



ANNUAL REPORT
of the
Michigan State Treasurer

Rick Snyder, Governor
R. Kevin Clinton, Treasurer

FISCAL YEAR
2012-2013

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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

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

The Honorable Rick Snyder
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) 2012-2013. 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 2013.

Sincerely,

A handwritten signature in black ink that reads "R. Kevin Clinton".

R. Kevin Clinton
State Treasurer

Schedule 1



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

	<u>Fiscal Year Ended September 30</u>	
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Demand Deposits	\$ 3,505,976	\$ 2,214,441
Time Deposits - Regular	-0-	-0-
Time Deposits - Marina Loan Program	-0-	-0-
Time Deposits and Notes - Agricultural Loan Program	-0-	-0-
Prime Commercial Paper - At Cost	1,897,860	2,313,631
Emergency Municipal Loans	<u>102,679</u>	<u>81,789</u>
Total	<u>\$ 5,506,515</u>	<u>\$ 4,609,861</u>
 <u>Equities</u>		
Available Equity of Other Funds	\$ 5,422,810	\$ 4,536,636
Outstanding Warrants	<u>83,705</u>	<u>73,225</u>
Total	<u>\$ 5,506,515</u>	<u>\$ 4,609,861</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	
								2013 Total	2012 Total
Legislative Retirement	\$ 4,141	\$ 29,326	\$ 134,435	\$ -0-	\$ 8,912	\$ -0-	\$ -0-	\$ 176,814	\$ 164,865
State Police Retirement	66,926	144,744	330,762	129,423	231,215	116,851	175,760	1,195,681	1,107,338
State Employees' Retirement	556,368	1,293,882	2,959,676	1,158,664	2,069,323	1,045,973	1,572,909	10,656,795	9,727,762
Public School Employees' Retirement	2,344,583	5,230,265	11,983,525	4,684,247	8,379,290	4,229,904	6,368,173	43,219,987	40,410,323
Judges' Retirement	11,738	41,649	67,109	30,781	45,123	25,480	35,837	257,717	246,518
Michigan Veterans' Trust	3,461	35,292	14,334	-0-	-0-	-0-	-0-	53,087	54,419
Game & Fish Lifetime License Trust	11,995	1,440	-0-	-0-	-0-	-0-	-0-	13,435	16,996
Game & Fish Protection Trust	14,428	123,296	66,918	-0-	5,837	-0-	-0-	210,479	208,245
Michigan Natural Resources Trust	119,923	405,577	159,281	-0-	16,705	-0-	-0-	701,486	720,799
Michigan State Parks Endowment	45,164	117,327	54,113	-0-	4,837	-0-	-0-	221,441	204,893
Children's Trust	857	17,435	6,391	-0-	-0-	-0-	-0-	24,683	24,862
Michigan Nongame Fish and Wildlife Trust	665	5,427	651	-0-	-0-	-0-	-0-	6,743	6,956
State Lottery	12,908	238,962	-0-	-0-	-0-	-0-	-0-	251,870	278,670
Michigan Higher Education Assistance Authority	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	1,504
Michigan Education Trust	30,000	319,378	551,645	-0-	-0-	-0-	-0-	901,023	841,169
Mackinac Bridge Authority	1,085	61,905	-0-	-0-	-0-	-0-	-0-	62,990	62,201
Gift, Bequests and Deposits Investment	18,166	20,341	11	-0-	-0-	-0-	-0-	38,518	38,508
Totals	\$3,242,408	\$8,086,246	\$16,328,851	\$6,003,115	\$10,761,242	\$5,418,208	\$8,152,679	\$57,992,749	\$54,116,028

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	
			2013	2012
General	\$ 239	\$ -0-	\$ 239	\$ (1,297)
Game and Fish Lifetime License Trust	10	(5)	5	109
State Aeronautics	13	-0-	13	8
Michigan Veterans' Trust	3	2,025	2,028	5,860
State Trunkline	593	-0-	593	582
Michigan State Waterways	30	-0-	30	32
Blue Water Bridge	63	-0-	63	54
Michigan Transportation	166	-0-	166	178
Comprehensive Transportation	81	-0-	81	55
School Aid	448	-0-	448	902
Game and Fish Protection Trust	43	7,694	7,737	24,333
State Park Improvement	15	-0-	15	14
Forest Development	6	-0-	6	2
Michigan Natural Resources Trust	213	18,044	18,257	63,149
Michigan State Parks Endowment	61	5,809	5,870	17,667
Safety Education and Training	5	-0-	5	5
Environmental Protection Bond	-0-	-0-	-0-	(1)
Bottle Deposits	53	-0-	53	58
State Construction Code	3	-0-	3	3
Children's Trust	2	961	963	2,731
Michigan Nongame Fish and Wildlife	1	78	79	465
21st Century Jobs Trust	266	-0-	266	182
1992 State Trunkline Bond Proceeds	-0-	-0-	-0-	1
Michigan Merit Award Trust	86	-0-	86	44
State Trunkline Bond Proceeds	96	-0-	96	110
Comprehensive Transportation Bond Proceeds	33	-0-	33	50
Outdoor Recreation Legacy	2	-0-	2	2
Off-Road Vehicle	4	-0-	4	4
Snowmobile	9	-0-	9	6
Unemployment Obligation Trust	16	-0-	16	7
Liquor Purchasing Revolving	83	-0-	83	90
State Lottery	124	(7,202)	(7,078)	15,574

Schedule 3



Continued. . . (In Thousands of Dollars)

Fund	Common Cash	Specific Funds	Total Revenues Fiscal Year Ended September 30	
			2013	2012
Michigan Strategic	\$ 31	\$ -0-	\$ 31	\$ 3
Michigan State Housing Development	37	-0-	37	1
Land Bank Fast Track	27	-0-	27	1
Jobs For Michigan Investment	83	-0-	83	67
State Sponsored Group Insurance	306	-0-	306	298
State Water Pollution Control Loan	6	-0-	6	6
School Loan Revolving	271	-0-	271	151
Combined State Trunkline Bond and Interest Redemption	1	-0-	1	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	1	-0-	1	1
Recreation & Environmental Protection Bond	1	-0-	1	1
Legislative Retirement	4	27,223	27,227	29,809
State Police Retirement	1	142,160	142,161	155,136
State Employees' Retirement	(6)	1,265,079	1,265,073	1,379,714
Public School Employees' Retirement	31	5,159,809	5,159,840	5,735,829
Judges' Retirement	1	31,684	31,685	35,594
Michigan Employment Security Act Contingent	22	-0-	22	14
Military Family Relief	3	-0-	3	3
Intrastate Switched Toll Restruct	9	-0-	9	7
Gifts, Bequests, and Deposits Investment	25	(550)	(525)	1,108
Silicosis, Dust Disease, and Logging Industry Compensation	1	-0-	1	2
Second Injury	12	-0-	12	14
Self-Insurers' Security	28	-0-	28	23
State Employees' Deferred Compensation I (457)	1	-0-	1	1
State Employees' Deferred Compensation II (401 (k))	1	-0-	1	1
State of Michigan MPERS DC 457	2	-0-	2	1
Environmental Quality Deposits	3	-0-	3	3
Utility Consumer Representation	3	-0-	3	3
Transportation Related Trust	(12)	-0-	(12)	(10)
Michigan Higher Education Assistance Authority	-0-	-0-	-0-	2
Mackinac Bridge Authority	-0-	(1,233)	(1,233)	2,707
Michigan Education Trust	-0-	91,009	91,009	114,969
TOTALS	\$ 3,660	\$ 6,742,585	\$ 6,746,245	\$ 7,586,438

