

# Michigan Liquid Asset Fund Plus



*Annual Report*  
*September 30, 2009*



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*This information does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the investment objectives, risks, charges and expenses before investing in any of the Fund's series. This and other information about the Fund's series is available in the Fund's current Information Statement, which should be read carefully before investing. A copy of the Fund's Information Statement may be obtained by calling 1-877-GO-MILAF or is available on the Fund's website at [www.milaf.org](http://www.milaf.org). While the MILAF+ Cash Management Class and Max Class seek to maintain a stable net asset value of \$1.00 per share and the MILAF+ TERM series seek to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Fund. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Fund's portfolios are distributed by **PFM Fund Distributors, Inc.**, member Financial Industry Regulatory Authority (FINRA) ([www.finra.org](http://www.finra.org)). PFM Fund Distributors, Inc. is a wholly owned subsidiary of PFM Asset Management LLC. Member SIPC.*

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# Message from the Chairperson of the Board of Trustees

Dear MILAF+ Participant,

On behalf of the Board of Trustees of the Michigan Liquid Asset Fund Plus ("MILAF+" or "the Fund"), the Trustees are pleased to share with you the Fund's annual report for the fiscal year ended September 30, 2009.

Since it began in 1987, the Fund has been providing cash management and investment services tailored to the unique needs of participating Michigan school districts and municipalities. The combination of the MILAF+ Term series with the Cash Management and MAX Classes of the MILAF+ Portfolio provides Participants with various investment options within the Fund that give Participants the opportunity to maximize earnings while maintaining safety of principal as an investment priority.

The past year has been one of the most challenging times in the history of the Fund as a result of the credit crisis and other turmoil in the financial markets. However, the Fund's primary objective has been – and remains – safety of principal and the Fund has steadfastly maintained this focus over the past year. The Fund's MILAF+ Portfolio and MILAF Term series continue to hold AAAM and AAAF ratings, respectively, from Standard & Poor's ("S&P"). These ratings are a testament to the paramount importance of adhering to the Fund's overall objective of safety of principal and not chasing more risky investments which could leave the Fund's assets exposed to losses.

In spite of difficult market conditions and historically low interest rate environment, participation in the Fund remains high. The MILAF+ Portfolio had a 34% increase in net assets from September 30, 2008 to September 30, 2009, and reached a high point of over \$1.4 billion in April 2009. In addition, the Fund has also built upon the MILAF+ Term series which was launched in 2005. Included in this annual report are the results of MILAF+ Term Series G, which received over \$52 million in shareholder investments before it ended September 30, 2009. So despite the challenges of the current investing market, Fund participation remains strong.

As a Participant in MILAF+, you also have convenient access to your account information 24 hours a day, seven days a week through EON (Easy Online Network). This service provided by the Fund's Administrator allows Participants access to downloadable check details, customized reports, up-to-the-minute online account balances and consolidated online electronic statements. Participants also are able to initiate transactions online up to six months in advance and can view current and previous monthly account statements and current yield information.

The Fund's Trustees and all of those associated with MILAF+ look forward to continuing to find ways to serve you better. We pledge we will continue to work hard to maintain the safety of your investments while maximizing return and ensuring liquidity. Please feel free to contact us with any questions or concerns you may have.

Sincerely,

Mary A. Reynolds, Chairperson of the MILAF+ Board of Trustees and  
Executive Director of Business Services, Farmington Public Schools

## Message from the Investment Adviser

Despite the challenges faced by the financial markets and the broader U.S. economy in the past 12 months, we are happy to report the MILAF+ Portfolio (the "Fund") performed exceedingly well. The safety of underlying investments was never in question, the net asset value of shares remained stable, and MILAF+ also provided competitive yields and liquidity to its investors.

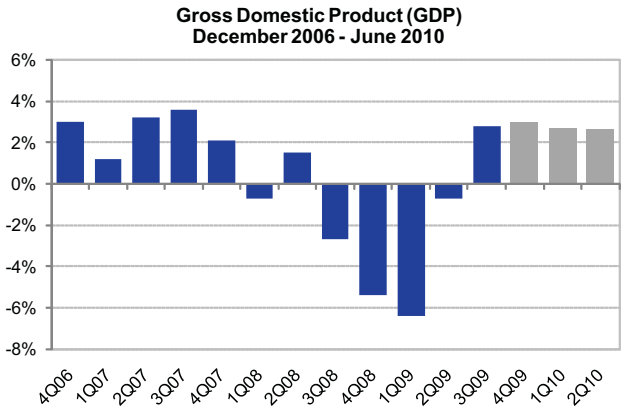
We have utilized several different strategies throughout the year in order to effectively manage the Fund. In the second half of 2008 we extended the Fund's average maturity as a defensive measure anticipating lower yields; this enabled the Fund to take advantage of Federal Agency spreads before short-term rates reached historic lows. More recently, in order to offset the historically low yields on short-term securities, registered money market funds, and floating rate Federal Agency securities were utilized to add value without compromising safety or liquidity.

With short-term rates at or near zero and massive government intervention in the markets, the U.S. has shown signs of emerging from the worst economic dislocation in 80 years. Third quarter GDP rebounded by an annualized 2.8%, after declining by only 0.7% in the second quarter. The return to growth after a yearlong contraction provided relief as government incentives spurred consumers to spend more on homes and cars.

Year-over-year figures improved as real GDP fell by 2.4% after contracting by 3.8% in the second quarter. As shown in the chart above, many economists are forecasting GDP will continue modest growth for the next few quarters.

Despite a solid third quarter and the prospect for continued improvement in the economy, the pace of recovery is expected to be weak when compared to past recoveries and interest rates are likely to remain abnormally low for an extended time. Market experts are questioning the speed of recovery in the face of high unemployment and a continued heavy reliance on governmental support.

Since the recession began, over seven million U.S. jobs have been lost, which has pushed unemployment to its highest level since 1983. High levels of unemployment coupled with economic uncertainty have led to reductions in consumer spending and an increase in savings. The savings rate increased steeply when the economy faltered in 2008, demonstrating that consumers would boost savings to ride out the recession. The coincidence of a rising savings rate and abrupt drop off in retail sales contributed to the economic downturn. Since the consumer accounts for more than 70% of U.S. GDP, lower



\* GDP for the fourth quarter of 2009 through the second quarter of 2010 are economists' estimates based on the November 2009 Bloomberg survey.

spending is a drag on the entire economy.

In recent months, the Federal Reserve ("Fed") extended the use of some the tools it applied last year to help guide the economy into recovery. The Fed has continued to maintain an extraordinarily low level of the Federal Funds rate. Further, although the Fed completed its purchase of \$300 billion of Treasury securities in October, it will continue to provide support for mortgage lending and the housing sector by purchasing a total of \$1.25 trillion of agency mortgage-backed securities and \$175 billion of agency debt through the first quarter of 2010. Indeed, despite inflation concerns and recent increases in long-term rates, the Fed has maintained its stance that supporting the economy should be its primary objective.

