

ANNUAL REPORT *of the* MICHIGAN STATE TREASURER



FISCAL YEAR

2007 - 2008

JENNIFER M. GRANHOLM, GOVERNOR
ROBERT J. KLEINE, STATE TREASURER

Table of Contents

State Treasurer's Letter of Transmittal	1
---	---

Cash and Investments

Schedule 1	State Treasurer's Common Cash - Assets and Equities	2
Schedule 2	Investment Portfolios of Specific Funds	3
Schedule 3	Investment Revenues	4
	Notes to Financial Schedules	6
	Cash and Investments	8
Table 1	Investment Revenues for Fiscal Years	8
Table 2	Statement of Available Month-End Common Cash	9
Table 3	Common Cash History	9
Table 4	State Treasurer's Common Cash Fund, Cash Balances and Transactions by Fund	10
Table 5	Demand Depositories as of September 30, 2008	13

Bonds, Notes, and Taxes

	Bonds and Notes	14
Table 6	General Obligation Debt, Bond and Note Payments	15
Table 7	Special Authority Revenue Bond Debt	16
Table 8	General Obligation Bond Payment Schedule	17
Table 9	Bonds and Notes Payable by Fiscal Year	17
Table 10	Special Revenue Debt, Bond and Note Payments	18
	State Tax Collections	19
Table 11	Treasury Administered Taxes and Fees Collected on a Cash Basis	19
Table 12	Michigan State Taxes	20
	Local Property Taxes	21
Table 13	Local Property Tax Valuation, Levies and Average Rates	21
Table 14	Distribution of Local Property Taxes	21

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



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

ROBERT J. KLEINE
STATE TREASURER

August 2009

The Honorable Jennifer Granholm
Members of the Michigan Legislature
People of the State of Michigan

Attached for your review is the Annual Report of the Michigan State Treasurer for Fiscal Year 2007-2008. This report contains financial information regarding the State Treasurer's Common Cash Fund, Investment Portfolios and Revenues, Michigan's General Obligation Debt, Bond, and Note Payments, as well as State Administered Tax Revenues collected during FY 2008.

Despite another challenging year, I am pleased to report that the State of Michigan ended FY 2008 with a General Fund balance of nearly \$458 million and a School Aid Fund balance of more than \$247 million. This could not have been possible without prudent spending practices and other reforms enacted by this administration.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Kleine".

Robert J. Kleine
State Treasurer

Schedule 1



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

	Fiscal Year Ended September 30	
	2008	2007
<u>Assets</u>		
Cash on Hand	\$ -0-	\$ -0-
Demand Deposits	801,941	203,223
Time Deposits - Regular	135,000	1,524,100
Time Deposits - Marina Loan Program	-0-	29
Time Deposits and Notes - Agricultural Loan Program	-0-	-0-
Prime Commercial Paper - At Cost	1,641,379	298,867
Emergency Municipal Loans	57,896	52,597
Michigan Sugar Beet Loan Program	1,800	2,400
Total	<u>\$ 2,638,016</u>	<u>\$ 2,081,216</u>
<u>Equities</u>		
Available Equity of Other Funds	\$ 2,450,888	\$ 1,951,706
Outstanding Warrants	187,128	129,510
Total	<u>\$ 2,638,016</u>	<u>\$ 2,081,216</u>

Schedule 2



Investment Portfolios of Specific Funds (In Thousands of Dollars)

Fund	Short-Term Investments	Fixed Income Securities	Equities and Mutual Funds	Real Estate and Mortgages	Alternative Investments	International Equities	FY Ended Sept. 30	
							2008 Total	2007 Total
Legislative Retirement	\$ 5,538	\$ 32,036	\$ 123,938	\$ -0-	\$ -0-	\$ -0-	\$ 161,512	\$ 203,999
State Police Retirement	29,357	188,745	473,541	134,495	210,720	100,864	1,137,722	1,342,766
State Employees' Retirement	292,399	1,704,329	4,269,077	1,189,530	1,808,312	919,639	10,183,286	12,041,106
Public School Employees' Retirement	918,324	7,117,621	17,412,501	4,486,059	7,732,394	3,672,727	41,339,626	48,938,394
Judges' Retirement	9,859	45,775	115,959	44,651	40,107	24,484	280,835	335,698
Michigan Veterans' Trust	3,460	37,080	6,047	-0-	-0-	-0-	46,587	47,894
Game and Fish Lifetime License Trust	13,894	1,672	-0-	-0-	-0-	-0-	15,566	22,907
Game and Fish Protection Trust	7,134	64,625	40,944	-0-	-0-	-0-	112,703	116,459
Michigan Civilian Conservation Corps	818	-0-	-0-	-0-	-0-	-0-	818	20,216
Michigan Natural Resources Trust	180,365	242,810	72,312	-0-	-0-	-0-	495,487	448,420
Michigan State Parks Endowment	13,316	96,377	30,840	-0-	-0-	-0-	140,533	145,042
Children's Trust	3,881	12,004	5,706	-0-	-0-	-0-	21,591	22,783
Michigan Nongame Fish and Wildlife	460	5,141	659	-0-	-0-	-0-	6,260	6,461
State Lottery	3,508	320,988	-0-	-0-	-0-	-0-	324,496	375,479
Michigan Higher Education Assistance Authority	3	1,522	-0-	-0-	-0-	-0-	1,525	1,575
Michigan Education Trust	220,965	285,958	322,499	-0-	-0-	-0-	829,422	951,264
Mackinac Bridge Authority	5,010	32,054	-0-	-0-	-0-	-0-	37,064	31,133
Gifts, Bequests, and Deposits Investment	17,645	17,391	224	-0-	-0-	-0-	35,260	35,622
Totals	\$1,725,936	\$10,206,128	\$22,874,247	\$5,854,735	\$9,791,533	\$4,717,714	\$55,170,293	\$65,087,218

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

Schedule 3



Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2008	2007
General	\$ (17,012)	\$ -0-	\$ (17,012)	\$ (25,140)
Counter - Cyclical Budget and Economic Stabilization	66	-0-	66	73
Game and Fish Lifetime License Trust	445	93	538	683
State Aeronautics	711	-0-	711	607
Michigan Veterans' Trust	294	467	761	3,434
State Trunkline	21,783	-0-	21,783	23,875
Michigan State Waterways	1,298	-0-	1,298	1,387
Blue Water Bridge	355	-0-	355	237
Michigan Transportation	5,447	-0-	5,447	7,640
Comprehensive Transportation	567	-0-	567	226
School Aid	2,590	-0-	2,590	(1)
Marine Safety	26	-0-	26	117
Game and Fish Protection Trust	1,349	(6,130)	(4,781)	11,735
State Park Improvement	217	-0-	217	202
Forest Development	289	-0-	289	314
Recreation Bond - Local Projects	5	-0-	5	8
Michigan Civilian Conservation Corps	113	788	901	1,315
Michigan Natural Resources Trust	6,862	(5,232)	1,630	31,070
Michigan State Parks Endowment	1,338	(1,881)	(543)	11,476
Safety Education and Training	93	-0-	93	74
Clean Michigan Initiative Bond - Local Projects	66	-0-	66	106
Environmental Protection Bond	597	-0-	597	1,360
Clean Michigan Initiative Bond - Environment Projects	938	-0-	938	2,884
Bottle Deposits	1,603	-0-	1,603	1,663
State Construction Code	90	-0-	90	84
Children's Trust	203	(491)	(288)	162
Homeowner Construction Lien Recovery	100	-0-	100	128
Michigan Nongame Fish and Wildlife	31	84	115	453
21st Century Jobs Trust	8,000	-0-	8,000	19,458
1989 State Trunkline Bond Proceeds	-0-	-0-	-0-	47
1992 State Trunkline Bond Proceeds	31	-0-	31	(1)
1994 State Trunkline Bond Proceeds	-0-	-0-	-0-	14
Michigan Merit Award Trust	(2)	-0-	(2)	369
Tobacco Settlement Trust	-0-	-0-	-0-	(12)
2001 Build Michigan III Bond Proceeds	5,691	-0-	5,691	4,866
2001 Build Michigan II - GARVEE Bond Proceeds	55	-0-	55	191
Comprehensive Transportation Bond Proceeds	2,160	-0-	2,160	4,437
Outdoor Recreation Legacy Fund Accounts	33	-0-	33	-0-
Off-Road Vehicle Account	173	-0-	173	-0-
Snowmobile Account	315	-0-	315	-0-
Liquor Purchasing Revolving	1,973	-0-	1,973	4,628
State Lottery	3,063	29,716	32,779	28,462

