

# Annual Report

Fiscal Year  
2008 - 09



## Michigan Department of Treasury

**Jennifer M. Granholm, Governor**  
**Robert J. Kleine, State Treasurer**

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



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

JENNIFER M. GRANHOLM  
GOVERNOR

ROBERT J. KLEINE  
STATE TREASURER

June 2010

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 (FY) 2008-2009. 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 2009.

Despite the economic challenges faced by the State of Michigan in FY 2009, I am pleased to report that the State ended the Fiscal Year with a General Fund balance of \$177 million and a School Aid Fund balance of more than \$238 million. This could not have been possible without significant reforms and prudent spending practices 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	
	2009	2008
<u>Assets</u>		
Cash on Hand	\$ -0-	\$ -0-
Demand Deposits	1,280,416	801,941
Time Deposits - Regular	26,570	135,000
Time Deposits - Marina Loan Program	-0-	-0-
Time Deposits and Notes - Agricultural Loan Program	-0-	-0-
Prime Commercial Paper - At Cost	264,973	1,641,379
Emergency Municipal Loans	57,831	57,896
Michigan Sugar Beet Loan Program	1,200	1,800
Total	<u>\$ 1,630,990</u>	<u>\$ 2,638,016</u>
<u>Equities</u>		
Available Equity of Other Funds	\$ 1,539,801	\$ 2,450,888
Outstanding Warrants	91,189	187,128
Total	<u>\$ 1,630,990</u>	<u>\$ 2,638,016</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	Absolute Return	International Equities	FY Ended Sept. 30	
								2009 Total	2008 Total
Legislative Retirement	\$ 4,075	\$ 31,278	\$ 121,028	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 156,381	\$ 161,512
State Police Retirement	31,385	180,645	362,239	93,248	190,125	16,060	126,193	999,895	1,137,722
State Employees' Retirement	215,892	1,642,708	3,259,517	825,010	1,635,380	192,074	1,149,560	8,920,141	10,183,286
Public School Employees' Retirement	929,535	6,862,791	13,313,025	3,115,165	6,970,161	649,473	4,597,374	36,437,524	41,339,626
Judges' Retirement	7,761	42,323	89,334	30,803	36,875	2,015	30,429	239,540	280,835
Michigan Veterans' Trust	12,771	33,223	7,474	-0-	-0-	-0-	-0-	53,468	46,587
Game and Fish Lifetime License Trust	11,434	1,675	-0-	-0-	-0-	-0-	-0-	13,109	15,566
Game and Fish Protection Trust	5,930	79,802	34,547	-0-	-0-	-0-	-0-	120,279	112,703
Michigan Civilian Conservation Corps	318	-0-	-0-	-0-	-0-	-0-	-0-	318	818
Michigan Natural Resources Trust	161,941	291,851	83,112	-0-	-0-	-0-	-0-	536,904	495,487
Michigan State Parks Endowment	16,441	99,134	31,507	-0-	-0-	-0-	-0-	147,082	140,533
Children's Trust	1,770	14,934	5,595	-0-	-0-	-0-	-0-	22,299	21,591
Michigan Nongame Fish and Wildlife	489	5,399	643	-0-	-0-	-0-	-0-	6,531	6,260
State Lottery	23,173	271,311	-0-	-0-	-0-	-0-	-0-	294,484	324,496
Michigan Higher Education Assistance Authority	44	1,527	-0-	-0-	-0-	-0-	-0-	1,571	1,525
Michigan Education Trust	183,387	277,862	319,474	-0-	-0-	-0-	-0-	780,723	829,422
Mackinac Bridge Authority	9,911	32,218	-0-	-0-	-0-	-0-	-0-	42,129	37,064
Gifts, Bequests, and Deposits Investment	13,910	19,355	8	-0-	-0-	-0-	-0-	33,273	35,260
<b>Totals</b>	<b>\$1,630,167</b>	<b>\$9,888,036</b>	<b>\$17,627,503</b>	<b>\$4,064,226</b>	<b>\$8,832,541</b>	<b>\$ 859,622</b>	<b>\$5,903,556</b>	<b>\$48,805,651</b>	<b>\$55,170,293</b>

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

# Schedule 3



## Investment Revenues (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2009	2008
General	\$ (3,076)	\$ -0-	\$ (3,076)	\$ (17,012)
Counter - Cyclical Budget and Economic Stabilization	23	-0-	23	66
Game and Fish Lifetime License Trust	99	197	296	538
State Aeronautics	207	-0-	207	711
Michigan Veterans' Trust	76	4,012	4,088	761
State Trunkline	5,543	-0-	5,543	21,783
Michigan State Waterways	381	-0-	381	1,298
Blue Water Bridge	131	-0-	131	355
Michigan Transportation	1,852	-0-	1,852	5,447
Comprehensive Transportation	257	-0-	257	567
School Aid	2,757	-0-	2,757	2,590
Marine Safety	-0-	-0-	-0-	26
Game and Fish Protection Trust	98	8,616	8,714	(4,781)
State Park Improvement	54	-0-	54	217
Forest Development	109	-0-	109	289
Recreation Bond - Local Projects	2	-0-	2	5
Michigan Civilian Conservation Corps	7	-0-	7	901
Michigan Natural Resources Trust	1,884	34,894	36,778	1,630
Michigan State Parks Endowment	212	11,422	11,634	(543)
Safety Education and Training	39	-0-	39	93
Clean Michigan Initiative Bond - Local Projects	21	-0-	21	66
Environmental Protection Bond	173	-0-	173	597
Clean Michigan Initiative Bond - Environment Projects	209	-0-	209	938
Bottle Deposits	638	-0-	638	1,603
State Construction Code	16	-0-	16	90
Children's Trust	39	1,664	1,703	(288)
Homeowner Construction Lien Recovery	22	-0-	22	100
Michigan Nongame Fish and Wildlife	5	603	608	115
21st Century Jobs Trust	3,018	-0-	3,018	8,000
1989 State Trunkline Bond Proceeds	-0-	-0-	-0-	-0-
1992 State Trunkline Bond Proceeds	17	-0-	17	31
1994 State Trunkline Bond Proceeds	-0-	-0-	-0-	-0-
Michigan Merit Award Trust	(44)	-0-	(44)	(2)
Tobacco Settlement Trust	-0-	-0-	-0-	-0-
2001 Build Michigan III Bond Proceeds	361	-0-	361	5,691
2001 Build Michigan II - GARVEE Bond Proceeds	1	-0-	1	55
Comprehensive Transportation Bond Proceeds	585	-0-	585	2,160
Outdoor Recreation Legacy	16	-0-	16	33
Off-Road Vehicle	61	-0-	61	173
Snowmobile	84	-0-	84	315
Liquor Purchasing Revolving	664	-0-	664	1,973
State Lottery	1,081	18,729	19,810	32,779

