



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Financial Audit

State Building Authority

(A Blended Component Unit of the State of Michigan)

October 1, 2008 through September 30, 2009

Report Number:
071-0182-10

Released:
January 2010

A financial audit determines if the financial statements are fairly presented; considers internal control over financial reporting; and determines compliance with requirements material to the financial statements. This financial audit of the State Building Authority was conducted as part of the constitutional responsibility of the Office of the Auditor General.

Financial Statements:

Auditor's Report Issued

We issued an unqualified opinion on the State Building Authority's financial statements.

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Internal Control Over Financial Reporting and on Compliance and Other Matters

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the State Building Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

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Background:

The State Building Authority was organized under Act 183, P.A. 1964, as amended. The Authority is governed by a Board of Trustees consisting of five members appointed by the Governor, with the advice and consent of the Senate.

The Authority is authorized to issue and sell bonds in an aggregate principal amount outstanding not to exceed \$2.7 billion, excluding refunding bonds. The Authority is also authorized to issue and sell commercial paper notes as a short-term funding source for capital outlay projects prior to bonding. All bonds and commercial paper are limited obligations of the Authority and are not general obligations of the State or the Authority. The bonds are payable solely from equipment and facility lease payments, investment earnings, insurance proceeds, undisbursed bond proceeds retained by the Authority on a bond issue-specific basis, and any other assets pledged by the Authority to the bondholders.

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or by visiting our Web site at:
<http://audgen.michigan.gov>



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

January 15, 2010

Mr. Patrick Devlin, Chair
State Building Authority
Lewis Cass Building
Lansing, Michigan

Dear Mr. Devlin:

This is our report on the financial audit of the State Building Authority, a blended component unit of the State of Michigan, for the period October 1, 2008 through September 30, 2009.

This report contains our report summary, our independent auditor's report on the financial statements, the Authority management's discussion and analysis, and the Authority financial statements and supplemental financial schedules. This report also contains a glossary of acronyms and terms.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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INDEPENDENT AUDITOR'S REPORT



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

Independent Auditor's Report on the Financial Statements

Mr. Patrick Devlin, Chair
State Building Authority
Lewis Cass Building
Lansing, Michigan

Dear Mr. Devlin:

We have audited the accompanying financial statements of the governmental activities and each major fund of the State Building Authority, a blended component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2009, which collectively comprise the Authority's basic financial statements as identified in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the financial statements present only the State Building Authority and do not purport to, and do not, present fairly the financial position of the State of Michigan or its component units as of September 30, 2009 and the changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the State Building Authority as of September 30, 2009 and the respective changes in financial position thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, beginning net assets were restated to correct prior period errors in leases receivable.

In accordance with *Government Auditing Standards*, we will issue a report on our consideration of the State Building Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13 through 16 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the State Building Authority's basic financial statements referred to in the first paragraph. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

AUDITOR GENERAL

December 29, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the annual financial report of the State Building Authority (the "Authority") presents our discussion and analysis of the Authority's financial activities for the fiscal year ended September 30, 2009. The Authority is a blended component unit of the State of Michigan (the "State"). Readers are encouraged to consider this information in conjunction with the accompanying financial statements and notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements consist of 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Because the Authority is a blended component unit of the State of Michigan, all the statements presented in this discussion focus on the Authority, an individual part of the government, reporting only on that one component within the State of Michigan.

- The financial statements and management's discussion and analysis provide both long and short-term information about the Authority's overall financial status.
- Management's discussion and analysis provides a narrative overview of the financial statements from management's perspective.
- The basic financial statements provide information about the Authority's overall financial status.
- The notes to the financial statements explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

Fiscal year ended September 30	Governmental Activities	
	2009	2008
Total net assets (restated in 2008)	\$ (27,584,766)	\$ (19,755,322)
Total assets	\$3,238,643,448	\$3,324,784,907
Short-term debt	\$ 161,170,000	\$ 210,310,000
Long-term liabilities	\$2,950,594,878	\$2,997,536,543
Total liabilities	\$3,266,228,214	\$3,271,534,956
Revenues:		
Program revenues, primarily lease revenue	\$ 147,798,097	\$ 133,308,818
General revenues, entirely investment earnings	\$ 690,462	\$ 4,124,377
Expenses	\$ 156,318,003	\$ 145,044,727
Change in net assets	\$ (7,829,444)	\$ (7,611,532)

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private sector business.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The government-wide financial statements can be found on pages 18 and 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting

to ensure and demonstrate compliance with finance-related legal requirements. The Authority maintains two governmental funds.

Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide an adjustment column to facilitate this comparison between governmental funds and the government-wide financial statements.

The basic governmental fund financial statements can be found on pages 20 and 21 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22 through 34 of this report.

Financial Analysis of the Authority

Net assets of the Authority decreased \$7,829,444 to an ending balance of \$(27,584,766). The decrease in net assets is the result of increased expenses for interest and fiscal charges due to bond refinancings undertaken during the year and reduced revenues from investment income due to the market volatility experienced over the past year. In addition, beginning net assets were decreased by \$73,005,263 due to an accounting restatement (see Note 2).

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the

Authority's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental funds reported a combined ending fund balance of \$57,016,547, an increase of \$48,545,331 in comparison with the prior year. This amount was comprised of debt service fund balance of \$206,889,056 and a fund balance deficit in the capital projects fund of \$149,872,509. This deficit has been and continues to be largely the result of the Authority's use of short-term debt to finance certain project costs in advance of bonding.

Long-Term Debt Activity

During the current year, the Authority issued \$192,275,000 in revenue and revenue refunding bonds and \$222,080,000 in revenue refunding bonds. The revenue and revenue refunding bonds were issued to primarily fund various projects previously financed on a short-term basis through the Authority's commercial paper program and to refund the 2005 multi-modal revenue bonds, series IIA and series IIB. The revenue refunding bonds were issued to refund the 1998 revenue refunding bonds, series I and a portion of the 2001 revenue refunding bonds, series I. Further information on long-term debt can be found in Note 6 of the financial statements.

Recent Events

On November 5, 2009, the Authority issued \$163,030,000 of commercial paper notes, of which \$105,370,000 is at an interest rate of .25% per annum maturing December 10, 2009 and \$57,660,000 is at an interest rate of .30% per annum maturing January 7, 2010.

On December 10, 2009, the Authority sold \$113.5 million of 2009 Revenue Bonds, Series II to: (1) fund new projects temporarily financed under the Authority's commercial paper program; (2) fund a debt service reserve account; and (3) pay the costs of issuance.

There are no other known facts, decisions, or conditions in terms of events that occurred subsequent to September 30, 2009 through the date of this report that are expected to effect the Authority's financial position or results of operations.

