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. This fund also reflects debt service transactions related to State Park Improvement Fund revenue bonds, issued pursuant to Part 741 of P.A. 451 of 1994, as amended.

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 to be used to pay principal and interest in the event of default.

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.

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
SEPTEMBER 30, 2003
(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:			
Cash	$ -	$ -	$ -
Equity in common cash	347	-	1,092
Amounts due from other funds	-	-	-
Investments	-	-	-
Other current assets	-	-	-
Total Current Assets	347	-	1,092
Investments	-	-	-
Total Assets	$ 347	$ -	$ 1,092
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ 321	$ -	$ 2
Accounts payable and other liabilities	26	-	4
Amounts due to other funds	-	-	-
Total Current Liabilities	347	-	5
Total Liabilities	347	-	5
Fund Balances:			
Reserved for other purposes	-	-	300
Unreserved	-	-	787
Total Fund Balances	-	-	1,087
Total Liabilities and Fund Balances	$ 347	$ -	$ 1,092

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	**TOTALS**
$ -	$ -	$ 4,897	**$ 4,897**
-	-	6,181	**7,621**
-	301	4,538	**4,838**
-	198,502	154,959	**353,461**
-	299	-	**299**
-	199,102	170,574	**371,115**
-	6,000	-	**6,000**
$ -	$ 205,102	$ 170,574	**$ 377,115**
$ -	$ -	$ -	**$ 323**
-	268	4,928	**5,225**
-	455	1,500	**1,955**
-	723	6,428	**7,503**
-	723	6,428	**7,503**
-	-	-	**300**
-	204,379	164,146	**369,313**
-	204,379	164,146	**369,613**
$ -	$ 205,102	$ 170,574	**$ 377,115**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(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	$ -	$ -	$ 6
Total Revenues	-	-	6
EXPENDITURES			
Current:			
General government	-	-	-
Education	-	-	-
Debt Service:			
Bond principal retirement	26,220	11,655	12,092
Bond interest and fiscal charges	47,647	11,975	33,346
Total Expenditures	73,867	23,630	45,438
Excess of Revenues over (under) Expenditures	(73,867)	(23,630)	(45,432)
OTHER FINANCING SOURCES (USES)			
Premium on bond issuance	-	-	-
Refunding bonds issued	-	-	-
Payment to refunded bond escrow agent	-	-	-
Transfers from other funds	73,867	23,630	46,519
Transfers to other funds	-	-	-
Total Other Financing Sources (Uses)	73,867	23,630	46,519
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	-	-	1,087
Fund Balances - Beginning of fiscal year	-	-	-
Fund Balances - End of fiscal year	$ -	$ -	$ 1,087

SCHOOL LOAN BOND REDEMPTION FUND	STATE BUILDING AUTHORITY	MICHIGAN UNDERGROUND STORAGE TANK FINANCIAL ASSURANCE FINANCE AUTHORITY	**TOTALS**
$ -	$ 3,799	$ 1,714	**$ 5,519**
-	3,799	1,714	**5,519**
-	-	39	**39**
-	6,360	-	**6,360**
14,920	141,690	15,900	**222,477**
18,569	119,579	7,938	**239,054**
33,489	267,629	23,877	**467,930**
(33,489)	(263,830)	(22,163)	**(462,410)**
-	64,393	-	**64,393**
-	692,694	-	**692,694**
-	(851,235)	-	**(851,235)**
33,489	287,544	57,720	**522,769**
-	-	(3,501)	**(3,501)**
33,489	193,395	54,219	**425,120**
-	(70,434)	32,057	**(37,290)**
-	274,813	132,089	**406,903**
$ -	$ 204,379	$ 164,146	**$ 369,613**

STATE OF MICHIGAN

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Office of the State Budget

CAPITAL PROJECTS FUNDS

COMBINED RECREATION BOND FUND - STATE PROJECTS

Established in 1988, this fund currently operates under Parts 196, 715, and 741 of P.A. 451 of 1994, as amended. The balances in the fund reflect proceeds and investment earnings remaining from three 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, $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", and $15.5 million of State Park Gross Revenue Bonds issued in September 2002.

Proceeds from the 1988 bond package are used to construct, expand, and develop recreational facilities at State parks. 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. Proceeds from the 2002 bond package were used to finance a major renovation of the Sterling State Park.

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."

COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
SEPTEMBER 30, 2003
(In Thousands)

	COMBINED RECREATION BOND FUND-STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	**TOTALS**
ASSETS				
Current Assets:				
Equity in common cash	$ 13,723	$ -	$ -	**$ 13,723**
Amounts due from other funds	-	109,085	-	**109,085**
Amounts due from component units	-	9,858	-	**9,858**
Amounts due from federal agencies	-	55	-	**55**
Amounts due from local units	-	8,319	-	**8,319**
Investments	-	-	56,268	**56,268**
Other current assets	-	15	28	**42**
Total Current Assets	13,723	127,331	56,296	**197,350**
Total Assets	$ 13,723	$ 127,331	$ 56,296	**$ 197,350**
LIABILITIES AND FUND BALANCES				
Current Liabilities:				
Warrants outstanding	$ 4	$ 75	$ -	**$ 79**
Accounts payable and other liabilities	361	105,389	208	**105,958**
Amounts due to other funds	-	79,907	109,427	**189,335**
Bonds and notes payable	-	-	338,490	**338,490**
Interest payable	-	-	111	**111**
Total Current Liabilities	365	185,371	448,237	**633,973**
Total Liabilities	365	185,371	448,237	**633,973**
Fund Balances:				
Unreserved	13,358	(58,040)	(391,941)	**(436,623)**
Total Fund Balances	13,358	(58,040)	(391,941)	**(436,623)**
Total Liabilities and Fund Balances	$ 13,723	$ 127,331	$ 56,296	**$ 197,350**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	COMBINED RECREATION BOND FUND-STATE PROJECTS	ADVANCE FINANCING FUNDS	STATE BUILDING AUTHORITY	**TOTALS**
REVENUES				
From federal agencies	$ -	$ 66	$ -	**$ 66**
Miscellaneous	100	614	3,704	**4,418**
Total Revenues	100	681	3,704	**4,484**
EXPENDITURES				
Current:				
General government	-	2,206	-	**2,206**
Education	-	7,808	227,502	**235,310**
Conservation, environment, recreation, and agriculture	59	-	-	**59**
Capital outlay	6,855	647	50,968	**58,469**
Total Expenditures	6,914	10,660	278,470	**296,044**
Excess of Revenues over (under) Expenditures	(6,814)	(9,980)	(274,766)	**(291,560)**
OTHER FINANCING SOURCES (USES)				
Bonds and notes issued	11,201	-	216,831	**228,032**
Premium on bond issuance	612	-	10,886	**11,498**
Transfers from other funds	-	12,157	-	**12,157**
Transfers to other funds	(2)	-	(15,622)	**(15,624)**
Total Other Financing Sources (Uses)	11,811	12,157	212,095	**236,063**
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	4,996	2,178	(62,670)	**(55,496)**
Fund Balances - Beginning of fiscal year restated	8,362	(60,218)	(329,271)	**(381,127)**
Fund Balances - End of fiscal year	$ 13,358	$ (58,040)	$ (391,941)	**$ (436,623)**

STATE OF MICHIGAN

Office of the State Budget

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. 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, less the portion transferred to the Michigan State Parks 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 land or develop public recreation facilities and to pay property taxes on State lands acquired by the fund.

