240	2,084	9,805	35,122
6,672	4	-	26,422
4,851	-	185	5,138
10,221	2,252	99,665	113,586
<u>41,156</u>	<u>4,391</u>	<u>110,325</u>	<u>186,672</u>
-	-	-	7,210
17,048	4,349	84,008	111,289
<u>\$ 58,204</u>	<u>\$ 8,740</u>	<u>\$ 194,332</u>	<u>\$ 305,172</u>
\$ 39,919	\$ -	\$ 7,960	\$ 85,347
-	-	-	11,884
(31,983)	1,366	59,960	21,055
<u>\$ 7,936</u>	<u>\$ 1,366</u>	<u>\$ 67,920</u>	<u>\$ 118,286</u>

Michigan

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
 FISCAL YEAR ENDED SEPTEMBER 30, 2001
 (In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
OPERATING REVENUES			
Operating revenues	\$ 40,589	\$ 68,181	\$ 57,860
Total Operating Revenues	<u>40,589</u>	<u>68,181</u>	<u>-</u>
OPERATING EXPENSES			
Salaries, wages, and other administrative	22,430	5,693	27,191
Depreciation	1,544	669	2,829
Purchases for resale	-	-	29,229
Purchases for prison industries	15,528	-	-
Premiums and claims	-	2,494	55
Other operating expenses:			
Leased vehicles expense	-	36,903	-
Vehicle maintenance expense	-	24,663	-
Total other operating expenses	<u>-</u>	<u>61,566</u>	<u>-</u>
Total Operating Expenses	<u>39,502</u>	<u>70,421</u>	<u>59,305</u>
Operating Income (Loss)	<u>1,087</u>	<u>(2,240)</u>	<u>(1,445)</u>
NONOPERATING REVENUES (EXPENSES)			
Other nonoperating revenues	-	-	-
Interest expense	(219)	-	(184)
Other nonoperating expense	<u>(74)</u>	<u>(11)</u>	<u>(2,819)</u>
Total Nonoperating Revenues (Expenses)	<u>(293)</u>	<u>(11)</u>	<u>(3,003)</u>
Income (Loss) Before Transfers	<u>794</u>	<u>(2,251)</u>	<u>(4,448)</u>
TRANSFERS			
Transfers to other funds	<u>(186)</u>	<u>(30)</u>	<u>(28)</u>
Total Transfers In (Out)	<u>(186)</u>	<u>(30)</u>	<u>(28)</u>
Change in net assets	608	(2,281)	(4,476)
Total net assets - Beginning of fiscal year	<u>31,895</u>	<u>10,144</u>	<u>5,173</u>
Total net assets - End of fiscal year	<u>\$ 32,503</u>	<u>\$ 7,863</u>	<u>\$ 697</u>

Michigan

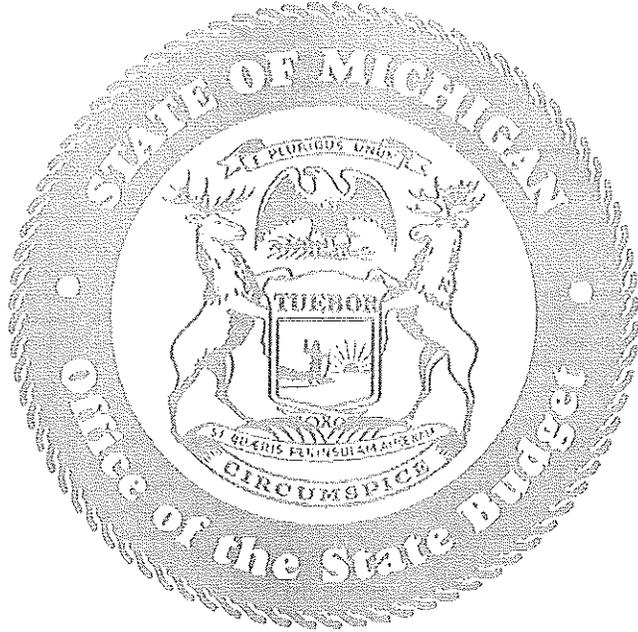
INFORMATION TECHNOLOGY AND ENERGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS SEPTEMBER 30, 2001
\$ 121,390	\$ 2,858	\$ 786,062	\$ 1,076,940
<u>121,390</u>	<u>2,858</u>	<u>786,062</u>	<u>1,076,940</u>
71,992	1,266	39,512	168,084
30,544	-	1,990	37,576
16,956	-	-	46,185
-	-	-	15,528
-	1,174	700,989	704,712
-	-	-	36,903
-	-	-	24,663
-	-	-	61,566
<u>119,492</u>	<u>2,440</u>	<u>742,491</u>	<u>1,033,651</u>
<u>1,898</u>	<u>418</u>	<u>43,571</u>	<u>43,289</u>
-	-	11,410	11,410
(680)	-	-	(1,083)
(225)	-	-	(3,130)
<u>(905)</u>	<u>-</u>	<u>11,410</u>	<u>7,198</u>
<u>993</u>	<u>418</u>	<u>54,981</u>	<u>50,487</u>
-	-	-	(244)
-	-	-	(244)
993	418	54,981	50,243
6,943	948	12,939	68,043
<u>\$ 7,936</u>	<u>\$ 1,366</u>	<u>\$ 67,920</u>	<u>\$ 118,286</u>