Schedule 3



Continued. . . (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2008	2007
Land Bank Fast Track	\$ 77	\$ -0-	\$ 77	\$ 136
State Fair Exposition and Fairground	(13)	-0-	(13)	(21)
Jobs for Michigan Investment	178	-0-	178	292
State Sponsored Group Insurance	7,276	-0-	7,276	-0-
State Water Pollution Control Loan	58	-0-	58	169
School Loan Revolving	3,048	-0-	3,048	-0-
Combined State Trunkline Bond and Interest Redemption	25	-0-	25	75
Combined Comprehensive Transportation Bond and Interest Redemption	16	-0-	16	7
Recreation and Environmental Protection Bond Redemption	24	-0-	24	39
Clean Michigan Initiative Bond - State Projects	61	-0-	61	97
Recreation Bond - State Projects	5	-0-	5	8
Legislative Retirement	121	(31,376)	(31,255)	30,253
State Police Retirement	25	(200,087)	(200,062)	203,509
State Employees' Retirement	205	(1,820,003)	(1,819,798)	1,819,563
Public School Employees' Retirement	3,308	(7,364,118)	(7,360,810)	7,293,036
Judges' Retirement	36	(47,984)	(47,948)	50,121
Michigan Employment Security Act Contingent	379	-0-	379	749
Vietnam Veterans' Memorial Monument	22	-0-	22	33
Law Enforcement Officers Memorial	2	-0-	2	3
Military Family Relief	62	-0-	62	86
Children's Institute Trust	2	-0-	2	5
Gifts, Bequests, and Deposits Investment	764	727	1,491	1,669
Silicosis, Dust Disease, and Logging Industry Compensation	56	-0-	56	120
Second Injury	456	-0-	456	604
Hospital Patients' Trust	6	-0-	6	11
Self-Insurers' Security	654	-0-	654	898
State Employees' Deferred Compensation I (457)	48	-0-	48	59
State Employees' Deferred Compensation II (401(k))	41	-0-	41	50
State Employees' Defined Contribution Plan	12	-0-	12	14
Environmental Quality Deposits	102	-0-	102	159
Utility Consumer Representation	108	-0-	108	163
Transportation Related Trust	(227)	-0-	(227)	(704)
Michigan Higher Education Assistance Authority	-0-	71	71	75
Mackinac Bridge Authority	-0-	1,048	1,048	1,590
Michigan Education Trust	-0-	(61,190)	(61,190)	49,442
TOTALS	\$ 68,893	\$(9,505,498)	\$(9,436,605)	\$9,590,941

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

Notes to Financial Schedules



NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

a. Report Presentation

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

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

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

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

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

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

Alternative Investments: These investments consist of limited partnerships.

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

The State Treasurer does not employ the use of derivatives in the investment of the State Treasurer's common cash pool or the investment of trust funds other than the pension trust funds.

The State Treasurer invests in derivatives as detailed below:

- *U.S. Passive Equities (Derivatives):* These investments are equity index hedge and replication of return strategies and represent 0.9 percent of the pension trust funds Equities and Mutual Funds investment category.

The pension trust fund portfolios have been invested from time to time in derivative securities and contracts related to U.S. passive equity funds. On September 30, 2008, and September 30, 2007, these strategies comprised approximately 0.6 percent and 0.2 percent of the total pension trust funds, respectively.

- *International Equity Swaps (Derivatives):* These investments are swap agreements and represent 56.0 percent of the International Equities investment category.

Swap agreements, which are tied to stock market indices in the United States and 22 foreign countries, are the core of the International Equity Market investment strategy. These contractual agreements are made with large global banks and brokerage firms, and represent approximately 5.0 percent and 6.6 percent of the total pension trust funds on September 30, 2008, and 2007, respectively.

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



b. Basis of Accounting

Schedule 1, *State Treasurer's Common Cash - Assets and Equities*, is presented on the cash basis of accounting. (*The State of Michigan Comprehensive Annual Financial Report's* disclosure regarding the State Treasurer's common cash includes \$1.9 million in interest receivable, because it is presented on the modified accrual basis of accounting.) Schedule 2, *Investment Portfolios of Specific Funds*, and Schedule 3, *Investment Revenues*, are reported on the accrual basis of accounting.

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

c. Valuations of Investments

Schedule 1. All investments are reported at cost.

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

The market value of prime commercial paper and time deposits - regular at September 30, 2008 and 2007 was \$1,778.2 and \$1,825.9 million, respectively.

Schedule 2. Methods used to value investments.

All investments are reported at fair value, except for short-term investments, which are reported at cost. Securities traded on a national exchange are valued at last reported sales price. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

d. Securities Lending Transactions

Under the authority of Act No. 314 of the Public Acts of 1965, the State lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State's third-party agent, Credit Suisse, manages the securities lending program and receives cash collateral. The agent is not liable for any losses on the management of the cash collateral portfolio unless there is negligence or willful misconduct on its part. The collateral cash cannot be pledged or sold by the State and the State receives cash collateral in the amount of at least 102 percent of the market value of the securities lent. The types of securities lent are government securities, corporate bonds and equities. There is no restriction on the amount of securities lent. Because the loans were terminable at will, their duration did not generally match the duration of the investments made with cash collateral. At September 30, 2008 and 2007 the State had no outstanding credit loss on the securities lent. The market value of the securities lent at September 30, 2008 and 2007 was \$8,935.2 and \$13,523.1 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2008 and 2007 was \$8,920.2 and \$13,850.2 million respectively. The market value of securities lending cash collateral pool at September 30, 2008 and 2007 was \$6,847.5 and \$13,642.7 million respectively.

NOTE 2: CHANGE IN REPORTING OF FUNDS

Effective for FY ended September 30, 2008:

Game and Fish Protection Fund name changed to Game and Fish Lifetime License Trust Fund. Outdoor Recreation Legacy Fund Accounts, Off-Road Vehicle Account, Snowmobile Account, State Sponsored Group Insurance Fund, and School Loan Revolving Fund were added to Schedule 3.

Effective for FY ended September 30, 2007:

Michigan Underground Storage Tank Financial Assurance and Michigan Underground Storage Tank Financial Assurance Authority were removed from Schedule 3.

Cash and Investments

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

Statutes also allow the State Treasurer to loan funds from the common cash pool to financially troubled municipalities in Michigan and to make common cash available to Michigan farmers experiencing financial stress.