BASIC FINANCIAL STATEMENTS

STATE BUILDING AUTHORITY
Statement of Net Assets
As of September 30, 2009

	Governmental Activities
ASSETS	
Current assets	
Investments (Note 3)	\$ 222,977,743
Accrued interest receivable	1,422
Due from State of Michigan	159,219
Current portion of leases receivable (Note 4)	86,194,365
Project costs in progress	154,644,373
Total current assets	\$ 463,977,122
Noncurrent assets	
Debt issuance costs, net	\$ 18,609,993
Leases receivable, net of current portion (Note 4)	2,756,056,333
Total noncurrent assets	\$ 2,774,666,326
Total assets	\$ 3,238,643,448
LIABILITIES	
Current liabilities	
Accounts payable and other liabilities	\$ 255,555
Due to State of Michigan	4,562,710
Accrued interest payable	53,460,072
Short-term debt (Note 5)	161,170,000
Current portion of long-term debt (Note 6)	96,185,000
Total current liabilities	\$ 315,633,336
Noncurrent liabilities	
Long-term debt, net of current portion (Note 6)	2,950,594,878
Total liabilities	\$ 3,266,228,214
NET ASSETS	
Unrestricted	\$ (27,584,766)

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

STATE BUILDING AUTHORITY
Statement of Activities
For the Fiscal Year Ended September 30, 2009

	<u>Governmental Activities</u>
Expenses	
General government - administration	\$ 1,454,285
Interest on long-term debt	153,929,256
Amortization of debt issue costs	934,462
Total expenses	<u>\$ 156,318,003</u>
Program revenues	
Charges for services:	
Lease revenue (Note 1)	\$ 146,851,359
Other revenue	946,739
Total program revenues	<u>\$ 147,798,097</u>
Net revenue (expense)	\$ (8,519,906)
General revenues	
Unrestricted investment earnings	<u>690,462</u>
Change in net assets	\$ (7,829,444)
Net assets	
Beginning of fiscal year - as restated (Note 2)	<u>(19,755,322)</u>
End of fiscal year	<u><u>\$ (27,584,766)</u></u>

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

STATE BUILDING AUTHORITY
Statement of Net Assets and Governmental Fund Balance Sheet
As of September 30, 2009

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Assets
ASSETS					
Current assets					
Investments (Note 3)	\$ 207,123,506	\$ 15,854,237	\$ 222,977,743	\$	\$ 222,977,743
Accrued interest receivable	1,422		1,422		1,422
Due from State of Michigan		159,219	159,219		159,219
Current portion of leases receivable (Note 4)			0	86,194,365	86,194,365
Project costs in progress			0	154,644,373	154,644,373
Total current assets	<u>\$ 207,124,928</u>	<u>\$ 16,013,456</u>	<u>\$ 223,138,383</u>	<u>\$ 240,838,738</u>	<u>\$ 463,977,122</u>
Noncurrent assets					
Debt issuance costs, net	\$	\$	\$ 0	\$ 18,609,993	\$ 18,609,993
Leases receivable, net of current portion (Note 4)			0	2,756,056,333	2,756,056,333
Total noncurrent assets	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,774,666,326</u>	<u>\$ 2,774,666,326</u>
Total assets	<u>\$ 207,124,928</u>	<u>\$ 16,013,456</u>	<u>\$ 223,138,383</u>	<u>\$ 3,015,505,064</u>	<u>\$ 3,238,643,448</u>
LIABILITIES					
Current liabilities					
Accounts payable and other liabilities	\$ 235,872	\$ 19,683	\$ 255,555	\$	\$ 255,555
Due to State of Michigan		4,562,710	4,562,710		4,562,710
Accrued interest payable		133,572	133,572	53,326,499	53,460,072
Short-term debt (Note 5)		161,170,000	161,170,000		161,170,000
Current portion of long-term debt (Note 6)			0	96,185,000	96,185,000
Total current liabilities	<u>\$ 235,872</u>	<u>\$ 165,885,965</u>	<u>\$ 166,121,837</u>	<u>\$ 149,511,499</u>	<u>\$ 315,633,336</u>
Noncurrent liabilities					
Long-term debt, net of current portion (Note 6)			0	2,950,594,878	2,950,594,878
Total liabilities	<u>\$ 235,872</u>	<u>\$ 165,885,965</u>	<u>\$ 166,121,837</u>	<u>\$ 3,100,106,377</u>	<u>\$ 3,266,228,214</u>
FUND BALANCES					
Unreserved (deficit)	<u>\$ 206,889,056</u>	<u>\$ (149,872,509)</u>	<u>\$ 57,016,547</u>	<u>\$ (57,016,547)</u>	<u>\$ 0</u>
Total liabilities and fund balances	<u>\$ 207,124,928</u>	<u>\$ 16,013,456</u>	<u>\$ 223,138,383</u>		
NET ASSETS					
Unrestricted				<u>\$ (27,584,766)</u>	<u>\$ (27,584,766)</u>

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

STATE BUILDING AUTHORITY
Statement of Activities and Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2009

	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
REVENUES					
Investment income	\$ 626,717	\$ 63,745	\$ 690,462	\$	\$ 690,462
Lease revenue (Note 2)	230,426,293		230,426,293	(83,574,934)	146,851,359
Other revenue		946,739	946,739		946,739
Total revenues	\$ 231,053,010	\$ 1,010,483	\$ 232,063,494	\$ (83,574,934)	\$ 148,488,559
EXPENDITURES/EXPENSES					
Current - general government	\$ 1,306,899	\$ 289,594	\$ 1,596,494	\$ (142,209)	\$ 1,454,285
Capital outlay		62,680,318	62,680,318	(62,680,318)	0
Capital outlay reimbursed to State of Michigan		18,128,515	18,128,515	(18,128,515)	0
Debt service:					
Principal	121,523,995		121,523,995	(121,523,995)	0
Interest and fiscal charges	122,249,778	1,181,402	123,431,180	30,498,076	153,929,256
Debt issuance costs	2,737,022	1,223,716	3,960,738	(3,960,738)	0
Amortization of debt issuance costs			0	934,462	934,462
Total expenditures/expenses	\$ 247,817,694	\$ 83,503,545	\$ 331,321,239	\$ (175,003,236)	\$ 156,318,003
Revenues over (under) expenditures/expenses	\$ (16,764,684)	\$ (82,493,062)	\$ (99,257,746)	\$ 91,428,302	\$ (7,829,444)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	\$	\$ 145,701,549	\$ 145,701,549	\$ (145,701,549)	\$ 0
Discount on bonds issued		(635,495)	(635,495)	635,495	0
Refunding debt issued	268,653,451		268,653,451	(268,653,451)	0
Premium on refunding debt	6,134,583		6,134,583	(6,134,583)	0
Discount on refunding debt	(203,136)		(203,136)	203,136	0
Payment to refunding escrow agent	(271,847,876)		(271,847,876)	271,847,876	0
Transfers from other funds	1,827,932	429,594	2,257,526	(2,257,526)	0
Transfers to other funds	(429,594)	(1,827,932)	(2,257,526)	2,257,526	0
Total other financing sources (uses)	\$ 4,135,360	\$ 143,667,716	\$ 147,803,077	\$ (147,803,077)	\$ 0
Excess of revenues and other sources over (under) expenditures/expenses and other uses/ changes in net assets	\$ (12,629,324)	\$ 61,174,655	\$ 48,545,331	\$ (56,374,775)	\$ (7,829,444)
FUND BALANCES/NET ASSETS (DEFICIT)					
Beginning of fiscal year - as restated (Note 2)	219,518,380	(211,047,164)	8,471,216	(28,226,537)	(19,755,322)
End of fiscal year	<u>\$ 206,889,056</u>	<u>\$ (149,872,509)</u>	<u>\$ 57,016,547</u>	<u>\$ (84,601,312)</u>	<u>\$ (27,584,766)</u>

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

Notes to the Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Reporting Entity

The accompanying financial statements report the financial position and results of operations of the State Building Authority (the "Authority"), a blended component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2009. The Authority's activity is reported as debt service and capital projects funds within the governmental funds in the *State of Michigan Comprehensive Annual Financial Report (SOMCAFR)*. In accordance with accounting principles generally accepted in the United States of America, there are no other component units included in this financial report.