The worst of the recession and financial market disruption is likely behind us, although it is not clear how strong the upward trend will be. Until there is substantial improvement in the economy, it is expected that short-term rates will remain near zero. In light of this, we will continue to maintain the Fund's maturity toward the maximum level that is prudent and use non-traditional tools to manage the Fund including government supported corporate debt and money market funds.

We understand that these are tough times for our Participants and we thank you for doing business with us. We look forward to continuing to work with our Participants to develop and implement effective investment strategies to meet your investment objectives.

Respectfully,

PFM Asset Management LLC  
November 30, 2009

## About MILAF+

The Michigan Liquid Asset Fund Plus ("MILAF+" or "the Fund") was established on May 22, 1987 as a common law trust organized in accordance with the school code of the State of Michigan and the Urban Cooperation Act. It was created to provide professional investment services to Michigan school districts and municipalities at a reasonable cost. The Fund offers its Participants multiple professionally managed portfolios which offer competitive money market rates. The Fund stresses "safety of principal" as the number one objective and each of its portfolios are rated by Standard and Poor's. Additional fixed income investment products are available through the Investment Adviser to assist MILAF+ Participants in seeking to maximize results.

### Public Focus

Since it was established, the Fund's single focus has been serving the investment needs of its Participants. The Fund's activities are directed by a Board of Trustees, all of whom are financial or management officials of Michigan schools, municipalities or associations thereof. The MILAF+ Board of Trustees contracts for services with professional service providers who are industry leaders in their fields. As a result, the Fund is accountable solely to its Participants.

### Investment Options

Currently, MILAF+ offers Participants the Cash Management Class and the MAX Class of the MILAF+ Portfolio, a short-term money market fund rated AAAm\* by Standard & Poor's, and also MILAF+ Term, which offers Participants fixed-term investments with a minimum maturity of 60 days to a maximum maturity of up to one year and is rated AA Af\* by Standard and Poor's. Additionally, fixed-term investments and individually managed portfolios, which are not a part of the Fund, are available under a separate agreement with the Fund's Investment Adviser.

#### The Cash Management Class

The Cash Management Class of the MILAF+ Portfolio seeks to preserve principal, provide daily liquidity and earn a high level of income, consistent with its objectives of preserving principal. This class offers Participants daily liquidity, interest earned daily and credited monthly, competitive money market rates and unlimited check writing privileges.

#### The MAX Class

The Max Class of the MILAF+ Portfolio seeks to preserve principal, but provide Participants an alternative for funds which don't need to be as liquid as those in the Cash Management Class.

#### MILAF+ TERM

MILAF+ Term provides a fixed-rate, fixed-term investment option within the Fund to complement the Cash Management and MAX Classes of the MILAF+ Portfolio. Projected earnings rate is determined when the shares are purchased and earnings are declared and paid on a planned withdrawal date. Multiple MILAF+ Term series will

be created with staggered maturity dates. Each Series of MILAF+ Term is a portfolio of Permitted Investments and will have a Series-specific Scheduled Withdrawal Date. The investment strategy of MILAF+ Term is to match the cash flows required to meet Participants' planned withdrawals, including the projected earnings, with the cash flows from the portfolio. Funds of a Participant would be invested in MILAF+ Term through same day wire or transfers from the Participant's account in the Cash Management Class. Upon withdrawal of a MILAF+ Term investment, funds will be transferred to the Participant's account in the Cash Management Class or upon the request of a Participant, transferred by bank wire to a pre-authorized Participant bank account.

### **Fixed Income Investment Program**

The Board of Trustees has approved the Investment Adviser making available to Participants a fixed income investment program. This program will allow Participants to individually invest in securities issued by the United States Government or agencies or instrumentalities thereof, certificates of deposit (CDs) and other fixed income investments permitted by Michigan law. The Investment Adviser will offer investment advice on a non-discretionary basis and assist Participants in the purchase of these investments for an advisory fee, based upon factors such as the amount and complexity of the transaction. The CDs available through this program are usually issued in denominations up to the maximum amount insured by the FDIC and are not held as a part of the Fund, and, within the limits and to the extent of insurance provided by the FDIC, may be separately insured by the FDIC from any certificates of deposit which may be held by the Fund.

### **Individually Managed Portfolios**

Individualized portfolios ("Individual Portfolios") are designed to offer Participants a comprehensive solution to their investment needs and enable them to invest in longer-term investments in a manner that is coordinated by the Investment Adviser with their investment in the Fund. The portfolios are created pursuant to a separate agreement between a Participant and the Fund's Investment Adviser. The Investment Adviser has agreed with the Fund that fees for these programs shall not exceed 25 basis points (0.25%) of the daily net assets under management in each respective portfolio. The Custodian will hold assets in an Individual Portfolio in a separate account in the Participant's name. Individual Portfolios may be appropriate for certain operating funds and reserves ("Separate Account Management") or for bond proceeds ("Bond Account Management"), as further described below:

**Separate Account Management (SAM)** In the SAM program, the Investment Adviser works with each Participant to create a comprehensive investment strategy and individualized portfolio of fixed income investments for that Participant. Each SAM account is created by the Investment Adviser following a review of budget and cash flow projections and schedules. SAM accounts can be managed on either a discretionary or non-discretionary basis. Participants participating in the SAM program may receive a cash flow review, investment policy review and assistance in determining acceptable benchmarks, in addition to other cash management services (during the term of the investment advisory agreement).

**Bond Account Management (BAM)** In the BAM program, the Investment Adviser works closely with the Participant to create a comprehensive investment strategy and portfolio for the Participant while focusing on the project's disbursement needs for the bond financed project. In addition, the Investment Adviser offers arbitrage rebate services, investment policy review and development, cash flow modeling, and cash management services.

## Services

To simplify investing, MILAF+ also offers a variety of cash management tools to assist Michigan school districts and municipalities in effectively managing their cash, such as automatic transfers, which help Participants minimize the effort of transferring funds. MILAF+ also provides unlimited sub-accounting, which allows Participants to easily track investments for different funds or entities. As a Participant in MILAF+, you may access your account information 24 hours a day, seven days a week through EON. This on-line service provided by the Investment Adviser offers complete, up-to-date account and investment information, pertinent general information, transaction input up to six months in advance, current and previous monthly statements, and current yield information. MILAF+'s Investment Adviser also provides a number of specialized services for bond proceeds to help Participants comply with complex arbitrage rebate regulations. These services include expenditure tests and arbitrage rebate tracking.