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: Derivatives are financial instruments whose value is derived from, or based on, an underlying security, asset, reference rate, or index. The State Treasurer only uses derivatives 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 invests in derivatives as detailed below:

- *Fixed Income Investments (Derivatives - Future Contracts):* U.S. Treasury Bond Future Contracts are investments to manage duration and yield curve exposure. On September 30, 2013 and 2012, future contracts represent less than 0.1 percent and 0.2 percent of the fixed income investment category, respectively, and less than 0.1 percent of the total pension trust funds.
- *Domestic Equity Investments (Derivatives - Option Contracts):* Option Contracts are investments on single securities to provide downside protection and enhance current income. On September 30, 2013 and 2012, option contracts represent less than 0.1 percent of the domestic equity investment category and represent less than 0.1 percent of the pension trust funds.
- *Absolute Return Investments (Derivatives - Structured Notes):* Structured notes are investments to enhance management flexibility and manage duration and yield curve exposure. On September 30, 2013 and 2012, structured notes represent 4.9 percent and 8.3 percent of the absolute return investment category and represent 0.5 percent and .07 percent of the pension trust funds, respectively.
- *International Equity Investments (Derivatives - Swaps):* International equity investments swap agreements are investments tied to stock market indices in 23 foreign countries and are the core of the international equity market investment strategy. On September 30, 2013 and 2012, the swap agreements represented 12.7 percent and 13.0 percent of the international equity investment category, respectively.
- *Domestic Equity Investments (Derivatives - Swaps):* Domestic equity swap agreements are investments tied to U.S. Stock indices. On September 30, 2013 and 2012, these swap agreements represent 0.8 percent and 0.2 percent of the domestic equity investment category, respectively.
- *Absolute Return Investments (Derivatives - Swap Currency Forward):* Absolute Return swap currency forward agreements are investments tied to foreign currency spot rates. On September 30, 2013 and 2012, these swap currency forward represent less than 0.1 percent of the absolute return investment category.



The swap contractual agreements are made with large global banks and brokerage firms. On September 30, 2013 and 2012, they represent 3.8 percent and 2.0 percent of the total pension trust funds, respectively.

Separately issued financial reports including financial statements and required supplementary information are issued for the pension trust funds. These provide more extensive disclosure 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 \$0.4 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, 2013 and 2012, was \$1,898.0 and \$2,313.7 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. 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, 2013 and 2012, the State had no outstanding credit risk on the securities lent. The market value of the securities lent at September 30, 2013 and 2012 was \$4,308.2 and \$3,875.9 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2013 and 2012 was \$4,407.0 and \$4,975.0 million respectively. The market value of securities lending cash collateral pool at September 30, 2013, and 2012, was \$3,463.4 and \$4,993.4 million respectively.

NOTE 2: CHANGE IN REPORTING OF FUNDS

Effective for FY ended September 30, 2013:

Counter - Cyclical Budget and Economic Stabilization, Clean Michigan Initiative Bond - Local Projects, Clean Michigan Initiative Bond - Environmental Projects, Michigan Economic Development Corp, Clean Michigan Initiative Bond - State Projects, and Vietnam Veterans' Memorial Monument were removed from Schedule 3.

Effective for FY ended September 30, 2012:

Unemployment Obligation Trust and Michigan State Housing Development were added to Schedule 3. Homeowners Construction Lien Recovery was removed from Schedule 3.

2001 Build Michigan II Bond Proceeds was renamed State Trunkline Bond Proceeds.

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
2013	\$ 239	\$ 5,159,840	\$ 1,265,073	\$ 142,161	\$ 31,685	\$ 147,249	\$ 6,746,245
2012	(1,297)	5,735,829	1,379,714	155,136	35,594	281,462	7,586,438
2011	(722)	1,594,584	404,603	45,826	10,786	64,950	2,120,027
2010	(3,758)	3,846,693	927,685	104,319	22,723	176,040	5,073,702
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

(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)
2013	\$ 3,660	\$ 3,421	\$ 239
2012	2,246	3,543	(1,297)
2011	3,663	4,385	(722)
2010	2,901	6,659	(3,758)
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)

Table 2



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

Month	Combined General Fund & School Aid Fund ^(a)	Other Funds	Manageable Common Cash ^(b)	Retirement Funds	Bond Funds ^{(c)(d)}	Total Common Cash
October 2012	\$ 2,269.0	\$ 2,302.1	\$ 4,571.0	\$ 192.7	\$ 214.3	\$ 4,978.1
November	2,219.7	2,242.8	4,462.5	148.1	175.1	4,785.7
December	2,174.2	2,180.5	4,354.7	220.3	139.4	4,714.4
January 2013	2,253.5	2,214.5	4,468.0	441.5	137.4	5,046.9
February	1,312.5	2,244.5	3,557.0	165.7	128.6	3,851.3
March	909.7	2,306.7	3,216.4	244.8	106.6	3,567.8
April	1,243.6	2,708.9	3,952.5	205.1	151.3	4,308.9
May	870.5	2,637.9	3,508.4	145.0	96.5	3,749.9
June	773.6	2,636.9	3,410.5	232.4	77.5	3,720.3
July	786.3	2,860.9	3,647.2	209.3	67.0	3,923.5
August	419.6	2,849.0	3,268.6	158.9	76.5	3,504.1
September	2,092.1	2,727.2	4,819.3	521.2	82.3	5,422.8

- (a) In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition the Budget Stabilization Fund is a committed subfund of the General Fund. As of September 30, 2013 the balance was \$505.6 million.
- (b) Manageable Common Cash Includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.
- (c) Includes Debt Service and Bond Funds.
- (d) In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition the School Bond Loan Fund, Environmental Protection Bond Fund, and the Clean Michigan Initiative Bond Fund – Environmental Projects and the Great Lakes Water Quality Bond Fund are restricted subfunds of the General Fund, which, combined, amounted to \$23.5 million as of September 30, 2013.