# Schedule 3



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

Fund	Common Cash		Specific Funds		Total Revenues Fiscal Year Ended September 30	
					2009	2008
Land Bank Fast Track	\$ 23	\$	-0-	\$	23	\$ 77
State Fair Exposition and Fairground	(1)		-0-		(1)	(13)
Jobs for Michigan Investment	32		-0-		32	178
State Sponsored Group Insurance	1,832		-0-		1,832	7,276
State Water Pollution Control Loan	3		-0-		3	58
School Loan Revolving	575		-0-		575	3,048
Combined State Trunkline Bond and Interest Redemption	24		-0-		24	25
Combined Comprehensive Transportation Bond and Interest Redemption	3		-0-		3	16
Recreation and Environmental Protection Bond Redemption	8		-0-		8	24
Clean Michigan Initiative Bond - State Projects	18		-0-		18	61
Recreation Bond - State Projects	2		-0-		2	5
Legislative Retirement	34		6,569		6,603	(31,255)
State Police Retirement	23		(74,816)		(74,793)	(200,062)
State Employees' Retirement	249		(652,325)		(652,076)	(1,819,798)
Public School Employees' Retirement	1,042		(2,592,311)		(2,591,269)	(7,360,810)
Judges' Retirement	10		(20,719)		(20,709)	(47,948)
Michigan Employment Security Act Contingent	39		-0-		39	379
Vietnam Veterans' Memorial Monument	7		-0-		7	22
Law Enforcement Officers Memorial	1		-0-		1	2
Military Family Relief	23		-0-		23	62
Children's Institute Trust	1		-0-		1	2
Gifts, Bequests, and Deposits Investment	219		1,191		1,410	1,491
Silicosis, Dust Disease, and Logging Industry Compensation	25		-0-		25	56
Second Injury	154		-0-		154	456
Hospital Patients' Trust	2		-0-		2	6
Self-Insurers' Security	234		-0-		234	654
State Employees' Deferred Compensation I (457)	11		-0-		11	48
State Employees' Deferred Compensation II (401k)	8		-0-		8	41
State Employees' Defined Contribution Plan	2		-0-		2	12
Environmental Quality Deposits	36		-0-		36	102
Utility Consumer Representation	35		-0-		35	108
Transportation Related Trust	(107)		-0-		(107)	(227)
Michigan Higher Education Assistance Authority	-0-		47		47	71
Mackinac Bridge Authority	-0-		1,985		1,985	1,048
Michigan Education Trust	-0-		15,696		15,696	(61,190)
<b>TOTALS</b>	<b>\$ 22,189</b>	<b>\$</b>	<b>\$(3,234,546)</b>	<b>\$</b>	<b>\$(3,212,357)</b>	<b>\$(9,436,605)</b>

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

# Notes to Financial Schedules



## NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

### a. Report Presentation

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

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

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

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

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

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

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

*Derivatives:* 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 0.0 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, 2009, and September 30, 2008, these strategies comprised approximately 0.0 percent and 0.6 percent of the total pension trust funds, respectively.

- *International Equity Swaps (Derivatives):* These investments are swap agreements and represent 61.4 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 7.8 percent and 5.0 percent of the total pension trust funds on September 30, 2009, and 2008, 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 \$245 thousand 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, 2009 and 2008 was \$291.8 and \$1,778.2 million, respectively.

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

All investments are reported at fair value. Securities traded on a national exchange are valued at last reported sales price. 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, 2009 and 2008, the State had no outstanding credit risk on the securities lent. The market value of the securities lent at September 30, 2009 and 2008 was \$7,936.2 and \$8,138.6 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2009 and 2008 was \$8,136.9 and \$8,920.2 million respectively. The market value of securities lending cash collateral pool at September 30, 2009 and 2008 was \$6,341.4 and \$6,847.5 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.

# 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) <sup>(a)</sup>	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals
2009	\$ (3,076)	\$ (2,591,269)	\$ (652,076)	\$ (74,793)	\$ (20,709)	\$ 129,566	\$ (3,212,357)
2008	(17,012)	(7,360,810)	(1,819,798)	\$ (200,062)	(47,948)	9,025	(9,436,605)
2007	(25,140)	7,293,036	1,819,563	203,509	50,121	249,852	9,590,941
2006	(7,130)	5,023,726	1,267,821	142,130	34,774	192,070	6,653,391
2005	(16,043)	4,622,419	1,184,720	132,583	32,277	148,797	6,104,753
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

(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)
2009	\$ 22,189	\$ 25,265	\$ (3,076)
2008	68,893	85,905	(17,012)
2007	80,107	105,247	(25,140)
2006	82,456	89,586	(7,130)
2005	46,256	62,299	(16,043)
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

## Table 2



### 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 2008	\$ 282.5	\$ 2.2	\$ 1,950.0	\$ 2,234.6	\$ 376.1	\$ 149.6	\$ 2,760.3
November	958.5	2.2	1,817.9	2,778.6	126.8	151.8	3,057.2
December	1,202.2	2.2	1,805.4	3,009.8	344.4	89.8	3,443.9
January 2009	1,348.9	2.2	1,870.1	3,221.1	119.2	83.3	3,423.7
February	379.8	2.2	1,880.3	2,262.3	195.3	73.4	2,531.0
March	(480.1)	2.2	1,767.7	1,289.7	123.3	67.6	1,480.6
April	(723.8)	2.2	2,020.9	1,299.3	136.7	123.8	1,559.8
May	(1,146.1)	2.2	2,066.9	923.0	136.1	102.0	1,161.1
June	(1,398.3)	2.2	2,028.3	632.2	115.8	364.3	1,112.2
July	(968.7)	2.2	2,257.8	1,291.2	130.2	347.1	1,768.6
August	(1,104.1)	2.2	2,136.6	1,034.6	239.4	341.4	1,615.4
September	(762.3)	2.2	1,843.8	1,083.7	138.7	317.4	1,539.8

(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 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
September 2009	(762.3)	2.2	1,843.8	1,083.7	138.7	317.4	1,539.8