## We Value Your Participation

The Board of Trustees is committed to managing the Fund in a manner that meets the investment and associated record-keeping and cash management needs of its Participants. We are interested in your feedback. For additional information, please call us at 1-877-GO-MILAF or visit us online at [www.milaf.org](http://www.milaf.org).

*\* The rating is based on Standard & Poor's ("S&P") analysis of the Funds' credit quality, market price exposure and management. According to S&P rating criteria, the AAAM rating signifies excellent safety of invested principal and a superior capacity to maintain a \$1.00 per share net asset value and the AAAF rating that a fund's portfolio holdings provide extremely strong protection against losses from credit defaults. However, it should be understood that these ratings are not a "market" rating or a recommendation to buy, hold or sell the securities.*

## Report of Independent Auditors

To the Board of Trustees and Participants of the  
Michigan Liquid Asset Fund Plus

In our opinion, the accompanying statements of assets and liabilities of the MILAF + Portfolio and Term Series G of the Michigan Liquid Asset Fund Plus (collectively, the “Funds”), including the schedule of investments of the MILAF+ Portfolio, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of the Funds at September 30, 2009, and the results of each of their operations, the changes in each of their net assets and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as the “financial statements”) are the responsibility of the Funds’ management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America. 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.



New York, New York  
January 21, 2010

# MILAF+ Portfolio

## Statement of Assets and Liabilities

September 30, 2009

<b>Assets</b>	
Investments .....	\$1,221,700,168
Cash .....	14,000,463
Pending redemptions .....	4,033
Interest receivable .....	1,497,111
<i>Total assets.</i> .....	<u>1,237,201,775</u>
<b>Liabilities</b>	
Subscriptions received in advance .....	12,984,884
Payable for securities purchased but not yet received .....	9,999,300
Investment advisory fees payable .....	74,776
Administration fees payable	
Cash Management Class .....	13,215
MAX Class .....	73,995
Marketing fees payable	
Cash Management Class .....	6,633
MAX Class .....	35,094
Consulting fees payable	
Cash Management Class .....	2,082
MAX Class .....	46,633
Audit fees payable .....	34,400
Legal fees payable .....	1,465
Other expenses payable .....	45,030
<i>Total liabilities.</i> .....	<u>23,317,507</u>
<b>Net Assets</b> .....	<u>\$1,213,884,268</u>
<b>Net Assets consist of:</b>	
Cash Management Class Shares (applicable to 236,471,607 outstanding shares of beneficial interest; unlimited shares authorized; equivalent to \$1.00 per share).....	236,471,607
MAX Class Shares (applicable to 977,412,661 outstanding shares of beneficial interest; unlimited shares authorized; equivalent to \$1.00 per share) .....	977,412,661

*The accompanying notes are an integral part of these financial statements.*

# MILAF+ Portfolio

## Schedule of Investments

September 30, 2009

		Par Amount	Value
<b>Bankers' Acceptances (1.89%)</b>			
Bank of America			
0.30%	12/2/09	\$ 3,366,000	\$ 3,364,261
US Bank			
0.25%	10/15/09	2,735,975	2,735,709
0.27%	11/3/09	2,853,455	2,852,749
0.26%	11/10/09	2,476,986	2,476,270
0.26%	11/16/09	1,203,307	1,202,907
0.27%	11/23/09	2,056,440	2,055,623
0.27%	11/30/09	3,089,545	3,088,155
0.27%	12/3/09	1,501,624	1,500,915
0.28%	12/10/09	978,908	978,375
0.27%	12/14/09	1,678,495	1,677,563
0.54%	2/16/10	1,173,399	1,170,970
<i>Total Bankers' Acceptances (Original Cost \$23,102,477)</i>			<u>23,103,497</u>
<b>U.S. Government Supported Corporate Debt (14.49%)</b>			
Bank of America			
1.37%	9/13/10	30,000,000	30,000,000
Citibank			
1.37%	3/30/11	8,000,000	8,000,000
Citigroup Funding, Inc.			
1.23%	7/30/10	15,000,000	15,005,888
General Electric Capital Corp.			
1.43%	3/11/11	10,000,000	10,000,000
Goldman Sachs			
1.40%	3/15/11	10,000,000	10,000,000
JP Morgan Chase & Co.			
1.33%	2/23/11	20,000,000	20,000,000
1.38%	4/1/11	15,000,000	15,000,000
Morgan Stanley			
1.27%	3/4/11	9,000,000	9,071,321
Straight-A Funding LLC			
0.24%	11/23/09	40,000,000	39,985,867
0.24%	12/1/09	20,000,000	19,991,866
<i>Total U.S. Government Supported Corporate Debt (Original Cost \$177,075,907)</i>			<u>177,054,942</u>
<b>Commercial Paper (29.78%)</b>			
Barclays US Funding LLC			
0.67%	2/19/10	35,000,000	34,908,644
0.58%	2/26/10	5,000,000	4,988,078
BNP Paribas Finance Inc.			
0.33%	10/22/09	50,000,000	49,990,375
0.35%	2/26/10	10,000,000	9,985,611

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

# MILAF+ Portfolio

## Schedule of Investments (continued)

September 30, 2009

	Par Amount	Value
<b>Commercial Paper (29.78%) (continued)</b>		
CBA (DE) Finance Corp.		
0.15% 10/6/09 .....	\$ 15,000,000	\$ 14,999,687
0.24% 12/15/09 .....	10,000,000	9,995,000
0.30% 2/23/10 .....	10,000,000	9,987,917
Deutsche Bank		
0.28% 11/16/09 .....	30,000,000	29,989,267
General Electric Capital Corp.		
0.29% 10/19/09 .....	15,000,000	14,997,825
0.32% 11/17/09 .....	20,000,000	19,991,644
0.35% 2/24/10 .....	10,000,000	9,985,805
Rabobank USA Finance		
0.15% 10/16/09 .....	25,000,000	24,998,437
0.33% 3/10/10 .....	7,000,000	6,989,733
Societe Generale		
0.26% 11/13/09 .....	5,000,000	4,998,447
0.29% 11/23/09 .....	55,000,000	54,976,518
Svenska Handelsbanken, Inc.		
0.34% 10/2/09 .....	32,000,000	31,999,698
0.26% 11/25/09 .....	5,000,000	4,998,014
Toronto Dominion Corp.		
0.25% 1/6/10 .....	25,000,000	24,983,160
<i>Total Commercial Paper (Original Cost \$363,606,061)</i> .....		<u>363,763,860</u>
<b>Money Market Funds (13.45%)</b>		
Fidelity Institutional Money Market Government Portfolio, Class I		
0.09% 10/1/09 .....	164,350,000	164,350,000
<i>Total Money Market Funds (Original Cost \$164,350,000)</i> .....		<u>164,350,000</u>
<b>U.S. Government and Agency Obligations (39.16%)</b>		
Fannie Mae Mortgage-Backed Security Discount Note		
0.30% 11/2/09 .....	16,750,000	16,745,533
Fannie Mae Notes		
0.39% 10/14/09 .....	50,000,000	50,001,617
0.52% 3/12/10 .....	7,339,000	7,476,408
0.66% 7/12/10 .....	10,000,000	10,181,465
0.62% 10/22/10 .....	20,000,000	20,000,000
Federal Farm Credit Bank Notes		
0.86% 12/22/09 .....	10,000,000	10,000,000
0.26% 11/3/10 .....	15,000,000	15,000,000
Federal Home Loan Bank Discount Note		
0.86% 1/11/10 .....	5,000,000	4,987,959