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

Manageable common cash includes the following funds:

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

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

Table 1



Investment Revenues for Fiscal Years (In Thousands of Dollars)

	General Fund Common Cash Earnings (Expenses) ^(a)	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals
2008	\$ (17,012)	\$ (7,360,810)	\$ (1,819,798)	\$ (200,062)	\$ (47,948)	\$ 9,025	\$ (9,436,605)
2007	(25,140)	7,293,036	1,819,563	203,509	50,121	249,852	\$ 9,590,941
2006	(7,130)	5,023,726	1,267,821	142,130	34,774	192,070	6,653,391
2005	(16,043)	4,622,419	1,184,720	132,583	32,277	148,797	6,104,753
2004	(10,258)	4,227,384	1,092,404	120,506	29,167	117,941	5,577,145
2003	(5,891)	4,622,454	1,240,425	135,298	34,929	137,619	6,164,834
2002	(1,664)	(3,652,504)	(985,906)	(106,066)	(25,747)	211,087	(4,560,800)
2001	66,572	(4,511,763)	(1,247,748)	(136,149)	(30,726)	380,968	(5,478,846)
2000	72,497	4,818,123	1,378,453	146,279	44,467	327,887	6,787,706
1999	20,690	5,124,436	1,482,096	158,055	53,345	605,413	7,444,035

(a)

Fiscal Year Ending	Total State Treasurer's Common Cash Fund and General Obligation Note Retirement Fund Earnings	Distribution of Earnings to Retirement and Other Funds Reported in Their Earnings	General Fund Common Cash Earnings (Expenses)
2008	\$ 68,893	\$ 85,905	\$ (17,012)
2007	80,107	105,247	(25,140)
2006	82,456	89,586	(7,130)
2005	46,256	62,299	(16,043)
2004	18,440	28,699	(10,258)
2003	27,892	33,783	(5,891)
2002	69,894	71,558	(1,664)
2001	247,607	181,035	66,572
2000	277,698	205,201	72,497
1999	163,811	143,121	20,690

Table 2



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

Month	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
October 2007	\$ (333.5)	\$ 2.1	\$ 2,294.3	\$ 1,962.9	\$ 144.1	\$ 352.3	\$ 2,459.2
November	(467.4)	2.1	2,143.6	1,678.3	146.2	348.7	2,173.2
December	759.5	2.1	2,083.7	2,845.3	329.3	284.4	3,458.9
January 2008	830.7	2.1	2,111.4	2,944.2	170.8	267.7	3,382.7
February	(218.1)	2.1	2,195.8	1,979.8	141.4	331.1	2,452.4
March	(710.9)	2.1	2,321.8	1,613.0	128.7	313.6	2,055.2
April	(289.5)	2.1	2,362.5	2,075.1	160.2	323.1	2,558.5
May	(648.2)	2.1	2,374.8	1,728.7	166.7	305.0	2,200.4
June	(731.6)	2.1	2,281.7	1,552.3	178.7	256.5	1,987.4
July	(587.0)	2.1	2,277.9	1,693.1	134.8	220.2	2,048.0
August	(858.1)	2.1	2,287.1	1,431.1	124.8	190.2	1,746.2
September	(616.6)	2.2	2,088.7	1,474.3	822.0	154.6	2,450.9

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.

(b) Includes Debt Service, Capital Projects, and Bond Funds.

Table 3



Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund	Other Funds	Manageable Common Cash ^(a)	Retirement Funds	Bond Funds ^(b)	Total Common Cash
September 1999	\$ 1,068.3	\$ 1,222.5	\$ 1,423.9	\$ 3,714.7	\$ 142.9	\$ 130.2	\$ 3,987.8
September 2000	1,631.6	1,264.4	1,996.1	4,892.1	186.2	153.4	5,231.7
September 2001	1,091.5	994.2	1,782.5	3,868.2	143.1	578.2	4,589.5
September 2002	454.7	145.2	1,776.3	2,376.2	121.8	518.2	3,016.2
September 2003	(490.1)	0.0	1,915.8	1,425.7	152.2	418.3	1,996.2
September 2004	(897.6)	0.0	2,077.2	1,179.6	197.5	402.7	1,779.8
September 2005	(856.4)	2.0	1,873.3	1,018.9	103.7	241.6	1,364.2
September 2006	(1,300.5)	2.0	2,159.3	860.8	93.2	443.5	1,397.5
September 2007	(1,004.4)	2.1	2,396.9	1,394.6	133.7	423.4	1,951.7
September 2008	(616.6)	2.2	2,088.7	1,474.3	822.0	154.6	2,450.9

(a) Manageable Common Cash includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.

(b) Includes Debt Service, Capital Projects and Bond Funds.

Table 4



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

Fund	Cash Balances 10-1-07	Receipts (a)	Disburse- ments (b)	Transfers In	Transfers Out	Cash Balances 9-30-08	Warrants Outstanding	Available Balances 9-30-08
GENERAL AND SCHOOL AID								
General	\$ 734,649	\$ 34,601,811	\$ 34,449,726	\$ 299,738	\$ 197,139	\$ 989,333	\$ 160,591	828,742
School Aid	(1,645,750)	12,216,415	12,780,593	769,135	3,833	(1,444,626)	695	(1,445,321)
Total General and School Aid	\$ (911,101)	\$ 46,818,226	\$ 47,230,319	\$ 1,068,873	\$ 200,972	\$ (455,293)	\$ 161,285	\$ (616,579)
BUDGET STABILIZATION								
Counter-Cyclical Budget and Economic Stabilization	\$ 2,090	\$ 66	\$ -0-	\$ -0-	\$ -0-	\$ 2,156	\$ -0-	\$ 2,156
Total Budget Stabilization	\$ 2,090	\$ 66	\$ -0-	\$ -0-	\$ -0-	\$ 2,156	\$ -0-	\$ 2,156
SPECIAL REVENUE								
Game and Fish Protection	\$ 21,147	\$ 52,927	\$ 71,817	\$ 12,007	\$ 370	\$ 13,894	\$ 85	\$ 13,808
Michigan Employment Security Act-Administration	(6,440)	134,110	143,608	9,008	853	(7,782)	13	(7,795)
State Aeronautics	15,460	176,323	173,727	6,000	3,521	20,534	24	20,511
Michigan Veterans' Trust	10,689	21,526	28,751	-0-	4	3,460	2	3,459
State Trunkline	866,579	727,562	1,603,304	827,418	189,057	629,198	2,579	626,619
Michigan State Waterways	45,334	18,292	33,414	13,545	180	43,577	129	43,447
Blue Water Bridge	9,697	15,317	9,996	-0-	1,777	13,241	3	13,237
Michigan Transportation	168,710	1,949,278	991,337	3,506	974,387	155,771	190	155,581
Comprehensive Transportation	51,972	117,154	241,928	163,147	29,909	60,437	239	60,198
Marine Safety	-0-	(2)	(2)	-0-	-0-	-0-	-0-	-0-
Game and Fish Protection Trust	66,862	68,940	116,662	-0-	12,007	7,134	41	7,093
State Park Improvement	9,580	39,233	37,655	-0-	1,364	9,794	59	9,735
Forest Development	8,662	31,054	27,717	-0-	177	11,821	70	11,751
Michigan Civilian Conservation Corps	961	21,535	1,676	-0-	20,002	818	1	817
Michigan Natural Resources Trust	234,532	247,287	291,442	-0-	10,012	180,365	2,379	177,987
Michigan State Parks Endowment	54,982	68,426	120,028	10,000	64	13,316	61	13,255
Safety Education and Training	4,354	9,195	7,876	-0-	56	5,617	1	5,616
Bottle Deposits	59,843	23,036	22,969	6,463	519	65,854	76	65,778
State Construction Code	4,100	8,091	10,863	-0-	85	1,243	7	1,236
Children's Trust	6,547	16,413	19,076	-0-	3	3,881	6	3,875
State Casino Gaming	9,350	33,469	18,549	-0-	11,821	12,449	1	12,448
Homeowner Construction Lien Recovery	3,716	1,154	2,274	-0-	1	2,595	166	2,429
Michigan Nongame Fish and Wildlife	1,198	5,222	5,957	-0-	3	460	1	459
21 st Century Jobs Trust	232,480	75,000	90,437	60,000	-0-	277,043	-0-	277,043
Michigan Merit Award Trust	26,857	176,454	186,502	-0-	4,253	12,566	8	12,549
Michigan Tobacco Settlement Finance Authority	8	60,176	95	-0-	60,000	89	-0-	89
Outdoor Recreation Legacy	3,702	-0-	2,386	1,016	10	2,322	80	2,242
Off-Road Vehicle	7,251	3,360	3,465	-0-	14	7,132	8	7,124
Snowmobile	10,031	6,484	10,214	2,370	20	8,652	1	8,651
State Building Authority Advance Financing	(58,499)	167,433	120,037	3	-0-	(11,100)	54	(11,154)
Michigan Strategic	22,271	118,392	113,899	197	-0-	26,961	50	26,912
Land Bank Fast Track Authority	2,424	426	628	-0-	-0-	2,222	3	2,219
State Exposition and Fairgrounds Authority	932	4,779	4,566	-0-	-0-	1,145	194	951
Jobs for Michigan Investment	25,620	91,870	96,951	-0-	197	20,343	13	20,330
School Loan Revolving	67,795	110,825	110,390	-0-	-0-	68,230	-0-	68,230
Total Special Revenue	\$ 1,988,706	\$ 4,600,743	\$ 4,720,191	\$ 1,114,680	\$ 1,320,667	\$ 1,663,272	\$ 6,542	\$ 1,656,729

Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-07	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-08	Warrants Outstanding	Available Balances 9-30-08
BOND, DEBT SERVICE AND CAPITAL PROJECTS								
Recreation Bond - Local Projects	\$ 154	\$ 5	\$ -0-	\$ -0-	\$ -0-	\$ 159	\$ -0-	\$ 159
Clean Michigan Initiative Bond - Local Projects	2,008	66	46	-0-	-0-	2,027	-0-	2,027
Clean Michigan Initiative Bond - Environmental Projects	39,335	24,584	38,414	-0-	6,463	19,042	17	19,025
Environmental Protection Bond	18,940	-0-	2,003	-0-	-0-	16,937	-0-	16,937
School Bond Loan	861	-0-	146	-0-	-0-	715	-0-	715
Great Lakes Water Quality Bond	10	2,584	2,594	-0-	2	(2)	-0-	(2)
1989 State Trunkline Bond Proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
1992 State Trunkline Bond Proceeds	101	3,599	2,090	-0-	-0-	1,611	-0-	1,611
1994 State Trunkline Bond Proceeds	-0-	11	10	-0-	-0-	-0-	-0-	-0-
State Trunkline Bond Proceeds	288,046	104,132	319,668	-0-	20,995	51,514	-0-	51,514
Build Michigan II - GARVEE Note Proceeds	(360)	32,745	49	-0-	32,114	222	-0-	222
Comprehensive Transportation Bond Proceeds	71,740	2,558	15,190	-0-	-0-	59,108	8	59,101
Combined State Trunkline Bond and Interest Redemption	124	1	188,257	188,132	-0-	-0-	-0-	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	1	33,317	33,316	-0-	-0-	-0-	-0-
Recreation and Environmental Protection Bond Redemption	1,260	462	78,708	78,286	-0-	1,301	1	1,300
School Loan Bond Redemption	41	-0-	3,738	3,833	-0-	136	-0-	136
Clean Michigan Initiative Bond - State Projects	1,863	61	214	-0-	-0-	1,710	-0-	1,710
Recreation Bond - State Projects	147	5	-0-	-0-	-0-	152	-0-	152
Total Bond, Debt Service and Capital Projects	\$ 424,272	\$ 170,813	\$ 684,445	\$ 303,567	\$ 59,574	\$ 154,633	\$ 25	\$ 154,607
ENTERPRISE								
Liquor Purchasing Revolving	\$ 60,449	\$ 789,456	\$ 633,118	\$ -0-	\$ 161,730	\$ 55,057	\$ 3,656	\$ 51,401
State Lottery	4,584	1,316,792	566,339	-0-	751,529	3,508	1,937	1,572
Michigan Higher Education Assistance Authority	-0-	3,000	3,000	-0-	-0-	-0-	-0-	-0-
Michigan State Housing Development Authority	-0-	174,742	174,742	-0-	-0-	-0-	924	(924)
State Water Pollution Control Loan	33	95,422	95,391	-0-	-0-	63	-0-	63
Total Enterprise	\$ 65,066	\$ 2,379,411	\$ 1,472,590	\$ -0-	\$ 913,259	\$ 58,629	\$ 6,517	\$ 52,112
INTERNAL SERVICE								
Correctional Industries Revolving	\$ (1,415)	\$ 41,128	\$ 38,616	\$ -0-	\$ -0-	\$ 1,096	\$ 83	\$ 1,013
Motor Transport	603	58,397	57,413	-0-	26	1,560	49	1,511
Office Services Revolving	(8,117)	151,259	146,537	-0-	107	(3,502)	45	(3,547)
Information Technology	23,632	507,716	500,431	-0-	1,186	29,731	390	29,341
Risk Management	6,751	43,815	43,220	-0-	15	7,331	-0-	7,331
State Sponsored Group Insurance	193,204	679,184	688,018	14,093	-0-	198,462	42	198,421
Total Internal Service	\$ 214,657	\$ 1,481,498	\$ 1,474,236	\$ 14,093	\$ 1,333	\$ 234,679	\$ 609	\$ 234,070

Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-07	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-08	Warrants Outstanding	Available Balances 9-30-08
RETIREMENT								
Legislative	\$ 1,308	\$ 98,475	\$ 93,205	\$ -0-	\$ -0-	\$ 6,578	\$ 23	\$ 6,556
State Police	5,009	370,090	355,818	551	1	19,831	145	19,686
State Employees'	27,261	3,823,270	3,640,029	6,884	13	217,372	1,999	215,373
Public School Employees'	109,947	12,414,545	11,943,781	-0-	74	580,636	6,425	574,211
Judges'	1,181	84,355	79,374	15	-0-	6,176	39	6,137
Total Retirement	\$ 144,706	\$ 16,790,734	\$ 16,112,209	\$ 7,450	\$ 88	\$ 830,594	\$ 8,632	\$ 821,963
TRUST AND AGENCY								
Michigan Employment Security Act Contingent	\$ 12,807	\$ 13,570	\$ 10,815	\$ -0-	\$ 12,676	\$ 2,886	\$ -0-	\$ 2,886
Vietnam Veterans' Memorial Monument	658	88	78	-0-	-0-	668	4	664
Law Enforcement Officers Memorial	67	14	43	-0-	-0-	37	-0-	37
Military Family Relief	1,769	555	191	-0-	-0-	2,133	4	2,129
Children's Institute Trust	102	2	1	-0-	-0-	102	-0-	102
Abandoned and Unclaimed Property (Escheats)	82,931	123,861	131,623	-0-	-0-	75,168	1,663	73,505
Gifts, Bequests, and Deposits Investment	17,563	125,469	125,386	-0-	-0-	17,645	432	17,214
Silicosis, Dust Disease, and Logging Industry Compensation	2,149	2,911	2,152	-0-	4	2,904	24	2,881
Assigned Claims Facility and Plan	280	147,075	146,814	-0-	67	474	-0-	474
Second Injury	18,426	16,890	16,532	-0-	13	18,771	585	18,186
Hospital Patients'	229	1,724	1,803	-0-	-0-	150	17	132
Self-Insurers' Security	20,421	10,832	7,322	-0-	6	23,925	233	23,692
State Employees' Deferred Comp. I (457)	1,166	67,641	67,012	-0-	-0-	1,795	-0-	1,795
State Employees' Deferred Comp. II (401k)	1,000	125,366	124,749	-0-	-0-	1,617	-0-	1,617
State Employees' Defined Contribution Plan	252	110,893	110,668	-0-	-0-	478	-0-	478
Special Assessment Deferment	1,549	250	72	-0-	-0-	1,727	10	1,717
Environmental Quality Deposits	3,055	258	25	-0-	-0-	3,288	-0-	3,288
Insurance Carrier Deposits	914	65,777	64,372	-0-	-0-	2,320	273	2,047
Utility Consumer Representation	3,548	1,205	1,018	-0-	3	3,732	8	3,724
Transportation Related	(16,063)	348,384	342,791	-0-	-0-	(10,471)	266	(10,737)
Total Trust and Agency	\$ 152,820	\$ 1,162,764	\$ 1,153,467	\$ -0-	\$ 12,769	\$ 149,348	\$ 3,518	\$ 145,830
GRAND TOTALS	\$ 2,081,216	\$ 73,404,256	\$ 72,847,456	\$ 2,508,662	\$ 2,508,662	\$ 2,638,017	\$ 187,128	\$ 2,450,888