MICHIGAN STATE PARKS ENDOWMENT FUND

Established in 1994, this fund operates under Part 741 of P.A. 451 of 1994, as amended, to finance operations, maintenance, and capital improvements at Michigan State parks. The voters approved a constitutional amendment in August 2002 that changed the distribution formula and allows the State Treasurer to invest in equity securities and other types of investments.

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

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND

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. 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.

COMBINING BALANCE SHEET
PERMANENT FUNDS
SEPTEMBER 30, 2003
(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	$ 141,502	$ 40,227	$ 346
Amounts due from local units	-	-	-
Securities lending collateral	26,003	14,736	-
Other current assets	9,521	1,144	144
Total Current Assets	177,026	56,106	490
Investments	144,237	85,487	20,088
Total Assets	$ 321,263	$ 141,593	$ 20,578
LIABILITIES AND FUND BALANCES			
Current Liabilities:			
Warrants outstanding	$ 1,305	$ 40	$ -
Obligations under security lending	26,003	14,736	-
Accounts payable and other liabilities	2,373	205	39
Amounts due to other funds	9	9	4
Amounts due to component units	-	-	-
Total Current Liabilities	29,690	14,989	42
Total Liabilities	29,690	14,989	42
Fund Balances:			
Reserves For:			
Budgetary Carry-Forwards:			
Encumbrances	12,802	2,859	28
Multi-year projects	24,341	3,903	-
Funds held as permanent investments	230,528	109,254	20,265
Total Reserved	267,671	116,017	20,294
Unreserved	23,901	10,587	242
Total Fund Balances	291,572	126,604	20,535
Total Liabilities and Fund Balances	$ 321,263	$ 141,593	$ 20,578

MICHIGAN VETERANS' TRUST FUND	CHILDREN'S TRUST FUND	**TOTALS**
$ 4,844	$ 290	**$ 187,210**
124	-	**124**
-	-	**40,738**
421	260	**11,490**
5,389	550	**239,561**
43,108	21,577	**314,495**
$ 48,496	$ 22,127	**$ 554,056**
$ 6	$ 22	**$ 1,374**
-	-	**40,738**
546	102	**3,265**
3	2	**28**
122	-	**122**
678	127	**45,527**
678	127	**45,527**
-	-	**15,689**
-	-	**28,245**
49,000	20,828	**429,876**
49,000	20,828	**473,810**
(1,182)	1,172	**34,719**
47,818	22,000	**508,529**
$ 48,496	$ 22,127	**$ 554,056**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
PERMANENT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	MICHIGAN NATURAL RESOURCES TRUST FUND	MICHIGAN STATE PARKS ENDOWMENT FUND	MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND
REVENUES			
From federal agencies	$ -	$ -	$ -
Miscellaneous	58,945	4,137	858
Total Revenues	58,945	4,137	858
EXPENDITURES			
Current:			
Family independence services	-	-	-
Public safety and corrections	-	-	-
Conservation, environment, recreation, and agriculture	3,338	5,770	883
Capital outlay	18,633	1,213	-
Total Expenditures	21,971	6,983	883
Excess of Revenues over (under) Expenditures	36,974	(2,846)	(25)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	10,000	-
Transfers to other funds	(10,041)	(30)	(7)
Total Other Financing Sources (Uses)	(10,041)	9,970	(7)
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses	26,933	7,124	(32)
Fund Balances - Beginning of fiscal year	264,639	119,480	20,567
Fund Balances - End of fiscal year	$ 291,572	$ 126,604	$ 20,535

MICHIGAN VETERANS' TRUST FUND	CHILDREN'S TRUST FUND	**TOTALS**
$ -	$ 885	**$ 885**
2,279	1,654	**67,874**
2,279	2,540	**68,759**
-	2,582	**2,582**
3,254	-	**3,254**
-	-	**9,990**
-	-	**19,846**
3,254	2,582	**35,672**
(975)	(42)	**33,087**
-	1	**10,001**
(37)	(6)	**(10,120)**
(37)	(4)	**(119)**
(1,011)	(46)	**32,968**
48,829	22,046	**475,561**
$ 47,818	$ 22,000	**$ 508,529**

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PERMANENT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	MICHIGAN NATURAL RESOURCES TRUST FUND			MICHIGAN STATE PARKS ENDOWMENT FUND		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	$ -	$ -	$ -	$ -	$ -	$ -
Miscellaneous	58,945	58,945	-	4,137	4,137	-
Transfers in	-	-	-	10,000	10,000	-
Total Revenues and Other Sources	58,945	58,945	-	14,137	14,137	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Family Independence Agency	-	-	-	-	-	-
Military and Veterans Affairs	-	-	-	-	-	-
Natural Resources	55,677	44,814	10,863	10,171	9,872	299
Total Expenditures, Transfers Out, and Encumbrances	55,677	44,814	10,863	10,171	9,872	299
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ 3,269	14,131	$ 10,863	$ 3,965	4,265	$ 299
Reconciling Items:						
Encumbrances at September 30		12,802			2,859	
Net Reconciling Items		12,802			2,859	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		26,933			7,124	
FUND BALANCES (GAAP BASIS)						
Beginning balances		264,639			119,480	
Ending balances (GAAP Basis)		$ 291,572			$ 126,604	

MICHIGAN CIVILIAN CONSERVATION CORPS ENDOWMENT FUND			MICHIGAN VETERANS' TRUST FUND		
BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
$ -	$ -	$ -	$ -	$ -	$ -
858	858	-	2,279	2,279	-
-	-	-	-	-	-
858	858	-	2,279	2,279	-
-	-	-	-	-	-
-	-	-	4,777	3,291	1,487
1,340	918	422	-	-	-
1,340	918	422	4,777	3,291	1,487
$ (482)	(60)	$ 422	$ (2,498)	(1,011)	$ 1,487
	28			-	
	28			-	
	(32)			(1,011)	
	20,567			48,829	
	$ 20,535			$ 47,818	

This schedule continued on next page.

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - PERMANENT FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	CHILDREN'S TRUST FUND			TOTALS		
Statutory/Budgetary Basis	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE
REVENUES AND OTHER SOURCES						
From federal agencies	$ 885	$ 885	$ -	$ 885	$ 885	$ -
Miscellaneous	1,654	1,654	-	67,874	67,874	-
Transfers in	1	1	-	10,001	10,001	-
Total Revenues and Other Sources	2,541	2,541	-	78,760	78,760	-
EXPENDITURES, TRANSFERS OUT, AND ENCUMBRANCES - BY BRANCH, DEPARTMENT/AGENCY						
Family Independence Agency	4,316	2,587	1,729	4,316	2,587	1,729
Military and Veterans Affairs	-	-	-	4,777	3,291	1,487
Natural Resources	-	-	-	67,188	55,604	11,584
Total Expenditures, Transfers Out, and Encumbrances	4,316	2,587	1,729	76,282	61,482	14,800
Revenues and Other Sources over (under) Expenditures, Encumbrances, and Other Uses (Statutory/budgetary basis)	$ (1,775)	(46)	$ 1,729	$ 2,479	17,279	$ 14,800
Reconciling Items:						
Encumbrances at September 30		-			15,689	
Net Reconciling Items		-			15,689	
Excess of Revenues and Other Sources over (under) Expenditures and Other Uses (GAAP Basis)		(46)			32,968	
FUND BALANCES (GAAP BASIS)						
Beginning balances		22,046			475,561	
Ending balances (GAAP Basis)		$ 22,000			$ 508,529	

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 2002-2003.