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

# MILAF+ Portfolio

## Schedule of Investments (continued)

September 30, 2009

	Par Amount	Value
<b>U.S. Government and Agency Obligations (39.16%) (continued)</b>		
Federal Home Loan Bank Notes		
0.54% 10/5/09 .....	\$ 30,000,000	\$ 30,000,000
0.73% 10/13/09 .....	5,000,000	5,000,000
2.07% 11/20/09 .....	7,500,000	7,500,577
0.94% 1/26/10 .....	15,000,000	14,996,635
1.13% 2/18/10 .....	10,000,000	9,996,068
0.83% 2/23/10 .....	20,000,000	20,000,000
1.04% 3/2/10 .....	10,000,000	9,998,414
0.48% 3/12/10 .....	10,000,000	10,195,036
1.01% 4/1/10 .....	15,000,000	14,995,444
0.54% 5/5/10 .....	20,000,000	20,000,000
0.82% 5/14/10 .....	15,000,000	15,625,748
0.86% 5/17/10 .....	15,000,000	14,994,222
0.56% 9/17/10 .....	13,000,000	13,005,233
Federal Home Loan Bank Notes (Callable)		
0.70% 6/25/10 .....	5,000,000	5,000,000
0.56% 10/5/10 .....	10,000,000	9,999,300
Freddie Mac Notes		
0.81% 12/2/09 .....	3,000,000	3,010,474
0.30% 12/15/09 .....	10,000,000	10,075,687
0.56% 1/8/10 .....	50,000,000	50,000,000
0.66% 1/22/10 .....	50,000,000	50,000,000
0.28% 3/1/10 .....	4,343,000	4,416,977
0.38% 3/9/11 .....	10,000,000	10,000,000
0.61% 4/7/11 .....	10,000,000	10,001,739
US Treasury Notes		
0.60% 8/15/10 .....	5,000,000	5,223,333
<i>Total U.S. Government and Agency Obligations (Original Cost \$479,282,637) . . . .</i>		<u>478,427,869</u>
<b>REPURCHASE AGREEMENTS (1.23%)</b>		
Bank of America		
0.03% 10/1/09 .....	15,000,000	15,000,000
<i>(Dated 9/30/09, repurchase price \$15,000,013, Collateralized by Fannie Mae Securities, 4.5%, maturing 8/1/39, market value \$15,300,013)</i>		
<i>Total Repurchase Agreements (Original Cost \$15,000,000) . . . . .</i>		<u>15,000,000</u>
<b>Total Investments (100.00%) (Original Cost \$1,222,417,082) . . . . .</b>		<b>\$1,221,700,168</b>

(1) Floating Rate Note, rate shown is that which was in effect at September 30, 2009.  
The accompanying notes are an integral part of these financial statements.

# MILAF+ Portfolio

## Statement of Operations

Year Ended September 30, 2009

<b>Investment Income</b>	
Interest income .....	\$ 12,366,104
Total investment income .....	12,366,104
<b>Expenses</b>	
Investment advisory fees .....	810,985
Administration fees	
Cash Management Class .....	373,713
MAX Class .....	774,333
Marketing fees	
Cash Management Class .....	81,548
MAX Class .....	352,521
Consulting fees	
Cash Management Class .....	181,896
MAX Class .....	480,792
Banking fees	
Cash Management Class .....	364,716
MAX Class .....	45,714
Audit fees .....	34,400
Insurance premiums .....	13,234
Legal fees .....	39,474
Other expenses .....	34,159
<i>Total expenses</i> .....	3,587,485
Less: Fee Waivers by Administrator .....	(76,645)
Fee Waivers by Consultants .....	(57,484)
Expenses Paid Indirectly .....	(199,310)
<i>Net Expenses</i> .....	3,254,046
<b>Net Investment Income</b> .....	9,112,058
<b>Net Realized Gain on Investment Securities Sold</b> .....	281,796
<b>Net Increase in Net Assets Resulting from Operations</b> .....	\$ 9,393,854

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

# MILAF+ Portfolio

## Statements of Changes in Net Assets

	Year Ended September 30,	
	2009	2008
<b>INCREASE (DECREASE) IN NET ASSETS</b>		
<b>Operations</b>		
Net investment income	\$ 9,112,058	\$ 28,222,439
Realized net gain on investment securities sold	281,796	109,831
<i>Net increase in net assets</i>	<u>9,393,854</u>	<u>28,332,270</u>
<b>Distributions</b>		
Net investment income, net of realized gain on investment securities sold		
Cash Management Class	(1,589,228)	(6,642,981)
MAX Class	(7,804,626)	(21,689,289)
<i>Total distributions</i>	<u>(9,393,854)</u>	<u>(28,332,270)</u>
<b>Capital Share Transactions (at \$1.00 per share)</b>		
Issued		
Cash Management Class	4,024,188,017	4,506,358,553
MAX Class	4,314,033,185	3,970,808,217
<i>Total shares issued</i>	<u>8,338,221,202</u>	<u>8,477,166,770</u>
Redeemed		
Cash Management Class	(3,996,726,535)	(4,532,755,632)
MAX Class	(4,038,440,304)	(3,762,549,056)
<i>Total shares redeemed</i>	<u>(8,035,166,839)</u>	<u>(8,295,304,688)</u>
Distributions reinvested		
Cash Management Class	1,589,228	6,642,981
MAX Class	7,804,626	21,689,289
<i>Total distributions reinvested</i>	<u>9,393,854</u>	<u>28,332,270</u>
<i>Net increase from capital share transactions</i>	<u>312,448,217</u>	<u>210,194,352</u>
<b>Net Assets</b>		
Beginning of year	901,436,051	691,241,699
End of year	<u>\$1,213,884,268</u>	<u>\$ 901,436,051</u>

