

# ANNUAL REPORT

of the  
Michigan State Treasurer

GOVERNOR - Rick Snyder  
TREASURER - Andy Dillon

Fiscal Year 2009 - 2010

# Table of Contents

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

## Cash and Investments

Schedule 1	State Treasurer's Common Cash - Assets and Equities .....	2
Schedule 2	Investment Portfolios of Specific Funds .....	3
Schedule 3	Investment Revenues .....	4
	Notes to Financial Schedules .....	6
	Cash and Investments .....	8
Table 1	Investment Revenues for Fiscal Years .....	8
Table 2	Available Month-End Common Cash .....	9
Table 3	Common Cash History .....	9
Table 4	State Treasurer's Common Cash Fund, Cash Balances, and Transactions by Fund .....	10
Table 5	Demand Depositories as of September 30, 2009 .....	13

## Bonds, Notes, and Taxes

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

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



STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

RICK SNYDER  
GOVERNOR

ANDY DILLON  
STATE TREASURER

November 2011

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) 2009-2010. 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 2010.

Despite the economic challenges faced by the State of Michigan, FY 2010 concluded with a General Fund balance of more than \$187 million and a School Aid Fund balance of \$259 million.

Sincerely,

A handwritten signature in cursive script that reads "Andy Dillon".

Andy Dillon  
State Treasurer

# Schedule 1



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

	Fiscal Year Ended September 30	
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Cash on Hand	\$ -0-	\$ -0-
Demand Deposits	1,427,573	1,280,416
Time Deposits - Regular	9,500	26,570
Time Deposits - Marina Loan Program	-0-	-0-
Time Deposits and Notes - Agricultural Loan Program	-0-	-0-
Prime Commercial Paper - At Cost	258,031	264,973
Emergency Municipal Loans	62,729	57,831
Michigan Sugar Beet Loan Program	<u>750</u>	<u>1,200</u>
Total	<u>\$ 1,758,583</u>	<u>\$ 1,630,990</u>
 <u>Equities</u>		
Available Equity of Other Funds	\$ 1,606,787	\$ 1,539,801
Outstanding Warrants	<u>151,796</u>	<u>91,189</u>
Total	<u>\$ 1,758,583</u>	<u>\$ 1,630,990</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	
								2010 Total	2009 Total
Legislative Retirement	\$ 3,045	\$ 28,487	\$ 120,978	\$ -0-	\$ 7,950	\$ -0-	\$ -0-	\$ 160,460	\$ 156,381
State Police Retirement	22,422	162,720	359,972	95,528	221,781	40,512	138,116	1,041,051	999,895
State Employees' Retirement	177,112	1,475,627	3,240,562	845,672	1,907,735	344,948	1,257,592	9,249,248	8,920,141
Public School Employees' Retirement	395,812	6,192,734	13,215,681	3,199,648	8,134,132	1,399,346	5,030,992	37,568,345	36,437,524
Judges' Retirement	1,656	35,909	88,770	31,293	38,892	9,184	35,193	240,897	239,540
Michigan Veterans' Trust	3,552	38,130	9,843	-0-	-0-	-0-	-0-	51,525	53,468
Game and Fish Lifetime License Trust	15,361	1,763	-0-	-0-	-0-	-0-	-0-	17,124	13,109
Game and Fish Protection Trust	23,265	115,288	54,676	-0-	-0-	-0-	-0-	193,229	120,279
Michigan Civilian Conservation Corps	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-	318
Michigan Natural Resources Trust	188,456	369,650	134,360	-0-	-0-	-0-	-0-	692,466	536,904
Michigan State Parks Endowment	15,186	103,143	36,411	-0-	-0-	-0-	-0-	154,740	147,082
Children's Trust	1,048	16,305	6,160	-0-	-0-	-0-	-0-	23,513	22,299
Michigan Nongame Fish and Wildlife	522	5,646	709	-0-	-0-	-0-	-0-	6,877	6,531
State Lottery	17,876	227,536	-0-	-0-	-0-	-0-	-0-	245,412	294,484
Michigan Higher Education Assistance Authority	1,501	-0-	-0-	-0-	-0-	-0-	-0-	1,501	1,571
Michigan Education Trust	115,337	287,165	359,554	-0-	-0-	-0-	-0-	762,056	780,723
Mackinac Bridge Authority	2,561	46,062	-0-	-0-	-0-	-0-	-0-	48,623	42,129
Gifts, Bequests, and Deposits Investment	14,955	20,060	9	-0-	-0-	-0-	-0-	35,024	33,273
<b>Totals</b>	<b>\$ 999,667</b>	<b>\$9,126,225</b>	<b>\$17,627,685</b>	<b>\$4,172,141</b>	<b>\$10,310,490</b>	<b>\$1,793,990</b>	<b>\$6,461,893</b>	<b>\$50,492,091</b>	<b>\$48,805,651</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	
			2010	2009
General	\$ (3,758)	\$ -0-	\$ (3,758)	\$ (3,076)
Counter - Cyclical Budget and Economic Stabilization	6	-0-	6	23
Game and Fish Lifetime License Trust	20	158	178	296
State Aeronautics	61	-0-	61	207
Michigan Veterans' Trust	10	4,473	4,483	4,088
State Trunkline	1,398	-0-	1,398	5,543
Michigan State Waterways	83	-0-	83	381
Blue Water Bridge	53	-0-	53	131
Michigan Transportation	381	-0-	381	1,852
Comprehensive Transportation	85	-0-	85	257
School Aid	682	-0-	682	2,757
Game and Fish Protection Trust	81	13,346	13,427	8,714
State Park Improvement	13	-0-	13	54
Forest Development	24	-0-	24	109
Recreation Bond - Local Projects	-0-	-0-	-0-	2
Michigan Civilian Conservation Corps	-0-	-0-	-0-	7
Michigan Natural Resources Trust	532	43,603	44,135	36,778
Michigan State Parks Endowment	51	13,923	13,974	11,634
Safety Education and Training	11	-0-	11	39
Clean Michigan Initiative Bond - Local Projects	6	-0-	6	21
Environmental Protection Bond	38	-0-	38	173
Clean Michigan Initiative Bond - Environment Projects	72	-0-	72	209
Bottle Deposits	164	-0-	164	638
State Construction Code	10	-0-	10	16
Children's Trust	2	2,218	2,220	1,703
Homeowner Construction Lien Recovery	1	-0-	1	22
Michigan Nongame Fish and Wildlife	2	645	647	608
21st Century Jobs Trust	521	-0-	521	3,018
1992 State Trunkline Bond Proceeds	5	-0-	5	17
Michigan Merit Award Trust	188	-0-	188	(44)
2001 Build Michigan III Bond Proceeds	379	-0-	379	361
2001 Build Michigan II - GARVEE Bond Proceeds	9	-0-	9	1
Comprehensive Transportation Bond Proceeds	177	-0-	177	585
Outdoor Recreation Legacy	5	-0-	5	16
Off-Road Vehicle	15	-0-	15	61
Snowmobile	16	-0-	16	84
Liquor Purchasing Revolving	192	-0-	192	664
State Lottery	282	17,010	17,292	19,810
Michigan Promotion	(3)	-0-	(3)	-0-