The Authority was organized under Act 183, P.A. 1964, as amended, and is governed by a Board of Trustees consisting of five members appointed by the Governor, with the advice and consent of the Senate. The mission of the Authority is to construct, acquire, improve, enlarge, and lease facilities and equipment for use by the State or any of its agencies, including public institutions of higher education (universities and community colleges).

The Authority is authorized to issue and sell bonds in an aggregate principal amount outstanding not to exceed \$2.7 billion, excluding refunding bonds. The Authority is also authorized to issue and sell commercial paper notes as a short-term funding source for capital outlay projects prior to bonding. All bonds and commercial paper are limited obligations of the Authority and are not general obligations of the State or the Authority. The bonds are payable solely from equipment and facility lease payments, investment earnings, insurance proceeds, undisbursed bond proceeds retained by the Authority on a bond issue-specific basis, and any other assets pledged by the Authority to the bondholders.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority-wide financial information is reported using the economic resources measurement focus and the accrual basis of accounting. Revenues

are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial information is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The accompanying financial statements present only the State Building Authority. Accordingly, they do not purport to, and do not, present fairly the financial position and the changes in financial position of the State of Michigan or its component units in conformity with accounting principles generally accepted in the United States of America.

The Authority reports two major governmental funds: a debt service fund and a capital projects fund.

These notes relate directly to the Authority; the *SOMCAFR* provides more thorough disclosures of the State's significant accounting policies.

Investments - Investments are stated at fair value. The bank investment pools are regulated by the Michigan Banking Act, and the fair value of the position in the pool is the same as the value of the pool share.

Leases Receivable - Leases receivable represent amounts due from the State of Michigan for rent obligations, net of unearned income. No allowance for uncollectible amounts has been provided.

Project Costs in Progress - Project costs consist of capital costs incurred to date on various building projects. As the building projects are completed, the assets will be leased to the State of Michigan.

Debt Issuance Costs - Debt issuance costs are being amortized using the effective interest method over the life of the related debt. Accumulated amortization was \$4,364,778 at September 30, 2009.

Federal Arbitrage Liability - Included in long-term debt is a provision for federal arbitrage rebate. Federal income tax regulations for certain debt issues require the Authority to rebate to the federal government the interest earned on invested debt proceeds in excess of interest paid. The Authority has no liability.

Long-Term Liabilities - Long-term liabilities are reported on the Authority's statement of net assets, net of the applicable bond premiums and discounts, as well as gains or losses on refunding, which are deferred and amortized over the life of the bonds using the effective interest method.

Lease Revenue - Lease payments are collected from the State of Michigan to satisfy the rent obligations under all of the project leases. Lease transactions are accounted for as direct financing leases whereby the present value of the future lease payments is recorded as a lease receivable using the interest rate implicit in the lease. Lease revenue is recognized as a constant percentage return on asset carrying values.

Note 2 Accounting Restatement

Beginning net assets were decreased by \$73,005,263 to correct prior period errors in leases receivable. In prior years, the Authority recorded an adjustment to its leases receivable based on current year project expenditure and funding activity. This methodology did not accurately reflect the present value of future lease payments that change due to refunding of bonds and cancellation of leases.

Note 3 Investments

Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*, requires certain disclosures regarding policies and practices with respect to deposits and investments and the credit risk associated with them.

The Authority's investments are restricted by State statute to obligations of the State or U.S. government, obligations of which the principal and interest are

guaranteed by the State or U.S. government, certificates of deposit of a financial institution, certain commercial paper, and repurchase agreements collateralized by U.S. government obligations and certain investment trusts. Certain other restrictions as to investments are contained in the bond resolution for each bond issue.

At September 30, 2009, the Authority had no deposits and had investments totaling \$222,977,743, which were entirely in U.S. Treasury money market accounts. The Authority's investments comply with State statutes.

Applicable risk disclosures under GASB Statement No. 40 for the Authority's investments are as follows.

Credit risk - The Authority's investments in 2a-7 like money market accounts with U.S. Bank and Bank of New York Mellon are both rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial credit risk - For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Because investments in money market accounts are not evidenced by securities that exist in physical or book entry form, they are not exposed to custodial credit risk.

Note 4 Leases Receivable

The Authority's leasing operations consist of leasing of facilities and equipment for use by the State of Michigan of any of its agencies under direct financing arrangements expiring in various years through October 31, 2043.

Following is a summary of the components of the Authority's net investment in direct financing leases at September 30, 2009:

Total minimum lease payments to be received	\$ 5,226,891,106
Less - Unearned income	2,384,640,409
	<hr/>
Net leases receivable	\$ 2,842,250,698
	<hr/> <hr/>
Statement of Net Assets classification	
Current portion of leases receivable	\$ 86,194,365
Long-term portion of leases receivable	2,756,056,333
	<hr/>
Total	\$ 2,842,250,698
	<hr/> <hr/>

Minimum lease payments to be received from the State of Michigan as of September 30, 2009, are as follows:

2010	\$ 223,066,960
2011	223,840,260
2012	223,840,260
2013	224,207,578
2014	224,612,593
2015 through 2044	4,107,323,455
	<hr/>
Total	\$ 5,226,891,106
	<hr/> <hr/>

Note 5 Short-Term Debt - Notes Payable

The Authority issues commercial paper notes to fund capital projects prior to bonding. The notes are recorded at par at the time of issuance and are issued in conjunction with a bank letter of credit that has a maximum stated amount of \$536,986,302, of which not more than \$500,000,000 may be drawn with respect to the payment of principal of notes, and of which not more than \$36,986,302 may be drawn with respect to the payment of up to 270 days of interest on the notes. The notes have a maximum interest rate of 10 percent per annum. Issuance costs are capitalized as part of project costs. The interest rate on commercial paper notes outstanding as of September 30, 2009 is .55 percent.

Short-term debt activity for the fiscal year ended September 30, 2009 was as follows (in thousands):

Beginning balance	\$ 210,310
Additions	85,753
Reductions	(134,893)
	<hr/>
Ending balance	\$ 161,170
	<hr/>

Note 6 Long-Term Liabilities

Each series of bonds and related lease contracts are financing transactions under which the Authority issues revenue bonds for the purpose of constructing or acquiring facilities and/or equipment for lease to the State or institutions of higher education. Each issue of bonds is secured by and payable from the rentals. Rentals may only be used for payment of the bonds to which such lease pertains and may not be used for the payment of any other issue of bonds or any other unrelated obligation of the Authority. Each such lease (prior to execution) has been approved by the State Administrative Board; by concurrent resolution of the Legislature adopted by majority vote of the members elected to and serving in each house; by resolution of the Board of Trustees of the Authority; and, where required, by the governing body of the appropriate institution of higher education. The lease payments for all of the facilities and equipment are appropriated as an annual operating cost by the State.

The bonds represent limited obligations of the Authority and do not constitute general obligations of the Authority or general obligations or debts of the State or of any of the institutions of higher education within the meaning of any constitutional or statutory limitation. The Authority has no taxing power. The bonds are payable from lease revenue to be paid by the State pursuant to the provisions of the leases and certain other funds and revenue provided for in the bond resolution.