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

# MILAF+ Portfolio

## Financial Highlights

For a Share Outstanding Throughout the Period

### Cash Management Class

	Year Ended September 30,				
	2009	2008	2007	2006	2005
Net asset value, beginning of period . . . . .	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Income from operations					
Net investment income . . . . .	0.007	0.031	0.048	0.042	0.021
Total from operations . . . . .	0.007	0.031	0.048	0.042	0.021
Less: Distributions					
Net investment income . . . . .	(0.007)	(0.031)	(0.048)	(0.042)	(0.021)
Total distributions . . . . .	(0.007)	(0.031)	(0.048)	(0.042)	(0.021)
Net asset value, end of period . . . . .	\$1.000	\$1.000	\$1.000	\$1.000	\$1.000
Total return . . . . .	0.73%	3.14%	4.91%	4.27%	2.16%
Ratios/Supplemental Data					
Net assets, end of year(000) . . . . .	\$236,471	\$207,421	\$227,175	\$288,389	\$216,932
Ratio of expenses to average net assets before fee waivers and expenses paid indirectly . . . . .	0.59%	0.56%	0.57% <sup>(1)</sup>	0.55% <sup>(1)</sup>	0.54% <sup>(1)</sup>
Ratio of expenses to average net assets after fee waivers and expenses paid indirectly . . . . .	0.51%	0.56%	0.57% <sup>(1)</sup>	0.55% <sup>(1)</sup>	0.54% <sup>(1)</sup>
Ratio of net investment income to average net assets before fee waivers and expenses paid indirectly . . . . .	0.67%	3.03%	4.71%	4.22%	2.15%
Ratio of net investment income to average net assets after fee waivers and expenses paid indirectly . . . . .	0.75%	3.03%	4.71%	4.22%	2.15%

(1) For the period October 1, 1999 through October 31, 2006, the Cash Management Class of the MILAF+ Portfolio pursued its investment objective by investing in the Cadre Institutional Investors Trust Money Market Portfolio (the "CIIT Portfolio"). The expense ratios shown above during this period include the expenses of the CIIT Portfolio which were allocated to the Cash Management Class.

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

# MILAF+ Portfolio

## Financial Highlights

For a Share Outstanding Throughout the Period

### MAX Class

	Year Ended September 30, 2009	September 30, 2008	November 1, 2006 <sup>(1)</sup> through September 30, 2007
<b>Net asset value,</b>			
beginning of period . . . . .	\$1.000	\$1.000	\$1.000
<b>Income from operations</b>			
Net investment income . . . . .	0.010	0.034	0.046
Total from operations . . . . .	0.010	0.034	0.046
<b>Less: Distributions</b>			
Net investment income . . . . .	(0.010)	(0.034)	(0.046)
Total distributions . . . . .	(0.010)	(0.034)	(0.046)
<b>Net asset value,</b>			
end of period . . . . .	<b>\$1.000</b>	<b>\$1.000</b>	<b>\$1.000</b>
Total return . . . . .	0.98%	3.42%	4.72% <sup>(3)</sup>
<b>Ratios/Supplemental Data</b>			
Net assets, end of year(000) . . . . .	\$977,413	\$694,015	\$464,067
Ratio of expenses to average net assets before fee waivers and expenses paid indirectly . . . . .	0.27%	0.29%	0.32% <sup>(2)</sup>
Ratio of expenses to average net assets after fee waivers and expenses paid indirectly . . . . .	0.25%	0.29%	0.32% <sup>(2)</sup>
Ratio of net investment income to average net assets before fee waivers and expenses paid indirectly . . . . .	0.85%	3.19%	5.08% <sup>(2)</sup>
Ratio of net investment income to average net assets after fee waivers and expenses paid indirectly . . . . .	0.87%	3.19%	5.08% <sup>(2)</sup>

(1) Date of commencement of operations.

(2) Annualized.

(3) Unannualized.

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

# MILAF+ Term Series G

## Statement of Assets and Liabilities

September 30, 2009

<b>Assets</b>	
Cash .....	\$ 23,363
<b>Total assets</b> .....	<u>23,363</u>
<b>Liabilities</b>	
Investment advisory and administration fees payable .....	8,253
Audit fees payable .....	15,000
Other expenses payable .....	110
<b>Total liabilities</b> .....	<u>23,363</u>
<b>Net Assets</b> .....	<u>\$ -</u>

## Statement of Operations

Period August 13, 2008<sup>(1)</sup> through September 30, 2009

<b>Investment Income</b>	
Interest income .....	\$ 682,667
<b>Expenses</b>	
Investment advisory and administration fees .....	42,909
Banking fees .....	2,712
Legal fees .....	1,112
Audit fees .....	15,000
Trustee expenses .....	874
Liability insurance premiums .....	871
Rating fees .....	3,250
Total expenses .....	<u>66,728</u>
Less investment advisory and administration fee waivers .....	<u>(21,456)</u>
<b>Net expenses</b> .....	<u>45,272</u>
<b>Net Investment Income</b> .....	637,395
<b>Net Realized Gain on Sale of Investments</b> .....	52,303
<b>Net Increase in Net Assets Resulting from Operations</b> .....	<u>\$ 689,698</u>

(1) Date of commencement of operations.

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

# MILAF+ Term Series G

## Statement of Changes in Net Assets

Period August 13, 2008<sup>(1)</sup> through September 30, 2009

### INCREASE IN NET ASSETS

#### Operations

Net investment income	\$ 637,395
Net realized gain on sale of investments	52,303
<i>Net increase in net assets</i>	<u>689,698</u>

#### Distributions

Net investment income	(637,395)
Net realized gain on sale of investments	(52,303)
<i>Total distributions</i>	<u>(689,698)</u>

#### Capital Share Transactions

Issued	52,900,557
Redeemed	(53,590,255)
Distributions reinvested	689,698
<i>Net increase</i>	<u>—</u>

#### Net Assets

Beginning of period	—
End of period	<u>\$ —</u>

## Financial Highlights

Period August 13, 2008<sup>(1)</sup> through September 30, 2009

Ratio of expenses to average net assets after fee waivers <sup>(2)</sup>	0.16%
Ratio of expenses to average net assets before fee waivers <sup>(2)</sup>	0.23%
Ratio of net investment income to average net assets after fee waivers <sup>(2)</sup>	2.25%
Ratio of net investment income to average net assets before fee waivers <sup>(2)</sup>	2.18%
Total return <sup>(3)</sup>	<u>2.30%</u>

(1) Date of commencement of operations.

(2) Ratios are computed on an annual basis using the period during which shares of MILAF TERM Series G were outstanding. Shares of MILAF TERM Series G were outstanding from August 13, 2008 through September 30, 2009, a period of 414 days.

(3) Unannualized. Determined by geometrically linking period returns.

The financial highlights are calculated for the fund taken as a whole. The computation of such ratios and total return for an individual investor may vary based on the timing of capital transactions.