(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 10-1-08	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-09	Warrants Outstanding	Available Balances 9-30-09
<b>GENERAL AND SCHOOL AID</b>								
General	\$ 989,333	\$ 36,423,358	\$ 36,929,352	\$ 271,696	\$ 151,711	\$ 603,325	\$ 67,415	535,909
School Aid	(1,444,626)	12,481,808	13,108,164	812,715	39,000	(1,297,267)	940	(1,298,207)
Total General and School Aid	\$ (455,293)	\$ 48,905,166	\$ 50,037,516	\$ 1,084,412	\$ 190,711	\$ (693,943)	\$ 68,356	\$ (762,298)
<b>BUDGET STABILIZATION</b>								
Counter-Cyclical Budget and Economic Stabilization	\$ 2,156	\$ 23	\$ -0-	\$ -0-	\$ -0-	\$ 2,179	\$ -0-	\$ 2,179
Total Budget Stabilization	\$ 2,156	\$ 23	\$ -0-	\$ -0-	\$ -0-	\$ 2,179	\$ -0-	\$ 2,179
<b>SPECIAL REVENUE</b>								
Game and Fish Protection	\$ 13,894	\$ 55,687	\$ 68,173	\$ 10,766	\$ 739	\$ 11,434	\$ 62	\$ 11,372
Michigan Employment Security Act-Administration	(7,782)	164,603	166,089	640	1,486	(10,113)	16	(10,129)
State Aeronautics	20,534	106,074	113,417	6,000	3,486	15,705	28	15,677
Michigan Veterans' Trust	3,460	38,866	34,213	-0-	8	8,105	-0-	8,105
State Trunkline	629,198	935,989	1,638,371	773,536	161,341	539,010	3,167	535,844
Michigan State Waterways	43,577	17,290	40,915	13,284	280	32,955	68	32,887
Blue Water Bridge	13,241	12,492	8,916	-0-	2,033	14,784	2	14,781
Michigan Transportation	155,771	1,879,347	961,580	299	944,232	129,604	363	129,241
Comprehensive Transportation	60,437	114,850	238,756	156,874	29,985	63,419	212	63,207
Game and Fish Protection Trust	7,134	107,035	97,474	-0-	10,766	5,930	-0-	5,930
State Park Improvement	9,794	40,354	40,693	-0-	1,635	7,821	128	7,693
Forest Development	11,821	28,131	31,754	-0-	357	7,841	30	7,811
Michigan Civilian Conservation Corps	818	7	505	-0-	2	318	1	317
Michigan Natural Resources Trust	180,365	310,912	319,312	-0-	10,025	161,941	109	161,832
Michigan State Parks Endowment	13,316	113,576	120,315	10,000	136	16,441	35	16,406
Safety Education and Training	5,617	9,216	8,422	-0-	89	6,321	1	6,320
Bottle Deposits	65,854	30,362	21,068	3,500	1,960	76,688	455	76,233
State Construction Code	1,243	7,785	9,711	3,000	143	2,174	5	2,169
Children's Trust	3,881	15,651	17,762	-0-	-0-	1,770	13	1,758
State Casino Gaming	12,449	33,622	20,913	-0-	14,272	10,886	334	10,552
Homeowner Construction Lien Recovery	2,595	766	2,434	-0-	2	924	98	827
Michigan Nongame Fish and Wildlife	460	3,424	3,389	-0-	7	489	-0-	489
21 <sup>st</sup> Century Jobs Trust	277,043	75,000	118,424	-0-	42,000	191,619	-0-	191,619
Michigan Merit Award Trust	12,556	204,059	182,443	-0-	1,535	32,637	6	32,631
Michigan Tobacco Settlement Finance Authority	89	200	141	-0-	1	146	-0-	146
Outdoor Recreation Legacy	2,322	1,130	2,364	996	21	2,063	3	2,060
Off-Road Vehicle	7,132	3,343	4,127	-0-	33	6,315	57	6,258
Snowmobile	8,652	6,464	9,963	2,325	41	7,436	27	7,410
State Building Authority Advance Financing	(11,100)	69,796	89,116	1	-0-	(30,420)	88	(30,507)
Michigan Strategic	26,961	93,171	92,440	469	-0-	28,161	268	27,893
Land Bank Fast Track Authority	2,222	1,324	821	-0-	-0-	2,725	-0-	2,725
State Exposition and Fairgrounds Authority	1,145	5,218	4,791	-0-	-0-	1,572	29	1,543
Jobs for Michigan Investment	20,343	121,089	119,626	-0-	469	21,337	2	21,335
School Loan Revolving	68,230	141,767	126,279	-0-	-0-	83,719	-0-	83,719
Total Special Revenue	\$ 1,663,272	\$ 4,748,598	\$ 4,714,716	\$ 981,689	\$ 1,227,083	\$ 1,451,760	\$ 5,607	\$ 1,446,153

# Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-08	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-09	Warrants Outstanding	Available Balances 9-30-09
<b>BOND, DEBT SERVICE, AND CAPITAL PROJECTS</b>								
Recreation Bond - Local Projects	\$ 159	\$ 2	\$ -0-	\$ -0-	\$ -0-	\$ 161	\$ -0-	\$ 161
Clean Michigan Initiative Bond - Local Projects	2,027	21	61	-0-	1	1,986	-0-	1,986
Clean Michigan Initiative Bond - Environmental Projects	19,042	51,210	29,468	-0-	3,500	37,285	952	36,333
Environmental Protection Bond	16,937	-0-	1,842	-0-	-0-	15,095	-0-	15,095
School Bond Loan	715	92,166	92,212	79	-0-	748	-0-	748
Great Lakes Water Quality Bond	(2)	60	68	-0-	1	(12)	-0-	(12)
1989 State Trunkline Bond Proceeds	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
1992 State Trunkline Bond Proceeds	1,611	60	(49)	-0-	-0-	1,720	-0-	1,720
1994 State Trunkline Bond Proceeds	-0-	2	1	-0-	-0-	1	-0-	1
State Trunkline Bond Proceeds	51,514	311,821	145,294	-0-	22,783	195,258	-0-	195,258
Build Michigan II - GARVEE Note Proceeds	222	1	29	-0-	-0-	194	-0-	194
Comprehensive Transportation Bond Proceeds	59,108	1,162	12,899	15,378	-0-	62,749	-0-	62,749
Combined State Trunkline Bond and Interest Redemption	-0-	-0-	158,458	158,458	-0-	-0-	-0-	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	44,603	62,547	17,945	-0-	-0-	-0-	-0-
Recreation and Environmental Protection Bond Redemption	1,301	149	67,460	67,338	-0-	1,328	1	1,327
School Loan Bond Redemption	136	773	39,830	39,000	79	-0-	-0-	-0-
Clean Michigan Initiative Bond - State Projects	1,710	18	-0-	-0-	-0-	1,728	-0-	1,728
Recreation Bond - State Projects	152	2	-0-	-0-	-0-	154	-0-	154
<b>Total Bond, Debt Service, and Capital Projects</b>	<b>\$ 154,633</b>	<b>\$ 502,051</b>	<b>\$ 610,121</b>	<b>\$ 298,198</b>	<b>\$ 26,364</b>	<b>\$ 318,395</b>	<b>\$ 953</b>	<b>\$ 317,443</b>
<b>ENTERPRISE</b>								
Liquor Purchasing Revolving	\$ 55,057	\$ 794,552	\$ 629,912	\$ -0-	\$ 163,560	\$ 56,138	\$ 1,909	\$ 54,229
State Lottery	3,508	1,462,076	693,451	-0-	748,959	23,173	2,027	21,146
Michigan Higher Education Assistance Authority	-0-	41	41	-0-	-0-	-0-	-0-	-0-
Michigan State Housing Development Authority	-0-	193,764	193,764	-0-	-0-	-0-	720	(720)
State Water Pollution Control Loan	63	86,952	87,000	-0-	-0-	15	-0-	15
<b>Total Enterprise</b>	<b>\$ 58,629</b>	<b>\$ 2,537,385</b>	<b>\$ 1,604,168</b>	<b>\$ -0-</b>	<b>\$ 912,519</b>	<b>\$ 79,326</b>	<b>\$ 4,656</b>	<b>\$ 74,670</b>
<b>INTERNAL SERVICE</b>								
Correctional Industries Revolving	\$ 1,096	\$ 35,706	\$ 40,095	\$ -0-	\$ 277	\$ (3,569)	\$ 63	\$ (3,633)
Motor Transport	1,560	55,817	52,566	-0-	57	4,754	5	4,749
Office Services Revolving	(3,502)	162,032	163,169	-0-	216	(4,855)	11	(4,865)
Information Technology	29,731	551,532	586,072	-0-	2,407	(7,215)	464	(7,679)
Risk Management	7,331	41,600	40,506	-0-	32	8,393	-0-	8,393
State Sponsored Group Insurance	198,462	746,736	760,980	-0-	-0-	184,219	40	184,179
<b>Total Internal Service</b>	<b>\$ 234,679</b>	<b>\$ 1,593,423</b>	<b>\$ 1,643,388</b>	<b>\$ -0-</b>	<b>\$ 2,988</b>	<b>\$ 181,726</b>	<b>\$ 582</b>	<b>\$ 181,144</b>

# Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-08	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-09	Warrants Outstanding	Available Balances 9-30-09
<b>RETIREMENT</b>								
Legislative	\$ 6,578	\$ 61,846	\$ 64,813	\$ -0-	\$ -0-	\$ 3,611	\$ 23	\$ 3,588
State Police	19,831	391,689	406,636	-0-	2	4,882	112	4,770
State Employees'	217,372	3,743,687	3,941,160	-0-	28	19,871	1,732	18,139
Public School Employees'	580,636	12,877,158	13,341,421	-0-	157	116,218	5,961	110,256
Judges'	6,176	84,674	88,866	-0-	-0-	1,984	30	1,954
<b>Total Retirement</b>	<b>\$ 830,594</b>	<b>\$ 17,159,054</b>	<b>\$ 17,842,895</b>	<b>\$ -0-</b>	<b>\$ 187</b>	<b>\$ 146,566</b>	<b>\$ 7,860</b>	<b>\$ 138,707</b>
<b>TRUST AND AGENCY</b>								
Michigan Employment Security Act Contingent	\$ 2,886	\$ 12,200	\$ 3	\$ -0-	\$ 4,313	\$ 10,769	\$ -0-	\$ 10,769
Vietnam Veterans' Memorial Monument	668	71	305	-0-	-0-	434	-0-	434
Law Enforcement Officers Memorial	37	68	5	-0-	-0-	101	-0-	101
Military Family Relief	2,133	448	209	-0-	-0-	2,372	5	2,367
Children's Institute Trust	102	1	-0-	-0-	-0-	103	-0-	103
Abandoned and Unclaimed Property (Escheats)	75,168	147,482	145,351	-0-	-0-	77,299	1,810	75,489
Gifts, Bequests, and Deposits Investment	17,645	119,184	122,920	-0-	-0-	13,910	339	13,570
Silicosis, Dust Disease, and Logging Industry Compensation	2,904	1,226	2,003	-0-	8	2,119	105	2,014
Assigned Claims Facility and Plan	474	154,715	154,834	-0-	83	272	-0-	272
Second Injury	18,771	11,584	14,049	-0-	24	16,282	506	15,776
Hospital Patients'	150	1,462	1,485	-0-	-0-	126	30	97
Self-Insurers' Security	23,925	11,282	8,376	-0-	14	26,818	119	26,699
State Employees' Deferred Comp. I (457)	1,795	60,092	60,757	-0-	-0-	1,130	-0-	1,130
State Employees' Deferred Comp. II (401k)	1,617	113,593	114,312	-0-	-0-	898	-0-	898
State Employees' Defined Contribution Plan	478	122,048	122,404	-0-	-0-	121	-0-	121
Special Assessment Deferment	1,727	165	35	-0-	-0-	1,858	-0-	1,858
Environmental Quality Deposits	3,288	(492)	6	-0-	-0-	2,789	-0-	2,789
Insurance Carrier Deposits	2,320	82,850	81,795	-0-	-0-	3,375	-0-	3,375
Utility Consumer Representation	3,732	1,124	1,088	-0-	4	3,764	2	3,762
Transportation Related	(10,471)	324,832	333,921	-0-	-0-	(19,560)	261	(19,822)
<b>Total Trust and Agency</b>	<b>\$ 149,348</b>	<b>\$ 1,163,935</b>	<b>\$ 1,163,858</b>	<b>\$ -0-</b>	<b>\$ 4,446</b>	<b>\$ 144,980</b>	<b>\$ 3,176</b>	<b>\$ 141,804</b>
<b>GRAND TOTALS</b>	<b>\$ 2,638,017</b>	<b>\$ 76,609,636</b>	<b>\$ 77,616,663</b>	<b>\$ 2,364,298</b>	<b>\$ 2,364,298</b>	<b>\$ 1,630,990</b>	<b>\$ 91,189</b>	<b>\$ 1,539,801</b>

(a) Receipts include \$20,903.5 million of securities sold and matured.

(b) Disbursements include \$12,855.0 million of securities purchased.