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 40,590	\$ 66,888	\$ 57,744
Payments to employees	(13,136)	(3,730)	(12,898)
Payments to suppliers	(15,547)	(67,038)	(44,705)
Claims paid	-	-	-
Other receipts	-	590	-
Other payments	(9,248)	-	-
Net cash provided (used) by operating activities	<u>\$ 2,660</u>	<u>\$ (3,290)</u>	<u>\$ 140</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans or loan repayments from other funds	\$ -	\$ 3,188	\$ 1,486
Loans or loan repayments to other funds	(1,000)	-	-
Transfers to other funds	(186)	(30)	(28)
Net cash provided (used) by noncapital financing activities	<u>\$ (1,186)</u>	<u>\$ 3,158</u>	<u>\$ 1,459</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	\$ (1,841)	\$ (312)	\$ (654)
Principal paid on bond and loan maturities	-	-	-
Interest paid	(219)	-	-
Capital lease payments (including imputed interest expense)	-	-	(1,543)
Proceeds from sale of capital assets	-	410	131
Net cash provided (used) by capital and related financing activities	<u>\$ (2,060)</u>	<u>\$ 98</u>	<u>\$ (2,066)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	\$ -	\$ -	\$ -
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net cash provided (used) - all activities	\$ (587)	\$ (34)	\$ (468)
Cash and cash equivalents at beginning of year	4,693	(6)	(418)
Cash and cash equivalents at end of year	<u>\$ 4,107</u>	<u>\$ (40)</u>	<u>\$ (885)</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (loss)	\$ 1,087	\$ (2,240)	\$ (1,445)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation expense	1,544	669	2,829
Amortization of pre-paid expense	-	-	93
Other reconciling items	-	-	-
Net changes in assets and liabilities:			
Inventories	(303)	28	(550)
Other assets (net)	3	(1,675)	(144)
Accounts payable and other liabilities	329	(72)	(644)
Net cash provided (used) by operating activities	<u>\$ 2,660</u>	<u>\$ (3,290)</u>	<u>\$ 140</u>
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Cost of capital assets acquisitions financed by capital leases	\$ -	\$ -	\$ 1,978
Capital lease liabilities entered into during the year	-	-	(1,978)
Gain (loss) on disposal of capital assets	(74)	-	(2,819)
Total noncash investing, capital, and financing activities	<u>\$ (74)</u>	<u>\$ -</u>	<u>\$ (2,819)</u>

Michigan

INFORMATION TECHNOLOGY AND ENERGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS SEPTEMBER 30, 2001
\$ 122,874	\$ 2,796	\$ 783,869	\$ 1,074,760
(19,415)	(747)	-	(49,926)
(67,252)	(458)	(190,061)	(385,061)
-	(2,590)	(542,457)	(545,048)
-	1,416	-	2,006
(2,083)	-	(5,151)	(16,482)
<u>\$ 34,124</u>	<u>\$ 417</u>	<u>\$ 46,200</u>	<u>\$ 80,250</u>
\$ (247)	\$ -	\$ -	\$ 4,427
-	-	(4,427)	(5,427)
-	-	-	(244)
<u>\$ (247)</u>	<u>\$ -</u>	<u>\$ (4,427)</u>	<u>\$ (1,244)</u>
(23,937)	\$ -	\$ (4,650)	\$ (31,394)
(6,881)	-	-	(6,881)
-	-	-	(219)
(6,545)	-	-	(8,089)
-	-	-	541
<u>\$ (37,363)</u>	<u>\$ -</u>	<u>\$ (4,650)</u>	<u>\$ (46,041)</u>
\$ -	\$ -	\$ 11,410	\$ 11,410
\$ -	\$ -	\$ 11,410	\$ 11,410
\$ (3,487)	\$ 417	\$ 48,532	\$ 44,375
(685)	9,638	73,275	86,499
<u>\$ (4,171)</u>	<u>\$ 10,055</u>	<u>\$ 121,808</u>	<u>\$ 130,873</u>
\$ 1,898	\$ 418	\$ 43,571	\$ 43,289
30,544	-	1,990	37,576
-	-	-	93
21	-	-	21
(477)	-	-	(1,302)
148	-	(2,402)	(4,070)
1,991	(1)	3,041	4,644
<u>\$ 34,124</u>	<u>\$ 417</u>	<u>\$ 46,200</u>	<u>\$ 80,250</u>
\$ 17,357	\$ -	\$ -	\$ 19,335
(17,357)	-	-	(19,335)
(225)	-	-	(3,118)
<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,118)</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 RETIREMENT FUND

Public Act 261 of 1957 created the Legislative Retirement System (LRS) to provide retirement and other 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.

Public Act 486 of 1996 amended LRS's enabling legislation to provide that members elected after March 31, 1997, participate in the State's defined contribution plan.

STATE POLICE RETIREMENT FUND

This fund was created by P.A. 251 of 1935 and later superseded by P.A. 182 of 1986. A nine-member board, under the direction of a chairperson elected from the membership, administers the fund to provide retirement benefits for State Police officers. Financing is provided by investment income and by an annual legislative appropriation.

STATE EMPLOYEES' RETIREMENT FUND

This fund was established by P.A. 240 of 1943 and is administered by a nine-member board under the direction of an Executive Secretary. Public Act 216 of 1974 eliminated the requirement for member contributions and provided for financing by legislative appropriation and investment earnings.