(a) Receipts include \$11,550.1 million of securities sold and matured.

(b) Disbursements include \$11,189.4 million of securities purchased.

Table 5



Demand Depositories as of September 30, 2008 (In Thousands of Dollars)

City	Depository Bank	Deposits ^(a)	City	Depository Bank	Deposits ^(a)
Adrian	First Federal Bank	\$ 56	Kalamazoo	National City Bank	53
Alma	Firstbank, Alma	120	L'Anse	Commercial National Bank	42
Bad Axe	Signature Bank	46	Lansing	Bank of America-Credit Card Bank of America-Main Acct.	1,659 11,356
Baldwin	Lake Osceola State Bank	127	Lapeer	Lapeer County Bank and Trust	92
Beulah	Central State Bank	30	Manistique	mBank State Savings Bank	93 17
Cheboygan	Citizens National Bank	85	Marquette	Wells Fargo Bank, Michigan	1,999
Chelsea	Chelsea State Bank	94	Mason	Mason State Bank	1,228
Coldwater	Century Bank and Trust Southern Michigan National Bank	107 110	Midland	Chemical Bank and Trust	4,115
Croswell	Eastern Michigan Bank	9	Monroe	Monroe Bank and Trust	1,288
Crystal Falls	First National Bank	7	Mt. Pleasant	Isabella Bank and Trust	27
Detroit	JP Morgan Chase-Income Tax JP Morgan Chase-Main Acct. Comerica Bank - Detroit Comerica Bank - ACH Service	0 703,433 21,114 23,130	Munising	Peoples State Bank of Munising	38
Eastpointe	First State Bank	2182	Newberry	Tahquamenon Area Credit Union	46
East Tawas	Huron Community Bank	56	Norway	First National Bank	43
Escanaba	Northern Michigan National Bank Upper Peninsula State Bank	7 270	Ontonagon	Citizens State Bank	28
Fenton	The State Bank	60	Port Austin	Port Austin State Bank	7
Flint	Citizens Banking Corporation	7,735	Rockford	Independent Bank - West Michigan	5
Gladstone	Bay Bank First Bank Upper Michigan	4 18	St. Charles	Community State Bank	57
Grand Rapids	Fifth Third Bank	18,062	St. Ignace	First National Bank	34
Hancock	Superior National Bank and Trust	101	Sault Ste. Marie	Central Savings Bank Soo Co-Op Credit Union	86 9
Hillsdale	Hillsdale County National Bank	37	Shelby	Shelby State Bank	90
Ionia	Independent Bank First Bank, West Michigan	307 59	Stockbridge	SSBBank	12
Iron Mountain	First National Bank of Iron Mountain	33	Three Rivers	First National Bank	15
Ishpeming	Peninsula Bank	19	Wakefield	First National Bank	84
Ithaca	Commercial National Bank	6	West Branch	Firstbank, West Branch	64
			Zeeland	Huntington National Bank	4,109
			Total		801,941

(a) Deposits represent the account balance reported on bank statements and include deposits which are in the process of being collected through the banking system. Deposits are rounded to the nearest thousand and are secured by \$385 million of collateral.

Bonds and Notes

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

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

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

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

General Obligation Debt

All current general obligation bond and note issues are presented in Table 6, *General Obligation Debt, Bond and Note Payments*. During fiscal 2008, the State issued new debt for \$25.0 million to fund the Environmental and Great Lakes Water Quality Programs. The State also issued \$208.7 million to refund existing debt.

Special Authority Revenue Bond Debt

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

Special Revenue Debt

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

Table 6



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

Item	Issue Date	Maturity Dates	New Issues	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-08	
School Bond Loan (a)	Series 1998	1998	2000-2017	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 35,865 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	-0-	-0-	84,795 *
	Series 2002 (Refunding)	2002	2003-2015	-0-	-0-	-0-	-0-	76,305 *
	Series 2005B Multi-Modal	2005	2017-2025	-0-	-0-	-0-	2,906	192,635 *
	Series 2005C Multi-Modal	2005	2020-2024	-0-	-0-	-0-	385	113,090
Environmental Protection (b)	Series 1989	1989	1994-2019	-0-	904	968	2,407	2,340 *
	Series 1992	1992	2005-2012	-0-	18,593	-0-	2,179	56,180 *
	Water Pollution 1992	1992	1994-2012	-0-	-0-	790	283	4,190
	Water Pollution 1993	1993	1995-2013	-0-	-0-	975	338	6,280
	Series 1995	1995	1996-2019	-0-	5,485	-0-	-0-	-0- *
	Series 1998	1998	1998-2017	-0-	4,355	4,155	202	-0- *
	Series 2000	2000	2001-2020	-0-	5,180	2,410	285	2,785 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	-0-	3,295	60,345
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	17,380	6,329	111,635
	Series 2003	2003	2007-2021	-0-	22,640	-0-	924	13,581
	Series 2005B (Refunding)	2005	2013-2016	-0-	-0-	-0-	1,147	45,895
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	912	36,492
	Series 2005C (Refunding)	2005	2008-2013	-0-	1,321	1,686	114	2,475
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	571	25,000
	Series 2008A (Refunding)	2008	2011-2019	61,314	-0-	-0-	-0-	61,314
	Series 2008B (Refunding)	2008	2011-2019	4,210	-0-	-0-	-0-	4,210
Series 2008C (Refunding)	2008	2011-2012	5,008	-0-	-0-	-0-	5,008	
Series 2008D (Refunding)	2008	2011	56	-0-	-0-	-0-	56	
Recreation (c)	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	2,820	857	16,270
Clean Michigan Initiative (d)	Series 1999A	1999	2003-2019	-0-	8,180	3,810	320	-0- *
	Series 2001	2001	2003-2019	-0-	9,250	3,810	654	13,090 *
	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	130	3,138	59,425
	Series 2003	2003	2007-2021	-0-	96,520	-0-	3,939	57,894
	Series 2005A	2005	2017-2021	-0-	-0-	-0-	1,623	64,935
	Series 2005A (Refunding)	2005	2017-2018	-0-	-0-	-0-	546	21,835
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	11	443
	Series 2005C (Refunding)	2005	2008-2013	-0-	3,759	4,799	323	7,045
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	1,828	80,000
	Series 2008A	2008	2011-2019	15,000	-0-	-0-	-0-	15,000
	Series 2008A (Refunding)	2008	2011-2019	124,486	-0-	-0-	-0-	124,486
	Series 2008B	2008	2011-2019	7,500	-0-	-0-	-0-	7,500
	Series 2008B (Refunding)	2008	2011-2019	5,145	-0-	-0-	-0-	5,145
Series 2008C (Refunding)	2008	2011-2012	7,207	-0-	-0-	-0-	7,207	
Series 2008D (Refunding)	2008	2011	155	-0-	-0-	-0-	155	
Great Lakes Water Quality Bonds (e) (f)	SWQIF 2003	2003	2053	-0-	-0-	-0-	-0-	6,000
	Series 2006B (SWQIF)	2006	2007, 2009	-0-	-0-	-0-	1,195	46,650
	Series 2008B (SWQIF)	2008	2011-2019	2,500	-0-	-0-	-0-	2,500
	Series 2008D (SWQIF)	2008	2011	1,199	-0-	-0-	-0-	1,199
Total General Obligation Debt				\$ 233,780	\$ 176,187	\$ 43,733	\$ 36,711	\$ 1,477,255