Table 3



Common Cash History (In Millions of Dollars)

Fiscal Year Ended	Combined General Fund and School Aid Fund	Budget Stabilization Fund ^(a)	Other Funds	Manageable Common Cash ^(b)	Retirement Funds	Bond Funds ^(c)	Total Common Cash
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
September 2010	(373.7)	2.2	1,742.1	1,370.6	85.5	151.4	1,607.5
September 2011	1,025.1	2.2	2,109.5	3,136.8	244.5	109.9 ^(d)	3,491.2
September 2012	1,274.6	365.1	2,470.2	4,109.9	262.7	135.5 ^(d)	4,508.1
September 2013	1,586.5	505.6	2,727.2	4,819.3	521.2	82.3 ^(d)	5,422.8

- (a) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition during fiscal year 2011. As a result, the Budget Stabilization Fund was reclassified as a subfund of the General Fund.
- (b) Manageable Common Cash Includes the General, School Aid, Budget Stabilization, Special Revenue, Enterprise, Internal Service, Trust, and Agency Funds.
- (c) Includes Debt Service and Bond Funds.
- (d) During fiscal year 2011, the State implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition. As a result, the School Bond Loan Fund, Environmental Protection Bond Fund, the Clean Michigan Initiative Bond Fund – Environmental Projects and the Great Lakes Water Quality Bond Fund were reclassified and are accounted for as restricted subfunds of the General Fund which, combined, amounted to \$25.9 million as of as of September 30, 2011 and \$38.0 million as of September 30, 2012 and \$23.5 as of September 30, 2013. These funds are included in the Bond Funds balance in prior years.

Table 4



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

Fund	Cash Balances 10-1-12	Receipts ^(a)	Disbursements ^(b)	Transfers In	Transfers Out	Cash Balances 9-30-13	Warrants Outstanding	Available Balances 9-30-13
GENERAL AND SCHOOL AID								
General	\$ 2,297,884	\$ 37,771,901	\$ 37,205,061	\$ 232,313	\$ 506,817	\$ 2,590,220	\$ 66,680	\$ 2,523,540
Budget Stabilization (c)	365,102	140,508	-0-	-0-	-0-	505,611	-0-	505,611
School Aid	(944,036)	12,187,676	13,075,569	1,016,744	117,498	(932,683)	4,338	(937,021)
Total General and School Aid	\$ 1,718,949	\$ 50,100,085	\$ 50,280,630	\$ 1,249,057	\$ 624,315	\$ 2,163,147	\$ 71,018	\$ 2,092,129
SPECIAL REVENUE								
Game and Fish Protection	\$ 15,475	\$ 56,137	\$ 72,561	\$ 13,724	\$ 781	\$ 11,994	\$ 59	\$ 11,936
Michigan Employment Security								
Act-Administration	(27,995)	153,019	153,900	853	2,043	(30,065)	107	(30,171)
State Aeronautics	15,304	128,424	122,211	6,000	3,996	23,521	37	23,484
Michigan Veterans' Trust	3,666	9,318	9,484	-0-	39	3,461	-0-	3,460
State Trunkline	555,051	905,770	1,359,527	821,782	214,338	708,738	1,018	707,720
Michigan State Waterways	27,666	24,209	39,108	13,107	299	25,575	16	25,559
Blue Water Bridge	51,432	24,818	8,120	-0-	5,977	62,153	1	62,152
Michigan Transportation	118,018	1,926,820	960,019	479	976,228	109,071	666	108,404
Comprehensive Transportation	104,895	294,108	443,181	163,928	18,707	101,044	245	100,799
Game and Fish Protection Trust	24,929	92,145	88,922	-0-	13,724	14,428	-0-	14,428
State Park Improvement	13,717	50,916	46,106	-0-	1,750	16,777	46	16,730
Forest Development	6,907	34,060	35,380	-0-	437	5,151	16	5,134
Michigan Natural Resources Trust	204,677	197,174	281,913	-0-	16	119,923	25	119,898
Michigan State Parks Endowment	45,534	102,577	102,746	-0-	202	45,164	43	45,120
Safety Education and Training	7,723	9,573	10,190	-0-	126	6,980	6	6,974
Bottle Deposits	67,783	25,005	25,599	-0-	9,004	58,185	73	58,113
State Construction Code	1,429	12,989	10,974	-0-	129	3,315	9	3,306
Children's Trust	847	8,621	8,606	-0-	5	857	5	853
State Casino Gaming	12,051	35,735	24,736	4,433	14,938	12,544	-0-	12,544
Homeowner Construction Lien Recovery	105	73	-0-	-0-	-0-	178	-0-	178
Michigan Nongame Fish and Wildlife	805	2,816	2,950	-0-	7	665	-0-	665
21st Century Jobs Trust	193,558	75,000	101,279	75,000	-0-	242,279	-0-	242,279
Michigan Merit Award Trust	1,571	226,700	151,196	-0-	22	77,053	-0-	77,053
Outdoor Recreation Legacy	2,382	1,631	2,789	983	29	2,179	4	2,175
Off-Road Vehicle	3,858	3,544	3,029	-0-	28	4,346	1	4,345
Snowmobile	6,838	7,835	8,916	2,294	31	8,020	-0-	8,020
Unemployment Obligation Trust	2,090	425,840	421,926	-0-	-0-	6,004	-0-	6,004
State Building Authority								
Advance Financing	(5,993)	116,319	120,104	1	-0-	(9,777)	-0-	(9,777)
Michigan Strategic	30,097	127,549	90,141	235	-0-	67,740	132	67,608
Land Bank Fast Track Authority	23,202	8,829	12,939	-0-	-0-	19,092	20	19,072
Jobs for Michigan Investment	88,181	133,773	105,807	-0-	235	115,912	470	115,442
Workforce Development Agency	2,946	308,622	315,202	-0-	-0-	(3,633)	89	(3,722)
Michigan Finance Authority								
- School Loan Revolving	213,421	333,780	237,497	-0-	-0-	309,704	-0-	309,704
Total Special Revenue	\$ 1,812,174	\$ 5,863,731	\$ 5,377,057	\$ 1,102,820	\$ 1,263,090	\$ 2,138,577	\$ 3,088	\$ 2,135,489

Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-12	Receipts ^(a)	Disbursements ^(b)	Transfers In	Transfers Out	Cash Balances 9-30-13	Warrants Outstanding	Available Balances 9-30-13
BOND AND DEBT SERVICE								
Clean Michigan Initiative Bond								
- Local Projects	143	-0-	3	-0-	-0-	140	-0-	140
1992 State Trunkline Bond Proceeds	60	272	220	-0-	-0-	111	-0-	111
1994 State Trunkline Bond Proceeds	2	-0-	5	-0-	-0-	(3)	-0-	(3)
State Trunkline Bond Proceeds	100,036	153,912	146,603	-0-	45,867	61,478	-0-	61,478
Build Michigan II								
- GARVEE Note Proceeds	(245)	102	202	-0-	-0-	(345)	-0-	(345)
Comprehensive Transportation Bond Proceeds	34,253	64	14,850	-0-	-0-	19,468	13	19,455
Combined State Trunkline Bond and Interest Redemption	-0-	1	215,159	215,158	-0-	-0-	-0-	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	10,987	33,420	22,446	-0-	14	14	-0-
Recreation and Environmental Protection Bond Redemption	1,396	1,001	138,621	137,683	-0-	1,459	-0-	1,459
School Loan Bond Redemption	-0-	-0-	117,498	117,498	-0-	-0-	-0-	-0-
Total Bond and Debt Service	\$ 135,644	\$ 166,339	\$ 666,581	\$ 492,785	\$ 45,867	\$ 82,320	\$ 26	\$ 82,294
ENTERPRISE								
Liquor Purchasing Revolving	68,459	914,722	737,299	-0-	169,584	76,297	981	75,316
State Lottery	12,973	1,277,146	534,819	-0-	742,392	12,908	886	12,022
Michigan Finance Authority								
- Michigan Guaranty Agency	1,504	(1,504)	-0-	-0-	-0-	-0-	-0-	-0-
Michigan State Housing Development Authority	-0-	83,888	83,888	-0-	-0-	-0-	89	(89)
Michigan Finance Authority								
- State Water Revolving	3,811	122,162	125,951	-0-	-0-	22	-0-	22
Total Enterprise	\$ 86,747	\$ 2,396,414	\$ 1,481,958	\$ -0-	\$ 911,976	\$ 89,227	\$ 1,956	\$ 87,271
INTERNAL SERVICE								
Correctional Industries Revolving	(8,974)	33,571	32,494	-0-	232	(8,130)	96	(8,225)
Motor Transport	8,855	65,410	65,323	-0-	56	8,887	3	8,883
Office Services Revolving	6,420	159,637	156,672	-0-	212	9,173	17	9,157
Information Technology	(16,044)	592,654	584,518	5,000	2,755	(5,664)	224	(5,888)
Risk Management	10,872	35,934	35,241	-0-	29	11,536	-0-	11,536
State Sponsored Group Insurance	282,429	722,449	716,504	-0-	-0-	288,374	14	288,360
Total Internal Service	\$ 283,558	\$ 1,609,654	\$ 1,590,753	\$ 5,000	\$ 3,283	\$ 304,177	\$ 354	\$ 303,823

Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-12	Receipts ^(a)	Disbursements ^(b)	Transfers In	Transfers Out	Cash Balances 9-30-13	Warrants Outstanding	Available Balances 9-30-13
RETIREMENT								
Legislative	2,464	78,290	76,566	-0-	-0-	4,189	1	4,188
State Police	20,121	734,769	729,167	-0-	2	25,721	336	25,385
State Employees'	88,967	7,665,302	7,566,465	-0-	30	187,774	96	187,678
Public School Employees'	152,975	24,618,697	24,469,539	-0-	164	301,969	784	301,184
Judges'	2,715	212,912	212,875	-0-	-0-	2,752	-0-	2,752
Total Retirement	\$ 267,241	\$ 33,309,971	\$ 33,054,613	\$ -0-	\$ 196	\$ 522,404	\$ 1,217	\$ 521,187
TRUST AND AGENCY								
Michigan Employment Security								
Act Contingent	10,612	26,815	999	-0-	853	35,575	-0-	35,575
Military Family Relief	2,412	145	164	-0-	-0-	2,392	-0-	2,392
IntraState Switched Toll Restructuring	7,336	12,922	16,241	-0-	6	4,010	4	4,006
Children's Institute Trust	102	-0-	-0-	-0-	-0-	103	-0-	103
Abandoned and Unclaimed								
Property (Escheats)	89,202	169,016	160,989	-0-	-0-	97,229	4,634	92,595
Gifts, Bequests and Deposits Investment	19,369	103,153	104,355	-0-	-0-	18,166	323	17,843
Silicosis, Dust Disease, and Logging								
Industry Compensation	1,794	2,087	1,789	-0-	5	2,087	34	2,053
Assigned Claims Facility and Plan	138,746	20,848	159,561	-0-	33	-0-	-0-	-0-
Second Injury	13,507	12,038	12,669	-0-	23	12,854	350	12,504
Hospital Patients	123	838	857	-0-	-0-	104	11	93
Self-Insurers' Security	25,016	10,469	7,369	-0-	12	28,104	670	27,434
State Employees' Deferred Comp. I (457)	1,400	42,835	43,073	-0-	-0-	1,162	-0-	1,162
State Employees' Deferred Comp. II (401K)	1,102	53,070	53,290	-0-	-0-	882	-0-	882
State of Michigan MPSERS DC 457	437	37,664	35,383	-0-	-0-	2,718	-0-	2,718
State Employees' Defined Contribution Plan	459	228,966	228,998	-0-	-0-	426	-0-	426
Special Assessment Deferment	1,971	250	20	-0-	-0-	2,201	-0-	2,201
Environmental Quality Deposits	2,423	(78)	40	-0-	-0-	2,305	-0-	2,305
Insurance Carrier Deposits	1,674	55,067	56,372	-0-	-0-	369	-0-	369
Utility Consumer Representation	3,023	1,195	1,722	-0-	4	2,493	-0-	2,493
Transportation Related	(15,220)	309,181	300,564	-0-	-0-	(6,603)	19	(6,622)
State of Michigan MPSERS DC 401K	57	7,597	7,567	-0-	-0-	86	-0-	86
State of Michigan Personal Health Care	-0-	3,832	3,833	-0-	-0-	(1)	-0-	(1)
Total Trust and Agency	305,547	1,097,908	1,195,856	-0-	936	206,663	6,046	200,618
GRAND TOTALS	\$ 4,609,860	\$ 94,544,103	\$ 93,647,447	\$ 2,849,662	\$ 2,849,662	\$ 5,506,516	\$ 83,705	\$ 5,422,811

(a) Receipts include \$26,210.6 million of securities sold and matured.

(b) Disbursements include \$25,462.8 million of securities purchased.

(c) The State implemented Governmental Accounting Standards Board (GASB) Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definition during fiscal year 2011. As a result, the Budget Stabilization Fund was reclassified as a committed subfund of the General Fund.

Table 5



Demand Depositories as of September 30, 2013 (In Thousands of Dollars)