Effective March 31, 1997, P.A. 487 of 1996 closed the plan to new applicants. All new employees become members of the State's defined contribution plan. The public act 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.

PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND

In accordance with P.A. 300 of 1980, on October 1, 1981, the Public School Employees' Chapter I Retirement Fund merged with the Public School Employees' Chapter II Retirement Fund to establish the Public School Employees' Retirement Fund. Public Acts 136 of 1945 and 259 of 1974, respectively, created the two original funds. An eight-member board governs administrative policy.

Employer contributions and investment earnings provide financing for the fund. Under P.A. 91 of 1985, employees may contribute additional amounts into a "member investment plan."

JUDGES' RETIREMENT FUND

Public Act 234 of 1992 authorized the merger of the Probate Judges' Retirement Fund into the Judges' Retirement Fund by requiring the consolidation of all assets, rights, and obligations under the former Judges' and Probate Judges' Retirement Funds. The Judges' Retirement Board, with the director of the Office of Retirement Systems as the Executive Secretary, administers the consolidated fund. Financing comes from member contributions, court filing fees as provided under law, investment earnings, and legislative appropriations.

Public Act 523 of 1996, 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.

STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND

This fund was established by P.A. 487 of 1996 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 shall continue to oversee investment options.

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
SEPTEMBER 30, 2001
(In Thousands)**

	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND
ASSETS			
Cash	\$ -	\$ -	\$ -
Equity in common cash	1,032	4,054	7,020
Receivables:			
Employee	79,363	-	-
Employer	213	339	-
Interest and dividends	-	193	3,781
Due from other funds	-	-	1,763
Sale of investments	-	-	16
Investments at fair value:			
Short-term investments	177,166	-	60,017
Bonds, notes, mortgages, and preferred stock	-	18,293	213,396
Common stock	-	63,710	427,071
Real estate	-	-	98,236
Alternative investments	-	-	160,315
International investments	-	-	69,019
Mutual funds	1,308,934	72,497	-
Pooled investment funds	1,436,530	-	-
Money market funds	85,524	-	-
Securities lending collateral	-	-	44,764
Capital assets:			
Buildings and equipment	-	-	-
Allowance for depreciation	-	-	-
Total capital assets	-	-	-
Total Assets	\$ 3,088,761	\$ 159,087	\$ 1,085,397
LIABILITIES			
Warrants outstanding	\$ -	\$ 37	\$ 331
Accounts payable and other liabilities	-	655	4,373
Amounts due to other funds	-	1	-
Obligations under security lending	-	-	44,764
Total Liabilities	\$ -	\$ 693	\$ 49,468
NET ASSETS			
Net assets held in trust for pension, postemployment health-care, and other employee benefits	\$ 3,088,761	\$ 158,393	\$ 1,035,929
Reconciliation of net assets held in trust:			
Pension benefits	\$ -	\$ 152,698	\$ 1,038,440
Postemployment health-care benefits	-	5,695	(2,511)
Other employee benefits	3,088,761	-	-
Total net assets held in trust for benefits	\$ 3,088,761	\$ 158,393	\$ 1,035,929

Michigan

STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND	JUDGES' RETIREMENT FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	TOTALS SEPTEMBER 30, 2001
\$ 108	\$ 457	\$ -	\$ -	\$ 565
44,692	96,412	4,327	31	157,568
-	-	-	13,409	92,772
778	355,988	105	14	357,437
35,653	125,682	1,047	-	166,355
13,364	-	-	-	15,126
340	1,196	3	-	1,555
598,335	2,703,797	20,255	81,710	3,641,279
1,994,246	6,974,547	59,129	-	9,259,610
3,931,888	14,338,965	109,531	-	18,871,164
938,533	3,172,623	31,777	-	4,241,169
1,495,217	5,217,511	33,243	-	6,906,286
631,404	2,271,316	15,943	-	2,987,682
-	-	-	144,091	1,525,522
-	-	-	71,951	1,508,482
-	-	-	2,737	88,261
408,715	1,483,052	9,731	-	1,946,262
6	18	-	-	24
(6)	(18)	-	-	(24)
-	-	-	-	-
<u>\$ 10,093,272</u>	<u>\$ 36,741,544</u>	<u>\$ 285,091</u>	<u>\$ 313,943</u>	<u>\$ 51,767,096</u>
\$ 3,852	\$ 9,073	\$ 64	\$ -	\$ 13,357
41,161	226,191	1,070	-	273,451
-	-	-	-	1
408,715	1,483,052	9,731	-	1,946,262
<u>\$ 453,728</u>	<u>\$ 1,718,316</u>	<u>\$ 10,866</u>	<u>\$ -</u>	<u>\$ 2,233,072</u>
<u>\$ 9,639,544</u>	<u>\$ 35,023,228</u>	<u>\$ 274,226</u>	<u>\$ 313,943</u>	<u>\$ 49,534,024</u>
\$ 9,616,517	\$ 34,810,222	\$ 274,728	\$ 313,943	\$ 46,206,548
23,027	213,005	(503)	-	238,714
-	-	-	-	3,088,761
<u>\$ 9,639,544</u>	<u>\$ 35,023,228</u>	<u>\$ 274,226</u>	<u>\$ 313,943</u>	<u>\$ 49,534,024</u>