Outstanding Debt

Changes in long-term debt (excluding defeased bonds) for the fiscal year ended September 30, 2009 is as follows (in thousands):

	Date Sold	Number of Projects	Original Amount Issued	Average Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable (in thousands)									
1998 Series I Refunding	12/17/1998	7	\$ 330,405	4.746%	\$ 236,500	\$	\$ (236,500)	\$	\$
2001 Series I Refunding	06/21/2001	17	419,730	5.262%	350,495		(32,255)	318,240	14,015
2003 Series I Refunding	07/30/2003	19	659,420	3.635%	484,970		(44,100)	440,870	46,305
2003 Series II Revenue and Refunding	12/01/2003	44	392,590	4.415%	174,530			174,530	
2004 Revenue and Refunding	05/27/2004	5	155,350	4.076%	120,605		(11,140)	109,465	11,455
2005 Series I Refunding	05/26/2005	16	293,395	4.838%	278,255		(7,005)	271,250	7,065
2005 Series II Revenue and Refunding	10/26/2005	7	242,805	4.656%	240,570		(1,590)	238,980	2,090
2005 Series II A Multi Modal	12/21/2005	11	343,600	Variable	40,100		(40,100)		
2005 Series II B Multi Modal	01/19/2006	1	9,900	Variable	8,735		(8,735)		
2006 Series I A:									
Serial	09/06/2006	n/a	438,300	4.798%	438,300			438,300	
Capital appreciation*	09/06/2006	n/a	395,331	4.798%	435,735	21,005		456,740	
2006 Series I B	09/06/2006	n/a	13,735	4.798%	13,735		(2,455)	11,280	2,585
2007 Series I Multi Modal	12/19/2007	15	96,500	Variable	96,500		(1,800)	94,700	
2008 Series I Revenue and Refunding	11/20/2008	17	192,275	6.048%		192,275		192,275	
2009 Series I Refunding	08/19/2009	n/a	222,080	4.852%		222,080		222,080	12,670
Total bonds payable			<u>\$ 4,205,416</u>		<u>\$ 2,919,030</u>	<u>\$ 435,360</u>	<u>\$ (385,680)</u>	<u>\$ 2,968,710</u>	<u>\$ 96,185</u>
Accrued compensated absences					17	38	(28)	27	
Arbitrage payable					152		(152)		
Add (deduct) deferred amounts:									
Discounts on bonds payable						(839)	25	(814)	
Premiums on bonds payable					102,204	6,134	(7,818)	100,520	
Loss on refunding					(23,866)	(3,132)	5,335	(21,663)	
Total long-term debt					<u>\$ 2,997,537</u>	<u>\$ 437,561</u>	<u>\$ (388,318)</u>	<u>\$ 3,046,780</u>	
Current portion								\$ 96,185	
Long-term portion								<u>2,950,595</u>	
								<u>\$ 3,046,780</u>	

* The beginning balance of the 2006 Series IA capital appreciation bonds has been restated to report the accreted book value.

The ultimate maturity value of these bonds on October 15, 2030 is \$891.8 million.

The 2007 Series I Multi-Modal variable bonds currently bear interest at a weekly rate as determined through remarketing. Given the variable nature of the bonds, there are no stated annual debt service requirements. However, for purposes of the future debt service requirements that follow, estimated interest was computed using the weekly rate as of September 30, 2009 of .35%. Associated annual lease rentals are fully pledged for the payment of bond principal and interest on outstanding bonds. The 2007 Series I bonds are subject to optional redemption by the Authority in any rate mode and have a nominal final maturity of October 15, 2032.

The 2006 Series IA bonds include both serial and capital appreciation bonds. The capital appreciation bonds have an ultimate maturity value of \$891.8 million on October 15, 2030; the accreted value as of September 30, 2009 is \$456.7 million. For purposes of the following schedule, the accreted maturities of the capital appreciation bonds are shown in the principal maturities column.

Debt Service Requirements

The annual requirements to service the outstanding debt are as follows (in thousands):

Fiscal Year Ending September 30,	Principal	Interest	Total
2010	\$ 96,185	\$ 118,331	\$ 214,516
2011	97,675	117,417	215,092
2012	103,320	112,316	215,636
2013	106,710	106,898	213,608
2014	112,585	101,286	213,871
2015-2019	622,855	418,834	1,041,689
2020-2024	674,620	321,749	996,369
2025-2029	578,555	235,715	814,270
2030-2034	570,910	159,930	730,840
2035-2039	363,775	47,901	411,676
2040-2043	76,555	391	76,946
	<u>\$3,403,745</u>	<u>\$1,740,768</u>	<u>\$5,144,513</u>

Interest to maturity for the bonds may be significantly less than the amount shown in the above table because many of the bonds (i.e., sinking fund bonds) will be called prior to their final scheduled maturity date. The retirement of these bonds varies from project to project, as each bond issue is related to specific projects and any excess borrowing, and accrued investment earnings are restricted to projects and debt service on the related bonds.

Defeased Debt

The Authority has defeased certain bond issues by placing refunding bond proceeds in an irrevocable trust to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements.

The following table summarizes the defeased bonds outstanding at September 30, 2009 (in thousands):

1994 Series II*	\$ 1,800
1997 Series II**	25,813
1998 Series I Refunding	221,900
1999 Series I	39,920
2000 Series I	101,175
2000 (MSP Phase II)	12,905
2001 Series I	74,135
2001 Series I Refunding	16,970
2001 Series II	114,350
2001 (MSP Phase III)	22,995
2002 (MSP Phase IV)	17,615
2002 Series III Refunding	177,955
2003 Series II Refunding	176,240
Total	<u><u>\$1,003,773</u></u>

* The 1994 Series II bond issue consisted of capital appreciation bonds and are fully accreted at \$1,800,000, due on October 1, 2009.

** The 1997 Series II bond issue includes capital appreciation bonds with an ultimate maturity value of \$28.2 million. The accreted value of this issue at year-end is \$25.8 million.

Note 7 Net Asset Deficit and Capital Projects Fund Balance Deficit

The Authority is reporting a net asset deficit balance of \$27,584,766 at September 30, 2009. The net asset deficit is primarily due to the restatement of beginning net assets to correct prior period errors in leases receivable (see Note 2). In addition, interest on long-term debt exceeds lease revenue because only the interest portion of lease payments is recognized as lease revenue on the statement of activities. However, total future minimum lease payments are fully pledged for the payment of principal and interest on outstanding bonds.

The capital projects fund is reporting a fund balance deficit of \$149,872,509. The capital projects fund balance deficit resulted because the issuance of commercial paper represents a fund liability and the corresponding construction projects are not reported as assets in the fund.

Note 8 Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The State of Michigan provides insurance coverage for the Authority.