# Schedule 3



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

Fund	Common Cash		Specific Funds		Total Revenues Fiscal Year Ended September 30	
					2010	2009
Land Bank Fast Track	\$ 7	\$	-0-	\$	7	\$ 23
State Fair Exposition and Fairground	-0-		-0-		-0-	(1)
Jobs for Michigan Investment	26		-0-		26	32
State Sponsored Group Insurance	451		-0-		451	1,832
State Water Pollution Control Loan	1		-0-		1	3
School Loan Revolving	226		-0-		226	575
Combined State Trunkline Bond and Interest Redemption	50		-0-		50	24
Combined Comprehensive Transportation Bond and Interest Redemption	-0-		-0-		-0-	3
Recreation and Environmental Protection Bond Redemption	2		-0-		2	8
Clean Michigan Initiative Bond - State Projects	5		-0-		5	18
Recreation Bond - State Projects	-0-		-0-		-0-	2
Legislative Retirement	7		17,175		17,182	6,603
State Police Retirement	3		104,316		104,319	(74,793)
State Employees' Retirement	16		927,669		927,685	(652,076)
Public School Employees' Retirement	88		3,846,605		3,846,693	(2,591,269)
Judges' Retirement	2		22,721		22,723	(20,709)
Michigan Employment Security Act Contingent	38		-0-		38	39
Vietnam Veterans' Memorial Monument	1		-0-		1	7
Law Enforcement Officers Memorial	-0-		-0-		-0-	1
Military Family Relief	7		-0-		7	23
Children's Institute Trust	-0-		-0-		-0-	1
Gifts, Bequests, and Deposits Investment	60		1,585		1,645	1,410
Silicosis, Dust Disease, and Logging Industry Compensation	5		-0-		5	25
Second Injury	34		-0-		34	154
Hospital Patients' Trust	-0-		-0-		-0-	2
Self-Insurers' Security	70		-0-		70	234
State Employees' Deferred Compensation I (457)	3		-0-		3	11
State Employees' Deferred Compensation II (401k)	2		-0-		2	8
State Employees' Defined Contribution Plan	-0-		-0-		-0-	2
Environmental Quality Deposits	6		-0-		6	36
Utility Consumer Representation	9		-0-		9	35
Transportation Related Trust	(32)		-0-		(32)	(107)
Michigan Higher Education Assistance Authority	-0-		5		5	47
Mackinac Bridge Authority	-0-		2,565		2,565	1,985
Michigan Education Trust	-0-		52,784		52,784	15,696
<b>TOTALS</b>	<b>\$ 2,901</b>	<b>\$5,070,801</b>	<b>\$5,073,702</b>	<b>\$</b>	<b>\$(3,212,357)</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 invests in derivatives as detailed below:

- *U.S. Passive Equities (Derivatives – Future contracts):* These investments are equity index hedge and replication of return strategies and are reported in the Domestic Equities investment category.
- *Fixed Income (Derivatives – Future contracts):* These investments manage duration and yield curve exposure and are reported in the pension trust funds Fixed Income investment category.

The pension trust fund portfolios have been invested from time to time in derivative securities and future contracts related to U.S. passive equity funds and U.S. Government funds. On September 30, 2010 and September 30, 2009, the passive equity future contracts comprised less than 0.1 percent of the fixed income future contracts and of the total pension trust funds.

- *Absolute Return Investments (Derivatives – Options):* These investments are on single securities to provide downside protection and enhance current income. Options represented 0.3 percent of the pension trust funds Absolute Return investment category.
- *Absolute Return Investments (Derivatives – Structured note):* These investments enhance management flexibility, manage duration and yield curve exposure and represent 8.6 percent of the pension trust funds Absolute Return investment category.

On September 30, 2010 and September 30, 2009, options comprised less than 0.1 percent of the total pension trust funds and structured notes comprised approximately 0.3 and 0.0 percent of the total pension trust funds, respectively.

- *International Equity Swaps (Derivatives):* These investments are swap agreements and represent 46.5 percent of the International Equity investment category.





Swap agreements, which are tied to stock market indices in the United States and 23 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 6.2 percent and 7.8 percent of the total pension trust funds on September 30, 2010, and 2009, respectively.

*Separately issued financial reports including financial statements and required supplementary information are issued for the pension trust funds. These reports 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 \$195 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, 2010 and 2009 was \$267.7 and \$291.8 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, 2010 and 2009, the State had no outstanding credit risk on the securities lent. The market value of the securities lent at September 30, 2010 and 2009 was \$6,468.9 and \$7,936.2 million, respectively. The amortized cost of the securities lending cash collateral pool at September 30, 2010 and 2009 was \$6,609.4 and \$8,136.9 million respectively. The market value of securities lending cash collateral pool at September 30, 2010 and 2009 was \$5,163.5 and \$6,341.4 million respectively.

**NOTE 2: CHANGE IN REPORTING OF FUNDS**

*Effective for FY ended September 30, 2010:*

Michigan Promotion was added to Schedule 3.

Marine Safety, 1989 State Trunkline Bond Proceeds, 1994 State Trunkline Bond Proceeds, and Tobacco Settlement Trust were removed from Schedule 3.