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. During fiscal year 2001-2002, 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 2001-2002, 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, 2003
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
ASSETS			
Current Assets:			
Cash	$ -	$ -	$ 5
Equity in common cash	1,532	-	419
Amounts due from other funds	-	-	-
Amounts due from component units	-	-	-
Inventories	12,002	267	4,825
Other current assets	240	13,725	499
Total Current Assets	13,774	13,992	5,748
Capital Assets:			
Buildings and equipment	49,971	12,926	25,187
Allowance for depreciation	(20,795)	(9,568)	(14,211)
Total capital assets	29,176	3,358	10,977
Total Assets	$ 42,950	$ 17,350	$ 16,725
LIABILITIES			
Current Liabilities:			
Warrants outstanding	$ 77	$ 38	$ 3,416
Accounts payable and other liabilities	1,499	2,045	3,911
Amounts due to other funds	89	11,729	8,024
Deferred revenue	-	1,166	-
Current portion of other long-term obligations	155	50	1,831
Total Current Liabilities	1,819	15,028	17,183
Long-Term Liabilities:			
Advances from other funds	6,475	-	-
Noncurrent portion of other long-term obligations	1,073	289	3,987
Total Liabilities	$ 9,367	$ 15,317	$ 21,170
NET ASSETS			
Invested in capital assets, net of related debt	$ 29,176	$ 3,358	$ 7,188
Restricted for other purposes	4,407	-	-
Unrestricted	-	(1,325)	(11,633)
Total Net Assets	$ 33,583	$ 2,033	$ (4,445)

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	**TOTALS**
$ -	$ -	$ 34	**$ 39**
34,170	8,637	243,498	**288,256**
-	-	22,965	**22,965**
-	-	28	**28**
155	-	-	**17,250**
232	1,506	7,442	**23,643**
34,558	10,143	273,967	**352,181**
321,855	4	303	**410,246**
(244,984)	(4)	(303)	**(289,864)**
76,871	-	-	**120,382**
$ 111,429	$ 10,143	$ 273,967	**$ 472,563**
$ 3,065	$ 6	$ 2,045	**$ 8,648**
55,826	1,656	7,078	**72,015**
767	4	-	**20,613**
4,203	-	201	**5,571**
16,517	2,593	95,290	**116,436**
80,379	4,259	104,615	**223,282**
-	-	-	**6,475**
23,591	5,024	83,932	**117,896**
$ 103,970	$ 9,283	$ 188,547	**$ 347,653**
$ 55,505	$ -	$ -	**$ 95,228**
-	-	-	**4,407**
(48,047)	860	85,420	**25,275**
$ 7,459	$ 860	$ 85,420	**$ 124,910**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
OPERATING REVENUES			
Operating revenues	$ 34,835	$ 61,663	$ 70,290
Total Operating Revenues	34,835	61,663	70,290
OPERATING EXPENSES			
Salaries, wages, and other administrative	22,000	4,860	27,722
Depreciation	1,570	286	2,242
Purchases for resale	-	-	43,714
Purchases for prison industries	15,454	-	-
Premiums and claims	-	1,776	-
Other operating expenses:			
Leased vehicles expense	-	32,313	-
Vehicle maintenance expense	-	22,336	-
Total other operating expenses	-	54,650	-
Total Operating Expenses	39,024	61,572	73,678
Operating Income (Loss)	(4,189)	91	(3,388)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	-	-	-
Other nonoperating revenues	-	-	28
Interest expense	(265)	-	(202)
Other nonoperating expense	(106)	(17)	(85)
Total Nonoperating Revenues (Expenses)	(371)	(17)	(259)
Income (Loss) Before Capital Contributions and Transfers	(4,560)	73	(3,647)
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Capital contributions from other funds	5,241	-	-
Transfers to other funds	(219)	(70)	(153)
Total Capital Contributions and Transfers In (Out)	5,022	(70)	(153)
Change in net assets	462	3	(3,800)
Total net assets - Beginning of fiscal year	33,121	2,030	(645)
Total net assets - End of fiscal year	$ 33,583	$ 2,033	$ (4,445)

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	**TOTALS**
$ 506,708	$ 3,739	$ 863,865	**$ 1,541,100**
506,708	3,739	863,865	**1,541,100**
471,983	1,061	42,210	**569,835**
43,652	-	-	**47,752**
-	-	-	**43,714**
-	-	-	**15,454**
4	3,438	826,313	**831,532**
12	-	-	**32,325**
-	-	-	**22,336**
12	-	-	**54,661**
515,651	4,498	868,523	**1,562,947**
(8,943)	(760)	(4,658)	**(21,847)**
-	-	4,664	**4,664**
6	-	-	**35**
(1,302)	-	-	**(1,768)**
(45)	-	-	**(253)**
(1,340)	-	4,664	**2,678**
(10,283)	(760)	7	**(19,169)**
2,609	-	-	**7,851**
(208)	(16)	(23)	**(689)**
2,401	(16)	(23)	**7,161**
(7,881)	(775)	(16)	**(12,007)**
15,340	1,635	85,437	**136,917**
$ 7,459	$ 860	$ 85,420	**$ 124,910**

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	CORRECTIONAL INDUSTRIES REVOLVING FUND	MOTOR TRANSPORT FUND	OFFICE SERVICES REVOLVING FUND
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 34,846	$ 62,946	$ 70,150
Payments to employees	(13,987)	(2,528)	(12,320)
Payments to suppliers	(12,501)	(58,641)	(62,864)
Claims paid	-	-	-
Other receipts	-	288	-
Other payments	(7,872)	-	-
Net cash provided (used) by operating activities	$ 486	$ 2,066	$ (5,033)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Loans or loan repayments from other funds	$ 265	$ -	$ 4,120
Loans or loan repayments to other funds	-	(2,302)	-
Transfers to other funds	(219)	(70)	(153)
Net cash provided (used) by noncapital financing activities	$ 45	$ (2,372)	$ 3,967
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	$ (1,390)	$ -	$ (295)
Interest paid	(265)	-	-
Capital lease payments (including imputed interest expense)	-	-	(1,641)
Proceeds from sale of capital assets	-	238	123
Net cash provided (used) by capital and related financing activities	$ (1,654)	$ 238	$ (1,813)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends on investments	$ -	$ -	$ -
Net cash provided (used) by investing activities	$ -	$ -	$ -
Net cash provided (used) - all activities	$ (1,123)	$ (67)	$ (2,880)
Cash and cash equivalents at beginning of year	2,578	29	(113)
Cash and cash equivalents at end of year	$ 1,455	$ (38)	$ (2,992)
RECONCILIATION OF CASH AND CASH EQUIVALENTS			
Per Statement of Net Assets Classifications:			
Cash	$ -	$ -	$ 5
Equity in common cash	1,532	-	419
Warrants outstanding	(77)	(38)	(3,416)
Cash and cash equivalents at end of year	$ 1,455	$ (38)	$ (2,992)
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	$ (4,189)	$ 91	$ (3,388)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	1,570	286	2,242
Other reconciling items	-	-	-
Net Changes in Assets and Liabilities:			
Inventories	2,872	(66)	(2,102)
Other assets (net)	12	1,779	(33)
Accounts payable and other liabilities	221	(24)	(1,752)
Net cash provided (used) by operating activities	$ 486	$ 2,066	$ (5,033)
SCHEDULE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital contributions	$ 5,241	$ -	$ -
Cost of capital assets acquisitions financed by capital leases	-	-	339
Capital lease liabilities entered into during the year	-	-	(339)
Gain (loss) on disposal of capital assets	(265)	17	(57)
Total noncash investing, capital, and financing activities	$ 4,976	$ 17	$ (57)