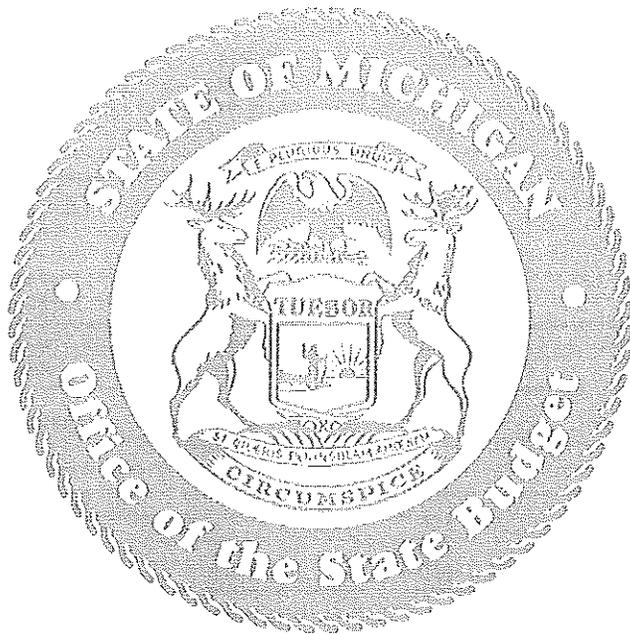
Michigan

**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)**

	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND
	<u> </u>	<u> </u>	<u> </u>
ADDITIONS			
Contributions:			
From participants	\$ 165,962	\$ 380	\$ 1,463
From employers	4,848	3,348	44,646
From other plans	2,852	-	-
Investment income:			
Net appreciation (depreciation) in fair value of investments	(688,756)	(24,579)	(167,724)
Interest, dividends, and other	203,532	5,694	31,457
Securities lending income	-	-	1,486
Less investment expense:			
Investment activity expense	-	518	1,649
Securities lending expense	-	-	1,368
Net investment income (loss)	<u>(485,224)</u>	<u>(19,402)</u>	<u>(137,799)</u>
Miscellaneous income	<u>1,814</u>	<u>1,068</u>	<u>-</u>
Total Additions	<u>(309,748)</u>	<u>(14,606)</u>	<u>(91,690)</u>
DEDUCTIONS			
Benefits paid to participants or beneficiaries	149,665	6,274	60,407
Medical, dental, and life insurance for retirees	-	2,956	23,024
Refunds and transfers to other systems	466	12	-
Administrative expense	<u>6,254</u>	<u>245</u>	<u>299</u>
Total Deductions	<u>156,384</u>	<u>9,487</u>	<u>83,730</u>
Net increase (decrease)	(466,132)	(24,093)	(175,420)
Net assets held in trust for pension, postemployment health-care, and other employee benefits - Beginning of fiscal year - restated	<u>3,554,894</u>	<u>182,487</u>	<u>1,211,349</u>
Net assets held in trust for pension, postemployment health-care, and other employee benefits - End of fiscal year	<u>\$ 3,088,761</u>	<u>\$ 158,393</u>	<u>\$ 1,035,929</u>
Reconciliation of net increase in assets:			
Net increase (decrease) in assets held in trust for pension benefits	\$ -	\$ (25,144)	\$ (174,243)
Net increase (decrease) in assets held in trust for postemployment benefits	-	1,050	(1,177)
Net increase (decrease) in assets held in trust for other employee benefits	<u>(466,132)</u>	<u>-</u>	<u>-</u>
Total net increase (decrease)	<u>\$ (466,132)</u>	<u>\$ (24,093)</u>	<u>\$ (175,420)</u>

Michigan

STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND	JUDGES' RETIREMENT FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	TOTALS SEPTEMBER 30, 2001
\$ 9,135	\$ 410,033	\$ 2,650	\$ 15,211	\$ 604,833
361,926	1,158,197	-	41,278	1,614,243
-	-	-	21	2,873
(1,547,999)	(5,574,288)	(40,547)	(68,017)	(8,111,910)
299,173	1,058,618	9,795	13,352	1,621,621
13,564	49,219	323	-	64,592
15,372	53,350	270	-	71,159
12,488	45,312	297	-	59,465
<u>(1,263,120)</u>	<u>(4,565,114)</u>	<u>(30,996)</u>	<u>(54,666)</u>	<u>(6,556,321)</u>
<u>2</u>	<u>138</u>	<u>-</u>	<u>113</u>	<u>3,134</u>
<u>(892,058)</u>	<u>(2,996,746)</u>	<u>(28,346)</u>	<u>1,956</u>	<u>(4,331,238)</u>
478,525	1,890,812	15,793	22,831	2,624,308
248,246	456,257	505	-	730,990
92	19,908	976	2	21,455
4,147	58,683	500	914	71,041
<u>731,010</u>	<u>2,425,661</u>	<u>17,775</u>	<u>23,747</u>	<u>3,447,794</u>
<u>(1,623,068)</u>	<u>(5,422,407)</u>	<u>(46,120)</u>	<u>(21,791)</u>	<u>(7,779,032)</u>
<u>11,262,612</u>	<u>40,445,634</u>	<u>320,346</u>	<u>335,734</u>	<u>57,313,056</u>
<u>\$ 9,639,544</u>	<u>\$ 35,023,228</u>	<u>\$ 274,226</u>	<u>\$ 313,943</u>	<u>\$ 49,534,024</u>
\$ (1,631,416)	\$ (5,502,118)	\$ (45,961)	\$ (21,791)	\$ (7,400,673)
8,347	79,712	(160)	-	87,773
-	-	-	-	(466,132)
<u>\$ (1,623,068)</u>	<u>\$ (5,422,407)</u>	<u>\$ (46,120)</u>	<u>\$ (21,791)</u>	<u>\$ (7,779,032)</u>



PRIVATE PURPOSE TRUST FUNDS

ESCHEATS FUND

The Escheats Fund operates under the authority of P.A. 29 of 1995 and is used to account for unclaimed property escheated to the State. 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 Act are met. Proceeds of the fund pay the administrative costs and prompt claims allowed under the Act. The administrator transfers all remaining proceeds received under this Act to the General Fund.