# Cash and Investments

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

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

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

Manageable common cash includes the following funds:

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

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

## Table 1



### Investment Revenues for Fiscal Years (In Thousands of Dollars)

	General Fund Common Cash Earnings (Expenses) <sup>(a)</sup>	Public School Employees' Retirement	State Employees' Retirement	State Police Retirement	Judges' Retirement	Other Investment Funds	Totals
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
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)

(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)
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)
2003	27,892	33,783	(5,891)
2002	69,894	71,558	(1,664)
2001	247,607	181,035	66,572

## 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 2009	\$ (191.6)	\$ 2.2	\$ 1,826.9	\$ 1,637.5	\$ 117.8	\$ 309.2	\$ 2,064.5
November	(2.6)	2.2	1,735.3	1,734.8	179.7	479.1	2,393.6
December	1,156.1	2.2	1,714.7	2,873.0	200.9	248.8	3,322.7
January 2010	1,797.2	2.2	1,732.3	3,531.7	138.2	241.7	3,911.5
February	445.7	2.2	1,766.8	2,214.7	144.3	233.8	2,592.8
March	(180.1)	2.2	1,758.0	1,580.1	191.6	228.9	2,000.6
April	(179.2)	2.2	1,878.2	1,701.2	138.1	255.4	2,094.8
May	(634.0)	2.2	2,009.9	1,378.1	171.1	232.3	1,781.5
June	(794.8)	2.2	2,075.0	1,282.4	146.0	217.2	1,645.6
July	(535.4)	2.2	2,120.7	1,587.4	143.0	198.4	1,928.8
August	(676.0)	2.2	1,982.3	1,308.6	139.6	181.7	1,629.8
September	(373.7)	2.2	1,742.1	1,370.6	85.5	151.4	1,607.5

(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 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
September 2010	(373.7)	2.2	1,742.1	1,370.6	85.5	151.4	1,607.5

(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 10-1-09	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-10	Warrants Outstanding	Available Balances 9-30-10
<b>GENERAL AND SCHOOL AID</b>								
General	603,325	38,701,157	38,736,308	489,777	103,695	954,254	117,601	836,654
School Aid	(1,297,267)	12,590,098	12,983,481	729,590	248,400	(1,209,460)	934	(1,210,394)
Total General and School Aid	(693,943)	51,291,255	51,719,790	1,219,367	352,095	(255,206)	118,535	(373,740)
<b>BUDGET STABILIZATION</b>								
Counter-Cyclical Budget and Economic Stabilization	2,179	6	-0-	-0-	-0-	2,185	-0-	2,185
Total Budget Stabilization	2,179	6	-0-	-0-	-0-	2,185	-0-	2,185
<b>SPECIAL REVENUE</b>								
Game and Fish Protection	11,434	58,495	67,038	13,157	6 88	15,361	84	15,276
Michigan Employment Security Act-Administration	(10,113)	182,509	187,218	1,420	1,822	(15,224)	26	(15,250)
State Aeronautics	15,705	184,438	183,985	6,000	3,568	18,590	28	18,562
Michigan Veterans' Trust	8,105	6,066	11,645	-0-	8	2,518	-0-	2,518
State Trunkline	539,010	999,366	1,647,963	813,241	221,658	481,995	5,737	476,258
Michigan State Waterways	32,955	15,406	33,164	13,371	278	28,290	320	27,970
Blue Water Bridge	14,784	19,457	3,896	-0-	2,196	28,149	4	28,145
Michigan Transportation	129,604	1,873,870	921,189	1,155	949,694	133,747	301	133,445
Comprehensive Transportation	63,419	125,797	260,835	157,861	29,979	56,264	91	56,173
Game and Fish Protection Trust	5,930	107,276	79,902	-0-	13,157	20,147	46	20,101
State Park Improvement	7,821	40,831	38,412	-0-	1,634	8,606	136	8,470
Forest Development	7,841	33,486	30,766	-0-	386	10,175	23	10,152
Michigan Civilian Conservation Corps	318	7	317	-0-	3	5	-0-	5
Michigan Natural Resources Trust	161,941	278,997	245,578	-0-	10,029	185,330	313	185,017
Michigan State Parks Endowment	16,441	29,642	42,848	10,000	132	13,102	33	13,069
Safety Education and Training	6,321	8,118	8,130	-0-	96	6,213	5	6,208
Bottle Deposits	76,688	22,029	26,380	-0-	10,323	62,014	137	61,877
State Construction Code	2,174	13,083	9,696	-0-	128	5,433	2	5,430
Children's Trust	1,770	5,642	6,874	-0-	7	531	16	516
State Casino Gaming	10,886	34,431	22,857	1,913	16,827	7,546	1	7,545
Homeowner Construction Lien Recovery	924	393	1,297	-0-	2	18	5	13
Michigan Nongame Fish and Wildlife	489	2,731	2,693	-0-	5	522	-0-	522
21st Century Jobs Trust	191,619	75,000	69,365	-0-	46,500	150,754	-0-	150,754
Michigan Merit Award Trust	32,637	127,305	156,608	-0-	33	3,301	1	3,300
Michigan Finance Authority - Tobacco Settlement	146	28,725	28,848	-0-	-0-	23	-0-	23
Outdoor Recreation Legacy	2,063	1,247	2,106	1,003	19	2,188	6	2,182
Off-Road Vehicle	6,315	3,458	4,961	-0-	35	4,777	7	4,770
Snowmobile	7,436	8,087	13,068	2,340	37	4,758	1	4,757
State Building Authority - Advance Financing	(30,420)	68,019	102,281	-0-	-0-	(64,682)	-0-	(64,682)
Michigan Strategic	28,161	111,866	120,746	609	-0-	19,890	463	19,427
Land Bank Fast Track Authority	2,725	3,123	5,848	-0-	-0-	-0-	18	(18)
State Exposition and Fairgrounds Authority	1,572	65	1,637	-0-	-0-	-0-	-0-	-0-
Jobs for Michigan Investment	21,337	80,447	70,511	-0-	609	30,665	48	30,617
Michigan Finance Authority - School Loan Revolving	83,719	122,110	112,370	-0-	-0-	93,459	-0-	93,459
Total Special Revenue	1,451,760	4,671,523	4,521,033	1,022,070	1,309,854	1,314,466	7,854	1,306,611

# Table 4



Continued... (In Thousands of Dollars)