INFORMATION TECHNOLOGY FUND	RISK MANAGEMENT FUND	STATE SPONSORED GROUP INSURANCE FUND	TOTALS
$ 508,497	$ 3,739	$ 862,270	**$ 1,542,449**
(128,706)	(610)	-	**(158,151)**
(290,968)	(582)	(250,667)	**(676,224)**
-	(4,015)	(615,972)	**(619,988)**
2,217	-	94,214	**96,720**
-	-	-	**(7,872)**
$ 91,040	$ (1,469)	$ 89,845	**$ 176,935**
$ -	$ -	$ 28,267	**$ 32,653**
(30,086)	-	-	**(32,388)**
(208)	(16)	(23)	**(689)**
$ (30,294)	$ (16)	$ 28,244	**$ (424)**
(10,303)	$ -	$ -	**$ (11,988)**
-	-	-	**(265)**
(18,067)	-	-	**(19,707)**
-	-	-	**361**
$ (28,370)	$ -	$ -	**$ (31,599)**
$ -	$ -	$ 4,664	**$ 4,664**
$ -	$ -	$ 4,664	**$ 4,664**
$ 32,376	$ (1,485)	$ 122,754	**$ 149,575**
(1,271)	10,115	118,733	**130,072**
$ 31,105	$ 8,631	$ 241,487	**$ 279,647**
$ -	$ -	$ 34	**$ 39**
34,170	8,637	243,498	**288,256**
(3,065)	(6)	(2,045)	**(8,648)**
$ 31,105	$ 8,631	$ 241,487	**$ 279,647**
$ (8,943)	$ (760)	$ (4,658)	**$ (21,847)**
43,652	-	-	**47,752**
2,217	-	-	**2,217**
-	-	-	**703**
(119)	(1,433)	87,901	**88,106**
54,233	723	6,601	**60,003**
$ 91,040	$ (1,469)	$ 89,845	**$ 176,935**
$ 2,609	$ -	$ -	**$ 7,851**
9,725	-	-	**10,065**
(9,725)	-	-	**(10,065)**
(45)	-	-	**(349)**
$ 2,565	$ -	$ -	**$ 7,502**

STATE OF MICHIGAN

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CIRCUMSPICE

Office of the State Budget

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' 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.

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, 2003
(In Thousands)

	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND
ASSETS			
Cash	$ -	$ -	$ -
Equity in common cash	544	1,169	3,988
Receivables:			
Employee	85,570	-	-
Employer	354	97	-
Interest and dividends	-	47	2,552
Due from other funds	35	-	2,275
Sale of investments	-	879	44
Investments at Fair Value:			
Short-term investments	-	-	41,236
Bonds, notes, mortgages, and preferred stock	-	-	179,734
Common stock	-	62,270	438,922
Real estate	-	-	89,101
Alternative investments	-	-	127,916
International investments	-	-	94,129
Mutual funds	1,174,041	93,452	-
Pooled investment funds	1,575,073	-	-
Money market funds	143,454	-	-
Securities lending collateral	-	-	24,894
Capital Assets:			
Buildings and equipment	-	-	-
Allowance for depreciation	-	-	-
Total capital assets	-	-	-
Total Assets	$ 2,979,071	$ 157,914	$ 1,004,791
LIABILITIES			
Warrants outstanding	$ -	$ 47	$ 226
Accounts payable and other liabilities	-	733	442
Amounts due to other funds	-	2	-
Obligations under security lending	-	-	24,894
Total Liabilities	$ -	$ 782	$ 25,562
NET ASSETS			
Net assets held in trust for pension, postemployment health-care, and other employee benefits	$ 2,979,071	$ 157,132	$ 979,228
Reconciliation of Net Assets Held in Trust:			
Pension benefits	$ -	$ 148,737	$ 977,032
Postemployment health-care benefits	-	8,395	2,196
Other employee benefits	2,979,071	-	-
Total net assets held in trust for benefits	$ 2,979,071	$ 157,132	$ 979,228

STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND	JUDGES' RETIREMENT FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	**TOTALS**
$ 6	$ -	$ -	$ -	**$ 6**
41,458	116,629	1,142	-	**164,929**
-	-	-	27,108	**112,678**
73,050	430,833	68	45	**504,447**
22,048	85,368	703	-	**110,718**
18,670	-	-	-	**20,980**
410	1,580	12	-	**2,926**
428,164	1,112,268	12,624	-	**1,594,292**
1,527,090	5,955,155	52,233	-	**7,714,213**
3,973,715	15,453,791	113,101	-	**20,041,799**
853,356	2,914,544	28,718	-	**3,885,720**
1,181,377	4,732,381	24,859	-	**6,066,534**
855,655	3,132,186	21,229	-	**4,103,199**
-	-	-	170,109	**1,437,603**
-	-	-	116,269	**1,691,342**
-	-	-	104,548	**248,002**
219,484	839,159	6,974	-	**1,090,511**
6	18	-	-	**24**
(6)	(18)	-	-	**(24)**
-	-	-	-	**-**
$ 9,194,485	$ 34,773,895	$ 261,663	$ 418,079	**$ 48,789,897**
$ 2,570	$ 9,301	$ 76	$ -	**$ 12,221**
5,905	82,044	82	-	**89,206**
-	-	-	35	**36**
219,484	839,159	6,974	-	**1,090,511**
$ 227,959	$ 930,504	$ 7,132	$ 35	**$ 1,191,974**
$ 8,966,526	$ 33,843,391	$ 254,531	$ 418,044	**$ 47,597,924**
$ 8,924,267	$ 33,399,859	$ 254,939	$ 418,044	**$ 44,122,877**
42,259	443,532	(408)	-	**495,975**
-	-	-	-	**2,979,071**
$ 8,966,526	$ 33,843,391	$ 254,531	$ 418,044	**$ 47,597,924**

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PENSION (AND OTHER EMPLOYEE BENEFIT) TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	STATE EMPLOYEES' DEFERRED COMPENSATION FUNDS	LEGISLATIVE RETIREMENT FUND	STATE POLICE RETIREMENT FUND
ADDITIONS			
Contributions:			
From participants	$ 156,396	$ 234	$ 1,579
From employers	-	2,947	55,552
From other plans	3,149	-	-
Investment Income:			
Net appreciation (depreciation) in fair value of investments	272,691	21,351	113,587
Interest, dividends, and other	82,761	3,354	21,625
Securities lending income	-	-	505
Less Investment Expense:			
Investment activity expense	-	417	1,921
Securities lending expense	-	-	418
Net investment income (loss)	355,452	24,288	133,377
Miscellaneous income	523	1,080	-
Total Additions	515,519	28,549	190,509
DEDUCTIONS			
Benefits paid to participants or beneficiaries	279,429	7,738	70,152
Medical, dental, and life insurance for retirants	-	3,644	27,036
Refunds and transfers to other systems	159	168	-
Administrative expense	6,607	298	423
Transfers to other funds	-	-	1
Total Deductions	286,194	11,848	97,612
Net increase (decrease)	229,325	16,701	92,897
Net assets held in trust for pension, postemployment health-care, and other employee benefits - Beginning of fiscal year	2,749,746	140,431	886,331
Net assets held in trust for pension, postemployment health-care, and other employee benefits - End of fiscal year	$ 2,979,071	$ 157,132	$ 979,228
Reconciliation of Net Increase in Assets:			
Net increase (decrease) in assets held in trust for pension benefits	$ -	$ 14,953	$ 88,811
Net increase (decrease) in assets held in trust for postemployment benefits	-	1,748	4,086
Net increase (decrease) in assets held in trust for other employee benefits	229,325	-	-
Total net increase (decrease)	$ 229,325	$ 16,701	$ 92,897