City	Depository Bank	Deposits ^(a)	City	Depository Bank	Deposits ^(a)
Adrian	First Federal Bank	\$ 207	Lansing	Bank of America-Credit Card	0
Alma	Firstbank, Alma	147		Bank of America-Main Account	4,773
Bad Axe	Signature Bank	56	Lapeer	Lapeer County Bank and Trust	77
Baldwin	Lake Osceola State Bank	80	Manistique	mBank	140
Cheboygan	Citizens National Bank	220		State Savings Bank	125
Chelsea	Chelsea State Bank	93	Marquette	Wells Fargo Bank, Michigan	14,717
Coldwater	Century Bank and Trust	231	Mason	Mason State Bank	5,056
	Southern Michigan National Bank	119	Midland	Chemical Bank and Trust	4,762
Croswell	Eastern Michigan Bank	13	Monroe	Monroe Bank and Trust	2,095
Crystal Falls	First National Bank	23	Munising	Peoples State Bank of Munising	14
Detroit	JPMorgan Chase-Income Tax	0	Newberry	Tahquamenon Area Credit Union	33
	JPMorgan Chase-Main Acct.	3,416,664	Norway	First National Bank	5
	Comerica Bank - Detroit	6,770	Ontonagon	Citizens State Bank	45
	Comerica Bank - ACH Service	0	Port Austin	Port Austin State Bank	5
East Tawas	Huron Community Bank	51	St. Charles	Community State Bank	74
Escanaba	Northern Michigan National Bank	7	St. Ignace	First National Bank	58
	Upper Peninsula State Bank	89	Sault Ste. Marie	Central Savings Bank	97
Ewen	State Bank of Ewen	23		Soo Co-Op Credit Union	8
Flint	FirstMerit Bank	35,515	Shelby	Shelby State Bank	57
Gladstone	First Bank Upper Michigan	15	Stockbridge	SSBBank	3
Grand Rapids	Fifth Third Bank	1,652	Wakefield	First National Bank	105
Hancock	Superior National Bank and Trust	165	Zeeland	Huntington National Bank	11,146
Hillsdale	Hillsdale County National Bank	56			
Honor	The Honor State Bank	24	Total		\$ 3,505,976
Ionia	Independent Bank	211			
	First Bank, West Michigan	105			
Iron Mountain	First National Bank of Iron Mountain	25			
Ishpeming	Peninsula Bank	15			
Ithaca	Commercial National Bank	5			

(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 \$4,395,384,000 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 2013, the State issued \$200.0 million in new debt to fund the School Bond Loan Program. The State also issued \$92.3 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 9-30-13
School Bond Loan ^(a)	Series 2001 (Refunding)	2001	2002-2016	\$-0-	\$-0-	\$12,025	\$2,541	\$40,195 *
	Series 2002 (Refunding)	2002	2003-2015	-0-	-0-	21,460	3,161	47,230 *
	Series 2008A (Refunding)	2008	2012-2023	-0-	-0-	-0-	5,904	116,035 *
	Series 2009A	2009	2015-2020	-0-	-0-	-0-	6,840	103,725
	Series 2009A (Refunding)	2009	2015-2020	-0-	-0-	-0-	6,617	100,355
	Series 2009B (Refunding)	2009	2010-2030	-0-	-0-	23,665	4,235	49,953 *
	Series 2010B (Refunding)	2010	2016-2020	-0-	-0-	-0-	1,623	43,460
	Series 2010B	2010	2016-2020	-0-	-0-	-0-	1,507	40,365
	Series 2011A	2011	2014-2023	-0-	-0-	-0-	5,565	150,000
	Series 2011B	2011	2022	-0-	-0-	-0-	1,114	30,110
	Series 2012A (Refunding)	2012	2013-2026	-0-	-0-	4,206	1,545	56,710
	Series 2012A	2012	2013-2026	-0-	-0-	11,329	4,161	152,755
	Series 2013A	2013	2024-2033	200,000	-0-	-0-	-0-	200,000
Environmental Protection ^(b)	Series 1992	1992	2005-2012	-0-	-0-	17,290	540	-0- *
	Water Pollution 1992	1992	1994-2012	-0-	-0-	870	27	-0-
	Water Pollution 1993	1993	1995-2013	-0-	-0-	1,075	82	1,105
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	6,820	2,436	40,880
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	10,940	3,780	63,855
	Series 2003	2003	2007-2021	-0-	-0-	2,339	117	-0- *
	Series 2005B (Refunding)	2005	2013-2016	-0-	-0-	11,865	1,998	34,030
	(g) Series 2005B (Refunding)	2005	2019-2021	-0-	28,553	-0-	1,825	7,939 *
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	1,266	27	-0-
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	1,143	25,000
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	1,980	3,917	54,219
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	3,085	263	-0-
	Series 2010A (Refunding)	2010	2012-2020	-0-	-0-	641	380	8,210
	Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	-0-	1,045	39,672
Series 2012 (Refunding)	2012	2016-2020	27,359	-0-	-0-	522	27,359	
Recreation ^(c)	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	3,585	90	-0-
	Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	-0-	23	3,306
Clean Michigan Initiative ^(d)	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	5,530	2,447	43,330
	Series 2003	2003	2007-2021	-0-	-0-	9,971	449	-0- *
	(h) Series 2005A	2005	2017-2021	-0-	53,350	-0-	3,247	11,585 *
	(i) Series 2005A (Refunding)	2005	2017-2018	-0-	14,550	-0-	1,092	7,285 *
	(j) Series 2005B (Refunding)	2005	2019-2021	-0-	347	-0-	22	96 *
	Series 2005C (Refunding)	2005	2008-2013	-0-	-0-	3,604	78	-0-
	Series 2006A	2006	2014-2026	-0-	-0-	-0-	3,657	80,000
	Series 2008A	2008	2011-2019	-0-	-0-	1,500	611	10,710
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	4,020	4,506	110,081
	Series 2008B	2008	2011-2019	-0-	-0-	758	288	5,314
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	3,770	22	-0-
	Series 2009A	2009	2022-2026	-0-	-0-	-0-	2,620	46,355
	Series 2010A (Refunding)	2010	2012-2020	-0-	-0-	2,734	1,622	35,000
	Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	-0-	459	24,520
	Series 2010B	2010	2013-2015	-0-	-0-	-0-	224	10,063
	Series 2011A	2011	2021-2025	-0-	-0-	-0-	369	9,617
	Series 2011B	2011	2013-2020	-0-	-0-	-0-	168	5,619
Series 2011B (Refunding)	2011	2013-2020	-0-	-0-	-0-	110	3,613	
Series 2012 (Refunding)	2012	2016-2020	64,946	-0-	-0-	1,238	64,946	
Great Lakes Water Quality Bonds ^{(e) (f)}	SWQIF 2003	2003	2053	-0-	-0-	-0-	-0-	6,000
	Series 2008B (SWQIF)	2008	2011-2019	-0-	-0-	253	96	1,771
	Series 2009A (Refunding)	2009	2022-2026	-0-	-0-	-0-	1,005	17,780
	Series 2010B (Refunding)	2010	2013-2015	-0-	-0-	-0-	7	1,378
	Series 2010B	2010	2013-2015	-0-	-0-	-0-	224	10,063
	Series 2011A	2011	2021-2025	-0-	-0-	-0-	925	24,123
	Series 2011A (Refunding)	2011	2021-2025	-0-	-0-	-0-	395	10,295
	Series 2011B	2011	2013-2020	-0-	-0-	-0-	233	35,770
	Series 2011B (Refunding)	2011	2013-2020	-0-	-0-	-0-	618	20,394
Total General Obligation Debt				\$292,305	\$96,800	\$166,250	\$89,808	\$2,032,173

(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 \$80.4 million remains.

(e) P.A. 396 of 2002 provided for the issuance of \$1.0 billion General Obligation Bonds, of which \$784.9 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.

(g) In fiscal year 2013, \$713.83 thousand in interest was provided by escrow proceeds.

(h) In fiscal year 2013, \$1,333.75 thousand in interest was provided by escrow proceeds.