Fund	Cash Balances 10-1-09	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-10	Warrants Outstanding	Available Balances 9-30-10
<b>BOND, DEBT SERVICE AND CAPITAL PROJECTS</b>								
Recreation Bond - Local Projects	161	-0-	-0-	-0-	-0-	161	-0-	161
Clean Michigan Initiative Bond - Local Projects	1,986	6	17	-0-	-0-	1,974	-0-	1,974
Clean Michigan Initiative Bond - Environmental Projects	37,285	65	22,967	-0-	-0-	14,383	1,190	13,193
Environmental Protection Bond	15,095	-0-	3,656	-0-	-0-	11,439	61	11,378
School Bond Loan	748	60,526	60,568	-0-	-0-	705	-0-	705
Great Lakes Water Quality Bond	(12)	34	30	-0-	1	(8)	-0-	(8)
1992 State Trunkline Bond Proceeds	1,720	176	382	-0-	-0-	1,514	-0-	1,514
1994 State Trunkline Bond Proceeds	1	34	2	-0-	-0-	34	-0-	34
State Trunkline Bond Proceeds	195,258	63,171	135,498	-0-	58,122	64,809	44	64,765
Build Michigan II - GARVEE Note Proceeds	194	9	-0-	-0-	-0-	203	-0-	203
Comprehensive Transportation Bond Proceeds	62,749	150	21,406	12,758	-0-	54,252	-0-	54,252
Combined State Trunkline Bond and Interest Redemption	-0-	151,511	369,747	218,236	-0-	-0-	-0-	-0-
Combined Comprehensive Transportation Bond and Interest Redemption	-0-	-0-	20,557	20,557	-0-	-0-	-0-	-0-
Recreation and Environmental Protection Bond Redemption	1,328	2	68,647	68,665	-0-	1,348	-0-	1,348
School Loan Bond Redemption	-0-	-0-	40,000	40,000	-0-	-0-	-0-	-0-
Clean Michigan Initiative Bond - State Projects	1,728	5	1	-0-	-0-	1,732	-0-	1,732
Recreation Bond - State Projects	154	-0-	-0-	-0-	-0-	154	-0-	154
<b>Total Bond, Debt Service, and Capital Projects</b>	<b>318,395</b>	<b>275,690</b>	<b>743,478</b>	<b>360,216</b>	<b>58,123</b>	<b>152,700</b>	<b>1,295</b>	<b>151,405</b>
<b>ENTERPRISE</b>								
Liquor Purchasing Revolving	56,138	794,068	629,725	-0-	159,656	60,825	1,274	59,551
State Lottery	23,173	1,222,674	514,318	-0-	713,653	17,876	724	17,152
Michigan Finance Authority - Michigan Guaranty Agency	-0-	1,538	1,537	-0-	-0-	2	-0-	2
Michigan State Housing Development Authority	-0-	198,253	198,253	-0-	-0-	-0-	8,288	(8,288)
Michigan Finance Authority - State Water Revolving	15	210,561	210,556	-0-	-0-	20	-0-	20
<b>Total Enterprise</b>	<b>79,326</b>	<b>2,427,094</b>	<b>1,554,388</b>	<b>-0-</b>	<b>873,309</b>	<b>78,723</b>	<b>10,286</b>	<b>68,436</b>
<b>INTERNAL SERVICE</b>								
Correctional Industries Revolving	(3,569)	37,882	39,376	-0-	269	(5,333)	46	(5,379)
Motor Transport	4,754	56,131	56,061	-0-	50	4,773	3	4,770
Office Services Revolving	(4,855)	148,088	144,631	-0-	209	(1,607)	18	(1,625)
Information Technology	(7,215)	507,060	507,924	-0-	2,267	(10,347)	566	(10,912)
Risk Management	8,393	42,477	40,953	-0-	32	9,885	-0-	9,885
State Sponsored Group Insurance	184,219	727,971	708,710	-0-	-0-	203,479	51	203,428
<b>Total Internal Service</b>	<b>181,726</b>	<b>1,519,608</b>	<b>1,497,656</b>	<b>-0-</b>	<b>2,827</b>	<b>200,851</b>	<b>683</b>	<b>200,168</b>

# Table 4



Concluded... (In Thousands of Dollars)

Fund	Cash Balances 10-1-09	Receipts (a)	Disbursements (b)	Transfers In	Transfers Out	Cash Balances 9-30-10	Warrants Outstanding	Available Balances 9-30-10
<b>RETIREMENT</b>								
Legislative	3,611	84,318	84,664	-0-	-0-	3,265	25	3,239
State Police	4,882	428,614	441,648	-0-	2	(8,154)	141	(8,294)
State Employees'	19,871	4,005,362	4,039,706	-0-	29	(14,502)	1,507	(16,009)
Public School Employees'	116,218	14,586,304	14,589,589	-0-	157	112,775	6,948	105,828
Judges'	1,984	88,502	89,714	-0-	-0-	771	27	743
<b>Total Retirement</b>	<b>146,566</b>	<b>19,193,099</b>	<b>19,245,322</b>	<b>-0-</b>	<b>188</b>	<b>94,155</b>	<b>8,648</b>	<b>85,508</b>
<b>TRUST AND AGENCY</b>								
Michigan Employment Security Act Contingent	10,769	13,095	3	-0-	5,103	18,758	-0-	18,758
Vietnam Veterans' Memorial Monument	434	77	113	-0-	-0-	398	-0-	398
Law Enforcement Officers Memorial	101	43	72	-0-	-0-	72	-0-	72
Military Family Relief	2,372	301	141	-0-	-0-	2,532	1	2,531
IntraState Switched Toll Restructuring	-0-	1,165	-0-	-0-	-0-	1,165	-0-	1,165
Children's Institute Trust	103	-0-	-0-	-0-	-0-	103	-0-	103
Abandoned and Unclaimed Property (Escheats)	77,299	149,330	140,833	-0-	-0-	85,796	1,793	84,003
Gifts, Bequests and Deposits Investment	13,910	114,295	113,250	-0-	-0-	14,955	426	14,529
Silicosis, Dust Disease, and Logging Industry Compensation	2,119	2,442	2,020	-0-	8	2,533	17	2,517
Assigned Claims Facility and Plan	272	165,045	164,790	-0-	106	421	-0-	421
Second Injury	16,282	11,739	14,999	-0-	24	12,998	454	12,543
Hospital Patients	126	1,129	1,139	-0-	-0-	117	7	110
Self-Insurers' Security	26,818	13,378	13,516	-0-	13	26,667	340	26,328
State Employees' Deferred Comp. I (457)	1,130	59,633	59,613	-0-	-0-	1,151	-0-	1,151
State Employees' Deferred Comp. II (401K)	898	117,277	117,312	-0-	-0-	863	-0-	863
State of Michigan MPERS DC 457	-0-	60	-0-	-0-	-0-	60	-0-	60
State Employees' Defined Contribution Plan	121	130,900	130,900	-0-	-0-	121	-0-	121
Special Assessment Deferment	1,858	116	43	-0-	-0-	1,931	-0-	1,931
Environmental Quality Deposits	2,789	(24)	29	-0-	-0-	2,737	-0-	2,737
Insurance Carrier Deposits	3,375	54,628	52,682	-0-	-0-	5,320	-0-	5,320
Utility Consumer Representation	3,764	1,113	1,218	-0-	3	3,656	-0-	3,656
Transportation Related	(19,560)	420,836	412,922	-0-	-0-	(11,646)	775	(12,421)
<b>Total Trust and Agency</b>	<b>144,980</b>	<b>1,256,580</b>	<b>1,225,593</b>	<b>-0-</b>	<b>5,258</b>	<b>170,709</b>	<b>3,812</b>	<b>166,897</b>
<b>GRAND TOTALS</b>	<b>1,630,990</b>	<b>80,634,854</b>	<b>80,507,260</b>	<b>2,601,654</b>	<b>2,601,654</b>	<b>1,758,584</b>	<b>151,113</b>	<b>1,607,471</b>

(a) Receipts include \$14,387.2 million of securities sold and matured.