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 when appropriated by the Legislature and in accordance with any 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

Public Act 258 of 1974 established this fund 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.

FEDERAL HOUSING ADMINISTRATION (FHA) MORTGAGES ESCROW FUND

This fund was administratively created, as required by FHA regulations, to account for escrow deposits held to provide for payment of taxes, insurance, and property maintenance for mortgage investments held by certain State pension funds.

MICHIGAN EDUCATION SAVINGS PROGRAM

Public Act 161 of 2000 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. Investment earnings, held in trust by MESP, are Federal and State tax-deferred until the student is ready to attend college. The Federal government and the State both offer tax deductions for contributions made each year.

WORKERS' DISABILITY COMPENSATION TRUST FUNDS

This fund was administratively created to comply with court orders for bankrupt employers to pay obligations due under the Michigan Workers' Disability Compensation Act.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
SEPTEMBER 30, 2001
(In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS, AND DEPOSITS INVESTMENT FUND	HOSPITAL PATIENTS' TRUST FUND
ASSETS			
Cash	\$ -	\$ 3	\$ 29
Equity in common cash	21,060	24,030	377
Receivables:			
Interest and dividends	-	373	-
Investments at fair value:			
Short-term investments	-	-	-
Bonds, notes, mortgages, and preferred stock	-	14,289	-
Common stock	-	85	-
Mutual funds	-	6	-
Pooled investment funds	-	-	-
Other current assets	1,275	3,516	-
	<u>1,275</u>	<u>3,516</u>	<u>-</u>
Total Assets	<u>\$ 22,335</u>	<u>\$ 42,301</u>	<u>\$ 405</u>
LIABILITIES			
Warrants outstanding	\$ 1,026	\$ 1,021	\$ 46
Accounts payable and other liabilities	274	4,573	7
	<u>274</u>	<u>4,573</u>	<u>7</u>
Total Liabilities	<u>\$ 1,300</u>	<u>\$ 5,594</u>	<u>\$ 53</u>
NET ASSETS			
Net assets held in trust for other purposes	<u>\$ 21,034</u>	<u>\$ 36,707</u>	<u>\$ 353</u>

Michigan

FEDERAL HOUSING ADMINISTRATION MORTGAGES ESCROW FUND	MICHIGAN EDUCATION SAVINGS PROGRAM	WORKERS' DISABILITY COMPENSATION TRUST FUNDS	TOTALS <u>SEPTEMBER 30,</u> 2001
\$ -	\$ 355	\$ -	\$ 386
720	-	1,325	47,511
3	-	-	376
164	-	-	164
-	-	-	14,289
-	-	-	85
-	51,314	-	51,319
-	4,437	-	4,437
-	339	-	5,130
<u>\$ 887</u>	<u>\$ 56,444</u>	<u>\$ 1,325</u>	<u>\$ 123,697</u>
\$ 108	\$ -	\$ -	\$ 2,202
-	464	-	5,318
<u>\$ 108</u>	<u>\$ 464</u>	<u>\$ -</u>	<u>\$ 7,519</u>
<u>\$ 779</u>	<u>\$ 55,980</u>	<u>\$ 1,325</u>	<u>\$ 116,178</u>

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS AND DEPOSITS INVESTMENTS FUND	HOSPITAL PATIENTS' TRUST FUND
ADDITIONS			
Contributions:			
From participants	\$ -	\$ -	\$ -
From clients	-	34,439	2,865
From gifts, bequests, and endowments	-	177	-
Investment income:			
Net appreciation (depreciation) in fair value of investments	-	55	-
Interest, dividends, and other	-	1,536	34
Less investment expense:			
Investment activity expense	-	-	-
Net investment income (loss)	-	1,592	34
Escheated property	33,492	-	-
Miscellaneous income	-	1,086	-
Transfers from other funds	740	-	-
Total Additions	34,232	37,294	2,899
DEDUCTIONS			
Benefits paid to participants or beneficiaries	-	-	-
Refunds and transfers to other systems	-	-	-
Amounts distributed to clients or third parties	-	34,038	3,341
Administrative expense	-	3	-
Transfers to other funds	34,904	2,176	-
Total Deductions	34,904	36,217	3,341
Net increase (decrease)	(672)	1,078	(443)
Net assets held in trust for others - Beginning of fiscal year - restated	21,706	35,629	795
Net assets held in trust for others - End of fiscal year	<u>\$ 21,034</u>	<u>\$ 36,707</u>	<u>\$ 353</u>
Reconciliation of net increase in assets:			
Net increase (decrease) in assets held in trust for other purposes	<u>\$ (672)</u>	<u>\$ 1,078</u>	<u>\$ (443)</u>
Total net increase (decrease)	<u>\$ (672)</u>	<u>\$ 1,078</u>	<u>\$ (443)</u>