(i) In fiscal year 2013, \$363.75 thousand in interest was provided by escrow proceeds.

(j) In fiscal year 2013, \$8.67 thousand in interest was provided by escrow proceeds.

* 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.

Table 6



Concluded... (In Thousands of Dollars)

Series	Advanced Refunded From Series	Amount Refunded	FY 13 Paid From Escrow Principal	FY 13 Paid From Escrow Interest	FY 13 Escrow Balance
General Obligation Debt:					
Environmental Protection	2008A, 2010A, 2012	\$ 60,186	\$ 23,660	\$ 1,956	\$ 32,122
Clean Michigan Initiative	2008A, 2010A, 2012	203,104	100,865	7,002	76,778
		<u>\$ 263,290</u>	<u>\$ 124,525</u>	<u>\$ 8,958</u>	<u>\$ 108,900</u>

Table 7



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

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-13
Mackinac Island State Park Commission	\$ -0-	\$ 50	\$ 81	\$ 1,785
Michigan State Housing Development Authority ^(b)	239,305	463,283	85,770	2,114,642
Michigan Finance Authority ^(c)	1,401,589	2,341,404	587,753	16,079,319 *
Michigan State Building Authority ^(d)	583,000	126,665	124,869	3,181,564 *
Total Special Authority Debt	<u>\$ 2,223,894</u>	<u>\$ 2,931,402</u>	<u>\$ 798,473</u>	<u>\$ 21,377,310</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 \$239.3 million of new bond issues plus \$600 thousand of capital appreciation for the year. Amounts are as of September 30, 2013.

(c) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2013 was \$721.9 million. Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority.

(d) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2013 was \$555.8 million. Also, outstanding principal does not include commercial paper notes issued by the Authority. As of September 30, 2013, \$13.1 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, 2013 is \$551.0 million.

Michigan Finance Authority Debt by Program	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-13
Health	\$ 272,553	\$ 423,531	\$ 197,471	\$ 5,298,092
Higher Education	21,255	35,862	9,260	586,227
Municipal	870,091	1,140,515	167,960	4,326,337
Public School Academies	57,690	45,575	17,612	304,650
Tobacco	-0-	27,305	60,455	1,086,929
Private K-12	-0-	N/A	N/A	87,700
Student Loan	180,000	379,106	6,611	1,451,060
Unemployment	-0-	289,510	128,384	2,938,324
Total Michigan Finance Authority Debt	<u>\$ 1,401,589</u>	<u>\$ 2,341,404</u>	<u>\$ 587,753</u>	<u>\$ 16,079,319</u>

Table 8



General Obligation Bond Payment Schedule (In Thousands of Dollars)

For Period Ended	Principal	Interest	Total ^(a)
September 30,			
2014	\$ 220,206	\$ 86,928	\$ 307,134
2015	191,848	79,155	271,004
2016	201,087	70,410	271,497
2017	185,361	63,844	249,206
2018	166,573	54,601	221,173
2019	171,198	46,289	217,487
2020	140,399	37,934	178,333
2021	147,490	31,009	178,499
2022	122,574	25,449	148,023
2023	115,843	18,742	134,584
2024	70,420	14,889	85,309
2025	71,670	11,272	82,942
2026	71,867	8,495	80,362
2027	19,196	6,312	25,508
2028	19,801	5,739	25,540
2029	20,407	4,960	25,367
2030	22,809	12,153	34,962
2031	21,640	2,496	24,136
2032	22,455	1,717	24,172
2033	23,330	887	24,217
Thereafter ^(b)	6,000	-0-	6,000
Total	\$ 2,032,173	\$ 583,281	\$ 2,615,454

(a) May not add to total due to rounding.

(b) 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,				
	2009	2010	2011	2012	2013
GENERAL OBLIGATION DEBT					
School Bond Loan	\$ 655,480	\$ 671,228	\$ 861,920	\$ 1,003,578	\$ 1,130,893 *
Environmental Protection	419,426	408,260	406,494	361,634	302,269 *
Recreation	13,310	10,220	10,296	6,891	3,306
Clean Michigan Initiative	513,915	513,775	523,386	503,319	468,132 *
Great Lakes Water Quality Bonds	57,604	57,604	67,611	127,826	127,573
Total General Obligation Debt	\$ 1,659,735	\$ 1,661,087	\$ 1,869,707	\$ 2,003,248	\$ 2,032,173
NON-GENERAL OBLIGATION DEBT					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 1,710,969	\$ 1,612,146	\$ 1,511,685	\$ 1,484,405	\$ 1,371,660 ^{*(c)}
MDOT Grant Anticipation Bonds	763,520	756,495	749,155	741,455	733,410
Michigan Department of Natural Resources State Park Revenue Bonds	12,210	11,570	10,900	10,200	9,465
Special Authorities-Revenue Bonds and Notes: ^(a)					
Mackinac Island State Park Commission	780	1,930	1,885	1,835	1,785
Michigan State Housing Development Authority	2,337,938	2,526,246	2,474,150	2,338,620	2,114,642
Michigan State Hospital Finance Authority	5,599,964	(b)	(b)	(b)	(b) *
Michigan Higher Education Facilities Authority	602,723	(b)	(b)	(b)	(b) *
Michigan Higher Education Student Loan Authority	2,219,084	(b)	(b)	(b)	(b)
Michigan Municipal Bond Authority	4,775,482	(b)	(b)	(b)	(b)
Michigan State Building Authority	2,968,710	3,008,024	3,175,339	3,103,332	3,181,564 *
Michigan Public Education Facilities Authority	156,003	(b)	(b)	(b)	(b)
Michigan Tobacco Settlement Finance Authority	1,071,162	(b)	(b)	(b)	(b)
Michigan Finance Authority ^(b)	-0-	14,885,199	14,048,108	17,106,980	16,079,319 *
Total Non-General Obligation Debt	\$ 22,218,545	\$ 22,801,610	\$ 21,971,222	\$ 24,786,827	\$ 23,491,845

* 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.

(b) Executive Order 2010-2 consolidated 10 public finance authorities under the Michigan Finance Authority: Michigan Municipal Bond Authority; Michigan State Hospital Finance Authority; Michigan Higher Education Facilities Authority; Michigan Higher Education Assistance Authority; Michigan Higher Education Student Loan Authority; Michigan Public Educational Facilities Authority; Michigan Tobacco Settlement Finance Authority; Michigan Underground Storage Tank Financial Assurance Authority; Michigan State Higher Education Facilities Commission; Michigan Forest Finance Authority.

(c) Table 9 MDOT Tax Dedicated Bonds Outstanding on September 30, 2009 through 2013 include accumulated accretion.