(b) Disbursements include \$13,361.4 million of securities purchased.

# Table 5



## Demand Depositories as of September 30, 2010 (In Thousands of Dollars)

City	Depository Bank	Deposits <sup>(a)</sup>	City	Depository Bank	Deposits <sup>(a)</sup>
Adrian	First Federal Bank	\$ 157	Ithaca	Commercial National Bank	6
Alma	Firstbank, Alma	100	Kalamazoo	PNC Bank	212
Bad Axe	Signature Bank	39	Lansing	Bank of America-Credit Card Bank of America-Main Acct.	0 22,347
Baldwin	Lake Osceola State Bank	9	Lapeer	Lapeer County Bank and Trust	62
Cheboygan	Citizens National Bank	131	Manistique	mBank State Savings Bank	85 20
Chelsea	Chelsea State Bank	92	Marquette	Wells Fargo Bank, Michigan	8,696
Coldwater	Century Bank and Trust Southern Michigan National Bank	135 143	Mason	Mason State Bank	2,598
Croswell	Eastern Michigan Bank	6	Midland	Chemical Bank and Trust	5,266
Crystal Falls	First National Bank	16	Monroe	Monroe Bank and Trust	1,395
Detroit	JPMorgan Chase-Income Tax JPMorgan Chase-Main Acct. Comerica Bank - Detroit Comerica Bank - ACH Service	0 1,308,852 10,004 0	Mt. Pleasant	Isabella Bank and Trust	20
Eastpointe	First State Bank	214	Munising	Peoples State Bank of Munising	146
East Tawas	Huron Community Bank	68	Newberry	Tahquamenon Area Credit Union	46
Escanaba	Northern Michigan National Bank Upper Peninsula State Bank	9 90	Norway	First National Bank	122
Flint	Citizens Banking Corporation	20,660	Ontonagon	Citizens State Bank	32
Gladstone	Bay Bank First Bank Upper Michigan	4 17	Port Austin	Port Austin State Bank	4
Grand Rapids	Fifth Third Bank	34,005	St. Charles	Community State Bank	67
Hancock	Superior National Bank and Trust	197	St. Ignace	First National Bank	70
Hillsdale	Hillsdale County National Bank	51	Sault Ste. Marie	Central Savings Bank Soo Co-Op Credit Union	76 5
Honor	The Honor State Bank	57	Shelby	Shelby State Bank	27
Ionia	Independent Bank First Bank, West Michigan	172 75	Stockbridge	SSBBank	3
Iron Mountain	First National Bank of Iron Mountain	80	Wakefield	First National Bank	54
Ishpeming	Peninsula Bank	20	West Branch	Firstbank, West Branch	27
			Zeeland	Huntington National Bank	10,786
			Total		1,427,575

(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 2010, the State issued \$60.0 million in new debt to fund the School Bond Loan Program.

## **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 9-30-10	
School Bond Loan (a)	Series 2001 (Refunding)	2001	2002-2016	\$ -0-	\$ -0-	\$ -0-	\$ 63,620 *	
	Series 2002 (Refunding)	2002	2003-2015	-0-	-0-	-0-	68,690 *	
	Series 2008A (Refunding)	2008	2012-2023	-0-	-0-	-0-	125,395 *	
	Series 2009A	2009	2015-2020	-0-	-0-	-0-	103,725	
	Series 2009A (Refunding)	2009	2015-2020	-0-	-0-	-0-	100,355	
	Series 2009B (Refunding) (g)	2009	2010-2030	-0-	4,252	40,000	888	149,443 *
Series 2010A	2010	2012	60,000	-0-	-0-	-0-	60,000	
Environmental Protection (b)	Series 1989	1989	1994-2019	-0-	-0-	835	2,540	1,505 *
	Series 1992	1992	2005-2012	-0-	-0-	-0-	3,383	56,179 *
	Water Pollution 1992	1992	1994-2012	-0-	-0-	820	184	2,565
	Water Pollution 1993	1993	1995-2013	-0-	-0-	1,015	239	4,270
	Series 2000	2000	2001-2020	-0-	-0-	-0-	153	2,785 *
	Series 2001 (Refunding)	2001	2002-2016	-0-	-0-	2,645	3,226	57,700
	Series 2002 (Refunding)	2002	2004-2015	-0-	-0-	5,850	4,944	89,225
	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-	1,143	25,000
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	-0-	4,261	61,314
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	-0-	352	4,210
Series 2008C (Refunding)	2008	2011-2012	-0-	-0-	-0-	250	5,008	
Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	2	56	
Recreation (c)	Series 2002 (Refunding)	2002	2005-2012	-0-	-0-	3,090	583	10,220
Clean Michigan Initiative (d)	Series 2001	2001	2003-2019	-0-	-0-	-0-	655	13,090 *
	Series 2002 (Refunding)	2002	2004-2016	-0-	-0-	140	3,128	59,150
	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-	3,657	80,000
	Series 2008A	2008	2011-2019	-0-	-0-	-0-	750	15,000
	Series 2008A (Refunding)	2008	2011-2019	-0-	-0-	-0-	4,902	124,486
	Series 2008B	2008	2011-2019	-0-	-0-	-0-	342	7,500
	Series 2008B (Refunding)	2008	2011-2019	-0-	-0-	-0-	30	5,145
	Series 2008C (Refunding)	2008	2011-2012	-0-	-0-	-0-	360	7,207
	Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	6	155
	Series 2009A	2009	2022-2026	-0-	-0-	-0-	2,743	46,355
Series 2009B	2009	2012	-0-	-0-	-0-	170	3,535	
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-	-0-	114	2,500
	Series 2008D (Refunding)	2008	2011	-0-	-0-	-0-	48	1,199
	Series 2009A (Refunding)	2009	2022-2026	-0-	-0-	-0-	1,052	17,780
	Series 2009B (Refunding)	2009	2012	-0-	-0-	-0-	1,451	30,125
Total General Obligation Debt				\$60,000	\$4,252	\$54,395	\$53,989	\$1,661,087

(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.