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

# Notes to Financial Statements

## 1. Description of the Fund

The Michigan Liquid Asset Fund Plus (“MILAF+”, or the “Fund”) was established on May 22, 1987 as a common law trust organized in accordance with the school code of the State of Michigan and the Urban Cooperation Act of 1967. Shares of the Fund are offered exclusively to Michigan School Districts and municipalities. The purpose of the Fund is to enable such districts to pool their available funds for investment. The Fund may only invest in instruments as authorized by Sections 622, 1221 and 1223 of the Michigan school code. In its original form, the Fund operated as a single liquid portfolio in a manner similar to a money market fund.

The Fund currently consists of the Cash Management and MAX Classes of the MILAF+ Portfolio and the MILAF+ TERM series. The MILAF+ Portfolio has a Cash Management Class of shares and a MAX Class of shares. These financial statements and related notes encompass only the MILAF+ Portfolio and MILAF+ Term Series G. The financial statements of each MILAF+ TERM Series are prepared following the termination date of each individual MILAF+ TERM series.

MILAF Term’s shares have termination dates of up to one year. Each Series of MILAF Term is a portfolio of Permitted Investments and will have a Series-specific termination date. Multiple MILAF Term Series are created with staggered maturity dates. MILAF Term offers its Participants an estimated yield on their investments when the shares are purchased. The investment strategy of MILAF Term is to match as closely as possible the cash flows required to meet Participants’ planned redemptions, including the projected dividend, with the cash flows from the portfolio. Consistent with this strategy, active trading of securities held by the portfolio will be practiced with the objective of enhancing the overall yield of the portfolio. A Participant only receives dividends from the investment of the MILAF Term Series in which it is invested. At the termination date of any MILAF Term Series, any excess net income of the Series may be distributed in the form of a supplemental dividend only to Participants of the Series that are outstanding on the termination date of the Series, and the excess net income will be allocated on a pro rata basis to all Participants then outstanding. The investment portfolio of each MILAF Term Series is accounted for independent of the investment portfolio of any other Series or portfolio of MILAF.

In the event a MILAF Term Series portfolio were to realize a loss (whether of principal or interest), no contribution would be made to such MILAF Term Series from any other Series or portfolio of MILAF to offset such loss. No Series would constitute security or collateral for any other Series or portfolio.

MILAF Term Series G terminated operations September 30, 2009. Shares of MILAF Term Series G were outstanding from August 13, 2008 through September 30, 2009.

## 2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements.

## Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

## Valuation of Investments

Portfolio securities are valued at amortized cost, which approximates market value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. It is the Fund’s policy to compare amortized cost and fair values of the securities periodically throughout each month and as of the last business day of each month. Fair value is determined by reference to quoted market prices.

The MILAF+ Portfolio adopted FASB Statement No. 157, “Fair Value Measurements”(“Statement 157”). Statement 157 establishes a framework for measuring fair value in GAAP, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements to increase consistency and comparability among fair value estimates used in financial reporting. Statement 157 defines fair value as the price that the MILAF+ Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Statement 157 establishes a three-tier hierarchy of levels for fair value measurements based upon the transparency of inputs to the valuation, as follows:

**Level 1** – Quoted prices in active markets for identical assets.

**Level 2** – Inputs other than quoted prices that are observable for the asset, including quoted prices for similar investments based on interest rates, credit risk and like factors.

**Level 3** – Unobservable inputs for the assets, including the Portfolios’ own assumption for determining fair value.

Portfolio investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Money market securities are valued using amortized cost, as outlined in Rule 2a-7 under the Investment Company Act of 1940, however, the MILAF+ Portfolio is not registered under this act. Generally, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities held by the MILAF+ Portfolio are categorized as Level 2 under the Statement 157 hierarchy.

The rates shown in the Schedule of Investments are the yield-to-maturity at original cost unless otherwise noted. The dates shown on the Schedule of Investments are the actual maturity dates.

## **Investment Transactions**

Security transactions are accounted for on trade date (date the order to buy or sell is executed). Costs used in determining realized gains and losses on the sale of investment securities are those of specific securities sold. Interest income is recorded using the accrual method. Discounts and premiums are accreted and amortized, respectively, to interest income over the lives of the respective securities.

## **Income and Expense Allocations**

Income, common expenses and realized gains and losses are allocated to the classes of the MILAF+ Portfolio based on the relative net assets of each class when earned or incurred. Expenses specific to a class of shares of the MILAF+ Portfolio, such as administrative, marketing, sponsorship and banking fees, are allocated to the class of shares to which they relate.

Certain expenses of the Fund, such as legal fees, trustee expenses and insurance premiums, are allocated between the MILAF+ Portfolio and each MILAF+ Term Series based on the relative net assets of each when such expenses are incurred. Income, realized gains and losses and expenses specific to Series of MILAF+ Term, such as investment advisory, administration, audit, banking and ratings fees, are allocated to the MILAF+ Term Series to which they relate.

## **Income Tax Status**

Pursuant to Section 115 of the Internal Revenue Code, because the Fund performs an essential governmental function, income generated by the Fund should not be subject to Federal income taxes. Furthermore, income of the Fund also should not be subject to state and local income taxes. Accordingly, no provision for income taxes has been made in these financial statements.

## **Repurchase Agreements**

Repurchase agreements entered into with broker-dealers are secured by U.S. government or agency obligations. The Fund's custodian takes possession of the collateral pledged for investments in repurchase agreements. Repurchase agreements are collateralized at 102% of the obligation's principal and interest value. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. If the seller defaults and the value of the collateral declines, realization of the value of the obligation by the Fund may be delayed. In the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to delays from legal proceedings.

## **Subsequent events evaluation**

In accordance with FASB Statement No. 165, "Subsequent Events", the Fund has evaluated subsequent events through January 21, 2010, the date through which procedures were performed to prepare the financial statements for issuance. No events have taken place that meet the definition of a subsequent event that requires disclosure in these financial statements.

### 3. Fund Expenses

Pursuant to an Investment Advisory, Administration and Marketing Agreement with the Fund dated August 3, 2007 ("Management Agreement"), PFM serves as the Investment Adviser and Administrator of the Fund, and PFM's wholly-owned subsidiary, PFM Fund Distributors, Inc., has been delegated the authority to provide marketing services to the Fund.

#### Investment Advisory Fees

For its advisory services provided to the MILAF+ Portfolio under the Management Agreement, PFM is paid a fee at an annual rate which is determined as follows:

MILAF+ Portfolio Average Daily Net Assets	Rate
First \$500,000,000	.080%
\$500,000,001 to \$750,000,000	.075%
\$750,000,001 to \$1,000,000,000	.070%
Over \$1,000,000,000	.065%

This fee is computed daily and payable monthly.