Michigan

FEDERAL HOUSING ADMINISTRATION MORTGAGES ESCROW FUND	MICHIGAN EDUCATION SAVINGS PROGRAM	WORKERS' DISABILITY COMPENSATION TRUST FUNDS	TOTALS SEPTEMBER 30, 2001
\$ -	\$ 62,849	\$ -	\$ 62,849
-	-	-	37,304
-	-	-	177
-	(6,704)	-	(6,649)
7	843	68	2,489
-	119	-	119
7	(5,981)	68	(4,280)
-	-	-	33,492
58	1	-	1,145
-	-	-	740
65	56,869	68	131,428
-	888	-	888
-	1	-	1
508	-	-	37,887
-	-	5	8
-	-	505	37,585
508	889	510	76,369
(442)	55,980	(442)	55,059
1,221	-	1,767	61,119
<u>\$ 779</u>	<u>\$ 55,980</u>	<u>\$ 1,325</u>	<u>\$ 116,178</u>
<u>\$ (442)</u>	<u>\$ 55,980</u>	<u>\$ (442)</u>	<u>\$ 55,059</u>
<u>\$ (442)</u>	<u>\$ 55,980</u>	<u>\$ (442)</u>	<u>\$ 55,059</u>

AGENCY FUNDS

FINANCIAL INSTITUTIONS DEPOSITS FUNDS

This fund was administratively created as of October 1, 1988, to account for security deposits held by the State Treasurer on behalf of banks which operates trust departments. Deposits are in the form of securities or other acceptable assets. Public Act 482 of 2000 repealed the requirement of pledge securities as a condition to exercising trust powers. Therefore, this fund was closed in fiscal year 2000-2001.

ENVIRONMENTAL QUALITY DEPOSITS FUND

This fund was established to account for deposits for which the Department of Environmental Quality has legal custody as provided by various statutes.

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 P.A. 218 of 1956, as amended, 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). MISDU, administered by the Family Independence Agency, 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, 2001
(In Thousands)

	ENVIRONMENTAL QUALITY DEPOSITS FUND	INSURANCE CARRIER DEPOSITS FUND	STATE TREASURER'S ESCROW AND PAYING AGENT FUND	CHILD SUPPORT COLLECTION FUND	TOTALS SEPTEMBER 30, 2001
ASSETS					
Cash	\$ -	\$ -	\$ 1,162	\$ 6,773	\$ 7,935
Equity in common cash	3,407	1,018	-	-	4,425
Investments at fair value:					
Short-term investments	-	-	17,174	-	17,174
Bonds, notes, mortgages, and preferred stock	-	-	103,421	-	103,421
Other current assets	-	-	4,156	172	4,329
Other noncurrent assets	-	349,587	-	-	349,587
Total Assets	\$ 3,407	\$ 350,605	\$ 125,914	\$ 6,946	\$ 486,872
LIABILITIES					
Warrants outstanding	\$ -	\$ 145	\$ -	\$ -	\$ 145
Accounts payable and other liabilities	3,407	590	23,222	6,731	33,950
Amounts due to other funds	-	-	-	215	215
Other long-term liabilities	-	349,871	102,691	-	452,562
Total Liabilities	\$ 3,407	\$ 350,605	\$ 125,914	\$ 6,946	\$ 486,872

Michigan

**COMBINING STATEMENT OF CHANGES IN ASSETS AND
LIABILITIES - AGENCY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)**

	BALANCE OCTOBER 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2001
FINANCIAL INSTITUTIONS DEPOSITS FUND				
ASSETS				
Other noncurrent assets	\$ 1,500	\$ -	\$ 1,500	\$ -
Total Assets	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>
LIABILITIES				
Other long-term liabilities	\$ 1,500	\$ -	\$ 1,500	\$ -
Total Liabilities	<u>\$ 1,500</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ -</u>
ENVIRONMENTAL QUALITY DEPOSITS FUND				
ASSETS				
Equity in common cash	\$ 2,440	\$ 1,469	\$ 502	\$ 3,407
Total Assets	<u>\$ 2,440</u>	<u>\$ 1,469</u>	<u>\$ 502</u>	<u>\$ 3,407</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 2,440	\$ 1,469	\$ 502	\$ 3,407
Total Liabilities	<u>\$ 2,440</u>	<u>\$ 1,469</u>	<u>\$ 502</u>	<u>\$ 3,407</u>
INSURANCE CARRIER DEPOSITS FUND				
ASSETS				
Equity in common cash	\$ 2,579	\$ 48,665	\$ 50,225	\$ 1,018
Other noncurrent assets	357,396	110,390	118,199	349,587
Total Assets	<u>\$ 359,975</u>	<u>\$ 159,055</u>	<u>\$ 168,424</u>	<u>\$ 350,605</u>
LIABILITIES				
Warrants outstanding	\$ 4	\$ 141	\$ -	\$ 145
Accounts payable and other liabilities	2,291	51,431	53,133	590
Other long-term liabilities	357,680	110,390	118,199	349,871
Total Liabilities	<u>\$ 359,975</u>	<u>\$ 161,962</u>	<u>\$ 171,332</u>	<u>\$ 350,605</u>