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 9-30-13	
Michigan Department of Transportation								
Tax Dedicated Bonds Michigan								
Comprehensive Transportation								
Series 2003 ^(a)	2003	2023	35,020	-0-	1,635	669	-0- *	
RF. Series 2005	2005	2023	62,180	-0-	4,105	3,264	58,070	
New & RF. Series 2006	2006	2031	53,685	-0-	5,445	2,161	40,665	
RF. Series 2009	2009	2019	42,335	-0-	1,845	1,848	38,780	
RF. Series 2011	2011	2021	18,470	-0-	820	821	17,650	
RF. Series 2013	2013	2022	10,130	10,690	-0-	-0-	10,130	
State Trunkline Fund								
Series 1992-A	1992	2021	253,618	-0-	3,428	8,667	-0- *	
RF. SR. 1992-B I & II	1992	2021	99,592	-0-	453	1,147	-0- *	
RF. SR. 1998-A	1998	2026	377,890	-0-	12,760	9,494	169,965	
RF. SR. 2004	2004	2021	103,450	-0-	7,700	4,851	90,510	
Series 2004	2004	2019	185,710	-0-	14,820	1,771	20,785 *	
RF. SR. 2005	2005	2022	223,020	-0-	-0-	11,690	223,015	
RF. SR. 2005B	2005	2019	378,250	-0-	34,930	13,346	248,205	
Series 2006	2006	2021	244,525	-0-	14,430	8,780	167,410	
New & RF. SR 2009	2009	2026	146,190	-0-	-0-	7,299	146,190	
Series 2011	2011	2036	90,980	-0-	-0-	4,296	90,980	
RF. Series 2012	2012	2021	49,305	-0-	-0-	1,906	49,305	
MDOT Grant Anticipation Bonds								
Series 2007	2007	2027	485,115	-0-	8,045	3,850	451,505	
Series 2009	2009	2027	281,910	-0-	-0-	21,495	281,905	
Michigan Department of Natural Resources State Park Revenue Bonds								
Series 2002	2002	2022	15,500	-0-	735	405	9,465	
Total Special Revenue Debt					\$10,690	\$111,151	\$127,759	\$2,114,535

* 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.

(a) In fiscal year 2013, \$164.6 thousand was provided by escrow proceeds.

Series	Advanced Refunded from Series	Amount Refunded	FY13 Paid from Escrow Principal	FY 13 Escrow Interest	FY 13 Escrow Balance
Special Revenue Debt:					
Comprehensive Transportation	2005, 2013	\$ 20,625	\$ 20,560	\$ 634	\$ -0-
Trunkline Transportation	2005, 2012	141,465	56,235	5,765	85,230
		<u>\$ 162,090</u>	<u>\$ 76,795</u>	<u>\$ 6,399</u>	<u>\$ 85,230</u>

State Tax Collections

State taxes and fees totaling \$22,495,995 (in thousands) were collected during fiscal year 2013, which is an increase of 3.80% from the previous fiscal year.

Major tax collections for fiscal year 2013 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	10-1-08 to 9-30-09	10-1-09 to 9-30-10	10-1-10 to 9-30-11	10-1-11 to 9-30-12	10-1-12 to 9-30-13
Income Tax:					
Withholding Tax	\$ 6,880,731	\$ 6,782,194	\$ 7,140,486	\$ 7,632,437	\$ 7,849,363
Individual Income Tax	650,542	557,733	710,669	693,034	1,133,565
Individual Income Tax Estimates	611,186	552,638	629,294	748,278	865,393
Individual Income Tax Penalty and Interest	31,061	31,882	32,160	31,376	30,312
Gross Individual Income Tax Collections	8,173,520	7,924,247	8,512,610	9,105,126	9,878,634
Tax Refunds and Tax Credits	(2,102,006)	(2,369,460)	(2,185,609)	(2,171,274)	(1,667,275)
Net Individual Income Tax	\$ 6,071,514	\$ 5,554,788	\$ 6,327,001	\$ 6,933,852	\$ 8,211,359
Single Business Tax ^(a)	160,165	98,511	63,550	38,329	20,517
Single Business Tax Penalty and Interest	49,084	31,091	30,544	12,638	19,154
Gross Single Business Tax	209,249	129,602	94,094	50,968	39,671
Tax Refunds	(257,628)	(\$93,803)	(\$33,289)	(38,860)	(32,600)
Net Single Business Tax	\$ (48,379)	\$ 35,800	\$ 60,805	\$ 12,108	\$ 7,071
Michigan Business Tax ^(a)	2,679,375	2,310,295	2,453,576	1,644,573	394,042
Michigan Business Tax Penalty and Interest	1,775	14,972	37,968	69,193	54,925
Gross Michigan Business Tax	2,681,149	2,325,266	2,491,544	1,713,766	448,967
Tax Refunds	(78,632)	(257,310)	(358,115)	(457,919)	(576,284)
Net Michigan Business Tax	\$ 2,602,517	\$ 2,067,956	\$ 2,133,429	\$ 1,255,847	\$ (127,317)
Corporate Income Tax ^(f)	-0-	-0-	-0-	399,795	830,007
Corporate Income Tax Penalty and Interest	-0-	-0-	-0-	27	2,635
Gross Corporate Income Tax	-0-	-0-	-0-	399,822	832,642
Tax Refunds	-0-	-0-	-0-	-0-	(24,837)
Net Corporate Business Tax	\$ -0-	\$ -0-	\$ -0-	\$ 399,822	\$ 807,806
Airport Parking Tax	20,053	19,591	20,185	20,585	21,165
Airport Parking Tax Penalty and Interest	-0-	-0-	-0-	-0-	-0-
Cigarette - Tobacco Products Tax	984,028	947,511	913,760	904,517	892,329
Cigarette - Tobacco Products Tax Penalty and Interest	816	566	386	376	675
Commercial Mobile Radio Service Tax	27,619	27,756	27,825	28,039	28,515
Convention Facility Tax	15,683	15,286	17,202	18,578	19,848
Convention Facility Tax Penalty and Interest	89	30	36	55	34
Environmental Protection Regulatory Fee	51,150	51,323	51,123	51,006	50,582
Estate Tax ^(b)	(153)	178	43	237	(23)
Flow Through Withholding Tax ^(f)	-0-	-0-	-0-	35,982	207,735
Flow Through Withholding Tax Penalty and Interest	-0-	-0-	-0-	-0-	455
Gas and Oil Privilege Fee	7,333	3,108	6,780	10,843	9,134
Gas and Oil Severance Tax	55,036	58,277	62,063	53,785	59,618
Health Insurance Claims Assessment Tax ^(g)	-0-	-0-	-0-	112,360	268,447
Industrial/Commercial Facilities Tax	55,949	55,353	43,866	37,160	35,020
Inheritance Tax ^(c)	93	(161)	13	8	19
Insurance - Retaliatory Tax	262,949	262,132	272,701	293,555	291,523
Intangibles Tax ^(d)	2	1	9	-0-	1
Motor Fuel Taxes	957,202	971,498	960,852	955,283	957,610
Non-Cigarette - Tobacco Products Tax	54,035	60,948	58,175	65,771	64,777
Real Estate Transfer Tax	125,027	127,143	118,232	143,851	191,881
Sales Tax	6,124,969	6,170,199	6,688,593	6,922,040	7,197,816
Sales, Use, and Withholding Penalty and Interest	53,551	60,566	41,262	42,178	42,898
State Education Tax	2,145,886	1,992,451	1,956,753	1,780,635	1,745,870
State Housing Development Service Fee	10,395	10,627	12,453	9,855	12,667
Use Tax	1,292,912	1,579,529	1,621,056	1,355,875	1,292,590
Utility Property Tax	73,289	61,978	59,932	61,507	53,664
Other Taxes and Fees ^(e)	125,778	127,151	129,767	166,862	152,229
TOTAL	\$ 21,069,342	\$ 20,261,583	\$ 21,584,303	\$ 21,661,988	\$ 22,495,995

(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. Repealed and replaced by Corporate Income Tax in 2012 per P.A. 39 of 2011.