Under the terms of the Management Agreement, each MILAF Term series pays PFM a monthly fee for investment advisory and administration at the annual rate of 0.15% of average daily net assets. Such fee is calculated daily and paid monthly. At its discretion, PFM may waive some or all of its fees for each MILAF Term Series, and such waiver may be discontinued at any time. PFM voluntarily waived \$21,456 of the fees to which it was entitled for services provided to MILAF+ Term Series G during the period August 13, 2008 through September 30, 2009. During this period, the fees charged to MILAF+ Term Series G by PFM represent an effective annual rate of 0.08%. Had PFM not waived these fees the total of management and operating expenses of MILAF+ Term Series G for the period August 13, 2008 through September 30, 2009 would have represented an effective annual rate of 0.23% of average daily net assets.

#### Administration Fees

Under the Management Agreement, PFM is paid a fee for its services as Administrator to the Cash Management Class of the MILAF+ Portfolio at an annual rate which was determined as follows:

Cash Management Class Average Daily Net Assets	Rate
First \$100,000,000	.19%
\$100,000,001 to \$250,000,000	.18%
\$250,000,001 to \$500,000,000	.17%
Over \$500,000,000	.16%

Under the Management Agreement, PFM is paid a fee for its services as Administrator to the MAX Class of the MILAF+ Portfolio at an annual rate which was determined as follows:

MAX Class Average Daily Net Assets	Rate
First \$250,000,000	.10%
\$250,000,001 to \$500,000,000	.09%
Over \$500,000,000	.08%

This fee is computed daily and payable monthly.

## Marketing Fees

Pursuant to the authority granted under the Management Agreement, PFM has delegated its duty to provide marketing services for the Fund to its wholly-owned broker/dealer subsidiary, PFM Fund Distributors, Inc. ("PFM Fund Distributors"). For the marketing services it provides to the MILAF+ Portfolio, PFM Fund Distributors is paid a fee at an annual rate according to the schedule that follows:

Total Average Daily Net Fund Assets Breakpoint	Rate Applied to the MILAF+ Portfolio
First \$500,000,000	.05%
\$500,000,001 to \$1,000,000,000	.04%
\$1,000,000,001 to \$1,500,000,000	.03%
Over \$1,500,000,000	.025%

For purpose of calculating breakpoints to determine the applicable rates in the preceding table above, the total average daily net assets of all Fund programs shall be included, including but not limited to: the Cash Management and MAX Classes of the MILAF+ Portfolio, each MILAF+ Term Series, all Separate Account Management ("SAM"), Bond Account Management ("BAM") or other individual portfolio accounts managed for Participants by PFM, the Fixed Income Investment Program, or any other investment program approved, endorsed, or otherwise made available to Participants by the Fund or PFM. The fee is computed daily and payable monthly. This fee is allocated between and paid from the Cash Management Class and MAX Class of the MILAF+ Portfolio based on the average daily net assets in each such class.

PFM Fund Distributors is not separately compensated for the marketing services it provides to the MILAF+ Term Series.

## Consulting Fees

The Fund has entered into separate consulting agreements with the Michigan Association of School Administrators ("MASA"), Michigan Association of School Boards ("MASB") and Michigan School Business Officials ("MSBO") (collectively, the "Consultants"). The Consultants advise PFM Fund Distributors, as a representative of the Fund, on applicable and pending state laws affecting the Fund, schedule and announce through their publications informational meetings and seminars at which representatives of the Fund will speak, provide mailing lists of potential Participants and permit the use of their logos. The Consultants are each paid a fee at an annual rate equal to 0.03% and 0.0183% of the average daily net assets for the Cash Management and MAX Classes of the MILAF+ Portfolio, respectively. These rates were the same as the rates applied to the average daily net assets of the Fund's former Cash Management Series and MAX Series, respectively, prior to the reorganization described in note 1 above. Such fees are calculated daily and paid monthly.

In addition to investing in the Fund, Participants may invest in a fixed income investment program administered by PFM, which enables them to purchase certificates of deposit and other permissible fixed-rate investments for their own account. PFM has agreed to remit to the Fund 10% of its net investment advisory fees received from Participants on fixed income investment transactions. All of the investment advisory fees remitted by PFM to the Fund are paid to the Consultants. The amount of fees remitted by PFM to the Consultants during the year ended September 30, 2009 was \$22,635.

## Fee Reduction Agreements

Effective March 24, 2009, the Fund entered into a Fee Reduction Agreement with PFM and effective April 1, 2009 the Fund entered into Fee Reduction Agreement with each Consultants (each, collectively with PFM, a “Service Provider”) pursuant to which each Service Provider individually may, but shall not be obligated to, temporarily reduce a portion of its fees payable from the Cash Management Class of the MILAF+ Portfolio to assist that class in an attempt to maintain a positive yield. In the event that a Service Provider elects to initiate a fee reduction, such fee reduction shall be applicable to the computation of the net asset value (“NAV”) of the Cash Management Class on the business day immediately following the date on which the Service Provider gives notice to the Fund on the rate of the fee reduction to be applied in calculating the NAV. A fee reduction shall remain in effect until notice is provided to the Fund by the Service Provider regarding its intent to terminate its fee reduction or revise, upward or downward, the rate of its fee reduction.

At any time after a fee reduction has been terminated, the relevant Service Provider may elect to have the amount of its accumulated reduced fees restored in whole or in part under the conditions described in the Service Provider’s Fee Reduction Agreement with the Fund by way of a payment of fees in excess of the rate it was entitled to, prior to any fee reduction, all as set forth in the respective Fee Reduction Agreement. In all cases, the amount of accumulated reduced fees to be restored in a given month may not exceed 115% of the fees payable under the terms of each Service Providers related agreement with the Fund.

As of September 30, 2009, the amount of fees waived and subject to restoration under the Fund’s Fee Reduction Agreements with PFM, MASA, MASB and MSBO totaled \$76,645, \$19,161, \$19,161 and \$19,162, respectively.

## Other Fund Expenses

The Fund pays expenses incurred by its Trustees and officers (in connection with the discharge of their duties), insurance for the Trustees, fees for cash management, audit fees and legal fees. Expenses which are not specifically related a portfolio or Series of the Fund, are allocated between the portfolios or Series to which they relate. During the year ended September 30, 2009, the Custodian’s fees were reduced by \$199,310 as a result of earnings credits from cash balances.

## Representations and Indemnifications

The Fund has entered into agreements with several of its service providers which provide for indemnification against losses, costs, claims and liabilities arising from the performance of their obligations under such agreements, except for gross negligence or bad faith. The Fund has had no claims or payments pursuant to these or prior agreements, and the Fund’s management believes the likelihood of a claim being made is remote.