# Table 5



## Demand Depositories as of September 30, 2009 (In Thousands of Dollars)

City	Depository Bank	Deposits <sup>(a)</sup>	City	Depository Bank	Deposits <sup>(a)</sup>
Adrian	First Federal Bank	\$ 152	Ithaca	Commercial National Bank	6
Alma	Firstbank, Alma	102	Kalamazoo	National City Bank	257
Bad Axe	Signature Bank	38	Lansing	Bank of America-Credit Card Bank of America-Main Acct.	2,443 38,491
Baldwin	Lake Osceola State Bank	13	Lapeer	Lapeer County Bank and Trust	60
Beulah	Central State Bank	29	Manistique	mBank State Savings Bank	155 17
Cheboygan	Citizens National Bank	211	Marquette	Wells Fargo Bank, Michigan	10,351
Chelsea	Chelsea State Bank	96	Mason	Mason State Bank	3,590
Coldwater	Century Bank and Trust Southern Michigan National Bank	102 100	Midland	Chemical Bank and Trust	7,206
Croswell	Eastern Michigan Bank	15	Monroe	Monroe Bank and Trust	1,346
Crystal Falls	First National Bank	32	Mt. Pleasant	Isabella Bank and Trust	37
Detroit	JPMorgan Chase-Income Tax JPMorgan Chase-Main Acct. Comerica Bank - Detroit Comerica Bank - ACH Service	0 1,102,517 52,885 0	Munising	Peoples State Bank of Munising	95
Eastpointe	First State Bank	242	Newberry	Tahquamenon Area Credit Union	15
East Tawas	Huron Community Bank	45	Norway	First National Bank	63
Escanaba	Northern Michigan National Bank Upper Peninsula State Bank	13 81	Ontonagon	Citizens State Bank	48
Flint	Citizens Banking Corporation	12,727	Port Austin	Port Austin State Bank	6
Gladstone	Bay Bank First Bank Upper Michigan	4 17	St. Charles	Community State Bank	114
Grand Rapids	Fifth Third Bank	32,948	St. Ignace	First National Bank	37
Hancock	Superior National Bank and Trust	119	Sault Ste. Marie	Central Savings Bank Soo Co-Op Credit Union	79 12
Hillsdale	Hillsdale County National Bank	34	Shelby	Shelby State Bank	53
Ionia	Independent Bank First Bank, West Michigan	232 42	Stockbridge	SSBBank	7
Iron Mountain	First National Bank of Iron Mountain	44	Three Rivers	First National Bank	15
Ishpeming	Peninsula Bank	15	Wakefield	First National Bank	153
			West Branch	Firstbank, West Branch	25
			Zeeland	Huntington National Bank	12,880
			Total		1,280,416

(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 FY 2009, the State issued \$219.8 million in new debt to fund the School Bond Loan, Environmental and Great Lakes Water Quality Programs. The State also issued \$418.7 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 9-30-09	
School Bond Loan (a)	Series 1998	1998	2000-2017	\$ -0-	\$ 27,525	\$ 8,340	\$ 1,054	\$ -0-
	Series 2001 (Refunding)	2001	2002-2016	-0-	21,090	85	4,129	63,620 *
	Series 2002 (Refunding)	2002	2003-2015	-0-	150	7,465	3,869	68,690 *
	Series 2005B Multi-Modal	2005	2017-2025	-0-	192,635	-0-	10,107	-0-
	Series 2005C Multi-Modal	2005	2020-2024	-0-	113,090	-0-	3,871	-0-
	Series 2008A (Refunding)	2008	2012-2023	142,970	17,575	-0-	81	125,395 *
	Series 2009A	2009	2015-2020	103,725	-0-	-0-	-0-	103,725
	Series 2009A (Refunding)	2009	2015-2020	100,355	-0-	-0-	-0-	100,355
Environmental Protection (b)	Series 1989	1989	1994-2019	-0-	-0-	-0-	-0-	2,340 *
	Series 1992	1992	2005-2012	-0-	-0-	-0-	3,382	56,180 *
	Water Pollution 1992	1992	1994-2012	-0-	-0-	805	234	3,385
	Water Pollution 1993	1993	1995-2013	-0-	-0-	995	289	5,285
	Series 2000	2000	2001-2020	-0-	-0-	-0-	153	2,785 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	-0-	3,295	60,345
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	16,560	5,480	95,075
	Series 2003	2003	2007-2021	-0-	-0-	-0-	674	13,581
	Series 2005B (Refunding)	2005	2013-2016	-0-	-0-	-0-	2,295	45,895
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	1,825	36,492
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	-0-	106	2,475
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	545	25,000
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	-0-	4,285	61,314
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	-0-	354	4,210
	Series 2008C (Refunding)	2008	2011-2012	-0-	-0-	-0-	252	5,008
	Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	2	56
Recreation (c)	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	2,960	713	13,310
Clean Michigan Initiative (d)	Series 2001	2001	2003-2019	-0-	-0-	-0-	654	13,090 *
	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	135	3,133	59,290
	Series 2003	2003	2007-2021	-0-	-0-	-0-	2,872	57,894
	Series 2005A	2005	2017-2021	-0-	-0-	-0-	3,246	64,935
	Series 2005A (Refunding)	2005	2017-2018	-0-	-0-	-0-	1,092	21,835
	Series 2005B (Refunding)	2005	2019-2021	-0-	-0-	-0-	22	443
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	-0-	301	7,045
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	1,742	80,000
	Series 2008A	2008	2011-2019	-0-	-0-	-0-	754	15,000
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	-0-	4,930	124,486
	Series 2008B	2008	2011-2019	-0-	-0-	-0-	344	7,500
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	-0-	30	5,145
	Series 2008C (Refunding)	2008	2011-2012	-0-	-0-	-0-	362	7,207
	Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	6	155
Great Lakes Water Quality Bonds (e) (f)	Series 2009A	2009	2022-2026	46,355	-0-	-0-	-0-	46,355
	Series 2009B	2009	2012	3,535	-0-	-0-	-0-	3,535
	SWQIF 2003	2003	2053	-0-	-0-	-0-	-0-	6,000
	Series 2006B (SWQIF)	2006	2007, 2009	-0-	46,650	-0-	1,195	-0-
	Series 2008B (SWQIF)	2008	2011-2019	-0-	-0-	-0-	115	2,500
	Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	48	1,199
Total General Obligation Debt	Series 2009A (Refunding)	2009	2022-2026	17,780	-0-	-0-	-0-	17,780
	Series 2009B (Refunding)	2009	2012	30,125	-0-	-0-	-0-	30,125
			\$ 638,540	\$ 418,715	\$ 37,345	\$ 67,841	\$ 1,659,735	

(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 \$105.6 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 on 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 09 Paid From Escrow		FY 09 Escrow Balance
			Principal	Interest	
General Obligation Debt:					
School Bond Loan	2002, 2008A, 2009A, B	\$ 445,372	\$ 402,305	\$ 6,658	\$ 105,368
Environmental Protection	2002, 2008A, B, C, D, 2009A, B	301,832	122,463	21,532	201,196
Clean Michigan Initiative	2002, 2005A, 2008A	99,090	8,035	4,963	88,110
		<u>\$ 846,294</u>	<u>\$ 532,803</u>	<u>\$ 33,153</u>	<u>\$ 394,674</u>