Note 9 Adjustments

Following is an explanation of the adjustments between the governmental funds balance sheet and the statement of net assets, which reconciles fund balances to net assets:

Fund balances	\$ 57,016,547
Adjustments:	
Leases receivable are not current financial resources and therefore are not reported in the governmental funds	2,842,250,698
Project costs financed by short-term borrowings are temporarily capitalized for net assets until lease agreements are executed	154,644,373
Deferred charges for bond issuance costs are currently expensed in the governmental funds, whereas they are capitalized and amortized for net assets	18,609,993
Bonds payable are not due and payable in the current period and therefore not reported in the governmental funds	(2,968,710,244)
Premiums on bonds are reported as other financing sources in the governmental funds, whereas they are capitalized and amortized for net assets (and added to bonds payable)	(100,520,220)
Discounts on bonds are reported as other financing uses in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	814,102
Losses on refunding are not reported in the governmental funds, whereas they are capitalized and amortized for net assets (and netted against bonds payable)	21,663,209
Accrued compensated absences and arbitrage payable are not recorded by governmental funds	(26,725)
Accrued interest payable on bonds is not recorded by governmental funds	(53,326,499)
Net assets	\$ (27,584,766)

Following is an explanation of the adjustments between the governmental funds statement of revenues, expenditures, and changes in fund balances and the statement of activities, which reconciles the net change in fund balances to the change in net assets:

Net change in fund balances	\$ 48,545,331
Adjustments:	
Amounts received for lease payments include both principal and interest for purposes of governmental funds. For the statement of activities, the principal portions are eliminated with that portion of the receipts that pertain to interest being recognized as lease revenues.	(83,574,934)
Repayment of bond and note principal is an expenditure in the funds, but the repayment reduces long-term liabilities for net assets	121,523,995
Construction costs are recorded as expenditures in the funds, but increase leases receivable or project costs in progress for net assets	80,808,833
The issuance of bonds provides current financial resources and bond issuance costs and premiums are a use or source of current financial resources, respectively. These transactions do not affect net assets and therefore are eliminated:	
Bond and refunding bond proceeds	(414,355,000)
Bond issuance costs	3,960,738
Premium on refunding bonds	(6,134,583)
Discount on refunding bonds	838,631
Payment to refunding escrow agent	271,847,876
Portion of escrow payment applicable to accrued interest	(4,559,847)
Accrued interest expense on bonds, accretion of capital appreciation bonds, and the amortization of bond issuance costs, premiums, and loss on refunding are not recorded by governmental funds but are reported under interest and fiscal charges for purposes of net assets:	
Accrued interest expense	(7,301,216)
Accretion of capital appreciation bonds	(21,005,276)
Amortization of bond issuance costs	(934,462)
Amortization of premiums on bonds	7,366,244
Amortization of discounts on bonds	(24,528)
Amortization of loss on refunding	(5,088,747)
Unamortized issuance costs on refunded debt	115,294

Estimated liability for arbitrage and accrued compensated absences is not recorded by governmental funds but is reported for purposes of determining net assets

\$ 142,209

Change in net assets

\$ (7,829,444)

Note 10 Subsequent Events

On December 10, 2009, the Authority sold \$113.5 million of 2009 Revenue Bonds, Series II to: (1) fund new projects temporarily financed under the Authority's commercial paper program; (2) fund a debt service reserve account; and (3) pay the costs of issuance.

SUPPLEMENTARY INFORMATION

STATE BUILDING AUTHORITY
Commercial Paper Program, Series 5
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$	\$ 10,636,783	\$ 10,636,783
Accrued interest receivable			0
Due from State of Michigan		159,219	159,219
Total assets	\$ 0	\$ 10,796,002	\$ 10,796,002
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$ 19,683	\$ 19,683
Due to State of Michigan		4,091,474	4,091,474
Accrued interest payable		133,572	133,572
Short-term debt		161,170,000	161,170,000
Total liabilities	\$	\$ 165,414,729	\$ 165,414,729
PROJECT EQUITY			
Unreserved (deficit)		(154,618,727)	(154,618,727)
Total liabilities and project equity	\$ 0	\$ 10,796,002	\$ 10,796,002
 OUTSTANDING DEBT (short-term)			 \$ 161,170,000

STATE BUILDING AUTHORITY
Commercial Paper Program, Series 5
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	<u>Debt Service Activities</u>	<u>Capital Projects Activities</u>	<u>Total</u>
Revenues			
Investment income	\$	\$ 33,246	\$ 33,246
Lease revenue			0
Other revenue		946,739	946,739
		<hr/>	<hr/>
Total revenues	\$ 0	\$ 979,984	\$ 979,984
Expenditures			
Current - general government	\$	\$ 159,219	\$ 159,219
Capital outlay		57,705,461	57,705,461
Capital outlay reimbursed to State of Michigan		17,603,210	17,603,210
Debt service:			
Principal			0
Interest and fiscal charges		1,181,402	1,181,402
Debt issuance costs			0
		<hr/>	<hr/>
Total expenditures	\$ 0	\$ 76,649,291	\$ 76,649,291
Revenues over (under) expenditures	\$ 0	\$ (75,669,307)	\$ (75,669,307)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds		137,078,749	137,078,749
		<hr/>	<hr/>
Total other financing sources (uses)	\$ 0	\$ 137,078,749	\$ 137,078,749
Net change in project equity	\$ 0	\$ 61,409,442	\$ 61,409,442
Project equity (deficit)			
Beginning of fiscal year		0	(216,028,169)
		<hr/>	<hr/>
End of fiscal year	\$ 0	\$ (154,618,727)	\$ (154,618,727)
		<hr/>	<hr/>

STATE BUILDING AUTHORITY
 1998 Revenue Refunding Bonds, Series I
 Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 996	\$	\$ 996
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 996	\$ 0	\$ 996
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	996		996
Total liabilities and project equity	\$ 996	\$ 0	\$ 996
OUTSTANDING DEBT (long-term)			\$ 0

STATE BUILDING AUTHORITY
1998 Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 33,454	\$	\$ 33,454
Lease revenue	22,825,055		22,825,055
Other revenue			0
Total revenues	\$ 22,858,509	\$ 0	\$ 22,858,509
Expenditures			
Current - general government	\$ 3,666	\$	\$ 3,666
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	14,600,000		14,600,000
Interest and fiscal charges	11,499,772		11,499,772
Debt issuance costs			0
Total expenditures	\$ 26,103,438	\$ 0	\$ 26,103,438
Revenues over (under) expenditures	\$ (3,244,929)	\$ 0	\$ (3,244,929)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	(23,755,531)		(23,755,531)
Total other financing sources (uses)	\$ (23,755,531)	\$ 0	\$ (23,755,531)
Net change in project equity	\$ (27,000,460)	\$	\$ (27,000,460)
Project equity (deficit)			
Beginning of fiscal year	27,001,455		27,001,455
End of fiscal year	\$ 996	\$ 0	\$ 996

STATE BUILDING AUTHORITY
2001 Revenue Refunding Bonds, Series I
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 30,070,348	\$	\$ 30,070,348
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 30,070,348	\$ 0	\$ 30,070,348
 LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 0	\$ 0
 PROJECT EQUITY			
Unreserved (deficit)	30,070,348		30,070,348
Total liabilities and project equity	\$ 30,070,348	\$ 0	\$ 30,070,348
 OUTSTANDING DEBT (long-term)			\$ 318,240,000

STATE BUILDING AUTHORITY
2001 Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 26,848	\$	\$ 26,848
Lease revenue	31,896,849		31,896,849
Other revenue			0
Total revenues	\$ 31,923,697	\$ 0	\$ 31,923,697
Expenditures			
Current - general government	\$	\$	\$ 0
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	15,285,000		15,285,000
Interest and fiscal charges	18,260,119		18,260,119
Debt issuance costs			0
Total expenditures	\$ 33,545,119	\$ 0	\$ 33,545,119
Revenues over (under) expenditures	\$ (1,621,422)	\$ 0	\$ (1,621,422)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	\$ (1,454,413)		\$ (1,454,413)
Total other financing sources (uses)	\$ (1,454,413)	\$ 0	\$ (1,454,413)
Net change in project equity	\$ (3,075,835)	\$	\$ (3,075,835)
Project equity (deficit)			
Beginning of fiscal year	33,146,183		33,146,183
End of fiscal year	\$ 30,070,348	\$ 0	\$ 30,070,348