(g) In fiscal year 2010 the Series 2009B (Refunding) interest payment 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 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 10 Paid From Escrow		FY 10 Escrow Balance
			Principal	Interest	
General Obligation Debt:					
School Bond Loan	2009A,B	\$ 43,067	\$ 23,157	\$ 29,908	\$ 52,593
Environmental Protection	2002, 2008A,B	192,723	33,514	12,907	156,700
Clean Michigan Initiative	2002, 2005A, 2008A	99,090	65,530	2,937	22,335
		<u>\$ 334,880</u>	<u>\$ 122,201</u>	<u>\$ 45,752</u>	<u>\$ 231,628</u>

# Table 7



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

Item	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-10
Mackinac Island State Park Commission	\$ 1,930	\$ 780	\$ 61	\$ 1,930
Michigan State Housing Development Authority (b)	351,476	166,296	102,018	2,526,246
Michigan Finance Authority (c)	4,040,953	3,564,192	530,374	14,885,199 *
Michigan State Building Authority (d)	113,480	96,185	144,160	3,008,024 *
<b>Total Special Authority Revenue Bond Debt</b>	<u>\$4,507,839</u>	<u>\$3,827,453</u>	<u>\$776,613</u>	<u>\$20,421,399</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 \$350 million of new bond issues plus \$1.5 million of capital appreciation for the fiscal year. Amounts are as of June 30, 2010 fiscal year end.

(c) Balance does not include obligations that have been advanced refunded. The escrow principal liability as of September 30, 2010, was \$743.5 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, 2010, was \$683.0 million. Also, outstanding principal does not include commercial paper notes issued by the Authority. As of September 30, 2010, \$81.3 million of commercial paper notes was outstanding. Includes capital appreciation bonds reported with an ultimate maturity value of \$891.8 million. The accreted value as of September 30, 2010 is \$478.7 million.

Michigan Finance Authority Debt by Program	New Issues	Principal Payments	Interest Payments	Outstanding Principal as of 9-30-10
Health	\$1,318,600	\$1,172,731	\$203,725	\$ 5,745,833
Higher Education	30,885	28,895	9,494	604,713
Municipal	1,536,355	1,383,902	217,817	4,801,047
Public School Academies	108,665	51,818	8,642	252,350
Tobacco	-0-	4,865	62,331	1,079,070
Private K-12	33,350	N/A	N/A	89,865
Student Loan	1,013,098	921,982	28,366	2,312,321
<b>Total Michigan Finance Authority Debt</b>	<u>\$4,040,953</u>	<u>\$3,564,192</u>	<u>\$530,374</u>	<u>\$14,885,199</u>

# Table 8



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

For Period Ended September 30	Principal	Interest	Total (a)
2011	\$ 124,729	\$ 55,752	\$ 180,481
2012	230,999	81,605	312,604
2013	147,670	67,626	215,295
2014	127,026	61,091	188,117
2015	117,668	54,915	172,583
2016	121,387	47,814	169,201
2017	137,501	43,001	180,502
2018	113,148	35,062	148,210
2019	113,618	28,402	142,021
2020	106,344	22,215	128,559
2021	112,260	16,441	128,701
2022	79,354	11,205	90,559
2023	47,363	7,015	54,377
2024	23,465	5,326	28,790
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	1,940	8,926	10,866
Thereafter (b)	6,000	-0-	6,000
<b>Total</b>	<b>\$1,661,087</b>	<b>\$555,062</b>	<b>\$2,216,149</b>

(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				
	2006	2007	2008	2009	2010
<b>GENERAL OBLIGATION DEBT</b>					
School Bond Loan	\$ 759,395	\$ 502,690	\$ 502,690	\$ 655,480	\$ 671,228 *
Environmental Protection	482,633	454,040	437,786	419,426	408,260 *
Recreation	21,090	19,090	16,270	13,310	10,220
Clean Michigan Initiative	449,966	434,925	464,160	513,915	513,775 *
Great Lakes Water Quality Bonds	53,000	52,650	56,349	57,604	57,604
<b>Total General Obligation Debt</b>	<b>\$ 1,766,084</b>	<b>\$ 1,463,395</b>	<b>\$ 1,477,255</b>	<b>\$ 1,659,735</b>	<b>\$ 1,661,087</b>
<b>NON-GENERAL OBLIGATION DEBT</b>					
Michigan Department of Transportation Tax Dedicated Bonds	\$ 1,836,104	\$ 1,795,879	\$ 1,731,082	\$ 1,678,102	\$ 1,585,911 *
MDOT Grant Anticipation Notes	84,000	32,000	-0-	-0-	-0-
MDOT Grant Anticipation Bonds	-0-	485,115	485,115	763,520	756,495
Michigan Department of Natural Resources					
State Park Revenue Bonds	13,965	13,405	12,820	12,210	11,570
Special Authorities-Revenue Bonds and Notes: (a)					
Mackinac Island State Park Commission	1,645	1,350	1,070	780	1,930
Michigan State Housing Development Authority	1,766,202	1,785,202	2,396,971	2,337,938	2,526,246
Michigan State Hospital Finance Authority	4,857,896	5,130,846	5,282,669	5,599,964	(b) *
Michigan Higher Education Facilities Authority	410,875	566,430	618,282	602,723	(b) *
Michigan Higher Education Student Loan Authority	2,355,400	2,317,984	2,277,874	2,219,084	(b)
Michigan Municipal Bond Authority	3,456,474	4,145,895	4,346,874	4,775,482	(b)
Michigan State Building Authority	3,449,310	3,365,715	3,375,070	2,968,710	3,008,024 *
Michigan Public Education Facilities Authority	51,800	104,545	127,835	156,003	(b)
Michigan Tobacco Settlement Finance Authority	490,501	1,013,492	1,080,115	1,071,162	(b)
Michigan Finance Authority (b)	-0-	-0-	-0-	-0-	14,885,199 *
<b>Total Non-General Obligation Debt</b>	<b>\$18,774,172</b>	<b>\$20,757,858</b>	<b>\$21,735,777</b>	<b>\$22,185,678</b>	<b>\$22,775,375</b>

\* 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 the following 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.