(b) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax.

(c) Public Act 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993 with the Estate Tax.

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

(e) Includes Assessor's Training, & Certification Fees, Garnishment Fees, Court Fines, Fees & Assessments, Driver Responsibility Fees, Trailer Coach Parks Specific Tax, Commercial Forest Tax and Low Grade Iron Ore Specific Tax.

(f) New in 2012, per Public Act 15 of 2013

(g) New in 2012, per Public Act 142 of 2011

Table 12



Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-12 to 9-30-13	Disposition
Aircraft Registration	1923	Transportation	August 1	353	State Aeronautics Fund
Airport Parking	1987	Treasury	15th of each month	21,165	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	Treasury	20th of each month	5,288	State Aeronautics Fund
Beer and Wine Excise	1933	Licensing and Regulatory Affairs	Monthly reports and/or stamps	50,506	General Fund
Casino Wagering	1999	Education	Daily	111,629	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	Treasury	20th of each month	892,329	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., July, and Oct.	28,515	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	Treasury	15th of each month	19,848	Debt Service for Cobo Hall; Counties
Corporate Income Tax	2012	Treasury	15th of Apr., July, Oct., and January	830,007	General Fund with 23.278% to School Aid Fund
Corporate Organization	1891	Licensing and Regulatory Affairs	At time of incorporation, admission or increase in stock	22,825	General Fund
Diesel Fuel	1947	Treasury	20th of each month	107,402	Michigan Transportation Fund
Environmental Protection Regulatory	1989	Treasury	10th and 25th of each month	50,582	General Fund
Estate	1994	Treasury	Nine months following date of death	(23)	General Fund
Flow Through Withholding	2012	Treasury	15th of Apr., July, Oct., and January	207,735	General Fund with 23.278% to School Aid Fund
Gas and Oil Privilege Fee	1973	Treasury	25th of each month	9,134	General Fund
Gas and Oil Severance	1929	Treasury	25th of each month	59,618	General Fund
Gasoline	1925	Treasury	20th of each month	822,826	Michigan Transportation Fund
Health Insurance Claims Assessment Tax	2012	Treasury	30th of Apr., July, Oct., and January	268,447	Health Insurance Claims Assessment Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	4,608	Agriculture Equine Industry Development Fund
Individual Income	1967	Treasury	April 15	8,181,047	General Fund with 23.278% to School Aid Fund
Industrial/Commercial Facilities	1974	Treasury	December 1	35,020	Local Units and School Aid Fund
Inheritance	1899	Treasury	Within 105 days after death, except contingent transfers-due at vesting	19	General Fund
Insurance Company Retaliatory	1987	Treasury	Last day of Apr., July, Oct., and January	291,523	General Fund
Intangibles	1939	Treasury	April 30, or last day of 4th month after end of taxpayer's tax year	1	General Fund
Liquified Petroleum Gas	1953	Treasury	20th of each month	398	Michigan Transportation Fund
Liquor - 4% -- Tourism and Convention Facility	1985	Licensing and Regulatory Affairs	At the time of sale to retail licensees	43,993	Debt Service for Cobo Hall; Counties
Liquor Excise - 4%	1957	Licensing and Regulatory Affairs	At the time of sale to retail licensees	43,843	School Aid Fund
Liquor Specific - 1.85%*	1972	Licensing and Regulatory Affairs	At the time of sale to retail licensees	0	Liquor Purchase Revolving Fund
Liquor Specific - 4%	1959	Licensing and Regulatory Affairs	At the time of sale to retail licensees	44,344	General Fund
Marine Fuel	1947	Treasury	20th of each month	210	Michigan State Waterways Fund
Michigan Business	2007	Treasury	15th of Apr., July, Oct., and January	(182,242)	School Aid Fund and General Fund
Motor Carrier Diesel Fuel	1980	Treasury	Last day of month following close of qtr.	21,416	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Licensing and Regulatory Affairs	December 1	5,105	Truck Driver Safety Fund and Motor Carrier Fees
Motor Vehicle Weight or Value	1905	State	Owner's birthday	909,189	Michigan Transportation Fund
Non-Cigarette Tobacco Products	1994	Treasury	20th of each month	64,777	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	191,881	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.	7,197,816	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	(12,083)	General Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	207	Michigan Conservation and Recreation Legacy Fund
State Education	1994	Treasury	County Treasurer remits to State the month after receipt from Local Units	1,745,870	School Aid Fund
Use	1937	Treasury	15th of each month	1,292,590	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	53,664	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	792	Michigan Conservation and Recreation Legacy Fund

*Abolished by the Legislature effective FY2013

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 shows state, county and local equalized valuations for calendar year 2012 and the prior decade. This table also lists the total Taxable Valuation and the average tax rate (millage) for each year. Table 14 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
2012	349,320	349,306	349,306	315,772	12,757	40.40	33.47	51.24
2011	362,765	362,775	362,775	323,616	12,946	40.00	33.68	50.97
2010	385,115	385,050	385,050	336,845	13,374	39.70	33.13	50.40
2009	423,892	423,901	423,901	360,567	14,110	39.13	32.86	51.09
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

(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. In 2003 only, the State Education Tax rate was 5.0, lowering average rates by 1.0 mill.

(c) Homesteads include those properties which received the homeowner's "principal residence exemption" and those which received the "qualified agricultural property" exemption. Qualified forest and industrial personal property are also included in this group as they receive a similar exemption.

Table 14



Distribution of Local Property Taxes (In Thousands of Dollars)

Taxing Unit	Taxes Levied		Percent of Increase
	2011	2012	
City	\$ 2,295,536	\$ 2,289,576	-0.26%
County	2,124,934	2,109,018	-0.75%
Township	850,397	850,870	0.06%
Village	87,390	86,803	-0.67%
School	5,713,864	5,598,604	-2.02%
State Education Tax ^(a)	1,873,494	1,821,921	-2.75%
Totals	\$ 12,945,615 ^(b)	\$ 12,756,792 ^(c)	

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

(b) \$858.4 million of the total property taxes levied in 2011 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) \$583.6 million of the total property taxes levied in 2012 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.

Note: The 2012 total property tax refund amount is smaller than the 2011 total due to changes made to the property tax credit beginning with tax year 2012.

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