STATE EMPLOYEES' RETIREMENT FUND	PUBLIC SCHOOL EMPLOYEES' RETIREMENT FUND	JUDGES' RETIREMENT FUND	STATE EMPLOYEES' DEFINED CONTRIBUTION RETIREMENT FUND	**TOTALS**
$ 91,330	$ 426,479	$ 2,740	$ 16,821	**$ 695,579**
400,130	1,355,315	-	49,666	**1,863,610**
-	-	-	28	**3,177**
1,041,687	3,890,676	28,958	39,821	**5,408,771**
197,924	728,816	5,946	5,392	**1,045,817**
4,484	17,032	144	-	**22,164**
17,614	64,840	368	-	**85,160**
3,669	14,069	119	-	**18,276**
1,222,811	4,557,614	34,560	45,214	**6,373,315**
-	42	265	169	**2,079**
1,714,272	6,339,449	37,565	111,898	**8,937,761**
701,664	2,180,574	16,728	25,125	**3,281,410**
354,085	558,683	565	-	**944,012**
120	13,707	1	30	**14,185**
5,179	70,857	500	3,928	**87,791**
58,224	68	-	-	**58,293**
1,119,272	2,823,889	17,794	29,082	**4,385,691**
594,999	3,515,560	19,770	82,816	**4,552,070**
8,371,526	30,327,831	234,760	335,228	**43,045,854**
$ 8,966,526	$ 33,843,391	$ 254,531	$ 418,044	**$ 47,597,924**
$ 650,154	$ 3,391,829	$ 19,619	$ 82,816	**$ 4,248,183**
(55,155)	123,731	151	-	**74,562**
-	-	-	-	**229,325**
$ 594,999	$ 3,515,560	$ 19,770	$ 82,816	**$ 4,552,070**

STATE OF MICHIGAN

Office of the State Budget

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 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 Act are met. Proceeds of the fund pay the administrative costs and prompt claims allowed under the Act.

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

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.

Since the State no longer holds escrow deposits for the remaining mortgage investments, the fund was closed during fiscal year 2002-2003.

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. The State makes no monetary contributions into the program. 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.

This fund was closed in fiscal year 2002-2003 when the undistributed cash held in trust to pay obligations for the three bankrupt employers was transferred to the Self-Insurers' Security Fund.

COMBINING STATEMENT OF FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
SEPTEMBER 30, 2003
(In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS, AND DEPOSITS INVESTMENT FUND	HOSPITAL PATIENTS' TRUST FUND
ASSETS			
Cash	$ -	$ 699	$ 22
Equity in common cash	60,274	43,347	215
Receivables:			
Interest and dividends	-	73	-
Sale of investments	2,241	-	-
Investments at Fair Value:			
Bonds, notes, mortgages, and preferred stock	-	11,401	-
Common stock	-	77	-
Mutual funds	-	5	-
Guaranteed funding agreements	-	-	-
Securities lending collateral	-	1	-
Other current assets	857	2,682	19
Total Assets	$ 63,373	$ 58,286	$ 257
LIABILITIES			
Warrants outstanding	$ 822	$ 803	$ 25
Accounts payable and other liabilities	551	21,798	2
Obligations under security lending	-	1	-
Total Liabilities	$ 1,373	$ 22,602	$ 27
NET ASSETS			
Net assets held in trust for other purposes	$ 62,000	$ 35,683	$ 230

MICHIGAN EDUCATION SAVINGS PROGRAM	TOTALS
$ 780	$ 1,502
-	103,836
12	85
-	2,241
-	11,401
-	77
362,397	362,403
89,542	89,542
-	1
608	4,167
$ 453,340	$ 575,255
$ -	$ 1,650
874	23,225
-	1
$ 874	$ 24,876
$ 452,466	$ 550,378

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
PRIVATE PURPOSE TRUST FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	ESCHEATS FUND	GIFTS, BEQUESTS AND DEPOSITS INVESTMENT FUND	HOSPITAL PATIENTS' TRUST FUND
ADDITIONS			
Contributions:			
From participants	$ -	$ -	$ -
From clients	-	35,846	2,069
From gifts, bequests, and endowments	-	442	-
Investment Income:			
Net appreciation (depreciation) in fair value of investments	-	(94)	-
Interest, dividends, and other	-	917	4
Securities lending income	-	12	-
Less Investment Expense:			
Investment activity expense	-	-	-
Securities lending expense	-	11	-
Net investment income (loss)	-	823	4
Escheated property	74,705	-	-
Miscellaneous income	140	1,078	-
Total Additions	74,845	38,190	2,073
DEDUCTIONS			
Benefits paid to participants or beneficiaries	-	-	-
Amounts distributed to clients, claimants, or third parties	30,043	36,013	2,218
Administrative expense	11,070	27	-
Transfers to other funds	-	2,556	-
Total Deductions	41,113	38,595	2,218
Net increase (decrease)	33,732	(406)	(145)
Net assets held in trust for others - Beginning of fiscal year	28,268	36,089	375
Net assets held in trust for others - End of fiscal year	$ 62,000	$ 35,683	$ 230
Reconciliation of Net Increase in Assets:			
Net increase (decrease) in assets held in trust for other purpose	$ 33,732	$ (406)	$ (145)
Total net increase (decrease)	$ 33,732	$ (406)	$ (145)

FEDERAL HOUSING ADMINISTRATION MORTGAGES ESCROW FUND	MICHIGAN EDUCATION SAVINGS PROGRAM	WORKERS' DISABILITY COMPENSATION TRUST FUNDS	**TOTALS**
$ -	$ 209,886	$ -	**$ 209,886**
-	-	-	**37,915**
-	-	-	**442**
-	39,973	-	**39,878**
-	9,128	11	**10,059**
-	-	-	**12**
-	1,407	-	**1,407**
-	-	-	**11**
-	47,693	11	**48,531**
-	-	-	**74,705**
-	-	-	**1,218**
-	257,580	11	**372,698**
-	11,369	-	**11,369**
393	-	-	**68,667**
-	-	-	**11,097**
-	-	821	**3,376**
393	11,369	821	**94,509**
(393)	246,211	(809)	**278,190**
393	206,254	809	**272,189**
$ -	$ 452,466	$ -	**$ 550,378**
$ (393)	$ 246,211	$ (809)	**$ 278,190**
$ (393)	$ 246,211	$ (809)	**$ 278,190**

AGENCY FUNDS

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, 2003
(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	$ -	$ -	$ 725	$ 80,852	**$ 81,576**
Equity in common cash	3,931	1,127	-	-	**5,058**
Investments at Fair Value:					
Short-term investments	-	-	23,758	-	**23,758**
Bonds, notes, mortgages, and preferred stock	-	-	58,917	-	**58,917**
Other current assets	-	-	3,155	7,049	**10,204**
Other noncurrent assets	-	336,062	-	-	**336,062**
Total Assets	$ 3,931	$ 337,189	$ 86,554	$ 87,900	**$ 515,575**
LIABILITIES					
Warrants outstanding	$ -	$ 67	$ -	$ -	**$ 67**
Accounts payable and other liabilities	3,931	776	18,610	87,777	**111,094**
Amounts due to other funds	-	-	-	124	**124**
Other long-term liabilities	-	336,346	67,944	-	**404,290**
Total Liabilities	$ 3,931	$ 337,189	$ 86,554	$ 87,900	**$ 515,575**