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

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

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

(d) P.A. 284 of 1998 and P.A. 451 of 1994, as amended, provided for the issuance of \$675 million General Obligation Bonds, of which \$156.2 million remains.

(e) P.A. 396 of 2002 provided for the issuance of 1.0 billion General Obligation Bonds, of which \$854.3 million remains.

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

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

Table 6



Concluded... (In Thousands of Dollars)

Series	Advanced Refunded From Series	Amount Refunded	FY 08 Paid From Escrow		FY 08 Escrow Balance
			Principal	Interest	
General Obligation Debt:					
School Bond Loan	2002, 2007A, SLRF	\$ 309,335	\$ 240,280	\$ 40,537	\$ 69,055
Environmental Protection	2002, 2008A, B, C, D	255,182	11,366	22,352	277,206
Clean Michigan Initiative	2002, 2005A, 2008A, C	99,090	-0-	5,045	96,841
		<u>\$ 663,607</u>	<u>\$ 251,646</u>	<u>\$ 67,934</u>	<u>\$ 443,102</u>

Table 7



Special Authority Revenue Bond Debt ^(a) (In Thousands of Dollars)

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-08
Mackinac Island State Park Commission	\$ -0-	\$ 280	\$ 82	\$ 1,070 *
Michigan State Housing Development Authority (b)	793,250	180,419	99,068	2,396,971
Michigan State Hospital Finance Authority (c)	1,114,145	143,138	268,098	5,282,669 *
Michigan Higher Education Facilities Authority	176,205	13,659	27,713	618,282 *
Michigan Higher Education Student Loan Authority	9,000	49,250	101,330	2,277,874
Michigan Municipal Bond Authority	1,589,035	1,387,768	108,160	4,346,874
Michigan State Building Authority (d)	96,500	87,145	123,440	3,375,070 *
Michigan Public Educational Facilities Authority	48,730	25,440	2,644	127,835
Michigan Tobacco Settlement Finance Authority	202,408	135,786	33,293	1,080,115
Total Special Authority Revenue Bond Debt	<u>\$4,029,273</u>	<u>\$2,022,885</u>	<u>\$763,828</u>	<u>\$19,506,760</u>

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

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

(b) The new issues include \$791.6 million of new bond issues plus \$1.7 million of capital appreciation for the fiscal year. Amounts are as of June 30, 2008 fiscal year end.

(c) Balance includes \$5,136.8 million in bonds and \$145.9 million in Hospital Equipment Loan Program (HELP) notes. Balance does not include MSHFA obligations that have been advance refunded. In fiscal year 2008, net escrow payment activity was \$51.8 million leaving an escrow principal liability as of September 30, 2008 of \$1,216.7 million.

(d) Balance does not include obligations that have been advance refunded. The escrow principal liability as of September 30, 2008 was \$881.1 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 2008, \$210.3 million of commercial paper notes was outstanding. Includes capital appreciation bonds reported with an ultimate maturity value of \$891.8 million. The accreted value as of September 30, 2008 is \$435.7 million.

Table 8



General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended September 30	Principal	Interest	Total
2009	\$ 83,995	\$ 67,809	\$ 151,804
2010	33,405	68,753	102,158
2011	101,731	67,177	168,908
2012	104,909	65,125	170,034
2013	124,005	52,301	176,306
2014	112,410	46,057	158,467
2015	108,110	40,274	148,384
2016	102,945	34,649	137,594
2017	110,990	30,344	141,334
2018	93,580	24,637	118,217
2019	95,855	20,039	115,894
2020	128,135	15,045	143,180
2021	131,100	9,458	140,558
2022	54,455	4,757	59,212
2023	32,215	3,007	35,222
2024	32,715	1,807	34,522
2025	10,100	982	11,082
2026	10,600	477	11,077
Thereafter (a)	6,000	-	6,000
Total (b)	\$1,477,255	\$ 552,698	\$2,029,953

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

(b) Includes \$192.7 million in State of Michigan Multi-Modal General Obligation Taxable School Loan Bonds and \$113.1 million in State of Michigan Multi-Modal General Obligation Tax-Exempt School Loan Bonds, assuming interest rates in effect on September 30, 2008 maturing in years 2017 through 2024.

Table 9



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

Item	Outstanding on September 30				
	2004	2005	2006	2007	2008
GENERAL OBLIGATION DEBT					
School Bond Loan	\$ 625,480	\$ 721,230	\$ 759,395	\$ 502,690	\$ 502,690 *
Environmental Protection Recreation	513,090	487,341	482,633	454,040	437,786 *
Clean Michigan Initiative	34,690	22,935	21,090	19,090	16,270
Great Lakes Water Quality Bonds	314,732	375,516	449,966	434,925	464,160 *
	10,000	10,000	53,000	52,650	56,349
Total General Obligation Debt	\$ 1,497,992	\$ 1,617,022	\$ 1,766,084	\$ 1,463,395	\$ 1,477,255
NON-GENERAL OBLIGATION DEBT					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 1,268,814	\$ 1,594,798	\$ 1,836,104	\$ 1,795,879	\$ 1,731,082 *
MDOT Grant Anticipation Notes	600,000	172,000	84,000	32,000	-0-
MDOT Grant Anticipation Bonds	-0-	-0-	-0-	485,115	485,115
Michigan Department of Natural Resources State Park Revenue Bonds	15,010	14,500	13,965	13,405	12,820
Special Authorities-Revenue Bonds and Notes: (a)					
Mackinac Island State Park Commission	2,100	1,865	1,645	1,350	1,070 *
Michigan State Housing Development Authority	1,713,065	1,732,892	1,766,202	1,785,202	2,396,971
Michigan State Hospital Finance Authority	4,093,523	4,384,008	4,857,896	5,130,846	5,282,669 *
Michigan Higher Education Facilities Authority	384,010	393,845	410,875	566,430	618,282 *
Michigan Higher Education Student Loan Authority	1,860,440	2,287,050	2,355,400	2,317,984	2,277,874
Michigan Municipal Bond Authority	3,435,178	3,809,532	3,456,474	4,145,895	4,346,874
Michigan State Building Authority	2,544,580	2,614,520	3,449,310	3,365,715	3,375,070 *
Michigan Underground Storage Tank Financial Assurance Authority	104,780	-0-	-0-	-0-	-0-
Michigan Public Educational Facilities Authority	19,000	26,520	51,800	104,545	127,835
Michigan Broadband Development Authority	50,000	23,444	-0-	-0-	-0-
Michigan Family Farm Development Authority	1	-0-	-0-	-0-	-0-
Michigan Tobacco Settlement Finance Authority	-0-	-0-	490,501	1,013,492	1,080,115
Total Non-General Obligation Debt	\$16,090,501	\$17,054,974	\$18,774,172	\$ 20,757,858	\$21,735,777