# Table 7



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

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-09
Mackinac Island State Park Commission	\$ -0-	\$ 290	\$ 61	\$ 780 *
Michigan State Housing Development Authority (b)	584,722	642,275	120,893	2,337,938
Michigan State Hospital Finance Authority (c)	815,815	125,635	212,925	5,599,964 *
Michigan Higher Education Facilities Authority	-0-	15,558	12,725	602,723 *
Michigan Higher Education Student Loan Authority	-0-	58,930	54,531	2,219,084
Michigan Municipal Bond Authority	1,517,040	1,092,086	205,830	4,775,482
Michigan State Building Authority (d)	414,355	385,680	122,249	2,968,710 *
Michigan Public Educational Facilities Authority	52,198	24,030	6,942	156,003
Michigan Tobacco Settlement Finance Authority	-0-	6,620	61,190	1,071,162
<b>Total Special Authority Revenue Bond Debt</b>	<u>\$3,384,130</u>	<u>\$2,351,104</u>	<u>\$797,346</u>	<u>\$19,731,846</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) Not administered by Michigan Department of Treasury. Information in the table is provided by each Authority.

(b) The new issues include \$583 million of new bond issues plus \$1.8 million of capital appreciation for the fiscal year. Amounts are as of June 30, 2009, fiscal year end.

(c) Balance includes \$5,471.5 million in bonds and \$128.4 million in Hospital Equipment Loan Program (HELP) notes. Balance does not include MSHFA obligations that have been advance refunded. In fiscal year 2009, net escrow payment activity was \$101.2 million leaving an escrow principal liability as of September 30, 2009, of \$1,115.4 million.

(d) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2009, was \$1,003.7 million. Also, outstanding principal balance does not include commercial paper notes issued by the Authority. As of September 30, 2009, \$161.2 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, 2009, is \$456.7 million.

# Table 8



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

For Period Ended September 30	Principal	Interest	Total
2010	\$ 58,647	\$ 53,989	\$ 112,636
2011	124,729	54,575	179,304
2012	171,000	80,405	251,405
2013	147,670	67,626	215,295
2014	127,026	61,091	188,117
2015	131,233	54,915	186,148
2016	144,732	47,814	192,546
2017	142,081	43,001	185,082
2018	117,133	35,062	152,195
2019	116,853	28,402	145,255
2020	75,564	22,215	97,779
2021	94,330	16,441	110,771
2022	79,354	11,205	90,559
2023	47,363	7,015	54,378
2024	23,465	5,326	28,791
2025	24,210	3,281	27,491
2026	25,492	1,999	27,491
2027	346	1,154	1,500
2028	316	1,184	1,500
2029	252	1,048	1,300
2030	1,939	8,926	10,865
Thereafter (a)	6,000	-0-	6,000
<b>Total</b>	<b>\$1,659,735</b>	<b>\$ 606,674</b>	<b>\$2,266,408</b>

(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.

# Table 9



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

Item	Outstanding on September 30				
	2005	2006	2007	2008	2009
<b>GENERAL OBLIGATION DEBT</b>					
School Bond Loan	\$ 721,230	\$ 759,395	\$ 502,690	\$ 502,690	\$ 655,480 *
Environmental Protection Recreation	487,341	482,633	454,040	437,786	419,426 *
Clean Michigan Initiative	22,935	21,090	19,090	16,270	13,310
Great Lakes Water Quality Bonds	375,516	449,966	434,925	464,160	513,915 *
	10,000	53,000	52,650	56,349	57,604
<b>Total General Obligation Debt</b>	<b>\$ 1,617,022</b>	<b>\$ 1,766,084</b>	<b>\$ 1,463,395</b>	<b>\$ 1,477,255</b>	<b>\$ 1,659,735</b>
<b>NON-GENERAL OBLIGATION DEBT</b>					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 1,594,798	\$ 1,836,104	\$ 1,795,879	\$ 1,731,082	\$ 1,678,102 *
MDOT Grant Anticipation Notes	172,000	84,000	32,000	-0-	-0-
MDOT Grant Anticipation Bonds	-0-	-0-	485,115	485,115	763,520
Michigan Department of Natural Resources State Park Revenue Bonds	14,500	13,965	13,405	12,820	12,210
Special Authorities-Revenue Bonds and Notes: (a)					
Mackinac Island State Park Commission	1,865	1,645	1,350	1,070	780 *
Michigan State Housing Development Authority	1,732,892	1,766,202	1,785,202	2,396,971	2,337,938
Michigan State Hospital Finance Authority	4,384,008	4,857,896	5,130,846	5,282,669	5,599,964 *
Michigan Higher Education Facilities Authority	393,845	410,875	566,430	618,282	602,723 *
Michigan Higher Education Student Loan Authority	2,287,050	2,355,400	2,317,984	2,277,874	2,219,084
Michigan Municipal Bond Authority	3,809,532	3,456,474	4,145,895	4,346,874	4,775,482
Michigan State Building Authority	2,614,520	3,449,310	3,365,715	3,375,070	2,968,710 *
Michigan Public Educational Facilities Authority	26,520	51,800	104,545	127,835	156,003
Michigan Broadband Development Authority	23,444	-0-	-0-	-0-	-0-
Michigan Tobacco Settlement Finance Authority	-0-	490,501	1,013,492	1,080,115	1,071,162
<b>Total Non-General Obligation Debt</b>	<b>\$17,054,974</b>	<b>\$18,774,172</b>	<b>\$20,757,858</b>	<b>\$ 21,735,777</b>	<b>\$22,185,678</b>

\* 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.