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

	BALANCE OCTOBER 1, 2002	ADDITIONS	DEDUCTIONS	**BALANCE SEPTEMBER 30, 2003**
ENVIRONMENTAL QUALITY DEPOSITS FUND				
ASSETS				
Equity in common cash	$ 4,233	$ 562	$ 865	**$ 3,931**
Total Assets	$ 4,233	$ 562	$ 865	**$ 3,931**
LIABILITIES				
Accounts payable and other liabilities	$ 4,233	$ 562	$ 865	**$ 3,931**
Total Liabilities	$ 4,233	$ 562	$ 865	**$ 3,931**
INSURANCE CARRIER DEPOSITS FUND				
ASSETS				
Equity in common cash	$ 1,487	$ 77,437	$ 77,797	**$ 1,127**
Other noncurrent assets	357,954	277,450	299,342	**336,062**
Total Assets	$ 359,441	$ 354,887	$ 377,139	**$ 337,189**
LIABILITIES				
Warrants outstanding	$ 119	$ -	$ 51	**$ 67**
Accounts payable and other liabilities	1,085	71,797	72,106	**776**
Other long-term liabilities	358,238	277,450	299,342	**336,346**
Total Liabilities	$ 359,441	$ 349,247	$ 371,499	**$ 337,189**
STATE TREASURER'S ESCROW AND PAYING AGENT FUND				
ASSETS				
Cash	$ 923	$ 30,161	$ 30,359	**$ 725**
Equity in common cash	-	409	409	**-**
Investments at Fair Value:				
Short-term investments	18,894	24,764	19,900	**23,758**
Bonds, notes, mortgages, and preferred stock	83,782	187	25,053	**58,917**
Other current assets	3,681	9,580	10,106	**3,155**
Total Assets	$ 107,281	$ 65,101	$ 85,828	**$ 86,554**
LIABILITIES				
Accounts payable and other liabilities	$ 24,239	$ 33,531	$ 39,160	**$ 18,610**
Other long-term liabilities	83,042	187	15,286	**67,944**
Total Liabilities	$ 107,281	$ 33,719	$ 54,445	**$ 86,554**

CHILD SUPPORT COLLECTION FUND	BALANCE OCTOBER 1, 2002	ADDITIONS	DEDUCTIONS	**BALANCE SEPTEMBER 30, 2003**
ASSETS				
Cash	$ 31,962	$ 2,998,832	$ 2,949,942	**$ 80,852**
Other current assets	4,269	7,049	4,269	**7,049**
Total Assets	$ 36,230	$ 3,005,881	$ 2,954,211	**$ 87,900**
LIABILITIES				
Accounts payable and other liabilities	$ 35,958	$ 3,096,347	$ 3,044,528	**$ 87,777**
Amounts due to other funds	273	-	149	**124**
Total Liabilities	$ 36,230	$ 3,096,347	$ 3,044,677	**$ 87,900**
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	$ 32,885	$ 3,028,993	$ 2,980,301	**$ 81,576**
Equity in common cash	5,720	78,408	79,071	**5,058**
Investments at Fair Value:				
Short-term investments	18,894	24,764	19,900	**23,758**
Bonds, notes, mortgages, and preferred stock	83,782	187	25,053	**58,917**
Other current assets	7,950	16,629	14,375	**10,204**
Other noncurrent assets	357,954	277,450	299,342	**336,062**
Total Assets	$ 507,186	$ 3,426,432	$ 3,418,042	**$ 515,575**
LIABILITIES				
Warrants outstanding	$ 119	$ -	$ 51	**$ 67**
Accounts payable and other liabilities	65,514	3,202,238	3,156,657	**111,094**
Amounts due to other funds	273	-	149	**124**
Other long-term liabilities	441,280	277,637	314,628	**404,290**
Total Liabilities	$ 507,186	$ 3,479,875	$ 3,471,486	**$ 515,575**

COMPONENT UNITS – AUTHORITIES

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.

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.

MICHIGAN BROADBAND DEVELOPMENT AUTHORITY

Public Act 49 of 2002 created the Michigan Broadband Development Authority (MBDA). The MBDA is a state financing authority that will 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 11-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 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 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.

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.

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 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 Executive Order 2002-3. 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 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 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.

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, 2003
(In Thousands)

	MACKINAC BRIDGE AUTHORITY	MACKINAC ISLAND STATE PARK COMMISSION	MICHIGAN BROADBAND DEVELOPMENT AUTHORITY	MICHIGAN ECONOMIC DEVELOPMENT CORPORATION	MICHIGAN HIGHER EDUCATION ASSISTANCE AUTHORITY
ASSETS					
Current Assets:					
Cash	$ 873	$ 1,142	$ 30,563	$ 5,382	$ 2,141
Equity in common cash	-	-	-	130,544	-
Amounts due from component units	-	-	-	6,366	-
Amounts due from primary government	-	-	-	-	687
Amounts due from federal government	-	-	-	171	2,736
Inventories	-	672	-	-	-
Investments	20,429	821	15,145	20,928	14,500
Other current assets	239	23	56	3,699	318
Total Current Assets	21,541	2,659	45,764	167,091	20,382
Restricted Assets:					
Cash and cash equivalents	-	527	-	7,689	-
Investments	-	2,979	-	301	-
Mortgages and loans receivable	-	-	120	26,103	-
Investments	-	-	-	34,997	-
Capital Assets:					
Land and other non-depreciable assets	125	337	-	-	-
Buildings, equipment, and other depreciable assets	7,821	8,678	-	16,305	1,798
Less accumulated depreciation	(3,080)	(5,465)	-	(3,076)	(286)
Infrastructure	102,464	-	-	-	-
Construction in progress	-	176	-	-	-
Total capital assets	107,330	3,727	-	13,230	1,512
Other noncurrent assets	-	-	-	-	-
Total Assets	$ 128,872	$ 9,891	$ 45,884	$ 249,411	$ 21,893
LIABILITIES					
Current Liabilities:					
Warrants outstanding	$ -	$ 7	$ -	$ 153	$ -
Accounts payable and other liabilities	2,007	121	169	16,559	2
Amounts due to component units	-	-	-	-	-
Amounts due to primary government	1,170	-	35	94	24
Bonds and notes payable	-	220	-	-	-
Interest payable	-	10	3,315	-	-
Deferred revenue	610	79	-	-	-
Current portion of other long-term obligations	250	-	4	4,942	21
Total Current Liabilities	4,037	437	3,523	21,748	47
Bonds and notes payable	-	2,028	50,000	-	-
Noncurrent portion of other long-term obligations	73	-	97	6,811	363
Total Liabilities	$ 4,110	$ 2,465	$ 53,620	$ 28,559	$ 410
NET ASSETS					
Invested in capital assets, net of related debt	$ 107,330	$ 1,479	$ -	$ 13,230	$ 1,512
Restricted For:					
Construction and debt service	-	951	-	-	-
Other purposes	-	3,540	-	-	19,971
Unrestricted	17,431	1,456	(7,735)	207,622	-
Total Net Assets	$ 124,762	$ 7,426	$ (7,735)	$ 220,852	$ 21,483