STATE BUILDING AUTHORITY
2003 Revenue Refunding Bonds, Series I
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 82,340,901	\$	\$ 82,340,901
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 82,340,901	\$ 0	\$ 82,340,901
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	\$ 82,340,901	\$	\$ 82,340,901
Total liabilities and project equity	\$ 82,340,901	\$ 0	\$ 82,340,901
OUTSTANDING DEBT (long-term)			\$ 440,870,000

STATE BUILDING AUTHORITY
2003 Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 175,981	\$	\$ 175,981
Lease revenue	71,488,852		71,488,852
Other revenue			0
Total revenues	\$ 71,664,833	\$ 0	\$ 71,664,833
Expenditures			
Current - general government	\$ 94,329	\$	\$ 94,329
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	44,100,000		44,100,000
Interest and fiscal charges	24,010,863		24,010,863
Debt issuance costs			0
Total expenditures	\$ 68,205,192	\$ 0	\$ 68,205,192
Revenues over (under) expenditures	\$ 3,459,641	\$ 0	\$ 3,459,641
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	\$ 4,406		4,406
Total other financing sources (uses)	\$ 4,406	\$ 0	\$ 4,406
Net change in project equity	\$ 3,464,047	\$	\$ 3,464,047
Project equity (deficit)			
Beginning of fiscal year	78,876,854		78,876,854
End of fiscal year	\$ 82,340,901	\$ 0	\$ 82,340,901

STATE BUILDING AUTHORITY
 2003 Revenue and Refunding Revenue Bonds, Series II
 Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 6,959,573	\$	\$ 6,959,573
Accrued interest receivable			0
Due from State of Michigan			0
	6,959,573	\$ 0	6,959,573
Total assets	6,959,573	\$ 0	6,959,573
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
	0	0	0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	6,959,573		6,959,573
	6,959,573		6,959,573
Total liabilities and project equity	\$ 6,959,573	\$ 0	\$ 6,959,573
OUTSTANDING DEBT (long-term)			\$ 174,530,000

STATE BUILDING AUTHORITY
2003 Revenue and Refunding Revenue Bonds, Series II
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 19,558	\$	\$ 19,558
Lease revenue	8,726,582		8,726,582
Other revenue			0
Total revenues	\$ 8,746,140	\$ 0	\$ 8,746,140
Expenditures			
Current - general government	\$ 32,932	\$	\$ 32,932
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal			0
Interest and fiscal charges	8,726,500		8,726,500
Debt issuance costs			0
Total expenditures	\$ 8,759,432	\$ 0	\$ 8,759,432
Revenues over (under) expenditures	\$ (13,292)	\$ 0	\$ (13,292)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds			0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0
Net change in project equity	\$ (13,292)	\$	\$ (13,292)
Project equity (deficit)			
Beginning of fiscal year	6,972,865		6,972,865
End of fiscal year	\$ 6,959,573	\$ 0	\$ 6,959,573

STATE BUILDING AUTHORITY
 2004 Revenue and Refunding Revenue Bonds
 Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 14,258,350	\$	\$ 14,258,350
Accrued interest receivable			0
Due from State of Michigan			0
	14,258,350	\$ 0	14,258,350
Total assets	14,258,350	\$ 0	14,258,350
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
	\$ 0	\$ 0	\$ 0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	14,258,350		14,258,350
	14,258,350		14,258,350
Total liabilities and project equity	\$ 14,258,350	\$ 0	\$ 14,258,350
OUTSTANDING DEBT (long-term)			\$ 109,465,000

STATE BUILDING AUTHORITY
2004 Revenue and Refunding Revenue Bonds
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 14,239	\$	\$ 14,239
Lease revenue	17,029,992		17,029,992
Other revenue			0
Total revenues	\$ 17,044,231	\$ 0	\$ 17,044,231
Expenditures			
Current - general government	\$ 30,709	\$	\$ 30,709
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	11,140,000		11,140,000
Interest and fiscal charges	5,852,500		5,852,500
Debt issuance costs			0
Total expenditures	\$ 17,023,209	\$ 0	\$ 17,023,209
Revenues over (under) expenditures	\$ 21,022	\$ 0	\$ 21,022
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds			0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0
Net change in project equity	\$ 21,022	\$	\$ 21,022
Project equity (deficit)			
Beginning of fiscal year	14,237,329		14,237,329
End of fiscal year	\$ 14,258,350	\$ 0	\$ 14,258,350

STATE BUILDING AUTHORITY
2005 Revenue Refunding Bonds, Series I
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 18,952,206	\$	\$ 18,952,206
Accrued interest receivable	1,109		1,109
Due from State of Michigan			0
Total assets	\$ 18,953,315	\$ 0	\$ 18,953,315
 LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 950	\$	\$ 950
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 950	\$ 0	\$ 950
 PROJECT EQUITY			
Unreserved (deficit)	18,952,365		18,952,365
Total liabilities and project equity	\$ 18,953,315	\$ 0	\$ 18,953,315
 OUTSTANDING DEBT (long-term)			\$ 271,250,000

STATE BUILDING AUTHORITY
2005 Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 27,108	\$	\$ 27,108
Lease revenue	20,544,996		20,544,996
Other revenue			0
Total revenues	\$ 20,572,104	\$ 0	\$ 20,572,104
Expenditures			
Current - general government	\$ 51,741	\$	\$ 51,741
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	7,005,000		7,005,000
Interest and fiscal charges	13,663,400		13,663,400
Debt issuance costs			0
Total expenditures	\$ 20,720,141	\$ 0	\$ 20,720,141
Revenues over (under) expenditures	\$ (148,037)	\$ 0	\$ (148,037)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds			0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0
Net change in project equity	\$ (148,037)	\$ 0	\$ (148,037)
Project equity (deficit)			
Beginning of fiscal year	19,100,402		19,100,402
End of fiscal year	\$ 18,952,365	\$ 0	\$ 18,952,365

STATE BUILDING AUTHORITY
 2005 Revenue and Revenue Refunding Bonds, Series II
 Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 12,190,125	\$	\$ 12,190,125
Accrued interest receivable	313		313
Due from State of Michigan			0
Total assets	\$ 12,190,438	\$ 0	\$ 12,190,438
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	12,190,438		12,190,438
Total liabilities and project equity	\$ 12,190,438	\$ 0	\$ 12,190,438
OUTSTANDING DEBT (long-term)			\$ 238,980,000

STATE BUILDING AUTHORITY
2005 Revenue and Revenue Refunding Bonds, Series II
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 15,219	\$	\$ 15,219
Lease revenue	13,823,748		13,823,748
Other revenue			0
Total revenues	\$ 13,838,967	\$ 0	\$ 13,838,967
Expenditures			
Current - general government	\$ 42,983	\$	\$ 42,983
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	1,590,000		1,590,000
Interest and fiscal charges	11,760,053		11,760,053
Debt issuance costs			0
Total expenditures	\$ 13,393,036	\$ 0	\$ 13,393,036
Revenues over (under) expenditures	\$ 445,931	\$ 0	\$ 445,931
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds			0
Total other financing sources (uses)	\$ 0	\$ 0	\$ 0
Net change in project equity	\$ 445,931	\$	\$ 445,931
Project equity (deficit)			
Beginning of fiscal year	11,744,507		11,744,507
End of fiscal year	\$ 12,190,438	\$ 0	\$ 12,190,438