Michigan

	BALANCE OCTOBER 1, 2000	ADDITIONS	DEDUCTIONS	BALANCE SEPTEMBER 30, 2001
STATE TREASURER'S ESCROW AND PAYING AGENT FUND				
ASSETS				
Cash	\$ 1,281	\$ 30,656	\$ 30,775	\$ 1,162
Equity in common cash	-	44	44	-
Investments at fair value:				
Short-term investments	15,629	18,350	16,804	17,174
Bonds, notes, mortgages, and preferred stock	120,303	3,039	19,921	103,421
Other current assets	4,627	13,067	13,538	4,156
	<u>\$ 141,840</u>	<u>\$ 65,155</u>	<u>\$ 81,082</u>	<u>\$ 125,914</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 22,299	\$ 30,353	\$ 29,429	\$ 23,222
Other long-term liabilities	119,542	19,677	36,528	102,691
	<u>\$ 141,840</u>	<u>\$ 50,030</u>	<u>\$ 65,957</u>	<u>\$ 125,914</u>
CHILD SUPPORT COLLECTION FUND				
ASSETS				
Cash	\$ 200	\$ 605,789	\$ 599,215	\$ 6,773
Other current assets	-	172	-	172
	<u>\$ 200</u>	<u>\$ 605,961</u>	<u>\$ 599,215</u>	<u>\$ 6,946</u>
LIABILITIES				
Accounts payable and other liabilities	\$ 190	\$ 606,027	\$ 599,486	\$ 6,731
Amounts due to other funds	10	221	17	215
	<u>\$ 200</u>	<u>\$ 606,248</u>	<u>\$ 599,502</u>	<u>\$ 6,946</u>
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 1,481	\$ 636,445	\$ 629,990	\$ 7,935
Equity in common cash	5,019	50,177	50,771	4,425
Investments at fair value:				
Short-term investments	15,629	18,350	16,804	17,174
Bonds, notes, mortgages, and preferred stock	120,303	3,039	19,921	103,421
Other current assets	4,627	13,239	13,538	4,329
Other noncurrent assets	358,896	110,390	119,699	349,587
	<u>\$ 505,955</u>	<u>\$ 831,640</u>	<u>\$ 850,723</u>	<u>\$ 486,872</u>
LIABILITIES				
Warrants outstanding	\$ 4	\$ 141	\$ -	\$ 145
Accounts payable and other liabilities	27,219	689,280	682,548	33,950
Amounts due to other funds	10	221	17	215
Other long-term liabilities	478,721	130,067	156,227	452,562
	<u>\$ 505,955</u>	<u>\$ 819,709</u>	<u>\$ 838,793</u>	<u>\$ 486,872</u>

COMPONENT UNITS – AUTHORITIES

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY

Public Act 295 of 1969, as amended, 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. 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.

MACKINAC BRIDGE AUTHORITY

Public Act 21 of 1950 created the Mackinac Bridge Authority (MBA). Public Act 214 of 1952, as amended, 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.

MICHIGAN STRATEGIC FUND

The Michigan Strategic Fund (MSF) is a public body corporation and politic created by P.A. 270 of 1984 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. Executive Order 1999-1, as amended, transferred all of the economic development functions of the former Department of Commerce and the Michigan Jobs Commission to MSF. The order further placed MSF as an autonomous entity in the Department of Management and Budget. MSF is governed by a board of nine members, consisting of the directors of the State Departments of Consumer and Industry Services and Treasury plus seven members appointed by the Governor with the advice and consent of the Senate.

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY

The Michigan State Hospital Finance Authority (MSHFA) was organized under P.A. 38 of 1969, as amended, to lend money to nonprofit, nonpublic hospitals and health-care corporations for capital improvements or debt refinancing. The Act also empowers MSHFA to sell bonds and to enter into loan and other agreements to obtain the necessary funds for such loans. MSHFA 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 HIGHER EDUCATION STUDENT LOAN AUTHORITY

Public Act 222 of 1975, as amended, 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 15 members. The State Treasurer, an ex officio member, serves as chairman of the board.

MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY

Public Act 77 of 1960, as amended, created the Michigan Higher Education Assistance Authority (MHEAA). It is governed by a 16-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.

MACKINAC ISLAND STATE PARK COMMISSION

Public Act 355 of 1927, as amended, established the Mackinac Island State Park Commission. 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.

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.

MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

The Michigan Economic Development Corporation (MEDC), under Article VII, Section 28 of the Michigan State Constitution of 1963 and P.A. of 1967, is a public body corporation. Created by a ten-year contract (inter-local agreement) between participating local economic development corporations formed under P.A. 338 of 1974 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 17 members appointed to eight-year, staggered terms.