MICHIGAN HIGHER EDUCATION FACILITIES AUTHORITY	MICHIGAN HIGHER EDUCATION STUDENT LOAN AUTHORITY	MICHIGAN PUBLIC EDUCATIONAL FACILITIES AUTHORITY	MICHIGAN STATE HOSPITAL FINANCE AUTHORITY	MICHIGAN STRATEGIC FUND	STATE BAR OF MICHIGAN	**TOTALS**
$ -	$ 129,493	$ 4,540	$ 559	$ 50	$ 2,214	**$ 176,958**
-	-	-	-	432	-	**130,976**
-	-	-	-	-	-	**6,366**
399	193	-	122	-	-	**1,401**
-	-	-	-	7,625	-	**10,532**
-	-	-	-	-	-	**672**
-	303,465	-	2,599	-	3,110	**380,997**
29	134,170	14,752	1,077	6,370	285	**161,017**
428	567,321	19,292	4,356	14,477	5,608	**868,918**
-	-	-	-	-	-	**8,216**
-	-	-	149	-	-	**3,429**
-	898,627	-	-	-	-	**924,851**
-	6,016	-	1,423	-	-	**42,436**
-	-	-	-	-	381	**843**
-	-	-	68	-	10,642	**45,311**
-	-	-	(49)	-	(3,982)	**(15,937)**
-	-	-	-	-	-	**102,464**
-	-	-	-	-	-	**176**
-	-	-	19	-	7,040	**132,858**
-	14,031	-	-	-	-	**14,031**
$ 428	$ 1,485,995	$ 19,292	$ 5,947	$ 14,477	$ 12,648	**$ 1,994,738**
$ -	$ -	$ -	$ -	$ 214	$ -	**$ 374**
1	1,551	-	-	7,668	676	**28,756**
-	-	-	-	6,366	-	**6,366**
-	-	237	-	10	-	**1,569**
-	12,780	14,854	-	-	245	**28,099**
-	3,592	23	-	-	-	**6,940**
-	-	-	-	162	682	**1,532**
-	1,421	-	30	-	-	**6,668**
1	19,343	15,114	30	14,420	1,604	**80,304**
-	1,286,640	-	-	-	3,618	**1,342,286**
-	60,691	-	422	-	-	**68,458**
$ 1	$ 1,366,675	$ 15,114	$ 452	$ 14,420	$ 5,222	**$ 1,491,048**
$ -	$ -	$ -	$ 19	$ -	$ 3,177	**$ 126,746**
-	9,481	-	-	-	-	**10,432**
-	-	4,415	-	-	-	**27,926**
427	109,839	(237)	5,476	56	4,250	**338,586**
$ 427	$ 119,320	$ 4,178	$ 5,495	$ 56	$ 7,427	**$ 503,690**

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - AUTHORITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2003
(In Thousands)

		PROGRAM REVENUES			
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Mackinac Bridge Authority	$ 16,069	$ 13,444	$ -	$ -	$ (2,625)
Mackinac Island State Park Commission	3,699	3,745	150	-	196
Michigan Broadband Development Authority	7,053	18	49	-	(6,986)
Michigan Economic Development Corporation	149,906	-	102,450	-	(47,455)
Michigan Higher Education Assistance Authority	156,939	18,811	143,731	-	5,603
Michigan Higher Education Facilities Authority	108	113	-	-	5
Michigan Higher Education Student Loan Authority	62,269	60,109	-	-	(2,160)
Michigan Public Educational Facilities Authority	520	61	-	-	(459)
Michigan State Hospital Finance Authority	1,175	970	-	-	(205)
Michigan Strategic Fund	138,158	1,565	37,671	-	(98,922)
State Bar of Michigan	8,517	9,020	165	-	668
Total	$ 544,413	$ 107,855	$ 284,216	$ -	$ (152,343)

GENERAL REVENUES						
INTEREST AND INVESTMENT EARNINGS (LOSS)	PAYMENTS FROM STATE OF MICHIGAN	OTHER	SPECIAL ITEMS	CHANGE IN NET ASSETS	NET ASSETS BEGINNING OF YEAR	NET ASSETS END OF YEAR
$ 493	$ -	$ -	$ -	$ (2,132)	$ 126,894	$ 124,762
95	-	-	-	291	7,135	7,426
692	-	2	-	(6,293)	(1,443)	(7,735)
543	-	3,407	-	(43,505)	264,357	220,852
-	-	-	-	5,603	15,880	21,483
5	-	-	-	10	417	427
5,950	-	-	-	3,789	115,531	119,320
56	-	-	-	(403)	4,581	4,178
262	-	-	-	56	5,439	5,495
-	85,082	13,773	-	(67)	124	56
379	-	-	-	1,047	6,380	7,427
$ 8,474	$ 85,082	$ 17,183	$ -	$ (41,605)	$ 545,295	$ 503,690

STATE OF MICHIGAN

Office of the State Budget

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, 2003. 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.

COMBINING STATEMENT OF NET ASSETS
NON-MAJOR COMPONENT UNITS
STATE UNIVERSITIES
JUNE 30, 2003
(In Thousands)

	EASTERN MICHIGAN UNIVERSITY	FERRIS STATE UNIVERSITY	GRAND VALLEY STATE UNIVERSITY	LAKE SUPERIOR STATE UNIVERSITY
ASSETS				
Current Assets:				
Cash	$ 69,038	$ 14,902	$ 14,038	$ 4,981
Amounts due from component units	-	-	122	-
Amounts due from primary government	20,491	13,790	40,697	2,712
Amounts due from federal government	1,723	390	2,363	271
Amounts due from local units	-	-	-	-
Inventories	565	988	1,495	1,019
Investments	-	23,676	12,564	-
Other current assets	16,738	3,941	9,458	1,119
Total Current Assets	108,555	57,687	80,736	10,102
Restricted Assets:				
Cash and cash equivalents	-	-	32	-
Mortgages and loans receivable	10,546	17,983	9,119	2,498
Investments	27,040	26,774	72,841	6,492
Capital Assets:				
Land and other non-depreciable assets	10,590	4,362	28,118	2,025
Buildings, equipment, and other depreciable assets	457,889	321,895	396,928	122,192
Less accumulated depreciation	(185,580)	(127,439)	(101,745)	(57,419)
Construction in progress	8,175	14,809	58,545	6,959
Total capital assets	291,075	213,627	381,846	73,758
Other noncurrent assets	1,916	2,171	7,590	-
Total Assets	$ 439,131	$ 318,241	$ 552,165	$ 92,849
LIABILITIES				
Current Liabilities:				
Accounts payable and other liabilities	$ 24,929	$ 13,567	$ 31,792	$ 2,340
Amounts due to primary government	532	556	139	154
Bonds and notes payable	2,933	2,510	5,766	765
Interest payable	644	1,149	1,327	200
Deferred revenue	6,467	4,423	10,110	825
Current portion of other long-term obligations	22	1,319	2,488	3,686
Total Current Liabilities	35,526	23,525	51,622	7,969
Deferred revenue	30	901	-	-
Bonds and notes payable	138,561	81,810	116,036	31,015
Noncurrent portion of other long-term obligations	6,713	4,834	2,112	1,854
Total Liabilities	$ 180,830	$ 111,070	$ 169,770	$ 40,838
NET ASSETS				
Invested in capital assets, net of related debt	$ 190,621	$ 137,750	$ 264,531	$ 43,640
Restricted For:				
Education	-	21,184	44,970	-
Construction and debt service	25,895	-	3,231	552
Other purposes	12,599	-	-	2,814
Funds Held as Permanent Investments:				
Expendable	-	1,661	-	5,295
Nonexpendable	-	10,536	-	205
Unrestricted	29,187	36,040	69,664	(495)
Total Net Assets	$ 258,301	$ 207,171	$ 382,395	$ 52,011