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

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

Table 10



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

Item	Issue Date	Maturity Dates	Amount issued	Refunded Principal	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-08	
Michigan Department of Transportation								
Tax Dedicated Bonds Michigan								
Comprehensive Transportation:								
RF. SR. 1998-A	1998	2010	\$ 38,640	\$ -0-	\$ 4,355	\$ 1,377	\$ 25,345	
RF. SR. 2001-A	2001	2021	27,765	-0-	1,285	1,384	26,480	
RF. SR. 2002-A	2002	2011	89,620	-0-	10,800	1,930	25,330	
Series 2002-B	2002	2022	82,310	-0-	3,230	932	14,665 *	
Series 2003	2003	2023	35,020	-0-	1,390	748	18,275 *	
Series 2005	2005	2023	62,180	-0-	-0-	3,264	62,180	
Series 2006	2006	2024	53,685	-0-	215	2,408	52,060	
State Trunkline Fund:								
Series 1989-A	1989	2019	135,780	-0-	1,665	4,290	1,556 *	
Series 1992-A	1992	2021	253,618	-0-	3,593	5,547	18,483 *	
RF. SR. 1992-B I & II	1992	2021	99,592	-0-	629	971	2,588 *	
RF. SR. 1998-A	1998	2026	377,890	-0-	2,665	19,241	371,745	
Series 2001-A	2001	2030	308,200	-0-	5,900	1,553	26,815 *	
RF. SR. 2002	2002	2021	97,870	-0-	4,450	3,416	64,165	
RF. SR. 2004	2004	2021	103,450	-0-	1,345	5,073	98,395	
Series 2004	2004	2019	185,710	-0-	11,915	4,678	88,565 *	
RF. SR. 2005	2005	2022	223,020	-0-	-0-	11,690	223,020	
RF. SR. 2005B	2005	2019	378,250	-0-	-0-	18,102	378,250	
Series 2006	2006	2022	244,525	-0-	11,360	11,920	233,165	
MDOT Grant Anticipation Notes:	Series 2002-A,B,C,D	2002	2009	200,000	32,000 (1)	-0-	106	-0-
MDOT Grant Anticipation Bonds:	Series 2007	2007	2027	485,115	-0-	-0-	26,015	485,115
Michigan Department of Natural Resources State Park Revenue Bonds								
Series 2002	2002	2022	15,500	-0-	585	526	12,820	
Total Special Revenue Debt				\$ 32,000	\$ 65,382	\$ 125,171	\$2,229,017	

(1) Principal paydown from available funds.

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

Series	Advanced Refunded From Series	Amount Refunded	FY 08 Paid From Escrow Principal	FY 08 Escrow Interest	FY 08 Escrow Balance
Special Revenue Debt:					
Comprehensive Transportation	2005	\$ 65,100	\$ -0-	\$ 3,249	\$ 62,810
Trunkline Transportation	2004, 2005	331,060	0-	17,240	331,060
		<u>\$ 396,160</u>	<u>\$ -0-</u>	<u>\$ 20,489</u>	<u>\$ 393,870</u>

State Tax Collections

State taxes and fees totaling \$23,026,181 (in thousands) were collected during fiscal year 2008, which is an increase of 6.79 percent from the previous fiscal year.

Major tax collections for fiscal year 2008 and the previous four

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

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

Table 11



Treasury Administered Taxes and Fees Collected on a Cash Basis (In Thousands of Dollars)

Type of Revenue	10-1-03 to 9-30-04	10-1-04 to 9-30-05	10-1-05 to 9-30-06	10-1-06 to 9-30-07	10-1-07 to 9-30-08
Income Tax:					
Withholding Tax	\$ 6,343,678	\$ 6,386,345	\$ 6,439,735	\$ 6,615,704	\$ 7,278,212
Individual Income Tax	496,135	638,351	692,234	735,150	870,103
Individual Income Tax Estimates	602,043	642,070	725,778	781,920	851,829
Individual Income Tax Penalty and Interest	19,193	18,416	20,073	23,263	30,067
Gross Individual Income Tax Collections	7,461,049	7,685,182	7,877,821	8,156,037	9,030,211
Tax Refunds and Tax Credits	(1,548,788)	(1,646,604)	(1,634,938)	(1,703,455)	(1,764,675)
Net Individual Income Tax	\$ 5,912,261	\$ 6,038,578	\$ 6,242,883	\$ 6,452,582	\$ 7,265,536
Single Business Tax (a)	\$ 2,062,609	\$ 2,135,464	\$ 2,175,529	\$ 2,109,940	\$ 1,276,096
Single Business Tax Penalty and Interest	48,105	50,947	68,523	57,623	58,095
Gross Single Business Tax	2,110,713	2,186,411	2,244,052	2,167,563	1,334,191
Tax Refunds	(251,007)	(249,318)	(235,997)	(298,610)	(336,622)
Net Single Business Tax	\$ 1,859,706	\$ 1,937,093	\$ 2,008,055	\$ 1,868,953	\$ 997,569
Michigan Business Tax (a)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,415,188
Michigan Business Tax Penalty and Interest	0	0	0	0	0
Gross Michigan Business Tax	0	0	0	0	1,415,188
Tax Refunds	0	0	0	0	0
Net Michigan Business Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,415,188
Airport Parking Tax	\$ 14,737	\$ 17,670	\$ 20,196	\$ 21,366	\$ 22,776
Airport Parking Tax Penalty and Interest	1	7	2	0	4
Cigarette - Tobacco Products Tax	932,131	1,146,375	1,138,529	1,088,426	1,026,775
Cigarette - Tobacco Products Tax Penalty and Interest (b)	(35)	402	1,509	1,179	1,066
Commercial Mobile Radio Service Tax	28,638	29,196	25,302	20,553	20,989
Convention Facility Tax	15,858	17,158	18,694	18,095	19,246
Convention Facility Tax Penalty and Interest	53	86	74	34	105
Environmental Protection Regulatory Fee (c)	58,422	59,167	55,784	53,114	53,466
Estate Tax (d)	80,968	106,543	772	1,007	491
Gas and Oil Privilege Fee	4,915	5,393	7,781	7,298	13,126
Gas and Oil Severance Tax	49,478	64,826	87,809	68,143	101,232
Industrial/Commercial Facilities Tax	154,267	141,384	136,783	115,539	123,825
Inheritance Tax (d)	293	212	69	(87)	39
Insurance - Retaliatory Tax	233,895	241,083	225,816	218,182	223,840
Intangibles Tax (e)	70	8	233	(11)	40
Motor Fuel Taxes	1,073,002	1,083,303	1,065,851	1,039,189	1,004,015
Non-Cigarette - Tobacco Products Tax	23,939	39,419	38,905	44,141	49,488
Real Estate Transfer Tax	318,029	320,223	311,833	240,020	181,143
Sales Tax	6,457,613	6,609,944	6,589,230	6,563,694	6,803,764
Sales, Use and Withholding Penalty and Interest	44,270	47,035	49,995	62,583	48,333
State Education Tax	1,542,252	1,794,026	1,900,206	2,075,011	2,039,847
State Housing Development Service Fee	9,092	7,060	9,001	10,333	9,690
Use Tax	1,317,494	1,396,395	1,391,289	1,382,798	1,390,494
Utility Property Tax	114,702	99,535	91,660	88,160	85,436
Other Taxes and Fees (f)	143,183	65,319	112,255	121,889	128,658
TOTAL	\$ 20,389,235	\$ 21,267,440	\$ 21,530,516	\$ 21,562,192	\$ 23,026,181

(a) Public Act 325 of 2006 repealed the Single Business Tax, effective December 31, 2007. It was replaced by the Michigan Business Tax, enacted in Public Act 36 of 2007, effective January 1, 2008.