(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 9-30-09
Michigan Department of Transportation							
Tax Dedicated Bonds Michigan							
Comprehensive Transportation:							
RF. SR. 1998-A	1998	2010	\$ 38,640	\$20,795	\$ 4,550	\$ 1,154	\$ -0-
RF. SR. 2001-A	2001	2021	27,765	-0-	1,335	1,331	25,145
RF. SR. 2002-A	2002	2011	89,620	11,405	-0-	1,063	13,925 *
Series 2002-B	2002	2022	82,310	9,260	460	527	4,945 *
Series 2003	2003	2023	35,020	1,460	945	692	15,870 *
Series 2005	2005	2023	62,180	-0-	5	3,264	62,175
Series 2006	2006	2024	53,685	-0-	220	2,399	51,840
Series 2009	2009	2019	42,335	-0-	-0-	-0-	42,335
State Trunkline Fund:							
Series 1989-A	1989	2019	135,780	-0-	1,556	4,400	-0- *
Series 1992-A	1992	2021	253,618	-0-	3,352	5,788	15,131 *
RF. SR. 1992-B I & II	1992	2021	99,592	-0-	587	1,013	2,001 *
RF. SR. 1998-A	1998	2026	377,890	-0-	6,840	19,017	364,905
Series 2001-A	2001	2030	308,200	-0-	6,195	1,254	20,620 *
RF. SR. 2002	2002	2021	97,870	-0-	1,965	3,255	62,200
RF. SR. 2004	2004	2021	103,450	-0-	45	5,058	98,350
Series 2004	2004	2019	185,710	-0-	12,410	4,182	76,155 *
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-	11,930	11,340	221,235
MDOT Grant Anticipation Bonds:							
Series 2007	2007	2027	485,115	-0-	3,505	24,974	481,610
Series 2009	2009	2027	281,910	-0-	-0-	-0-	281,910
Michigan Department of Natural Resources State Park Revenue Bonds							
Series 2002	2002	2022	15,500	-0-	610	508	12,210
<b>Total Special Revenue Debt</b>				<b>\$ 42,920</b>	<b>\$ 56,510</b>	<b>\$ 121,011</b>	<b>\$2,453,832</b>

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

Series	Advanced Refunded From Series	Amount Refunded	FY 09 Paid From Escrow Principal	FY 09 Paid From Escrow Interest	FY 09 Escrow Balance
Special Revenue Debt:					
Comprehensive Transportation	2005, 2009	\$ 108,020	\$ 35,605	\$ 3,934	\$ 70,125
Trunkline Transportation	2004, 2005	331,060	-0-	17,240	331,060
		<b>\$ 439,080</b>	<b>\$ 35,605</b>	<b>\$ 21,174</b>	<b>\$ 401,185</b>

# State Tax Collections

State taxes and fees totaling \$21,069,342 (in thousands) were collected during fiscal year 2009, which is a decrease of 13.65 percent from the previous fiscal year.

Major tax collections for fiscal year 2009 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	10-1-04 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	10-1-08 to 9-30-09
<b>Income Tax:</b>					
Withholding Tax	\$ 6,386,345	\$ 6,439,735	\$ 6,615,704	\$ 7,278,212	\$ 6,880,731
Individual Income Tax	638,351	692,234	735,150	870,103	650,542
Individual Income Tax Estimates	642,070	725,778	781,920	851,829	611,186
Individual Income Tax Penalty and Interest	18,416	20,073	23,263	30,067	31,061
Gross Individual Income Tax Collections	7,685,182	7,877,821	8,156,037	9,030,211	8,173,520
Tax Refunds and Tax Credits	(1,646,604)	(1,634,938)	(1,703,455)	(1,764,675)	(2,102,006)
<b>Net Individual Income Tax</b>	<b>\$ 6,038,578</b>	<b>\$ 6,242,883</b>	<b>\$ 6,452,582</b>	<b>\$ 7,265,536</b>	<b>\$ 6,071,514</b>
Single Business Tax (a)	\$ 2,135,464	\$ 2,175,529	\$ 2,109,940	\$ 1,276,096	\$ 160,165
Single Business Tax Penalty and Interest	50,947	68,523	57,623	58,095	49,084
Gross Single Business Tax	2,186,411	2,244,052	2,167,563	1,334,191	\$ 209,249
Tax Refunds	(249,318)	(235,997)	(298,610)	(336,622)	(257,628)
<b>Net Single Business Tax</b>	<b>\$ 1,937,093</b>	<b>\$ 2,008,055</b>	<b>\$ 1,868,953</b>	<b>\$ 997,569</b>	<b>\$ (48,379)</b>
Michigan Business Tax (a)	\$ 0	\$ 0	\$ 0	\$ 1,415,188	\$ 2,679,375
Michigan Business Tax Penalty and Interest	0	0	0	0	1,775
Gross Michigan Business Tax	0	0	0	1,415,188	2,681,149
Tax Refunds	0	0	0	0	(78,632)
<b>Net Michigan Business Tax</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 1,415,188</b>	<b>\$ 2,602,517</b>
<b>Airport Parking Tax</b>	<b>\$ 17,670</b>	<b>\$ 20,196</b>	<b>\$ 21,366</b>	<b>\$ 22,776</b>	<b>20,053</b>
Airport Parking Tax Penalty and Interest	7	2	0	4	0
<b>Cigarette - Tobacco Products Tax</b>	<b>1,146,375</b>	<b>1,138,529</b>	<b>1,088,426</b>	<b>1,026,775</b>	<b>984,028</b>
Cigarette - Tobacco Products Tax Penalty and Interest	402	1,509	1,179	1,066	816
<b>Commercial Mobile Radio Service Tax</b>	<b>29,196</b>	<b>25,302</b>	<b>20,553</b>	<b>20,989</b>	<b>27,619</b>
<b>Convention Facility Tax</b>	<b>17,158</b>	<b>18,694</b>	<b>18,095</b>	<b>19,246</b>	<b>15,683</b>
Convention Facility Tax Penalty and Interest	86	74	34	105	89
<b>Environmental Protection Regulatory Fee (b)</b>	<b>59,167</b>	<b>55,784</b>	<b>53,114</b>	<b>53,466</b>	<b>51,150</b>
<b>Estate Tax (c)</b>	<b>106,543</b>	<b>772</b>	<b>1,007</b>	<b>491</b>	<b>(153)</b>
<b>Gas and Oil Privilege Fee</b>	<b>5,393</b>	<b>7,781</b>	<b>7,298</b>	<b>13,126</b>	<b>7,333</b>
<b>Gas and Oil Severance Tax</b>	<b>64,826</b>	<b>87,809</b>	<b>68,143</b>	<b>101,232</b>	<b>55,036</b>
<b>Industrial/Commercial Facilities Tax</b>	<b>141,384</b>	<b>136,783</b>	<b>115,539</b>	<b>123,825</b>	<b>55,949</b>
<b>Inheritance Tax (d)</b>	<b>212</b>	<b>69</b>	<b>(87)</b>	<b>39</b>	<b>93</b>
<b>Insurance - Retaliatory Tax</b>	<b>241,083</b>	<b>225,816</b>	<b>218,182</b>	<b>223,840</b>	<b>262,949</b>
<b>Intangibles Tax (e)</b>	<b>8</b>	<b>233</b>	<b>(11)</b>	<b>40</b>	<b>2</b>
<b>Motor Fuel Taxes</b>	<b>1,083,303</b>	<b>1,065,851</b>	<b>1,039,189</b>	<b>1,004,015</b>	<b>957,202</b>
<b>Non-Cigarette - Tobacco Products Tax</b>	<b>39,419</b>	<b>38,905</b>	<b>44,141</b>	<b>49,488</b>	<b>54,035</b>
<b>Real Estate Transfer Tax</b>	<b>320,223</b>	<b>311,833</b>	<b>240,020</b>	<b>181,143</b>	<b>125,027</b>
<b>Sales Tax</b>	<b>6,609,944</b>	<b>6,589,230</b>	<b>6,563,694</b>	<b>6,803,764</b>	<b>6,124,969</b>
<b>Sales, Use, and Withholding Penalty and Interest</b>	<b>47,035</b>	<b>49,995</b>	<b>62,583</b>	<b>48,333</b>	<b>53,551</b>
<b>State Education Tax</b>	<b>1,794,026</b>	<b>1,900,206</b>	<b>2,075,011</b>	<b>2,039,847</b>	<b>2,145,886</b>
<b>State Housing Development Service Fee</b>	<b>7,060</b>	<b>9,001</b>	<b>10,333</b>	<b>9,690</b>	<b>10,395</b>
<b>Use Tax</b>	<b>1,396,395</b>	<b>1,391,289</b>	<b>1,382,798</b>	<b>1,390,494</b>	<b>1,292,912</b>
<b>Utility Property Tax</b>	<b>99,535</b>	<b>91,660</b>	<b>88,160</b>	<b>88,436</b>	<b>73,289</b>
<b>Other Taxes and Fees (f)</b>	<b>65,319</b>	<b>112,255</b>	<b>121,889</b>	<b>128,658</b>	<b>125,778</b>
<b>TOTAL</b>	<b>\$ 21,267,440</b>	<b>\$ 21,530,516</b>	<b>\$ 21,562,192</b>	<b>\$ 23,026,181</b>	<b>\$ 21,069,342</b>