MICHIGAN TECHNOLOGICAL UNIVERSITY	NORTHERN MICHIGAN UNIVERSITY	OAKLAND UNIVERSITY	SAGINAW VALLEY STATE UNIVERSITY	**TOTALS**
$ 22,654	$ 26,859	$ 20,547	$ 13,561	**$ 186,580**
38	517	595	-	**1,273**
10,162	11,879	10,458	17,056	**127,245**
2,528	616	1,371	1,107	**10,369**
-	81	37	-	**118**
1,242	1,357	273	742	**7,681**
-	-	-	2,036	**38,277**
3,720	5,174	6,308	1,101	**47,559**
40,346	46,485	39,589	35,604	**419,103**
-	-	6,305	-	**6,337**
10,948	7,352	1,547	56	**60,049**
-	20,573	47,858	3,688	**205,264**
12,662	4,536	4,325	2,377	**68,994**
308,532	260,520	347,560	241,666	**2,457,181**
(159,316)	(91,012)	(120,094)	(80,274)	**(922,878)**
3,886	7,368	7,054	46,241	**153,037**
165,764	181,413	238,844	210,009	**1,756,335**
-	-	326	-	**12,003**
$ 217,058	$ 255,822	$ 334,468	$ 249,357	**$ 2,459,091**
$ 7,874	$ 12,158	$ 11,530	$ 12,374	**$ 116,564**
1,329	91	290	-	**3,091**
170	1,730	2,713	1,325	**17,912**
38	-	296	-	**3,654**
3,798	2,972	8,197	3,159	**39,951**
2,411	1,275	2,314	187	**13,702**
15,620	18,227	25,341	17,045	**194,875**
-	-	-	-	**931**
15,900	67,900	91,993	73,860	**617,076**
3,954	12,048	1,976	1,871	**35,361**
$ 35,474	$ 98,175	$ 119,311	$ 92,776	**$ 848,243**
$ 154,017	$ 122,438	$ 152,277	$ 139,113	**$ 1,204,386**
815	4,051	10,889	828	**82,737**
4,986	-	-	-	**34,664**
12,941	-	-	-	**28,353**
-	-	4,472	-	**11,429**
-	-	5,076	-	**15,817**
8,825	31,159	42,443	16,639	**233,462**
$ 181,584	$ 157,647	$ 215,158	$ 156,581	**$ 1,610,848**

COMBINING STATEMENT OF ACTIVITIES
NON-MAJOR COMPONENT UNITS - STATE UNIVERSITIES
FISCAL YEAR ENDED JUNE 30, 2003
(In Thousands)

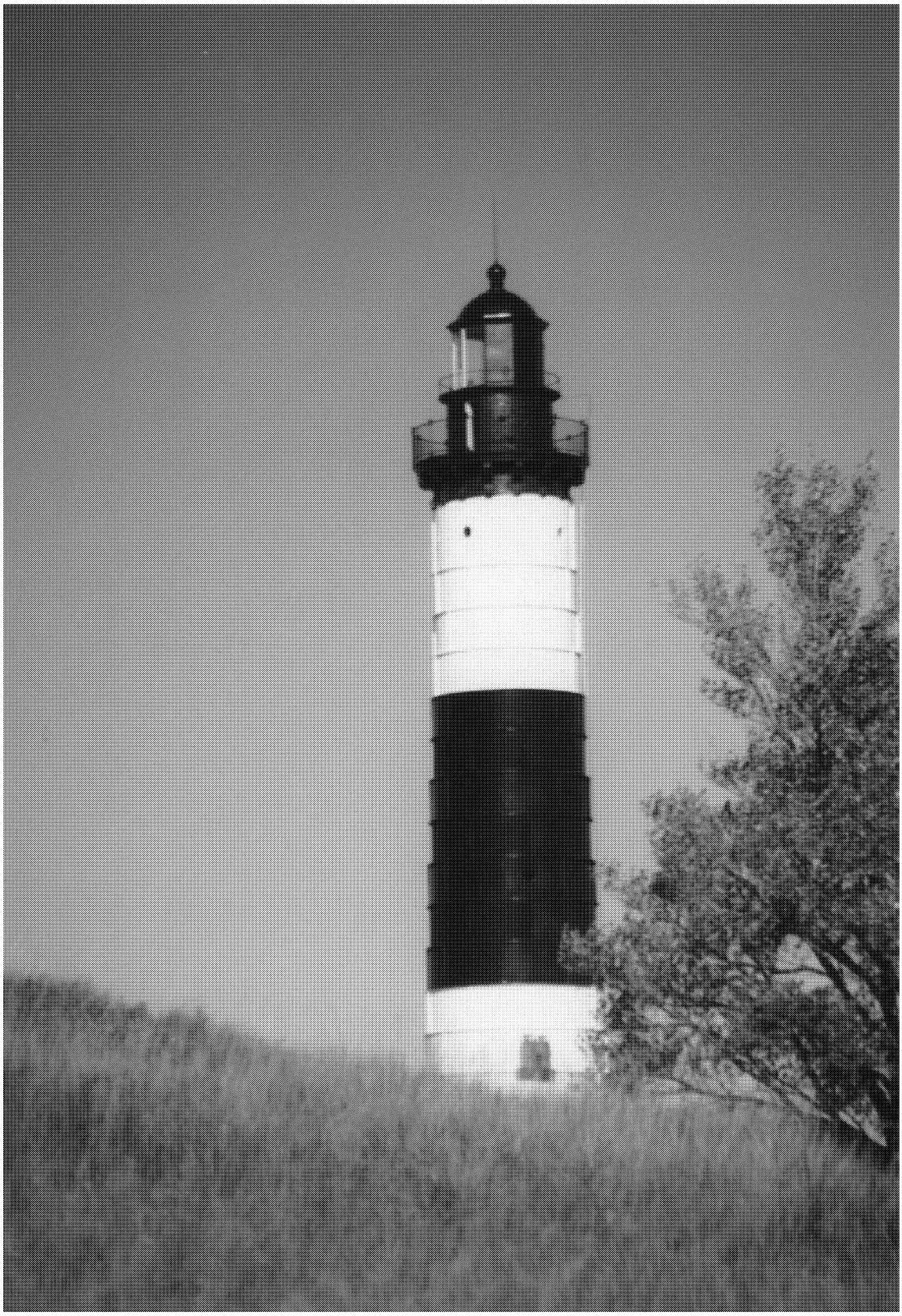
		PROGRAM REVENUES			
FUNCTIONS/PROGRAMS	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS/ CONTRIBUTIONS	CAPITAL GRANTS/ CONTRIBUTIONS	NET (EXPENSE) REVENUE
Eastern Michigan University	$ 270,746	$ 162,656	$ 14,449	$ 2,280	$ (91,361)
Ferris State University	175,682	91,772	14,182	-	(69,728)
Grand Valley State University	213,219	129,735	23,423	7,980	(52,081)
Lake Superior State University	45,170	19,816	6,316	559	(18,480)
Michigan Technological University	158,114	65,555	28,645	3,193	(60,721)
Northern Michigan University	126,882	55,570	19,861	710	(50,741)
Oakland University	165,039	92,055	19,299	88	(53,597)
Saginaw Valley State University	82,641	41,783	11,306	5,529	(24,023)
Total	$ 1,237,493	$ 658,942	$ 137,481	$ 20,338	$ (420,731)

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
$ 3,253	$ 89,686	$ 324	$ 1,903	$ 256,398	$ 258,301
3,084	63,038	7,114	3,508	203,663	207,171
3,224	80,257	4,581	35,981	346,415	382,395
362	13,707	-	(4,411)	56,422	52,011
(133)	53,849	5,578	(1,427)	183,011	181,584
953	50,920	-	1,133	156,514	157,647
2,844	55,027	-	4,274	210,883	215,158
587	49,114	-	25,679	130,902	156,581
$ 14,174	$ 455,600	$ 17,597	$ 66,640	$ 1,544,208	$ 1,610,848

STATE OF MICHIGAN

Office of the State Budget

Cascades Fountain, Jackson. Photo courtesy Marji Silk, Travel Michigan.



Big Sable Point Lighthouse, Ludington. Photo courtesy Steve Bolt.