## 4. Dividends and Distributions

On a daily basis, the MILAF+ Portfolio declares dividends and distributions for its Cash Management and MAX Classes from its net investment income and net realized gains or losses from securities transactions, if any. Such dividends and distributions are payable to Participants of record at the time of the previous computation of the Fund’s net asset value and are distributed to each Participant’s account by purchase of additional shares of the respective Class on the last day of each month.

Dividends to Participants of MILAF+ Term are declared and paid on the termination date of each MILAF+ Term Series, except for dividends on shares redeemed pursuant to a planned early redemption or a premature redemption before the termination date of such series, which will be declared and paid when such shares are redeemed.

## 5. Governmental Accounting Standards (unaudited)

Under Governmental Accounting Standards ("GAS"), state and local governments and other municipal entities are required to disclose credit risk, concentration of credit risk, and interest rate risk for investment portfolios. Although the Fund is not subject to GAS, the following risk disclosures of the Fund's MILAF+ Portfolio as of September 30, 2009 have been provided for the information of the Fund's Participants.

### Credit Risk

The MILAF+ Portfolio invests in short-term debt securities, including: debt obligations issued or guaranteed by the U.S. government or an agency or instrumentality of the U.S. government ("Government Securities"); certificates of deposit, time deposits, bankers' acceptances and other obligations issued by domestic banks; commercial paper and other obligations of domestic corporations; and repurchase agreements with respect to the foregoing types of securities. Investments purchased by the MILAF+ Portfolio must be rated in the highest rating category for debt obligations by at least two nationally recognized statistical rating organizations ("NRSROs") (or by one NRSRO if the instrument is rated by only one such organization), or, if unrated, be of comparable quality as determined in accordance with procedures established by the Fund's Board of Trustees.

As of September 30, 2009, the MILAF+ Portfolio was comprised of investments which were, in aggregate, rated by Standard and Poor's ("S&P") as follows:

S&P Rating	Percentage of Portfolio
AAA	47.8%
AAAm	13.5%
A-1+	30.7%
A-1	7.6%
Not Rated*	0.4%

\* Represents investments in U.S. Treasury securities.

The above ratings of the MILAF+ Portfolio include the ratings of collateral underlying repurchase agreements in effect at September 30, 2009.

### Concentration of Credit Risk

The MILAF+ Portfolio may invest more than 25% of the value of its net assets in

obligations of domestic banks and may also invest more than 25% of the value of its net assets in Government Securities. The MILAF+ Portfolio's investment portfolio at September 30, 2009 included the following issuers which individually represented greater than 5% of its total investment portfolio:

Issuer	%
Federal Home Loan Bank	16.8%
Fidelity Institutional Money Market Government Portfolio	13.5%
Freddie Mac	11.2%
Fannie Mae	8.5%

### Interest Rate Risk

The MILAF+ Portfolio's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that (1) the MILAF+ Portfolio maintain a dollar-weighted average maturity of not greater than ninety days; and (2) requiring that any investment securities purchased by the MILAF+ Portfolio have remaining maturities of 397 days or less.

The weighted average maturity of the MILAF+ Portfolio's entire portfolio at September 30, 2009 was 58 days. The fair value and weighted average maturity of the types of investments the MILAF+ Portfolio was invested in at September 30, 2009 is as follows:

Type of Investments	Fair Value	Weighted Average Maturity
Bankers Acceptance	\$ 23,103,497	55 Days
Commercial Paper	363,763,860	61 Days
Money Market Funds	164,350,000	7 Days
Repurchase Agreements	15,000,000	1 Day
U.S. Government Agency Bonds	451,471,044	73 Days
U.S. Government Agency Discount Notes	21,733,492	49 Days
U.S. Government Supported Corporate Debt	177,054,942	56 Days
U.S. Treasuries	5,223,333	319 Days
Total Portfolio	\$1,221,700,168	58 Days

The weighted-average maturities shown above are calculated based on the stated maturity dates with the following exceptions: (1) any floating or variable rate securities are assumed to have an effective maturity of the date upon with the security's interest rate next resets; (2) the effective maturity of callable securities is assumed to be its stated maturity unless the security had been called as of the reporting date, in which case the effective maturity would be assumed to be its called date; and (3) the effective maturity of money market funds are assumed to be the date through which redemption proceeds can be withheld, which is generally seven days.



## **Sponsoring Organizations**

### **Michigan Association of School Administrators**

William H. Mayes, Executive Director

### **Michigan Association of School Boards**

Kathleen Hayes, Executive Director

### **Michigan School Business Officials**

David Martell, Executive Director

Robert Dwan, Associate Executive Director

## **Service Providers**

### *Investment Advisor & Administrator*

#### **PFM Asset Management LLC**

One Keystone Plaza, Suite 300

North Front & Market Streets

Harrisburg, Pennsylvania 17101-2044

222 North LaSalle Street, Suite 910

Chicago, Illinois 60601

### *Distributor*

#### **PFM Fund Distributors, Inc.**

One Keystone Plaza, Suite 300

North Front & Market Streets

Harrisburg, Pennsylvania 17101-2044

305 Eisenhower Parkway, Suite 305

Ann Arbor, Michigan 48108

### *Custodian and Cash Management Bank*

#### **Fifth Third Bank**

38 Fountain Square Plaza

Cincinnati, Ohio 45263

### *Independent Auditors*

#### **PricewaterhouseCoopers LLP**

300 Madison Avenue

New York, New York 10017

### *Legal Counsel*

#### **Thrun Law Firm, P.C.**

2900 West Road, Suite 400

Lansing, Michigan 48823

## **Trustees and Officers**

### *Chairperson and Trustee*

#### **Mary A. Reynolds**

Executive Director of Business Services

Farmington Public Schools

### *Vice Chairperson and Trustee*

#### **Marios Demetriou**

Assistant Superintendent Business Services

Muskegon Area Intermediate School District

### *Secretary and Trustee*

#### **Kathleen Hayes**

Executive Director

Michigan Association of School Boards

### *Treasurer and Trustee*

#### **Brian Marcel**

Assistant Superintendent of Business Services

Washtenaw Intermediate School District

#### **Kyle Anderson**

Director of Business Services

Anchor Bay School District

#### **Robert Colby**

Superintendent

Huron Intermediate School District

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#### **John Fitzgerald**

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#### **David Kreager**

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#### **David R. Martell**

Executive Director

Michigan School Business Officials

#### **William H. Mayes**

Executive Director

Michigan Association of School Administrators

#### **Timotheus Weeks**

Assistant Superintendent for Business Services

Bloomfield Hills School District

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## **Michigan Liquid Asset Fund Plus**

c/o Michigan Association of School Boards

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