# 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 9-30-2010	
Michigan Department of Transportation								
Tax Dedicated Bonds Michigan								
Comprehensive Transportation:	RF. SR. 2001-A	2001	2021	\$27,765	\$ -0-	\$ 1,395	\$ 1,274	\$ 23,750
	RF. SR. 2002-A	2002	2011	89,620	-0-	6,975	763	6,950 *
	Series 2002-B	2002	2022	82,310	-0-	485	260	4,460 *
	Series 2003	2003	2023	35,020	-0-	965	646	14,905 *
	Series 2005	2005	2023	62,180	-0-	-0-	3,264	62,175
	Series 2006	2006	2024	53,685	-0-	230	2,389	51,610
	Series 2009	2009	2019	42,335	-0-	-0-	1,910	42,335
State Trunkline Fund								
	Series 1992-A	1992	2021	253,618	-0-	4,170	7,926	10,961 *
	RF. SR. 1992-B I & II	1992	2021	99,592	-0-	552	1,049	1,450 *
	RF. SR. 1998-A	1998	2026	377,890	149,095	9,475	14,960	206,335
	Series 2001-A	2001	2030	308,200	-0-	6,505	947	14,115 *
	RF. SR. 2002	2002	2021	97,870	-0-	2,865	3,131	59,335
	RF. SR. 2004	2004	2021	103,450	-0-	45	5,058	98,305
	Series 2004	2004	2019	185,710	-0-	12,930	3,662	63,225 *
	RF. SR. 2005	2005	2022	223,020	-0-	5	11,690	223,015
	RF. SR. 2005B	2005	2019	378,250	-0-	30,170	18,102	348,080
	Series 2006	2006	2022	244,525	-0-	12,520	10,745	208,715
	RF. SR 2009	2009	2028	146,190	-0-	-0-	3,609	146,190
MDOT Grant Anticipation Bonds								
	Series 2007	2007	2027	485,115	-0-	7,025	24,825	474,585
	Series 2009	2009	2027	281,910	-0-	-0-	26,272	281,910
Michigan Department of Natural Resources								
State Park Revenue Bonds	Series 2002	2002	2022	15,500	-0-	640	488	11,570
<b>Total Special Revenue Debt</b>					<b>\$149,095</b>	<b>\$96,952</b>	<b>\$142,970</b>	<b>\$2,353,976</b>

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

Series	Advanced Refunded From Series	Amount Refunded	FY10 Paid from Escrow			FY 10 Escrow Balance
			Principal	Interest	Premium	
Special Revenue Debt:						
Comprehensive Transportation	2005, 2009	\$ 75,820	\$ 3,570	\$ 3,620	\$ -0-	\$ 66,555
Trunkline Transportation	2004, 2005, 2009	480,155	149,095	17,888	746	331,060
		<b>\$ 555,975</b>	<b>\$ 152,665</b>	<b>\$ 21,508</b>	<b>\$ 746</b>	<b>\$ 397,615</b>

# State Tax Collections

State taxes and fees totaling \$20,261,583 (in thousands) were collected during fiscal year 2010, which is a decrease of 1.30 percent from the previous fiscal year.

Major tax collections for fiscal year 2010 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	10-1-05 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	10-1-09 to 9-30-10
<b>Income Tax:</b>					
Withholding Tax	\$ 6,439,735	\$ 6,615,704	\$ 7,278,212	\$ 6,880,731	\$ 6,782,194
Individual Income Tax	692,234	735,150	870,103	650,542	557,733
Individual Income Tax Estimates	725,778	781,920	851,829	611,186	552,638
Individual Income Tax Penalty and Interest	20,073	23,263	30,067	31,061	31,682
Gross Individual Income Tax Collections	7,877,821	8,156,037	9,030,211	8,173,520	7,924,247
Tax Refunds and Tax Credits	(1,634,938)	(1,703,455)	(1,764,675)	(2,102,006)	(2,369,460)
<b>Net Individual Income Tax</b>	<b>\$ 6,242,883</b>	<b>\$ 6,452,582</b>	<b>\$ 7,265,536</b>	<b>\$ 6,071,514</b>	<b>\$ 5,554,787</b>
Single Business Tax (a)	\$ 2,175,529	\$ 2,109,940	\$ 1,276,096	\$ 160,165	\$ 98,511
Single Business Tax Penalty and Interest	68,523	57,623	58,095	49,084	31,091
Gross Single Business Tax	2,244,052	2,167,563	1,334,191	\$ 209,249	\$ 129,602
Tax Refunds	(235,997)	(298,610)	(336,622)	(257,628)	(\$93,803)
<b>Net Single Business Tax</b>	<b>\$ 2,008,055</b>	<b>\$ 1,868,953</b>	<b>\$ 997,569</b>	<b>\$ (48,379)</b>	<b>\$ 35,800</b>
Michigan Business Tax (a)	\$ -0-	\$ -0-	\$ 1,415,188	\$ 2,679,375	\$ 2,310,295
Michigan Business Tax Penalty and Interest	-0-	-0-	-0-	1,775	14,972
Gross Michigan Business Tax	-0-	-0-	1,415,188	2,681,149	2,325,266
Tax Refunds	-0-	-0-	-0-	(78,632)	(257,310)
<b>Net Michigan Business Tax</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 1,415,188</b>	<b>\$ 2,602,517</b>	<b>\$ 2,067,956</b>
<b>Airport Parking Tax</b>	<b>\$ 20,196</b>	<b>\$ 21,366</b>	<b>\$ 22,776</b>	<b>20,053</b>	<b>19,591</b>
Airport Parking Tax Penalty and Interest	2	-0-	4	-0-	-0-
Cigarette - Tobacco Products Tax	1,138,529	1,088,426	1,026,775	984,028	947,511
Cigarette - Tobacco Products Tax Penalty and Interest	1,509	1,179	1,066	816	566
Commercial Mobile Radio Service Tax	25,302	20,553	20,989	27,619	27,756
Convention Facility Tax	18,694	18,095	19,246	15,683	15,286
Convention Facility Tax Penalty and Interest	74	34	105	89	30
Environmental Protection Regulatory Fee	55,784	53,114	53,466	51,150	51,323
Estate Tax (b)	772	1,007	491	(153)	178
Gas and Oil Privilege Fee	7,781	7,298	13,126	7,333	3,108
Gas and Oil Severance Tax	87,809	68,143	101,232	55,036	58,277
Industrial/Commercial Facilities Tax	136,783	115,539	123,825	55,949	55,353
Inheritance Tax (c)	69	(87)	39	93	(161)
Insurance - Retaliatory Tax	225,816	218,182	223,840	262,949	262,132
Intangibles Tax (d)	233	(11)	40	2	1
Motor Fuel Taxes	1,065,851	1,039,189	1,004,015	957,202	971,498
Non-Cigarette - Tobacco Products Tax	38,905	44,141	49,488	54,035	60,948
Real Estate Transfer Tax	311,833	240,020	181,143	125,027	127,143
Sales Tax	6,589,230	6,563,694	6,803,764	6,124,969	6,170,199
Sales, Use, and Withholding Penalty and Interest	49,995	62,583	48,333	53,551	60,566
State Education Tax	1,900,206	2,075,011	2,039,847	2,145,886	1,992,451
State Housing Development Service Fee	9,001	10,333	9,690	10,395	10,627
Use Tax	1,391,289	1,382,798	1,390,494	1,292,912	1,579,529
Utility Property Tax	91,660	88,160	85,436	73,289	61,978
Other Taxes and Fees (e)	112,255	121,889	128,658	125,778	127,151
<b>TOTAL</b>	<b>\$ 21,530,516</b>	<b>\$ 21,562,192</b>	<b>\$ 23,026,181</b>	<b>\$21,069,342</b>	<b>\$20,261,583</b>