Michigan

**COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
AUTHORITIES
SEPTEMBER 30, 2001
(In Thousands)**

	MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MACKINAC BRIDGE AUTHORITY	MICHIGAN STRATEGIC FUND	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY
ASSETS				
Current Assets:				
Cash	\$ -	\$ 875	\$ 60	\$ 350
Equity in common cash	-	-	134	-
Amounts due from component units	-	-	-	-
Amounts due from primary government	346	-	-	25
Amounts due from federal government	-	-	7,299	-
Amounts due from local units	-	-	2	-
Inventories	-	-	-	-
Investments	-	20,761	-	2,452
Other current assets	32	444	5,312	1,041
Total Current Assets	378	22,080	12,807	3,868
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	191
Mortgages and loans receivable	-	-	-	-
Investments	-	-	-	6,574
Capital assets:				
Land and other non-depreciable assets	-	125	-	-
Buildings, equipment, and other depreciable assets	-	7,265	-	68
Less accumulated depreciation	-	(2,477)	-	(27)
Infrastructure	-	99,564	-	-
Construction in progress	-	1,411	-	-
Total capital assets	-	105,888	-	41
Other noncurrent assets	-	-	-	-
Total Assets	\$ 378	\$ 127,967	\$ 12,807	\$ 10,674
LIABILITIES				
Current Liabilities:				
Warrants outstanding	\$ -	\$ -	\$ -	\$ -
Accounts payable and other liabilities	-	1,750	7,329	50
Amounts due to component units	-	-	5,298	-
Amounts due to primary government	-	1,358	4	-
Bonds and notes payable	-	-	-	-
Interest payable	-	-	-	-
Deferred revenue	-	348	-	-
Current portion of other long-term obligations	-	-	-	-
Total Current Liabilities	-	3,456	12,631	50
Bonds and notes payable	-	-	-	-
Noncurrent portion of other long-term obligations	-	489	-	411
Total Liabilities	\$ -	\$ 3,945	\$ 12,631	\$ 461
NET ASSETS				
Invested in capital assets, net of related debt	\$ -	\$ 105,888	\$ -	\$ 41
Restricted for:				
Construction and debt service	-	-	-	-
Other purposes	-	-	-	-
Unrestricted	378	18,135	176	10,173
Total Net Assets	\$ 378	\$ 124,022	\$ 176	\$ 10,214

Michigan

MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	STATE BAR OF MICHIGAN	MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	TOTALS <u>SEPTEMBER 30,</u> <u>2001</u>
\$ -	\$ 1,822	\$ 419	\$ 1,414	\$ 23,656	\$ 28,596
-	-	-	-	200,250	200,384
-	-	-	-	5,298	5,298
410	9,752	474	-	-	11,007
-	-	-	-	62	7,361
-	-	-	-	-	2
-	-	520	-	-	520
-	5,538	-	2,957	3,654	35,362
114,826	1,406	74	526	10,120	133,780
<u>115,236</u>	<u>18,517</u>	<u>1,487</u>	<u>4,897</u>	<u>243,040</u>	<u>422,311</u>
114,058	-	985	-	13,888	128,931
100,200	-	3,026	-	-	103,417
743,943	-	-	-	18,125	762,068
-	-	-	-	77,408	83,982
-	-	337	381	-	843
-	-	8,590	11,745	15,563	43,230
-	-	(4,752)	(4,171)	(156)	(11,582)
-	-	-	-	-	99,564
-	-	-	-	-	1,411
-	-	4,175	7,954	15,407	133,465
11,150	-	-	-	-	11,150
<u>\$ 1,084,587</u>	<u>\$ 18,517</u>	<u>\$ 9,673</u>	<u>\$ 12,851</u>	<u>\$ 367,868</u>	<u>\$ 1,645,324</u>
\$ -	\$ 182	\$ -	\$ -	\$ -	\$ 182
1,455	8,573	169	813	45,563	65,701
-	-	-	-	-	5,298
-	-	88	-	-	1,450
94,893	-	195	204	-	95,293
8,177	-	16	-	-	8,193
-	-	-	1,455	51	1,854
2,313	-	-	-	-	2,313
<u>106,839</u>	<u>8,755</u>	<u>467</u>	<u>2,472</u>	<u>45,614</u>	<u>180,283</u>
834,472	-	2,441	4,098	-	841,010
33,958	474	-	-	16,142	51,474
<u>\$ 975,268</u>	<u>\$ 9,229</u>	<u>\$ 2,908</u>	<u>\$ 6,570</u>	<u>\$ 61,756</u>	<u>\$ 1,072,767</u>
\$ -	\$ -	\$ 1,539	\$ 3,652	\$ 15,407	\$ 126,527
9,039	-	3,147	-	-	12,186
-	-	1,384	-	-	1,384
100,280	9,288	695	2,629	290,705	432,459
<u>\$ 109,319</u>	<u>\$ 9,288</u>	<u>\$ 6,765</u>	<u>\$ 6,282</u>	<u>\$ 306,112</u>	<u>\$ 572,557</u>

Michigan

**COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2001
(In Thousands)**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE
		CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	
Michigan Higher Education				
Facilities Authority	\$ 104	\$ 123	\$ -	\$ -
Mackinac Bridge Authority	16,125	10,443	-	-
Michigan Strategic Fund	171,522	1,613	41,195	-
Michigan State Hospital Finance Authority	1,232	1,059	-	-
Michigan Higher Education				
Student Loan Authority	63,566	64,485	11,364	-
Michigan Higher Education				
Assistance Authority	153,229	24,741	132,138	-
Mackinac Island State Park Commission	5,653	3,600	82	-
State Bar of Michigan	8,993	8,892	-	-
Michigan Economic				
Development Corporation	160,179	-	129,965	-
Total	\$ 580,603	\$ 114,956	\$ 314,743	\$ -
General revenues:				
				6,354
				117,159
				20,186
				<u>143,700</u>
				(7,205)
				579,762
				<u>\$ 572,557</u>