STATE BUILDING AUTHORITY
2005 Multi-Modal Revenue Bonds, Series IIA and IIB
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$	\$	\$ 0
Accrued interest receivable			0
Due from State of Michigan			0
			0
Total assets	\$ 0	\$ 0	\$ 0
 LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
			0
Total liabilities	\$ 0	\$ 0	\$ 0
 PROJECT EQUITY			
Unreserved (deficit)			0
			0
Total liabilities and project equity	\$ 0	\$ 0	\$ 0
 OUTSTANDING DEBT (long-term)			\$ 0

STATE BUILDING AUTHORITY
2005 Multi-Modal Revenue Bonds, Series IIA and IIB
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 6,490	\$ 7,236	\$ 13,726
Lease revenue	758,279		758,279
Other revenue			0
Total revenues	\$ 764,769	\$ 7,236	\$ 772,005
Expenditures			
Current - general government	\$ 194,982	\$	\$ 194,982
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	2,500,000		2,500,000
Interest and fiscal charges	419,779		419,779
Debt issuance costs			0
Total expenditures	\$ 3,114,762	\$ 0	\$ 3,114,762
Revenues over (under) expenditures	\$ (2,349,993)	\$ 7,236	\$ (2,342,757)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	(2,375,438)	(3,845,453)	(6,220,891)
Total other financing sources (uses)	\$ (2,375,438)	\$ (3,845,453)	\$ (6,220,891)
Net change in project equity	\$ (4,725,431)	\$ (3,838,217)	\$ (8,563,648)
Project equity (deficit)			
Beginning of fiscal year	4,725,431	3,838,217	8,563,648
End of fiscal year	\$ 0	\$ 0	\$ 0

STATE BUILDING AUTHORITY
 2006 Revenue Refunding Bonds, Series IA and IB
 Project Balance Sheet
 As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 19,176,349	\$	\$ 19,176,349
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 19,176,349	\$ 0	\$ 19,176,349
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 0	\$ 0
PROJECT EQUITY			
Unreserved (deficit)	19,176,349		19,176,349
Total liabilities and project equity	\$ 19,176,349	\$ 0	\$ 19,176,349
OUTSTANDING DEBT (long-term)			\$ 1,341,355,000

STATE BUILDING AUTHORITY
2006 Revenue Refunding Bonds, Series IA and IB
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 49,728	\$	\$ 49,728
Lease revenue	25,090,291		25,090,291
Other revenue			0
Total revenues	\$ 25,140,018	\$ 0	\$ 25,140,018
Expenditures			
Current - general government	\$ 147,679	\$	\$ 147,679
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	2,455,000		2,455,000
Interest and fiscal charges	22,571,225		22,571,225
Debt issuance costs			0
Total expenditures	\$ 25,173,904	\$ 0	\$ 25,173,904
Revenues over (under) expenditures	\$ (33,885)	\$ 0	\$ (33,885)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	(429,881)		(429,881)
Total other financing sources (uses)	\$ (429,881)	\$ 0	\$ (429,881)
Net change in project equity	\$ (463,766)	\$ 0	\$ (463,766)
Project equity (deficit)			
Beginning of fiscal year	19,640,115		19,640,115
End of fiscal year	\$ 19,176,349	\$ 0	\$ 19,176,349

STATE BUILDING AUTHORITY
2007 Multi-Modal Revenue Bonds, Series I
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 8,019,272	\$ 326,231	\$ 8,345,503
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 8,019,272	\$ 326,231	\$ 8,345,503
LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 176,603	\$	\$ 176,603
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 176,603	\$ 0	\$ 176,603
PROJECT EQUITY			
Unreserved (deficit)	7,842,669	326,231	8,168,900
Total liabilities and project equity	\$ 8,019,272	\$ 326,231	\$ 8,345,503
OUTSTANDING DEBT (long-term)			\$ 94,700,000

STATE BUILDING AUTHORITY
2007 Multi-Modal Revenue Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 13,653	\$ 4,789	\$ 18,442
Lease revenue	7,172,004		7,172,004
Other revenue			0
Total revenues	\$ 7,185,657	\$ 4,789	\$ 7,190,446
Expenditures			
Current - general government	\$ 632,192	\$ 16,706	\$ 648,898
Capital outlay		804,641	804,641
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	1,800,000		1,800,000
Interest and fiscal charges	979,627		979,627
Debt issuance costs			0
Total expenditures	\$ 3,411,820	\$ 821,347	\$ 4,233,166
Revenues over (under) expenditures	\$ 3,773,837	\$ (816,557)	\$ 2,957,280
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued			0
Premium on refunding debt			0
Discount on refunding debt			0
Payment to refunding escrow agent			0
Transfers from other funds			0
Transfers to other funds	(4,406)		(4,406)
Total other financing sources (uses)	\$ (4,406)	\$ 0	\$ (4,406)
Net change in project equity	\$ 3,769,431	\$ (816,557)	\$ 2,952,874
Project equity (deficit)			
Beginning of fiscal year	4,073,238	1,142,788	5,216,026
End of fiscal year	\$ 7,842,669	\$ 326,231	\$ 8,168,900

STATE BUILDING AUTHORITY
 2008 Revenue and Revenue Refunding Bonds, Series I
 Project Balance Sheet
 As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 8,656,445	\$ 4,891,223	\$ 13,547,668
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 8,656,445	\$ 4,891,223	\$ 13,547,668
 LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$	\$	\$ 0
Due to State of Michigan		471,236	471,236
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 0	\$ 471,236	\$ 471,236
 PROJECT EQUITY			
Unreserved (deficit)	8,656,445	4,419,987	13,076,432
Total liabilities and project equity	\$ 8,656,445	\$ 4,891,223	\$ 13,547,668
 OUTSTANDING DEBT (long-term)			 \$ 192,275,000

STATE BUILDING AUTHORITY
2008 Revenue and Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$ 244,441	\$ 18,474	\$ 262,915
Lease revenue	9,528,330		9,528,330
Other revenue			0
Total revenues	\$ 9,772,771	\$ 18,474	\$ 9,791,245
Expenditures			
Current - general government	\$ 75,685	\$ 113,670	\$ 189,355
Capital outlay		4,170,216	4,170,216
Capital outlay reimbursed to State of Michigan		525,305	525,305
Debt service:			
Principal	738,357		738,357
Interest and fiscal charges	4,505,940		4,505,940
Debt issuance costs	396,270	1,223,716	1,619,986
Total expenditures	\$ 5,716,252	\$ 6,032,907	\$ 11,749,159
Revenues over (under) expenditures	\$ 4,056,518	\$ (6,014,433)	\$ (1,957,915)
Other financing sources (uses)			
Long-term debt issued	\$	\$ 145,701,549	\$ 145,701,549
Discount on bonds issued		(635,495)	(635,495)
Refunding debt issued	46,573,451		46,573,451
Premium on refunding debt			0
Discount on refunding debt	(203,136)		(203,136)
Payment to refunding escrow agent	(45,974,045)		(45,974,045)
Transfers from other funds	1,827,932	429,594	2,257,526
Transfers to other funds	2,375,725	(135,061,228)	(132,685,504)
Total other financing sources (uses)	\$ 4,599,927	\$ 10,434,420	\$ 15,034,347
Net change in project equity	\$ 8,656,445	\$ 4,419,987	\$ 13,076,432
Project equity (deficit)			
Beginning of fiscal year			0
End of fiscal year	\$ 8,656,445	\$ 4,419,987	\$ 13,076,432