(b) Cigarette - Tobacco Products Tax Penalty and Interest refunds paid exceeded Penalty and Interest revenues collected in FY 2004.

(c) Public Act 390 of 2004 changed the name of the fee from Underground Regulatory to Environmental Protection Regulatory in FY 2005.

(d) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax. Refunds paid exceeded revenue collected in FY 2007.

(e) Public Act 5 of 1995 repealed Public Act 301 of 1939 regarding collection of Intangible Taxes. Refunds paid exceeded revenue collected in FY 2007.

(f) Includes Court Fines, Fees & Assessments, Driver Responsibility Fees, Trailer Coach Parks Specific Tax, Commercial Forest Tax and Low Grade Iron Ore Specific Tax. As of FY 2005, this line item no longer includes Revenue from Escheated Estates.

Table 12



Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-07 to 9-30-08	Disposition
Aircraft Registration	1923	Transportation	August 1	309	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	22,776	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	TREASURY	20th of each month	5,809	State Aeronautics Fund
Beer and Wine Excise	1933	Labor & Economic Growth	Monthly reports and/or stamps	51,143	General Fund
Casino Wagering	1999	Education	Daily	130,806	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	TREASURY	20th of each month	1,026,775	41.6% to School Aid Fund, 19.8% to General Fund, 3.8% to Healthy Michigan Fund, 34.8% to Local Units
Commercial Mobile Radio Service	1999	TREASURY	Last day of Feb., April, July & Oct.	20,988	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	TREASURY	15th of each month	19,246	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Labor & Economic Growth	At time of incorporation, admission or increase in stock	20,342	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	108,059	Michigan Transportation Fund
Environmental Protection Regulatory	1989	TREASURY	10th and 25th of each month	53,466	General Fund
Estate	1994	TREASURY	Nine months following date of death	491	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	13,126	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	101,232	General Fund
Gasoline	1925	TREASURY	20th of each month	853,805	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	8,257	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	7,235,470	General Fund with 23.5% to School Aid Fund
Industrial/Commercial Facilities	1974	TREASURY	December 1	123,825	Local Units and School Aid Fund
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	39	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of April, July, Oct. and Jan.	223,840	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	40	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	404	Michigan Transportation Fund
Liquor Excise - 4%	1957	Labor & Economic Growth	At the time of sale to retail licensees	36,915	School Aid Fund
Liquor Specific - 4%	1959	Labor & Economic Growth	At the time of sale to retail licensees	37,254	General Fund
Liquor Specific - 1.85%	1972	Labor & Economic Growth	At the time of sale to retail licensees	13,663	Liquor Purchase Revolving Fund
Liquor - 4% -- Tourism and Convention Facility	1985	Labor & Economic Growth	At the time of sale to retail licensees	36,993	Debt Service for Cobo Hall; Counties
Marine Fuel	1947	TREASURY	20th of each month	264	Michigan State Waterways Fund
Michigan Business	2007	TREASURY	15th of April, July, October & January	1,415,188	School Aid Fund and General Fund
Motor Carrier Diesel Fuel	1980	TREASURY	Last day of month following close of qtr.	35,574	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Labor & Economic Growth	December 1	6,304	Michigan Transportation Fund
Motor Vehicle Weight or Value	1905	State	Owner's birthday	853,256	Michigan Transportation Fund
Non-Cigarette Tobacco Products	1994	TREASURY	20th of each month	49,488	75% to Local Units, 25% to General Fund
Real Estate Transfer	1994	TREASURY	County Treasurer remits to State on the 15th in the month after receipt	181,143	School Aid Fund
Sales	1933	TREASURY	15th and last day of each month for accelerated filers. 20th day of the month for non-accelerated filers.	6,803,764	72.8% to School Aid Fund, 9.9% to General Fund, 1.2% to Comprehensive Transportation Fund, 15.9% to Local Units, 0.1% to Healthy Initiative Fund, 0.1% to Enhanced Enforcement
Single Business	1975	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	997,569	General Fund
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	2,039,847	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,475	Michigan Conservation and Recreation Legacy Fund
Use	1937	TREASURY	15th of each month	1,390,494	66.6% to General Fund, 33.4% to School Aid Fund
Utility Property	1905	TREASURY	July 1 or 1/2 on Aug. 1, 1/2 on Dec. 1	85,436	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,810	Michigan Conservation and Recreation Legacy Fund

Local Property Taxes

Local property taxes in Michigan are levied by local units of government - school districts, cities, counties, townships, and villages. Each of Michigan's 83 counties then "equalizes" the local assessments.

Equalization ensures that similar properties in different areas are assessed equitably. Following county equalization, the State Tax Commission equalizes among counties.

Table 13, *Local Property Tax Valuation, Levies and Average Rates*, shows local, county and State equalized valuations for calendar year 2007 and the prior decade. This table also lists the total Taxable Valuation and the average tax rate (millage) for each year. Table 14, *Distribution of Local Property Taxes*, shows how property tax dollars are apportioned among the various taxing units.

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

Table 13



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

Calendar Year	Local Assessed Valuation	County Equalized Valuation	State Equalized Valuation	Taxable Valuation (a)	Total Taxes Levied	Average Rate (Mills) (b)	Homestead Average Rate (c)	Non-Homestead Average Rate
2007	\$ 453,058	\$ 453,109	\$ 453,109	\$ 357,298	\$ 14,254	39.89	32.72	51.49
2006	436,294	436,422	436,421	340,334	13,598	39.96	32.66	51.38
2005	415,776	415,796	415,796	321,653	12,827	39.88	32.60	51.38
2004	392,562	392,621	392,622	304,716	12,190	40.00	32.71	50.81
2003	369,404	369,525	369,525	288,957	11,269	39.00	31.81	49.74
2002	343,577	343,715	343,715	274,652	11,033	40.17	32.60	51.00
2001	312,429	312,519	312,896	257,712	10,251	39.78	32.12	50.72
2000	284,331	284,427	284,427	240,647	9,462	39.32	31.54	50.10
1999	260,964	261,002	261,002	228,096	8,933	39.16	31.40	49.76
1998	237,401	237,410	237,416	215,179	8,450	39.27	31.43	49.68
1997	216,682	216,745	216,745	202,616	7,952	39.25	31.36	49.63

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

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

(c) Homesteads include those properties which receive the "homeowner's principal residence" exemption, and those which receive the "qualified agricultural property" exemption.

Table 14



Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	2006	2007	
City	\$ 2,426,969	\$ 2,494,017	2.76%
County	2,166,548	2,282,045	5.33%
Township	856,411	913,412	6.66%
Village	96,123	100,626	4.68%
School	6,019,205	6,329,021	5.15%
State Education Tax (a)	2,032,831	2,135,046	5.03%
Totals	\$13,598,087 (b)	\$14,254,167 (c)	

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

(b) \$879.7 million of the total property taxes levied in 2006 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

(c) \$929.4 million of the total property taxes levied in 2007 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

Published by the:

Michigan Department of Treasury
430 W. Allegan Street
Lansing, MI 48922

This report is available at
www.michigan.gov/treasury.

Issued under the authority of PA 122 of 1941.