(a) P.A. 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) P.A. 54 of 1993 replaced the Inheritance Tax for dates of death after September 30, 1993, with the Estate Tax.

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

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

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

# Table 12



## Michigan State Taxes (In Thousands of Dollars)

Tax Source	Year Adopted	Department Administered by	Payment Deadline	Net Cash Receipts 10-1-09 to 9-30-10	Disposition
Aircraft Registration	1923	Transportation	August 1	325	State Aeronautics Fund
Airport Parking	1987	Treasury	15th of each month	19,591	State Aeronautics Fund; Specific Local Units
Aviation Fuel	1929	Treasury	20th of each month	5,379	State Aeronautics Fund
Beer and Wine Excise	1933	Energy, Labor and Economic Growth	Monthly reports and/or stamps	50,371	General Fund
Casino Wagering	1999	Education	Daily	101,892	School Aid Fund, General Fund
Cigarette Tobacco Products	1947	Treasury	20th of each month	947,511	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.	27,756	Commercial Radio Suppliers and Counties, Public Safety Answering Points
Convention Facility Development	1985	Treasury	15th of each month	15,286	Debt Service for Cobo Hall; Counties
Corporate Organization	1891	Energy, Labor and Economic Growth	At time of incorporation, admission or increase in stock	20,743	General Fund
Diesel Fuel	1947	Treasury	20th of each month	103,154	Michigan Transportation Fund
Environmental Protection Regulatory	1989	Treasury	10th and 25th of each month	51,323	General Fund
Estate	1994	Treasury	Nine months following date of death	178	General Fund
Gas and Oil Privilege Fee	1973	Treasury	25th of each month	3,108	General Fund
Gas and Oil Severance	1929	Treasury	25th of each month	58,277	General Fund
Gasoline	1925	Treasury	20th of each month	842,541	Michigan Transportation Fund
Horse Race Wagering	1933	Agriculture	At end of each day's racing	6,241	Agriculture Equine Industry Development Fund
Individual Income	1967	Treasury	April 15	5,523,105	General Fund with 23.278% to School Aid Fund
Industrial/Commercial Facilities	1974	Treasury	December 1	55,353	Local Units and School Aid Fund
Inheritance	1899	Treasury	Within 105 days after death, except contingent transfers-due at vesting	(161)	General Fund
Insurance Company Retaliatory	1987	Treasury	Last day of Apr., Jul., Oct., and Jan.	262,132	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	333	Michigan Transportation Fund
Liquor Excise - 4%	1957	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,552	School Aid Fund
Liquor Specific - 4%	1959	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,992	General Fund
Liquor Specific - 1.85%	1972	Energy, Labor and Economic Growth	At the time of sale to retail licensees	14,107	Liquor Purchase Revolving Fund
Liquor - 4% -- Tourism and Convention Facility	1985	Energy, Labor and Economic Growth	At the time of sale to retail licensees	37,606	Debt Service for Cobo Hall; Counties
Marine Fuel	1947	Treasury	20th of each month	237	Michigan State Waterways Fund
Michigan Business	2007	Treasury	15th of Apr., Jul., Oct., and January	2,052,984	School Aid Fund and General Fund
Motor Carrier Diesel Fuel	1980	Treasury	Last day of month following close of qtr.	19,791	Michigan Transportation Fund
Motor Carrier's Privilege	1923	Energy, Labor and Economic Growth	December 1	3,746	Truck Driver Safety Fund and Motor Carrier Fees
Motor Vehicle Weight or Value	1905	State	Owner's birthday	845,541	Michigan Transportation Fund
Non-Cigarette Tobacco Products	1994	Treasury	20th of each month	60,948	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	127,143	School Aid Fund
Sales	1933	Treasury	15th and last day of each month for accelerated filers. 20th day of the month for non-accelerated filers.	6,170,199	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	4,709	General Fund
State Education	1994	Treasury	County Treasurer remits to State the month after receipt from Local Units	1,992,451	School Aid Fund
Snowmobile Registration	1968	State	October 1 (every 3rd year)	2,340	Michigan Conservation and Recreation Legacy Fund
Use	1937	Treasury	15th of each month	1,579,529	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	61,978	General Fund
Watercraft Registration	1967	State	January 1 (every 3rd year)	9,775	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 State, county, and local equalized valuations for calendar year 2009 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
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
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

(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 receive 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
	2008	2009	
City	\$ 2,519,647	\$ 2,532,292	0.50%
County	2,331,415	2,223,022	-4.65%
Township	931,810	980,195	5.19%
Village	103,937	101,991	-1.87%
School	6,150,130	6,184,781	0.56%
State Education Tax (a)	2,106,585	2,087,375	- 0.91%
Totals	\$14,143,524 (b)	\$14,109,656 (c)	

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

(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.

(c) \$996.4 million of the total property taxes levied in 2009 was refunded to taxpayers through the “circuit breaker” system of property tax credits against State income tax due or as a reimbursement if they exceed the income tax.

Published by the:

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

This report is available at  
[www.michigan.gov/treasury](http://www.michigan.gov/treasury).

Issued under the authority of P.A. 122 of 1941.