STATE BUILDING AUTHORITY
2009 Revenue Refunding Bonds, Series I
Project Balance Sheet
As of September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
ASSETS			
Current assets			
Investments	\$ 6,498,940	\$	\$ 6,498,940
Accrued interest receivable			0
Due from State of Michigan			0
Total assets	\$ 6,498,940	\$ 0	\$ 6,498,940
 LIABILITIES			
Current liabilities			
Accounts payable and other liabilities	\$ 58,319	\$	\$ 58,319
Due to State of Michigan			0
Accrued interest payable			0
Short-term debt			0
Total liabilities	\$ 58,319	\$ 0	\$ 58,319
 PROJECT EQUITY			
Unreserved (deficit)	6,440,621		6,440,621
Total liabilities and project equity	\$ 6,498,940	\$ 0	\$ 6,498,940
 OUTSTANDING DEBT (long-term)			\$ 222,080,000

STATE BUILDING AUTHORITY
2009 Revenue Refunding Bonds, Series I
Schedule of Project Revenues, Expenditures, and Changes in Project Equity
For the Fiscal Year Ended September 30, 2009

	Debt Service Activities	Capital Projects Activities	Total
Revenues			
Investment income	\$	\$	\$ 0
Lease revenue	1,541,315		1,541,315
Other revenue			0
	<hr/>	<hr/>	<hr/>
Total revenues	\$ 1,541,315	\$ 0	\$ 1,541,315
Expenditures			
Current - general government	\$	\$	\$ 0
Capital outlay			0
Capital outlay reimbursed to State of Michigan			0
Debt service:			
Principal	20,310,638		20,310,638
Interest and fiscal charges			0
Debt issuance costs	2,340,753		2,340,753
	<hr/>	<hr/>	<hr/>
Total expenditures	\$ 22,651,390	\$ 0	\$ 22,651,390
Revenues over (under) expenditures	<hr/>	<hr/>	<hr/>
	\$ (21,110,075)	\$ 0	\$ (21,110,075)
Other financing sources (uses)			
Long-term debt issued	\$	\$	\$ 0
Discount on bonds issued			0
Refunding debt issued	222,080,000		222,080,000
Premium on refunding debt	6,134,583		6,134,583
Discount on refunding debt			0
Payment to refunding escrow agent	(225,873,831)		(225,873,831)
Transfers from other funds			0
Transfers to other funds	25,209,944		25,209,944
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	\$ 27,550,696	\$ 0	\$ 27,550,696
Net change in project equity	\$ 6,440,621	\$	\$ 6,440,621
Project equity (deficit)			
Beginning of fiscal year	<hr/>	<hr/>	<hr/>
	0		0
End of fiscal year	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 6,440,621	\$ 0	\$ 6,440,621

STATE BUILDING AUTHORITY
Schedule of Bonds Payable,
Including Mandatory Redemption Provisions
September 30, 2009
(In Thousands)

Fiscal Year Ending September 30	2001 Series I Refunding	2003 Series I Refunding	2003 Series II Refunding	2004 Series I Refunding	2005 Series I Refunding	2005 Series II Refunding
2010	\$ 14,015	\$ 46,305	\$	\$ 11,455	\$ 7,065	\$ 2,090
2011	13,945	48,620		11,915	7,315	2,805
2012	14,715	51,050		12,525	7,665	3,690
2013	15,525	53,730		13,180	6,115	3,835
2014	16,375	56,550		13,830	6,420	4,395
2015	17,280	59,520		14,560	6,740	5,020
2016	18,230	62,645		15,330	7,075	5,700
2017	19,230	53,500		7,485	7,430	6,430
2018	20,290	8,950		3,960	7,800	6,750
2019	21,405			4,140	8,190	7,090
2020	22,580			1,085	8,600	7,445
2021	23,825				9,030	7,815
2022	25,045				9,485	8,205
2023	27,930		18,825		9,960	8,615
2024	29,325		19,765		10,455	9,045
2025	10,610		20,755		10,975	9,500
2026	7,915		21,790		11,855	9,975
2027			22,880		12,805	10,470
2028			24,025		13,825	10,995
2029			25,225		14,935	11,545
2030			21,265		16,130	12,125
2031					16,940	12,730
2032					17,790	13,365
2033					18,680	14,035
2034					17,970	14,735
2035						15,470
2036						12,875
2037						2,230
2038						
2039						
2040						
2041						
2042						
2043						
	<u>\$ 318,240</u>	<u>\$ 440,870</u>	<u>\$ 174,530</u>	<u>\$ 109,465</u>	<u>\$ 271,250</u>	<u>\$ 238,980</u>

* The bonds payable for 2006 Series IA includes the fully accreted values related to its capital appreciation bonds.

2006 Series IA Refunding*	2006 Series IB Refunding	2007 Series I Multi-Modal	2008 Series I Refunding	2009 Series I Refunding	Totals
\$	\$ 2,585	\$	\$	\$ 12,670	\$ 96,185
	2,715		1,670	8,690	97,675
	2,860		1,720	9,095	103,320
	3,010		1,790	9,525	106,710
3,065	110		1,855	9,985	112,585
3,175			1,935	10,480	118,710
3,175			2,035	10,985	125,175
14,615			3,130	11,535	123,355
23,935			41,325	12,110	125,120
75,420			1,530	12,720	130,495
75,420			1,610	13,350	130,090
75,420			1,695	14,015	131,800
75,420				15,105	133,260
56,595				15,765	137,690
56,595				16,595	141,780
56,595				17,425	125,860
56,595				18,340	126,470
56,595				3,690	106,440
56,595		3,895			109,335
56,595		2,150			110,450
61,820		3,000			114,340
84,145		3,100			116,915
84,145		3,000			118,300
85,660		3,000			121,375
67,275					99,980
68,265					83,735
71,675					84,550
61,280			12,110		75,620
			70,595		70,595
			49,275		49,275
		26,785			26,785
		37,885			37,885
					0
		11,885			11,885
<u>\$ 1,330,075</u>	<u>\$ 11,280</u>	<u>\$ 94,700</u>	<u>\$ 192,275</u>	<u>\$ 222,080</u>	<u>\$ 3,403,745</u>

GLOSSARY

Glossary of Acronyms and Terms

financial audit	An audit that is designed to provide reasonable assurance about whether the financial schedules and/or financial statements of an audited entity are presented fairly in all material respects in conformity with the disclosed basis of accounting.
GASB	Governmental Accounting Standards Board.
internal control	A process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.
material misstatement	A misstatement in the financial schedules and/or financial statements that causes the schedules and/or statements to not present fairly the financial position or the changes in financial position or cash flows in conformity with the disclosed basis of accounting.
<i>SOMCAFR</i>	<i>State of Michigan Comprehensive Annual Financial Report.</i>
unqualified opinion	An auditor's opinion in which the auditor states that: a. The financial schedules and/or financial statements presenting the basic financial information of the audited agency are fairly presented in conformity with the disclosed basis of accounting; or

- b. The financial schedules and/or financial statements presenting supplemental financial information are fairly stated in relation to the basic financial schedules and/or financial statements. In issuing an "in relation to" opinion, the auditor has applied auditing procedures to the supplemental financial schedules and/or financial statements to the extent necessary to form an opinion on the basic financial schedules and/or financial statements, but did not apply auditing procedures to the extent that would be necessary to express an opinion on the supplemental financial schedules and/or financial statements taken by themselves.