(a) PA. 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) PA. 390 of 2004 changed the name of the fee from Underground Regulatory to Environmental Protection Regulatory in FY 2005.

(c) PA. 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 2009.

(d) PA. 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993, with the Estate Tax.

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

(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 10-1-08 to 9-30-09	Disposition
Aircraft Registration	1923	Transportation	August 1	311	State Aeronautics Fund
Airport Parking	1987	TREASURY	15th of each month	20,053	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	TREASURY	20th of each month	5,132	State Aeronautics Fund
Beer and Wine Excise	1933	Energy, Labor and Economic Growth	Monthly reports and/or stamps	51,011	General Fund
Casino Wagering	1999	Education	Daily	121,313	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	TREASURY	20th of each month	984,028	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., Apr., Jul., and Oct.	27,619	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	TREASURY	15th of each month	15,683	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Energy, Labor and Economic Growth	At time of incorporation, admission or increase in stock	19,594	General Fund
Diesel Fuel	1947	TREASURY	20th of each month	94,663	Michigan Transportation Fund
Environmental Protection Regulatory	1989	TREASURY	10th and 25th of each month	51,150	General Fund
Estate	1994	TREASURY	Nine months following date of death	(153)	General Fund
Gas and Oil Privilege Fee	1973	TREASURY	25th of each month	7,333	General Fund
Gas and Oil Severance	1929	TREASURY	25th of each month	55,036	General Fund
Gasoline	1925	TREASURY	20th of each month	836,853	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	7,516	Agriculture Equine Industry Development Fund
Individual Income	1967	TREASURY	April 15	6,040,453	General Fund with 23.278% to School Aid Fund
Industrial/Commercial Facilities	1974	TREASURY	December 1	55,949	Local Units and School Aid Fund
Inheritance	1899	TREASURY	Within 105 days after death, except contingent transfers-due at vesting	93	General Fund
Insurance Company Retaliatory	1987	TREASURY	Last day of Apr., Jul., Oct., and Jan.	262,949	General Fund
Intangibles	1939	TREASURY	April 30, or last day of 4th month after end of taxpayer's tax year	2	General Fund
Liquified Petroleum Gas	1953	TREASURY	20th of each month	427	Michigan Transportation Fund
Liquor Excise - 4%	1957	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,616	School Aid Fund
Liquor Specific - 4%	1959	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,985	General Fund
Liquor Specific - 1.85%	1972	Energy, Labor and Economic Growth	At the time of sale to retail licensees	14,093	Liquor Purchase Revolving Fund
Liquor - 4% -- Tourism and Convention Facility	1985	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,680	Debt Service for Cobo Hall; Counties
Marine Fuel	1947	TREASURY	20th of each month	219	Michigan State Waterways Fund
Michigan Business	2007	TREASURY	15th of Apr., Jul., Oct., and January	2,600,743	School Aid Fund and General Fund
Motor Carrier Diesel Fuel	1980	TREASURY	Last day of month following close of qtr.	19,832	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Energy, Labor and Economic Growth	December 1	3,844	Truck Driver Safety Fund and Motor Carrier Fees
Motor Vehicle Weight or Value	1905	State	Owner's birthday	841,305	Michigan Transportation Fund
Non-Cigarette Tobacco Products	1994	TREASURY	20th of each month	54,035	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	125,027	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.	6,124,969	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	(97,463)	General Fund
State Education	1994	TREASURY	County Treasurer remits to State the month after receipt from Local Units	2,145,886	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	1,750	Michigan Conservation and Recreation Legacy Fund
Use	1937	TREASURY	15th of each month	1,292,912	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	73,289	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,518	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 2008 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
2008	\$ 448,112	\$ 448,140	\$ 448,140	\$ 363,225	\$ 14,144	38.94	33.14	50.94
2007	453,058	453,109	453,109	357,298	14,254	39.89	32.72	51.49
2006	436,294	436,422	436,421	340,334	13,598	39.96	32.66	51.38
2005	415,776	415,796	415,796	321,653	12,827	39.88	32.60	51.38
2004	392,562	392,621	392,622	304,716	12,190	40.00	32.71	50.81
2003	369,404	369,525	369,525	288,957	11,269	39.00	31.81	49.74
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

(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
	2007	2008	
City	\$ 2,494,017	\$ 2,519,647	1.03%
County	2,282,045	2,331,415	2.16%
Township	913,412	931,810	2.01%
Village	100,626	103,937	3.29%
School	6,329,021	6,150,130	- 2.83%
State Education Tax	2,135,046	2,106,585	- 1.33%
Totals	\$14,254,167 (a)	\$14,143,524 (b)	

(a) \$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.

(b) \$966.6 million of the total property taxes levied in 2008 was refunded to taxpayers through the "circuit breaker" system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

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